

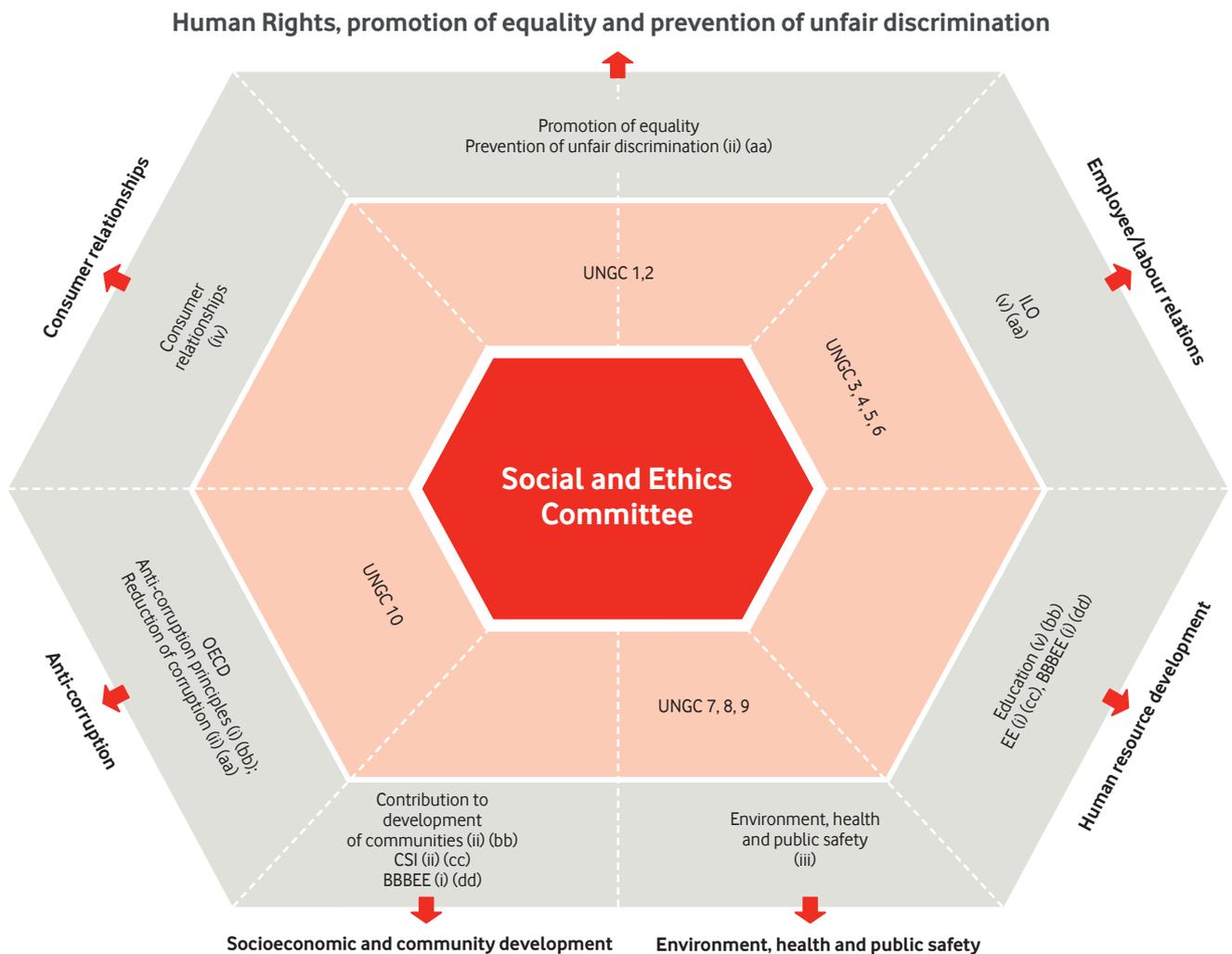
SOCIAL AND ETHICS COMMITTEE REPORT

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, as amended, ('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:



SOCIAL AND ETHICS COMMITTEE REPORT continued

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, 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 and its associated supplementary reports available online. These supplementary reports cover specific strategic themes, for example 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 Committee 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 a socially responsible and truly profitable business. Being a Vodafone subsidiary, we have adopted the Vodafone Way, Vodafone business principles and the Vodafone code of conduct and made them our own. We manage and measure our performance accordingly.

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

Matters covered in this report	 Other specific reports	 Integrated report section
Being a responsible and ethical company		How we're managed
Customer relations		Strategic review: Customer
Employee/labour relations and employment equity	Human capital report	
Environment, health and public safety	Environment report	Strategic review: Operations/People
Anti-corruption		
Being a good corporate citizen	Communities report	Strategic review: Reputation
Ethical purchasing		

BEING A RESPONSIBLE AND ETHICAL COMPANY

Responsible person: Group Company Secretary

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.

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 principles

Our business principles are the foundation for how we do business wherever we operate. Our ability to act within these principles is supported by our Code of Conduct which is underpinned by an extensive and well-established framework of policies and systems to manage our responsibilities. 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:

1 Complying with all relevant laws, standards and principles.

How we should act to achieve compliance with all relevant laws.

2 Basing business decisions on economic, social and environmental criteria and maintaining financial integrity.

How we spend Company money, keep accurate records, manage contracts, consider health and safety when contracting suppliers and minimise our impact on the environment.

3 Voicing our opinions on industry issues while taking an apolitical stance.

How we are proactive and are thought leaders in our engagement with governments and other stakeholders, but do not make political party contributions.

4 Communicating openly with stakeholders while maintaining commercial confidentiality.

How we communicate clearly and promptly, with guidelines on protecting and sharing confidential information, dealings with competitors and receiving unsolicited business information.

5 Valuing our customers' trust and safeguarding their personal information.

How we respect and protect customer privacy and guard against inappropriate or unwanted communication or spam.

6 Basing employee relationships on respect for individuals and their human rights.

How we provide equal opportunities, forbid harassment and bullying, prohibit alcohol and drugs in the workplace, and protect employee privacy.

7 Protecting the environment and improving the environmental and social benefits of products and services.

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.

8 Building trust within communities and investing in social upliftment.

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 we operate in.

SOCIAL AND ETHICS COMMITTEE REPORT continued

9

Protecting the health and safety of our customers, employees, partners and communities.

How we require all employees to comply with the Vodacom Absolute Rules, report all infringements and act quickly to investigate and recommend improvements.

10

Acting with honesty, integrity and fairness in all our dealings.

How we avoid conflicts of interest, manage gifts and hospitality and extend our business principles to our business partners and suppliers.

11

Ensuring adherence to the Vodacom Way and Code of Conduct.

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.

Our Code of Conduct ('Code') guides our employees on how to implement 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. In the year we continued to create awareness of this Code and its key policies that support our business principals through our 'Doing What's Right' campaign. The campaign includes training and awareness on various topics such as anti-bribery, health and safety, privacy, competition law compliance. We have implemented online training on these topics and monitor completion.

We conducted a short survey to measure staff awareness of the Code. The results show that over 90% of our employees have heard of the Code. Over 70% of employees have heard of the whistleblowing line called "SpeakUp" and over 80% indicated that they feel comfortable reporting a breach of the Code.

As with previous years we continue to review our compliance with the Code and those policies that support our business principles across the Group. While we have identified some areas for improvement the overall results for the Group have improved over last year. Management is held accountable for taking the necessary corrective actions which are monitored by the Group Audit, Risk and Compliance Committee.

Ethics Along the Way Programme

Our Ethics Along the Way Programme ('the programme') is a values-based programme which complements the implementation of our Code of Conduct and ensures that we manage ethics risks appropriately. The Group Social and Ethics Committee and the audit committees and/or the ethics committees of our operating companies are tasked with providing oversight of the programme. We continue to deepen the implementation of the programme across the Group. Face-to-face training on ethical values, dealing

with ethical dilemmas, and specific ethics-related topics such as conflicts of interest, gifts and hospitality and the like continue to be provided to employees.

In South Africa the programme was refreshed during the year with various initiatives to promote ethics awareness among employees. The refresh was launched with a message from our Chief Executive Officer on the importance of ethics to the Company. This was followed by a message on our values of Trust and Accountability by two senior executives which set the stage for discussions at team meetings on the value of Trust.

An ethics advice line has been implemented in South Africa to enable employees to seek advice on ethical issues they encounter in the workplace.

In addition, we have 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 functions advise 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.

Duty to report and take appropriate action

We confront and if necessary report (either openly or anonymously through a whistleblowing 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.

Whistleblowing lines

In the year, 57 reports were made to the Vodafone Global whistleblowing line, Speak Up. For those reports on which investigations have been completed, no critical matters were identified.

In the main, issues related to perceived conflicts of interest, unfair treatment, nepotism, favouritism and there was some use of the line to report potential fraud risks. We continued to drive awareness of the whistleblowing line through various initiatives during the year.

Investigations

In South Africa, external fraud cases for the year decreased approximately 12%, from 8 385 in the prior period to 7 341, with fraud syndicates having turned away from committing subscription fraud to fraudulent upgrades. Various control enhancements have been introduced in the upgrades processes with an attempt to reduce fraudulent upgrades. Internal fraud cases decreased approximately 9%, from 211 in the prior year to 193 cases this year, largely attributable to the proactive efforts of our Forensic Services team to create awareness among our employees, contractors and trade and business partners through various channels. Notwithstanding the decrease in the number of external fraud cases, losses as a result of fraudulent upgrades continued even though we managed to contain fraud levels to well below the Vodafone threshold and internal key performance indicator ('KPI') of less than 1.2% of Company revenue. Of all the fraud cases (internal and external) recorded during the year, 110 arrests were made and 25 employees and contractors were dismissed.

Disciplinary action

In South Africa, approximately 45 cases of employee misconduct which resulted in disciplinary/incapacity enquiries were finalised during the year, resulting in 27 dismissals. The most common form of misconduct related to dishonesty or misrepresentation, which accounted for 11 or approximately 41% (2014: 61%) of all dismissals. The majority of the remaining matters dealt with can broadly be classified as breach of policy/failing to follow certain procedures (eight), unauthorised absence from work (six), negligence (seven), insubordination, disruptive or unprofessional behaviour and bringing the Company's name into disrepute (five) and breach of our Health and Safety rules (one). Actions taken to mitigate the risk of reoccurrence of these types of misconduct include monthly newsletters and making employees aware of serious misconduct during training activities relating to prevalent forms of misconduct.

Lesotho had two formal disciplinary enquiries, one relating to dishonesty with regard to inventory in which the employee was dismissed, and one relating to gross negligence and breach of policy due to a failure to complete a proper reconciliation for airtime. The employee received a final written warning.

There were eight disciplinary enquiries in Vodacom Tanzania of which seven resulted in terminations and one in a final written warning. Two of the enquiries related to misuse of Company vehicles and four related to unauthorised disclosure of customer information. One employee was dismissed for fraud and another for gross negligence resulting in financial loss to the Company.

In Vodacom Mozambique there were three cases of employee misconduct. All of these cases resulted in disciplinary enquiries and dismissals. Two of the cases related to dishonesty. The third case related to the Health and Safety absolute rules where the employee consumed alcohol, drove a Company vehicle and an accident ensued.

In the DRC, there were 39 cases of alleged employee misconduct involving Vodacom DRC employees during the last financial year. Sixteen employees were dismissed. There were nine incidents of fraud, three of falsification of documents and nine incidents of negligence.

SOCIAL AND ETHICS COMMITTEE REPORT continued**BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

Responsible person: Chief Officer: Strategy and New Business

We view Broad-based Black Economic Empowerment ('BBBEE') as a strategic imperative given the pressing need to address the unequal distribution of wealth and access to opportunity in South Africa's economy. It is for this reason that BBBEE forms an integral part of how we do business beyond mere compliance

We are pleased to have achieved a Level 2 BBBEE status for the 2015 financial year.

Scorecard

Element	Weighting	2014	2015	Variance
Ownership	20	12.56	12.23	-0.33
Management/control	10	10.48	11.00	+0.52
Employment equity	10	6.27	6.67	+0.40
Skills development	17	13.29	12.30	-0.99
Preferential procurement	20	22.52	22.53	+0.01
Enterprise development	11	11.00	11.00	Par
Socioeconomic development	12	12.00	12.00	Par
Total	100	88.11	87.73	-0.38

Ownership

YeboYethu Limited was formed in 2008 with the acquisition of 3.44% of Vodacom South Africa shares. The black public holds a 55% interest in the company with the balance held by Vodacom employees. Approximately 92 000 South Africans have the opportunity to realise value from the scheme through restricted trading with other black members of the public.

On 3 February 2014 over-the-counter ('OTC') trading of YeboYethu shares commenced for black public shareholders. The past 14 months of OTC trading resulted in the movement of 8.34% of the 14.3 million issued shares or 1 200 252 shares being traded in some 10 000 transactions. The closing low for the period was R40.26 with a closing high of R78.95 against an acquisition value of R25.00. The total number of shareholders in YeboYethu decreased marginally by 8.99% from 102 000 to 91 719.

Management/control

Our committed focus to the empowerment of black women in senior top management roles resulted in achieving full points for this element.

Employment equity

Progress in transforming our workplace, especially the increase of black women representation, yielded a 2ppt growth in black employees (from 68% to 70%) resulting in a 0.4-point increase in our overall employment equity score. Of our total black workforce (70% of total workforce), 46% are black women.

Skills development

Although budget constraints continued to constrain our efforts, 71% (R86 million) of our total R120.7 million training budget was spent on training of black employees, of which R37.67 million was spent on black female employees. In our continued efforts to address unemployment, we exceeded our targeted spend on black learners by 26%. Despite our efforts, we experienced a decrease in our skills development overall score of 0.99 points from the previous year.

Preferential procurement

Our preferential procurement score of 22.53, far exceeded our internal targets. This reflects our continued focus on improving our score on this element. Notable achievements included:

TOTAL RECOGNISED AND MEASURED PROCUREMENT
SPEND OF

R24.63 billion

was 14% higher than the prior year, and at 96,07% remains well ahead of the required target of 70%

SPEND ON EXEMPT MICRO ENTERPRISES AND
QUALIFYING SMALL ENTERPRISES OF

R2.56 billion

A 22% decrease on the prior as a result of consolidation to ensure cost efficiency

SPEND ON SUPPLIERS THAT ARE
GREATER THAN 50% BLACK-OWNED INCREASED
BY 113.7% TO

R4.03 Billion

SPEND ON SUPPLIERS GREATER THAN
30% BLACK WOMEN-OWNED INCREASED BY 55% TO

R1.57 Billion

In addition, we were once again awarded three bonus points for 15 calendar-day payment terms to qualifying black-owned small, medium and micro enterprise ('SMME') suppliers. These fast payments amounted to **R172.8 million**, of which **R148.87 million was paid within five days or less**. An additional bonus point was awarded for ensuring that 5% or more of our weighted BBBEE procurement spend was with black-owned and black women-owned suppliers, which at 18,7% far exceeded this target.

Enterprise development

Our efforts and commitment to the development of black-owned businesses in the ICT sector is evident by our over-achievement in spend by exceeding the target of 5% of net profit after tax by 1.2%, equating to an investment of R730 million and the achievement of full points.

Socioeconomic development

Our investment of R202 million in community development initiatives relating to education, health and community training and development, as well as initiatives aimed at bridging the digital divide, resulted in full points for this element.

SOCIAL AND ETHICS COMMITTEE REPORT continued

CONSUMER RELATIONS

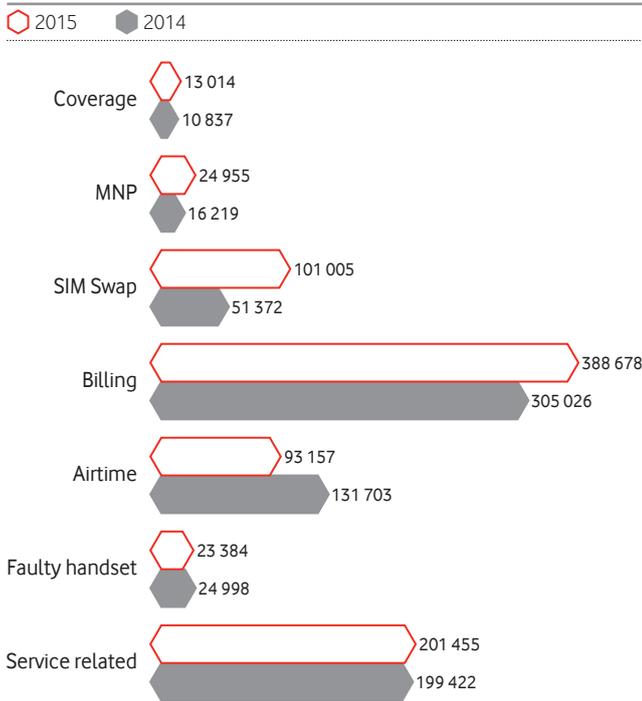
Responsible person: Chief officers: Legal and Regulatory; Corporate Affairs; Consumer Business; and Customer Operations

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.

Customer complaints 2014 versus 2015



Advertising standards

In South Africa, the main agency responsible for ensuring fair advertising is the Advertising Standards Authority ('ASA'). During the year, Vodacom had four customer complaints filed against it with the ASA. There were no complaints by competitors filed against Vodacom.

The first complaint related to the use of the headline "Data Bundle Transfer". The ASA concluded that the word "transfer" created an impression that one would be able to send portions of one's own, unused data, to other Vodacom customers, which is not the case. Vodacom was instructed to withdraw this headline. A second customer complained that he did not receive the gifts that were part of the offer when he pre-ordered his handset. Although Vodacom argued that the terms and conditions made it clear that only the first 1200 pre-registered customers would receive the gifts, it voluntarily undertook to ensure that a similar offer in future will reveal the exact nature and content of the applicable terms and conditions. Finally, two customers complained that a television commercial "sexualised women and children". The ASA concluded that the commercial was acceptable in terms of the Code of Advertising Practice.

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 597 (2014: 807) customer complaints were received through Icasa and a further 411 (2014: 177) complaints through the NCC. The complaints primarily related to general account disputes, call data disputes, disputes relating to handset repairs. All complaints received are investigated and the findings and resolutions are communicated to customers and the respective regulatory bodies.

Mobile call termination rates

In February 2014, Icasa published regulations on call termination rates which outlined a reduction in rates from the current 40 cents to 10 cents per minute over a three-year period. Vodacom lodged a court challenge in respect of the process which Icasa had followed, contending that a proper cost study which was required by law had not been conducted in determining the new rates. The court found that a proper cost study must be performed. Icasa initiated a further consultation process and published the final Call Termination Regulation on 30 September 2014. Vodacom has implemented the final call termination regulations.

Protecting customer information

It is our responsibility to protect customer call data and other confidential customer information. To this end Vodacom has maintained its systems and implemented measures to ensure the protection of the privacy and security of personal information of all data subjects across all Vodacom businesses. We have a designated privacy officer and there are executives responsible for privacy policy in each operating company. The South African Protection of Personal Information ('PoPI') Act was signed into law on 13 November 2013. Although the PoPI Act commencement date has not been pronounced, Vodacom has taken steps to ensure that the Company would be able to comply with the requirements of the legislation within one year of the prescribed compliance period. This included the implementation of the Vodafone Privacy Risk Management System, performing privacy risk assessments, establishing minimum information security standards to be adhered to by third parties authorised to process information on our behalf and reviewing technology security on a continuous basis as well as updating all relevant agreements to include data protection clauses. Training on privacy is provided to staff as part of the Doing What's Right campaign discussed earlier.

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 94 (2014: 116) instances of possible violations of customer information protection policies and procedures were investigated in South Africa and 3 (2014: 17) in Mozambique. Appropriate sanctions were imposed including dismissals in some instances.

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. During January 2015, Vodacom DRC received a request from the government of the DRC to suspend internet and messaging services due to unrests. The services were re-opened at the end of March 2015.

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 access to mobile content 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.

SOCIAL AND ETHICS COMMITTEE REPORT continued

Public relations

The media landscape has changed dramatically over the past few years. Public relations ('PR') management has moved from one-way information broadcast to managing an ongoing conversation with the media, bloggers and influencers, and directly with customers themselves. A cornerstone of Vodacom's public relations activities is building and maintaining open and constructive relations with journalists, TV and radio producers, and editors. We have consciously chosen to make our public relations team directly accessible rather than channelling communications via an agency. Each member of the PR team is required to have monthly face-to-face meetings with a range of journalists to further build good relations.

We also review our effectiveness through a monthly media report put together by a third party. The report analyses, among other

measures, the percentage of positive, negative and neutral coverage on Vodacom. The 2014 results show that, on average, 90% of Vodacom's coverage was neutral to positive.

In addition to using traditional media channels, we also emphasise having one-on-one conversations directly with our customers via social media. We monitor mentions of Vodacom on Twitter and Facebook daily and respond within the hour. We have a dedicated customer care Twitter handle, @vodacom111, which is managed by the social media customer care team.

To communicate most effectively we continue to utilise a wide variety of tools and constantly test out new ideas. These include, for example, video interviews, live webcasts, live tweets and bringing information to life using infographics. These tools enable us to reach a much wider audience and give them the information they need in the way that is most appropriate.

KEY PUBLIC RELATIONS THEMES DURING 2015

- The financial year started off with two key media stories: a significant court judgement on mobile termination rates, and the redoubling of activity in what was dubbed a 'mobile price war'. The High Court decision mandated that the South African regulator review the process through which it arrived at new mobile termination rates, but at the same time allowed the recently changed and controversial rates to stay in place while that review took place. Both sides claimed victory, but the net result was a strong expectation amongst consumers that mobile voice prices were due to come down sharply. Reinforcing this, there was renewed activity among mobile operators announcing lower prepaid rates.
- In May, the acquisition of the Nashua Mobile customer base was one of the major stories in the sector, along with continued commentary on the potential impact of the proposed acquisition of Neotel. We soft-launched m-pesa in June 2014, which generated significant media interest, with a particular focus on what had changed and what we had learned from the previous iteration of the product.
- Towards the end of the calendar year, media coverage focussed on low-cost devices, with the launch of the Kikka, as well as looking at our overall network capabilities. We continued to reinforce the LTE rollout story, ran a live demonstration of true 4G, demonstrated the first VoLTE call in South Africa, and also had a number of media engagements to discuss the completion of the RAN renewal programme.
- The media began 2015 with a major focus on Neotel due to the Icasa hearings to evaluate the proposed acquisition, while concerns over job cuts and rising costs in the industry as a whole were increasingly discussed in the media. The financial year ended with the major story of our decision to raise prices.

m-pesa

In Tanzania, Mozambique, DRC and Lesotho our m-pesa product provides affordable access to banking for our customers, ensuring that even those in remote areas of these countries have access to banking. During the current year we soft-launched m-pesa in South Africa.

Bottom of the pyramid strategy

We are mindful of the fact that current economic conditions are having a significant impact on our customers' disposable income, primarily affecting poorer people in the prepaid segment of our market. During the year we continued with our 'bottom of the pyramid' programme with smaller denominations of pre-paid airtime vouchers and our Power Hour product which gives customers one hour's unlimited mobile voice usage for R6.

EMPLOYEE ENGAGEMENT, LABOUR RELATIONS AND EMPLOYMENT EQUITY

Responsible person: Chief Officer: Human Resources

We would like 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.

Employee engagement

People Survey

We again conducted our annual People Survey during the year, with an 85% response rate across the Group. The survey measures employee engagement, employee net promoter score, our Manager Index, our people's commitment to 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 most indices, however, our results on diversity, and developing our people declined slightly over previous years. Appropriate measures are being implemented to address the areas of improvement highlighted by the survey.

Employer brand

We have launched our employer brand proposition titled "We're at our best, when you're at yours". Through this we hope to establish a unique way of working that expresses what we collectively stand for. A number of initiatives have been implemented to create awareness of the employer brand proposition. The campaign continues into the 2016 financial year with various awareness events on a monthly basis. We have created eight proof points that bring the proposition to life, namely:

We're at our best when:

- › we're an industry-leading company that empowers people to shape their world;
- › we believe in and practice the vision of Mobile for Good;
- › we are an organisation that offers a world of opportunities; and
- › we create exceptional work with exceptional people.

When you're at yours:

- › you deliver great results;
- › you live The Vodacom Way;
- › you drive to keep growing; and
- › you always do what's right.

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.

CEO Awards

The annual CEO Awards evening was held in October 2014 at Vodacom World in Midrand. The awards recognise individuals who are the best of the best. In total, 17 individuals, three teams and two volunteers were chosen as winners, with the Western Region 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 these awards 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.

Our health management programme is focused on the following:

- › The Company's overall health risk profile (Executives and employees);
- › The cost of sickness absence;
- › Occupational health legal compliance;
- › Temporary and permanent incapacity;
- › Registrations on chronic diseases programmes; and
- › Ineffectiveness of self-referrals into the EAP.

Participation in national wellness days provides Vodacom with a comprehensive overview of employees' key health risks. Obesity and stress are currently the two most prevalent organisational health risks. Following the identification of the health risks, line managers are encouraged to refer employees into various health risk reduction programmes, for example free online personalised exercise programmes, health education and advice, regular testing of risk factors in primary health care facilities, use of lifestyle centre service for stress management and work-life balance, and HIV-related advice, treatment and management.

SOCIAL AND ETHICS COMMITTEE REPORT continued

We have dedicated employee Lifestyle Centres which provide comprehensive service offerings to employees. Programmes and initiatives are driven through ongoing communication and benefit awareness to line managers and staff. The most common reasons for visiting the primary healthcare centres are for vitamin B injections, monitoring of blood pressure, and muscular skeletal conditions.

Support is available to employees through the Employee Assistance Program ('EAP'). This support is available telephonically and face-to-face, on and off-site. Financial wellness is a strong component of the service offering. Line managers are encouraged to formally and informally refer employees into this program, as self-referral has been shown to have a negative cost impact due to employees delaying entry to the programme. Trauma counselling is offered to the business. Support is also offered to employees in the event of organisational restructures. Line managers are encouraged to make use of the various training components available through the EAP. The top three areas that employees required support with during the year related to civil law, relationship issues and family care.

We offer an annual comprehensive medical for our executives. 73% of Vodacom executives attended a medical in the 2015 financial year. Following the medical, the Company doctor then follows up to ensure sustainable lifestyle changes are implemented. On average our executives have 2.66 out of the following seven risk factors: cholesterol, hypertension, diabetes, BMI, smoking, excessive alcohol usage and stress.

HIV management

HIV counselling and free testing is available to all our employees. HIV counselling and testing is driven in three year cycles. The current cycle is FY2013 – FY2015. In South Africa, 59% of our staff underwent HIV counselling and testing in the current cycle. 151 staff have tested HIV positive, which is a 5% (4.3%: 2014) prevalence rate of the tested community. Of the 151 HIV-positive employees in South Africa, 149 are registered on treatment programmes, either through their medical aid schemes or government programmes and 2% are still in the Transition to Care Programme.

Financial management

We take an active interest in our employees' financial wellbeing. We continue to monitor indicators of potential factors that could impact the financial wellness of our employees, one of which is garnishees. We currently have 128 employees (2014: 124), less than 1% of the workforce, who have garnishee orders against them, as detailed below.

	Total
Administration order	3
Garnishee	94
Maintenance Order	27
NFSA	4
	128

Benefits

All permanent employees, have to join the Vodacom Group Pension Fund, which is a defined contribution pension scheme. Employees have the option to choose their level of contribution to the Pension fund. They also have the option to choose where they would like their money to be invested based on their own individual risk profile.

Employees can choose to participate in a nominated medical aid scheme.

In the unfortunate event of an employee's death, a lump sum amount of three times annual Pensionable Salary (core cover) is paid to the beneficiaries. If the employee had a qualifying spouse and/or qualifying children upon death, a Spouse's Pension of 40% of monthly Pensionable Salary and a Child's Pension of 10% of monthly Pensionable Salary becomes payable.

All employees have the option to select additional death cover of up to 7 times their annual pensionable salary, inclusive of the compulsory core cover of 3 times annual pensionable salary. These additional contributions are calculated at a percentage of pensionable salary.

Labour relations and related matters

National Consultative Committee ('NCC')

The NCC is an internal 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. We are committed to developing sound employee relations and acknowledge the rights of all our employees.

Union membership

The Employment Law division is tasked with the responsibility of maintaining strong relationships with unions. We provide an environment conducive to freedom of association and have a channel to manage employee-related issues with unions. The total union membership in South Africa for both the Media Workers' Association of South Africa (15) and Communication Workers Union ('CWU') (616) stands at 621. In the DRC approximately 48% of employees belong to the union and attempts are being made to arrive at a collective agreement which has proven difficult thus far. The union in Mozambique is still in its infancy. Lesotho and Tanzania do not have unions. We have not experienced any labour-related strikes over the past year in any of our operations.

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 such as airtime.

Guaranteeing rights at work

Anti-harassment and other rights at work are discussed in the Legal Affairs newsletters sent to all South Africa-based employees at least once a month. The Company has a very clear anti-harassment policy and deals with transgressions seriously.

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 non-governmental organisations ('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.

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. Employees can raise concerns should they observe unfair recruitment practises through our whistleblowing line.

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 components of ensuring that we achieve equity is 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, which is why it 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 a policy relating to discipline which is 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 45 (2014: 51) cases of employee misconduct resulted in disciplinary enquiries in South Africa. Of these matters, 27 (2014: 18) resulted in dismissals.

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 South Africa, we have implemented our Female Leaders in Waiting Programme to further improve representation of women at senior levels within the organisation. The 2014 programme was concluded with seven of the 12 participants successfully placed in various roles in Vodacom. The candidates participated in a one-year fully sponsored leadership programme through the Gordon Institute of Business Science ('GIBS') and were offered unique access to our Executive Committee ('Exco') through quarterly engagement sessions. The key learnings focused on understanding the telecommunications industry, building world class customer experience and harnessing leadership awareness of women. The programme would continue in the 2016 financial year with 15 new participants.

In our International operations we continued with our efforts to increase the representation of women and we continue to develop local talent. Our female representation at Exco level across the Group is as follows:

Market	Exco
South Africa	17%
Mozambique	30%
DRC	30%
Tanzania	30%
Lesotho	40%

SOCIAL AND ETHICS COMMITTEE REPORT continued**ENVIRONMENT, HEALTH AND PUBLIC SAFETY**

Responsible person: Chief Officers: Human Resources and Corporate Affairs

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.

Environment

Our environmental management strategy and objectives focuses on the impact of Vodacom's activities on the environment and sets environmental priorities over the next financial year.

The key risk areas of leadership and culture, waste, carbon footprint, fuel management and biodiversity have been recognised as the top five priorities.

Vodacom disclosure project journey**Managing our carbon footprint**

We have invested substantially in our network, facilities and information technology to make them more energy efficient, using hybrid technologies and renewable energy solutions wherever possible.

Key environmental performance indicators

With the sale of the network towers in Vodacom Tanzania, we no longer have control over the access network in Tanzania and have adjusted our 2014 carbon emissions to normalise with our 2015 data.

	Year ended 31 March			% change 14/15
	2015	2014	2013	
Group indicators				
Reduction in carbon values per site (%)	5	10	15	
CO ₂ emissions	561 515	516 391	544 381	9
SA indicators				
Number of sites	10 673	10 022	9 341	6
Access network electricity (GWh)	255	214.4	206.6	19
Core network electricity (GWh)	62	69.3	77.4	(11)
Data centres electricity (GWh)	48	47.6	51.5	1
Building electricity (GWh)	59	67.2	60.2	(12)
Diesel generator fuel	2.8	3.7	2.9	(24)
Vehicle fuel (diesel and petrol) (million litres)	1.6	1.7	1.9	(6)
Network equipment and handsets reused or recycled (tonnes)	160	97	396	65

Our biggest energy consumer is our network. As our number of base stations continues to grow we remain committed to deploying more energy efficient equipment. In September 2014 we completed a six-year multi-billion rand network renewal programme ('RAN renewal programme') which has seen Vodacom's base stations in South Africa being replaced with new equipment. The new equipment is more easily configured to handle future upgrades and has a lower impact on the environment, with reduced energy consumption and a smaller footprint compared to the old technology.

In addition to the RAN renewal programme, our network team is planning to implement free cooling technology at approximately 400 sites which reduces the energy consumed by air conditioners substantially. These sites will be remote monitored with smart energy meters, allowing for greater visibility of energy consumption.

With the growth in our networks across the Group our carbon emissions increased by 9% to 561 515 mtCO₂. As a result of the sale of our network towers in Tanzania, our total base stations declined to 13 991 leading to a decline in carbon emissions by 5% per base station.

During the year we introduced a project in South Africa called '1 000 small things' which encourages employees to identify simple changes in daily operations that contribute towards better business. These changes can entail anything from cost optimisation projects to internal processes that can be mapped more efficiently. Our philosophy is 'What is good for the environment, is also good for our pocket' as reducing the impact on the environment also leads to savings, whether at home or at the office. Some of the environmental projects that were initiated with the aim of creating awareness among employees and customers of environmental impact are:

- reducing the consumption of plastic bottles of water purchased for meetings;
- setting all printers to print to double sided, black and white copies by default; and
- introducing plastic bags made from recycled material at retail stores and encouraging reuse of these bags.

Ultra-low cost sites

In the DRC, the number of ultra-low cost sites now stands at 500. These sites are totally off grid and operate on battery and solar power only, and cost less than 30% of a conventional site to construct. They comply with all health and safety standards, and are a viable solution for remote areas. Vodacom Lesotho has 53 solar sites, approximately 21% of the total network. However, these may be connected to the grid over time. Vodacom Mozambique continues to deploy non-containerised base stations and diesel battery hybrids.

Carbon Disclosure Project ('CDP')

Results released at the launch of the CDP South Africa Climate Change Report 2014 in October revealed that we have retained our lead in the telecommunications sector in South Africa. Our scores increased from 94% in 2013 to 96% in 2014.

Socially Responsible Investment Index ('SRI')

Vodacom was one of six companies recognised as a best performer on the JSE's SRI Index for the 2014 calendar year. The index recognises those companies that regard society, governance and the environment as an integral part of their corporate strategy, and ultimately share this information transparently in their reporting. We are particularly proud of our achievement, as the 2014 review once again considered publicly available information only in its assessments. This is the sixth consecutive year that Vodacom has been included on the SRI Index, and its third as a best performer.

Electronic waste ('e-waste')

e-waste contains 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, reuse or recycle all of our e-waste, which includes equipment replaced under our RAN renewal programme, to minimise these impacts.

SOCIAL AND ETHICS COMMITTEE REPORT continued

The top environment risks and risk management plans are set out in the following table:

RISKS	Issue	Activities to mitigate the risk	Improvements/ achievements
Waste generation	To reduce Vodacom's carbon footprint, reduce waste quantities through recycling of waste and to adopt energy efficient technologies.	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.	This year 160 tonnes (2014: 97) of waste generated was recycled.
Diesel storage at Vodacom premises	Provincial-level legislation requires obtaining environmental authorisation to store diesel.	Obtain authorisation from provincial authorities.	We have applied for authorisation from local authorities to install an underground diesel storage tank on our Midrand campus. An environmental impact assessment and an environmental compliance audit were conducted for our Midrand campus.

Environmental incidents

We experienced an environmental incident in May 2014 relating to a diesel spill from our diesel storage tank located on our Midrand campus. To prevent future incidents the areas around the generators are being upgraded to include additional bund and drainage systems. The contaminated areas have been fully rehabilitated and tests result indicate no contamination traces.

Safety

We continue to create a safe working environment. We have refined and rolled out our health and safety strategy to all levels in the Company including contractors working on behalf of Vodacom.

Health and safety**Health**

Specific initiatives to promote the health and wellbeing of our employees are discussed 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.

Key areas of our approach to health and safety include:

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 across the Group. In the year, 334 tours were conducted by senior executives with leaders implementing and following up on all corrective actions identified during these tours.

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 risk focus areas are: road risks, legacy infrastructure, monitoring of suppliers, working at heights and working with electrical installations. To mitigate road risks, 348 drivers have been trained to date on defensive driving. We have also implemented Journey Management Plans for all journeys above 300 kilometres or 10 hours. A Road Reach Campaign was launched whereby our Exco members called on Vodacom drivers to test their awareness around our Absolute Rules and the driving standard. To mitigate risks associated with legacy infrastructure all of our masts and towers underwent structural inspections and remedial work was completed on 10 073 sites. A new risk has been identified, known as Cables in the Ground. Guidelines on managing these risks and implementation plans have been communicated to appropriate stakeholders. Working at heights is still one of our high risk areas. Safety alerts around working at heights have been communicated to suppliers. Fall Protection Risk Assessments were conducted.

Positive health and safety culture

Absolute Rules

We continuously engage employees and suppliers on our Absolute Rules, utilising various communication platforms. The Absolute Rules have now been integrated into our disciplinary processes and contractor agreements.

We continue to engage with our suppliers to improve their health and safety performance. We held 26 supplier forums across the Group at which we engaged our suppliers on a number of health and safety issues including our safety rules, changes in legislation and shared lessons learnt from incidents. A new process of vetting has been introduced whereby our suppliers will be vetted by an approved vendor, NOSA. To date a total of 170 suppliers have registered for re-vetting.

Health and safety standards in the supply chain

SOCIAL AND ETHICS COMMITTEE REPORT continued

You have the power not to text while driving
Vodacom Power to you

W8_2send

During June 2014 we launched our W8_2send campaign across the Group reaching over 6 800 people and over 300 suppliers. The aim of the campaign is to raise awareness on the dangers of texting and driving. We have partnered with industry players such as Huawei, Nokia Siemens Network, Bidvest and Arrive Alive.

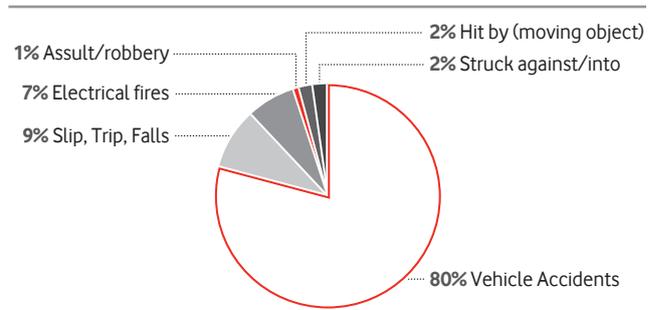
Health and safety statistics

A total of 193 health and safety incidents were reported in the year, with 79 of these being employee-related and 114 contractor-related. South Africa accounted for 50% (2014: 30%) of incidents and the DRC 37% (2014: 48%). There were three fatalities among our suppliers in the year, with one in South Africa, one in Mozambique and the other in DRC. The necessary consequence management was taken against these suppliers. The lessons learnt from this incident have been incorporated into our driver assessment processes. Vehicle accidents remain the number one cause of incidents, with 107 accidents reported for the year. Lost time incidents reduced by 52% year-on-year.

The table below details total incidents by type:

Type of incident	FY2015
Fatalities	3
Major incidents	9
High potential incidents	41
Minor incidents	126
Near miss incidents	12
Environmental incidents	2
Total	193

Distribution of the top causal factors of Vodacom incidents YTD (April 2015)



Electromagnetic fields

Vodacom helps ensure public safety through responsibly deploying its network. We comply with international best practice and standards set by the World Health Organization ('WHO') and continuously ensure that base station electromagnetic emissions fall well within the safety guidelines stipulated by the International Commission for Non Ionizing Radiation Protection ('ICNIRP').

The WHO have an ongoing international electromagnetic field ('EMF') health risk assessment project and continues to hold the view that compliance with the ICNIRP EMF Health & Safety guideline requirements are necessary and sufficient to protect the public and occupational workers from over-exposure. The field values associated with EMF exposure from base station antennas are typically in orders of magnitude below the recommended guidelines. Although the debate around precautionary limits (safety limits less than ICNIRP) continues, it is important to note that the WHO does not support precautionary limits for either devices or base stations. Compliance with the ICNIRP guidelines meets all requirements currently recommended by the South African Department of Health's Directorate for Radiation Control.

Vodacom, in partnership with Vodafone, continues to monitor international scientific developments in areas of EMF bio-research and recommended best-practice engineering, while following the recommendations and stipulations of both the WHO and ICNIRP. To operationally meet international best practice and to adhere to Group EMF policy, we have for a number of years used the services of Stellenbosch-based consultancy EMSS which ensures the ongoing ICNIRP compliance of Vodacom's South African network and maintains the databases necessary to demonstrate that sites have been certified. When responding to public concern about an existing or future base station, EMSS provides us with a field measurement report to help resolve any conflicts with interested and affected parties. EMSS is also helping our International operations achieve full compliance with Vodafone Group Policy and alignment with international best practice. EMSS provides training to our employees who are exposed to EMFs in their roles on EMF safety, both in South Africa and in our International operations.

ANTI-BRIBERY

Responsible person: Chief Risk Officer

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 sector.

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-bribery 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 a signatory to the OECD convention. Finally, our anti-bribery policies require our International operations to comply with local legislation in the countries in which they operate.

While the Group's Social and Ethics Committee is responsible for overseeing the implementation of the anti-bribery compliance programme, the Group Audit, Risk and Compliance Committee is also kept abreast of any risks or events that have sufficient financial or other potential impact on the Company to warrant its attention.

Our Group Compliance team provides support to the boards and executives of Vodacom's companies in complying with anti-bribery

laws. Our anti-bribery policies and the Code of Conduct 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-bribery programme includes executing country, Company and transaction risk assessments; implementing training programmes; performing due diligences of suppliers and business partners; incorporating anti-bribery 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 whistle-blowing line in South Africa and other operating countries.

Group Compliance monitors the status of implementation of control measures in various companies. This is supported by anti-bribery/corruption audits conducted by the Vodafone Group Compliance team from time to time. 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.

SOCIAL AND ETHICS COMMITTEE REPORT continued

BEING A GOOD CORPORATE CITIZEN

Responsible person: Chief Officer: Corporate Affairs

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.

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

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.

Stakeholder	Why it's important for us to engage	What matters most to them	Ways we engage
Customers	Our customers are central to the sustainability of our business. To build trust among our customers we need to manage our core operational risks around network performance and privacy. With a number of new regulations impacting our customers and our relationships with them, engagement also helps us better manage regulatory risk.	<ul style="list-style-type: none"> › Better value offerings; › Faster data networks and wider coverage; › Making it simpler and quicker to deal with us; › Converged solutions for business customers; › Feedback on service-related issues; and › Privacy of information. 	<ul style="list-style-type: none"> › Call centres, retail outlets, online and My Vodacom App; › NPS feedback interviews and focus groups; › Facebook and Twitter; and › Vodacom website.
Employees	Our people are the heart and soul of our business. Their skills and involvement determine our ability to realise our vision to provide the best network, best value and best service, and to fulfil our purpose of empowering everyone to be confidently connected.	<ul style="list-style-type: none"> › Career development; › Improved knowledge sharing across the Group; › Simplicity and agility; › Engagement; › Building skills in line with the future business growth; and › Being fairly remunerated for their service. 	<ul style="list-style-type: none"> › Internal website; › Newsletters, internal magazine and electronic communication; › National Consultative Committee representation; › Anonymous employee hotline; › Leadership roadshows; › Team meetings; and › Performance development process.

Stakeholder	Why it's important for us to engage	What matters most to them	Ways we engage
Government and regulators	Our relationships with governments and regulators impact on our ability to contribute towards broader economic, social and environmental objectives.	<ul style="list-style-type: none"> ➤ Facilitation of socioeconomic growth; ➤ Citizen and community centricity; ➤ Achieving national broadband access objectives; ➤ Consumer protection and quality of service; ➤ Managing spectrum as a national public resource; ➤ Cost of communication; ➤ Developing a digital society, including e-Government; ➤ Underserved and rural communities; and ➤ Skills development and employment. 	<ul style="list-style-type: none"> ➤ Participation in consultations and public forums; ➤ Submission and engagement on draft regulations and bills; ➤ Engagement through industry consultative bodies; ➤ Publication of policy engagement papers; ➤ Social upliftment programmes and initiatives; and ➤ Partnering on key programmes, with regards to education, health and security.
Investors and shareholders	As the providers of capital necessary to support our growth, we engage with our shareholders and investors to keep them up to date on the financial performance and overall sustainability of Vodacom.	<ul style="list-style-type: none"> ➤ Future performance of SA and International business; ➤ Investing for growth; ➤ Risks and opportunities in the markets we operate in; ➤ Transparent executive remuneration; ➤ Dividend policy; and ➤ Sound corporate governance. 	<ul style="list-style-type: none"> ➤ Investor roadshows; ➤ Investor days; ➤ Annual and interim reports; ➤ SENS announcements; ➤ Monthly and quarterly operational reviews with our parent Vodafone; and ➤ Investor relations page on our website.
Business partners	One of the most important ways we interact with our customers is through our business partners. As custodians of our brand and reputation, how they engage and deliver service is critical to our objective of excellent customer service across all touch-points.	<ul style="list-style-type: none"> ➤ Fair treatment; ➤ Top management involvement with customers; ➤ A consistent customer experience; and ➤ Making it simpler and quicker to deal with us. 	<ul style="list-style-type: none"> ➤ Annual business partner conference; ➤ Bi-annual Franchise roadshows; ➤ Quarterly Franchisee Council Committee meetings; and ➤ One-on-one business meetings.

SOCIAL AND ETHICS COMMITTEE REPORT continued

Stakeholder	Why it's important for us to engage	What matters most to them	Ways we engage
Suppliers	Suppliers and contractors impact on our ability to provide products and deliver services, and are required to comply with our health and safety and ethical procurement standards. Engaging with them contributes to business continuity, viability and operational efficiency.	<ul style="list-style-type: none"> ➤ Timely payment and fair terms; ➤ Improving health and safety standards; ➤ Partnering on environmental solutions; and ➤ BBBEE compliance. 	<ul style="list-style-type: none"> ➤ Supplier forums; ➤ Ongoing site visits; ➤ Audits; and ➤ Ongoing regular direct engagements.
Communities	Empowering local economies builds trust in Vodacom. It also adds to the longer term viability of our markets by strengthening the socioeconomic context in which we operate. Our communities also benefit from social and environmental innovations.	<ul style="list-style-type: none"> ➤ Access to mobile services; ➤ Access to basic services such as finance, health and education; ➤ Investment in infrastructure; and ➤ Responsible expansion of infrastructure. 	<ul style="list-style-type: none"> ➤ Public participation where new base stations are required; ➤ Vodacom Change the World volunteer programme; and ➤ Vodacom Foundation partnering with communities.
Media	As a stakeholder, the media plays a role in keeping Vodacom stakeholders informed of business developments, new products and services and the impact of our business operations.	<ul style="list-style-type: none"> ➤ Being informed of key activities and offerings; and ➤ Transparency. 	<ul style="list-style-type: none"> ➤ Face-to-face and telephonic engagement; ➤ Interviews with the CEO and key executives; ➤ Media releases and product-related publicity; ➤ Roundtables; ➤ Product launches; and ➤ Site visits.

Engaging with government and regulatory stakeholders

Vodacom operates in a highly regulated sector and routinely engages with policy makers and regulators both proactively and reactively. During the course of the year we implemented stakeholder engagement plans to ensure ongoing discussions on material issues facing our business, and to manage the anticipated impact of these.

Across all markets we have identified a number of key issues and regulations that policy makers and regulators intend to implement. These include price floor regulation in the DRC, new taxes in Tanzania and market reviews in Lesotho. In South Africa, our engagements covered spectrum availability and mobile termination rates, among others.

South Africa

The key topics for engagement with policy makers during the year were on spectrum allocation and increasing broadband access. Targeted engagement was undertaken with policy makers, the regulator and other authorities with regards to our agreement with the shareholders of Neotel to acquire the company. Other ongoing engagements were with the Departments of Education, Health and Social Development to sustain collaborations.

Tanzania

Our engagements with government and regulatory stakeholders covered education (e-Learning), rural network rollout, new regulatory developments on taxes (including SIM card and excise tax), spectrum allocation for Long Term Evolution ('LTE') rollout and partnerships on the national ICT broadband backbone. In addition, we continued engagements on investment in our staff and giving back to communities through the Vodacom Foundation. We also engaged government with regards to protection of personal information and compliance with national security requirements.

DRC

The key issues we engaged on with government and regulatory authorities in the DRC included mobile sector tax reforms, price regulation, LTE rollout, site sharing and roaming regulation.

Mozambique

Our engagement with the authorities ranged from network expansion and performance, spectrum and mobile termination rates. In addition, we continued routine engagements on supporting national priorities and channelling corporate social investments to support communities, in particular combatting malaria.

Lesotho

The main issues on which we engaged with the regulator were, among others, the renewal of our operating license, Southern African Development Community ('SADC') regional roaming regulation, quality of service regulations and the acquisition of 1 800MHz spectrum to implement carrier aggregation. Furthermore, we held discussions on our support towards the Independent Electoral Commission's call centre as part of our contribution to promoting democracy.

Reputation Survey

The last four years of conducting our annual reputation research have provided insight on the key drivers of our reputation that operating companies are focusing on to ensure we improve perceptions. In all the years, we ranked number one as a reputational leader in the telecommunications sector.

Vodacom ranked third overall and first in the telecoms sector in the annual Top Companies Reputation Index ('TCRI') undertaken by independent market research company Plus 94 Research (Pty) Limited.

SOCIAL AND ETHICS COMMITTEE REPORT continued**Corporate social investment****Contribution to health and safety, education and volunteering**

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

Health**Mozambique****SMS technology to help people living with HIV (SMSaúde)**

During the year we continued to roll out SMSaúde, in partnership with Absolute Returns for Kids. This initiative is supported by the Ministry of Health and the University Eduardo Mondlane. SMSaúde uses the SMS platform to send alerts to patients and encourage them to be on time for their appointments and make follow-up appointments. The system also targets pregnant women with HIV to attend appointments, give birth at a hospital and take medication regularly to prevent the transmission of the virus.

To date 14 715 people in Maputo and Gaza provinces of the country have benefited from the project

South Africa**Integrated School Health Programme**

Our investment in a solution to support the national health assessment of learners has been rolled out in the Thabo Mofutsanyane district of the Free State, one of the National Health Insurance pilot districts. The district was chosen to pilot the system due to its good track record in submitting monthly school health data, using the standard reporting tool. An interim review of the project concluded in October 2014 registered positive feedback from the application users. The adoption and usage statistics for the district showed that the 47 registered system users had registered 2 544 learners and referred 741 cases to Mobile Health teams.

Stock visibility solution ('SVS')

We have rolled out a stock visibility solution in partnership with the Department of Health for clinics in KwaZulu-Natal. The SVS assists the national and provincial departments of health to build a database of stock levels and usage per clinic and to determine the minimum stock levels required for each clinic. The SVS is now being rolled out in the Limpopo and Eastern Cape provinces, increasing the number of clinics piloting the product from 686 to over 1 900.

Tanzania**Moyo fistula campaign**

Comprehensive Community-Based Rehabilitation Tanzania ('CCBRT'), in partnership with Vodacom and the Vodafone Foundation, provides women who suffer from obstetric fistula with medical treatment, rehabilitation, food and accommodation free of charge at the CCBRT Disability Hospital and six other facilities across the country. This partnership also extends to implementing a nationwide awareness campaign. A significant challenge is that women often cannot afford to travel to hospital for treatment.

Using m-pesa, CCBRT transfers the cost of a bus ticket to patients via a network of volunteer ambassadors. This innovative use of Vodacom's technology is breaking down barriers and improving access to healthcare. This year has been a ground breaking year for the 'text-to-treatment' programme with 72% of all fistula patients who have been referred via the programme receiving surgery.

In total, 713 women have received surgery and are now rebuilding their lives. At the same time, the Foundation supported the doubling of capacity at the CCBRT Disability Hospital ward and contributed to a new state-of-the-art maternity hospital which will be completed at the end of 2015.

Safety

Combating gender-based violence

In South Africa, help for victims of gender-based violence is a key focus area for the Vodacom Foundation. The main objective of the project is to help the Department be more responsive in providing services and support to victims of gender-based violence. The national gender-based violence command centre, a fully integrated call centre solution that provides support and counselling to victims of gender based violence, was awarded the Best Technology Innovation Award by the Contact Centre Management Group ('CCMG'), the professional body of the contact centre industry in South Africa. The Vodacom Foundation sponsored the development of the technology used by the command centre. The resulting integrated solution was developed by Vodacom in collaboration with its subsidiaries Afrigis and Mezzanine.

Education

South Africa

We continued with our teacher ICT centres which take a holistic approach to supporting improved learning and teaching. Our contribution, which is supported by the National Department of Education, provides access to connectivity, ICT equipment, content and teacher training.

During the year we invested R46 million in m-Education initiatives, which included connecting an additional 20 ICT resource centres, bringing the total number of ICT centres equipped and connected by Vodacom across the country to 61.

Instant network school, computer literacy and school desks

In the DRC we continued to support education through our Instant Network School Programme in Goma, Eastern DRC as well as our computer literacy and schools desk projects.

The Instant Network School Programme has been running since 2013. It enables children between the ages of 7 and 17 to access online educational content via tablets. To date well over 4 000 children from Don Bosco School have benefited from the programme. Our computer literacy programme gives students in higher education exposure to ICT and computers. Our ICT centre at the University of Lubumbashi has delivered over 100 computers with free internet access for the students, replicating a similar contribution to the University of Kinshasa.

During the year, through our school desk programme we donated 1 000 desks to schools in four provinces: Bas Congo, South Kivu, Kasai and Kinshasa.

Volunteering

South Africa

Change the World

Our Vodacom Change the World ('CTW') programme is now in its third year and gives professionals the opportunity to work for a non-profit organisation ('NPO') of their choice for a year while still getting paid their salary. Our 20 volunteers for the 2014-2015 instalment have increased the impact and reach of the programme.

Food security programme

In 2014 we supported International Nelson Mandela Day by extending our food security project in South Africa to all our operating regions. In line with our focus on education, the Vodacom Foundation and employees aimed to supply learners and their families with basic food supplies. In total, a record 6 000 employees packed 51 500 food parcels, which were distributed to learners in 92 schools identified by the National Department of Education.

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.

ETHICAL PURCHASING AND PARTNERS

Responsible person: Chief Financial Officer

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

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

Our procurement function has been centralised and we continue 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. In prior years we implemented minimum health and safety standards for all suppliers who deal with Vodacom. We have continued to enhance and lift the standards we require our suppliers to adhere to and this has continued to produce positive results within the supply chain. Having the right policies and processes in place helps 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. In the year we held 26 (2014: 32) health and safety supplier forums across the Group where we engaged our suppliers on a number of health and safety issues including but not limited to our safety rules, changes in legislation and lessons learnt from incidents. A new process of vetting has been introduced whereby our suppliers will be vetted by an approved vendor, NOSA. To date a total of 170 suppliers have registered for re-vetting.

Vodacom is continuing with formal audits of our e-waste suppliers to ensure that our e-waste is being disposed of in accordance with good practice and compliance with legislation. Through the numerous audits and a collaborative approach between Vodacom and supplier's we have ensured that there is legislative compliance as well as improved reporting and management of e-waste disposals.

Preferential procurement

Vodacom continues to drive transformation within its supply chain. 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. We continue to implement our small, medium and micro enterprise ('SMME') preferential payment terms policy and have ensured that qualifying SMMEs get shortened payment terms of 15 days. Vodacom is proud of the increase in the number of SMME suppliers being assisted through this financial support initiative as well as the increase in the number of exempted micro enterprises ('EMEs') and qualifying small enterprises ('QSEs') to whom we are directing our procurement spend.

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. Through our initiatives to leverage global purchasing power we have injected a number of multinational suppliers into the South African economy. In this process we have ensured that these multinationals invest into B-BBEE strategies that are aligned with Vodacom's forward-thinking, and in the majority of cases we have helped to increase the number of black women who have benefited from economic shareholding in these entities.

This effort 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".

Local Procurement Accord

As a party to the Local Procurement Accord, Vodacom recognises the importance of local procurement in creating jobs and promoting local industry. We are committed to support this through our procurement initiatives and have achieved success in a number of areas, notably in the areas of textile and furniture-related products, including garment manufacture.

The manufacturing of clothing offers an opportunity to accelerate job creation and social transformation in South Africa while also creating an opportunity for export ("Proudly manufactured in SA") to other neighbouring countries where legislation permits this.

The clothing manufacture opportunity has the following characteristics:

- ▶ It is a labour intensive process that can create jobs even though there is a trend towards machine driven activities;
- ▶ This can help to bring lower skilled labour into the formal economy;
- ▶ The largest capital requirements are into equipment that is scalable up and down based on the amount of workers in each production facility. It is not heavily dependent on technology and as such can be executed at fairly low cost; and
- ▶ It promotes building of South African capacity in the upstream industries such as cotton farming and textile milling.

Vodacom's supply chain relationship with Mace Promotion is an example of one of our success stories in supporting local procurement. Vodacom has selected Mace Promotions as its approved supplier of merchandising. Mace Promotions were required to achieve the following requirements to become a preferred supplier to Vodacom South Africa:

- ▶ Achieve a B-BBEE status of minimum level 4 with either >50% black ownership or >30% black women Ownership;
- ▶ Reduce the importation of textile related products within a six to 12-month period;
- ▶ Create local employment and ensure that there is local production established in underprivileged areas in South Africa; and
- ▶ Ensure that there is no deterioration in quality while maintaining pricing through the reduction of import related costs.

To meet these requirements Mace Promotions has commenced with the following activities:

- ▶ Creating sustainable job opportunities focused on the development of township community 'hub and spoke' businesses with decentralised community production, through co-ops, that feed into the central hubs;
- ▶ Community centres established in which residents are trained and empowered to become mini manufacturing environments feeding into the central hubs where the garments are finalised;
- ▶ Initial funding of some machines by Mace which removes the burden of funding to setup these facilities;
- ▶ Provision of skills to help design the facilities in such a manner that they are most effective for production as well as to educate workers on aspects such as quality control and health and safety; and
- ▶ Mace would help to obtain funding from public institutions to expand these facilities and training centres.

These facilities are now producing Vodacom-branded apparel for Vodacom in South Africa and has expanded its production to export to Vodacom in the DRC.