

Tax and our contribution to public finances **2018**

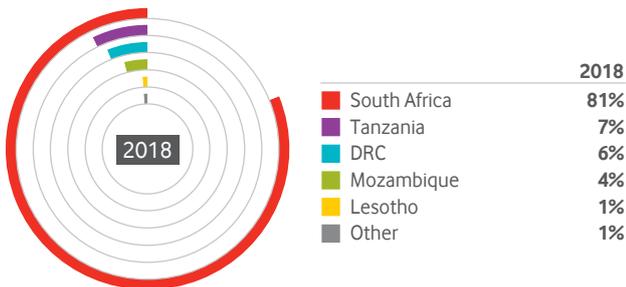
Vodacom is a significant contributor to the development of economies across Africa. As a major investor, taxpayer, employer and purchaser of local goods and services, we make an important contribution to the delivery of governments' policy objectives across the continent.

Key facts and figures

Group external revenue

R86 689 million

External revenue¹ by country 2018 (%)



Group EBITDA

R32 898 million

Group profit before tax (PBT) (excluding dividends)²

R22 093 million

Group tax charge

R6 531 million

PBT and Tax Charge (R million)



Group effective tax rate (%)

29.6%

Group effective tax rate (%)



Total cash tax contribution to public finance per category in 2018 (%)



In cash terms we contributed more than R20 842 million of our revenue to the public finances across our countries of operation in 2018.

Of the R9 872 million direct taxes paid in 2018, R7 031 million relate to corporate tax.

Group capital investment³

We invested R11 594 million in the expansion and development of networks, infrastructure and services relied on by our customers, and continue to make a vital contribution to the delivery of government's ICT policy objectives.

Group capital investment (R million)



1. External revenue is the sum of revenues generated from transactions with independent parties (all transactions with the Vodacom and Vodafone Group entities excluded).
2. Profit before tax represents the total revenue, excluding dividend income less expenses in each country.
3. Excludes Safaricom.

Employment: Number of employees⁴



Vodacom is an important source of employment and skills transfer. We provide incomes, benefits and the potential for a technology sector career path, as well as skills development to 7 554 people in our countries of operation⁴. In addition we work with thousands of suppliers and partner companies around the world, each of which relies to a greater or lesser extent on revenues from Vodacom.

Corporate social investment

R121 million investment in communities as corporate social investment. (2017: R114 million).

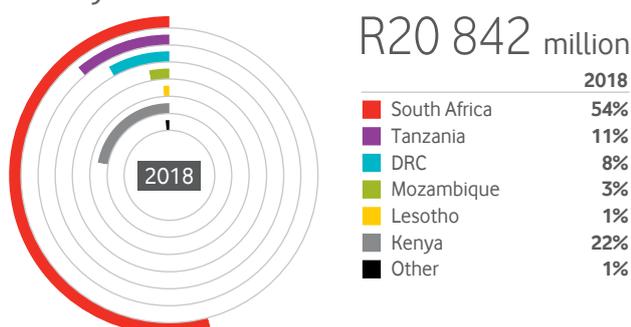
Total cash tax contribution to public finances



Telecoms tax⁵ as a % of total cash tax contribution



Total cash tax contribution to public finances per country in 2018 (%)



Our business

73.8 million customers

7.4 million 4G customers

3.8 million IoT connections

20 139 base stations

32.3 million mobile money users
(including Safaricom)

M-Pesa enables these users who have access to a mobile phone to send and receive money, top-up airtime, make bill payments and much more. It enables people excluded from the conventional banking system to access a wide range of financial services. M-Pesa has had a profound transformative effect on lives and livelihoods, providing people in some of the continent's poorest communities with financial security and the ability to start and grow their business.

4. The number of employees excludes Safaricom employees.

5. Telecoms tax includes license fees, spectrum fees, numbering taxes, interconnect taxes as well as excise duties on telecommunication services.

Committed to transparency

This is our fifth tax and public finances report, setting out on a country-by-country basis Vodacom's contribution to public finances in the countries in which we operate. This report has been updated and expanded since its inception, and sets out our contribution for the 2018 financial year, in comparison to the contributions made in 2017. It is presented on an actual cash-paid basis, in addition to our statutory reporting, to provide the clearest possible insight into the scale of money flowing from Vodacom to governments.

We are committed to act with integrity in all matters related to tax including a policy of full transparency with all tax authorities and the payment of all taxes properly due under the law where we operate. We strongly support global and local tax transparency requirements and we are comfortable that our tax governance framework is aligned to these requirements.

We believe that increasing transparency and understanding is vital to address erosion of public trust. In our view, a public record of the amount of cash transferred from Vodacom to each country's government is one of the most effective forms of tax transparency.

We strongly support the tax transparency measures designed by the Organisation for Economic Cooperation and Development (OECD) and subsequent implementation at national level by governments and tax authorities in the jurisdictions we operate. The OECD now requires companies to share information with the relevant tax authority in order to help ensure that multinationals are taxed, where the economic activities take place and value is created. Our first Country-by-Country Report (CBCR) will be shared by our majority shareholder, Vodafone, to the UK tax authorities, which in turn will share this report with the South African Revenue Services and other tax authorities in the jurisdictions in which we operate. The CBCR shared with tax authorities is confidential under the OECD's Base Erosion and Profit Shifting (BEPS) programme. The OECD does not require this information to be published and recommend that tax authorities use this information for high-level risk assessment only. In our view, however, it is in the public interest for the relevant CBCR information provided to tax authorities to be publicly disclosed, as doing so may help to restore public trust in tax systems and administrations worldwide. Through Vodafone, we intend to publish our CBCR in early 2019 when our majority shareholder releases their annual Sustainability Report.

In addition, we support the principles set out in the King IV Report on Corporate Governance for South Africa 2016 (King IV) effective in respect of financial years commencing on or after 1 April 2017, requiring our governing body to be responsible for a tax policy that complies with the applicable laws, but that is also congruent with responsible corporate citizenship, and that takes account of reputational repercussions. We agree that responsible and transparent tax policy is a factor in good corporate citizenship. We are comfortable that our tax governance framework is aligned with the requirements of King IV as it pertains to tax.

The content of our contribution to public finances:

Regular readers will recognise much of the content and structure of our report. Over the years our principles have remained consistent and each year we endeavour to bring more transparency to our reporting. This year we have expanded this online report, and in particular the country-by-country section, to split out the payment of corporate taxes as a subset of total direct taxes paid. This provides greater insight into this area of continued public scrutiny, and further enhances our commitment to transparency.

Our contributions to public finances are both direct and indirect, of which a significant number relates specifically to the telecommunications industry.

We provide data for seven of the most relevant indicators of Vodacom's total overall contribution to the public finances and wider economies within which we operate. The contributions we make to governments are reported on an annual actual cash-paid basis for each country in which we have a registered Vodacom entity, as we believe this is the most meaningful and transparent metric we can use when assessing a company's tangible role in helping to fund public services.

The seven indicators are explained as follows:

External revenue

Under OECD rules, CBCRs must include details of revenues that the OECD breaks down into two overlapping categories:

- ▶ External, which the OECD defines as "the sum of revenues ... generated from transactions with independent parties"; and
- ▶ Internal, defined as "the sum of all revenues... generated from transactions with associated enterprises". These transactions are subject to transfer pricing rules, requiring the attribution of revenues and profits on an 'arm's length' basis, based on independent comparable valuations.

While the internal revenue metric provides a useful insight into the movement of money between corporate entities into – and within – a particular jurisdiction, it is impossible to avoid some form of double-counting. Money earned in one country from a third party (and reported in that country as external revenue) is then used to fund intra-company costs that are subject to transfer pricing or similar arrangements with a corporate entity in another country. That money will also then be reported as internal revenue in the recipient country. However, the internal revenue reported is not incremental; it is in essence, the same money already accounted for in the first country's external revenue figure that is then reported for a second time as internal revenue in the second country. Internal revenue would also include the movement of money between subsidiaries within the same country. For this reason, we believe that the external revenue number is by far the most meaningful in terms of providing greater insight into the flow of money into a company – within the context of the total economic contribution that a company makes in each country in which it operates – and hence is why we have chosen to disclose this metric.

Profit before tax (excluding dividends)

Profit before tax represents the total revenue in each country excluding dividend income less expenses. This provides the starting point for the corporate tax calculations in each country, although – for a wide range of reasons – it may not necessarily reflect the agreed or final figure in the relevant tax return. The number excludes dividends as these relate to distributions of profits after tax between companies.

Direct tax contribution

This encompasses Vodacom's total direct cash tax contribution in each country. Corporate tax is just one of numerous taxes directly borne by Vodacom's operating businesses every year. In this report we have also split out the payment of corporate taxes as a subset of our total direct tax contribution paid.

A breakdown of these taxes can be found at the end of this report.

Indirect tax contribution

This encompasses cash taxes collected by companies on behalf of national governments, including Pay as You Earn (PAYE), employees' national insurance contributions, sales and consumption taxes and VAT. These indirect contributions to government revenue would not be collected (or generated to the same extent) if the company did not employ people and offer services or products to the customers responsible for paying the tax in question, or procure goods and services from its suppliers on which such taxes are due.

Direct non-taxation mechanisms

This encompasses all other forms of government revenue raised in addition to a country's direct taxation regime, including telecoms license fees, radio spectrum management fees, proceeds from revenue sharing agreements, usage fees and proceeds from radio spectrum auctions. These additional sources of government revenue are often substantial and represent a critically important contribution to public finances.

Capital investment

We include reference to capital investment, as our significant investment in building the infrastructure and services relied upon by millions of Vodacom and other operators' customers are taken into account when determining our corporate tax liabilities.

Number of employees

Vodacom is an important source of employment and skills transfer and we provide incomes, benefits and the potential for a high technology sector career path for thousands of people across Africa. In addition, our relationships with agents, contractors and suppliers throughout the continent generate revenue from Vodacom, which in turn creates a broader tax base for the governments in the countries in which we operate.

Summary of our contribution

We are a major investor, taxpayer, employer and purchaser of local goods and services, and contribute to value creation in our countries of operation through capital investment and the provision of income, incentives and benefits to our employees.

In 2018, Vodacom's external revenue generated was R86 689 million, on which we made a profit before tax of R22 093 million (excluding dividends).

The Group's tax charge of R6 531 million was 7% higher than the prior year (2017: R6 102 million) in line with growth in profit before tax (if adjusted for the Safaricom associates after tax profits included in the Group's profit before tax). The Group's effective tax rate (ETR) decreased to 29.6% from 31.7% in 2017. In the prior year our effective tax rate was elevated by 1.4 ppts in relation to a once-off capital allowance adjustment, for the disposal of passive network assets to Helios Towers in Tanzania. This year the effective tax rate of the Group benefited from the inclusion of our share of the after tax profits from Safaricom in the Group's profit before tax.

When we compare our total corporate taxes paid in actual cash terms, to our profit before tax, our actual cash paid effective tax rate was in line with the South African statutory tax rate of 28%. We therefore paid R0.28 in corporate tax for every R1 we generated in profit in the countries in which we have operated in 2018.

The difference between the effective tax rate of 29.6% and the corporate tax paid effective tax rate of 28% primarily relates to the items of income or expenses that are taxable or deductible in different years. For these timing differences a net deferred tax liability is recognised.

In cash terms we contributed more than R20 842 million to the public finances of governments on the African continent, as compared with R16 082 million of cash passed to governments in 2017.

In 2018 we paid governments R9 872 million in cash in direct taxes, of which R7 031 million related to corporate tax, raised R9 754 million in cash on those governments' behalf in indirect taxes, and paid governments R1 217 million in cash via non-taxation-based revenue mechanisms.

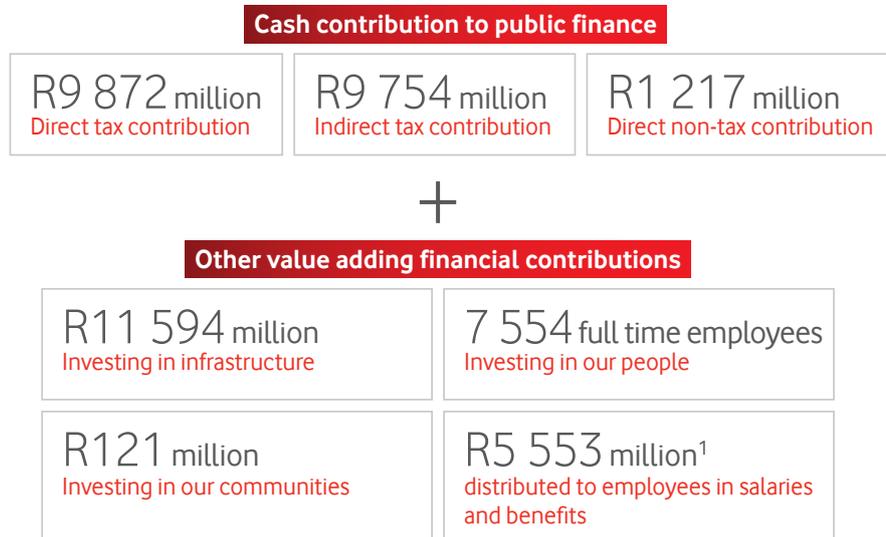
The difference between the total contribution to public finances of R20 842 million (2017: R16 082 million) and the tax charge of R6 531 million (2017: R6 102 million) relates to a multitude of taxes other than corporate tax. The year-on-year increase in the total contribution to public finances is primarily related to the increase in service revenue and profits, and the inclusion of our share of the contribution to public finances made by Safaricom.



For a detailed analysis of the Group's statutory tax positions, see our consolidated annual financial statements and Note 7, available online at www.vodacom.com

The value we create through our contribution to the economy:

Our commitment to acting with integrity and transparency in all tax matters is particularly important given that our contribution to public finances represents a major part of our positive impact within the societies in which we operate.



1. Excludes staff expenses of R821 million (2017: R742 million) capitalised against property, plant and equipment. Includes dividends of R44 million (2017: R44 million) relating to the forfeitable share plan which was offset against the forfeitable share plan reserve and excludes Safaricom staff expenses. Refer to the value added statement for detail at www.vodacom.com

Our tax strategy, conduct and principles

Vodacom's tax governance

Tax laws are often unclear and subject to a broad range of interpretations. Furthermore, the financial affairs of large multinational corporations are unavoidably complex and entail a significant tax compliance burden.

To address and manage tax uncertainty, good tax governance is fundamental to our business sustainability. In line with Vodacom's overall corporate governance strategy, we continue to ensure that our tax governance structures support effective decision-making and robust control, and are aligned with changing requirements, as well as with local and international best practice.

All major tax positions taken are subject to review by executive management and reported to the Vodacom Audit, Risk and Compliance Committee. In addition, the Tax Risk Committee assists the Group Risk Management Committee in the discharge of its duties relating to accountability and associated risk in terms of management, assurance and reporting on taxation.

Reporting to the Board:

- ▶ Audit, Risk and Compliance Committee
- ▶ Tax Risk Committee (through the Group Risk Management Committee)
- ▶ Reporting to the executive functions:
- ▶ Group Chief Financial Officer
- ▶ Financial Director: Vodacom South Africa
- ▶ Financial Director: Vodacom International Business
- ▶ Managing Executive: Vodacom Business Africa

The Group is regularly subject to an evaluation by tax authorities of its direct and indirect tax filings. The consequence of such reviews is that disputes can arise with tax authorities over the interpretation or application of certain tax rules applicable to the Group's business. These disputes may not necessarily be resolved in a manner that is favourable to the Group. Additionally, the resolution of the disputes could result in an obligation to the Group. The Group has made sufficient provision for any losses arising from tax exposures that are more likely to occur than not.

The Group has discussions with relevant tax authorities on specific matters regarding the application and interpretation of tax legislation affecting the Group and the industry in which it operates. All reliable assessments of tax exposure identified have been quantified and accounted for as appropriate.

The Group has considered all matters in dispute with tax authorities and has accounted for any exposure identified, if required.

Our tax strategy

We fully recognise and value the benefits for society that arise from a well-functioning taxation system that commands public confidence. We are committed to acting with integrity, honesty and transparency in the creation and execution of our tax strategy, policies and practices.

In our view it is entirely possible to achieve an effective balance between a company's responsibilities to society as a whole and its obligations to its shareholders. We believe strongly that it is in our shareholder's interests that companies fully acknowledge their responsibilities, including the payment of all taxes due under fair and effective tax regimes that underpin social stability.

Tax laws are often unclear and subject to a broad range of interpretations. When combined with the unavoidable complex financial affairs of large multinationals, this can lead to uncertainty and on occasion unpredictable outcomes.

Our tax strategy is to integrate tax efficiencies into all business processes and decisions, thus maximising shareholder value, while our legal tax obligation remains to pay all taxes due under the law in every country in which we have a legal entity, in accordance with rules set by those governments. The following areas form the foundation of our approach to tax:

Tax value

To manage efficiently the tax cost to the Group of doing business, including the group's cash taxes and effective tax rate, within the ambit of all applicable laws.

Risk and reputation

To control and manage tax risks and the Group's reputation through appropriate policies, communication and robust defence.

Business partnering

To be recognised as a vital business partner by our stakeholders and to facilitate the growth and development of the Group's business activities in a tax-efficient manner

Influencing

To influence governments and tax authorities constructively and positively in the interests of all our stakeholders

People

To develop and enhance our people professionally and personally as part of a world class interaction tax team

Compliance

To ensure the integrity of all reported tax numbers and timely compliance with all relevant statutory tax obligations

Customer experience

To act, where possible, in meeting the above objectives in a way that will enhance our customers' experience

Vodacom's tax principles

We employ professionals who are responsible for our tax affairs in every country in which we operate. Our tax teams operate within a Tax Risk Management Framework, which sets out clearly defined principles and behaviours. These are aligned with the Vodacom Group Code of Conduct and the values set out in The Vodacom Way. In forming our own assessment of the taxes legally due we follow clearly defined tax risk principles in respect of risk appetite, risk assessment, decision-making and compliance.

We are committed to:

- ▶ Complying fully with all relevant regulatory obligations in line with our broader social responsibilities and our stakeholders' expectations;
- ▶ Acting with integrity in all tax matters in line with our Tax Code of Conduct, disclosing all relevant facts to tax authorities in all countries in which we operate under a policy of full transparency based on open and honest relationships with those authorities;
- ▶ Pursuing clarity and predictability on all tax matters, wherever feasible; and
- ▶ Seeking to protect shareholder value in line with our broader fiduciary duties.

We will not:

- ▶ Seek to establish arrangements that are artificial in nature, are not linked to genuine business requirements and would not stand up to scrutiny by the relevant tax authorities; and
- ▶ Artificially transfer profits from one jurisdiction to another to minimise tax payments; or pay more tax than is properly due under a reasonable interpretation of the law and upon receipt of a lawful demand.

Our contribution to the development of tax policy

Despite the widespread growth of mobile services, affordability remains a significant barrier to further adoption of the mobile technology required for these services, particularly in developing markets. Taxation of mobile services remains an important policy issue, as high taxes on mobile restrict the growth of the sector, the use of networks and investment in wider infrastructure, hindering the economic benefits they offer.

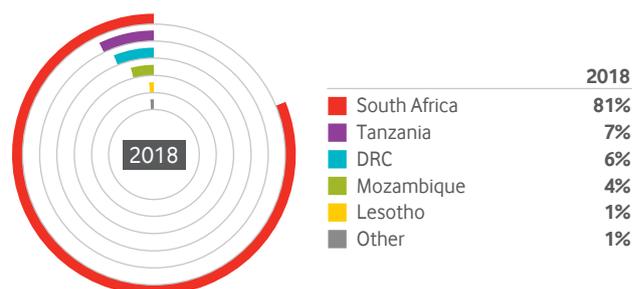
In our markets, studies have shown that access to mobile services promotes digital inclusion, enabling millions to benefit from the exchange of information, increased productivity, and improved access to banking services, education, health care and government services. Mobile services create economic activity both through the direct contribution of mobile operators, as well as the contribution of industries such as network equipment providers and creators of applications and other services. These activities increase GDP growth, employment, tax revenues and long-term stability. One of our key strategic objectives is to proactively engage with governments, revenue authorities and other key stakeholders in a constructive and positive manner in order to ensure that tax policy encourages digital inclusion, economic growth and fiscal stability.

We are active participants in public consultation processes through various tax committees, working groups or in our role as a member of an industry group that lobby on telecoms and general tax reform in-country, to provide our perspective on how best to balance the need for government revenues from taxation against the

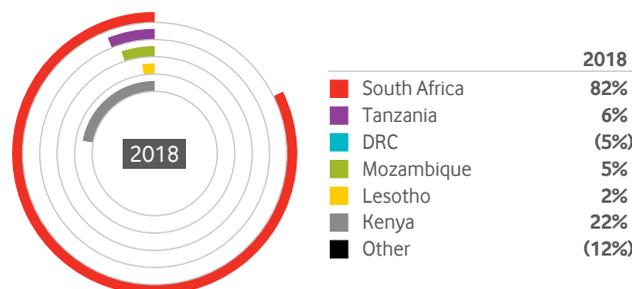
need to ensure sustainable investment. The Board has delegated to management the responsibility to deal with stakeholder relationships in a proactive and constructive manner. The initiatives and activities for the year are more fully reported in the Report of the Social and Ethics Committee, www.vodacom.com

Assessing our contribution to public finances: country by country

External revenue by country 2018 (%)



Profit/loss before tax (excluding dividends) per country 2018 (%)



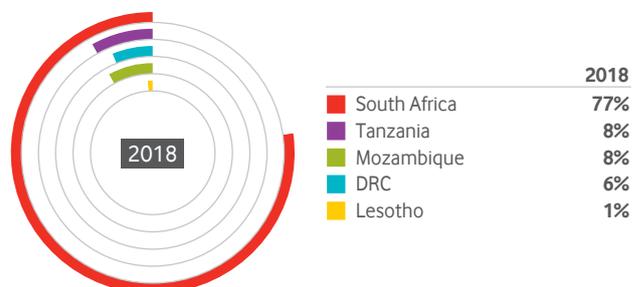
Total cash tax contribution to public finance per category in 2018 (%)



Composition of total direct tax contribution (%) in 2018



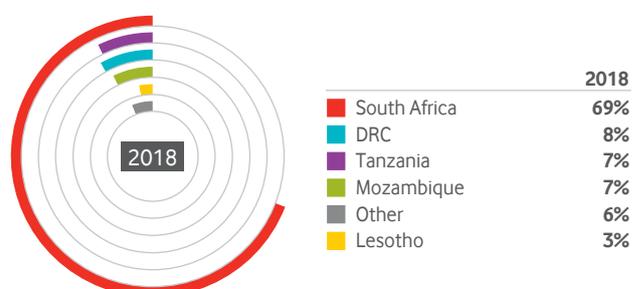
Capital investment per country in 2018 (excluding Safaricom) (%)



Composition of total indirect tax contribution (%) in 2018



Employment: Number of employees per country in 2018 (excluding Safaricom) (%)

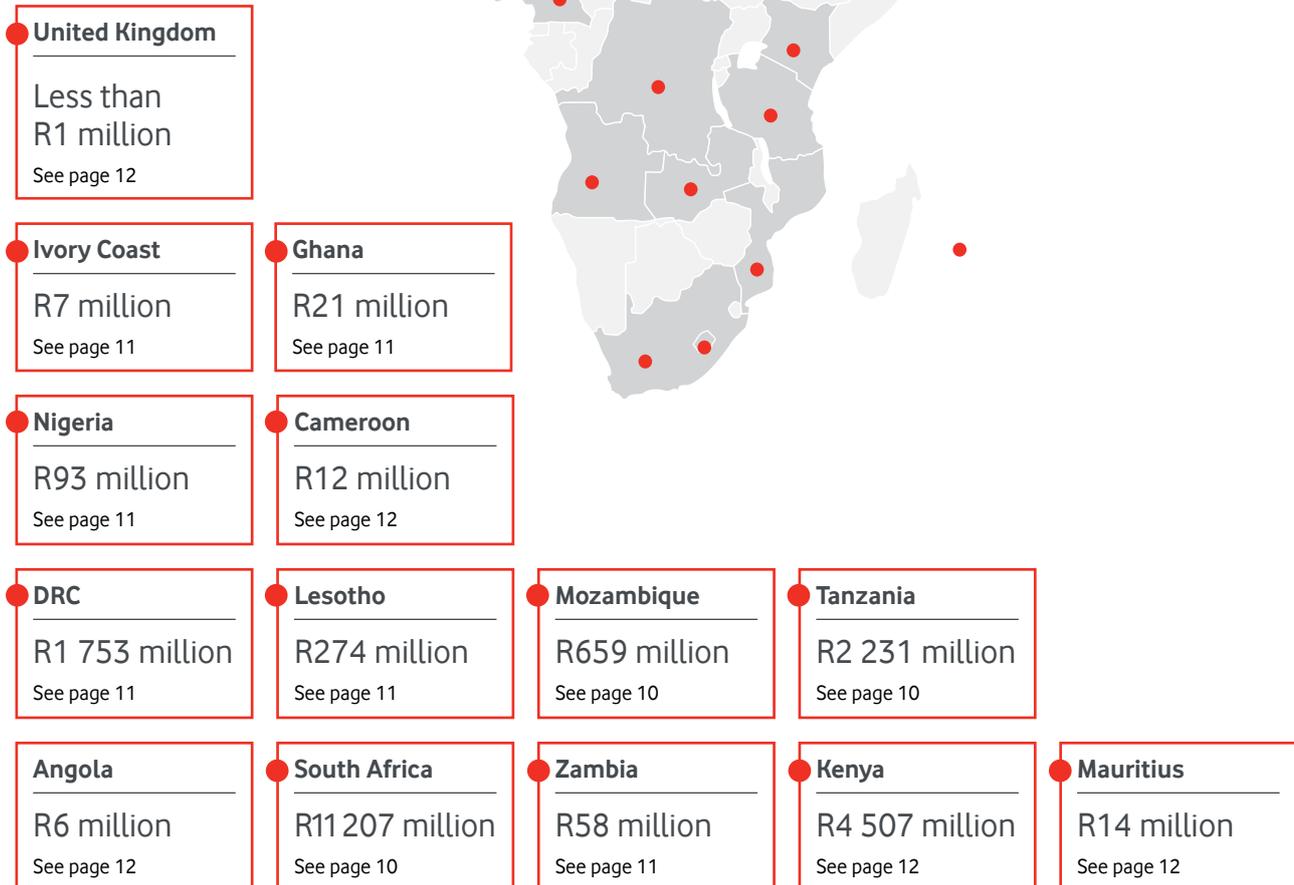


Composition of total direct non tax contribution (%) in 2018



Country by country narrative

Total tax contributions made by governments across our country of operations in 2018



For each country listed above, we provide a narrative summary of the activities undertaken in that jurisdiction, together with a full list of all registered Vodacom entities. We aim to provide an informative overview of our activities in each of the countries listed above.

In 2018 17% (2017:15%) of the Group's contribution to public finances constituted telecommunication-specific taxes (license fees, spectrum fees, numbering taxes, interconnect taxes), including excise duties borne in our operating companies.

South Africa

The large majority of Vodacom's revenues are derived from its biggest operating company, Vodacom South Africa (Pty) Limited, which was founded in 1994. In the South African market, Vodacom is the largest mobile operator, and provides mobile and enterprise services. In 2018 Vodacom South Africa invested R8 895 million to improve and modernise the networks and services relied on by its 41.6 million customers.

Vodafone acquired a majority interest in Vodacom Group in 2009. Vodacom owns several holding companies in South Africa – its country of domicile – as well as an insurance business that provides services to companies across the Vodacom Group. There are a number of dormant companies with no active role in Vodacom Group.

Number of legal entities: 27

- ▶ AfriGis (Pty) Limited
- ▶ Canard Spatial Technologies (Pty) Limited
- ▶ Centriq Insurance Company (Pty) Limited (Dormant)
- ▶ GS Telecom (Pty) Limited
- ▶ Jupicol (Pty) Limited (Dormant)
- ▶ Mezzanine Ware (Pty) Limited (RF)
- ▶ Motifprops 1 (Pty) Limited
- ▶ Number Portability Company (Pty) Limited
- ▶ Scarlet IBIS Investments 23 (Pty) Limited
- ▶ Storage Technology Services (Pty) Limited
- ▶ Vodacom (Pty) Limited
- ▶ Vodacom Business Africa Group (Pty) Limited
- ▶ Vodacom Financial Services (Pty) Limited
- ▶ Vodacom Foundation Trust
- ▶ Vodacom Group Limited
- ▶ Vodacom Insurance Administration Company (Pty) Limited (Dormant)
- ▶ Vodacom Insurance Company (RF) Limited
- ▶ Vodacom International Holdings (Pty) Limited
- ▶ Vodacom Life Assurance Company (RF) Limited
- ▶ Vodacom Payment Services (Pty) Limited
- ▶ Vodacom Properties No.1 (Pty) Limited
- ▶ Vodacom Properties No.2 (Pty) Limited
- ▶ Waterberg Lodge (Pty) Limited
- ▶ Wheatfields Investments 276 (Pty) Limited
- ▶ XLink Communications (Pty) Limited
- ▶ YeboYethu Employees Participation Fund
- ▶ YeboYethu Limited

Tanzania

Vodacom Tanzania Public Limited Company and its subsidiaries (together "Vodacom Tanzania") are majority owned by Vodacom Group Limited, a company registered in South Africa. Vodacom Group Limited is the beneficial owner of 61.6% of the issued and paid up shares of Vodacom Tanzania, with 48.8% being held directly by Vodacom Group Limited and the remaining 12.8% of its interest in Vodacom Tanzania being held indirectly through its holding in Mirambo Limited. Vodacom Tanzania's shares are listed on the Dar es Salaam stock exchange.

Vodacom Tanzania, which entered the market in 2000, is Tanzania's leading mobile operator and mobile financial services provider, with the fastest nationwide data network and the largest mobile money network in the country. During 2018, Vodacom Tanzania invested TZS159.7 billion (R924 million) to launch high speed 4G services in five new cities and improve the data user experience of its 12.9 million customers.

The principal activity of M-Pesa Limited is to act as bona fide trustees in order to protect and safeguard all and any monies gained from and/or relating to M-Pesa cellular phone money transfer service for the benefit of the users of the service.

The principal activity of Vodacom Tanzania Foundation is to improve education and health services, enhance economic welfare and participate in community and social welfare.

In July 2016, Vodacom Tanzania PLC acquired Shared Networks Tanzania Limited, a company which holds a license for usage of spectrum in the 900 MHz band in rural Tanzania.

Number of entities: 7

- ▶ Gateway Communications Tanzania Limited (dormant)
- ▶ Mirambo Limited (Investment Holding Company)
- ▶ M-Pesa Limited
- ▶ Shared Networks Tanzania Limited
- ▶ Vodacom Tanzania Public Limited Company
- ▶ Vodacom Tanzania Limited (Zanzibar) (dormant)
- ▶ Vodacom Tanzania Foundation

Mozambique

VM S.A. is a subsidiary of the South Africa-based Vodacom Group Limited, which owns 85% of the company through Vodacom International Limited. The remaining interest is owned by various minority shareholders. Vodacom entered Mozambique in 2003 through the award of a mobile license. Vodafone M-Pesa S.A. a wholly owned subsidiary of VM.SA provides mobile financial services – including mobile money transfer services to people unable to access traditional banking systems. In 2018, Vodacom Mozambique invested R881 million (MZN4.2 billion) to improve and modernise the networks and services relied on by its 6.1 million customers.

Number of entities: 2

- ▶ VM S.A.
- ▶ Vodafone M-Pesa S.A.

DRC

Vodacom Congo (RDC) SA is a subsidiary of the South Africa-based Vodacom Group Limited through Vodacom International Limited, which owns 51% of the company. Congo Wireless Network owns the remaining interest. Vodacom entered the Democratic Republic of the Congo (DRC) in 2002 through the award of a mobile licence. Vodacom also operates mobile financial services through Vodacash SA. (also known as M-Pesa in other markets), providing mobile money transfer services to people unable to access traditional banking systems. Vodacom DRC invested USD53 million (R682 million) in developing the networks and services relied on by our 11.8 million customers. This in turn has contributed positively towards economic development and job creation.

Number of entities: 2

- ▶ Vodacom Congo (RDC) SA
- ▶ Vodacash SA

Lesotho

Vodacom Lesotho (Pty) Limited is a subsidiary of the South Africa-based Vodacom Group Limited, through Vodacom International Holdings (Pty) Limited, which owns 80% of the company. The remaining interest in Vodacom Lesotho is owned by Sekhametsi Enterprises (Pty) Limited. Vodacom entered Lesotho in 1996 through the award of a mobile license. Vodacom Lesotho also provides mobile financial services through M-Pesa, enabling people unable to access traditional banking systems to benefit from money transfer services. Vodacom Lesotho invested more than R167 million to improve and modernise the network and services relied on by its 1.4 million customers.

Number of entities: 1

- ▶ Vodacom Lesotho (Pty) Limited

Nigeria

Vodacom Business Africa (Nigeria) Limited is an enterprise-focused ICT subsidiary of Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services from mobile and fixed-line connections through to Internet of Things (IoT) and cloud computing services to Vodafone's and Vodacom's large corporate and multinational customers with a presence across Africa.

Number of entities: 2

- ▶ Spar Aerospace (Nigeria) Limited (dormant)
- ▶ Vodacom Business Africa (Nigeria) Limited

Zambia

AfriConnect (Zambia) Limited is an enterprise-focused ICT subsidiary of the Vodacom Group through VBA. VBA provides a range of communications services from mobile and fixed-line connections through to IoT and cloud computing services, to Vodafone's and Vodacom's large corporate and multinational customers with a presence across Africa.

Number of entities: 1

- ▶ AfriConnect (Zambia) Limited

Ivory Coast

Vodacom Business Côte D'Ivoire is an enterprise-focused ICT subsidiary of the Vodacom Group through VBA. VBA provides a range of communications services from mobile and fixed-line connections through to IoT and cloud computing services, to Vodafone's and Vodacom's large corporate and multinational customers with a presence across Africa.

Number of entities: 1

- ▶ Vodacom Business Côte D'Ivoire

Ghana

Vodacom Business (Ghana) Limited is an enterprise-focused ICT subsidiary of the Vodacom Group through VBA. VBA provides a range of communications services from mobile and fixed-line connections through to IoT and cloud computing services, to Vodafone's and Vodacom's large corporate and multinational customers with a presence across Africa.

Number of entities: 1

- ▶ Vodacom Business (Ghana) Limited

Angola

Vodacom Business Limitada (Angola) is an enterprise-focused ICT subsidiary of the Vodacom Group through VBA. VBA provides a range of communications services from mobile and fixed-line connections through to IoT and cloud computing services, to Vodafone's and Vodacom's large corporate and multinational customers with a presence across Africa.

Number of entities: 1

- ▶ Vodacom Business Limitada (Angola)

Kenya

On 7 August 2017, the Group acquired 87.5% of Vodafone Kenya from Vodafone International Holdings B.V. (VIHBV). Vodafone Kenya holds a 39.93% stake in Safaricom, the Republic of Kenya's leading integrated communications company

Vodacom Business (Kenya) Limited is an enterprise-focused ICT subsidiary of the Vodacom Group through VBA. VBA provides a range of communications services from mobile and fixed-line connections through to IoT and cloud computing services, to Vodafone's and Vodacom's large corporate and multinational customers with a presence across Africa.

Number of entities: 2

- ▶ Vodacom Business (Kenya) Limited
- ▶ Vodafone Kenya Limited

Number of associates: 1

- ▶ Safaricom

Cameroon

Vodacom Business Cameroon SA is an enterprise-focused ICT subsidiary of the Vodacom Group through VBA. VBA provides a range of communications services from mobile and fixed-line connections through to IoT and cloud computing services, to Vodafone's and Vodacom's large corporate and multinational customers with a presence across Africa.

Number of entities: 1

- ▶ Vodacom Business Cameroon SA

United Kingdom

Vodacom Business Africa Group Services Limited (VBAGS) offers a range of services to multinational corporations, large and medium-sized businesses operating throughout Africa and globally. The services offered include connectivity, cloud and hosting, security, Internet of Things (IoT) and Unified Communications Services. A key relationship between VBAGS and the other Vodafone companies is an agreed governance structure where Vodafone Group Enterprises (VGE) leads the sales process and VBAGS develops and retains the customer relationship through local engagement, delivery and support. Our other entities in the UK are linked to past acquisitions, which play no active role in the Group today.

Number of entities: 3

- ▶ Gateway Communications Africa (UK) Limited (dormant)
- ▶ Vodacom Business Africa Group Services Limited
- ▶ Vodacom UK Limited (dormant)

Mauritius

Mauritius is a common base for multinational investment into Africa, and has been utilised by Vodacom to acquire certain assets. These entities play no role in reducing the taxes payable by our African operations (or the operations of the Group). Vodacom's Mauritius-based companies also provide human resources and wholesaling services to other members of the Vodacom Group.

Number of entities: 4

- ▶ VBA (Mauritius) Limited
- ▶ Vodacom International Limited
- ▶ Mobile Wallet VM1
- ▶ Mobile Wallet VM2

Guernsey

Our legal entities in Guernsey are a consequence of prior acquisitions. These holding companies are dormant and play no role in reducing the taxes payable by the Group.

Number of entities: 2

- ▶ VBA Holdings Limited
- ▶ VBA International Limited

Seychelles

We acquired a minority stake in two legal entities in the Seychelles when Vodacom Group increased its stake in Vodacom Tanzania in 2014. These entities have no income and play no part in the financing of either Vodacom Group or Vodafone Group.

Number of entities: 2

- ▶ Cavalry Holdings Limited
- ▶ East Africa Investments (Mauritius) Limited

Vodacom's total overall contribution to the public finances and the wider economies within which we operate

External revenue (R million)

	2018	2017
Entities within the Group holding a licence to provide mobile telecommunication services		
South Africa	68 994	63 398
Tanzania	5 632	5 941
DRC	5 469	5 663
Mozambique	3 521	2 931
Lesotho	1 098	1 044
Kenya	19 768	–
Contribution to public finance by the other entities within the Group		
South Africa	957	1 054
Nigeria	387	538
Zambia	149	167
Ghana	50	84
Kenya	46	83
Cameroon	68	108
Ivory Coast	24	41
Angola	14	59
Sierra Leone	–	4
Tanzania	–	–
United Kingdom	285	373
Mauritius	–	–
Guernsey	–	–
Seychelles	–	–

Profit/loss before tax (excluding dividends) (R million)

	2018	2017
Entities within the Group holding a licence to provide mobile telecommunication services		
South Africa	17 946	18 133
Tanzania	1 295	461
DRC	(995)	(729)
Mozambique	1 033	173
Lesotho	477	428
Kenya	6 862	–
Contribution to public finance by the other entities within the Group		
South Africa	250	(155)
Nigeria	(18)	(284)
Zambia	(22)	(39)
Ghana	2	10
Kenya	2 031	26
Cameroon	8	18
Ivory Coast	2	13
Angola	(20)	12
Sierra Leone	14	(4)
Tanzania	1	–
United Kingdom	(90)	(66)
Mauritius	8	(1 920)
Guernsey	(6)	(1)
Seychelles	–	–

Direct tax contribution (R million)*

	Direct tax contribution		Corporate Tax as part of direct taxes	
	2018	2017	2018	2017
Entities within the Group holding a licence to provide mobile telecommunication services				
South Africa	5 617	5 422	4 926	4 987
Tanzania	359	1 362	224	289
DRC	263	679	24	38
Mozambique	205	332	163	310
Lesotho	112	149	111	117
Kenya	2 783	–	1 263	–
Contribution to public finance by the other entities within the Group				
South Africa	286	224	285	224
Nigeria	18	33	–	1
Zambia	1	1	1	–
Ghana	9	11	2	4
Kenya	197	8	10	8
Cameroon	1	8	1	1
Ivory Coast	3	1	3	–
Angola	5	2	4	1
United Kingdom	–	–	–	–
Mauritius	13	12	13	11
Guernsey	–	–	–	–
Seychelles	–	–	–	–

Indirect tax contribution (R million)*

	2018	2017
Entities within the Group holding a licence to provide mobile telecommunication services		
South Africa	4 705	4 263
Tanzania	1 744	804
DRC	1 106	848
Mozambique	366	303
Lesotho	108	58
Kenya	1 241	–
Contribution to public finance by the other entities within the Group		
South Africa	353	220
Nigeria	54	47
Zambia	44	21
Ghana	12	13
Kenya	5	5
Cameroon	11	3
Ivory Coast	2	2
Angola	2	2
United Kingdom	–	29
Mauritius	1	1
Guernsey	–	–

* In 2017 excise duty paid to the governments in Tanzania and the DRC were classified as a direct tax contribution due to the fact that this cost cannot always be recovered from the customer. In the current year the excise duty is classified as an indirect tax contribution as the aim of this tax is to be a tax on the end user and not for the company/service provider even though we do absorb this cost for some of our price plans.

Direct non taxation mechanisms (R million)

	2018	2017
Entities within the Group holding a licence to provide mobile telecommunication services		
South Africa	246	385
Tanzania	128	225
DRC	383	453
Mozambique	87	76
Lesotho	55	50
Kenya	281	–
Contribution to public finance by the other entities within the Group		
South Africa	–	–
Nigeria	21	31
Zambia	13	4
Ghana	1	–
Cameroon	–	–
Angola	–	–
Ivory Coast	2	3
Kenya	–	–
Mauritius	–	–
United Kingdom	–	–
Guernsey	–	–

Capital investment (R million)

	2018	2017
Entities within the Group holding a licence to provide mobile telecommunication services		
South Africa	8 839	8 474
Tanzania	924	953
DRC	682	1 117
Mozambique	881	409
Lesotho	159	199
Kenya	2 933	–
Contribution to public finance by the other entities within the Group		
South Africa	55	62
Nigeria	36	38
Zambia	9	21
Ghana	5	7
Kenya	1	2
Cameroon	1	1
Ivory Coast	–	–
Angola	–	2
Sierra Leone	–	–
Tanzania	–	–
United Kingdom	2	7
Mauritius	–	–
Guernsey	–	–
Seychelles	–	–

Number of employees

	2018	2017
Entities within the Group holding a licence to provide mobile telecommunication services		
South Africa	4 380	4 452
Tanzania	537	525
DRC	578	617
Mozambique	530	485
Lesotho	209	207
Kenya	4 376	–
Contribution to public finance by the other entities within the Group		
South Africa	852	826
Nigeria	191	189
Zambia	161	182
Ghana	39	34
Kenya	22	20
Cameroon	30	27
Ivory Coast	9	7
Angola	8	9
Sierra Leone	–	–
Tanzania	–	–
United Kingdom	3	2
Mauritius	5	5
Guernsey	–	–
Seychelles	–	–

We offer no view on the merits of direct versus indirect taxation, nor on the distinction between the revenues that flow to governments from taxation versus those obtained through other means such as spectrum fees. Governments, not companies, determine the rules.

The figures set out in the tables above will vary widely from country to country and from year to year, due to local differences and annual movements in factors such as levels of profit and capital investment. There are also wide variations in local tax regimes and other government revenue-raising mechanisms, many of which change from year to year.

Amounts less than a million are not reflected in the data provided.

List of direct taxes, indirect taxes and direct non-tax fees paid to, or collected on behalf of governments in the countries we operate in

Direct tax contribution

- ▶ Advertisement tax
- ▶ Capital gains tax
- ▶ City services levy and other municipal taxes
- ▶ Communications services tax
- ▶ Construction tax
- ▶ Corporation tax (including minimum alternative taxes)
- ▶ Customs and import duty
- ▶ Donations tax
- ▶ Education tax
- ▶ Environmental and pollution taxes
- ▶ Excise duty
- ▶ Fuel tax
- ▶ Gaming tax
- ▶ National fiscal stabilisation levy
- ▶ Real estate/property/landlord tax
- ▶ Stamp duty and other transfer taxes
- ▶ Tax on measuring equipment
- ▶ Telecommunication tax
- ▶ Vehicle tax
- ▶ Withholding tax suffered on income withheld by customers
- ▶ Withholding tax for foreign services paid to the revenue authority

Indirect tax contribution

- ▶ Excise duty
- ▶ Consumption tax
- ▶ Employees taxes
- ▶ Expatriate tax
- ▶ Fringe benefit tax
- ▶ Social security tax
- ▶ Value added tax
- ▶ Withholding tax suffered on M-Pesa interest in Tanzania
- ▶ Withholding tax withheld from suppliers

Direct non-taxation mechanisms

- ▶ Frequency fees
- ▶ Interconnect tax (local and international)
- ▶ License and regulatory fees
- ▶ Numbering tax
- ▶ Spectrum fees
- ▶ Universal communications service tax