Corporate governance statement

Statement of compliance
Vodacom is committed to the highest standards of business integrity, ethics and professionalism. The King IV report on Corporate Governance for South Africa 2016, released on 1 November 2016, advocates an outcomes-based approach, and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of the following governance outcomes:

- Ethical culture;
- Good performance;
- Effective control; and
- Legitimacy.

The application of King IV is on an apply and explain basis and the practices underpinning the principles espoused in King IV are entrenched in many of the Group’s internal controls, policies and procedures governing corporate conduct. The Board is satisfied that in the main, Vodacom has applied the principles set out in King IV, the detail of which is set out below and outlined in King IV principles schedule.

For details of King IV principles go to www.vodacom.com.

Corporate governance structure
The following diagram shows the Group’s governance structures as at 31 March 2020:
Corporate governance statement
continued

Ethical leadership
The Board accepts collective responsibility for defining how ethics and ethical behaviour should be implemented in Vodacom. This includes setting out the conduct of individual board members to ensure that they act with integrity, competence, responsibility, accountability, fairness and transparency. These characteristics set the tone from the top to support an ethical culture within Vodacom.

Board leadership and committees
Board
Vodacom has a unitary Board of 12 directors, of whom five (including the Chairman) are independent non-executive directors, five are non-executive (but not independent as they represent Vodafone), and two are executive directors. King IV recommends that the governing body (Board) should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively. The Board is satisfied that the balance of knowledge, skills, experience, and diversity on the Board is sufficient and does not require additional independent voices. The Board acknowledges the requirement for gender diversity policy in relation to race and gender representation in its membership. Vodacom has adopted a formalised policy on the promotion of race and gender diversity at Board level. The Nomination Committee regularly reviews Board and Committee succession to ensure we have the right skills, continuity and experience for the future. The Board has an agreed process and policy in place for appointing directors. The Board has evaluated the performance of the Chief Executive Officer through the Nomination Committee and is satisfied with the outcome of the evaluation. The Board has delegated to the Chief Executive Officer to oversee that the key management functions are headed by individuals with necessary competence and authority and adequate resources.

Accountability
The Board takes overall responsibility for Vodacom’s success. Its role is to exercise leadership and sound judgement in directing Vodacom to achieve sustainable growth and act in the best interests of shareholders.

In line with best practice, the roles of Chairman and Chief Executive Officer are separate. The Chairman is responsible for leading the Board, while the Chief Executive Officer is responsible for the operational management of the Group.

The Board charter details the responsibilities of the Board, which include:
- Oversight of the Group’s strategic direction;
- Approving major capital projects, acquisitions or divestments;
- Exercising objective judgement on the Group’s business affairs, independent from management;
- Ensuring that appropriate governance structures, policies and procedures are in place;
- Ensuring the effectiveness of the Group’s internal controls;
- Reviewing and evaluating the Group’s risks;
- Approving the annual budget and operating plan;
- Approving the annual and interim financial results and shareholder communications;
- Approving the senior management structure, responsibilities and succession plans; and
- Information and technology governance.

Directors
Vodacom’s memorandum of incorporation specifies that non-executive directors have no fixed term of appointment. Executive directors are subject to standard employment terms and conditions and a six-month notice period except for the CEO who has a 12 month notice period. Directors are subject to retirement by rotation and re-election by shareholders at least once every three years. Any director appointed to fill a temporary vacancy must retire at the first annual general meeting following their appointment.

Chairman
The memorandum of incorporation requires the Board to re-elect the Chairman annually. The Board is comfortable that the Chairman is able to perform the duties of this office effectively. Mr Jabu Moleketi, Chairman of Vodacom Group, will retire and step down from the Board at the forthcoming annual general meeting to be held on Tuesday 21 July 2020, which was fully disclosed to shareholders in a SENS announcement published on 27 March 2020. Mr Saki Macozoma, current lead independent non-executive director, has been appointed to the role of Chairman of the company with effect from Wednesday 22 July 2020. His re-election as Chairman of the Board will be considered at the July 2021 meeting.
Independent advice

The Board recognises that there may be occasions where directors consider it necessary to take independent professional advice. This is done at the Company’s expense according to an agreed procedure.

Board meetings

The Board holds a minimum of four meetings, three teleconferences and a strategy session every year. Special Board meetings are convened when necessary. Two special Board meeting were convened during the year.

The table below records the attendance of directors at Board meetings for the year.

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>P J Moleketi</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<td>✓</td>
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<tr>
<td>Ms Aziz Joosub</td>
<td>✓</td>
<td>✓</td>
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<td>V Badrinath</td>
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<td>F Bianco</td>
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<td>DH Brown</td>
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<tr>
<td>M Joseph¹</td>
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</tr>
<tr>
<td>BP Mabelane³</td>
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<tr>
<td>SJ Macozoma</td>
<td>✓</td>
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<tr>
<td>P Mahanyele-Dabengwa</td>
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<td>S Sood</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>LS Wood²</td>
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<td>–</td>
<td>–</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Notes:
2. LS Wood appointed on 24 July 2019.
3. BP Mabelane resigned on 31 December 2019.
The Board takes overall responsibility for Vodacom's success. Its role is to exercise leadership and sound judgement in directing Vodacom to achieve sustainable growth and act in the best interests of shareholders. The Board’s key focus areas during the year included:

<table>
<thead>
<tr>
<th>Focus areas</th>
<th>Risk (see page 22)</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cyber threats</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Commission world-class security vendors to enhance sophisticated attacker detection.</td>
<td></td>
<td>• Cyber threat (all markets)</td>
</tr>
<tr>
<td>• Proactive assessment of security undertaken on all projects.</td>
<td></td>
<td>• Need to protect all the networks and customer information</td>
</tr>
<tr>
<td>• Cyber incident response, containment and focus monitoring for the Vodacom Group of Companies.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Undertake continuous security improvement programmes to manage the security risk.</td>
<td></td>
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</tr>
<tr>
<td>• Create assurance programmes that incorporate internal and external review of where and how our data is stored.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Apply layers of security controls to protect our infrastructure storing and transmitting of confidential information.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Apply Vodafone Security Risk, Control and Assurance Framework.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Relevant skills brought in to manage our IT security.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>M&amp;A activity and new business</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Acquired further shares in Vodacom Tanzania, taking our interest to 75%.</td>
<td></td>
<td>• Execution of strategic projects for future growth</td>
</tr>
<tr>
<td>• Entered into roaming and facility leasing agreements with Liquid Telecom for 5G spectrum.</td>
<td></td>
<td>• Access to spectrum</td>
</tr>
<tr>
<td>• Renegotiated terms with Rain on roaming agreement.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Formed a joint venture with Safaricom to acquire Vodafone’s M-Pesa assets.</td>
<td></td>
<td></td>
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<tr>
<td>• Acquisition of IoT.nxt.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Strategy progress and introduction of Vision 2025 three-year targets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Wrap-up on vision 2020.</td>
<td></td>
<td>• Execution of strategic projects for future growth</td>
</tr>
<tr>
<td>• Present vision 2025 strategy.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Regulatory issues: spectrum/Competition Commission report on data pricing/ICASA market review, and Tanzania fine</strong></td>
<td></td>
<td>• Adverse regulatory and political pressure</td>
</tr>
<tr>
<td>• Concluded an agreement with the Competition Commission, which was endorsed by the Competition Commission Tribunal for data price reductions in South Africa and entered into a Social Contract with the Government of South Africa. The Social Contract would bridge the digital divide by allowing access to various sites, free e-School and university portals, and lower the cost of data for the underprivileged.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Accelerated emphasis on our Social Contract initiatives, driving digital inclusion and democratising data access through affordable digital services, enhanced rural coverage, and low-cost smartphones.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Providing segmented products and services, with appropriate pricing strategies across all markets.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Regulatory issues in Tanzania around bypassing the international gateway with regards to the Tala matter. We have improved compliance and governance systems to ensure compliance.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Focus areas

Taxation matters
- Faced additional pressures and demands around taxation in all markets, particularly in the DRC and Tanzania; and
- Improved stakeholder relations with tax authorities.

Risk (see page 22)
- Adverse regulatory and political pressure

Strategy
- Execution of strategic projects for future growth

Stakeholder relations, especially DRC and Tanzania
- Improve engagement with governments, and regulatory and public bodies;
- Create specialist legal, regulatory and government relations teams at Group level and in all operations, with external advisors and legal counsel as needed;
- Engage stakeholders and proactively understand material legislative changes;
- Engage proactively with government and other key stakeholders to communicate key messages and proposals on how policy/regulatory decisions positively and negatively impact the sector; and
- Engage with shareholders in the DRC to resolve longstanding issues.
### Strategic objectives

<table>
<thead>
<tr>
<th>Best customer experience</th>
<th>Segmented propositions</th>
<th>Financial services</th>
<th>Digital content platforms</th>
<th>Best technology</th>
<th>Digital organisation and culture</th>
<th>Our brand and reputation</th>
</tr>
</thead>
</table>

### Focus areas

#### Vodacom purpose and Vodacom spirit

- We adopted the Vodacom purpose – ‘We connect for a better future’. We aspire to provide affordable access to the internet in all our markets. As a leading technology communications company, we are creating a digital society which is inclusive of all while protecting the planet.
- We launched the Vodacom Spirit programme, a culture change programme which focuses on promoting the following behaviours:
  - Earn customer loyalty;
  - Create the future;
  - Experiment – learn fast; and
  - Get it done together.

#### Our approach to ESG/sustainability issues

- Secured a R2 billion sustainability loan linked to ESG measures;
- Established an ESG steering committee charter and nominated members; and
- Gap analysis of ESG matters and engagement with stakeholders to address gaps.

#### SA: economy and Eskom

- Due to ongoing rolling blackouts in South Africa, we have invested in energy security at base stations, including additional generators and battery spend at significant cost to the business to provide availability of network;
- Used IoT to monitor energy consumption;
- Provided products that are more relevant to consumers under pressure due to the weaker SA economy; and
- With a weaker rand exchange rate, we renegotiated better pricing, took out forward exchange contracts and managed our debt through a 50:50 fixed to floating interest rate.

#### ICASA’s End-user Subscriber Services Charter

- Engaged with the regulator and other stakeholders;
- Participated in forums with the ministry and industry; and
- Made numerous submissions and proposals.

#### Impact of Huawei concerns and China/USA trade relations (especially on our network)

- Reduced dependency on single suppliers by risk profiling to consider multi-vendor strategy;
- Engaged with governments, experts and suppliers on the management of this risk; and
- Secured spares to deal with any short-term issues.

### Risk (see page 22) and Strategy

- Execution of strategic projects for future growth
- Execution of strategic projects for future growth and best practice as a corporate citizen
- Execution of strategic projects for future growth
- Technology failures (service failures)
- Declining macroeconomic conditions
- Adverse regulatory and political pressure
- Adverse regulatory and political pressure
Board committees

The non-executive directors contribute their extensive experience and knowledge to the Board’s committees. All committees operate under Board-approved terms of reference, which are updated from time to time to stay abreast of developments in corporate law, King IV, the Listing Requirements of the JSE Limited and governance best practice.

Executive Committee

During the year, the Executive Committee included the Chief Executive Officer (Chairman), Chief Financial Officer, Chief Human Resources Officer, Chief Officer: Corporate Affairs, Chief Operating Officer: International Business, Chief Technology Officer, Chief Officer: Legal and Regulatory, Chief Officer: Strategy and New Business, Chief Officer: Consumer Business Unit, Chief Officer: Vodacom Financial Services, Chief Officer: Commercial Operations and Chief Officer: Vodacom Business.

The committee is responsible for managing the Group’s operations, developing strategy and policy proposals for the Board’s consideration, and implementing the Board’s directives. It has a properly constituted mandate and terms of reference.

The committee’s other responsibilities include:

- Leading executives, management and employees;
- Developing the strategy of the Group;
- Developing the annual budget and business plans for the Board’s approval; and
- Developing, implementing and monitoring policies and procedures, internal controls, governance, risk management, ethics and authority levels.

Audit, Risk and Compliance Committee

Current members: DH Brown (Chairman), CB Thomson, SJ Macozoma.

Further details of the activities of the Audit, Risk and Compliance Committee can be found in its standalone report in the audited annual financial statements.

Nomination Committee

Current members: P Mahanyele-Dabengwa (Chairman), V Badrinath, DH Brown, LS Wood.

The Nomination Committee’s duties include identifying and evaluating suitable potential candidates for appointment to the Board, as well as candidates for the position of Chief Executive Officer and Chief Financial Officer. The authority to appoint directors remains a function of the Board. The committee also makes recommendations on the composition of the Board in terms of the mix of skills, size and the number of committees required, and it reviews and approves executive succession.

The membership of the Nomination Committee does not comply fully with King IV or the JSE Listings Requirements, which advocate a majority of independent non-executive directors. Of the non-executive directors on the committee, only half are independent. Jabu Moleketi, the Chairman of the committee, and Saki Macozoma are independent non-executive directors. The Board is satisfied that Vodafone’s representation on this committee is appropriate given the valuable contribution of the Vodafone directors. Previously, Vivek Badrinath was the CEO of Vodafone’s Rest of World operations and had oversight over Vodacom until 31 March 2020 and Leanne Wood is the Vodafone Chief Human Resources Officer. Both provide useful insights to the performance of the Chief Executive Officer and the senior management. This assists with the evaluation of performance for reward purposes. To address non-compliance with the JSE Listings Requirements, it was agreed with the JSE that the Chairman of the committee would have a casting vote in the event of any deadlock or dispute that could arise. The mandate of the committee was revised accordingly.

The Chief Executive Officer and Chief Human Resources Officer attend the meeting by invitation. The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

In the year, the Remuneration Committee met four times with attendance as follows:

<table>
<thead>
<tr>
<th>Name of director</th>
<th>9 May 2019</th>
<th>2 Sep 2019</th>
<th>20 Nov 2019</th>
<th>25 Mar 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>P Mahanyele-Dabengwa</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>V Badrinath</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
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<tr>
<td>F Bianco 1</td>
<td>✔</td>
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</tr>
<tr>
<td>DH Brown</td>
<td>✔</td>
<td>✔</td>
<td>x</td>
<td>✔</td>
</tr>
<tr>
<td>LS Wood 2</td>
<td>—</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

Notes:
1. F Bianco stepped down as member 24 July 2019.
2. LS Wood appointed a member on 24 July 2019.

More detail on the activities of the Remuneration Committee can be found in the remuneration report.

Remuneration Committee

Current members: P Mahanyele-Dabengwa (Chairman), V Badrinath, DH Brown, LS Wood.

The Remuneration Committee, in consultation with executive management, ensures that the Group’s directors and senior executives are fairly rewarded for their individual contributions to overall performance and in line with Vodacom’s remuneration policy.

The membership of the Remuneration Committee does not comply fully with King IV or the JSE Listings Requirements, which advocate a majority of independent non-executive directors. Of the non-executive directors on the committee, only half are independent. Phuti Mahanyele-Dabengwa, the Chairman of the committee, and David Brown are independent non-executive directors. The Board is satisfied that Vodafone’s representation on this committee is appropriate given the valuable contribution of the Vodafone directors. Previously,

More detail on the activities of the Remuneration Committee can be found in the remuneration report at www.vodacom.com.
Vivek Badrinath was the CEO of Vodafone’s Rest of World operations and had oversight over Vodacom until 31 March 2020 and Leanne Wood is the Vodafone Chief Human Resources Officer. As mentioned earlier, both provide useful insights to the performance of the Chief Executive Officer and other senior management. This assists with the review of the succession plans for management. To address non-compliance with the JSE Listings Requirements, it was agreed with the JSE that the Chairman of the committee would have a casting vote in the event of any deadlock or dispute that could arise. The mandate of the committee was revised accordingly. The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

In the year, the Nomination Committee met five times with attendance as follows:

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<tbody>
<tr>
<td>PJ Moleketi</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>V Badrinath</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>F Bianco¹</td>
<td>✓</td>
<td>–</td>
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<td>–</td>
<td>–</td>
</tr>
<tr>
<td>SJ Macozoma</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>LS Wood²</td>
<td>–</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Notes:  
1. F Bianco stepped down as member 24 July 2019.  
2. LS Wood appointed a member on 24 July 2019.

The committee’s key focus areas during the year included:
- Succession planning in respect of the senior leadership team;
- Reviewing the composition and mix of skills of the Board;
- Succession planning of the CEO and CFO; and
- Board succession.

The Social and Ethics Committee met four times during the year with attendance as follows:

<table>
<thead>
<tr>
<th>Name of director</th>
<th>3 May 2019</th>
<th>13 Sep 2019</th>
<th>4 Nov 2019</th>
<th>4 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>SJ Macozoma</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>PJ Moleketi</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>MS Aziz Joosub</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>V Badrinath</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

The committee’s key focus areas during the year included:
- Assessing legislation and regulations affecting the policy and regulatory environments in all markets where the Vodacom Group has a presence;
- Monitoring of the Vodacom “Doing what’s Right” program;
- Driving BBBEE in Vodacom South Africa and localisation requirements in other markets where Vodacom Group has operations;
- Monitoring of relations with consumers;
- Monitoring of 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 social and ethics committee has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act and there are no instances of material non-compliance to disclose.

More detail on the activities of the Social and Ethics Committee can be found in the sustainability report at www.vodacom.com.

Board evaluation

A comprehensive board evaluation had been conducted during the year. It was noted that a good outcome had been achieved where the Board continued to function well and was effective. In general, all Board members provide good strategic insights, fulfill their roles and make a constructive contribution.

The independent directors bring expertise in leadership and knowledge of their sectors; they understand the social and economic environment in which the Group operates.

The Vodafone directors have extensive insight into the telecommunications sector; they understand the challenges in the sector and can provide insight as to how these have been handled in other operating companies in the Vodafone Group.

There was consensus that the Board has defined its role and responsibilities and has identified, prioritised and scheduled issues that should be reviewed on a regular basis.

Areas of concern raised were primarily around:
- Change in the management structure and a number of new board members joining the board possibly creating a different dynamic. This would need to be carefully managed and monitored.
- Weak succession planning at Vodacom where more effort was required.
- The need to spend more Board time on the markets outside of South Africa.

Social and Ethics Committee

Current members: SJ Macozoma (Chairman), MS Aziz Joosub, V Badrinath.

Key executives attend meetings by invitation but have no vote, including the Chief Risk Officer, Group Company Secretary (Ethics Officer), Chief Human Resources Officer, Chief Officer: Corporate Affairs, Chief Officer: Legal and Regulatory, Chief Officer: Strategy and New Business and Chief Officer: Corporate Operations.

As required by the Companies Act, No 71 of 2008 (as amended) and King IV, this committee oversees and monitors Vodacom’s activities in relation to:
- Social and economic development including the principles of the United Nations Global Compact, Broad-based Black Economic Empowerment (BBBEE), Employment Equity and the Organisation for Economic Co-operation and Development’s (‘OECD’) recommendations on corruption;
- Good corporate citizenship which includes promotion of equality, prevention of unfair discrimination, corporate social responsibility, ethical behaviour and managing environmental impacts;
- Consumer relations;
- Labour and employment including skills development; and
- Safety, health and environmental issues.
**Company Secretary**

All directors have access to the advice and services of the Group Company Secretary, Sandi Linford, who is responsible to the Board for ensuring compliance with procedures and applicable statutes and regulations. For the Board to function effectively, all directors have full and timely access to information that helps them do their duties properly. This includes corporate announcements, investor communications and information about developments that may affect Vodacom and its operations. Directors have full access to management as required.

The Group Company Secretary is responsible for director training. The Group Company Secretary and Chief Executive Officer induct new directors, which includes briefings on their fiduciary and statutory responsibilities as well as on the Group’s operations as required.

**Share dealings**

Vodacom has a share dealing policy requiring all directors, senior executives and the Group Company Secretary to obtain prior written consent from either the Chairman or Chief Executive Officer to deal in Vodacom Group shares. The Chairman has to obtain prior written clearance from the Chairman of the Audit, Risk and Compliance Committee. Closed periods are implemented as per JSE Listings Requirements, during which the Group’s directors, executives and employees are not allowed to deal in Vodacom Group shares. Additional closed periods are enforced should Vodacom be subject to any corporate activity requiring a cautionary announcement.

**Stakeholder relationships**

**Stakeholder engagement**

The Board has delegated to management the responsibility to deal with stakeholder relationships in a proactive and constructive manner. There is an approved stakeholder policy in place.

The initiatives and activities for the year are more fully reported in the Sustainability report incorporating the Social and Ethics Committee report at www.vodacom.com.

**Stakeholder relations**

Vodacom proactively communicates its strategy and activities to shareholders through a planned investor relations programme which includes:

- Formal presentations of annual and interim results;
- Briefing meetings with major institutional shareholders after the release of results; and
- Hosting investor and analyst sessions.

**Risk management**

Management continuously develops and enhances its risk and control procedures to improve risk identification, assessment and monitoring. The Board considers business risks, including the impact of the COVID-19 pandemic on our business, when setting strategies, approving budgets and monitoring progress against budgets.

A division reporting to the Chief Risk Officer assists in identifying, assessing and recording the risks facing the Group and, where appropriate, monitors mitigating actions.

Risks are managed at three distinct levels: Risk Management Committees (‘RMCs’), the Risk Management Divisions and line management.

The Group Risk Management Committee (‘GRMC’), which meets four times a year, is chaired by the Chief Risk Officer and also comprises the Group Executive Committee members and the Managing Directors of each of the local markets.

The two main functions of the GRMC are to:

- filter and approve the list of the principal risks and to present these risks to the Board annually; and
- oversee and monitor the various projects and structures designed to manage specific identified risks, for example Business Resilience or project risks.

The GRMC also acts as the RMC for Vodacom South Africa. The RMC in each subsidiary is chaired by its respective Managing Director and also comprises the other Executive Committee members of the local operation. The mandate of each committee is identical to that of the GRMC.

Key risks are identified and managed at three levels within the Group, namely: operational, tactical and principal level. Principal risks are categorised as key strategic risks to the company. Principal risks are made up of the following:

- Internal tactical risks, those internal risks that will prevent the company from achieving its short-term strategic objectives; and, if applicable
- External tactical or macro risks, those risks that is external in nature and normally affect the long-term strategic objectives of the company.

Risks are periodically reviewed and updated for Group and each subsidiary. Principal risks are reported to the respective RMCs, ARC’s and are reviewed by the relevant boards.

The key risks that are currently being managed by the Group are detailed in the Integrated report at www.vodacom.com.

The following projects were initiated in 2020/2021:

- Roll out of risk champions to all business areas.
- Risk Awareness campaign and virtual training throughout the organisation; and
- Improved engagement, risk identification and accountability through executive risk workshops.
- Implementation of the Security, Privacy & Risk by Design (SPDA) program
- Impact of the COVID-19 pandemic on our business for the short and long term.

The planned areas of future focus to risk include:

- Continuing improving risk reporting using various tools;
- Continue with the plans to maintain and improve risk culture throughout the Group;
- Further improve communication of the organisation’s risk appetite/tolerance throughout the company; and
- Identifying other areas of improvement within the risk management process.
Internal control
Management implements appropriate internal controls to provide reasonable assurance on safeguarding assets, preventing and detecting errors, the accuracy and completeness of accounting records, and the reliability of financial statements. Internal audit provides independent, objective assurance of the system of internal controls within the Group.

Internal audit
The internal audit function operates under a defined charter, as approved by the Audit, Risk and Compliance Committee. The charter conforms to the International Standards for the Professional Practice of Internal Auditing and Code of Ethics as set out by the Institute of Internal Auditors and Vodacom Group Limited.

The audit methodology is based on a risk-based audit approach. The internal audit plan is compiled annually (in conjunction with Vodafone) and is approved by the Group Audit, Risk and Compliance Committee during March of every year and communicated to executive management. Special assignments may also be conducted on request with appropriate arrangements made to ensure that these do not compromise the achievement of the overall audit plan for the year.

Internal audit conducts the following types of audit:
• Financial systems audits;
• Business process audits; and
• Information technology (including network elements) audits.

Compliance
The Group actively works to comply with laws, regulations and policies applicable across its various jurisdictions. The legal and regulatory compliance programme includes an overarching compliance management framework which sets target dates for full compliance with legal obligations, guidelines for the implementation of internal controls, and manages the implementation and monitoring of the framework together with compliance owners. High risk compliance areas such as competition law, anti-bribery and corruption, anti-money laundering and terrorist financing and privacy law are prioritised. The policy compliance programme fulfils functions similar to the legal and regulatory compliance programme under the Vodafone high and medium risk policies and policy standards, a number of which generally complement and correlate directly with relevant laws in most markets where the Group has a presence.

The legal, regulatory and compliance team - headed by the Chief Officer: Legal and Regulatory - has a dedicated function for overseeing, executing and monitoring the Group’s various compliance policies and programmes. The team is responsible for:
• Providing commercial-level legal support, including drafting commercial agreements and providing strategic legal advice and guidance to the Group, in its entirety;
• Managing litigation and utilising alternative dispute resolution mechanisms – such as mediation and arbitration – to find solutions to disputes involving the Group;
• Engaging various government and regulatory authorities across all our markets on public policy and regulatory concerns;
• Advising and assisting the organisation with acquisitions of new licences and overseeing compliance with licence conditions and obligations;
• Commenting on any proposed legislation, both original and subordinate, and other laws relevant to our industry and impacting the Group; and
• Monitoring, developing and raising awareness on policies and procedures to ensure compliance with laws, regulations, codes of good practice and various prescripts applicable to the Group’s operating companies.

Regulatory and compliance developments during 2020, included:
• Enforcement of subscriber registration regulations in the Democratic Republic of the Congo (“the DRC”), Mozambique and Tanzania;
• Proposed amendments to communications sector specific legislations in the DRC, South Africa and Tanzania;
• Regulations on licence fees and taxes;
• Award of spectrum licenses in the DRC, Lesotho, Mozambique and Tanzania;
• Issue of the 2G service licence in the DRC and Mozambique;
• Applications for mobile money licences in Lesotho and Tanzania;
• Interconnection regulations in all markets;
• Market reviews and price regulations in all markets;
• SADC and EAC international roaming regulations;
• Competition law compliance;
• Cybercrimes and Cyber Security consultations in South Africa, DRC, Lesotho and Tanzania;
• Overseeing the Group’s anti-corruption, money laundering and terrorist financing programme; and
• Maintaining legal and policy standards; and compliance programmes and frameworks.

The planned areas of future focus relating to Compliance include:
• Compliance with all laws affecting our operations in all markets where the Group has a presence and continue to build on the culture of compliance;
• Use of automation, digitisation and technology to give effect to the compliance programme;
• Customer registration, as set out in laws, generally, applicable in most markets where the Group has a presence;
• Competition law and policy compliance;
• Privacy laws and policy compliance; and
• Financial Services legal compliance (FinTech and Mobile Financial Services).

Ethics programme
Vodacom adheres to the highest ethical standards wherever we operate to ensure our business activities do not have a material negative impact on economies, societies and the environment. The Group’s ethics programme includes: conducting periodic company risk assessments; formulating appropriate risk management strategies; publishing and championing our values and ethical codes of conduct; providing awareness training and advice to employees; maintaining registers for gifts and entertainment and declarations of interests; and ultimately enforcing these policies and processes.

While the general programme is supported by a specialist function at Group level, Managing Directors and senior executives are responsible for establishing and chairing local ethics committees.
that tailor and guide the implementation of the programme in their respective companies. The respective audit and social and ethics committees in the Group companies monitor implementation.

A detailed code of conduct forms part of the overall employee policies within Vodacom. All executives and employees are required to maintain the highest ethical standards to ensure that Vodacom’s business practices are conducted in a manner that is above reproach. The Vodacom code of conduct sets out 10 business principles that provide a reference for ethical behaviour in the Group.

Technology and Information governance

In line with King IV, technology and information governance forms part of our governance structures, policies and procedures. It forms part of the Group’s strategic and business processes and is managed by the Chief Technology Officer.

The Vodacom Technology Governance Framework and Charter, which are mapped to the IT governance principles of King IV, have continued to be reinforced in the organisation. Each framework element is substantiated through demonstrable processes to align technology strategy and business needs, deliver value and manage performance, and to strengthen information security management, information management, risk management, business continuity management and compliance.

A detailed code of conduct which can be found at www.vodacom.com/company-structure.php forms part of the overall employee policies within Vodacom.
Corporate governance statement
continued

Vodacom Technology Governance Framework
Our focus in the past year has been on moving towards compliance with the Protection of Personal Information (PoPI) Act and the General Data Protection Regulation (GDPR). Additionally, there was focus on driving cost efficiency and ensuring value delivery.

King IV acknowledges the rapid advances in technology and its potential to result in significant disruption, opportunity and risks. King IV recommends practices to assist the governing body with technology and information governance. The Board will consider the need to receive periodic independent assurance on the effectiveness of the organisation's technology and information arrangements including outsourced services.

The key areas of focus during the period included:

• Technology Security, particularly, Cyber Security;
• Cost Efficiency and Value Delivery; and
• PoPI and GDPR Compliance.

The planned areas of future focus relating to information and technology governance, across the Group include:

• Further maturing King IV alignment and application;
• Continued focus on cost efficiency and value delivery;
• Continued focus on Cyber Security; and
• Continued focus on business continuity and resilience specific to learnings from the COVID-19 pandemic.