

Our principal risks and associated opportunities

Vodacom has a mature risk management framework in place which is aligned with the ISO 31000 International Risk Management Standard and the requirements of South Africa's King IV. Through this principal risks framework, we identify Vodacom's key risks and provide ExCo and the Board with a robust assessment of the Group's principal risks. An embedded enterprise risk management process supports the identification of these principal risks.

The Board reviewed and approved the risk appetite for each principal risk to enable informed risk-based decision-making.

The Group's risk heatmap (Figure 1 below) sets out the top 10 principal risks identified through our risk management process. The heatmap depicts residual risk after considering mitigating risk factors. This is supported by the risk speed of impact report (included as Figure 2), which

reflects the rate at which the Group will experience adverse impacts should the risk materialise. This allows the Group to develop effective risk mitigation plans with optimal allocation of resources for those risks that need immediate attention. Following the outbreak of the COVID-19 pandemic in early 2020, we also undertook a detailed assessment of the Group's associated risks.

Figure 1: Vodacom principal risks FY2022 (impact versus likelihood)

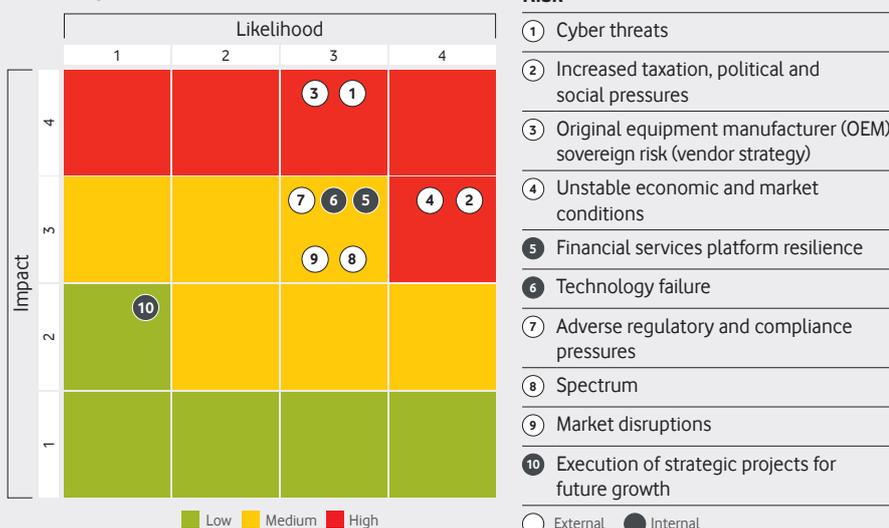
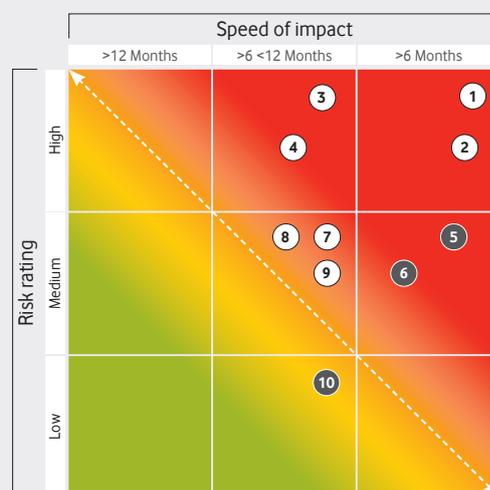


Figure 2: Vodacom speed of impact FY2022



1 Cyber threat (FY2021: 1)

SPEED OF IMPACT Very rapid	STRATEGIC PILLARS 02 04 05 08	SIX CAPITALS FC SRC	MATERIAL MATTERS 01 02 05
--------------------------------------	----------------------------------	------------------------	------------------------------

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

Context and value impact

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

Mitigating actions

- Commission world-class security vendors to enhance methods of detecting sophisticated attackers.
- Proactively assess security measures in place across projects.
- Monitor the Group's cyber incident response and containment.
- Manage security risks by continually implementing security improvement programmes.
- Develop assurance programmes that incorporate internal and external reviews of our data storage practices.
- Increase security controls to protect our infrastructure while storing and transmitting confidential information.
- Embed the Vodafone security risk, control and assurance framework across our business.
- Appoint people with the relevant skills to manage our IT security.
- Drive a dynamic framework of minimum controls relating to cyber, per market, along with a clear roadmap to track achievements and stretch targets.

Please refer to page 02 for explanation of all icons

2 Increased taxation, political and social pressures (FY2021: 5)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Very rapid	05 10	HC SRC	02 04 07

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

Context and value impact

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

Mitigating actions

- Monitor changes to our political environments, including instances of social activism.
- Consult regularly with tax advisers to understand the impact of our current operating environment.
- Regularly communicate Vodacom's purpose through media statements and campaigns.
- Release media statements and participate in awareness campaigns to educate Vodacom's customers.
- Proactively understand tax pressures in all jurisdictions and engage with governments to minimise impacts on digital penetration, such as excessive smartphone duties.
- Improve technical skills around tax and regulatory-related issues across the Group.
- Operate within a clearly defined tax governance framework, which aligns with the group risk management principles.

3 OEM sovereign risk (vendor strategy) (FY2021: 3)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Slow	02 04 05 07 08 10	FC HC SRC	05 06 07

Opportunity: Leveraging the purchasing power of VPC to capture opportunities from OEMs.

Context and value impact

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

Impact of Ukraine-Russia war
The Ukraine-Russia war exacerbates chipset shortages and increases fuel prices, resulting in constrained supply and price increases in equipment.

Mitigating actions

- Reduce dependency on single suppliers through risk profiling.
- Implement our multi-vendor strategy in critical categories.
- Engage with governments, subject matter experts and suppliers.
- Engage with governments to manage potential supplier restrictions.
- Explore new network architecture options, including OpenRAN.
- Deployment of a real-time Network Stock System (NSS) across our markets.
- Forecasting and securing supply proactively.

4 Unstable economic and market conditions (FY2021: 2)

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

Context and value impact

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

Impact of Ukraine-Russia war
In what was expected to be a post-pandemic year of recovery, the Ukraine-Russia war presents a material risk to the economic outlook across our footprint. In March and April, foreign exchange volatility and inflationary pressures were already evident across our markets. Costs of living pressures resulting from higher fuel and food costs will likely constrain disposable income. Guided by our Social Contract we intend to accelerate our support to impacted communities and keep our customers connected. We will also leverage our advanced CVM capabilities to support "sachet"-sized bundles.

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Rapid	03 06 10	FC HC NC	07

Mitigating actions

- Evaluate products and services to continually enhance our customer value proposition.
- Create and implement a comprehensive stakeholder relations strategy.
- Apply Group treasury policies in our markets.
- Include contingencies in our business plans to provide for the negative operational impacts of lower economic growth and changes in interest, inflation and exchange rates.
- Implement a global cost-savings programme to combat the effects of inflationary pressure on costs.
- Use foreign exchange instruments to mitigate currency fluctuations.
- Ensure the best rates, including a balance between fixed and variable rates, by carefully managing loans.
- Continue to adjust budgets by considering best and worst-case scenarios relating to the pandemic.

Our principal risks and associated opportunities continued

5 Financial services platform resilience (FY2021: 7)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Rapid	03 09 10	FC HC SRC	01 02 04 05

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

Context and value impact

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

Mitigating actions

- Invest in ongoing maintenance and upgrades to our systems.
- Focus on comprehensive business continuity and disaster recovery plans.
- Ensure adequate and feasible redundancy capabilities.
- Eradicate any single point of failure.
- Drive consistent policy and system implementation across the Group.
- Actively ensure compliance with anti-money laundering and counter terrorist financing (AML), competition law and privacy law for the financial services and our mobile financial services businesses (M-Pesa).

6 Technology failures (FY2021: 6)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Very rapid	01 04 05 08 10	FC HC	05

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

Context and value impact

We base our customer value proposition on the reliability and availability of a high-quality network. A major failure affecting our network or IT assets and systems – brought on by, for example, natural disasters, failure to maintain infrastructure or cyber attacks – could profoundly impact our customers, revenue and reputation. In addition, the reliability of our network is eroded by an unreliable power supply, as well as theft and vandalism of network equipment.

Mitigating actions

- Invest, maintain and upgrade our systems continually.
- Develop and implement comprehensive business continuity and disaster recovery plans as needed.
- Invest in adequate and feasible redundancy capabilities.
- Ensure comprehensive insurance policies are in place.
- Reduce reliance on external parties through self-provided transmission links on critical routes in our network.
- Try eliminating single points of failure through fallover, backups, transmission and power redundancies.

7 Adverse regulatory and compliance pressures (FY2021: 8)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Rapid	05 08 10	FC IC HC NC	02

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

Context and value impact

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

Mitigating actions

- Engage with governments and regulatory and public bodies through our Social Contract.
- Create specialist legal, regulatory and government relations teams at Group and operational level, with external advisors and legal counsel as needed.
- Engage stakeholders and use targeted intelligence reports to understand material legislative changes.
- Proactively engage with government and other key stakeholders to communicate key messages and proposals on how policy/regulatory decisions positively and negatively impact the sector.
- Participate in broader government objectives and public interest through national industry associations, the Global System for Mobile Communications Association and other influential organisations.
- Ensure that a regulatory compliance policy and a combined assurance programme are in place and all risks are documented.

Please refer to page 02 for explanation of all icons

8 Spectrum (FY2021: 9)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Slow	01 04 05 08 10	FC IC HC NC	01 02 03 05

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

Context and value impact

The failure to secure additional spectrum due to policy changes relating to the issuing of spectrum licences, non-renewal of existing licences and/or increased competition for access to spectrum would significantly impact our ability to increase capacity and deliver future network capabilities. In March 2022, Vodacom South Africa acquired 110MHz of additional HDS, which could positively impact this risk to the Group going forward.

Mitigating actions

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

9 Market disruptions (FY2021: 4)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Very rapid	05 06 08 10	FC IC HC	01 03

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

Context and value impact

In both connectivity and financial services, we compete for market share amid pressure on disposable income and new market entrants, including OTT players. This could decrease Vodacom's market share, with price wars between competitors potentially reducing our revenue.

Mitigating actions

- Execute strategies to scale accelerator businesses, including fixed; IoT; IT, digital lifestyle and financial service; and cloud.
- Develop technical skills and capabilities to compete with disruptive market players.
- Utilise network and personal data assets by leveraging Big Data and real-time analytics to personalise customer services and offers.
- Adopt pricing strategies to counter declining traditional voice revenue and migrate voice to data.
- Align and position segmented customer offerings to understand customer behaviour and expectations.
- Integrate a superior customer service strategy across the business.
- Partner with OTTs and global technology firms for mutual benefit.
- Offer integrated voice, SMS and data offerings personalised to customers.
- Manage customers' number of active days on the network to ensure compelling, personalised offers to retain them.

10 Execution of strategic projects for future growth (FY2021: 10)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Rapid	01 02 03 04 05 06 07 08 09 10	FC IC NC	01 03 05 06

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

Context and value impact

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

Mitigating actions

- Develop a robust programme to monitor the strategic execution of our projects, proactively identify risks and mitigating actions, and capture new opportunities.
- Ensure the Group has the requisite skills, expertise and redundancy to implement the strategy.
- Align the corporate structure to strategic priorities, for example by the establishment of separate tower companies.
- Leverage our Vodafone relationship and establish strategic partnerships to enhance the value proposition and execution success of all key programmes within the system of advantage while retaining customer relationships and data.
- Ensure that the Board monitors that the correct steps and actions are taken.