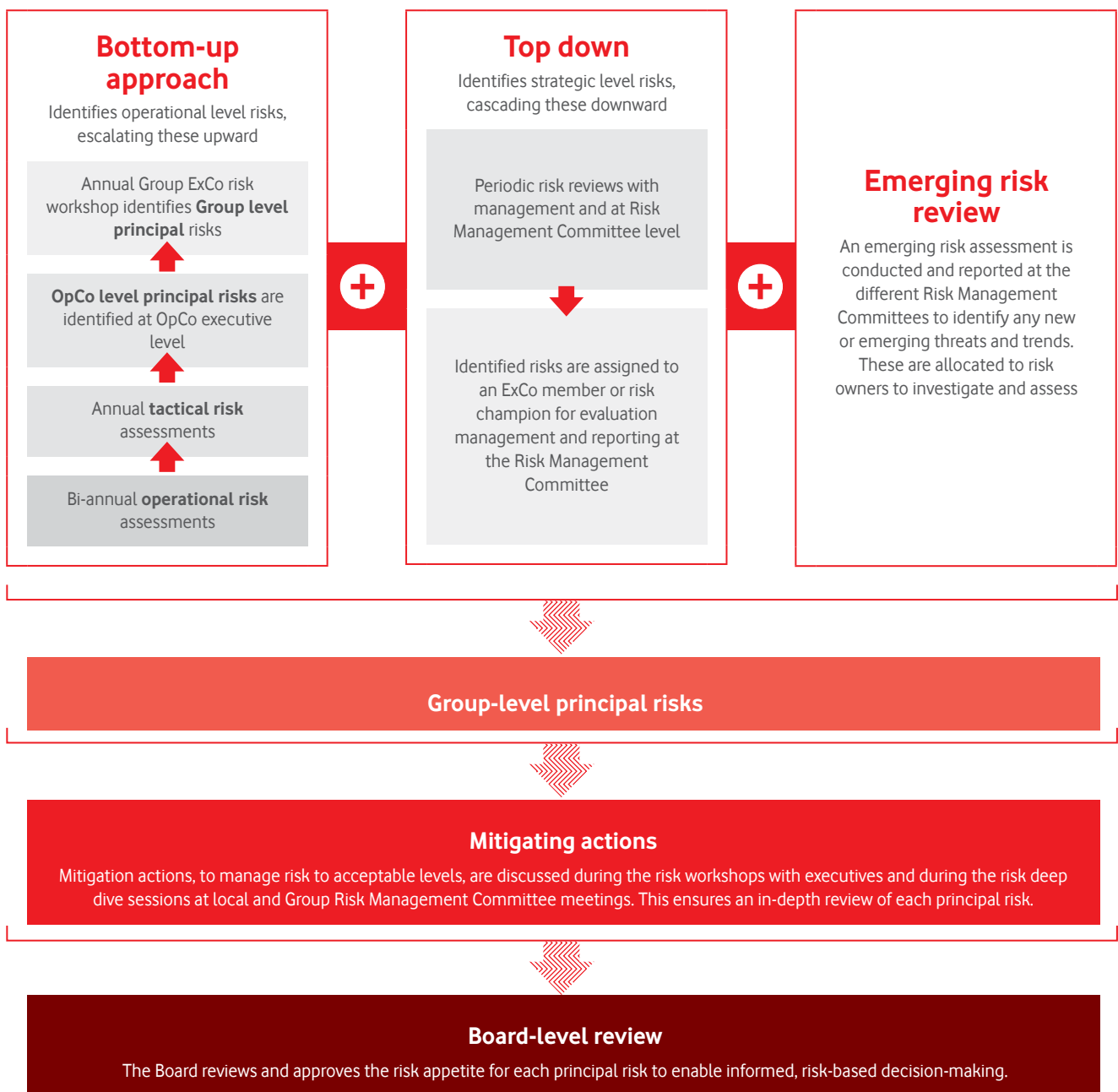


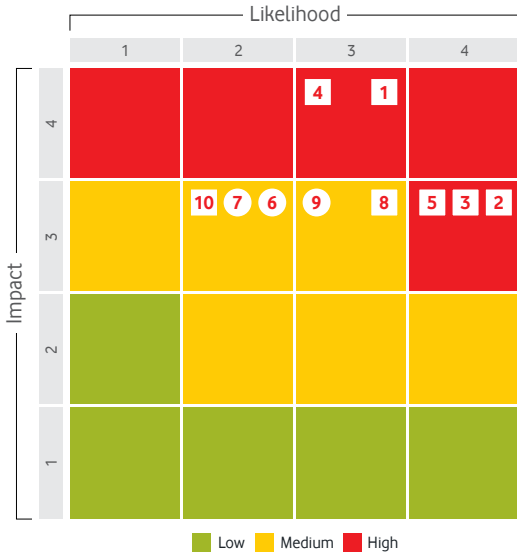
Our principal risks and associated opportunities

Vodacom’s enterprise risk management framework is aligned to the ISO 3100 International Risk Management Standard and the requirements of King IV to ensure best practices in the governance of risk. Through enterprise risk management, 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 process adopts both a bottom-up and a top-down approach to identify and escalate risks across all levels of the organisation.



The process outlined above guarantees that risk management is embedded across all levels of the organisation, leading to risk-based, informed decision-making with the appropriate levels of accountability. In order to ensure that all risks are effectively mitigated and managed we adopt a multiple line of defence model to provide assurance to our stakeholders.

Vodacom Group top risk rating FY2023
(impact vs likelihood)



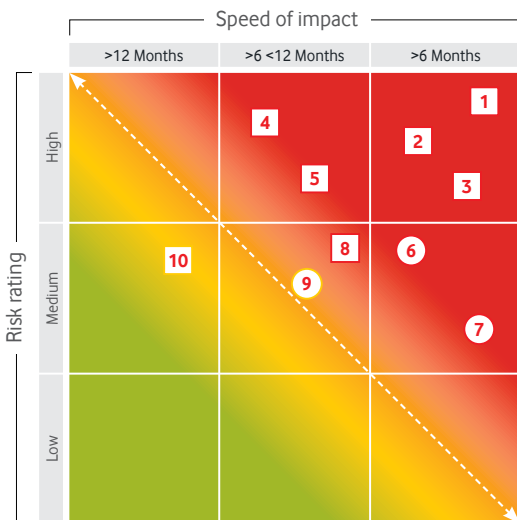
The Group's risk heatmap sets out the top ten principal risks identified through our risk management process. The heatmap depicts residual risk after considering mitigating risk factors. This is supported by the risk speed of impact diagram, which reflects the rate at which the Group will experience 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.

Risk

- 1 Cyber threats
- 2 Increased taxation, political and social pressures
- 3 Unstable economic and market conditions (across all markets)
- 4 Vendor strategy
- 5 Adverse regulatory and compliance pressures
- 6 Resilience of our financial services platform
- 7 Technology failures
- 8 Market disruptions
- 9 Execution of strategic projects for future growth
- 10 Spectrum

Legend: External (Square), Internal (Circle)

Vodacom speed of impact FY2023



Cyber threats (FY2022: 1)

Speed of impact	Very rapid
Strategic pillars	2, 4, 5, 8
Six capitals	FC, SRC
Material matters	MM 2, MM 3, MM 7

Context and value impact

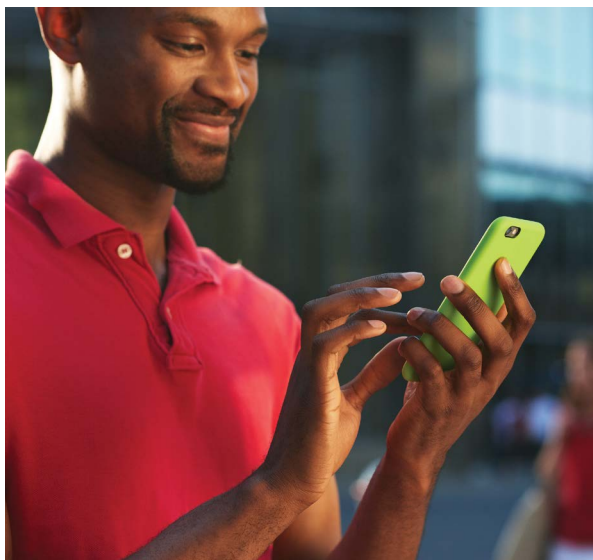
An external cyber attack, insider threat or supplier breach – whether malicious or accidental – could lead to service interruption and/or the breach of confidential data. This could negatively impact Vodacom's customers, revenue and reputation and lead to costs associated with fraud and/or extortion.

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

Mitigating actions

- Commission world-class security vendors to enhance methods of detecting sophisticated attackers.
- Proactively assess and increase security measures and controls in place across projects, infrastructure and while storing and transmitting confidential information.
- Enhance our third-party security reviews through efficient, standardised, automated tooling and processes, which decreases third-party security risk, including the number and impact of third-party incidents.
- Monitor the Group's cyber incident response and containment.
- Manage security risks by implementing continuous security improvement programmes and developing dynamic and responsive frameworks.
- Perform maturity assessments benchmarking exercises against global industry peers.
- Embed the Vodafone security risk, control and assurance framework across our business.
- Embed the sustainable cyber skills programme by attracting and retaining scarce cyber skills, as well as building further skills of our existing personnel.





Increased taxation, political and social pressures

(FY2022: 2)

2

Speed of impact	Very rapid
Strategic pillars	5 10
Six capitals	HC SRC
Material matters	MM 1 MM 5 MM 6 MM 7

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.

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.

Mitigating actions

- Enhance our operating model, as we deliver on our Social Contract, accelerate the impact of our foundations and support enabling regulation.
- Regularly communicate Vodacom's purpose through media statements and campaigns to educate Vodacom's customers.
- 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.
- 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.

Unstable economic and market conditions (across all markets)

(FY2022: 4)

3

Speed of impact	Very rapid
Strategic pillars	3 6 10
Six capitals	FC HC
Material matters	MM 6

Context and value impact

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

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

Mitigating actions

- Continuously evaluate products and services to enhance our customer value proposition.
- Create and implement a comprehensive stakeholder relations strategy.
- 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.

Vendor strategy

(FY2022: 3)

4

Speed of impact	Rapid
Strategic pillars	2 4 5 7 8 10
Six capitals	FC HC SRC
Material matters	MM 2 MM 4 MM 6 MM 8

Context and value impact

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

Opportunity: Leveraging the purchasing power of Vodacom Procurement Company to capture opportunities from the original equipment manufacturers (OEMs).

Mitigating actions

- Reduce dependency on single suppliers through risk profiling.
- Implement our multivendor strategy in critical categories and explore new network architecture options.
- Engage with governments, subject matter experts and vendors to manage potential supplier restrictions.
- Explore new technologies including OpenRan and satellite-based mobile networks.

Adverse regulatory and compliance pressures

(FY2022: 7)

5

Speed of impact	Rapid
Strategic pillars	5 8 10
Six capitals	FC IC HC
Material matters	MM 5 MM 7

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.

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

Mitigating actions

- Engage with governments and regulatory and public bodies through our Social Contract.
- Engage with local Communications Regulators and regional standard setting bodies to shape regulatory requirements and mitigate risk.
- Proactively engage with government and other key stakeholders to communicate key messages and proposals on how policy and 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.

Resilience of our financial services platform

(FY2022: 5)

6

Speed of impact	Very rapid
Strategic pillars	3 9 10
Six capitals	FC HC SRC
Material matters	MM 1 MM 2 MM 3 MM 7

Context and value impact

Our financial service platforms – VodaPay and M-Pesa – are crucial for socio-economic 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.

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

Mitigating actions

- Partner with global and local technology leaders, including AliPay.
- Invest in ongoing maintenance and upgrades to our systems.
- Focus on comprehensive business continuity and disaster recovery plans.
- Drive consistent policy and system implementation across the Group.



Our principal risks and associated opportunities continued



Technology failures

(FY2022: 6)

7

Speed of impact	Very rapid
Strategic pillars	1 4 5 8 10
Six capitals	FC HC
Material matters	MM 2

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. Furthermore, the risk of not being able to adapt fast enough to the introduction of new technologies that cater for digital business strategy, innovation, and enterprise change.

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.

Mitigating actions

- Invest, maintain and upgrade our systems continually.
- Develop and implement comprehensive business continuity and disaster recovery plans with failover, backup, transmission and power redundancies.
- Ensure comprehensive insurance policies are in place.
- Reduce reliance on external parties through self-provided transmission links on critical routes in our network.
- Establishment of a technology resilience governance board to track, manage and execute technology resilience initiatives.
- Accelerate a deployment of backup power in South Africa to address heightened power available issues.

Market disruptions

(FY2022: 9)

8

Speed of impact	Rapid
Strategic pillars	5 6 8 10
Six capitals	FC IC HC
Material matters	MM 3 MM 8

Context and value impact

We segment market disruption into two categories, FinTech risk and disruption risk from the evolution of technology. Increased competition between mobile network operators, reductions in disposable income, new market entrants, growth in the number of FinTech players and new technology trends may reduce Vodacom's market share and increase the likelihood of price wars. This may result in revenue loss.

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

Mitigating actions

- Execute strategies to scale accelerator enterprises, including fixed, IT services, digital lifestyle services, financial services, IoT 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 including integrated service offerings.
- Adopt pricing strategies to counter declining traditional voice revenue and migrate voice to data.
- Align and position segmented customer offerings to improve understanding of customer behaviour and expectations.
- Integrate a superior customer service strategy across the business.
- Partner with OTT and global technology firms for mutual benefit.

Execution of strategic projects for future growth

(FY2022: 10)

9

Speed of impact	Rapid
Strategic pillars	1 2 3 4 5 6 7 8 9 10
Six capitals	FC IC NC
Material matters	MM 2 MM 3 MM 4 MM 8

Context and value impact

Our multiproduct strategy – 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.

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

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 capacity to implement the strategy.
- Align the corporate structure to strategic priorities, for example, by the establishment of separate tower companies.
- Leverage our global network 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.

Spectrum

(FY2022: 8)

10

Speed of impact	Slow
Strategic pillars	1 4 5 8 10
Six capitals	FC IC HC
Material matters	MM 1 MM 2 MM 3 MM 5 MM 8

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.

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

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.

Our risk watchlist

In addition to the principal risks, we maintain a watchlist of risks that have the potential to cause significant disruptions to our strategic goals and ambitions. This is due to the velocity and volatility of these risks.

Risk name	Skill, capacity and talent challenges	Environmental, social and governance issues	Emerging technologies
Risk description	As we transition from a TelCo to a TechCo, the attraction and retention of skills becomes increasingly difficult due to attractive and competitive hybrid working positions available in the market. This increases the possibility of critical roles becoming vacant at all levels. These roles may not be filled before the vacancy, which would have a negative impact on key business deliverables and our strategy. The sourcing of key talent, with the correct mix of skills and experience, compounds this risk.	The need to effectively manage ESG risks is increasing. These risks relate to climate change impacts, mitigation and adaptation, environmental management practices and duty of care, working conditions and safety awareness, respect for human rights, anti-bribery and corruption practices, and compliance with relevant laws and regulations. The loss of investor confidence, statutorily prescribed penalties and exclusions from tender processes as a result of non-compliance, is a risk.	Risks related to rapid developments in disruptive new technologies including cognitive, biotech, and AI technologies are increasing. These emerging technologies result in the need for an organisation to develop or acquire new skills in order to support the technologies and develop commercially viable solutions that can be integrated into the current technology stacks. Emerging technologies also lack clear regulations and industry standards that guide ethical and safe usage and interoperability across operators.