



Chairman's statement

Saki Macozoma

Vodacom celebrated several significant milestones in FY2024, including the Group's 30th anniversary and the highlight of connecting over 203 million customers across Africa. Throughout this remarkable 30-year journey, Vodacom's unwavering commitment to purpose has been the cornerstone of our achievements.

Continuing Vodacom's purpose-driven journey

Vodacom's activities are driven by our purpose – **to connect for a better future**. Connectivity and innovative technology play important roles in promoting equality across geography, race, and gender, as well as open access to critical economic opportunities, education, healthcare, and agricultural resources. Our products and services unlock opportunities that create value for our customers and drive economic growth and inclusion across our markets.

During FY2024, our Board oversaw the re-focusing of our purpose pillars to empowering people and protecting the planet – underpinned by maintaining and enhancing the trust of our stakeholders. We aim to deliver on this purpose by combining in-market programmes with local governments and communities. This will be complemented by Group-wide projects in areas such as financial inclusion, gender empowerment and environmental programmes.

We empower our people by working to close the digital divide, providing services that help people prosper, and supporting communities. In FY2024 we added 2 300 4G sites across the Group, with the International business 4G sites up an impressive 22.1% from FY2023. Our innovative prepaid financing model for smartphones has the potential to transform digital and financial inclusion across our markets, particularly in low-income areas. In addition to our efforts to close the digital divide and foster a digital society, we incorporate financial inclusion and gender-based targets in senior management remuneration. We target 16% growth in financial inclusion customers and 44% representation of women in senior management by FY2027.

We are committed to reducing our environmental impact and assisting with decarbonising society as part of our purpose. Digital technology is instrumental to energy management and the efficient use of natural resources and is a key lever in climate change mitigation and adaptation. Our primary environmental issue is managing GHG emissions. Recently, across the Group we aim to achieve net zero emissions from our operations (scope 1 and scope 2) by FY2035, in line with a science-based pathway to limit global warming to 1.5°C of warming by 2100. We are making progress towards this goal and we have applied for the validation of the Group through the Science Based Targets initiative (SBTi). E-waste is our second-most-material environmental issue, and encouraging circularity is a key enabler of our planet strategy.

Acting ethically, lawfully and with integrity is critical to our long-term success. To deliver on this success, we focus on maintaining and enhancing trust through regulatory compliance, protecting people's health and safety, respecting human rights, ensuring a responsible and inclusive supply chain in each of our markets, and contributing to tax and the economy. In addition, we monitor compliance with legal and regulatory standards to ensure our employees, business partners, and suppliers conduct themselves appropriately. Across these focus areas, cyber threats remain at the top of our minds as these risks could disrupt our services and compromise confidential data. Cyber threats are listed as one of our principal risks.



For more information, refer to our ESG framework [Page 26](#)

For more information on our risks and mitigation actions, refer to [Page 40](#)

Investing in our growth strategy through the cycle

The **System of Advantage**, Vodacom's strategy, has achieved its goal of expanding footprint and market share and realising new opportunities and synergies that transform customers' lives. While our strategy is focused on having a positive impact in pursuit of our purpose, it also differentiates us from competitors and delivers sustainable returns to shareholders.

Vodacom made significant progress in strengthening our footprint in FY2024. Our network rollout in Ethiopia, Africa's second-most populous country, is progressing, and Egypt, our most recent acquisition, was fully incorporated into the Group for the financial year. Egypt remains a compelling opportunity in terms of growth potential, return profile, and people capabilities as it has invested in a differentiated network and brand with exposure to exciting growth opportunities in financial and digital services, and connectivity.

Macroeconomic challenges across our key markets have affected operations and, ultimately, the Group's share price in FY2024. This pressure is evident in the shift of unstable economic and market conditions from third to first in our Group risk register. Slow growth in South Africa, start-up costs in Ethiopia, high interest rates and exchange rate volatility in Egypt and Kenya created headwinds for the Group in FY2024. The practical challenges of ensuring network resilience in the face of unstable electricity supply remain ongoing across key markets. Against this backdrop, we continued to invest in our connectivity networks and digital ecosystem, such that we are well positioned to capture the compelling growth potential of our markets.

Enhancing stakeholder value

Vodacom's business model and purpose-led approach continued to demonstrate resilience, and this was evidenced by strong free cash flow generation in FY2024. Our focus on customers and commitment to delivering innovative solutions that support our affordable offerings were instrumental in preserving value. We acknowledge the impact of increasing financial pressure on our customers and appreciate their loyalty in this economic climate.

Testament to our ability to create value for stakeholders, is the recognition of Vodacom as Africa's top employer by the Top Employer Institute. Independent benchmarking organisations also recognise our outstanding customer service, engagement and network reliability, in the markets in which we operate.



We engage with governments and regulators on issues such as spectrum and commercial services expansion to ensure we conform with the evolving regulatory landscape. We also monitored regulatory compliance and the macroeconomic impacts of relentless geopolitical conflicts in Europe and the Middle East on the Group's markets. Relationships with these stakeholders remain strong across our footprint. Pleasingly, our average RepTrak score – an independent measure of reputation – improved to 74.4 out of 100 (FY2023: 70.8), with a notable improvement in DRC during the year.

The impact we have on communities is critical to influencing our operating context positively. Our initiatives cover numerous aspects of community upliftment, including, increased broadband coverage and smartphones, addressing digital gaps, building platforms for financial inclusion, supporting small and medium enterprises (SMEs) to thrive in a digital world, democratising education and helping those with disabilities. Of the many purpose-led initiatives that we led over the past year, we are particularly proud of m-mama, Code like a Girl, and Je Suis Cap. With the support of partners like Amazon Web Services (AWS), Huawei, Microsoft, US Agency for International Development (USAID) and the Vodafone Foundation, these initiatives are expanding across our markets to changing lives. We also partner with global relief agencies to maximise our impact. A prime example of this was a partnership with the World Wide Fund for Nature (WWF) in South Africa, where we leveraged our technology to support a fishing community struggling with problems caused by overfishing, pollution and climate change.



The impact of this initiative is narrated in this [video](#)



Engaging with our shareholders

Prior to our FY2023 AGM held in July 2023, I hosted a Chairman's roadshow with institutional investors, together with our Remuneration Committee (RemCo) Chairman, Ms Mahanyele-Dabengwa. We covered aspects of ESG, human capital, our Group strategy and risk profile, the Board structure and Group's ownership. A notable hot topic was our acquisition in Egypt. As a Board, we remain confident in the long-term value creation potential of the business, and appreciate the support of our institutional investors in this regard. Our constructive view on the Egyptian business was re-affirmed during the Board's in-market review in October 2023 and by the accelerating growth trajectory of the asset in FY2024.

In January 2024, the Board also had the pleasure of hosting Vodafone Group Plc's (Vodafone) leadership in South Africa. The visit confirmed Vodafone's support of Vodacom and our strategic plan.



For more information on our human capital matters, refer to our [remuneration report](#)

Maintaining the appropriate balance of Board skills and composition

The Board's diverse set of knowledge, skills and experience informs our business decisions with a commitment to demonstrating and entrenching a culture of ethics and good governance across the Group. At its biennial evaluation of its performance for FY2023 and FY2024, which is conducted by an independent service provider, it was demonstrated that the Board remained confident in its balance and composition.

During the year, Sunil Sood and Anna Dimitrova resigned, and Govinda Sateesh Kamath and Joakim Reiter joined the Board as Vodafone representatives. We thank Sunil and Anna for their contributions and welcome Sateesh and Joakim, who bring valuable experience and skills to the Board, specifically with regard to financial services and external affairs.

The Board is confident that our management team's skills and experience will continue to drive the Group's evolving strategic goals.

Key Board focus areas during FY2024

During the year, the Board focused on the following key areas that underpin the execution of Vodacom's purpose, to deliver the System of Advantage, including the integration of Egypt, scaling our financial and digital services, enterprises and Big Data capabilities, and securing customer experience.

In addition, the Board provided oversight on:

- Unstable economic and market conditions;
- Continued strategic development required to deliver the System of Advantage;
- Regulatory compliance across the markets and proactive stakeholder engagement;
- Embedding ESG into business processes on a Group-wide basis;
- Scaling financial and digital services, enterprises and Big Data capabilities.



Read more on the work of the Board and its committees, in to our [corporate governance report](#)

Legal and regulatory developments

We were surprised and disappointed by the Supreme Court of Appeal's judgment on the Please Call Me matter in February 2024. We disagree with the decision, and we are concerned about the precedent it will set for the Group and the attractiveness of South Africa as an investment destination. With the aim of resolving the matter amicably and reaching a timely conclusion, we have launched an application in the Constitutional Court for leave to appeal the judgment and expressed an intent to enter into settlement negotiations with Mr Makate.

In respect of our planned strategic investment with Community Investment Ventures Holdings (CIVH) to acquire 30% to 40% joint control of Maziv, a leading South Africa fibre company, we were pleased to showcase the strong public interest and pro-competitive advantages of our proposed joint venture, to the Competition Tribunal in May 2024. In October 2022, the Independent Communications Authority in South Africa (ICASA) approved the transaction subject to licence conditions such as open-access. In August 2023, the Competition Commission announced its recommendation to the Competition Tribunal to prohibit the transaction. We remain hopeful that the Competition Tribunal process, which commenced on 20 May 2024, will yield a positive result.

Appreciation and outlook

I would like to thank my fellow Board members for their contributions and support during the year.

On behalf of the Board, I extend our gratitude to Vodacom's executive team for their tireless efforts in driving the strategy and the Group's growth.

We also appreciate the ongoing support of Vodacom's broader stakeholder groups, including our customers who continue to choose Vodacom. Our success depends on products and services that appropriately meet the needs of our customers. We look forward to continuing to meet these needs.

As we approach the end of Vision 2025, which enabled the Group's steadfast progress towards our goal of becoming a leading African TechCo, we look forward to the next stage in the evolution of the Group's growth strategy. As digital technology, including artificial intelligence (AI), is embedded in our ways of working, we acknowledge the need to reassess the way we lead by embedding digital ethics in the consciousness of our people. In the medium term, we will focus on four imperatives: amplifying Vodacom's commitment to purpose and customers, excelling at simplicity, innovating for growth, and continuing Vodacom's TechCo transition.

While strategic refinement is underway, we trust the Group's transition from TelCo to TechCo will continue to leverage various capitals and new technologies to ensure we meet the needs of our customers.

Saki Macozoma
Chairman
7 June 2024