

Responding to hot topics impacting our operating context

Hot topics in our operating context are the issues in our external environment that affect our ability to create value in the short, medium or long term. These hot topics are often top of mind in stakeholder discussions and inform our material matters process.

An evolution rather than a revolution

To enhance comparability and ease of reference, in the table below we summarise our hot topics for the current and prior financial year. For each of our prior year topics we provide an updated response and additional information resources where appropriate.

	FY2023 topic	Complexity	FY2024 topic	
Macroenvironmental	Volatile and complex macroeconomic conditions	↻	Volatile macroeconomic conditions persist, but reforms announced in Egypt and Kenya	PG 51
	A global energy crisis	↻	Localised challenges persist and these are referenced in the hot topic Network resilience headwinds	PG 48
	Calls for a global response to the climate crisis	↻	We have updated our response to the global climate crisis to reflect our new initiatives	PG 48
	Persistent supply chain disruptions	↓	Supply chain disruptions remain an ongoing challenge as discussed in our vendor strategy risk Risk 4	PG 43
	Increased economic pressure on consumers	↔	Given the unrelenting economic pressure on consumers and enterprises , this remains a hot topic	PG 48
Industry context	Network resilience headwinds in South Africa	↑	Network resilience headwinds have emerged in our other markets, beyond South Africa	PG 49
	Accelerated adoption of digital technologies	↔	Accelerated adoption of digital technologies is a topic we persistently address	PG 49
	Competitive landscape	↔	The impact of our competitive landscape is captured in our competitive environment material matter MM4	PG 09
	Complex tax environment	↔	The complexity of our tax environment remains topical and is captured in our increased taxation, political and social pressures risk Risk 2	PG 51
	Consumer privacy, data protection and cyber security	↔	While we also discuss this topic in our complex regulatory environment material matters MM6 and our cyber threat risk Risk 4 , the topical nature of consumer privacy, data protection and cyber security requires a specific response	PG 10 PG 42
Company context	The Please Call Me matter	↻	Vodacom has launched an application in the Constitutional Court for leave to appeal the judgment handed down by the Supreme Court of Appeal in February 2024	PG 51

 Evolved
  Stable
  Increased
  Reduced

CLICK HERE TO SEE EXPLANATION OF ICONS



Forces shaping our macroenvironmental context

Operating across multiple markets exposes us to several global trends in our operating environment. Our success depends on our resilience to these factors.

Balancing global macroeconomic volatility and country-specific reforms

Affected stakeholders



Principal risks and associated opportunities

1 2 4

Strategic pillars

2 3 4 8

Material matters

MM1 MM3 MM5

Context and key developments

Global interest rates, led by the Federal Reserve of the United States have spiked to multi-decade highs. While central banks in several OpCos appear to have reached the peak of their interest rate cycles, interest rate uncertainty persists.

Instability in global economies and financial markets remains a concern, with foreign exchange rates significantly influencing our business performance and outlook due to our geographic spread across Africa. Across our markets, Kenya and Egypt have witnessed material foreign exchange rate volatility.

In February 2024, Kenya announced the early redemption and new issuance of Euro Bonds. This complemented additional International Monetary Fund (IMF) funding, agreed to in January 2024. Since February, the Kenyan shilling has appreciated materially.

In March 2024, Egypt announced macroeconomic reforms, including monetary policy tightening, the free-float of the Egyptian pound, significant foreign direct investment and an updated IMF loan agreement. Subsequently, the currency depreciated materially against the US dollar, but with a significant associated improvement of liquidity in the inter-bank foreign exchange market.

Our response



Regularly reviewing key risks and opportunities **Page 40**
Focusing on the strength of our financial position **Page 56**

Responding to hot topics impacting our operating context continued

Responding to the global climate crisis

Affected stakeholders



Principal risks and associated opportunities

2 4 5

Strategic pillars

2 8 10

Material matters

MM2 MM6 MM8

Context and key developments

As the global response to the escalating climate crisis continues, pressure on governments, enterprises, and individuals is increasing. The global economy could lose significant value due to climate and pollution-related risks. Climate change is expected to have a more pronounced impact on African countries, including increased economic pressure, large-scale displacement, poverty, and food insecurity.

Individuals increasingly respond to the climate crisis by adopting sustainable lifestyle choices, advocating for environmental conservation, and supporting initiatives to reduce GHG emissions. Governments are expected to set progressive climate policies, while enterprises are expected to set and report transparently on their decarbonisation targets.

The use of renewable energy and a focus on energy efficiency can mitigate the worst effects of the climate crisis and pave the way for a more sustainable and resilient energy future, ensuring reliable access to energy while minimising environmental degradation and dependence on volatile energy markets.

Our response



Refer to the **ESG report** for: Supporting emergency response and disaster relief



Committed to set a scope 3 GHG emissions reduction target for our value chain in due course **Page 106**

Circularity of network equipment and devices **Page 107**

Managing general waste and water consumption **Page 108**

Supporting biodiversity protection through new technologies **Page 108**

Unrelenting economic pressure on individuals and enterprises

Affected stakeholders



Principal risks and associated opportunities

1 2

Strategic pillars

3 5 6 10

Material matters

MM1 MM3 MM4



Context and key developments

The current macroeconomic conditions continue to exacerbate the cost of living crisis, with inflation rates ranging from 4% to 34% across our OpCos. This significantly impacts the customers' disposable income and behaviour, particularly low-income households where expenditure is allocated to essentials such as energy and food. Coupled with sluggish wage growth, this unrelenting economic pressure contributes to declining growth, reduced living standards, unemployment, poverty, and hunger, potentially sparking social unrest. These challenges extend to enterprise consumers, who face increased operational costs and constrained budgets, further straining their ability to grow in a challenging economic climate.

	Real GDP growth		Average inflation	
	2023 Actuals	2024 Forecast	2023 Actuals	2024 Forecast
DRC	8.6%	5.1%	19.7%	16.5%
Egypt	3.8%	3.2%	33.9%	30.3%
Ethiopia	6.0%	6.8%	30.4%	22.4%
Kenya	5.6%	5.5%	7.7%	4.8%
Lesotho	0.9%	1.4%	7.0%	5.9%
Mozambique	5.0%	3.5%	7.0%	4.9%
South Africa	0.6%	1.3%	5.9%	5.2%
Tanzania	5.1%	5.4%	3.8%	3.0%

Source: Bureau for Economic Research, April 2024, for South Africa; Fitch Solutions, April 2024, for all OpCos. Real GDP and average inflation as per calendar year.

Our response



Focusing on the value and affordability of our products and services **Page 74**

Developing customer-centric propositions **Page 78**

Scaling our financial services, including insurance, lending and saving **Page 82**

CLICK HERE TO SEE EXPLANATION OF ICONS

Forces shaping our industry context

The information and communications technology (ICT) and financial services sectors are influenced by various market dynamics, including accelerated digitalisation. We proactively explore ways of mitigating risks associated with industry and societal change, to maintain our position as a market share leader.



Network resilience headwinds

Affected stakeholders



Principal risks and associated opportunities

3 7

Strategic pillars

2 4 5 8

Material matters

MM2 MM3 MM6

Context and key developments

While demand for connectivity continues to increase across our OpCos, challenges related to maintaining network availability persists. Instances of vandalism and battery and cable theft at our base station sites in South Africa pose a threat to network reliability, with pressure on grid electricity availability becoming the norm. In Lesotho, Ethiopia, Egypt and Kenya we also faced incremental grid availability challenges in FY2024. Maintaining network connectivity and quality is a core differentiator in customer experience and is therefore critical.

Our response



Expanding and enhancing our network reach **Page 73**
Investing in the resilience of our network across our OpCos **Page 74**

Active participation in business forums, such as Business for South Africa, to support government.

Reimagining problems to create inclusive opportunities, including our virtual wheeling agreement with Eskom.

Accelerated adoption of digital technologies

Affected stakeholders



Principal risks and associated opportunities

2 3 7

Strategic pillars

2 3 4 6

Material matters

MM1 MM3

Context and key developments

While the demand for digital solutions across various sectors remains high, global disparities in access to the internet persist. The lack of awareness, affordability, digital literacy, safety concerns and content relevance remain barriers.

Technologies that have the potential to increase connectivity quality and reach, including 5G and low earth orbit satellites, continue to develop and expand, while 4G, 3G and 2G networks remain important sources of coverage.

Reliance on AI continues to reshape industries and enable intelligent decision-making systems, with AI and machine learning utilised to predict user behaviour, optimise operations and enhance service delivery. As AI technology advances, its role in driving innovation and efficiency across industries is expected to grow. The widespread adoption of AI also brings inherent risks, such as privacy breaches, algorithmic bias, and job displacement, requiring careful consideration and oversight.

Our response



Refer to the **ESG report** for: Closing the digital divide



Powering our digital ecosystem with Big Data **Page 80**



Refer to the **corporate governance report** for: Digital ethics leadership