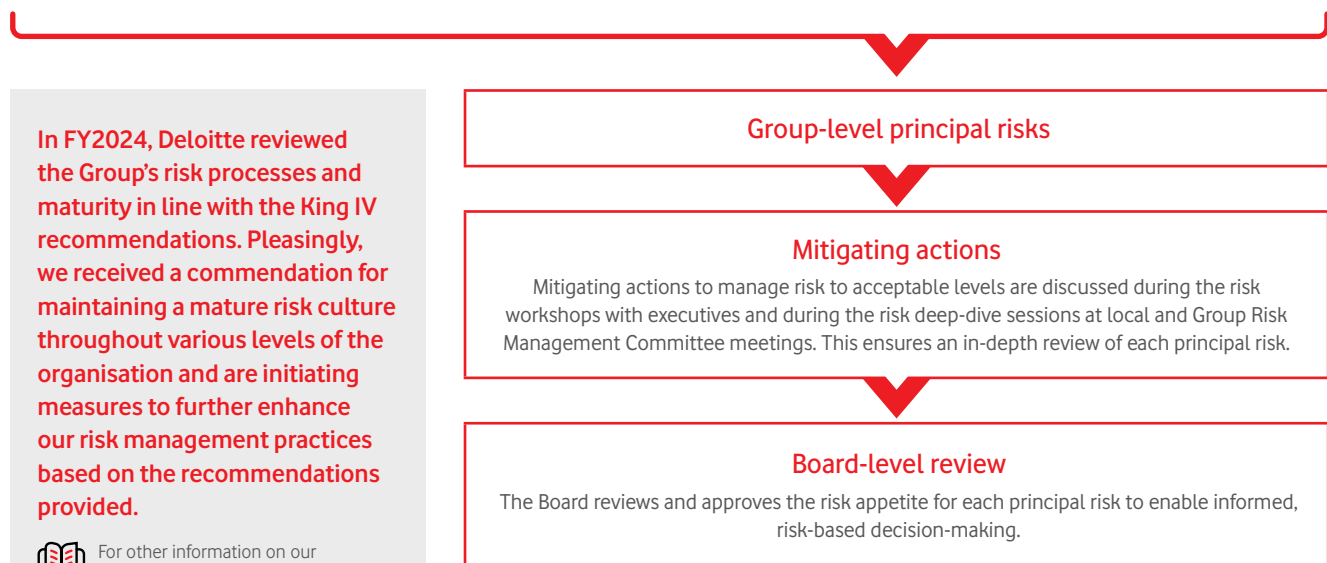
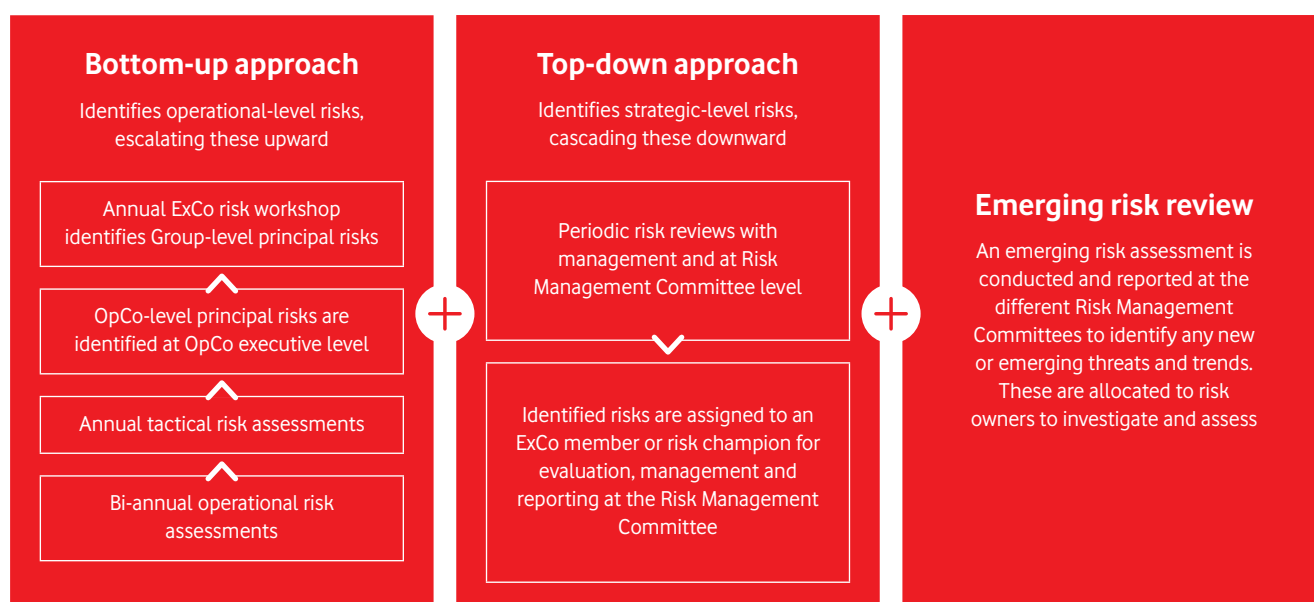



Our principal risks and associated opportunities

Vodacom's enterprise risk management framework is aligned with the ISO 31000 International Risk Management Standard and the requirements of King IV to ensure best practices in the governance of risk. Enterprise risk management enables Vodacom to identify key risks and provide ExCo and the Board with a comprehensive evaluation of the Group's principal risks. Our embedded enterprise risk management process facilitates the identification and management of principal risks. The process adopts a bottom-up and a top-down approach to identify and escalate risks across all levels of the organisation.



In FY2024, Deloitte reviewed the Group's risk processes and maturity in line with the King IV recommendations. Pleasingly, we received a commendation for maintaining a mature risk culture throughout various levels of the organisation and are initiating measures to further enhance our risk management practices based on the recommendations provided.

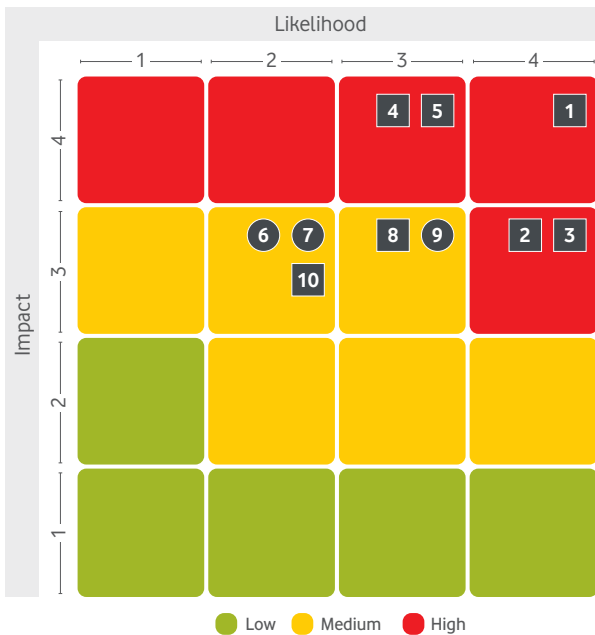
 For other information on our enablers, refer to **Page 36**

The process outlined above embeds risk management 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.

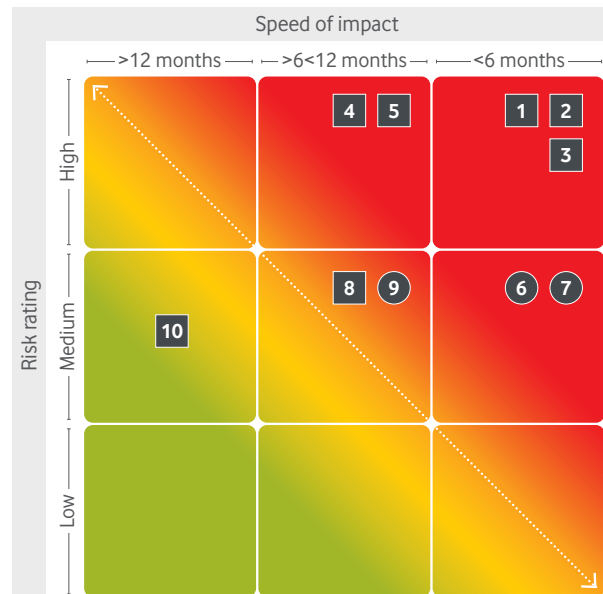
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The Group's risk heatmap sets out the top 10 principal risks identified through our risk management process. The heatmap depicts residual risk after considering mitigating risk factors. This is supported by the risk speed of impact diagram, which reflects 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.

Group top risk rating FY2024



Speed of impact FY2024



Risk

■ External ● Internal

- | | |
|--|---|
| <ul style="list-style-type: none"> 1 Unstable economic and market conditions 2 Increased taxation, political and social pressures 3 Cyber threats 4 Vendor strategy 5 Adverse regulatory and compliance pressures | <ul style="list-style-type: none"> 6 Technology failures 7 Financial services platform resilience 8 Market disruptions 9 Execution of strategic projects for future growth 10 Spectrum |
|--|---|

1

Unstable economic and market conditions

(FY2023: 3)

Speed of impact:

Very rapid

Strategic pillars: 3 7

Six capitals: FC HC

Material matters: MM3 MM5

Context and value impact

The prevailing macroeconomic conditions, including uncertain interest, inflation and exchange rates, have weakened consumer spending power and enterprise investment. This presents a risk to our revenue outlook. In addition, inflationary pressures could impact the Group's operating and capital expenditure costs.

Opportunity

Harnessing innovative solutions has the potential to effectively address challenges at the base of the economic pyramid by implementing tailored segmented propositions and digital services across key sectors, including education, health, agriculture and inclusive finance.

Mitigating actions

- Continuously evaluate products and services to enhance our customer value proposition
- 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 and minimise exposure to foreign-denominated operating costs
- Manage capital expenditure based on a consistent intensity range per OpCo, mitigating the impact of sudden changes in foreign exchange rates
- An appropriately skilled Group treasury function to ensure the management of free cash flow and the optimal loan portfolio, including a balance between fixed and variable rates

Our principal risks and associated opportunities continued

2 Increased taxation, political and social pressures

(FY2023: 2)

Speed of impact:

Very rapid

Strategic pillars <div style="display: flex; gap: 5px;"> <div style="border: 1px solid #ccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center;">2</div> <div style="border: 1px solid #ccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center;">3</div> <div style="border: 1px solid #ccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center;">10</div> </div>	Six capitals <div style="display: flex; gap: 5px;"> <div style="background-color: #c00000; color: white; padding: 2px 5px; font-weight: bold;">FC</div> <div style="background-color: #c00000; color: white; padding: 2px 5px; font-weight: bold;">SRC</div> </div>	Material matters <div style="display: flex; gap: 5px;"> <div style="border: 1px solid #ccc; padding: 2px 5px; font-weight: bold;">MM1</div> <div style="border: 1px solid #ccc; padding: 2px 5px; font-weight: bold;">MM3</div> <div style="border: 1px solid #ccc; padding: 2px 5px; font-weight: bold;">MM5</div> <div style="border: 1px solid #ccc; padding: 2px 5px; font-weight: bold;">MM8</div> </div>
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Context and value impact

The mobile communications industry confronts escalating and often unforeseeable direct and indirect tax burdens alongside heightened social and political pressures. These challenges contribute to a complex operating landscape characterised by consumer demands for reduced prices. Moreover, external factors such as civil activism pose potential direct threats to our operations. Failure to address these critical issues adeptly may pose significant risks to our brand and reputation.

Opportunity

We play a role as a partner to governments and citizens to positively impact society through our purposed-led strategy. In addition, we pay a significant amount in taxes, enabling governments to support citizens and 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
- Engage with various government stakeholders in each country to understand strategic priorities and contribute meaningfully
- Pay fair taxes



3 Cyber threats

(FY2023: 1)

Speed of impact:

Very rapid

Strategic pillars <div style="display: flex; gap: 5px;"> <div style="border: 1px solid #ccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center;">2</div> <div style="border: 1px solid #ccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center;">3</div> <div style="border: 1px solid #ccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center;">4</div> <div style="border: 1px solid #ccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center;">6</div> <div style="border: 1px solid #ccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center;">8</div> <div style="border: 1px solid #ccc; border-radius: 50%; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center;">10</div> </div>	Six capitals <div style="display: flex; gap: 5px;"> <div style="background-color: #c00000; color: white; padding: 2px 5px; font-weight: bold;">FC</div> <div style="background-color: #c00000; color: white; padding: 2px 5px; font-weight: bold;">IC</div> <div style="background-color: #c00000; color: white; padding: 2px 5px; font-weight: bold;">SRC</div> <div style="background-color: #c00000; color: white; padding: 2px 5px; font-weight: bold;">HC</div> </div>	Material matters <div style="display: flex; gap: 5px;"> <div style="border: 1px solid #ccc; padding: 2px 5px; font-weight: bold;">MM2</div> <div style="border: 1px solid #ccc; padding: 2px 5px; font-weight: bold;">MM3</div> </div>
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Context and value impact

Any cyber attack or breach – whether malicious or accidental, from an external source, insider threat or supplier breach – could disrupt services or compromise confidential data. These incidents could adversely affect Vodacom's customers, revenue potential, and reputation and result in escalated costs associated with fraud management or extortion.

Opportunity

Providing world-class data security as part of our multi-product strategy.

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, and infrastructure 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
- Drive a sustainable cyber skills programme aimed at both attracting and retaining scarce cyber skills while also enhancing the skills of our existing workforce



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4 Vendor strategy Speed of impact: Rapid

(FY2023: 4)

Strategic pillars: 2, 8, 10
 Six capitals: MC, SRC
 Material matters: MM2, MM5

Context and value impact

Geopolitical influences could potentially impact our IT and technology vendor strategy, as regulatory changes or trade restrictions have arisen amid geopolitical tensions. Supply disruptions from key vendors may negatively impact operations and our ability to deliver quality service to our customers. These challenges underscore the importance of maintaining resilient vendor relationships and diversifying our supply chain to mitigate potential risks.

Opportunity

Leveraging the purchasing power of Vodacom Procurement Company to capture opportunities from the original equipment manufacturers.

- ### Mitigating actions
- Reduce dependency on single suppliers through risk profiling
 - Implement our multi-vendor strategy in critical categories and explore new network architecture options
 - Engage with governments, subject matter experts and vendors to manage potential supplier restrictions
 - Investigate new technologies to broaden our diversity and decrease reliance on single vendors

5 Adverse regulatory and compliance pressures Speed of impact: Rapid

(FY2023: 5)

Strategic pillars: 2, 3, 4, 10
 Six capitals: FC, IC, SRC, HC
 Material matters: MM3, MM6, MM8

Context and value impact

Operating in diverse regulatory environments across Africa, Vodacom faces the risk of more stringent regulatory and compliance requirements. These incremental requirements have the potential to impact our competitive position, profitability and ability to deliver services effectively. As a result, we are exposed to the risk of financial losses and damage to our reputation.

Opportunity

By proactively engaging with regulators, we can provide our customers with more assurance about our products, driving increased uptake.

- ### 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

6 Technology failures Speed of impact: Very rapid

(FY2023: 7)

Strategic pillars: 2, 3, 4, 5, 6, 8
 Six capitals: FC, MC, IC
 Material matters: MM2

Context and value impact

Our customer value proposition depends on the reliability and availability of a high-quality network. A major failure affecting our network or IT assets and systems could profoundly impact our customers, revenue and reputation. Technology failures could be caused by various factors, including natural disasters, failure to maintain infrastructure, or cyber attacks. The reliability of our network is undermined by the unreliability of grid power and incidents of theft and vandalism targeting network equipment.

Opportunity

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

- ### Mitigating actions
- The increased ranking of technology failure is not an indication of slowing investment in technology as we continue to invest, maintain and upgrade our systems regularly
 - 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
 - Oversight of technology resilience initiatives by our technology resilience governance board
 - Accelerate the deployment of backup power across all markets where we operate to address heightened power availability issues

Our principal risks and associated opportunities continued



7 **Financial services platform resilience** Speed of impact:
Very rapid
(FY2023: 6)

Strategic pillars 3	Six capitals FC IC SRC	Material matters MM1 MM2 MM3 MM6
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Context and value impact

Our financial services platforms are pivotal in fostering socioeconomic growth and serve as gateways to the digital economy across our markets. It is imperative that we provide our customers with dependable financial services, as any disruption to the platform could have adverse effects on our customers, revenue streams, and reputation. Ensuring a reliable platform also guarantees compliance with regulatory standards across our markets.

Opportunity

By delivering trusted and reliable financial services, we can drive innovation and inclusion and unlock societal benefits through inclusive growth.

Mitigating actions

- Partner with global and local technology leaders
- 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
- Move to cloud-based technologies
- Ensure adequate redundancy with our platforms

8 **Market disruptions** Speed of impact:
Rapid
(FY2023: 8)

Strategic pillars 2 3 4	Six capitals FC MC IC HC	Material matters MM3 MM4
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Context and value impact

We segment market disruption into two categories: FinTech risk and the risk of technological evolution disruption. FinTech risk includes the proliferation of new players in the space that could potentially disintermediate our products and erode our market share. Technology evolution risk would erode our value position to customers and dilute returns over time.

Opportunity

By leveraging our leading technology position and global partnerships, we are able to scale a digital ecosystem so that we can add more value to our consumers and entrench ourselves in their lives.

Mitigating actions

- Execute strategies to scale accelerator enterprises, including fixed IT services, digital lifestyle services, financial services, IoT, and cloud services
- 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 over-the-top and global technology firms for mutual benefit
- Diversify our financial services offerings through our super-apps, International Money Transfer (IMT), lending, and investment platforms and merchant offerings





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9 Execution of strategic projects for future growth (FY2023: 9)

Speed of impact: Rapid

Strategic pillars	Six capitals	Material matters
1 2 3 4 5 6 7 8 9 10	FC MC IC SRC NC HC	MM1 MM2 MM3 MM4 MM5 MM6 MM7 MM8

Context and value impact

Our strategy is focused on delivering diverse and differentiated offerings to our customers. Meeting their unique needs strengthens our relationships with customers. Successful execution of our strategic projects is key to capturing growth opportunities. To remain competitive in an ever-changing market, it is imperative that our product diversification into areas such as digital and financial services, IoT and fixed must be executed 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 TowerCos
- 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
- Partnering to access funding for strategic projects, e.g. rural coverage, fibre and IoT

10 Spectrum (FY2023: 10)

Speed of impact: Slow

Strategic pillars	Six capitals	Material matters
1 2 5 8	FC MC IC	MM1 MM2 MM3 MM4 MM6

Context and value impact

Spectrum allocation is vital to Vodacom as it serves as the lifeblood of wireless communication infrastructure, enabling the provision of services to customers and facilitating network growth and innovation. Failure to retain spectrum and, where relevant, acquire additional spectrum would hamper our capacity and coverage expansion efforts and future network capabilities.

Opportunity

Realising alternative opportunities for accessing spectrum through 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.

Skill, capacity and talent challenges

As we transition from a TelCo to a TechCo, attraction and retention of skills become increasingly difficult due to attractive and competitive working positions available in the market. This increases the possibility of critical roles becoming vacant at all levels, 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.

Environmental, social and governance issues

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. This may result in a loss of investor confidence, statutorily prescribed penalties and exclusions from tender processes due to non-compliance.

Emerging technologies

Risks related to rapid developments in disruptive new technologies, including cognitive, biotech, and AI, are increasing. These emerging technologies result in the need for an organisation to develop or acquire new skills to support the technologies and develop commercially viable solutions that can be integrated into the current technology stacks. As regulators attempt to implement regulations concerning emerging technologies, the ambiguity of these regulations, coupled with a lack of industry standards guiding ethical and safe usage and interoperability across operators, exacerbates the risk. This further complicates the optimal and effective utilisation of technologies such as AI.