

# Engaging our stakeholders

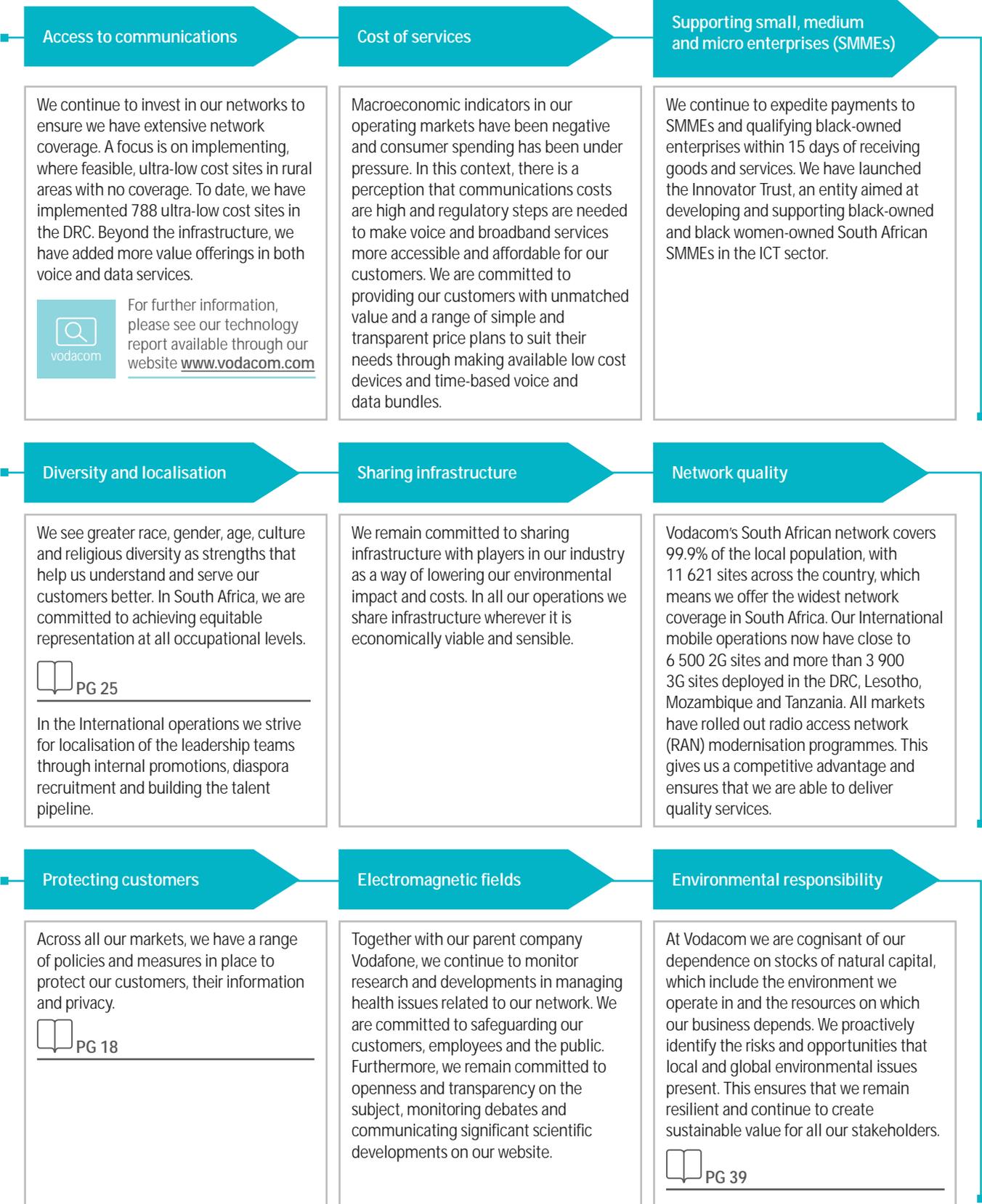


Communicating effectively with our stakeholders to better understand and respond to issues that matter to them remains a key focus in how we do business. Key stakeholders include employees, customers, government departments, regulatory authorities, shareholders, civil society, suppliers and business partners. We tailor our engagement processes to suit each different stakeholder group.

Stakeholder	Why it's important for us to engage	What matters most to them	Ways we engage
Customers	Our customers are central to the sustainability of our business. To build trust among our customers we need to manage our core operational risks around network performance and privacy. With a number of new regulations impacting our customers and our relationships with them, engagement also helps us better manage regulatory risk.	<ul style="list-style-type: none"> <li>• Faster data networks and wider coverage</li> <li>• Better value offerings</li> <li>• Managing the challenge of 'depleting data'</li> <li>• Making it simpler and quicker to deal with us</li> <li>• Converged solutions for business customers</li> <li>• Privacy of information</li> </ul>	<ul style="list-style-type: none"> <li>• Call centres, retail outlets, online and MyVodacom App</li> <li>• Net Promoter Score (NPS) feedback interviews and focus groups</li> <li>• Social media</li> <li>• Vodacom website</li> </ul>
Employees	Our people are the heart and soul of our business: their skills and involvement determine our ability to realise our vision to make every customer smile, and fulfil our purpose of empowering everybody to be confidently connected.	<ul style="list-style-type: none"> <li>• Career development</li> <li>• Improved knowledge sharing across the Group</li> <li>• Simplicity, agility and engagement</li> <li>• Building skills in line with the future business growth</li> <li>• Being appropriately remunerated for their service</li> </ul>	<ul style="list-style-type: none"> <li>• Internal website</li> <li>• Newsletters, internal magazine and electronic communication</li> <li>• National Consultative Committee representation</li> <li>• Anonymous employee hotline</li> <li>• Leadership road shows</li> <li>• Team meetings</li> <li>• Performance development process</li> </ul>
Media	As a stakeholder, the media plays a role in keeping Vodacom stakeholders informed of business developments, new products and services and the impact of our business operations.	<ul style="list-style-type: none"> <li>• Being informed of key activities and offerings</li> <li>• Transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Face-to-face and telephonic engagement</li> <li>• Interviews with the CEO and key executives</li> <li>• Media releases and product-related publicity</li> <li>• Roundtables</li> <li>• Product launches</li> <li>• Site visits</li> </ul>

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Business partners	<p>One of the most important ways we interact with our customers is through our business partners. As custodians of our brand and reputation, how they engage and deliver service is critical to our objective of excellent customer service across all touch points.</p>	<ul style="list-style-type: none"> <li>• Fair treatment</li> <li>• Top management involvement with customers</li> <li>• A consistent customer experience</li> <li>• Making it simpler and quicker to deal with us</li> </ul>	<ul style="list-style-type: none"> <li>• Annual business partner conference</li> <li>• Bi-annual franchise road shows</li> <li>• Quarterly franchisee council committee meetings</li> <li>• One-on-one business meetings</li> </ul>
Suppliers	<p>Suppliers and contractors impact on our ability to provide products and deliver services, and are required to comply with our health and safety and ethical procurement standards. Engaging with them contributes to business continuity, viability and operational efficiency.</p>	<ul style="list-style-type: none"> <li>• Timely payment and fair terms</li> <li>• Improving health and safety standards</li> <li>• Partnering on environmental solutions</li> <li>• Black Economic Empowerment (BEE) compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier forums</li> <li>• Ongoing site visits</li> <li>• Audits</li> <li>• Ongoing regular direct engagements</li> </ul>
Government and regulators	<p>Our relationships with governments and regulators impact on our ability to contribute towards broader economic, social and environmental objectives.</p>	<ul style="list-style-type: none"> <li>• Facilitation of socioeconomic growth</li> <li>• Achieving national broadband access</li> <li>• Consumer protection and quality of services</li> <li>• Cost of communications</li> <li>• Managing spectrum as national public resource</li> <li>• Underserved and rural communities</li> <li>• Developing a digital society, including e-Government</li> <li>• Skills development and employment</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in consultations and public forums</li> <li>• Submission and engagement on draft regulations and bills</li> <li>• Engagement through industry consultative bodies</li> <li>• Publication of policy engagement papers</li> <li>• Social upliftment programmes and initiatives</li> <li>• Partnering on key programmes in education, health and gender-based violence.</li> </ul>
Investors and shareholders	<p>As the providers of capital necessary to support our growth, we engage with our shareholders and investors to keep them up to date on the financial performance and overall sustainability of Vodacom.</p>	<ul style="list-style-type: none"> <li>• Future performance of Vodacom South Africa and International</li> <li>• Investing for growth</li> <li>• Risks and opportunities in the markets we operate in</li> <li>• Transparent executive remuneration</li> <li>• Dividend policy</li> <li>• Sound corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Investor road shows</li> <li>• Investor days</li> <li>• Annual and interim reports</li> <li>• SENS announcements</li> <li>• Monthly and quarterly operational reviews with our parent Vodafone</li> <li>• Investor relations page on our website</li> </ul>
Communities	<p>Empowering local economies builds trust in Vodacom. It also adds to the longer-term viability of our markets by strengthening the socioeconomic context in which we operate. Our communities also benefit from social and environmental innovations.</p>	<ul style="list-style-type: none"> <li>• Access to mobile services</li> <li>• Access to basic services such as finance, health and education</li> <li>• Investment in infrastructure</li> <li>• Responsible expansion of infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Public participation where new base stations are required</li> <li>• Vodacom Change the World volunteer programme</li> <li>• Vodacom Foundation partnering with communities</li> </ul>

# Key stakeholder issues and our response



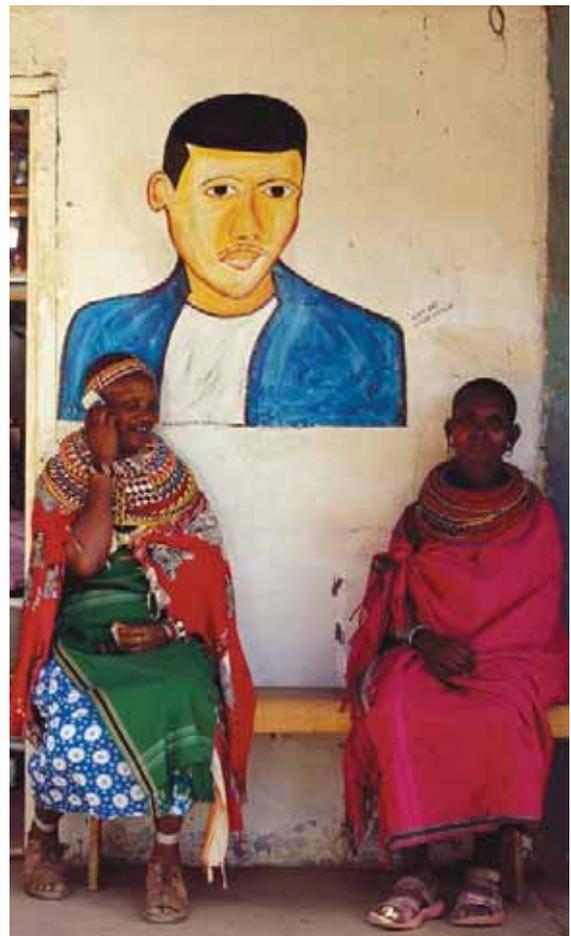
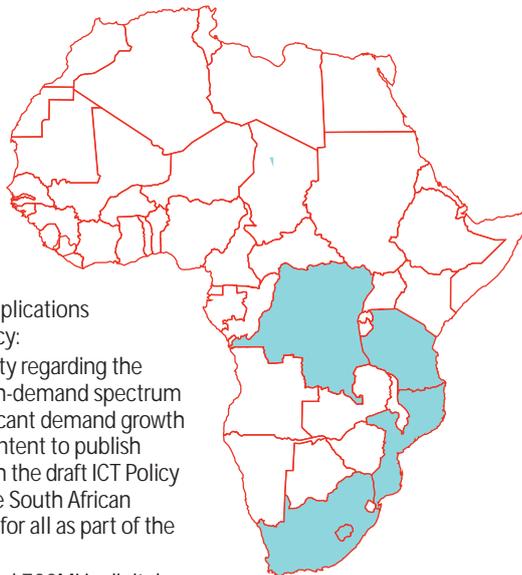
## Engaging with government on regulatory issues

We continue to face important regulatory changes and potential policy uncertainty across our operations, with implications both for revenue growth and cost efficiency:

- **South Africa:** There remains uncertainty regarding the timing and process for licensing of high-demand spectrum bands, critically needed to meet significant demand growth for data. The Ministry has indicated its intent to publish new Spectrum Policy Directives through the draft ICT Policy White Paper. This is key to achieving the South African Government's 2020 goal of broadband for all as part of the National Development Plan.
- **Tanzania:** The Regulator has completed 700MHz digital dividend migration and has stated its intentions to undertake an auction next year. Significant regulatory developments include: mobile customer registration; quality of service obligations; a Finance Bill that sets taxes; the implementation of Central Equipment Identification Registration and Mobile Number Portability in June and August 2016 respectively; and the new National Payment Act requiring mobile financial services providers to apply for licences by 1 July 2016 to replace previous letters of no objection issued by Central Bank. Listing regulations require companies to list 20% or pay 0.6% of gross revenues into a sector development fund. We have elected to pay and not list.
- **DRC:** In December 2015, Vodacom DRC's 2G licence was renewed until 1 January 2028 and additional 1 800MHz and 1 900MHz spectrum was secured. Other regulatory processes include: retail price floor and mobile termination rate regulations; Finance Act 2015 increasing sector taxation; mobile customer registration; lawful interception requirements; and a consultation on a new telecommunications bill.
- **Mozambique:** A new communications law was passed in May 2016, and will require Vodacom Mozambique to convert its existing licences to new technology neutral licence regime. The Regulator has completed 800MHz digital dividend migration and has stated intention to auction spectrum this year. Other areas of regulatory activity include mobile customer registration and a Mobile Termination Rate review.
- **Lesotho:** Vodacom obtained additional 1 800MHz spectrum to be used for LTE/4G in February 2016, and secured renewal of its mobile service licence for 20 years from 1 June 2016. Other regulatory issues include: a new three-year mobile termination rate regulation from October 2015 and consultations on new quality of services regulations; e-money regulations; and the introduction of customer registration regulations.

### Customer registration

All our markets are subject to mobile customer registration requirements, the industry is engaging with authorities to improve the process to ensure registration. Difficulties experienced in the registration process include: limited number of national identity cards; the inefficiency of a paper-based process; and the inability of mass-market distribution partners to complete the registration processes correctly. Tanzania and Mozambique have replaced the paper-based process with an electronic registration process. We are continuing to actively register customers, work with authorities to improve verification of customer registration information, and have action plans in each country to achieve full compliance.



## Key stakeholder issues and our response continued

### Managing and building our reputation

Our reputation – what our stakeholders believe about it, expect from it and say about it to others – is fundamental. We ensure meaningful, productive conversations take place with our stakeholders to help us effectively anticipate reputational risks and take advantage of emerging opportunities, with the aim of continuing to strengthen our business, brand and reputation.

Across all our operations we have embedded routine management of our reputation through reputation steering committees that review the issues affecting the company's reputation, which include customer complaints, network performance, public relations and regulatory challenges.

We continuously monitor perceptions of the company through our stakeholder engagement practices. Our annual corporate

Reputation Survey, conducted by an independent research supplier, gives us insights into the key drivers of our reputation.

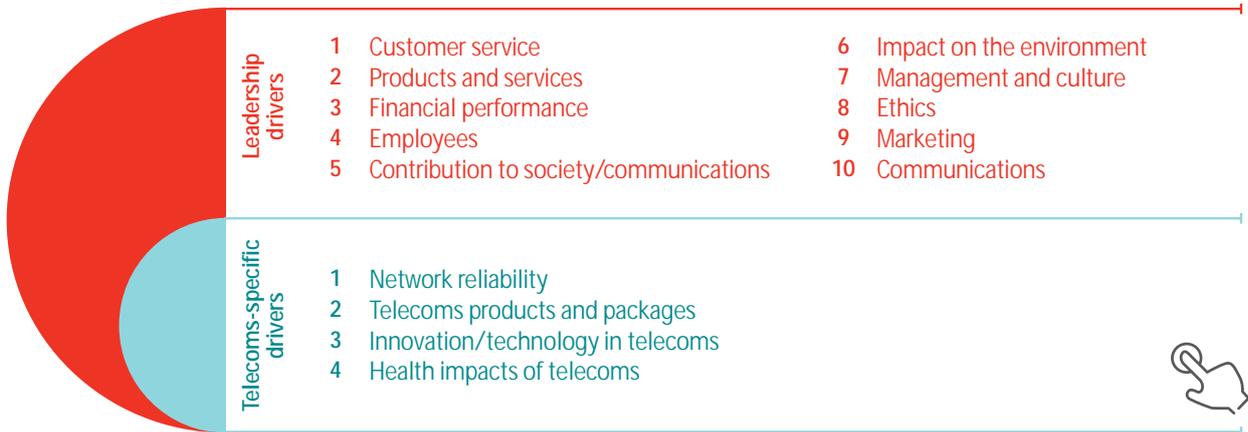
This year's findings indicate that in South Africa we retained our number one position as a reputational leader in the telecommunications sector. Stakeholders rated us higher than our peers and other non-telecommunications brands.

### How we've done in our annual Reputation Survey

Index score	<b>2016</b>
 South Africa	<b>7.50<sup>^</sup></b>

<sup>^</sup> These items were the subject of the limited assurance engagement performed by EY.

### Reputation driver structure



## Utilising mobile technology to tackle HIV in Lesotho

Vodacom and our Vodafone global markets are using their technology and working with local and international partners to tackle HIV in Lesotho, with a focus on children. Lesotho's population is almost 25% affected, directly and indirectly, by HIV and Aids, with many of the affected being children. There are many challenges to address, including the stigma around HIV testing, the remoteness of many villages and lack of finances for transport to clinics. The mountainous terrain and largely rural population mean healthcare workers have difficulty reaching patients and there are not enough healthcare facilities or healthcare workers to man them.

Vodafone and Vodacom have the technology to help with these issues and make a material change to the future of the country. M-Pesa's mobile money solutions are being used to send money to children for transport to treatment centres. Mobile technology is used to send HIV test results so that children can timeously begin treatment. Previously, it took a month to receive results. Mobile clinics will be sent to rural areas to bring life-saving care to these communities and mobile technology will be used to help manage medical supplies and provide counselling and support services.

The project is called the Moyo Lesotho Challenge and aims to put all HIV+ people in Lesotho on ARVs by 2020, starting with children.



## Managing public relations

Our commitment to building strong relations with the media remains a focus for our public relations efforts. Being responsive to all media queries and being transparent on all the key issues affecting the company is a key feature of our interactions with the media, bloggers and social media influencers, and our customers. We continue to engage media stakeholders through one-on-one meetings, media roundtables and responding to enquiries received via email.

During the year, we hosted six regional media roundtables across our operating regions in South Africa to profile regional managing executives and Vodacom network investments. Our monthly media monitoring report continues to be a key measure of our effectiveness. The report, produced by an independent service provider analyses, among other measures, the key issues we have managed in the media and the percentage of positive, negative and neutral coverage on Vodacom. The results show that, on average, over 90% of Vodacom's coverage was neutral to positive.

Over and above traditional media engagement, we manage conversations with the media and customers through our social media platforms. We have dedicated teams that monitor Vodacom on Twitter and Facebook daily to ensure that we track trending topics and are able to timeously respond to complaints and issues raised. The recorded customer complaints are channelled to our customer operations team for resolution.

## Engaging stakeholders in our Future Agenda Seminar series

During the year, we hosted sessions for stakeholders to meet to discuss topical issues and challenges.

- In May 2015, we held a session on the 'future of work' to discuss the shift from old models of work dominated by the division of labour, the supervision of labour, and payment of workers for their time or their tasks, to a shift towards services, the globalisation of supply chains, the growth of ubiquitous technology and the increased pressure on resources.
- In July 2015, we hosted a session on food security and reviewed the Connected Farmer report produced by Accenture on behalf of Vodafone Group.
- We also participated in a 'future of health' session hosted by Deloitte and the national department of health. Vodacom used the platform to showcase its mHealth solutions.

