

King IV – Principles

1 Leadership

The governing body should lead ethically and effectively.

1.1 Integrity

- It is a Companies Act requirement that directors act in the best interests of Vodacom at all times;
- Declarations of interests are submitted on a quarterly basis and not just on an annual basis;
- Any conflicts of interest with directors are managed through a Board process;
- Vodafone directors are recused from voting on Vodafone related party matters. This is clearly minuted in the Board minutes; and
- The Board leads by example.

1.2 Competence

- Vodacom has an induction programme for all new directors as well as an annual education session to ensure continuous learning;
- Directors are kept updated on developments in the business through site visits and 'deep dives' into various aspects of the business. This forms part of the work plan for the Board which gets approved in March of every year;
- The mix and skills of the directors are reviewed annually by the Nomination Committee;
- All directors receive meeting papers seven days prior to meetings to ensure adequate preparation time; and
- All chairpersons are entitled to briefings ahead of Board and Committee meetings.

1.3 Responsibility

- The Board approves all financial commitments above R1.5 billion;
- Management act in accordance with a Board approved delegation of authority that is reviewed on an annual basis; All decisions are debated in detail either at committee level or at Board;
- Cognisance is taken of risks and unintended consequences when making decisions. Robust debate takes place; Absenteeism at meetings is the exception rather than the norm at Vodacom; and
- Business rescue proceedings have not yet arisen, but Board members are aware of their responsibility in terms of the Companies Act.

1.4 Accountability

All directors take accountability for decisions – collectively and individually.

1.5 Fairness

Stakeholder relations are very important to the Board. The Social and Ethics Committee monitors this each quarter, likewise with sustainability matters.

1.6 Transparency

Comprehensive disclosure is made in the Integrated and Sustainability reports.

2 Organisational ethics

The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

2.1

The Board has put in place appropriate structures and processes to ensure that business is conducted in an ethical manner, taking into account the impact of the organisation's business on the economy, society and the environment and balancing the interest of its diverse stakeholders. The Group Company Secretary also acts as the Group Ethics Officer. She is positioned at the appropriate level as a senior executive in the Group.

2.2

Vodacom has implemented an ethics management programme called Ethics Along the Way and has a code of conduct. During the year the Spirit of Vodacom programme was introduced and the code of conduct is aligned to this programme.

2.3

The Group Social and Ethics Committee and audit committees of the operating companies provide oversight of the Ethics Along the Way Programme.

2.4

Vodacom conducts ethics, people and reputation surveys and review information from internal investigations and disciplinary actions to assess key ethical risks. These risks are managed as part of the day to day risk management strategies.

2.5

The Doing What's Right campaign is run annually with focus on:

- Code of conduct;
- Conflicts of interest;
- Health and safety;
- Privacy and protection of information;
- Competition law training;
- Anti-bribery; and
- Sexual harassment.

2.6

The code of conduct has been communicated to all staff and online training provided to guide employees on how to implement basic business principles and refers to detailed policies and guidelines for business behaviour.

2.7

The policies and guidelines cover a range of topics from declarations of interests, receiving and giving of gifts and hospitality. Employees have a duty to report any suspected breaches of the code and transgressions of Company policies.

2.8

Implementation of an anti-corruption programme that requires all its employees and business partners to abide by anti-corruption laws in the conduct of the Company's business.

2.9

The ethics department also provides advice to employees on general ethics topics such as fairness, giving and receiving of gifts and hospitality, and potential conflicts of interest.

2.10

Ethics is a standing item of the risk committees International mobile operations in Tanzania, the DRC, Mozambique and Lesotho. These committees review the results of the ethics risk assessments and other risk indicators, assist in highlighting and implementing key ethics-related policies and procedures, and bring concerns and complaints to the attention of the respective company. In each market, the ethics and compliance officers keep ethics as a top-of-mind issue through the ethics and compliance programme called the Doing What's Right programme.

2.11

Vodacom has aligned its policies with those of Vodafone and have implemented Vodafone's policy compliance programme.

2.12

The Vodacom whistle-blowing hotline continues to be promoted across the business.

3 Responsible corporate citizen

The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

3.1

As referred to under principle 2, Vodacom has implemented ethics and anti-bribery programmes.

3.2

Through the Vodacom Foundation, Vodacom has contributed to various social development programmes in the areas of mobile education and gender empowerment.

3.3

Vodacom has implemented various initiatives and programmes to ensure that it promotes and protects the environment, and maintains the health and safety of its people, suppliers and the public. To this end, Vodacom has implemented or engaged in the following initiatives:

- A health and safety programme where 10 absolute rules have been implemented;
- Implemented projects to reduce our environmental impact and set environmental targets to be achieved by 2025;
- Monitoring and reporting on our resource consumption;
- Participation in the Carbon Disclosure Project, FTSE Russell ESG Rating and FTSE4Good Index Series;
- Compliance to environmental regulations and standards;
- Obtained ISO 14001 certification;
- Set up an environmental management and review committee/working group; and
- Developed an innovation centre that identifies opportunities for Vodacom to operate in a more environmentally friendly manner.

3.4

Vodacom has a stakeholder relations function whose role is to proactively manage stakeholder relations. Further details are provided in the Sustainability report incorporating the Social and Ethics Committee report.

3.5

Further to the Sustainability report incorporating the Social and Ethics Committee report having oversight of ethics matters, it also maintains oversight of various sustainability and good corporate citizenship matters. Further details are provided in the Sustainability report.

4 Strategy and performance

The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

4.1

In analysing the strategic direction and objectives of the business, the Board:

- Ensures that the strategy is aligned with Vodacom's purpose and value drivers, and takes into account the legitimate interests and expectations of stakeholders;
- Satisfies itself that the strategy and business plan are not encumbered by risks that have not been properly examined; and
- Strives to ensure that the strategy will result in a sustainable outcome.

4.2

The Board leads and manages the business on a going concern and sustainable basis; long-range plans are developed and reviewed annually.

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5 Reporting

The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long term prospects.

5.1

Sustainability reporting and disclosure are integrated with the company's financial reporting.

5.2

Independently assured sustainability reporting and disclosure has not yet taken place and remains under review by management.

5.3

Management reporting to the Board is transparent and includes:

- CEO overview;
- Legal and regulatory;
- Finance report;
- Performance overview, budgets and long range plans;
- Quality of earnings;
- Payment of dividends;
- Funding and capital structure;
- Section 45 resolutions (as and when required);
- Delegation of authority and governance;
- Mergers and acquisitions (as and when required) (all significant activity does require Board approval);
- Related party transactions – those not included in the budget must be presented to the Board for approval and conversations are held at least twice a year with the Sponsor (UBS) as to JSE requirements, if any;
- Top key strategic risks;
- Investor relations – engagement with institutional investors and performance of the Group;
- Committee feedback reporting; and
- Strategy formulation and progress.

On the above basis, the Board has assurance that reporting to stakeholders is similarly factual and correct.

6 Primary role and responsibilities of the governing body

The governing body should serve as the focal point and custodian of corporate governance in the organisation.

6.1

A Board charter has been adopted, detailing the responsibilities of the Board. These include:

- Oversight of the Group's strategic direction;
- Approving major capital projects, acquisitions or divestments;
- Exercising objective judgement on the Group's business affairs independent from management;
- Ensuring that appropriate governance structures, policies and procedures are in place;
- Ensuring the effectiveness of the Group's internal controls;
- Reviewing and evaluating the Group's risks;
- Approving the annual budget and operating plan;
- Approving the annual and interim financial results and shareholder communications;
- Approving the senior management structure, responsibilities and succession plans; and
- Responsibility for technology governance.

6.2

The Board holds a minimum of four meetings, two teleconferences and a strategy session every year. Special Board meetings are convened when necessary.

6.3

The Board has delegated to management the responsibility of dealing with stakeholder relationships in a proactive and constructive manner. A Stakeholder policy was approved by the Group Social and Ethics Committee in 2012. This policy and daily stakeholder activities are reviewed quarterly by the Social and Ethics Committee. This policy and related initiatives and activities are more fully reported in the Sustainability report incorporating the Social and Ethics Committee report.

7 Composition of the governing body

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

7.1

The Board elects an independent non-executive director as the Chairman of the Board.

7.2

The roles of the CEO and Chairman are separate.

7.3

Vodacom has a unitary board of 12 directors. Five directors, including the Chairman are independent non-executive directors. Five are non-executive directors and two are executive directors. Although the majority are non-executive directors, half of our non-executive directors are not independent as recommended by King IV as they represent Vodafone. However, the Board is satisfied that the balance of power and objectivity on the Board is sufficient and does not require additional independent voices.

7.4

A lead independent non-executive director has been appointed.

7.5

Vodacom appointed Ms Sandi Linford as its Group Company Secretary in December 2008. Directors have access to the advice and relevant services of the Company Secretary who is responsible to the Board for ensuring compliance with procedures and applicable statutes and regulations.

7.6

The Board has appointed the following committees:

- Executive Committee;
- Audit, Risk and Compliance Committee;
- Remuneration Committee;
- Nomination Committee; and
- Social and Ethics Committee.

All committees operate under a Board approved terms of reference (charter) which is reviewed and updated, if necessary, on an annual basis.

7.7



Further details may be found online in the corporate governance statement at www.vodacom.com.

7.8

The Nomination Committee assesses the following on an annual basis:

- Size, mix of skills and composition of the Board;
- Independence status of the independent directors;
- Appropriateness of the governance structures of the Board; and
- Chairman, CEO, CFO and Company Secretary.

7.9

The Audit, Risk and Compliance Committee assesses on an annual basis the appropriateness of the CFO (per JSE requirements) and head of internal audit.

7.10

The Board adopted a gender diversity policy (including race) in 2017.

7.11

The categorisation, qualifications, experience, length of service, age and other professional positions are disclosed per Board member on the website www.vodacom.com and in the Integrated report.

7.12

Roles and responsibilities of the Chairman, Lead independent director and CEO are set out in the Board Charter:

- The Chairman is not a member of the Audit, Risk and Compliance Committee;
- The Chairman is the Chairman of the Nomination Committee, is a member of the Social and Ethics Committee and the Chairman is independent.

8 Committees of the governing body

The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

8.1 Audit, Risk and Compliance Committee

- 8.1.1 Each year at the annual general meeting the Board nominates three independent directors, who are suitably qualified to take on the role of audit committee members. Shareholders have the right at the annual general meeting to vote on the appointment of such an audit committee. Vodacom's Audit Committee is known as the Audit, Risk and Compliance Committee.
- 8.1.2 The members of the committee, who the Board believe are suitably skilled and experienced independent non-executive directors, were appointed by shareholders at the annual general meeting held on 23 July 2019. The current members are DH Brown (Chairman), CB Thomson and SJ Macozoma who are all categorised as independent directors. Both Messrs Brown and Thomson were considered as financial experts.
- 8.1.3 The management and review of risk is embedded in the Board charter and forms part of a formal process which includes both systems and risk management. A disciplined approach has been adopted together with policies, related internal controls, compliance and governance processes entrenched within Vodacom.
- 8.1.4 The internal audit function has a defined charter, as approved by the Audit, Risk and Compliance Committee. The charter conforms to the International Standards for the Professional Practice of Internal Auditing and Code of Ethics as set out by the Institute of Internal Auditors (IIA). The Group's audit methodology and planning follows a risk-based approach. The internal audit plan is compiled annually in co-operation with Vodafone and is approved by the Audit, Risk and Compliance Committee in March of every year and communicated to executive management. Special assignments may also be conducted upon request with appropriate arrangements made to ensure that these do not compromise the achievement of the overall audit plan for the year.
- 8.1.5 The head of internal audit reports to the Audit, Risk and Compliance Committee.

- 8.1.6 Internal controls comprise systematic measures, policies, procedures and business rules adopted by management to provide reasonable assurance in safeguarding assets, prevention and detection of error, accuracy and completeness of accounting records, and reliability of annual financial statements of all entities within the Group. In addition, Vodafone Group Plc (Vodafone) is required to comply with Section 404 of the Sarbanes-Oxley Act (SOX) due to its listing on the NASDAQ stock exchange. With combined efforts between the Group and Vodafone, specific processes were identified that had to be brought in line with SOX requirements as part of the Group's South African SOX compliance efforts.

Management has concluded that the internal controls over financial reporting as at 31 March 2020 were effective. The internal audit function is governed by the internal audit charter, as approved by the Audit, Risk and Compliance Committee. The internal audit function serves management and the Board by performing independent evaluations of the adequacy and effectiveness of the Group's internal controls, financial reporting mechanisms and records, information systems and operations.

- 8.1.7 The Audit, Risk and Compliance Committee has oversight of the integrated reporting as defined in more detail under Principle 5.
- 8.1.8 The Audit, Risk and Compliance Committee approves the Combined Assurance Framework as defined in more detail under Principle 15.
- 8.1.9 The Audit, Risk and Compliance Committee performs an annual assessment to ensure that the finance function is adequately resourced with technically competent individuals and is effective.
- 8.1.10 The risk management process forms part of the Audit, Risk and Compliance Committee charter and is defined in more detail under Principle 11.
- 8.1.11 The Audit, Risk and Compliance Committee recommends the appointment of the external auditor and oversees the external audit process. This forms part of the Audit, Risk and Compliance Committee Charter.
- 8.1.12 The Audit, Risk and Compliance Committee reports to the Board and shareholders on how it discharged its duties in a report that forms part of the audited consolidated annual financial statements.

8.2 Remuneration Committee

The Committee is made up of four non-executive directors, two of which are independent. The Chairman of the Committee is independent and has a casting vote should any dispute arise. This does have the approval of the JSE Listings Division.

Also refer to 14.1.

8.3 Nomination Committee

The committee is made up of four non-executive directors, two of which are independent. The Chairman of the Committee is independent and has a casting vote should any dispute arise. This does have the approval of the JSE Listings Division.

The Nomination Committee identifies and evaluates potential candidates for appointment to the Board which forms part of its mandate. However, the authority to appoint directors remains a function of the Board and shareholders where necessary.

8.4 Social and Ethics Committee

The committee is made up of three non-executive directors (two of whom are independent) and one executive (CEO). The Chairman is an independent director.

Also refer to 1.5, 2.3, 3.5, 6.3 and 16.1.

9 Evaluation of the performance of the governing body

The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

9.1

An independent Board evaluation was conducted in early 2020.



The outcome of this evaluation is fully reported in the 2020 corporate governance statement at www.vodacom.com.

10 Appointment and delegation to management

The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

10.1

Vodacom has a CEO who has responsibility for the day-to-day operational requirements and acts within a framework of a delegation of authority which is reviewed on a regular basis.

10.2

The Board has approved a delegation of authority which includes its subsidiary companies and is reviewed annually by the Board.

10.3

The CEO is not a member of the audit, remuneration and nomination committees.

10.4

The CEO does not have any external directorships.

10.5

Succession planning for the CEO gets discussed by the Nomination Committee on an annual basis.

10.6

Likewise with succession planning of other senior leadership positions.

10.7

Vodacom has appointed a company secretary who is responsible for corporate governance and plays a pivotal role at Board level.

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11 Risk governance

The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

11.1

The risk management process forms an integral component of the Audit, Risk and Compliance Committee and forms part of the Audit, Risk and Compliance Committee charter.

11.2

The Board is responsible for the governance of risk and forms part of the Board charter.

11.3

The level of risk tolerance is reviewed by the Board on an annual basis.

11.4

Vodacom has appointed a Chief Risk Officer who assists in identifying, assessing and recording the strategic risks facing the Group and, where appropriate, monitors mitigating actions.

11.5

Management continuously develops and enhances its risk and control procedures basis, aiming to improve risk identification, assessment and monitoring. The directors consider business risks when setting strategies, approving budgets and monitoring progress against budgets.

11.6

Risks are managed at three distinct levels – Risk Management Committee, the Risk Group and Line management.

11.7

The Group Risk Management Committee (GRMC) which meets four times a year and which is chaired by the Chief Risk Officer – has been in existence for ten years. Current membership comprises the Group Executive Committee members, the Chief Risk Officer and the Managing Directors of each of the local markets.

The two main functions of the GRMC are:

- To filter and approve the list of strategically high and critical risks and to present these risks to the Group Board yearly; and
- To oversee and monitor the various projects and structures designed to manage specific identified risks for example, business continuity management.

The GRMC also acts as the Risk Management Committee (RMC) for Vodacom South Africa. The Risk Management committees in each country of operation are chaired by the respective Managing Director; the remaining members are the Executive Committee of the local operation. The mandate of each committee is identical to that of the GRMC. Risks are identified and managed at five levels within the Group: project, process, operational, tactical and strategic levels. Risks are periodically reviewed and updated. For strategic risks, a filtering and reporting process ensures that the relevant items are reported to the Risk Management Committees and are then reviewed by the relevant boards.

12 Technology and information governance

The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

12.1

As an ICT company, technology is core to Vodacom's business and forms part of the governance structures, policies and procedures.

12.2

The responsibility for information technology (IT) governance is embedded in the Board charter.

12.3

A Board approved technology governance framework is in place as well as a Technology Governance Charter. The Board has delegated to management the responsibility for the implementation of technology governance. The CEO is responsible for managing technology governance.

12.4

Vodacom has a capital expenditure review board which reviews and considers capital expenditure investment, including investment in technology. A summary of investments considered by the capital expenditure board is reviewed by the Audit, Risk and Compliance Committee as and when investments in technology are required.

12.5

IT is embedded in Vodacom's risk management programme. Risks are reviewed on a quarterly basis at the Risk Management Committee meetings.

12.6

Technology assets are managed through the auspices of the office of the Chief Technology Officer who has responsibility to manage technology assets effectively.

12.7

Information governance is currently the responsibility of the Chief Information Officer, Chief Officer: Commercial Operations, Chief Officer: Legal and Regulatory, Executive Head of Department: Privacy, Chief of Risk and Managing Executive: Transformation, Measurement and Enablement. The greater part of this responsibility involves the formulation and implementation of policies, processes and systems changes over the past 24 months to get the business ready for the Protection of Personal Information Act (PoPIA) and alignment with GDPR. The safeguarding and protection of data information (particularly that of customer information) is of paramount importance to Vodacom.

13 Compliance governance

The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

13.1

Promoting adherence with regulations and laws applicable to the business across its various jurisdictions is a key focus area for the Group and forms part of Vodacom's key business principles. The legal compliance programme includes:

- Policies and a compliance management framework which sets target dates for full compliance with legal obligations, for implementing internal controls, and for managing the implementation and monitoring of the framework, together with compliance owners;
- Anti-money laundering (AML) compliance in respect of the M-Pesa mobile money transfer product and general AML reporting across Vodacom such as airtime purchases/usage and transaction monitoring; and
- Anti-corruption, anti-money laundering and anti-terrorist financing (anti-CMT) compliance.

13.2

Vodacom has a dedicated legal and regulatory division that assists the Board in its understanding of applicable laws, rules and codes as these affect the business of Vodacom.

A Chief Officer: Legal and Regulatory has been appointed. He and his team assist with the management and implementation of an effective compliance framework. This includes:

- Engaging with the various communications administrations and regulatory authorities;
- Advising and assisting the organisation with applications for new licences and overseeing compliance with licence conditions and obligations;
- Commenting on communications legislation and other laws relevant to the industry; and
- Monitoring, developing and providing awareness training on policies and procedures to ensure compliance with laws, regulations, codes and various standards applicable to the Group's operating companies; and managing the legal compliance programme, which includes anti-corruption, anti-money laundering and anti-terrorist financing (anti-CMT) compliance.

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14 Remuneration governance

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

14.1

The Remuneration Committee, in consultation with executive management and an external consultant, ensures that the Group's directors and executives are fairly rewarded for their contribution, in line with the remuneration policy.



More details can be found in the Remuneration report at www.vodacom.com.

14.2

Vodacom discloses the remuneration of each individual director which disclosure is contained in the Remuneration report in the Integrated report available on www.vodacom.com.

14.3

Resolutions are put to shareholders at the annual general meeting for shareholders to vote on the remuneration policy and the implementation of the remuneration policy.



More details can be found in the Notice of annual general meeting at www.vodacom.com.

14.4

The Remuneration report for 2020 has been structured as recommended by King IV – background, policy and implementation.

15 Assurance

The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

15.1

In November 2011, the Audit, Risk and Compliance Committee approved the Combined Assurance Framework. The combined assurance model identifies the risk areas affecting the Group and maps the level of assurance being provided by the different lines rolled out into the business to improve the assessments regarding the levels of assurance provided.

15.2

The Board ensures that there is an effective risk-based internal audit, detailed in Principle 8.

15.3

Internal audit follows a risk-based approach. More details are provided in Principle 8.

15.4

Internal audit provides written assessment of the effectiveness of the Company's system of internal controls and risk management to the Audit, Risk and Compliance Committee.

15.5

The Audit, Risk and Compliance Committee is responsible for overseeing internal audit, detailed in Principle 8.

15.6

The Head of Internal Audit is at a senior executive level, reports to the Chairman of the Audit, Risk and Compliance Committee and has unrestricted access to the CEO and CFO.

16 Stakeholders

In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

16.1

Vodacom's brand and reputation is of paramount importance to the Board. The Social and Ethics Committee, a committee of the Board, focuses on efforts relating to:

- Maintaining good relations with consumers;
- Maintaining good relations with employees;
- Protecting the environment and promotion of health and safety in the workplace; and
- Preventing and combating bribery and corruption.

16.2

There is a brand and marketing team at Vodacom South Africa that has responsibility for protection of the brand and to ensure campaigns with customers are conducted in a responsible manner.

16.3

Management also has in place a Reputation Committee which meets regularly with the CEO to review brand and marketing, corporate communications, environmental management, social media and the legal and regulatory impact of these important topics.

16.4

The Chief Officer: Corporate Affairs has responsibility for the management and implementation of the stakeholder framework.

16.5

The Board strives to achieve the appropriate balance between the various stakeholder groupings, in the best interest of the Company.

16.6

Every effort is made to comply with the JSE requirement to ensure the equitable treatment of all shareholders. Related party transactions with the controlling shareholder, Vodafone, are handled at Board level where the Vodafone representatives on the Board are precluded from voting. The Board is mindful of the JSE Listings Requirements concerning related party transactions.

16.7

The Board makes every effort to ensure transparent and effective communication with stakeholders that is essential for building and maintaining their confidence.

16.8

Effective and efficient dispute resolution forms part of Vodacom's legal and regulatory processes.

16.9



Further detail is contained online in the Sustainability report incorporating the Social and Ethics Committee report at www.vodacom.com.