

About this report

Thanks for reading Vodacom Group Limited's integrated report for the year ended 31 March 2012. The Board approved this report on 1 June 2012.

'Vodacom', 'the Group', 'the Company', 'our', 'us' and 'we' all refer to Vodacom Group Limited and our operations. All figures refer to the year ended 31 March 2012, unless stated otherwise.

The scope of our report includes Vodacom Group and all our operating subsidiaries, unless stated otherwise. Where we only have data for our South African operation, which represents 83.1% of service revenue and 93.4% of EBITDA, we indicate this with #. We've used * to indicate data reported at normalised growth, excluding trading foreign exchange and at constant currency.

66 for our reconciliation of normalised growth.

Responding to feedback on last year's report

This is our second integrated report. Feedback on last year's report, both from outside our organisation and among our

employees, was that it was readable and meaningful. We particularly liked what Brendan Seery, a South African journalist, had to say about its simplicity and transparency: "All in all, a document about finance for ordinary people and one which makes you think: this is a company doing the right thing." (Saturday Star, 13 August 2011)

One of the criticisms of last year's report was that the high level of integration made it difficult for certain stakeholders to find the specific information they were looking for. So this year we have tried to accommodate this need in our integrated report, both in print and online. We have introduced operational reviews that deal with key areas of our business, while still providing stakeholders with an integrated assessment of our performance in each of our strategic priorities.

Our approach to preparing our printed report was to once again produce a "storybook" – a frank, transparent and readable assessment

of the true economic value of the Group, and our ability to create and sustain value over the short, medium and long term.

We also challenged ourselves to focus on the issues most material to our stakeholders. To arrive at these we looked at the reports submitted for Board discussion or approval for the year, our key risk factors, our strategic objectives, as well as formal and informal stakeholder feedback (including our Reputation Survey and broad media coverage). These were synthesised into a list of five strategic issues, which guided our decisions on what to include in our reports:

- ★ **Network quality** – identify factors affecting quality, make investments to improve it and set targets.
- ★ **Maintain our lead in mobile internet** – invest for future growth in data, maintain our network leadership and drive smartphone adoption.
- ★ **Regulation and changes to legislation** – drive compliance with evolving BEE legislation, with a specific focus on black representation among senior leadership, while also responding to the requirements for new spectrum allocation; comply with new consumer protection and privacy regulations in South Africa, and new regulations in Tanzania.
- ★ **Churn management** – continue to actively manage churn and revamp loyalty programmes.
- ★ **Cost efficiency** – drive network and organisational efficiency programmes.

For the first time this year we have provided condensed financials in print, in line with the Companies Act of 2008, as amended. The condensed financials have been prepared in terms of International Financial Reporting Standards ('IFRS') IAS 34: Interim Financial Reporting. The full set of consolidated annual financial statements ('AFS'), including the report from our Audit, Risk and Compliance Committee and directors' report, are available online or can be requested directly from our Company Secretary.

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Our online report provides comprehensive information and gives stakeholders more interactive functionality. Besides the full AFS, the online report also includes additional detailed reports and video interviews with our top executives on burning issues. While edited extracts of these interviews are included in print, the full videos can be viewed online.

While we have tried to be responsive to our stakeholders' needs in putting together our integrated report this year, we have also followed a "less is more" approach, in keeping with our theme for the year. Whereas last year we introduced our new business philosophy and strategic priorities, which required us to explain our thinking, this year we have tried to focus on the key developments during the year.

Taking the next steps in our integrated reporting journey

We have continued to apply the principles of integrated reporting to our internal reporting cycles, making them part of the way we manage our business.

In terms of the principle of inclusivity, which is core to being a sustainable organisation, we track our net promoter score ('NPS') – our key measure of customer satisfaction – across most of our operations on a monthly basis. We are also in the second year of running our People Survey and our Reputation Survey. Together with the ongoing engagement with our stakeholders that happens as a matter of course, these formal feedback mechanisms bring the views and concerns of our stakeholders to bear on strategic and operational decision-making at the highest levels of the Group.

In addition, we created a new monthly report to give our Executive Committee ('EXCO') a concise, integrated review of delivery against our five strategic priorities. The reports aim to provide only the most important issues as opposed to overloading leadership with information, and set the agenda for forthcoming EXCO meetings. The monthly reports are also given to board members, aside from the traditional reports generated for board meetings. The new reports have been very well received as a meaningful way to support effective decision-making.

The structure of this year's integrated report is aligned to these reports so readers can be sure that the issues we are reporting on are being considered by leadership throughout the year.

Towards full assurance

We are working towards full assurance of our integrated report and are on track to achieve this by March 2013. For 2012, Ernst & Young have expressed their unmodified limited assurance conclusion on specified key performance indicators ('KPIs') contained in the integrated report indicated with a '†'. While these are seen as reliable, the auditors have highlighted opportunities for improvement following their limited assurance engagement in how we assess specific claims made in relation to our competitors regarding our internal NPS and Reputation index measure. We have taken their recommendations into account and will be addressing them in the year ahead.

103 for the auditor's assurance report.

GRI self-assessment

While our report aims to convey our story in a balanced and material way, and avoid tick-box exercises, we use the Global Reporting Initiative ('GRI') G3 guidelines as a guide specifically to support global comparability. This year we have again reported at a GRI application Level B and the index can be found on vodacom.com.

Forward-looking statements

110 for important information on the forward-looking statements used in our report.

Feedback

We welcome your feedback to make sure we're covering the things that matter to you. Go to vodacom.com or email investorrelations@vodacom.co.za for the feedback form, or scan the code below with your smartphone.



How to get the most out of our integrated report



We've allowed some repetition so as not to interrupt your reading too often, but we've also provided cross-references. This icon tells you where you can find related information in our report.



These icons will help you quickly spot the areas where we are doing well and where we're not doing well so you can look out for improvements in future reports.



This icon tells you where you can find more information online on vodacom.com. We'll be updating our website over the next year so please register to be notified when new information is uploaded on vodacom.com/inv_nr_news_alert.php.



We're part of a much bigger family (one of the world's largest mobile communications companies based on revenue). This icon tells you where to find more information on our parent Vodafone Group Plc's website at vodafone.com.



These QR code links will take you to information that is suitable to view on your smartphone, like video clips or our feedback form. Download an application for your phone, take a picture of the code and the relevant page will open in your browser window. Bakodo or i-nigma for iPhone, QR Code Scanner Pro for BlackBerry® and Barcode Scanner for Android all work well.



We've tried really hard to avoid jargon in writing our report, and to make it as understandable as possible. But where we've had to use business-speak, we've provided a Glossary. This icon tells you a term is explained in the Glossary starting on page 111.