

## CHIEF COMMUNICATIONS OFFICER'S REVIEW

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**Mthobi Tyamzashe**  
Chief Communications Officer  
Vodacom Group (Proprietary) Limited



### General

The Vodacom Group is committed to achieving sustained commercial success and growth of shareholder value. We not only focus on meeting the needs of our customers through quality products and services, but also by operating in a socially responsible manner by sharing the value generated by the Group with our stakeholders. Vodacom aims to ensure continued sustainability, taking into consideration the needs of the economy, society and the environment. This will ensure that we live by Vodacom's credo, the "Vodacom Way".

Vodacom focuses primarily on three key priorities where our impact is likely to be most apparent and our capacity to act is greatest. Our activities in these focus areas are summarised below. Further information is available on [www.vodacom.net](http://www.vodacom.net).

### Corporate Social Investment

#### *CSI commitment and strategy*

The Vodacom Group has long subscribed to the notion that, for business success to be sustainable, they should be rooted on a solid platform of socially responsible behaviour. To this end, the Vodacom Foundation, a unit of the Corporate Affairs Division, was established in 1999, to drive and consolidate the Group's charitable activities. Since then, the Vodacom Foundation has contributed more than R215.0 million, cumulatively, towards numerous community upliftment programmes of a capacity building nature, primarily covering the education, health and welfare, as well as safety and security disciplines.

The company's emphasis on sustainable economic growth has rubbed off onto the Foundation which also prioritises sustainable development in its choice of beneficiary projects. As a consequence of this, the measurement of the Foundation's activities will, in future, be contained in a Sustainable Development Report that will be timed for release at the time of the Annual Report, and will give meaning to the Group's social contract with the communities in which its current and potential customers, as well as employees, live and work.

The Foundation therefore reflects the extent to which the Group has accepted government's invitation to form public-private partnerships in their drive to fight poverty and to ensure a better life for the citizens. In the August 2004 Corporate Care Check survey, the company was included in the 6th position, up from 9th, in the previous year.

The Government Relations Unit of Corporate Affairs constitutes the central point of contact with government ministries and departments and helps to identify government priorities which the company may help complement. All interactions with government are implemented within a framework prescribed by the Group's Governance Unit.

Whilst the Group's involvement in poverty alleviation is not motivated by publicity or self-praise, the need to communicate the scope of these public-private partnerships cannot be overemphasised. The shareholders who approve funds for the

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Foundation and the public who evaluate companies based on their corporate citizenship, all have an interest in knowing the extent to which non-business causes benefit from the Group's commercial successes. The Corporate Communications Division of Corporate Affairs plays the role of bringing those stakeholders closer to the Group's activities via appropriate media channels.

## **CSI focus areas**

From the list of challenges facing developing countries and South Africa in particular, the Foundation chose education, health and welfare, and safety and security as the main thrust of its activities. These areas were carefully selected to complement government's efforts in redressing some of the social challenges. Corporate and Social Market Research Publications in 2004 identified these three areas amongst the top ten critical challenges.

As a communications technology company, every endeavour is made to use technology to find solutions for the country's social challenges. Strategic partnerships with organisations that share similar objectives are sought in an effort to reach as many beneficiaries as possible. Vodacom South Africa has recently assumed responsibility for coordinating all CSI activities on a Group-wide basis.

## **South Africa initiatives**

Roughly 70% of the Foundation's budget is set aside, on an annual basis, towards the primary priorities of education, health and welfare, and safety and security. The balance of 30% of the budget is used towards the secondary priorities of arts and culture, sports development and the environment.

### **Education**

#### ***Open bursary and trainee schemes***

No less than fifty tertiary bursaries in the disciplines of Electrical Engineering, Accounting and Information Technology are awarded, based on academic excellence and need, to deserving matriculants on an annual basis. A total of 534 students were awarded full-time Vodacom bursaries between 1995 and 2004. Additionally, no less than 196 students received experiential training from the company, during the period 1995 to 2004. About 233 of the graduates have been offered permanent employment within the company.

#### ***Post-graduate scholarships***

The company has, since 1999, co-funded scholarships with the Nelson Mandela Metropolitan University (formerly the University of Port Elizabeth) for Masters and Doctoral studies via the Academic Development Scholarship Programme. To date, 47 Masters and 40 Doctorate scholarships have been awarded.

Other post-graduate programmes where Vodacom is involved include the Institute of Satellite and Software Applications (ISSA), University of South Africa, and the African Institute of Mathematical Sciences (AIMS).

#### ***E-learning and resource centres***

Through a Digital Partnership SA initiative, Vodacom has been able to establish 18 E-learning and resource centres, two per province, throughout the country. Each E-learning and resource centre is equipped with 31 computers with internet connectivity through a networked environment. Multimedia hardware and software are also provided which are used for a variety of training and education projects for both students and members of the community. This initiative is aimed at bridging the digital divide. Vodacom has approved additional funds to enhance the status of these centres; to offer internet connectivity, and to ensure the sustainability of such centres.

#### **Health and welfare**

Vodacom recognises the negative effects of the HIV/Aids pandemic on the sustainability of the family unit in the country. To this end, projects aimed at the prevention of HIV/Aids (Lovelife), together with those which boost the immune system (feeding schemes) and those related to the proper use of anti-retroviral drugs (Cell Life), receive priority.

#### ***Feeding schemes***

The role played by proper nutrition in boosting the immune system of community members has contributed to Vodacom's decision to assist some of the country's feeding schemes. The African Children's Feeding Scheme (ACFS) and Feed SA Schemes are the vehicles used by the Foundation to provide about 2,250 children with a minimum of one meal per day.

#### ***Cell Life***

Through its partnership with the University of Cape Town, the Foundation has supplied handsets to selected HIV/Aids

counsellors participating in the Cell Life project. The project takes the view that anti-retroviral drugs have a place in the fight against HIV/Aids and that irregular adherence to the medication regime contributes to the failure rate of these drugs. An SMS-based medication service enables HIV/Aids counsellors to keep track of the medication-related conditions of sufferers and, through an effective referral system, many cases that could have gone out of hand are improved or contained.

#### **LoveLife**

As part of the gospel that "prevention is better than cure", the Foundation has teamed up with LoveLife in the training of "groundbreakers" who advocate healthy lifestyles amongst the youth. Through this partnership more than 37 "groundbreakers" have been trained since 2002 as part of the LoveLife cadre. Vodacom has also assisted in the establishment of 10 LoveLife Chillrooms that form part of the Adolescent Friendly Clinic Initiative of LoveLife. Through LoveLife, Vodacom has also been involved in the training of 128 smaller NGOs (LoveLife franchisees) who also work in the area of HIV/Aids.

#### **Eye care**

The Foundation also joined Netcare in their "Right to Sight" campaign that has performed 190 cataract operations on individuals from disadvantaged communities in the Gauteng, Western Cape, Eastern Cape and KwaZulu-Natal provinces. Furthermore, additional funding towards research in the causes of blindness was donated to Retina SA.

#### **Cleft lip and palate project**

The Foundation funded 60 cleft lip and palate operations through another partnership involving Netcare, Park Lane Clinic and the Smile Train Initiative. These operations have enabled children in disadvantaged communities, who are born with cleft and lip deformities, to acquire normal speech.

#### **Mobile Clinic**

The Foundation also invested funds in providing a mobile healthcare clinic which serves the rural villages of Mbhashe and the Mnquma local municipalities in the Eastern Cape. This purpose-built Mercedes Sprinter, customised to operate as a fully equipped clinic, was handed over to the King of the Xhosas at his Willowvale offices.

#### **Safety and security**

Following its funding of the establishment of four Thuthuzela (Places of Comfort) care centres and the establishment of seven sexual offences courts to assist victims of domestic and sexual abuse with a decent service when reporting cases, as well as increasing the rate of conviction of perpetrators, in a partnership with the National Prosecutions Authority and the Ministry of Justice, the Foundation continued with its effort in supporting victims of rape and abuse.

#### **Thuthuzela Care Centres**

The Thuthuzela Care Centres, which have assisted more than 2,000 victims, were established in Nelspruit, Kimberley, Natsalspruit and Mafikeng, whilst sexual offences courts, specialist courts for sexual abuse cases, were established at Umtata, Thohoyandou, Nelspruit, Umlazi, Vosloorus, George and Evander.

#### **Kidz clinics**

With Women and Men Against Child Abuse, the Foundation was not only able to assist with much needed funds for their Boksburg facility, but a new Kidz-clinic was also established at Alexandra Township. More than 6,000 children have been assisted through these projects.

#### **DRC initiatives**

Vodacom Congo has implemented various social responsibility programmes and has taken the challenge of assisting the government with both hands. Clear objectives have been set, which amongst others include:

- The restoration of hope, happiness and smiles to the vulnerable strata of the community;
- Providing the needy with the essentials;
- Improving living conditions; and
- Helping the needy to help themselves.

Programmes implemented include rebuilding and revamping schools and hospitals, HIV/Aids awareness programmes, orphan feeding schemes, and food distribution to underprivileged communities.

#### **Education**

##### **Benches Project**

Vodacom has played an integral part in ensuring that the provision of education takes place in a suitable environment.

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Thus far, Vodacom has invested substantial funds in a project aimed at providing 2,800 school benches to schools in Kinshasa and Lubumbashi.

## *Moto Molo Scholarship*

Twelve students were granted Vodacom scholarships to study Engineering, Billing and IT, and Finance at the Lincoln University in the USA. On completion, they will be placed in permanent employment within Vodacom.

## *School renovation project*

Vodacom was also instrumental in refurbishing three schools, namely: Kisantu Theatre in Bas-Congo area; the Academic Arts Institute in Kinshasa and the Mai-Ndombe school in Kinshasa.

## *Stationery distribution*

Vodacom distributed 15,000 exercise books, 15,000 slates/rulers, 15,000 pens and 15,000 pencils to schools in Kinshasa and provinces.

## **Health**

Vodacom, in collaboration with Laurent Desire Kabila, funded the construction of an HIV/Aids centre that will be used for screening, as well as an HIV/Aids information centre in the Masina area. The total cost of the project is US\$50,000.

Vodacom, in partnership with the Femme Plus Foundation, contributed to the construction of the Lisalisi Health Centre, at Kingwaba in Kinshasa, for disadvantaged children.

The 60 year old historical Kinoise Clinic was a proud recipient of mattresses, sheets, pillows, towels, curtains, and TV sets. This grant was made by Vodacom to assist the clinic in its efforts in providing healthcare services to the community.

## **Welfare**

In 2004, more than 2,000 children and 100 senior citizens received a Vodacom gift comprising sugar, soap, milk, cereals, T-shirts, oil, biscuits, candles, teddy bears and soccer balls.

Food was delivered to ten centres for homeless children on African Children's Day, June 13, 2004.

As December is Vodacom Congo's "Month of Sharing", the staff visited 41 centres – which included HIV/Aids Hospices, orphanages, nutritionist centres and old age homes to distribute food.

During 2004, Vodacom upgraded six community areas in Kinshasa and Lubumbashi by improving the sanitation and drainage of these areas. These were Cour Supreme, Mandela, Bongolo and Lubumbashi, Careefour square and 24/24 squares.

## **Tanzania initiatives**

Vodacom Tanzania is proud to have established itself as a recognisable corporate citizen in the country. Vodacom has not only increased the number of people that are able to communicate on its network, but has also assisted the community in development initiatives, which, amongst others, include:

### **Education**

Vodacom established a bursary scheme that has supported five students who are studying towards Electrical Engineering and Computer Science degrees at the University of Dar es Salaam. Three of these students have since finished their studies and have been placed within Vodacom.

### **Health**

Vodacom, in conjunction with other sponsors, installed the first national toll-free help-line in Tanzania. This line is known as "Vodacom 800 HIV", and is managed by the Tanzanian Youth Aware Trust Fund. Vodacom customers throughout Tanzania can now get free access to HIV/Aids counselling services. Billboard messages and bumper stickers have also been utilised by Vodacom.

### **Welfare**

Vodacom is supporting the work of the Freeplay Foundation (a South African, UK and USA non-profit organisation), in distributing self-powered radios for educational purposes in Tanzania. Vodafone Group Foundation provided a grant to the Freeplay Foundation covering the purchase of 3,300 Lifeline wind-up and solar powered radios. These radios were distributed to a variety of beneficiaries, including HIV/Aids sufferers, education and health ministries, and NGOs. The project has benefited the Tanzanian community in more than 15 of the 21 regions.

### **Lesotho initiatives**

Vodacom Lesotho plays its part in assisting the development of the communities around them. The two main initiatives that were funded by Vodacom in this reporting period were:

#### **Education**

Vodacom funded the construction of a school hall at the Masianokeng School. The hall is designed to accommodate 290 people and is used for school and community activities.

#### **Arts and Culture**

Vodacom has played a pivotal role in promoting Lesotho's rich heritage of Arts and Culture by providing a modest sponsorship for the 6th Annual Morija Arts and Culture Festival. The main objective of the sponsorship was to motivate the Basotho arts and craft makers and sellers to showcase their products. More than 15,000 patrons visited the festival over three days.

### **Mozambique initiatives**

Vodacom Mozambique has been involved in the social upliftment of communities from the very early days of its operations. In so doing, Vodacom has been involved in the following education initiatives:

- The launch of the Samora Machel Documentation Centre. The centre was established as an archive to preserve the work and history of the first president of Mozambique.
- Vodacom, as part of the Vodacom Beach Soccer Tournament refurbished the Alto Maé Primary School as well as Xipamanine Secondary School. Together, the two schools have a total of 5,000 pupils. The refurbishments included the fixing of the roof and the provision of computers, chairs and tables.
- Vodacom also played a major role in the distribution of 1,820 solar-powered radios in the rural communities of Manhica, Catembe and Boane. The radios, which provide important information relating to topics such as health, education and disaster prevention, are assisting 16,000 people.

### **Occupational Safety and Health**

#### *Safety and health policy and management*

Vodacom adheres to the highest international standards applicable to occupational health and safety management

systems. The Occupational Health and Safety Assessment 18001 series has been developed to facilitate the integration of quality, environmental, and occupational health and safety management systems by organisations. We continue to re-evaluate all of Vodacom's policies and procedures, to align, where possible, with Vodafone's policies and procedures.

#### *South Africa initiatives*

During the past year, Vodacom South Africa unconditionally retained its OHSAS 18001 certification, as audited by Dekra. South African operations maintained a high standard of compliance to local Occupational Health and Safety legislation, with a legal compliance factor of 93% (2004: 95%).

Due to an excellent incident record over the past three years, Vodacom SA qualified for a financial rebate from the Workman's Compensation Commissioner. No major incidents were reported for the year ended March 31, 2005.

#### *Other African operations*

Activities currently in progress in the African operations include a holistic implementation strategy that includes disciplines such as health and safety, quality, and risk management.

Group Internal Audit completed gap analysis audits to identify shortcomings in systems relating to this framework in Mozambique, Tanzania and the DRC.

As part of the Group's drive to ensure good corporate governance, the Safety, Health, Environment and Quality Division is assisting all African operations with the implementation of Health, Safety and Environmental Systems.

The focus addresses Occupational Risks and Legal Compliance, in terms of local legislation. An implementation strategy has been developed and approved by the relevant managing directors. Phase one of the implementation strategy is currently in progress.

### **Environment**

#### *Environment policy and management systems*

Vodacom's emphasis during the year was specifically on growing our database of key environmental indicators. However, we have not ignored our obligation to protect the physical environment in

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which we operate, and we continue our efforts in managing and limiting our operational impacts, as well as supporting environmental conservation initiatives aligned with our responsibility toward sustainable development.

## *South Africa initiatives*

### **The monitoring of key environmental indicators**

The scope of key environmental indicators has been expanded. The initiative falls in line with shareholder requirements and is strongly geared to providing benefits in terms of environmental performance, and cost reduction. The results of this effort have brought us to the stage of being able to implement experimental projects in the reduction of certain resources and the use of alternatives. The economic indicators analysed include the consumption of electricity, water, paper and fuel.

The monitoring of indicators in operations outside of South Africa is currently a focus and systems capable of providing us with this ability are being investigated.

### **Environmental data**

Consumption of resources can be analysed, in respect of the average monthly consumption, as follows:

- The monthly average consumption of electricity in respect of the radio network, including Alcatel and Motorola equipment, was 8.2 million kWh, which is impacted by seasonal changes;
- The monthly average consumption of electricity in respect of facilities was 5.7 million kWh;
- The monthly average consumption of water in respect of facilities was 14,885kl;
- The monthly average consumption of paper was 10,335kg;
- The monthly average consumption of diesel in respect of facilities was 73,566l; and
- The monthly average consumption of petrol in respect of facilities was 57,917l.

### **Electro-magnetic radiation**

To ensure alignment with shareholder aspirations, and international best practice, the management of electro-magnetic field (EMF) risk across the Group's operating companies is now achieved through an auditable entity, the Vodacom Group EMF Council.

Corporate exposure to EMF risk is multi-faceted in nature, and the membership of the EMF Council reflects the decision to manage each component via an identified risk owner. Hence, membership of the Vodacom Group EMF Council extends over the entire range of the Group's operating functions, such as Operations, Corporate Communications, Marketing, Occupational Health and Safety, Human Resources, Legal Services, Regulatory Affairs and Vodacom Service Provider Company (Proprietary) Limited.

The paradigm used to manage EMF risk within Vodacom is now being replicated throughout Vodacom's African operating companies to ensure that good corporate governance prevails and all matters relating to health, safety and the environment are managed using criteria on par with our South African operations.

The creation of an EMF Council structure in the Group mirrors the model already employed by Vodafone Group for managing its EMF risk and allows for the dynamic sharing of international best practice information via the Vodafone EMF Council structures and linkages provided by the EMF leadership substructure.

The mission of the Vodacom Group EMF Council is therefore to identify, manage and minimise any risk that may result from exposure to EMF on the part of Vodacom, its operating companies, shareholders, or the general public at large.

## **Black Economic Empowerment**

### *General*

Vodacom continues to be committed to broad-based black economic empowerment (BEE) and recognises its ability to facilitate the process of achieving the overall objectives. In South Africa, in particular, Vodacom is committed to practices aimed at addressing social and economic inequalities. Vodacom's commitment is demonstrated by its continued support of the HDI Procurement Empowerment Programme, as well as support for the ICT Charter.

### *Commercial equity*

Vodacom South Africa embarked on a programme to achieve commercial equity with regards to its suppliers coming from designated "historically disadvantaged individuals or companies"



(HDI). The Vodacom HDI Procurement Empowerment Programme was established in 1999, to promote expenditure with HDI suppliers. The objective of the HDI programme is to foster HDI economic empowerment in South Africa through the selection of HDI owned enterprises and enterprises that adhere to the Vodacom HDI Programme. Commercial expenditure with HDIs for the year ended 31 March 2005 was R2.4 billion (2004: R1.3 billion), representing 75.3% (2004: 59.9%) of the total expenditure and an increase of 87.9%.

### Economic Impacts

The economic impacts of the Group are detailed in a number of places in this annual report, in particular the:

- Chairman's Review;
- Chief Executive Officer's Review;
- Chief Financial Officer's Review;
- Chief Operating Officer's Review and the Operating Reviews of the respective operations;
- Value-added Statement; and
- Annual Financial Statements.

These include impacts that the Group has in respect of employees, government, suppliers, customers and providers of finance and capital. The Group seeks to maintain its economic stature and to maximise returns from its operations through:

- New business opportunities;
- Growing existing operations and enhancing their returns through synergies; and
- Improving efficiency in the business operations.

### Human Rights

The Group is committed to the principles embodied in the Universal Declaration of Human Rights and the Constitution of the Republic of South Africa, as well as all other relevant local legislation in the various countries in which the Group operates. We subscribe to the four fundamental principles of human rights of its employees, namely:

- Freedom of association;
- The abolition of forced labour;
- Equality; and
- The elimination of child labour.

To this end, the Group is committed to:

- Ensuring the right of freedom of association and expression of our employees and aims to prevent any form of discrimination so as to ensure the human dignity of our employees. In so doing, we respect the civil, cultural, economic, political and social rights of our employees;
- Prohibiting the use of all forms of child and forced labour; and
- Ensuring the equality of our employees; ensuring a safe and healthy working environment and observing fair labour practices.

In the event that contractors or suppliers of the Group act in contravention of international human rights, the Group will not hesitate in terminating agreements and relationships with them.

### Political Contributions

It is Vodacom's policy not to make contributions to political parties. However, as 2004 marked ten years of democracy in South Africa, as well as a major milestone in the history of the country, Vodacom decided to make a special donation to four political parties based on the following conditions:

- The funds must be used towards the advancement of a multi-party democracy in South Africa;
- The donation was a once-off payment; and
- The donation should not be seen as a departure from Vodacom's current policy.

The donation was split proportionally based on the number of seats held in parliament as at April 1, 2004, going to the African National Congress, the Democratic Alliance, Inkatha Freedom Party and the New National Party. There have been no other funds that have since been allocated to political parties.

### Mthobi Tyamzashe

*Chief Communications Officer*

*Vodacom Group (Proprietary) Limited*