Tax and our total contribution to public finances

2014–15

Vodafone Group Plc

Contents

Key facts and figures

Total contribution

Our total contribution to public finances is made up of a wide range of taxes as well as non-taxation-based revenue mechanisms, such as spectrum licences and regulatory fees. We also make a significant indirect contribution to the public purse through the taxes paid by our employees and our suppliers, as well as through taxes collected on governments' behalf, such as sales taxes and value added tax (VAT).

£9.3 billion

Our total contribution to public finances in 2014–15 is made up of:

- **£2.3 billion** in direct taxes to governments in our countries of operation
- **£1.3 billion** in other direct non-taxation-based fees and levies payable to governments
- **£5.7 billion** in indirect tax contributions to national governments

Building our networks and services

In 2014–15, we continued to make a vital contribution to the delivery of governments' policy objectives through our substantial capital expenditure including building the next generation of digital infrastructure.

£9.6 billion

invested in our networks and services, which are used by more than 454 million mobile customers and 12 million fixed broadband customers worldwide

Employment

In 2014–15, we employed 101,443 people in more than 27 countries. We also work with thousands of suppliers and partner companies around the world, each of which relies to a greater or lesser extent on revenues from Vodafone.

101,443

people employed globally in our operating companies

Introduction to the report

In 2012, Vodafone became the first telecoms and technology company in the world to publish a report setting out, on a country-by-country basis, its total contribution to public finances in the countries in which it operated. We remain one of very few companies to do so and have updated this report annually since that year.

This report covers the financial year from 1 April 2014 through to 31 March 2015. As in previous reports, the financial data included here is reported on an actual cash paid basis rather than a statutory reporting basis. This provides an insight into the scale of money flowing from Vodafone to governments that is as unambiguous as possible.

There are a number of important changes in this year's report.

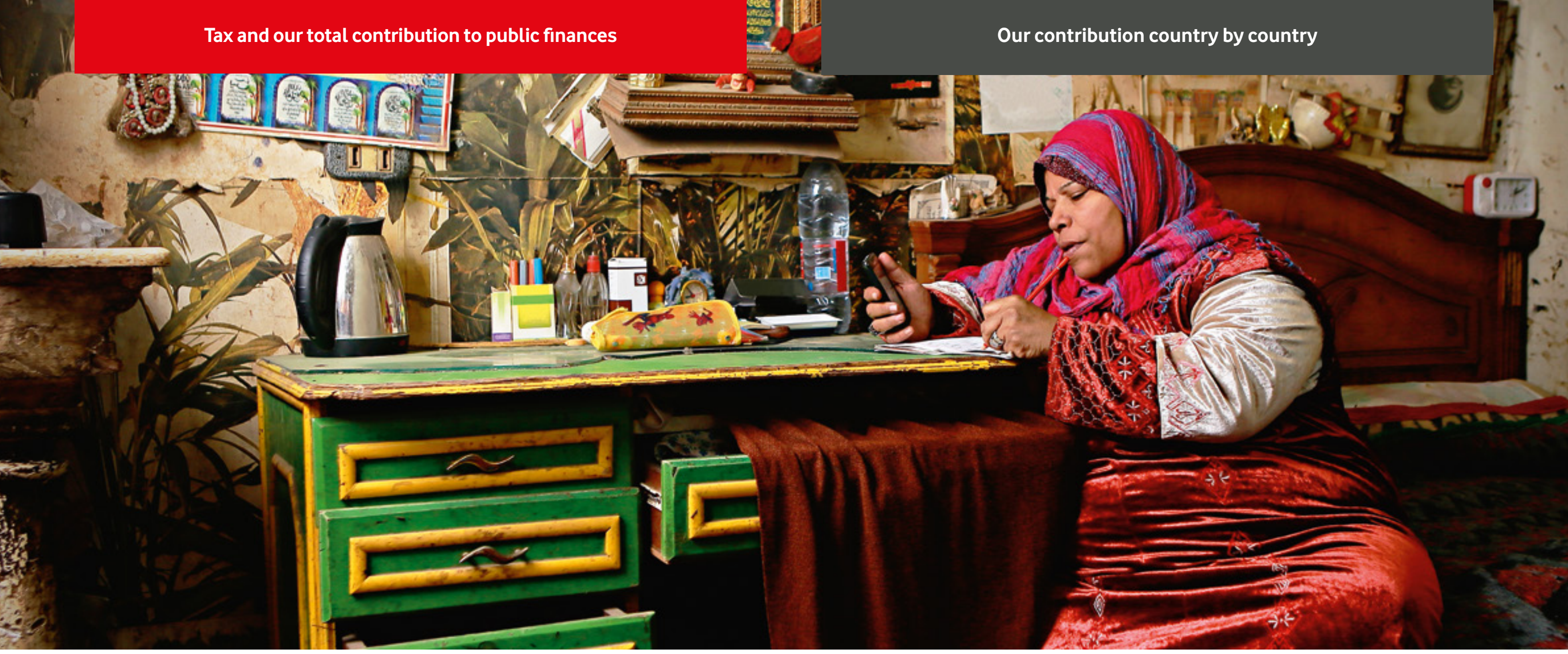
- We have expanded significantly the country-by-country section to include all countries in which Vodafone has a separate legal entity, not just those where we have a licensed operating company.
- For each country, we now include a narrative summary setting out the context of our activities in that location together with the relevant financial data. That summary includes the number of Vodafone legal entities present in the country plus an overview of the purpose of those entities.
- We have provided further details of our global tax strategy and principles and have expanded our commentary on developments in tax policy including the G20/Organisation for Economic Co-operation and Development's (OECD) latest recommendations on base erosion and profit shifting (BEPS).
- We have provided new insights into our approach to taxation and the funding of public finances across our operating businesses in Africa in light of the continued interest – particularly on the part of non-governmental organisations (NGOs) – in this area.
- The financial data we report reflects two material developments during the period, both of which affect the Group's overall effective tax position:
  - the sale to Verizon of our US interests in 2013–14, which reduced the Group's adjusted operating profit from £7.9 billion in 2013–14 to £3.5 billion in 2014–15; there was also a substantial tax charge (£4.1 billion) arising as a result of both the Verizon transaction in 2013–14 and from our US interests prior to the sale; and
  - the first year of our organic capital investment programme, Project Spring[1], which increased our investment in our networks and services to more than £19 billion over two years – the largest programme of its kind in Vodafone's history.

In 2014–15, Vodafone contributed more than £9.3 billion in cash to the public finances in our countries of operation compared to £14.8 billion in 2013–14. As explained above, this overall reduction in our contribution is mainly as a result of the sale of our US interests during 2013–14. Across the Group as a whole, our adjusted effective tax rate at the end of the 2014–15 year was 29.4%; we therefore will pay almost £3 in tax for every £10 we make in profit across our countries of operation.

At the country level, our total contribution is broadly in line with last year in the majority of markets, with some exceptions reflecting local circumstances such as increased capital expenditure (and, therefore, capital allowances) or the effect of changes to local tax rules. In the UK – Vodafone's country of domicile – our total direct tax contribution to the UK Exchequer in 2014–15 was £320 million, slightly down from £350 million in 2013–14.

[1] For more information on Project Spring, please see pages 6–7 and 22–27 of the Group's Annual Report and Accounts for the year ended 31 March 2015.

Tax and our total contribution to public finances



Tax, companies and society

Companies invest for the future on the basis that a stable civil society will yield increasing prosperity and deliver good returns over time. However, civil society cannot function without reliable public services; and public services cannot function without reliable sources of funding, predominantly from government.

It is therefore strongly in the long-term interests of a company such as Vodafone to ensure that the public services and infrastructure upon which we, our customers and our suppliers rely are fit for purpose and remain properly funded, including by means of a transparent, fair and effective system of taxation. We fully understand and respect our broader social responsibilities and will always pay all taxes properly due under the law wherever we operate.

Companies also have a range of legal obligations that require them to act in the interests of their shareholders. These include ensuring that the company seeks to optimise its costs in order to maximise the returns to the people and organisations who have entrusted it with their money. The term 'shareholders' is often used in the abstract. However, companies such as Vodafone are predominantly owned by pension and long-term investment funds; as one of the largest public companies in Europe – and one of the largest sources of income (via dividends) in the UK – how we run our business directly affects the financial wellbeing of millions of ordinary individual pensioners and savers.

It is entirely possible to achieve an effective balance between a company's responsibilities to society as a whole and its obligations to its shareholders; in fact, we believe that a commitment to the first is integral to the achievement of the second. However, there are complexities inherent in – and often widespread public misunderstanding about – the details of how that balance is achieved. We will seek to address those details in this report.

When considering a company's tax contributions, there are several important factors to take into account.

- **The term 'corporation tax' is not synonymous with 'all taxes paid by a corporation'.** The two are very different. Corporation tax is just one of numerous direct taxes paid to governments by companies: as we set out in Appendix 4 (see page 48), corporation tax is only one of almost 70 different taxes paid by Vodafone's operating businesses every year. For context, corporation tax accounts for only around 9% of total tax paid to the UK Exchequer and just 18% of total taxes paid to the UK Exchequer by the UK's largest 100 companies[2]. It is seriously misleading to conclude that a company's corporation tax payments represent the sum total of its direct tax contributions to government. For example, as we explain in the UK corporation tax section (see page 12) of this report, in 2014–15 we paid £320 million in direct taxes to the UK Treasury; however, our corporation tax charge in our 2014–15 Annual Report and Accounts was zero, largely as a consequence of UK capital allowances and debt interest relief.
- **Many corporate taxes are generally paid on profits, not on revenues.** If a company makes little or no profit it will generally incur lower tax charges than another similar company with higher profits. This approach is common to almost all countries, as without it companies enduring periods of low profitability would be faced with disproportionate tax demands and significant disincentives for investment in infrastructure. In addition, in some markets, other taxes that are levied on revenue (together with non-taxation-based contributions such as spectrum fees) have the effect of depressing profit and so reducing corporation tax liabilities.

[2] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/376863/20141112_Octreceiptsbulletin.pdf and http://www.pwc.co.uk/total-tax-contribution-100-group/index.jhtml

Revenues and corporation tax: an illustrative example

It can often be difficult to understand how a company with a large turnover can have a very low corporation tax charge as a proportion of its revenue. We have provided below an illustrative example of a company with £1 million of revenue a year that has borrowed money to invest in new equipment or premises and that also has relatively high operating costs.

Total revenue	**£1,000,000**
Operating costs (e.g. costs relating to providing services, maintaining equipment, plant and premises, purchasing raw materials etc.)	**(£650,000)**
Administration costs (e.g. staff, property costs)	**(£75,000)**
Annual deduction for capital expenditure	**(£150,000)**
Interest (i.e. relief on debt interest costs arising from borrowings to fund expansion)	**(£100,000)**
Profit before tax	**£25,000**
UK corporation tax at 20% of profits	**£5,000**

- **Taxation is local. Taxes generally fall due wherever profits are generated,** and the tax liabilities that arise as a result are decided under the rules of the country that is host to the business in question. So, for example, a company operating in South Africa pays taxes to the South African government under tax rules determined by that country's government.
- **Vodafone pays all taxes due under the law in all our countries of operation:** in 2014–15, these direct taxes paid amounted to more than £2.3 billion. This is a decrease of £4.6 billion following the disposal of our investment in Verizon Wireless in 2013–14 and the absence of the associated US tax liabilities. Our direct tax payments across Europe were also £0.6 billion lower year-on-year as a result of our Project Spring capital investment programme coupled with continued operating challenges in our European businesses in 2014, many of which experienced declining revenues and profits over successive years through the global financial crisis.
- **Taxation is not the only route used by governments to raise revenue from businesses.** Governments also use other mechanisms to derive revenues from business activities, including a wide range of licensing regimes, revenue or production-sharing agreements and, for communications companies, radio spectrum fees and auction proceeds.

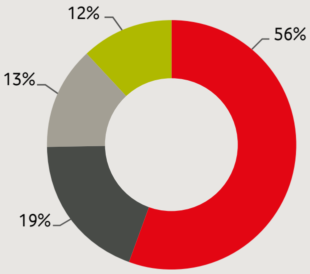
Those additional sources of government revenue are often substantial – sometimes exceeding the monies raised through taxation – and represent a critically important contribution to public finances. It is therefore essential to take those government revenue-raising mechanisms into account when assessing the extent to which a company is playing its part in funding wider civil society.

In 2014–15, cash revenues from Vodafone to governments from non-taxation-based sources exceeded £1.3 billion. This was £0.6 billion lower than the figure for 2013–14, a year in which governments conducted a number of large-scale spectrum auctions which were not repeated in 2014–15. We would highlight that after the period under review in this report there were auctions in Germany, India and Turkey, which led to more than £2 billion of expenditure on spectrum by Vodafone; this will be reflected in next year's report. Non-taxation-based revenues remain an important factor when evaluating Vodafone's total economic contribution to the societies in which we operate.

- **Large companies are an important source of investment and employment.** Governments seeking to stimulate investment often develop corporate taxation regimes that are intended to attract the capital necessary to deliver key policy objectives. This is particularly relevant when considering multi-billion pound, multi-year programmes to build critical national infrastructure, such as the UK Government's target for superfast broadband coverage of 90% of the UK by 2016 or the European Union's target for the entire EU to have access to broadband above 30 megabits per second by 2020. For context, over the last five years – and through the worst years of the global financial crisis – Vodafone has invested more than £18 billion in building digital infrastructure across Europe, including more than £4 billion in the UK alone.

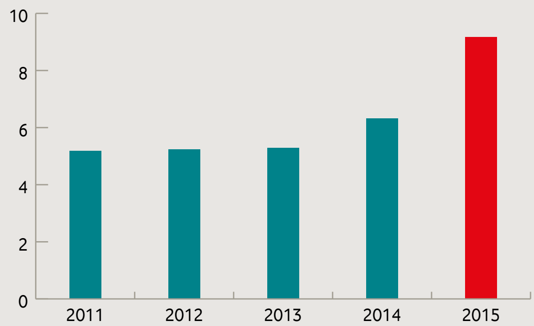
Political leaders make an active choice to incentivise corporate investment by offering capital allowances – to be offset against future corporate tax liabilities – in order to achieve a wider national benefit that would otherwise have to be funded directly by the state, invariably through public borrowing. Those allowances are deliberate. They are not in any sense 'loopholes': they reflect the public policy choices made by governments and intentionally have the effect of reducing tax liabilities for companies whose investment decisions support those policy choices. In 2014–15, capital investment (excluding spectrum) across our businesses increased by more than £2 billion as a consequence of our Project Spring investment programme to reach a total of £9.6 billion. This included an increase of more than £1.6 billion invested across our European markets.

Non-tax contributions £m



Licence fees	724
Spectrum auctions	253
Usage fees	172
Other fees	154

Capital investment 2011–15 £bn



Multinationals, governments and tax

It is important to note that many governments purposefully shape their taxation policies in order to compete with other countries in attracting international businesses and capital to their country and thus in turn stimulate job creation and skills development. Governments use tax rules to incentivise (or disincentivise) a wide range of activities and behaviours across society as a whole.

Governments also choose to enter into pan-regional cooperation agreements intended to enable companies to establish operations in different countries and to operate and trade across borders with as few impediments as possible. Multinational companies such as Vodafone therefore operate in an international taxation environment, which is determined by governments working collectively (in some respects) as well as (much more often) individually. There is immense complexity within these arrangements and governments sometimes disagree with each other on matters of both policy and practical implementation whenever one country's laws have an effect on another country's view of taxes due from a multinational company.

In an international context, various treaties and inter-governmental agreements should ensure multinational companies are not subject to 'double taxation' by paying tax twice over in two different countries in relation to the same economic activity. Governments also maintain measures that restrict companies from entering into artificial arrangements to move profits from one country to another lower-tax destination. We would emphasise that our policy is not to enter into artificial arrangements[3], for example, by artificially diverting profits to minimise tax payments. In line with our tax principles below (see page 9), we will only adopt business structures that reflect genuine and substantive commercial and operational activities; and our corporate tax liabilities are paid in the country in which the relevant activities take place.

As an international business, Vodafone – in common with all multinational companies – can choose from a range of locations when setting up certain centralised global operations such as procurement or IT support. In determining the location for a business operation, we consider a wide range of factors beyond the local tax environment, including:

- the stability and predictability of the political, regulatory and social environment, including respect for the rule of law and compliance with international human rights conventions;
- the availability of relevant skills within the local labour force together with labour costs and the overall cost of operations;
- the effectiveness of transport links;
- the quality and reliability of communication networks; and
- the range and cost of commercial real estate.

Our focus is on selecting locations that make the greatest business sense from an operational and strategic perspective. Again, our decisions are not determined by tax arrangements that would be essentially artificial in nature and would lead to locating activities in countries that may offer an attractive tax regime but would be impractical in other respects.

Governments generally also require multinational companies to apply 'transfer pricing' rules to inter-company activities to ensure that profits are allocated to the countries where the relevant economic activity takes place. Vodafone has a number of centralised global functions located within specific countries, all of which operate in accordance with OECD transfer pricing rules. For example, the intellectual property associated with the Vodafone brand is held in the UK and the team of brand and marketing professionals responsible for the strategic international development and deployment of the Vodafone brand is based in London. There are, therefore, transfer pricing arrangements in place under which our operating companies around the world pay an arm's-length, externally benchmarked and verified royalty fee to a UK-based Vodafone Group company for use of the Vodafone brand.

We have established international IT and back-office support hubs in countries including Germany, Ireland, Hungary, Romania, India and Egypt and we provide insurance services from our regulated businesses in Malta, all of which operate under similar transfer pricing arrangements. The same rules also apply to our global subsidiaries based in Luxembourg, as explained in the Luxembourg section (see page 10).

[3] See the Tax Risk Management Strategy for more information.

Tax strategy, conduct and principles

Tax laws are often unclear and subject to a broad range of interpretations. Furthermore, the financial affairs of large multinational corporations are unavoidably complex: we typically process and submit more than 12,000 tax returns to tax authorities around the world every year.

The assessment and management of tax uncertainty is therefore a significant challenge for any company of Vodafone's size. The key issues are subject to review by the Group Executive Committee and, separately, by the Vodafone Group Board (through the Audit and Risk Committee) twice a year.

Further details of our tax strategy can be found here, and our Tax Code of Conduct and our Tax Risk Management Strategy can be found here.

Our tax teams around the world are required to operate according to a clearly defined set of principles and behaviours. These are aligned with the Vodafone Group Code of Conduct and the values set out in The Vodafone Way and are contained within it.

Vodafone's tax principles

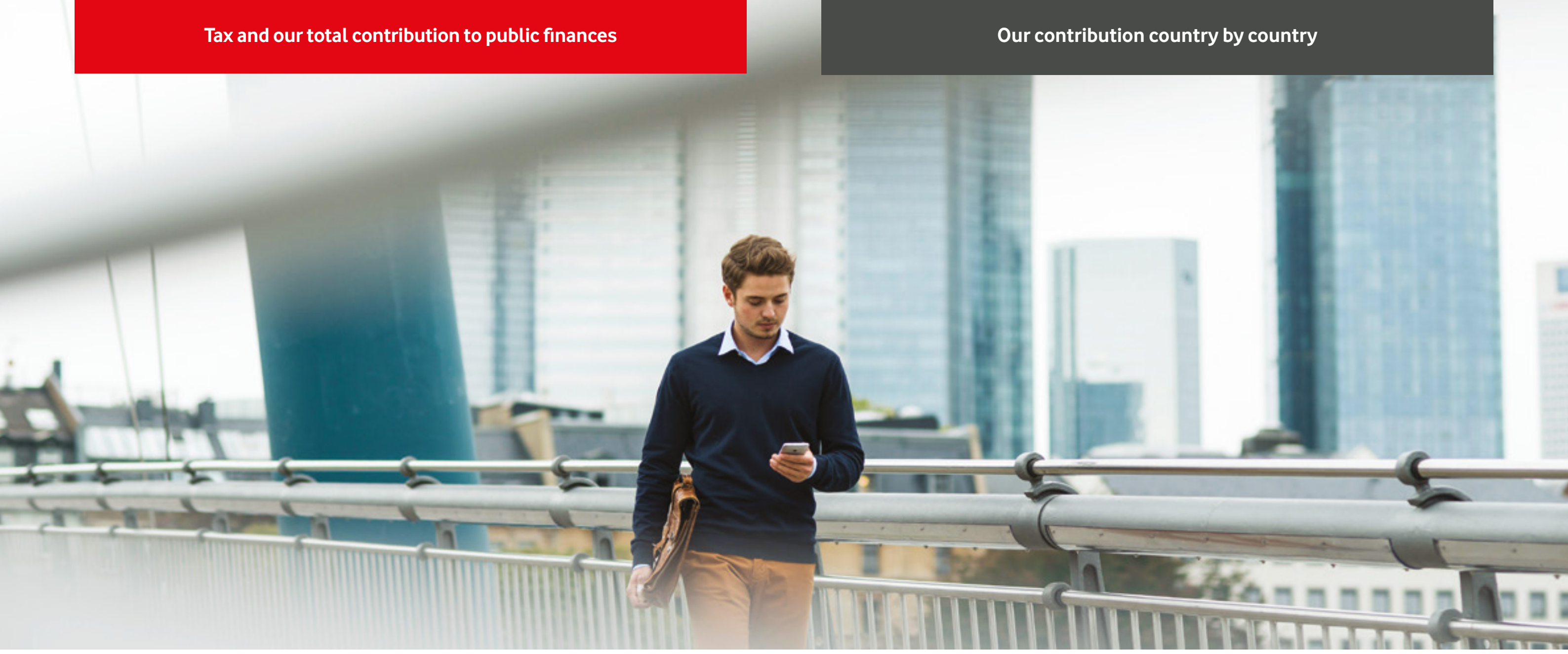
We will:

- comply fully with all relevant legal and regulatory obligations in line with our broader social responsibilities and our stakeholders' expectations;
- act with integrity in all tax matters, disclosing all relevant facts to tax authorities in all countries in which we operate under a policy of full transparency based on open and honest relationships with those authorities;
- pursue clarity and predictability on all tax matters, wherever feasible; and
- seek to protect shareholder value in line with our broader fiduciary duties.

We will not:

- seek to establish arrangements that are artificial in nature, are not linked to genuine business requirements and would not stand up to scrutiny by the relevant tax authorities;
- artificially transfer profits from one jurisdiction to another to minimise tax payments; or
- pay more tax than is properly due under a reasonable interpretation of the law and upon receipt of a lawful demand.

Key components of our tax strategy



Vodafone, Luxembourg and 'tax havens'

As we explain in Multinationals, governments and tax (see page 8), many governments seek to develop tax regimes that provide some form of competitive advantage when seeking to attract inward investment from multinational companies that would otherwise flow towards other countries.

As a consequence, variations have emerged between the tax regimes of different countries over the years and some countries, where specific aspects of the national tax regime offer significant advantages to businesses located there, have found themselves dubbed as 'tax havens'.

There are a number of different definitions of the term 'tax haven'. At its simplest, the term is relative: if the tax regime in Country A has a lower headline or effective tax rate than Country B, then through the eyes of the people of Country B, Country A could be considered to be a 'tax haven'.

Most governments – including all EU member states and international organisations such as the OECD – respect national parliamentary sovereignty in determining tax matters and recognise that there is a clear difference between fair tax competition focused on the rates and scope of taxation, and tax practices that discriminate in favour of specific companies or that cause harm to the wider economy.

A more nuanced definition of the term 'tax haven' focuses on national tax policies that have the effect of incentivising activities that are ring-fenced from the local economy, may be specific to individual companies rather than available to all market participants, and may be largely artificial in nature and designed purely to minimise tax. As set out in our tax principles (see page 9), it is our policy not to enter into such artificial arrangements.

One country that has been the focus of public and political scrutiny in recent years is Luxembourg. This is a country in which Vodafone has a meaningful presence and that plays a material role in any assessment of our overall contribution to public finances.

Our subsidiaries in that country are not 'brass plate' activities; they are substantive businesses employing around 300 people in our Luxembourg headquarters building. Our Luxembourg colleagues manage the financing of many of our international operating companies, providing loans on a commercial 'arm's-length' basis which reflect the costs of borrowing from an external bank, in line with international best practice.

Our Luxembourg-based global purchasing organisation – the Vodafone Procurement Company (VPC) – oversees more than €14 billion of global purchasing contracts. Our international roaming team is also based in Luxembourg where it manages approximately 640 international roaming agreements that enable Vodafone customers to communicate when travelling across more than 200 countries.

In common with many other EU member states, Luxembourg's tax legislation is established and approved by elected members of the national parliament. The tax principles its laws are based on are largely in line with those of many other member states, including a standard corporation tax rate that at 29.22% is higher than the corporate tax rate in a number of other EU member states, including the UK.

As is the case in many member states, Luxembourg tax law also includes features that are particular to that country and reflect the will of parliament in shaping the local tax regime to incentivise investment. One of those features is particularly significant from Vodafone's perspective. Under long-established Luxembourg tax rules, a reduction in the book value of a company's investments (also known as an impairment or writedown of goodwill) that has been verified by independent auditors and the local tax authorities is recognised as a tax loss that can be offset against profits. This would occur, for example, if a multinational group with a subsidiary in Luxembourg acquired another business but then saw the value of that acquisition reduce as a result of deteriorating market conditions or performance. The difference arising between the acquisition cost and the newly reduced value of the acquired business – and therefore the loss experienced by shareholders – is treated as a loss for tax purposes and can be offset against profits.

The logic behind this feature of the Luxembourg tax regime is clear. If a company used €5 billion of its shareholders' funds to acquire a business that is later valued at €3 billion, the effect from the shareholders' perspective is €2 billion of value foregone. It may be a 'paper loss' – at least, up until the point where the company seeks to realise the asset – but for shareholders it is unquestionably a loss nevertheless.

Similar rules were in place in Germany 15 years ago when Vodafone acquired the Mannesmann conglomerate in 2000.

That acquisition was followed by the dotcom crash, wiping tens of billions of euros off the value of the former Mannesmann business, resulting in significant losses for the Luxembourg subsidiary involved and ultimately for all Vodafone's shareholders.

As explained above, those historical losses can be offset against profits within our Luxembourg subsidiaries and are therefore utilised against profits realised by the Group's various Luxembourg business activities noted above.

It is important to note that the UK Controlled Foreign Company rules introduced in 2013 mean that a proportion of profits from our Luxembourg subsidiary's global financing activities are also now taxable in the UK. Further information on Vodafone and UK corporation tax is set out in Why does Vodafone pay little or no UK corporation tax? (see page 12).

European Commission illegal state aid investigations

In the last few years, there have been a number of cases of alleged illegal state aid under which governments in a number of jurisdictions – including Luxembourg – have been accused of entering into special agreements with individual multinational companies. It is alleged that the arrangements in place have had the effect of reducing those companies' overall tax charge beyond the levels possible under the standard tax regimes in those jurisdictions.

In 2014, the European Commission opened formal investigations into whether or not the tax rulings received by certain companies[4] in Luxembourg, the Netherlands, Belgium and Ireland potentially infringed state aid rules through enabling profit shifting.

Tax rulings are a standard part of most countries' administrative tax practices and do not in themselves constitute state aid if they merely give certainty to the company as to how the relevant laws are to be applied in practice, whether in relation to complex commercial transactions or to areas of uncertainty in domestic or international tax law. Such rulings – typically known as 'advance tax agreements' – may be provided on an informal or formal basis. In the Commission's view, the tax rulings provided in those cases examined in depth went beyond simple advance tax agreements to the extent that the companies involved allegedly gained an advantage over competitors. It is important to note that both the companies and countries involved in those cases are vigorously contesting the outcome of the investigations.

Vodafone has not entered into any special agreements with the Luxembourg tax authorities and is therefore not the focus of any related European Commission investigation. We have received advance tax agreements from the authorities in order to confirm that the standard provisions of the Luxembourg tax regime apply to our facts and circumstances. Agreements of this kind are standard practice in many countries: wherever and whenever there are complex transactions, unclear tax regulations or substantial values involved, tax authorities generally seek to provide companies of all sizes with both formal and informal rulings and clearances in order to reduce uncertainty. Vodafone is confident that the advance tax agreements in Luxembourg therefore do not in any way amount to any form of bespoke arrangement with, or preferential treatment from, the Luxembourg tax authorities.

[4] This does not include any member of the Vodafone Group.

Why does Vodafone pay little or no UK corporation tax?

All governments seek to encourage companies to create jobs and build infrastructure by developing a range of tax incentives to attract new capital investment. The UK is no different.

Vodafone makes huge investments in the UK. We spent over £1.3 billion in 2014–15 building and upgrading the networks relied upon by millions of UK consumers and businesses. In addition, since 2000 we have paid the UK Government more than £7 billion for our UK 3G and 4G radio spectrum licences. We raised the money for those licences from UK banks and capital markets and we are paying more than £350 million a year in interest costs on our overall UK borrowings to UK banks and financial institutions.

£1.3 billion

spent building and upgrading the networks relied upon by millions of UK consumers and businesses in 2014–15

Successive UK governments have sought to stimulate employment and investment by allowing all companies to claim tax relief on the capital they deploy to grow their UK operations. Successive governments have also provided tax relief to all businesses to reflect the cost of interest on their debts to UK banks and financial institutions. More recently, the UK Government has also sought to have the most competitive tax regime in the G20.

Those capital allowances and debt interest reliefs are intentional, long-established and carefully considered and have been a cornerstone of UK corporate taxation policy for many years. The current UK corporation tax rate is similarly the outcome of deliberate policy decisions by government. Vodafone is therefore no different from any other UK business, whatever its size: if a self-employed trader buys a new computer or a large UK business borrows money to build a new warehouse, exactly the same rules apply.

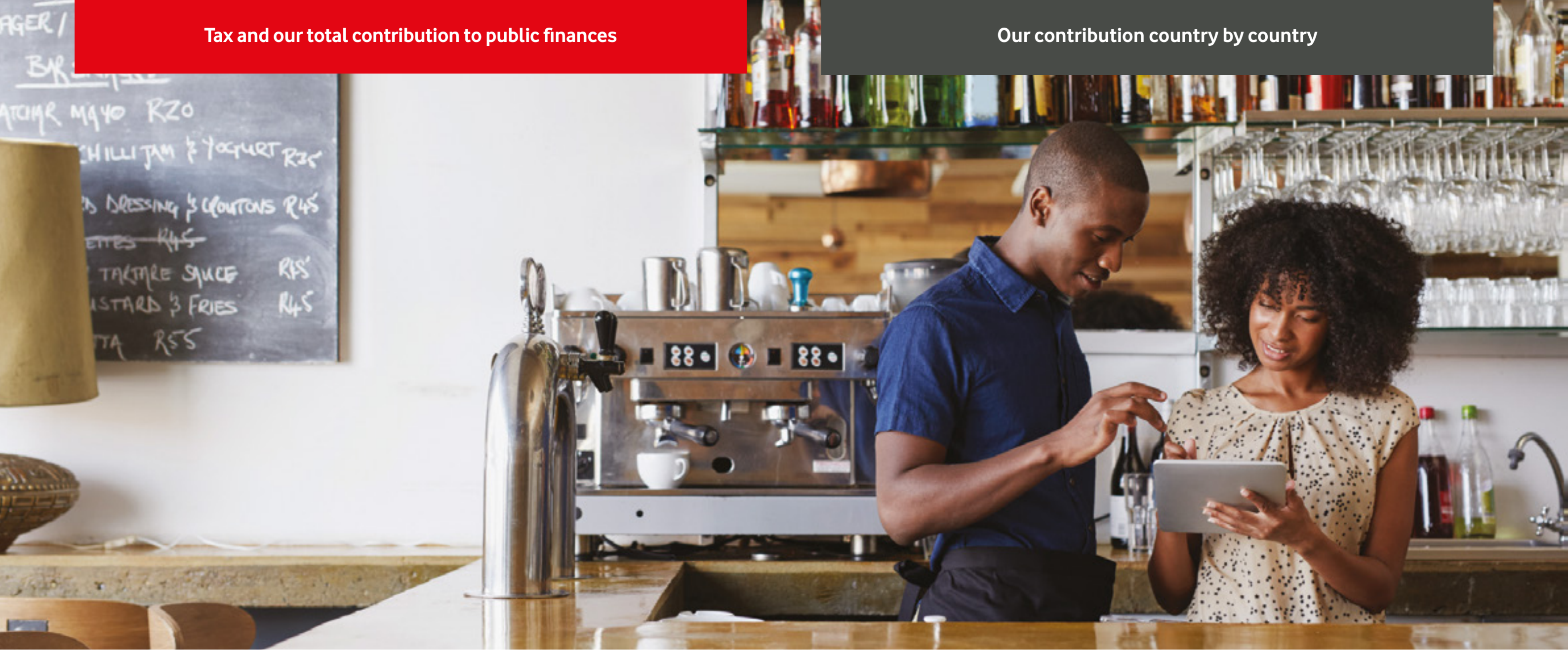
As we have also explained earlier, corporation tax is charged on profits, not revenues. The UK is an expensive and highly competitive country in which to do business and has one of the least-profitable mobile markets anywhere in the world. Many people confuse revenues with profits. However, our UK profit is a small fraction of our gross UK revenues; below £50 million in 2014–15, which is significantly less than the interest costs on our UK debt and less than 5% of our annual UK capital investment programme.

Vodafone's UK corporation tax position is therefore determined by UK capital allowances for UK investment and UK debt interest relief on borrowings from UK banks and financial institutions, set against a (relatively very low) level of UK profit. As we explain in Multinationals, governments and tax (see page 8), our overseas financing subsidiaries have no bearing on our UK corporation tax position and we do not artificially transfer profits to minimise tax payments to the UK Exchequer.

Finally, as explained earlier, UK corporation tax accounts for a small proportion of the total taxes paid by UK businesses. In 2014–15, we paid the UK Government £320 million in direct taxes and, as we show in the table in Appendix 1 (see page 45), our total cash contribution to the UK Government was over £1 billion.

£1 billion

total contribution to the UK Government in 2014–15



Contributing to the development of tax policy

When governments seek to develop or change tax policy, they invariably seek input from a wide range of interested stakeholders, including business advocacy groups and a large number of individual companies.

Vodafone regularly engages with governments – typically through public consultation processes or in our role as a member of an industry group – to provide our perspective on how best to balance the need for government revenues from taxation against the need to ensure sustainable investment.

We are active participants in the tax policy committee of the European Telecommunications Network Operators' Association (ETNO), the Groupe Speciale Mobile Association (GSMA), which represents the mobile industry when looking at emerging issues across the EU, and the European Round Table of Industrialists. We have shared our insights as a multinational operator with the European Commission Taxation and Customs Union Directorate-General (TAXUD). We are also one of the few companies in Italy to enter into the cooperation compliance mechanism with the Italian Ministry of Finance and are active participants in the tax policy committees of Assotelecomunicazoni and the Confindustria Digitale in Italy.

We contribute to the tax committees of telecommunications industry organisations in Germany, which work on legal developments in tax policy and on tax administration, including the interpretation and application of tax law. In the UK, our Group Chief Financial Officer is a leading industry representative in the Government's Business Forum on Business Tax and Competitiveness, which aims to establish a more competitive UK tax system. Vodafone is also a member of the Cellular Operators Association of India.

We are members of the South African Institute of Chartered Accountants (SAICA) tax committee, which engages on a wide range of tax issues. We are also active participators in the African Industry Forum and are involved in the Mobile Operators Association of Tanzania, which lobbies on telecoms and general tax reform in the country.

See overleaf for Vodafone and the OECD BEPS project ➔

Vodafone and the OECD BEPS project

In October 2015, the OECD published the results of their work on the BEPS initiative[5], a project intended to ensure that multinationals are taxed "where their economic activities take place and value is created".

'Base erosion' is the term used to describe the reduction in a country's overall tax revenues as a consequence of the fluid movement of corporate activity and funds between different jurisdictions. 'Profit shifting' is the term used to describe the artificial arrangements under which companies move profits from one jurisdiction to another jurisdiction in order to minimise tax payments – an activity not permitted under Vodafone's own tax principles (see page 9).

The BEPS action plan initiated by the OECD and endorsed by the G20 member states in November 2015 was developed in response to public concerns about the integrity of national and international taxation systems in an ever more complex global economy.

The BEPS action plan includes calls for:

- companies to report their profits and taxes to tax authorities on a country-by-country basis;
- member states to restrict harmful tax practices that unfairly and inappropriately offer certain tax incentives;
- restrictions on the ability of taxpayers to use tax treaties for abusive purposes;
- a redefinition of when a taxable presence arises in a country and hence triggers a need for a company to file a tax return and pay taxes in that country;
- changes to refine the application of transfer pricing guidelines on intercompany charges; and
- changes to cap the tax deductions available for interest expenses in certain circumstances.

The BEPS action plan is likely to lead to some significant changes in national and international tax rules and a new set of standards for international cooperation and transparency. It is also likely to result in an increased level of disputes on the allocation of taxing rights between countries.

The OECD recommendations on country-by-country reporting will require companies to report their income, profits and taxes to tax authorities on a country-by-country basis from 2017. Those changes will complement Vodafone's existing and ongoing commitment to tax transparency and country-level public disclosure as exemplified by this report.

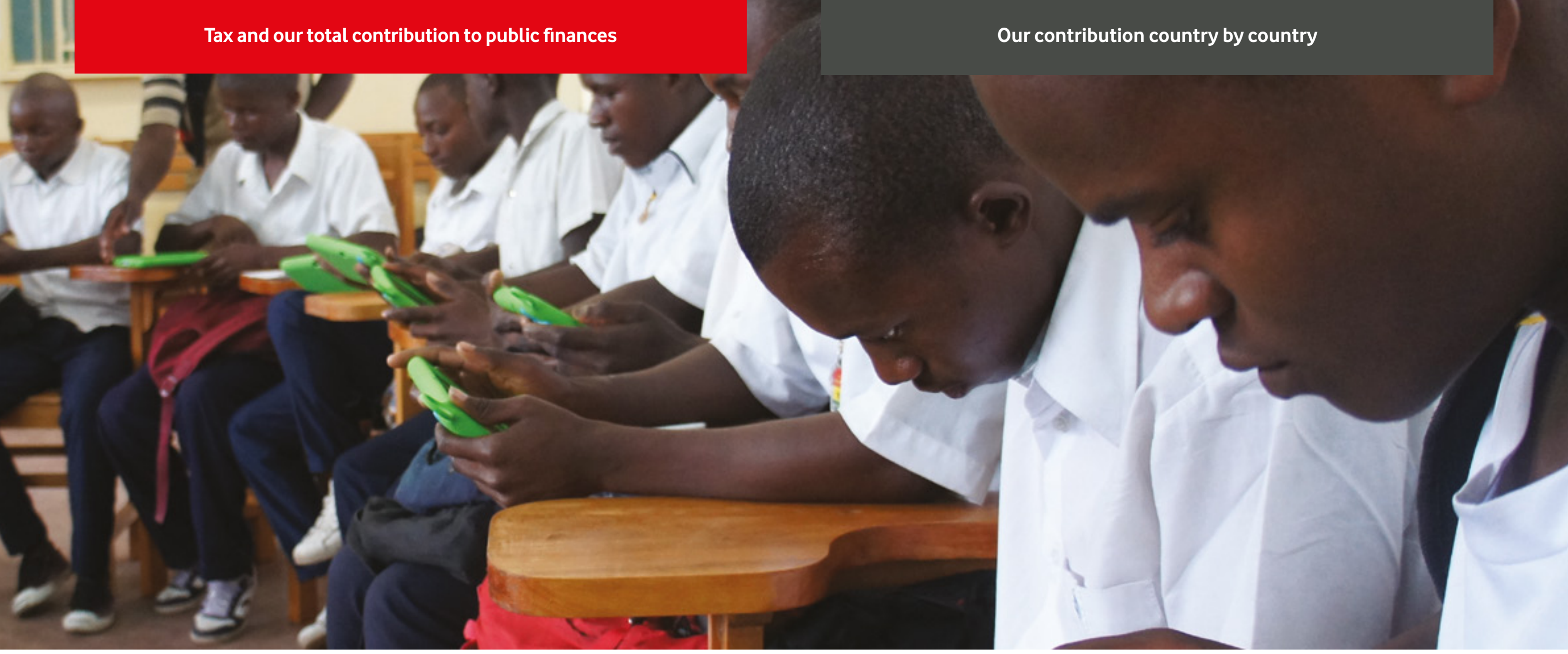
We will monitor the application of the proposed changes in national laws and, in particular, the proposed changes on interest deductibility, which may have the effect of limiting the deductibility of interest on genuine third-party UK debt of the kind we describe elsewhere (see page 7) in this report.

Vodafone welcomes the BEPS initiative and supports increased transparency in this critically important area of public policy as well as measures to eliminate artificial profit shifting and unfair tax competition. We continue to engage constructively with the OECD and governments both directly and through our membership of bodies such as the Confederation of British Industry, the 100 Group and the International Alliance for Principled Taxation.

Our focus is to support the OECD and governments in implementing these recommendations in a manner that supports international trade, incentivises greater investment in infrastructure and services, fosters economic growth, employment and prosperity and generates greater public trust in the international tax system.

The UK Government has announced its intention to implement the OECD's various recommendations where appropriate, following further consultation with those impacted by the proposals.

[5] http://www.oecd.org/ctp/beps-explanatory-statement-2015.pdf



Tax and emerging markets

Africa

Vodafone is a significant contributor to the development of a number of economies across Africa. As a major investor, taxpayer, employer and purchaser of local goods and services, we make a major contribution to the delivery of governments' policy objectives across the continent.

Our sub-Saharan subsidiary, Vodacom, was first awarded a licence in South Africa in 1994. We have since expanded our presence across Africa through various acquisitions. We have been operating in Egypt since 1998 when we were awarded a licence; we expanded into Kenya (where we own 40% of Safaricom) in 2000 and acquired the business that is now Vodafone Ghana in 2008. We now have operating businesses in eight countries and a presence in another six markets[6] across the continent, employ more than 18,000 people (and provide indirect employment to many more) and have invested a total of £4.2 billion over the last four years.

In 2014–15, our African businesses paid £767 million to governments, accounting for 19% of the total direct tax and non-tax contributions we made to governments around the world. Our total contributions to governments across the continent in 2014–15 were £1.3 billion and have exceeded £2.9 billion in total over the last four years.

£1.3 billion

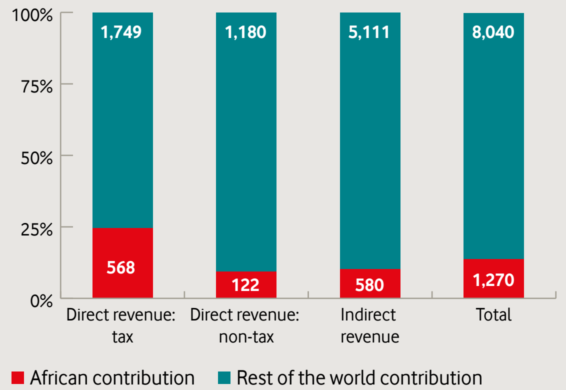
total contribution to governments across Africa in 2014–15

As well as running communications networks across Africa, in 2007 we created the M-Pesa mobile money transfer service and launched it with our Kenyan associate, Safaricom. The service is now available across eight countries and is a well-established part of our business with more than 19.9 million active users.

M-Pesa enables people excluded from conventional banking to access a wide range of financial services – from basic purchases to payroll and micro-finance loans and savings – simply, safely and securely via their mobile phone. M-Pesa has had a profoundly transformative effect on lives and livelihoods, providing people in some of the world's poorest communities with financial security and the ability to start and grow a business. Further details of M-Pesa can be found here.

We take our responsibilities to contribute to these emerging market economies seriously and our principles, conduct and approach to tax is the same as in any other part of the world. Our commitment to transparency, openness and honesty forms a fundamental part of our tax principles (see page 9) globally and is particularly important in environments with a history of endemic corruption and where public institutions are less well developed than their OECD counterparts.

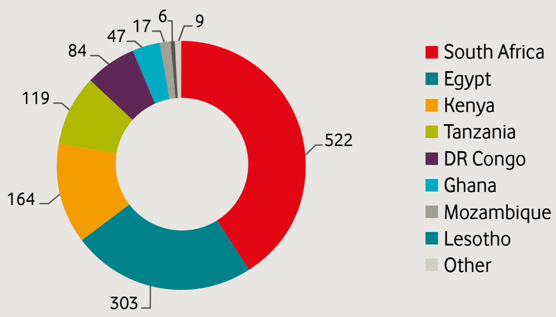
African share of our total contribution to public finances £m



[6] Angola, Cameroon, Democratic Republic of Congo, Egypt, Ghana, Ivory Coast, Kenya, Lesotho, Mozambique, Nigeria, Sierra Leone, South Africa, Tanzania, Zambia

NGOs and others have placed an increasing focus on the need for multinationals to demonstrate taxpayer compliance in emerging markets. In this regard, we would highlight that in Tanzania, in 2014, Vodacom Tanzania won the Tanzania Revenue Authority *national compliant taxpayer* award in the telecommunications sector for the second time and was placed second in the overall *national compliant taxpayer* category.

Total African contribution by market in 2014–15 £m



India

Vodafone is the largest foreign direct investor in India with more than £11.1 billion invested since 2007. We also announced an additional investment of £1.3 billion in November 2015, which will enhance further our capacity to meet our customers' needs. We are also one of the biggest taxpayers in India with more than £10 billion of tax and spectrum payments to the Indian Government since 2007. In 2014–15, our direct and indirect contributions to Indian public finances exceeded £2 billion.

Over

£2 billion

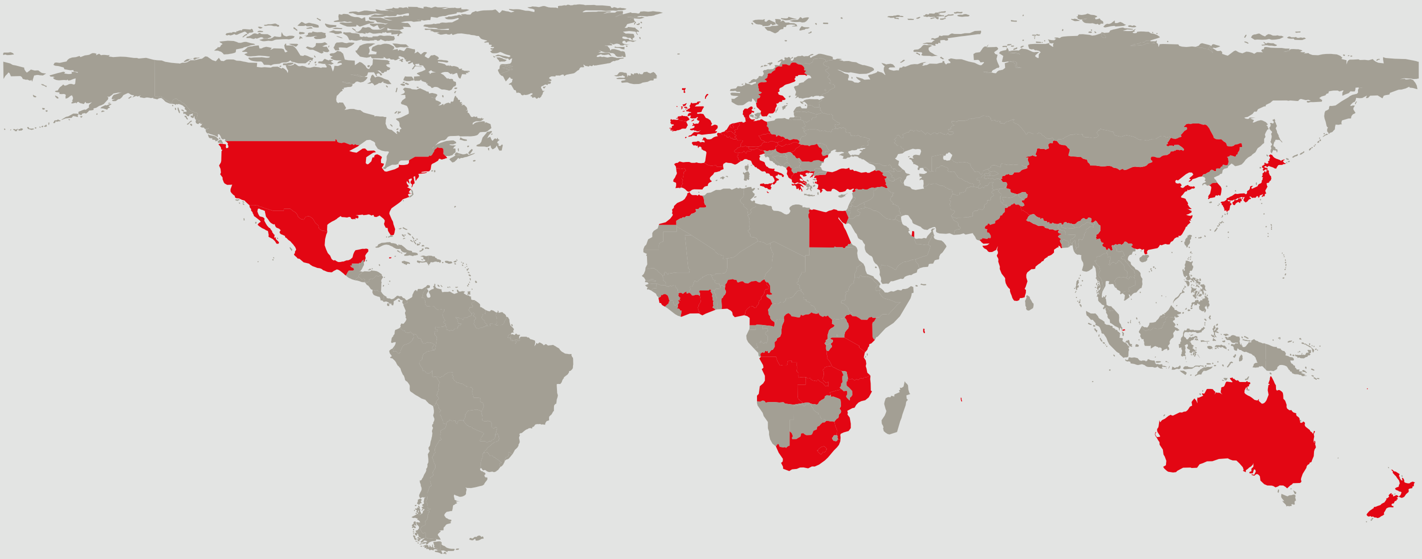
in direct and indirect contributions to Indian public finances in 2014–15

In 2007, Vodafone, through one of its Dutch companies, purchased an indirect stake in a company in India from Hutchison Telecommunications International Limited. After the acquisition was completed, the Indian tax authorities sought to raise a tax demand against Vodafone, even though the transaction took place outside India between two non-Indian entities and Vodafone was the buyer, not the seller.

The Indian tax authorities' actions led to a protracted legal dispute, culminating in a hearing before the Indian Supreme Court, which concluded unambiguously and unanimously, in January 2012, that no tax was due. Although the country's highest court had vindicated Vodafone's position, the Indian Government subsequently changed the law to introduce retrospective taxation rules. Those rules, which were back-dated to 1962, were designed to require taxes to be paid retrospectively, which, as the Supreme Court had concluded, could not be levied against Vodafone under any reasonable interpretation of the evidence or the law.

We continue to maintain that no tax is due on the 2007 acquisition and, despite constructive discussions with the Indian Government since then, we have been unable to agree on a way forward without arbitration. On 17 April 2014, we therefore filed our notice of arbitration under the bilateral investment treaty between the Netherlands and India (the Bilateral Investment Promotion and Protection Agreement) in an effort to resolve the dispute. Since then, both the Indian Government and Vodafone have appointed arbitrators; however, we have yet to agree on a third arbitrator who would be the chairman of the international tribunal. In June 2015, Vodafone also served a notice of dispute on the Indian Government under the United Kingdom-India Bilateral Investment Treaty (UK BIT) in respect of the same claims made in the Dutch BIT proceedings.

Our contribution country by country



Our contribution country by country

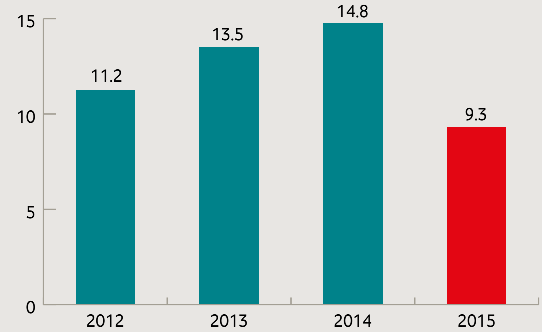
Assessing our contribution to public finances

We contribute directly to public finances through a wide range of taxes as well as non-taxation revenue mechanisms such as spectrum licences and regulatory fees. We also make a significant indirect contribution through the taxes paid by our employees and the suppliers that our businesses support (many of which are dependent on our business), as well as through taxes collected on governments' behalf, such as sales taxes and VAT.

In the 2014–15 financial year, Vodafone's businesses around the world paid more than £2.3 billion in direct taxes to governments in our countries of operation plus more than £1.3 billion in other non-taxation-based fees and levies. Our businesses also made a total indirect tax contribution to national governments of £5.7 billion. Our total cumulative contribution to the public finances of our countries of operation was therefore more than £9.3 billion. We also invested more than £9.6 billion in the networks and services now relied upon by more than 454 million mobile customers and 12 million fixed broadband customers worldwide. Our overall contribution for 2014–15 reflects both:

- the sale to Verizon of our US interests in 2013–14, which reduced the Group's adjusted operating profit from £7.9 billion in 2013–14 to £3.5 billion in 2014–15; there was also a substantial tax charge (£4.1 billion) arising as a result of both the Verizon transaction in 2013–14 and from our US interests prior to the sale; and
- the first year of our organic capital investment programme, Project Spring, which increased our investment in our networks and services to more than £19 billion over two years – the largest programme of its kind in Vodafone's history.

Total economic contribution £bn

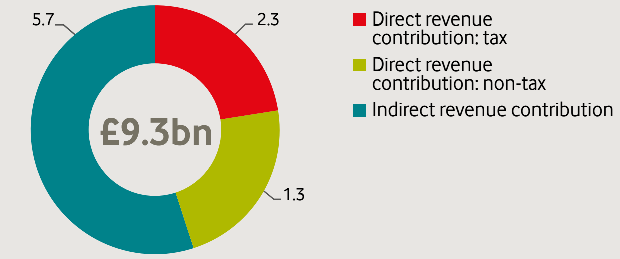


The direct tax contributions we make to governments are reported on an annual actual cash paid basis for each local market as this is among the most meaningful and transparent metrics we can use when assessing a company's tangible role in helping to fund public services. International accounting rules governing the reporting of a multinational company's profit and loss tax liabilities and charges are complex, reflecting a wide range of factors such as deferred taxation, losses, group-level taxation and various provisions related to uncertain tax positions.

The cash payments or reliefs arising from those factors may be several years in the future. As a result, there can be a variance between a multinational company's statutory reported numbers over a specific time period – particularly in territories with holding companies as well as a local operating company – and the actual cash paid numbers set out below[7]. For more detailed information about our financial performance in 2014–15, see our Annual Report.

[7] For example, see http://www.cbi.org.uk/media/2145560/making_the_case_-_july_2013.pdf

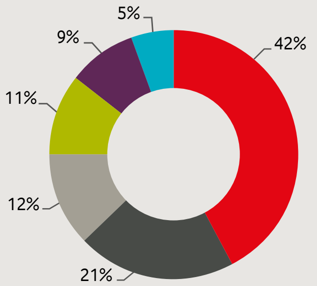
Split of total contribution to public finances £bn



The figures we present in each of the country narratives are explained below.

- **Direct government revenue contribution: taxation.** This encompasses Vodafone's total direct tax contribution in each country, including corporation tax, business rates or equivalent, employers' national insurance contributions or equivalent, municipal and city taxes, sector-specific taxes (such as 'special' taxes, 'telecoms' taxes or 'crisis' taxes), stamp duty land tax, stamp duty reserve tax, irrecoverable VAT, insurance premium tax, climate change levy, environmental taxes, customs duties, fuel excise duties and acquisition taxes. An illustrative list of the types of taxes paid is set out in Appendix 4 (see page 48).

Split of direct tax contributions £m



Corporate income taxes	978
Employment taxes	480
Sales taxes	280
Telecom specific taxes	243
Property and stamp taxes	211
Other taxes	123

- **Direct government revenue contribution: non-taxation mechanisms.** This encompasses all other forms of government revenue raised in addition to a country's direct taxation regime, including telecoms licence fees, radio spectrum management fees, proceeds from revenue-sharing agreements, usage fees and proceeds from radio spectrum auctions. Examples of these payment types are listed in Appendix 4 (see page 48).
- **Indirect government revenue contribution.** This encompasses taxes collected by companies on behalf of national governments, including pay as you earn (PAYE) income tax, employees' National Insurance contributions, withholding taxes, sales and consumption taxes and VAT. These indirect contributions to government revenue would not be collected (or generated to the same extent) if the company did not employ people and offer services or products to the customers responsible for paying the tax in question, or procure goods and services from its suppliers on which such taxes are due.
- **Capital investment.** Our significant investments in building the networks and services relied upon by more than 454 million mobile Vodafone customers around the world are often taken into account by local tax authorities when determining corporate tax liabilities.
- **Direct employment.** Vodafone is an important source of employment and skills transfer worldwide. We provided incomes, benefits and the potential for a high-technology sector career path for 101,443 people in more than 27 of our countries of operation as of end of March 2015. In addition, we have contractual relationships with many thousands of suppliers and partner companies around the world, each of which relies to a greater or lesser extent on revenues from Vodafone to pay their employees' wages.

This data and the accompanying narrative is intended to provide a broader insight into Vodafone's significant economic contribution to the societies in which we operate. We offer no view on the merits of direct versus indirect taxation nor on the distinction between the revenues that flow to governments from taxation versus those obtained through other means such as spectrum fees. Governments – not companies – determine the rules.

The figures will also vary widely from country to country and from year to year as a result of local differences between, and annual movements in, factors such as levels of profit and capital investment. There are also wide variations in local taxation regimes and other government revenue-raising mechanisms, many of which change from year to year. For example, non-taxation-based revenues will typically be very high in a year in which a government benefits from the proceeds of a spectrum auction (as happened in India in 2013–14) but much lower in a year where no such auction takes place. It is therefore not possible to draw any meaningful conclusions when seeking to compare the financial data for one country with that of another.

In this year's report we have, for the first time, introduced narrative reporting for each of the countries below. The narrative includes a total number of subsidiaries in each country together with an overview of the activities undertaken in each location. We have also increased the number of countries covered to include those in which we have a separate legal entity as well as those listed (as in previous reports) where we have a licensed operating business.

Country-by-country narrative reporting

As we explain in the Introduction (see page 4) in this year's report we have set out to increase the range and depth of disclosure on a country-by-country basis to provide a greater insight into the factors that determine Vodafone's overall tax and economic contribution in a local market. For each country, we now include a narrative summary setting out the context of our activities in that location together with the relevant financial data. That summary includes a list of the Vodafone legal entities present in the country plus an overview of the purpose of those entities.

The countries included here extend beyond those in which we have an operating licence as a mobile and/or fixed-line telecoms provider to include three further categories:

- countries in which we maintain an active corporate function servicing the Group as a whole but where we do not operate as a communications provider;
- countries in which we have a legal entity focused on marketing, sales and client support for large corporate and multinational customers but do not operate as a communications provider; and
- countries in which we have legacy legal entities that were inherited as part of an acquisition in the past and that do not play an active role in the Group's overall structure or are otherwise dormant.

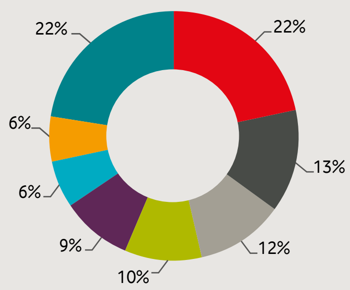
In a number of countries we also have holding companies, which manage our subsidiary investments and joint ventures. The main source of income of our holding companies is dividends from their respective subsidiaries and joint ventures; those dividends are paid from the profits remaining after we've paid tax to the government of the country in which the subsidiary company is located.

Our holding companies are based in countries that provide a stable foundation for numerous multinational organisations to enable the efficient flow of funding between individual country businesses in a manner that is also transparent. As we explain in our tax principles (see page 9), we do not enter into artificial arrangements (by which we mean arrangements that are not linked to genuine business requirements) that would not stand up to scrutiny by the relevant tax authorities, nor do we artificially transfer profits from one jurisdiction to another to minimise tax payments.

Those principles apply to all our legal entities in all countries, including dormant entities in so-called 'tax haven' locations, which were established in the past by a company subsequently acquired by Vodafone. It takes time and money to liquidate those dormant entities; it is often simpler to retain them as inactive legacy entities with continued full disclosure to the relevant tax authorities.

We have also restated the 2013–14 information for Albania, Egypt, Germany, Ireland, Kenya and the Netherlands. These restatements correct the allocation of our 2013–14 reported contribution, which had the effect of decreasing our direct contributions (and increasing our indirect contributions) for that year by a total of £69 million across the six countries concerned. There is no change to the total contribution reported for 2013–14.

Total contribution by country £m



India	2,034
Germany	1,232
UK	1,074
Turkey	926
Italy	853
Spain	578
South Africa	522
Remainder	2,092

Our contribution, country by country

Europe

Albania

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	8	8	8	23	411
2013–14	9	1	10	25	399
	We are a significant international investor in Albania where we operate mobile services with 1.7 million customers as of 31 March 2015. We also provide communications services to Albanian businesses. We entered the market in 2001 through the award of a mobile licence. In 2015, we established a financial services business to bring the M-Pesa mobile money service to Albanians. We have also restated the 2013–14 comparative information to update the allocation of payments between direct and indirect contributions.				
Number of legal entities	2				
Legal entities	• Vodafone Albania M-Pesa Sh.p.k. • Vodafone Albania Sh.A.				

Czech Republic

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	10	8	44	83	1,823
2013–14	10	106	50	67	2,040
	We have the largest and most modern 4G network in the Czech Republic where we operate mobile and fixed-line services with 3.3 million customers as of 31 March 2015. We offer 3G and 4G coverage to 96% of the Czech population and also provide communications services to Czech businesses. We entered the market in 2005 through the acquisition of Oskar Mobil. Our 2014–15 non-tax contribution was lower than in the prior year as a consequence of a spectrum auction in 2013–14, which increased government receipts in that year.				
Number of legal entities	3				
Legal entities	• COOP Mobil S.R.O. • Oskar Mobil S.R.O. • Vodafone Czech Republic A.S.				

Germany

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	206	<1	1,026	2,203	15,568
2013–14	348	-	1,037	1,483	14,187

Vodafone Germany is one of the leading integrated communications companies in Germany with 36.4 million customers. It offers mobile, fixed-line and TV services as well as a comprehensive ICT portfolio for enterprise customers including world-class secure cloud computing services hosted and operated within Germany. The largest data centre in Vodafone is located in Germany and provides a range of IT services across the Group as a whole.

Vodafone entered the market in 1993 when it acquired a 17% equity interest in E-Plus. In 1999, we acquired a 35% stake in Mannesmann Mobilfunk as a result of our merger with AirTouch, which also resulted in the disposal of our interest in E-Plus. In 2000, Vodafone completed its takeover of Mannesmann AG and took full control of what is now Vodafone Germany.

We have a number of holding companies in the country. These companies only own assets in Germany and do not affect our overall local tax position.

Our 2014–15 direct tax contribution was lower than the prior year as a result of the financing costs associated with the €10.7 billion acquisition of the Kabel Deutschland cable TV and fixed-line business in 2013 plus the effect of our Project Spring investment programme – the largest in Vodafone's history – to expand and enhance the networks and services relied upon by our German customers. We have also restated the 2013–14 comparative information to update the allocation of payments between direct and indirect contributions.

Number of legal entities: 30

Legal entities

- Bluefish Communications GmbH
- Kabel Deutschland Holding AG
- Kabel Deutschland Holding Erste Beteiligungs GmbH
- Kabel Deutschland Holding Zweite Beteiligungs GmbH
- Kabel Deutschland Siebte Beteiligungs GmbH
- Kabelcom Braunschweig Gesellschaft fur Breitbandkabel-Kommunikation mit beschränkter Haftung
- Kabelcom Wolfsburg Gesellschaft fur Breitbandkabel-Kommunikation mit beschränkter Haftung
- Kabelfernsehen München Servicenter Gesellschaft mit beschränkter Haftung Beteiligungsgesellschaft
- Kabelfernsehen München Servicenter GmbH & Co. KG
- TKS Telepost Kabel-Service Kaiserslautern Beteiligungs GmbH
- TKS Telepost Kabel-Service Kaiserslautern GmbH & Co. KG
- Urbana Teleunion Rostock GmbH & Co. KG
- Verwaltung 'Urbana Teleunion' Rostock GmbH
- Vodafone 1 Beteiligungs – GmbH
- Vodafone Automotive Deutschland GmbH
- Vodafone Enterprise Germany GmbH
- Vodafone GmbH
- Vodafone Group Services GmbH
- Vodafone Institut für Gesellschaft und Kommunikation GmbH
- Vodafone Kabel Deutschland Field Services GmbH
- Vodafone Kabel Deutschland GmbH
- Vodafone Kabel Deutschland Kundenbetreuung GmbH
- Vodafone Stiftung Deutschland Gemeinnutzige GmbH
- Vouchercloud GmbH
- Kabel Deutschland Achte Beteiligungs GmbH
- Kabel Deutschland Dritte Beteiligungsgesellschaft mbH
- Kabel Deutschland Neunte Beteiligungs GmbH
- Kabel Deutschland Sechste Beteiligungs GmbH
- Vodafone 4 Vierte Verwaltungs AG
- Kabel Deutschland Fünfte Beteiligungsgesellschaft mbH

Greece

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	26	104	154	75	2,228
2013–14	14	7	169	70	1,726

We are a significant international investor in Greece where we operate mobile, fixed-line and TV services with 5.6 million customers as of 31 March 2015. We also provide communications services to Greek businesses. We entered the market in 1992 when Panafon S.A. was awarded a mobile licence. In 2014, we acquired the Hellas Online fixed-line and TV business.
Our 2014–15 non-tax contribution increased year-on-year as a result of higher spectrum receipts to the Greek Government.

Number of legal entities: 7

Legal entities

- 360 Connect S.A.
- Cosmos Business Systems S.A.
- Hellas Online S.A.
- Victus Networks S.A.
- Vodafone Panafon Hellenic Telecommunications Company S.A.
- Vodafone Global Enterprise Telecommunications (Hellas) A.E.
- Zelitron S.A.

Hungary

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	19	<1	88	61	2,949
2013–14	14	3	92	45	2,616

We are a significant international investor in Hungary where we operate mobile services with 2.7 million customers as of 31 March 2015. We also provide communications services to Hungarian businesses. We entered the market in 1999 through the award of a mobile licence to Vodafone Hungary. We also operate a large shared services centre in Hungary, which provides specialist finance, supply chain, HR and enterprise support to companies across the Group as a whole.

Number of legal entities: 3

Legal entities

- Tesco MBL Telecommunications Company Limited
- Vodafone Magyarorszag Mobile Tavkozlesi Zartkoruen Mukodo Reszvenytarsasag
- Vodafone Shared Services Budapest Private Limited Company

Ireland

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	25	9	69	166	1,155
2013–14	33	26	92	127	1,084

We are one of the largest international investors in Ireland where we operate mobile and fixed-line services with 2.2 million customers as of 31 March 2015. We are also a significant provider of communications services to Irish corporate and public sector customers. We entered the market in 2001 through the acquisition of Eircell.

We operate a data centre in Ireland that provides IT services to companies across the Group as a whole. In 2015, we established a joint venture with the local electricity company ESB to bring ultrafast fibre-optic broadband services to the premises in more than 50 towns across Ireland. Many of the legal entities in Ireland were inherited as a result of small local acquisitions to expand our Irish operations and most of these are now dormant. We have restated the 2013–14 comparative information to update the allocation of payments between direct and indirect contributions.

Number of legal entities: 23

Legal entities

- Cable & Wireless GN Limited
- SIRO Limited
- Cable & Wireless Ireland Holdings Limited
- Cable & Wireless (Ireland) Limited
- Cable & Wireless Services (Ireland) Limited
- Complete Network Technology Limited
- Energis Communications (Ireland) Limited
- Eudokia Limited
- Fonua Limited
- Interfusion Networks Limited
- Perlico Communications Limited
- Person to Person Limited
- Stentor Limited
- Talk To Me Limited
- Vodafone Enterprise Global Limited
- Vodafone Global Network Limited
- Vodafone Group Services (Ireland) Limited
- Vodafone Ireland Distribution Limited
- Vodafone Ireland Limited
- Vodafone Ireland Marketing Limited
- Vodafone Ireland Retail Limited
- Vodafone Ireland Sales Limited
- Western Cellular Limited

Italy

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	96	23	734	1,154	6,864
2013–14	520	-	976	963	6,977

We are one of the largest international investors in Italy where we operate mobile and fixed-line services with 27 million customers as of 31 March 2015. We are also a significant provider of communications services to Italian corporate and public sector customers, from small and medium-sized enterprises and municipalities to national agencies, central government and multinational companies. We entered the market in 1999 through the acquisition of our original stake in Omnitel as part of the merger with AirTouch. In 2014, we acquired one of the world's leading automotive Machine-to-Machine (M2M) companies, Cobra Group, and have located the headquarters of our global automotive M2M practice in the country. We also operate a data centre in Italy, which provides a range of IT services to companies across the Group as a whole.

Our 2014–15 direct tax contribution was lower than the prior year as a result of:

- continued strong competition and price erosion in the Italian market, reducing the profits on which taxes fall due;
- tax liabilities that were offset by surplus tax paid to the tax authorities in previous years;
- the effect of our Project Spring investment programme – the largest in Vodafone's history – to expand and enhance the networks and services relied upon by our Italian customers; and
- a tax payment in 2013–14 relating to the merger into Vodafone Italy of some of the companies acquired from our purchase of Tele2 in Italy.

Number of legal entities: 8

Legal entities:

- Vodafone Automotive Electronic Systems S.r.L.
- Vodafone Automotive Italia S.p.A.
- Vodafone Automotive S.p.A.
- Vodafone Enterprise Italy S.r.L.
- Vodafone Gestioni S.p.A.
- Vodafone Global Enterprise (Italy) S.r.L.
- Vodafone Omnitel B.V.
- Vodafone Servizi E Tecnologie S.r.L.

Malta

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	6	2	8	12	321
2013–14	41	3	9	12	312

We are a significant international investor in Malta where we operate mobile and fixed-line services with around 300,000 customers as of 31 March 2015. We also provide communications services to Maltese businesses. We entered the market in 1990 through the award of a mobile licence. We also base our global insurance operation, which provides services such as individual customer warranties for companies across the Group as a whole, in Malta. Our 2013–14 direct tax contribution included taxes paid by our Malta-based global insurance business to other countries. In 2014–15 we have been able to attribute these to the countries to which the payments were made.

Number of legal entities: 4

Legal entities:

- Multi Risk Benefits Limited
- Multi Risk Indemnity Company Limited
- Multi Risk Limited
- Vodafone Malta Limited

Netherlands

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	20	-	196	295	3,480
2013–14	47	-	230	226	3,637

We are a large international investor in the Netherlands where we operate mobile and fixed-line services with 5.2 million customers as of 31 March 2015. We are also a significant provider of communications services to Dutch corporate and public sector customers, from small and medium-sized enterprises and municipalities to national agencies, central government and multinational companies. We entered the market in 1995 through the award of a mobile licence.

The Netherlands is Vodafone's main holding company location. The country offers:

- a stable economic and political environment;
- an extensive network of international bilateral treaties designed to protect companies investing overseas;
- a commitment to providing certainty in advance on tax matters; and
- a long-established principle of capital import neutrality under which the Netherlands authorities do not levy additional taxes on investments overseas by companies based in the Netherlands when specific conditions are met.

Vodafone has several holding companies in the Netherlands; these companies in turn own the majority of the Group's international assets, which makes it more straightforward for us to invest in expanding our businesses worldwide. This is particularly important for our emerging markets companies whose access to capital would be severely constrained if limited to local sources of financing only.

Our 2014–15 direct tax contribution was lower than the prior year as a consequence of our acquisition of a 4G licence in 2012 and Project Spring investment programme – the largest in Vodafone's history – to expand and enhance the networks and services relied upon by our customers in the Netherlands. We have restated the 2013–14 comparative information to update the allocation of payments between direct and indirect contributions.

Number of legal entities: 11

Legal entities

- Cable & Wireless Aspac B.V.
- Cable & Wireless Internet Service Provider B.V.
- European Networks B.V.
- Nexct Group B.V.
- Vodafone Enterprise Netherlands B.V.
- Vodafone Europe B.V.
- Vodafone Holdings Europe B.V.
- Vodafone International Holdings B.V.
- Vodafone Libertel B.V.
- Vodafone Panafon International Holdings B.V.
- XM Mobile B.V.

Portugal

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	37	23	92	268	1,433
2013–14	47	7	115	155	1,426

We are one of the largest international investors in Portugal where we operate mobile, fixed-line and TV services with 5.4 million customers as of 31 March 2015; we also reach 1.6 million homes with our ultra-fast fibre-optic network and provide communications services to Portuguese businesses. We entered the market in 1999 following the merger with the AirTouch group under which we acquired Telecel.

Number of legal entities: 3

Legal entities

- Celfocus – Solucoes Informaticas Para Telecomunicacoes S.A.
- Oni Way – Infocomunicacoes S.A.
- Vodafone Portugal Comunicacoes Pessoais S.A.

Romania

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	26	13	72	103	3,705
2013–14	25	149	79	80	3,232

We are a significant international investor in Romania where we operate mobile services with 8.1 million customers as of 31 March 2015. We also provide communications services to Romanian businesses. We entered the market in 2005 through the acquisition of Mobifon. In 2015, we established a financial services business to bring the M-Pesa mobile money service to Romanians.

We also operate a large technology shared services centre in Romania, which provides specialist back-office and technology support to companies across the Group as a whole. Our 2014–15 non-tax contribution was lower than in the prior year as a consequence of a spectrum auction in 2013–14 which increased government receipts in that year.

Number of legal entities: 4

Legal entities

- Vodafone Romania M – Payments S.r.L.
- Vodafone Romania S.A.
- Vodafone Romania Technologies S.r.L.
- Vodafone Shared Services Romania S.r.L.

Spain

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	199	100	279	850	6,050
2013–14	91	73	289	505	3,567

We are one of the largest international investors in Spain where we operate mobile, fixed-line and TV services with 17 million customers as of 31 March 2015. We are also a significant provider of communications services to Spanish corporate and public sector customers, from small and medium-sized enterprises and municipalities to national agencies, central government and multinational companies. We entered the market in 2000 when Vodafone Group acquired a stake in Airtel Movil, which was awarded its first mobile licence in 1995.

In 2014, we acquired the ONO Group, which offers cable TV and fixed-line services. This acquisition led to an increase in our direct tax contribution in 2014–15 despite the effects of our Project Spring investment programme – the largest in Vodafone's history – to expand and enhance the networks and services relied upon by our Spanish customers and a further reduction in service revenue during the year. We also have a number of holding companies in the country that only own assets in Spain and do not affect our overall local tax position.

Number of legal entities: 8

Legal entities

- Grupo Corporativo ONO S.A.U.
- Tenaria S.A.U.
- Vodafone Automotive España S.L.
- Vodafone Enabler España S.L.
- Vodafone Enterprise Spain S.L.U.
- Vodafone España S.A.U.
- Vodafone Holdings Europe S.L.U.
- Vodafone ONO S.A.U.

United Kingdom

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	320	28	726	1,309	16,681
2013–14	355	24	630	1,310	12,979

Vodafone was founded in the UK more than 30 years ago. The country remains the domicile of the Group; however, as Vodafone has expanded internationally, the UK now accounts for less than 2% of the Group's total adjusted operating profit as of 31 March 2015. More than 95% of our customers and around 90% of our employees are outside the UK and less than one-quarter of our top 230 global senior leaders are nationals from our country of domicile.

We are one of the largest private infrastructure investors in the UK where we operate mobile and fixed-line services with 18.5 million customers as of 31 March 2015. We are also a significant provider of communications services to UK corporate and public sector customers, from small and medium-sized enterprises and local government departments to central government and some of the world's largest multinational companies.

In addition to the Vodafone UK local operating business, the Group's core global functions are located in the UK. These include the corporate headquarters, which provides professional support services to companies across the Group as a whole. For example, the Vodafone brand (and associated intellectual property assets) and global brand management team are located within the UK. This means that under transfer pricing arrangements (explained earlier (see page 8) in the report) which have been agreed with tax authorities around the world, all the Group's operating businesses pay royalty fees into the UK for the use of the Vodafone brand and to fund the activities of the team that oversees it. Similarly, the global function that supports the Group's affiliate Partner Market network is also based in the UK. We also have a number of UK holding companies (which ultimately own the entire Group) as well as companies that manage the external treasury activities of the Group as a whole.

All these activities create income that is subject to tax in the UK. However, our overall UK tax liabilities are also determined by the factors explained earlier (see page 12) in the report including:

- substantial levels of capital investment (more than £1.3 billion in 2014–15);
- significant debts associated with UK spectrum costs and to fund the expansion of the Group; and
- low profitability of the UK mobile market compared with other countries.

Our long history in the UK means that we have a significant number of legal entities linked to past mergers and acquisitions or discontinued lines of business that play no active role in the Group today. Almost 70% of all Vodafone legal entities in the UK are dormant but remain registered for the reasons we explain earlier (see page 20) in the report.

Number of legal entities

200

Legal entities

- AAA (Euro) Limited
- AAA (MCR) Limited
- AAA (UK) Limited
- Acorn Communications Limited
- Apollo Submarine Cable System Limited
- Aspective Limited
- Astec Communications Limited
- Bluefish Communications Limited
- Business Serve Limited
- C.S.P. Solutions Limited
- Cable & Wireless (India) Limited
- Cable & Wireless Access Limited
- Cable & Wireless A-Services Limited
- Cable & Wireless Aspac Holdings Limited
- Cable & Wireless Capital Limited
- Cable & Wireless CIS Services Limited
- Cable & Wireless Communications Data Network Services Limited
- Cable & Wireless Communications Starclass Limited
- Cable & Wireless Europe Holdings Limited
- Cable & Wireless Global Business Services Limited
- Cable & Wireless Global Holding Limited
- Cable & Wireless Global Telecommunication Services Limited
- Cable & Wireless Nominee Limited
- Cable & Wireless Services UK Limited
- Cable & Wireless Trade Mark Management Limited
- Cable & Wireless U.K.
- Cable & Wireless UK Holdings Limited
- Cable & Wireless UK Services Limited
- Cable & Wireless Waterside Holdings Limited
- Cable & Wireless Worldwide Pension Trustee Limited
- Cable & Wireless Worldwide plc
- Cable & Wireless Worldwide Services Limited
- Cable & Wireless Worldwide Voice Messaging Limited
- Cable & Wireless Worldwide Pension Trustee Limited
- Cellops Limited
- Cellular Operations Limited
- Central Communications Group Limited
- Central Telecom (Northern) Limited
- Chelys Limited
- CITIC Cable and Wireless Broadband Co. Limited
- City Cable (Holdings) Limited
- Cornerstone Telecommunications Infrastructure Limited
- CT Networks Limited
- CWW Operations Limited
- Dataroam Limited
- Digital Island (UK) Limited
- Digital Mobile Spectrum Limited
- Emtel Europe Limited
- Energis (Ireland) Limited
- Energis Communications Limited
- Energis Holdings Limited

United Kingdom (Continued)

Legal entities (continued)

- Energis Local Access Limited
- Energis Management Limited
- Energis Squared Limited
- Erudite Systems Limited
- Eurocall Holdings Limited
- Flexphone Limited
- FM Associates (UK) Limited
- Gateway Communications Africa (UK) Limited
- General Mobile Corporation Limited
- Generation Telecom Limited
- Global Cellular Rental Limited
- How2 Telecom Limited
- Intercell Communications Limited
- Intercell Limited
- Internet Network Services Limited
- Invitation Digital Limited
- Isis Telecommunications Management Limited
- Jaguar Communications Limited
- Legend Communications plc
- London Hydraulic Power Company
- Metroholdings Limited
- ML Integration Group Limited
- ML Integration Limited
- ML Integration Services Limited
- Mobile Phone Centre Limited
- Mobiles 4 Business.com Limited
- Nat Comm Air Limited
- Netforce Group Public Limited Company
- Oxygen Solutions Limited
- P.C.P. (North West) Limited
- Peoples Phone Limited
- Pinnacle Cellular Group Limited
- Pinnacle Cellular Limited
- Project Telecom Holdings Limited
- PT Network Services Limited
- PTI Telecom Limited
- Rian Mobile Limited
- Singlepoint (4U) Limited
- Singlepoint Payment Services Limited
- Stentor Communications Limited
- T.W. Telecom Limited
- T3 Telecommunications Limited
- Talkland Airtime Services Limited
- Talkland Communications Limited
- Talkland International Limited
- Talkland Midlands Limited
- Talkmobile Limited
- Telecommunications Europe Limited
- Ternhill Communications Limited
- The Eastern Leasing Company Limited
- The Old Telecom Sales Co. Limited
- Thus Group Holdings Limited
- Thus Group plc
- Thus Limited
- Thus Profit Sharing Trustees Limited
- Townley Communications Limited
- Uniqueair Limited
- Vizzavi Limited
- Voda Limited
- Vodacall Limited
- Vodacom Business Africa Group Services Limited
- Vodacom UK Limited
- Vodafone (New Zealand) Hedging Limited
- Vodafone (NI) Limited
- Vodafone (Scotland) Limited
- Vodafone 2
- Vodafone 4 UK
- Vodafone 5 Limited
- Vodafone 5 UK
- Vodafone 6 UK
- Vodafone Automotive UK Limited
- Vodafone Benelux Limited
- Vodafone Business Services Limited
- Vodafone Business Solutions Limited
- Vodafone Cellular Limited
- Vodafone Central Limited
- Vodafone Connect 2 Limited
- Vodafone Connect Limited
- Vodafone Consolidated Holdings Limited
- Vodafone Corporate Limited
- Vodafone Corporate Secretaries Limited
- Vodafone DC Pension Trustee Company Limited
- Vodafone Distribution Holdings Limited
- Vodafone Enterprise Europe (UK) Limited
- Vodafone Euro Hedging Two
- Vodafone Euro Hedging Limited
- Vodafone Europe UK
- Vodafone European Investments
- Vodafone European Portal Limited
- Vodafone Finance Limited
- Vodafone Finance Luxembourg Limited
- Vodafone Finance Sweden
- Vodafone Finance UK Limited
- Vodafone Financial Operations
- Vodafone Global Content Services Limited
- Vodafone Global Enterprise Limited
- Vodafone Group (Directors) Trustee Limited
- Vodafone Group Pension Trustee Limited

United Kingdom (Continued)

Legal entities (continued)

- Vodafone Group Plc
- Vodafone Group Services Limited
- Vodafone Group Services No.2 Limited
- Vodafone Group Share Trustee Limited
- Vodafone Hire Limited
- Vodafone Holdings Luxembourg Limited
- Vodafone Intermediate Enterprises Limited
- Vodafone International Holdings Limited
- Vodafone International Operations Limited
- Vodafone Investment UK
- Vodafone Investments Australia Limited
- Vodafone Investments Limited
- Vodafone IP Licensing Limited
- Vodafone Leasing Limited
- Vodafone Limited
- Vodafone M.C. Mobile Services Limited
- Vodafone Marketing UK
- Vodafone Mobile Communications Limited
- Vodafone Mobile Enterprises Limited
- Vodafone Mobile Network Limited
- Vodafone Multimedia Limited
- Vodafone Nominees Limited
- Vodafone Oceania Limited
- Vodafone Old Show Ground Site Management Limited
- Vodafone Overseas Finance Limited
- Vodafone Overseas Holdings Limited
- Vodafone Panafon UK
- Vodafone Partner Services Limited
- Vodafone Property Investments Limited
- Vodafone Retail (Holdings) Limited
- Vodafone Retail Limited
- Vodafone Sales & Services Limited
- Vodafone Satellite Services Limited
- Vodafone Specialist Communications Limited
- Vodafone UK Content Services Limited
- Vodafone UK Investments Limited
- Vodafone UK Limited
- Vodafone Ventures Limited
- Vodafone Worldwide Holdings Limited
- Vodafone Yen Finance Limited
- Vodaphone Limited
- Vodata Limited
- Woodend Cellular Limited
- Woodend Communications Limited
- Woodend Group Limited
- Woodend Holdings Limited
- Your Communications Group Limited
- Baynton Thompson Networks Limited
- Hyperlink Interactive Limited
- Vodafone Enterprise Equipment Limited
- Mobile by Sainsbury's Limited

Africa, Middle East and Asia-Pacific

Australia

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	13	31	28	209	1,695
2013–14	6	201	32	255	1,651

We operate mobile services in Australia under a 50:50 joint venture with Hutchison Telecommunications (Australia) Limited with 5.3 million customers as of 31 March 2015. We also support a number of enterprise customers in Australia. We first entered the market in 1992 through the award of a mobile licence to Vodafone Pty Limited and established the joint venture with Hutchison in 2009. Our 2014–15 non-tax contribution was lower than in the prior year as a consequence of a spectrum auction in 2013–14 which increased government receipts in that year.

Number of legal entities 4

Legal entities

- Talkland Australia Pty Limited
- VAPL No. 2 Pty Limited
- Vodafone Enterprise Australia Pty Limited
- Vodafone Hutchison Australia Pty Limited

Democratic Republic of Congo

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	30	20	34	78	691
2013–14	26	19	30	57	645

Vodacom is the second largest mobile operator in the Democratic Republic of Congo (DRC) with a 31% customer market share. Over the last three years, we have invested more than £160 million in developing the networks and services relied on by our 11.2 million customers as of 31 March 2015; this in turn has contributed positively towards economic development and job creation.

Vodacom Congo (RDC) S.P.R.L. is a subsidiary of the South Africa-based Vodacom Group Limited, which owns 51% of the company. Congo Wireless Network owns the remaining interest. Vodacom entered the DRC in 2002 through the award of a mobile licence. Vodacom also operates mobile financial services through Vodacash S.P.R.L. (also known as M-Pesa in other markets), providing mobile money transfer and savings and credit services to people unable to access traditional banking systems.

Number of legal entities: 2

Legal entities

- Vodacom Congo (RDC) S.P.R.L.
- Vodacash S.P.R.L.

Egypt

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	107	47	148	316	8,456
2013–14	121	48	150	218	7,622

We are a significant international investor in Egypt where we operate mobile services with 39.9 million customers as of 31 March 2015. We also provide communications services to Egyptian businesses. We own 54.9% of Vodafone Egypt (the remaining stake is owned by Telekom Egypt) and entered the market in 1998 through the award of a mobile licence. We also operate a large technology shared services centre in Egypt, which provides IT and customer support to companies across the Group as a whole. We have restated the 2013–14 comparative information to update the allocation of payments between direct and indirect contributions.

Number of legal entities: 6

Legal entities

- Misrfone Trading Company LLC
- Sarmady Communications
- Starnet
- Vodafone Data
- Vodafone Egypt Telecommunications S.A.E.
- Vodafone International Services LLC

Fiji

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	4	-	-	-	-
2013–14	<1	1	2	3	127

We disposed of our Fijian business in 2014–15. The direct tax contribution includes the tax we paid to the Fijian Government arising from the disposal.

Number of legal entities: Nil – sold in 2014

Ghana

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	6	12	29	33	1,154
2013–14	18	-	34	36	1,175

We are a significant international investor in Ghana where we operate mobile and fixed-line services with 7.2 million customers as of 31 March 2015. We also provide communications services to Ghanaian businesses. We own 70% of Vodafone Ghana (the remaining 30% is owned by the Ghanaian Government) and entered the market in 2008 through the acquisition of Ghana Telecom. Vodafone Ghana also provides mobile financial services through M-Pesa, enabling people unable to access traditional banking systems to benefit from money transfer, savings and credit services.

Number of legal entities 4

Legal entities

- GS Telecom (Ghana) Limited
- National Communications Backbone Company Limited
- Ghana Telecommunications Company Limited
- Vodafone Ghana Mobile Financial Services

India

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	412	568	1,053	987	19,471
2013–14	254	1,088	893	715	16,194

We are one of the largest international investors in India where we operate mobile and fixed-line services with 183.8 million customers as of 31 March 2015. We are also a significant provider of communications services to Indian corporate and public sector customers, from small and medium-sized enterprises and municipalities to national agencies, central government and multinational companies.

We entered the market in 2007 through the acquisition of assets owned by Hutchison. Local rules limiting the extent to which non-Indian shareholders could own assets in certain sectors led to unavoidably complex ownership arrangements until 2013 when we were permitted to acquire the remaining interests held by minority investors and were then able to begin to rationalise our overall corporate structure in India – a process that continues.

The 2007 acquisition is the focus of an ongoing dispute with the Indian Government, which is explained here (see page 16).

We also operate large technology shared services centres in India, which provide specialist back-office and technology support to companies across the Group as a whole. In 2012, we established a financial services business to bring the M-Pesa mobile money service to India. We also own 42% of Indus Towers, one of the world's largest mobile transmission tower companies, which provides the radio network for Vodafone India and two of its competitors.

Our 2014–15 direct tax contribution increased year-on-year as a consequence of increased tax payments associated with purchases of equipment and an increase in demands from the tax authorities. Our 2014–15 indirect tax contribution was also higher, predominantly as a consequence of increased taxes associated with a higher number of employees in the year. Our 2014–15 non-tax contribution was lower than in the prior year as a consequence of a spectrum auction in 2013–14 which increased government receipts in that year.

Number of legal entities 31

Legal entities

- AG Mercantile Company Private Limited
- Cable & Wireless Global (India) Private Limited
- Cable & Wireless Networks India Private Limited
- Connect (India) Mobile Technologies Private Limited
- Indus Towers Limited
- Jaykay Finholding (India) Private Limited
- Mobile Commerce Solutions Limited
- MV Healthcare Services Private Limited
- Nadal Trading Company Private Limited
- ND Callus Info Services Private Limited
- Omega Telecom Holdings Private Limited
- Plustech Mercantile Company Private Limited
- Scorpio Beverages Private Limited
- SMMS Investment Private Limited
- Telecom Investments India Private Limited
- UMT Investments Limited
- Usha Martin Telematics Limited
- Vodafone Digilink Limited
- Vodafone Global Services Private Limited
- Vodafone India Limited
- Vodafone India Services Private Limited
- Vodafone Mobile Services Limited
- Vodafone Mpaisa Limited
- Vodafone Shared Services Limited
- Vodafone South Limited
- Vodafone Spacetel Limited
- Vodafone Towers Limited
- Vodafone West Limited
- Vodafone Cellular Limited
- Vodafone East Limited
- Vodafone Technology Solutions Limited

Kenya

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	61	11	92	95	1,634
2013–14	84	6	54	80	1,334
	We are one of the largest international investors in Kenya where our associate Safaricom (40% owned by Vodafone) operates mobile services with 23.3 million customers as of 31 March 2015. Safaricom also provides communications services to Kenyan corporate and public sector clients. Vodafone entered the Kenyan market in 2000 through the acquisition of our stake in Safaricom. Our investment is owned and managed by our Kenyan holding company. Other legal entities include the companies responsible for the M-Pesa mobile money service. M-Pesa was initially launched in Kenya; it is now a mainstay of the country's financial system and is used by millions of Kenyans every day.				
Number of legal entities	4				
Legal entities	• M-Pesa Holding Co. Limited • Safaricom Limited • Vodacom Business (Kenya) Limited • Vodafone Kenya Limited				

Lesotho

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	2	2	2	10	170
2013–14	3	2	2	11	150
	Vodacom is the largest mobile operator in Lesotho with a customer market share of close to 78%. Over the last three years, Vodacom Lesotho has invested more than £29 million to improve and modernise the network and services relied on by 1.3 million customers as of 31 March 2015. Vodacom Lesotho (Pty) Limited is a subsidiary of the South Africa-based Vodacom Group Limited, through Vodacom International Holdings (Pty) Limited, which owns 80% of the company. The remaining interest in Vodacom Lesotho is owned by Sekhametsi Enterprises (Pty) Limited. Vodacom entered Lesotho in 1996 through the award of a mobile licence. Vodacom Lesotho also provides mobile financial services through M-Pesa, enabling people unable to access traditional banking systems to benefit from money transfer, savings and credit services.				
Number of legal entities	1				
Legal entities	• Vodacom Lesotho (Pty) Limited				

Mozambique

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	3	7	8	87	387
2013–14	3	2	3	78	337
	Vodacom is the second largest mobile operator in Mozambique with more than 34% customer market share. Over the last three years, Vodacom has invested more than £190 million to improve and modernise the networks and services relied on by its 4.9 million customers as of 31 March 2015. Vodacom Mozambique (VM,S.A.) is a subsidiary of the South Africa-based Vodacom Group Limited, which owns 85% of the company. The remaining interest is owned by various minority shareholders. Vodacom entered Mozambique in 2003 through the award of a mobile licence. Vodafone M-Pesa S.A. provides mobile financial services – including mobile money transfer, and savings and credit services – to people unable to access traditional banking systems.				
Number of legal entities	2				
Legal entities	• VM, S.A. • Vodafone M-Pesa S.A.				

New Zealand

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	9	50	82	129	3,134
2013–14	23	9	81	146	3,450
	We are a significant international investor in New Zealand where we operate mobile, fixed-line and TV services with 2.8 million customers as of 31 March 2015. We are also a significant provider of communications services to New Zealand corporate and public sector customers. We entered the market in 1998 through the acquisition of BellSouth's New Zealand operations, and in 2012 we acquired the TelstraClear fixed-line and TV business. Our 2014–15 direct tax contributions were lower than the prior year as a result of our tax liabilities being offset by surplus tax paid to the tax authorities in previous years.				
Number of legal entities	3				
Legal entities	• Vodafone Mobile NZ Limited • Vodafone New Zealand Limited • Vodafone New Zealand Foundation Limited				

Qatar

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	-	2	-	101	514
2013–14	-	3	-	59	445
	We own 23% of Vodafone Qatar; the Qatar Foundation owns 27% and the remaining shares are publicly held with a listing on the Qatar Exchange. Vodafone Qatar operates mobile and fixed-line services with 1.4 million customers as of 31 March 2015. We entered the market in 2009 through the award of a mobile licence.				
Number of legal entities	2				
Legal entities	• Vodafone and Qatar Foundation L.L.C. • Vodafone Qatar Q.S.C.				

South Africa

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	291	14	216	485	4,988
2013–14	330	26	261	430	4,886

Vodafone owns 65% of the Vodacom Group; the remaining 35% is publicly owned through a listing on the Johannesburg Stock Exchange. Vodacom is one of Africa's largest public companies and owns our operating businesses in the DRC, Lesotho, Mozambique, South Africa and Tanzania.

The large majority of Vodacom's revenues are derived from its biggest operating company, Vodacom South Africa (Pty) Limited. In the South African market, Vodacom is the largest mobile operator with more than 43% customer market share. Vodacom South Africa was founded in 1994 and provides mobile and fixed-line services to 39 million customers as of 31 March 2015. Vodafone acquired a majority interest in Vodacom Group in 2009.

Over the last three years, Vodacom has spent more than £4.8 billion on the communications infrastructure relied on by its customers and has invested a further £1.2 billion to improve and modernise its network over the same period, in turn contributing positively towards economic development and job creation.

Vodacom's direct tax contributions in 2014–15 are in line with those in 2013–14 in South African Rand but are lower in Pound Sterling reported terms as a consequence of currency fluctuations.

Vodacom Group owns several holding companies in South Africa – its country of domicile – as well as an insurance business that provides services to companies across the Vodacom Group. Vodacom also provides M-Pesa mobile financial services – including mobile money transfer, and savings and credit services – to people unable to access traditional banking systems. There are a number of dormant companies with no active role in either Vodafone Group or Vodacom Group.

Number of legal entities: 37

Legal entities

- Cable & Wireless Worldwide South Africa (Pty) Limited
- Centriq Insurance Company (Pty) Limited
- G-Mobile Holding Limited
- GS Telecom (Pty) Limited
- Joint Distribution Investments
- Jupicol (Pty) Limited
- Mezzanine Ware (Pty) Limited (RF)
- Micawber 268 (Pty) Limited
- Motifpros 1 (Pty) Limited
- Number Portability Company (Pty) Limited
- Ruffle Investments (Pty) Limited
- Scarlet Ibis Investments 23 (Pty) Limited
- Sheerprops 71 (Pty) Limited
- Skyprops 134 (Pty) Limited
- Storage Technology Services (Pty) Limited
- Tsamma (Pty) Limited
- Vodacom (Pty) Limited
- Vodacom Business Africa Group (Pty) Limited
- Vodacom Financial Services (Pty) Limited
- Vodacom Group Limited
- Vodacom Insurance Administration Company (Pty) Limited
- Vodacom Insurance Company (RF) Limited
- Vodacom International Holdings (Pty) Limited
- Vodacom Life Assurance Company (RF) Limited
- Vodacom Payment Services (Pty) Limited
- Vodacom Properties No.1 (Pty) Limited
- Vodacom Properties No.2 (Pty) Limited
- Vodacom Ventures (Pty) Limited
- Vodafone Holdings (S.A.) (Pty) Limited
- Vodafone Investments (S.A.) (Pty) Limited
- Waterberg Lodge (Pty) Limited
- Wheatfields Investments 276 (Pty) Limited
- Wheatfields Investments No 261 (Pty) Limited
- Wireless Hot Spot (Pty) Limited
- X-Link Communications (Pty) Limited
- Zoopy (Pty) Limited
- Yebu Yethu Limited

Tanzania

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	65	8	46	73	525
2013–14	65	10	48	88	509

Vodacom is the largest mobile operator in Tanzania with a 37% customer market share and 12.2 million customers as of 31 March 2015. Over the last three years, we have invested around £220 million to modernise the networks and services relied on by our customers.

Vodacom Tanzania is a subsidiary of the South Africa-based Vodacom Group Limited, which owns 82% of the company. The remaining interest in Vodacom Tanzania is owned by Mirambo Limited. Vodacom Group Limited also has a 49% stake in Mirambo Limited though Cavalry Holdings Limited. Vodacom entered the market in 2000 through the award of a mobile licence and also provides mobile financial services through M-Pesa, offering mobile money transfer, savings and credit services to people unable to access traditional banking systems.

Number of legal entities: 5

Legal entities

- Gateway Communications Tanzania Limited
- Mirambo Limited
- M-Pesa Limited
- Vodacom Tanzania Limited
- Vodacom Tanzania Limited Zanzibar

Turkey

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	287	209	430	343	3,359
2013–14	296	155	433	252	3,310

We are a significant international investor in Turkey where we operate mobile and fixed-line services with 20.8 million customers as of 31 March 2015. We are also a significant supplier of communications services to Turkish corporate and public sector customers. We entered the market in 2005 following our acquisition of the assets of Telsim. We have a holding company that owns our Turkish operating business. We also operate a technology R&D centre which provides specialist expertise to companies across the Group as a whole. Our 2014–15 non-tax contribution was higher than the prior year as a result of changes to the way the Government calculates spectrum usage fees.

Number of legal entities: 8

Legal entities

- Vodafone Bilgi Ve Iletisim Hizmetleri A.S.
- Vodafone Dagitim Hizmetleri A.S.
- Vodafone Elektronik Para Ve Ödeme Hizmetleri A.Ş.
- Vodafone Holding A.S.
- Vodafone Net İletişim Hizmetleri A.Ş.
- Vodafone Teknoloji Hizmetleri A.S.
- Vodafone Telekomunikasyon A.S.
- Vodafone Mobile Operations Limited

Enterprise sales and marketing locations

Angola

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	-	-	<1	-	7
	Vodacom Business Limitada is an enterprise-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to M2M and cloud computing services – to Vodafone's and Vodacom's large corporate and multinational customers with a presence across Africa.				
Number of legal entities	1				
Legal entities	• Vodacom Business Limitada				

Austria

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	<1	-	-	-	Note 1
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country.				
Number of legal entities	1				
Legal entities	• Vodafone Enterprise Austria GmbH				

Belgium

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	1	-	-	<1	16
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. We also have a legal entity that acts as our representative office in engaging with Brussels-based European institutions.				
Number of legal entities	3				
Legal entities	• Ipergy Communications NV • Vodafone Belgium S.A./NV • Vodafone Enterprise Belgium NV				

Cameroon

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	<1	<1	<1	<1	29
	Vodacom Business Cameroon S.A. is an enterprise-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to machine-to-machine and cloud computing services – to Vodafone's and Vodacom's large corporate and multinational customers with a presence across Africa.				
Number of legal entities	1				
Legal entities	• Vodacom Business Cameroon S.A.				

China

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	<1	-	<1	<1	24
	Our local legal entities provide marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. We also operate a company supporting our automotive M2M business which was acquired under the transaction with Cobra Group in Italy in 2014.				
Number of legal entities	3				
Legal entities	• Vodafone Enterprise Technical Services (Shanghai) Co. Limited • Cobra (Beijing) Automotive Technologies Co. Limited • Vodafone China Limited				

Denmark

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	<1	-	<1	<1	Note 1
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country.				
Number of legal entities	1				
Legal entities	• Vodafone Enterprise Denmark A/S				

France

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	2	-	1	3	14
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. We operate a company supporting our automotive M2M business which was acquired under the transaction with Cobra Group in Italy in 2014. We also have a dormant company that no longer plays an active role in the Group.				
Number of legal entities	3				
Legal entities	• Vodafone Automotive France S.A.S. • Vodafone Automotive Telematics Development S.A.S. • Vodafone Enterprise France S.A.S.				

Hong Kong

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	<1	-	-	3	79
	Our local legal entities provide marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in Hong Kong.				
Number of legal entities	3				
Legal entities	• Vodafone Enterprise Global Network HK Limited • Vodafone Enterprise Hong Kong Limited • Vodafone China Limited (Hong Kong)				

Ivory Coast

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	<1	-	<1	<1	7
	Vodacom Business Cote d'Ivoire S.a.r.l. is an enterprise-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to machine-to-machine and cloud computing services – to Vodafone's and Vodacom's large corporate and multinational customers with a presence across Africa.				
Number of legal entities	1				
Legal entities	• Vodacom Business Cote d'Ivoire S.a.r.l.				

Japan

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	<1	-	<1	1	12
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. We also operate a company supporting our automotive M2M business which was acquired under the transaction with Cobra Group in Italy in 2014.				
Number of legal entities	2				
Legal entities	• Vodafone Automotive Japan K.K. • Vodafone Global Enterprise (Japan) K.K.				

Mexico

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	<1	-	<1	-	2
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country.				
Number of legal entities	1				
Legal entities	• Vodafone Global Enterprise Mexico S.de R.L. de C.V.				

Nigeria

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	1	2	3	5	194
	Vodacom Business Africa (Nigeria) Limited is an enterprise-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to M2M and cloud computing services – to Vodafone's and Vodacom's large corporate and multinational customers with a presence across Africa.				
Number of legal entities	2				
Legal entities	• Spar Aerospace (Nigeria) Limited • Vodacom Business Africa (Nigeria) Limited				

Sierra Leone

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	<1	-	<1	<1	3
	VBA International (SL) Limited is an enterprise-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to M2M and cloud computing services – to Vodafone's and Vodacom's large corporate and multinational customers with a presence across Africa.				
Number of legal entities	1				
Legal entities	• VBA International (SL) Limited				

Singapore

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	<1	-	<1	8	194
	Our local legal entities provide marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in Singapore.				
Number of legal entities	4				
Legal entities	• Bluefish Apac Communications Pte. Limited • Vodafone Enterprise Global Network Pte. Limited		• Vodafone Enterprise Regional Business Singapore Pte. Limited • Vodafone Enterprise Singapore Pte. Limited		

South Korea

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	<1	-	<1	<1	Note 1
	We operate a company supporting our automotive M2M business which was acquired under the transaction with Cobra Group in Italy in 2014.				
Number of legal entities	1				
Legal entities	• Vodafone Automotive Korea Limited				

Sweden

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	<1	-	<1	<1	2
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country.				
Number of legal entities	1				
Legal entities	• Vodafone Enterprise Sweden AB				

Switzerland

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	<1	-	1	5	3
	Our local legal entities provide marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country.				
Number of legal entities	2				
Legal entities	• Vodafone Automotive Telematics S.A. • Vodafone Enterprise Switzerland AG				

USA

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	4	<1	14	9	506
2013–14	4,135	<1	1	11	n/a
	Our local legal entities provide marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. In 2015, we also launched a Vodafone-branded US mobile service for our multinational customers. This is a mobile virtual network operator (MVNO) service that runs on the T-Mobile US network; Vodafone does not own or operate the physical network used to connect customers. Our 2014–15 direct tax contribution was lower than in the prior year as the comparative figures for 2013–14 reflected the substantial tax charge arising from the disposal of our US group whose principal asset was our investment in Verizon Wireless.				
Number of legal entities	3				
Legal entities	• Bluefish Communications Inc. • Cable & Wireless a-Services Inc. • Vodafone US Inc.				

Zambia

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	1	<1	1	3	199
	AfriConnect (Zambia) Limited is an enterprise-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to M2M and cloud computing services – to Vodafone's and Vodacom's large corporate and multinational customers with a presence across Africa.				
Number of legal entities	1				
Legal entities	• AfriConnect (Zambia) Limited				

Other non-operating assets

Cayman Islands

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	-	<1	-	-	-
2013–14	-	-	-	-	-

Our legal entity in the Cayman Islands is a legacy of the transaction with Hutchison in 2007, which led to what is now Vodafone India, as explained in the India (see page 16) section of this report. Hutchison owned the assets in India indirectly via a Cayman Islands holding company. In its 2012 ruling, the Indian Supreme Court examined the Cayman Islands entity established by Hutchison (and subsequently acquired by Vodafone) and concluded that it had not been established to avoid tax.

Under Vodafone's ownership, the Cayman Islands holding company has no income and plays no role in reducing the taxes payable by our Indian operations or by the Group.

Number of legal entities	1
Legal entities	• CGP Investments (Holdings) Limited

Guernsey

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	-	-	-	-	-

Our legal entities in Guernsey are a consequence of prior acquisitions. These holding companies play no role in reducing the taxes payable by the Group.

Number of legal entities	5
Legal entities	• FB Holdings Limited • Le Bunt Holdings Limited • Silver Stream Investments Limited • VBA Holdings Limited • VBA International Limited

Jersey

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	-	-	-	-	-

We have a number of legal entities in Jersey. Eight of these holding companies are subject to tax in either the UK or the Netherlands. Their overall tax contributions are therefore included within the numbers disclosed for those two countries. We also have one legacy holding company in Jersey that receives a limited amount of dividend income (which is paid from post-tax profits) and which plays no role in the financing of the Group.

Number of legal entities	9
Legal entities	• Aztec Limited • Globe Limited • Plex Limited • Vizzavi Finance Limited • Vodafone Holdings (Jersey) Limited • Vodafone International 2 Limited • Vodafone Jersey Dollar Holdings Limited • Vodafone Jersey Finance • Vodafone Jersey Yen Holdings Unlimited

Luxembourg

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	19	<1	7	14	305
2013–14	5	-	64	5	279

Our legal entities in Luxembourg conduct financing, procurement and roaming activities on behalf of the Group as a whole as described in the main report (see page 10). Our local legal entities also provide marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. Our 2014–15 indirect tax contribution was lower than the prior year as we have now attributed the sales-related taxes paid by our Luxembourg-based global procurement organisation, the Vodafone Procurement Company, to each of the countries in which those taxes were paid.

Number of legal entities: 11

Legal entities

- Vodafone Enterprise Luxembourg S.A.
- Vodafone International 1 S.a.r.l.
- Vodafone International M S.a.r.l.
- Vodafone Investments Luxembourg S.a.r.l.
- Vodafone Luxembourg 5 S.a.r.l.
- Vodafone Luxembourg S.a.r.l.
- Vodafone Asset Management Services S.a.r.l.
- Vodafone Payment Solutions S.a.r.l.
- Vodafone Procurement Company S.a.r.l.
- Vodafone Roaming Services S.a.r.l.
- Vodafone Enterprise Global Businesses S.a.r.l.

Mauritius

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	<1	<1	<1	<1	5
2013–14	<1	<1	-	-	4

Our legal entities in Mauritius are a legacy of prior acquisitions, predominantly the acquisition of the Hutchison assets in 2007 which led to what is now Vodafone India as explained above (see page 41 Cayman Islands section). Mauritius is a common base for multinational investment into India and Africa and a number of assets acquired by Vodafone and Vodacom in the past have involved assuming ownership of Mauritius-based companies. These entities play no role in reducing the taxes payable by our African or Indian operations (or the operations of the Group) and many of these are now dormant. Vodacom's Mauritius-based companies also provide HR and wholesaling services to other members of the Vodacom Group.

Number of legal entities: 16

Legal entities

- Al-Amin Investments Limited
- Array Holdings Limited
- Asian Telecommunications Investments (Mauritius) Limited
- CCII (Mauritius) Inc.
- CGP India Investments Limited
- Euro Pacific Securities Limited
- Mobile Wallet VM1
- Mobile Wallet VM2
- Mobilvest
- Prime Metals Limited
- Trans Crystal Limited
- VBA (Mauritius) Limited
- Vodacom International Limited
- Vodafone Mauritius Limited
- Vodafone Telecommunications (India) Limited
- Vodafone Tele-Services (India) Holdings Limited

Morocco

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	-	-	-	-	-

We have one legacy legal entity in Morocco. This is now dormant.

Number of legal entities: 1

Legal entities

- Vodafone Maroc S.a.r.l.

Seychelles

	Direct revenue contribution: Tax (£m)	Direct revenue contribution: Non-tax (£m)	Indirect revenue contribution (£m)	Capital investment (£m)	Direct employment
2014–15	-	-	-	-	-
	We acquired two legal entities in the Seychelles when Vodacom Group increased its stake in Vodacom Tanzania in 2014. These entities have no income and play no part in the financing of either Vodacom Group or Vodafone Group.				
Number of legal entities	2				
Legal entities	• Cavalry Holdings Limited • East Africa Investments (Mauritius) Limited				

Notes to table:
The table above includes all contributions from countries where the Group has a legal entity presence. 'Global enterprise' includes all jurisdictions in which we have separate legal entities supporting our Vodafone Global Enterprise (VGE) sales, marketing and client support activities except where the contributions from VGE are in countries shown in the Europe or AMAP regions, in which case the VGE element is included within those lines. Data was not collected separately for these jurisdictions in 2013–14.

We also have VGE entities in Argentina, Bahrain, Brazil, Canada, Chile, Malaysia, Russia and the Ukraine where there is either no contribution data available for 2014–15 or the entities were set up after 31 March 2015.

The 2013–14 comparatives for the US include the contributions from our US Group, which owned the 45% interest in Verizon Wireless prior to the sale of that group as explained in Appendix 3.

The global total direct employment number includes employees in our non-controlled entities who are excluded from the numbers in the Annual Report and Accounts. The direct employment number above also excludes some roles in central Group functions, which are included in the numbers in the Annual Report and Accounts.

The contributions included in the table above in respect of our joint ventures in Australia, India and Kenya reflect our share of the contributions of the joint ventures (Australia 50%, India 42% and Kenya 40%)

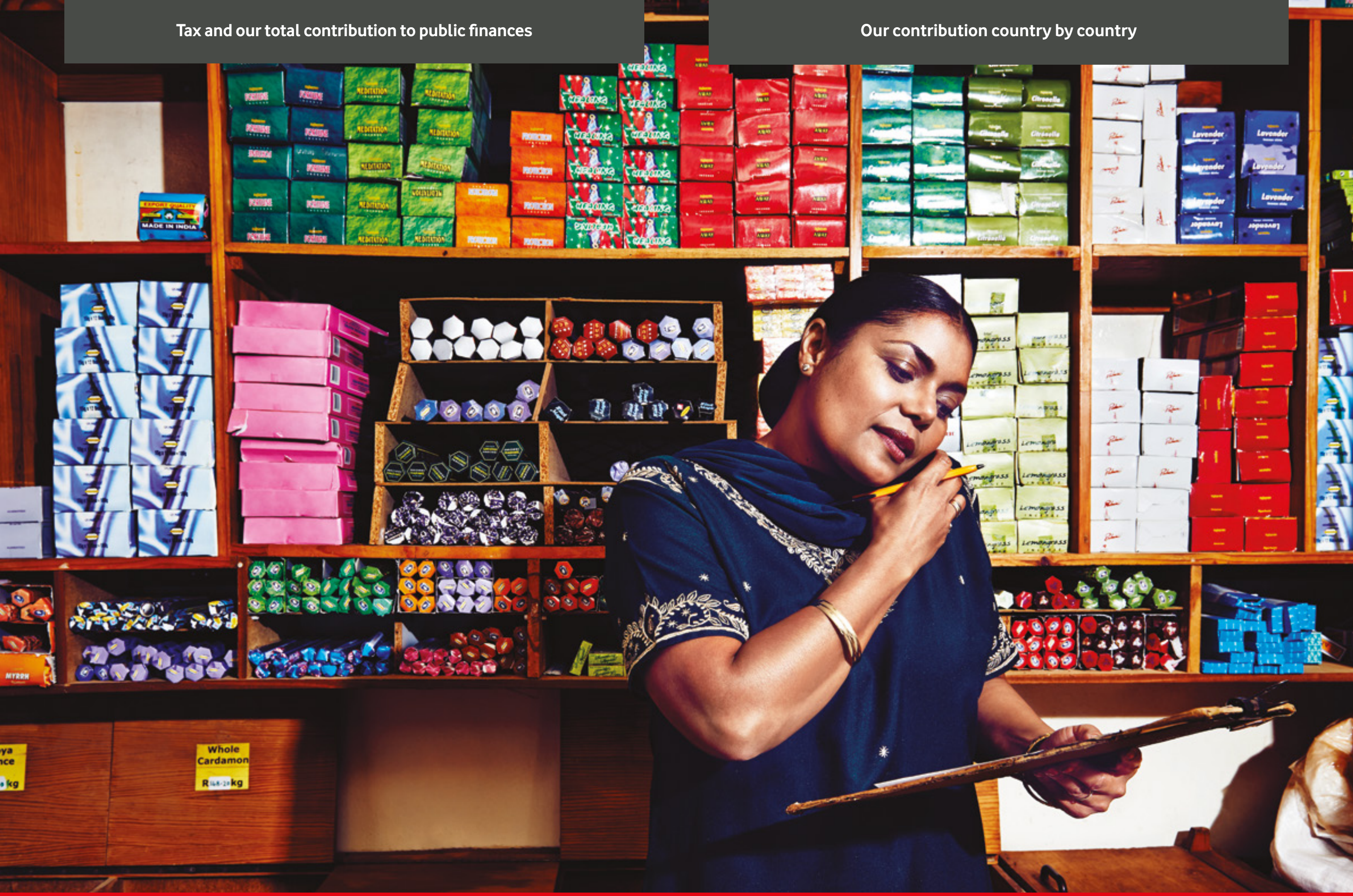
Note 1: We are not able to identify separately the employees in Austria, Denmark and South Korea from those in the central Group functions. The source data is predominantly drawn from information included within the publicly available Vodafone Group Annual Report and Accounts, the public accounts of the Group's listed operating company subsidiaries and the accounts of various non-listed Group operating company subsidiaries. The Vodafone Group public accounts are certified by the Group's external auditors and the public accounts of the Group's listed operating company subsidiaries are certified by those companies' external auditors. Additional data is subject to assurance by Ernst & Young in line with the approach taken for other metrics disclosed in the 2014–15 Vodafone Group Sustainability Report.

Key Vodafone Group financials and statistics at a global level

	2014–15	2013–14[8]
Revenue (£m)	**42,227**	43,616
Adjusted operating profit (£m)	**3,507**	7,874
Free cash flow (£m)	**1,088**	4,405
Employees	**101,443**	92,812
Market capitalisation (as at 31 March) (£m)	**58,400**	58,300
Group mobile customers (million)	**454.2**	433.7

For more detailed information about our latest financial performance in 2014–15, see our Annual Report.

[8] The 2013–14 comparatives are restated to the same basis as the 2014–15 numbers.



Appendices

Appendix 1

Summary of our country-by-country contributions in 2014–15

The table below sets out the data for five of the most relevant indicators of Vodafone's total overall contribution to the public finances and wider economies of the countries within which we operate. All the data presented is for the 2014–15 financial year on an actual cash paid basis and is drawn from the data that supports our audited accounts.

	Direct revenue contribution: taxation		Direct revenue contribution: non-tax		Indirect revenue contribution		Capital investment		Direct employment	
	FY14/15 £m	FY13/14 £m	**FY14/15** £m	FY13/14 £m	**FY14/15** £m	FY13/14 £m	**FY14/15** £m	FY13/14 £m	**FY14/15**	FY13/14
Europe										
Albania	8	9	8	1	8	10	23	25	411	399
Czech Republic	10	10	8	106	44	50	83	67	1,823	2,040
Germany	206	348	<1	-	1,026	1,037	2,203	1,483	15,568	14,187
Greece	26	14	104	7	154	169	75	70	2,228	1,726
Hungary	19	14	<1	3	88	92	61	45	2,949	2,616
Ireland	25	33	9	26	69	92	166	127	1,155	1,084
Italy	96	520	23	-	734	976	1,154	963	6,864	6,977
Malta	6	41	2	3	8	9	12	12	321	312
Netherlands	20	47	-	-	196	230	295	226	3,480	3,637
Portugal	37	47	23	7	92	115	268	155	1,433	1,426
Romania	26	25	13	149	72	79	103	80	3,705	3,232
Spain	199	91	100	73	279	289	850	505	6,050	3,567
UK	320	355	28	24	726	630	1,309	1,310	16,681	12,979
TOTAL	**995**	**1,554**	**318**	**397**	**3,494**	**3,777**	**6,603**	**5,066**	**62,666**	**54,181**
AMAP Region										
Australia	13	6	31	201	28	32	209	255	1,695	1,651
DRC	30	26	20	19	34	30	78	57	691	645
Egypt	107	121	47	48	148	150	316	218	8,456	7,622
Fiji	4	<1	-	1	-	2	-	3	-	127
Ghana	6	18	12	-	29	34	33	36	1,154	1,175
India	412	254	568	1,088	1,053	893	987	715	19,471	16,194
Kenya	61	84	11	6	92	54	95	80	1,637	1,334
Lesotho	2	3	2	2	2	2	10	11	170	150
Mozambique	3	3	7	2	8	3	87	78	387	337
New Zealand	9	23	50	9	82	81	129	146	3,134	3,450
Qatar	-	-	2	3	-	-	101	59	514	445
South Africa	291	330	14	26	216	261	485	430	4,988	4,886
Tanzania	65	65	8	10	46	48	73	88	525	509
Turkey	287	296	209	155	430	433	343	252	3,359	3,310
TOTAL	**1,292**	**1,229**	**981**	**1,571**	**2,170**	**2,024**	**2,944**	**2,429**	**46,182**	**41,835**

	Direct revenue contribution: taxation		Direct revenue contribution: non-tax		Indirect revenue contribution		Capital investment		Direct employment	
	FY14/15 £m	FY13/14 £m	**FY14/15 £m**	FY13/14 £m	**FY14/15 £m**	FY13/14 £m	**FY14/15 £m**	FY13/14 £m	**FY14/15**	FY13/14
Enterprise sales and marketing locations										
Angola	-	n/a	-	n/a	<1	n/a	-	n/a	7	n/a
Austria	<1	n/a	-	n/a	-	n/a	-	n/a	Note 1	n/a
Belgium	1	n/a	-	n/a	1	n/a	<1	n/a	17	n/a
Cameroon	<1	n/a	<1	n/a	<1	n/a	<1	n/a	29	n/a
China	<1	n/a	-	n/a	<1	n/a	<1	n/a	24	n/a
Denmark	<1	n/a	-	n/a	<1	n/a	<1	n/a	Note 1	n/a
France	2	n/a	-	n/a	1	n/a	3	n/a	14	n/a
Hong Kong	<1	n/a	-	n/a	-	n/a	3	n/a	79	n/a
Ivory Coast	<1	n/a	-	n/a	<1	n/a	<1	n/a	7	n/a
Japan	<1	n/a	-	n/a	<1	n/a	1	n/a	12	n/a
Mexico	<1	n/a	-	n/a	<1	n/a	-	n/a	2	n/a
Nigeria	1	n/a	2	n/a	3	n/a	5	n/a	194	n/a
Sierra Leone	<1	n/a	-	n/a	<1	n/a	<1	n/a	3	n/a
Singapore	<1	n/a	-	n/a	<1	n/a	8	n/a	194	n/a
South Korea	<1	n/a	-	n/a	<1	n/a	<1	n/a	Note 1	n/a
Sweden	<1	n/a	-	n/a	<1	n/a	<1	n/a	2	n/a
Switzerland	<1	n/a	-	n/a	1	n/a	5	n/a	3	n/a
US	4	4,135	<1	-	14	1	9	11	506	n/a
Zambia	1	n/a	<1	n/a	1	n/a	3	n/a	199	n/a
TOTAL	**10**	**4,135**	**2**	**-**	**20**	**1**	**39**	**11**	**1,302**	**n/a**
Non-operating companies										
Luxembourg	19	5	<1	-	7	64	14	5	305	279
Mauritius	<1	<1	<1	<1	<1	-	<1	-	5	4
Cayman Islands	-	-	<1	-	-	-	-	-	-	-
Guernsey	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a
Jersey	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a
Seychelles	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a
TOTAL	**19**	**5**	**<1**	<1	**7**	**64**	**14**	**5**	**310**	**283**
GLOBAL TOTAL	**2,316**	**6,924**	**1,302**	**1,968**	**5,691**	**5,866**	**9,601**	**7,510**	**110,460**	**96,299**

Notes to table:

The table above includes all contributions from countries where the Group has a legal entity presence. 'Global enterprise' includes all jurisdictions in which we have separate legal entities supporting our Vodafone Global Enterprise (VGE) sales, marketing and client support activities except where the contributions from VGE are in countries shown in the Europe or AMAP regions, in which case the VGE element is included within those lines. Data was not collected separately for these jurisdictions in 2013–14.

We also have VGE entities in Argentina, Bahrain, Brazil, Canada, Chile, Malaysia, Russia and the Ukraine where there is either no contribution data available for 2014–15 or the entities were set up after 31 March 2015.

The 2013–14 comparatives for the US include the contributions from our US Group, which owned the 45% interest in Verizon Wireless prior to the sale of that group as explained in Appendix 3.

The global total direct employment number includes employees in our non-controlled entities who are excluded from the numbers in the Annual Report and Accounts. The direct employment number above also excludes some roles in central Group functions, which are included in the numbers in the Annual Report and Accounts.

The contributions included in the table above in respect of our joint ventures in Australia, India and Kenya reflect our share of the contributions of the joint ventures (Australia 50%, India 42% and Kenya 40%)

Note 1: We are not able to identify separately the employees in Austria, Denmark and South Korea from those in the central Group functions. The source data is predominantly drawn from information included within the publicly available Vodafone Group Annual Report and Accounts, the public accounts of the Group's listed operating company subsidiaries and the accounts of various non-listed Group operating company subsidiaries. The Vodafone Group public accounts are certified by the Group's external auditors and the public accounts of the Group's listed operating company subsidiaries are certified by those companies' external auditors. Additional data is subject to assurance by Ernst & Young in line with the approach taken for other metrics disclosed in the 2014–15 Vodafone Group Sustainability Report.

Appendix 2

The HMRC/Vodafone Controlled Foreign Companies settlement

In 2010, Vodafone and Her Majesty's Revenue & Customs (HMRC) concluded a long-running legal dispute focused on a specific point of UK and European tax legislation with a full and final settlement of £1.25 billion.

The background to this settlement is highly complex. It was focused on an area of law whose application was unclear and which successive UK governments agreed needed to be rewritten. It involved nine years of legal argument, three court cases and two independent appeals, followed by a detailed HMRC review and settlement in 2010. That settlement was then followed by a National Audit Office (NAO) inquiry in 2012, assisted by a former High Court judge, Sir Andrew Park. The NAO report concluded that the HMRC/Vodafone settlement was a good outcome for the UK taxpayer and that if Vodafone had chosen to continue litigation instead of settling with HMRC "there was a substantial risk that the Department [HMRC] would have received nothing".

The dispute focused on the UK tax authorities' interpretation of Controlled Foreign Companies (CFC) legislation and began when Vodafone bought the Mannesmann conglomerate in Germany in 2000. The acquisition was largely for shares and involved no borrowings or loans from Vodafone's UK business. Importantly, there was no reduction in Vodafone's UK tax contributions as a consequence, and the dispute was not related in any way to the tax liabilities arising from our UK operations. We therefore questioned the UK tax authorities' application of the rules on both factual and legal grounds, in common with a number of other companies who had also challenged the UK's approach to CFC legislation.

As explained in our Luxembourg (see page 10) section, Vodafone's subsidiary in that country is the main financing company for our many operations around the world. The UK tax authorities argued that, had those financing activities been established and undertaken in the UK, they would have attracted tax in the UK, and that therefore tax should be payable under UK CFC provisions. Vodafone argued that, as a matter of European law, we were freely entitled to establish activities wherever we chose, and that as a matter of fact, these were neither artificial arrangements nor did they have any impact on Vodafone's UK tax liabilities.

The underlying facts were scrutinised by the UK tax authorities and the points of law involved were examined in detail by the European Court of Justice, the UK High Court and the UK Court of Appeal, prior to the decision to reach a settlement. Subsequently, the UK Government sought to address a number of inconsistencies and flaws in UK CFC legislation, clarifying the UK's approach to this complex area of international taxation in new rules which took effect in January 2013.

Appendix 3

Verizon Wireless

In February 2014, we completed the sale of our US group – whose principal asset was Vodafone's 45% shareholding in Verizon Wireless – to our US joint venture partners, Verizon Communications Inc. The total consideration was $130 billion.

Our US group structure was predominantly a legacy of prior mergers and acquisitions dating back more than 14 years. In addition to the Verizon Wireless shareholding, our US group also owned a range of minority non-US interests acquired in the merger with AirTouch Communications Inc. in 1999, together with other non-US interests acquired over time.

It would not have made sense to leave those legacy non-US interests (which were not included in the sale to Verizon Communications) stranded in US jurisdiction once the sale of our US group was completed. We therefore undertook a rationalisation and reorganisation of the US group structure prior to completion of the transaction to ensure that those non-US interests were held by Vodafone outside the United States. That reorganisation gave rise to an estimated £2.2 billion US tax liability under standard US tax rules; a sum that was paid to the US tax authorities in 2014.

Our US group has always been owned by one of Vodafone's European holding companies, based in the Netherlands, which also own many of our other international assets. Our European holding company sold the US group to Verizon Communications in its entirety once the rationalisation and reorganisation, described above, had been completed.

The sale of our US group was not taxable under standard US tax rules: under the US tax code, US tax is not imposed on these types of sales of shares by non-US-based entities. Such treatment is also consistent with US tax treaties. The sale was also not taxable under standard Dutch rules: long-established tax law in the Netherlands provides a participation exemption on dividends received and capital gains arising from the sale of shares by any Dutch company, whatever the size of the company or the size of the transaction involved. A number of other EU countries have similar provisions in place, all of which are designed to stimulate long-term corporate investment and consequential broader benefits for the wider economy.

While the UK is not a relevant jurisdiction for tax purposes given the locations of the buyer (the United States) and the seller (the Netherlands), under rules established in 2002, the UK has similar shareholding disposal exemptions to those of the Netherlands.

Appendix 4

Taxation types

The table below provides an illustrative overview of the types of taxation paid by Vodafone operating companies around the world every year.

Direct taxation

Advertisement tax
Airtime excise tax
Business profits tax
Business rates
Capital gains tax
City services levy
Climate change levy
Commission levy
Communications services tax
Company car tax
Construction tax
Consumption tax
Corporation tax
Crisis tax
Donations tax
Economic activity tax
Education tax
Employers' national insurance contributions
Employers' Provident fund contribution
Employers' tax on pension plans
Environment tax
Environmental product fee
Expatriate tax
Fixed asset tax
Fringe benefit tax
Fuel duty
Game tax
Garbage tax
Homologation tax
Import duty
Innovation contribution
Insurance premium tax
Interconnect tax
International inbound call termination surtax
Irrecoverable value added tax and goods and services tax
Judicial tax
Levy contributions
Local business tax
Minimum alternative tax
Mobile telecoms services value added tax
Mobile telecoms value added tax (higher rate)
Municipal business tax
Municipal and city rates
Municipal sewage levy
Municipal tax on immovable property
Municipal water tax
Municipal waste tax
National health insurance levy
Net wealth tax
Numbering tax
PAYE settlements
Railway development levy
Real estate/property/landlord tax
Real estate transfer tax
Rehabilitation contribution
Social security tax
Special communications tax
Special consumption tax
Stamp duty land tax
Tax on public domain/fixed lines
Tax on non-biodegradable SIM cards
Tax on prize programmes
Technology tax
Transfer tax
Turnover tax
Universal service tax
Vocational training contribution
Withholding tax
Workers' compensation insurance levy

Non-taxation-based fees

Annual government fee
Carrier fees
Chamber of commerce fees
Frequency fees
Identity management fee
International Mobile Equipment Identity (IMEI) number registration fees
Licence renewal fees
National copyright collecting fees
Network usage fees
Non-IMEI number registration fees
Proceeds from revenue sharing agreements
Radio link fees
Spectrum auction receipts
Spectrum management fees
Telecoms levy
Telecoms licence fees
Usage fees
Wireless connection fees
Wireless usage fees

Appendix 5

Glossary of key terms

Advance tax agreements

These can arise when there are complex transactions, unclear tax regulations or substantial values involved, and tax authorities seek to provide companies of all sizes with both formal and informal rulings and clearances in order to reduce uncertainty.

Arms-length principle

The principle of pricing of a transaction between related parties as if the parties were acting as independent entities.

Artificial arrangements

These are where transactions, activities or arrangements are undertaken without any significant commercial purpose. See our tax risk management strategy for our perspective on artificial arrangements.

Base erosion

This is the term used to describe the reduction in a country's overall tax revenues as a consequence of the fluid movement of corporate activity and funds between different jurisdictions.

BEPS

This is the OECD's project designed to address artificial base erosion and profit shifting (BEPS). The initiative intends to ensure that multinationals are taxed 'where their economic activities take place and value is created'.

Capital allowances

Capital allowances are the sums of money a UK business can deduct from its profits to reflect the capital expenditure on certain purchases or investments (e.g. network equipment). This allowance is given instead of depreciation for certain types of asset.

Deferred taxation

An accounting concept whereby the future tax consequences of past transactions are reflected in the accounts of a company. A deferred tax liability would mean that more tax will be due in the future as a result of past transactions, whereas a deferred tax asset means there will be less tax due in the future.

Depreciation

The amount included on the profit and loss account of a company each year to reflect the reduction in value of capital expenditure, e.g. network equipment.

Diverted profits tax

A tax introduced by the UK from April 2015 to tax circumstances where multinationals either contrive arrangements so as to not meet the definition of a taxable presence in the UK, or who artificially divert UK profits to an entity in a lower tax jurisdiction for purely tax reasons.

Double taxation

This is the taxation of the same income twice by two or more different tax jurisdictions.

Effective tax rate

The ratio of tax expense included in the financial statements compared to the profits shown in the same financial statements.

Exchange of information

Refers to the exchange of certain information between tax authorities of information relating to tax payers in each jurisdiction. The type of information exchanged could relate to bank accounts held by tax payers or to sharing of country-by-country reports prepared under the BEPS initiative.

Holding company

This is a type of company whose principal purpose is to hold and manage investments in other companies or joint ventures.

Profit shifting

This is the term used to describe the artificial arrangements under which companies move profits from one jurisdiction to another jurisdiction in order to minimise tax payments.

State aid

This generally arises where in the EU a member state, through a government body, has granted some form of advantage to an individual or company.

Taxable presence

This describes the activities that take place in a country (or people based in a country) that require the filing of a tax return and possibly the payment of taxes in that country.

Tax haven

There are a number of different definitions of the term 'tax haven'. At its simplest, the term is relative: if the tax regime in Country A has a lower headline or effective tax rate than Country B, then through the eyes of the people of Country B, Country A could be considered to be a 'tax haven'.

A more nuanced definition of the term 'tax haven' focuses on national tax policies that have the effect of incentivising activities that are ring-fenced from the local economy, may be specific to individual companies rather than available to all market participants, and may be largely artificial in nature and designed purely to minimise tax.

Transfer pricing

The setting of the price for goods and services sold between related entities within a Group. Transfer pricing should be based on the arms-length principle. It is used to ensure that profits are allocated to the countries where the relevant economic activity takes place.

Appendix 6

EY Assurance Statement

Tax and our total contribution to public finances

Independent Assurance Statement to Vodafone Management

The online "Tax and our total contribution to public finances" document for 2014/15 (the "Report") has been prepared by the management of Vodafone who are responsible for the collection and presentation of the information within it.

The management of Vodafone are also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the report, so that it is free from material mistatatement, whether due to fraud or error.

Our responsibility, in accordance with Vodafone management's instructions, is to carry out a limited assurance review of the data included in the "Our contribution, country by country" section of the Report and to ensure that the statements made in the remainder of the Report are not inconsistent with that data and our discussions with Vodafone. Our work involved a review of data relating to:

- Direct revenue contribution: taxation
- Direct revenue contribution: other non-tax
- Indirect revenue contribution
- Capital investment
- Direct employment

Our responsibility in performing our assurance activities is to the management of Vodafone Group only and in accordance with the terms of reference agreed with them. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

Our assurance engagement has been planned and performed in accordance with the revised version of the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information – 'ISAE3000 Revised'[1].

Specifically, the subject matter in the Report has been evaluated against the following criteria:

- Coverage of the most material issues.
- Consistency of the statements made with underlying information that we reviewed and points raised through discussions with Vodafone teams.
- Completeness of the data in terms of coverage of material reporting entities.
- Accuracy of group level data collation and presentation.

Summary of work performed:

The procedures we performed were based on our professional judgement and included the steps outlined below:

1 Interviewed identified members of Vodafone Group Tax with responsibility for managing, collating and reviewing the data for the Report to:
   - review the relevant documentation and guidance provided to local teams.
   - examine the processes and controls at Group level in managing, collating and reviewing the data for the Report.
   - review the underlying processes and documentation supporting the qualitative statements in the Report.

2 Interviewed a sample of ten Vodafone local country tax teams to review:
   - adherence to and understanding of the guidance provided by Vodafone Group Tax.
   - the processes for ensuring that all local country taxes are included within the reporting to Vodafone Group Tax.
   - the extent to which Vodafone Group Tax has reviewed the data provided to them by the local country team.

3 Reviewed the basis upon which the identified data reported by the ten Vodafone local country tax teams sampled (ensuring coverage of Operating companies, Enterprise sales and marketing locations and Non-Operating companies) has been captured, reviewed and consolidated to assess whether the data has been collected, consolidated and reported accurately.

4 Sought explanations for material differences between the quantitative data presented in the previous tax section in the 2013-14 Sustainability report and this Report.

5 Reviewed and challenged supporting evidence from Vodafone Group Tax in relation to selected qualitative tax statements made within the Report.

6 Reviewed the Report for consistency between sections.

7 Compared the data in the Report to the relevant disclosures in the Vodafone Group's Consolidated Financial Statements for the year ended 31 March 2015.

[1] International Standard on Assurance Engagements 3000 (Revised) is effective for assurance reports dated on or after December 15, 2015

Limitations of our review

We conducted our work to express a limited assurance conclusion. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement.

Consequently the level of assurance obtained in a limited assurance engagement is substantially lower[2] than the assurance that would have been obtained had we performed a reasonable assurance engagement (such as the statutory audit of financial statements) and we do not therefore express a reasonable assurance opinion.

Our review of tax and non-tax contribution data was limited to the subject matter identified above from the ten jurisdictions sampled.

As part of our work, we placed reliance on Vodafone's controls at local country and Group level for managing and reporting the tax and non-tax contribution information, with the degree of reliance informed by the results of our review of the effectiveness of these controls. We have not sought to review systems and controls in place at Group level for the collation of capital investment data and direct employment data where this information has been extracted from the Group's financial management and related systems.

Our conclusions

Based on our review of the collection, consolidation and presentation of direct revenue contribution: taxation; direct revenue contribution: other non-tax; indirect revenue contribution;direct employment data; and capital investment data:

- Nothing has come to our attention that causes us to believe that the tax data included within the scope of our review has not been materially collated and presented properly at Group level; and
- Nothing has come to our attention that causes us to believe that the statements made within the scope of our review are inconsistent with the tax data included in the Report or our discussions with Vodafone teams.

Observations from our work

Our observations and areas for improvement will be raised in a report to Vodafone management. These observations do not affect our conclusions on the Report set out above.

Vodafone has demonstrated a positive intention to engage its stakeholders and the public in relation to the tax and economic contribution that the business makes.

This is the fourth time that Vodafone has sought to report a detailed level of tax data in the absence of any formal requirement.

We make the following comments in relation to how the data required for the Report has been gathered, reviewed and consolidated:

- There is a formal and documented methodology in place that sets out the process for data collection.
- Local teams were provided with sufficient time and improved guidance to enable effective collation of country data.
- The local reporting template is intuitive to use and has sufficient granularity of captions to support quality and consistency over the data collection process.
- The Group consolidation template provides a clear audit trail to the local reporting templates.

Our independence

Ernst & Young LLP provide independent assurance services in relation to the "Tax and our total contribution to public finances" document for 2014/15 (the "Report").

We have implemented measures to ensure that we are in compliance with the applicable independence and professional competence rules as articulated by the IFAC Code of Ethics for Professional Accountants and ISQC1[3].

Our assurance team

Our assurance team has been drawn from our tax network, which undertakes engagements similar to this with a number of significant UK and international businesses. Our assurance team has provided no other services relating to the collection and consolidation of the data and the statements made in the Report.

Ernst & Young LLP
London

February 2016

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Building a better working world

[2] Assurance Report Content Guidance for Limited Assurance Engagements- ISAE 3000 Revised
[3] Parts A and B of the IESBA Code; and the International Standard on Quality Control 1 (ISQC1)

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Published February 2016