VODAFONE CODE OF ETHICAL PURCHASING

As one of the world's largest telecommunications companies, Vodafone has a significant role to play in enriching people's lives.

We also understand that we have a significant role to play in managing our business carefully and responsibly, which is why we have adopted a set of core Values and Business Principles to govern our activities and interactions with all our stakeholders across the world, including our suppliers.

Our Business Principles declare a commitment "to promote the application of our Business Principles by our business partners and suppliers".

The following Code of Ethical Purchasing is to be read in conjunction with our Business Principles, and is designed to promote safe and fair working conditions and the responsible management of environmental and social issues in Vodafone's supply chain.

The Code has been developed in consultation with employees, suppliers, investors and Non-Governmental Organisations. It sets out the standards we wish to see achieved by Vodafone and our suppliers over time.

The principle of continuous improvement applies to all aspects of the Code.

In accordance with the implementation provisions of the Code, and as a condition of trading, Vodafone will require first level suppliers to acknowledge their understanding and acceptance of its standards and to confirm that they will comply.

Vodafone will work collaboratively with our suppliers on the implementation of the Code, which may include joint audits and site visits to assess and continuously review performance.

Vodafone will publicly report on the implementation of, and compliance with, the Code.

Vodafone will encourage all suppliers to implement the standards of our Code across their whole business and within their own supply chains.

The Code of Ethical Purchasing is accompanied by a Guidance Note, which provides more definition, examples and information to support its requirements. References contained in the Guidance Note are denoted in the text of the Code by an abbreviation, such as "[GN1]". Both documents are to be to read in conjunction with one another.

IMPLEMENTATION OF THE CODE

Ownership

- The Vodafone Global Supply Chain Management and Global Terminals Directors jointly own the Vodafone Code of Ethical Purchasing.

- Both Directors and their respective supplier management leads at both Global and Operating Company level have operational responsibility for the implementation of the Code.

Communication

- Vodafone will communicate and promote its Code of Ethical Purchasing internally and externally to relevant stakeholders.

- Suppliers are encouraged to take all reasonable endeavours to promote the Code to their suppliers and sub-contractors.

Training and Awareness

- Vodafone and its suppliers will ensure that all relevant people are provided with appropriate training and guidance to support the Code.

Application

- Suppliers applying the Code are expected to comply with all relevant laws, regulations and standards in all of the countries in which they operate.

- The Code is applied for the purposes of promoting safe and fair working conditions and the responsible management of environmental and social issues in Vodafone's supply chain.

- Suppliers will be asked to confirm (in writing) that they are implementing the Code, or a similar purchasing standard such as the Electronics Industry Code of Conduct (EICC); Ethical Trading Initiative (ETI) Base Code; Social Accountability International's SA 8000; or the Chartered Institute of Purchasing and Supply Ethical Business Practices in Purchasing and Supply.

- Vodafone will work collaboratively with its suppliers on the implementation of the Code, which may include audits [GN1] and site visits to assess performance against the Code.

- Suppliers will be asked to provide Vodafone with reasonable access to all relevant information and premises for the purposes of assessing performance against the Code, and use reasonable endeavours to ensure that sub-tier suppliers do the same.

Corrective Action

- Suppliers are expected to identify, correct and monitor the continued compliance of any activities that fall below the standards of the Code.

- Suppliers shall immediately report to Vodafone any serious breaches of the Code and together agree a schedule for corrective action.

- Where serious breaches of the Code are identified and persist, Vodafone will consider termination of the business relationship with the supplier concerned.

Monitoring and Reporting

- Vodafone's Corporate Responsibility and Purchasing teams will use a risk-based approach [GN2] to monitor implementation of and adherence to the Code in our supply chain, and will report progress in the annual Vodafone Corporate Responsibility Report.

- Vodafone and its suppliers will use reasonable endeavours to provide employees and other stakeholders with a confidential means to report any actual or potential breach of the Code.

CODE OF ETHICAL PURCHASING

1 Child Labour

- No person is employed who is below the minimum legal age for employment [GN3].

- Children (persons under 18 years) are not employed for any hazardous or night work, or work that is inconsistent with the child's personal development [GN4].

- Where a child is employed, the best interests of the child shall be the primary consideration.

- Policies and programmes that assist any child found to be performing child labour are contributed to, supported, or developed.

2 Forced Labour

- Forced, bonded or compulsory labour is not used and employees are free to leave their employment after reasonable notice [GN5]. Employees are not required to lodge deposits of money or identity papers with their employer.

3 Health, Safety & Wellbeing

- A healthy and safe working environment is provided for employees, contractors, partners or others who may be affected by company's activities, in accordance with international standards and national laws. Mechanisms are in place to ensure that health and safety obligations are communicated and applied to parties under their control.

- Products and/or services delivery meets general principles of H&S risk prevention [GN6].

- Mechanisms are developed and implemented to ensure that all employees are competent to carry out the health and safety aspects of their responsibilities and duties [GN7].

- Facilities and amenities, including employee accommodation where provided by the company, shall be hygienic, safe and meet the basic needs of employees.

- The company has systems and training to prepare for and respond to accidents, health problems and foreseeable emergency situations. A means for recording, investigating and implementing learning points from accidents and emergency situations is in place.

4 Freedom of Association

- Open communication and direct engagement between employees and management are the most effective ways to build employee relations and resolve issues.

- The rights of employees to join or not to join trade unions, or similar representative bodies and their right to collective bargaining in accordance with local laws are respected.

5 Discrimination

- No form of discrimination is engaged in, or supported by, the company in hiring, employment terms, remuneration, access to training, promotion, termination or retirement procedures or decisions [GN8].

6 Disciplinary Practices

- Employees are treated with respect and dignity. Physical or verbal abuse or other harassment and any threats or other forms of intimidation are prohibited.

7 Working Hours

- Working hours of employees do not exceed the maximum set by local law and a working week does not exceed 60 hours per week [GN9], including overtime.

- In exceptional circumstances [GN10], when these hours might be exceeded, working hours shall not be excessive [GN11]. Overtime is compensated at a premium rate and workers shall be allowed at least one day off per seven-day week.

8 Payment

- Employees understand their employment conditions and fair and reasonable pay and terms are provided.

9 Individual Conduct

- No form of bribery, including improper offers for payments to or from employees, customers, suppliers, organisations or individuals is tolerated.

10 Environment

- Relevant legislation and international standards for managing environmental impacts is complied with. In countries where environmental legislation is not evident or enforced, responsible practices for managing environmental impacts are in place.

- Processes are in place to actively optimise the use of finite resources (such as energy, water and raw materials) and appropriate management, operational and technical controls are in place to minimise the release of harmful emissions to the environment.

- Appropriate measures are in place to improve the environmental performance of products and services when in use, such as considering energy efficiency and end-of-use of supplied products and/or services at the design stage.

- Innovative developments in products and/or services that offer environmental and social benefits are supported.

GUIDANCE NOTE

This Guidance Note accompanies Vodafone's Code of Ethical Purchasing and is designed to provide further definition, examples and information in support of the Code's requirements. The Guidance Note will be reviewed on a regular basis and, where necessary, updated to reflect developments in ethical supply chain management and industry best practice.
Reference numbers, such as "GN1", appear in the main text of the Code and correspond to the notes below, under their respective headings.

GUIDANCE NOTE

Application

GN1. Audits could be conducted by a Vodafone representative or third party. Audits may also be conducted jointly between Vodafone and the supplier, and include the assistance of an industry representative, or relevant Non-Governmental Organisation.

Monitoring and Reporting

GN2. Vodafone will focus on those parts of the supply chain where the risk of not meeting the Code is highest and where the maximum difference can be made with the resources available.

Child Labour

GN3. Minimum age is the age of completion of compulsory schooling, or not less than 15 years (or not less than 14 years, in countries where educational facilities are insufficiently developed, in accordance with international principles).
GN4. Personal development includes a child's health or physical, mental, spiritual, moral or social development.
"Child" means a person below the age of 18 years, as defined in Article 1 of the United Nations Convention on the Rights of the Child.
"Personal development" is as described in the Article 32 of the United Nations Convention on the Rights of the Child.

Forced Labour

GN5. A reasonable notice period is based on an employee's contractual notice period and assumes the existence of written contracts for all employees, reinforcing Vodafone's position that all employees understand and are given written information about the terms of their employment under Payment clause 8.

Health, Safety and Wellbeing

GN6. General principles include: identifying, minimizing and preventing hazards, using competent and trained people, providing and maintaining safe equipment and tools, including personal protective equipment as required.
GN7. This should include the nomination and training of persons at an appropriate level, particularly executives who are responsible for discharging the supplier's Health and Safety obligations.

Discrimination

GN8. Forms of discrimination include, but may not be limited to: race, colour, sex, gender identification, sexual orientation, religion, political opinion, nationality, social origin, social or marital status, indigenous status, disability, medical condition, HIV status, pregnancy, age, veteran status and union membership.

Supplier must ensure no form of discrimination is present at any stage of employment, from the selection of suitable applicants, their interview and assessment; to the terms of their employment, payment and grounds for dismissal.

Working Hours

GN9. Restrictions on working hours are primarily intended to protect those workers in nonsupervisory and non-management roles.
GN10. Exceptional circumstances may include emergency situations, but shall not include anticipated peak or seasonal increases in production requirements.
GN11. To determine whether working hours are excessive, consideration should be given to the type of work performed and the acceptable working hours for the role concerned.

Duty to Report

Vodafone operates a whistle-blowing mechanism under its Duty to Report Policy. It is the duty of our suppliers, contractors and employees to report dishonesty, corruption, fraud, labour and human rights concerns, environmental damage or any other unethical behaviour; either directly to our Group Corporate Security team +44 (0) 1635 667911, or via an independent third party on +44 (0)1249 661 795. All reports are dealt with in confidence.

REFERENCES

Vodafone's Code of Ethical Purchasing is based on the following international standards:
• The United Nations Universal Declaration of Human Rights.
• The Conventions of the International Labour Organisation.
• The United Nations Convention on the Rights of the Child.
Reference has also been made to:
• Social Accountability International's SA 8000 Standard;
• The Ethical Trading Initiative (ETI) Base Code;
• The Electronics Industry Code of Conduct; and
• The UN Draft Norms of Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights (2003)
With respect to the International Labour Organisation Conventions on Labour Standards, the following provisions have been referenced in the development of this Code:
• Conventions 1 & 14 (Acceptable working hours)
• Conventions 29 & 105 (Forced Labour)
• Conventions 87, 98, and 135 (Freedom of Association)
• Conventions 100 & 111 (Discrimination)
• Convention 135 & Recommendation 143 (Workers' Representatives Convention)
• Convention 138 (Minimum Age)
• Convention 155 Article 19 (Health and safety training)