

Vodafone future

Corporate Social Responsibility Report 2000-2001

Measuring up to our social, environmental
and economic impact



Vodafone global comm



- 2 Vodafone sustainable future
- 4 Vodafone global community
- 6 Vodafone drive for change
 - Engagement and partnership
- 12 Vodafone standard of responsibility
- 14 Vodafone direction
 - Management structure
 - Managing our social impact
 - Managing our environmental impact
 - Facing health concerns
- 25 Looking forward
 - Sources of further information



itment

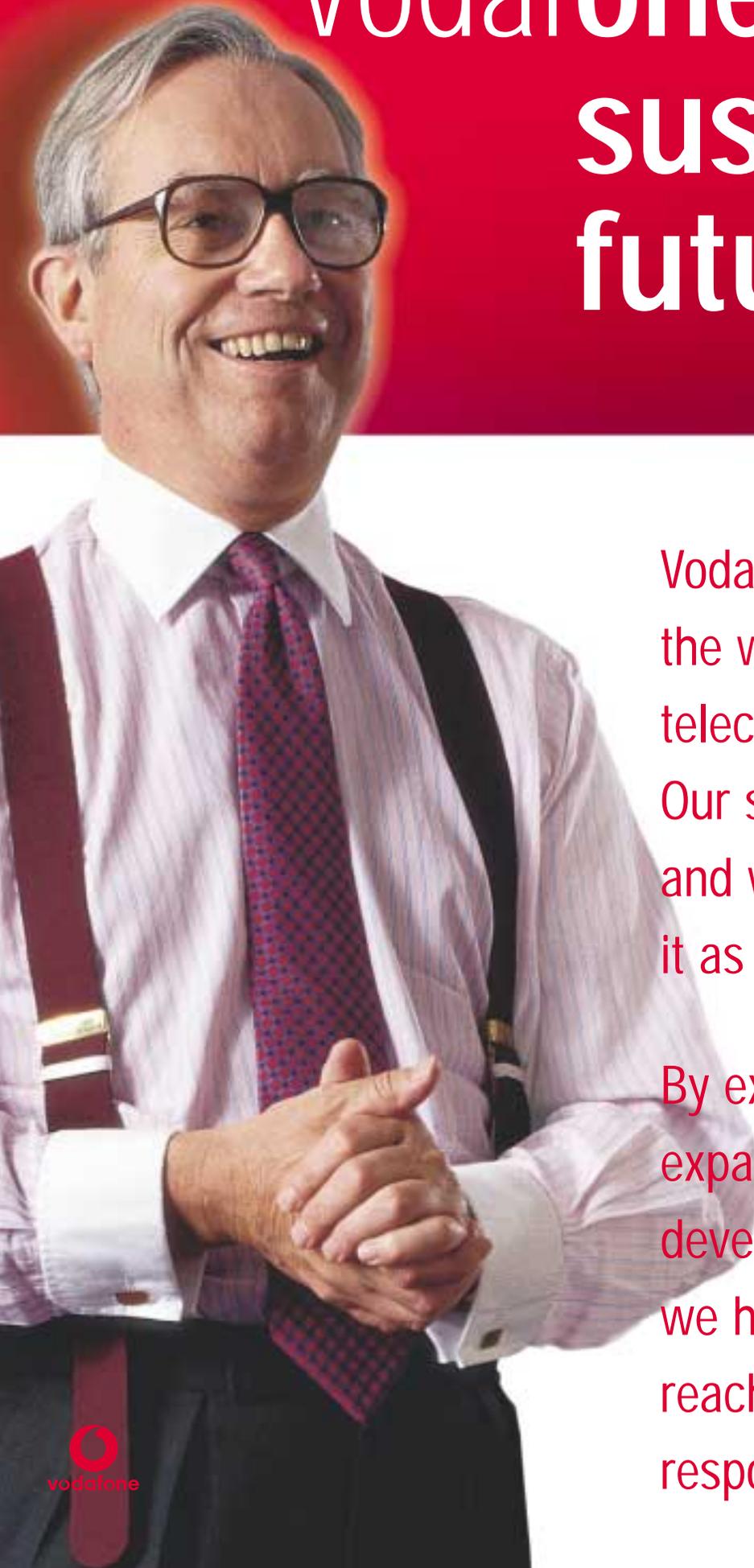
Across the globe, Vodafone has reached out to serve its customers, enabling millions of people to live their lives differently. We recognise that such success brings responsibilities as well as opportunities.

We are therefore determined to achieve the highest standards in social and environmental behaviour.

Our passion to achieve those standards drives Vodafone wherever we operate. One global commitment.



Vodafone sustainable future



Vodafone is now one of the world's leading mobile telecommunications companies. Our success spans the globe and we are determined to use it as a force for good.

By extending our customer base, expanding geographically and developing innovative services, we have achieved a global reach that brings worldwide responsibilities with it.

Those responsibilities demand a clear and consistent response wherever we operate. So this statement of our commitment to corporate social responsibility represents the core values on which we intend to be judged. Vodafone's concern, not only for the well being of our staff but for the wider physical and social environment, will commend itself to customers, shareholders and local communities, wherever we operate.

In last year's Annual Report & Accounts, we outlined our determination to take up a leading position on environmental and community issues. Over the next two years, the Vodafone Group will be building the systems and structures to ensure that we meet our international responsibilities to reduce and minimise the environmental and social impact of our business and maximise the opportunities we will continue to deliver. Already recognised as a good employer, we shall continue to develop and implement policies on employment and human rights. All this arises naturally from our way of doing business. Fulfilling our passion for excellence involves reaching the highest standards of social and environmental responsibility, just as much as providing outstanding service to our customers.

Yet, although these principles have always been part of our philosophy, we now need to express them clearly. In this, our first published statement on Corporate Social Responsibility (CSR), we set out what Vodafone aspires to achieve, and deliver, on the main environmental and social issues which rightly concern our shareholders and other stakeholders throughout the world. It is a companion document to our Report & Accounts and Annual Review, which supports our belief that sound policies on environmental and social responsibility are as necessary as product development and marketing in building sustained business success.

By adhering to these values Vodafone will continue to enjoy the confidence and trust of customers, employees, investors, governments, regulators and civil society.

Everyone who works for Vodafone is expected to participate in the achievement of our environmental and social policies and, by sharing in common principles, to ensure that we maintain the confidence and support of those who have contributed to our success.



Chris Gent Group Chief Executive
29th May 2001

'Fulfilling our passion for excellence involves reaching the highest standards of social and environmental responsibility, just as much as providing outstanding service to our customers.'



Vodafone global community

Vodafone has an extraordinary history in pioneering mobile communications. From our roots in the UK in 1984, we have grown into one of the leading mobile telecommunications companies in the world, focused on delivering value to customers through excellence, speed and innovation.



Vodafone drive for change

Mobile telecommunications satisfies universal needs like no other medium. This means that, in the modern global economy, the industry as a whole is a potent driver of change. Vodafone recognises the opportunity it has to help shape that change, and the responsibility it has for the environmental, social and economic impact of its business.

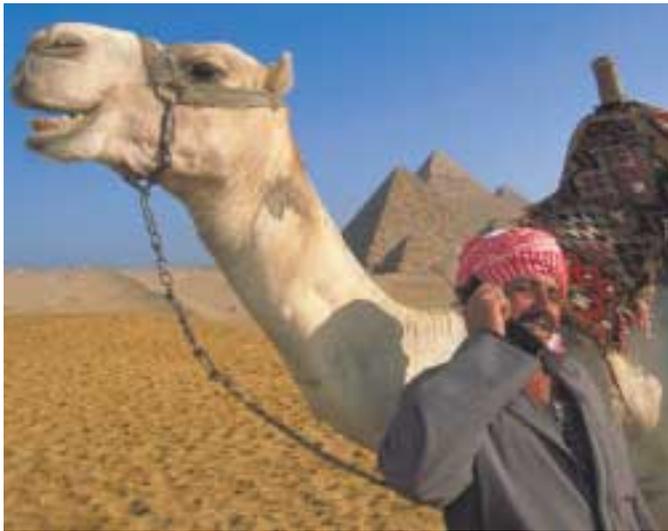
Mobile telecommunications can materially contribute to reducing mankind's pressure on both the physical and social environment. Changes in travel, working practices and lifestyle which our technology makes possible will have significant positive effects in themselves, such as helping to cut energy consumption and pollution.

Product and network development has combined with manufacturing improvement to bring the mobile handset to millions. Communication for business and leisure has advanced in ways undreamed of a decade or so ago.

Yet bridging the Digital Divide – between those with access to new technologies and those without – remains one of the major economic and social challenges of the new century. As the commercial opportunities of the information revolution continue to unfold, Vodafone recognises that the telecommunications industry shares a social responsibility to use its technology to include people and take barriers down.

While our business investments around the world are made for reasons of business strategy, Vodafone acknowledges the role that investment in mobile communications plays in advancing social and

environmental goals. We believe that mobile communications advance the goals of sustainable development, and help bring social and economic improvements, often leapfrogging an entire generation of outdated infrastructure and technologies. A significant proportion of the world's population has never made a phone call or had access to a fixed telephone line, so the introduction of mobile communications can help achieve great progress in commerce and society. Bridging the Digital Divide presents an opportunity to realise sound commercial goals while at the same time fulfilling the fundamental human need to communicate.



Sustainable development also requires a recognition of local diversity. Our rapid growth has meant that we have inherited a wealth of local business, employment and environmental practices. We have made structural changes to respond to this diversity while, at the same time, establishing the consistency that is proper for a global business.

In November 2000, for example, Vodafone acquired an equity stake of approximately 2.18% in China Mobile (Hong Kong) Ltd and, in February 2001, the parties entered into a strategic alliance agreement. China Mobile (Hong Kong) provides mobile telecommunications services in 13 provinces, municipalities and autonomous regions in the People's Republic of China, including the more economically developed coastal regions. China Mobile (Hong Kong) Ltd's customers represented approximately 77.5% of all mobile phone customers in its service regions, and 53% of all mobile phone customers in China as of

31 December 2000. China Mobile (Hong Kong)'s networks employ advanced GSM (Global System for Mobile Technologies) equipment almost exclusively. The strategic alliance with Vodafone allows China Mobile (Hong Kong) to share information regarding technology, marketing and business practices across respective markets, and Vodafone's equity investment has helped finance the further expansion of China Mobile (Hong Kong) in China, thus further narrowing the Digital Divide. We feel strongly that our participation in the Chinese market will, like other investments, contribute both capital and earnings to China's on-going economic and social development. We believe, also, that these objectives are in line with the Chinese government's own goals of restructuring certain State-Owned Enterprises, including those in the telecommunications sector and expanding trade, economic opportunity and foreign investment in China.

We have instituted 'Project Momentum' to consolidate the benefits of our global position in key areas such as product innovation, technology co-ordination, supply chain management and brand development. The purpose is to achieve much closer co-operation across operating companies within the Group, while ensuring appropriate levels of local focus.

'Project Momentum' also drives the roll-out of the Vodafone brand – a brand which represents values that include common standards of corporate behaviour as well as common standards of service and professionalism. These values bind the Group together. Shared aims, objectives and standards, as well as principles of transparency, accountability and objective measurement, define how we operate around the world. They underpin our commitment to engage positively with local communities.



Engagement and partnership

The Vodafone Group works with partners around the world as a force for positive social and environmental change...



VODACOM – getting entrepreneurs on the move

Official figures indicate that fewer than 7 out of every 100 young South Africans will find employment in the business sector after leaving high school.

In an effort to help address this, Vodafone's South African associate, Vodacom Group (Pty) Ltd, has sponsored an initiative called "Entrepreneurs on the Move". The aim is to encourage school leavers to create their own employment opportunities by becoming the budding business people of tomorrow. The initiative is about enabling them to enable themselves.

Four teachers from eight disadvantaged schools in the Pretoria area are being trained in all aspects of small business management. They will then equip 20 final year students in each school with theoretical business knowledge and practical entrepreneurial skills. The school leavers will initially have access to support through their teachers and thereafter through a call centre which is part-funded by Vodacom's sponsorship. Company resources and contacts are also available to reproduce learning materials for the programme.

Part of the Entrepreneurs on the Move curriculum is the 'Start-Up Challenge': each school leaver receives R50.00 and has 30 days to grow the money by applying the business plan developed during the theoretical part of the programme.

VODAFONE HUNGARY – helping to cope with natural disaster

In March 2001, the river Tisza again flooded the north-eastern region of Hungary, covering 29 towns and villages. 25,000 people, some of the poorest in the country, were affected by the height of the flood waters, as our picture shows. Nearly 1500 were made homeless.

To help meet the essential needs of some of these people, a Vodafone convoy of eight lorries loaded with long-life food, detergents and other important goods was sent to Vásárosnamény, one of the flooded towns. The swift action, co-ordinated in close contact with the Mayor of Vásárosnamény, was welcomed not only by the flood victims but by others involved in the disaster relief operations.

Vodafone also participated in the national dedicated mobile helpline, through which the four mobile phone operators in Hungary each made donations based on the number of subscribers calling a dedicated number.



VODAFONE MALTA – supporting educational special needs

Vodafone Malta Limited has supported The Eden Foundation, a charity providing specialist education for children with mental disabilities, since 1995. The Foundation looks after 400 children but constantly faces financial difficulties.

In 1999, Vodafone Malta set up a fund to assist the Foundation in the construction of a new Ability Centre and contributed more than half of the money raised through a popular appeal.

In February 2001, the Eden Foundation launched its Save the Eden Foundation Club and the first two members were Vodafone Malta and Siemens AG. As part of celebrations to mark the connection of the 100,000th subscriber on its network, Vodafone Malta made a further substantial contribution to the Foundation's funds.





D2 VODAFONE – helping street kids through “Buddy-Projekt”

D2 Vodafone supports non-profit organisations helping children in need in Germany. One of these is Off-Road-Kids which looks after street children. As well as providing communication infrastructure and funding community workers, D2 Vodafone has worked with Off-Road-Kids to develop the “Buddy-Projekt”. At the core of this is educational material for schools consisting of a video documentary about the lives of street children, a teacher’s book and a pupil’s brochure.

Supporting activities to promote awareness of the problems of street life have included a nationwide schools initiative. Using “Buddy-Projekt” materials and information these pupils engaged with the imaginary case of 14 year-old classmate ‘Marco’ based on his real life namesake who had left home and prompted the initiative. They then found out what had happened to him and how they could have prevented it.

A campaign called “Buddys zeigen Flagge” (“Buddys show flag”) is also being run to encourage teachers, pupils and the general public to sign up to the responsibilities of caring for children.

VERIZON WIRELESS – encouraging responsible driving



In October 2000, Verizon Wireless launched a campaign urging Americans to “Drive responsibly. Call with care”. As the U.S. wireless industry leader, Verizon Wireless has made the responsible use of in-vehicle wireless phones a top priority. The aim is to improve customers’ attentiveness to driving through the use of convenient hands-free technologies, such as headsets, earpieces and voice-activated systems.

Verizon’s mission is to put its strength behind enhancing the availability, affordability and awareness of hands-free technologies. This effort includes spearheading hands-free educational programmes among drivers and wireless users of all ages; mandating handset manufacturers to ensure hands-free, voice-activated compatibility for their handsets by 2002 or risk losing Verizon business; and selling earpieces and headsets at low prices to encourage their use.

Each of the company’s 1,400 Communications Stores also now has a safety wall prominently featuring products and services that promote responsible driving.

VODACOM – keeping the lions roaring

Many of South Africa’s most endangered species are to benefit from the support of Vodacom Group (Pty) Ltd. The Vodacom Foundation recently made a donation to the Wildlife Breeding Resource Centre (WBRC), South Africa’s only dedicated biological resource bank for wildlife where some of the world’s best stocks of viable sperm are stored using state of the art technology. Species such as the black and white rhino, cheetah, African lion and roan and sable antelope are among the beneficiaries of this programme.

WBRC’s Biological Resource Bank provides an invaluable service to conservation organisations through collecting, banking and distributing wildlife specimens. As well as protecting endangered species, the service helps counter in-breeding caused by loss of natural wildlife habitats.

In addition to the financial support, Vodacom has provided mobile phones and free airtime to WBRC to help in the co-ordination and collection of samples from the field.



VODAFONE GROUP – planning for a sustainable future

Vodafone has become a core partner in ‘e-lab’ – a policy laboratory dedicated to creating sustainability solutions in the new economy. ‘e-lab’ will be coordinated by the sustainable development think-tank and charity Forum for the Future with three main objectives:

- to become an international centre of excellence in analysing the sustainability impacts and opportunities of telecommunications, the internet and e-business;
- to develop a critical mass of companies, policy-makers and entrepreneurs committed to making the new economy more sustainable than the old; and
- to incubate innovative policies and promote an integrated framework for e-business, e-government and sustainability with partners from all sectors.



Vodafone standard of responsibility



We fully recognise our responsibility towards customers, employees and the communities within which we operate.

We are fortunate in being able to help deliver essential elements of sustainable development through innovative communications and information services to people around the globe.

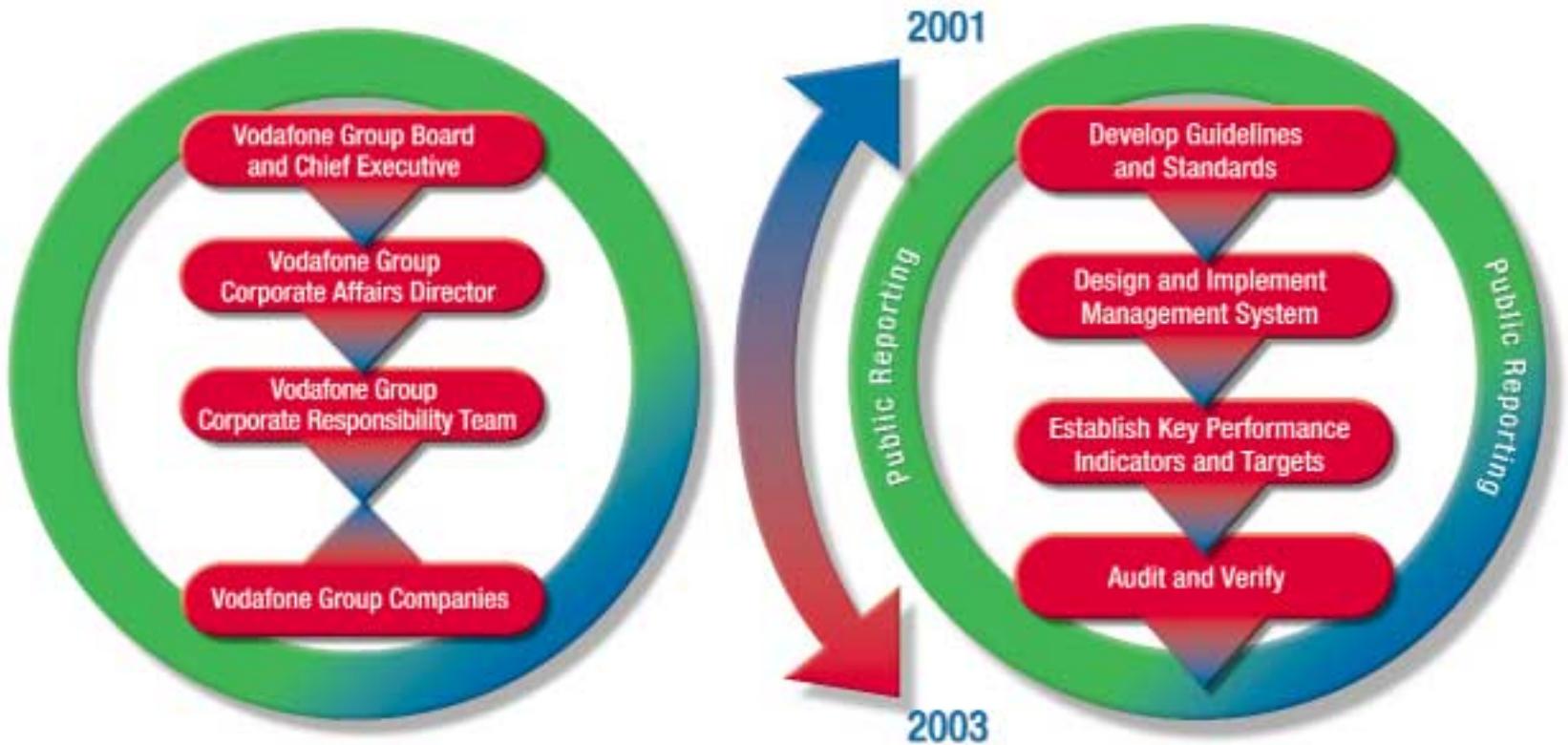
- 
- **We are committed** to conducting business in a socially and environmentally responsible manner;
 - **We will comply** with all applicable national and international laws and regulations, in accordance with best practice and licence conditions in each country where we operate;
 - **We will prepare** during 2001:
 - a Group-wide Corporate Social Responsibility policy;
 - a Group Code of Business Principles;
 - new principles for the Group's social investment;
 - **We will implement** programmes and reviews to evaluate our operations and check compliance against these policies. To ensure delivery we will roll out a Group environmental and social management system by 2003;
 - **We will develop** key performance indicators and a web-enabled data collection system so that implementation and progress can be monitored throughout the Group;
 - **We will consult** employees on the implementation of the environmental and social policy and train them to become fully involved so that the policy can be effectively delivered;
 - **We will engage** with relevant organisations, government bodies and non-governmental organisations to ensure that these policies have been subject to the widest consultation;
 - **We will ensure** the successful implementation of these policies by placing them under the direct control of the Group Executive Committee chaired by the Group Chief Executive;
 - **We will review** and report on our progress on a regular basis.



Vodafone direction

In building and developing a successful global network, we recognise the need for local diversity. Yet there must also be common standards of excellence in our products and services and in our approach to issues of proper public concern.





Management structure

During 2000 a Corporate Responsibility Team was set up.

The role of the team is to define and implement the Vodafone Group's Corporate Social Responsibility strategy, which will establish guidelines for environmental and socially responsible behaviour and performance.

Through the Vodafone Group Corporate Affairs Director, the team reports to the Group Chief Executive and, through him, to the Group Board.

We are committed to the effective management of our impact and to improving on our performance. To ensure that we can deliver on our commitments we will develop a system which contains the key elements shown above.

The system will focus on measures to reduce our overall use of natural resources, minimise the environmental impact of our business activities and develop our positive social contribution

through community partnerships. Our subsidiaries will be required to have programmes in place to determine local targets and demonstrate continually improving performance.

We believe that through identifying relevant key performance indicators, performance will be measured in a way that enables risks to be identified and managed and performance to be tracked. The management system being developed will be supported by a web-enabled data collection system. The system will be based on the principle of self-assessment but subject to third party audit and verification. The Vodafone Group management system will complement, not replace, systems at the national level. In those areas where significant risks are identified particular guidelines or standards will be developed to help in their management.

The Corporate Responsibility Team will work very closely with Vodafone Group companies around the world to determine where guidelines and standards are required, to develop the framework of the management system and to identify key performance indicators.



Managing our social impact

We are building on the opportunities our success allows to make an ever more positive contribution to the societies in which we operate. What follows are some of the ways in which we have been doing so and will do so in the future...

Social Investment

Vodafone is developing a corporate community investment programme which reflects the ambitions and values of our business. To make our social investment as effective as possible we will continue to focus on projects in two main areas – education and enterprise, and health and welfare.

Companies in the Vodafone Group seek to make a positive contribution to their local communities both through financial support for specific projects and through the personal involvement of the workforce.

Grants are also made through the Vodafone Group Charitable Trust which administers the Vodafone Group's community investment programme and helps coordinate the activities of our local charitable trusts and foundations around the world. There are similar trusts or foundations operating in the USA and in Spain.

The Vodafone Group Board has authorised multi-million pound increases in the budget for the Vodafone Group Charitable Trust for the current year and in future. Consistent with the overall focus of our social investment, the Charitable Trust concentrates on communications and youth projects, drawing on a tradition of corporate philanthropy which has been operating in different areas of the Vodafone Group over the last decade. During 2001, for example, a £3 million donation will be made to our flagship programme, YouthNet, a charity set up in the UK to bring together help and advice for young people (see below). We also became a founder member of the Peace Parks International Foundation which supports sustainable economic development, conservation of biodiversity and regional peace and stability in sub-Saharan Africa. Vodafone also contributed to the Voluntary Service Overseas education initiative in the fight against HIV and AIDS in southern Africa.

VODAFONE GROUP CHARITABLE TRUST – engaging with young people

Under the social investment policy that has been implemented by the Vodafone Group Charitable Trust, the first flagship programme was YouthNet.



The charity, relaunched by the UK Prime Minister in April 2000, was created to bring together in one place all the information, help and advice available for young people in the UK, so that they can make informed decisions and choices for themselves. YouthNet's mission is to continue and expand this work, in particular redoubling its efforts towards assisting disadvantaged young people through technology, access, information, advice and training.

YouthNet focuses on creating ways for disadvantaged young people to be both informed and empowered. The aim is to achieve this by:

- providing access to information, advice and other materials through TheSite.org web site;
- introducing a number of new outreach projects;
- harnessing new technologies to the needs of disadvantaged young people in order to bridge the Digital Divide and connect them into mainstream society.

The Vodafone Group Charitable Trust Board of Trustees



Professor Sir Alec Broers
(Non-executive Director and
Chairman of the Charitable Trust)

Phil Williams
(Group Human Resources Director)

Tim Brown
(Group Corporate Affairs Director)

Mike Caldwell
(Group Corporate
Communications Director)

* The board meets four times a year and reports to the Vodafone Group Board annually.

The Charitable Trust is administered by the Group's Corporate Responsibility Team, under the direction of its Trustees. During 2001, the Team will be applying the London Benchmarking Model which provides a comprehensive tool for measuring not only charitable spend but total contribution to the public good and what has been achieved for the company and the community. Application of the model will enable common evaluation and measurement between companies.

Developing Human Rights and Employment Principles

We depend upon our employees. Everyone who works for us contributes to the reputation and the success of our company. So we believe in investing in people because it is only by working together as a well-trained and resourced team that we can create new and exciting opportunities for our business.

By the development and implementation of progressive policies we aim to ensure that Vodafone is recognised as the employer of choice wherever we operate. Doing business in so many different countries throughout the world, it is inevitable that some of the Vodafone Group's employees work in countries which have different standards

of employment legislation. Nonetheless, the Vodafone Group seeks to maintain high employment standards wherever we operate. We are therefore committed to the continued development of progressive employment principles for the whole Vodafone Group to ensure that consistent standards of which we can be proud are established, communicated and achieved. It will mean building on existing good practice and reflects the international nature of our business.

Equal Opportunities

The Vodafone Group operates an equal opportunities policy within its businesses worldwide for all aspects of employment, regardless of race, colour, ethnic or national origin, sex, religion, marital status or disability.

In practice, this means Vodafone will:

- select the best people available for positions on the basis of merit and ability;
- make the most effective use of the talents and experience of people in the business, providing them with the opportunity to develop and realise their potential;



- place significantly greater emphasis on international skills, experiences and backgrounds in order to meet the increasing needs of a growing international business; and
- act in a fair and equitable manner with employees and potential employees and, as a result, earn a good reputation in the communities in which we are located.

The Vodafone Group is committed to policies, procedures and practices which focus on ability and do not discriminate on any other basis. We will ensure that local businesses take ownership of global policies, procedures and practices whilst being sensitive to the culture and society of each country in which the Group operates.

Disabled people

In addition to giving disabled people full and fair consideration for all vacancies for which they offer themselves as suitable candidates, efforts are made to meet their special needs, particularly in relation to access and mobility. Where practicable, modifications to workplaces have been made to provide access and, therefore, job opportunities for the disabled. Every effort is made to continue the employment of people who become disabled.

Health, safety and welfare

At Vodafone we are committed to ensuring the health, safety and welfare of employees so far as is reasonably practicable. We apply high standards throughout the organisation in the management and control of our operations. These standards are designed to ensure that, in all our activities, we properly safeguard those who work for us and those who may be affected by what we do.

Although the standards established by national legislation will apply as a minimum, mere compliance is not enough. We aim to achieve best practice in the local context of every country in which we operate.

Each subsidiary company within the Vodafone Group will develop, implement and continuously review a health and safety management system, consistent with local operating conditions and legislation.

The following key elements will be incorporated within that system, as a minimum:

- a statement of policy, signed by the Chief Executive of each subsidiary company, which recognises that:
 - health and safety is an integral part of the daily business process, not an add-on extra;
 - best practice can only be achieved with management leadership and commitment; and
 - participation of all employees in the health and safety management process is essential for success.
- details of the management systems and responsibilities in place to manage health and safety throughout the business;
- details of the arrangements in place to ensure that all work activities conform to the relevant legislative standards and requirements;
- a statement of the mechanisms which integrate the activities of contractors and suppliers into the company's health and safety systems and responsibilities;
- a clear exposition of the training arrangements that ensure employees understand the relevant health and safety issues and are competent to perform their duties without undue risk to themselves or others; and
- a list of the methods in place for monitoring and measuring health and safety performance and of the mechanisms for communicating the results to the management and workforce.

Ultimate responsibility for health and safety rests with the Vodafone Group Board. The Vodafone Group Human Resources Director has specific responsibility for overseeing the implementation of Vodafone Group policy on health and safety and for advising the Vodafone Group Board on its development.

The Chief Executive of each subsidiary company within the Group is responsible for the organisation, management and conduct of local operations in line with Vodafone Group standards. Each company will report annually to the Vodafone Board on the following matters:

- the health and safety management systems within the company and the measures in place, both to ensure their effective monitoring and continuous improvement and also for the communication of the results to management and workforce;
- the health and safety performance of the company, including accident and major incident data, audit findings, health and safety objectives and the action plans to achieve them; and
- liaison with enforcement agencies in relation to local business activities.

The Board will publish an annual Health and Safety statement reporting in detail on Vodafone's performance.

Employee education, training and development

Continuing education, training and development are important elements in ensuring the future success of Vodafone. Policies have been adopted to assist employees in reaching their full potential.

A wide variety of schemes and programmes are offered, aimed at ensuring that relevant education, training and development opportunities are available.

A programme of business-related further education is sponsored by the Vodafone Group. Other programmes are provided to help employees meet the training and qualification requirements of their chosen professional institution, thereby continuing to raise the Vodafone Group's professionalism.

An accelerated management development programme is now underway which will serve to attract, develop and retain employees from around the world who have been identified as possessing significant potential as general managers.

We are also investing in the development of our most senior management. We are running a series of programmes which use the recognised expertise of the International Institute for Management Development based in Lausanne, Switzerland.

Global Leadership Model



Employee involvement

Vodafone places a high priority on employee communications and this is achieved through an expanding number of channels, including presentations, team briefing, e-mail, intranet sites, focus groups and conferences.

Vodafone has established an International Employee Communications Forum at which employee representatives from subsidiary companies in Europe are able to discuss with Vodafone Board Directors and Chief Executives of subsidiaries within the Vodafone Group the progress of the Group and consider matters affecting more than one country.



Managing our environmental impact

The impact of Vodafone's operations on the environment is relatively small compared with other industry sectors. However, we take our responsibility to reduce that impact seriously. The following sections detail some of the ways in which we will continue to do so...

Waste

Mobile communications do not produce the significant amounts of waste common in other industrial sectors. Nevertheless, Vodafone is committed to reducing the impact of that which we do produce.

The waste materials directly associated with our business range from decommissioned analogue network base station equipment to office machinery and consumables. Vodafone Group guidelines on waste will be rooted in the fulfilment of the principles of the 'waste hierarchy': re-use, recovery, recycling. This means first promoting re-use where appropriate, then recovering redundant equipment and waste and, lastly, recycling materials which cannot be effectively dealt with by either of the first two methods.

Vodafone makes every effort to obtain a complete audit trail of what happens to its dismantled equipment. For example, we know that only 0.3% of the analogue equipment decommissioned so far in the UK has gone to landfill. Also, our focus on efficiency means that we have worked with logistics partners to minimise the journeys required to put 2G (Second Generation) and future 3G equipment into place, to re-use old analogue sites where practicable and to pre-fit essentials such as air conditioning. Our aim is to make as few deliveries as possible to a site, with all the environmental savings that brings.

We are also working with suppliers to reduce the environmental impact of base stations themselves. For example, we have specified that next generation equipment must be compatible with existing 2G and 3G equipment, thereby making future upgrading

much easier than it would otherwise have been – not to mention increasing the lifespan of the equipment.

A number of individual companies within the Vodafone Group already have programmes on office waste management and a Group guideline will be developed as part of the new management system to set targets and ensure progress is measured, audited and reported.

We are also committed to ensuring that the impact of mobile phone disposal is minimised, which is why we have helped to develop and support industry-led handset recycling schemes in key markets such as Italy, Portugal, New Zealand, the UK, Sweden and Australia.

Energy use

Climate change is a real and important global issue. The Vodafone Group is not a major polluter but, in common with all responsible energy users, it will develop guidelines from which it will set targets for reducing and minimising greenhouse gas emissions, monitoring progress and reporting publicly.

Internal targets on a company-by-company basis will accompany the Vodafone Group-wide commitment. During 2002, we will undertake an initial audit of current resource use from which credible and measurable targets will be set.

A focus is the development of more energy efficient equipment. Technological development has made possible more electronic processing power for a given amount of space and power consumption, a trend set to continue with the advent of 3G radio base stations.



VODAFONE AUSTRALIA – recycling old phones for new

Despite seemingly endless wide-open spaces, Australia is rapidly running out of usable landfill sites. Recycling as much waste as possible is, therefore, an environmental goal as in other countries. Through an industry-wide recycling scheme, Vodafone Australia aims to reduce the numbers of old mobile phones being discarded and ending up as useless landfill.

The potential is impressive. In a limited six-month trial in 1999 about 30 tonnes of mobile phones, batteries and accessories were collected for recycling - enough to fill a small suburban house.

Vodafone's participation in the industry-wide Mobile Phone Industry Recycling Programme will see this volume increase significantly. Currently there are more than 140 Vodafone Australia stores participating in the programme, with a total of 800 stores around the country. Vodafone customers who choose to upgrade their phones receive a recycling message from call centre staff who explain the benefits of the initiative. Customers are encouraged to place their old phones in a recycling bin, which is collected within 72 hours.

Discarded handsets are then processed and recycled by a specialist waste management company which manages the programme throughout Australia. Products reclaimed from the recycling process include nickel (used in the production of stainless steel), cadmium (used in new batteries), plastics (used in furniture), copper and small amounts of silver and gold.

To raise community awareness of the programme, the Australian Mobile Telecommunications Association (AMTA) runs a community promotional campaign and sponsored Planet Ark's National Recycling week. AMTA's website also directs customers to the nearest retail store participating in the initiative.



Initiatives on energy use are already underway at a local level – for example, the purchase of sustainable sources of energy by Europolitan Vodafone in Sweden, and a renewable energy assessment study for base stations by Panafon Vodafone in Greece.

Supply Chain Management

Environmental considerations are not separate from our core business but form part of our overall business strategy.

We are committed to our strategic approach to green procurement, not least because such an approach offers financial as well as environmental advantages.

Last year we said we would be working to put this into practice. Over the past twelve months we have begun to put in place the systems for integrating environmental factors into everyday purchasing decisions. In Sweden and Australia, for example, green procurement regimes have been established and we intend to implement Group-wide schemes during 2001-2002. In April 2001, Vodafone set up a Global Supply Chain Management Council and its reach across all our operations will facilitate this.

As a business we prioritise what really matters to our customers. We are now applying the same approach to the impact on the environment of what we buy. Year on year we will be looking for improvement from our suppliers and they, in turn, will engage their own suppliers on the underlying environmental issues which concern us. We intend to use the Group's size to make a real difference and to send out a clear environmental message across the world.

Travel and Logistics

A further aspect of our commitment to minimise the environmental impact of our business is to use our technological expertise to develop new ways of working.

Throughout the Group we encourage the fullest use of opportunities afforded by the technology of our own industry - from video conferencing, which can help reduce business travel, to on-line teleworking, which will help change working patterns and contribute to a better balance between home and working life.

The building of a new world headquarters for the Group at Newbury has also enabled us to pioneer schemes that are environmentally and socially beneficial. Integral to the planning of the new edge-of-town development was a Green Travel Plan, with an ambitious target of ensuring suitable travel arrangements for around 3,000 staff on the basis of only 1,500 parking spaces. The constituents of this plan are already being tested in Newbury, including a buy-out policy for car parking spaces, intranet-based car-sharing schemes, shuttle bus services integrated with other local bus services through a 'smart card' system and real time travel information which can be accessed either by mobile phone or intranet.

In developing the headquarters Green Travel Plan we have worked closely with local government and public transport representatives in order to extend the benefits afforded our own staff to the wider community. The experience gained at Newbury will be invaluable in forming best practice for the Group.

Where we have retail operations, the transport and distribution of products to the customer is frequently reviewed to obtain greater efficiencies and, as a consequence, reduce environmental impacts.

Within the Vodafone Group, whether it is the installation of new infrastructure for 3G at our base stations, visits by engineers and suppliers, or the distribution of mobile telephones all over the country, we are insisting on 'merging transit'. This means that we ensure that our fleet subcontractors travel fully loaded and, wherever possible, return full as well.

Facing health concerns

The rapid increase of any new technology is bound to raise a number of health concerns. Of these there has been particular focus on telecommunications masts and handsets...

Telecommunications Masts

The Vodafone Group recognises that there is public concern about the development and siting of telecommunications masts.

We are committed to co-operate with all stakeholders, local communities, other mobile operators and with government at national, regional and local level.

Mobile phone cellular networks require locally sited radio base stations to ensure reliable service to customers. Yet, not all our installations require freestanding masts or poles. In the UK, for example, about two-thirds of Vodafone base stations are on existing structures – buildings, water towers and electricity pylons. Although the technology to deliver 3G multimedia services will require more base stations, the majority of these, too, will be on existing sites and will therefore minimise visual and environmental impact.

Much of the concern surrounding base station development has been fuelled by concern over radio frequency (RF) emission levels. This may seem disproportionate when considered in context with other sources of radio frequency emissions such as medical and factory equipment. Even broadcast radio and TV operate at considerably higher emission levels. The difference in approach may arise from the fact that radio technology is well established and accepted while mobile phones are relatively new.

After more than four decades of research, the most recent statement from the World Health Organisation (WHO), in June 2000, concludes that: “None of the most recent reviews have concluded that exposure to the RF fields from mobile phones or their base stations causes any adverse health consequences. However, there are gaps in knowledge that have been identified for further research to better assess health risks. It will take three to four years for the required RF research to be completed, evaluated and to publish the final results of any health risks”.

OMNITEL VODAFONE – monitoring electro-magnetic fields

Omnitel Vodafone and the Municipality of Catania, in Sicily, have collaborated to develop a new innovative service for the permanent measurement of electromagnetic fields and the communication of results to the local population.

The Cassiopea project, based at the University of Catania, provides concrete scientific information using data recorded to monitor electro-magnetic emissions and make sure that they are in line with legal limits.

The system involves the installation of 15 electromagnetic field monitoring stations, located in dense pedestrian traffic areas and inside both public and residential buildings.

Data is recorded 24 hours a day, and then transmitted over Omnitel Vodafone's GSM network to a server controlled by the Municipality of Catania which publishes the results via the press and the Internet.

Other municipalities all over Italy are now following the example set by Catania and Omnitel Vodafone is working with the Ministry of Communication and the four other mobile operators in Italy for a nationwide extension of the initiative.



The WHO statement concludes by recommending a number of additional precautionary measures which, together with the need for further research highlighted by the WHO, Vodafone supports. We believe sufficient funding has already been committed by governments and industry to complete this research. Vodafone has adopted a completely open approach in respect of radio frequency emissions, fully supports publication of all scientific research and is committed to keeping employees, customers and the general public informed of any significant new developments.

The UK Government's Independent Expert Group on Mobile Phones (The Stewart Inquiry) concluded: "the balance of evidence indicates that there is no general risk to the health of people living near base stations on the basis that exposures are expected to be small fractions of guidelines." Subsequent testing by the Radiocommunications Agency has shown that typical exposures to radio frequency emissions from base stations are less than 0.2% of the International Commission on Non-Ionizing Radiation Protection (ICNIRP) Guidelines.

The Vodafone Group recognises that despite the findings of these independent experts, customers may still have questions about the safety of radio emissions associated with mobile telephony. Vodafone is committed both to support further research and to provide the public with accurate information about radio frequency emissions, both from masts and from handsets.

The Vodafone Group is committed to working closely with local planning authorities and communities on issues regarding radio base station installation. Its approach is to be open with local communities, thus empowering them with the information required to make informed decisions.

In the UK, we have created an EMF (Electromagnetic Field) Advisory Unit, led by a health physicist, to respond to health and safety enquiries. This unit acts as a technical focus for health enquiries about the emissions from the Vodafone network of radio base stations.

In the United States, Vodafone's affiliate company Verizon Wireless provides customers with a wide variety of information on radio frequency emissions, including public information from independent sources.

As a minimum, the Vodafone Group applies the general public exposure guidelines as laid down by ICNIRP. Where there are more stringent local or national guidelines it complies with these in addition. In Vodafone's guidelines for building base stations, it has adopted stringent European Union recommendations on limiting the general public's exposure to electro-magnetic fields. Emissions from new installations are typically hundreds, or even thousands, of times below these EU recommended levels. In Italy, Omnitel Vodafone has developed the Cassiopea project (as illustrated on the previous page).

In recognition of public concerns, the Vodafone Group is committed to developing better and clearer industry-wide planning policies and procedures to improve consultation with local communities, and to support financially further Government-led and other independent research aligned with WHO priorities.

Handsets

The growth in handset ownership has been phenomenal. Such widespread usage has recently led to public concern regarding possible health effects.

Vodafone does not design or manufacture mobile phones but procures them from a number of reputable global equipment suppliers. The Vodafone Group ensures that manufacturers of all new mobile phone handsets it distributes have provided the appropriate assurances about their compliance with ICNIRP Guidelines detailing SAR (Specific Absorption Rate) with regard to radio frequency emissions. In addition, all products are required to have relevant product approval – for example, products sold in Europe are required to be Communauté européenne (CE) certified indicating compliance with European Directives relating to product safety and technical requirements.

Looking forward

This is Vodafone's first Corporate Social Responsibility Report. It sets out how we are seeking to address environmental and social issues across the Vodafone Group and builds upon the commitments we made in our Annual Report last year. Given the pace of change in our business, in some areas it inevitably reflects work in hand but not yet completed.

Overall, the report is intended to articulate the values and principles that underpin our operations and are relevant to our business, our customers and our shareholders. It is also an account of how we intend

to fulfil those commitments in years to come, through organisational change and internal communications, through management systems and through common standards and best practice.

We will measure and monitor our progress and produce further publicly available Corporate Social Responsibility reports. We also wish to encourage the widest participation and would very much like to hear from you on any aspect of the report. Please send any reflections, comments or suggestions to our Corporate Responsibility Team at crt@vodafone.com, write to us at the address below, or send us a fax.

Sources of further information

Charlotte Grezo
Head of Corporate Responsibility Team

Sarah Shillito
Social Responsibility Manager

David Danielli
Corporate Responsibility Manager

Helen Matthews
Team Co-ordinator

Vodafone Group Plc
The Courtyard, 2-4 London Road, Newbury,
Berkshire RG14 1JX, United Kingdom
Tel: +44 (0)1635 33251
Fax: +44 (0)1635 674478
Email: crt@vodafone.com
Web: www.vodafone.com

We want to keep the environmental impact of the documents in our annual report package to a minimum. We have therefore given careful consideration to the production process. For the first time this year we have not laminated any covers, saving 477kg of polythene and 1,905kg of polypropylene. The paper used was manufactured by Zanders at a mill which has the Nordic Swan accreditation for environmental excellence in production. It is 50% Totally Chlorine Free and recycled, and any wastage in the finishing process has been addressed and minimised. It has been printed using vegetable based inks which are 100% free of mineral oils and Volatile Organic Compounds. Our printers were all accredited to the ISO 14001 environmental management system. All the steps we have taken were intrinsically more efficient and demonstrate our commitment to making sustainable choices.





vodafone

Vodafone Group Plc
The Courtyard, 2-4 London Road, Newbury, Berkshire RG14 1JX, United Kingdom
Telephone: +44 (0)1635 33251 Fax: +44 (0)1635 674478
Registered in England No. 1833679
www.vodafone.com

Printed in the United Kingdom