About our CR reporting

Welcome to our ninth annual Group Corporate Responsibility Report, for the financial year ended 31 March 2009.

This pdf Report outlines our performance in 2008/09 on each of the corporate responsibility (CR) issues most material to our business. It also includes links to our CR website, where we provide more general information about our approach to each issue, our policies and management processes. See www.vodafone.com/responsibility.

Scope

The scope of this Report includes CR data and activities from all our local operating companies managed by Vodafone for the full 2008/09 financial year, with the exception of Vodafone Essar in India. Local management systems and data collection are not yet robust enough to include India in the scope of the main report. However, we have included a separate section on India to outline our progress there, together with some of the challenges we face, during 2008/09.

References to Vodafone

All references to ‘Vodafone’, ‘Vodafone Group’, ‘the Group’, ‘the Company’, and ‘we’ within this Report refer to Vodafone Group Plc and its local operating companies.

Assurance

Our progress against targets and other aspects of our CR performance is subject to independent external assurance by KPMG.

We aim to provide a balanced account of our performance on the socio-economic, ethical and environmental issues that are most material to Vodafone. We aim to align our approach to CR management and reporting with the principles of the AA1000 Assurance Standard (2008), namely inclusiveness, materiality and responsiveness. A full description of our alignment with AA1000 is provided on our website.

Compliance with GRI guidelines

We have benchmarked our CR reporting (including this CR Report and relevant web pages) against the Global Reporting Initiative (GRI) sustainability reporting guidelines. We assess our application of the GRI reporting framework to be at level B+. An index of conformance with the guidelines and an explanation of how we comply with the GRI principles is available on our website.

Our CR communications

We report on our performance and management of CR issues across a range of formats designed to be accessible for various audiences.

CR Report
Reports our performance in 2008/09 and progress against our objectives.

CR website
Outlines our approach to each issue and provides more information on our CR management.

Local operating company reports
Eleven of our operating companies produced their own CR reports during 2008/09, focusing on local and national issues with details of individual operating company CR programmes.

Website for more information
See page or section in this Report

Development represents a considerable challenge for society as it contends with two significant issues: global economic recession and the longer-term issue of climate change. Both of these issues must be tackled with coordinated, urgent and focused actions and Vodafone is in a position to make a very positive contribution.

The recession means that we have had to take some hard decisions around the size and location of our workforce, as we strive constantly for operational excellence. But we must also continue to innovate across our range of products and services and manage the extraordinary growth in subscribers that we are experiencing in emerging markets such as India.

It is clear to see that the spread of mobile communications in developing markets can transform economies and quality of life. We are also well aware of the challenges to develop an appropriate CR approach in our emerging market businesses. We recognise that this may require more time than has been the case elsewhere and this is certainly true in India where the CR-related performance data are not yet sufficiently reliable.

Our industry is part of the solution to overcoming the economic crisis and is a key to delivering growth afterwards. But future economic development must take account of the stress limits that our natural environment can bear. We must deliver massive changes in environmental efficiency and I believe communications services can be a key part of this shift through, for example, travel substitution and so-called machine-to-machine services which improve business efficiency in a low carbon way.

We are also particularly focused on addressing issues raised by mobile internet. Whether these are concerns around the vulnerability of children, the security of customer data or the privacy implications of location-based services and mobile advertising; we continue to consult with our stakeholders to find appropriate solutions and keep customers informed.

We have to manage the current economic situation but we must also look 10, 20, or even 30 years out and consider the world we may have if we don’t also start to address sustainability. With the help of our suppliers and other stakeholders, I am very excited about Vodafone’s potential to leverage our technology, and our innovative spirit, to help deliver a low carbon economy and to make real contributions to a more sustainable society.

Vittorio Colao, Vodafone Group Chief Executive
Vodafone is a world leader in providing voice and data communications services, including voice calls, SMS text messaging, MMS picture and video messaging, internet access and other data services. Increasingly, we offer integrated mobile and PC communication services, wirelessly through 3G and HSPA services, and via fixed line broadband. Vodafone customers can use a range of devices to access our products and services, including handsets, fixed line telephones, laptops and desktop computers.

Our 302.6 million proportionate mobile customers include private consumers and corporate customers around the world. In 2008/09 we reorganised the way we manage the business to reflect our increasing focus on growth in emerging markets. The business is now divided into three regions, each with its own CEO:

• Europe
• Africa and Central Europe
• Asia Pacific and Middle East.

In addition to our 20 local operating companies, we also have joint ventures, associated undertakings, other investments and partner market agreements in a number of other countries worldwide. See the map above and online for our global operations.

1 Vodafone joint ventures, investments in associated undertakings and other investments are referred to collectively in this Report as ‘affiliates’
2 Vodafone Italy is classified as a joint venture company, but the Group owns 76.9% of the equity
3 Adjusted to reflect the Group’s percentage ownership
What we do

Network
- Total base station sites: 105,164
- 2G base station sites: 54,069
- 3G base station sites: 12,462
- Co-located (2G and 3G base station sites): 38,633
- Total voice usage: 548.4 billion minutes
- Total SMS and MMS messages handled: 172 billion

Products and services
- New handset models released in 2008/09: 67
- 15 Vodafone-only branded handsets, available in 29 markets
- 36 handsets accounting for 42% of total handset sales
- 52 laptop models with built-in Vodafone SIM cards
- Total data connectivity devices shipped: 9.2 million
- Mobile advertising available in 18 markets
- Fixed broadband services offered in 13 markets

Brand presence and retail
- Stores owned: over 1,800
- Transactions in our stores last year: over 90 million
- Stores franchised: 5,200
- Total Vodafone Passport customers: 22.5 million
- Total Vodafone Mobile Internet customers: 19 million
- Total fixed broadband customers: 4.6 million
- Calls taken by contact centres: 2 million per day

What are the issues?

Network
- Community consultation, environmental issues and legal compliance associated with network rollout
- Mobile phones, masts and health
- Energy use and climate change
- E-waste
- Health and safety

Services
- Access to communications for those currently excluded
- Socio-economic impact of mobile
- Accessibility of products
- Content standards, protecting young and vulnerable users
- Privacy, security, freedom of expression and location-based services

Brand presence and retail
- Responsible marketing and advertising
- Handset reuse and recycling
- Clear and transparent pricing
- Customer education
- Supply chain

Our direct economic impact

<table>
<thead>
<tr>
<th>Year ended 31 March</th>
<th>2009 (£m)</th>
<th>2008 (£m)</th>
<th>2007 (£m)</th>
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<tbody>
<tr>
<td>Revenue distribution</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suppliers</td>
<td>30,226</td>
<td>23,816</td>
<td>20,401</td>
</tr>
<tr>
<td>Employees</td>
<td>2,778</td>
<td>2,324</td>
<td>2,082</td>
</tr>
<tr>
<td>Shareholder returns</td>
<td>5,153</td>
<td>3,778</td>
<td>12,636</td>
</tr>
<tr>
<td>Lenders</td>
<td>1,168</td>
<td>1,107</td>
<td>525</td>
</tr>
<tr>
<td>Tax authorities (corporation taxes and social security only)</td>
<td>2,800</td>
<td>3,140</td>
<td>2,544</td>
</tr>
<tr>
<td>Retained for growth</td>
<td>(4)</td>
<td>1,875</td>
<td>(6,483)</td>
</tr>
<tr>
<td>Cash value added¹</td>
<td>11,943</td>
<td>12,268</td>
<td>11,352</td>
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</tbody>
</table>

Key financials and statistics

<table>
<thead>
<tr>
<th>Year ended 31 March</th>
<th>2009 (£m)</th>
<th>2008 (£m)</th>
<th>2007 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>41,017</td>
<td>35,478</td>
<td>31,104</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>11,757</td>
<td>10,075</td>
<td>9,531</td>
</tr>
<tr>
<td>Free cash flow²</td>
<td>5,722</td>
<td>5,540</td>
<td>6,119</td>
</tr>
<tr>
<td>Market capitalisation (as at 31 March)</td>
<td>64,424</td>
<td>80,169</td>
<td>71,598</td>
</tr>
<tr>
<td>Closing proportionate customers (m)</td>
<td>302.6</td>
<td>260.5</td>
<td>206.4</td>
</tr>
</tbody>
</table>

¹ Cash value added is a measure of the amount of cash generated by a company through its operations
² Before licence and spectrum payments
Our approach

We engage with stakeholders to understand their expectations on the issues most important to them, before mapping these against our business priorities to establish appropriate CR programmes and targets. We report on our progress and use the feedback we receive to inform our judgement about CR priorities for Vodafone.

The way we manage CR reflects the management structure of the business. Each of our local operating companies has a CR team or representative and their Chief Executives are responsible for local implementation of our programme. We monitor our performance across the Group through robust internal reporting systems, and report our progress to stakeholders through this Group CR Report and local operating company reports.

We also respond directly to stakeholders throughout the year via other channels, for example by replying to enquiries made to responsibility@vodafone.com and completing questionnaires from analysts, investors, suppliers, customers and CR organisations.

Our stakeholders – the people who can affect our business or who are affected by it – include employees, investors, suppliers, customers, NGOs, governments and regulators, and the communities where we operate. We engage with them at Group and local operating company level to ensure we are aware of global and local issues. Our engagement is tailored to suit the needs of different stakeholders.

Here we outline some of our notable engagement activities with key stakeholder groups in 2008/09. Engagement on specific subjects is also covered in the issues sections of this Report. In addition, included throughout this Report are unedited stakeholder comments on our performance in key areas.
Stakeholder engagement

Engaging with...

**CR opinion formers and experts**

We engage with opinion formers and experts through focus groups as part of our series of CR dialogues. In 2008/09, we organised focus groups on our climate strategy (see environment) and on mobile advertising (see consumer issues). We also held a focus group for eight CR opinion formers in July 2008 to obtain feedback on our CR strategy and reporting (see case study opposite).

**CR Expert Advisory Panel**

The Vodafone CR Corporate Responsibility Expert Advisory Panel – comprised of opinion leaders who are experts on CR issues important to Vodafone – met twice in 2008/09. The first meeting opened the debate on the limits of Vodafone’s responsibility in several key areas, including partner markets, outsourcing partners, affiliates and suppliers. We followed up on this with an analysis of the boundaries of our influence (see page 9). The second meeting focused on embedding our business principles into the company culture, particularly in emerging markets, and on the findings of our latest research on the socio-economic impact of mobiles in India (see access to communications).

Feedback from the Panel is incorporated into our strategy on specific CR issues. For example, the Panel advised we create fewer, more strategic, long-term targets for our CR programmes, which have now been developed (see objectives and commitments).

**NGOs**

In addition to ongoing partnerships with organisations such as Forum for the Future, we regularly consult with non-governmental organisations (NGOs) when their campaign or focus is relevant to our business. Our engagement with NGOs on specific issues in 2008/09 included:

- Piloting mobile aid payment transfers with humanitarian organisation Concern Worldwide (see access to communications)
- Engaging with the Carbon Disclosure Project on climate impacts in our supply chain
- Participating in a multi-stakeholder dialogue – including NGOs such as Amnesty International, Reporters Without Borders and the International Business Leaders Forum to develop principles on privacy and freedom of expression (see consumer issues).

**Governments and regulators**

We engage with governments and regulators to inform them about the nature of our business and our industry, and we develop positions which outline how we believe policymakers should approach specific issues. A summary of our positions on key CR issues is published on our website.

**Consumers**

CR perception questions are included in regular surveys to evaluate our reputation globally and in individual markets (see stakeholder specific dialogue). We also conduct consumer research on specific issues. For example, in 2008/09, we conducted surveys to gauge customer satisfaction with Vodafone Passport regarding roaming costs in Europe and to assess consumer attitudes towards mobile advertising (see consumer issues).
Investors
We meet regularly with investors to discuss CR issues, through one-to-one meetings and an annual investor roadshow with our Group CR Director. In 2008/09, we met with 12 investors to determine the CR issues that matter most to them. The issues raised spontaneously most frequently in these discussions were climate change and access to communications for people at the base of the economic pyramid (see chart).

Industry organisations
We work with a range of industry organisations on CR issues. For example, Vodafone:
- Is on the Board of the Global e-Sustainability Initiative (GeSI) and participates in its working groups on specific issues (see supply chain)
- Participates in the University of Cambridge Programme for Sustainability Leadership Corporate Leaders’ Group on Climate Change
- Is a member of the World Business Council for Sustainable Development
- Is a member of CSR Europe and the European Alliance for CSR.

Suppliers
We work with our suppliers to improve CR standards in the supply chain through our qualification process and regular assessments, as well as capability-building projects with individual suppliers (see supply chain).

Local communities
Our engagement with the communities where we operate is mainly focused on the responsible deployment of our network (see our network).

Employees
We engage with employees regularly, both informally in team meetings and more formally through our annual People Survey and Performance Dialogues (see our people). We also engage our employees through our European Employee Consultative Council, which meets at least three times a year.

More on the web
- Vodafone CR Dialogues
- CR Expert Advisory Panel members
- Participation in industry forums
- Vodafone’s response to stakeholders issue by issue

Vodafone Group Plc
Corporate Responsibility Report for the year ended 31 March 2009
Managing CR

Organisation
In 2008/09, the CR team moved from Group Corporate Affairs to the newly created Group External Affairs department. The Group CR Director now reports to the Group External Affairs Director, who is the Executive Committee member with responsibility for CR. See organisation chart for further details on our CR management structure.

Issues management
Extensive research and stakeholder engagement help us identify and prioritise the issues that are most significant — or ‘material’ — to Vodafone according to their financial and reputational impact on our business, and the level of stakeholder concern. Group-level taskforces formulate and coordinate the implementation of our strategy on many of these issues.

In 2008/09, we completed our six-month trial of a comprehensive issues tracking service, which analyses information from a wide range of sources to give us a more complete overview of global and local issues. The results of the trial are currently being assessed.

We use a ‘materiality matrix’ to identify the most material issues for Vodafone at Group level (see chart). This matrix is then applied to each key issue to help us identify which sub-topics we should focus our efforts on within each issue. We report our performance on the most material issues and sub-topics in this CR Report. Our approach to issues considered less material to our business is outlined on our website.

Material issues

High
For our most material issues, we report on our management activities, set targets and publish data measuring our progress towards them. We provide detailed information on our approach to these issues on our website and report our progress in relevant performance pages. These issues are also discussed in this CR Report.

Medium
Issues that are identified as less material are covered on our website, with commentary text explaining the issue and our approach. Some are discussed in this Report, although we do not necessarily report on performance in these areas.

Low
These issues are a much lower priority for Vodafone and are therefore not reported.

“...
Operational CR management
As CR becomes more embedded in our business, issues are increasingly managed by ‘issue owners’ within each business function or operating company. We have CR policies and management processes in place in our established operating companies, and will continue to monitor performance and compliance. However, the role of the Group CR team is increasingly becoming an advisory one to provide guidance for issue owners. Our focus is also on raising awareness about how CR can create opportunities for the business as we move from focusing on ‘responsibility’ to ‘sustainability’.

The Group CR team is responsible for supporting the development of policies and global CR management. The team works closely with local CR managers, who have a vital role in the successful implementation of our policies. In addition to a monthly teleconference, the Group CR team runs a workshop approximately every six months enabling CR managers from all local operating companies to come together, develop CR strategies and share best practices. In July 2008, we held a two-day conference at our headquarters in Newbury, UK, focusing on sustainable products and services, and progress against our Group climate change commitments.

A second global workshop was held in November 2008, focusing on internal and external reporting of our CR performance and stakeholder engagement. This workshop was held virtually, making use of our video- and teleconferencing facilities to bring together our CR teams from around the world. Our new CR wiki site was used to share presentations and CR managers were able to invite colleagues to join the virtual conference, demonstrating how our technology can be used to reduce emissions associated with business travel.

Implementation of CR in local operating companies

<table>
<thead>
<tr>
<th></th>
<th>Board member responsible for CR</th>
<th>CR issues reported to the Board regularly</th>
<th>CR stakeholder perception survey(s) undertaken</th>
<th>CR report published</th>
<th>Documented stakeholder engagement process</th>
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<tbody>
<tr>
<td>Albania</td>
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Internal communications and awareness
We communicate regularly with employees about CR to maintain awareness of key issues. In 2008/09, internal communications at Group level included:

- Setting up a CR wiki site where employees can find information on our CR strategy and programme, get the latest CR news and comment on issues that interest them
- Launching a new CR blog with relevant issues introduced by our Group CR Director
- Promoting the new Group climate change target (see environment) on the Vodafone Climate Challenge intranet site and encouraging employees to make pledges to reduce their own carbon impact.

External awards and recognition for our CR reporting
Vodafone continues to be rated externally among the leaders in CR Reporting. In 2008/09, we ranked first in the 2008 Accountability Rating and we have been among the top five companies in this rating for the last three years.

Vodafone won Best CR Report in the 2008 Corporate Register Reporting Awards (CRRA), topping a poll of the global CR community for the second year running. We also won CRRA awards for ‘relevance and materiality’ and ‘credibility through assurance’.

More on the web
- Our CR strategy
- Policies
- Group and local CR management
- Issues taskforces
- Materiality matrices for sub-topics within each issue
- Opportunities and risks associated with each issue
- Boundaries of influence analysis
- Internal reporting and management systems
Access to communications

Extending access to communications provides the biggest opportunity for Vodafone to make a significant contribution to society and help to improve people’s lives. This potential to advance socio-economic development is increasingly acknowledged by world leaders and is backed by a growing pool of research.

There are two key elements to our strategy to extend access to communications:

- Bridging the digital divide by improving access for groups currently excluded, particularly in emerging markets
- Reducing preventable exclusion by making our technology easier for disabled and elderly customers to use.

We believe that improving access to communications can play an important part in achieving the UN Millennium Development Goals. Vodafone has set a new target to be recognised as a communications company making one of the most significant contributions to achieving the Goals by 2015.

The reach of mobile communications is growing rapidly, with 4.1 billion mobile subscribers at the end of 2008 compared to just 1 billion in 2002\(^1\). The potential for even wider access remains vast, although successful growth in emerging markets requires network technology and products and services tailored to local needs and budgets.

Access to communications is not just limited to emerging markets, however. Even where there is good network coverage and there are fewer economic constraints, some people remain excluded. Vodafone is currently focusing on making its services easier to use for customers who are:

- Blind or visually impaired
- Deaf or hard of hearing
- Elderly or have special healthcare needs.

We offer specialised products, services and tariffs to increase accessibility for these groups. To do this, we work with others, including disability rights organisations, to understand our customers’ diverse needs.

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We said...

- We would launch mobile payment services in a further three countries by March 2009
- We would continue our research on the impact of mobiles in India and Turkey, to understand where we can best contribute to advancing socio-economic conditions and publish the results by March 2010
- We would increase the number and the range of Vodafone-branded handsets targeted at customers in emerging markets
- We would publish research on the socio-economic impact of affordable handsets by December 2009
- We would launch at least one product or service by March 2010 that promotes access to communications and/or sustainable development in areas identified by SIM (socio-economic impact of mobile) research in each market where we operate
- We would publicly report results of the Social Investment Fund programme at the end of each financial year
- We would reduce the level of preventable exclusion by at least a third by March 2010
- We would conduct a learning and performance audit of Vodafone Spain’s social products and produce a best practice tool-kit for other markets.

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1 International Telecommunications Union
Continued to expand our network coverage in emerging markets

In 2008/09, we completed the acquisition of 70% of Ghana Telecom², bringing 1.6 million new customers to the Vodafone Group. We also began negotiations to increase our stake to a majority share in Vodacom Group³, which will increase our interest in existing networks in the Democratic Republic of Congo, Lesotho, Mozambique, South Africa and Tanzania.

We have also begun building a new network in Qatar, having gained the licence to do so in 2007/08. Vodafone Qatar was launched commercially on 1 March 2008.

Our network in India is also expanding rapidly, with an average of 2,600 new base stations and 2 million subscribers added each month. We also started to deploy our network to seven further telecom circles after acquiring the licence to provide nationwide coverage in October 2008 (see the India section of this Report for more information).

Launched a mobile money transfer service in Tanzania and extended coverage in Afghanistan and Kenya

Our mobile money transfer services – enabling people without a bank account to transfer money via their mobile phone – were available in three markets in 2008/09.

Kenya remains the original and biggest market for the mobile money transfer service, run there by our associate undertaking Safaricom. The success of M-PESA (Swahili for M-Money) in Kenya – now with over 6.5 million users – has led to trials there to expand the scope of the service to:

- Make salary payments and micro-finance loan repayments
- Pay school fees and utility bills
- Deliver humanitarian aid (see box)
- Provide international money transfers (see page 12).

The success of M-PESA in Kenya was recognised by several awards in 2008/09, including the prestigious World Business and Development Award. This award – from the United Nations Development Programme, the International Chamber of Commerce and the International Business Leaders Forum – recognises the contribution of the private sector to help achieve the UN Millennium Development Goals. Further awards are listed on our website.

Vodafone M-PESA was launched in Tanzania, with our joint venture Vodacom, in April 2008. The Afghanistan service, branded M-Paisa, was piloted in 2007/08 and is now available nationwide. In 2008/09, an interactive, voice-recognition service was also launched in Afghanistan to allow customers who are unable to read and write to use M-Paisa.

With the exception of the successful launch in Tanzania, our target to introduce mobile money transfer services in three further countries during 2008/09 has been hampered by unforeseen regulatory issues. The service is technically ready for deployment in three telecom circles in India, as well as in Egypt and South Africa. However, current restrictions preventing mobile operators from delivering mobile money transfer services and other regulatory concerns have prevented us from fully launching the services in these markets.

Mobile money transfer is a new business area for regulators and we are committed to working with them to establish an efficient and secure business model to facilitate the launch of services like M-PESA in new markets. An audit of M-PESA by the Kenyan Ministry of Finance during 2008/09 confirmed that the service in Kenya provides the necessary security measures to prevent money laundering and protect consumers, as well as addressing other potential risks.

Public upheaval in the aftermath of the Kenyan elections in 2008 led to a humanitarian crisis, making it very difficult for aid to reach its intended recipients, particularly in remote areas of the country such as the Kerio Valley. International development NGO Concern Worldwide used M-PESA to deliver cash transfers to the vulnerable, displaced communities of Kerio Valley.

Concern originally attempted to distribute food to those affected, but the isolation and terrain made it costly and difficult. Cash transfers through M-PESA helped overcome this challenge. Concern used M-PESA to transfer financial aid to around 570 households, at a rate of €3.20 per person. Providing direct financial support also helps to revitalise local economies, with the cash transfers specifically targeted at females. More information on this project is available on the Concern website.

This pilot with Concern won M-PESA the Changing Lives Award in the 2008 AfricaCom Awards, which recognise achievements within the African communications market.

“Mobile phone technology has the capacity to leapfrog more traditional forms of communication and bring much of Africa into the 21st century. Access to banking, market information, communication and even conflict resolution, has now become possible through the mobile phone. Concern Worldwide’s partnership with Vodafone has enabled many new communities to get connected. It has opened a door for people who were previously isolated within their own villages and communities to join the wider world.”

2 The acquisition of Ghana Telecom was completed on 17 August 2008
3 We finalised the acquisition of a further 15% stake in Vodacom Group on 8 May 2009 (effective 20 April 2009)
Kenya's independent Financial Sector Deepening Trust (FSD), which aims to support the development of inclusive financial markets in Kenya, carried out a survey of M-PESA use in 2008/09. The FSD wanted to establish the opportunities and challenges presented by the service and how it could be introduced in other countries. The survey of 3,000 randomly selected households across Kenya, 300 randomly selected M-PESA agents and 50 M-PESA head offices found almost 40% of households use M-PESA, with 63% sending regular financial support (see more on our website). Of those surveyed, an average of 97% of users felt M-PESA was quicker, safer, cheaper and more convenient than any other alternative.

Trialled a new international mobile payment service

In 2008/09, together with Safaricom in Kenya, we launched a trial of a cross-border mobile money transfer service between the UK and Kenya in association with Western Union. The trial extends the M-PESA service in Kenya to make international payments, following our pilot of a similar service in 2007/08 with Citibank. Partnering with Western Union gives the programme access to the money transfer company’s global network of agents and trusted processing centre for international remittances. This provides an established mechanism to obtain proof of identity from customers to meet strict regulations on international money transfers.

The trial is taking place through a select number of Western Union agents based in Reading, UK. Consumers can send up to £100 for a fee of £4.90, or between €100 and £200 for a fee of €6.90, to any Safaricom mobile subscriber in Kenya. This is significantly cheaper than conventional bank transfers. Customers receiving remittances in Kenya can withdraw cash at any one of 4,000 M-PESA agents, or forward it to another mobile phone in Kenya.

Expanded and enhanced our range of affordable mobile phones

We work with manufacturers TCT/Alcatel, Foxlink, Sagem and ZTE to develop our range of Vodafone-only branded affordable handsets – priced at less than US$50. In 2008/09, we developed the Vodafone 135, a handset designed for emerging markets, and our most affordable yet. A simple 2G handset, it features a black and white display suitable for calls and texts. We plan to launch the Vodafone 155 in several emerging markets in June 2009.

We also developed the Vodafone 235, a 2G mobile with a 1.5 inch colour display and FM radio, suitable for calls and texts. These new models add to our growing range of affordable handsets designed primarily for emerging markets (see table). In 2008/09, we shipped over 8 million affordable handsets to more than 28 countries.

In many emerging markets, mobile phones are more widely used to access the internet than computers. To enhance the user experience of internet on mobile phones, Vodafone signed an agreement with Opera Software in 2008/09 to develop a custom-made version of mobile browser Opera Mini, designed to give customers a high-quality mobile internet experience on affordable mobile handsets. More than 400,000 customers downloaded the product during a one-month trial by Vodafone Egypt in 2008/09.

We plan to conduct research on the socio-economic impact of affordable handsets by December 2009.
Published findings of SIM research in India

Since 2004, our research on the socio-economic impact of mobile (SIM) has aimed to provide systematic analyses of the impacts of mobiles in key areas. These can be used to help policymakers provide a regulatory environment that stimulates growth and economic development. Our latest in the series of SIM studies focused on the socio-economic impact of mobile in the fast-growing market of India in 2008/09. The research was conducted by the Indian Council for Research on International Economic Relations. The full findings are published on our [website](#) (see [India](#) for a summary).

We are currently defining the scope of our next SIM research project, to validate research in Turkey in 2009/10, as a priority against other alternatives.

Continued to promote development of products with high social value through our Social Investment Fund

The £5 million Fund announced in 2005/06 enables innovative social products to be developed which may not otherwise be seen as commercially attractive ventures. It focuses on products designed to bring improvements in three key areas: emerging markets, health and inclusive design. In 2008/09, the Fund supported eight new initiatives, including the Concern M-PESA trial in Kenya (see page 11); an accessibility study in Spain (see below); and an mHealth services pre-feasibility study in India. A total of £450,598 was provided by the Fund towards these initiatives at 31 March 2009.

Developed a new strategy to guide local operating companies on accessibility

With support from Vodafone’s Social Investment Fund, we commissioned an independent review of the accessible products and services being developed by Vodafone Spain’s Centre of Excellence. The learning and performance review included an analysis of the market for accessible products in Spain and across the EU, as well as a survey of local operating companies’ initiatives.

The study emphasised that the key objective is to make products and services available to include all segments of the market. It also recommended that we ensure accessible support services are available, including customer care and information portals. In light of these recommendations, we have revised our strategy on accessibility to provide more effective targeted support for customers in three key segments: blind or visually impaired; deaf or hard of hearing; and the elderly or those with special healthcare needs. The best practices highlighted in the study, together with the revised strategy, will act as an accessibility toolkit for all our local operating companies.

We have set a new target for every market to offer an option facilitating their hearing impaired, visually impaired and elderly customers to access telecommunications services by March 2011. This target replaces our existing five-year target to reduce the level of preventable exclusion by at least a third by 2010, which has proven very difficult to measure meaningfully.
Offered accessible products and services in 13 markets

Accessible products and services are now available in nine markets for customers who are blind or visually impaired; six markets for customers who are deaf or hard of hearing; and 12 markets for customers who are elderly or have special healthcare needs (see table).

In 2008/09, we relaunched Vodafone Speak in Spain and plan to begin trialling it in the UK. This text-to-speech software – enabling blind and visually impaired customers to use text messages – is an updated version of Mobile Speak. It is easier to use than its predecessor and can be downloaded and installed free via SMS text message. There are no upfront charges and the service costs just €3 per month, with the first month offered free of charge.

We offer reduced-rate accessibility tariffs in seven markets. For example, in 2008/09 we launched a tariff offering half-price broadband internet for blind and visually impaired customers in Portugal, a new BlackBerry tariff for deaf customers in Spain and reduced-rate video calls for deaf customers in Italy.

Accessible products available in each of our markets

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<th>Local operating company</th>
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<th>Deaf and hard of hearing</th>
<th>Elderly or special healthcare needs</th>
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Trialled measures to improve the accessibility of our retail stores and customer support services

We are trialling measures to make it easier for people with disabilities to access information about our products and services in-store. For example, in 2008/09, we installed T-loop functionality in stores in Spain to enable deaf people to use their hearing aids and make it easier for them to communicate with our retail staff. We also provided training run by the Association for the Education of the Blind to help our customer care teams in Portugal meet the needs of blind and visually impaired customers.

“ONCE and Vodafone work together to improve communication services designed for blind and visually impaired people, including Vodafone Speak. Vodafone Spain has taken an active role in promoting these solutions and developing special tariffs for blind and visually impaired people.

Our joint work over recent years has proved to be effective and has contributed to the inclusion of the blind community through the use of ICT. This encourages us to continue with our joint efforts. ONCE acknowledges and appreciates Vodafone’s role in identifying the needs of blind and visually impaired people, and finding and delivering solutions to meet those needs.”

Maria Jesús Varela, Spanish National Organisation of the Blind (ONCE)
Continued to pilot accessible services and share best practice through our Centre of Excellence in Spain

Vodafone Spain leads the development of accessible products and services, providing a Centre of Excellence within the Group. This includes working with disability organisations such as COCEMFE and ONCE to trial new products and services. Products trialled by Vodafone Spain in 2008/09 included T-loop headsets, mobile video for deaf signing and mobile GPS navigation systems for people who are blind or visually impaired.

In October 2008, Vodafone Spain hosted a workshop in Madrid for representatives from eight local operating companies to share accessibility best practice and learn from its Centre of Excellence. To encourage more regular interaction, we have established an accessibility community within Vodafone. Local teams responsible for promoting accessible products and services now hold a monthly teleconference – led by Vodafone Spain – to share information about accessibility initiatives.

Expanded our range of mobile services for the healthcare industry

Vodafone is working with its partners to utilise mobile technology at the forefront of healthcare provision. Vodafone Enterprise has focused very successfully on providing services to the pharmaceutical industry, while our research & development team has initiated a number of new mobile healthcare services. Most recently, some mHealth projects have been funded through the Vodafone Americas Foundation and the Vodafone Social Investment Fund. One of these, the online ‘Betavine Social eXchange’ put application developers in contact with people or organisations requiring a specific type of service which would benefit society.

With mobile phones now in the hands of more than 4 billion people worldwide, the technology is ideally placed to alleviate, if not eliminate, the pressures on healthcare providers, through cost reduction, increased efficiencies, improved doctor–patient partnerships and widened equity of care. Increasingly, mobile technology is being utilised cost effectively at every step in the patient journey: from prevention-based education to new drug development; and from diagnosis through to management of long-term conditions outside hospitals.

Researched the impact mobile health services could have in developing markets

The partnership between The United Nations Foundation and The Vodafone Foundation published a report on the opportunity of mobile technology for healthcare in the developing world (read the report).

To realise the potential of these mHealth initiatives – both for our business and for society – we must make them financially sustainable in the longer term, building on the commercial opportunities available in developed and developing markets, while maintaining relevant charitable support for some mHealth projects in the latter (see Foundations).

We will...

- Be recognised as a communications company making one of the most significant contributions to achieving the Millennium Development Goals by March 2015
- Publish research on the socio-economic impact of affordable handsets by December 2009
- Offer an option facilitating hearing impaired, visually impaired and elderly customers access to telecommunications services in every market by March 2011
- Publicly report results of the Social Investment Fund programme at the end of each financial year
- Publish a Vodafone Dialogue on mHealth by March 2010.

More on the web

- SIM research paper on India
- mHealth
- Accessibility continuum
- Accessible products and inclusive design
- M-PESA video

1 This target replaces our previous commitment to reduce the level of preventable exclusion by at least a third by March 2010
Consumer issues

The loyalty of our customers is essential to the long-term success of our business. Building and maintaining their confidence and trust is dependent on our responsible management of several key issues, including the protection of customer privacy, appropriate standards of content, and the clarity of our pricing and marketing.

While the range of services available on mobile phones is continually developing, some raise issues of potential concern to our customers. For example, the recent increase in mobile advertising can provide useful information for customers, but it also means their data may be used differently. It is crucial that we maintain our long-term commitment to the protection of our customers’ privacy as we expand this service: being transparent about how their personal information is used is the only way we can ensure their consent to targeted advertising.

We are also engaging with other companies in the ICT sector to establish principles on balancing the need to protect customer privacy with requests to provide information to law enforcement agencies to assist their fight against serious crime.

The content available via mobile phones is ever-expanding. We offer a range of initiatives to help protect vulnerable groups from inappropriate content, contact and commercialism. Our access controls, for example, enable parents to prevent their children from viewing age-restricted content.

The clarity of our pricing and marketing materials is also very important to maintaining customer trust. Knowing how much our services will cost when using a phone at home or abroad helps to prevent customers getting a shock when they receive their bill. Vodafone continues to lead the industry in improving the transparency of our pricing for roaming customers.

We said...

- We would work with the wider industry to explore ways to create common codes of conduct for Mobile Advertising by March 2009
- We would benchmark Vodafone’s practices on mobile advertising and privacy with other industry leaders by March 2009
- We would develop our policy on assisting law enforcement
- We would launch a Global Employee Privacy Policy
- We would launch a privacy information centre on our vodafone.com website
- We would update Vodafone guidelines on community products to incorporate new UK Home Office guidelines on social networking by March 2009
- We would launch a web-based resource centre to promote safety and the responsible use of mobiles and mobile technology by March 2009
- We would report progress on the implementation of the EU Framework for Safer Mobile Use by Younger Teenagers and Children and the Mobile Alliance agreement by March 2009
- We would continue to simplify and increase the price transparency of our roaming tariffs
- We would enhance the support and quality of service for our roamers
- We would reduce our monthly data roaming tariff by up to 45% for European business travellers
- We would introduce a new flat rate daily tariff to key non-EU destinations.
We have...

Led the development of a tool to analyse mobile audiences without compromising privacy

In 2008/09, we extended our mobile advertising services, now available in a total of 18 markets. We are committed to extend these services responsibly and uphold customer privacy. Through our membership of the GSMA, we have co-led with other operator groups a project to help advertisers identify the most visited mobile sites. The process, developed for use in the UK and other markets, delivers statistical reports on aggregated and anonymised browsing behaviour without compromising consumers’ privacy.

Held a focus group for mobile advertising and privacy experts

In February 2009, we hosted a focus group for eight experts to get their views on the direction that the mobile advertising market is taking, and how Vodafone’s strategy should reflect the privacy concerns that are implicit in this growth. Participants strongly recommended that a cautious approach (such as Vodafone’s) to mobile advertising is necessary as this industry is still in its infancy. They emphasised that, as an industry leader, Vodafone is responsible for ensuring best practices are embraced by its advertising partners. The discussion also highlighted that different markets perceive mobile advertising and related privacy issues differently, so a one-size-fits-all approach will not work. However, open engagement with customers about mobile advertising is essential wherever it is introduced. The feedback from the focus group will help to guide our strategy on privacy and mobile advertising.

1 This includes South Africa and India, which are not within the scope of this Report

Advertising offered in our local operating companies

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<th>Banners</th>
<th>Editorial</th>
<th>Alerts and SMS</th>
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1 This includes South Africa and India, which are not within the scope of this Report

2 Print advertising offered commercially to third party brands

Vodafone Australia has led the industry in developing a mobile advertising charter. Released in 2008, the document explains the minimum requirements that Vodafone expects from advertisers, media agencies and sales channels to provide mobile advertising through Vodafone’s mobile network and other products. It also seeks to ensure that Vodafone meets legal and societal expectations in relation to customer privacy and the suitability of mobile advertising.

There’s nothing more infuriating for pre-pay customers than to have run out of credit when they need to get in touch with someone. That frustration is being alleviated, however, by the introduction of Please Call Me, which allows customers to send a text message requesting a call back when they are low on credit.

Developed by our joint venture, Vodacom, in South Africa, this free service is funded by advertising attached to the message. Around 150 million ‘please call me’ SMS messages are sent each week in South Africa.

Please Call Me has also been introduced in Egypt, where customers send around 220,000 of these messages a week. Other markets will follow.
Worked with other leading companies to assess our approach to targeted advertising and the protection of privacy through our participation in the International Working Group on Online Consent

Our involvement in this multi-stakeholder group enabled us to discuss online privacy issues with privacy NGOs and regulators across Europe, as well as benchmarking and sharing best practice with other ICT companies. This has allowed us to examine the potential for common codes of advertising. Papers were also drafted on what constitutes ‘informed consent’ for features such as targeted advertising and on understanding how means for obtaining consent must be appropriate for different types of user (such as children).

Reported the findings of our audit against the Group Privacy Policy

In 2008/09, we analysed the findings of an internal audit of compliance with our Group Privacy Policy conducted in 2007/08. Several areas were identified for improvement, including overall accountability for privacy within operating companies, the handling of customers’ information by third parties on our behalf and the level of staff awareness and training. The findings were presented to our Executive Committee in 2008/09 and recommendations for improvement in each market were shared with operating company CEOs. Our Group function is now supporting local teams in implementing improvements, which include promoting better reporting by operating companies and introducing processes to manage privacy.

Developed a Group Policy on employee privacy

The new Policy, developed in 2008/09, outlines our requirements on how employee data is collected and stored, the types of data that Vodafone should gather, and how that information may be shared or used within Vodafone. This Policy will be adopted by December 2009.

Expanded online resources to raise employee awareness about privacy

We launched a new wiki – Privacy@Vodafone – and blog within the dedicated privacy site on our global intranet in 2008/09. The aim is to raise employee awareness about our approach to privacy from legal, policy, ethical and social perspectives by providing information on topical issues and how they affect Vodafone and its customers.

The roll-out of our online privacy awareness programme – launched in the UK in 2007/08 – to further operating companies has been delayed by technical problems. The programme, which includes an e-learning module, is now expected to be introduced in all our operating companies in 2009/10, initially to English-speaking markets. An online privacy information centre for our external website is still in development. We plan to launch this by March 2010.

Helped develop the Global Network Initiative principles

In 2008/09, we continued to participate in a multi-stakeholder dialogue to create principles on freedom of expression and privacy for the ICT industry. The principles resulting from this dialogue were launched as the Global Network Initiative (GNI) in December 2008. The GNI recognises that ICT companies have a responsibility to respect and protect the freedom of expression and privacy rights of their users.

Although we were closely involved in the development of the GNI principles, Vodafone has decided not to sign up to principles because they are more relevant to the business model of internet service providers. Our continued engagement with the GNI and other telecoms companies is helping to inform the ongoing development of an industry approach to these issues, as well as Vodafone’s own policy on assisting law enforcement, which we now aim to complete by March 2010.

Our new Group policy on employee privacy will be adopted in 2009/10.
Reviewed and updated our Content Standards Policy and Guidelines

In 2008/09, we reviewed our content standards policies to ensure consistency with the EU Framework for Safer Mobile Use by Children and Younger Teenagers on issues such as: content classification, access controls, customer education, and 'notice and take-down' measures. The Policy now covers Vodafone’s home broadband services, requiring every local operating company offering these services to provide optional parental controls and publish information about these on their website.

We also revised our Guidelines on best practice for social networking and other user interactive services, in line with UK Home Office recommendations and EU principles published in 2008/09. The Guidelines are designed to help local operating companies decide whether different types of services are suitable to be made available through Vodafone – and to which age groups.

Developed a web-based resource centre to promote safe and responsible use of mobile technology by young people

The website will provide information and advice to help parents ensure young people use mobile technology safely and responsibly and will be launched in 2009/10.

We continue to work in partnership with other ICT companies and education organisation EUN Schoolnet to develop online education resources that help teachers encourage their students to use mobile technology responsibly. The ‘Teach Today’ website was launched in six markets in April 2008. The industry partners are updating the website based on feedback from teachers, and then plan to roll it out to further markets.

Continued to implement the European Framework for Safer Mobile Use by Younger Teenagers and Children & the Mobile Alliance agreement

In 2008/09, the GSM Association asked all signatories to the EU Framework – which requires countries to draw up national codes on content standards – to complete a questionnaire about how they are implementing it. The results show that around 80% of operators, including all Vodafone local operating companies, have implemented the relevant national codes. Read more about the GSM Association’s findings.

Assessed our newly acquired business, ZYB, to ensure compliance with our social networking guidelines

Vodafone acquired Danish wireless address book company, ZYB, in May 2008. Customers can use the ZYB website to back up their mobile phone address book, simultaneously update contact lists online and on their mobile, share information and view friends’ social networking updates.

We reviewed ZYB services against the UK Home Office social networking guidelines in 2008/09 and implemented actions to fill any gaps in compliance. These included amending registration and log-on processes to ensure minimum age requirements for the service (age 14) are met, and a solution is in place to prevent younger users who have already tried to register from attempting to re-register with a false age. Profile privacy restrictions are set so only users’ friends can view their full profile and to prevent any profiles registered to users under the age of 18 coming up in search results. A set of ZYB responsible use guidelines is also now available on the website.

Extended the coverage of Vodafone Passport to simplify and improve price transparency for more roaming customers

Vodafone Passport remains the industry-leading response to providing value and price transparency for roaming customers, enabling them to take their home tariff abroad for a small connection fee per call. It is now available to 34 million customers in 18 markets. In a number of our European markets, we also expanded the coverage of Vodafone Passport in 2008/09 to allow customers to use the service when they are travelling outside Europe, to countries such as Australia and New Zealand.
We conducted a survey in November 2008 to gauge satisfaction levels with Vodafone Passport among more than 7,000 customers in Germany, Italy, the Netherlands, Spain and the UK. Of those surveyed, 26% signed up to Vodafone Passport because it provides clear roaming costs; 22% because it enables them to control their roaming costs; and 34% because it is cheaper. Since signing up to Vodafone Passport, 24% say they make more calls and 19% receive more calls when travelling.

Reduced the cost of data and calls for roaming customers in Europe
In June 2008, we reduced the maximum charge for Vodafone's monthly data roaming bundle from €75 to around €60 per month, and increased the maximum limits on data usage included in the bundle from 100MB to around 150MB in most EU markets. Overall, this has cut the price per MB by around 45%, assuming full usage of the data bundle.

We also continued to cut the cost of roaming calls in Europe (excluding those made using Vodafone Passport), as required by EU legislation, during August and September 2008, from €0.49 to €0.46 per minute.

Introduced an additional flat-rate daily data roaming tariff for key non-EU destinations
In June 2008, in a number of our markets we introduced a flat-rate daily data roaming tariff for customers using their laptops in key business centres outside the EU, including South Africa, the US and countries in the Asia Pacific region. This allows a set amount of data usage per day for a clear flat-rate price. We will continue to develop this proposition further in 2009/10.

Launched new pricing packages to improve the clarity of our pricing for customers in their home markets
In response to the growing number of customers using data services on their mobile phone, we launched a range of high-use, all-inclusive packages that cover voice, texts and data services in 2008/09. These packages allow customers to make the most of the data services we offer without worrying about unpredictable bills or unexpected costs.

Our hybrid pricing options, initially introduced in Greece in 2008/09, combine pre-pay and contract payment options, enabling customers to set a budget for the amount they spend on contract and top-up with pre-paid credit for additional usage. This helps customers keep track of how much they are spending and will be launched in other European markets in 2009/10.

Continued to monitor complaints about our marketing
In 2008/09, Vodafone's advertising caused 55 complaints to be upheld by authorities. The most common causes for complaint were due to our advertising text being unclear.

We will...
- Undertake further market research to evaluate customer acceptance of mobile advertising by March 2010
- Launch a web resource providing parents and teachers with information helping young people to use our products and services responsibly by September 2009
- Roll out our Global Employee Privacy Policy across the Group by December 2009
- Establish our policy on assisting law enforcement by March 2010
- Launch a privacy information centre on our vodafone.com website by March 2010.

We have cut the price per MB of monthly data roaming in Europe by around 45%.
Our network

Our mobile phone services rely on a network of 105,164¹ base station sites to send and receive voice calls and data services. We continually seek to improve coverage for customers in rural areas and increase network capacity in densely populated areas.

Most people welcome improved coverage and services. But we recognise that expanding our network can sometimes cause concern, usually about the visual impact of base stations or potential health effects of radio frequency (RF) fields. Where appropriate, we consult with local people to help us understand and address any concerns they may have.

When planning a new base station site, we must balance technical considerations with community concerns. The deployment and management of our network is increasingly outsourced, so making sure contractors uphold our high standards in responsible network deployment is a priority.

Vodafone cooperates with other network operators to share sites and limit the overall number of base station sites needed. We are also improving network efficiency by applying innovative technologies and techniques in emerging markets, where most (around 80%) new base stations are being built.

---

¹ As at 31 March 2009
We have...

Expanded our network-sharing initiatives
Sharing network infrastructure with other operators cuts costs, and reduces impacts on communities and the environment by reducing the overall number of sites required. In March 2009, Vodafone announced an agreement with Telefónica to share network infrastructure in Germany, Ireland and the UK. This latest agreement adds to those announced in 2007/08 with Orange in the UK and Telecom Italia in Italy.

All these agreements involve ‘passive’ network sharing ([see diagram online]). This means we share the same site and equipment such as poles, cables, electrical and air-conditioning units as another operator, but not the same network equipment (such as antennas). ‘Active’ network sharing arrangements – sharing the site infrastructure and network equipment with other operators – are much more difficult to agree due to technical issues and establishing a high level of trust between competing operators.

Raised awareness of our Group Responsible Network Deployment Policy and Guidelines among employees and contractors
In 2008/09, we continued to raise awareness about the requirements of the Policy through regular meetings with operating company Chief Technology Officers and local training initiatives. Several operating companies have translated the policy into local languages – including German, Greek and Spanish – and distributed copies to employees and contractors working on our network deployment activities.

Began to audit compliance with the Group Responsible Network Deployment Policy
Local operating company compliance with the policy is assessed regularly. In 2008/09, all operating companies reported full or near compliance with the policy through self-assessment questionnaires. This will be confirmed in 2009/10 through on-site audits.

We recognise that managing contractors’ compliance is essential. Our local operating companies have begun to conduct on-site audits to verify contractors’ compliance with the policy. However, due to the increase in outsourcing and high turnover of contractor workers (especially in emerging markets), ensuring that everyone working on our sites is trained or certified is a huge challenge and we recognise we have a long way to go to achieve this.

Managing compliance across a large number of small sites, in the context of rapid and extensive roll-out, adds to this complexity. We are initially focusing on the compliance of our Tier 1 contractors, but will extend this process to ensure compliance of the large subcontractor network in the longer term.

Been found in breach of planning regulations relating to 492 base station sites
Despite our efforts to comply with local planning regulations when placing our base stations, we are sometimes found to be in breach. These breaches, mainly related to conflicting local and regional planning regulations, resulted in total penalties of £135,012 across five markets in 2008/09.

We will...
- Audit contractors’ compliance with our Responsible Network Deployment Policy in all Vodafone operations by March 2010.

The Vodafone Group network

<table>
<thead>
<tr>
<th>Total base station sites</th>
<th>105,164</th>
</tr>
</thead>
<tbody>
<tr>
<td>2G base station sites</td>
<td>54,069</td>
</tr>
<tr>
<td>3G base station sites</td>
<td>12,462</td>
</tr>
<tr>
<td>Co-located (2G and 3G) base station sites</td>
<td>38,633</td>
</tr>
</tbody>
</table>

* As at 31 March 2009

More on the web
- How mobiles work
- Group Responsible Network Deployment Policy and guidelines
- Local codes of conduct on responsible network deployment
- Network sharing
- Challenges in network deployment
- Visual impact of base stations
- Consulting with communities about network deployment
Mobile phones, masts and health

Mobile phones and base stations transmit radio frequency (RF) fields – also known as electro-magnetic fields (EMF) – when sending and receiving calls and information across our network. Some people are concerned about the potential health effects of these RF fields and Vodafone aims to lead the industry in addressing this issue.

The International Commission on Non-Ionizing Radiation Protection (ICNIRP) has issued guidelines on levels of exposure to RF fields. Vodafone’s policy on Health and Safety of RF Fields requires that all our base stations – and the mobile phones we sell – comply with ICNIRP guidelines. In fact, RF field exposure from our base stations is typically hundreds, if not thousands, of times below the limits set by the guidelines.

There have been thousands of scientific studies into the effects of RF fields on health. Ongoing research is monitored by the World Health Organization and ICNIRP. Based on the entirety of the science, the WHO continues to advise that there is no evidence to convince experts that exposure to RF fields below the guidelines set by ICNIRP carries any health risk for adults or children. We are committed to monitoring ongoing research developments and providing comprehensive access to scientific reviews.

We said...

- We would maintain an approval rating against external stakeholder opinion on how responsibly Vodafone is acting regarding mobile phones, masts and health as a rolling average, at or above 80% over any three-year period. We would undertake stakeholder research annually to monitor our progress against this target.
- We would provide comprehensive access to peer-reviewed published scientific reviews of research relating to mobile phones, masts and health on our Group website.
We have...

Achieved a three-year average approval rating of 78% in our stakeholder research on mobile phones, masts and health

In 2008, we carried out our third independent survey of 70 key external stakeholders around the world to monitor how seriously they think Vodafone takes its responsibilities relating to mobile phones, masts and health. Participants included scientific opinion formers and academics, health bodies and government departments, industry associations, national politicians, local authority decision makers, representatives from the media and NGOs. Stakeholders told us they value the opportunity to have face-to-face meetings with Vodafone. Of those responding to the questionnaire, 80% had met with a Vodafone representative on mobile phones, masts and health in the past year.

In each of the past three years, Vodafone has maintained a higher approval rating from our key stakeholders than other operators (see chart). Our average approval rating for 2008/09 across 17 markets was 73%, compared with 88% the previous year. This means our three-year rolling average is 78%, falling short of our 80% target.

Continued to provide a comprehensive online resource on RF fields and health and published the latest scientific reviews

Our survey of stakeholders in 2008/09 (see above) found that 85% of those who had visited our dedicated website on mobile phones, masts and health said that it demonstrates the responsible approach that Vodafone is taking relating to this issue.

A significant new feature on the website for 2008/09 gives access to summaries of the latest expert reviews of scientific research in this area, and explains the peer-review process.

Vodafone is committed to providing clear and open communications on the subject of EMF, and in 2008/09 played a leading role in the development of a public access website to provide clear, accurate and up-to-date information on RF fields and health. Launched in partnership with the GSM Association, Mobile Manufacturers’ Forum and the Australian Mobile Telecommunications Association, the EMF Explained website provides fact sheets, explanations and links to further sources of information about mobiles, masts and health.

Continued to monitor independent research

During 2008/09, two reviews met the Vodafone criteria to be considered an expert review: those from the EU Scientific Committee on Emerging and Newly Identified Health Risks (SCENIHR) and the Health Council of the Netherlands (see box on key findings). In both cases, the peer-review committee concluded that there is no scientific evidence that exposure to environmental levels of RF fields causes health problems.

Developed employee awareness training and awareness initiatives on RF fields

We have made significant investment in e-learning programmes, induction briefings and face-to-face training to raise awareness among relevant employees in all our local operating companies to enable them to fulfil their vital role in communicating our approach to RF fields. In 2008/09, we developed an interactive e-learning initiative in Australia to help these employees talk confidently about this issue to customers and communities. In 2008/09, 15–20% of our relevant employees in Australia and Turkey received specific training for their work in this area.
Shared best practice across the Group

In 2008/09, we made full use of the expertise and knowledge across the global EMF team in targeted areas. Established and experienced EMF Leaders provided induction and training for colleagues new to the global EMF team.

For example, we operate a ‘buddy’ system in some countries to help EMF Leaders of new operating companies quickly integrate into the EMF management structure and to achieve compliance with the Vodafone Group policies and standards on RF fields Health and Safety (see case study opposite).

Clear communication about RF fields and health is essential across the markets in which we operate. We have developed a communications tool-kit to help local operating companies leverage knowledge and to provide access to effective communication materials to use as they engage with local communities and address concerns.

Followed up on our assessment of handsets against our Health and Safety of RF Fields Policy

We have processes in place to ensure that prior to being sold, all new handset models are assessed for compliance with internationally recognised standards on RF fields. In May 2008 we completed a comprehensive self-audit of handsets sold by Vodafone. We found no breaches of our RF Fields policy that would affect health and safety. However, some handsets (less than 1%) failed to comply with our policy on product safety information and were withdrawn from sale by the end of May 2008. We used what we learnt from the audit to further strengthen our processes. We will conduct regular internal audits to confirm compliance.

Continued to lead the industry in requiring RF assessment for equipment worn next to the body

Vodafone has strongly advocated the development of a new standard for testing phones in a way that better reflects customers’ use of mobile devices. We have been engaged with the International Electrotechnical Commission Standards Organisation to develop a new global standard for testing phones for use against, or near, the body. We built broad support for the proposal across a range of industry stakeholders and the new standard was approved with a 91% vote at international committee in March 2009. **IEC Standard 62209-2** (EMF exposure testing of devices used against the body) is due to be published in August 2009.

Continued to defend four legal actions in the USA

Vodafone, along with various other carriers and mobile phone manufacturers, has been named as a defendant in four actions in the USA alleging personal injury, including brain cancer, from mobile phone use. The claims were dismissed by the court in August 2007. The plaintiffs appealed against that dismissal.

We will...

- Maintain an approval rating against external stakeholder opinion on how responsibly Vodafone is acting regarding mobile phones, masts and health as a rolling average, targeted at or above 80% over any three-year period. Undertake stakeholder research annually to monitor our progress against this target.

EMF Leader ‘buddies’ help to raise standards in Ghana

As new local operating companies join the Vodafone Group through acquisition, they need to meet our best practice standards as quickly as possible. Vodafone seeks to accelerate this capability-building process, by harnessing the expertise from other experienced local operating companies to share their experience with colleagues in new markets and drive the implementation of policies and procedures to reach compliance.

That’s why, when Vodafone Ghana joined the Group in August 2008, we appointed Vodafone Egypt as its ‘EMF Leader buddy’, to help Ghana quickly meet the high standards on RF fields we require. Through regular teleconferences to share information, the buddy system has helped Vodafone Ghana establish priorities for RF field management. These include the prompt induction of an EMF Leader, providing access to best practice communications materials to assist with engagement with national authorities and rapidly conducting an audit of handsets’ compliance with the Group Health and Safety of RF Fields Policy. Vodafone Ghana plans to achieve full compliance with the Group policies on RF fields for new handsets and base stations by June 2009.

**EMF Leader buddy, providing access to best practice communications materials to assist with engagement with national authorities and rapidly conducting an audit of handsets’ compliance with the Group Health and Safety of RF Fields Policy.**
Environment

Our products and services can help our customers reduce their environmental footprints. However, mobile phones and the base stations they connect to impact the environment at every stage of their lifecycle – from the extraction of raw materials to manufacturing, use and disposal. We manage these impacts at the stages over which we have direct control – primarily the energy used in our networks and the recycling of network equipment at end of life.

Vodafone also works with suppliers to reduce impacts from extraction of raw materials and manufacturing (see supply chain), and to improve the environmental performance of products while in use. In addition, we promote reuse and recycling of mobile phones by consumers.

We have set ourselves a tough challenge to halve our CO₂ emissions by 2020, from the 2006/07 baseline. We aim to achieve this by improving energy efficiency and making greater use of renewable energy. The main focus is on cutting energy use in our network, which currently accounts for over 80% of our total CO₂ emissions.

Vodafone has a responsibility to reduce its direct impact on the environment, but our technology also has the potential to help consumers and other industries reduce their environmental impacts. Video- and teleconferencing, for example, have already significantly reduced the need for business travel, cutting related carbon emissions. Together with other companies in our industry, we are exploring innovative ways that the ICT sector can help others reduce emissions.

Our operations depend on network equipment and the mobile phones that our customers need to use our service. Although we do not manufacture this equipment, we want to ensure that it is disposed of responsibly. We send used network equipment to be reused or recycled wherever possible, and promote collection of used mobile phones for reuse and recycling. Refurbishing used network equipment and mobile phones for reuse – often in emerging markets – extends their useable life. However, with limited local facilities in emerging markets, recycling and responsible disposal of electronic equipment at end-of-life remains a challenge, which we are working to overcome.
We have...

Energy use and climate change

Decreased like-for-like carbon emissions by 4.7%

In 2008/09, our total CO₂ emissions were 1.31 million tonnes, 4.7% lower than last year despite an increase in energy use. The carbon intensity of the Group’s energy consumption has decreased due to our increased use of green tariff energy – energy generated from renewable sources – and the decrease in carbon intensity of grid electricity in many of the markets where we operate (see box on renewable energy purchasing and reporting).

Our operating company in India, Vodafone Essar, is excluded from our environmental reporting, because data collection systems are not yet reliable. However, initial estimates suggest that our emissions in this market in 2008/09 amounted to approximately 1.90 million tonnes of CO₂, which would increase our total Group emissions to 3.21 million tonnes CO₂. The scale of emissions from India is due to the size of our network there, the high carbon intensity of grid electricity and the use of diesel generation at many sites (see chart in India section of the report).

This year, we are also reporting our combined emissions of all greenhouse gases for the first time. These emissions equal 1.48 million tonnes of CO₂-equivalent emissions in 2008/09.

Developed a climate change strategy for our operations in Turkey and India

Vodafone’s operating companies in Turkey and India were not included in the Group target to halve emissions by 2020 because they were acquired after the start of the baseline year, 2006/07. In 2008/09, we developed a five-year strategy to improve network energy efficiency in Turkey by progressively introducing more efficient components to our base stations, including:

- 11,500 free cooling boxes
- 1,400 base station cabinets coated in solar-reflective paint
- 900 energy-efficient air-conditioning units
- 7,500 remote metering units
- 16 new sites powered by on-site renewable energy.

Renewable energy purchasing and reporting

Some Vodafone operating companies (Czech Republic, Ireland, Italy, the Netherlands and the UK) purchase renewable generated electricity transmitted through the national grid (green tariff electricity) in order to reduce their CO₂ emissions from energy usage.

In 2008, the UK Department for Environment, Food and Rural Affairs (Defra) released new reporting guidelines which recommended that companies should no longer count green tariff energy towards their emissions reductions. This change was due to concerns over double-counting of emissions reductions. Vodafone, as part of a consortium of businesses, approached the Carbon Trust to request an independent review into carbon reporting in the UK.

Some global voluntary reporting schemes, such as the Carbon Disclosure Project, are also now asking for green tariff energy not to be counted in headline carbon emissions figures. Uncertainty also remains over whether companies will be able to count emissions savings from investments in large-scale renewables projects connected to national grids.

Urgent resolution is required to remove uncertainty from carbon accounting standards and ensure incentives remain for private investment in renewable energy generation. To be transparent, we have reported our emissions including and excluding the impact of green tariff energy (see chart below) and are interested in feedback on this approach. The commentary on total emissions and progress against our target assumes green tariff energy does represent an allowable reduction in emissions.

CO₂ savings from green tariff energy (’000 tonnes CO₂)

<table>
<thead>
<tr>
<th>Basis for reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is the CO₂ that would have been emitted if the factor applied to national grid energy for each OpCo had been applied to the green tariff energy</td>
</tr>
</tbody>
</table>

1 This is our total emissions of greenhouse gases (including CO₂, methane, nitrous oxide, various fire suppressants and refrigerants, and warming impact of flights)

2 Figures for 2006/07 and 2007/08 restated due to updated emissions factors. See Basis for reporting section of our website for more information
We have also developed a climate change strategy for our new operating company in India, Vodafone Essar. Its focus is on improving data collection processes and defining a baseline before outlining our commitments (see separate section on India).

Increased our emissions against our 50% CO2 reduction target
This Group reduction target applies to all of our local operating companies that were active for a full year in 2006/07; and to their CO2 emissions from all energy sources except business flights and other greenhouse gases.

Carbon dioxide emissions from operating companies included in the 2006/07 baseline totalled 1.19 million tonnes in 2008/09, an increase of approximately 1% against the baseline. This increase was anticipated as our strategy to reduce emissions by improving energy efficiency in our networks and introducing more renewable energy will take time to implement as we develop and roll out new technologies and consolidate existing network equipment. (See more on how we are implementing our climate strategy.)

Increased total energy use by 4.2%
In 2008/09, our total energy use was 3,124 GWh, a 4.2% increase from the previous year. This increase reflects the continued growth of our networks in existing markets.

### Total network energy usage by source (GWh)

<table>
<thead>
<tr>
<th>Source</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
<th>2008/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grid</td>
<td>2,551</td>
<td>2,542</td>
<td>2,510</td>
<td>2,610</td>
</tr>
<tr>
<td>Grid renewable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LOC-owned renewable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diesel</td>
<td>1,254</td>
<td>1,271</td>
<td>1,281</td>
<td>1,307</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2006/07 and 2007/08 data restated to correct error in reporting of energy mix, leading to minor changes in the total energy usage.

1 LOC = local operating company

Continued to work with suppliers to make new network equipment more energy efficient
In 2008/09, Vodafone’s Radio Mobile Innovation Centre in Madrid, Spain, worked with Huawei to launch the industry’s first 3G/2G Software Defined Radio (SDR) Single RAN base station. This will enable us to consolidate our network operations by using one piece of equipment to provide 2G, 3G and LTE network coverage in the same area. We also worked with Huawei in 2008/09 to trial a low-cost, low-energy ‘no frills’ base station with our affiliate, Vodacom, in South Africa (see case study on page 27). Partnerships with Alcatel Lucent, Ericsson and Nokia Siemens Networks have allowed us to trial and implement technology that shuts down unnecessary base stations at times of low network traffic.

Improved the energy efficiency of our networks
We are improving the energy efficiency of our networks by progressively installing more efficient components in all new base stations, while replacing less efficient equipment in existing base stations. Our focus is primarily on three key components which have the potential to save most energy: more efficient power amplifiers, remote radioheads and free cooling to replace air-conditioning, as well as shutting down some sites in periods of low demand (see graphic on page 29).

### CO2 emissions by local operating company (tonnes and %)

<table>
<thead>
<tr>
<th>Country</th>
<th>2008/09 Emissions</th>
<th>2006/07 Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>0.4%</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>6.4%</td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td>2.3%</td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>7.2%</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>7.5%</td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td>1.4%</td>
<td></td>
</tr>
<tr>
<td>Ireland</td>
<td>2.6%</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>7.4%</td>
<td></td>
</tr>
<tr>
<td>Malta</td>
<td>0.3%</td>
<td></td>
</tr>
<tr>
<td>The Netherlands</td>
<td>2.0%</td>
<td></td>
</tr>
<tr>
<td>New Zealand</td>
<td>1.4%</td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td>5.2%</td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td>3.8%</td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>6.5%</td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>9.1%</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>6.5%</td>
<td></td>
</tr>
</tbody>
</table>

Vodafone Germany is our largest operating company by customer numbers. Its emissions data include figures from Arcor, our fixed-line business, as well as several Vodafone Group functions based in Germany. Other large operating companies, such as in Italy and the UK, purchase green tariff energy to reduce their CO2 emissions.

Craig Bennett, Deputy Director, Cambridge Programme for Sustainability Leadership

"The 50% absolute target demonstrates leadership. I would also welcome more interim targets. I urge you to set targets for developing countries – short-term and long-term targets. It will be challenging. There may be more of a role for relative targets here given the massive business growth."

1 We have restated our baseline due to updated emission factors. The revised number is 1.18 million tonnes CO2
2 Long Term Evolution – the next generation of mobile communications technology
**Improving energy efficiency of our base stations**

- **Switching off base stations** in high-density areas automatically when mobile usage is low, such as at night.
- **Installed in 1,500 sites in Germany. Planned roll-out to other operating companies.**
- **Increasing maximum operational temperatures of equipment reduces energy used for air-conditioning.**
- **Implemented at 40,000 sites for annual savings of 2,750 kWh at each site.**
- **Installed in the majority of new 3G sites across the Group.**
- **Free-cooling, using outside fresh air to cool equipment, saves energy compared to air-conditioning.**
- **Installed at 40% of base stations in 80% of operating companies.**
- **Individual cooling of temperature-sensitive equipment such as batteries.**
- **Trials currently underway.**

**Increased the number of sites powered by on-site renewable energy by 7.5% across the Group**

We now have 429 base stations powered by on-site renewable energy in eight countries, including small wind turbines and solar panels. Vodafone Portugal, for example, installed wind turbines to power 32 base stations in 2008/09.

Diesel is often used to power sites that are not connected to the electricity grid, as well as being used in back-up generators in case of power failure. In 2008/09, diesel use accounted for 6.3% of our total CO₂ emissions from network energy use across the Group. This proportion is higher in our Indian operations. Our Green Technology Programme, launched in Beijing in October 2008, aims to develop a renewable alternative to diesel generators at off-grid sites, particularly in emerging markets. Trials began in April 2009 in China (with our investment, China Mobile), India (at Vodafone Essar sites and with our joint venture, Indus Towers) and South Africa (with our joint venture, Vodacom).

We also held a renewable energy technical workshop in Greece, in October 2008, to share best practice for on-site renewables among our operating companies. Representatives from Greece, Italy, Spain and Turkey attended, as well as from joint ventures Vodacom and Safaricom.

**Reduced business flights by approximately 30%**

In 2008/09, we cut employee business travel in many markets, primarily to manage costs in the prevailing economic climate. Overall, we flew 190 million kilometres. We have improved our flights data management systems and now have a more complete picture of flights taken by Vodafone employees. At present we do not include flights data in our overall CO₂ reporting.

We promoted the use of our video-conferencing facilities as an alternative to travel. We now have 650 units available across the Group. In November 2008, we used these facilities to hold a virtual global CR conference, attended by representatives from Vodafone operating companies around the world (see our approach).
Continued to participate in industry leadership groups on climate change
In 2008/09, our participation in industry groups leading action on climate change included:
- Publishing the Poznań Communiqué on Climate Change as members of the Corporate Leaders’ Group on Climate Change, which was signed by over 140 companies
- Hosting the 10th group meeting of the Green Power Market Development Group Europe – a joint initiative between The Climate Group and World Resources Institute – in October 2008 to share best practice with other member companies
- Participating in the Carbon Disclosure Project’s Corporate Supply Chain Programme (see supply chain).

Held a focus group for experts to review our climate change strategy
In November 2008, eight climate experts – representing academia, industry, media and NGOs – gathered in London to share feedback on our climate change strategy. They emphasised the urgent need to establish strategies and targets for our operations in emerging markets. We were also encouraged to pursue investment in on-site renewables in a way that would be beneficial to the local communities in which we operate. Using our influence to make low-carbon products and services more attractive to consumers was also seen as an important part of Vodafone’s broader role in reducing climate impacts.

Researched ways for our products and services to help others reduce their emissions
The ICT industry Global e-Sustainability Initiative (GeSI, of which Vodafone is a member) published the Smart2020 report in November 2008. This research, conducted by The Climate Group, suggests that ICT companies could apply their technology to help other industries and consumers avoid 7.8 gigatonnes of CO2-equivalent emissions – 15% of business as usual total global emissions – by 2020. The biggest opportunities to achieve this were identified as:
- smart motor systems – reducing electricity consumption in industry
- smart logistics – coordinating logistics processes
- smart buildings – making living and working spaces more efficient
- smart grids – improving transmission and distribution of electricity
- dematerialisation – substituting objects and activities with high environmental impacts with virtual alternatives.

In response to this challenge, Vodafone has introduced a new target to increase by five times the number of machine-to-machine (M2M) connections which facilitate CO2 emissions reductions by March 2013. M2M wireless communications helps to reduce emissions by increasing the efficiency of industrial processes, transport and logistics.

For example, we already provide network connectivity for remote metering solutions, which enables energy consumption readings to be retrieved from smart meters installed in domestic and commercial premises. This provides a more complete picture of energy usage and helps the consumer to identify opportunities to improve efficiency and make savings. For example, in 2008/09, Advanced Metering Services agreed to use Vodafone New Zealand’s mobile network to provide communications for 600,000 meters, to be installed over the next five years.
Introduced initiatives to help consumers reduce the environmental impacts of using mobile phones

Our eco-consumerism project, launched in 2008/09, identifies several ways we can help our customers reduce environmental impacts of using our products and services. These include handset recycling, paperless billing and, in some markets, introducing incentives to keep handsets for longer.

In February 2009, Vodafone, along with 17 other leading mobile operators and manufacturers, committed to implement an industry-wide standard for a universal energy-efficient charger by 1 January 2012. This will cut energy use in standby mode by up to 50% and prevent the need for customers to replace their charger every time they replace their handset, eliminating waste from duplicate chargers.

These initiatives will help us meet our new target of being recognised as a ‘green’ brand in at least 75% of the developed markets where we operate by 2012.

Reuse and recycling

Collected 1.82 million handsets for reuse and recycling

We have exceeded our target to collect 1.5 million handsets during 2008/09. Vodafone operating companies continued their efforts to collect handsets for recycling, collecting approximately half a million more handsets than last year – representing a 37% increase.

We encourage customers to extend the useable life of their mobile phones by returning them for reuse, or recycling at end-of-life. Vodafone Germany, for example, launched an online trading portal in 2008/09, enabling customers to sell their unwanted used mobile phones. Handsets are refurbished and sold with a three-month guarantee in Asia. See our website for more examples of advertising campaigns and incentives to return used mobile phones.

Sixteen of our local operating companies now have handset recycling schemes in place. Vodafone Turkey’s mobile recycling scheme, intended for launch by March 2009, has been delayed due to organisational changes within the company.
Published a CR Dialogue on e-waste

Sending refurbished network equipment and some handsets for reuse in emerging markets can increase access to mobile communications by making mobile phones more affordable. However, this also contributes to the growing problem of used electronic equipment being imported into developing countries, which often lack appropriate facilities to recycle it.

Our CR Dialogue on e-waste, published in December 2008, offers three perspectives on this from Forum for the Future, Nokia and India-based The Environment Resources Institute (TERI). The Dialogue builds on our work with Forum for the Future over the past three years to research recycling facilities in Kenya and investigate establishing a handset recycling scheme there. The Dialogue suggests that working with existing repair shops and linking with broader recycling schemes are essential in developing infrastructure for recycling e-waste in emerging markets. However, the key issue identified in the report is the need to encourage a change in public attitudes and behaviour to create a culture of recycling. The full Dialogue paper is available on our website.

We have set a new target to contribute to building capacity to manage electronic waste in three emerging markets by March 2012 to begin to address the issues outlined in the Dialogue.

Begun a pilot project to assess capability for recycling e-waste in Mumbai

In 2008/09, we commenced an end-of-life assessment of mobiles in India, particularly in Mumbai, with The Environment Resources Institute. The study aims to assess current practices and devise strategies to improve end-of-life management of mobile phones. Initial findings reveal the need for further awareness of recycling and e-waste issues among the increasing mobile user base in India. Market opportunities have been identified from the increased demand for repair and recycling. We will publish the full study once this has been completed.

Reused or recycled 97% of network equipment waste

We generated 4,860 tonnes of waste network equipment in 2008/09. Of this, 97% was sent for reuse or recycling, exceeding our continuing target of 95%. This included 2,801 tonnes of non-hazardous waste (such as radio equipment, metal and cables) and 1,917 tonnes of hazardous waste (mostly lead acid batteries).

Been fined for breach of environmental regulations in five operating companies

We aim to comply with environmental regulations in every country where we operate. However, there were some instances of non-compliances in 2008/09. Across five operating companies we were fined a total of £135,012 for environmental offences. The majority of these fines were for administrative issues regarding planning applications.

We will...

- Reduce CO2 emissions by 50% against the 2006/07 baseline by 2020 (applicable across Vodafone operating companies operating in 2006/07)
- Be recognised as a ‘green’ brand in at least 75% of the developed markets where we operate by 2012
- Increase by five times the number of M2M4 connections which facilitate CO2 emissions reductions by March 2013
- Contribute to building capacity to manage electronic waste in three emerging markets by March 2012.

More on the web

- Lifecycle analysis
- Environmental management
- CR Dialogue on e-waste
- Participation in industry partnerships on environment
- Other impacts: water, ozone depletion
- SMART 2020 report
- Poznań Communiqué

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4 Machine to machine
Supply chain

We expect all our suppliers to maintain high ethical, environmental and labour standards, and we work with them to build their CR capability. Our Code of Ethical Purchasing (CEP) sets out our requirements and we assess new and existing suppliers for compliance with the CEP. We also engage in industry partnerships to improve CR standards throughout the supply chain for the ICT sector as a whole.

Vodafone sources products and services – including the handsets we sell, network equipment and network deployment services – from thousands of suppliers around the world. Many of our suppliers are large multinationals, often well-known brands themselves. While we do not manufacture anything ourselves, we maintain our responsibility to drive ethical values through our supply chain.

We spent £30 billion with suppliers in 2008/09. They in turn source components and assembled products from other suppliers further down the supply chain. Our approach is to raise standards throughout the supply chain by working with our direct (Tier 1) suppliers to improve their CR performance and their own supply chain management.

We focus our CR activities mainly on our strategic global suppliers, defined according to spend and significance to Vodafone’s business. In addition to this Group-level purchasing, each of our operating companies sources some products and services locally. In 2008/09, our operating companies focused their CR activities on local strategic and preferred suppliers.

Most of our purchasing at Group and local level is being gradually transferred to the Vodafone Procurement Company (VPC), established in April 2008. Supplier contracts with the VPC replace separate contracts between local operating companies and suppliers. This provides more consistent terms across the Group, including on CR issues such as ethics and health and safety.

We said...

- We would implement projects with two suppliers and within our own organisation to support our new climate change commitment by March 2009
- We would deploy a non-compliance management system to improve our existing process and support systematic action on CR issues identified within our supply chain by March 2009
- We would ensure 80% of all local strategic and preferred suppliers are reporting their compliance against the requirements of Vodafone’s Code of Ethical Purchasing by March 2009.
We have...

Increased our focus on managing climate impacts in the supply chain

In October 2008, we introduced new criteria to the CR pillar of our supplier performance scorecard that focus on how strategic global suppliers manage their climate impacts. It encourages suppliers to report their emissions and introduce programmes and targets to reduce them, as well as assessing the carbon footprint of their products.

We evaluated our top 65 strategic global suppliers against the new climate change criteria in 2008/09 (see table to the right). Of these, 80% could provide emissions data based on an industry standard protocol and 55% have set a public target to reduce emissions. Only 20% had limited or no data on their emissions.

Vodafone is one of 34 global companies participating in the Carbon Disclosure Project’s Supply Chain Programme. In 2008/09, we asked 52 global strategic suppliers to disclose their emissions through the CDP, as well as 93 local suppliers nominated by 10 operating companies. Almost half responded, and we have a programme in place to increase this response rate to 75% in 2009/10. Of those who responded, 52% have a greenhouse gas emissions reduction plan in place, 43% have developed emissions reduction targets and 49% have a strategy for engaging their own suppliers on climate change.

We also work with individual suppliers to reduce the climate impacts of their products – to help us reduce emissions during use. In 2008/09, we met our target to implement projects with two suppliers to support our climate change commitment. For example, we worked with network equipment supplier Huawei to develop an innovative, cost and energy-efficient base station that enables mobile operators to consolidate network equipment by integrating 2G, 3G and LTE technology into one unit. We have also worked with Huawei to develop and trial a ‘no frills BTS’ – a low-cost, low-energy base station for deployment in remote locations in developing markets, which is ideally suited to onsite renewable power generation. We also worked with Alcatel Lucent, Ericsson and Nokia Siemens Networks to develop technology that shuts down some base stations when network demand is low. Read more about these initiatives in the Environment section.

Building on this work with our suppliers, we have set ourselves a strategic target to develop joint CO₂ reduction strategies with suppliers accounting for 50% of procurement spend by March 2012.

Evaluated CR performance of 65 strategic global suppliers using our scorecard

CR accounts for 10% of the scorecard we use to monitor the overall performance of our strategic global suppliers. The average score for the CR performance of our top 65 suppliers was 72% in 2008/09, an improvement of 9% from 2004/05 when we began using the scorecard.

Developed a non-compliance management system

We have developed and tested a system to strengthen our management of non-compliances found within our supply chain. This will ensure systematic action is taken, tracked and reported on CR issues identified. We did not meet our target to fully deploy this system by March 2009, but aim to achieve this by March 2010. Training materials have been developed ready to deploy the system across the Group.

Made recommendations for improvements based on 18 site assessments of strategic global suppliers

In 2008/09, we conducted site assessments of 18 suppliers. These were mainly new suppliers identified as high-risk through our qualification procedures. From these site assessments, we made a total of 166 recommendations for improvement (see table on page 35). Two potential new suppliers failed to qualify because of poor performance across a range of CR issues – including health and safety, discrimination and working hours – identified during site visits. We are working with suppliers to put in place improvement plans to address the areas identified.

1 Long Term Evolution – the next generation of radio access technology.
2 Our top global suppliers (approximately 60–65) have changed over this time, as new suppliers are qualified and others are no longer required.

Evaluation of 65 global strategic suppliers against the climate change criteria of the performance scorecard

<table>
<thead>
<tr>
<th>Supplier scores in CR pillar of performance scorecard (%)</th>
<th>% suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR pillar score</td>
<td>% suppliers achieving this score</td>
</tr>
<tr>
<td>91–100%</td>
<td>17</td>
</tr>
<tr>
<td>81–90%</td>
<td>23</td>
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<tr>
<td>71–80%</td>
<td>20</td>
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<tr>
<td>61–70%</td>
<td>14</td>
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<tr>
<td>51–60%</td>
<td>9</td>
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<tr>
<td>50% or less</td>
<td>17</td>
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</table>

<table>
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<tr>
<th>% suppliers achieving this score</th>
<th>91–100%</th>
<th>81–90%</th>
<th>71–80%</th>
<th>61–70%</th>
<th>51–60%</th>
<th>50% or less</th>
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<tbody>
<tr>
<td>Overall score</td>
<td>72%</td>
<td>73%</td>
<td>75%</td>
<td>77%</td>
<td>79%</td>
<td>80%</td>
</tr>
</tbody>
</table>
Recommendations for improvement

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of recommendations for improvement</th>
<th>Performance issue identified*</th>
<th>Policy or management system issue identified**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Labour</td>
<td>12</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Forced Labour</td>
<td>11</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Health and Safety</td>
<td>70</td>
<td>33</td>
<td>37</td>
</tr>
<tr>
<td>Freedom of Association</td>
<td>17</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>Discrimination</td>
<td>14</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Disciplinary Practices</td>
<td>5</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Working Hours</td>
<td>8</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Payment</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Individual Conduct</td>
<td>6</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Environment</td>
<td>13</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>Implementation of CEP or Equivalent</td>
<td>7</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>166</td>
</tr>
</tbody>
</table>

* Performance issues are either actual instances of non-compliance against our CEP or opportunities for suppliers to improve their current practices.

** Policy issues are instances where suppliers did not have any/adequate policies or management systems in place to address the ethical, health and safety, or environmental requirements of our CEP. Policy issues do not necessarily correlate to performance-related recommendations for improvement on the same issue.

Met our target for 80% of all local strategic and preferred suppliers to report compliance with our CEP

In 2008/09, local operating companies communicated key policies, including the CEP, to their local strategic and preferred suppliers. Suppliers were asked to acknowledge the application of these policies and complete a self-assessment questionnaire on the policies and systems they have in place to ensure compliance with our CEP. Of the 468 suppliers contacted, 82% responded, meeting our target. The average score in the self-assessment was 74%. Responses suggest that suppliers’ systems for ensuring compliance in their own operations are generally more developed than systems to manage CR in their supply chains. We are developing guidance for local operating companies on how to follow up with suppliers during 2009/10, initially focusing on those scoring less than 50% in the self-assessment.

Participated in joint ICT industry activities

Vodafone continues to participate in joint industry activities, led by the Global e-Sustainability Initiative (GeSI) and the Electronics Industry Citizenship Coalition (EICC), to improve standards across the ICT sector.

We promote the use of common industry tools developed by these organisations – such as the E-TASC self-assessment questionnaire and the joint auditing programme. These are designed to reduce the burden on suppliers by enabling them to share the results of a single standardised audit with all participating customers. In June 2008, we took part in an industry training event held in Shenzhen, China, to promote these tools and inform suppliers about EICC and GeSI’s expectations. Vodafone nominated several suppliers to participate in the joint auditing programme in 2008/09 and the three that were also nominated by other industry participants were audited (one of our direct suppliers and two of our sub-tier suppliers).

To promote the joint industry work further, we have set ourselves a new strategic target to ensure suppliers accounting for 50% of procurement spend have adopted the GeSI/EICC common industry approach by March 2010.

Vodafone is a member of the GeSI and EICC working group on CR issues associated with the extraction of metals that go into equipment used by the ICT industry. In particular, mining of metals such as tantalum (a derivative of coltan) in conflict areas such as the Democratic Republic of Congo has raised environmental, political and humanitarian concerns.

In 2008/09, the working group published a report on Social and Environmental Responsibility in Metals Supply to the Electronics Industry and set goals to improve the transparency of the supply chain based on the findings.

We will...

- Ensure that suppliers accounting for 50% of procurement spend have adopted the GeSI/EICC common industry approach by March 2012
- Develop joint CO₂ reduction strategies with suppliers accounting for 50% of procurement spend by March 2012.
- Deploy a non-compliance management system to improve our existing process and support systematic action on CR issues identified within our supply chain by March 2010

More on the web

- Code of Ethical Purchasing
- Supplier performance management process
- Whistle-blowing
- Working with Vodafone – A guide for suppliers and contractors
- Industry position on mining and metals
Our people

We rely on our people to maintain and build on our success, and deliver excellent service to our customers. We aim to attract, develop and retain the best people by engaging employees, offering attractive incentives and career opportunities, and ensuring all our people are treated fairly and with respect. We also want to ensure that the working environments we create are inclusive, and promote safety and wellbeing.

With over 79,000 employees around the world, regular communication is essential to keep them informed about our strategy and engage them in the business. We gauge levels of engagement through our annual Global People Survey.

We want our people to feel their efforts are recognised and that rewards are connected with performance. Annual Performance Dialogues help employees identify training and development opportunities to gain new skills and reach their full potential.

Vodafone promotes diversity in the workforce as a business asset, helping us better understand and meet the diverse needs of our diverse customers. Vodafone is committed to ethical conduct in everything we do. We do not condone unfair treatment of any kind. Our [Business Principles] define the high standards of behaviour we expect all our employees to live up to and any breaches must be reported under our [Duty to Report Policy].

We are committed to ensuring that our people can do their work safely, and believe incidents and injuries are preventable. We also aim to help employees balance work and family commitments, manage stress and have a healthy lifestyle.

We said...

- We would ensure that 75% of local operating companies deliver top-quartile employee engagement scores within their local markets by March 2009
- We would ensure that 90% of employees in the business had an annual Performance Dialogue and development discussion with their line manager by March 2009
- We would develop a global inclusion strategy and local action plans on gender diversity by March 2009
- We would continue to extend pay for performance within the business to provide differentiated rewards for our key people
- We would continue to integrate reward packages across the Group, under the principles of performance, flexibility, competitiveness and fairness
- We would reduce work-related accidents resulting in lost time by 10% by March 2011 (from the 2007/08 baseline)
- We would improve our Global People Survey score by 10% by March 2011 (from the 2007/08 baseline).

1 This figure represents the average number of employees during the 2008/09 financial year, incorporating employees of newly acquired entities from the date of acquisition and the Group’s share of employees in joint ventures. It includes recently acquired operating companies in India, Ghana and Qatar, which are otherwise excluded from the scope of this report. The scope of this Report covers 65,447 employees. Given the complexity of the organisation and a range of HR systems, for each set of data we indicate the percentage of employees within the scope of this Report that are covered by the data.
We have...

Globally achieved the external high-performance benchmark for employee engagement for the first time

We carried out our annual Global People Survey in November 2008. Nearly 59,500 people across the Group responded to the survey, representing 85% of our workforce.\(^2\)

We measure engagement through survey questions about employees’ commitment to Vodafone, their desire to continue working for us, and their willingness to ‘go the extra mile’ for the company. Engagement levels among our employees continue to improve, with a Group-wide average of 75% responding positively in the 2008 survey, compared with 71% the previous year. Globally, we achieved the external high-performance benchmark for engagement for the first time in 2008/09.\(^3\)

For the 2008 Global People Survey, our engagement target for operating companies changed from delivering top-quartile scores within local markets. Instead, operating companies’ objective is to achieve high-performance benchmark scores adjusted for each country. Thirteen of our operating companies achieved this new objective in 2008/09.

Overall, the 2008 Global People Survey showed an improved score for 62 of the 66 quantitative questions. Significant improvement was made in each of the three key areas identified as requiring action in the 2007 survey: team working (up by 5 percentage points), attracting and retaining talent (up by 4 percentage points), and managing change (up by 6 percentage points).

We will use the results of the 2008 survey to set targets and identify actions for sustaining and improving the high level of engagement we have achieved. Scores in our Manager Index – based on survey questions related to the experience a manager creates for their team – increased to an average of 72% across the Group compared with 69% the previous year.

Held Performance Dialogues with 96% of employees

Vodafone employees meet with their line managers annually to review their performance over the past year and set development goals for the next year. Around 96% of applicable employees recorded their 2007/08 Performance Dialogues through our intranet-based global tracking system, or equivalent local processes, and nearly all (95%) of them set new goals for 2008/09. This means that we have exceeded our target for 90% of employees to have an annual performance dialogue by March 2009. The 2008/09 process is scheduled for completion by July 2009. We also plan to launch an enhanced online reporting system to make it easier for employees to record their Performance Dialogue results.

Provided an average of four\(^4\) days of training per employee

In 2008/09, we provided our employees with an average of four days of training each, spending an average of £536\(^5\) per person. Our focus on Vodafone’s “total communications” strategy continued, with around 1,500 employees completing online, interactive training in 2008/09. This course has been completed by a further 7,000 people, bringing the total to date to around 8,500.

Our annual Development Board process helps us to identify employees with leadership potential in each local operating company and at Group level. These employees are encouraged to complete leadership development training and are actively supported in their career to ensure their full potential is realised. For example, 70 employees from 17 countries took part in our Inspire programme for high-potential employees in 2008/09 (see case study on page 38).
Introduced a strategy to improve diversity and inclusion across the Group

The strategy, launched in April 2008, aims to ensure that Vodafone’s workforce reflects its diverse customer base and that the company has an inclusive working environment that embraces the benefits diversity brings. Implementation of the strategy is overseen by a global steering committee. The initial focus is on gender and nationality diversity.

A number of workstreams have been established to implement various aspects of the strategy, focusing on leadership and culture within Vodafone, employee development and making Vodafone an employer of choice. Each workstream is sponsored by a member of Vodafone’s Executive Committee, and all members of the Executive Committee must meet diversity and inclusion objectives as part of their annual goals.

In 2008/09, we started to roll out inclusive leadership workshops for leaders in all operating companies, with the aim of identifying and improving understanding of inclusive and non-inclusive behaviour. Members of the Executive Committee attended the first of these workshops and we plan to run similar workshops with senior managers in all local operating companies, to develop robust action plans addressing relevant local issues. A number of local operating companies have already put their action plans in place and the rest will follow with the roll-out of the Inclusive Leadership Workshop.

We also emphasised the need for our recruitment consultants at Group level to recommend a minimum of one credible female candidate for interview for every vacancy we advertise at management level.

In 2008/09, 13% of our most senior managers – including three operating company CEOs – were female (see chart). A total of 23 nationalities were represented in top management bands, an increase on 2007/08 (see chart).

Extended our initiatives to reward performance through our incentive plans

We aim to provide competitive and fair rates of pay and benefits in each local market where we operate. We continue to reward employees based on their performance, potential and contribution to the success of the business, through global short- and long-term incentive plans. Pay for performance has been further extended throughout the organisation in 2008/09 and we plan to link annual Performance Dialogues more closely with discussions about reward in 2009/10.

Employee views on our reward strategy continue to improve, with half of those responding to our 2008 Global People Survey agreeing they are rewarded fairly for the work that they do (see page 37).

In July 2008, we awarded 290 shares to all eligible employees across the Group under our Allshare plan to give everyone at Vodafone a stake in the company’s success. This is the fifth year running we have made an Allshare award.

<table>
<thead>
<tr>
<th>Nationalities in top management bands</th>
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<tbody>
<tr>
<td>2008/09</td>
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<tr>
<td>0</td>
</tr>
<tr>
<td>2008/09</td>
</tr>
<tr>
<td>2007/08</td>
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<tr>
<td>2006/07</td>
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</table>

Data for 2008/09 cover 90% of employees included in the scope of this Report

Women in management (%)

<table>
<thead>
<tr>
<th>Women in top senior management (Bands A–D, approximately top 200–250 employees)</th>
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<tbody>
<tr>
<td>2008/09</td>
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<tr>
<td>0</td>
</tr>
<tr>
<td>2008/09</td>
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<tr>
<td>2007/08</td>
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<td>2006/07</td>
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</tbody>
</table>

Women in senior management (Bands A–E, approximately top 1,100–1,350 employees)

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<thead>
<tr>
<th>Women in middle management (Bands A–F, approximately top 4,300–5,100 employees)</th>
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<tbody>
<tr>
<td>2008/09</td>
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<tr>
<td>0</td>
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<tr>
<td>2008/09</td>
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<tr>
<td>2007/08</td>
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<td>2006/07</td>
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</table>

Women (all employees)

In 2008/09, Vodafone won the 2008 PricewaterhouseCoopers Building Public Trust Award for people reporting. The award recognises the breadth and quality of reporting, including relevant and robust data and targets. Judges also look for descriptions of how the company’s people strategy relates to overall business performance.

In May 2008, we launched Inspire, Vodafone’s new Global Talent Management programme. The aim is to attract, develop and retain a mobile talent pool that can be used to fill senior leadership roles for the future.

The programme is designed to identify and develop our high-potential people, and accelerate their progression into leadership roles. Nine participants have already been promoted into leadership roles since the programme began.

Dorainne Richelle, a current Inspire delegate from the Netherlands, says:

“Inspire is a great way for Vodafone to develop its leaders and build a stronger community with a shared responsibility and culture. The programme teaches us many valuable things we can bring back and share with our teams, and provides us with excellent leadership training and personal coaching.”

Dorainne Richelle, Inspire delegate, the Netherlands
Conducted reorganisations that affected approximately 1,100 roles across the Group

In 2008/09, Vodafone made changes to its size and shape to accommodate growth within the business as well as to create a leaner, more agile structure with clearer reporting lines and accountabilities across the Group. These changes resulted in around 1,100 roles being affected. Everyone affected was treated fairly and consulted about the changes, in line with Vodafone policy. (See our Annual Report for more on reorganisation in 2008/09).

Incurred a lost-time incident rate of 2.28 incidents per 1,000 employees

We had a total of 149 work-related lost-time incidents in 2008/09, a 13.7% increase from the previous year. The rate of 2.28 incidents per 1,000 employees is based on a more complete headcount figure including all employees from Vodafone-branded and non-branded companies and is therefore not comparable to last year’s data. If we were to use last year’s baseline, the figure would be 2.38, representing an increase of 8.7%.

To ensure that we have a year-on-year comparable target going forward, which takes into account changes to the number of employees, we are revising our current commitment to reduce the total number of incidents by 10% to a relative target. Therefore, our new target is to reduce the work-related incident rate resulting in lost time by 10% by March 2012 (from the 2008/09 baseline). To reduce the number and rate of incidents, we analyse incident trends and include these in annual Health, Safety and Wellbeing plans to address the causes.

Regrettably suffered four fatalities among contractors

Clearly, as a company, our aim is to have no serious accidents and no fatalities. Unfortunately, in 2008/09, 14 serious work-related incidents were reported through our global reporting process. We deeply regret that tragically four of these incidents resulted in fatalities, all involving individuals employed by third-party contractors working on Vodafone network deployment activities in Turkey. Two of these incidents involved falls from height, one was a vehicle accident and one involved the collapse of a trench.

We have fully investigated the incidents in conjunction with the contractors involved and held joint workshops to analyse the root causes. We have also improved training and auditing for contractors in Turkey, and introduced incentives for good health and safety performance and penalties for poor performance.

This is the second consecutive year we have seen fatalities among the contractors working on our network deployment. We evaluate health and safety standards of our global contractors through our supply chain management. We are also working closely with network deployment contractors to establish health and safety improvement programmes.

In response to the increase in fatal incidents, we have also revised our processes for reporting and investigating serious health and safety incidents. Local operating company CEOs are now expected to be personally involved in overseeing investigations and ensuring corrective actions are implemented.

For details of Vodafone Essar’s health and safety performance please see the India section of this report.
Introduced a new health, safety and wellbeing strategy
In February 2009, we developed a three-year strategic plan to prevent fatalities and ensure effective implementation of our product safety policy. To achieve this, we will introduce initiatives to promote leadership in health, safety and wellbeing, extend our online management and reporting systems, and improve health and safety governance and risk management.

During 2008/09, we reviewed and updated three of our 13 health and safety standards: on radiofrequency fields, working with contractors, and accident and data reporting. We also developed new standards on management of stress and positive attendance, to be implemented in 2009/10.

Achieved a 5% increase in the number of favourable responses to the wellbeing question in the Global People Survey
As part of the 2008 Global People Survey, we asked employees if they felt Vodafone showed a genuine interest in their wellbeing. With 60% favourable responses, we are making progress towards our target to increase this score by 10% by March 2011 from the baseline of 57% in the 2007 survey. This represents a three percentage point or a 5% total increase.

Our SMARTER working initiative promotes wellbeing by enabling employees to be more flexible about when and where they work. In 2008/09, Vodafone Global Enterprise, which has been championing this initiative, produced a white paper on how Vodafone products and services can help to enable flexible working.

We also published a booklet in 2008/09 providing advice for employees on how to stay healthy while travelling abroad and a card with emergency medical, security and travel assistance contacts.

Continued to monitor and tackle cases of internal fraud
Employees and contractors must report any suspected breaches of ethics, internal fraud or other internal dishonesty under our Duty to Report Policy. They can report these to Group and local Fraud, Risk and Security teams through our confidential whistle-blowing mechanisms (available in all local operating companies except Turkey, where incidents can be reported via a dedicated email address) or other informal means. In 2008/09, investigations of reported incidents resulted in 285 employees and 264 contractors being dismissed or receiving a final warning, compared with 429 employees and 186 contractors being dismissed during the previous year.

Our action plan to tackle fraud across the Group, launched in 2008/09, requires all local operating companies to report incidences of fraud monthly and include fraud, risk and security awareness in their induction programmes for all new employees. In addition to this, more than 17,500 employees across the Group received face-to-face training on fraud, risk and security during 2008/09.

6 These data include results from Vodafone Essar in India and Arcor for the first time. If Arcor had been included in 2007/08, the score would have been 56%.
**Investigated 137 reported significant security issues**

In 2008/09, we investigated 137 reported incidents classified as 'significant security issues'. These included internal and external incidents representing a loss to the business of at least £50,000, involving senior management or other significant issues which employees should be alerted to. A total of 52 of these incidents were deemed serious enough to be reported to our Group Audit Committee.

Of these 137 incidents, 28 originated in our supply chain, a number were phishing scams (trying to obtain important information) targeting Vodafone, employees or customers, and some involved offers of employment being made using Vodafone branding. Warnings have been posted on the intranet security portal, advising employees to be alert to these issues. The rise in the total number of investigations in 2008/09 (from 55 the previous year) is partly due to the successful roll-out of our Duty to Report Policy, internal awareness-raising and training.

**We will...**

- Reduce the work-related incident rate resulting in lost time by 10% by March 2012 (from the 2008/09 baseline)
- Improve our Global Wellbeing People Survey score by 10% by March 2011 (from the 2007/08 baseline)
- Ensure all managers receive health, safety and wellbeing training by March 2011
- Ensure health, safety and wellbeing requirements are included in every request for quotation and all new contracts for high-risk activities by March 2010.

7 This target has been revised to a rate per 1,000 employees, to take into account changes in headcount.

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**More on the web**

- Health, safety and wellbeing management
- Flexible working
- Group Health and Safety Policy
- Duty to Report Policy
- Anti-corruption Compliance Guidelines
Tax

Vodafone is committed to acting with integrity and transparency in all tax matters. Tax professionals working in (and with) Vodafone must adhere to our clearly defined Group Tax Code of Conduct and Tax Team Behaviours. We aim to communicate transparently to enable others to understand our tax strategy and the economic impact of taxation on our business.

We believe our obligation is to pay the amount of tax legally due and to observe all applicable rules and regulations in all the territories in which we operate. Within this agreed obligation, we have a responsibility to our shareholders to legally minimise and control our tax costs in the context of the Group’s commercial operations. We accept that some may not share this view and believe that transparency regarding our position is the best policy. Vodafone does not condone tax evasion (using illegal means to reduce taxes payable) in any circumstances.

Vodafone contributes to the development of tax policy and legislation by participating in consultations and directly engaging with tax authorities and governments. We endeavour to build open and honest relationships through our day-to-day interaction with tax authorities (see case study on page 43, for example).

We said…

- We would ensure a clear understanding of tax matters at Board level
- We would ensure all employees in the Group tax team understand both the content and commitment to the Tax Code of Conduct, the Tax Team Behaviours and principles of engagement agreed with individual tax administrations
- We would provide tax training for a further 200 members of the Vodafone finance community in 2008/09.
We have...

**Maintained Board-level involvement in tax issues**

To ensure Board-level understanding of tax matters in 2008/09, the Group tax team met with and made presentations to the Executive Committee and individual Executive Committee members, including the Group CEO and CFO, and the Audit Committee. Discussions focused on general tax issues connected with the business, ongoing tax cases (see below) and the UK consultation on the taxation of foreign profits.

**Reviewed employee performance against our Tax Team Behaviours**

In 2008/09, all employees in – or associated with – our Group tax function were reviewed against our Tax Team Behaviours as part of their annual appraisals. In addition, all internal stakeholders responding to a satisfaction survey on the service provided by the Group tax team agreed their tax contacts act ethically and in line with the Tax Team Behaviours.

**Provided tax training to over 200 employees across the Group**

In 2008/09, over 200 of our finance and business staff – in Australia, Germany, Hungary, Italy, the Netherlands, Romania, Spain and the UK – completed our specially designed, one-day interactive training course on managing tax.

**Developed a formalised framework for managing our tax risks consistently across the Group**

The core components of the new framework are based on our Tax Code of Conduct. The framework is designed to ensure tax risks – financial and reputational – are assessed, tracked, recorded and managed consistently across the Group. This includes regular presentations and discussions at Group Audit Committee meetings.

**Paid £2.8 billion in taxes globally**

This total paid in 2008/09 includes corporation tax and social security paid in all the countries where we operate. Vodafone makes many other types of tax contributions and also generates taxes (such as those paid by employees on their earnings). Full details on our tax position and material issues are included in our Annual Report.

**Pursued resolution of tax disputes**

When disputes with tax administrations and governments occur about the interpretation and application of tax law, we seek to resolve these through open discussion and honest disclosure in the context of routine tax audits. In some cases, disputes are referred through the courts for resolution. In 2008/09, two significant cases were in litigation – one in India and one in the UK. Details of these cases are published in our Annual Report.

**Contributed to the debate to shape tax policy**

Vodafone engaged constructively on issues of tax policy and tax administration throughout 2008/09. For example, in Italy, we coordinated a study of the tax environment affecting the Innovative and Technical Services industry and in the UK, we continued to contribute to a consultation about the taxation of foreign profits. We also contributed to discussions to shape pan-European VAT policy on the place of supply of services and on combating tax fraud.

We continue to sponsor the independent Oxford University Centre for Business Taxation, which aims to promote effective policies for business taxation.

**We will...**

- Roll out the new tax risk management framework across the Group and continue to maintain high visibility at Board/Audit Committee level of tax risks
- Continue to contribute to the debate to shape tax policy with a particular focus on our emerging market territories
- Achieve greater clarity, certainty and transparency in relation to our tax affairs by further enhancing our relationships with tax authorities in the territories in which we operate.

**All employees in our Group tax function were appraised against our Tax Team Behaviours.**

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**More on the web**

- Group Tax Code of Conduct
- Tax Team Behaviours
- Previous awards for transparent tax reporting
- Contributing to the debate to shape tax policy
Foundations

Vodafone supports initiatives that improve the quality of life in communities around the world. We donate products and funds, and provide technical assistance. We also encourage employees to volunteer in their local communities. Much of our social investment is channelled through The Vodafone Foundation and its network of 22 local foundations1.

The Vodafone Foundation was established in 2008/09, bringing together the former Vodafone Group Foundation and Vodafone UK Foundation. The activities of our foundations are governed by our Charitable Donations Policy.

We focus our support on countries where we operate and on areas related to our business, such as the use of mobile communications during disaster relief. For example, The Vodafone Foundation continues to support Télécoms Sans Frontières and the Oxfam 365 Alliance to help aid workers respond to disasters as soon as they occur. Another important focus is on supporting disadvantaged young people through sport and music programmes.

We said...

- We would extend the World of Difference programme to further Vodafone foundations.
- We would continue to focus on disaster relief and preparedness as a flagship programme of The Vodafone Group Foundation.
- We would extend the sport and music theme across our network of foundations.

1 The number of local foundations is greater than the number of local operating companies because we have local foundations in several countries where we have joint ventures and associated undertakings.
We have...

Donated £48.2 million in money, time and materials to our foundations, as well as directly to other good causes

In 2008/09, Vodafone Group Plc donated £24 million to The Vodafone Foundation for distribution between a number of global projects and our local foundations.

In addition, our local operating companies donated £18 million directly to their local foundations to invest in the community and £2.9 million directly to a variety of good causes. A further £3.3 million was donated by these companies for the management of their local foundations.

The total amount of donations disbursed by the foundations in 2008/09 will be included in The Vodafone Foundation Annual Report and Accounts, which will be available at the Vodafone Group Plc AGM in July 2009 and subsequently online.

Continued to support disaster relief efforts around the world

Of the total donations made in 2008/09, we allocated £1 million to support teams responding to disaster situations, for example, in Australia, the Democratic Republic of Congo, Fiji and Myanmar. In addition, The Vodafone Foundation and UN Foundation continued working together in 2008/09 to:

- Train UN World Food Programme (WFP) relief workers in the use of ICT equipment during disaster relief efforts — four Vodafone engineers are on secondment to work with the WFP
- Support Télécoms Sans Frontières in setting up telecommunication centres in nine emergency situations, providing communication facilities for aid workers coordinating relief efforts and for over 5,300 families affected by disasters
- Launch the mHealth Alliance in partnership with the Rockefeller Foundation and publish a joint report on mHealth (see case study opposite). The Partnership also continues to support mHealth programmes on the ground in Sub-Saharan Africa.

Extended the World of Difference programme to nine further countries

The World of Difference programme offers individuals the opportunity to give up their regular jobs for up to a year, while still being paid, to work in the voluntary sector. Salary support and expenses are provided by The Vodafone Foundation and its local foundations for participants, who are selected on merit through a public competition. In 2008/09, the programme was extended to nine further countries, with a total of 12 local foundations now running the programme and 54 individuals taking part globally.

Each World of Difference programme is tailored to meet the needs of its particular market. The additional resource from volunteers enables organisations to start new projects, extend and improve services and build capability among their staff (see case study opposite).

Continued to support sport and music programmes for disadvantaged young people

In 2008/09, the Vodafone Foundation supported several sport and music programmes for disadvantaged young people, including:

- Donating £500,000 over three years to the Special Olympics to establish Unified Sports programmes — aiming to break down barriers between young people with and without intellectual disabilities — in Hungary, Italy, Romania, Turkey and the UK
- Contributing £500,000 to expand the Homeless World Cup to more than 60 countries, using a football tournament to bring homeless people together and help change their lives
- Forming a new partnership with Kick for Life, a charity that brings young people in developing countries together to play football and learn about health issues such as HIV/AIDS
- Donating £40,000 to enable Red Dust Role Models, an Australian charity that uses sports and music celebrities to convey social messages to young people, to extend its programme to India and Fiji.

We will....

- Continue to expand the Vodafone World of Difference Programme
- Support the mHealth Alliance in its efforts to bring the benefits of mobile to public health in the developing world.

"mHealth for Development": using mobile technology to transform healthcare in the developing world

The rapid growth of mobile communications is paving the way for innovative ‘mHealth’ solutions to global health challenges.

The UN Foundation and Vodafone Foundation Technology Partnership’s ‘mHealth for Development’ report is an extensive survey of the use of mobile technology to advance public health in the developing world. It showcases over 50 projects in 26 developing countries that provide health-related services via mobile technology.

Highlights include:

- Project Masululeke — a text messaging service to raise awareness about HIV and increase the number of people in South Africa who get tested and receive anti-retroviral treatment
- Remote training and support via PDA for nurses in the Caribbean, who often lack basic resources and work in isolated areas
- Frontline SMS — a global service for sending and receiving group text messages — used by NGOs to urgently transmit information about outbreaks that can threaten public health.

The full report is available on The Vodafone Foundation website.

World of Difference winner, Lucy Caslon

For two years, Lucy Caslon spent her evenings and weekends running Msizi Africa, her own charity aimed at helping African orphans. Winning World of Difference meant Lucy could spend a year fundraising full time. She secured enough money to feed 300 Zambian children for a year, and from January 2009 the funds meant the children’s school could provide them with a nutritious meal during the school day. On top of that, Lucy has sourced further donations to build a dormitory, toilet and shower block at an orphanage in Lesoto, to support 350 more children for two years, and to pay her salary for another year — meaning she can keep fundraising full-time.

For further information on the World of Difference programme and the 2008 UK winners, see Foundations.

More on the web

- Vodafone Foundation
- Social Investment Policy
- Charitable Donations Policy
- mHealth for Development report
We acquired an indirect controlling interest in Vodafone Essar, our local operating company in India, in 2007/08. This section of the report describes our operations in India, some of the opportunities we have there, as well as some challenges we face in integrating them into our Group CR management. Vodafone Essar was included in the original scope of our external assurance. However, because of issues identified in the reporting and assurance process, we decided not to consolidate India into our CR performance data, but to separately report on it in this section of the CR Report. This section is excluded from the scope of KPMG’s assurance.

1 Full details of our indirect controlling interest in Vodafone Essar Limited can be found on page 94 of the Vodafone Group Annual Report and Accounts for the year ended 31 March 2009.
Our general policy is to report performance data from newly acquired businesses at the end of the first full year as a controlled subsidiary. Therefore, it was our stated intention to integrate Vodafone Essar into our Group CR management and reporting in 2008/09, but we have not yet achieved this.

Vodafone Essar is now our largest operating company when measured by customer numbers and its sheer scale and rapid growth makes it unlike any of our other local operating companies. It has nearly 10,000 employees and employs more than 90,000 contractors. The network is rapidly expanding to meet demand and extend telecommunications to more rural areas, with more than 2,500 new base stations deployed each month.

Our presence in India offers enormous opportunities to extend access to communications — and the socio-economic benefits this brings (see Access to communications) to millions of people across the country. But these opportunities are accompanied by significant challenges.

In general, CR is in an early stage of development in Indian businesses. When we assumed indirect control of Vodafone Essar, there was no CR programme, a lack of clear central ownership of the issues, no reporting system and no CR organisation. India presents a very specific social, historical and economic environment, and a specific set of challenges.

Our commitment to embed our core CR principles into the Vodafone Essar organisation will require us to build up CR capability, starting with the basics. This will be a major focus of our CR efforts within the Group for several years to come.

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### Implementing Vodafone’s CR policies in India

#### Establishing a CR management structure

Following our acquisition of Vodafone Essar in May 2007, we developed a strategy to integrate the business into our Group CR management systems. This strategy was approved by Vodafone Essar senior management in June 2008.

An important first step was to set up a team within Vodafone Essar to implement this strategy. A new CR Manager for Vodafone Essar was recruited in December 2008. She reports to the General Counsel who reports directly to the Vodafone Essar CEO. The General Counsel is the Senior Management representative with responsibility for CR. It was recently agreed that the CR function will move to report to the Director – Strategy and Corporate Communication, to build on synergies between these roles.

In March 2009, a local CR sponsor was appointed for each of the 23 circles. In addition, representatives from 10 key functions at the corporate level (distribution channels, energy, finance, human resources, IT, legal, marketing, network, property and regulatory) have formed a cross-functional team to help implement CR initiatives within each function across India.

Together, the local CR sponsors and cross-functional team form a CR steering group for our operations in India, led by the Vodafone Essar CR Manager. The steering group first met in April 2009 to identify priorities and establish an action plan for implementation.

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### Access to communications

Our SIM research study in 2008/09 (see Access to communications) found that GDP in Indian states with higher teledensity (mobile penetration) can be expected to grow faster than states with lower teledensity, at a rate of approximately 1.2% per 10% of teledensity. The study suggests that a threshold teledensity rate of at least 25% must be achieved before the full impact of mobiles on economic growth is experienced.

The research also highlights that while access to telecommunications can facilitate development, it will not in itself alleviate poverty. Complementary skills and other infrastructure, such as agricultural techniques and tools, and better roads and storage, are also vital. When combined with these, mobile telephony can help improve labour productivity, a key element of poverty reduction.

The study is published in full on our website.
Health and safety

Our system for reporting health and safety incidents has not yet been fully implemented in India, so our data are not as reliable as elsewhere in the Group. Regrettably, Vodafone Essar suffered seven fatalities among contractors in 2008/09. Five involved working at height on network deployment and two occurred as a result of security incidents. Our Group health and safety team is working with Vodafone Essar to develop an action plan to ensure all serious incidents are fully investigated and steps taken to prevent recurrence.

As we integrate the Company into our Group health and safety management processes, a key focus is on education and awareness-raising to embed a health and safety culture. The Vodafone Essar HR function is currently developing an action plan to integrate health and safety requirements into our contractor agreements.

Vodafone Essar has appointed a local contact to work with the Group health, safety and wellbeing team to implement Vodafone’s global policy and standards and develop a rigorous local management system. Vodafone Essar is also being integrated into our Group system of online incident reporting, monitoring implementation of corrective actions and auditing health and safety performance.

Ethics

Vodafone Group Business Principles are an established part of our core CR commitment, but awareness of the requirements and the issues is currently low in Vodafone Essar. Embedding these principles into the culture of this newly acquired business will take time.

We have appointed a head of Fraud, Risk and Security in India, with the responsibility to tackle this challenge.

Responsible network deployment

Mobile networks are expanding rapidly to extend coverage across the country and the limited spectrum allocated to each mobile operator by Indian regulators means that more base stations are required to provide the same coverage than elsewhere in the world. Around 2,600 new base stations are being deployed each month for Vodafone Essar. Much of our network deployment and maintenance is managed by our joint venture Indus Towers, a separate network infrastructure company.

Network deployment in India is subject to regulations similar to those in our other markets. However, with such rapid deployment, the resources of local authorities to deal with these applications are over-stretched. As a result, the licensing processes and procedures around base stations in India are inconsistently applied.

Implementing our Group policy and guidelines on responsible network deployment in India presents a significant challenge. For example, community consultation is an important part of the guidelines. But these were produced for our established markets where growth of our network is gradual and where there are well-organised processes through which public concerns about visual impact and RF and health are channelled.

Rooftops of buildings in densely populated Indian cities are often used by people and may impinge on exclusion zones without our knowledge. We need to raise awareness among landlords and tenants where base stations are sited of the need to restrict access.

We aim to implement our responsible network guidelines progressively – working closely with Indus Towers, our joint venture network deployment company, and Vodafone Essar. Our Group Technology and CR teams are working with local management to determine priorities and begin training to implement our Group Responsible Network Deployment Policy. The initial focus will be to introduce measurement systems and ensure compliance with licensing processes, environmental impact, EMF measurement, site planning, consultation and landlord relationships.
### Total CO₂ emissions in 2008/09 (‘000 tonnes CO₂)*

<table>
<thead>
<tr>
<th></th>
<th>Vodafone Group</th>
<th>Vodafone India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network</td>
<td>1,234</td>
<td>1,898</td>
</tr>
<tr>
<td>Offices</td>
<td>1,878</td>
<td>2,717</td>
</tr>
<tr>
<td>Retail</td>
<td>1,982</td>
<td>1,982</td>
</tr>
<tr>
<td></td>
<td>2,049</td>
<td>3,648</td>
</tr>
</tbody>
</table>

*Excludes transport data, currently unavailable for Vodafone Essar

### Network energy use by source in 2008/09 (GWh)

<table>
<thead>
<tr>
<th></th>
<th>Vodafone Group</th>
<th>Vodafone India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grid</td>
<td>1,233.63</td>
<td>1,897.51</td>
</tr>
<tr>
<td>Grid renewable</td>
<td>1,234.94</td>
<td>1,896.52</td>
</tr>
<tr>
<td>LOC-owned renewable</td>
<td></td>
<td>2,717.08</td>
</tr>
<tr>
<td>Diesel</td>
<td></td>
<td>1,982.00</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>1,982.00</td>
</tr>
<tr>
<td></td>
<td>1,982.00</td>
<td>2,717.08</td>
</tr>
</tbody>
</table>

1 Includes data from Turkey, excludes data from India
2 LOC = local operating company

### Environment

Our network, offices and retail outlets in India used a total of approximately 2,049 GWh of energy in 2008/09, resulting in 1.9 million tonnes of CO₂ emissions. Of these, 1.83 million tonnes of CO₂ were from our network energy use. This represents approximately 60% of our network’s carbon footprint across the Group (see chart). This total includes all emissions from the base stations managed by Vodafone Essar as well as emissions from shared sites managed by Indus Towers. Vodafone’s share of emissions from its Indus Towers sites is calculated according to the number of operators sharing each site and estimated based on average energy consumption per site.

Due to the unique operating environment in India, any target to limit CO₂ emissions must also balance the positive socio-economic impact of extending access to communications. Mobile infrastructure is the most efficient means of providing this access and our new sites in India use the latest generation of efficient network technology. Instead of setting an absolute emissions reduction target, we plan initially to develop targets to improve energy efficiency in the network and limit the growth in emissions. The key elements of our draft climate strategy of Vodafone Essar are:

- Assess energy use in activities across the business to identify priorities to reduce emissions
- Collect reliable baseline data on these activities and develop metrics to measure progress
- Work with activity owners to develop initiatives to reduce emissions in the short-, medium- and long-term
- Set targets to improve energy efficiency on each priority activity across Vodafone Essar.

Many of our base stations in India are in rural areas and off the national grid, usually powered by diesel generators. Those that do have access to grid electricity also have a back-up generator to enable continuity of service during power failures. As the reach of the network is extended further into rural areas to increase access to communications, our strategy to cut emissions from the network in India must focus on reducing dependence on diesel. The use of on-site renewable energy to replace diesel generators will considerably reduce emissions and improve energy security. In addition, trials in 2008/09 found that the running time of diesel generators can be reduced by:

- Optimising the generator size to reduce hourly consumption
- Reducing generator run-times by using batteries as a power source
- Increasing cabin temperatures to reduce cooling requirements
- Allowing cabin temperatures to rise to 35°C when the power grid is off, to prolong battery life and minimise use of generators.

We are already trialling a number of initiatives in India to reduce emissions from the network, including:

- Installing solar panels at 180 sites
- Increasing the temperature setting for base stations to reduce energy used for cooling
- Using light-reflective paint on base stations outside cities.

By deploying and maintaining much of our network in India through our joint venture, Indus Towers, we are also capitalising on opportunities to reduce costs and energy use by sharing sites with other operators. Indus Towers has set a target to cut energy use across their operations per tenancy by 12.5% over the next year. This promotes network sharing as it is more energy efficient to host base stations from more than one operator at the same site – sharing infrastructure to power the site and cool equipment.

In addition to our focus on improving energy efficiency, we are aware that facilities for recycling end-of-life electronic waste (including network equipment and mobile phones) are often limited in emerging markets. We have begun research with The Environment Resources Institute (TERI) into current practices in India, and plan to devise strategies to improve the handling of end-of-life electronic equipment.

Another potential environmental issue in India is the use of ozone-depleting substances in cooling systems. We need to assess the extent to which these are used in our operations and take action as appropriate.
Report scope and assurance

The data in this report cover the financial year ended 31 March 2009. In our view, the boundary and scope of this report, together with our CR website, addresses the full range of material economic, environmental and social impacts of the organisation.

Local operating companies
The data cover the following 16 markets in which Vodafone has a majority controlling stake: Albania, Australia, Czech Republic, Egypt, Germany, Greece, Hungary, Ireland, Malta, the Netherlands, New Zealand, Portugal, Romania, Spain, Turkey and the UK. It also covers the Group's joint venture in Italy (ownership of 76.9%) for which Vodafone is responsible for the day-to-day operations. Within this pdf report and our CR website, we refer to our businesses in all these countries as 'local operating companies'.

Our normal policy for new acquisitions is to achieve the integration of CR and consolidation of data within one full year of operation. However, our local operating company in India, Vodafone Essar – acquired in May 2007 – is not yet included in the scope of the report as a result of insufficiently developed CR data management systems (with the exception of the Global People Survey data, where Vodafone Essar results are included). We have included a separate section on India to highlight the challenges and opportunities we experienced with our operation there during 2008/09.

During 2008/09, Vodafone acquired a local operating company in Ghana and was granted a licence to become the second mobile operator in Qatar (as part of a consortium with the Qatar Foundation for Education, Science and Community Development). We will include data from these businesses in our reporting for next year, when they have been part of our business for a full financial year. To give stakeholders an idea of our operations, activities and challenges in these markets, case studies on these new operating companies are included in this report.

Joint ventures, associated undertakings, other investments and partner markets
Our reporting focuses on local operating companies where Vodafone has operational control (where we own more than half of the business).

The Group also has equity investment in joint ventures, associated undertakings and other investments in 13 countries (see Annual Report for a full list). These are excluded from our CR reporting boundary, as we do not have operational control. Our partner networks in over 40 countries also enable Vodafone to implement our global services in new territories, extend our brand reach into new markets and create additional revenue without the need for equity investment (see Annual Report for a full list). As Vodafone does not have any equity stake in these markets, they are not included in our data.

However, we do work with our joint venture companies and partner markets on CR programmes: they are invited to participate in our global conferences and we prepare a monthly CR newsletter for them. Some case studies on these markets are included in this Report.

In 2008/09, we mapped our boundaries of influence over our joint ventures, associated undertakings, other investments, partner markets and outsourcing partners. This analysis is available on our website.
Outsourcing partners
Vodafone is increasingly outsourcing certain elements of our operations, in particular the deployment and management of our networks, which makes contractor management a significant challenge. Contractors are required to sign up to our Code of Ethical Purchasing, which sets out our CR requirements (see supply chain). We are also working with contractors to tackle key issues, including health and safety, and responsible network deployment. We already report data on contractor fatalities and aim to include additional safety data on contractors in our future CR reporting.

Non-Vodafone branded companies
Landline and internet service provider (ISP) businesses
Data from Arcor, our landline business in Germany, has been included in our reporting since 2006/07. Our 2008/09 data also includes our other internet businesses, including the former Tele2 in Spain, Tele2 in Italy, Perlico in Ireland and ihug in New Zealand. This data is complete in the case of ihug, the Spanish fixed line business and Tele2 in Italy; in the case of Perlico, all data except energy consumption by the network (which is installed in Eircom premises) is included.

Other Non-Vodafone branded companies
In addition to the companies mentioned above, some of our operating companies own smaller, non-Vodafone branded, companies that provide services to their business. Data from these companies are excluded from the scope of this Report except for the calculation of the LTI rate, despite data from non-Vodafone branded companies being less reliable.

Retail operations and branded stores
The Group has approximately 1,800 owned retail operations and over 5,200 Vodafone-branded stores by way of franchise and exclusive dealer arrangements. Our CR data do not include the franchised retail operations or exclusive dealer arrangements.

Energy data and emissions reporting
We use an online data collection process to obtain our data, with all local operating companies reporting actual data where available. In the majority of our markets, energy usage data is based on invoices from our energy suppliers. In some markets, these bills are based on the supplier's estimated readings. Where data does not match our reporting period exactly, we forecast this information. For sites where energy invoices are unavailable, we extrapolate this information based on typical site consumption. These methods are used to calculate our total energy usage and emissions data.

Additional boundary criteria apply to energy and CO₂ emissions data. CO₂ emissions are reported for network energy where the network operation is outsourced to contractors (as in Turkey, the Netherlands and Australia for example). We report 100% of the energy from shared base stations, where Vodafone is the named operator, but we do not include energy from shared base stations operated by third parties.

Trade mark notice
Vodafone, the Vodafone logos, Vodafone live!, Vodafone M-PESA, Vodafone Money Transfer, Vodacom, Vodafone Speak and Vodafone Passport, Vodafone Mobile Broadband, Vodafone At Home and Vodafone Office are trade marks of the Vodafone Group. Other product and company names mentioned herein may be the trademarks of their respective owners.

The BlackBerry family of related marks, images and symbols are the exclusive properties and trade marks of Research in Motion Limited, used by permission. BlackBerry is registered with the US Patent and Trademark Office and may be pending or registered in other countries.

More on the web
- About our CR reporting
- Basis for reporting
- GRI index
- Our approach to assurance
- Alignment with AA1000
- Boundaries of influence analysis
- Map of Vodafone operations
- Annual Report
Independent assurance report to Vodafone

KPMG LLP was engaged by Vodafone Group Services Limited to provide assurance over selected aspects of the Vodafone Group plc (‘Vodafone’) 2008/09 Corporate Responsibility Report (‘the Report’).

What was included in the scope of our assurance engagement?

<table>
<thead>
<tr>
<th>Assurance scope</th>
<th>Level of assurance</th>
<th>Reporting and assurance criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Vodafone’s alignment with AA1000APS (2008) principles, as described on the Vodafone website</td>
<td>Reasonable assurance</td>
<td>The criteria set out in AA1000APS (2008) for each of the principles of inclusiveness, materiality and responsiveness</td>
</tr>
<tr>
<td>2. Stated progress against commitments marked with the symbol [*] on pages 54–57 of the Report</td>
<td>Reasonable assurance</td>
<td>Commitments set out in Vodafone Group plc 2007/08 CR Report</td>
</tr>
<tr>
<td>3. Stated progress against commitments marked with the symbol [**] on pages 54–57 of the Report</td>
<td>Limited assurance</td>
<td></td>
</tr>
<tr>
<td>4. Reliability of performance data for 2008/09 marked with the symbol [*] on page 58 of the Report</td>
<td>Reasonable assurance</td>
<td>Relevant internal reporting guidelines for the selected environmental, safety and social performance data as set out on the Vodafone Group website</td>
</tr>
<tr>
<td>5. Reliability of performance data for 2008/09 marked with the symbol [**] on page 58 of the Report</td>
<td>Limited assurance</td>
<td></td>
</tr>
<tr>
<td>6. Vodafone self-declared Global Reporting Initiative (GRI) application level on page one of the Report</td>
<td>Reasonable assurance</td>
<td>GRI (G3) Sustainability Reporting Guidelines and application level requirements</td>
</tr>
</tbody>
</table>

The nature, timing and extent of evidence gathering procedures for limited assurance is less than for reasonable assurance, and therefore a lower level of assurance is provided for the data and commitments under the limited assurance scope.

We have not been engaged to provide assurance over any prior year data or information presented in the Report.

Emphasis of matter

Vodafone Essar Ltd (India) was included in the original scope of our assurance. It has a material contribution to Vodafone Group CR performance. However, because of issues identified in the reporting and assurance process, Vodafone decided to exclude Vodafone Essar Ltd from the consolidated data and performance in the Report. A separate section on Vodafone Essar Ltd has been included in the Report, which explains the dilemmas and challenges and current status of CR management and reporting.

Which assurance standards did we use?

We conducted our work in accordance with ISAE 3000 and the requirements for a Type 2 assurance engagement under AA1000AS (2008). A Type 2 Assurance Engagement covers not only the nature and extent of the organisation’s adherence to the AA1000APS (2008), but also evaluates the reliability of selected CR performance information.

Our conclusions are based on the appropriate application of the criteria outlined in the table above.

We conducted our engagement in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG LLP has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence.

What did we do to reach our conclusions?

We planned and performed our work to obtain all the evidence, information and explanations that we considered necessary in relation to the above scope. Our work included the following procedures using a range of evidence-gathering activities which are further explained below:

- An evaluation of the results of Vodafone stakeholder consultation processes and their methodology for determining the material issues for key stakeholder groups;
- Observation of a Vodafone Group Expert Advisory Panel meeting, and discussions with some of these stakeholders;
- A media analysis and an internet search for references to Vodafone during the reporting period;
- Interviews with the CEO, senior management and relevant staff at group level and selected operating companies concerning CR strategy and policies for material issues, and implementation across the business;
- Testing Vodafone assertions and explanations regarding progress against commitments through evidence collection at corporate level and at a selection of operating companies, covering internal and external documentation such as correspondence, minutes of meetings, reports and presentations;
- Checking the GRI index on the Vodafone Group website, to ensure consistency with the GRI application level requirements of B+;
- An evaluation of the design, existence and operation of the systems and methods used to collect, process and aggregate the selected performance data presented in the Report. We also tested the reliability of underlying data and information for the selected performance data within the scope of our assurance;
- Visits to a risk-based selection of six operating companies, in Germany, Hungary, India, Romania, Turkey and the UK;
- A review of drafts of the Report and relevant web text to ensure there are no disclosures that are misrepresented or inconsistent with our findings.

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1 Readers should note that high and moderate levels of assurance in AA1000AS (2008) are consistent with reasonable and limited assurance respectively in ISAE 3000
2 AA1000 Principles Standard (2008), issued by AccountAbility
3 International Standard on Assurance Engagements 3000: Assurance engagements other than audits or reviews of historical information, issued by the International Auditing and Accounting Standards Board
4 AA1000 Assurance Standard (2008), issued by AccountAbility
Specific limitations to our work included the following:

- For handsets and network waste, we confirmed that the data supplied by contractors were correctly reported and aggregated by Vodafone, but we did not undertake visits to verify the underlying reliability of this data;
- For social spend, we examined the Grant Agreements between The Vodafone Foundation and local foundations, and internal reports supplied by local foundations to The Vodafone Foundation covering 94% of reported social contributions. We did not review direct donations from local operating companies to charities and we did not perform any checks on the actual transfers from the Foundations to charities. Separate financial audits of the Vodafone Foundations will be completed within their statutory reporting frameworks.

**What are our conclusions?**

The following conclusions should be read in conjunction with the work performed and emphasis of matter described above.

**Assurance scope 1: On the AA1000APS principles of inclusiveness, materiality and responsiveness:**

We believe that Vodafone’s description of their alignment with the AA1000APS (2008) principles, on their website, is fairly stated. We draw your attention to the challenges described by Vodafone, which were highlighted through our assurance work. Key findings for each principle include:

In relation to the principle of inclusiveness:

- Stakeholder engagement at a Vodafone Group level is comprehensive. However, processes at some operating companies could be strengthened to ensure the full range of stakeholders is identified and engaged with appropriately.
- The role and selection criteria for the Vodafone Group Expert Advisory Panel could be clearer, to ensure balanced representation and focused feedback.

In relation to the principle of materiality:

- The criteria for assessing materiality are informal, which could lead to inconsistent assessment across operating companies. Emerging issues could also be better addressed within the materiality assessment.

In relation to the principle of responsiveness:

- There are comprehensive Vodafone Group policies and guidance on management of material issues, and most issues are well managed across the business; however the extent of integration of CR into business operations at an operating company level can be variable, particularly for the newer businesses.
- We observed some cases where lack of documentation and formal handover, due to staff changes, has led to a loss of stakeholder relationships and operational engagement with CR.
- Programmes for the monitoring of contractor performance have yet to be implemented widely, and the increasing number of sub-contractors presents a particular challenge when defining the boundaries of influence.

**Assurance scopes 2 and 4: On the reliability of selected data and progress against selected commitments (reasonable assurance):**

The performance data and reported progress against commitments, marked with the symbol [*], on pages 54–57, are fairly stated.

**Assurance scopes 3 and 5: On the reliability of selected data and progress against selected commitments (limited assurance):**

Nothing has come to our attention to suggest that the performance data and reported progress against commitments, marked with the symbol [**], on pages 54–57, are not fairly stated.

**Assurance scope 6: On the self-declared GRI application level:**

Vodafone self-declaration of GRI application level B+ on page one is fairly stated.

**Observations and areas for improvement**

We provide Vodafone management with an internal report outlining our findings and areas for improvement.

Without prejudice to our conclusions presented above, we present some of the key observations and areas for improvement below.

1. Monitoring of contractor compliance with the Responsible Network Deployment Policy is a challenge. We recommend greater guidance is provided by Vodafone Group around the audit processes and criteria. Targets should be set at an operating company level and progress monitored. We support the intention of Vodafone Group Internal Audit to perform a review of this area in 2009. We also recommend that reporting systems are extended to collect data on contractor health and safety performance, including lost time incidents, to help improve health and safety management and reduce more serious incidents.

2. Behavioural targeting is used increasingly in the development of new products and services. Processes and controls to protect consumer privacy will therefore be increasingly important. A recent Vodafone Group Internal Audit review highlighted a number of challenges with implementation of the Vodafone Group Privacy Policy that need to be addressed and closely monitored over the coming year.

3. Vodafone has taken on board the advice of stakeholders and has now set a smaller number of strategic long term objectives, linked to business strategy, which will drive a broad range of improvements. These will need to be supported by clear milestones, specific interim targets, and clear success criteria. The implications and expectations for operating companies will also need to be clearly defined.

4. In principle, Vodafone applies the same ethical and management standards across its global operations. In Vodafone Essar, however, the scale of the operations, the rate of network expansion, and the number of contractors present Vodafone with an enormous challenge in relation to embedding the business principles and CR policies throughout all operations. Critical areas include licensing and compliance, health and safety, and contractor management. India is also a significant contributor to Vodafone’s total CO₂ emissions due to the large number of base stations operating on diesel. We support Vodafone’s initiatives in recent months to develop a CR road map and a Climate Change Strategy for its operations in India. We recommend that Vodafone develops a timeline for this roadmap with interim milestones and targets, and reports regularly on progress.

**Responsibilities**

The Directors of Vodafone Group Plc are responsible for preparing the Report and related web-text, and the information and statements within it. They are responsible for identification of stakeholders and material issues, for defining commitments with respect to corporate responsibility (CR) performance, and for establishing and maintaining appropriate performance management and internal control systems from which reported information is derived.

Our responsibility is to express our conclusions in relation to the above scope. We conducted our engagement with a multidisciplinary team including specialists in AA1000APS/AS, stakeholder engagement, auditing environmental, social and financial information and with experience in similar engagements in the telecoms sector.

This report is made solely to Vodafone in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Vodafone those matters we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Vodafone for our work, for this report, or for the conclusions we have reached.

KPMG LLP
United Kingdom
1 June 2009
## Objectives and commitments

<table>
<thead>
<tr>
<th>We said...</th>
<th>We have...</th>
<th>We will...</th>
<th>Progress</th>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Access to communications</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We would launch mobile payment services in a further three countries by March 2009**</td>
<td>Launched M-PESA in Tanzania, and extended coverage in Afghanistan and Kenya. The service is technically ready for deployment in three telecom circles in India, and in Egypt and South Africa, but the launch of these services has been delayed by regulatory issues. We also trialled a new international mobile payment service between Kenya and the UK.</td>
<td>Be recognised as a communications company making one of the most significant contributions to achieving the Millennium Development Goals</td>
<td>50%</td>
<td>March 2015</td>
</tr>
<tr>
<td>We would publish research on the socio-economic impact of affordable handsets by December 2009**</td>
<td>This research has not been started yet.</td>
<td>Publish research on the socio-economic impact of affordable handsets</td>
<td>Due December 2009</td>
<td>December 2009</td>
</tr>
<tr>
<td><strong>Consumer issues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We would work with the wider industry to explore ways to create common codes of conduct for Mobile Advertising by March 2009**</td>
<td>We explored the potential for common codes of conduct for mobile advertising. Due to varying local priorities and issues, we found the creation of a common code was not the best solution.</td>
<td>We would work with the wider industry to explore ways to create common codes of conduct for Mobile Advertising by March 2009**</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>We would benchmark Vodafone’s practices on mobile advertising and privacy with other industry leaders by March 2009**</td>
<td>Worked with other leading companies to assess our approach to targeted advertising and the protection of privacy through our participation in the International Working Group on Online Consent. This provided us with an informed view of how we compared with our peers. We do not intend to formally benchmark.</td>
<td>We would benchmark Vodafone’s practices on mobile advertising and privacy with other industry leaders by March 2009**</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>We would launch a web-based resource centre to promote safety and the responsible use of mobiles and technology by March 2009**</td>
<td>Almost completed development of a website that provides resources to help parents ensure young people use mobile technology safely and responsibly, to be launched in 2009/10, initially in the UK.</td>
<td>We would launch a web-based resource centre to promote safety and the responsible use of mobiles and technology by March 2009**</td>
<td>75%</td>
<td></td>
</tr>
</tbody>
</table>

**Reported progress against targets marked with this symbol is within KPMG’s limited assurance scope (see KPMG assurance opinion on pages 52–53).**

Vodafone Group Plc
Corporate Responsibility Report for the year ended 31 March 2009

See page 11 for further details.
<table>
<thead>
<tr>
<th>We said...</th>
<th>We have...</th>
<th>We will...</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Our network</strong></td>
<td>Continued to raise awareness about the minimum requirements of our policy among employees and contractors working on our network deployment activities. A number of our operating companies have also begun to conduct on-site audits of contractor compliance, but increased outsourcing and the high turnover of contractor workers makes it difficult to ensure everyone working on our network deployment is trained and audited against our Group Responsible Network Deployment Policy and Guidelines.</td>
<td>Audit contractors' compliance with our Responsible Network Deployment Policy in all Vodafone operations by March 2010**</td>
</tr>
</tbody>
</table>

**Progress Deadline**

**Deadline**

- Due March 2010
- March 2010
- March 2010
- March 2020
- March 2012
- March 2013

---

**Mobile phones, masts and health (MPMH)**

- We would maintain an approval rating against external stakeholder opinion on how responsibly Vodafone is acting regarding MPMH as a rolling average at, or above, 80% over any three-year period**
- We would provide comprehensive access to peer-reviewed published scientific reviews of research relating to mobile phones, masts and health on our Group website**

**Progress**

- Achieved a three-year average approval rating of 78% in our stakeholder survey in MPMH, falling short of our 80% target. Over the past three years, our key stakeholders have consistently perceived Vodafone as more responsible in its approach to MPMH than other operators.
- Continued to monitor independent research on MPMH and regularly update our dedicated MPMH website. The website summarises the latest expert reviews of scientific research in this area, and is visited approximately 1,000 times per week. See page 22 for further details.

**Deadline**

- March 2010

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**Environment**

- Energy use and climate change

**Progress**

- Increased CO2 emissions from operating companies included in the 2006/07 baseline by 1% over the past two years due to the continued growth of our business in existing markets. See page 28 for further details.
- Reduce CO2 emissions by 50% (across Vodafone local operating companies operating for a full year in 2006/07)
- Be recognised as a ‘green’ brand in at least 75% of the developed markets where we operate
- Increase by five times the number of M2M1 connections which facilitate CO2 emissions reductions (against the 2008/09 baseline)

**Deadline**

- March 2020
- March 2012
- March 2013

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**Environment**

- Strategy for Vodafone Essar (India) and Vodafone Turkey by March 2009**

**Progress**

- Developed a five-year strategy to improve network energy efficiency in Turkey by progressively introducing more efficient components to our base stations. We developed a climate change strategy for our new operating company in India, which was approved in May 2009. See pages 27 and 49 for further details.

**Deadline**

- March 2009

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- **100%**
- **97.5%**
- **100%**

---

**Note:** Reported progress against targets marked with this symbol is within KPMG’s limited assurance scope (see KPMG assurance opinion on pages 52–53).
### We said...  | We have...  | We will...  
---|---|---
**Environment: Reuse and recycling**
We would collect a further 1.5 million handsets by March 2009*  | Collected 1.82 million handsets exceeding our target by over 300,000 units. This represents a 37% increase over 2007/08. See page 31 for further details.  |  
**Supply chain**
We would ensure 80% of all local strategic and preferred suppliers are reporting their compliance against the requirements of Vodafone’s Code of Ethical Purchasing by March 2009**  | Asked each local strategic and preferred supplier to acknowledge awareness of our key global CR policies and complete a self-assessment questionnaire on compliance with our CEP, to which 82% responded. See page 35 for further details.  |  
We would send for reuse and recycling 95% of network equipment waste during the year by March 2009*  | Sent 97% of the waste network equipment we produced for reuse or recycling, exceeding our 95% target. See page 32 for further details.  |  
We would assess mobile phone collection, reuse, recycling and disposal in a major Indian city by March 2009**  | Begun a pilot project to assess capability for recycling e-waste in Mumbai, with The Environment Resources Institute (TERI). Initial findings reveal the need for further awareness of recycling and e-waste issues among the increasing mobile user base in India. Market opportunities have arisen, however, from the increased demand for repair and recycling already witnessed.  | Contribute to building capacity to manage electronic waste in three emerging markets  
March 2012  
** Reported progress against targets marked with this symbol is within KPMG’s limited assurance scope (see KPMG assurance opinion on pages 52–53).

1 Machine to machine
2 GeSi = Global e-Sustainability Initiative (ICT company body focused on sustainability issues) EICC = Electronics Industry Citizenship Coalition (industry body focused on ethical purchasing)
* Reported progress against targets marked with this symbol is within KPMG’s reasonable assurance scope (see KPMG assurance opinion on pages 52–53).
<table>
<thead>
<tr>
<th>We said...</th>
<th>We have...</th>
<th>We will...</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Our people</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We would develop a global inclusion strategy and local action plans on gender diversity by March 2009**</td>
<td>Introduced a strategy to improve diversity and inclusion across the Group, initially focusing on gender diversity. A number of local operating companies have already put local action plans in place and the rest will follow with the roll out of the Inclusive Leadership Workshop, which should also help improve consistency of approach. (See page 38 for further details.)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Progress 50%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Deadline March 2011</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We would reduce work-related accidents resulting in lost time by a further 10% (from the 2007/08 baseline) by March 2011</td>
<td>The total number of incidents resulting in lost time increased by 13.7% from 2007/08. At the same time, the lost-time incident rate per 1,000 employees increased to 2.28 in 2008/09 from 2.19 in the previous year. (See page 38 for further details.)</td>
<td>Target has been revised</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduce the work-related incident rate resulting in lost time by 10% (from the 2007/08 baseline)³</td>
</tr>
<tr>
<td></td>
<td></td>
<td>March 2012</td>
</tr>
<tr>
<td>We would improve our Global Wellbeing People Survey score by 10% (from 2007/08 baseline) by March 2011**</td>
<td>Achieved a 5% increase in the number of favourable responses to the wellbeing question in the Global People Survey, from the baseline of 57% in the 2007 survey. (See page 39 for further details.)</td>
<td>Due March 2011</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Improve our Global Wellbeing People Survey score by 10% (from 2007/08 baseline)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>March 2011</td>
</tr>
<tr>
<td>We would ensure that 90% of employees in the business have an annual Performance Dialogue and development discussion with their line manager by March 2011**</td>
<td>Around 96% of applicable employees recorded their 2007/08 Performance Dialogues through our intranet-based global tracking system, or equivalent local processes; and nearly all (95%) of them set new goals for 2008/09.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Progress 100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Deadline 2011</td>
</tr>
<tr>
<td>We would ensure that 75% of operating companies deliver top-quartile employee engagement scores within their local markets by March 2009**</td>
<td>This target changed in 2008/09, from delivering top-quartile scores to achieving the high-performance benchmark globally. We achieved the external high-performance benchmark for employee engagement globally for the first time.</td>
<td>No longer applicable</td>
</tr>
</tbody>
</table>

³ This target has been revised to a rate per 1,000 employees, to take into account changes in headcount.

** Reported progress against targets marked with this symbol is within KPMG’s limited assurance scope (see KPMG assurance opinion on pages 52–53).
### Environment & network

<table>
<thead>
<tr>
<th>KPI</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of base station sites</td>
<td>105,164**</td>
<td>96,500</td>
<td>83,561</td>
</tr>
<tr>
<td>Phones collected for reuse and recycling (million)</td>
<td>1.82*</td>
<td>1.33</td>
<td>1.03</td>
</tr>
<tr>
<td>Network equipment waste sent for reuse and recycling %</td>
<td>97*</td>
<td>9511</td>
<td>97</td>
</tr>
<tr>
<td>Non-hazardous waste reused and recycled (tonnes)</td>
<td>2,801</td>
<td>2,750</td>
<td>1,716</td>
</tr>
<tr>
<td>Hazardous waste reused and recycled (tonnes)</td>
<td>1,917</td>
<td>1,5311</td>
<td>7,958</td>
</tr>
<tr>
<td>Paper purchased with a recycled content greater than 70% (%)</td>
<td>26</td>
<td>18.6</td>
<td>16.2</td>
</tr>
</tbody>
</table>

### Energy

<table>
<thead>
<tr>
<th>KPI</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy use (GWh)</td>
<td>3,124</td>
<td>2,998</td>
<td>2,736</td>
</tr>
</tbody>
</table>

### CO2 emissions

<table>
<thead>
<tr>
<th>KPI</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total CO2e emissions (all sources) (millions of tonnes)</td>
<td>1.48</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total CO2 emissions (millions of tonnes)2</td>
<td>1.31</td>
<td>1.37</td>
<td>1.18</td>
</tr>
<tr>
<td>CO2 emissions from Network (millions of tonnes)</td>
<td>1.07*</td>
<td>1.12</td>
<td>0.95</td>
</tr>
<tr>
<td>CO2 emissions from non-Network sources (offices, retail, road transport) (millions of tonnes)</td>
<td>0.24**</td>
<td>0.25</td>
<td>0.23</td>
</tr>
<tr>
<td>CO2 from air travel (millions of tonnes)</td>
<td>0.03</td>
<td>0.04</td>
<td>-</td>
</tr>
<tr>
<td>Average carbon dioxide emissions per subscriber from network (kg)3</td>
<td>6.62</td>
<td>7.24</td>
<td>7.65</td>
</tr>
</tbody>
</table>

### Employment

<table>
<thead>
<tr>
<th>KPI</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees</td>
<td>79,097</td>
<td>71,003</td>
<td>66,343</td>
</tr>
<tr>
<td>Number of employees (including non-Vodafone branded companies)</td>
<td>65,447</td>
<td>62,456</td>
<td>59,909</td>
</tr>
<tr>
<td>Number of voluntary leavers</td>
<td>5,019*</td>
<td>6,640</td>
<td>5,367</td>
</tr>
<tr>
<td>Number of involuntary leavers</td>
<td>2,784</td>
<td>2,848</td>
<td>2,186</td>
</tr>
<tr>
<td>Employee turnover rates (%)</td>
<td>13</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>Number of lost-time incidents</td>
<td>149*</td>
<td>131</td>
<td>157</td>
</tr>
<tr>
<td>Lost time incident rate per 1,000 employees</td>
<td>2.28*</td>
<td>2.19</td>
<td>2.64</td>
</tr>
<tr>
<td>Number of employee fatalities</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Number of contractor fatalities</td>
<td>4</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>Average training spend per employee (£)</td>
<td>536</td>
<td>704</td>
<td>530</td>
</tr>
<tr>
<td>Number of women in top senior management bands</td>
<td>29 out of 221</td>
<td>26 out of 211</td>
<td>22 out of 204</td>
</tr>
</tbody>
</table>

### Compliance

<table>
<thead>
<tr>
<th>KPI</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of violations of planning regulations in relation to masts/base station sites in FY08/09</td>
<td>492</td>
</tr>
<tr>
<td>Amount in fines for above breaches (£)</td>
<td>135,012</td>
</tr>
<tr>
<td>Rulings by Government, regulators, or industry self-regulatory bodies against operating company marketing and/or advertising campaigns</td>
<td>55</td>
</tr>
</tbody>
</table>

### Social investment

<table>
<thead>
<tr>
<th>KPI</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total contributions to our foundations and other good causes (£m)</td>
<td>48.2**</td>
</tr>
</tbody>
</table>

---

1. Waste data from 2007/08 has been restated due to more accurate reporting after year end
2. Figures for 2006/07 and 2007/08 restated due to updated emissions factors. All figures exclude air travel data.
3. Only subscribers from local operating companies included within the scope of CO2 reporting are included. 2006/07 and 2007/08 figures re-stated.
4. LTI rate based on a complete headcount figure of 65,447 and represents the new target baseline going forward (see page 39).

* Within KPMG’s reasonable assurance scope (see pages 52–53).
** Within KPMG’s limited assurance scope (see pages 52–53).