

A person wearing a light blue button-down shirt and a high-visibility yellow-green safety vest with reflective grey stripes. They are holding a grey tablet in their left hand and a yellow pencil in their right hand. A red circle highlights the text on the left side of the image.

**Slavery and Human  
Trafficking Statement  
2017-18**

# Vodafone Group Plc Slavery and Human Trafficking Statement

**Forced, bonded or compulsory labour, human trafficking and other kinds of slavery and servitude represent some of the gravest forms of human rights abuse in any society.**

We will not tolerate any such activities within our own operations or within our supply chain and are committed to taking appropriate steps to ensure that everyone who works for Vodafone – in any capacity, anywhere in the world – benefits from a working environment in which their fundamental rights and freedoms are respected.

This is Vodafone’s third statement in which we report on our efforts to prevent modern slavery in line with the requirements of the [UK Modern Slavery Act \(2015\)](#). However, we have been focused on the rights and wellbeing of the people who work for Vodafone – and for our suppliers – for many years. Our Statement provides details of our policies, our approach and the actions we have taken in the 2018 financial year to further strengthen our programme and commitment to respect and uphold people’s fundamental rights and freedoms.

## **Our business and supply chain**

Vodafone Group is one of the world’s largest communications companies. Our business is connectivity: we build and operate mobile

and fixed networks, which our customers rely on to manage their daily lives and businesses. We provide mobile services in 25 countries and fixed services in 18 local markets, and we partner with mobile networks in a further 46 countries<sup>1</sup>.

As of 31 March 2018, we had 535.8 million mobile customers and 19.7 million fixed broadband customers, including India and all the customers in Vodafone’s joint ventures and associates. We have more than 103,000 direct employees worldwide and are an important source of indirect employment – through our supply chain and through franchising and affiliate relationships – in every country in which we have an operating business.

The Group is domiciled in the UK, with headquarters in London. Our local UK operating company has more than 17.8 million customers as of 31 March 2018; it also directly employs around 11,500 people and has a retail presence on most UK high streets.

Our company is large, with a wide range of suppliers and other commercial third-party relationships, and relies on an international supply chain that spans multiple tiers. We spend approximately €24 billion a year with more than 15,000 direct suppliers around the world to meet our customers’ needs. As we illustrate later, our direct suppliers can have a very large number of their own suppliers who,

in turn, rely on a large number of their own suppliers and so on, down through several tiers in the supply chain.

Network infrastructure and related services account for the majority of our procurement expenditure. The products we sell to customers (such as mobile phones, tablets, SIM cards, broadband routers, TV set-top boxes and ‘Internet of Things’ devices) also account for a significant proportion of our procurement spending. We are a significant purchaser of goods and services to support our general business and administrative functions, from professional advisory support to catering and cleaning.

We are not a mass-market manufacturer and do not directly own or operate large factories or other production facilities, with the exception of a small plant that manufactures specialist automotive ‘Internet of Things’ components, based in Italy. We do offer our customers a range of smartphones and tablets that carry the Vodafone logo; however, those devices are designed and manufactured on our behalf by suppliers – known as original design manufacturers – who are contracted to design and make products according to our specifications. We do not own, operate or control the manufacturing plants that make those Vodafone-branded devices, nor are we a handler of raw materials or commodities.

Our suppliers range in size from small and medium-sized enterprises to large multinationals, each of which has its own supply chain. The majority of our purchasing and supplier management is controlled centrally via our global procurement organisation, the Vodafone Procurement Company (VPC). The VPC manages most of our spending worldwide, helping to ensure that we maintain a consistent approach to supplier management across Vodafone and making it easier to monitor and improve supplier performance.

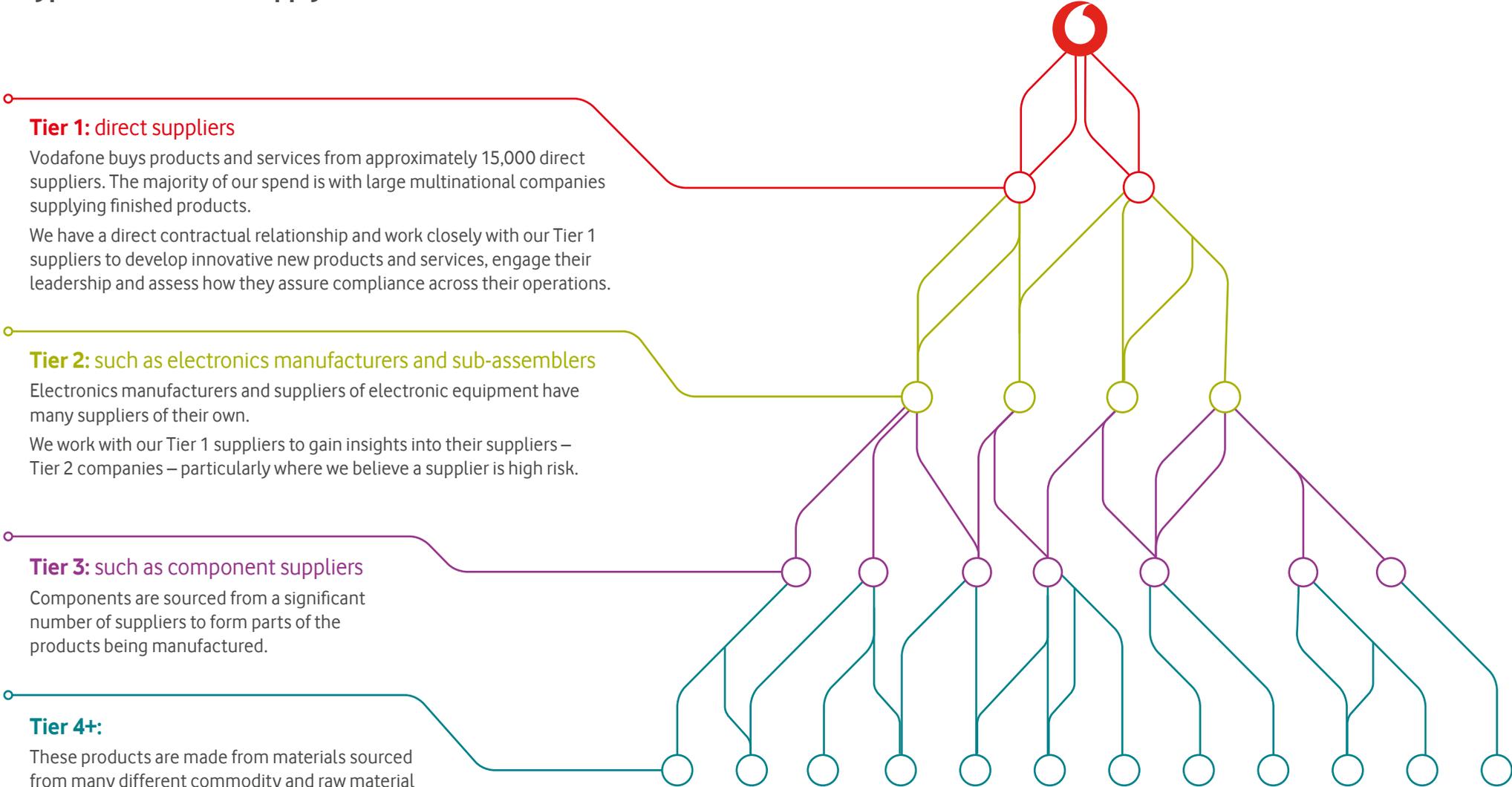
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**We have been focused on the rights and wellbeing of the people who work for Vodafone – and for our suppliers – for many years**

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<sup>1</sup> The information in this Statement relates to the financial year ended 31 March 2018 and the scope of markets included in this Statement covers our mobile and fixed broadband operations in 22 countries where we have operational control: Albania, Czech Republic, Egypt, Germany, Ghana, Greece, Hungary, India, Ireland, Italy, Malta, New Zealand, Portugal, Romania, Spain, Turkey, the UK, Vodacom in South Africa and Vodacom’s subsidiaries in the Democratic Republic of Congo, Lesotho, Mozambique and Tanzania.

# A typical electronics supply chain for Vodafone



**Tier 1: direct suppliers**

Vodafone buys products and services from approximately 15,000 direct suppliers. The majority of our spend is with large multinational companies supplying finished products. We have a direct contractual relationship and work closely with our Tier 1 suppliers to develop innovative new products and services, engage their leadership and assess how they assure compliance across their operations.

**Tier 2: such as electronics manufacturers and sub-assemblers**

Electronics manufacturers and suppliers of electronic equipment have many suppliers of their own. We work with our Tier 1 suppliers to gain insights into their suppliers – Tier 2 companies – particularly where we believe a supplier is high risk.

**Tier 3: such as component suppliers**

Components are sourced from a significant number of suppliers to form parts of the products being manufactured.

**Tier 4+:**

These products are made from materials sourced from many different commodity and raw material suppliers who can be found many layers further down the supply chain.

Our supplier base is dynamic: the network of suppliers and sub-suppliers is changing continually. We work through industry initiatives to enhance transparency throughout the supply chain. Where we have influence on the design or manufacture of products, we seek to ensure that those products do not contain metals that fund conflict in the Democratic Republic of Congo. We provide further details of our approach to this issue in our statutory [Conflict Minerals Report](#).

# Beliefs and principles

We fully acknowledge our responsibility to respect human rights as set out in the [United Nations Guiding Principles on Business and Human Rights and International Bill of Human Rights \(IBHR\)](#). The IBHR informs all our policies related to the rights and freedoms of every individual who works for us, either as a direct Vodafone employee or indirectly through our supply chain.

Respect for the dignity of the individual – and the importance of each individual’s human rights – forms the basis of the behaviours we expect in every workplace worldwide and is communicated through our [Code of Conduct](#) (see Codes and policies section on the right). We will not accept any form of discrimination, harassment or bullying and require all our managers to implement policies designed to ensure equality of opportunity and inclusion for all Vodafone employees.

We have also developed and implemented policies and processes that are intended to extend these commitments through our supply chain. These include requiring our suppliers to take measures to avoid any form of forced, bonded or compulsory labour (or any other kind of slavery or human trafficking) within their own operations.

## Codes and policies

### Code of Conduct

Vodafone’s [Code of Conduct](#) underpins everything we do. The Code is mandatory and extends to every individual working for or on behalf of Vodafone. It requires all of us to act ethically, putting our principles into practice in everything we do.

Specifically, with regards to human rights, the Code of Conduct states:

*“We respect all internationally proclaimed human rights, including the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. We strive to ensure that we are not complicit in human rights abuses. We shall, in all contexts, seek ways to honour the principles of internationally recognised human rights, even when faced with conflicting requirements. We are also committed to implementing the United Nations Guiding Principles on Business and Human Rights throughout our business operations.”*

We encourage everyone who works for Vodafone to report suspected breaches of the Code via our [Speak Up](#) process. There are a number of ways people can do this, including via our anonymous external confidential reporting service – a local-language, online and phone reporting hotline that is prominently communicated to all employees, suppliers and contractors on a regular basis.

The [Speak Up](#) programme is overseen by our Group Risk and Compliance Committee and every report submitted is assessed and investigated. Further details of [Speak Up](#) are set out in our [Sustainable Business Report](#).

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## Every supplier who works for us is required to sign up to – and then abide by – our Code of Ethical Purchasing

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### Code of Ethical Purchasing

Every supplier who works for us is required to sign up to – and then abide by – our [Code of Ethical Purchasing](#). These commitments extend down through the supply chain so that a supplier with whom we have a direct contractual relationship (a Tier 1 supplier) in turn bears the responsibility for ensuring compliance across its own direct supply chain (a Tier 2 supplier from Vodafone’s perspective) and so on. The Code was established more than 10 years ago and is based on international standards including the [Universal Declaration of Human Rights](#) and the [International Labour Organization’s Core Conventions on Labour Standards](#). It stipulates a range of ethical, labour and environmental standards that we expect to be followed across our supply chain including

areas such as child labour, health and safety, working hours, discrimination and disciplinary processes. Those requirements are backed up by a risk assessment, audit and operational improvement process, which we summarise below and which is also underpinned by binding contractual commitments.

The Code of Ethical Purchasing was developed in consultation with employees, suppliers, investors and NGOs and directly addresses the labour rights issues associated with modern slavery. The specific requirements regarding forced labour risks were updated in 2014 to make explicit reference to slavery and human trafficking:

- *The Supplier shall not use any form of forced, bonded, compulsory labour, slavery or human trafficking.*
- *The Supplier’s employees shall be entitled to leave work or terminate their employment with reasonable notice. Employees shall be free to leave work after such reasonable notice period expires. All employment shall be voluntary.*
- *The Supplier shall provide each of its employees with an employment contract which contains such a reasonable notice period.*
- *The Supplier shall not require employees to lodge deposits of money or withhold payment or place debt upon employees or require employees to surrender any government-issued identification, passports, or work permits as a condition of employment.*

The Code of Ethical Purchasing is overseen by the Vodafone Group Plc Board through the Group's Chief Financial Officer, who is an Executive Director of the Group and also sits on the Group Executive Committee (ExCo). Development and implementation of the Code is led by the Group Supply Chain Management Director, who is a member of Vodafone's global senior leadership team.

### Human Resourcing Policy

Vodafone has a global human resourcing policy that sets out the overarching principles and controls to be followed and applied in each of our local operating companies, in order to ensure that personnel resourcing is conducted in a fair, open and transparent manner.

## Assessment and management of risk

### Modern Slavery Steering Group

We have established a cross-functional steering group through which we develop and coordinate our approach to addressing modern slavery risks within our operations and supplier base. The group is chaired by the Vodafone Group Head of Sustainable Business with senior expertise from the legal, supply chain and compliance functions in Vodafone Group and Vodafone UK.

### Assessing risk

During the 2017 financial year, we worked with external experts to undertake a Group-wide modern slavery risk assessment in order to better understand where to prioritise our efforts across our operations and supply chain. As part of this review, we assessed our business and supply chain activities against recognised indicators of modern slavery risk, such as:

- potential employment of vulnerable groups (such as low-skilled, seasonal or migrant workers);
- likely involvement of labour recruiters and other third-party agencies in the recruitment of workers;
- consideration of how many workers are involved in the business or supply chain activity; and
- the country-by-country risk of modern slavery (based on the [Global Slavery Index](#)).

The assessment revealed that our greatest areas of potential exposure are linked to our procurement of manufactured electronic products, construction services for our mobile and fixed assets, and maintenance and support services at our offices and warehousing of products. The assessment also revealed that customer support and telesales activities carried out in higher-risk geographies – some of which are outsourced and some of which we carry out directly – may also carry a level of risk.

Suppliers that we deem to be 'high risk', based on country, industry and type of activity, are assessed by individuals within Vodafone with expertise in the specific risks identified. These specialists operate completely separately from other Vodafone employees who may be involved in the commercial aspects of our relationship with a specific high-risk supplier. This ensures that the outcome of the due diligence process we implement is as objective as possible.

During the 2018 financial year, we engaged with other companies and the UK Home Office on the issue of modern slavery through our participation in the Home Office's 'Business

Against Slavery' Forum. Our Head of Sustainable Business joined representatives from a range of sectors to discuss how business can accelerate progress in eradicating modern slavery.

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## Potential new suppliers rated as higher risk are required to provide evidence that they operate ethically and responsibly

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### Conflict minerals

We also recognise the forced labour risks associated with so-called conflict minerals – the term used to describe some of the raw materials (tin, tantalum, tungsten and gold) used throughout the global electronics industry. Our approach to managing this specific issue is set out in our [Conflict Minerals Report](#), our separate statutory disclosure.

### Statement on Cobalt

In recognition of the specific forced labour and other human rights risks associated with artisanal cobalt mining in the Democratic Republic of Congo, we have also taken steps to investigate whether these risks may exist in our supply chain. Vodafone has published its first public [Statement on Human Rights and Artisanal Cobalt Mining in Democratic Republic of Congo](#) and has recently joined the [Responsible Minerals Initiative](#) subgroup on cobalt.

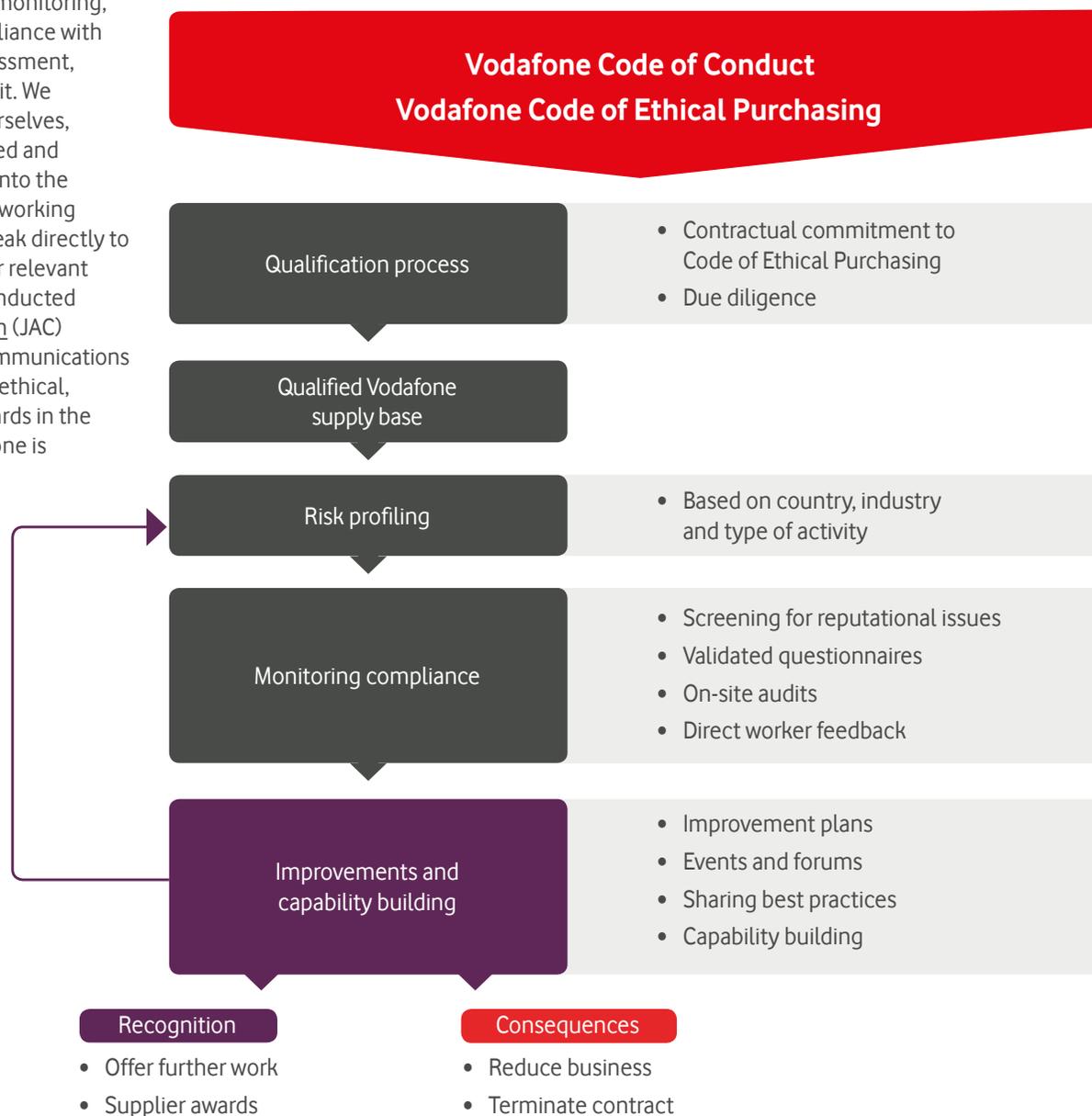
## Supply chain due diligence

Labour rights are a key aspect of the due diligence process applied to new suppliers and a core factor evaluated on an ongoing basis with existing suppliers. We use a risk-based approach to determine the extent of scrutiny and challenge required when considering whether to appoint a new supplier. Factors such as locations, industries or activities with a history of poor labour standards are considered when determining whether a more detailed evaluation of the supplier is required.

Potential new suppliers rated as higher risk are required to provide evidence that they operate ethically and responsibly in line with our Code of Ethical Purchasing requirements; this may include a third-party audit by a credible independent source. The supporting data provided is then reviewed by the relevant policy and operational experts within Vodafone, who will reject a supplier from being permitted to work with us if they do not meet our requirements and, in the view of those experts, have no prospect of doing so, even with support and remediation. If the information provided is found to be unsatisfactory, further on-site assessment may be required to verify compliance with the standards set out in the Code. If a potential new supplier is found to be non-compliant, where feasible we try to work with them to help enhance their capabilities and address the issues of concern. If we receive sufficient assurance of compliance on completion of our due diligence processes, the supplier will be qualified. Most of the due diligence processes we undertake result in sufficient assurance of compliance and only five suppliers were rejected this year.

Where we have identified that a particular supplier is high risk and requires monitoring, we evaluate that supplier's compliance with our Code through a detailed assessment, which may involve an on-site audit. We conduct some of these audits ourselves, sending the appropriately qualified and experienced Vodafone manager into the supplier's operations to examine working conditions on the ground and speak directly to employees on the factory floor or relevant worksite. Other site audits are conducted under the Joint Audit Cooperation (JAC) initiative, an association of telecommunications operators established to improve ethical, labour and environmental standards in the ICT supply chain, of which Vodafone is a participating member.

### Mechanisms for ensuring our suppliers operate responsibly to our standards



In the 2018 financial year, our on-site audits (together with those conducted through the JAC) identified 15 issues relating to forced labour activities prohibited under our Code of Ethical Purchasing. These issues related to:

- workers requiring approval from factory management in order to resign; and
- employees not receiving copies of their employment contract.

Remedial actions to address these issues have now been completed.

We also use the core service provided to our customers – mobile – to gain insights into the views and experiences of some of our Tier 2 suppliers' employees, to understand the extent to which Tier 1 suppliers are mandating compliance of their suppliers.

We were the first telecoms operator in the world to work with the not-for-profit social enterprise Good World Solutions (now Elevate) to enable employees to use their personal mobile phones to provide anonymous feedback on key aspects of their working conditions, through the use of simple, local-language mobile *Laborlink* surveys. During 2018, we conducted 10 *Laborlink* surveys, gaining feedback from more than 2,556 employees across two Tier 1 and eight Tier 2 suppliers. We have focused on working hours and enforced overtime as these are often a proxy indicator for a broad range of other labour rights issues. The *Laborlink* survey asked employees how many times a week their working day extended beyond 10 hours. Of the 2,556 who responded:

- 36.2% said never;
- 25.3% said one to three days;
- 32.4% said four to six days; and
- 6.1% said seven days a week.

We also asked if overtime was voluntary: 86% responded yes, and 14% no or did not know. When we asked how the respondents felt about overtime, 54% said they wanted to work as many hours as possible, 38% said they were sometimes willing to work overtime and 8% said they did not want to work overtime. This is consistent with more than half of workers surveyed last year wanting to work as many hours as possible.

### Training and capacity building

The Vodafone 'Doing What's Right' mandatory training course is designed to help employees across the organisation understand the underlying principles, objectives and practical implications of Vodafone's Code of Conduct and, in turn, reflect upon their personal responsibilities and behaviours. Training is delivered through e-learning courses, face-to-face line manager events, webinars and induction programmes for new employees.

We also require everyone in our global supply chain organisation – as well as other people who work closely with suppliers – to complete training on our Code of Ethical Purchasing on an annual basis. The programme includes specific guidance on how to identify and report non-compliance issues when visiting supplier sites and on how to communicate expectations to suppliers effectively.

As of 31 March 2018, all our global supply chain employees have completed internal training on the Code of Ethical Purchasing. During the 2018 financial year, the training was updated to include an enhanced module on human rights, in addition to modules on ethics, health and safety, and the environment.

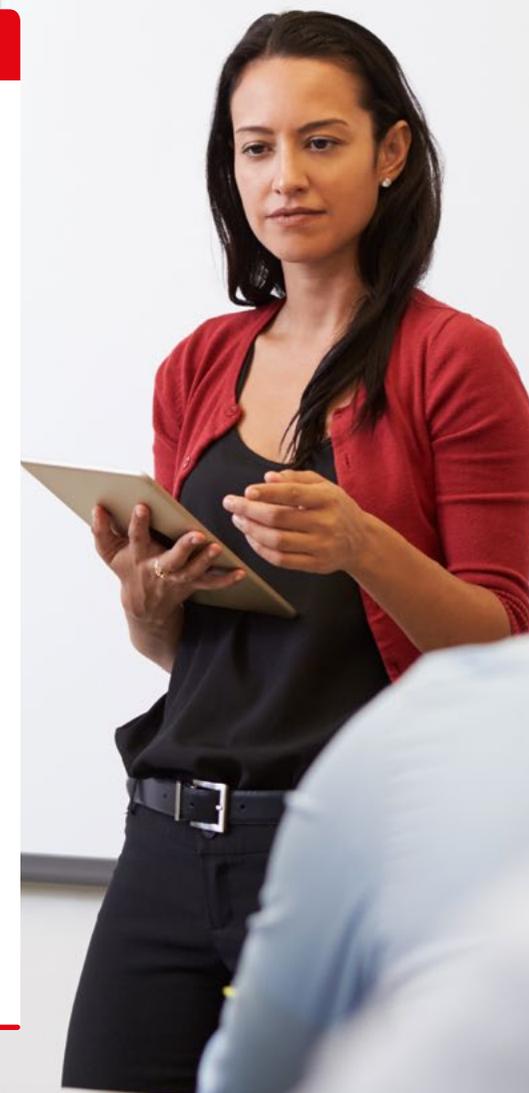
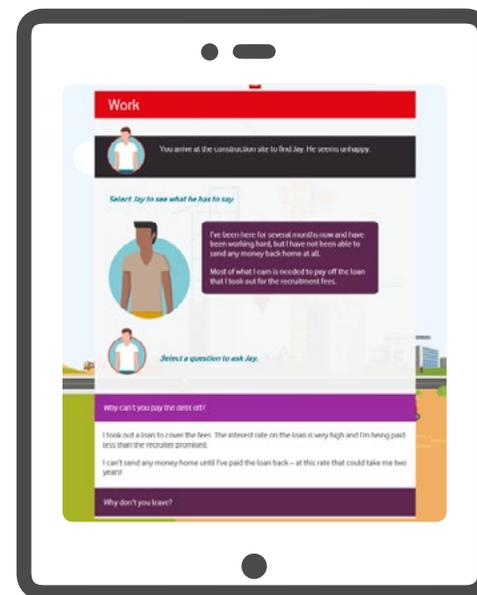
### Publicly available modern slavery training for suppliers

The *Transparency in Supply Chains* provision in the Modern Slavery Act places a responsibility on businesses to prevent modern slavery from occurring within their supply chains. To help achieve this, we have developed a freely accessible and interactive modern slavery training module to help build awareness and understanding of modern slavery among suppliers and other partners across our supply chain. The training, launched in February 2018, is available in English, Chinese and Hindi. By the end of the 2018 financial year, it had been completed by 623 participants in 36 different countries, and it will continue to be rolled out more widely across the supply chain during the 2019 financial year.

Tailored to the challenges of the ICT supply chain, the 20-minute training module follows an avatar through the modern slavery risks in the work cycle (recruitment, working, leaving) in order to provide a basic knowledge of the subject and enable suppliers to spot 'red flags' within their business operations and supply chain. The course uses in-depth examples from a range of high-risk sectors – such as recruitment fees in the construction

sector and passport retention in electronics manufacturing – and highlights both Vodafone's expectations and the international standards relating to these issues.

We encourage all our stakeholders to register and access the free training on their desktop or mobile device via <http://modernslavery.vfllearning.com>.



## Evaluating our progress

We use the following performance indicators to monitor and report on the effectiveness of our policies and procedures in this area.

	2015-16	2016-17	2017-18
Number of site assessments conducted (either by Vodafone or through JAC*) <small>*JAC assessments are reported on a calendar-year basis</small>	61	95	98
Number of sites where we have conducted a confidential survey of supplier employees via employees' personal mobile phones	8	7	10
Number of factory workers participating in a mobile phone-based, confidential survey	2,607	4,743	2,556
Number of identified issues related to forced labour	15	21	15
Number of remedial actions taken in response to identified forced labour issues	13	19	15
Number of reports to our external <i>Speak Up</i> hotline related to modern slavery concerns	0	0	0

This statement was approved by the Vodafone Group Plc Board of Directors and signed on their behalf by the Group CEO.

**Vittorio Colao**  
Group Chief Executive  
Vodafone Group Plc

## The Joint Audit Cooperation (JAC) Supplier Academy

Vodafone, together with three other operators, founded a supplier academy this year within the JAC initiative. The academy focuses on developing training to help suppliers assess and improve the social, ethical and environmental performance issues inherent within their supply chains. In an initial pilot, two managers from each of five participating suppliers will join the academy, where they will undertake a week of classroom training delivered by an internationally recognised audit and verification company.

Using a 'train the trainer' approach, these suppliers will receive certification on completion of the training, to verify that they are able to carry out similar assessments of their own facilities and those of their suppliers, helping to cascade the JAC requirements and expectations down through the supply chain. The results of these assessments are then reported to JAC via an online collaborative platform and subject to third-party assurance. The JAC Academy will also help to further build the capability of the suppliers' certified managers through hosting sustainability forums and webinars to exchange best practice on responsible supply chain management.



## Laborlink community engagement survey

This year, we continued our partnership with Laborlink to use mobile technology to better understand the conditions experienced by workers.

At a factory level, we invite workers at selected suppliers to answer free and anonymous surveys about their working conditions via their mobile phones (see results on pages 6–7). During the 2018 financial year, we expanded this approach and piloted a new community-engagement workers survey in communities surrounding clusters of our higher-risk suppliers. This approach allows us to better understand and detect critical issues such as slavery and human trafficking for all vulnerable workers in a specific area, regardless of their industry of work or whether they are employed by a supplier to Vodafone.

We initially mapped the locations of our Tier 1 suppliers and identified the product categories that may be considered high-risk from a human rights perspective. This mapping activity led us to identify that Cochin and Chennai in India were concentrated areas of higher-risk suppliers, and were therefore selected as areas for deployment of the community-engagement workers survey.

Laborlink then selected and trained local NGO representatives who would be trusted by workers, to enable them to deploy the anonymous survey to workers in the community. An analysis of the 403 survey results identified issues relating to recruitment fees and freedom of movement that were not previously revealed by on-site audits at other Tier 1 facilities in the region.

Based on these findings, we worked to expand our supplier training programme around modern slavery, for example by translating our supplier modern slavery training module into Hindi and making it publicly available.

