



Sustainability Report

2014/15

Vodafone Group Plc

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Welcome to Vodafone's Sustainability Report. Explore the report to find out more about our approach to key sustainability issues and our performance in 2014/15.



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Vision and approach

Our networks, products and services can help transform societies, improve lives and livelihoods and enable organisations to improve efficiency, cut costs and minimise carbon emissions



Our vision sets out our ambition to deliver connectivity and innovative services to improve people's livelihoods and quality of life. Central to achieving this vision is our long-standing commitment to manage our operations responsibly and ethically.

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CEO introduction

Mobile and digital communications transform lives and livelihoods. Our core business – connecting people and businesses – has fundamentally reshaped how 446 million customers in 26 countries communicate, share, create, learn and grow and thus realise their individual and collective potential.

We are committed to achieving our business goals while seeking to act at all times with openness, integrity and the highest standards of corporate responsibility. We expect everyone who works with us to have the utmost respect for privacy, human rights and freedom of expression. Our transparency report setting out our principles, policies and practices in meeting demands for assistance from law enforcement and intelligence agencies is widely viewed as the most comprehensive of its kind in the world. It is in the process of being updated and will be published separately in July 2015.

We have a similar commitment to transparency in another area of intense public scrutiny and debate. Our tax and total economic contribution report contains a breakdown – on a country-by-country basis – of the taxes we paid last year. The report was updated and published in January 2015 and provides details of how we paid £14.75 billion to underpin the public finances in our countries of operation, see our Tax and our total contribution to public finances section.

We also think carefully about our role in mitigating climate change, reducing environmental harm, ensuring ethical conduct throughout our supply chain and tackling gender inequality. From the farmer in Turkey who uses our mobile services to enhance crop productivity and reduce pesticide use, to the new mother working for Vodacom Mozambique who will benefit from the same support offered to her peers in Europe under our new global maternity policy, we strive to have a positive impact on the way people manage their daily lives. We also provide details of our new approach to the reduction of greenhouse gases including a goal to use our technologies to help our customers reduce their carbon emissions by twice the amount of CO₂e generated by our own business by 2018.

M-Pesa continues to evolve beyond a traditional mobile money transfer service enabling people to save and borrow and receive salaries and benefits. It is also the platform for many of our health and agricultural initiatives in emerging markets, demonstrating the power of mobile to protect vulnerable people from disease and extend economic participation and financial resilience to some of the poorest people on earth.

Operational safety remains a key focus at Vodafone. We believe all incidents are preventable and have put in place a number of programmes to seek to ensure that everyone who works for us goes home safely to their families at the end of each day. Road accidents – particularly in India and Africa – account for the large majority of all incidents in our local operating businesses. Over the last year, more than 115,000 employees, contractors, partners, service providers and distributors in India undertook mandatory defensive driver training.

Sadly, despite all of our efforts I regret to report that a total of 10 people lost their lives working for Vodafone in 2014/15. While we have made significant improvements to the safety culture and operational controls across our businesses over the last five years, every accident is unacceptable. We will continue to do all we can to ensure our people are safe from harm. Further details are set out in the Health and Safety section of this report.

The beliefs, aspirations and concerns of our diverse stakeholders shape our performance and success influencing the way in which we make decisions. We hope that this report demonstrates how our global business strategies and local market operations play an active and positive role in addressing a range of critical social issues.

Vittorio Colao
Chief Executive, Vodafone Group Plc



Vision

Vodafone's ambition is to contribute to sustainable living by delivering connectivity and innovative services to our customers, while maintaining the trust of our stakeholders by behaving ethically and responsibly wherever we operate.

Communications technology is already a vital tool in people's lives, helping to transform the services we rely on and the way we live and work. It is also playing an important role in addressing global challenges by bringing the internet to remote communities in emerging markets. That same technology is connecting machines to other machines through the Internet of Things, enabling organisations to improve their efficiency using real-time information from objects such as vehicles and smart meters.

Exploring opportunities to help people improve their lives and livelihoods through our technology is central to our vision. Our mobile money transfer product, M-Pesa, is a well-established and expanding part of our business. It has become a platform for a range of services that are transforming people's ability to pay for goods and services, save and obtain insurance, as well as providing access to up-to-date information to support farmers and small businesses. We are also partnering with our enterprise customers, NGOs and government agencies to help deliver services that can improve access to education and healthcare, and enhance agricultural productivity.

Our products and services can also play an important role in tackling one of the biggest global challenges we face – climate change. Our Machine-to-Machine (M2M) technologies help organisations reduce their energy use and carbon emissions, enabling them to operate more sustainably. At the same time, we continue to work hard to minimise our own carbon footprint by improving energy efficiency and using more renewable energy. With this in mind, we have set a new goal to help our customers save double the amount of carbon we generate from our own operations within the next three years.

Operating responsibly is critical to maintaining the trust of our stakeholders, protecting our reputation and achieving our vision. Our priority is to protect our customers' information and respect their privacy, which is fundamental to maintaining their trust. We have a long-standing commitment to conduct our business ethically, which is supported by our strong and embedded compliance and Speak Up programmes.

Our extensive disclosure on issues such as law enforcement assistance and tax demonstrates our strong commitment to transparency on issues of critical and public interest.

We will continue to identify and manage emerging risks and look for ways to turn them into opportunities where we can, as in doing so, we believe we will continue to strengthen both our business and our reputation.

◆ See over for our vision and focus areas

Vision

Our Vision

Delivering transformational solutions

Mobile technology is improving livelihoods and people's quality of life globally. We are exploring commercial opportunities where our products and services can bring further benefits to society and we are researching the potential for our technology to further contribute to sustainable living.

Operating responsibly

Operating responsibly is essential to our licence to operate and delivers commercial advantages to our business, helping to turn potential risks into opportunities. By acting with honesty and integrity we can secure the trust of our customers, which is integral to the long-term success of our business.

Current focus areas

Financial inclusion



Agriculture



Privacy and security



Responsible supply chain



Health



Education and employment



Tax and economic contribution



Minimising our carbon footprint



Enabling a low carbon economy



Health and safety



Human rights



Mobiles, masts and health



Managing sustainability

Find out how we listen to stakeholders, identify material issues and manage sustainability



We have clear policies and procedures in place to manage the wide range of sustainability issues and opportunities we encounter, and ensure employees in relevant teams put these into practice. Listening to our stakeholders helps us prioritise the issues by identifying those that are most important to them and to us.

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Managing sustainability

Governance

The Group Executive Committee (ExCo) is responsible for our sustainability performance and receives a formal update on sustainability at least once a year, as well as a monthly written update. Material issues related to sustainability are also raised at Board level.

Our Group Sustainability team act as advisers to our local market sustainability managers and issue owners who implement sustainability initiatives across the business. In 2014/15, the Group Director of Sustainability and Vodafone Foundation headed the Group Sustainability team and the Group Director of Corporate Affairs took over in March 2015. Both report to the Group External Affairs Director, the ExCo member responsible for sustainability.

Managing sustainability across the Group

We have an established framework for implementing our sustainability programme across the Group through a network of issue owners within different functions and dedicated teams in each local market.

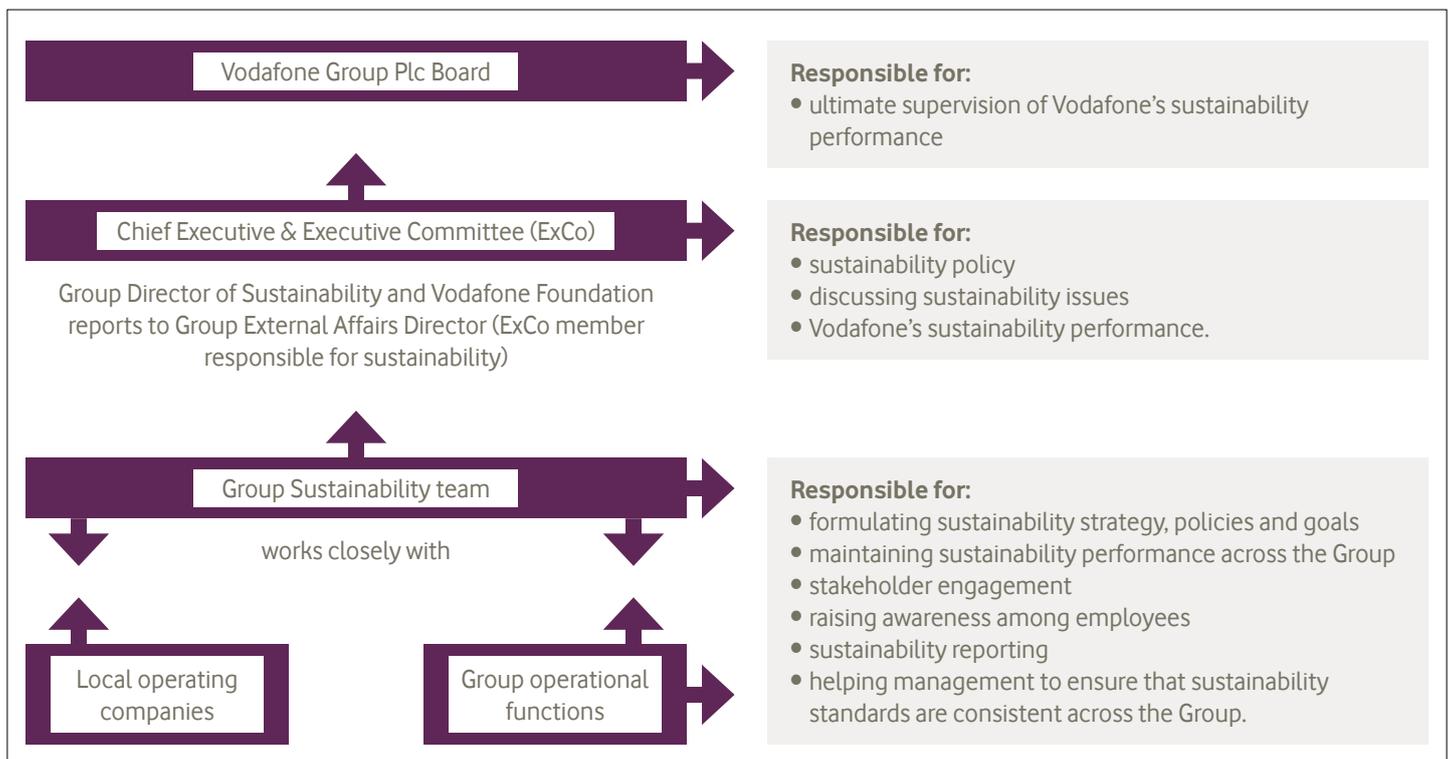
The Chief Executives of individual operating companies have overall responsibility for their sustainability performance and the Group Director of Sustainability and Vodafone Foundation met members of their executive teams in 2014/15. Quarterly formal meetings are also held with our regional Chief Executives and directors of key Group functions.

In 2014/15 our Group Sustainability team focused on:

- **compliance:** managing issues and collecting data to ensure we operate responsibly and comply with external regulations and internal policies
- **commercial opportunities:** leveraging the sustainability credentials of our business and our products and services as a commercial differentiator
- **communications:** researching and improving understanding of the role of communications technology in addressing global trends.

Our local markets align their strategy to the Group but have the flexibility to focus on issues that are important to their local stakeholders. The Group Sustainability team runs monthly teleconferences and annual global workshops. This allows sustainability managers and issue owners from our local markets to align with the Group sustainability strategy, share best practice, ensure consistency across the business and drive progress towards our vision.

We report progress publicly in this Group report and our local markets' sustainability reports. Our performance at Group is independently assured, see our Assurance section.



Managing sustainability



In focus: Managing compliance risk

We have a robust programme in place to ensure we comply with laws and regulations in the markets where we operate. Key compliance risks are identified through risk assessments, assurance activities and scanning the horizon for changes to legislation. Our compliance programme, managed by the Group Compliance team and experts across the business, aims to address these risks through:

- **governance** – defining ownership and accountability for addressing our key compliance risks
- **prevention** – setting clear policies and establishing controls that are embedded across the business to prevent compliance risks
- **monitoring** – assessing the effectiveness of our controls and identifying opportunities to improve
- **culture** – creating a culture of ethical behaviour driven from the top of the business, clearly communicating to our employees what is expected of them and equipping them with the tools they need to ensure compliance.

Managing sustainability

Stakeholder engagement

Communicating with and listening to our stakeholders – the people who can affect our business or who are affected by it – helps us understand their views and explain our perspectives.

The feedback we receive from external stakeholders informs our thinking about sustainability priorities for our business and feeds into our sustainability strategy.

Our stakeholders include:

- non-governmental organisations (NGOs) and sustainability opinion formers, who are often interested in our approach to specific issues

- consumers and enterprise customers (small and large businesses and organisations), who relate to us as a service provider
- communities, who may be concerned about the siting of our network infrastructure
- governments and regulators, who can affect our business through new legislation and regulations, see our Public policy section
- investors, employees and suppliers, who are directly affected by our business performance.

We tailor our engagement processes to suit each different stakeholder group. Our local markets play an important role in forming relationships with local stakeholders.

Stakeholder group	How we engage	Examples in 2014/15
Opinion formers and experts	We consult with experts on a wide range of issues to gain feedback on our sustainability practices, priorities and challenges. We use this information to inform our strategy.	<p>We engaged with opinion formers and experts – including investors, government officials, NGOs, academics and other businesses – through the Telecommunications Industry Dialogue on Freedom of Expression and Privacy, which we chaired in 2014/15. At quarterly meetings and roundtable discussions, members of the Industry Dialogue discussed the challenges they faced in implementing the Industry Dialogue's Guiding Principles (https://telecomindustrydialogue.org/content/guiding-principles) and shared practical ideas about how to overcome these.</p> <p>We also interviewed opinion formers as part of our research to develop our Connected Farmer Report http://www.vodafone.com/content/dam/sustainability/2015/pdf/connected-farmers.pdf.</p>
Non-governmental organisations (NGOs)	We engage with NGOs when their campaign or focus is relevant to our business. We do this by organising face-to-face meetings and meeting representatives at relevant events. Our engagement with individual NGOs is mainly focused on specific issues.	<p>We worked closely with the Blueprint Trust (http://www.blueprintforbusiness.org/) to explore how business can help to create a better society for all and deliver long-term sustainable growth, with a strong focus on respect for people. We have been identifying how best to embed the Blueprint's principles into our decision-making activities.</p> <p>As part of the Ranking Digital Rights project, Vodafone worked with other stakeholders to develop a methodology to rank ICT companies based on respect for free expression and privacy.</p> <p>We continued to engage with NGOs and the Global Network Initiative through our participation in the Telecommunications Industry Dialogue on Privacy and Freedom of Expression.</p>

Managing sustainability

Stakeholder group	How we engage	Examples in 2014/15
Enterprise customers	We work with our enterprise customers to help them achieve their sustainability objectives and deliver commercial services with sustainability benefits that can be scaled up and rolled out across different markets, see our Transformational solutions section.	<p>We engaged with 30 enterprise customers to identify how our products and services could help them overcome challenges to sustainable growth. So far, four have agreed to partner with us to implement solutions in Africa and Asia that will support more productive agriculture (see our Agriculture section), more effective community engagement and improve access to water.</p> <p>We continued to work with certain enterprise customers to develop and provide products and services that promote sustainability, for example through our solutions that are enabling a low carbon economy.</p>
Consumers	We communicate with consumers in many ways as part of our normal business operations, for example through our retail outlets, contact centres and customer research. Understanding their attitudes towards sustainability issues is critical to getting our strategy right.	<p>We continued to run regular perception surveys across our markets to evaluate our reputation in local markets and globally.</p> <p>We worked with Telefonica and Forum for the Future to extend our Eco-rating scheme to help consumers make informed choices on the environmental and social impacts of mobile phones, see our Empowering sustainable choices section.</p>
Industry	<p>We collaborate with industry peers through our participation in industry forums on sustainability issues. These include:</p> <ul style="list-style-type: none"> International Telecommunication Union Joint Audit Cooperation (JAC) Telecommunications Industry Dialogue on Freedom of Expression and Privacy GSM Association (GSMA) Conflict-Free Sourcing Initiative (CFSI). 	<p>We participated in JAC's fourth annual conference on sustainability and corporate social responsibility in the supply chain, held in Suzhou, China. We also continued to participate in the CFSI (http://www.conflictreesourcing.org/), which aims to tackle conflict minerals by increasing transparency and traceability in the supply chain, see our Responsible supply chain section.</p> <p>We chaired the GSMA Europe Health and Environment Operator Expert Group until November 2014 and since then we have chaired the GSMA Health Policy Group. Meeting four times a year, the Health Policy Group informs the GSMA's position on managing electromagnetic field risk worldwide.</p> <p>We engaged with business leaders and policy makers through the Digitising Europe summit, hosted by the Vodafone Institute and the Vodafone Foundation in December 2014 to help understand how digital communications can enhance socio-economic growth in Europe, see our Education and employment section.</p>
Communities	We consult local people to help us understand and address any concerns they may have about the deployment of our network in their communities.	Our local markets continued to consult with communities on the rollout of our networks in 2014/15, see our Network deployment section.
Governments and regulators	We engage with regulators and governments on a wide range of issues relevant to our business, and contributes to consultations on sustainability issues.	See our Public policy section for more on our engagement with governments and regulators.

Managing sustainability

Stakeholder group	How we engage	Examples in 2014/15
Employees	We gain feedback from employees on how we are doing through our annual Global People Survey, as well as engaging informally through internal communications channels and regular meetings with managers.	We launched a new employer brand that provides a consistent way of showing people around the world what we stand for and aims to create a sense of pride in what we do. Consistently strong engagement scores in our annual Global People Survey demonstrate our efforts to engage employees across the Group, see the Our people section.
Suppliers	We work closely with suppliers to ensure they maintain high standards by conducting assessments and holding workshops to help them improve their performance. We also collaborate with key network suppliers to help us reduce climate impacts by improving the energy efficiency of our operations.	Through our supplier performance management programme, we engaged with our suppliers to help them meet our standards and improve their performance. We also participated in the CDP supply chain programme to encourage suppliers to disclose and set targets to reduce energy use and carbon emissions, see our Responsible supply chain section.
Investors	Our Investor Relations team leads our engagement with investors to communicate our business strategy and understand their views.	Find out more about our engagement with investors on our Group website, see Investors http://www.vodafone.com/content/index/investors.html .

Helping our enterprise customers engage with their stakeholders

In 2014/15, we began working with Anglo American, a global mining company, to help the company better engage with the local communities who live near its operations. Using our technology, Anglo American will be able to receive feedback on its operations and its impact on the local community from local residents using their mobile phones. Residents can voice concerns via text message and will get a timely response. Built-in analytics enable the company to monitor the data generated and compare the performance of individual mines with its other mining communities around the world.

Find out more about our solutions for businesses on the Vodafone Enterprise website (<https://enterprise.vodafone.com/>).

Managing sustainability

Public policy

Vodafone engages with regulators and governments on a wide range of issues directly relevant to our business and the industry, as well as on issues of broad public interest. We aim to be direct and transparent about our views, basing our opinions on evidence. All engagement with governments and regulators is subject to our Group Public Policy Principles, which are covered in our Code of Conduct, <http://www.vodafone.com/content/index/about/conduct.html>.

We seek to inform policymakers – including legislators, government officials and regulators – about the nature of our business, the telecommunications industry and the business environment generally. Our policy positions explain the outcomes we seek to achieve from the public policy process and how we believe policymakers should approach the issues most relevant to our business.

Many of our written submissions are made public by the government organisations to which they are submitted. Vodafone believes in transparency in government relations and will provide copies of any publicly available submissions to regulators and governments, on request. The views expressed in this sustainability report are consistent with the views presented by Vodafone to governments.

We also work with key industry trade associations on public policy issues, including the GSM Association (GSMA) (<http://www.gsma.com/>), ECTA (<http://www.ectaportal.com/en/HOME/Welcome/>) and public-private partnerships such as the International Telecommunication Union (<http://www.itu.int/en/Pages/default.aspx>). Vodafone is also commonly a member of national telecommunications industry associations in the countries where we operate (where these associations exist). We engage with regulators on general industry issues and sustainability-related issues such as privacy and climate change.

See our public policy website for position papers, policy papers and our responses to government consultations on specific issues (<http://www.vodafone.com/content/index/about/policy/news.html>), or register for our Digital Europe News & Views newsletter (<http://www.vodafone.com/content/index/about/policy/news/newsletters.html>).

It is Vodafone's policy not to make political donations or support particular party political interests.

Vodafone's position on public issues

Vodafone's local markets are generally subject to local regulations that govern the activities of our industry, as well as general competition (anti-trust) laws that are applicable to all our activities regardless of the country in which we operate.

Our engagement with regulators and governments mainly focuses on regulatory frameworks related to the following issues that are most relevant to our industry:

- mobile and fixed telecommunications market competitiveness
- international roaming
- mobile call termination
- spectrum policy
- universal service policy
- privacy
- net neutrality
- data security.

Vodafone is also committed to helping governments meet their objectives on a number of issues of broader public interest. These include:

- exploring the socio-economic potential of communications technology
- contributing to job creation and economic growth
- expanding access to telecommunications
- ensuring the effectiveness of public service delivery
- promoting national and public security.

Managing sustainability

Our priorities

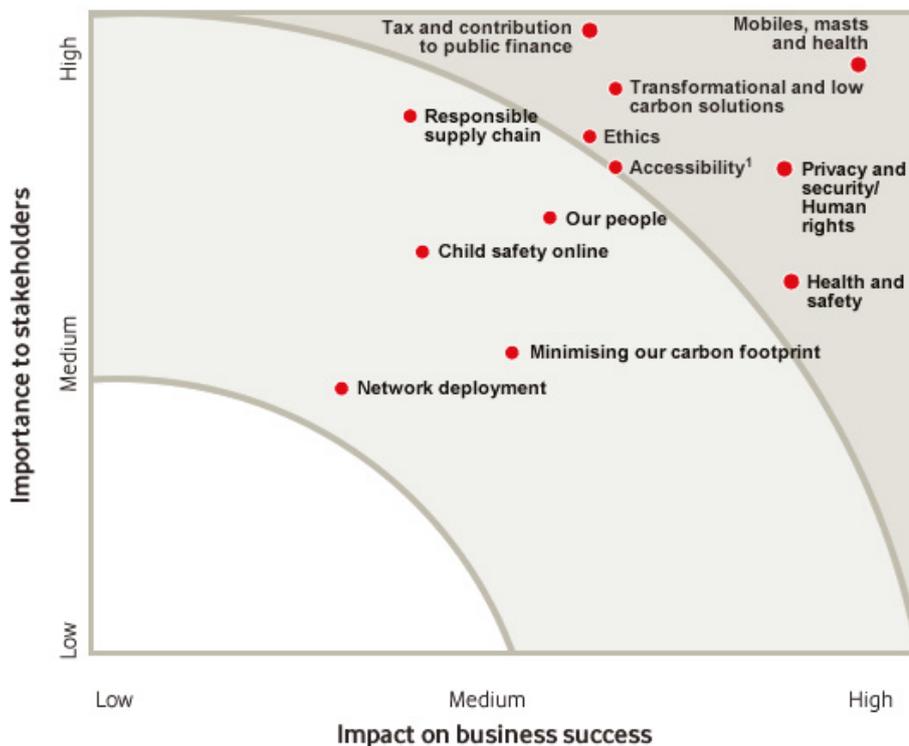
We focus our sustainability activities and reporting on the issues that are most important – or material – to our business and our stakeholders.

To determine our priorities, we map the issues that our stakeholders are most concerned about – identified through stakeholder engagement – against those that have the biggest financial or operational impact on our business (see materiality matrix below). We then apply the materiality principle to each key issue to help us identify and prioritise the most significant sub-topics.

To create the matrix, we used a tool developed specifically for the information and communications technology (ICT) industry by the Global e-Sustainability Initiative, combined with Vodafone’s own criteria to assess and quantify risk. The assessment is completed at Group with input from teams in each of our local markets.

The matrix below shows our sustainability priorities at Group, based on our last assessment in February 2013. You can find out more about the actions we are taking to mitigate the risks and realise the opportunities associated with these issues in the relevant sections of this report.

Materiality matrix



Notes:

1. We no longer report on accessibility at Group. Our efforts to make mobile phones and services easier to use for elderly customers and people with disabilities are made at local level. This work is led by Vodafone Spain and its Foundation, which together act as a centre of excellence on accessibility. See our local market websites for more information.

Managing sustainability

Awards and recognition

Our products, services and programmes have been recognised by a number of external awards and we are included in several corporate sustainability rankings and indices. In 2014/15, these included:

- **GSMA Global Mobile Awards 2014:** Best Mobile Product, Initiative or Service in Emerging Markets; GSMA mWomen Award for the Vodafone Foundation's RUDI Sandesha Vyavhar project
- **Guardian Sustainable Business Awards 2014:** Social Impact Award for the Vodafone Connected series of publications https://www.vodafone.com/content/sustainabilityreport/2014/index/our_vision_and_approach/managing_sustainability/awards_and_recognition.html
- **UK Public Relations Consultants Association (PRCA) Awards 2014:**
 - Corporate Social Responsibility (CSR) Award for our Connected Women campaign
 - International Campaign Award for our Law Enforcement Disclosure report
- **FTSE4Good Index 2014:** Member
- **CDP climate change programme 2014:** Disclosure 84, Performance B.

Local market awards and recognition

- **Vodafone Egypt Foundation:** recognised by Prime Minister Ibrahim Mahlab for helping to establish a research unit at Egypt's first non-profit technology university, Nile University
- **Vodafone Hungary:** won the CSR Hungary Award for its video sign-language interpreting services for customers with hearing impairments
- **Vodafone India:**
 - awarded the Financial Inclusion through Business Innovation Award for M-Pesa at the BFSI Leadership Summit
 - recognised at the AIMA Business Responsibility Summit 2014 for its work hiring visually impaired people
- **Vodafone New Zealand:** received two awards at the Sustainable 60 Awards 2014 for its Instant Network programme and its World of Difference Business Unit Challenge
- **Vodafone Qatar:** won the Arab Organization for Social Responsibility's Golden CSR Award for its efforts to promote social change (through programmes such as AmanTECH, <http://www.vodafone.qa/en/better-world/aman-tech>, which helps parents keep their children safe while online)
- **Vodafone Romania Foundation:** received a Gold Award for its Mobile for Good programme at the Romanian PR Awards in 2014
- **Vodafone Spain:** recognised as one of the top 10 most desirable companies to work for in 2014 by the employment platform, job&talent.

About our reporting

Find out more about the scope of our reporting, read the assurance statement and view our benchmarking against GRI reporting guidelines

Our annual sustainability report considers the full range of material economic, environmental and social impacts of our business, and explores the way in which our technology is contributing to sustainable living.

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About our reporting

Scope of reporting

The data in this 2014/15 sustainability report covers the financial year ended 31 March 2015. In our view, the boundary and scope of the online report covers the full range of material economic, environmental and social impacts of the organisation.

Vodafone has mobile operations in 26 countries, partners with mobile networks in a further 55 countries and has fixed broadband operations in 17 local markets.

The scope of markets included in this sustainability report is aligned with that of the Annual Report and Accounts. It covers our mobile and fixed broadband operations in 26 countries: Australia (our joint venture), Albania, Czech Republic, Egypt, Germany, Ghana, Greece, Hungary, India, Ireland, Italy, Kenya (our associate Safaricom), Malta, the Netherlands, New Zealand, Portugal, Qatar, Romania, Spain, Turkey, the UK, Vodacom in South Africa and Vodacom's subsidiaries in the Democratic Republic of Congo, Lesotho, Mozambique and Tanzania. It does not include our partner networks.

Exceptions

In this 2014/15 sustainability report, the main exceptions to the scope of reporting outlined above are:

1. Our environmental reporting does not include data from our associate Safaricom in Kenya and our joint venture in Australia. Data from any new business acquisition is included at the end of the first full year of that business being a controlled subsidiary.
2. Our employee reporting does not include data from our associate Safaricom in Kenya and our joint venture in Australia.
3. Our Law Enforcement Disclosure report includes information from our Cable & Wireless Worldwide operations in Belgium and France. Fiji is covered in the 2013/14 Law Enforcement Disclosure report but not in the 2014/15 report, as Vodafone sold its shareholding in Vodafone Fiji in July 2014.

Any other specific exceptions are noted next to the relevant data.

Outsourcing partners

Increasingly, we are outsourcing certain elements of our operations, in particular the deployment and management of our networks. We collect sustainability performance information from these companies where we have either ownership or operational control of the assets they manage. We also report data on contractor fatalities.

Shared sites

We co-locate many of our sites with other operators in some countries. In these countries we agree with our auditors the best approach to account for this data based on our operational control.

Non-Vodafone branded companies

In addition to the companies mentioned above, some of our local countries own smaller, non-Vodafone branded companies that provide services to their business. Data from these companies is excluded from the scope of our sustainability reporting.

Retail operations and branded stores

The Group has a mix of owned retail operations and Vodafone-branded stores by way of franchise and exclusive dealer arrangements. Our sustainability data only includes our owned retail operations.

Energy data and emissions reporting

We use an electronic data collection process to gather our data. In the majority of our countries, energy usage data is based on invoices from our energy suppliers. In some countries, 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. Increasingly, we measure our energy efficiency through smart metering, a tool using our mobile communications to collect real-time data from energy meters on consumption levels, which we have rolled out to many of our sites, see our Minimising our carbon footprint section.

Trademark notice

Vodafone, the Vodafone Portrait, the Vodafone Speechmark, Vodacom, Vodafone Red, M-Pesa, Vodafone Secure Net, Vodafone Guardian, Vodafone Webbox, M-Shwari, M-Pawa, Lip Kwa M-Pesa, and Connected Farmer are trademarks of the Vodafone Group. The Vodafone Rhombus is a registered design of the Vodafone Group. Other product and company names mentioned in this document may be the trademarks of their respective owners.

About our reporting

Assurance

The online Vodafone Group Sustainability Report 2014/15 (the Report) has been prepared by the management of Vodafone, who are responsible for the collection and presentation of the information within it. Our responsibility (Ernst & Young LLP), in accordance with Vodafone management's instructions, is to carry out a limited assurance engagement on the following subject matter:

Collection, consolidation and presentation of:

Sustainability data relating to:

- Energy
- Carbon (CO₂) emissions
- Greenhouse gas (GHG) emissions
- Network waste
- Fatalities
- Lost time incidents (LTIs)
- Gender diversity

The balance and accuracy of claims made in the following sections of the Report, marked with an Ernst & Young footnote:

- Enabling a low carbon economy
- Empowering sustainable choices
- Minimising our carbon footprint
- Managing our impact
- Health and safety
- Our people – diversity & inclusion
- Privacy and security – Vodafone's alignment with the industry dialogue guiding principles on freedom of expression and privacy

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

What we did to form our conclusions

Our assurance engagement has been planned and performed in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE3000). The subject matter has been evaluated against the following criteria:

- Coverage of the material issues determined through a review of documentation and an assessment of coverage against Vodafone's own materiality process.

- Consistency of performance claims and selected data with underlying company level documentation and explanation provided by relevant managers.
- Completeness of the data in terms coverage of material reporting entities.
- Accuracy of data collation and presentation (including limitations) of data within the report.

In order to form our conclusions we undertook the steps outlined below:

1. **Interviewed Vodafone executives and senior managers to understand the current status of social, ethical, environmental and health & safety issues, and to understand the progress made during the reporting period.**
2. **Reviewed Vodafone's representation of material issues included in the 'in scope' sections of the Report.** We re-assessed prior year conclusions on the coverage of material issues and conducted media analysis across the reporting period to enable us to test the coverage of topics within this year's Report.
3. **Reviewed information or explanations supporting Vodafone's reporting of progress** in the 'in scope' sections of the Report. Supporting documentation was sought and reviewed for a sample of 50 sustainability performance claims.
4. **Reviewed the collection, consolidation and presentation of data relating to energy; CO₂ emissions; GHG emissions; network waste; fatalities; LTIs and gender diversity.** This included:
 - a. Interviewing staff responsible for managing, collating, and reviewing data at Group for internal and public reporting purposes.
 - b. Testing evidence provided by Group to support the reported figures, for example, reviewing energy and GHG emissions calculation spreadsheets, incident reports for a sample of safety incidents and HR dashboards for diversity data.
 - c. Remotely reviewing energy and network waste data reported by six local markets on a sample basis, to assess whether the data had been collected, consolidated and reported accurately. The six local markets selected for review were Ghana, Greece, India, Spain, Tanzania and UK.
 - d. Testing whether energy; carbon; GHG emissions; network waste; fatalities; LTIs and gender diversity data has been collected, consolidated and reported appropriately at Group.
 - e. Reviewing a selection of management documentation and reporting tools including guidance documents.
 - f. Reviewing the Report for the appropriate presentation of the data including the discussion of limitations and assumptions relating to the data presented.

About our reporting

Level of assurance

Our evidence gathering procedures have been designed to obtain a sufficient level of evidence to provide a limited level of assurance¹ in accordance with ISAE3000.

The limitations of our review

- Our work included headquarters based activities and limited remote testing of six local markets for Environmental data.
- Our review was limited to the sections of the Report outlined above which is found in the sustainability section of the Vodafone Group website on www.vodafone.com. Our review covered a limited number of claims and data points selected on a risk basis, and only the pages marked with an EY verification footnote formed part of our assurance.
- As part of our scope in 2014/15 we reviewed Vodafone's statement of alignment with the Telecommunications Industry Dialogue Guiding Principles on freedom of expression and privacy. Our review was limited to assessing whether relevant policies and procedures are in place and did not extend to assessing Vodafone's implementation or effectiveness of these within the business.

Emphasis of Matter

The health and safety data provided in the report formed part of our scope of work. However, due to issues identified through the assurance process we were unable to form an opinion on the Lost Time Incidents (LTI) data reported across the local markets.

We have not been able to obtain sufficient evidence from the local markets to conclude on the accuracy and completeness of the LTIs reported.

Our conclusions

On the basis of our review we provide the following conclusions on the Report in relation to the overall plausibility of the statements and the completeness and accuracy of the sustainability data. Our conclusions should be read in conjunction with the above section on 'What we did to form our conclusions' and the 'Emphasis of Matter'.

Balance and accuracy of sustainability performance claims

- Nothing has come to our attention to suggest that the claims on performance in the sections of the Report included within our scope of review are not fairly stated.
- We are not aware of any material aspects of Vodafone's sustainability performance which have been excluded from the Report.

Completeness

- With the exception of the limitations highlighted by Vodafone in its footnotes accompanying the 'in scope' data and our 'Emphasis of Matter', we are not aware of any local markets that have been excluded from the environmental, safety and diversity data presented in the Report.

Accuracy

- With the exception of the limitations highlighted by Vodafone in its footnotes accompanying the 'in scope' data and our 'Emphasis of Matter', nothing has come to our attention that causes us to believe that the data included within the scope of our review has not been collated and presented properly in the Report.

Observations from our work

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

Safety performance

- Reporting of LTIs has been a challenge for Vodafone in a number of local markets. Vodafone should consider providing more information on how it intends to improve oversight and reporting of health and safety data across all of its markets. Closer oversight of the fluctuations of incidents and the consequent remediation/improvement actions from the local markets would support greater confidence in the data and enhance understanding of performance.

Environmental Data

- We noted a continuing improvement in the review activities conducted by the local markets to support the accuracy and completeness of the environmental data submitted to Group. This included clear accountability and sign off for material KPIs.
- Some markets, including Ghana and Tanzania, now outsource the management and operation of a number of their sites to third parties. This has resulted in some actual energy consumption data being unavailable, requiring estimations to be made for the 'breakdown' in energy consumption by site or energy source. Vodafone should ensure it has clearly established processes and provides guidance to third parties on reporting requirements.
- Vodafone has introduced a new target to help customers save double the amount of carbon that is generated from Vodafone's own operations over the next three years. Vodafone should ensure the methodology used to measure this progress going forward is subject to robust analysis and review.

Notes:

1. The extent of evidence gathering procedures for a 'limited level' of assurance is less than that of a 'reasonable' assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided.

About our reporting

Gender Diversity

- In 2015 Vodafone introduced a progressive maternity leave policy across the Group, providing all female employees with access to paid maternity leave benefits. To make continued progress against Vodafone's aspirations for greater gender diversity, Vodafone should clearly monitor progress of initiatives such as this in driving diversity outcomes.

Defining and measuring ambition

- While the new carbon commitment is welcome, in other areas Vodafone needs to consider defining its sustainability ambition and measure progress against that ambition. It will need to consider how this can be done across both mature and emerging markets so as to engage the business and create ownership to help deliver the long term ambition.

Our independence

This is the fifth year that Ernst & Young LLP has provided independent assurance services in relation to the Vodafone Group Sustainability Report. We have provided no other services relating to the sections of Vodafone Group's Sustainability Report which are included within our scope of work.

Our assurance team

Our assurance team has been drawn from our Climate Change and Sustainability Services team, which undertakes engagements similar to this with a number of significant UK and international businesses.

Ernst & Young LLP

London

June 2015



EY

Building a better
working world

Transformational solutions

Vodafone's network, products and services can help transform people's lives and contribute to global sustainable development goals



Vodafone's products and services contribute to sustainable living and help improve people's livelihoods and quality of life. Over 70% of our customers live in emerging markets, where expanding the coverage of our networks and building our customer base extends the socio-economic benefits that come with access to communications.

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Agriculture

Communications technology is one of the most effective ways of reaching remote farmers to help them improve their productivity and livelihoods, while increasing efficiency throughout the agricultural supply chain.

By 2050, food production will have to increase by 60% to satisfy a global population of 9 billion¹ – and it must do so with increasingly limited land and water resources.

We are partnering with enterprise customers, NGOs and government agencies to develop commercially viable propositions to boost food production, improve farmers' incomes and bring efficiencies for consumer goods companies. For example, farmers can use our mobile services to get information about weather, market prices and good farming practices, and gain access to financial services that enable them to insure their crops against drought.

Scaling up from small pilot projects to long-term financially viable customer propositions remains the greatest challenge we face in this area. We use what we have learned from our successful pilot programmes and partnerships with enterprise customers when pursuing new opportunities.

Read on to find out more about our agriculture services and our performance in 2014/15.

Assessing the potential

Applying mobile technology to the agricultural sector has the potential to bring many benefits to farmers and their families, as well as to companies seeking to improve their supply chains (see examples below).

By providing better access to markets, information and finance, mobile technology can raise farmers' productivity. This can help to lift smallholder farmers out of poverty and contribute to economic development in emerging markets. Mobile technology can also help reduce food waste, carbon emissions and the amount of water needed for irrigation by promoting sustainable farming practices and improving the efficiency of food distribution.

Our Connected Agriculture report, published in 2011, found that mobile technology could boost farmers' productivity and improve efficiency in the sector to increase agricultural income by US\$138 billion by 2020 across our markets, primarily in India, Africa and the Middle East, http://www.vodafone.com/content/dam/vodafone/about/sustainability/2011/pdf/connected_agriculture.pdf.

Building on this research, we published our Connected Farming in India report in 2015, looking in detail at potential impacts in India – a critical market for Vodafone and one of the world's largest food-producing countries, <http://www.vodafone.com/content/dam/sustainability/2015/pdf/connected-farmers.pdf>. Our research looked in detail at the potential impact from rolling out six services at scale in India. It found that together these Vodafone mobile agricultural services could positively impact the lives of nearly 70 million Indian farmers in 2020, generating over \$9 billion in additional annual farmer income. These services are relevant for all emerging markets so the potential global impact is significant.

Watch the Connected Farmer Alliance video at <https://www.youtube.com/watch?v=BdSBpuiq8eY>.

Developing solutions

Our SMS text messaging, mobile payments and Machine-to-Machine (M2M) services are increasingly enabling farmers and enterprise customers to improve productivity, efficiency, security and visibility of the agricultural supply chain. We are working with enterprise customers in the fast-moving consumer goods and retail sectors to develop viable commercial propositions that can benefit farmers, communities and our enterprise customers by:

- **improving access to finance:** Vodafone's mobile money transfer service, M-Pesa, allows us and our partners to create new solutions specific to the agricultural sector. M-Pesa improves access to financial services for farmers and fieldworkers, enabling them to save and borrow small amounts of money and buy essentials, such as seeds

Notes:

1. UN Food and Agriculture Organization

Agriculture

- providing information to farmers via SMS text and helplines:** services such as the Vodafone Farmers' Club (see case study below) provide information on local weather forecasts, crop prices and guidance on various topics including pest control, sustainable agriculture and resource management. The SMS-based iCow app, delivered by Safaricom, is helping 500,000 farmers in Kenya increase yields, income and productivity by sharing best practice tips and providing support for efficient farm management
- improving supply chain efficiency:** mobile technology can improve communication between smallholders, distributors and retailers. Farmers and field agents can share information with retailers and distributors via mobile to better match supply with demand for produce. Distributors can use M2M technology to track and trace the movement of produce and manage their fleets.



In focus: Vodafone Farmers' Club in Turkey

The Vodafone Farmers' Club service in Turkey uses mobile technology to give farmers the information they need to improve their harvests and livelihoods, saving them time and money.

Farmers using the service pay a small monthly subscription fee to receive SMS alerts with weather forecasts, crop prices and other information that is tailored to their local area and crop types. They also get access to a mobile marketplace that enables them to sell their produce directly to buyers. Farmers' Club members use specially designed rugged mobile phones that will still work even if they are dropped in mud or trodden on.

Since its launch in 2009, the service has benefitted more than 1.25 million farmers in Turkey. To date, more than 700 million SMS alerts have been sent to members.

Partnering with others to deliver solutions

In 2014/15, we continued our work with the US Agency for International Development (USAID) and the development NGO, TechnoServe, on a three-year partnership known as the Connected Farmer Alliance.

By promoting commercially viable mobile agricultural solutions, the partnership aims to increase the productivity, incomes and resilience of half a million smallholder farmers across Kenya, Mozambique and Tanzania. Vodafone is matching USAID's US\$5 million funding through in-kind investment in the partnership.

M-Pesa will be the critical mechanism used by the Connected Farmer Alliance for developing mobile financial services that enable rural farmers to build up savings, invest in productivity and reduce their financial risks. We are also working with TechnoServe to provide basic financial literacy training and guidance on how to start saving using M-Pawa, our mobile money service that enables customers to take out small loans and earn interest on savings, see our Financial inclusion section.

In 2014/15, the Connected Farmer Alliance announced its first commercial agreements with Olam International (a coffee, cocoa and cotton agribusiness) and Kenya Nut (a nut processor). Olam will use our mobile technology to increase the productivity of around 30,000 farmers in Tanzania who supply its produce. The farmers will benefit from advice, access to M-Pesa and real-time notifications about changes in market prices of their crops.

Kenya Nut aims to reach 50,000 nut farmers in Africa by working with the Connected Farmer Alliance. The partnership aims to promote better communications with farmers, improve traceability, enhance payment security and promote business efficiency. Delivered by Safaricom, our mobile services will connect these farmers to training sessions, deliver electronic receipts so they can easily track the value, volume and quality of their produce and provide access to M-Pesa payment and loan services.

Vodafone is also working directly with enterprise customers in the fast-moving consumer goods sector to provide solutions that benefit their businesses and the farmers who supply their ingredients.

For example, we are working with a global food company to help smallholder farmers in Africa boost yields, become more efficient and get higher prices for their crops. In 2014/15, we conducted initial research to better understand the needs of Kenyan smallholder coffee farmers. We will use the findings to develop and pilot a platform with 500 coffee farmers and 11 agronomists in Kenya.

The platform will offer a social networking tool that encourages knowledge sharing and send weekly texts offering advice on farming and business practices. An electronic receipting service will keep farmers informed about payment schedules to enhance trust between producers and buyers. Together, these initiatives aim to improve farmers' livelihoods and create a stable, high-quality supply of produce for the food company.

Agriculture



In focus: Enabling farmers to improve milk deliveries

Through the Connected Farmer Alliance, we are working with the Ndumberi Dairy Farmers Cooperative Society in Kenya to enable smallholder dairy farmers to keep better track of the milk they produce and sell through the cooperative and thereby reduce the incidence of theft, using mobiles.

Around 20% of the milk produced by the farmers that was being taken to the collection centre run by the Ndumberi Dairy Farmers Cooperative Society was being stolen. We have introduced a mobile-based supply chain tracking and receipt system offering farmers and the cooperative dairy better visibility over their product, thereby reducing the opportunity for theft to take place. Farmers also use the mobile service to get relevant information on agricultural practices and market prices via a helpline, and to request micro-loans through the M-Pesa mobile payment system.

The results from the pilot showed that farmers saw the value in this service with a marked increase in their loyalty to the Ndumberi Dairy Farmers Cooperative Society. The amount of milk sold in this way has increased and payments and receipt times were reduced by nearly 30% making discrepancies easier to track. We are now planning to scale this pilot programme into a commercial service with the Connected Farmer Alliance.



Financial inclusion

Our M-Pesa mobile money transfer service offers people without a bank account access to financial services through their mobile phone, enhancing their ability to improve their lives and livelihoods.

M-Pesa was launched in 2007, enabling people to transfer small amounts of money to friends and family safely and affordably via their mobile phone. It is now a well-established part of our business with over 19.9 million active users¹ in nine markets.

M-Pesa continues to evolve beyond traditional money transfer services, enabling people to save and borrow money, receive salaries and benefits, pay for goods and services and more. It also supports solutions that can improve lives and livelihoods in other areas such as our Agriculture and Health sections.

Read on to find out more about M-Pesa and our performance in 2014/15.

Extending access to finance

M-Pesa is helping to extend access to financial services, particularly in markets where a high percentage of the population are 'unbanked' – people who do not have access to a bank account. In Kenya, where M-Pesa first started, only 29% of adults have access to a bank account but 68% of adults now actively use mobile money services².

Now well established in both Kenya and Tanzania, M-Pesa continues to have a strong and growing presence in Africa. Since 2013, it has been extended to the Democratic Republic of Congo, Egypt, Lesotho, Mozambique and South Africa.

In 2014/15, we completed our national rollout of M-Pesa in India, where 60% of adults are unbanked. We collaborated with ICICI Bank to support domestic money transfers that help migrant workers send money home to their families in a safe, secure and inexpensive way. This was also the first full year that M-Pesa has been available in Romania – its first European market – where 39% of the population do not have bank accounts³. The service offers access to mobile money transfer and payment services to approximately 7 million Romanians who rely mainly on cash transactions.

There are now 19.9 million active users of M-Pesa worldwide. In 2014/15, the number of active users increased by 18% and we processed 3.4 billion transactions, up 20% from 2013/14.

Investing in distribution agents and outlets is critical to the success and accessibility of M-Pesa. We have approximately 273,000 agents across all M-Pesa markets, extending access to mobile financial services as well as offering employment opportunities.

We are also investing in ambassador programmes to help new customers feel confident and comfortable using the service. In 2014/15, our ambassador programme in Tanzania helped to increase the number of women in our distribution network. So far, approximately 1,400 women have completed their training.

Developing new mobile money solutions

We are extending M-Pesa services beyond basic money transfers to enable people to save and borrow money, send and receive money internationally, make cash-free payments for goods and services, and receive salaries and government benefits securely, regardless of whether they have a bank account.

In a collaboration between Vodacom and the Commercial Bank of Africa, M-Pesa customers in Tanzania can now access interest-bearing savings accounts through a mobile money service known as M-Pawa. M-Pawa customers can take out small loans and earn interest on savings as small as one Tanzanian shilling (equivalent to around a thirtieth of a penny in the UK).

This builds on a similar product launched in 2013/14 in Kenya, known as M-Shwari, which now has 5.8 million active customers. In 2014/15, M-Shwari customers gained access to a new mobile savings plan, Lock Savings Account, which enables them to save money through a fixed deposit and earn higher rates of interest.

Merchants in Kenya and Tanzania can now accept payments for goods and services from their customers via their mobile phones using the M-Pesa Buy Goods functionality. The ability to receive payments through this service, known as Lipa Na M-Pesa in Kenya and Lip Kwa M-Pesa in Tanzania, makes business owners less susceptible to the risks of handling cash, such as theft and fake currency. People in Kenya can now also use M-Pesa to top up cashless travel cards for public transport.

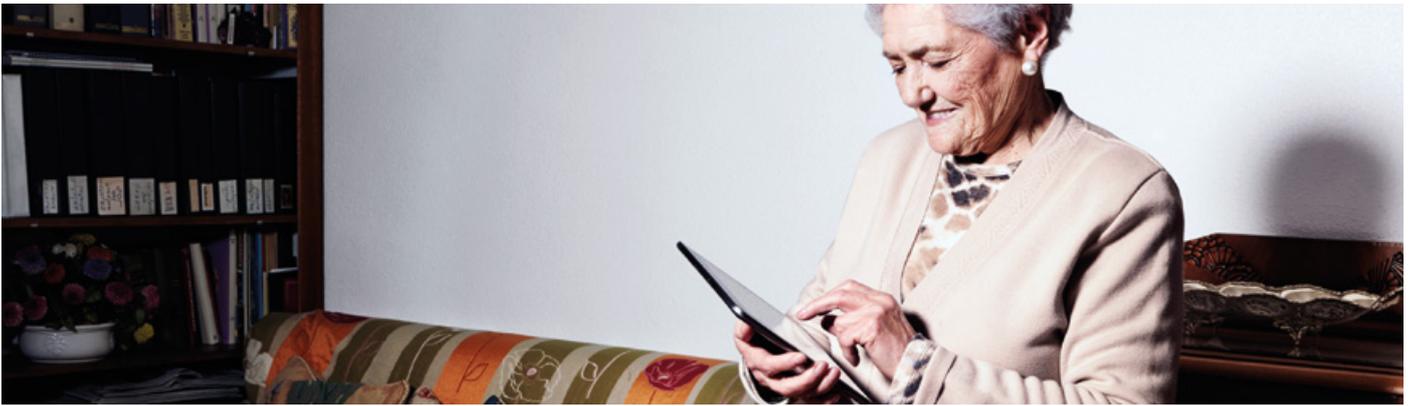
Financial inclusion

Our M-Pesa International Money Transfer service continues to expand. People can now use the service to send and receive money directly from their M-Pesa accounts between Kenya and Tanzania. In addition, funds can be sent to M-Pesa accounts from a growing number of countries through our international remittance partners, such as MoneyGram and WorldRemit. Increasing mobile money transfers into developing economies supports economic and social development. It provides more choice for senders of cross-border money transfers and gives M-Pesa customers a cheaper, more convenient way to receive money.

Vodafone partnered with the National Rural Health Mission and Rural Employment Guarantee in 2014/15, to use M-Pesa to disburse much-needed government benefits in the states of Bihar and Jharkhand in India. In recognition of this work, M-Pesa was named 'most inclusive digital wallet' and received the Financial Inclusion through Business Innovation Award at the 2015 BFSI Leadership Awards in Mumbai.

Notes:

1. Active users are those who have made a potentially chargeable transaction in the last 30 days
2. InterMedia Financial Inclusion Insights Survey of Kenya, 2013 <http://finclusion.org/country-pages/kenya-country-page>
3. World Bank, 2014



Health

We are helping to meet global health challenges by using communications technology to improve access to life-saving treatments and enhance the quality of care that patients receive.

Healthcare systems around the world are under increasing pressure. There is a global shortage of healthcare workers and incidences of chronic diseases such as diabetes are on the rise. Millions of people in emerging markets are without access to basic health services and ageing populations are adding to the strain in developing markets.

Through our partnerships with enterprise customers, NGOs and governments, we are supporting efforts to overcome these challenges. Using mobile technology, we can help improve access to healthcare and improve outcomes for patients, for example by increasing the amount of time health workers spend with patients. Our Machine-to-Machine (M2M) solutions provide remote healthcare that improves the quality of life for the elderly and people with chronic diseases.

Read on to find out more about our mobile health solutions and our performance in 2014/15.

Our mobile health solutions

We are partnering with pharmaceutical companies, medical technology companies, health insurers, NGOs and government agencies to create commercially viable products and services to help meet health needs. We focus on:

- **access to healthcare:** helping patients in emerging markets access treatment, medicines and vaccines; supporting the management of drug stock levels; and improving the effectiveness of vaccination programmes
- **support for healthcare workers:** providing training to healthcare workers through our mobile platforms and enabling healthcare workers to access patient records remotely to improve the quality of care and reduce administration time
- **remote care:** improving the quality of life for people with chronic diseases by allowing them to monitor and manage their conditions at home

- **assisted living:** helping elderly people live independently in their own homes for longer by connecting medical devices remotely
- **clinical research:** enabling the efficient collection of data to help enhance the quality of information used to bring new and effective treatments to market.

Enabling better access to healthcare

Improving vaccination rates

Worldwide, around 20% of children do not receive vital vaccinations. Mobile technology can help raise awareness about the importance of immunisations and send reminders to parents and caregivers to ensure they get their children vaccinated. By helping healthcare workers keep accurate records and providing real-time data on stock levels, it also helps governments ensure vaccines are available when and where they are needed.

In sub-Saharan Africa, we are working with GSK, the Mozambique Ministry of Health, USAID and others on the mVacciNation pilot programme, which aims to boost child vaccination rates by around 5% in Mozambique. Over 25,500 children have been registered with the programme since its launch in March 2014 and 40,000 vaccinations have been recorded. Using our mobile health solutions, the programme has also provided over 4,000 real-time reports on the number of doses of vaccines available. In 2014/15, we began evaluating this pilot and will use what we have learned to make improvements as we roll it out to a further 90 health centres across the country. Watch the video to hear feedback from those involved in the pilot <https://youtu.be/ASnKKviAP98>.

In India, our free SMS-based service reminded parents across the country to get their children vaccinated. Parents can opt in by sending a message from any mobile network in India. They receive immediate confirmation followed by reminders about their child's immunisation schedule for a period of 12 years. By the end of 2014/15, 300,000 children had been enrolled in this collaborative programme with the Indian Academy of Paediatrics.

Health

Improving maternal health

Using our mobile health solutions, we are helping to improve women's maternal health and access to life-saving treatments.

Since the launch of the programme in 2009, more than 3,000 women have received treatment for obstetric fistula, a maternal health condition that leaves women incontinent following childbirth. Through the M-Pesa Text to Treatment programme, the Comprehensive Community Based Rehabilitation in Tanzania (CCBRT) hospital was able to transfer money to pay for some of the poorest and most marginalised women to get to hospital for life-changing surgery. As we have treated more women it has become increasingly challenging to find the women with obstetric fistula in rural areas. We are discussing with CCBRT how they can partner with other health NGO partners to help reach women with obstetric fistula and provide free transport to surgery via M-Pesa.

The Vodafone Foundation has partnered with USAID to expand this programme to help rural health workers identify women at risk of complicated births and transport them to health facilities where they can give birth safely.

In partnership with the Swiss Re Foundation, Pathfinder International and Touch Foundation, the Vodafone Foundation is working to improve access to better healthcare facilities for pregnant women to prevent maternal morbidity and mortality. Together, we have supported training in maternal, neonatal and child health to 125 community health workers and 53 health facility workers, as well as improving maternal healthcare facilities at the regional hospital.

Visit the Vodafone Foundation's website for more on Text to Treatment, <http://www.vodafone.com/content/index/about/foundation.html>.

Improving access to treatment for rural communities

In Lesotho, the Vodafone Foundation M-Pesa 'Text to Treatment' model used in Tanzania is being replicated to ensure that children living with HIV can travel from rural communities to health facilities for treatment. First these children have to be found, so through the programme we are training health workers armed with mobile phones and 4x4s to provide mother and baby clinics to affected communities across the mountain kingdom. Expectant mothers are referred to clinics for highly effective preventive treatment, with 'mother and baby pairs' transported for treatment when either tests positive for HIV. As well as transferring funds for transport for these mothers and babies, mobile technology will also help speed test results, cutting result turnaround from many weeks to just a few days.

Sending results via mobile rather than paper will help ensure that those who test positive are referred for more immediate treatment, ultimately saving lives and preventing 'loss to follow up'. Of the estimated 25,000 young people living with HIV, no more than 6,000 are currently receiving antiretroviral treatment. The 25,000 HIV+ children are hidden among some 500,000 children and young people in Lesotho and it is mobile technology providing the communication and coordination tools to help us find them and refer them for treatment.

Supporting healthcare workers

Mobile technology is helping front-line workers, such as nurses and midwives, work more efficiently so they can spend less time on administration and more time looking after their patients.

In the UK, for example, we have supported the National Health Service to help keep staff connected; reducing the time it takes to match donors of organs, blood and tissue to patients nationwide. The Department of Health reports that equipping health workers with new mobile technology significantly increases productivity and the duplication of data can be greatly reduced, freeing up clinical time. Services such as an app to update patient records remotely via a smartphone, and a digital pen to collect data, have helped cut the time nurses spend on administration by around 15%, allowing more time for community visits in rural areas.

More than 3,000 field-based community healthcare workers in South Africa are now using Vodafone's end-to-end mobile health monitoring and evaluation platform to reduce administration time, enabling them to see more people and improve patient outcomes. Watch the video to find out more about how our mobile health platform is improving patient care in South Africa, <https://www.youtube.com/watch?v=M12MqRaO6AQ&feature=youtu.be>.

In 2014/15, we launched the Health Enablement & Learning Platform (HELP), which allows healthcare workers in Kenya to access audio training using a basic mobile phone. HELP was developed in partnership with Accenture, Safaricom, Amref and the M-Pesa Foundation. It has already provided training to more than 300 people and we aim to reach over 3,000 more healthcare workers as the programme is rolled out over the next two years.

We are also using our technology to help loveLife, a national HIV prevention initiative in South Africa, reach more young people living with HIV/AIDS, <http://www.lovelife.org.za/corporate/about-lovelife/>. loveLife's 1,250 young community leaders work with NGOs, schools and clinics to meet face-to-face with young people across South Africa and promote healthy, HIV-free living. Using our monitoring system to track their activities, we enabled loveLife to capture data and report back in real time.

Health

Helping treat patients remotely

By connecting medical devices remotely, our M2M solutions allow patients with chronic diseases to better manage their conditions and receive long-term treatment at home – making healthcare delivery more efficient and improving patients' quality of life.

In 2014/15, we began piloting a tool in partnership with the pharmaceutical company AstraZeneca to support people with cardiovascular conditions. Patients can use the tool via their mobile phones or a web-based system to get information and reminders about taking medication. It aims to improve adherence to complex medication programmes and promote healthy lifestyles that enhance rehabilitation. The tool is designed to encourage patients to be proactive in their self-care, with personalised coaching and the ability to visualise their progress. Patients will be recruited for the pilot from leading cardiac hospitals in Germany.

The incidence of diabetes is increasing rapidly around the world. To manage the disease, patients need to stick to a strict regime of medication and monitoring to control their blood glucose levels. In 2014/15, we worked with Diabetacare to launch an innovative remote diabetes treatment solution in Bangalore, India, <http://www.diabetacare.com/about.html>. Using our M2M technology, the Diabetacare solution monitored the blood glucose and blood pressure of 800 patients and provided real-time data on their condition to a central database, where it could be assessed by clinicians. The service will be rolled out across India in 2015/16 and we plan to launch a pilot in Dubai to test its applicability for diabetes patients living there.

Working with Baxter Healthcare, we have been enabling clinicians to monitor immunotherapy patients' treatment remotely – improving their quality of life and freeing up hospital resources. In 2014/15, we extended this pilot to explore how renal patients receiving dialysis could use a remote monitoring solution to better manage their condition at home. Baxter surveyed all the patients from one of the UK clinics involved in the pilot and all of them agreed that the remote system was more convenient and improved the monitoring of their condition¹.

Our M2M technology is also helping to ensure people who suffer sudden heart attacks can get life-saving treatment, read on for more information in our case study.



In focus: M2M connectivity supports life-saving equipment

Each year in Europe around 700,000 people die from sudden cardiac arrest – the most common cause of out-of-hospital deaths in the developed world.

Automated external defibrillators (AED) – portable devices that check the heart rhythm and send a shock to restart the heart – can save lives by enabling first aiders to act fast when someone goes into cardiac arrest. But these battery-powered devices are easily damaged and need regular checks to make sure they are in full working order in case of emergency.

Working with Philips and medic assist, a healthcare service provider, we developed a way to check the status of AEDs remotely, using an M2M-enabled case called SmartConnect. Using Vodafone's M2M connectivity, the sensor in the case monitors the AED device and sends an alert if it fails. This helps to make sure defibrillators are working when they are needed and reduces maintenance costs.

By June 2014, over 1,000 SmartConnect devices had been installed at our customers' sites, including police stations and transport hubs.

Enabling elderly people to live independently

By 2050, an estimated one in five people around the world will be over 60 years old². This trend is already much higher in developed countries. As the global population ages, more elderly people will live alone and face social isolation. By using our M2M platform to connect assisted living solutions, we are helping elderly patients to live independently in their own homes for longer.

Notes:

1. Results of Dialysis Remote Monitor pilot, 2014
2. HelpAge International, 2015, <http://www.helpage.org/resources/ageing-data/global-ageing-statistics/>

Health

In 2014/15, we worked with Lively, a health start-up business in San Francisco, US, to develop a sensor solution that enables families to monitor their older relatives remotely and make sure they are safe. The system includes a central home-based hub, sensors and a wristwatch. By using Vodafone M2M SIMs to connect a hub to Lively's web-based software via our network, the watch and sensors can detect if users are taking their medication or if they fall. The device then sends an SMS message and email to family members if it identifies anything unexpected in the user's normal daily activities.

We also helped develop Sensormind, a solution that uses wireless, infra-red motion sensors and our data SIM cards to enable carers and relatives to monitor elderly relatives in their own home. This helps ensure they are safe and can receive help in times of need. Find out more about Sensormind, <http://www.vodafone.com/business/m2m/case-study/sensormind-provides-peace-of-mind-for-relatives-and-hose-that-care-for-the-elderly>.

Working with the Red Cross in Spain, we have launched a mobile telecare service that connects elderly people who have a disability or chronic illness with Red Cross staff when they have a healthcare or social emergency, all through their smartphone.

Clinical research

Data reported by both patients and medical devices during clinical trials is a vital part of gaining regulatory approval for new drugs and vaccines. Communications technology can support more effective collection of this data and our mobile solutions are helping to support studies into clinical trials. For example, patients can complete an electronic patient-reported outcome (PRO) diary using mobile devices. This supports better quality data and allows research teams to access information in real time. Using our M2M technology, we are enabling research organisations to deploy these services globally.

Vodafone's Healthline 255 provides health advice in Ghana

By the end of 2014/15, Healthline 255, our mobile medical call centre, had provided expert health advice from qualified clinicians to over 80,000 people in Ghana. Funded by the Vodafone Ghana Foundation, Healthline 255 enables anyone with a mobile phone to access quality health advice on issues such as sexual health, abdominal pains and depression – no matter how much they earn or where they live. Vodafone customers can use the helpline by dialling 255 from their phones and users of other networks just need to dial 0505 050500.



Education and employment

We are exploring ways to use communications technology to extend access to education, promote skills development and improve working lives and livelihoods.

Education is critical to future prospects and employability, yet many people in emerging markets never even enter the education system. We see significant potential for communications technology to increase access to quality, interactive education, particularly for those living in remote areas. Women often face additional challenges in accessing education and jobs. Many of our programmes are specifically aimed at empowering women to gain an education, become entrepreneurs or join the workforce.

Our mobile education solutions combine the power of Vodafone technology with the know-how and support of local organisations. In 2014/15, we continued to partner with specialist education organisations to expand new learning solutions and address illiteracy in several emerging markets.

We are also exploring how to use our technology to connect people with job opportunities. In 2014/15, we began to explore the potential of communications technology to tackle unemployment in Europe, particularly among young people, through our new Digitising Europe platform for industry collaboration, <http://www.digitising-europe.eu/>.

Read on to find out more about our approach and our performance in 2014/15.

Enriching classroom learning

In India, our biggest market, over 11 million children never attend school and most qualified teachers are concentrated in urban areas¹. But with almost one in five people across the country accessing the internet via Vodafone mobile networks, we can use our technology to improve education in remote areas.

In partnership with Pratham Education Foundation, the Vodafone Foundation has established our Learn, Out of the Box programme in nearly 1,000 low-income schools in India, <http://mobileforgoodvideoplayer.vodafonefoundation.org/videos/watch/pratham-learning-with-vodafone>. This aims to improve the standard of education for 70,000 underprivileged children over three years. The programme uses innovative

software and the mobile internet to train teachers and help them engage students with interactive learning materials and multimedia content.

The Learn, Out of the Box programme makes education more accessible to students whether they are using mobile phones, tablets or the Vodafone WebBox (a low-cost internet-enabled device that connects to a television). Together with Pratham Education Foundation, we provide all the necessary equipment and learning materials and train teachers to use the service. In 2014/15, we launched pilots in Rajasthan, Assam and Jharkhand to further explore the use of tablets and new learning models.

In South Africa, schooling for many children is hampered by poor infrastructure, lack of materials and inadequate teacher training. We partnered with Microsoft, Cisco, Intel, Mindset Learn and the Department of Basic Education to extend the reach of education with mobile technology through the Vodacom Mobile Education programme. The programme aims to improve teaching in maths and science through dedicated teacher centres, teacher training, access to educational resources and connectivity.

Since its inception, the Vodacom Mobile Education programme has set up a web-based Digital Classroom with teaching materials and useful resources, provided equipment for 894 schools, established 61 teacher centres and trained over 20,000 teachers. Many of these benefits are being delivered through a Vodacom-powered Virtual Private Network (VPN) that connects ICT resource centres, participating schools and teachers to the internet, the Vodacom Digital Classroom and each other. An estimated 500,000 learners across South Africa have benefited from the programme so far.

Early childhood education can be critical to future learning success. To empower teachers in Ghana to engage more with children in this formative period, the Vodafone Foundation and Educators International, an NGO, launched the Phonics by Phone Project in 2014/15. Delivered through a mobile application, the programme provides teachers with a tool to help children build sounds into words and remember them through rhymes, songs, riddles and games.

Education and employment



In focus: Instant Network enables education for refugees

There are 25 million child refugees worldwide who spend an average of 17 years displaced, with very limited access to education.

To help tackle this issue, the Vodafone Foundation, in partnership with Italian NGO Don Bosco, opened the first Instant Network School in 2013, for children living in refugee camps in the Democratic Republic of Congo. The school, in Goma, is enabling 2,300 children aged 7–17 to access online educational content via tablets provided through the Instant Network's mobile education programme.

Following the success of this pilot, the Vodafone Instant Network programme expanded in 2014/15 to create two new classrooms in Ajuntok, South Sudan, and 13 classrooms in Dadaab, Kenya. Over 26,400 students and 500 teachers in Africa now benefit from Instant Network classrooms, which will be deployed to further countries in 2015/16.

To support the roll out of Instant Network Schools, the Vodafone Foundation developed Instant Classroom, a digital 'school in a box' that can be set up within minutes. It connects teachers and children to online resources even at the most poorly resourced refugee camps where power and internet connectivity is unreliable or non-existent. Equipped with a laptop, a charging case, 25 tablets loaded with educational software, a projector, a speaker and a hotspot modem with 3G connectivity, Instant Classrooms can be used for a full day without access to electricity. Instant Classroom was launched in March 2015, in partnership with the UN High Commissioner for Refugees (UNHCR), the Vodafone Foundation Instant Classroom will be deployed to additional schools in the Democratic Republic of Congo, Kenya and Tanzania with the aim to reach more than 60,000 children and young people over the next two years.

Promoting skills and employability

We use mobile technology to enable adults to improve literacy and develop digital and professional skills in markets such as Egypt, Ghana, India and Turkey. Connecting people to education and skills training improves their job prospects and helps them improve their livelihoods.

In Egypt, 17 million adults are unable to read and write. The Vodafone Egypt Foundation is working in partnership with the national General Authority for Literacy and Adult Education and local NGOs to tackle illiteracy using classroom and mobile learning through the Knowledge is Power project. Since 2011, more than 300,000 people have enrolled in Knowledge is Power classes which are supported by Vodafone technology and 20,000 youth worker volunteers. Over 240,000 participants have already graduated from the programme – 70% of graduates are women.

To enhance opportunities for young women in Ghana, Vodafone is partnering with the British Council to launch a scholarship scheme. The partnership will grant 100 high school scholarships to 15–16 year-old girls interested in science, technology, engineering and mathematics. Recipients will have their full tuition and administrative fees paid, as well as receiving other benefits such as textbooks and exercise books.

Many of our adult education programmes focus particularly on helping women. In 2014/15, the Vodafone Foundation launched the #DigitalRickshaw campaign in India to set up Digital Communication Information Resource Centres in 20 locations across the country. The centres empower local women to use computers, learn about digital media and access literacy programmes and information on beneficial government schemes.

In Turkey, the Vodafone Women First programme helps women use mobile technology to access information, acquire new skills and increase their incomes. The Women First Advertisement Service, a key part of the programme, is enabling women with little experience of mobile technology to sell their handicrafts and products on one of Turkey's biggest online marketplaces, <http://www.sahibinden.com>.

Connecting people with employment opportunities

Communications technology can help connect workers with available jobs. This was one of the opportunities highlighted in our Connected Worker report, published in May 2013, http://www.vodafone.com/content/dam/sustainability/pdfs/vodafone_connected_worker.pdf.

Our new Digitising Europe initiative is exploring how the growing market for communications technology can contribute to the economy and boost employment opportunities. With nearly 22% of people under the age of 25 in Europe unemployed and youth unemployment topping 53% in Greece and Spain, one of the main aims is to create jobs for young people.

Education and employment

Digitising Europe is supported by the Vodafone Foundation and delivered by the Vodafone Institute for Society and Communications, a think tank formed in 2011 which is affiliated to Vodafone Germany. The Institute aims to explore the potential of mobile and digital technologies to improve political, social and economic participation and to give better access to education.

In December 2014, we held the first Digitising Europe summit, Opportunities for the Next Generation, attended by German Chancellor Angela Merkel and representatives from leading tech companies and start-ups.

During the summit the Vodafone Foundation announced its partnership with Intern Avenue, the UK-based website that matches applicants with paid internships. Funding from the Vodafone Foundation will be used to help Intern Avenue connect thousands of students and graduates with suitable employers in Europe, and develop a mobile service to complement Intern Avenue's existing web-based tools.

This builds on an independent report, commissioned by the Vodafone Institute for Society and Communications, which recommended that digital services connecting young people with employment opportunities should be expanded across Europe. Find out more about Digitising Europe, <http://www.digitising-europe.eu/> and the Vodafone Institute, <http://www.vodafone-institut.de/>.

Notes:

1. Global Initiative on Out-of-School Children, http://www.unicef.org/education/files/SouthAsia_OOSCI_Study_Executive_Summary_26Jan_14Final.pdf



Our contribution to the Millennium Development Goals

By extending access to our networks and developing innovative products and services tailored to emerging market needs, we are contributing to sustainable development and helping to improve people's lives and livelihoods. We also channel social investment in programmes that promote sustainable development through the Vodafone Foundation¹, <http://www.vodafone.com/content/index/about/foundation.html>.

In these ways, we have been contributing to the global effort to alleviate poverty as defined by the UN Millennium Development Goals (MDGs) for 2015. The sections below set out examples of how we are contributing to each of the eight MDGs.

In March 2015, the United Nations proposed 17 goals for sustainable development to build on the foundations of the MDGs, which were established in 2000 to be achieved by the end of 2015. Focused in part on ending poverty and hunger, and improving health and access to healthcare for women and girls, Vodafone and the Vodafone Foundation will continue to contribute to these goals through our programmes.

For more on how our products and services are contributing to sustainable development, see our Transformational solutions section. For further highlights of our Foundation programmes, see our Foundation website, Mobile for Good, <http://www.vodafone.com/content/index/about/foundation.html>.

Goal 1: Eradicate extreme poverty and hunger

Research shows that access to mobile telecommunications contributes to economic development by helping to increase productivity and national GDP in emerging markets. It is estimated that a 10% expansion in mobile penetration in developing markets could lead to a 4.2% increase in total productivity, which in turn drives GDP².

Mobile solutions in specific areas such as finance and agriculture also support economic development.



Improving access to finance

Vodafone's mobile money transfer and payment product, M-Pesa, supports economic development by providing access to basic financial services in emerging markets for people without bank accounts. It enables people to send and receive funds, save even small amounts, and take out loans or insurance. Now well established in both Kenya and Tanzania, M-Pesa continues to have a strong and growing presence in Africa. Since 2013, it has been extended to the Democratic Republic of Congo, Egypt, India, Lesotho, Mozambique, Romania and South Africa. There are now 19.9 million active M-Pesa users, up 18% from 2013/14. See our Financial inclusion section for further information.

Boosting agricultural productivity

Our Connected Farming in India report, published in 2015, explored the potential impact of six mobile services designed to improve the productivity and efficiency of agricultural businesses in India, <http://www.vodafone.com/content/index/media/vodafone-group-releases/2015/connected-farming.html>. Our research has shown that together the six services could positively impact the lives of nearly 70 million Indian farmers in 2020, generating more than \$9 billion in additional annual income for farmers.

This research built on findings from our Connected Agriculture report, published in 2011, which found that mobile technology could boost agricultural income by US\$138 billion by 2020, primarily in India, Africa and the Middle East, http://www.vodafone.com/content/dam/vodafone/about/sustainability/2011/pdf/connected_agriculture.pdf.

We continue to work with the US Agency for International Development (USAID) and the development NGO, TechnoServe, in a three year partnership known as the Connected Farmer Alliance. The partnership aims to increase the productivity, incomes and resilience of half a million smallholder farmers across Kenya, Mozambique and Tanzania. In 2014/15, the Connected Farmer Alliance announced its first commercial agreements with Olam International (a coffee, cocoa and

Our contribution to the Millennium Development Goals

cotton agribusiness) and Kenya Nut (a nut processor). Olam will use our mobile technology to increase the productivity of around 30,000 farmers in Tanzania who supply its produce. The farmers will benefit from advice, access to M-Pesa and real-time notifications about changes in market prices of their crops. Kenya Nut aims to reach 50,000 nut farmers in Africa to promote better communications, improve traceability, enhance payment security and promote business efficiency. Delivered by Safaricom (our associate), the service will connect these farmers to training sessions, deliver electronic receipts so they can easily track the value, volume and quality of their produce, as well as providing access to M-Pesa payment and loan services.

In Turkey, the Vodafone Farmers' Club service uses mobile technology to give farmers the information they need to improve their harvests and livelihoods, saving them time and money. Since its launch in 2009, the service has benefitted more than 1.25 million farmers in Turkey. To date, more than 700 million SMS alerts with weather forecasts, crop prices and other information tailored to local areas and crop types have been sent to members. See our Agriculture section for more information.

Goal 2: Achieve universal primary education

Mobile technology can be used to extend the reach of education by enabling students in rural areas to join lessons remotely, and by helping teachers manage student attendance and performance and access educational content.



Our Learn out of the box programme, being implemented by the Vodafone Foundation in India, and developed in partnership with Pratham Education Foundation, aims to improve the standard of education at 1,000 low income schools and target 70,000 underprivileged children in India over three years. The service uses innovative software and mobile internet to train teachers and help them engage students with interactive learning materials and multi-media content.

The Vodafone Foundation is also helping children living in refugee camps gain access to education. In partnership with Italian NGO Don Bosco, the Vodafone Foundation opened the first Instant Network School for children living in refugee camps in the Democratic Republic of Congo in 2013. Following the success of this pilot, the Vodafone Instant Network programme expanded in 2014/15 and 26,400 students and 500 teachers across South Sudan and Kenya now benefit from Instant Network Schools.

To support the roll out of Instant Network Schools, the Vodafone Foundation developed Instant Classroom, a digital 'school in a box' that can be set up within minutes to connect teachers and children to online resources even where power and internet connectivity is unreliable or non-existent. Instant Classroom was launched in March 2015, in partnership with the UN High Commissioner for Refugees (UNHCR), and will be deployed to additional schools in Democratic Republic of Congo, Kenya and Tanzania with the aim of reaching more than

60,000 children and young people over the next two years. See our Education and employment section for further information.

Goal 3: Promote gender equality and empower women

Using our mobile technology and services, we are connecting women to education and skills training, expanding access to job opportunities and helping them improve their livelihoods, see our Education and employment section.



Our Connected Women report explores the impact of increasing women's mobile phone ownership and how mobile services provided by Vodafone and the Vodafone Foundation are enabling women to access new opportunities and improve their lives and livelihoods, https://www.vodafone.com/content/dam/vodafone-images/foundation/thought-leadership/VF_WomensReport_V12%20Final.pdf. Our research suggests that increasing women's access to mobile and scaling up the five services explored in the report could benefit 8.7 million women and have positive annual economic benefits worth \$28.9 billion across Vodafone's markets by 2020³.

We are helping female entrepreneurs manage their businesses more efficiently and increase their incomes. For example, Vodafone Turkey's 'Women First' programme helps women use mobile technology, access information, acquire new skills and increase their incomes. The Women First Mobile Advertisement Service, a key part of the service, is enabling women with little experience of mobile technology to sell their handicrafts and products on one of Turkey's biggest online marketplaces using SMS messages.

In 2014/15, the Vodafone Foundation launched the #DigitalRickshaw campaign in India to set up Digital Communication Information Resource Centres in 20 locations across the country. The centres empower local women to use computers, learn about digital media and access literacy programmes and information on beneficial government schemes.

In focus: Helping women at risk of domestic violence through TecSOS

We are empowering women in more developed markets. The TecSOS mobile phone system, developed by the Vodafone Spain Foundation with the Spanish Red Cross and the TecSOS Foundation, is helping victims at high risk of abuse connect to emergency services at the touch of a button. There are currently 15,733 TecSOS handsets in use in Germany, Italy, Hungary, Ireland, Portugal, Spain and UK. Since 2004 the handset has helped 41,211 victims of domestic violence.

Find out more about TecSOS on the Vodafone Foundation's website, <http://www.vodafone.com/content/index/about/foundation.html>.

Our contribution to the Millennium Development Goals

We have a wide range of initiatives, which are part of our Diversity and Inclusion strategy, to ensure we support female employees in developing their careers, and that women represent a growing proportion of management positions.

In 2014/15, we became one of the first organisations in the world to launch a mandatory minimum global maternity policy. This pioneering policy sets a minimum level of maternity pay for women working across Vodafone's 30 local markets. From Africa to the Middle East, women at all levels of our organisation will be entitled to at least 16 weeks of fully paid maternity leave and full pay for a 30-hour week for the first six months after they return to work, see the Our people section.

Goal 4: Reduce child mortality

Mobile technology can significantly improve the efficiency of healthcare services, particularly in remote areas.



In sub-Saharan Africa, we are working with GSK, the Mozambique Ministry of Health, USAID and others on the mVacciNation pilot programme, which aims to boost child vaccination rates by around 5% in Mozambique. Over 25,500 children have been registered with the programme since its launch in March 2014 and 40,000 vaccinations have been recorded. Using our mobile health solutions, the programme has also provided over 4,000 real-time reports on the number of doses of vaccines available. In 2014/15, we began evaluating this pilot and will use what we have learned to make improvements as we roll it out to a further 90 health centres across the country. In India, our free SMS-based service reminded parents across the country to get their children vaccinated. Parents can opt in by sending a message from any mobile network in India. They receive immediate confirmation followed by reminders about their child's immunisation schedule for a period of 12 years. By the end of 2014/15, 300,000 children had been enrolled in this collaborative programme with the Indian Academy of Paediatrics.

For more information on our mobile health solutions, see our Health section.

Goal 5: Improve maternal health

Using our mobile health solutions, we are helping to improve women's maternal health and access to life-saving treatments.

'Mobilising Maternal Health in Tanzania', a \$14 million programme, is funded with support from the American people as part of the President's Emergency Plan for AIDS Relief (PEPFAR) through the U.S. Agency for International Development (USAID). The Vodafone Foundation implements the programme through partnerships with the Comprehensive Community Based Rehabilitation in Tanzania (CCBRT), Pathfinder International and the Touch Foundation in Tanzania.



Since the launch of the programme in 2009, more than 3,000 women have received treatment for obstetric fistula, a maternal health condition that leaves women incontinent following childbirth. Through the M-Pesa Text to Treatment programme, the CCBRT hospital was able to transfer money to pay for some of the poorest and most marginalised women to get to hospital for life-changing surgery. As we have treated more women it has become increasingly challenging to find the women with obstetric fistula in rural areas. We are discussing with CCBRT how they can partner with other health NGO partners to help reach women with obstetric fistula and provide free transport to surgery via M-Pesa.

The programme is expanding to help rural health workers identify women at risk of complicated births and transport them to health facilities where they can give birth safely.

In partnership with the Swiss Re Foundation, Pathfinder International and Touch Foundation, the Vodafone Foundation is working to improve access to better healthcare facilities for pregnant women to prevent maternal morbidity and mortality. Together, we have supported training in maternal, neonatal and child health to 125 community health workers and 53 health facility workers, as well as improving maternal healthcare facilities at the regional hospital.

Visit the Vodafone Foundation's website for more on Text to Treatment, <http://www.vodafone.com/content/index/about/foundation.html>.

Goal 6: Combat HIV/AIDS, malaria and other diseases



Training and awareness-raising, coupled with innovative distribution and administration services, can play a role in addressing the world's most pressing health problems.

We are using our technology to help loveLife (<http://lovelife.org.za>), a national HIV prevention initiative in South Africa, reach more young people living with HIV/AIDS. loveLife's 1,250 young community leaders work with NGOs, schools and clinics to meet face-to-face with young people across South Africa and promote healthy, HIV-free living. Using our monitoring system to track their activities, we enabled loveLife to capture data and report back in real time.

Additionally, we are working with GSK, the Mozambique Ministry of Health, USAID and others on the mVacciNation pilot programme, which aims to boost child vaccination rates by around 5% in Mozambique. In India, our free SMS-based service reminds parents across the country to get their children vaccinated (see Goal 4).

In Lesotho, the Vodafone Foundation M-Pesa Text to Treatment model used in Tanzania is being replicated to ensure that children living with HIV, can travel from rural communities to health facilities for treatment. First these children have to be found, so through the programme we are training health

Our contribution to the Millennium Development Goals

workers armed with mobile phones and 4x4s to provide mother and baby clinics to affected communities across the Mountain Kingdom. Expectant mothers are referred to clinics for highly effective preventive treatment, with 'mother and baby pairs' transported for treatment when either tests positive for HIV. As well as transferring funds for transport for these mothers and babies, mobile technology will also help speed test results, cutting result turnaround from many weeks to just a few days.

For more information, see our Health section.

Goal 7: Ensure environmental sustainability

Communications technology can play a significant role in enabling a low carbon economy. It powers innovations that can help individuals and organisations to reduce their carbon footprints while bringing wider social and economic benefits.



Building on our Carbon Connections research, we have been working with the Carbon Trust to quantify the carbon savings that Vodafone products and services can bring for our customers through smart metering, smart logistics and fleet management, call conferencing, and cloud and hosting services. Based on this analysis, we estimate the total carbon savings from Vodafone's solutions in these areas was 3.5 million tonnes of CO₂-equivalent for active connections in 2014/15, 50% more than in 2012/13.

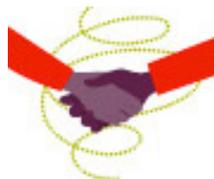
We have set a new goal for our business linking our aim to minimise our own carbon footprint with the savings we can help our customers make: within three years we aim to enable our customers to reduce their carbon emissions by twice the amount of carbon we generate through our own activities.

Access to power remains a key issue for many of our customers and a barrier to economic development. We are developing solutions to bring reliable, renewable power to remote communities in emerging markets using our own network infrastructure and tailored solar-charging solutions.

Read more in our Enabling a low carbon economy, Empowering sustainable choices and Minimising our carbon footprint sections.

Goal 8: Develop a global partnership for development

Telecommunications network operators can help bridge the digital divide by providing equipment and infrastructure to people who live in remote areas or at the margins of society. Working in collaboration with other organisations, NGOs and governments is central to our strategy to deliver transformational products and services.



We are collaborating with major public and private sector organisations such as the Pratham Education Foundation, TechnoServe, the Swiss Re Foundation, Pathfinder International, the Touch Foundation, GSK and USAID to develop and implement solutions in the areas of agriculture, education and health.



In focus: Bringing solar power to rural communities

We are helping bring power to people with no access to electricity. In 2014/15, over 5,000 solar powered generators, connected by Vodafone M2M SIMs, were distributed by BBOX, delivering off-grid power in over 40 countries including Kenya, Rwanda and Uganda, <http://www.bbox.co.uk/>.

For more information, see our Transformational solutions section.

Measuring our contribution

Ongoing
 Achieved
 Partial
 Not achieved

Objective	Our performance in 2014/15	Status
Be recognised as a communications company making one of the most significant contributions to achieving the Millennium Development Goals (MDGs) by March 2015	As it is difficult to measure recognition in a meaningful way, we have instead concentrated our efforts on implementing programmes and services that contribute to development. Examples of how we have contributed to each of the MDGs are detailed in the section above.	Not measured

Find out more about the wide-ranging research we have carried out into the potential for telecommunications to positively impact social, economic and environmental development at <http://www.vodafone.com/content/index/about/sustainability.html>.

Notes:

- Vodafone Foundation registered charity number 1089625. For more information, please go to the Vodafone Foundation. <https://www.vodafone.com/content/index/about/foundation.html>.
- A report by Deloitte and the GSMA: What is the impact of mobile telephony on economic growth? (2012) <http://www.gsma.com/publicpolicy/wp-content/uploads/2012/11/gsma-deloitte-impact-mobile-telephony-economic-growth.pdf>.
- Based on research conducted by Accenture Sustainability Services for our Connected Women Report, published in March 2014 https://www.vodafone.com/content/dam/vodafone-images/foundation/thought-leadership/VF_WomensReport_V12%20Final.pdf.

Environment

Communications technology has enormous potential to help organisations improve efficiency and minimise carbon emissions – and we are working to minimise our own footprint



We are supporting a low carbon economy by delivering communications technology that enables businesses to increase efficiency and reduce their carbon footprints. At the same time, we are working to minimise our own environmental footprint. We have also developed an Eco-Rating scheme to empower customers to make more sustainable choices about the products they choose.

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Minimising our carbon footprint 45

Managing our impact 53



Enabling a low carbon economy

Communications technology can play a significant role in enabling a low carbon economy by powering innovations that can reduce carbon footprints while bringing wider social and economic benefits.

Vodafone is a leading provider of Machine-to-Machine (M2M) solutions that enable objects or devices such as cars, traffic or street lights and buildings to send and receive real-time information via our network. This information enables our enterprise and business customers to gain insight into how their resources are being used. This in turn can help them to cut costs and carbon emissions, by, for example, reducing their energy and fuel use and thus improving the efficiency of their operations. Looking ahead, it is clear that M2M technology has the potential to reduce the impact of not just businesses, but entire cities.

Other products and services, such as video conferencing, cloud hosting and collaboration technologies can also bring carbon savings by reducing the need for travel and office space (see our Enterprise site for more on our smart working solutions, <http://enterprise.vodafone.com/what-we-do/business-need/work-the-way-you-want/>).

Read on to find out more about our approach and our performance in 2014/15. For more on how we are managing our own carbon footprint, see our Minimising our carbon footprint section.

Quantifying carbon savings from our solutions

Building on our Carbon Connections research (http://www.vodafone.com/content/dam/vodafone-images/sustainability/downloads/carbon_connections.pdf), we have been working with the Carbon Trust to quantify the carbon savings that Vodafone products and services can bring for our customers. We focus our analysis on four different types of solutions that enable carbon savings:

- smart metering
- smart logistics and fleet management
- call conferencing
- cloud and hosting services.

Based on this analysis, we estimate the total carbon savings from Vodafone's solutions in these areas was 3.5 million tonnes of CO₂-equivalent (CO₂e) for active connections in 2014/15, 50% more than in 2012/13. We aim to extend the carbon savings we can help our customers achieve by increasing uptake of existing carbon-saving products and services, and developing new ones.

To measure carbon savings from other solutions, we plan to develop methodologies to apply to areas such as our mHealth mobile solutions and connected car services. We will also continue to publish case studies demonstrating how our work with customers has helped them achieve carbon savings.

In focus: M2M technology

Machine-to-Machine (M2M) solutions connect physical objects, enabling them to send and receive real-time information which can then be acted upon. This offers significant potential to reduce carbon emissions by giving businesses the ability to monitor and control devices remotely, saving energy and fuel and increasing efficiency. Watch our video to find out more, https://www.youtube.com/watch?v=R_qqs4qjUq8.

Notes:

1. Machina Research, M2M Global Forecast & Analysis 2011–12

Enabling a low carbon economy

Building our M2M business to deliver cost and carbon savings for customers

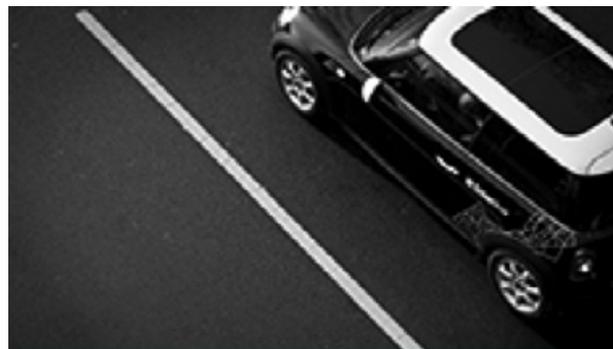
We increasingly have the ability to connect not just people but objects, including machinery and vehicles, via the Internet of Things. By the end of 2020, there will be an estimated 2.6 billion mobile M2M connections worldwide¹.

As a market leader in M2M solutions, Vodafone has an opportunity to deliver significant efficiencies for enterprise and business customers using M2M connections and related services – many of which have the potential to reduce carbon emissions. Our business is growing in this area as more customers use M2M to reduce wastage and inefficiency.

Helping our customers to reduce their operating costs is a clear benefit of M2M services, but enabling the potential for the reduction in a company's carbon footprint is also an important motivation for many businesses to use this technology. Carbon-reducing applications for M2M technology are wide-ranging – from improving fleet operations and making utilities more efficient, to enabling wider use of electric vehicles and monitoring stock levels in vending machines remotely.

We now supply approximately 9 million active global M2M connections that enable carbon reductions by supporting smart metering, transport and logistics (see examples within this section). We offer these services through our dedicated M2M business, supported by a team of specialists and an in-house technology platform that enables us to offer customers centralised data collection and analysis. We work with our enterprise customers to tailor our products and services to meet their needs in this area.

Our partnerships with hardware and software companies like NetComm Wireless and Device Insight enable us to offer customers an end-to-end service, making it simpler for them to implement M2M technology.



In focus: Driving smarter vehicle solutions with M2M technology

With low running costs and minimal emissions, electric vehicles are great – until they run out of battery charge. Expanding access to smarter vehicle charging solutions is essential to the future success of electric vehicles. The New Motion, a Dutch technology company specialising in charging solutions for electric vehicle drivers, aims to do just that.

The New Motion's charging points use Vodafone's M2M global SIM connectivity to determine the exact use and cost for every charge, offering drivers a simple, more affordable and transparent way to charge their vehicle. Around 20,000 customers are using more than 12,000 of these charge points in the Netherlands and in a growing number of other locations in Europe. The solution was shortlisted for The Green Mobile Award at the 2015 Mobile World Congress. Read more about our work with The New Motion, <http://www.vodafone.com/business/case-study/the-new-motion-making-electric-driving-convenient>.

Car sharing is another way that commuters can reduce their carbon footprint and save money. DriveNow, a car sharing joint venture between the BMW Group and Sixt AG, is making it easier for people to reserve, collect and return vehicles. Using the Vodafone Global M2M Platform, DriveNow vehicles can be located by a smartphone application or online, where customers can also register for the service and seamlessly pay for hiring, fuelling and parking costs. Read more about our work with DriveNow, https://m2m.vodafone.com/cs/m2m/insight_news/case-study/drivenow-offers-a-flexible-carsharing-concept-with-vodafone-m2m.jsp.

Enabling a low carbon economy

Energy management and smart metering

Smart metering uses M2M technology to collect and analyse data about energy consumption. This data enables consumers and businesses to understand how they use energy and helps them identify ways to save costs and reduce carbon emissions through better energy management for homes, businesses and even cities.

For example, ASB Bank in New Zealand used real-time data on energy consumption – collected via our M2M connections – in its network of branches to target energy efficiency initiatives. Over three years, these initiatives have enabled the bank to reduce its energy consumption by 23% – equivalent to approximately £1,330,000 – and save over 1,000 tonnes of CO₂ per year. Read more on our support for ASB Bank, <http://www.vodafone.com/business/m2m/case-study/asb-bank-cuts-energy-costs-with-a-vodafone-m2m-smart-metering-solution>.

By enabling excess power to be sold back to the grid, smart meters also promote small-scale generation of renewable power from, for example, rooftop wind turbines or solar panels. M2M-connected smart meters are also central to the development of more efficient smart grids, enabling utility providers to transform the way they deliver energy.

Vodafone is supporting the rollout of domestic smart meters in several countries, working with energy suppliers such as Enexis, which has rolled out 500,000 smart meters to date in the Netherlands, and npower in the UK (see case study below). In India, utilities provider CESC has improved customer service and cut operational costs by achieving meter reading accuracy of over 99% using smart meters connected by Vodafone networks. Read more on our work with CESC, <http://www.vodafone.com/business/m2m/case-study/cesc-case-study>.

Using Vodafone M2M connections, Spillsure Solutions is enabling real-time remote monitoring of domestic oil use in the UK. Spillsure Solutions uses an ultrasonic device to measure oil use every half hour. The device helps to improve householders' understanding of their fuel usage, enabling them to better manage its use, costs and related carbon emissions – cutting annual fuel bills by 15–20%. Read more on our support for Spillsure Solutions, <http://www.vodafone.com/business/m2m/case-study/spillsure-readies-globally-unique-solution-for-domestic-oil-efficiency>.



In focus: Powering smart meters in UK households

Energy companies are working towards a challenging goal to install smart meters in all 26 million homes in the UK by 2020 as part of the Government's efforts to meet carbon reduction targets. Vodafone's M2M technology is working with energy provider, npower, to offer secure connectivity for smart meters. npower is delivering over 19,000 smart meters every week to UK households to meet its target of nearly 6 million in total over a six-year period. Read more on our work with npower, <http://www.vodafone.com/business/m2m/case-study/npower-smart-meters-shine-a-light-on-energy-use>.

Communications technology will play an important part in realising the Smart City concept which aims to create cities that are safer, more efficient and prepared for growing urban populations by connecting people with services and making infrastructure more efficient.

Vodafone's M2M technology can also make cities smarter by helping them track water and energy use. For example, in Singapore thousands of M2M-enabled sensors embedded in the water grid have helped to reduce the leakage of treated water to 5%, compared with 24% in the UK and 13% in the US. A partnership between Venis, a locally based IT services company, Venice Council and Vodafone has resulted in a number of new services which have simplified relations between the council and users of local services through the use of M2M connectivity. These services are also helping to improve the security and quality of life of local residents in the city. From M2M traffic monitoring in downtown Venice, to a tidal alert system which has over 30,000 registered users and is in frequent use, and from a new system for consulting and accessing administrative forms online based on mobile phone technology, to a text-to-pay-for parking scheme, simplicity and convenience for users and for administrators are an integral part of the solutions we offer.

Enabling a low carbon economy



In focus: Bringing solar power to rural communities

To help bring power to people who do not have access to electricity, over 5,000 solar powered generators distributed by BBOX and connected by Vodafone M2M SIMs are delivering off-grid power in more than 40 countries, primarily Kenya, Rwanda and Uganda. The units can be activated in less than an hour and are monitored remotely from the UK, allowing BBOX to check for faults, install updates, track usage and monitor payments. Vodafone technology has enabled BBOX to plan for rapid expansion to roll out four million units by 2020. Read more about our work with BBOX, <http://www.vodafone.com/business/m2m/case-study/bbox-ensures-reliable-energy-for-remote-communities-worldwide-using-vodafone-m2m>.

Smart logistics

Our smart logistics products and services offer the biggest carbon saving potential for our customers. Tracking devices use M2M connections to communicate vehicle movements to fleet management systems and central software responds with route revisions that save fuel costs and emissions. Information about vehicle loads means spare capacity can be used more efficiently and vehicle condition reports can spot problems so they can implement preventative maintenance. Drivers are also encouraged to drive in a more fuel-efficient way.

TomTom's navigation technology, connected by Vodafone's networks, allows companies to track vehicles and monitor driving habits – contributing, for example, to Zenith Hygiene Group being able to cut its average carbon emissions from 15kg to 11kg per day, thanks to more efficient driving techniques. Around 1,500 buses in the Netherlands have been fitted with tracking devices provided by telematics solutions provider Sycada, which deliver real-time feedback on driver performance. These tracking devices, connected using Vodafone's M2M technology, are expected to improve fuel efficiency by more than 5% a year, saving the Connexion transport group over £2 million.

Read our case studies on how our M2M solutions are being used by Sycada (<http://www.vodafone.com/business/m2m/case-study/sycada-gets-the-netherlands-moving-smarter>), TomTom (<http://www.vodafone.com/business/global-enterprise/tomtom-partner-with-vodafone-2010-04-27>) and Zenith Hygiene Group (<http://www.vodafone.com/business/information-centre>).

Selected statements in this section were reviewed as part of EY's assurance of Vodafone's Sustainability Report.

For more details see our Assurance Statement.

June 2015



EY

Building a better
working world



Empowering sustainable choices

We aim to reduce the environmental impacts of our products and services, and help our customers make more sustainable choices.

We work with both our suppliers (see Responsible supply chain) and our customers to reduce the impact of our products across their life cycle, from material use through to responsible disposal. We empower our customers to make informed choices about which mobile phone they buy and encourage them to recycle devices and accessories when they are no longer needed.

We are also helping our enterprise customers achieve their sustainability goals through our low carbon solutions (see our Enabling a low carbon economy section) and bespoke services that are improving productivity, for example in the agricultural supply chain, (see our Agriculture section).

Read on to find out more about our approach and our performance in 2014/15.

Empowering customers to make more sustainable choices

We want to empower our customers to make informed decisions about the phones they choose. Eco-Rating helps them do just that, by rating mobile phones based on their environmental and social impacts on a scale of 0 to 5, with 5 being the most ethical and environmentally responsible.

Eco-Rating forms part of our retail marketing material and scores are displayed next to selected phones in some of our stores and online shops. It is now available in 11 of our markets: Albania, Australia (through our joint venture), Czech Republic, Germany, Greece, Hungary, Ireland, the Netherlands, New Zealand, Spain and the UK.

In 2014/15, we partnered with global telecommunications company Telefónica and sustainable development organisation Forum for the Future to create an updated version of Eco-Rating. This new Eco-Rating system aims to enable consumers to compare phones offered by different operators through a standardised rating scheme. The new rating has already been adopted by Vodafone, Telefónica and another communication company and is open to other network operators.

The rating is based on a self-assessment process undertaken by phone manufacturers. This includes extensive questions on the environmental and social impact of each phone across its lifecycle – from the mining of raw materials used to make components, to consumer use and disposal. It also draws on the EcoVadis industry supplier sustainability scorecard to take into account how committed the manufacturer is to managing its own environmental and social impact. Responses are validated by external experts and further evidence is requested if needed.

The scheme has received support from NGOs such as Planet Ark, which endorsed the launch of Vodafone's Eco-Rating in Australia, and the social enterprise Fairphone, which used it in the development of an environmentally and socially fairer phone.

For more on how we are working with suppliers to reduce the impacts of mobile phones and other devices, see Responsible supply chain section.

Retaining, reusing and recycling mobile phones

Mobile technology is advancing rapidly and many of our customers regularly replace their phones to stay up to date with the latest technology, especially in our mature markets.

Research conducted as part of our Eco-Rating scheme shows that the biggest environmental impact across the life cycle of a mobile phone is from its production. This is partly because mobile phones are often only used for a relatively short period of time compared with other consumer electronics. Extending the life of the phone through reuse reduces waste and helps to maximise use of the resources that went into producing the phone.

Through Vodafone Trade In, we offer both consumers and enterprise customers in 12 local markets attractive incentives to return used phones and tablets. These include discounts on new devices, charity donations or store credit. Returned mobile phones are refurbished and resold, and in cases where this is not possible we work with specialist partners to separate and recycle the components.

Empowering sustainable choices

Vodafone Trade In is a good example of how operating responsibly can directly support our business. It gives customers the option to return equipment they no longer need and has a commercial benefit for Vodafone. Find out more about how customers in the UK are using the service to redeem the value of their used devices on our Trade In website, <https://tradein.vodafone.co.uk/>. We are exploring further opportunities to put this type of model into practice to reduce waste and maximise the use of resources (see circular economy case study on right).

We also encourage customers to return their old mobile phones, tablets, other devices and accessories to us through our other recycling programmes. We raise awareness of these programmes through posters, leaflets, in-store collection points and prepaid envelopes provided with new mobile phones.

In total, we collected 1.15 million devices in 2014/15 through Trade In and our other recycling programmes in 15 markets, down from 1.29 million in 2013/14. This is a very small proportion of the number we sell. However, there are many other recycling options available to customers in European markets. In many of our emerging markets there is limited demand for recycling programmes, as unwanted mobile phones are typically reused by family and friends (see circular economy case study below).

In focus: Old mobile devices as a resource

Today's economy is mainly based on a linear model of 'take, make and dispose', where raw materials are used to make products which customers use and then dispose of when they are no longer useful. This is not, however, an efficient use of resources or a sustainable long-term model.

In contrast, a circular economy is regenerative, or circular, by design, where waste is treated as a resource. Vodafone sees significant opportunities in the circular economy model, not only to reduce the environmental impact of the products our customers use, but also to support our business and enhance our ability to deliver more innovative products.

Vodafone is a member of the Circular Economy 100, a global platform of leading companies that are working together to find ways to implement a circular-based economy. Through our mobile phone trade-in and leasing schemes – which provide incentives for customers to return their old phones for reimbursement – we have already incorporated some of the principles behind the circular economy.

In 2014/15, we met with 19 external stakeholders in the Netherlands, including enterprise customers and political representatives, to discuss potential initiatives that align with the circular economy concept, such as used phone trade-in schemes and ideas for product innovations.

Watch the video at <https://youtu.be/zkoSmXxFeoY>.

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For more details see our Assurance Statement.

June 2015



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Minimising our carbon footprint – Our approach

As we grow our business, we are using our technology to enable more of our enterprise customers to reduce their carbon emissions. At the same time, we aim to minimise the carbon footprint of our own operations by improving the energy efficiency of our network and using more renewable energy.

We are working towards a new goal for our carbon footprint: within three years we aim to enable our customers to reduce their carbon emissions by twice the amount of carbon we generate through our own activities. To find out more about the carbon-reducing products and services we offer, see our Enabling a low carbon economy section.

Carbon emissions from our network of base stations and technology centres (which include switching sites and data centres) together account for more than 87% of our own carbon footprint. Across our network, we are investing in more efficient equipment, trialling new technologies that reduce energy use and exploring options to produce more on-site renewable energy, where viable.

Read on to find out more about our approach or go to our Performance section to read about our progress in 2014/15.

Improving energy efficiency

We are investing in more efficient equipment, deploying energy-saving software features and introducing innovative on-site energy generation at our base stations and in our technology centres.

At the Vodafone Site Solution Innovation Centre in South Africa, our network innovation teams collaborate with external partners and suppliers to develop and test new technologies that will help us further reduce our energy use and carbon footprint. Reducing our reliance on diesel is an important focus as many of our base stations depend on diesel generators for primary or back-up power, particularly in emerging markets where there is limited access to reliable grid electricity.

The efficiency measures we are rolling out across our base station sites include:

- single RAN (radio access network) base stations that combine 2G, 3G and 4G technologies
- energy-saving software features that make better use of radio resource channels according to real traffic needs
- more efficient energy storage with high-temperature resistant batteries
- free cooling that reduces the need for energy-intensive air conditioning by using fresh air to cool network equipment
- hybrid power systems, which combine diesel generators with batteries for greater fuel efficiency and use smart energy controllers to cut diesel use by up to 70%
- smart energy controllers that enable remote monitoring and control of equipment to maintain optimum performance
- sharing network equipment with other operators, see our Network deployment section.

As demand for our voice and data services continues to grow from consumers and enterprise customers, we are handling more and more data at our 500 technology centres worldwide. To do this as efficiently as possible, we are:

- reducing the number of physical servers needed by using more virtual servers – secure servers hosted remotely and accessed via the internet – that reduce the need for physical infrastructure in our own data centres
- installing more efficient hardware and technology
- implementing innovative infrastructure, site design and systems for power and cooling (such as Dynamic Thermal Management which optimises the use of air conditioning)
- increasing our use of free cooling and upgrading equipment to new, more energy-efficient models
- rationalising our portfolio of buildings and technology centres for optimum efficiency.

See our Performance section to find out about our progress in 2014/15.

Minimising our carbon footprint – Our approach

Using renewable energy

To reduce our reliance on fossil fuels and cut related carbon emissions we are switching to renewable energy sources to power our base stations and technology centres. In some markets, we purchase green electricity from the grid.

A small but growing number of our base stations use renewable energy, mostly solar and wind power. This approach is more economically viable in emerging markets, reducing the need for diesel generators in remote areas where grid supplies may be unavailable or unreliable.

Our technology centres use large amounts of energy, but most are in urban environments where limited space hinders the use of solar or wind power. We are therefore exploring the use of innovative alternatives, such as tri-generation (combined heat, cooling and power production) and hydrogen fuel cells, to help us cut carbon emissions from these sites.

In some markets, we purchase electricity from the grid (see below) that is generated from renewable sources (known as green tariff electricity). At Group, we prioritise improving the energy efficiency of our networks and working to help our enterprise customers reduce their CO₂ emissions (see our Enabling a low carbon economy section).

In focus: Green tariff electricity and carbon accounting

There are uncertainties surrounding the carbon accounting of green tariff electricity because of a risk of counting the carbon saving both in the company accounts and as part of national or country accounts. We therefore report both a gross and net total for our CO₂ emissions to enhance transparency, see our Performance section. The Greenhouse Gas Protocol's standard for reporting Scope 2 greenhouse gas emissions, published in January 2015, seeks to address the issue of double counting. We aim to review and incorporate relevant recommendations from this standard in our future reporting.

Minimising business travel

We reduce the need for business travel – and associated greenhouse gas emissions – by equipping our offices with technology to enable our people to communicate and work together with colleagues around the world. Our unified communications system combines internal voice, data and video applications into one online experience so employees can contact colleagues through voice, video, instant messaging or web-based conferencing programmes.

◆ See overleaf for our Performance section

Minimising our carbon footprint – Performance in 2014/15

Minimising our carbon footprint – Performance in 2014/15

As we grow our business and extend voice and data services for our customers, we are expanding our network and handling more data. To minimise the resulting increases in energy use and carbon emissions, we continue to roll out energy efficiency measures and new technologies across our network. These include smart metering, hybrid generators and tri-generation (combined heat, cooling and power) systems.

At the same time, by extending our carbon-reducing services, we can enable more of our enterprise customers to achieve significant carbon reductions in their own organisations. We have set a new goal for our business, which links our aim to minimise our own carbon footprint with the savings we can help our customers make: within three years, we aim to enable our customers to reduce their carbon emissions by twice the amount of carbon we generate through our own activities.

Delivering carbon savings

Research shows that information and communications technology (ICT) can help other industries achieve significant carbon savings. To do so, the ICT sector's own footprint may need to grow slightly, but this increase is significantly outweighed by the carbon avoided in other sectors¹.

With this in mind, we have set a new goal that links our operational emissions with the carbon savings we help our customers make: within three years we aim to enable our customers to reduce their carbon emissions by twice the amount of carbon we generate through our own activities. We aim to achieve this by continuing to increase our customers' uptake of our carbon-reducing services, such as smart metering and fleet management (see our Enabling a low carbon economy section), as well as taking steps to minimise our own carbon footprint.

In 2014/15, our carbon-reducing services enabled enterprise customers to avoid generating an estimated 3.5 million² tonnes of CO₂-equivalent (CO₂e) – almost 1 million tonnes more than our own net carbon footprint.

Objective	Target date
Enable our customers to reduce their carbon emissions by twice the amount of carbon we generate through our own activities.	March 2018

Our carbon footprint

Our efforts to improve energy efficiency mean that the overall increase in carbon emissions from our network remains modest compared with the significant growth in data use by our customers and the capacity of our network. In 2014/15, our net carbon footprint increased by 10% to 2.80 million tonnes CO₂e. This is in comparison to the volume of data carried by our network, which nearly doubled over the same time period.

The following changes caused an increase in CO₂e emissions:

- a change in the carbon factor for grid electricity in many markets (an increase of 67,000 tonnes of CO₂e)
- the inclusion of emissions from new acquisitions, Kabel Deutschland and Ono (an increase of 100,000 tonnes)
- carbon increases from the growth in our network (an increase estimated to be 270,000 tonnes).

The following changes caused a decrease in CO₂e emissions:

- energy efficiency measures and the introduction of single RAN (a decrease estimated to be 154,000 tonnes)
- re-categorisation of emissions from base stations in Tanzania, where the majority of our base stations have been sold to Helios Towers (a decrease of 30,000 tonnes).

Progress against our current objectives is detailed below. Both our business and the policies for carbon accounting have changed significantly since we developed these objectives. As a result we have decided to replace both of our existing objectives with our new goal which we believe better reflects our overall carbon impact.

Notes:

1. Carbon Connections research, http://www.vodafone.com/content/dam/vodafone-images/sustainability/downloads/carbon_connections.pdf, July 2009.
2. This total is based on analysis with the Carbon Trust on four solutions: smart metering, smart logistics and fleet management, call conferencing, cloud and hosting services. See our Enabling a low carbon economy section.

Minimising our carbon footprint – Performance in 2014/15

 Ongoing
  Achieved
  Partial
  Not achieved

Original Objective	Our performance in 2014/15	Status
Reduce CO ₂ emissions by 50% against the 2006/07 baseline by March 2020 for mature markets ³	After adjusting for acquisitions, total CO ₂ emissions in our mature markets have increased by 6% since 2006/07, mainly as a result of increased expansion of our network services to meet customer demand. Over the same period the volume of data carried by our network has increased more than fifteen-fold.	Objective replaced (see new goal on previous page) Our business has changed significantly since we set this objective and we are now replacing it with a new goal that takes into account the emissions reductions our services deliver for our customers as we continue to seek to minimise our own carbon footprint
Reduce CO ₂ per network node ⁴ by 20% against a 2010/11 baseline by March 2015 for emerging markets ⁵	We have reduced our emissions per network node to 13 tonnes of CO ₂ . This is a 28% reduction from the 2010/11 baseline, exceeding our 20% target for 2015.	

Notes:

- Mature markets are: Czech Republic, Germany, Greece, Hungary, Ireland, Italy, the Netherlands, New Zealand, Portugal, Romania, Spain and the UK.
- A single base station site may contain more than one node for each network served (2G, 3G or 4G).
- Emerging markets are: Albania, Democratic Republic of Congo, Egypt, Ghana, India, Lesotho, Malta, Mozambique, Qatar, South Africa and Turkey.

Net greenhouse gas emissions (million tonnes CO₂e)⁶

	2012/13	2013/14	2014/15
Scope 1 (direct emissions from our operations)	0.41	0.42	0.37
Scope 2 (indirect emissions from purchased energy used in our operations)	1.95	2.13	2.43
Net total Scope 1 & 2	2.36⁷	2.55⁸	2.80⁹

Notes:

- Includes greenhouse gas emissions from network and building energy use, road travel, refrigerants and fire suppressants. KDG and Ono data included for 2015 only. Excludes Indus Towers in India and Helios Towers in Tanzania – both reported as Scope 3.
- Excludes refrigerants and fire suppressant emissions from Czech Republic, India, Lesotho, Mozambique, Qatar and Tanzania.
- Excludes refrigerants and fire suppressant emissions from India, Lesotho, Qatar and Tanzania. Ghana data estimated as the same as 2012/13.
- Excludes refrigerants and fire suppressant emissions from India, Qatar and Tanzania.

Minimising our carbon footprint – Performance in 2014/15

Total CO₂ emissions (thousand tonnes)¹⁰

	2012/13	2013/14	2014/15
Gross total Scope 1 & 2 emissions from network and building energy use and fleet fuel use, of which:	2,672	2,858	3,127
Net total CO ₂ emissions in mature markets	1,010	1,178	1,360
Net total CO ₂ emissions in emerging markets	1,311	1,303	1,412
CO ₂ emissions from green tariff energy	351	377	355
Scope 3 emissions (associated with activities outside Vodafone's direct control):			
Air travel	54 ¹¹	56 ¹²	55¹²
Shared base station sites in India	1,648	1,463	1,562
Shared base station sites in Tanzania	-	-	33

10. Notes on emissions calculations:

- **Gross emissions** are total emissions before accounting for any emissions reductions that have been purchased or sold. For grid electricity, emissions are calculated using a kWh to CO₂e conversion factor based on one of the following sources (in order of priority): - conversion factors provided by our energy suppliers - conversion factors provided by governments or other national bodies- Defra conversion factors (2014) or IEA (2011) where unavailable.
- **Green tariff energy** is electricity purchased under 'green' energy tariffs backed by evidence of renewable supply and transmitted through the national grid.
- **Net total emissions** are calculated by subtracting emissions from green tariff energy. Calculated based on conversion factors for normal grid electricity, green tariff energy is assumed to have zero emissions. It is unlikely that renewable energy is truly zero carbon; for example, there will be carbon associated with manufacturing and maintaining the renewable energy generator equipment. However, due to the current lack of clear international guidance on how to estimate the carbon emissions associated with renewable energy, it is counted as zero carbon here.

11. Excludes data from India, Qatar and Democratic Republic of Congo (DRC).

12. Excludes data from India and Qatar.

Minimising our carbon footprint – Performance in 2014/15

Understanding our energy use

In 2014/15, we continued the rollout of smart meters across our network. Now installed at 50,389 of our base stations, these meters provide detailed information on energy use, helping us to identify and target opportunities to reduce consumption through a central management platform. For example, we used data from smart meters at 199 sites in Portugal to identify efficiencies that are cutting energy consumption by around 25% and saving up to €99,000 a year. All newly constructed base stations now have smart meters installed as standard and we will continue to roll them out over the next few years.

We have also deployed smart meters or sub-metering at more than 60% of our technology centre sites to give us a detailed understanding of our energy consumption. By monitoring the energy use of equipment such as air conditioners, lights or servers, we can identify and address inefficiencies, for example from underused servers.

We also offer smart metering solutions to our enterprise customers to help them monitor and reduce their energy use, see our Enabling a low carbon economy section.

Energy use in 2014/15 (GWh)

	2012/13	2013/14	2014/15
Network base stations	3,064	3,202	3,657
Technology centres	1,116	1,485	1,644
Offices	462	457	474
Retail	81	74	78
Total	4,723	5,218	5,853

Energy use by source in 2014/15 (GWh)

	2012/13	2013/14	2014/15
Grid	3,557	4,127	4,667
Grid renewable	755	680	756
On-site renewable	4	6	6
Diesel and petrol	302	287	284
Other	105	118	140
Total	4,723	5,218	5,853

Improving energy efficiency

In 2014/15, we continued to introduce energy efficiency measures throughout our operations including at our base stations, technology centres and offices.

Initiatives across our network of more than 283,000 base station sites included:

- installing efficient Single RAN technology (allowing multiple network radio technologies, 2G, 3G and 4G to be run from a single base station), which is now operational at 112,743 sites across the Group
- activating new energy-saving software features – such as transceivers that switch-off automatically in periods of low traffic – across our Single RAN sites, reducing the energy use of each base station by up to 10%
- rolling out free cooling technology at a further 3,017 base station sites, saving between 2,000kWh and 3,500kWh of energy per year per site by reducing the need for air conditioning
- installing 426 more batteries that can withstand higher temperatures (up to 35°C) to reduce the need for air conditioning at base stations in hot countries, bringing the total to 2,168
- deploying hybrid solutions – a combination of diesel generators and batteries that cut diesel use by up to 70% per site – at a further 8,275 sites. These are now in place at around 13,275 base station sites across the Group.



In focus: Vodafone Italy received an Energy Saving Award

In November 2014, Vodafone Italy received the 'White Certificate for Energy Efficient Industry' award in the 'Best project submitted by an organisation with energy managers' category, from the Italian Federation for the Rational Use of Energy (FIRE). 'White Certificates' are issued to certify energy savings achieved through energy efficiency initiatives and was awarded to Vodafone Italy for the energy savings achieved by swapping legacy radio equipment for new, more energy efficient technology (SRAN swap).

Minimising our carbon footprint – Performance in 2014/15

Carbon emissions from energy use in our technology centres – our data centres and switching sites – accounted for approximately 28% of our total emissions in 2014/15 and are projected to grow as demand increases for our data services.

A common measure of technology centre efficiency is power usage effectiveness (PUE), the proportion of energy used to power computer equipment as opposed to the energy use of an entire site, including ancillary functions such as cooling. In 2014/15, we continued to improve the PUE at our global and regional data centres in Germany, Ireland, Italy and the UK, lowering the average from 1.49 to 1.46. We have also achieved an average of 1.69 in over 500 technology centres worldwide by introducing a range of energy efficiency initiatives. Examples of these initiatives include:

- integrating energy efficiency requirements in our supplier selection process for equipment
- implementing innovations such as adiabatic cooling (which transfers heat), dynamic thermal management systems and eco-mode features on power conversion systems to improve overall site infrastructure efficiency
- replacing the air conditioning units used to cool our computer rooms with new more efficient models and implementing free cooling at most sites
- increasing maximum air temperature before air conditioning turns on from 20°C to 28°C at global data centres in Germany, India, Ireland, Italy and South Africa, and from 20°C to 25°C in switching sites worldwide
- improving the virtualisation ratio – the number of virtual servers compared with physical servers – from 57% in 2013/14 to 63% in 2014/15, making more effective use of space at our global data centres and reducing the need for physical infrastructure.

We also aim to minimise CO₂ emissions from other areas of our business, including employee travel, office energy use and IT impacts. We increased the use of remote collaboration technologies by almost 17% in 2014/15, with employees using video conferencing for an estimated 108,333 hours a month. CO₂ emissions from our business air travel has remained largely constant over the past three years, despite the number of employees increasing by over 10%.

Our flexible working programmes in several markets are helping to reduce energy use and emissions from offices and employee commuting. We are using these programmes to showcase the potential of our technology to bring similar benefits for our customers through our smart working solutions, see our Enterprise website, <http://enterprise.vodafone.com/what-we-do/business-need/work-the-way-you-want/>.

We also aim to reduce the overall impact on the environment from our office buildings. For example, our new Czech headquarters in Prague, which opened in 2014/15, is certified to the Gold standard by the LEED green buildings organisation. Our Site Solution Innovation Centre in South Africa has previously been awarded the maximum six stars from the Green Building Council of South Africa, <https://www.gbcsa.org.za/>.

Targeting emissions reduction through innovation

In 2014/15, we continued to partner with suppliers to develop new technologies at our Site Solution Innovation Centre in South Africa and trial those solutions in our local markets. These include:

- air conditioners that use up to 75% less energy by running on both alternating current (AC) and direct current (DC) power
- solar upgrade kits that enable us to attach solar panels to existing sites that already use hybrid generators to further reduce diesel consumption
- dynamic thermal management, which balances the distribution of air to optimise cooling
- a more efficient way of hosting new network virtualisation and cloud services
- generators that use alternative fuels, such as hydrogen fuel cells, to reduce diesel consumption and microturbines that produce power more efficiently than traditional diesel generators
- alternative energy storage technology, such as different types of batteries that are more resilient and have a longer lifespan than conventional rechargeable batteries.

A number of the solutions we have piloted are now being used extensively in our local markets. For example, the power cube we developed is now installed at 539 base station sites across Egypt and South Africa. This compact hybrid generator can reduce the running time of a diesel generator by up to 82%, save up to 93% on servicing costs and cut fuel consumption by more than 50%. In South Africa, 273 fuel cells are deployed, the majority being methanol-based systems and some hydrogen systems.

We have also installed more efficient filters that extend the life of base station equipment and reduce the need for maintenance trips. Our 6,000 new active antennas, which integrate radio equipment into the antenna rather than in a separate unit attached by cables, are cutting energy consumption by up to 30% per site.

Minimising our carbon footprint – Performance in 2014/15

As we expand our networks into more rural areas, we are exploring opportunities to use renewable power generated at our base stations to bring power to remote communities without electricity. In the first three years of operating a trial site in South Africa, we cut monthly diesel use by 86%, labour costs for maintenance by 57% and CO₂ emissions by 86%. There have also been significant benefits to the community. Following the success of this community power pilot, we plan to launch a second trial site in 2015/16 that will provide power to a local school.



In focus: Harnessing hydrogen power

Fuel cells offer a number of advantages over traditional diesel generators as they are cleaner, quieter and less prone to fuel theft. In urban environments, where limited space hinders the use of solar or wind power, hydrogen fuel cells also help reduce carbon emissions.

In South Africa, fuel cell deployment started eight years ago with the introduction of pure hydrogen fuel cell systems. More recently, methanol-based fuel cells are being used to reduce the need to regularly swap hydrogen cylinders. The methanol-based fuel cells use a reformer to generate hydrogen on site, as and when required by the fuel cell. These fuel cells are simpler to service as refilling the tanks with the diluted methanol mixture is easier than transporting heavy hydrogen cylinders over long distances.

Vodafone Netherlands is also piloting innovative technology that uses hydrogen fuel cells to power our base stations in an urban environment. Trialled in partnership with Ericsson, Locquet and Air Liquide, this zero emissions technology splits water into oxygen and hydrogen and uses the hydrogen to generate electricity. The only by-product is warm water. This technology is expected to cut emissions from the first pilot base station in Rotterdam by 30 tonnes a year.

Using renewable energy

To reduce our reliance on carbon intensive energy sources, we promote the use of small-scale renewable energy to power our network. We installed solar power at a further 233 sites in 2014/15. On-site renewable energy is still only used at a small proportion of our base station sites, but we are developing a capital investment programme to support the deployment of renewable technology across our network.

The quantity of renewable energy we use as a proportion of our total energy consumption has remained relatively stable at 13%. In 2014/15, we invested in renewable power purchase agreements in the UK to source part of the energy for our UK business from wind. This investment is the first of its kind for Vodafone and we are exploring further opportunities to support the development of renewable power and therefore reduce risks related to energy price increases.

Energy use, carbon and greenhouse gas emissions, as well as selected supporting statements in this section were reviewed as part of EY's assurance of Vodafone's Sustainability Report.

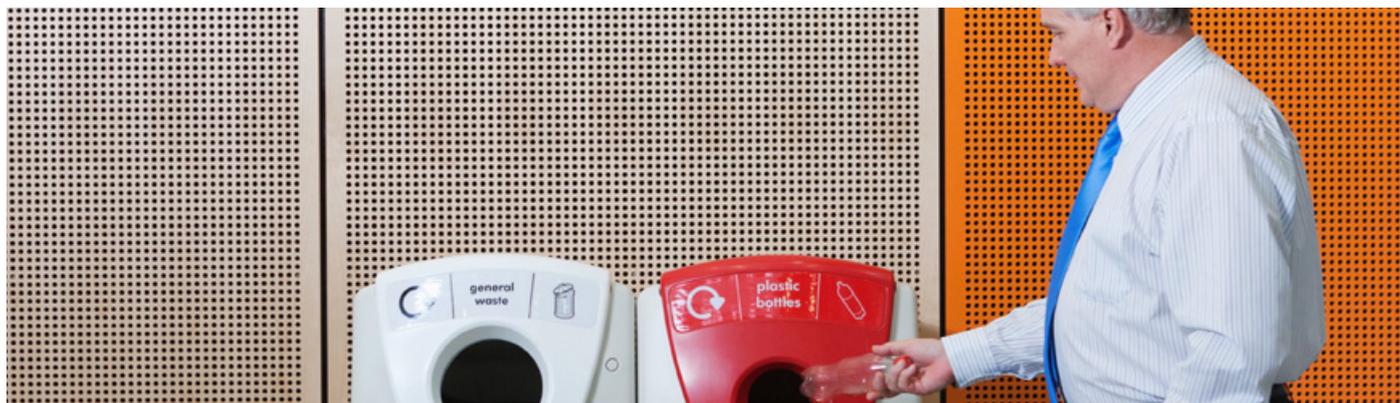
For more details see our Assurance Statement.

June 2015



EY

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Managing our impact

We have robust management systems in place to help us minimise our impact on the environment and continually improve our performance.

Accountability for our environmental performance rests with the senior management in each of our local markets as well as certain Vodafone Group functions, including the Technology and Supply Chain teams. Ultimate accountability rests with local market Chief Executives and the Group Executive Committee.

The issues most relevant to our business are identified through our materiality process (see Our priorities). The most significant environmental impact of our operations is energy use and the related carbon emissions in our network, which we report in Minimising our carbon footprint. We also manage our impact in a range of other areas as described below.

Our environmental management systems provide a framework for managing and reducing our impact across the Group. This includes monitoring risks, setting targets, reviewing progress and reporting performance.

Our local markets' environmental management systems in the Czech Republic, Greece, the Netherlands, Portugal, Romania, South Africa, Spain and the UK are certified to international standard ISO 14001.

Read on for more on our approach and our performance. For information on managing our energy use and carbon emissions, see Minimising our carbon footprint section.

Electronic waste from our networks

As technology advances, we replace our network equipment with new, more energy-efficient equipment that improves the network service for our customers and makes our operations more efficient. This generates electronic waste (e-waste), most of which is reused or recycled. During 2014/15, we saw a significant increase in the amount of network equipment waste generated as a result of our continued roll-out of Project Spring to upgrade the network across a number of markets. We continued to achieve high recycling rates, with 98% recycled.

Some e-waste is potentially hazardous so it must be handled separately and disposed of responsibly. We seek to comply

with environmental regulations and have systems in place to manage the safe disposal of such materials.

In our mature markets, we generally have a choice of expert e-waste recycling contractors that comply with international regulations on e-waste. However, in emerging markets this is more challenging as there is often a lack of sufficient facilities and legal safeguards for recycling and disposing of e-waste safely. Finding the most sustainable solution in these markets is not always easy, but we always aim to ensure network waste is disposed of responsibly. For example, we may have to choose between:

- allowing materials to be processed within the emerging market despite a lack of suitable facilities, while helping to build recycling capacity for the future, or
- transporting materials back to mature markets for processing, which enables the use of high-quality facilities but increases carbon emissions from transport and does not help to build capacity in emerging markets.

In some cases, we store old equipment for future reuse within the business or until we can find a sustainable option for recycling or disposal. Of the e-waste leaving the business, 98% is sent for reuse or recycling and the remaining 2% is disposed of.

Our Group-wide policy on waste management is designed to ensure consistently high standards across the Group. It requires local markets to record all waste streams and only use suppliers that are regulated, licensed or have been assessed as suitably qualified through our supplier qualification processes.

In 2014/15, we assessed compliance against the Group policy for 14 markets and identified areas where further work is needed to achieve full compliance. These include clarification on whether Vodafone or its suppliers have responsibility for end-of-life take back and maintaining an up-to-date list of approved contractors. To improve compliance, we are standardising the way we track network equipment at the end of its life and exploring solutions to enable e-waste to be managed in the countries where it is generated, particularly in emerging markets.

Managing our impact

Network equipment waste generated and proportion recycled

	2012/13	2013/14	2014/15
Network equipment waste generated (tonnes)	10,995 ¹	11,477 ²	20,828 ³
% of this network equipment waste sent for reuse and recycling	99	99	98

Notes:

1. Data excludes DRC, India, Lesotho, Mozambique, Qatar and Tanzania. Data for Egypt is based on receipts from authorised waste contractors.
2. Data excludes Ghana, India, Lesotho, Qatar and Tanzania. Data for Egypt is based on receipts from authorised waste contractors.
3. Data excludes Egypt, India, Lesotho and Qatar. The significant increase is due to the ongoing roll-out of Project Spring.

Office waste

We are committed to reducing, reusing and recycling the waste we produce where possible. The main waste produced by our offices, call centres and shops is paper, printer toner cartridges, packaging material and IT equipment. We provide recycling points in offices to encourage employees to recycle and we promote double-sided printing to save paper. IT equipment is either returned to suppliers or donated to charitable causes.

Water

Our operations use relatively little water compared with other industries and we do not consider this to be material to our environmental impact. However, we recognise that water is becoming an increasingly important issue, particularly in water-stressed regions of the world. We monitor and aim to reduce water use locally by, for example, installing low-flow toilets in offices. The increase in consumption this year is primarily due to acquisitions, but also a result of more complete reporting in some markets.

	2012/13	2013/14	2014/15
Total volume of water used (million litres)	1,037 ⁴	1,472 ⁵	1,900 ⁶

Notes:

4. Data for India, Qatar and Tanzania is based on estimates from previous records. Data from Lesotho and DRC was not available and is therefore excluded.
5. Data for India and New Zealand is based on estimates from previous records (approximately 10% of the total figure). Data from DRC was not available and is therefore excluded from the total.
6. Data has been estimated for India and New Zealand using average consumption per employee from other markets.

Ozone depletion

Some of our network cooling systems and air conditioning systems in our offices and shops use refrigerants. We have phased out the use of chlorofluorocarbons (CFCs) and are working to phase out the use of hydrochlorofluorocarbons (HCFCs) in accordance with the Montreal Protocol, an international agreement on the phasing out of ozone-depleting substances.

	2012/13	2013/14	2014/15
Total Ozone Depleting Potential (ODP) of refrigerants and fire suppressants replenished during the year (kg CFC-11 equivalent)	102 ⁷	547 ⁸	262 ⁹

Notes:

7. Data excludes Czech Republic, Ghana, India, Lesotho, Mozambique, Qatar and Tanzania.
8. Data excludes India, Lesotho and Mozambique.
9. Data excludes India, Qatar and Tanzania.

Managing our impact

Complying with environmental regulations

We have taken steps to assist our local markets in complying with applicable environmental legislation, for example on e-waste. This includes national legislation in each market and European regulations such as:

- the EU's Restriction of the use of certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive
- the Waste Electrical and Electronic Equipment (WEEE) Directive in EU countries, which requires companies to take back and recycle used electrical and electronic equipment at the end of their useful life
- the EU's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Directive, which restricts the use of certain substances of high concern in any of the products we sell.

There were no prosecutions for environmental offences in 2014/15. Fines for breaches in environmental regulations have continued to diminish due to enhanced training for employees in certain markets on the importance of community engagement in the siting of base stations.

	2012/13	2013/14 ¹⁰	2014/15
Amount of fines for environmental regulation breaches (£)	131,511	46,265	23,516

Notes:

10. 2013/14 value has been restated to more accurately reflect administrative charges in Turkey rather than environmental fines.

Network waste data, as well as selected supporting statements in this section were reviewed as part of EY's assurance of Vodafone's Sustainability Report.

For more details see our Assurance Statement.

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Operating responsibly

To earn and retain the trust of our customers and other stakeholders we need to manage our operations responsibly and conduct our business in an ethical and transparent way



Everyone we deal with – from our customers, partners, suppliers and employees, to governments, regulators and NGOs – rightly expects us to act responsibly and with integrity at all times. The trust of our customers and other stakeholders is essential to Vodafone and critical to the value of our brand. To maintain that trust, we must ensure we always conduct our business in a responsible, transparent and ethical manner.

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Privacy and security – Our approach

Protecting our customers' personal information and respecting their privacy are essential to maintain their trust. Managing privacy and security risks effectively and putting customers in control of their data is core to our approach.

People are increasingly concerned about the privacy and security of their personal information as they use communications technology more and more. We aim to make it easier and more intuitive for our customers to understand and take control of how their data is used.

The complexity of technology, cyber threats and the potential for human error can lead to information being lost, deleted or getting into the wrong hands. Our policies and programmes are designed to ensure the privacy and security of customer information across Vodafone. We offer a range of apps and network services that help consumers and enterprise customers enhance their privacy and security.

Governments also have legal powers to demand access to customer communications and data and we manage these challenging issues through the policies and procedures covered in detail in our Law Enforcement Disclosure report.

There is enormous potential to use personal data to create economic and social value for individuals and businesses. To realise this potential, people need to give businesses access to their data and they need to know that it will be used responsibly. We help put our customers in control of their data and how it is used with tools that enable them to manage privacy and permissions for their devices, apps and interactions with Vodafone.

Read on to find out more about our approach. Or go to our Performance section to read about our progress in 2014/15.

In focus: Law Enforcement Disclosure report

The issue of government surveillance has come under increased scrutiny. Our Law Enforcement Disclosure report details Vodafone's approach to responding to government demands for access to customer information, along with a breakdown of the legal powers governments hold. We

also publish statistics on the number of law enforcement demands we receive on a country-by-country basis, where it is legal to do so and the government does not already publish such information.

Vodafone is one of the first communications operators in the world to provide this kind of country-by-country analysis of law enforcement demands, based on data gathered from our local licensed communications operators. We have committed to update the information disclosed in this report annually. We expect the contents and focus of the report to evolve over time and we will work with key stakeholders on the best way to do this.

Through the Law Enforcement Disclosure report, we:

- explain the principles, policies and processes we follow when responding to law enforcement and intelligence gathering demands from agencies and authorities
- explain the nature of some of the most important legal powers invoked by agencies and authorities in our countries of operation
- disclose the aggregate number of demands we received over the last year in each of our countries of operation, unless prohibited from doing so, or if a government or other public body already discloses such information
- cite the relevant legislation which prevents us from publishing this information in certain countries.

Read our first Law Enforcement Disclosure report, published in June 2014, www.vodafone.com/sustainability/lawenforcement.

In February 2015, we updated the Legal Annex to the Law Enforcement Disclosure report to provide, on a country-by-country basis, an overview of three further categories of legal power which may be used by government authorities – this time in the area of censorship. Those categories are: the shutdown of network or communication services; the blocking of access to URLs and IP addresses; and the powers enabling government agencies and authorities to take control of a telecommunication network.

The next full report will be available from mid July 2015.

Privacy and security – Our approach

Creating the right culture

Our privacy and security programmes govern how we collect, use and manage customers' information – ensuring the confidentiality of their personal communications, respecting their permissions and protecting and securing their information.

We promote a strong internal culture where our employees understand the critical nature of privacy and security risks and know how to manage them. Privacy and security are fundamental to our global Code of Conduct, by which all Vodafone employees are bound, <http://www.vodafone.com/content/index/about/conduct.html>.

Our Privacy Commitments set out the principles that govern our approach to privacy and build customer trust through transparency, empowerment and reassurance (see feature below).

In focus: Privacy Commitments

1. **Respect:** We value privacy because of its value to people. It's about more than legal compliance – it's about building a culture that respects privacy and justifies the trust placed in us.
2. **Openness and honesty:** We communicate clearly about actions we take that may impact privacy, we ensure our actions reflect our words and we are open to feedback about our actions.
3. **Choice:** We give people the ability to make simple and meaningful choices about their privacy.
4. **Privacy-by-design:** Respect for privacy is a key component in the design, development and delivery of our products and services.
5. **Balance:** When we are required to balance the right to privacy against other obligations necessary to a free and secure society, we work to minimise privacy impacts.
6. **Laws and standards:** We comply with privacy laws and we will work with governments, regulators, policy makers and opinion formers for better and more meaningful privacy laws and standards.
7. **Accountability:** We are accountable for living up to these principles throughout our corporate family, including when working with our partners and suppliers.

We can only ensure our customers' privacy if we first ensure the security of their information and communications. Our Key Principles on Information Security set out how we securely create, use, store or dispose of all the information we manage so that it cannot be lost, stolen or manipulated, or used without our authorisation (see feature below).

We expect our employees to know how to protect customer information and to challenge others who fail to do so. Our global strategy, Doing What's Right, raises awareness of security risks throughout the business and deepens our security culture.



In focus: Key Principles on Information Security

Customer information is one of the greatest assets we are entrusted with and must be protected appropriately. We handle vast amounts of customer information in a variety of forms – written, spoken, electronic and on paper – on a daily basis. It is vital that we secure and manage this information and can ensure its:

- **confidentiality:** customer information must not be disclosed to, or accessed by, unauthorised people
- **integrity:** customer information and software must be accurate, complete and authentic so that it can be relied upon
- **availability:** customer information must be available when needed – including to our customers – and information systems and networks must function when required.

Privacy and security – Our approach

Managing privacy and security risks

New technologies such as mHealth, smart working, big data analytics and the Internet of Things offer significant economic and social benefits to people and businesses around the world, see our Transformational solutions section. But their use of personal data raises complex privacy and security risks.

Risk management is central to our approach to privacy and security. To help us identify and manage emerging risks, we assess the implications of our business strategy, new technologies, customer concerns, cyber threats and relevant industry developments.

We conduct regular formal reviews of the most significant privacy and security risks affecting our business at Group and develop strategies to respond to the most critical risks (see table below).

Our response may include investing in new capabilities or technologies, revising policies or working through associations such as the GSMA to influence others in our industry, <http://www.gsma.com/>. We engage regularly with external stakeholders and draw on their expertise to help shape our strategy and respond to their concerns.

Understanding and responding to privacy and security strategic risks

Issue	Risk	Vodafone's approach
Cloud services and hosting	Enterprise and consumer cloud-based services require the movement of data across international borders. Doing so helps us deliver faster services and reduce costs by avoiding duplication of infrastructure. This must be conducted lawfully, legitimately and securely, both within our own organisation and between Vodafone and its suppliers.	As part of our supplier engagement process, cloud service providers are evaluated from a legal and data protection perspective by specialist teams, to understand where data will be stored, what security arrangements for personal information are provided, and what contractual controls apply. Our contracts require all suppliers to advise us of any change in location of data storage and any data security breach.
Network traffic management	To deliver a high-quality network service, we need to manage the flow of telecommunications traffic across our network. For example, we may need to prioritise an uninterrupted video call over an email that is not so time critical. This requires us to examine some of the information, known as data packets, to identify the type of communication. The actual content, such as the text in a text message, is not inspected. This technique is sometimes referred to as deep packet inspection and can raise concerns about privacy.	We have a policy and a set of specific requirements that govern how we manage telecommunications traffic. Other than for the lawful purpose of managing traffic across our networks, our policy prohibits the use of network technologies that inspect data packets without an in-depth privacy impact assessment. This assessment ensures compliance with the law and allows us to evaluate and avoid or minimise the potential impact on the customer. Use of these technologies must be authorised by a senior executive at Group.
Advertising, analytics and big data	The vast amount of data generated by our customers has enormous potential value for mobile commerce and programmes with societal benefits, such as analysing traffic to support effective investment in transport infrastructure. The expansion of mobile connectivity into new fields means greater volumes of data. Even when anonymised and aggregated, concerns arise about how the value of big data can be unlocked while protecting individual privacy.	We have policies, guidelines and design principles for applications and services that use personal data. These seek to ensure that we provide customers with clear choices about how their data is used. We also research consumer perceptions and concerns to inform our strategy and help develop techniques that can enhance privacy.

Privacy and security – Our approach

Issue	Risk	Vodafone's approach
<p>Law enforcement assistance and human rights</p>	<p>Everywhere Vodafone operates, governments retain law enforcement powers that can limit privacy and freedom of expression. These include legal powers that require telecommunications operators to provide information about customers or users, or to put in place the technical means to enable information to be obtained for law enforcement purposes, such as lawful interception. Governments also retain powers to limit network access, block access to certain sites and resources or even switch off entire networks or services.</p> <p>These powers have many legitimate purposes, including fighting crime and terrorism and protecting public safety. However, their use must be balanced with the respect for civil liberties and freedoms, including individuals' privacy and freedom of expression.</p>	<p>We closely manage compliance with legal obligations in respect to law enforcement assistance and our relationship with law enforcement authorities, in order to maintain our respect for human rights. We also engage with governments to seek to ensure that legal provisions governing the use of these powers contain adequate protection for human rights.</p> <p>Our Law Enforcement Disclosure report details our approach to responding to law enforcement demands for access to customer information, along with a breakdown of the legal powers governments hold, http://www.vodafone.com/content/index/about/sustainability/law_enforcement.html. We also publish statistics on the number of law enforcement demands we receive on a country-by-country basis, where it is legal to do so and the government does not already publish such information. This report will be updated in mid-July 2015.</p> <p>Our Global Policy Standard on Law Enforcement Assistance sets out our principles and standards on assisting law enforcement, including processes to ensure our actions are accountable at the most senior level, http://www.vodafone.com/content/dam/vodafone/about/sustainability/lawenforcementassistance.pdf.</p> <p>Vodafone is a founding member of the Telecommunications Industry Dialogue, https://telecomindustrydialogue.org/, and a signatory to its Guiding Principles on Freedom of Expression and Privacy, http://www.vodafone.com/content/dam/sustainability/pdfs/telecom_industry_dialogue_principles.pdf. These define a common approach to dealing with demands from governments that may affect privacy and freedom of expression in a principled, coherent and systematic way.</p>

Privacy and security – Our approach

Managing operational risks

A network of privacy officers use our Privacy Risk Management System (see Privacy centre, http://www.vodafone.com/content/sustainabilityreport/2014/index/operating_responsibly/privacy_and_security.html), to help meet our Privacy Commitments in all our local markets. This provides a common framework to assess and improve our privacy programmes across the Group, while allowing the flexibility to respond to local privacy concerns, legal requirements or stakeholder expectations.

Our information and network security policies, practices and technologies include physical controls and advanced security monitoring systems to detect and respond to cyber threats in real time. These are regularly audited and tested. We also conduct risk assessments and due diligence to ensure our suppliers and partners meet our security standards.

Vodafone's approach to Information Security is based on the principles of the international ISO 27001 standard and our core data centres in Germany, Hungary, India, Ireland and Italy are certified to this standard.

Our security systems are continually updated and monitored to detect and block cyber threats. But technology is only part of the answer. We employ around 800 people worldwide whose roles are wholly or partly focused on protecting our customers' privacy and personal data. We also run global awareness and engagement programmes designed to ensure that all of our employees understand their role in protecting customers' information.

Cyber threats pose a growing risk as they become more pervasive and sophisticated. We support relevant industry alliances and collaborations to develop standardised international rules and governance systems for behaviour in cyberspace. For example, Vodafone is a founding member of the Global Forum on Cyber Expertise (<https://www.gccs2015.com/programme/global-forum-cyber-expertise>) whose core objective is to strengthen cooperation on cyber security by creating more opportunities for governments, businesses, civil society, citizens, technical experts and academics from across the world to engage on and develop innovative solutions. Read on to find out more about our efforts to tackle cyber security.



In focus: Taking action on global cyber security

The risk of cyber-attacks is treated by many countries as a priority threat to national security. Cyber threats – from competitors, hacktivists, cyber criminals, terrorists or nation states – pose a significant risk to our business and our customers.

Anticipating and preventing these threats is essential to ensure the security of critical national infrastructure that is supported by our networks and to maintain trust in e-commerce. We analyse and review cyber security threats and develop strategies to respond to the most critical risks.

Vodafone's Global Security Operations Centre is designed to detect attacks as they happen and minimise their impact. This centralised security centre monitors our IT systems 24 hours a day, seven days a week, to enable us to respond to cyber threats in real time and provide the highest level of protection. We identify and deal with tens of millions of IT security attacks every month, to protect the information of over 400 million customers and ensure the best network performance.

We recognise that some attacks may be successful and may result in data being compromised. We have a robust business continuity management programme across Vodafone to ensure an effective and timely response to any emergency or crisis involving critical business operations. We align our business continuity management with International Standards, such as ISO22301, and local legislation.

Privacy and security – Performance in 2014/15

Privacy and security – Performance in 2014/15

Respecting privacy, protecting security and putting customers in control of their information is critical to our continued success.

Our investment in security measures is more important than ever. Cyber-attacks are becoming more sophisticated. And wider use of social media is leading to an increase in identity theft and attempts by fraudsters to gain access to confidential information by posing as others online.

Government access to individuals' private communications has come under increased scrutiny. Our Law Enforcement Disclosure report aims to increase transparency and improve understanding of this issue.

Putting customers in control

We put customer needs at the heart of our approach to privacy. We see huge potential to differentiate our brand by offering products and services designed to support customers in improving their privacy and security.

A new approach to transparency

Personal data belongs to our customers. We are building tools that put them in control by enabling them to easily view and update the permissions they grant to use their data. We believe the best way to address our customers' concerns is to make a clear and bold promise to them. We want to make sure that when we talk to our customers about privacy it is not confusing or hidden in legal small print.

To assess and understand customer concerns and awareness of privacy issues, we surveyed 11,000 customers across 11 European markets in 2014/15. This research helped us understand and quantify the commercial benefits of a customer-centric approach to privacy and permissions. We also conducted in-depth conversations with customers about their needs and their desire to manage their information.

Based on this research, we are rolling out improved tools for our customers that will enable them to take control of their personal information so that they can easily see the type of information Vodafone holds about them, find out how this information is used and consent or withdraw their permission for its use. We intend for these tools to be accompanied by a clear promise to our customers which details how we will treat their data, written in terms they can understand.

Privacy and security by design and by default

We build privacy into our products and services from the outset.

In focus: Vodafone Net Perform demonstrates privacy by design

The Vodafone Net Perform application, introduced in 14 local markets in 2014/15, demonstrates privacy by design in practice. Net Perform is a device analytics application that gives customers the ability to monitor their data usage, WiFi usage, mobile performance and test network speeds. Customers can see how much data their apps are using and which ones use the most data on their devices.



Vodafone Net Perform also helps us improve our service by capturing detailed insights into the quality of service that our networks and devices provide for our customers. Privacy is protected by anonymising the data on the device, reporting it only as aggregated statistics and providing interactive features to help customers intuitively understand and control how their data is collected and used, rather than relying solely on legalistic privacy disclosures.

Several of our products demonstrate the potential of privacy and security as a business opportunity for Vodafone. In 2014/15, we introduced Secure Net in six local markets, <http://securenet.vodafone.com/>. This service helps protect customers and their families from harmful content, including phishing sites and malware, when using the Vodafone network. A complementary service, Secure Net Companion, offers customers end-to-end protection across our network and when they are using their device over Wi-Fi.

We have been investigating how to build privacy management capabilities into our Machine-to-Machine (M2M) platform and embed privacy features into the next generation of M2M technology (such as smart metering, connected cars and wearable technology). Our approach takes into account recent positions from regulators, such as the US Federal Trade Commission and the European Commission, and translates these positions into requirements for our business. We are also working with organisations like the GSMA to create a standard industry approach, <http://www.gsma.com/>.

Privacy and security – Performance in 2014/15

Strengthening our programmes

In 2014/15, we continued to address emerging privacy and security threats and vulnerabilities through ongoing monitoring and compliance programmes. Remediation plans have been put in place to address deficiencies identified through these programmes. We also recognise that if things do go wrong, we need to act quickly and openly to protect our customers. We piloted a new customer privacy impact service to ensure that when incidents occur they are managed effectively and that we always put the customer first.

Our internal audit teams conducted in-depth assessments in 2014/15 to test how effectively our global privacy risk management systems are working in the Czech Republic, Germany and Spain. No major non-compliance issues were found. We also undertook an audit of three Vodafone service centres, which provide internal technology and process support for our employees, where some non-compliance issues were identified. We are reviewing the findings and will follow up with these centres.

Our local markets conducted a total of 425 privacy risk impact assessments for new products and services in 2014/15. In addition, we conducted an internal strategic review of our cloud services to ensure a consistent global approach to cloud privacy and security, whether for our internal use or for our customers. As countries around the world move towards requirements for local hosting of essential data, we monitor these developments and ensure that our global platforms and centralised services can comply and compete.

We also assessed compliance with our Global Policy Standard on permissions and audited the permissions we capture from customers to hold and use their data across all our local markets for products and services in areas like marketing, analytics and advertising. This helped us understand how well we are implementing our guidelines on being transparent with customers about choosing which information to share and how it is used. We continue to work with our local privacy teams to ensure our global policy on the permissions required to use customer information is integrated in our processes across the business.

Our acquisition of Cobra Automotive Technologies (now called Vodafone Automotive) brought with it the development of new capabilities in M2M technology for the automotive field. We will publish a white paper in 2015/16 on how we are designing privacy into our connected car proposition, <http://m2m.vodafone.com/cs/m2m/discover-m2m/industries/automotive>. This will include recommendations for establishing industry standards around privacy for the emerging connected car and usage-based insurance sectors.

Nurturing a culture of privacy and security

Raising awareness of privacy and security issues among employees is critical to our efforts and we use a wide range of tools to communicate effectively on this issue across the business. Our global privacy and security awareness online portals contain policies and guidance, for example on how to work securely at home, in the office and on the move.

Training on the importance of privacy and security is included in our Doing What's Right e-learning course for all employees, see our Ethics section. In 2014/15, we launched global e-learning modules on privacy and security for employees in high-risk roles around the world, including those who make decisions about product design, respond to government requests or deal with highly confidential information on a daily basis. In the 14 months since its launch, more than 83,000 employees (around 82% of our workforce) have completed the Privacy Basics module.

In December 2014, we ran our fifth annual global Privacy Summit – a week-long series of virtual events, focused on navigating emerging challenges in privacy, including our competitive environment, new technologies and changing legal frameworks governing privacy and data protection around the world. Over 600 people from across Vodafone visited the website to watch videos, read articles and participate in interactive features.

Contributing to policy and debate

In 2014/15, we continued to participate in dialogue and debate about appropriate data regulatory regimes around the world, including the EU General Data Protection Regulation, ePrivacy Directive review, Big Data strategies, Cybersecurity Strategy and the European Commission's proposal for a Directive on Network and Information Security.

Government surveillance remains a topic of public scrutiny and debate. In 2014/15, we engaged extensively on this issue with stakeholders in government and across civil society and the media, including through our participation in the Telecommunications' Industry Dialogue on Freedom of Expression and Privacy (see table). Our pioneering Law Enforcement Disclosure report was recognised in the 2014 Public Relations Consultants Association (PRCA) Awards for its impact on the dialogue around government surveillance, winning the best international campaign award. We are committed to promoting better transparency, clarity, consistency and due process in government assistance requests. We have engaged in discussions on this topic with governments in markets where we operate, including Australia, Germany, Malta, the Netherlands, Portugal, Spain and the UK.

Privacy and security – Performance in 2014/15

Ubiquitous connectivity, big data and the Internet of Things have huge implications for our business, the wider industry and society as whole. In 2014/15, we advocated for appropriate privacy protocols and industry standards in these areas that will allow us to effectively manage privacy and security risks, while enabling consumers and businesses to realise the benefits of these global trends.

Vodafone participates in external programmes to strengthen cyber security standards and define minimum standards that industry and nation states should be expected to adhere to. These include government programmes in the EU, US and the Commonwealth and those run by NGOs such as the Internet Security Alliance. Through these external programmes, we promote a Cyber Social Contract between industry and government, working collaboratively to identify effective standards and practices in response to cyber threats. However, minimum universal standards can only go so far. It is critical for Vodafone and other businesses to build on these standards to suit the unique risk profile of their organisations and keep pace with continually evolving threats.

Implementing industry principles on freedom of expression and privacy

Vodafone is a founding member of the Telecommunications Industry Dialogue on Freedom of Expression and Privacy to advance freedom of expression and privacy rights in the telecoms industry, <http://www.telecomindustrydialogue.org/>. Vodafone was the chair of the Industry Dialogue between April and October 2014. Find out more about the work of the Industry Dialogue in its second annual report, <https://www.telecomindustrydialogue.org/wp-content/uploads/Telco-Industry-Dialogue-Annual-Report-2015.pdf>.

We are a signatory to the Industry Dialogue's Guiding Principles on Freedom of Expression and Privacy, http://www.vodafone.com/content/dam/sustainability/pdfs/telecom_industry_dialogue_principles.pdf. These set out a common approach to dealing with privacy and freedom of expression in a principled, coherent and systematic way across the industry. They are closely aligned with Vodafone's own existing Global Policy Standard on Law Enforcement Assistance, <http://www.vodafone.com/content/dam/vodafone/about/sustainability/lawenforcementassistance.pdf>. We continue to work to embed this policy and its guiding principles and drive continuous improvement. The table below sets out Vodafone's status and activities on each of the principles.

Our Law Enforcement Disclosure report provides more detail on our approach to responding to law enforcement demands. The second edition will be published in mid-July 2015.

Vodafone's alignment with the Industry Dialogue's Guiding Principles on Freedom of Expression and Privacy

Telecommunications companies should, to the fullest extent that does not place them in violation of domestic laws and regulations, including licence requirements and legal restrictions on disclosure:

Guiding Principle	Vodafone's alignment
<p>1. Create relevant policies, with Board oversight or equivalent, outlining commitment to prevent, assess and mitigate to the best of their ability the risks to freedom of expression and privacy associated with designing, selling and operating telecommunications technology and telecommunications services.</p>	<p>We closely manage and monitor compliance with legal obligations and our relationship with law enforcement authorities to address respect for human rights. Our Privacy Commitments (http://www.vodafone.com/content/sustainabilityreport/2014/index/operating_responsibly/privacy_and_security.html) and Global Policy Standard on Law Enforcement Assistance (http://www.vodafone.com/content/dam/vodafone/about/sustainability/lawenforcementassistance.pdf) with Executive Committee (ExCo) sponsorship, set out the requirements for balancing the potentially conflicting requirements of respecting privacy and assisting law enforcement. These outline that accountability is held at the most senior level. We carried out a global audit of compliance with the policy in 2013/14. It included detailed on-site reviews of the operational management of law enforcement assistance and compliance with our policy standard in certain markets.</p>

Privacy and security – Performance in 2014/15

Guiding Principle	Vodafone's alignment
<p>2. Conduct regular human rights impact assessments and use due diligence processes, as appropriate to the company, to identify, mitigate and manage risks to freedom of expression and privacy – whether in relation to particular technologies, products, services, or countries – in accordance with the Guiding Principles for the implementation of the UN Protect, Respect and Remedy framework.</p>	<p>A range of due diligence processes are in place. These include:</p> <ul style="list-style-type: none"> • regular formal reviews of the most significant privacy and security risks affecting our business at Group, and strategies to respond to the most critical risks, see earlier • a due diligence process undertaken before entering new markets, acquiring businesses or establishing new partnerships. This process incorporates human rights issues such as corruption, respect for privacy, internet freedom and freedom of expression. It assesses and highlights the potential impacts or risks associated with entering new markets. Our human rights impact assessment process for potential new markets identified as high risk was further strengthened in 2013/14 • our Global Advisory Forum brings together a cross-functional group of experts from across Vodafone Group to provide input on potential new products, services and technologies, ensuring that privacy and freedom of expression are taken into account at the earliest stage of the design process. We conduct privacy impact assessments, require compliance with the law and evaluate the potential impact on the customer, so that they can be avoided or minimised. Privacy impact assessments for products and services developed by our local markets are also a key part of our Privacy Risk Management System.
<p>3. Create operational processes and routines to evaluate and handle government requests that may have an impact on freedom of expression and privacy.</p>	<p>Our Global Policy Standard on Law Enforcement Assistance includes guidance for evaluating and, where necessary, escalating demands from law enforcement agencies. Governance controls in our Policy Compliance Review measure how our local markets adhere to the global standard. As part of the 2014 review, the governance controls were tested across all our markets and the majority were found to be compliant. Seven markets strengthened their controls in this area as a result. Only one market had a remedial action outstanding by the end of 2014/15 and that action has since been completed.</p>
<p>4. Adopt, where feasible, strategies to anticipate, respond and minimise the potential impact on freedom of expression and privacy in the event that a government demand or request is received that is unlawful or where governments are believed to be misusing products or technology for illegitimate purposes.</p>	<p>The Global Policy Standard on Law Enforcement Assistance provides requirements on challenging law enforcement where we have reasonable grounds to believe the demand is not legally mandated or is unlawful. It requires operating companies to bring together the right people to consider the possible impacts and actions and use their judgement.</p>
<p>5. Always seek to ensure the safety and liberty of company personnel who may be placed at risk.</p>	<p>Vodafone's Code of Conduct includes a high-level commitment to protect the health, safety and well-being of our employees, http://www.vodafone.com/content/index/about/conduct.html. The Global Policy Standard on Law Enforcement Assistance requires potential personal risk to individuals to be considered in any decision to challenge law enforcement demands.</p>

Privacy and security – Performance in 2014/15

Guiding Principle	Vodafone's alignment
<p>6. Raise awareness and train relevant employees in related policies and processes.</p>	<p>Our Global Policy Standard on Law Enforcement Assistance includes a requirement on training and awareness, and we continually raise awareness as part of our wider privacy communications campaigns, see earlier.</p> <p>In 2014/15, we rolled out a global e-learning course on Privacy and Human Rights. The course is designed for those who make decisions about government and law enforcement requests, but is available to employees in almost all markets. By the end of March 2015, it had been completed by more than 12,000 employees worldwide. This topic is also incorporated into our general internal privacy awareness campaigns.</p>
<p>7. Share knowledge and insights, where relevant, with all relevant and interested stakeholders to improve understanding of the applicable legal framework and the effectiveness of these principles in practice, and to provide support for the implementation and further development of the principles.</p>	<p>We regularly share knowledge and engage with stakeholders on these issues, for example through the stakeholder engagement activities of the Telecommunications Industry Dialogue, https://www.telecomindustrydialogue.org/wp-content/uploads/Telco-Industry-Dialogue-Annual-Report-2015.pdf. In 2014, Vodafone joined the panel of one of the two GNI/Industry Dialogue joint learning forum events, which were attended by a total of approximately 120 participants from industry, academia, government and non-governmental organisations. The forums focused on the theme of Transparency and Human Rights in the Digital Age.</p> <p>Since April 2014, the Industry Dialogue's quarterly meetings have been extended to include a roundtable discussion with stakeholders including investors, government officials, members of civil society and academia and other companies. During these meetings, Industry Dialogue companies have shared the challenges they face and progress they have made in implementing the Industry Dialogue's Guiding Principles.</p> <p>Vodafone has shared knowledge and engaged with stakeholders through a number of forums. For example, we participated in the Big Brother Watch Events, Civil Liberties in a digital age, at the three main UK political party conferences in 2014, http://www.bigbrotherwatch.org.uk/big-brother-watch-party-conferences/.</p> <p>We provide information through this Group sustainability report, our online Privacy centre (http://www.vodafone.com/content/sustainabilityreport/2014/index/operating_responsibly/privacy_and_security.html) and in our Law Enforcement Disclosure report.</p> <p>In February 2015, we updated the Legal Annexe to the Law Enforcement Disclosure report to include a review of three further categories of legal power that may be used by government agencies and authorities to restrict the use of communication networks or to restrict access to certain content or services. The three categories relate to:</p> <ul style="list-style-type: none"> • shutdown of networks or communication services • blocking of URLs and IP addresses • taking control of a telecommunications network.
<p>8. Report externally on an annual basis, and whenever circumstances make it relevant, on their progress in implementing the principles, and on major events occurring in this regard.</p>	<p>The Law Enforcement Disclosure report and this Privacy and security section of our Group sustainability report cover Vodafone's approach and activities on these issues.</p> <p>During 2014/15, we continued to communicate guidance on the definition and reporting process for major events to our local markets.</p>

Privacy and security – Performance in 2014/15

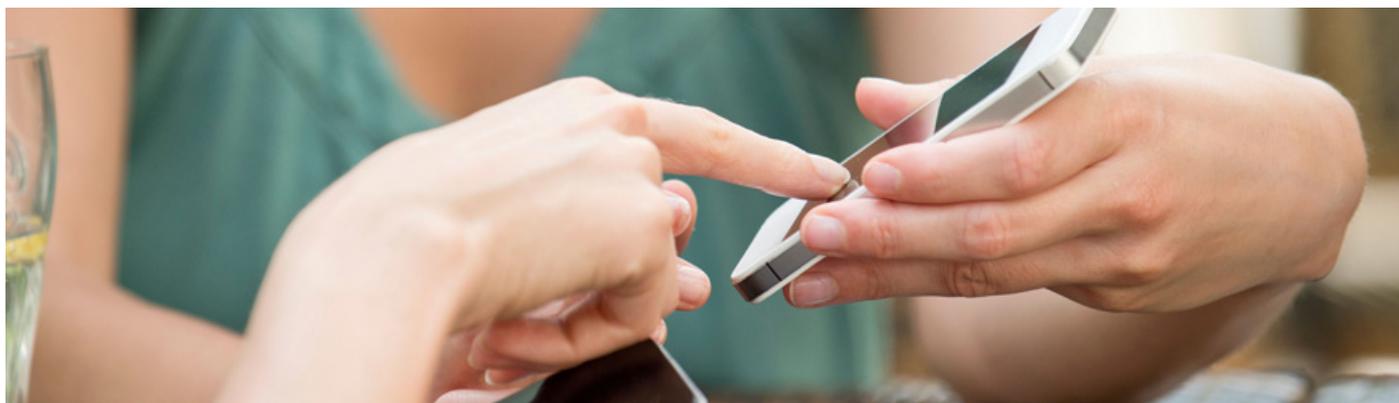
Guiding Principle	Vodafone's alignment
<p>9. Help to inform the development of policy and regulations to support freedom of expression and privacy, including, alone or in cooperation with other entities, using its leverage to seek to mitigate potential negative impacts from policies or regulations.</p>	<p>The Global Policy Standard on Law Enforcement Assistance covers engagement with governments on these issues and we regularly contribute to the dialogue on the development of policies on a national and international level. We seek to ensure that legal provisions governing the use of powers to access information about customers or users of our services contain adequate protection for human rights. We are committed to working for better transparency, clarity, consistency and due diligence processes in government demands for assistance. We have engaged on this topic with governments where we operate including in Australia (our joint venture), Germany, Malta, the Netherlands, Portugal, Spain and the UK. For example, in 2014 Vodafone provided input to the independent review of the UK's terrorism legislation, https://terrorismlegislationreviewer.independent.gov.uk/wp-content/uploads/2015/06/IPR-Report-Web-Accessible1.pdf.</p> <p>We also contribute to the dialogue on the development of policies at a national and international level through the Telecommunications Industry Dialogue. A number of inputs on these issues are available on the Telecommunications Industry Dialogue website, https://telecomindustrydialogue.org/content/resources.</p>
<p>10. Examine, as a group, options for implementing relevant grievance mechanisms, as outlined in Principle 31 of the UN Guiding Principles for Business and Human Rights.</p>	<p>During 2014/15, the Industry Dialogue companies have continued to share ideas on how to implement operational-level grievance mechanisms and reviewed examples and guidance from other sectors.</p> <p>Vodafone has a number of mechanisms whereby grievances can be raised. Employees and contractors in all local markets can use our global external reporting scheme, Speak Up, to report concerns, see our Ethics section. Customers can raise complaints or concerns through established contact channels, which vary in the countries where we operate. They include direct communication with Privacy or Data Protection Officers, or complaints through third-party mechanisms such as rating and certification organisations.</p>

Vodafone's alignment with the Industry Dialogue Guiding Principles on Freedom of Expression and Privacy in this section is included within EY's assurance of Vodafone's Sustainability Report.

For more details see our Assurance Statement.

June 2015





Law Enforcement Disclosure report

This Law Enforcement Disclosure report was first published in June 2014. The next edition will be available from mid July 2015.

Our customers have a right to privacy which is enshrined in international human rights law and standards and enacted through national laws. Respecting that right is one of our highest priorities: it is integral to the Vodafone Code of Conduct which everyone who works for us has to follow at all times.

However, in every country in which we operate, we have to abide by the laws of those countries which require us to disclose information about our customers to law enforcement agencies or other government authorities, or to block or restrict access to certain services. Those laws are designed to protect national security and public safety or to prevent or investigate crime and terrorism, and the agencies and authorities that invoke those laws insist that the information demanded from communications operators such as Vodafone is essential to their work.

Refusal to comply with a country's laws is not an option. If we do not comply with a lawful demand for assistance, governments can remove our licence to operate, preventing us from providing services to our customers. Our employees who live and work in the country concerned may also be at risk of criminal sanctions, including imprisonment. We therefore have to balance our responsibility to respect our customers' right to privacy against our legal obligation to respond to the authorities' lawful demands as well as our duty of care to our employees, recognising throughout our broader responsibilities as a corporate citizen to protect the public and prevent harm.

Complex, controversial – and constantly changing

Communications technologies have evolved rapidly over the last 20 years. Almost three billion people¹ now communicate and share information over electronic communications networks on a regular basis, and vast volumes of data are created and exchanged every second. However, many of the legal powers relied upon by law enforcement agencies, intelligence agencies and other government authorities were first drafted in a much simpler era, when a household shared a single telephone landline, mobile phones were relatively rare and the internet as we understand it today did not exist. Our views on the legislative challenge in many countries are set out later in this report.

The use of those legal powers in the context of today's far more complex electronic communications has proven to be highly controversial. All governments have incorporated national security exceptions into national legislation to give legal powers to agencies and authorities. Some governments have constrained those powers to limit the human rights impact; others have created much wider-ranging powers with substantially greater human rights impacts. Meanwhile, agencies and authorities have the scope to apply advanced analytics techniques to every aspect of an individual's communications, movements, interests and associations – to the extent that such activity is lawful – yielding a depth of real-time insights into private lives unimaginable two decades ago.

In a number of countries, these changes have created tensions between the protection of the citizen's right to privacy and the duty of the state to ensure public safety and security. Those tensions have been heightened as a consequence of the allegations made by the former US National Security Agency (NSA) contractor Edward Snowden. Media reports of widespread government surveillance and data 'harvesting' by intelligence agencies have triggered a significant public debate about the transparency, proportionality and legitimacy – even lawfulness – of the alleged activities of a number of high-profile agencies.

Questions have also been asked about the role of communications operators such as Vodafone in support of those activities. We hope that this report will provide some of the most important answers, although there will undoubtedly be some questions that we cannot answer for reasons that we explain later in this report.

What we are publishing, and why

This is our inaugural Law Enforcement Disclosure Report. We are also one of the first communications operators in the world to provide a country-by-country analysis of law enforcement demands received based on data gathered from local licensed communications operators. We will update the information disclosed in this report annually. We also expect the contents and focus to evolve over time and would welcome stakeholders' suggestions as to how they should do so.

Privacy and security – Law Enforcement Disclosure report

The report encompasses all 29 operating businesses directly controlled by Vodafone (including our joint ventures in Australia, Kenya and Fiji), in which we have received a lawful demand for assistance from a law enforcement agency or government authority between 1 April 2013 and 31 March 2014. We have not included countries in which we operate where no such demands were received, nor have we included countries where there may be some form of Vodafone brand presence (for example, through a partner market relationship) but where Vodafone does not own or control a licensed communications operator.

We have focused on the two categories of law enforcement demands which account for the overwhelming majority of all such activity: lawful interception; and, access to communications data. Both of these terms are explained later in this report. We have not included statistical data on the number of orders received to block or restrict access to content or services (further details of which are addressed below. We are exploring options to include this information in future reports, although it is important to note that there are complexities involved in collating the information required (content filters can be applied at various points within a country's various networks, some of which may not be visible to Vodafone) and a number of countries are likely to prohibit publication of this information.

The report is intended to:

- explain the principles, policies and processes we follow when responding to demands from agencies and authorities that we are required to assist with their law enforcement and intelligence-gathering activities;
- explain the nature of some of the most important legal powers invoked by agencies and authorities in our countries of operation;
- disclose the aggregate number of demands we received over the last year in each of our countries of operation unless prohibited from doing so or unless a government or other public body already discloses such information (an approach we explain later in this report); and
- cite the relevant legislation which prevents us from publishing this information in certain countries.

Compiling this report has been a very complex and challenging endeavour. Given the sensitivity of any discussion of agency or authority activity in certain countries, it has also not been without risk. We set out to create a single disclosure report covering 29 countries on a coherent basis. However, after months of detailed analysis, it has become clear that there is, in fact, very little coherence and consistency in law and agency and authority practice, even between neighbouring EU Member States. There are also highly divergent views between governments on the most appropriate response to public demands for greater transparency, and public attitudes in response to government surveillance allegations can also vary greatly from one country to another.

The transparency challenge

Law enforcement and national security legislation often includes stringent restrictions preventing operators from disclosing any information relating to agency and authority demands received, including disclosure of aggregate statistics. In many countries, operators are also prohibited from providing the public with any insight into the means by which those demands are implemented. These restrictions can make it very difficult for operators to respond to public demand for greater transparency. We provide further insight into the nature of those prohibitions later in this report.

We respect the law in each of the countries in which we operate. We go to significant lengths to understand those laws and to ensure that we interpret them correctly, including those that may be unpopular or out of step with prevailing public opinion but which nevertheless remain in force. In this report, we have therefore set out the laws and practices, on a country-by-country basis, that limit or prohibit disclosure. We believe this form of transparency is as important as the publication of aggregate demand statistics themselves in terms of ensuring greater public understanding in this area.

In a number of countries, the law governing disclosure is unclear. Under those circumstances, we have approached the authorities to seek clarity, wherever feasible. Some have given their assent to disclosure of aggregate statistical information about demands received. However, others have told us that we cannot publish this information. If we were to defy the responses received from the latter, we believe it is likely that our local businesses would face some form of sanction and that in some countries, individual Vodafone employees would be put at risk. Therefore, in our report this year we make no disclosure wherever the authorities have told us that we cannot do so. Similarly, where the authorities have not responded to our request for guidance or where the security situation means that any form of engagement with the authorities carries an unacceptable level of risk, we have not disclosed aggregate demand information out of concern for the safety of our employees. However, wherever possible, we will re-engage with the relevant authorities to seek updated guidance ahead of the publication of this report in future years. It is therefore possible that the level of disclosure permitted within the countries concerned may change over time as a result of that process.

Who should publish: governments or operators?

In our view, it is governments – not communications operators – who hold the primary duty to provide greater transparency on the number of agency and authority demands issued to operators. We believe this for two reasons.

First, no individual operator can provide a full picture of the extent of agency and authority demands across the country as a whole, nor will an operator understand the context of the investigations generating those demands. It is important to capture and disclose demands issued to all operators: however, based on our experience in compiling this report, we believe it is likely that a number of other local operators in some of our countries of operation would be unwilling or unable to commit to the kind of disclosures made by Vodafone in this report.

Privacy and security – Law Enforcement Disclosure report

Second, different operators are likely to have widely differing approaches to recording and reporting the same statistical information. Some operators may report the number of individual demands received, whereas others may report the cumulative number of targeted accounts, communications services, devices or subscribers (or a varying mixture of all four) for their own operations. Our views on the scope for considerable inconsistency in this area are explained later in this report. Similarly, multiple different legal powers may be invoked to gain access to a single customer's communications data: this could legitimately be recorded and disclosed as either multiple separate demands, or one.

To add to the potential for confusion, an agency or authority might issue the same demand to five different operators; each operator would record and disclose the demand it received in its own way (with all of the variations in interpretation explained below); and the cumulative number of all operators' disclosures would bear little resemblance to the fact of a single demand from one agency. Moreover, in countries where the law on disclosure is unclear, some operators may choose not to publish certain categories of demand information on the basis of that operator's appetite for legal risk, whereas another operator may take a different approach, leading to two very different data sets in the public domain.

Shortly before this report was published, other local operators in two of the countries in which we operate – Germany and Australia – began to publish their own law enforcement disclosure reports. Those reports included statistical information about some (but not all) types of agency and authority demands for assistance received by the operator in question. In both countries, the authorities also publish statistical information spanning all operators.

We have compared the statistical information we hold for our own operations in the two countries in question with the information recently published by other local operators in those countries. For some categories of agency and authority demand, the volumes involved seem closely comparable between Vodafone and other local operators, although as explained above, there is a significant risk of under or over-counting overlapping demands issued to multiple operators. Furthermore, it is also clear that certain categories of agency and authority demand have been omitted from local operators' publications, either to comply with legal restrictions (in the case of Australia) or (in Germany) for reasons not disclosed to us.

In our view, inconsistent publication of statistical information by individual operators amounts to an inadequate and unsustainable foundation for true transparency and public insight. There is a substantial risk that the combination of widely varying methodologies between operators (leading to effectively irreconcilable raw numbers) and the potential for selective withholding of certain categories of agency and authority demand (for reasons which may not themselves be fully transparent) would act as a significant barrier to the kind of meaningful disclosure sought by the public in an increasing number of countries.

We believe that regulators, parliaments or governments will always have a far more accurate view of the activities of agencies and authorities than any one operator. However, our belief is not without qualification. In order for publication of this statistical information by the authorities to be meaningful and reliable, in our view it must:

- be independently scrutinised, challenged and verified prior to publication;
- clearly explain the methodology used in recording and auditing the aggregate demand volumes disclosed;
- encompass all categories of demand, or, where this is not the case, clearly explain those categories which are excluded together with an explanation of the rationale supporting their exclusion; and
- encompass demands issued to all operators within the jurisdiction in question.

We believe governments should be encouraged and supported in seeking to adopt this approach consistently across our countries of operation. We have therefore provided links to all aggregate statistics currently published by governments in place of our own locally held information (where disclosure is legally permissible at all) and are already engaged in discussions with the authorities in a number of countries to enhance the level of transparency through government disclosure in future.

Separately, where the authorities currently do not publish aggregate statistical information but where we believe we can lawfully publish in our own right, we have disclosed the information we hold for our own local operations. In at least 10 of the 29 countries covered, the disclosures we make in this report represent the first time that this kind of information has been placed into the public domain by a locally licensed operator. However, our concerns about the inadequacy of this kind of disclosure remain. Wherever possible, we will therefore seek to work with other local operators to develop a consistent cross-industry recording and reporting methodology and will engage with governments to make the case for a central, independent and verified source of statistical information spanning all operators. We look forward to updating this report with the outcomes from those discussions.

Finally, we would emphasise that it is not possible to draw any meaningful conclusions from a comparison of one country's statistical information with that disclosed for another. Similar types and volumes of agency and authority demands will be disclosed (where public reporting is permitted at all) in radically different ways from one country to the next, depending on the methodology used. Similarly, changes in law, technology or agency or authority practice over time may make year-on-year trend data comparisons difficult in future reports.

Privacy and security – Law Enforcement Disclosure report

What statistics should be reported: warrants or targets?

In our country-by-country disclosures, we have focused on the number of warrants (or broadly equivalent legal mechanism) issued to our local businesses as we believe this is the most reliable and consistent measure of agency and authority activity currently available. The relatively small number of governments (9 out of the 29 countries covered in this report) that publish aggregate statistics also collate and disclose this information on the basis of warrants issued.

Each warrant can target any number of different subscribers. It can also target any number of different communications services used by each of those subscribers and – in a modern and complex all-IP environment – it can also target multiple devices used by each subscriber to access each communications service. Additionally, the same individual can be covered by multiple warrants: for example, more than one agency or authority may be investigating a particular individual. Furthermore, the legal framework in some countries requires agencies and authorities to obtain a new warrant for each target service or device, even if those services or devices are all used by the same individual of interest. Note that in the majority of countries, warrants have a time-limited lifespan beyond which they must either be renewed or allowed to lapse.

As people's digital lives grow more complex and the number of communications devices and services used at home and work on a daily basis continues to increase, the ratio of target devices and services accessed to warrants issued will continue to increase. To illustrate this with a hypothetical example:

- a single warrant targets 5 individuals;
- each individual subscribes to an average of eight different communications services provided by up to eight different companies: a landline phone line, a mobile phone, two email accounts, two social networking accounts and two 'cloud' storage accounts; and
- each individual owns, on average, two communications devices fitted with a SIM card (a smartphone and a tablet) in addition to a landline phone and a laptop.

In the hypothetical example above, that one warrant could therefore be recorded as more than 100 separate instances of agency and authority access to individual services on individual devices used by individual subscribers. The scope for miscounting is immense.

In our view, the most robust metric available is the number of times an agency or authority demand for assistance is instigated – in effect, a formal record of each occasion that the state has decided it is necessary to intrude into the private affairs of its citizens – not the extent to which those warranted activities then range across an ever-expanding multiplicity of devices, accounts and apps, access to each of which could be recorded and reported differently by each company (and indeed each agency or authority) involved.

We therefore believe that disclosure of the number of individual warrants served in a year is currently the least ambiguous and most meaningful statistic when seeking to ensure public transparency. However, over time it is possible that an alternative means of providing accurate and reliable aggregate statistical data will emerge as a result of our engagement with other operators and with governments in those countries where publication of this information is permitted.

Privacy and security – Law Enforcement Disclosure report

Security and secrecy: The limits on what local licensed operators can disclose

Beyond a small group of specialists, very few people understand the laws invoked by agencies and authorities when requiring a local licensed communications operator such as Vodafone to provide assistance. In part, that lack of understanding arises because those laws also impose strict secrecy obligations on those involved in the processes: the more you know, the less you are allowed to say.

Our decision to make the disclosures set out in this report is therefore not without risk. In some countries, providing what to many observers would seem to be relatively anodyne information about the legal powers and processes used by agencies and authorities could lead to criminal sanctions against Vodafone employees. The main restrictions on disclosure are set out below.

Obligations on individual employees managing agency and authority demands

In each of our operating companies around the world, a small number of employees are tasked with liaising with agencies and authorities in order to process demands received. Those employees are usually security-cleared to a high level and are bound by law to absolute secrecy. They are not permitted to discuss any aspect of a demand received with their line management or any other colleagues, nor can they reveal that a demand has been received at all, as doing so could potentially compromise an active criminal investigation or undermine measures to protect national security. Additionally, in some countries, they cannot even reveal that specific law enforcement assistance technical capabilities have been established within their companies.

Furthermore, even the limited number of employees aware of a demand will have little or no knowledge of the background to, or intended purpose of, that demand. Similarly, the individual employees involved will not be aware of all aspects of the internal government approval process involved, nor will they know whether or not an agency or authority is co-operating with – or working on behalf of – an agency or authority from another jurisdiction when issuing a demand using Mutual Legal Assistance Treaty (MLAT) arrangements concluded between governments.

All such demands are processed 'blind' with no information whatsoever about the context. Whilst we can – and do – challenge demands that are not compliant with legal due process or seem disproportionate, it is therefore not possible for Vodafone to ascertain the intended purpose of any demand received. Equally, we cannot assess whether or not the information gathered as a result of a demand will be used in a manner which is lawful, nor, in most cases, can we make any judgement about the potential consequences of complying (or failing to comply) with an individual demand.

It is also important to note that in seeking to establish whether or not an individual has been involved in unlawful activity, agency and authority demands may encompass access to information regarding many other individuals who are not suspected of any crime. The confidentiality obligations imposed on operators are therefore also intended to prevent inadvertent disclosure of private information related to individuals who are not suspects but whose data may help further an investigation or prove that they are a victim.

Restrictions on disclosing technical and operational systems and processes

Many countries require communications operators such as Vodafone to comply with specific technical and operating requirements designed to enable access to customer data by agencies and authorities. There are wide-ranging legal restrictions prohibiting disclosure of any aspect of the technical and operating systems and processes used when complying with agency and authority demands. In some countries, it is unlawful even to reveal that such systems and processes exist at all.

The small number of Vodafone employees familiar with the systems and processes involved are prohibited from discussing details of these with line management or other colleagues, and the circulation within the company of general information related to those systems and processes is heavily restricted or classified.

Restrictions on disclosing details of the aggregate number of demands received

In some of our countries of operation, we are prohibited in law from disclosing aggregate statistics relating to the total number of demands received over a 12 month period. In others, the law may expressly prohibit the disclosure that law enforcement demands are issued at all. In a number of countries where the law on aggregate disclosure is unclear, the relevant authorities have told us that we must not publish any form of aggregate demand information. We believe that defying those instructions could lead to some form of sanction against our local business and – in some countries – would also present an unacceptable level of risk for individual employees, to whom Vodafone owes a duty of care.

Whilst we have included factors relevant to national security powers in compiling this report, it is important to note that many countries prohibit the publication of any form of statistical information relating to national security demands.

Further details can be found in the country-by-country law enforcement disclosure section.

Privacy and security – Law Enforcement Disclosure report

How we work with law enforcement agencies and government authorities

At Vodafone, our customers' privacy is paramount. We have strict governance controls in place across all of our businesses worldwide to ensure the protection of our customers' data and communications. We are committed to following the UN Guiding Principles on Business and Human Rights. We are also a founding member of the Telecommunications Industry Dialogue on Freedom of Expression and Privacy (the 'Industry Dialogue'). The Industry Dialogue is a group of global communications operators who work together and in collaboration with the Global Network Initiative to address a range of human rights and privacy challenges. We are a signatory to the Industry Dialogue's Guiding Principles on Freedom of Expression and Privacy, which defines a common approach to be taken by operators when dealing with demands from governments, agencies or authorities that may affect our customers' privacy and freedom of expression. Further details of Vodafone's policies and principles in these areas can be found in the Privacy and security section of the sustainability report.

As we explain in our Privacy and law enforcement principles below, Vodafone is committed to meeting its obligations to respond to agencies' and authorities' lawful demands but will not go beyond what is mandated in law (other than under specific and limited circumstances, again outlined below).

Abiding by those principles can be challenging in certain countries at certain times. In practice, laws governing agencies' and authorities' access to customer data are often both broad and opaque, and – as explained below – frequently lag the development and use of communications technology. Furthermore, the powers in question are often used in the context of highly sensitive and contentious developments – for example, during major civil unrest or an election period – which means that Vodafone colleagues dealing with the authorities in the country in question can be put at risk for rejecting a demand on the basis that it is not fully compliant with the law.

We can – and do – refuse to comply with demands that are unlawful. The majority of rejections tend to be for defects in the legal process or documentation or in response to demands which appear to be issued under an inappropriate legal power. We do not yet have sufficiently robust reporting mechanisms to record all such refusals, so these are not listed in this report. We will consider how best to address this shortcoming where possible, in future reports.

Demands for assistance made by agencies or authorities acting beyond their jurisdiction will always be refused, in line with our principles. It is important to note that we have not, in fact, received any such cross-border demands. Were we ever to receive such a demand, in providing our refusal in response, we would inform the agency or authority that they should consider any mutual legal assistance treaty (MLAT) processes to seek the co-operation of the relevant domestic agency or authority with the necessary lawful mandate.

As a general principle, our dealings with agencies and authorities fall into one of the three categories below. If we receive a demand for assistance which falls outside these three categories, we will challenge it and refuse to comply.

Mandatory compliance with lawful demands

We will provide assistance in response to a demand issued by an agency or authority with the appropriate lawful mandate and where the form and scope of the demand is compliant with the law. Each of our local operating businesses is advised by senior legal counsel with the appropriate experience to ensure compliance with both the law and with our own principles.

Emergency and non-routine assistance

Our policy allows for the provision of immediate emergency assistance to agencies and authorities on a voluntary basis where it is clear that it is overwhelmingly in the public interest for us to do so. These are very specific circumstances where there is an imminent threat to life or public safety but where existing legal processes do not enable agencies and authorities to react quickly enough. Common examples include a police request for assistance whilst a kidnapping is in progress or to locate a missing child.

Under these circumstances, we will respond immediately to a request for assistance so long as we are satisfied that the agency making the request has the legal authority to do so. We will then require the formal lawful demand to follow soon thereafter with retrospective effect. We are clear in our policy that discretionary assistance is granted on an exceptional basis and cannot be used by agencies and authorities as a routine alternative to compliance with legal due process. All such instances are scrutinised carefully under our governance rules.

Protecting our customers and our networks

We work with law enforcement agencies on a voluntary basis to seek to prevent or investigate criminal and hacker attacks against our networks and to prevent or investigate attempts to defraud our customers or steal from Vodafone. We also co-operate on a voluntary basis on broader matters of national infrastructure resilience and national security. We have similar arrangements with banks and our peers under which we share intelligence on how best to protect our customers and our businesses from illegal acts. We believe that this form of co-operation – which does not involve providing agencies with any access to customer data – is strongly in the interests of our customers and the public as a whole. It is important to note that this form of co-operation does not involve providing agencies and authorities with any access to customer data: moreover, we believe it is strongly in the interests of our customers and the public as a whole.

Privacy and security – Law Enforcement Disclosure report

The Vodafone privacy and law enforcement principles

We do not:

- allow any form of access to any customer data by any agency or authority unless we are legally obliged to do so;
- go beyond what is required under the law when responding to demands from any agency or authority for access to customer data; or
- accept any instruction from any agency or authority acting beyond its jurisdiction or legal mandate.

We do:

- insist that all agencies and authorities comply with legal due process;
- scrutinise and, where appropriate, challenge the legal powers used by agencies and authorities in order to minimise the impact of those powers on our customers' right to privacy and freedom of expression;
- honour international human rights standards to the fullest extent possible whenever domestic laws conflict with those standards;
- communicate publicly any threats or risks to our employees arising as a consequence of our commitment to these principles, except where doing so would increase those risks; and
- seek to explain publicly the scope and intent of the legal powers available to agencies and authorities in all countries where it is lawful to do so.

Ensure appropriate internal oversight and accountability

Vodafone's overall approach to engagement with agencies and authorities is overseen at the most senior level of executive management to ensure effective governance and accountability. However, it is important to note that individual directors' knowledge of specific demands, systems and processes will be limited as a consequence of the restrictions on internal disclosure outlined above.

Address the complexities of law enforcement across multiple countries

Laws designed to protect national security and prevent or investigate crime vary greatly between countries, even within the EU. As a global business operating under local laws in multiple countries and cultures, Vodafone faces a constant tension in seeking to enforce a set of global principles and policies which may be at odds with the attitudes, expectations and working practices of governments, agencies and authorities in some countries. Our global governance framework is designed to manage that tension in a manner which protects our customers and reduces the risks to our employees without compromising our principles.

Our policy provides everyone who works for Vodafone with a global governance framework and a set of criteria which must be applied to all interactions with agencies and authorities. In defining our policy (which we update regularly as laws and technologies evolve), we have three objectives to:

Ensure a robust assessment of the scope of the law

We seek to have as clear an understanding as possible of the scope of – and limits on – the legal powers granted to each country's agencies and authorities in order to ensure we do not exceed what is lawfully required when responding to a demand for assistance.

Privacy and security – Law Enforcement Disclosure report

Communications technology and governments

It is inevitable that legislation lags behind technological innovation in the fast-moving and complex era of internet protocol-based networks, cloud technologies and the proliferation of connected devices in an 'internet of things'. We recognise that agencies and authorities can face significant challenges in trying to protect the public from criminals and terrorists within a legislative framework that pre-dates many of the technologies that are now central to people's daily lives.

We think many governments could do more to ensure that the legal powers relied upon by agencies and authorities are fit for the internet age. In our view, legislative frameworks must be:

- tightly targeted to achieve specific public protection aims, with powers limited to those agencies and authorities for whom lawful access to customer data is essential rather than desirable;
- proportionate in scope and defined by what is necessary to protect the public, not by what is technically possible; and
- operationally robust and effective, reflecting the fact that households access the internet via multiple devices – from games consoles and TVs to laptops, tablets and smartphones – and each individual can have multiple online accounts and identities.

We also believe that governments should:

- balance national security and law enforcement objectives against the state's obligation to protect the human rights of all individuals;
- require all relevant agencies and authorities to submit to regular scrutiny by an independent authority empowered to make public – and remedy – any concerns identified;
- enhance accountability by informing those served with demands of the identity of the relevant official who authorised a demand and by providing a rapid and effective legal mechanism for operators and other companies to challenge an unlawful or disproportionate demand;
- amend legislation which enables agencies and authorities to access an operator's communications infrastructure without the knowledge and direct control of the operator, and take steps to discourage agencies and authorities from seeking direct access to an operator's communications infrastructure without a lawful mandate;
- seek to increase their citizens' understanding of the public protection activities undertaken on their behalf by communicating the scope and intent of the legal powers enabling agencies and authorities to access customer data; and
- publish regular updates of the aggregate number of law enforcement demands issued each year – meeting the proposed criteria we specify earlier in this report – or at the least allow operators to publish this information without risk of sanction and – as we also explain earlier – on the basis of an agreed cross-industry methodology.

Separately, it is important to note that there can be considerable capital costs associated with technical compliance with law enforcement demands, which an operator is usually unable to recover. There are also considerable operating costs, which an operator may be able to recover from the government in a minority of cases, but most of which cannot be recovered. Vodafone therefore does not – and cannot – seek to make a profit from law enforcement assistance.

Privacy and security – Law Enforcement Disclosure report

Agency and authority powers: The legal context

Vodafone is headquartered in the UK; however, in legal terms, our business consists largely of separate subsidiary companies, each of which operates under the terms of a licence or authorisation issued by the government of the country in which that subsidiary is located. Whilst there are some laws which apply across some or all of our businesses (for example, our European operating companies are subject to EU law as well as local laws, and laws such as the UK Bribery Act apply to all our operations), it is important to note that each subsidiary is established in, and operated from, the local market it serves and is subject to the same domestic laws as any other local operator in that country.

All countries have a wide range of domestic laws which govern how electronic communications networks must operate and which determine the extent to which law enforcement agencies and government authorities can intrude into or curtail privacy or freedom of expression.

In some countries those powers are contained within specialist statutes. In others, they may be set out in the terms of a communications company's operating licence. They may also be distributed across a wide range of legislative orders, directives and other measures governing how agencies and authorities carry out their functions.

However enacted, these powers are often complex, opaque and convoluted. A comprehensive catalogue of all applicable laws across all of our countries of operation would be so vast as to be inaccessible to all but the most determined of legal academics: for that reason, in our country-by-country law enforcement disclosure section we have focused on the most salient legislation only. Even with a focus on the most relevant legislative elements alone, the laws can be difficult for anyone other than a specialist lawyer to understand – and sometimes even the specialists can struggle. A summary of the relevant legislation, country by country, can be found in the Annexe.

Despite this complexity, there are a number of areas which are common to many of the legislative frameworks in our countries of operation, the most significant of which we summarise below.

Provision of lawful interception assistance

In most countries, governments have powers to order communications operators to allow the interception of customers' communications. This is known as 'lawful interception' and was previously known as 'wiretapping' from a past era when agents would connect their recording equipment to a suspect's telephone line. Lawful interception requires operators to implement capabilities in their networks to ensure they can deliver, in real time, the actual content of the communications (for example, what is being said in a phone call, or the text and attachments within an email) plus any associated data to the monitoring centre operated by an agency or authority.

Lawful interception is one of the most intrusive forms of law enforcement assistance, and in a number of countries agencies and authorities must obtain a specific lawful interception warrant in order to demand assistance from an operator. In some countries and under specific circumstances, agencies and authorities may also invoke broader powers when seeking to intercept communications received from or sent to a destination outside the country in question. A number of governments have legal powers to order an operator to enable lawful interception of communications that leave or enter a country without targeting a specific individual or set of premises.

Technical implementation of lawful interception capabilities

In many countries, it is a condition of an operator's licence that they implement a number of technical and operational measures to enable lawful interception access to their network and services quickly and effectively on receipt of a lawful demand from an agency or authority with the appropriate legal mandate.

Wherever legally permitted to do so, we follow the lawful interception technical standards set down by the European Telecommunications Standards Institute (ETSI), which define the separation required between the agency or authority monitoring centre and the operator's network. The ETSI standards are globally applicable across fixed-line, mobile, broadcast and internet technologies, and include a formal handover interface to ensure that agencies and authorities do not have direct or uncontrolled access to the operators' networks as a whole. We continuously encourage agencies and authorities in our countries of operation to allow operators to conform to ETSI technical standards when mandating the implementation of lawful interception functionality within operators' networks.

In most countries, Vodafone maintains full operational control over the technical infrastructure used to enable lawful interception upon receipt of an agency or authority demand. However, in a small number of countries the law dictates that specific agencies and authorities must have direct access to an operator's network, bypassing any form of operational control over lawful interception on the part of the operator. In those countries, Vodafone will not receive any form of demand for lawful interception access as the relevant agencies and authorities already have permanent access to customer communications via their own direct link. We describe above our views on those arrangements and explain the restrictions imposed on internal discussion of the technical and operational requirements here.

Vodafone's networks are designed and configured to ensure that agencies and authorities can only access customer communications within the boundaries of the country in question. They cannot access customer communications on other Vodafone networks in other countries.

Privacy and security – Law Enforcement Disclosure report

Disclosure of communications-related data ('metadata')

Whenever a device accesses a communications network, small packets of data related to that device's activities are logged on the systems of the operator responsible for the network. This 'metadata' is necessary for the network to function effectively; for example, in order to route a call to a mobile phone, the network needs to know the mobile network cell site that the device is connected to. Operators also need to store metadata – such as information about call duration, location and destination – to ensure customers are billed correctly. This metadata can be thought of as the address on the outside of an envelope; the communications content (which can be accessed via a lawful interception demand, as explained above) can be thought of as the letter inside the envelope.

It is possible to learn a great deal about an individual's movements, interests and relationships from an analysis of metadata and other data associated with their use of a communications network, which we refer to in this report generally as 'communications data' – and without ever accessing the actual content of any communications. In many countries, agencies and authorities therefore have legal powers to order operators to disclose large volumes of this kind of communications data.

Lawful demands for access to communications data can take many forms. For example, police investigating a murder could require the disclosure of all subscriber details for mobile phone numbers logged as having connected to a particular mobile network cell site over a particular time period, or an intelligence agency could demand details of all users visiting a particular website. Similarly, police dealing with a life-at-risk scenario, such as rescue missions or attempts to prevent suicide, require the ability to demand access to this real-time location information.

In a small number of countries, agencies and authorities have direct access to communications data stored within an operator's network. In those countries, Vodafone will not receive any form of demand for communications data access as the relevant agencies and authorities already have permanent access to customer communications via their own direct link.

Retention of communications data

Communications operators need to retain certain communications data for operational reasons, as described above. Subject to any applicable privacy or data protection laws, operators may also use communications data for marketing and other business purposes, for example, to promote certain products or services likely to appeal to a particular customer based on their previous activity. Vodafone has developed strict rules governing the use of communications data for marketing purposes which we explain in detail in the Privacy and security section of our sustainability report.

In some countries, operators are required by law to retain communications data for a specific period of time solely in order to fulfil the lawful demands of agencies and authorities who require access to this data for investigation purposes. For example, since 2006, EU legislation (the Data Retention Directive 2006/24/EC) has required Member States to implement laws that mandate the retention of certain communications data. However, a recent European Court of Justice ruling has found that the Data Retention Directive is incompatible with the Charter of Fundamental Rights of the European Union. The full implications of this ruling for Member States with data retention laws derived from the Directive are still being considered by governments at the time of the publication of this report.

In addition, in many countries mobile operators are obliged to collect information to verify customers' identities. This is primarily to counter the use of anonymous pre-paid mobile phone services where no identity information is otherwise needed to bill for the service.

Decryption of protected data

Electronic communications may be encrypted in some form. This can prevent agencies and authorities from reading the data disclosed to them under applicable legal powers. Encryption can be applied by the operator of the communications network, or it can be applied by the many devices, services and applications used by customers to encrypt data that is transmitted and stored. Several countries empower agencies and authorities to require the disclosure of the encryption 'keys' needed to decrypt data. Non-compliance is a criminal offence. It is important to note that an operator typically does not hold the key for data that has been encrypted by devices, services and applications which the operator does not control; furthermore there is no legal basis under which the operator could seek to gain access to those keys.

Search and seizure powers

In most countries, the courts have the power to issue a variety of search and seizure orders in the context of legal proceedings or investigations. Those orders can extend to various forms of customer data, including a company's business records. The relevant legal powers may be available to members of the public in the course of civil or criminal legal proceedings as well as to a wide range of agencies and authorities.

Privacy and security – Law Enforcement Disclosure report

National security orders

The protection of national security is a priority for all governments. This is reflected in legislative frameworks which grant additional powers to agencies and authorities engaged in national security matters which typically exceed those powers available for domestic law enforcement activities.

For example, in many countries, domestic law enforcement legislation seeks to achieve some form of balance between the individual's right to privacy and society's need to prevent and investigate crime. Those considerations have much less weight in the context of threats to the state as a whole, particularly when those threats are linked to foreign nationals in foreign jurisdictions.

Powers to block or restrict access to communications

IP/URL content blocking and filtering

Some forms of internet content may infringe a country's laws or social norms. Consequently, many countries have laws which enable agencies and authorities to mandate a block on access to content on certain sites (identified by their IP address ranges or URLs), typically by ordering communications providers to apply a filter on their networks. Child abuse content is widely blocked – including on a voluntary basis under the system administered by the Internet Watch Foundation – but other content may be filtered according to a 'block list' maintained by the relevant agencies or authorities.

Take-down of particular services

Many countries empower agencies and authorities to order the take-down of specific electronic communications services for reasons such as a government's desire to restrict access to information it considers harmful to social order. Messaging services and social networks are familiar targets for these take-down actions, although short of a complete network shutdown (addressed below) these measures rarely prove effective over the long-term given the ease with which internet traffic can be re-routed dynamically.

A number of countries also retain legal powers requiring mobile operators to prioritise communications from designated SIMs in mobile phones used by the emergency services at the scene of a major incident where networks can become congested. Whilst such powers are relatively commonplace, in reality they are rarely used and are only effective if the emergency services have supplied operators with an up-to-date list of the SIMs to be prioritised.

Emergency or crisis powers

Many countries have special legal powers that can be invoked at a time of national crisis or emergency, such as a major natural disaster or outbreak of violent civil unrest. The use of those powers typically requires formal approval from the country's parliament (or legislative equivalent). Once invoked, agencies and authorities are empowered to take direct control of a wide range of activities in order to respond to the crisis or emergency.

Whilst emergency or crisis powers are intended to be used for a limited period of time, their effects can be significant. These laws can be used to restrict or block all forms of electronic communication, either in a specific location or across the country as a whole. In January 2011, the Egyptian government ordered all operators – including Vodafone – to shut down their networks entirely. An overview of these events and Vodafone's response can be found on the Vodafone website.

Further details about the legal powers available to agencies and authorities in each of our countries of operation are set out in our country-by-country law enforcement disclosure section, together with statistical information about the number of demands received.

Notes:

1. Source ITU: www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx.

Privacy and security – Law Enforcement Disclosure report – Country-by-country section

Country-by-country disclosure of law enforcement assistance demands

As explained earlier in this report, Vodafone's global business consists largely of a group of separate subsidiary companies, each of which operates under the terms of a licence or other authorisation issued by the government of the country in which the subsidiary is located, and each of which is subject to the domestic laws of that country.

In this section of the report, we provide a country-by-country insight into the nature of the local legal regime governing law enforcement assistance, together with an indication of the volume of each country's agency and authority demands wherever that information is available and publication is not prohibited. In addition, a summary of some of the most relevant legal powers in each of our countries of operation can be found in our legal Annexe.

As we explain earlier in this report, this has been a difficult section to compile. There is no established model to follow: few international communications operators have published a country-by-country report of this kind and very few have done so on the basis of data gathered by the local licensed communications operator. Additionally, there are no standardised methods for categorising the type and volume of agency and authority demands; different governments, parliaments, regulators, agencies and authorities apply a variety of definitions when authorising or recording the types of demands outlined earlier in this report, as do operators themselves when receiving and recording those demands.

The need for governments to balance their duty to protect the state and its citizens against their duty to protect individual privacy is now the focus of a significant global public debate. We hope that – despite the shortcomings described above – the country-by-country disclosures in this report will help inform that debate.

How we prepared this report

Each of our local operating businesses has a nominated Disclosure Officer responsible for the management and administration of law enforcement assistance in response to a demand. The information collated and published here (wherever available and wherever publication has not been prohibited) has been overseen by the relevant Disclosure Officer. As explained earlier in this report, only local Vodafone employees with a high level of government security clearance will ever be made aware of specific lawful demands issued by agencies and authorities, and even then they will not typically be made aware of the context of any demand. It is therefore not possible for the external assurers for the Vodafone Group Sustainability Report, EY, to provide any form of independent verification over this section of the Report. However, the integrity and operation of our law enforcement disclosure systems are subject to verification under Vodafone's own internal audit controls.

For the two categories of agency and authority demand reported here – lawful interception and communications data (as explained earlier in this report) – we have robust processes in place to manage and track each demand and to gather statistical information on aggregate volumes.

It should be noted that, whilst the statistics for communications data demands are overwhelmingly related to communications metadata, the statistics we report also include demands for other types of customer data such as name, physical address and services subscribed. Our reporting systems do not necessarily distinguish between the types of data contained in a demand, and in some countries a single demand can cover several different types of data.

We have also conducted a global internal review to analyse, on a country-by-country basis, the extent to which we can lawfully publish aggregate volumes of law enforcement assistance demands at a local level. That review involved Vodafone's senior local legal counsel in each of the 29 countries covered here.

Additionally, we instructed the international law firm, Hogan Lovells², to support us in reviewing and verifying the legal opinions received from each of our operating country businesses. Hogan Lovells coordinated this work through its network of local law firms across Vodafone's countries of operation, with each firm selected for its expertise in the areas of law relevant to this report. Hogan Lovells subsequently supported Vodafone in creating a legal report for each country (extracts of which are published below, where relevant), and the legal Annexe pdf also sets out a more detailed overview of some of the most important legal powers in each country.

In many countries, there is a lack of legal clarity regarding disclosure of the aggregate number of law enforcement demands. We have therefore contacted governments to ask for guidance. Some have responded, and their views are summarised in this report. Others have simply declined to reply to our enquiries altogether or have been reluctant to provide an indication of their perspectives. In a small number of countries where the government does publish statistics but where there are concerns regarding the methodology used in recording and/or reporting this information, we summarise the measures underway to enhance transparency in future. Further information about our approach under those circumstances are set out earlier in this report. Finally, in countries experiencing periods of significant political tension, it has proven to be challenging to ask any questions related to national security and criminal investigation matters without potentially putting Vodafone employees at risk of harassment or some form of sanction.

Privacy and security – Law Enforcement Disclosure report – Country-by-country section

Explanation of the information presented

In each country and for each of the two categories of law enforcement demands issued, there are a number of different outcomes arising from our enquiries.

Wherever there are no restrictions preventing publication and there are no alternative sources of information indicating total demand volumes across all operators in the country as a whole, we have published the data available from our own local operating business indicating the cumulative number of demands received by Vodafone during the period under review. However, note our concerns about the shortcomings inherent to this approach, as explained earlier in this report.

There are six circumstances under which we have not published Vodafone's own statistical information for a specific country, as set out below.

1. Vodafone disclosure unlawful

The law prohibits disclosure of the aggregate demand information held by Vodafone as well as any disclosure related to the mechanisms used to enable agency and authority access, as explained earlier in this report. This is particularly the case in matters related to national security. Wherever this is the case, we cite the relevant law that restricts us from disclosure, either in the main text or in the Annexe section.

2. No technical implementation of lawful interception

In some countries, there is no legal provision for implementation or we have not been required to implement the technical requirements necessary to enable lawful interception and therefore have not received any agency or authority demands for lawful interception assistance. This includes circumstances under which lawful interception powers exist under the law but the technical arrangements to conduct this have not been mandated.

3. Awaiting guidance

The law on disclosure is unclear, and we are still awaiting guidance from the government or a relevant agency or authority as to whether or not we can disclose this information.

4. Unable to obtain guidance

The law on disclosure is unclear and we have been unable to engage with the government or a relevant agency or authority to discuss options for publication during a period of political tension and consequent risk to our employees.

5. Cannot publish

Although local laws do not expressly prohibit disclosure, the authorities have told us directly that we cannot disclose this information.

6. Government publishes

In a number of countries, the government, parliament or a credible independent body such as a regulator already publishes statistical information for certain types of demand issued to all operators in that country. Wherever this is the case, we provide a link to the information available online. In some countries – and where relevant – we also provide additional commentary on the status of that third-party information. Our views on disclosure of relevant information by governments rather than by operators are summarised earlier in this report.

Notes:

- Vodafone are grateful to Hogan Lovells for its assistance in collating the legal advice underpinning this report including the country-by-country legal annexe. However, in doing so, Hogan Lovells has acted solely as legal adviser to Vodafone. This report may not be relied upon as legal advice by any other person, and neither Vodafone nor Hogan Lovells accept any responsibility or liability (whether arising in tort (including negligence), contract or otherwise) to any other person in relation to this report or its contents or any reliance which any other person may place upon it.

Privacy and security – Law Enforcement Disclosure report – Country-by-country section

Country-by-country disclosure

The following tables offer a country-by-country insight into the nature of the local legal regime governing law enforcement assistance, together with an indication of the volume of each country's agency and authority demands, wherever that information is available and publication is not prohibited. The links to the individual government reports that are referenced in many of the country tables can be found in the online report at http://www.vodafone.com/content/index/about/sustainability/law_enforcement.html.

A summary of the relevant legislation, on a country-by-country basis, can be found in the legal annexe, which can also be found in the online version of this report at http://www.vodafone.com/content/dam/sustainability/2014/pdf/operating-responsibly/law_enforcement_disclosure_report_2015_update.pdf.

Albania		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Vodafone disclosure unlawful (1)	5,778 (2)
Key note (1)	It is unlawful to disclose any aspect of how lawful interception is conducted.	
Key note (2)	The legal position is unclear regarding whether or not it would be lawful for Vodafone to disclose statistics related to agency and authority communications data demands. We asked the authorities for guidance and have been informed that we can disclose this information.	

Australia		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Government publishes (1) Further action to follow (2)	Government publishes (1) Further action to follow (2)
Key note (1)	The Australian Communications and Media Authority (http://www.acma.gov.au/~media/mediacomms/Report/pdf/ACM_AnnualReport1213_WEB_FA_pdf.pdf) and the Australian Attorney General's Department publish statistical information related to lawful interception and communications data demands issued by agencies and authorities.	
Key note (2)	During the course of preparing this report, another local operator published information relating to some of the statistical data it holds for its own operations. We have approached the Attorney General's Department to work with industry and government on a common methodology to be followed in the recording and disclosure of this information. We will update this section of the report in future once we have further information as a consequence of that process.	

Belgium		
Type of demand		
	Lawful Interception	Communications Data
Statistics	No technical implementation (1)	2
Key note (1)	We have not implemented the technical requirements necessary to enable lawful interception and therefore have not received any agency or authority demands for lawful interception assistance.	

Czech Republic		
Type of demand		
	Lawful Interception	Communications Data
Statistics	7,677	Government publishes (1)
Key note (1)	The Czech Telecommunications Office (http://www.ctu.cz/aktuality/tiskove-zpravy.html?action=detail&ArticleId=11341) publishes statistical information related to communications data demands issued by agencies and authorities.	

Democratic Republic of the Congo		
Type of demand		
	Lawful Interception	Communications Data
Statistics	No technical implementation (1)	436
Key note (1)	We have not implemented the technical requirements necessary to enable lawful interception and therefore have not received any agency or authority demands for lawful interception assistance.	

Privacy and security – Law Enforcement Disclosure report – Country-by-country section

Egypt		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Vodafone disclosure unlawful (1)	Vodafone disclosure unlawful (1)
Key note (1)	Whilst the precise legal position regarding disclosure of aggregate statistical information is unclear, local criminal laws contain a large number of provisions prohibiting the disclosure of national security-related material and other matters related to law enforcement. The disclosure of statistical information related to agency and authority demands is therefore very likely to be considered to be a violation of such provisions.	

Fiji		
Type of demand		
	Lawful Interception	Communications Data
Statistics	No technical implementation (1)	760
Key note (1)	We have not implemented the technical requirements necessary to enable lawful interception and therefore have not received any agency or authority demands for lawful interception assistance.	

France		
Type of demand		
	Lawful Interception	Communications Data
Statistics	No technical implementation (1)	3
Key note (1)	We have not implemented the technical requirements necessary to enable lawful interception and therefore have not received any agency or authority demands for lawful interception assistance.	

Germany		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Government publishes (1) Further action to follow (2)	Government publishes (1) Further action to follow (2)
Key note (1)	<p>The German Federal Office of Justice (https://www.bundesjustizamt.de/DE/SharedDocs/Publikationen/Justizstatistik/Uebersicht_TKUE_2012.pdf?__blob=publicationFile&v=3) publishes annual statistics related to agency and authority lawful interception demands.</p> <p>The German Federal Office of Justice (https://www.bundesjustizamt.de/DE/SharedDocs/Publikationen/Justizstatistik/Uebersicht_Verkehrsdaten_2012.pdf?__blob=publicationFile&v=2) publishes annual statistics related to agency and authority demands for access to communications data.</p> <p>In its annual report, the Federal Network Agency (Bundesnetzagentur) publishes statistics related to access by the Regulatory Authority to communications data stored in accordance with Article 112 of the German Telecommunications Act (TKG).</p>	
Key note (2)	<p>The legal position is unclear regarding whether or not it would be lawful for Vodafone to disclose statistics related to agency and authority lawful interception and communications data demands.</p> <p>Section 113(4) of the German Telecommunications Act (TKG) outlines that communication service providers must not disclose the fact that there was a request for information or that they provided such information to the concerned person or third parties. Section 15(2) of the Telecommunications Interception Ordinance (TKÜV) prohibits the operator of a telecommunication system from disclosing information related to lawful interception, the number of present or past lawful interceptions, as well as the time periods in which lawful interception measures were conducted. Although there is no legal precedent, the confidentiality obligation in Section 113(4) TKG could be interpreted by German courts or authorities to extend to a prohibition of the disclosure of aggregate demand statistics. If it is unlawful to disclose the existence of a single or particular demand for communications data, to disclose aggregate statistics would indicate that there have clearly been a number of such demands.</p> <p>Given the lack of clarity in the law, we asked the authorities for guidance and were advised that we were not permitted to disclose any of the information we hold related to agency and authority demands for lawful interception and access to communications data. Subsequent to this, other operators in Germany began to publish information related to some of the law enforcement demands they have received and we understand that that publication may now be permissible.</p> <p>However, we are concerned that the information disclosed to date may in fact act as a significant barrier to the kind of meaningful transparency necessary to maintain public trust in Germany. Whilst other operators appear to be following a methodology similar to that used by Vodafone Germany in recording statistics related to law enforcement demands (and indeed the demand volumes recorded for Vodafone Germany are closely comparable to those reported by other operators of a similar scale), other operators' disclosures to date:</p> <ul style="list-style-type: none"> • present only a partial view of law enforcement demands (for example, they exclude the effect of German agency and authority automated access systems which allow rapid and large-scale interrogation of a central database of customer records); • cannot be reconciled with the authorities' publication of the number of warrants issued each year (with the potential for significant confusion as a result of wide variations in recording and reporting approaches, as explained earlier in this Report); and • remain potentially unlawful and therefore subject to prohibition in future, notwithstanding the authorities' assurances received immediately prior to publication of this report. <p>We will therefore engage with other German operators and the German authorities to seek consensus on a more robust and consistent local disclosure framework in future. We will update this section of the report once we have further information as a consequence of that process.</p>	

Privacy and security – Law Enforcement Disclosure report – Country-by-country section

Ghana		
Type of demand		
	Lawful Interception	Communications Data
Statistics	No technical implementation (1)	Awaiting guidance (2)
Key note (1)	We have not implemented the technical requirements necessary to enable lawful interception and therefore have not received any agency or authority demands for lawful interception assistance.	
Key note (2)	<p>The legal position is unclear regarding whether or not it would be lawful for Vodafone to disclose statistics related to agency and authority communications data demands.</p> <p>Under the Electronic Communications Act, 2008 ("ECA"), certain classes of information which are deemed to be of importance to the protection of national security may be declared to be critical electronic records and subject to restrictions in respect of access, transfer and disclosure. Under section 56 of the ECA, the Minister for Communications may by notice in the Gazette (the official government publication) declare certain classes of information which are deemed to be of importance to the protection of national security to be critical electronic records. Section 59 of the ECA therefore provides for the setting of minimum standards in respect of access to, transfer and control of a critical database.</p> <p>Additionally, section 60 of the ECA imposes restrictions on the disclosure of information in a critical database to persons other than the employees of the National Information Technology Agency, a law enforcement agency, a ministry, department or other government agency. As a result, if the aggregate data in respect of the above agency and authority demands are designated as critical electronic records, the government will be able to prevent Vodafone from publishing them.</p> <p>We have asked the authorities for guidance: however, we have not yet received a reply. We will update this section of the report in future if further information becomes available.</p>	

Greece		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Government publishes (1)	Government publishes (1)
Key note (1)	The Hellenic Authority for Communication Security and Privacy (ADAE) (http://www.adae.gr/fileadmin/docs/pepragmena/2012/2012_chapter02.pdf) publishes statistical information related to lawful interception and communications data demands issued by agencies and authorities.	

Hungary		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Vodafone disclosure unlawful (1)	75,938 (2)
Key note (1)	It is unlawful to disclose any aspect of how lawful interception is conducted.	
Key note (2)	Under s.62 of the National Security Service Act, if the intelligence services demand information from communications service providers, the service provider is not allowed to disclose any information (including aggregate data or statistics) in relation to such cooperation without the prior explicit permission of the competent minister or director general of the particular intelligence agency. The statistics disclosed here therefore do not include demands for access to communications data related to matters of national security.	

India		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Vodafone disclosure unlawful (1)	Vodafone disclosure unlawful (1)
Key note (1)	<p>Section 5 (2) of the Indian Telegraph Act 1885 – read with rule 419 (A) of Indian Telegraph (Amendment) Rules 2007 obliges telecommunications service providers to "maintain extreme secrecy" in matters concerning lawful interception.</p> <p>Further, under Rule 25(4) of the IT (Procedure and Safeguards for Interception, Monitoring and Decryption of Information) Rules, 2009 (Interception Rules) and Rule 11 of the IT (Procedure and Safeguards for Monitoring and Collecting Traffic Data or Information) Rules, 2009 (the "Traffic Data Rules"), "strict confidentiality shall be maintained" in respect of directions for lawful interception, monitoring, decryption or collection of data traffic. These prohibitions extend to the very existence of such directions, and could therefore authorise the government to prevent the publication of aggregate data relating to the number of directions received by the licensee.</p> <p>In addition, in respect of lawful interception directions made under the Information Technology Act, 2000 (IT Act) and its associated Rules, the government can prevent the publication of aggregate data in relation to lawful interception and other data disclosure demands from the government and law enforcement agencies. Finally, under Clause 40.5 of the Unified Access Service Licence (UASL: the licence governing access service in India), and Clause 33.5 of the Internet Service Provider (ISP) Licence (the licence governing internet access service in India), the licensee is bound to maintain the secrecy and confidentiality of any confidential information disclosed to the licensee for the proper implementation of the licences. Aggregate data regarding agency and authority demands come under the purview of these provisions.</p>	

Privacy and security – Law Enforcement Disclosure report – Country-by-country section

Ireland		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Cannot disclose (1)	4,124
Key note (1)	Whilst local laws do not expressly prohibit disclosure, we asked the authorities for guidance and have been informed that we cannot disclose this information.	

Italy		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Government publishes (1)	605,601
Key note (1)	The Italian Ministry of Justice (http://www.giustizia.it/giustizia/it/contentview.wp?previousPage=mg_14_7&contentId=ART981590) publishes statistics on the number of lawful interception demands issued by agencies and authorities.	

Kenya		
Type of demand		
	Lawful Interception	Communications Data
Statistics	No technical implementation (1)	Unable to obtain guidance (2)
Key note (1)	Local operators are legally prohibited under s.31 of the Kenya Information & Communication Act from implementing the technical requirements necessary to enable lawful interception. We have therefore not received any agency or authority demands for lawful interception assistance.	
Key note (2)	<p>The legal position is unclear regarding whether or not it would be lawful for Safaricom (Vodafone's local associate operator) or Vodafone to disclose statistics related to agency and authority communications data demands.</p> <p>Section 3 of the Official Secrets Act provides certain instances where publication or disclosure of information is deemed an offence. The broad language of this Act includes publication of data collected by the security agency in Kenya.</p> <p>In addition, Section 37 of the National Intelligence Service Act (Act No. 28 of 2012) ("NIS Act") limits a person's constitutional right of access to information where such information is classified. When read with the Official Secrets Act (Cap. 187 Laws of Kenya), the government can prevent the publication of such data if such publication will be prejudicial to safety and the interest of the Republic of Kenya. The NIS Act defines "classified information" as information of a particular security classification, whose unauthorised disclosure would prejudice national security. While the NIS Act does not define what would be deemed to prejudice national security, the 2010 Constitution of Kenya provides how national security shall be promoted and guaranteed. A National Security Council exists to exercise supervisory control over national security matters in Kenya and to determine what may prejudice national security.</p> <p>It is therefore under this umbrella (prejudice to national security) that the government can prevent the publication of various agency and authority demands. It may follow that where there is no prejudice to national security that these restrictions do not apply, albeit that what amounts to a prejudice to national security is legally undefined.</p> <p>Under the current circumstances, we have concluded that it will not be possible to engage with government, agencies and authorities on these matters at this point. We will update this section of the report in future if circumstances change.</p>	

Lesotho		
Type of demand		
	Lawful Interception	Communications Data
Statistics	No technical implementation (1)	488
Key note (1)	We have not implemented the technical requirements necessary to enable lawful interception and therefore have not received any agency or authority demands for lawful interception assistance.	

Malta		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Vodafone disclosure unlawful (1)	3,773 (2)
Key note (1)	It is unlawful to disclose any aspect of how lawful interception is conducted.	
Key note (2)	The legal position is unclear regarding whether or not it would be lawful for Vodafone to disclose statistics related to agency and authority communications data demands. We asked the authorities for guidance and have been informed that we can disclose this information.	

Privacy and security – Law Enforcement Disclosure report – Country-by-country section

Mozambique		
Type of demand		
	Lawful Interception	Communications Data
Statistics	No technical implementation (1)	Unable to obtain guidance (2)
Key note (1)	We have not implemented the technical requirements necessary to enable lawful interception and therefore have not received any agency or authority demands for lawful interception assistance.	
Key note (2)	The legal position is unclear regarding whether or not it would be lawful for Vodafone to disclose statistics related to agency and authority communications data demands. Under the current circumstances, it has not been possible to engage with the government on these matters. We will update this section of the report in future if further information becomes available.	

Netherlands		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Vodafone disclosure unlawful (1) Government publishes (2) Further action to follow (3)	Government publishes (2) Further action to follow (3)
Key note (1)	Article 85 of the Intelligence and Security Services Act 2002 ('Wet op de inlichtingen en veiligheidsdiensten 2002' or 'ISSA'), requires all persons involved in the execution of the ISSA to keep the data obtained confidential. It would be unlawful for Vodafone to disclose statistical information related to lawful interception demands issued by agencies and authorities under the ISSA.	
Key note (2)	The Dutch Ministry of Justice (http://www.rijksfinancien.nl/de-rijksfinancien-online/2014/01/alle-stukken) publishes statistical information related to lawful interception and communications data demands issued by agencies and authorities.	
Key note (3)	As explained earlier in the report, we believe that the wide variations in methodology used by operators, governments and others in recording and reporting this statistical information amounts to a serious barrier to meaningful public transparency. We wrote to the Ministry of Security and Justice to urge further action by government in this area. In response, the Ministry outlined its aim to improve public transparency and committed to form a cross-functional working group – including Dutch operators – to consider options to increase the quality of public transparency. We will update this section of the report in future once we have further information as a consequence of that process.	

New Zealand		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Government publishes (1)	Government publishes (1)
Key note (1)	Statistical information related to lawful interception and communications data demands issued by agencies and authorities is published by the following four organisations: The New Zealand Police, http://www.police.govt.nz/sites/default/files/publications/annual-report-2013.pdf The New Zealand Security Intelligence Service, http://www.security.govt.nz/assets/media/annual-reports/nzsis-ar13.pdf The New Zealand Serious Fraud Office, https://www.sfo.govt.nz/f55,28716/AnnualReportWEBversion.pdf The New Zealand Customs Service, http://www.customs.govt.nz/news/resources/corporate/Documents/AR20122013.pdf	

Portugal		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Government publishes (1)	28,145 (2)
Key note (1)	The Portuguese Ministry of Internal Affairs (http://www.portugal.gov.pt/en/ministries/mai.aspx) publishes statistical information related to lawful interception demands issued by agencies and authorities.	
Key note (2)	We asked the authorities for guidance and have been informed that we can disclose this information.	

Privacy and security – Law Enforcement Disclosure report – Country-by-country section

Qatar		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Vodafone disclosure unlawful (1)	Cannot disclose (2)
Key note (1)	It is unlawful to disclose any aspect of how lawful interception is conducted.	
Key note (2)	<p>The legal position is unclear regarding whether or not it would be lawful for Vodafone to disclose statistics related to agency and authority communications data demands.</p> <p>Article 59 of the Qatar Telecommunication Law states that telecommunications service providers must comply with the requirements of the security authorities which relate to the dictates of maintaining national security and the directions of the governmental bodies in general emergency cases and must implement orders and instructions issued by the General Secretariat regarding the development of network or service functionality to meet such requirements. Any government department interested in "State security" can rely on Article 59 alongside use any enforcement powers vested directly in that government authority.</p> <p>We asked the authorities for guidance and have been informed that we cannot disclose this information.</p>	

Romania		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Vodafone disclosure unlawful (1)	Awaiting guidance (2)
Key note (1)	It is unlawful to disclose any aspect of how lawful interception is conducted.	
Key note (2)	<p>The legal position is unclear regarding whether or not it would be lawful for Vodafone to disclose statistics related to agency and authority communications data demands.</p> <p>Article 142(3) and Article 152 (3) of the Criminal Procedure Code (Law 135/2010) states that communication service providers are required to cooperate with criminal prosecution authorities with regard to lawful interception and the supply of retained communications data must keep the relevant operation a secret. Publishing aggregate statistics could potentially violate this obligation.</p> <p>We have asked the authorities for guidance however, we have not yet received a reply. We will update this section of the report in future if further information becomes available.</p>	

South Africa		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Vodafone disclosure unlawful (1)	Vodafone disclosure unlawful (1)
Key note (1)	Section 42 of the Regulation on Interception of Communication and Provision of Communication-related Information Act 2002 prohibits the disclosure of any information received pursuant to the Act. This includes, by virtue of Section 42(3), the disclosure of the fact that any demand for lawful interception or communications data has been issued under the Act. Accordingly, to publish aggregate statistics would be to disclose the existence of one or more lawful interception or communications data demands.	

Spain		
Type of demand		
	Lawful Interception	Communications Data
Statistics	24,212 (1)	48,679 (1)
Key note (1)	The legal position is unclear regarding whether or not it would be lawful for Vodafone to disclose statistics related to agency and authority lawful interception and communications data demands. We asked the authorities for guidance and have been informed that we can disclose this information.	

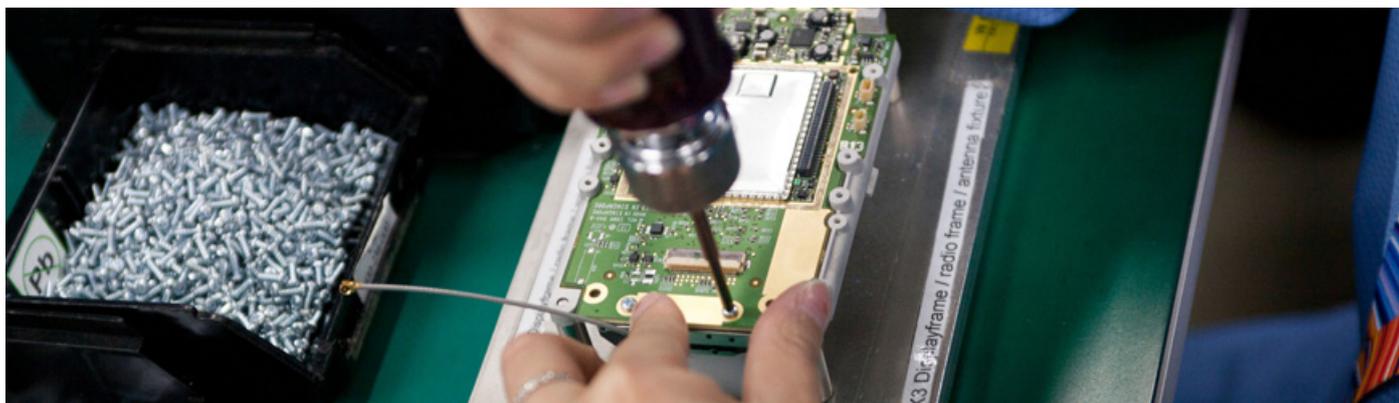
Tanzania		
Type of demand		
	Lawful Interception	Communications Data
Statistics	No technical implementation (1)	98,765
Key note (1)	We have not implemented the technical requirements necessary to enable lawful interception and therefore have not received any agency or authority demands for lawful interception assistance.	

Privacy and security – Law Enforcement Disclosure report – Country-by-country section

Turkey		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Vodafone disclosure unlawful (1)	Vodafone disclosure unlawful (1)
Key note (1)	It is unlawful to disclose any aspect of how lawful interception or access to communications data are conducted.	

United Kingdom		
Type of demand		
	Lawful Interception	Communications Data
Statistics	Vodafone disclosure unlawful (1) Government publishes (2)	Government publishes (2)
Key note (1)	Section 19 of the Regulation of Investigatory Powers Act 2000 prohibits disclosing the existence of any lawful interception warrant and the existence of any requirement to provide assistance in relation to a warrant. This duty of secrecy extends to all matters relating to warranted lawful interception. Data relating to lawful interception warrants cannot be published. Accordingly, to publish aggregate statistics would be to disclose the existence of one or more lawful interception warrants.	
Key note (2)	The Interception of Communications Commissioner's Office (http://www.iocco-uk.info/docs/2013 Annual Report of the IOCC Accessible Version.pdf) publishes statistical information related to lawful interception and communications data demands issued by agencies and authorities.	

For a summary of the most important legal powers relating to law enforcement demands on a country-by-country basis, see our Law Enforcement Disclosure report country-by-country legal annexe which is available on our website at <http://www.vodafone.com/content/sustainabilityreport/2015/index/operating-responsibly/privacy-and-security/law-enforcement.html>.



Responsible supply chain – Our approach

We work with our suppliers to help them meet our ethical, health and safety, social and environmental standards and improve their performance through monitoring, assessments and engagement.

We spend billions of pounds each year on equipment and services that enable us to operate our network and on products such as mobile phones, SIM cards and other devices that we sell to our customers.

We demand high ethical, health and safety, social and environmental standards of all our suppliers. These are set out in our Code of Ethical Purchasing ([http://vodafone.com/content/dam/group/suppliers/downloads/VPC_Supplier_Policy_A2_Code_of_Ethical_Purchasing_\(V3.0\).pdf](http://vodafone.com/content/dam/group/suppliers/downloads/VPC_Supplier_Policy_A2_Code_of_Ethical_Purchasing_(V3.0).pdf)) and integrated from the initial qualification process all the way through to managing our suppliers' performance. We conduct regular site assessments to ensure compliance with the Code and we work directly with our suppliers to help improve their sustainability performance.

To target improvements further down the supply chain, we require our suppliers to demand similar standards of their own suppliers and check this through audits and performance management processes. We participate in industry initiatives to raise standards across the sector.

Read on to find out more about our approach to this issue. Or go to the Performance section to read about our progress in 2014/15.

Becoming a Vodafone supplier

Vodafone's Code of Ethical Purchasing and other supplier policies are based on our Code of Conduct and our policies for our own business, extending relevant requirements to suppliers, <http://www.vodafone.com/policies>. Sustainability is embedded throughout our procurement process across our global supply chain, including the assessment of new suppliers.

Our Group-wide tendering process (also known as a request for quotation or RFQ) includes criteria for relevant suppliers – identified on the basis of degree of risk to the business – to assess the impact and likelihood of failure to meet our standards for operating ethically and responsibly. The results are factored into our decision to work with any given supplier.

Sustainability criteria include labour standards, health and safety, environmental management and prevention of bribery and corruption. These are weighted according to the level of risk associated with the contract. For example, suppliers' health and safety performance is a key factor for projects involving high-risk activities, such as working at height, and suppliers that do not meet our minimum requirements are not awarded work, see our Health and safety section.

We carry out risk assessments to identify new suppliers that are high risk, based on the product or service supplied. Suppliers identified as high risk are selected for on-site assessments, conducted by our own auditors or independent audit firms, to identify any instances of non-compliance with our Code of Ethical Purchasing, [http://vodafone.com/content/dam/group/suppliers/downloads/VPC_Supplier_Policy_A2_Code_of_Ethical_Purchasing_\(V3.0\).pdf](http://vodafone.com/content/dam/group/suppliers/downloads/VPC_Supplier_Policy_A2_Code_of_Ethical_Purchasing_(V3.0).pdf).

Everyone in our global supply chain organisation, as well as relevant people who work closely with suppliers, is trained on our key policies and ethical conduct requirements. We do this training regularly to ensure our people are updated with any changes in policy. This includes training on how to identify and report any non-compliance when visiting supplier sites and how to effectively communicate our expectations to suppliers.

Monitoring and improving supplier performance

Suppliers' performance is regularly assessed to identify areas for improvement. Health and safety and sustainability form two key pillars of our evaluation, alongside other commercial factors such as delivery and quality.

Responsible supply chain – Our approach

Assessing health and safety performance

Our suppliers' health and safety performance is rated using a series of criteria, including:

- engagement on health and safety, leadership and organisation
- effective implementation of safety plans
- monitoring and supervision of operations
- performance measures, audits and contractor management
- number and type of incidents and accidents.

Assessing sustainability performance

Our suppliers' sustainability performance is evaluated using the external sustainability assessment platform provided by EcoVadis, <https://www.ecovadis.com>. This common industry tool covers a wide range of criteria, including:

- the policies that a supplier has in place, for example on child and forced labour
- public reporting of its performance on social, environmental and health and safety issues
- environmental management systems
- health and safety management systems
- evidence that the supplier manages social, environmental and health and safety issues in its own supply chain
- evidence that the supplier manages the risks and opportunities associated with climate change
- evidence of steps to manage and prevent bribery and corruption
- evidence that a supplier is managing its environmental footprint
- evidence that a supplier manages equality, diversity and inclusion.

Suppliers' responses are checked and scored by EcoVadis, giving Vodafone an independent assessment. For mobile phone suppliers, EcoVadis scores feed into the rating of their products in our Eco-Rating, which enables customers to make an informed choice about which mobile phone they buy, see our Empowering sustainable choices section.

Following up

Performance evaluations enable us to identify and prioritise specific areas of improvement for our suppliers. We make recommendations for improvements and work with suppliers to address any issues. Follow-up assessments or on-site audits – by Vodafone or through joint industry audits – are used to monitor the performance of high-risk suppliers. We are also using mobile technology to gain direct input from workers in the supply chain, see the case study in our Performance section.

We engage with high-risk suppliers to help them address issues, but if they consistently fail to meet our standards we will not work with them in the future.

We also recognise suppliers that are performing well through our Responsible Supplier of the Year award, based on scoring in our Supplier Performance Management programme.

See our Performance section to read about supplier assessments and awards in 2014/15.

A consistent industry approach

By participating in common industry initiatives we aim to encourage a standardised approach across the industry. Using common tools such as EcoVadis reduces the burden of reporting on suppliers and offers consistent independent assessments for the industry.

We invest significant time and resources into collaborating with other telecoms operators to assess and improve the social and environmental performance of common suppliers through the Joint Audit Cooperation (JAC) initiative. JAC has established guidelines and a set of standard criteria to assess suppliers' performance, [http://gesi.org/files/Articles/JAC SC Guidelines V01_20140116.pdf](http://gesi.org/files/Articles/JAC%20SC%20Guidelines%20V01_20140116.pdf).

Joint audits are conducted by independent specialists based on internationally recognised social and environmental standards. These include the SA 8000 social accountability standard and the ISO 14001 environmental management standard. Results are shared between JAC member companies and one member leads the follow-up with regular updates to the other JAC companies.

As well as establishing common standards and helping to improve performance, collaborating on audits saves time and money for both suppliers and customers by removing the need for multiple audits and follow-up processes.

We also encourage suppliers to report their climate impact and targets through the CDP Supply Chain Programme, <https://www.cdp.net/supplychain>.

See our Performance section for more on our participation in industry initiatives in 2014/15.

Tackling conflict minerals further down our supply chain

The issue

Conflict minerals are minerals from mines that directly or indirectly finance or benefit armed groups in conflict regions, usually referring to the eastern provinces of the Democratic Republic of Congo (DRC).

Conflict minerals generally refer to columbite-tantalite (coltan), cassiterite, wolframite and gold. These minerals are refined at smelters or refiners to produce tantalum, tin, tungsten and gold respectively (often referred to collectively as 3TG). These metals are used by many industries including in components for electronic products, such as mobile phones.

Responsible supply chain – Our approach

Several of the components in the mobile phones, SIM cards and other electronic devices that Vodafone sells contain one or more of the 3TG metals, which may come from many different smelters. Both the smelters and the mines from which the minerals are originally sourced are several steps away from Vodafone in the supply chain.

Vodafone's view

We believe mining activities that fuel conflict are unacceptable. Our global Conflict Minerals Policy (http://vodafone.com/content/dam/sustainability/pdfs/vodafone_conflict_minerals_policy.pdf) sets out our position on this issue.

The industry is making considerable progress in improving the transparency of the mineral supply chain and tackling human rights abuses connected with the mining of conflict minerals through initiatives such as the Conflict-Free Sourcing Initiative (CFSI), <http://www.conflictreesourcing.org/>. However, it will take time to establish these systems across the whole industry to be able to determine the conflict-free status of all products.

We recognise that ceasing to source 3TG metals from legitimate mines (as well as those funding armed groups), is likely to have a negative impact on economic development and people's livelihoods in the region. We want our suppliers to be able to source validated conflict-free minerals from the DRC and adjoining countries and we support industry initiatives that are making this possible.

Our approach

Vodafone does not manufacture any products itself and does not purchase 3TG metals directly. This means we must work with suppliers and our industry to ensure that conflict minerals originating in the DRC or adjoining countries do not end up in the products we sell or the electronic equipment that we buy and use in our own operations.

Our Conflict Minerals Policy sets out our requirements for suppliers of electronic products. For products where we influence the design and manufacture, we conduct due diligence activities to determine the sources of the 3TG metals they contain, and disclose the results in our Conflict Minerals Report (<https://www.vodafone.com/content/dam/sustainability/2015/pdf/conflict-materials-2014.pdf>) in line with US legislation (read on to find out more).

Our direct (Tier 1) suppliers do not source these minerals straight from the smelters so they must conduct due diligence processes with their own suppliers, further down the supply chain, to determine the smelter from which minerals are sourced. Industry initiatives have established systems to verify smelters as conflict-free (read on to find out more).

Industry collaboration

The CFSI works to audit smelters' and refiners' due diligence activities. It offers a variety of tools and resources to support companies in making informed decisions about conflict minerals in their supply chain. Vodafone is a member of the CFSI and participated in the development and pilot of its Conflict Minerals Reporting Template, <http://www.conflictreesourcing.org/conflict-minerals-reporting-template/>. We use this template as part of our due diligence process to find out from suppliers which smelters 3TG metals are sourced from. To certify conflict-free smelters, the CFSI validates smelters and refiners that source conflict-free minerals and publishes the names of certified smelters on its website.

Regulatory requirements

Vodafone is required by the US Security and Exchange Commission to disclose whether 3TG metals in products where we influence the manufacturing and design originated in the DRC or adjoining countries. These products make up a very small proportion of our total spend with suppliers.

A product is considered to be DRC conflict-free when it does not contain metals from minerals that directly or indirectly finance or benefit armed groups in the DRC or an adjoining country. This means that metals can be sourced from mines in countries outside the DRC or adjoining countries, or mines within the DRC or adjoining countries if the appropriate certification and traceability is in place.

See more on our due diligence process and findings in our Performance section and in our Conflict Minerals Report, <https://www.vodafone.com/content/dam/sustainability/2015/pdf/conflict-materials-2014.pdf>.

Responsible supply chain – Performance in 2014/15

Responsible supply chain – Performance in 2014/15

We are continuing to improve the performance of our suppliers, contribute to an industry-wide approach to verification of factory conditions and improvement of standards, and enhance the traceability of metals in our products to tackle conflict minerals.

Adopting a consistent industry approach

In 2014/15, we used a range of common industry tools to assess and improve suppliers' environmental and social performance, while reducing the need for suppliers to complete separate assessments for each of their customers.

We use the EcoVadis platform to evaluate suppliers' performance on sustainability and develop improvement plans, <https://www.ecovadis.com>. Using this common industry platform helps to reduce the reporting burden on suppliers allowing greater focus on improving the performance of our suppliers on important issues. As Vodafone is itself a supplier to other companies, we also complete the EcoVadis assessment for our own business and share the results with relevant enterprise customers. In 2014/15, we ranked in the top 2% of suppliers evaluated across all sectors with a score of 71 out of 100.

Vodafone is one of 10 telecoms operators that are members of the Joint Audit Cooperation (JAC) initiative. Working together enables us to establish and conduct common audits across our industry and to develop joint follow-up plans for improvement. In 2014, JAC conducted a total of 35 joint audits.

In January 2015, we participated in the fourth annual JAC Forum on Sustainability and Corporate Social Responsibility in Suzhou, China. The forum discussed how to improve transparency on working conditions and environmental standards and the benefits this would bring. We presented on how mobile technology could help to achieve this, for example by contacting workers directly via their phones -keeping responses anonymous- to gain insights on factory conditions and identify areas of improvement (see case study). Around 150 participants representing telecom operators, industry forums, suppliers, audit firms and non-governmental organisations were involved in the forum.

JAC is also developing common key performance indicators (KPIs) to accompany its guidelines on various relevant issues, starting with a KPI on working hours. This KPI on working hours tracks the:

- percentage of total workforce that have exceeded overtime limit of 12 hours per week
- percentage of total workforce that have had not one day off in seven per week.

Vodafone engaged three of its suppliers through findings from a JAC audit where excessive working hours was identified as an issue by monitoring KPIs defined by JAC.

In one case, across a period of four months, there was a reduction in the proportion of the workforce exceeding the overtime limit from 80% to 60% and a reduction of the workers that have not had one day off in seven from 50% to 10%. In two other cases, the improvement plans are ongoing and require additional resources. We will continue to monitor improvement in these cases and also explore the use of mobile technology to verify the situation (see case study below).

We were a founder of, and participate in the CDP supply chain program which helps large companies and their suppliers report climate impacts transparently, share information and target carbon reductions, <https://www.cdp.net/supplychain>. In 2014/15, 76 suppliers disclosed information through the CDP and achieved an average score of 79, which is better than the global average of 53. We also worked closely with some of our key suppliers to improve the efficiency of equipment used in our networks (see our Minimising our carbon footprint section).

As a member of the Conflict Free Sourcing Initiative (CFSI), <http://www.conflictreesourcing.org/>, we use its common industry tools to tackle conflict minerals in the ICT supply chain (see below).

Driving improvements through supplier assessments

In 2014/15, we focused on improving the way we assess suppliers' sustainability performance at the qualification stage. This is the most effective point to influence which suppliers we choose to work with. We use a risk-based approach to select which suppliers to ask for additional information on acting responsibly, during supplier qualification.

To work with Vodafone, suppliers are expected to follow our Code of Conduct and comply with our policies on sustainability issues such as health and safety (see our Health and safety section). We assessed over 1,610 potential new suppliers on sustainability criteria during the qualification process in 2014/15 and rejected 20 potential new suppliers because they did not meet our requirements.

We performed 21 on-site assessments of suppliers identified as high-risk to check compliance with our standards and monitor their performance on sustainability in 2014/15. 17 of these audits were performed at Tier 2 suppliers' sites as we continued our focus further down the supply chain, working together with our Tier 1 (direct) suppliers to assess their suppliers' performance and help them improve. In addition to our own audits, 35 additional on-site assessments of suppliers within the industry were conducted jointly with other telecoms operators through JAC. Most of these related to the Vodafone supply chain.

Responsible supply chain – Performance in 2014/15

Supplier site assessments conducted

	2012/13	2013/14	2014/15
Number of supplier site assessments conducted	33	30	21
Number of site assessments conducted by JAC ¹	35	38	35
Number of sites assessed using a mobile survey of workers	-	-	5
Total	68	68	61

Notes:

1. JAC assessments are reported on a calendar year basis.

Based on the 21 site assessments Vodafone conducted, we made 260 recommendations for improvement. Managing health and safety continues to be the most common area identified for improvement by far, followed by working hours and environmental issues.

Number of recommendations for improvement in 2014/15²

	Policy	Performance	Total
Health and safety	0	165	165
Environment	4	30	34
Working hours	0	31	31
Implementation of Code of Ethical Purchasing or equivalent	0	20	20
Payment	0	8	8
Child labour	2	9	11
Discrimination	5	5	10
Forced labour	6	0	6
Disciplinary practices	4	2	6
Freedom of association	1	0	1
Individual conduct	0	0	0
Total	22	270	292

Notes:

2. This data excludes the results of the audits conducted through JAC, which are subject to a non-disclosure agreement.

Responsible supply chain – Performance in 2014/15

Working hours is a common industry issue. We are working with JAC to develop a KPI that will help monitor improvements over the long term and tackle the root causes of this issue. Our collaboration with Good World Solutions to gain feedback directly from factory workers in our sub-suppliers' facilities is enabling us to obtain more meaningful information directly from suppliers' workers on this issue (see case study to the right).

Our standard approach to manage suppliers' performance issues is to request that the supplier creates a corrective action plan and then follow up by re-auditing to confirm the agreed actions have been completed. For example, in 2014/15 we identified nine instances where our Tier 2 suppliers' factories were not meeting our Code and employing young people (16-18 year olds) to work at night or in hazardous conditions that were unsuitable for their age. After we informed the suppliers that their qualifying audit had failed to meet our requirements, they developed new policies and implemented process controls to regularly check that young workers are not subjected to hazardous or night working. Through follow-up site visits, we verified that these corrective actions had been properly implemented and that those workers working at night or in hazardous activities were reassigned accordingly. The suppliers also agreed to pay for medical check-ups for the young workers.

Working with suppliers to build capability

Developing improvement plans with suppliers is a critical and lengthy part of the audit and follow-up process. We focus on improving their performance on specific issues such as working hours and health and safety.

We work closely with high-risk suppliers, particularly those supporting the deployment and maintenance of our networks, to improve health and safety. Our consequence-management process (pdf, 200 KB) is implemented globally and makes it clear to suppliers that failing to demonstrate a robust safety procedure is directly linked to termination of purchase orders or contracts, [http://www.vodafone.com/content/dam/group/suppliers/downloads/VPC_Supplier_Policy_A3_Health_and_Safety_\(3.0\).pdf](http://www.vodafone.com/content/dam/group/suppliers/downloads/VPC_Supplier_Policy_A3_Health_and_Safety_(3.0).pdf). When red cards are issued, suppliers are excluded from tendering for new work. In 2014/15, we issued 9 red cards and 14 yellow cards and excluded suppliers from tendering for new work for a total of 23 months. When suppliers get a red card we generally exclude them from new opportunities to work with us for around three months. The system is intended to protect the people working in our supply chain.

We bring together key global suppliers through our supplier safety forums to share best practices on how to improve safety. For example, in 2014/15, we held three safety forums to encourage suppliers to set common standards on driver safety and share examples of successful safety initiatives. See our Health and safety section for more examples of our work with contractors.



In focus: Using mobile technology to monitor our suppliers' working conditions

In collaboration with Good World Solutions, we are using mobile technology to better understand the working conditions in our supply chain, thereby helping us and our suppliers to identify areas for improvement, <http://goodworldsolutions.org/>.

In 2014/15 we used a tool, known as Labor Link, to survey people working for five of our Tier 2 suppliers in China. Conducting the survey using a mobile phone meant that participants could easily reply to the pre-recorded voice questions anytime and anywhere – even in privacy away from their workplace. It enabled us to gather anonymous and unbiased feedback directly from workers. To help workers complete the survey, the questions were asked in their local language and in-person training was provided.

The survey asked the workers how many days a week they usually work more than 10 hours a day. Of the 157 who responded: 28% said never, 45% one to three days, 24% four to six days and 3% seven days a week. We also asked if overtime was voluntary: 89% responded yes and 11% no. Furthermore, we asked how they felt about overtime: 48% wanted to work as many hours as possible, 46% were sometimes willing to work overtime and 6% did not want to work overtime. This feedback helps to provide data on complex issues that are interconnected with other topics such as payment and culture. Objective data such as this helps to highlight problem areas such as excessive working hours. We are also able to compare results across different sites and focus effort on poor performing areas.

Vodafone is the first telecoms operator to use this technology as a means of verifying working conditions in part of our supply chain and we are sharing these learnings to encourage greater adoption. These surveys were performed at smaller suppliers' factories, where we have undertaken on-site audits in the past. We aim to deploy surveys using mobile phones at more of our suppliers' factories in 2015/16 to increase and improve the feedback we receive.

This is one example of the concepts featured in our Connected Worker research report, http://vodafone.com/content/dam/sustainability/pdfs/vodafone_connected_worker.pdf.

Responsible supply chain – Performance in 2014/15

Tackling conflict minerals

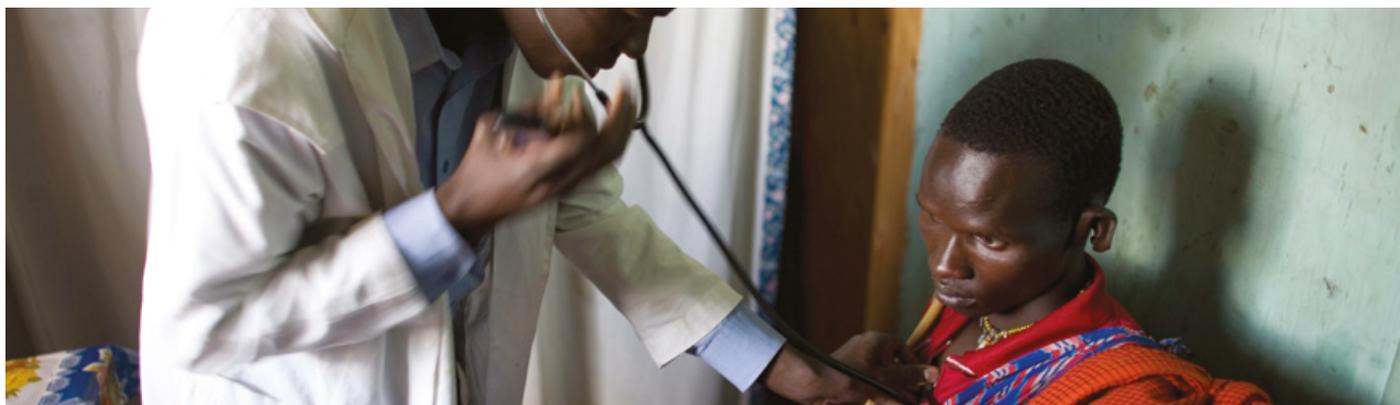
In 2014/15, to meet the requirements of US legislation (see our Our approach section), we carried out due diligence to determine the source of any tantalum, tin, tungsten or gold (3TG) contained in the products where we have influence over manufacturing and design. We implemented our due diligence framework (aligned with the internationally recognised framework developed by the Organisation for Economic Cooperation and Development) and engaged with relevant suppliers regularly throughout the year to raise awareness of due diligence requirements.

We identified 30 products considered to be within the scope of the requirements in 2014, sourced from 12 suppliers. We asked these suppliers to complete the Conflict Minerals Reporting Template developed by the CFSI to determine the source of the 3TG in their products, <http://www.conflictreesourcing.org/conflict-minerals-reporting-template/>. We received responses from 10 of the 12 suppliers, covering 28 of the 30 in-scope products (93%). Two suppliers failed to respond. Vodafone no longer sources products from either of these suppliers.

Based on our due diligence, we have determined that the majority of suppliers of in-scope products have not identified all of the smelters in their supply chain. However, the quality of smelter information provided by suppliers improved significantly in 2014/15. The proportion of smelters listed as known smelters by the CFSI's flagship programme – the Conflict-Free Smelter Program (CFSP) – increased to around 75% from 10% in 2013/14. Of these, 60% were certified as CFSP-compliant (up from 5%), including all 11 of those identified as operating in covered countries.

We are continuing to engage with suppliers to improve the completeness and quality of information provided and to seek their commitment to improve their due diligence processes.

For more information on the due diligence process and findings, see our Conflict Minerals Report, published as part of our legal filing to the US Securities and Exchange Commission, <http://www.vodafone.com/content/dam/sustainability/2015/pdf/conflict-materials-2014.pdf>.



Tax and our total contribution to public finances

This report was first published in January 2015 and the next version will be available from January 2016.

This is our third transparency report setting out Vodafone's contribution to public finances in the countries in which we operate. This report has been updated to incorporate financial data for the fiscal year ended 31 March 2014, presented – as in previous reports – on an actual cash paid basis rather than a statutory reporting basis to provide the clearest possible insight into the scale of money flowing from Vodafone to governments.

We have retained much of the explanatory text used in previous editions of this report to continue to provide an insight into our views on matters of public debate. Regular readers may therefore recognise certain sections of this report. We have also provided new or expanded commentary on multinationals and governments, our Luxembourg subsidiaries and our views on the G20/OECD Base Erosion and Profit Shifting (BEPS) initiative in light of continuing interest in those topics.

In preparing this report, we met a number of stakeholders with a specialist interest in tax transparency, including several international NGOs with active campaigns focused on this issue. We are grateful for their insights and suggestions. Some of these are reflected in this year's report; others will be considered for incorporation in future reports, including full narrative reporting on a country-by-country basis with any appropriate addition of further relevant financial metrics.

Total contribution: £14.75 billion

In 2013/14, Vodafone contributed £14.75 billion in cash to the public finances in our countries of operation, up from £13.5 billion in 2012/13. This includes a year-on-year increase of more than £300 million in direct taxes paid to European governments and an increase of nearly £1 billion in government revenues in the AMAP region from non-taxation-based sources such as spectrum fees. Direct taxes paid by our non-operating company businesses also increased by almost £2.7 billion year-on-year predominantly as a consequence of the Verizon Wireless transaction which concluded in February 2014.

Background to this report

The amount of tax paid by large companies continues to be a matter of significant public debate and scrutiny.

While individuals and companies have legal obligations to pay tax, those obligations do not, however, extend to paying more than the amount legally required. Companies also have a legal obligation to act in the interests of their shareholders; and Vodafone's shareholders include many of the investment funds relied upon by tens of millions of individual pensioners and savers.

At the same time, individuals and companies must meet their responsibilities to contribute to the funding of public services and infrastructure, without which societies cannot operate effectively. Achieving a transparent and effective balance between those obligations and responsibilities therefore remains integral to operating sustainably.

Tax and our total contribution to public finances

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

- In many countries and for many companies, **corporation tax payments only account for a small proportion of businesses' total tax contribution to national governments.** For example, corporation tax accounts for only around 8% of total tax paid to the UK Exchequer and just 23% of total taxes paid to the UK Exchequer by the UK's largest 100 companies¹. Businesses also pay a very wide variety of additional taxes: as the Appendix demonstrates, corporation tax is only one of 60 different types of taxation paid by Vodafone's operating businesses every year.
- **Corporation tax is paid on profits, not on revenues.** If a company makes little or no profit – for example, as a consequence of declining sales, competitive market conditions or a period of intense capital investment, particularly if funded through borrowing – it will generally incur lower tax charges than another similar company with higher profits. This approach is common to all countries as without it, companies enduring periods of low profitability would be faced with disproportionate tax demands and significant disincentives for investment in infrastructure. In a number of countries where we operate – including and particularly in the UK – the cost of acquiring radio spectrum from the government, high operating costs, substantial levels of capital expenditure and sustained competitive and regulatory pressures have a significantly negative effect on the profits of our local businesses. In addition, in some markets, other taxes that are levied on revenue (together with non-taxation-based contributions such as spectrum fees) have the effect of depressing profit and so reducing corporation tax liabilities.
- **Taxation is local.** Taxes generally fall due wherever profits are generated, and the tax liabilities that arise as a result are decided under the rules of the country that is host to the business in question. So, for example, a company operating in South Africa pays taxes to the South African government under tax rules determined by that country's government; and a company operating in Italy pays taxes under Italian rules to the Italian government. Vodafone pays all taxes due under the law in all our countries of operation: in 2013/14, these direct taxes paid amounted to more than £7 billion, an increase of over £2.8 billion on the total paid in 2012/13 which predominantly arose as a consequence of the Verizon Wireless transaction discussed later in this report. For further details, see our Multinationals, governments and tax section.
- **Taxation is not the only route used by governments to raise revenue from businesses.** Governments also use other mechanisms to derive revenues from business activities, including a wide range of licensing regimes, revenue or production-sharing agreements and, for communications companies, radio spectrum fees and auction proceeds. These additional sources of government revenue are often substantial – sometimes exceeding the monies raised through taxation – and therefore represent a critically important contribution to public finances. It is therefore essential to take those government revenue-raising mechanisms into account when assessing the extent to which a company is playing its part in funding wider civil society. In 2013/14, cash revenues from Vodafone to governments from non-taxation-based sources exceeded £1.9 billion. While this was £1.3 billion lower than the figure for 2012/13, as the prior year included substantial (and costly) spectrum auctions in a number of Vodafone countries, these non-taxation-based revenues remain an important factor when evaluating Vodafone's total economic contribution.
- **Large companies are an important source of investment and employment.** Governments seeking to stimulate investment often develop corporate taxation regimes which are intended to attract the capital necessary to deliver key policy objectives. Those measures also aim to stimulate job creation, in turn leading to higher government revenues from employment taxes and increased levels of consumer spending on the part of an expanded workforce. This is particularly relevant when considering multi-billion pound, multi-year programmes to build critical national infrastructure, such as the UK government's target for universal broadband coverage by 2015 or the European Union's target for the entire EU to have access to broadband above 30 megabits per second (Mbps) by 2020. For context, over the last five years, Vodafone has invested (including spectrum) more than £18 billion across Europe, including more than £4 billion in the UK alone. Political leaders make an active choice to incentivise corporate investment by offering capital allowances – to be offset against future corporate tax liabilities – in order to achieve a wider national benefit that would otherwise have to be funded directly by the state, invariably through public borrowing. These allowances are deliberate design features, not 'loopholes': they reflect the public policy choices made by governments and also – wholly intentionally – have the effect of reducing tax liabilities for companies whose investment decisions support those policy choices. In 2013/14, capital investment (excluding spectrum) across our businesses increased by more than £1.2 billion to reach a total of £7.5 billion, including an increase of more than £1 billion across our European markets.

Notes:

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

Tax and our total contribution to public finances

In focus: Multinationals, governments and tax

It is important to note that many governments methodically and purposefully shape their taxation regimes in order to compete with other countries in attracting international businesses and capital to their country and thus in turn stimulate job creation and skills development. Governments also use tax rules to incentivise (or disincentivise) a wide range of activities and behaviours across society as a whole. Tax regimes are therefore creatures of politics as much as economics and are modulated each year by elected representatives in national parliaments to achieve specific policy objectives.

At the same time, governments also choose to enter into pan-regional cooperation agreements designed to enable companies to establish operations in different countries and to operate and trade across borders with as few impediments as possible. For example, the free movement of capital, goods, services and people across borders has been one of the founding principles of the European Union since the Treaty of Rome came into force in 1958.

Multinational companies such as Vodafone therefore operate in an international taxation environment which is determined by governments working individually and collectively and which – in democracies – is ultimately shaped by voters. If governments are uncomfortable with the outcomes achieved from the laws they have created or inherited on assuming office, it is wholly within their power to change those laws. This means we have to deal with different laws in the different countries we operate in; those laws are not always coordinated and can occasionally give rise to 'double taxation'.

A number of campaigners on taxation issues have alleged that in practice 'there is one set of rules for multinationals, another for everyone else'. This is untrue. Larger businesses are more complex, which in turn means a greater level of complexity in applying the rules. But they are the same rules. Similarly, while large companies may occasionally be consulted on how tax rules should change – a topic we discuss below – there is no certainty whatsoever that their views (or the views of any other interested party responding to a government consultation) would be taken into account when policymakers determine the rules to be applied in future.

As an international business, Vodafone – in common with all multinational companies – chooses from a range of locations when setting up certain centralised global operations such as procurement or IT support. Our decisions are influenced by a wide range of factors beyond the local tax environment, including:

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

In an international context, various treaties and inter-governmental agreements ensure multinational companies are not subject to 'double taxation' by paying tax twice over in two different countries in relation to the same economic activity. Governments also maintain measures that restrict companies from entering into artificial arrangements to move profits from one country to another lower-tax destination. We would emphasise that it is our policy not to enter into artificial arrangements² – for example, by artificially diverting profits to minimise tax payments to the UK Exchequer – and will only adopt business structures that reflect genuine and substantive commercial and operational activities.

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

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

Notes:

2. See the tax risk management policy for more information www.vodafone.com/content/dam/sustainability/pdfs/vodafone_tax_risk_management_strategy.pdf.

Tax and our total contribution to public finances

In focus: Vodafone, Luxembourg and 'tax havens'

As we explain above, many governments seek to develop tax regimes which provide some form of competitive advantage when seeking to attract inward investment from multinational companies that would otherwise flow towards other countries. As a consequence, variations have emerged between the tax regimes of different countries over the years, and some countries where specific aspects of the national tax regime offer significant advantages to businesses located there have found themselves dubbed as 'tax havens'.

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

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

For example, many observers believe it is perfectly legitimate for the UK government to have a long-standing policy which enables multinational companies to claim debt interest relief (within complex and strict parameters) on capital raised from financial institutions to fund their international operations and to set this off against the profit from their UK operations. This policy is a distinguishing feature of the UK tax system. It provides a significant incentive for a multinational company to expand and finance its international operations using capital raised in the UK – and, often, to locate much of its international headquarters activity in the UK – rather than in another country. The policy also encourages smaller enterprises and entrepreneurs to expand overseas.

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

One country which has been the focus of public and political scrutiny in recent years is Luxembourg. While Luxembourg has been commonly described as a 'tax haven' by tax campaigners, this is a country in which Vodafone has a meaningful presence and which therefore plays a material role in any assessment of our overall contribution to public finances.

Our Vodafone Luxembourg subsidiaries are not 'brass plate' activities. These are substantive businesses employing around 300 people in our Luxembourg headquarters building. Our colleagues in Luxembourg manage the financing of many of our international operating companies, providing loans on a commercial 'arm's length' basis which reflect the costs of borrowing from an external bank in line with international best practice. Our Luxembourg-based global purchasing organisation – the Vodafone Procurement Company (VPC) – oversees more than €13 billion of global purchasing contracts. Our international roaming team are also based in Luxembourg, where they manage 627 international roaming agreements that enable Vodafone customers to communicate when travelling across more than 190 countries.

In common with any other European Union member state, the Luxembourg tax regime is defined in legislation which is approved by elected members of the national parliament. The country's tax rules are largely in line with those of many other member states, including a standard corporate tax rate of 29.22% (which is higher than the rate in a number of other EU member states, including the UK).

However, the Luxembourg tax regime has a number of distinguishing features within the country's standard national tax code that are typically drawn from competitive best practice in a number of EU member states. One of these features is particularly significant from Vodafone's perspective. Under long-established Luxembourg tax rules, a reduction in the book value of a company's assets (also known as an impairment or writedown of goodwill) that has been verified by independent auditors and the local tax authorities is recognised as a tax loss that can be offset against profits. This means that if a multinational company with a presence in Luxembourg acquires another business but then sees the value of that acquisition reduce as a result of deteriorating market conditions or performance, the difference between the acquisition cost and the 'mark to market' contemporary value of the acquired business – and the loss consequently realised by shareholders – is treated as a loss for tax purposes.

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

Tax and our total contribution to public finances

Similar rules were in place in Germany 14 years ago when Vodafone acquired the Mannesmann conglomerate in 2000. That acquisition was followed by the dotcom crash, wiping tens of billions of euros off the value of the former Mannesmann business, resulting in significant losses for the Luxembourg subsidiary involved, and ultimately for all of Vodafone's shareholders.

As explained above, those historical losses can be offset against profit within our Luxembourg subsidiaries and are therefore utilised across the various Luxembourg business units also summarised above. During 2014, we recognised a large proportion of these historical losses in the form of deferred tax assets – totalling £22.6 billion – as at 30 September 2014. These were recognised as a consequence of the Verizon Wireless transaction, discussed later in this report. Deferred tax assets represent the amount of tax a company does not anticipate having to pay in future years, in a particular jurisdiction – Luxembourg, in this case – as a result of circumstances which have already occurred in the jurisdictions where these assets arise. We anticipate that it would require up to 60 years to utilise these assets.

In recent months, there have been a number of allegations of illegal state aid under which governments in a number of jurisdictions – including Luxembourg – have been accused of entering into special agreements with individual multinational companies that have the effect of reducing those companies' overall tax charge beyond the levels possible under the standard tax regimes in those jurisdictions.

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

Finally, it is important to note that changes to the UK Controlled Foreign Company rules introduced in 2013 mean that a proportion of profits from our Luxembourg subsidiary's global financing activities are also taxable in the UK. Further information on Vodafone and UK corporation tax is set out below.

In focus: Why does Vodafone pay little or no UK corporation tax?

As we explain above, all over the world, governments are seeking to encourage companies to create jobs and build infrastructure by developing a range of tax incentives to attract new capital investment. The UK is no different.

Vodafone makes huge investments in the UK. We spent over £1.3 billion in 2013/14 – up from just over £1 billion in 2012/13 – building and upgrading the networks relied upon by millions of UK consumers and businesses. We have also paid the UK government more than £7 billion for our UK radio spectrum licences. We raised the money for those licences from UK banks and capital markets and we're now paying more than £600 million a year in interest costs on our overall UK borrowings to UK banks and financial institutions.

As the UK Government wants to encourage more investment in the UK's infrastructure and job creation, it allows all businesses to claim tax relief on the cost of the assets used in the business against their profits, when determining their corporation tax bills. The government also provides relief to all businesses for the cost of interest on their debts to UK banks and financial institutions. These allowances and reliefs are intentional, long-established and carefully considered: they reflect deliberate policy decisions by successive UK governments and are a cornerstone of UK taxation policy. Vodafone is no different to any other UK business, whatever its size: if a self-employed trader buys a new computer or a large UK business borrows money to build a new warehouse, exactly the same rules apply.

As we explain above, corporation tax is charged on profits, not revenues. The UK is an expensive and highly competitive country in which to do business and has one of the least-profitable mobile markets anywhere in the world. Many people confuse revenues with profits. However, our UK profit is a small fraction of our gross UK revenues; below £200 million in 2013/14, which is significantly less than the interest costs on our UK debt and is just over one-seventh of the amount of our annual UK capital investment programme.

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

Finally, as explained above, UK corporation tax accounts for a small proportion of the total taxes paid by UK businesses. In 2013/14, we paid the UK government £355 million in direct taxes – up from £275 million in 2012/13 – and, as we show in the country-by-country total contribution table, our total cash contribution to the UK Government was over £1 billion.

Tax and our total contribution to public finances

Tax conduct and principles

We are committed to acting with integrity in all tax matters. We always seek to operate under a policy of full transparency with the tax authorities in all countries in which we operate, disclosing all relevant facts in full while seeking to build open and honest relationships in our day-to-day interactions with those authorities in line with the Tax Code of Conduct contained within our Tax Risk Management Strategy³.

In forming our own assessment of the taxes legally due for each of our businesses around the world, we follow the principles stated in our Tax Risk Management Strategy¹. We have two important objectives: to protect value for our shareholders, in line with our broader fiduciary duties; and to comply fully with all relevant legal and regulatory obligations, in line with our stakeholders' expectations.

However, tax law is often unclear and subject to a broad range of interpretations. Furthermore, the financial affairs of large multinational corporations are unavoidably complex: we typically process and submit more than 12,000 tax returns to tax authorities around the world every year. The assessment and management of tax uncertainty is therefore a significant challenge for any company of Vodafone's scale, and the key issues are subject to review by the Board and Audit and Risk Committee.

Our overarching approach is to pursue clarity and predictability on all tax matters wherever feasible. We will only enter into commercial transactions where the associated approach to taxation is justifiable under any reasonable interpretation of the underlying facts as well as compliant in law and regulation. Our tax teams around the world are required to operate according to a clearly defined set of behaviours, including acting with integrity and communicating openly. These are aligned with the Vodafone Group Code of Conduct and the values set out in The Vodafone Way.

Contributing to the development of tax policy

When governments seek to develop or change tax policy, they invariably seek input from a wide range of interested stakeholders, including business advocacy groups and a large number of individual companies. Vodafone regularly engages with governments – typically through public consultation processes or in our role as a member of an industry group – to provide our perspective on how best to balance the need for government revenues from taxation against the need to ensure sustainable investment.

In focus: Vodafone and the OECD BEPS project

In 2013, the Organisation for Economic Cooperation and Development (OECD) began work on the 'base erosion and profit-shifting' (BEPS) initiative. 'Base erosion' is the term used to describe the reduction in a country's overall tax revenues as a consequence of the fluid movement of corporate activity and funds between different jurisdictions. 'Profit-shifting' is the term used to describe the artificial arrangements which move corporate profits from one jurisdiction to another lower-tax jurisdiction.

The BEPS initiative was developed in response to public concern about the integrity of national and international taxation systems in an ever more complex global economy. It is likely to change national and international tax rules dramatically, leading to a new set of standards for international cooperation and transparency, as well as an increased level of disputes on the allocation of taxing rights between countries.

Vodafone has long demonstrated its commitment to transparency through publishing details of its Tax Code of Conduct, Tax Risk Management Strategy and, more recently, this report. We welcome initiatives to increase transparency in this critically important area of public policy and support measures to eliminate artificial profit shifting and unfair tax competition.

We continue to engage constructively with the OECD both directly and through our membership of bodies such as the Technical Advisory Group on the Digital Economy, the Confederation of British Industry, the 100 Group and the International Alliance for Principled Taxation.

Our focus is to support the OECD in developing practical and workable recommendations that support international trade, incentivise greater investment in infrastructure and services, foster economic growth, employment and prosperity and generate greater public trust in the international tax system.

The UK government has announced its intention to implement the OECD's recommendations regarding country-by-country reporting. These will require companies to report certain information to the UK tax authorities on a country-by-country basis, complementing Vodafone's ongoing commitment to tax transparency and country-level disclosure as exemplified by this report.

Notes:

3. http://www.vodafone.com/content/dam/sustainability/pdfs/vodafone_tax_risk_management_strategy.pdf.

Tax and our total contribution to public finances

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

We contribute to the tax committees of telecommunications industry organisations in Germany which work on legal

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

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

In focus: India and tax

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

The Indian tax authorities' actions led to a protracted legal dispute, which culminated in a hearing before the Indian Supreme Court. The Supreme Court examined all the facts related to the transaction before concluding unambiguously and unanimously, in January 2012, that no tax was due. The Court also highlighted that it was important for the Indian government to avoid penalising international investment in the country.

Although the country's highest court had vindicated Vodafone's position, the Indian government subsequently changed the law to introduce retrospective taxation rules. Those rules, which were back-dated to 1962, were designed to require taxes to be paid retrospectively which, as the Supreme Court had concluded, could not be levied against Vodafone under any reasonable interpretation of the evidence or the law.

All businesses depend on tax policy predictability and certainty in order to plan investments for the long term. The Indian government's decision to rewrite half a century of tax legislation with immediate retrospective effect was widely condemned worldwide, greatly damaged global business confidence in the Indian government and led to a marked reduction in the flow of investment into the country.

As a result, the Indian government commissioned an independent inquiry, led by the economist Parthasarathi Shome, to recommend a way forward. The Shome Committee concluded that retrospective tax rules should be introduced only in the 'rarest of rare' cases, and that, if applied to capital gains tax cases, the authorities should pursue the seller, not the buyer (Vodafone being the latter not the former in the case at issue).

We continue to maintain that no tax is due on the 2007 acquisition and, despite constructive discussions with the Indian government regarding options for conciliation, were unable to agree on a way forward with conciliation. On 17 April 2014, we therefore filed our notice of arbitration under the bilateral investment treaty between the Netherlands and India (the Bilateral Investment Promotion and Protection Agreement) in an effort to resolve the dispute. Since then, both the Indian government and Vodafone have appointed arbitrators; however, we have yet to agree on a third arbitrator who would be the chairman of the international tribunal.

Meanwhile, in October 2014 the Bombay High Court ruled in favour of Vodafone in separate cases focused on whether or not the Indian tax authorities were correct in their pursuit of tax charges associated with the issue of shares from our Indian subsidiary to an overseas parent. The Court supported Vodafone's contention that the issue was not taxable as it had no impact on income, and in January 2015 the Indian government announced it would not appeal the Bombay High Court's ruling.

Vodafone has become one of India's largest investors: we have spent more than £12.8 billion in building our business in the country since 2007. We are also one of the country's largest taxpayers: as we set out under our country-by-country total contribution table, in 2013/14 our direct and indirect contributions to Indian public finances exceeded £2.2 billion.

Tax and our total contribution to public finances

In focus: The HMRC/Vodafone Controlled Foreign Companies settlement

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

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

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

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

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

In focus: Verizon Wireless

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

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

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

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

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

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

Tax and our total contribution to public finances – Our contribution, country by country

Our contribution, country by country

Vodafone plays an important role in contributing to the economies of the countries in which we operate. We are a major investor, taxpayer, employer and purchaser of local goods and services. We also make a vital contribution to the delivery of governments' policy objectives through our substantial capital expenditure in building the next generation of digital infrastructure.

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

Assessing our contribution to public finances

The table below sets out the data for five of the most relevant indicators of Vodafone's total overall contribution to the public finances and wider economies of the countries within which we operate.

To ensure the most effective comparisons between different types of contributions are within the same period, all the data presented in the table below is for the 2013/14 financial year and is drawn from our audited accounts.

In the 2013/14 financial year, Vodafone's businesses around the world paid more than £7 billion in direct taxes to governments in our countries of operation plus more than £1.9 billion in other non-taxation-based fees and levies. Our businesses also made a total indirect tax contribution to national governments of £5.8 billion. Our total cumulative contribution to the public finances of our countries of operation was therefore £14.75 billion. We also invested more than £7 billion in the networks and services now relied upon by more than 438 million mobile customers and 11 million fixed broadband customers worldwide.

In the table below, the direct tax contributions to governments are reported on an annual actual cash paid basis for each local market as, in our view, these are among the most meaningful and transparent metrics to consider when assessing a company's tangible role in helping to fund public services. International accounting rules governing the reporting of a multinational company's profit and loss tax liabilities and charges are complex, reflecting a wide range of factors such as deferred taxation, losses, group-level taxation and various provisions related to uncertain tax positions. The cash payments or reliefs arising from those factors may be several years in the future. As a result, there can be a variance between a multinational company's statutory reported numbers over a specific time period – particularly in territories with holding companies as well as a local operating

company – and the actual cash paid numbers set out below⁴. For more detailed information about our financial performance in 2013/14, see the Vodafone Group 2014 Annual Report and Accounts⁵.

The columns in the table are explained below.

- Direct government revenue contribution: taxation.** This encompasses Vodafone's total direct tax contribution in each country, including corporation tax, business rates or equivalent, employers' national insurance contributions or equivalent, municipal and city taxes, sector-specific taxes (such as 'special' taxes, 'telecoms' taxes or 'crisis' taxes), stamp duty land tax, stamp duty reserve tax, irrecoverable Value Added Tax (VAT), insurance premium tax, climate change levy, environmental taxes, customs duties, fuel excise duties and acquisition taxes. An illustrative list of the types of taxes paid is set out in the Appendix.
- Direct government revenue contribution: non-taxation mechanisms.** This encompasses all other forms of government revenue raised in addition to a country's direct taxation regime, including telecoms licence fees, radio spectrum management fees, proceeds from revenue-sharing agreements, usage fees and proceeds from radio spectrum auctions. Examples of these payment types are listed in the Appendix.
- Indirect government revenue contribution.** This encompasses taxes collected by companies on behalf of national governments, including Pay As You Earn (PAYE) income tax, employees' National Insurance contributions, withholding taxes, sales and consumption taxes and VAT. These indirect contributions to government revenue would not be collected (or generated to the same extent) if the company did not employ people and offer services or products to the customers responsible for paying the tax in question, or procure goods and services from its suppliers on which such taxes are due.
- Capital investment.** Our significant investments in building the networks and services relied upon by more than 438 million Vodafone mobile customers around the world are often taken into account by local tax authorities when determining corporate tax liabilities.
- Direct employment.** Vodafone is an important source of employment and skills transfer worldwide. We provided incomes, benefits and the potential for a high-technology sector career path for 92,812 people in more than 27 countries as of end March 2014 (2012/13: 91,272). In addition, we have contractual relationships with many thousands of suppliers and partner companies around the world, each of which relies to a greater or lesser extent on revenues from Vodafone to pay their employees' wages.

Notes:

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

5. http://www.vodafone.com/content/annualreport/annual_report14/downloads/full_annual_report_2014.pdf.

Tax and our total contribution to public finances – Our contribution, country by country

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

The figures set out in the table below will vary widely from country to country and from year to year as a result of local differences between, and annual movements in, factors such

as levels of profit and capital investment. There are also wide variations in local taxation regimes and other government revenue-raising mechanisms, many of which change from year to year. For example, non-taxation-based revenues will typically be very high in a year in which a government benefits from the proceeds of a spectrum auction (as happened in the UK and Netherlands in 2012/13) but much lower in a year where no such auction takes place. It does not make sense, therefore to try and compare the amount of tax or investment made in one country to another, given the factors described above.

Total Economic Contribution – country by country

	Direct revenue contribution: taxation		Direct revenue contribution: other non-tax		Indirect revenue contribution		Capital investment		Direct employment ⁶	
	FY 13/14 £m	FY 12/13 £m	FY 13/14 £m	FY 12/13 £m	FY 13/14 £m	FY 12/13 £m	FY 13/14 £m	FY 12/13 £m	FY 13/14	FY 12/13
Europe										
Albania	5	4	1	1	14	16	25	20	399	420
Czech Republic	10	25	106	9	50	66	67	69	2,040	2,517
Germany	336	106	–	–	1,049	1,068	1,483	1,246	14,187	11,031
Greece	14	25	7	6	169	178	70	66	1,726	2,002
Hungary	14	43	3	61	92	70	45	52	2,616	2,351
Ireland	79	24	–	149	71	92	127	102	1,084	1,115
Italy	520	425	–	12	976	903	963	579	6,977	7,553
Malta	41	37	3	2	9	9	12	26	312	316
Netherlands	82	65	–	1,124	195	233	226	219	3,637	3,467
Portugal	47	65	7	7	115	133	155	129	1,426	1,484
Romania ⁷	25	28	149	195	79	91	80	79	3,232	3,308
Spain	91	172	73	255	288	314	505	367	3,567	4,239
UK	355	275	24	825	630	776	1,310	1,076	12,979	13,479
Europe Total	1,619	1,294	372	2,646	3,738	3,949	5,066	4,030	54,181	53,282

Continued

Tax and our total contribution to public finances – Our contribution, country by country

	Direct revenue contribution: taxation		Direct revenue contribution: other non-tax		Indirect revenue contribution		Capital investment		Direct employment ⁶	
	FY 13/14	FY 12/13	FY 13/14	FY 12/13	FY 13/14	FY 12/13	FY 13/14	FY 12/13	FY 13/14	FY 12/13
	£m	£m	£m	£m	£m	£m	£m	£m		
AMAP Region										
Australia	6	7	201	26	32	33	255	281	1,651	2,060
DR Congo	26	23	19	16	30	25	57	49	645	606
Egypt	116	108	48	54	155	173	218	211	7,622	5,091
Fiji	0	2	1	1	2	2	3	7	127	120
Ghana	18	6	–	3	34	38	36	36	1,175	1,279
India	254	289	1,088	442	893	986	715	555	16,194	14,449
Kenya	118	80	6	8	20	18	80	12	1,334	1,071
Lesotho	3	5	2	2	2	1	11	8	150	123
Mozambique	3	1	2	–	3	4	78	47	337	284
New Zealand	23	46	9	1	81	78	146	117	3,450	3,271
Qatar	–	1	3	–	–	–	59	69	445	420
South Africa	330	375	19	20	261	318	430	506	4,886	5,118
Tanzania	65	42	10	8	48	40	88	92	509	480
Turkey	296	454	155	–	433	375	252	247	3,310	3,340
AMAP Total	1,258	1,439	1,563	581	1,996	2,091	2,429	2,237	41,835	37,712
Non-OpCo	4,141	1,466	0	2	65	38	16	11	948	977
Global Total	7,017	4,200	1,935	3,229	5,798	6,078	7,510	6,278	96,964	91,971

Notes:

The table above includes all contributions from countries within the Group's Europe and AMAP regions, as set out on page 5 of the Vodafone Group 2014 Annual Report and Accounts⁸. Non-controlled interests and common functions are included within the 'Non-OpCo' line, unless the contribution is from a country already listed in the regions above.

6. The global total direct employment number includes employees in our non-controlled assets who are excluded from the numbers in the Vodafone Group 2014 Annual Report and Accounts⁸ and excludes some roles in global functions which are included in the Annual Report⁸. The 2012/2013 direct employment numbers have been restated to include some Group function roles where we are able to allocate these to a specific jurisdiction. We have also restated the Italian 2012/13 direct employment number to reflect 100% ownership of Italy following our acquisition of the remaining 23% in February 2014.

7. The direct revenue tax contribution: taxation for Romania has been restated to remove a number incorrectly included in the 2012/13 contribution.

8. http://www.vodafone.com/content/annualreport/annual_report14/downloads/full_annual_report_2014.pdf.

'Non-OpCo' includes (i) subsidiaries in countries where the Group does not have an equity interest in a company which holds a licence to provide mobile telecommunications services) and (ii) the US group which owned the 45% shareholding in Verizon Wireless prior to the sale of that group as explained earlier in the report.

'Non-OpCo' includes a direct revenue contribution of £5 million and an indirect revenue contribution of £64 million attributable to our activities in Luxembourg in 2014.

Tax and our total contribution to public finances – Our contribution, country by country

The source data is predominantly drawn from information included within the publicly available Vodafone Group 2014 Annual Report and Accounts¹⁰, the public accounts of the Group's listed operating company subsidiaries and the accounts of various non-listed Group operating company subsidiaries.

The Vodafone Group public accounts are certified by the Group's external auditors and the public accounts of the Group's listed operating company subsidiaries are certified by those companies' external auditors. Additional data is subject to assurance by EY.

Key Vodafone Group financials and statistics at global level

	2013/14	2012/13
Revenue (£m) ⁹	43,616	44,445
Adjusted operating profit (£m) ⁹	7,874	12,577
Free cash flow (£m) ⁹	4,405	5,608
Employees ⁹	92,812	91,272
Market capitalisation (£m)	58,300	91,300
Group mobile customers (million)	433.7	403.9

Notes:

9. Values disclosed represent the management basis of presentation as restated in the preliminary results announcement for the year ended 31 March 2014. 2012/13 values have been restated.

10. http://www.vodafone.com/content/annualreport/annual_report14/downloads/full_annual_report_2014.pdf.

For more detailed information about our latest financial performance in 2013/14, see our Annual Report¹⁰.

This report is included within EY's specific tax assurance statement.

http://www.vodafone.com/content/dam/sustainability/2014/pdf/assurance_statement_tax_2013-2014.pdf.

January 2015



Tax and our total economic contribution to public finances – Appendix

Appendix: Taxation types

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

Direct taxation

Advertisement tax
 Airtime excise tax
 Business profits tax
 Business rates
 Capital gains tax
 City services levy
 Climate change levy
 Commission levy
 Communications services tax
 Company car tax
 Construction tax
 Corporation tax
 Crisis tax
 Donations tax
 Economic activity tax
 Education tax
 Employers' national insurance contributions
 Employers Provident fund contribution
 Environment tax
 Environmental product fee
 Expatriate tax
 Fringe benefit tax
 Fuel duty
 Game tax
 Garbage tax
 Homologation tax
 Import duty
 Innovation contribution
 Insurance premium tax
 Interconnect tax
 International inbound call termination surtax
 Irrecoverable value added tax and goods and services tax
 Judicial tax
 Levy contributions
 Local business tax
 Minimum alternative tax
 Mobile telecoms services value added tax

Mobile telecoms value added tax (higher rate)
 Municipal and city rates
 Municipal tax on immovable property
 Municipal waste tax
 National health insurance levy
 Net wealth tax
 Numbering tax
 PAYE settlements
 Railway development levy
 Rehabilitation contribution
 Social security tax
 Special communications tax
 Special consumption tax
 Sprint payments
 Stamp duty land tax
 Tax on public domain/fixed lines
 Tax on prize programmes
 Technology tax
 Transfer tax
 Turnover tax
 Universal service tax
 Withholding tax
 Workers' compensation insurance levy

Non-taxation-based fees

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



Health and safety – Our approach

Ensuring the safety of everyone involved in our operations is core to Vodafone. We believe all accidents and injuries are preventable and we are driving a culture where safety is an integral part of our decision making across the Group.

Loss of life or injury related to our operations is unacceptable. Despite all our efforts we deeply regret that 10 contractors lost their lives while working for Vodafone in 2014/15 and two members of the public died as a result of vehicle accidents. We will continue to do all we can to strive towards our objective of zero fatalities.

Our strategy is designed to tackle the root causes of major incidents and to create a mature safety culture across the Group. Our programmes and policies establish how employees and contractors identify and manage risks and take personal responsibility for their own safety and the safety of those around them. This vigilance is essential to our vision, not just of eliminating major incidents but preventing any incidents that could affect the health and safety of our people.

We are determined to be admired for our approach and our performance on health and safety. Many of our suppliers tell us that Vodafone's expectations exceed those of other operators and we believe we have an opportunity to lead our industry on health and safety.

We focus on reducing the impact of the top five risks across our operations: occupational road risk, working with electricity, working at height, control of contractors and cables in the ground. We ask each of our markets, our supply chain teams and our group technology teams to clearly demonstrate what they are doing to reduce or eliminate these risks and promote awareness of our Absolute Rules on safety (see feature to the right). In 2014/15, 91% of employees agreed that the Absolute Rules for Health and Safety are taken seriously at Vodafone.

Read on to find out more about our approach. Or go to our Performance section to read about our progress in 2014/15.



In focus: Absolute Rules

Our Absolute Rules on safety focus on high-risk activities and zero tolerance of unsafe behaviours.

Vodafone employees must:

- always wear seatbelts when travelling in or operating vehicles
- always use suitable personal protective equipment, a safety harness and fall protection when working at height
- never carry out electrical work on electrical equipment, circuits and gear if they are not qualified
- never work under the influence of substances (alcohol or drugs) that are illegal or in excess of legal levels or where this impairs the individual's ability to perform tasks
- never exceed speed limits or travel at speeds that are dangerous for the type of vehicle or conditions
- never use a hand-held phone while driving and only make calls by pulling over or using hands-free devices, when it is safe to do so
- never undertake any street or underground work activities unless competent to do so.

Health and safety – Our approach

Occupational road risk

Promoting safe driving is a priority as road traffic accidents account for a high proportion of our major incidents in emerging markets and are responsible for the majority of fatalities, see our Performance in 2014/15 section. These usually occur on public roads as a result of unsafe driving behaviour and poor driving conditions.

Reducing risk related to driving on public roads is challenging, but we can help to minimise the severity and likelihood of accidents by raising awareness, providing training and reinforcing the strict rules on driving set out in our Absolute Rules (see feature box above). Additional Absolute Rules are communicated in relevant markets to address specific local road risks. In India, an extra rule reminds people to always wear a helmet while motorcycling and in South Africa there is a rule to prohibit passengers travelling in the back of trucks. Employees who fail to comply with our Absolute Rules face disciplinary procedures.

We have road risk programmes in all our markets, tailored to local needs. In 2014/15, these included:

- **India:** Over 115,000 at-risk employees, contractors, partners, service providers and distributors undertook mandatory defensive driver training and were issued with safety passports to record their training and remind them of safety checks. In addition, all motorcycles were inspected by line managers as part of a key risk compliance checklist and we held road safety rallies to raise awareness of road safety for both employees and the public.
- **Vodacom in Africa:** Our W8_2send campaign uses mobile communications, social media, radio advertisements and billboards to discourage texting while driving, <http://www.w82send.co.za/>. We are also partnering with local governments, police and universities to spread the message. One of the most effective elements of the campaign are W8_2send bands worn on thumbs as a visible reminder to drivers to think before they text. W8_2send is making a difference in Vodacom's five markets: Democratic Republic of Congo, Lesotho, Mozambique, South Africa and Tanzania.
- **UK:** We ran a campaign on World Safety Day to reinforce our Absolute Rules among employees and contractors who drive for Vodafone and raise awareness of the dangers of speeding and mobile phone use while driving.

We also use GPS vehicle tracking systems in some markets to monitor driving behaviour and deter speeding violations, which are a major cause of accidents.



In focus: Safe driving observation in Turkey

Our driver observation programme in Turkey goes beyond standard defensive driver training to focus on safe behaviour. Line managers accompany their employees while they are driving to observe their skills and provide feedback and advice. The programme focuses on safe driving essentials, such as following at a safe distance, overtaking, safe use of mobile phones and respect for other drivers. To date, 520 observations have been completed across Turkey and vehicle incidents dropped by 29% in the first eight months following the programme's launch in July 2014.

Working with electricity

The risk of injury from electric shock is a major concern for those deploying or maintaining our network equipment. Ensuring only qualified people work on electrical equipment is one of our Absolute Rules. Our e-learning module on working with electricity includes guidance for employees on how to recognise risks and implement appropriate safety controls.

We also work with contractors to make sure that:

- they have a documented risk management process for working with electricity
- those working on electrical equipment are authorised, competent and medically fit
- electrical equipment is fit for its intended purpose
- appropriate safety devices are in place before work starts.

Working at height

The danger of falling when working at height is a particular risk for employees and contractors working on rooftops, towers and masts. Our priority is to make sure that anyone operating at height is trained on the risks involved, follows agreed procedures and always uses the appropriate safety equipment.

Our network site design principles include criteria to make sure all sites are designed with safe access in mind and our policy on working at height includes guidance on how to put control measures in place to effectively manage risks. These

Health and safety – Our approach

measures include the installation of fall-arrest systems on all vertical ladders over four metres high across the Group and the requirement of local markets to demonstrate effective ladder repair and maintenance programmes.

In 2014/15, we worked with contractors in India, Romania and Turkey to improve their action plans to tackle the root causes of high-potential incidents - those that do not cause a major accident, but could have under different circumstances. In Egypt, we worked with a leading third-party training provider to assess and improve training for contractors. The training related to rescue plans and use of ropes to access difficult locations. This process is now being replicated in other local markets.

Managing our contractors

We stipulate that all our suppliers and contractors meet strict health and safety requirements. We monitor their performance through our supplier management programme, using a combination of site inspections, formal audits and assurance programmes that require them to verify that appropriate safety systems are in place, see our Responsible supply chain section.

Our supply chain managers work closely with key suppliers involved in high-risk activities to help them improve safety management in their own teams and among sub-contractors. They start their meetings with suppliers by taking a moment to discuss safety and regularly carry out safety tours. In 2014/15, we trained supply chain managers on how to conduct an effective safety tour to help them do this.

We hold workshops for key network suppliers to ensure their design specifications for network infrastructure minimise health and safety risks. We also collaborate with them to raise standards across the industry. In 2014/15, we launched a quarterly Global Safety Forum that brings together our 10 highest risk suppliers to share best practices, with a particular focus on driver safety.

Our consequence management system, which clearly shows that if suppliers fail to meet our safety standards they risk termination of contracts, is being implemented across our markets (see case study to the right). We are also continuing to assess the effectiveness of our Safety Passport system for high-risk projects. This system requires sub-contractors to show that they have received appropriate safety training before they are allowed on site to begin work.

A new Mobile Field Inspection app, developed by our team in Portugal, is enabling real-time reporting of supplier performance to support prompt follow-up action to address any identified health and safety requirements.

In focus: Red card for safety

Our consequence management system for suppliers makes it clear that failing to demonstrate robust safety management can lead to the termination of contracts. Suppliers receive warnings through red or yellow cards for any high-potential or near-miss incident.

In 2014/15, we issued nine red cards and 14 yellow cards as a result of investigations into major and high-potential incidents showing suppliers had failed to manage safety. We also issued a notice requiring an improvement plan from one of our global suppliers. Incidents that could have been prevented or those that led to injury or fatality may result in the termination of our contract with the supplier or in the supplier being excluded from bidding for new work with us for a probationary period. To work with us in future, the supplier must repeat our full qualification process.

We expanded the programme in 2014/15 to enable suppliers who are performing well on safety to gain formal recognition from Vodafone leaders. The reward scheme is already in place in India, Malta Romania and Turkey and will be expanded into further markets.

Cables in the ground

We are expanding our business in areas such as fixed line and cable television that involve street-level and underground work with cables. Associated hazards include those related to underground services, confined spaces, excavations and traffic management. To promote safe working in these situations, we have produced a safety standard and guidance documents to help our local markets address these risks. We have also conducted risk assessments at all sites where work involves cables in the ground and reviewed our control measures to confirm adequate processes are in place.

Legacy infrastructure

Through the acquisition of other companies, particularly in emerging markets, we inherited some infrastructure that did not meet our safety standards. In addition, some of our own infrastructure was built prior to the introduction of our safety standard on design. Over the past four years, we have implemented an extensive improvement plan to bring this infrastructure up to our current standards. We have now improved 92% of these legacy sites and the programme will continue to be driven by our Technology Leadership Team until complete. Given this progress, we no longer consider legacy infrastructure to be a key risk.

Health and safety – Our approach

Making safety part of leadership

At Vodafone, we make it clear that to be a leader in our business, you must personally value safety. We hold workshops for executives and senior managers to reinforce leadership behaviours that contribute to a strong health and safety culture. Safety is embedded into broader leadership programmes such as our Technology Excellence programme, Leading in The Vodafone Way and induction training for senior leaders.

Executives across the Group, local market Technology Directors and local market Human Resources Directors have annual personal objectives on health, safety and wellbeing. Similar objectives have been extended to senior leadership teams in every local market. These objectives reinforce the message that health and safety is the responsibility of our key decision makers. It is a core part of what they do and what others need to do to be considered for senior positions.

In each local market, senior leaders, Technology Directors and supply chain managers conduct at least four site tours a year. This shows that safety is important to them and helps to ensure that people know Vodafone cares about their personal safety. We record and analyse details of safety tours so that we can follow up on the findings. In 2014/15, more than 350 safety tours were conducted.

In focus: Mission Reach

We prioritise the safety not just of those working for Vodafone, but the communities in which we operate. Through our Mission Reach programme, we aim to reach employees and their families with health and safety messages. Building on its success in India, where colleagues made regular safety phone calls to field employees, we have expanded Mission Reach to Portugal and Turkey.

In Portugal, we send regular SMS text messages on safety best practices to riggers, who often work 35 to 120 metres off the ground as they lift equipment. In Turkey, we sent booklets to 280 employees' homes in 2014/15, with a letter from their general manager explaining why safety is important. The aim was to raise awareness and encourage families to talk about the importance of safety.

Health and safety management

The Group Health, Safety and Wellbeing team, which reports to the Group Human Resources Director, oversees health and safety management across Vodafone. The team works closely with key Group functions and local market representatives, who share best practice through a health, safety and wellbeing network. For more on wellbeing, see our Our people section.

Our Group Health and Safety Policy sets out our expectations across our markets, providing clear guidance on risk assessment, incident reporting and management of key risks. The policy is accompanied by detailed standards on managing specific risks. Our approach to health and safety management operates on a cycle of four key elements: plan, do, check and act (see graphic overleaf).

We have management systems in place to support compliance in our local markets and managers across the Group receive health and safety training appropriate to their role. We are introducing a maturity matrix that will provide consistent criteria to measure and compare health and safety management across the Group and set targets to improve our safety culture. The matrix is tailored to our business and the emphasis is on improving performance rather than simply complying with standards.

We have already assessed the maturity levels of most markets. We aim to re-assess these levels annually and conduct internal audits every three to five years to validate them. Assessments are used to create a tailored improvement plan for each local market, which is regularly reviewed by the relevant Leadership Team.

Our maturity matrix integrates elements of the International Safety Rating System. The management systems in our local markets are also aligned with internationally recognised standards. Our operations in Greece and the UK are accredited to OHSAS 18001.

Health and safety – Our approach



Reporting and investigating incidents

We monitor and audit our local markets quarterly against our Group safety strategy and objectives. Each market reports health and safety incidents through our global online reporting system. Our policy states that all major or high-potential incidents must be reported within 48 hours to the Group Director of Health, Safety and Wellbeing and a full investigation undertaken into the causes. Local market Chief Executives are required to oversee these investigations personally and to ensure corrective actions are implemented.

We share the findings across the Group to prevent similar incidents happening elsewhere. Safety Alerts notify our employees, local markets and relevant suppliers of any incidents or near misses that might have implications for other parts of the business. We also share lessons on good practice that we believe should be emulated.

Health and safety – Performance in 2014/15

Health and safety – Performance in 2014/15

We are working to instil a culture of safe behaviour and prevent incidents that could harm employees and contractors through our focus on raising awareness and risk management, see our [Our approach](#) section. We continue to strive towards our objective of zero fatalities but we regret that we have not achieved this in 2014/15.

Through increased awareness, leadership commitment and a strong focus on managing our top five safety risks, our reported injury rates have continued to decline. Strengthening programmes to target occupational road risk – one of our biggest risk areas and the main cause of fatalities – remains a major focus for all markets.

Fatalities

We deeply regret that 10 contractors lost their lives while working for Vodafone in 2014/15 and two members of the public died as a result of vehicle accidents in India and Mozambique. Eight of the contractor fatalities were the result of vehicle accidents and two from working with electricity. The majority (six) were in India, with one in Egypt, one in Turkey, one in the Democratic Republic of Congo and one in South Africa.

Any fatality is unacceptable and we continue our efforts to drive a culture of zero fatalities across the Group. Every fatal incident was fully investigated to determine the root causes and reviewed by Vodafone Executives at Group and local-market level. Action plans have been put in place to prevent a recurrence and lessons learned have been shared across the Group.

See data tables below for more detailed, year-on-year performance.

Total number of fatalities (employees, contractors and members of the public)¹

	2012/13	2013/14	2014/15
Employee fatalities	0	1	0
Contractor fatalities	12	11	10
Public fatalities	1	3	2
Total	13	15	12

Notes:

1. Data excludes Australia (our joint venture) and Kenya (our associate Safaricom)

Cause of fatalities (employees, contractors and members of the public)

	2012/13	2013/14	2014/15
Electrocution	3	0	2
Work at height	2	3	0
Vehicle accident	7	12	10
Criminal activity	0	0	0
Plant, product or equipment related	0	0	0
Slip/trip/fall	1	0	0

Health and safety – Performance in 2014/15

Total number of fatalities by country (employees, contractors and members of the public)

	2012/13	2013/14	2014/15
Ghana	0	2	0
Egypt	1	2	1
India	7	8	7
Portugal	0	1	0
Romania	1	0	0
Turkey	1	0	1
UK	0	1	0
Vodacom ²	3	1	3

Notes:

2. Vodacom markets include South Africa, Democratic Republic of Congo, Lesotho, Mozambique and Tanzania.

Injury rates

Lost time injury rates fell to 0.63 per 1,000 employees during 2014/15. The reason for the significant reduction in the reported lost-time injury rate is under investigation. However, the improved results are reflective of a number of factors including our continued drive to prevent incidents across the Group by targeting key risks, as well as the introduction of a new reporting system and changes to operating arrangements in certain markets. The number of recorded high-potential incidents – those that do not cause a major accident, but could have under different circumstances – has increased by 1.5%.

Lost-time incidents³

	2012/13	2013/14	2014/15
Number of lost-time incidents (employees)	112	101	64
Lost-time incident rate per 1,000 employees	1.23	1.03	0.63

Notes:

3. Data excludes Australia (our joint venture), Kenya (our associate Safaricom), Indus Towers in India and Helios Towers in Tanzania.

Fatalities and LTI data, as well as selected supporting statements in this section, were reviewed as part of EY's assurance of Vodafone's Sustainability Report.

For more details see our Assurance Statement.

June 2015





Child safety online

Vodafone's industry-leading initiatives are helping parents and children to improve their digital skills and explore the internet safely.

Children and teenagers are using mobile technology and the internet more than ever before. In the UK, nearly two-thirds of 11-year-olds have a mobile phone of some kind, of which the majority are smartphones¹. Children can use this technology to socialise, play and learn online. But greater access to the internet also brings increased exposure to online threats such as cyber bullying and inappropriate content.

Many parents need support to help their children stay safe online, particularly as children often have a better understanding of new technologies than they do. Children also need to know what to do if they are being bullied online and recognise the potential risks of chatting to strangers or giving out their personal information when using social networking sites.

We provide online resources and guidance to help parents, teachers and children understand digital technology. Once they are online, we offer a range of tools to help parents protect their children from unwanted contact and content, <http://www.vodafone.com/content/parents.html/sustainability-report.html>.

As we expand our services to provide fixed-line internet, cable TV and IPTV, we continue to review and update our resources and tools to ensure they are appropriate for these new services.

Promoting a common industry approach

Network operators such as Vodafone provide customers with a means of connecting to the internet to view content in a web browser, or to access content and services via apps on their devices. While we can control the content made available within the small number of apps we have created ourselves, the vast majority of the content and services accessible via our network is not created, hosted or controlled by Vodafone in any way.

Smartphones and tablets can access online content and services via a variety of different types of provider, including the 3G and 4G networks operated by Vodafone and our competitors, public WiFi networks and ADSL or cable networks via private WiFi networks.

Notes:

1. Ofcom report, 2014, http://stakeholders.ofcom.org.uk/binaries/research/media-literacy/media-use-attitudes-14/Childrens_2014_Report.pdf.

Some device manufacturers maintain their own controls and filters. For example, BlackBerry maintains its own servers to provide customers with access to the internet, Apple offers on-device child protection measures that allow parents to limit their child's access to certain kinds of content, and third-party app stores operated by BlackBerry, Apple, Google and Microsoft limit access to apps on an age-rating basis. These measures are also beyond Vodafone's direct control.

Keeping children safe online therefore requires an integrated approach across the broader technology industry.

Vodafone has been a leading force in online child protection since 2002. We work closely with other organisations in the industry and beyond to drive common approaches to safe browsing and app use.

In 2004, Vodafone UK was the first company anywhere in the world to deliver an online child protection filter across its own 3G mobile network, which included integration of the Internet Watch Foundation (IWF) child sexual abuse content block list (see below), <https://www.iwf.org.uk/>. In 2007, similar 3G network-level filters were rolled out across our networks in our local markets, where permitted by law and accepted as necessary and desirable according to the prevailing culture of the country. In some countries, network-level filtering by operators is viewed as an unacceptable restriction of a citizen's freedom to communicate, even when such measures are intended to protect children from harmful content. In these situations we have integrated client-based filtering as part of the Vodafone Guardian app, please see our example in Germany, <http://www.vodafone.com/content/parents/digital-parenting/sustainability-report.html>.

Vodafone is one of 22 companies that have signed up to the guiding principles of the ICT Coalition for Children Online, which we helped to develop. The principles set out a common code of conduct for the development of products and services that promote child safety online. We submitted a self-declaration report (http://www.ictcoalition.eu/gallery/75/ICT_REPORT.pdf) of our status in September 2013 and an independent assessment of all the companies' declarations was published in May 2014, http://www.ictcoalition.eu/news/75/First_Report_on_the_implementation_of_ICT_Principles.

Child safety online

As a signatory to the European Commission's CEO Coalition to make the internet a better place for kids, we commit to making it easier for users to report harmful content, ensure that privacy settings are age-appropriate and offer parental controls, <http://ec.europa.eu/digital-agenda/en/self-regulation-and-stakeholders-better-internet-kids>. In January 2014, we delivered our status report to the EU, outlining our progress against our commitments to online safety, <https://ec.europa.eu/digital-agenda/en/news/ceo-coalition-2014-progress-reports-actions-make-internet-better-place-kids>. We continue to engage with the other members on the EU's Strategy for a Better Internet for Children, which aims to improve children's digital skills, help them stay safe online and remove child sexual abuse material, <http://ec.europa.eu/digital-agenda/en/creating-better-internet-kids>.

Vodafone is on the Board of the UK Council for Child Internet Safety, a policy advisory group chaired by government ministers and comprised of organisations from government, industry, law, academia and the charity sector, all of which work in partnership to help keep children safe online, <https://www.gov.uk/government/groups/uk-council-for-child-internet-safety-ukccis#ukccis-board-members>. In 2014/15, we also chaired the Family Online Safety Institute and the IWF Funding Council, <https://www.fosi.org/>.

In focus: Keeping families safe and secure online

Vodafone Secure Net offers customers protection for their whole family when browsing the internet. Working as part of the network, without the need for additional downloads, it protects against viruses, dangerous files and harmful websites. And it can all be controlled from any device with a Vodafone connection. Find out more at Vodafone Secure Net, <http://securenet.vodafone.com/>.



Blocking child abuse content

The internet contains a large amount of material that is not suitable for under 18s. There is also a much smaller amount of content accessible on the internet that relates to child sexual abuse and is illegal in most countries.

Vodafone is committed to doing all it can to remove such content from the internet. We have Notice and Takedown procedures in place to ensure this illegal content is removed or dealt with appropriately, should it be found on our servers, and to coordinate with law enforcement agencies on any subsequent investigation.

Additionally, as a member of the IWF, we maintain filters on our own networks that block access to web pages known to host child sexual abuse content, using a block list provided by the IWF. We do this in the majority of our markets in the EU, with the exception of the Netherlands and Germany, where it is not legal to use such a block list.

Much of this illegal content is hosted in countries where Vodafone and other major operators do not have an operating business. The Mobile Alliance Against Child Sexual Abuse Content, established by the global industry body, the GSM Association (GSMA), aims to tackle this issue, <http://www.gsma.com/publicpolicy/myouth/mobiles-contribution-to-child-protection/mobile-alliance>. Vodafone is a founding member of the Alliance, which is supported by more than 100 operators.

The Alliance provides best-practice advice and support to mobile operators worldwide to obstruct the use of mobile networks and services by individuals or organisations wishing to consume or profit from child sexual abuse content. It also provides support for law enforcement agencies seeking to investigate such activities. The Alliance is active in more than 67 countries and seeks to protect more than 757 million mobile phone users from exposure to illegal content accessed via the member operators' own networks.

Educating parents and children

Our Digital Parenting website provides up-to-date guidance on protecting children from inappropriate content and the risks associated with social media sites. The accompanying magazines, also available online, offer views from experts and practical information about how to set up parental controls on handsets. In 2014/15, we sent the latest issue of the magazine to 3,300 schools in the Netherlands and distributed 1.2 million copies to schools across the UK. For more information, visit our Digital Parenting website (<http://www.vodafone.com/content/parents.html/sustainability-report.html>) or download our free Digital Parenting magazine (<http://www.vodafone.com/content/parents/digital-parenting/magazines.html>).

We also offer free online resources, such as My Tech Family, to help parents, teachers and children improve their understanding of digital technology and get the most out of it, <http://www.vodafone.com/content/parents/mytechfamily.html>. See case study overleaf.

Child safety online



In focus: Promoting digital skills among families in the UK

Over 60% of parents think digital technology is changing so quickly that it is widening the generation gap². We are helping children from 17,000 primary schools learn about using this technology together with their parents, so they can tap into the benefits safely.

In 2014/15, the Vodafone Foundation partnered with The Parent Zone, to launch My Tech Family, an online resource that encourages people to take part in digital activities as a family, <http://www.theparentzone.co.uk/>. From making a movie to creating an animation, My Tech Family offers a range of fun and creative digital activities for children and parents to enjoy together. It also provides free presentations and lesson plans to help teachers introduce My Tech Family to primary school classrooms.

Visit My Tech Family for more information, <http://www.vodafone.com/content/parents/mytechfamily.html>.

Notes:

2. A study of 1,000 parents conducted by The Parent Zone



Human rights

Wherever we operate, we work to ensure that we do not infringe human rights through our operations or business relationships.

We believe that communications technology supports human rights by enabling the exchange of ideas and access to information. This in turn supports economic and social opportunities, fosters development, advances knowledge and increases openness and transparency. See our Transformational solutions section for more on how our products and services help to improve people's lives and livelihoods.

We recognise that Vodafone has a responsibility to respect human rights, as articulated in the Universal Declaration of Human Rights, and align our approach with the UN Guiding Principles on Business and Human Rights. This responsibility is embodied in our Business Principles and our Code of Conduct.

Managing human rights

The UN Guiding Principles on Business and Human Rights provide a clear framework to guide companies and other stakeholders in their approach to these issues. The 'Protect, Respect, Remedy' framework assigns responsibility to business enterprises to respect human rights by not infringing on the rights of others and addressing adverse human rights impacts with which they are involved.

We worked with the sustainability organisation, Business for Social Responsibility to conduct a gap analysis of our Group-level approach to human rights against the UN Guiding Principles. The analysis, completed in 2013/14, identified six categories of human rights most relevant to Vodafone's business:

- labour rights: for our people and those working in our supply chain
- civil and political rights: particularly privacy and freedom of expression
- rights of the child: particularly child safety online, including the protection of children from online sexual abuse and exploitation

- economic, social and cultural rights: particularly economic development; bribery and corruption; and mobile phones, masts and health
- land and property acquisition: particularly in relation to network deployment
- environment: minimising environmental impacts.

Each of these categories is managed through our governance structure, well-established policies and due diligence processes which are described in detail in the corresponding sections of this report, together with performance information where relevant.

In addition, human rights issues are integrated into the due diligence process we conduct before entering new markets (either as an operator ourselves or through partnerships with other operators). This process uses internationally recognised indices and evaluations of particular issues, such as corruption, political affiliations and human rights risks, to assess and highlight the potential impacts associated with entering new markets.

Labour rights

We are committed to respecting the human rights of everyone working for Vodafone either directly as an employee, or indirectly as someone employed by one of our suppliers.

Our Code of Conduct clearly states that we will base relationships with and between employees on respect for individuals and their human rights. We will not tolerate any form of discrimination. Our Group employment policies are consistent with the UN Universal Declaration of Human Rights and the International Labour Organization's Core Conventions. These policies require consistent standards across Vodafone. For more details on issues including health and safety, the right to join trade unions, equal opportunities and diversity, see the Our people section.

Human rights

With an extensive global supply chain, there is a risk that some suppliers or sub-contractors might not meet acceptable standards related to working conditions and human rights. Our Code of Ethical Purchasing sets out the labour, health and safety, ethical and environmental standards we expect our suppliers to meet. The Code is based on Vodafone's values and international standards, including the Universal Declaration of Human Rights and the International Labour Organization's Conventions on Labour Standards. For more on how we monitor suppliers' compliance and tackle issues such as conflict minerals, see our Responsible supply chain section.

Vodafone does not tolerate forced, compulsory or child labour.

Civil and political rights

We believe that access to communications technology can support greater freedom of expression, which in turn depends upon the right to privacy if it is to be exercised effectively. However, the rights to freedom of expression and privacy must be balanced with the protection of vulnerable groups, such as children, and the protection of public safety or security in certain exceptional circumstances.

In every country where Vodafone operates, governments retain law enforcement powers that impact rights to privacy and freedom of expression. These include legal powers that require telecommunications operators to provide information about customers or users, or to put in place the technical means to enable information to be obtained for law enforcement purposes, such as lawful interception. Governments also retain powers to limit network access, block access to certain sites and resources, or even switch off entire networks or services.

These powers have many legitimate purposes, including fighting crime and terrorism, or protecting public safety. However, these powers must be balanced with respect for civil liberties and freedoms, including individuals' rights to privacy and freedom of expression. We closely manage and monitor compliance with these legal obligations and our relationships with law enforcement authorities to ensure human rights are respected.

Vodafone's Global Policy Standard on Law Enforcement Assistance sets out our principles and standards on assisting law enforcement, including processes to ensure our actions are accountable at the most senior level. See our Law Enforcement Disclosure report for more on our approach to responding to government demands, together with a breakdown of the legal powers that governments hold. We also publish statistics on the number of law enforcement demands we received on a country-by-country basis, where it is legal to do so and the government does not already publish statistics.

Vodafone is a founding member of the Telecommunications Industry Dialogue on Freedom of Expression and Privacy, a group of global telecoms companies working in collaboration with the Global Network Initiative to address issues of privacy and freedom of expression. Vodafone is a signatory to the Industry Dialogue's Guiding Principles on Freedom of Expression and Privacy, which define a common approach to dealing with demands from governments that may affect privacy and freedom of expression in a principled, coherent and systematic way across the industry.

See our Law Enforcement Disclosure report and Privacy and security section for more details on how we manage privacy and freedom of expression.

Rights of the child

We support a common industry approach to child safety online. Vodafone helped develop and has signed up to the guiding principles of the ICT Coalition for a Safer Internet for Children Online. The principles set out a common code of conduct for the development of products and services that promote child safety online. We submitted a self-declaration report of our status in September 2013 and an independent assessment of all the companies' declarations was published in May 2014.

Vodafone is a signatory to the European Commission's CEO Coalition to make the internet a better place for kids. This commits us to make it easier for users to report harmful content, ensure that privacy settings are age-appropriate and offer parental controls.

Vodafone is also a founding member of the Mobile Alliance Against Child Sexual Abuse Content, which aims to obstruct the use of mobile networks and services by individuals or organisations wishing to view or profit from child sexual abuse content. We are committed to doing all we can to remove such content from the internet.

We have Notice and Takedown procedures in place to ensure this illegal content is removed or dealt with appropriately, should it be found on our servers, and to coordinate with law enforcement agencies on any subsequent investigation. Additionally, as a member of the IWF, we maintain filters on our own networks that block access to web pages known to host child sexual abuse content, using a block list provided by the IWF. We do this in the majority of our markets in the EU, with the exception of the Netherlands and Germany, where it is not legal to use such a block list.

In addition, our industry-leading initiatives such as the Digital Parenting website and the My Tech Family programme provide advice for parents and tools to help young people use mobile phones and internet services safely. See our Child safety online section.

Human rights

Economic, social and cultural rights

We are increasing access to telecommunications by extending our network across emerging markets and offering solutions tailored to low-income markets, including those that can help to increase access to healthcare, education and finance. See our Transformational solutions section.

Vodafone has a zero tolerance approach to any form of bribery. This is embedded across the Group through our robust global anti-bribery programme. This programme targets bribery and corruption that, if used to influence public officials for example, could threaten the rule of law and the realisation of economic rights. See our Ethics section.

Our approach to managing radio frequency safety is based on all available scientific evidence to ensure we safeguard our customers, employees and the public. Mobile devices, and the masts that enable them to communicate calls and data, operate well within guideline safety limits. See our Mobiles, masts and health section.

Land and property acquisition

We consult communities in the selection of our sites, as part of the applicable planning permissions in each market for installing antennas or other equipment. See our Network deployment section.

Environment

We have strong processes in place to manage the environmental impacts of our operations including our carbon footprint and disposal of electronic waste. See our Environment section.

We are also helping to reduce carbon emissions in other sectors. See our Enabling a low carbon economy section.



Our people – Our approach

We support, train and encourage more than 101,000 people working across Vodafone to ensure they have the right capabilities, commitment and enthusiasm to achieve our business goals.

Our aim is to attract, develop and retain the very best people. To do this we offer a motivating and inclusive workplace where we recognise and develop talent and promote wellbeing. We believe we are at our best when our people are at theirs and we use our employer brand to unite employees around the world to create a sense of pride in what we do (see feature below).

We make it a priority to listen to our employees to understand their views. Through our annual Global People Survey, we monitor how engaged and satisfied our people are with us as an employer. We use this feedback to assess managers based on the experience they create for their team, and to drive improvements in the way we run our business.



In focus: We're at our best when our employees are at theirs

Our new employer brand, launched in 2014/15, aims to help us attract and retain the world's best talent and inspire our people globally. Informed by the views of over 15,000 employees, it creates a consistent way of showing people around the world what we stand for and helps to ensure we remain an employer of choice.

Our new strapline for our employer brand is 'We're at our best when you're at yours' and our key messages behind this are that we:

- are an industry leading company that empowers people to shape their world
- use our Mobile for Good programme to deliver benefits to society through the work of the Vodafone Foundation, <http://www.vodafone.com/content/index/about/foundation.html>

- offer employees a world of opportunities
- provide exceptional work to exceptional people.

In return, we expect our employees to:

- deliver great results
- live The Vodafone Way (see below)
- drive business growth
- always do what's right.

In 2014/15, we began integrating these messages into our communications across our local markets, including Discover, our new global graduate campaign, see our Development and training section.

Read on to find out more about our approach, or go to our Performance section to read about our progress in 2014/15.

Living The Vodafone Way

The Vodafone Way sets out a consistent way of working for all employees to deliver exceptional customer service (see feature below). It is supported by our Code of Conduct which sets out the high ethical standards all employees must uphold, <http://www.vodafone.com/content/index/about/conduct.html>.

Our people – Our approach

We promote our Code of Conduct through our global Doing What's Right campaign. The aim of the campaign is to improve understanding of, and engagement with, key topics including health and safety, anti-bribery, privacy, security and competition law. The campaign is also designed to ensure that people managers know what's expected of them and their teams.

Every employee is expected to work in The Vodafone Way. This is included in their performance objectives and assessed annually. Those demonstrating outstanding commitment to it are recognised as The Vodafone Way Heroes.



In focus: The Vodafone Way

The Vodafone Way helps us strengthen our position as an admired company in the eyes of our customers, shareholders and employees. To achieve this objective, we must be customer obsessed, innovation hungry, ambitious and competitive, one company with local roots and operate with:

- **speed:** bringing products and services to market quickly and prioritising the things that really matter
- **simplicity:** making things simpler for our customers, business partners and colleagues
- **trust:** acting with honesty, integrity and fairness, being reliable and transparent and valuing the confidence that people place in us as a company.

Diversity and inclusion

We believe that diversity plays an important role in the success of our business. Our Group-wide diversity and inclusion strategy outlines our commitment to creating an inclusive work environment that respects, values, celebrates and makes the most of the individual differences our people bring to Vodafone.

Key to our strategy is our recognition of diversity as a business asset that fosters innovation and helps us better understand and meet the needs of our customers.

Inclusive leadership

Inclusive leadership workshops for our most senior leaders highlight the business benefits of diversity and encourage them to act as role models to promote diversity and inclusion across Vodafone. We offer similar workshops for human resources professionals and employees who report directly to senior leaders. Our online resource centre provides information on diversity and inclusion to help promote this agenda in each of our local markets.

Valuing diversity

We value all types of diversity, but our global focus is on gender balance within teams and at all levels of the business. To understand and strengthen our female talent pipeline, we analyse the proportion of male and female promotions, new hires and leavers, through a talent management dashboard.

With operations worldwide, Vodafone is not only multinational but also multicultural. We recognise the value that international experience brings by opening up new perspectives and spreading best practice. As part of our strategy to invest in talented employees, managers are encouraged to gain experience working in different countries.

Individual responsibility

All employees have a duty to act with integrity and respect for their colleagues and customers at all times. We do not tolerate unfair treatment or discrimination on any grounds. This applies to anyone working for Vodafone whether they are an employee, contractor, agency worker or self-employed.

We promote an open culture that encourages people to raise issues and challenge any behaviour that excludes or discriminates against individuals.

See our Performance section to find out about our progress on diversity and inclusion in 2014/15.

Development and training

Our development and training programmes ensure we have the skills and talent needed to grow our people and our business. These programmes help our employees gain new skills and experiences through formal training, on-the-job experience, coaching and mentoring. Building sales capabilities and equipping employees with the skills they need to deliver exceptional customer service is also an important focus.

We analyse our training needs across the business annually, to identify priorities and ensure that learning plans support our business strategy. All employees have a formal Performance Dialogue once a year with their line manager to review their performance and set clear goals and development plans for the year ahead.

Our people – Our approach

Our global learning Academies in Technology, Sales, Marketing, Finance, Human Resources, Legal and Retail enable people to develop the critical skills employees need to work in these areas. We work with leading business schools and accredited external providers to develop and deliver the training, most of which is online. Over the last twelve months, over one million courses were taken online and we have begun to develop mobile learning options to enable our people to learn at the exact point of need. Training for our sales teams focuses on customer interactions and building customer relationships.

We offer exceptional graduates the opportunity to participate in our two-year Discover programme. Our top graduates can further develop their capabilities through our Columbus programme, which gives them experience of varied cultures by working on international assignments over a two-year period.

Developing the skills of employees with strong leadership potential is a key focus to strengthen our succession planning. We identify these managers across the Group through our annual talent review process. Where appropriate, these employees are given the opportunity to take part in Inspire, our global leadership development training programme to accelerate managers into senior leadership roles. Over a period of 18 months, Inspire participants receive structured mentoring from senior Vodafone leaders, gain experience of working in other local markets and complete assignments with the Vodafone Foundation. We also use our talent review to identify high-performing leaders, match their skills to our business needs and help them achieve their development goals.

We encourage employees to develop their careers through promotion or a change of role to broaden their experience. Vacancies across the Group are advertised on our intranet, which encourages the transfer of talent between local markets. See our Performance section to find out about development and training in 2014/15.

Employee engagement

Open and regular communication is fundamental to employee engagement. Our intranet keeps employees up to date on company strategy, internal news and events and provides videos from around our business. Through Vodafone Circle, our internal social network, we promote best-practise sharing and encourage employees to share their views. Group and local market Chief Executives communicate directly with employees through regular webinars and videos.

We use our annual Global People Survey to assess engagement levels and identify opportunities to improve ways of working and to support employees to do their best. From the survey, we calculate an Employee Net Promoter Score, which provides a key indicator of employee commitment to promoting our products and services.

Our Employee Engagement Index gauges how committed employees are to Vodafone, their desire to continue working for us and their willingness to recommend Vodafone as an employer. The accompanying Manager Index provides a measure of the experience our managers create for their teams. We also assess how effective employees are through an operational excellence index which indicates how productive employees feel and whether they are making the best use of their skills in their current role.

For the latest Global People Survey results, see our Performance section.

Employee consultation

Vodafone recognises the rights of our employees to join trade unions. However, we prefer to consult with our employees directly to ensure everyone is treated fairly, whether represented by a trade union or not.

Where representation by trade unions is conferred automatically by legislation, these rights are upheld. All our local markets respect the wishes of the majority of their employees in deciding whether to recognise a trade union's right to negotiate terms and conditions of employment, where legislation permits.

Managing change

We are committed to treating employees fairly and with respect during periods of organisational change. Any reorganisation is carried out in compliance with local legislation and in consultation with employee representatives, works councils and local unions.

Changes are communicated clearly to employees through team events and affected employees meet with their line managers and human resources teams. In cases where changes result in redundancies, we offer support to help affected employees find new jobs either within the company or externally. This includes outplacement services, recruitment events and training on interview techniques and CV writing skills.

See our Performance section to find out about organisational changes in 2014/15.

Reward and recognition

We offer competitive and fair rates of pay and benefits to attract and retain the best people.

Our global short and long-term incentive plans reward employees based on their performance, potential and contribution to the success of the business. An ownership mentality is also a cornerstone of our reward programme and senior executives are expected to build up and maintain a significant holding in Vodafone shares.

Our people – Our approach

Each of our markets offers a competitive range of benefits, which vary according to local market conditions and regulations. These include medical insurance, subsidised mobile phones, share plans and retirement benefits. For more information, see our Annual Report, <http://www.vodafone.com/ar2015>.

Employee wellbeing

We want to help employees balance work and family commitments, manage stress and have a healthy lifestyle. Supporting our employees' physical and mental wellbeing improves their performance, reduces absence rates and helps to make Vodafone a great place to work.

Our Group Health, Safety and Wellbeing Policy (http://www.vodafone.com/content/dam/sustainability/2015/pdf/global_health_and_safety_policy.pdf) sets out our global commitment to wellbeing. Local markets develop initiatives tailored to the needs of their employees and share information through our Health, Safety and Wellbeing Network.

Employees can get advice on how to improve their own wellbeing such as reminders to set up workstations properly, tips on safe driving and how to limit stress through clear goal setting and good time management. Best-practice guidance is available for managers to promote wellbeing among their staff.

We measure the effectiveness of our wellbeing programmes by asking employees what they think through our annual Global People Survey, see our Performance section. For more on our approach to employee safety, see our Health and safety section.

Our people – Performance in 2014/15

Our people – Performance in 2014/15

We continued to enhance Vodafone's reputation as an inclusive employer with our emphasis on diversity and a pioneering new global maternity policy to help women feel empowered and valued around the world.

By further embedding The Vodafone Way, we are improving the way we develop employees with strong leadership potential and are building the skills we need to drive business growth. The Doing What's Right programme raised awareness and understanding of Vodafone's Code of Conduct globally. In the last financial year, more than 97% of target employees completed the Code of Conduct training and over 90% said their managers live by the Code of Conduct, see our Ethics section. We also launched our employer brand to unify our people around the world and we maintained strong employee engagement levels.

Diversity and inclusion

Diversity and inclusion remains a key focus for our business and a priority for our senior leaders. In 2014/15, we continued to roll out our inclusive training programmes, helping our senior leaders better understand how to value diversity. We also made diversity and inclusion a focus of our Leadership Essentials programme, which was attended by over 3,100 new line managers in 2014/15.

Our 2014 Global People Survey showed employee perceptions of diversity and inclusion within Vodafone remained strong. Of those surveyed, 88% agreed that people are treated fairly regardless of their age, gender, disability, sexual orientation, cultural background or beliefs.

Women in management

	2012/13	2013/14	2014/15
Women in top senior leadership roles (top 200–250 employees) (%)	20	22	22
Women in senior management (top 1,100–1,600 employees) (%)	22	24	23
Women in middle management (top 4,500–6,400 employees) (%)	24	25	26
Women (all non-management employees) (%)	37	38	37

Notes:

1. Mathias Dopfner has since joined the Board reducing this percentage; though this level will be exceeded when Luc Vandeveld and Steve Pusey step down from the Board at the AGM in July.

Gender balance

Women are an important part of our business' success and we work to empower female employees at all levels of our organisation. Vodafone's long-term aspiration is to have an equal (50/50) proportion of male and female employees. In the medium term, we are aiming for 30% of our managers to be female. To make progress against these targets we have introduced the '+1 program', which encourages our top senior managers, who do not have a 50/50 balance in their team, to increase the number of female direct reports they employ by one per year. That said, all appointments must continue to be based on merit.

In 2014/15, we continued to create a strong pipeline of female talent with women making up over 52% of graduates on our Discover programme and 53% of those participating in our Columbus programme, see our Our approach section. The proportion of female leaders in senior management was 23% and women in middle management increased to 26% (see chart). At a senior level, we achieved female representation of 25% at Board level in March¹, in line with the recommendations made by Lord Davies in the UK, and two of our 11 Executive Committee members are women. We also have three female local market Chief Executives.

To help improve the way we work with our female employees and customers, we created a Mobile Gender Equality steering committee, chaired by our AMAP Regional Chief Executive.

Our people – Performance in 2014/15

To highlight our commitment to gender diversity, men and women around Vodafone celebrated International Women's Day in March 2015. As part of a week of activities, women from 75 locations around the world joined a global videoconference hosted by our Group Chief Executive, Vittorio Colao, and senior executives. The conference discussed our progress in promoting a gender balanced workforce, set our priorities for the year ahead and launched our new global maternity policy (see case study below).

In focus: Setting the standard in maternity benefits for women globally

In 2014/15, we became one of the first organisations in the world to launch a mandatory minimum global maternity policy.

The pioneering policy sets a minimum level of maternity pay for women working across Vodafone's 30 local markets. From Africa to the Middle East, women at all levels of our organisation will be entitled to at least 16 weeks of fully paid maternity leave and full pay for a 30-hour week for the first six months after they return to work.

Our Group Chief Executive, Vittorio Colao, said: "Too many talented women leave working life because they face a difficult choice between either caring for a newborn baby or maintaining their careers. Our new mandatory minimum global maternity policy will support over 1,000 Vodafone female employees every year in countries with little or no statutory maternity care."

This will be good for our business too. KPMG estimates that providing 16 weeks of fully paid maternity leave could actually save global businesses around US\$19 billion annually overall by cutting recruitment costs and retaining valuable knowledge and experience within the business².

Find out more about our global maternity policy, <http://www.vodafone.com/content/index/media/vodafone-group-releases/2015/global-maternity-policy.html>.

Cultural inclusion

With employees working in many countries worldwide, it is our goal to operate as one company while keeping our local roots. Twenty-four nationalities are represented in our top management team and 44% of our senior leaders have completed an international assignment.

Notes:

- The estimated costs and savings are based on females with at least intermediate-level education, employed in non-agriculture sectors, going on paid maternity leave for 16 weeks rather than statutory paid maternity leave. The analysis is based on publicly available labour market and family statistics from a range of sources, including from the International Labour Organization, Euromonitor and OECD family database, and on internal Vodafone workforce data where wider market statistics were unavailable.

In 2014/15, we focused on improving our employees' cultural awareness. We launched the Vodafone Cultural Navigator, an online tool to help employees understand different cultural preferences so they can work successfully with colleagues and customers around the world.



In focus: Encouraging our AMAP talent to succeed

Vodafone's presence in the Africa, Middle East and Asia Pacific (AMAP) region is growing, with just under a third of our revenue generated there in 2014/15. We have piloted a new programme to build on the capabilities of our senior leaders in AMAP and help them develop a global mind set. In 2014/15, 13 leaders participated in two-day workshops to share insights about their role and learn from others across our business. Around 50 talented people from the AMAP region also gained international experience by spending up to six months working in another AMAP region or in a Group function based in the UK.

Disability

We aim to establish a consistent way of understanding and supporting the needs of employees and customers with disabilities. In 2014/15, we organised a series of webinars for our senior leaders to share best-practice examples with employees around the world on how the business supports people with disabilities.

Our people – Performance in 2014/15

Lesbian, gay, bisexual and transgender inclusion

We are committed to helping promote equal and fair treatment of employees irrespective of sexual orientation or gender identity. Networks for lesbian, gay, bisexual and transgender (LGBT) employees have been established in Greece, the Netherlands and the UK, and a new one was set up in Germany in 2014/15. These networks offer confidential support and advice to our employees on a variety of LGBT topics, such as fear of coming out and opportunities that the LGBT community can bring to our business.

We continue to support LGBT employee communities in other countries, while recognising the need to be sensitive to local laws and cultures. In 2014/15, around 400 employees worldwide participated in an event to speak out against homophobia and transphobia and hear about the progress made by our LGBT employee networks.

Development and training

We invested around €35 million in the training and development of our employees during 2014/15 and 78% of our workforce agreed that they had opportunities to learn the skills they need to do their jobs well.

We focused on developing the capabilities of people working in customer-facing roles to ensure they deliver exceptional customer service. In 2014/15, over 13,000 employees and managers completed training on The Vodafone Way of Retail (up from 5,000 in 2013/14). In addition, 8,000 employees and managers working in our Enterprise sales teams participated in The Vodafone Way of Selling programme (up from 5,000 in 2013/14), helping them improve their customer service skills and enhance their knowledge of our products.

To reward and retain talent we continue to develop the leadership capabilities of employees with strong leadership potential. In 2014/15, 83 employees participated in Inspire, our 18-month programme designed to develop our future leaders. More than 3,100 managers took part in Leadership Essentials, our programme to improve the coaching skills of new managers and enable them to motivate their teams effectively. We also hired over 600 graduates globally through our Discover programme, representing over 55 nationalities.

In addition to tailored training and development programmes, we helped over 50,000 employees improve their functional skills through our online Academies. In 2014/15, employees across the Group completed almost 1 million online courses (up from 180,000 in 2013/14).

See our Our approach section for more on our development and training programmes.

Employee engagement

In 2014/15, we launched our new employer brand to communicate internally and externally what we offer to our employees globally. Supported by the strapline 'We're at our best when you're at yours', it aims to strengthen our people's connection with the business and share a consistent story about our purpose with potential and existing employees. Throughout the year, our local markets have been integrating the brand in everything they do, from our inductions through to recruitment advertising, see the case study earlier in this section.

We maintained high levels of employee engagement in 2014/15. Results from our Global People Survey showed our overall engagement score remained strong at 77 points out of 100. The number of people who took the survey increased by around 2,500, although the overall completion rate declined due to growth in our workforce. The results also demonstrate high levels of awareness of The Vodafone Way. See the table for further results from the survey.

Results from the Global People Survey

	2012/13	2013/14	2014/15
Employee engagement index	78	77	77
Overall response rate (%)	90	87	84
Employee Net Promoter Score ³	43	43	51

Notes:

3. The number of promoters minus the number of detractors.

Our people – Performance in 2014/15

Employees responding positively to key sustainability-related questions (%)⁴

	2012/13	2013/14	2014/15
Engagement and values			
I am proud to work for Vodafone	86	85	85
My local market/Group function operates ethically	83	84	-
Vodafone is socially responsible	-	-	89
Health, safety and wellbeing			
The Absolute Rules for Health and Safety are taken seriously at Vodafone	87	89	91
My manager takes a genuine interest in the wellbeing of its employees ⁵	70	69	82
Diversity and inclusion			
People in my team are treated fairly regardless of their age, gender, disability, sexual orientation, cultural background or beliefs	89	89	88
A person's background does not stop them progressing ⁶	85	85	
People have an equal opportunity to succeed at Vodafone, regardless of their age, gender, disability, sexual orientation, cultural background or beliefs	-	-	79
Training			
Opportunities to learn skills and knowledge to do job well	77	77	78

Notes:

- The questions 'My total reward package is fair' and 'My local market values diversity' were not included in the 2014/15 survey.
- This question was updated in the 2014/15 survey from 'My local market/Group function takes a genuine interest in the wellbeing of its employees.'
- We replaced this question in the 2014/15 survey with the question below to better understand how employees perceive the business's approach to equal opportunity. This means it is not possible to compare the scores in this area in 2014/15 with previous years.

Our people – Performance in 2014/15

Managing change

The way we are working is changing to meet the evolving needs of our customers. We continue to make our business more efficient, strengthen our sales capabilities and target business growth in new areas such as fixed-line telecommunications, broadband and television. We are also increasing our focus on Enterprise activities. This is changing the shape of our business and requires different skills and capabilities.

Employees in various markets were affected by organisational changes in 2014/15, including:

- integrating around 6,000 former Kabel Deutschland employees in Germany
- acquiring Ono, the broadband communication and entertainment company in Spain, and integrating its 2,500 employees into our business
- acquiring Cobra, a specialist telematics company with 900 employees, that will broaden the range of machine-to-machine products offered by our Enterprise business

- integrating Phones4U's 890 employees and 139 high street stores into our UK business
- acquiring and integrating Helas Online, a leading fixed-line telephone provider in Greece
- investing in additional front-line staff in our retail stores and contact centres in many of our markets in Europe.

In any integration we evaluate employees from Vodafone and from the new company on a strictly equal and impartial basis. We supported people affected by organisational changes in a range of ways, tailored to the needs of employees in local markets.

We support employees joining our business through acquisitions by making sure they have access to the same opportunities as our existing employees. For example, in Greece we ran cultural integration programmes to help our senior leaders induct new employees into The Vodafone Way of working.

Employee turnover⁷

	2012/13	2013/14	2014/15
Total number of employees ⁸	91,272	92,812	101,443
Part-time employees	8,802	8,318	9,150
Number of voluntary leavers	9,621	9,647	13,736
Number of involuntary leavers ⁹	4,234	4,355	3,614
Newly hired employees	15,597	21,586	21,501
Average turnover rate (%) ¹⁰	16	15	18

Notes:

7. Represents the average number of employees during the year.

8. Represents the average number of employees during the year. Hellas Online and Ono are included but Vodafone Automotive is excluded.

9. Involuntary leavers include those who leave the business through redundancy, Vodafone-initiated separation or death in service.

10. Includes voluntary and involuntary leavers.

Our people – Performance in 2014/15

Employee wellbeing

In 2014/15, 82% of employees agreed that their local manager takes a genuine interest in their wellbeing. Our wellbeing programmes are managed locally to suit the needs of employees in different markets. Examples of how we promote wellbeing include:

- encouraging almost 4,000 employees to walk, run, dance and cycle a total of over 213,000 miles as part of our second Global Wellbeing Challenge
- our Big Bike Challenge, which saw around 100 employees cycle almost 1,000 miles from Land's End to John O'Groats in the UK to raise £217,000. With matched funding from the Vodafone Foundation, this increased to £434,000 and was used to support the Foundation's paediatric HIV care programme in Lesotho
- our cycling marathons in India involving 206 employees in Karnataka cycling on static bikes for a total of 104 hours (clocking up nearly 6,000km) – and 6,000 employees in Bangalore
- launching a wellness programme in Qatar that encourages employees to adopt healthy lifestyle choices by, for example, quitting smoking and losing weight
- in July 2014, Vodafone Ireland opened a dedicated Wellness centre for employees (including a gym, think well room and consultation and treatment rooms) to promote wellbeing and encourage and support employees to maintain or adopt healthy lifestyles.

Gender diversity data as well as selected supporting statements in the diversity and inclusion section were reviewed as part of EY's assurance of Vodafone's Sustainability Report.

For more details see our Assurance Statement.

June 2015



EY

Building a better
working world



Ethics

Vodafone's success is underpinned by our strong commitment to ethical behaviour in the way we do business. We expect our employees to uphold the high standards set out in our Code of Conduct, which includes our Business Principles.

To meet these standards we must create a culture where employees understand what we require of them, recognise their responsibility to raise concerns and have the confidence to do so. Our anti-bribery programme, supported by training and monitoring, is a particular focus.

Setting high standards

Our Code of Conduct explains what is expected of everyone working for and with Vodafone, including employees, contractors, subsidiaries, joint ventures and suppliers, <http://www.vodafone.com/content/index/about/conduct.html>. It also sets out Vodafone's responsibilities to our people, partners and shareholders.

Available in 14 languages, the Code requires employees to act ethically, comply with legal requirements, apply our Business Principles and speak up if they suspect any breaches of the Code. It is designed to be a one-stop shop to help employees understand all our key policies and it is clearly linked with working in The Vodafone Way, see the Our people section.

We regularly review the Code to ensure it remains relevant to our business and will next update it in 2015/16. We are also members of the Institute of Business Ethics and Transparency International and use this to benchmark our ethics and compliance programmes against best practice.

Training

We want to maintain a culture where employees do the right thing automatically, not just because they were told they have to or because they are afraid of potential consequences. Employees across the Group receive regular communications, online refresher training, face-to-face sessions and team briefings on various aspects of our compliance programme, depending on their role.

The Code of Conduct learning and awareness programme, Doing What's Right, is designed to help employees across the Group understand their responsibilities to our people, partners and shareholders. Through this programme, employees complete e-learning courses every two years on the Code of Conduct, anti-bribery, privacy, competition law and customer data security. Line managers attend face-to-face briefings from our senior leaders on the key topics of Vodafone's Code of Conduct and their role as a people manager.

The Doing What's Right programme is rolled out to new employees as early as possible when they join Vodafone, so that they are clear on our standards from the start. This applies to employees joining us through acquisitions as well as new starters.

In 2014/15, we ran a global survey to assess employees' awareness of key aspects of the Code of Conduct and ran communication campaigns where improvements were needed. This included a targeted campaign to raise awareness of our Speak Up programme for reporting concerns.

We also conducted audits to understand how well the Code of Conduct is implemented across the business, following our efforts to improve the effectiveness of the accompanying policies. Local markets are using the results to further strengthen controls. See the Governance section for an overview of our compliance programme.

Ethics

Reporting concerns

All employees and contractors are required to report any suspected breaches of our Code of Conduct, which is known as our Speak Up policy. The Speak Up process ensures a consistent approach in responding to concerns raised from across Vodafone.

Through our global external reporting scheme, employees and contractors can report concerns anonymously via a third party. This is part of our effort to promote a culture of transparency. Employees also have the option to report concerns directly to their line managers or local human resources teams.

Protecting innocent people is our priority at all times. Whistle-blowers who choose to report concerns anonymously can identify themselves to our external partner using a personal identification number in order to receive feedback. Vodafone has a non-retaliation policy and will not take action against anyone reporting a genuine concern.

Details of how to report concerns through the Speak Up process are included in our Code of Conduct (http://www.vodafone.com/content/index/investors/about_us/governance/compliance_and_code_of_ethics.html) and on our Suppliers website (http://www.vodafone.com/content/index/about/suppliers/our_policies_processes_and_tools.html).

In 2014/15, 602 reports were made through the Speak Up process, almost half (298) of which were raised through our external hotline and the rest through internal channels.

Types of concerns reported to external hotline

Types of concerns	%
People (bullying, victimisation and sexual harassment)	65
Integrity (conflicts of interest, corruption and fraud)	22
Health and safety	1
Other (eg policy breach, brand, security issue)	12

Taking action

We investigate reported concerns to resolve issues promptly and we take disciplinary action where appropriate. Any issue involving bribery, corruption or breaches of competition law must be reported immediately. Investigations into these issues are led by a senior member of the Group Legal team. A decision on the appropriate response to each Speak Up report is made based on the seriousness of the allegation and where the alleged breach took place.

Local markets must inform Group Corporate Security within 48 hours of any serious cases of fraud or dishonesty or any data loss, breaches or incidents affecting multiple markets.

The table shows the total number of dismissals of employees and contractors as a result of our investigations of concerns about fraud reported through the Speak Up process or raised through other channels.

Ethics

Internal fraud by type that resulted in dismissal

	2012/13	2013/14	2014/15
Manipulation of customer account ¹	234	377	181
Theft	77	83	119
Unauthorised release of customer data	79	112	64
False documents for fraud ²	29	35	12
Fraudulent invoicing	7	0	8
Technical fraud	0	0	4
Procurement fraud	2	2	5
Other fraud ³	54	92	90
Total	482	701	483

Notes:

1. Unauthorised credits, removing call charges, manipulating loyalty points etc.
2. False documents or reporting to inflate overtime, commissions etc.
3. Includes false insurance claims, test SIM abuse, unauthorised sale of network unlock codes, misuse of company PBX, falsifying employment application, expenses fraud etc.

Anti-bribery

Vodafone has a zero-tolerance approach to any form of bribery. We aim to establish a culture of compliance that puts 'Doing What's Right' at the centre of day-to-day business activity. This is embedded across the Group through our robust global anti-bribery programme, which is aligned with the guiding principles of the UK Bribery Act:

- **Proportionate procedures:** Our anti-bribery programme is managed centrally to ensure a consistent approach across our local markets. We have developed a framework of procedures for implementation by local markets. The level of implementation and effectiveness of these procedures is tested regularly. Each market is required to consider local bribery risks through the annual Risk Assessment process. Local risks are managed by implementing additional procedures or tailoring existing procedures, for example by providing bespoke training or employee communications.
- **Top-level commitment:** Vodafone's senior managers take an active role in implementing the global anti-bribery programme and it has sponsorship from a member of the

Executive Committee. Local CEOs in higher-risk markets must commit to a set of specific anti-bribery programme actions. Nominated policy champions are also responsible for implementing the anti-bribery programme in their local markets and sharing their practices. This top-level commitment helps to embed a culture of compliance across the organisation.

- **Risk assessment:** We made further updates to our global risk assessment model across the Group in 2014/15 as part of our annual process review. This model provides a consistent framework to identify and analyse new and emerging bribery risks in our local markets, which shape policy and procedures across the Group. The growth of our fixed-line telecommunications business brings potential bribery risks related to obtaining the permits required to lay and service cables. In 2014/15, we included a specific question in our anti-bribery risk assessment to ensure local market policy champions are aware of the developments taking place and engage with relevant teams to ensure they understand the risks and controls.

Ethics

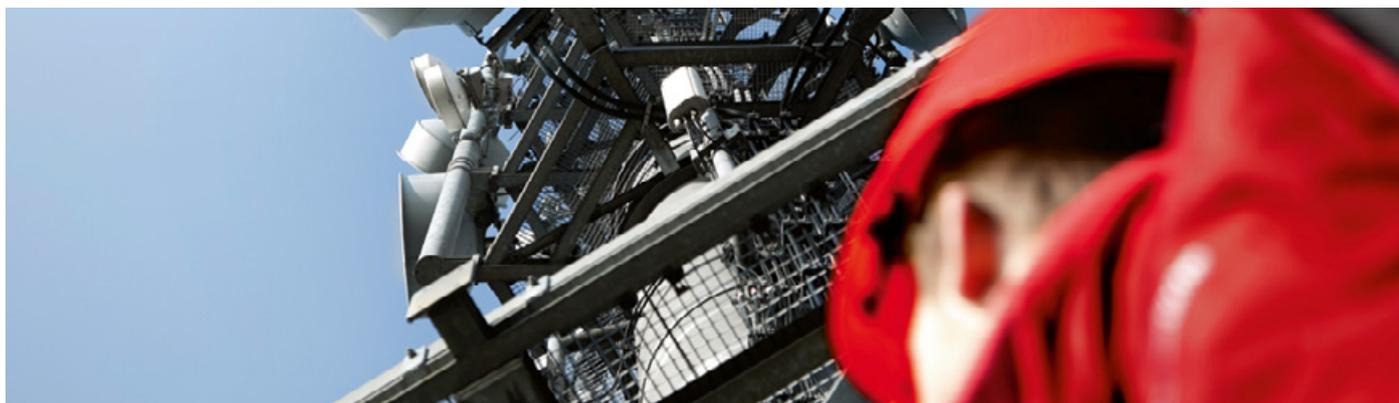
- Due diligence:** Our risk-based approach extends to identifying high-risk suppliers and business partners. Our anti-bribery requirements cover suppliers through questions in the qualification process and terms in supplier contracts, as well as our performance management programme for strategic suppliers, see our Responsible supply chain section.
- Communication and training:** Our anti-bribery policy is included in our Code of Conduct and promoted on a dedicated intranet page with clear and concise guidance. It is supported by a global training and communication programme that includes an anti-bribery e-learning tool available to all employees. Face-to-face workshops in all our markets help ensure employees working in higher-risk areas (such as procurement, enterprise and government relations) have a practical understanding of the key issues. In 2014/15, our global Doing What's Right programme included communications on our Code of Conduct and offered additional training for line managers on our main policies, including anti-bribery. To promote further engagement with our policies, we maintain a community webpage on our internal social media site, Circle, which allows users to post short updates and links to useful documents and websites and to seek advice where required.
- Corporate gifts and hospitality:** Employees are required to comply with specific procedures and gain appropriate approval prior to giving and receiving corporate gifts and hospitality and record these in our global Gift and Hospitality Register. To raise awareness of this requirement, we run campaigns tailored to different cultures in our local markets. For example, the CEO of Vodafone Qatar sent a message to employees in the lead-up to Ramadan to remind them of the policy and the key points to remember about giving and receiving gifts.
- Monitoring and review:** Our global anti-bribery champions meet quarterly to discuss our anti-bribery programme and share best practice. The group regularly monitors and reviews compliance with anti-bribery requirements and addresses any new or emerging risks. In November 2014, the anti-bribery champions gathered at a summit in Amsterdam to share the successes and challenges of the programme. The focus of the summit was on tracking the effectiveness of the anti-bribery programme and identifying improvement opportunities.

In focus: CEO action promotes external anti-bribery engagement

For the second year, senior executives in local markets where bribery risks are more acute committed to a CEO Action Plan for 2014/15. The Action Plan aimed to encourage participants to lead by example and engage employees in our anti-bribery compliance programme. Results were reported quarterly to regional CEOs. A key focus for 2014/15 was engagement with external parties by communicating Vodafone's anti-bribery principles to suppliers and contributing to collaborative initiatives. For example, Vodafone India organised a compliance dialogue for multinationals operating in India, in collaboration with the Confederation of British Industry. This engagement helps Vodafone better manage third-party risks and promoted responsible business practices outside the organisation, with a view to contributing to an improved business environment.

In focus: Anti-bribery standards for community-development projects

The Vodafone Foundation contributes financial and technical support to promote economic development in the local markets where we operate. Vodafone engages with charities to deliver programmes, many of which take place in locations where the risk of corruption is relatively high. To prevent the misuse of Foundation funds, anti-bribery controls have been incorporated into the Vodafone Foundation Governance Framework. Specific controls include anti-bribery training for Foundation employees and trustees, due diligence of projects and grant recipients and monitoring of projects and Foundation activities. This framework helps Vodafone to manage this risk and ensure our charitable giving benefits those individuals and communities for whom it is intended.



Mobiles, masts and health

Vodafone has been developing and improving mobile technology since the very first phone call over 30 years ago. The health and safety of our customers and the public was then, and remains, a focus of our attention.

Mobile devices and the masts that make them work operate well within guideline safety limits and, according to the World Health Organization (WHO), there is no evidence to convince experts that they pose any risk to human health.

Following thousands of scientific research studies about this issue over several decades, public concern has diminished. But we recognise that some people remain concerned and we continue to monitor, support and publish links to the latest scientific research. New research is focusing in particular on children and mobile phones, and long-term use of phones.

Understanding and addressing concerns

Mobile devices use radio frequency (RF) fields, a type of electromagnetic field (EMF) to send and receive calls and data. These fields surround us all the time, occurring naturally as well as from artificial sources. They are produced whenever an electrical appliance is connected to the mains supply, from refrigerators and hairdryers to computers.

EMF fields are non-ionising and create very low levels of energy, in contrast to ionising radiation such as X-rays, gamma rays and ultraviolet radiation, which have been shown to pose risks to human health.

Most experts agree there is no evidence that mobiles and base stations operated within guideline safety limits have any adverse health effects. Vodafone's mobiles and masts operate well within the guidelines set by the International Commission for Non-Ionising Radiation Protection (ICNIRP), an independent advisory body which is part of the WHO. These guidelines already incorporate substantial safety margins. The WHO's updated factsheet, "Electromagnetic fields and public health", published in October 2014, which is based on an in-depth review of thousands of scientific studies, concludes that "To date, no adverse health effects have been established as being caused by mobile phone use".



In focus: Find out more about mobiles, masts and health

A dedicated section of our Group website (<http://www.vodafone.com/content/index/about/sustainability/mpmh.html>) provides more detailed information on mobiles, masts and health and our response to public concerns. Find out more about:

- our commitments and goals (<http://www.vodafone.com/content/index/about/sustainability/mpmh.html>) to ensure the health and safety of our customers, employees, contractors and the public
- how mobiles work (<http://www.vodafone.com/content/index/about/sustainability/mpmh.html>), using RF fields to transmit and receive calls and data via our network of base stations
- our work to ensure the safety of our base stations and mobiles (<http://www.vodafone.com/content/index/about/sustainability/mpmh.html>)
- how we are addressing concerns (http://www.vodafone.com/content/index/about/sustainability/mpmh/addressing_concern.html)
- the latest scientific research (<http://www.vodafone.com/content/index/about/sustainability/mpmh.html>) in this area.

Mobiles, masts and health

Some individual research studies have suggested that using a mobile could affect people's health, and claim it may possibly even cause cancer. This has led to articles in the media questioning whether mobiles are safe, which has increased public concern.

We are committed to understanding these concerns and helping to address them by providing information on our dedicated Group website (http://www.vodafone.com/content/index/about/sustainability/mpmh/addressing_concern.html) and local market websites, and by holding local meetings where needed.

Monitoring our EMF emissions

In several markets (including Greece, Italy, Malta, Portugal and the UK) we have Independent Field Monitoring Initiatives that record RF emissions in certain locations 24 hours a day. The data is sent to a central point and tracked against ICNIRP guidelines or national limits on EMF. Community members can access the data through websites hosted by their local councils or universities.

For example, the HERMES Programme (<http://www.hermes-program.gr/en/main.aspx>) in Greece monitors electromagnetic radiation emitted by various sources in the environment. We supply the technical equipment for the programme, such as a mobile measurement system. Two universities, operating as independent scientific bodies, evaluate the equipment to ensure that the results are accurate and valid.

Our policies on RF Safety ensure that all parts of our business adhere to strict industry-wide standards on the electromagnetic radiation created by mobile devices and masts. We assess levels of compliance across the Group annually. In 2014/15, all of our European markets and all but two markets in the Asia, Middle East & Africa region were fully compliant with our policy on RF safety. The two partially compliant scores relate to India and Mozambique, where we have identified a need to improve the documentation of safety standards. We are working to achieve full compliance in these markets.

Latest scientific research

In 2014/15, a number of new studies have contributed to the ongoing dialogue and research, supporting the current consensus that there is no evidence of risks to health from the use of mobile phones and the masts that make them work.

There are still some gaps in scientific knowledge and more research is under way. The WHO is prioritising studies that are monitoring any long-term health effects and use of mobile phones by children.

Investment in EMF research has increased in the past 20 years, as the use of mobile devices has become more widespread. The WHO sets priority areas for research. We contribute funds to some independent studies indirectly through national, regional and international research programmes.

Some of the new research published in 2014/15

- The Scientific Advisory Committee to the European Commission's (SCENIHR) Final Opinion on EMF (http://ec.europa.eu/health/scientific_committees/consultations/public_consultations/scenihr_consultation_19_en.htm), published in March 2015, reflects the findings of all research published since the last Opinion of 2009. SCENIHR summarises:
 - “The results of current scientific research show that there are no evident adverse health effects if exposure remains below the levels recommended by EU legislation. Overall, the epidemiological studies on radio frequency EMF exposure do not show an increased risk of brain tumours. Furthermore, they do not indicate an increased risk for other cancers of the head and neck region.”
 - “Concerning EMF hypersensitivity (idiopathic environmental intolerance attributed to EMF), research consistently shows that there is no causal link between self-reported symptoms and EMF exposure.”
- The Swedish Scientific Council on EMF (Strålsäkerhetsmyndigheten, SSM) published its ninth report (<http://www.stralsakerhetsmyndigheten.se/Publikationer/Rapport/Stralskydd/2014/201416/>) in May 2014. It states:
 - “New research does not indicate any health risks for the general public related to exposure from radio frequency electromagnetic fields from base stations for wireless networks, radio and TV transmitters, or wireless local data networks in schools or at home.”
- The UK Mobile Telecommunications and Health Research (MTHR) final report, published in February 2014, concludes:
 - “We have found no evidence of risks to health from the radio waves produced by mobile phones or their base stations.”

Read more about the scientific process and research on the dedicated section of our website, <http://www.vodafone.com/content/index/about/sustainability/mpmh.html>.



Network deployment

We are deploying innovative technical solutions to extend and improve the capacity of our networks, while minimising the impact of our base stations on communities and the environment.

Our mobile services rely on a network of more than 283,000 base stations to send and receive calls and data. We continue to expand our network to enhance our customers' experience by extending the coverage and speed of our network and improving capacity for new services (see Project Spring study below). We are also working to reduce the overall number of base stations sites needed to achieve the desired service by deploying innovative technical solutions and cooperating with other operators to share sites.

When choosing a base station site, we must balance many, often conflicting, factors. These include optimum network coverage, technical considerations, community concerns and visual impact. Most people welcome improved coverage and services but we recognise that some have concerns about the location of new base stations. We aim to understand and address these concerns through community consultation.

Some people are also concerned about potential health issues relating to radio frequency (RF) fields. Our base stations and mobile devices operate well within the safety limits set by the International Commission on Non-Ionising Radiation Protection. Our vision is to lead the industry in responding to public concerns regarding mobile devices, masts and health and we have a Group website that provides extensive information on this issue, including links to independent scientific reviews, <http://www.vodafone.com/content/index/about/sustainability/mpmh.html>. For further information, please see our Mobiles, masts and health section.

Read on to find out more about our approach to responsible network deployment.



In focus: Connecting rural communities to our network in the UK

We are bringing high-quality 3G voice and data services to 100 rural communities in the UK, from Devon to the Shetland Isles, with unreliable or non-existent mobile coverage.

Launched in July 2014, our Rural Open Sure Signal programme is installing innovative sure signal technology, known as femtocells, in village halls, shops and homes to deliver widespread mobile coverage to these rural communities for the first time.

The first of these communities is already benefiting from this service as can be seen in the productivity of local, rural businesses, as well as the improvements to livelihoods within the communities. Find out how the Rural Open Sure Signal has benefitted businesses.

Expanding rural coverage in this way is part of our wider commitment to provide voice services to at least 90% of the UK by the end of 2017, as required by the UK regulator Ofcom.

Find out more about Rural Open Sure Signal, <https://www.vodafone.co.uk/rural>.

Network deployment

In focus: Project Spring is improving our network to provide an unmatched customer experience

Through Project Spring, we are investing £19 billion in our network to ensure that our customers get fast and reliable access to voice and data services wherever they are.

In 2014/15, we upgraded and expanded our mobile and fixed networks to enhance 3G mobile coverage in emerging markets, including India, our biggest market. We also rolled out 4G technology to reach 72% population coverage in Europe and aim to extend this footprint to over 90% by March 2016.

Find out more about how Project Spring is supporting our strategy in our Annual Report, <http://www.vodafone.com/content/sustainabilityreport/2015/index/operating-responsibly/network-deployment.html>.

Responsible network deployment

Our Site Implementation Guidelines, along with our standards on RF and health and safety, set consistent standards for all our markets in five key areas: legal compliance, environmental impact, RF emissions, site planning and selection, and health and safety. Accompanying guidelines demonstrate best practice and help each market adapt the Group guidelines and standards to local needs.

The standards and guidelines also apply to our contractors and their sub-contractors, who carry out much of the work involved in network deployment – from the planning and acquisition of sites to the construction and maintenance of base stations. Contractor compliance is a priority and we have an audit programme in place to monitor contractors' performance in the key area of health and safety. See our Health and safety section for more information.

When selecting base station sites, we always aim to comply with local planning regulations. In some markets, complex local and national planning regulations (sometimes conflicting) mean it can take up to 18 months to obtain local permits for individual sites. However, Vodafone's national operator licences often require coverage to be expanded sooner. As a result, some base stations may be built before all permissions are obtained, due to the lengthy planning processes (see table below on violations of planning regulations). All our base station sites are designed and built to comply with international and local safety guidelines regardless of whether they are licensed as part of local or regional planning regimes.

In many countries we have signed up to recognised national codes of conduct for responsible network deployment. These codes are often in partnership with other service providers, local authorities, governments and consumer associations.

Base stations and planning regulations

	2012/13	2013/14	2014/15
Total number of base station sites	248,000	263,400	283,000
Number of violations of planning regulations in relation to masts/base station sites ¹	239	182	143

Notes:

1. The majority of these cases relate to base stations being moved or not built due to planning restrictions.

Community consultation

We want to roll out our network quickly, but community consultation is vital and can take time. We aim to balance technical considerations with community concerns, which can conflict. For example, higher masts can sometimes improve coverage but can also have greater visual impact.

Clear communication is key to alleviating concerns by keeping communities informed of plans. Training and information packs aim to help employees respond to questions clearly and openly.

We tailor our communications and consultations in each market depending on local regulations and public attitudes – what is acceptable in one country may not be in others. When people do raise objections to planned base stations, we listen and accommodate their views as far as possible. The table shows some of the main factors we consider when deciding where to put our base stations.

Community considerations	Technical considerations
Public concern relating to schools, hospitals, nature reserves and other such areas	Compliance with local RF field strength guidelines
Visual impact on the landscape	Good coverage, capacity and improved services for customers
Compliance with local planning regulations	Strong and safe construction
Minimal disturbance to the community	Efficient rollout
Access to information	Appropriate positioning to connect to the network
Consultations	Easy access and maintenance
	Access to power supply

Network deployment

Reducing visual impact

We use a range of base station designs to ensure we can choose the most suitable for each situation and blend in with the local environment. Each base station consists of antennas that emit and receive RF signals, a supporting structure and a cabinet to house network equipment.

Some are purpose built, some use masts shared with other operators and some are placed on existing structures such as rooftops or lamp posts. Some local communities prefer a bespoke design such as a tree mast to disguise the base station, while other communities prefer a discreetly sited standard design.

Examples of best practice for reducing visual impact are shared among local markets through internal conferences and our intranet. These include:

- sharing sites with other mobile phone operators
- using existing structures to support antennas and house equipment where possible
- designing masts to blend into the surrounding street furniture, for example by looking like street lamps or flagpoles, or being built into advertising billboards
- constructing equipment cabinets from materials that match the environment or painting them to blend in
- putting masts in places where they do not intrude unnecessarily on the view
- ensuring small cell base stations meet our design criteria and fulfil local council requirements related to weight, size and appearance.

Network sharing

Across the Group, 70% of our base station sites are shared with other networks. By cooperating with other operators to share sites, we can accelerate the deployment of our network, limit the total number of sites required to provide coverage and cut costs by around 20%. Energy use and environmental impacts are reduced, making site sharing an important element of our strategy to improve network efficiency, see our Minimising our carbon footprint section. In Europe, the EU Commission sees network sharing as a means to support the fast deployment of (new) mobile networks.

Sharing sites relieves pressure on planning authorities because there are fewer sites to review and helps us respond to communities' desire to reduce the need for additional structures in their area. However, we must also take into consideration that shared sites can raise other concerns because they are often larger and therefore more noticeable.

The majority of our network sharing is 'passive' – sharing site and infrastructure such as masts or poles and air conditioning units (see diagram). 'Active' network sharing arrangements – where radio equipment is also shared – can be much more difficult to agree due to technical issues and the need to establish a high level of trust between competitor operators. In some cases, licence agreements also require separate radio equipment to preserve full competition between operators.

Despite these challenges, we now have active network sharing agreements in Greece, Romania, Spain and the UK. We have established a joint venture in Greece, VICTUS Networks, to manage networks for both Vodafone and Wind Hellas including sharing parts of our 2G and 3G networks. In March 2014, we also committed to working with seven other major mobile operator groups on network sharing initiatives that will provide internet, mobile broadband access and affordable mobile services to unserved rural communities across Africa and the Middle East.

There are three types of network sharing:

Passive sharing

The site and mast are shared but each operator maintains its own network equipment.

Active sharing

All infrastructure is shared at a certain site, including the mast and network equipment.

Regional roaming

Individual base station sites are maintained by individual operators with an agreement to use each other's sites in different regions, expanding the coverage of each operator's network without the need for more base stations.