Gender Pay Gap Report 2017



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Foreword

At Vodafone, our ambition is to become an employer whose track record in attracting and retaining female talent is so strong that by 2025 we will be considered the world's best employer for women. We seek to be a company whose global workforce reflects the customers we serve and the broader societies within which we operate by aiming for gender parity throughout the organisation. We believe our strong commitment to diversity is a source of business strength, enabling us to understand better the needs of the men and women. families and businesses who rely on our networks and services.

Vodafone's commitment to gender equality is led directly by our Group Chief Executive, Vittorio Colao, one of 10 business leaders who act as champions for the UN Women <u>HeForShe</u> solidarity movement for gender equality. We are also a member of the <u>30% Club</u> and as at February 2018, 33% of <u>Vodafone Group Plc</u> <u>Board</u> members were women.

It is important to explain prior to reading this report the distinction between *equal pay* and the *gender pay gap*. *Equal pay* means paying a man and a woman the same amount for work that is the same or broadly similar. Since the 1970s, companies have been required by law to pay men the same as women (and vice versa) for 'work of equal value'. The *gender pay gap* is the difference between the hourly pay of women versus men, calculated as an average across the workforce as a whole. As senior roles pay more than junior roles, the fewer the number of women who hold senior roles in a company, the greater is the average gender pay gap.

Therefore, the gender pay gap is a measure of the extent to which women are able to participate in senior management and leadership roles in an organisation.

In the UK, 34% of our workforce are women and 30% of our management and leadership roles are held by women. The goal for our Vodafone UK operating company¹, which provides products and services to over 17.6 million mobile customers in the UK, is to reach 35% representation of women in management and leadership roles by 2020.

Globally, our goal is to increase the representation of women in management and leadership roles to 30% by 2020 (up from 28% as at 31 March 2017), with a view to further increasing that proportion over time.

We operate with clear targets on gender balance, supported by a number of programmes that are implemented across all of our businesses worldwide.

We strongly welcome public focus on the need for a significant increase in women's participation in, and leadership of, the organisations (both commercial and public sector) that are central to daily life, driven by this reporting requirement and other initiatives.

Increased recruitment of women into management and leadership roles and increased retention of senior female leaders are critical priorities for Vodafone. In this report, we summarise a number of innovative programmes – including our ground-breaking global maternity policy and the world's largest international programme to recruit women after a career break – that are designed to enhance our overall gender balance. Through these and other programmes, we are determined to play a meaningful role in supporting the empowerment of women worldwide.



Ronald Schellekens Group HR Director Vodafone Group Plc



Introduction

This is Vodafone's first Gender Pay Gap statutory report for our UK employees, prepared as required under the <u>Equality Act 2010 (Gender Pay Gap</u> <u>Information) Regulations 2017</u> that came into effect in April 2017.

We welcome the UK Government's legislation requiring companies with more than 250 employees in the UK to reveal the percentage of female employees working in a business and the difference in average pay between women and men. Scrutiny of this kind is a positive step forward and should act as a catalyst to ensure greater female participation in management and leadership roles.

Equality of opportunity between men and women is a key indicator of long-term social stability and economic prosperity. The need for gender equality in the workplace has been recognised as a critical issue for decades. However, women still remain underrepresented within many companies, and strikingly so at the most senior levels; women only occupy 14% of senior executive positions in the 600 largest companies in Europe². A recent World Economic Forum study estimates that at current rates of progress, women will not reach parity with men – in terms of average pay and employment opportunities – for another 217 years³.

The challenge of workplace gender equality begins when a young woman first leaves school or university and takes the first step in her career. In the UK – the country where Vodafone is domiciled and where the legislation that is the focus of this report has been enacted – young women and men enter the workplace in broadly equal numbers and with broadly equivalent skills.

Equality of opportunity is a key indicator of long-term social stability and economic prosperity

However, one year after leaving university, men are already earning on average 8% more than their female peers as a consequence of study and career choices⁴. For example, many more young men than women currently study science, technology, engineering or mathematics (STEM) subjects at school or university and then enter sectors such as financial services or technology where remuneration is significantly higher than the national average.

Five years after graduation, the average gender pay gap widens to 14% as more men than women enter middle management for the first time⁵. Furthermore, women are more likely to work in industries with lower average rates of pay and are more likely to move into part-time roles as a consequence of the demands of childcare and, increasingly, care for elderly parents. As those demands grow – often at the point when a woman's career approaches middle or senior management level – a high proportion feel they have no choice but to leave the workforce altogether for a number of years, in many instances never to return.

As a result, management and senior leadership roles remain dominated by men, and the global average for women's earnings is around half that for men⁶.

Vodafone is one of the world's largest communications companies. We build and operate mobile and fixed-line networks relied upon by more than 529 million mobile customers in 26 countries and 19 million fixed broadband customers in 19 countries.

Our local UK operating company, Vodafone UK, has more than 17.6 million mobile customers as of 31 December 2017. It directly employs around 12,500 people and has a retail presence on most UK high streets. Vodafone Group (our corporate function that provides strategic support to our local operating companies) is domiciled in the UK, and Vodafone Global Enterprise (VGEL), our dedicated global Enterprise business (which serves multinational corporate customers) is also based in the UK. In total, we employ more than 17,000 people in the UK.

Just over one-third (34%) of our UK employees are women. We have female colleagues in all professional functions, from Engineering, IT, Technology and Security to Customer Operations, Marketing, HR, Retail, Communications and Legal. Around half of our UK-based female employees work in our retail and customer operations, and within each function the highest proportion of women are found in HR, Corporate and External Affairs and Legal. Our commitment to women's empowerment is led from the very top of the organisation. Vodafone's diversity and gender equality programmes are overseen by the Vodafone Group Plc Board, and our Group Chief Executive personally champions this issue both within the company and as an external advocate. Our mandatory <u>Code of Conduct</u> makes it clear that respect for diversity is integral to the behaviours expected from everyone who works for Vodafone. We do not tolerate prejudice in any form, and strive to ensure that every colleague has the opportunity to thrive in a workplace that is welcoming and supportive.

We have also identified women's empowerment as one of three major global transformation goals under the Vodafone Group Sustainable Business Framework. Further details of our ambitions in this area are set out in our Sustainable Business Report.

17,000

employees in the UK



UK legislation now requires all organisations that are domiciled in the UK and that employ more than 250 people to publish specific metrics related to the gender pay gap annually by 4 April.

The metrics stipulated under the Act are the average pay gap and average bonus gap together with the proportion of men and women receiving bonuses and a summary of the organisation's pay structure segmented by gender. The regulations specifically require both the median and mean gender pay gap to be reported; these metrics are complementary and illustrate different aspects of the distribution of pay across an organisation.

The mean is calculated by adding up all average hourly salaries and dividing them by the number of employees. The resulting gap is the percentage difference between the average male and female hourly pay figures. The methodology for determining the median gender pay gap requires companies to identify the hourly pay for the middle (or median) male and female employee, when ranked from the lowest to the highest. The resulting gap is the percentage difference between the midpoints in the male and female hourly pay.

The information we present in this report has been prepared on this basis, and selected aspects of this information has undergone independent limited assurance by KPMG. Further details of the scope, procedures and conclusion reached are set out in the Appendix on page 12. The information presented captures our UK-based employees and is derived from employees who work for our UK local operating company and our Vodafone Group functions based in the UK. Employees from the following entities are therefore included in our gender pay reporting:

- Vodafone UK⁷ our UK operating business supporting our 17.6 million UK consumers and business customers. The majority of Vodafone UK employees work in Customer Operations, Retail and Network Support, together with colleagues in Sales, Technology, Account and Programme Management roles;
- Vodafone Global Enterprise Limited (VGEL) – supporting our multinational enterprise customers;
- Vodafone Group Services Limited (VGSL) including Vodafone Group Plc – supporting our local operating companies – and predominantly based in our international headquarters in London; and
- Vodafone Sales and Services Limited (VSSL) – supporting the commercial, marketing and brand functions, predominantly based in our international headquarters in London.

Data for each of these entities can be found in the Appendix on page 13.

Calculating the mean gender pay gap



Calculating the median gender pay gap





Vodafone's gender pay gap

We employ more than 17,000 people in the UK. Despite considerable efforts (as explained elsewhere in this report) to recruit and retain an equal number of males and females, there are nearly twice as many men as women working for us in total in the UK. at 66% (11.304).

Our mean gender pay gap, at 16.9%, is slightly below the UK national average: the Office of National Statistics (ONS) mean gender pay gap 2017 is 17.4%. Our median pay gap, at 24.3%, is above the ONS national average of 18.4%.

The mean gender pay gap for Vodafone shows that the average hourly pay for all male employees is 16.9% higher than the average hourly pay for all female employees.

At Vodafone the female median hourly pay is for an employee who holds a graduate role; in contrast, the male median hourly pay is for an employee who holds a more senior role with more than five years' experience. It is this difference in roles, and the pay associated with those roles, that drives our median gender pay gap of 24.3%.

The gender pay gap at Vodafone – as at many other companies - is a consequence of the fact that more men occupy more senior and therefore more highly paid roles at Vodafone (73.9%). Women, who make up 34% of our total UK workforce, only occupy 26.1% of the roles in the upper pay guartile but hold a higher proportion of roles in the lower pay quartile (43.9%). As a result, average male earnings (both mean and median) are higher than average female earnings as there are more men in senior roles in our dataset than women.

Similarly, as the average bonus for a more senior employee is much higher than the average bonus for more junior employees - and there are significantly more men than women who hold the most senior roles - the bonus gap (at 22.4% for the median and 41.5% for the mean) is a consequence of fewer women than men in senior roles.

Vodafone's gender pay gap is a result of more men occupying more senior and therefore more highly paid roles



MEDIAN

MEAN

89.0% **OF WOMEN** 89.9%

Proportion of employees in each pay band by guartile

Lower	Lower middle	Upper middle	Upper
43.9 %	37.4%	27.7%	26.1%
QQQQQ	QQQQQ	QQQQQ	QQQQQ
RRRR	BBBBB	<u>A</u> A222	RRZZZ
RRRR	<u> </u>		<u> </u>
	<u>B</u> BBBBB		
RRRRR	BBBBB	BBBBB	BBBBB
56.1 %	62.6 %	72.3%	73.9%

Working towards equality

Our core programmes

Global maternity policy

We know that women who feel supported by their employer through their maternity leave and after their return to work are more likely to remain with the company over the longer term. Higher retention of colleagues who are working mothers offers clear business benefits in terms of continuity of skills and experience, as well as avoidance of recruitment and induction costs to replace leavers.

In April 2015, Vodafone became one of the first companies in the world to offer a global minimum maternity policy to all employees and in every country in which we operate. Any woman working for Vodafone is offered a minimum of 16 weeks' fully paid maternity leave as well as a phased return to work, including a 30-hour week on full pay for the first six months after their return.

It is important to note that these are global minimum benchmarks – not an upper limit – which are of greatest relevance in countries with little or no statutory maternity rights. We continue to abide by (and often exceed) statutory requirements in countries where these exist. In 2017, more than 1,700 female employees went on maternity leave (517 in the UK), all of whom were eligible to benefit from this ground-breaking policy. In 2015, Vodafone received the Company of the Year Award at the European Diversity Awards in recognition of our policy and other initiatives. Other multinational companies are now following our lead with similar programmes.

Maternity returner

Liz Cass is a Senior Product Manager for Vodafone UK with responsibility for managing strategic programmes across our Commercial Business Unit. Liz wanted to return to her role after maternity leave and was looking for additional flexibility to help balance her work and family commitments.

This scheme offered Liz – who had worked for Vodafone for seven years – a smooth transition back into the workplace after her maternity leave, while enabling her to spend Fridays at home with her family.

"The opportunity to have greater flexibility around my working days and hours made a meaningful difference to my return to work."



ReConnect

Worldwide, there are an estimated 55 million skilled women at middle-management level or above who are not in work following a career break⁸. Those women represent a very large potential pool of talent, insight and experience, and if they returned to the workplace they could have a significant impact on overall gender balance.

In reality, it is not that simple. Getting back into work after an extended career break can be difficult; research undertaken by KPMG in 2016 indicated that 80% of women who have taken a career break said more support was needed to help them return successfully to the workplace⁹.

In March 2017, Vodafone launched *ReConnect*, the largest international programme of its kind designed to bring talented women back into the workplace after a career break. Support for those returning to work includes training, coaching and induction programmes to refresh and enhance professional skills. *ReConnect* returners are also offered flexible working options and a phased return to work, such as a four-day week for the first six months.

Our global target is to hire 1,000 *ReConnect* women over three years in functions such as Technology, Commercial, HR, Finance, Legal, External Affairs, Customer Operations and Business Intelligence & Analytics. This will increase the number of women in management roles, with around 10% of all Vodafone external management hires recruited through the programme over the next three years; in the UK in 2017, we offered roles to 30 returners. We promote *ReConnect* at career fairs, and in November 2017 we hosted a *ReConnect* event with 10 of our suppliers and enterprise customers. We have also encouraged and supported one of our suppliers to establish their own similar returners' programme.

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"We are committed to ensuring that our employees are drawn from diverse communities and societies. Our ambition, to be considered as the best employer for women in the world. is central to that commitment. Companies often struggle to recruit and retain women in management and leadership roles. Innovations such as our global maternity policy and our ReConnect programme can make a real difference to women who work for us today and who will work for us in the future."

Vittorio Colao, Group Chief Executive



Reconnecting to work

Petra Cattanach is a senior manager working for Vodafone Group Technology in Cloud Business Operations. Prior to her career break to raise her young family, she had 10 years' business experience in software development.

In 2017, she decided she wanted to return to work full time. Petra was looking for a company that championed women in the workplace and offered flexible working arrangements. She found the flexibility *ReConnect* offered would enable her to return to a full-time role.

"I decided to take time out to have my second child because I knew I would not get the chance again. When the time was right, ReConnect supported my return to the workplace."



Supporting women early in their careers

Vodafone is an attractive employer of choice for recent female graduates. In 2017, women accounted for more than 55% of the intake into our *Discover* graduate development programme and 52% of the intake into our *Columbus* leadership fast-track graduate scheme. We are expanding the number of vocational training and apprenticeship opportunities across all of the countries in which we operate and ensure that these and our work experience placements are gender-balanced.

Men and women are equally represented in our graduate programmes

There is a vast amount of research that demonstrates that women are less likely to study STEM subjects at all levels of education globally. With jobs in STEM subjects often paying higher salaries, these choices, made early on, are a key contributor to the gender pay gap. To help influence girls' further education and career choices, Vodafone runs mentoring and work experience programmes designed to encourage female students to think about STEM-related options. In the UK, women account for just 23% of the workforce in STEM-related sectors¹⁰. Vodafone UK is collaborating with BT, O2, Ericsson and the NGO Girls Talk London to run a mentoring and work experience initiative in low-income areas of London, focused on young women. During the seven-month programme, female students are assigned a mentor to help them as they think about their future educational and career options, understand the skills needed to fulfil them, undertake a week's work experience and gain support developing their CVs and further education applications.

Embedding our commitment to diversity in our culture

Conscious or unconscious bias among hiring managers can severely limit a woman's ability to progress within an organisation (and can also adversely affect attempts to increase other forms of institutional diversity). In 2016, Vodafone launched a new unconscious bias and diversity training programme designed to raise hiring managers' awareness of how small (and typically unintended) actions or cultural and behavioural norms can hamper progress towards an inclusive workplace. In addition, induction programmes for senior leaders across Vodafone emphasise the importance of gender balance, diversity and inclusion, and we have introduced new training programmes focused on the recruitment process and on the skills required to manage diverse teams.

We have developed and implemented recruitment processes aimed at ensuring women have equal access to all opportunities on offer. We also seek to ensure that candidate lists for senior management roles include a balance of male and female applicants and that at least one female applicant is put forward to the final stage of the interview process.

One of the reasons why working mothers take on most of the childcare is the historical reluctance of many employers to extend maternal flexible working arrangements to include fathers. We have introduced a new shared parental leave policy to try to address this imbalance and give women greater scope to focus on their careers. Working parents among our UK-based workforce can share up to 37 weeks' paid parental leave. In the UK. fathers who have taken shared leave do so for an average of 57 days each. allowing them to play an active role in their children's development. Fathers may also be entitled to up to four weeks' additional paternity leave per year (one week paid), supporting families during transition periods or school holidays.

Vodafone has taken a proactive approach to enable working parents to remain engaged in the workplace and continue to progress their careers. More than 3,000 (17%) of our UKbased employees utilise some form of flexible working or work on a part-time basis; of that number, around 40% are women. Vodafone has implemented policies designed to support our employees with part-time working arrangements – including reduced hours and job-share arrangements – in order to balance home life with their careers.

26% of our global senior leadership team are women

We now have active women's networks operating in most of the countries in which we operate. These networks have been founded by employees and are managed by them. They offer women at all levels a supportive and informative environment in which to network, share and learn. As an example, our Women in Technology Network now has more than 1,600 members and more than 80 local market and professional function representatives. It hosts global webinars every quarter as well as face-to-face meetings locally. The Vodafone UK women's network has more than 1,000 members and meets at least once every quarter.

Leading diversity in our Enterprise business

Kerry Phillip is Legal Director for Group Enterprise, our business supporting multinational customers. Kerry has worked at Vodafone since 2010, when she joined as Head of Legal for Vodafone's UK operating company.

Last year, after attending an unconscious bias training session, she and a colleague decided they wanted to do more to attract, empower and support women to progress their careers within Enterprise and established a Women in Enterprise community.

The community offers a range of informal events and activities, including a chat show that Kerry hosts and is broadcast monthly, local networking events and an online network. It now has more than 800 members across 16 countries, and up to 500 people watching the monthly shows. Kerry has also encouraged other leaders from around the business to promote gender diversity.

Kerry runs a gender diverse team and currently 62% of her managers are female. In 2014, Kerry was included in the <u>Power</u> <u>Part-Time Top 50 List</u> published by the *Financial Times*, which profiles the top 50 most powerful people in the UK who have adopted a flexible approach to working.

"I believe that providing flexible working allows us to attract and retain talented employees who place enormous value on the key balance between work and home life. Our technology helps make this possible for many roles."





Our global programmes





Monitoring our progress on diversity

Progress on our diversity goals - including data on recruitment, performance management and promotion – is overseen by our Group Chief Executive and the Group Executive Committee (Exco). The percentage of women in Vodafone's global senior leadership team (SLT) – our top 175–225 employees - has increased from 17% in 2011 to 26% in 2017, and in our senior management community it has increased from 21% in 2011 to 25% in 2017. In 2011, women accounted for 13% of the Vodafone Group Plc Board, which increased to 30% in 2017 and as at February 2018 is 33%. Our Exco has increased slightly to 14%, up from 10% in 2011. We intend to take further action wherever these percentages fall short of our target of 30% of all management and leadership roles to be held by women by 2020 worldwide.

Every quarter we conduct an analysis of progress, led by our Group HR Director, in order to identify any challenges and adapt what we do (or devise new approaches) to remedy any shortcomings. Vodafone's overall progress on gender balance is reviewed twice a year by our Group Exco – led by the Group Chief Executive – with updates presented to the Vodafone Group Plc Board.

33% of the Vodafone Group Plc Board members are women¹¹

In our annual confidential employee survey, the people who work for Vodafone consistently demonstrate support for, and belief in, Vodafone's commitment to equality. In the 2017 survey (which was completed by 88% of all employees worldwide), 81% of respondents said they felt they had an equal opportunity to succeed, irrespective of age, gender, disability, sexual orientation, gender identity, cultural background or beliefs.

The Hampton-Alexander Review

The Hampton-Alexander Review, led by Sir Philip Hampton and the late Dame Helen Alexander, focuses on the percentage of women on Boards, on Executive Committees (Exco) and in direct report to the Exco, within UK public companies.

In 2016, the review recommended that all companies in the FTSE 100 should have at least 33% female representation at Board level and 33% women in leadership teams by 2020; a target that has now been extended to the FTSE 250 for 2017. Each review also includes ranked assessments of UK public companies' progress towards those targets.

In 2017, Vodafone was ranked 18th in the FTSE 100 – the highest ranked telecommunications company – with 36.4% female representation at Board level and 22.5% at Exco and direct reports to the Exco. We were ranked 49th in the FTSE 350.

Celebrating women's achievements

We want to raise the profile of female role models and celebrate women's achievements with visible support from our senior leaders. Our global webinar on International Women's Day in March 2017 was led by our Group Chief Executive and was watched live by more than 2,500 employees worldwide, including 20 local market chief executives and their senior leadership teams. The webinar was one of a series of more than 30 International Women's Day events worldwide (including roundtable discussions, networking events, and role-modelling and mentoring sessions and training) that took place over one week. with communications reaching more than 50,000 employees.

In 2017, Vodafone was named one of *The Times* <u>Top 50 Employers for Women</u> by Business in the Community, and our Group Chief Executive was named top <u>Male Champion of Women in</u> <u>Business</u> by the *Financial Times* and HERoes. In November 2017, Kerry Small, Head of Enterprise Customer Operations, was named Female Executive of the Year at the <u>Stevie</u> <u>Awards for Women in Business</u>, and Clare Hillis, Client Sales Manager, Vodafone UK, was named Best Technology Sales Woman at the <u>Women in Sales Awards</u>.



Percentage of women in leadership and senior management roles

Our global goal is to reach 30% of women in management and leadership roles by 2020



Statutory declaration

I confirm that the data and information presented in this report are accurate and meet the requirements of the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.



Vittorio Colao Group Chief Executive Vodafone Group Plc





- 1 The legal entity name of Vodafone UK is Vodafone Limited
- 2 IMF working paper on gender diversity in senior positions 2016
- 3 <u>Global Gender Gap Report World Economic Forum 2017</u>
- 4 Analysis by the Institute of Fiscal Studies and the BBC, Nov 2017
- 5 Analysis by the Institute of Fiscal Studies and the BBC, Nov 2017
- 6 <u>Global Gender Gap Report World Economic Forum 2016</u>
- 7 The legal entity name of Vodafone UK is Vodafone Limited
- 8 KPMG research for Vodafone, 2017
- 9 KPMG research for Vodafone, 2017
- 10 Women in STEM workforce 2017
- 11 As at February 2018

Appendix

Statutory disclosure and methodology

In this section, we provide further detail on our response to the UK's statutory requirement to publish Vodafone's gender pay gap data.

We provide an overview of the scope of this report, and we describe the five legal entities covered within it. We provide the datasets for all relevant entities, along with the consolidated figures that present the total position for our employees who work for Vodafone in the UK.

This section also includes KPMG's limited assurance statement on page 14.

How we report on the UK gender pay gap

Below, we outline the basis of preparation for the Vodafone gender pay gap figures contained within this report. We follow the methodology set out in the <u>Equality Act 2010</u> (<u>Gender Pay Gap Information</u>) Regulations 2017 ('the legislation') and <u>ACAS Managing</u> <u>Gender Pay Gap Reporting Guide 2017</u> ('the ACAS Guide') and publish further information on reporting definitions to explain the basis upon which this disclosure has been prepared.

Scope

This report is based on a combined set of figures from five Vodafone legal entities.

Our UK local operating company:

 Vodafone UK¹² – our UK operating business supporting our 17.6 million UK consumer and business customers¹³. The majority of Vodafone UK employees work in Customer Operations, Retail and Network Support, together with colleagues in Sales, Technology, Account and Programme Management roles.

UK-based employees in Vodafone Group roles:

- Vodafone Global Enterprise Limited (VGEL) – supporting our multinational enterprise customers;
- Vodafone Group Services Limited (VGSL) including Vodafone Group Plc – supporting our local operating companies – and predominantly based in our international headquarters in London; and
- Vodafone Sales and Services Limited (VSSL) – supporting the commercial, marketing and brand functions, predominantly based in our international headquarters in London.

VGEL and VGSL account for the very large majority of all UK-based employees in Vodafone Group roles. While VSSL and Vodafone Group Plc are relatively small in terms of numbers of employees, we have included these two entities in our overall metrics as we believe it is appropriate to provide a consolidated summary of all individuals employed on a UK employment contract with Vodafone and paid through the Vodafone UK payroll. These five entities combined cover all individuals employed under Vodafone's terms and conditions of employment who are on the UK payroll. A small number of individuals are employed by entities that are not, as of 5 April 2017, using Vodafone terms and conditions of employment or are part of the UK payroll. Each of these entities has considerably fewer than 250 employees as at 5 April 2017 and is therefore below the reporting threshold stipulated in the legislation.

The statutory figures for the in-scope legal entities (according to the relevant regulation) – Vodafone UK (or Vodafone Limited), VGSL (including Vodafone Group Plc) and VGEL – can be found in the tables on page 13 and can also be found individually on the <u>government website</u>, as required by the legislation.

Interpretations, judgements and assumptions

There are sections of the legislation and the ACAS Guide where different interpretations can be made and judgements or assumptions are needed. We summarise such instances in our reporting below:

i. International assignments

In our analysis, we have included individuals who were employed by a relevant UK entity (as at 5 April 2017) but who were assigned to an overseas location for a period of time. This is on the basis that such individuals have a UK employment contract, may well continue to have UK tax liabilities that apply to some or all of their remuneration and are likely to continue to have a home in the UK. We therefore consider that these individuals have a stronger connection to the UK than their host country.

In our analysis, we have excluded employees who were employed by a non-UK entity (as at 5 April 2017) and who were assigned to the UK. This is on the basis that those employees will continue to be paid from the payroll of their home country, are likely to continue to retain a home outside the UK and receive 'home leave' support (the reimbursement of flights to their home country from the UK). We therefore consider that these individuals have a stronger connection to their home country than the UK.

ii. Trustees and non-executive directors

There is a lack of clear guidance in the legislation or ACAS Guide regarding whether or not trustees of pension schemes and non-executive directors should be included in the analysis. We have excluded these individuals on the basis that they are not employees and do not have a contract of employment with Vodafone.

12 The legal entity name of Vodafone UK is Vodafone Limited 13 As at 30 September 2017

iii. Full pay: relevant employees

Employees on leave who were receiving full pay should be included within the calculations. We have included employees who are recorded in our payroll systems as having received at least a 12th of their annual salary in the month of April 2017.

iv. Relevant pay period

The relevant pay period for hourly pay is the month of April 2017.

The relevant pay period for the purpose of calculating bonus pay is the 12-month period ending on 5 April 2017. As the Vodafone payroll is run monthly, for the purposes of calculating hourly pay we have considered the bonus payments made in the April 2016– March 2017 (inclusive) payroll, which includes all bonus payments in the 12-month period prior to 5 April 2017.

v. Data accuracy

All this data relies on our employees' classification of their own gender.

Data: Vodafone's gender pay gap metrics by entity

Hourly gender pay gap

	Vodafone UK^	VGSL*	VGEL	VSSL	Combined dataset
	%	%	%	%	%
Mean hourly pay gap	17.2	14.6	12.6	23.8	16.9
Median hourly pay gap	18.3	7.1	17.1	14.0	24.3

Proportion of employees in each pay band by quartile

	Vodafone UK^		VGSL*		VGEL		VSSL		Combined dataset	
	%		%		%		%		%	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Upper	77.1	22.9	71.7	28.3	76.2	23.8	76.2	23.8	73.9	26.1
Upper middle	70.1	29.9	69.9	30.1	78.3	21.7	65.0	35.0	72.3	27.7
Lower middle	60.5	39.5	65.3	34.7	66.1	33.9	60.0	40.0	62.6	37.4
Lower	55.4	44.6	60.7	39.3	56.6	43.4	50.0	50.0	56.1	43.9

Gender bonus gap

	Vodafone UK^ %	VGSL* %	VGEL %	VSSL %	Combined dataset %
Mean bonus gap	36.6	43.3	27.8	60.8	41.5
Median bonus gap	19.3	12.6	27.3	36.0	22.4

Percentage of employees receiving a bonus

	Vodafone UK^ %	VGSL* %	VGEL %	VSSL %	Combined dataset %
Male	91.4	84.8	89.3	83.0	89.9
Female	91.4	80.0	89.0	87.5	89.0

Explanations of each entity can be found on page 12.

^ The legal entity name of Vodafone UK is Vodafone Limited * includes Vodafone Group Plc



Independent Limited Assurance Report to Vodafone Group Plc

KPMG LLP ('KPMG' or 'we') were engaged by Vodafone Procurement Company Sarl to provide limited assurance to Vodafone Group Plc ('Vodafone') over the Selected Information described below as at 5 April 2017.

Our conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information listed on page 15, has not been properly prepared in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of the remainder of this report, in particular the inherent limitations explained below and this report's intended use.

Selected Information

The scope of our work includes only the information included within Vodafone's Gender Pay Gap Statement ('the Report') as at 5 April 2017 as listed on page 15 ('the Selected Information').

We have not performed any work, and do not express any conclusion, over any other information that may be included in the Report or displayed elsewhere, including on Vodafone's website, for the current year or for previous periods unless otherwise indicated.

Reporting Criteria

The Reporting Criteria we used to form our judgements are Vodafone's 'How we report on the UK gender pay gap' Reporting Guidelines as set out on pages 12 and 13. The Selected Information needs to be read together with the Reporting Criteria.

Inherent limitations

The nature of non-financial information; the absence of a significant body of established practice on which to draw; and the methods and precision used to determine non-financial information, allow for different, but acceptable evaluation and measurement techniques and can result in materially different measurements, affecting comparability between entities and over time.

We have relied on gender classification data in the Vodafone Human Resources IT system that originates from employees self-assigning their gender during the Vodafone recruitment process or when they have subsequently requested a change.

Directors' responsibilities

The directors of Vodafone are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- selecting and/or developing objective Reporting Criteria;
- measuring and reporting the Selected Information in accordance with the Reporting Criteria; and

• the contents and statements contained within the Report and the Reporting Criteria.

Our responsibilities

Our responsibility is to plan and perform our work to obtain limited assurance about whether Selected Information has been properly prepared in accordance with the Reporting Criteria and to report to Vodafone in the form of an independent limited assurance conclusion based on the work performed and the evidence obtained.

Assurance standards applied

We performed our work in accordance with International Standard on Assurance Engagements 3000 – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' ('ISAE 3000') issued by the International Auditing and Assurance Standards Board.

The work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Independence, professional standards and quality control

We comply with the Code of Ethics for Professional Accountants, issued by the International Ethics Standards Board for Accountants, and we apply International Standard on Quality Control (UK and Ireland) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements'. Accordingly, we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

Summary of work performed

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information, whether due to fraud or error, our work included, but was not restricted to:

- assessing the appropriateness of the Reporting Criteria for the Selected Information;
- conducting interviews with Vodafone management to obtain an understanding of the key processes, systems and controls in place over the preparation of the Selected Information;
- comparing a selection of pay data used to prepare the Selected Information to Vodafone's HMRC tax submission and payroll records;
- comparing the number of Vodafone employees' data used to prepare the Selected Information to the Vodafone Group Plc Annual Report and Accounts for the year ended 31 March 2017 and the Human Resources IT system;

- re-performing a selection of the calculations used to prepare the Selected Information; and
- reading the Report and narrative in the Report accompanying the Selected Information with regard to the Reporting Criteria, and for consistency with our findings.

This report's intended use

This assurance report is made solely to Vodafone in accordance with the terms of the engagement contract between us. Those terms permit disclosure to other parties, solely for the purpose of Vodafone showing that it has obtained an independent assurance report in connection with the Selected Information.

We have not considered the interest of any other party in the Selected Information. To the fullest extent permitted by law, we accept no responsibility and deny any liability to any party other than Vodafone for our work, for this assurance report or for the conclusions we have reached.

Holland

Paul Holland for and on behalf of KPMG LLP Chartered Accountants London 9 February 2018

The Selected Information

The Underlying Subject Matter and Subject Matter Information ('the Selected Information') are listed below. The information needs to be read together with the Limited Assurance Statement and the Reporting Criteria.

Underlying Subject Matter	Subject Matter Information ('the Selected Information') %	Reporting Criteria		
Mean gender pay gap	16.9	Vodafone's 'How we		
Median gender pay gap	24.3	report on the UK gender pay gap'		
Mean bonus gender pay gap	41.5	Reporting Guidelines		
Median bonus gender pay gap	22.4	(see pages 12 and 13)		
Proportion of males receiving a bonus payment	89.9			
Proportion of females receiving a bonus payment	89.0			
Proportion of males in lower quartile	56.1			
Proportion of males in lower middle quartile	62.6			
Proportion of males in upper middle quartile	72.3			
Proportion of males in upper quartile	73.9			
Proportion of females in lower quartile	43.9			
Proportion of females in lower middle quartile	37.4			
Proportion of females in upper middle quartile	27.7			
Proportion of females in upper quartile	26.1			

