One Strategy
Corporate Responsibility Review
June 2008
Our CR reporting

We have been reporting on our CR performance for eight years. Over this time, we have developed and refined our approach to reporting. This year we have moved our full CR Report for the year ended 31 March 2008 onto our website at www.vodafone.com/responsibility.

The full web-based CR Report provides a balanced account of our performance during the year on the most material issues. It continues with the ‘we said, we have, we will’ format intended to enhance the transparency and accountability of our reporting over time.

This printed CR Review explains the key trends and issues affecting Vodafone, particularly as our Company strategy evolves and priorities shift. It aims to inform stakeholders about our plans and generate discussion about the challenges and opportunities.

Twelve of our operating companies publish their own CR Reports focusing on local and national issues with details of individual operating company CR programmes.

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www.vodafone.com
What do we mean by One Strategy?

Corporate Responsibility (CR) is now a widely accepted concept in business and significant resources are being applied to managing company impacts on society and the environment. But sometimes the interests of shareholders are difficult to align with the interests of wider stakeholders. Short-term profit is in opposition to principles.

In some areas Vodafone faces the same dilemmas, but in our core business challenges, CR and commercial objectives are aligned. Meeting society’s needs and addressing concerns can provide numerous commercial opportunities for a mobile-centric telecommunications company like Vodafone.

In our major business areas, our Company’s strategy and our CR strategy are inseparable. We have just ‘one strategy’. Growth both in emerging markets and through “total communications” are closely linked to responding to society’s challenges.

In developing markets, such as India and across Africa, our success is dependent on our ability to give access to communications to a broad cross-section of society – in some cases people who rarely had the opportunity to use a phone before. This opens up new economic opportunities for millions of the world’s poor.

Our strategy to introduce mobile internet and become a total communications company will only succeed if we provide a consistently reliable and reassuring customer experience. Adopting a responsible approach to issues like privacy and content protects our customers’ interests and builds trust.

This CR Review describes how we are addressing social and environmental needs through our core business activities in a responsible manner. It looks ahead at the opportunities and challenges and gives examples of how we are tackling these through our products, services, network and our people.

Core initiative: Access to communications

Europe
Accessibility
Inclusive design
Products for excluded

EMAPA
BOP* products support
Socio-economic research
Social innovation

With emphasis on three Focus areas

Safe and responsible internet experience
Climate change
Sustainable products and services

Supported by
Responsible business practices e.g.
MPMH: Network roll-out, Supply chain management, People, H&S

Underpinned by
Values, principles and behaviours e.g.
Bribery and Corruption, Lobbying, Tax, Whistle-blowing

* BOP = Base Of the economic Pyramid
** MPMH = Mobile phones, masts and health
*** H&S = health and safety
Corporate Responsibility (CR) is now well accepted in society and it’s rare to find a business that does not support the principle of responsibility. I believe that designing corporate strategy in a responsible way is vital for ongoing commercial success and we therefore integrate CR into our strategy and activities on a daily basis.

Vodafone has a global footprint that spans five continents including Europe, Asia, North America, Africa and Australasia. This ‘window to the world’ allows us to constantly learn, innovate and anticipate key business trends. In our sector, we are focused on numerous opportunities such as emerging markets, mobile internet services and increased data usage. In each case, aligning the commercial opportunity with our CR objectives will form an important part of our success. I would like to highlight how we are practising this alignment in several areas including rural roll-out, the mobile internet and the management of our climate impact.

Bringing telecommunications and internet access to poor or un-connected communities in emerging economies, often in rural areas, improves quality of life and enables participation in economic activity. We invested in these communities as, from a CR perspective, it was the right thing to do and Governments mandated rural roll-out as part of our licence obligations. However, we often invested more than we were obliged to because we believed these communities also represented commercial opportunities if we designed and tailored our services specifically to their needs. Tailoring that meant smaller value top-up vouchers, innovative distribution models and the development of low-cost handsets. Re-designing many of our services with these customers in mind was commercially viable and they are now helping to deliver like-for-like revenue growth of approximately 50% in India, 30% in Egypt and 20% in Romania. This is a commercial and CR win-win.

As a company, growing a business on this scale could potentially have an adverse impact on the climate. So while serving these communities and generating strong revenue growth, we must ensure that there is not a detrimental impact to the environment as a consequence. I believe that we can grow our business while also contributing more favourably to the environment and, importantly, without imposing significant costs or constraints on our operations. We recently announced a new climate change commitment focusing on greener energy and improving our energy efficiency. My view is that when we can protect the environment and improve our Company’s efficiency, we are supporting the long-term sustainability of the business.

At Vodafone, Corporate Responsibility plays a significant role in helping us achieve our global strategic objectives. We believe that if you want to achieve commercial success on a sustainable basis, you need to conduct business in a responsible way. That’s why our commercial strategies are designed with good CR practice in mind.”
There are several other areas of our business where we believe it’s especially important to take a responsible approach towards our customer offerings. Mobile data contributed £2.2 billion towards our 2007/08 revenue. As this segment continues to grow strongly, we ensure that we continue to listen carefully to what our customers are telling us about their internet experiences. Apart from their obvious enthusiasm for accessing the internet via their mobile, customers also want a safe and secure mobile internet experience, particularly for children. Our customers want to be able to protect their children, control who they interact with in social networks and have assurance over the confidentiality of customer data. We have invested in several areas of research to develop our understanding of customer expectations on privacy, mobile advertising and child protection. We are developing a range of solutions to help our customers define their own mobile internet experience and I believe that by rolling out a responsible mobile internet strategy, this will put us at the forefront of customer protection, translating into greater customer trust and, ultimately, preference for our products.

Businesses must have the foresight and flexibility to adapt quickly to developments in their global and local marketplace. With respect to Vodafone, increasing demand for mobile services in emerging markets, the forces of convergence across the media, telecommunications and internet industries, and global environmental concerns, such as climate change, are all significant issues for our business. I believe that the adoption of CR into our business strategy in these and other areas will enable us to address these challenges more successfully and on a more sustainable basis. By doing so, we will be better able to create value for our business, our customers and our broader stakeholders. Put simply, this is our goal.

I hope you find this CR Review useful and informative. Your views are important to us as we look to continually improve our business and its value to all stakeholders.

Arun Sarin
Chief Executive
One Strategy

External influences and trends

Societal trends
- Poverty
- Climate Change
- Development of emerging markets
- Communications as people’s right
- Safety and security
- Privacy and Freedom of Expression
- Waste and resource consumption

Corporate Responsibility

Core initiative:
Access to Communications Europe / EMAPA

Safe and Responsible Internet Experience
Climate Change
Sustainable Products and Services

Supported by Responsible Business Practices

Underpinned by Values, Principles and Behaviours

Key strategic objectives

Industry trends
- Ongoing regulatory and competitive pressures in Europe
- Growing choice of communication services and providers
- Growing demand for mobile data and broadband
- Growth potential in emerging markets
- Appropriate return to shareholders

Operational

1. Revenue stimulation and cost reduction in Europe
2. Innovate and deliver on our customers’ total communications needs
3. Deliver strong growth in emerging markets
4. Actively manage our portfolio to maximise returns
5. Align capital structure and shareholder returns policy to strategy
**Key initiatives**

**Access to communications**
- Socio-economic impact research
- BOP products support
- Social Products Centre in Spain
- Inclusive design

**Deliver strong growth in emerging markets**
- Focus on growth
- Ultra low cost handsets
- Mobile payments
- Innovative business models

**Safe and responsible internet experience**
- European Framework for Safer Mobile Use by Younger Teenagers and Children
- Access Controls and content classification
- Education of parents and teachers
- Mobile Alliance against Child Sexual Abuse Content
- Mobile Advertising (Vodafone guidelines and industry engagement)
- Privacy and Freedom of Expression Principles

**Climate change**
- Reducing network energy consumption through new technology
- Sourcing green energy on a country by country basis
- Specific projects on renewables
- Products and Services

**Sustainable products end to end**
- Handset, reuse and recycling
- Whole Life cycle impact management of phones and other devices

**Revenue stimulation and cost reduction in Europe**
- IT outsourcing
- Network supply chain
- Data centre consolidation
- Shared ERP* service centre
- Voice and data stimulation

**Safe and responsible communication**

**Responsible business practices**
- Supply chain performance management
- Responsible Network Rollout Guidelines
- Our People Strategy
- Health and Safety

**Values, principles and behaviours**
- Implementation of Business Principles
- Duty to Report policy and whistle blowing
- Tax Code of Conduct
- Public Policy Code of Conduct

* ERP – Enterprise Resource Planning
Emerging Markets

Tailoring our business to Emerging Markets

Paul Donovan, CEO EMAPA, explains how Vodafone is tailoring its products, services and operations to create a rapidly growing profitable business in emerging markets.

A considerable and growing pool of research shows that access to communications — and mobile communications in particular — has the potential to change people’s lives for the better by promoting economic development at a national and personal level. Around 3 billion people worldwide now have access to mobile, which is proof of its value. Governments recognise the potential of mobile to promote economic development. The Indian Government has a target to connect 500 million mobile customers and 20 million broadband subscribers by 2010. Emerging markets are generating most of our new mobile connections. The annual growth rate in the number of new mobile connections in India is 60% and in Africa is 38%, compared with 10% in Europe. Vodafone is present in Czech Republic, Egypt, Hungary, India, Romania, Kenya and, through Vodacom, South Africa, Tanzania, Lesotho, DRC and Mozambique.

Our major acquisition in India ended the financial year with 44 million customers, adding approximately 1.5 million per month since the acquisition. When we entered the Indian market, mobile penetration was 13%. Now, over 25% of the Indian population have a mobile and this figure is rising very rapidly.

This extraordinary uptake of mobile is possible due to two main factors: mobile’s capacity to leapfrog a lack of other infrastructure such as the fixed-line internet or banks; and our successful strategy to lower the affordability barrier. I will give you some examples of how Vodafone is capitalising on its scale and knowledge to deliver wider, more affordable access to communications.

A low-cost network
Self-evidently, consumers in these markets are extremely price conscious. We are able to compete in an extremely low calling charges environment through efficiency and careful control of our operations. In India, along with two other operators, we established an independent company, Indus Towers, to build the network. It will allow the network to be developed at a faster rate, enabling many people to get connected much more rapidly. Coupled with innovative distribution and customer service models, this enables us to offer call rates as low as 2 US cents per minute, down from 5 cents in 2001 and 40 cents in 1995. We offer small denomination pre-pay vouchers to make our service more accessible to people on low incomes. The average revenue per customer in India is US$7 per month.
More affordable handsets
Historically, the price of the handset has been a key barrier to affordability of mobile communications, particularly in countries where phones are not subsidised. With Vodafone’s unique scale and scope we spotted the opportunity to develop own-branded, affordable handsets such as the Vodafone 125, 225 and 226, which retail between US$20 and US$45. Since the launch, we have shipped to more than 10 million low-cost handsets to more than 50 countries.

Connecting remote communities
To reach rural communities, we need to address both network and distribution challenges. For example, in India, where 70% of the population is rural, we have gained access to 69% of the population by setting up 500,000 points of sale in 100,000 towns and villages. Our customer service vans tour remote areas attracting 2,000 walk-ins per day, and self-service prepay recharge kiosks in urban centres provide approximately 22,000 transactions per day.

Establishing a network where there is neither an electricity grid nor a transmission link to the fixed-line network, requires an innovative approach. Working with Indus Towers, we are examining a range of renewable energy options to reduce reliance on diesel and petrol. We are also using satellite links to the backhaul network.

Leapfrogging lack of banking infrastructure
We have identified opportunities to provide much needed new services to fill gaps in the social and economic infrastructure typical of emerging countries. Lack of access to banking and other financial services frequently holds back economic development. Our M-PESA service in Kenya allows small financial transactions to be made by mobile. Two million Kenyans now use the service and on average 200,000 new customers register each month. We have also launched money transfer services in Afghanistan and Tanzania and aim to roll-out in India in summer 2008. I believe this is a tremendous way of differentiating Vodafone in emerging markets.

Each country where we operate has particular cultural, economic and infrastructure characteristics. We take care to develop country-specific business models that fit local circumstances. But also, where two markets have a common need, we share what we have learned, transferring expertise between markets and capitalising on our global scale. We are learning a great deal from emerging markets, especially about efficient business models. Operating in markets with tariffs as low as 2 US cents per minute, takes a completely different mindset.

Paul Donovan
CEO EMAPA (Eastern Europe, Middle East, Africa & Asia, Pacific and Affiliates)
**Strategy in action:**

**Vodafone Essar key figures**

- 44.1 million customers as at 31 March 2008
- Presence in 16 Indian telecom circles (telecommunications zones) and aim to extend our services to the remaining seven circles in 2008
- Revenue growth over 50%
- Adding new customers at a rate of around 1.5m per month
- 17% customer share
- Cost of calls: 2 US cents per minute
- 42% share in Indus Towers, an independent company responsible for construction of new mobile towers and maintenance of more than 70,000 sites across India
- Over £1 billion capital investment to drive growth
- Vodafone is the No.2 handset brand in India.

**Strategy in action:**

**More affordable mobile phones**

We sold more than 10 million affordable handsets in more than 50 countries in 2007/08. Our range of Vodafone-branded affordable handsets includes the 125 and 225 models priced between US$20 and US$45. These handsets are designed to be attractive and durable, and include popular functions such as text messaging. In April 2008, we launched three affordable multimedia camera phones to enable customers to access the internet quickly and easily. For example, the Vodafone 725, retailing at less than US$150, is a rugged phone with camera, large screen, music player and is the first handset with ‘plug and go’ internet connectivity using Vodafone Connect and a laptop.

[www.vodafone.com/start/responsibility/our_social_economic/access_to_communications/low-cost_handsets.html](http://www.vodafone.com/start/responsibility/our_social_economic/access_to_communications/low-cost_handsets.html)

**Strategy in action:**

**Mobile money transfer services**

M-PESA, launched by Vodafone’s affiliate Safaricom in Kenya, uses our network to fill a gap in banking infrastructure and avoid the need to carry cash in unsafe situations. We see potential growth from such transaction services and plan to launch similar money transfer services in India and more African markets:

<table>
<thead>
<tr>
<th>Number of people in Kenya signing up each month to M-PESA</th>
<th>Key facts about M-PESA in Kenya:</th>
</tr>
</thead>
<tbody>
<tr>
<td>200,000 2008</td>
<td>Over 2 million people have used the service since its launch</td>
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<tr>
<td></td>
<td>Around 200,000 customers signing up each month</td>
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<td></td>
<td>Used for a wide range of money transfer transactions, with the majority of transactions below US$30</td>
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<tr>
<td></td>
<td>Over 2,300 agent outlets established</td>
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<td>Used as a safer method for transferring cash</td>
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<td></td>
<td>Small businesses, including taxi drivers and grocers, now accept it as an alternative payment method and larger companies also use the service to pay workers who do not have a bank account</td>
</tr>
<tr>
<td></td>
<td>Safaricom uses M-PESA to pay casual workers and distribute 40,000 low-value cash prizes to its subscribers</td>
</tr>
<tr>
<td></td>
<td>During the recent tensions in Kenya, with shops and banks closed, M-PESA was used by many to buy airtime for their friends and family.</td>
</tr>
</tbody>
</table>
Innovative business models to improve access

Strategy in action:

Vodafone Group Plc

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Strategy in action:

Access with no credit on your phone

In South Africa, for people who cannot afford a mobile phone, Vodacom provides access through community phone shops where they can pay per call without the need to own a handset. Phone shops are part of the solution to low-cost telecommunications in poor, rural and under-served areas where there are few or no fixed line phones. More than 100,000 community service phone lines in approximately 4,000 access points have been set up by Vodacom. Community phones are run by local businesses under franchise.

Community phone shops:

Vodacom provides business training and support to franchisees to help them make their business a success. On average, 133 million minutes of outgoing calls are made using the service per month.

Self-service kiosks:

Vodafone Essar operates 400 self-service phone kiosks in urban Indian areas that are open 24 hours a day. Some 22,000 transactions are made each day using the kiosks’ convenient, low-cost services.

Customer service vans:

Mobile shops visit rural communities in India. Forty vans drive from village to village in remote parts of the country, bringing mobile services to people that otherwise would not have access. More than 2,000 people already use these services every day and we plan to increase the number of vans to reach more remote communities. Like the South African phone shops, the vans are run as a franchise operation and so provide the opportunity for local people to set up small businesses.

Thought piece:

Will mobile phones be the key enabler of internet access for emerging markets?

In many emerging markets, there are far more mobile phones than there are computers. Extending affordable internet access into emerging markets via mobile phones will help to bridge the digital divide, bringing information, communication and educational opportunities to stimulate development. Key barriers to internet access in emerging markets include the cost of desktop and laptop computers, and the cost – and logistical difficulties – of rolling out telephone and broadband cables. Developing countries often have low literacy levels, which means that many people are unable to make use of internet services even where they are available. Vodafone is working to improve access to the internet by providing mobile internet services in emerging markets. Our experience in countries such as Egypt, India and South Africa tells us that the three key success factors are: relevant local content in the local language; appropriate prices; and network features to make connecting simple. We estimate that in Egypt, India, Kenya and the countries in which Vodafone operates, with a total population of around 1.5 billion, around 65 million people could be mobile internet users by 2011.

A reverse-charge service is also offered in South Africa where all Vodacom customers can make a call to a contract customer (for example a parent) who will be billed for the call.

In South Africa, Vodacom’s ‘please call me’ service enables customers to send a free text message asking the recipient to call them back, even when the sender has run out of credit. The costs of running the service are covered by advertising that is included alongside the ‘Please Call Me’ message.

- Free service for customers
- Benefits sender and receiver
- Easy opt-out
- 18-20 million messages per day
- 2.4 million unique users/day.
Why trust is so important

Total
Communications

Vittorio Colao, CEO Europe, makes the connection between responsibility, customer trust and the growth of mobile internet.

Our customers are telling us that they want to communicate in new ways. In addition to the old fixed-line, mobile voice or SMS, customers want to access broadband on the go and they want it anytime, anywhere. Mobile is increasingly the access point to the internet with all the functionality that brings – instant messaging, games, social networking, video, TV, music and shopping, to name only a few.

Mobile internet is real and is here now. Our data revenue grew by approximately 40% on a like-for-like basis this year to £2.2 billion. We already partner with game, TV and music content providers, leading social networks such as Facebook and MySpace, search engines such as Google and video-sharing sites like YouTube. I believe that the companies that will capture the biggest opportunities will be the ones to develop a rewarding, fast, and simple mobile internet experience for the user and most importantly, it must be one they can trust.

We are applying our existing responsible customer-centred principles to the new services. Protection of children, data privacy, content control and informed choice are the fundamentals of our offer to our customers.

Convergence of communications media has created a highly complex landscape where achieving a safer experience is more of a challenge. This may mean we may adopt a more cautious approach than some others, but the goal of being the most trusted operator is vital commercially.

Our research shows that parents are often less familiar than their children with new technologies such as social networking, making it difficult for them to supervise their children’s internet use. Teachers too are having to get to grips with these issues.

Brand loyalty can be transferred across services. Our research in 2006 showed that our customers would trust the Vodafone brand as a broadband provider. Vodafone is already offering broadband internet in ten countries: Egypt, Germany, Greece, Ireland, Italy, the Netherlands, New Zealand, Portugal, Spain and the UK.

In these markets, being able to clearly demonstrate the ability to deliver a safe and responsible mobile internet experience is a selling point. If customers are worried about what their children may access
on their mobile, or who they are in contact with on a social networking site, they will seek the most trusted supplier to help them navigate these new issues safely. We believe that being seen to be responsible, understanding concerns as well as benefits, and investing in customer protection systems will drive sales.

Another opportunity we are carefully exploring is mobile advertising. When advertisers reach people through television it is very broadly targeted. The same is true of PC-based internet searches where the advertiser does not know who is sitting on the other side of the computer.

But mobile is a very personal device and carries information on location, behaviour or demographics. Targeted advertising via mobile phones triggers much higher click-through rates – typically around 2-3% – than on the internet (only 0.12-0.18%). This is a significant business opportunity that can make mobile a richer, more rewarding tool for customers but it also raises new issues. Maintaining our customers’ trust is fundamental and that is why we have adopted a cautious approach to advertising.

We have developed strict guidance on issues such as privacy, child protection, taste and decency and will adhere to the firm principle that personal data will only be used when our customers ‘opt-in’.

Vodafone is, and intends to remain, the operator that customers can trust and the company they turn to when they have concerns about new services.

Vittorio Colao
CEO Europe/Group Deputy Chief Executive
Measures to protect children

The impact of mobile internet
The popularity of social networking websites has dramatically increased children’s use of the internet. These sites are now available on mobiles and it’s important for our business that we are trusted by both parents and children to provide access to them. We want to become the gateway of choice to social networks and the wider internet.

Although we clearly cannot control the content that appears on the broader internet, we are looking at ways of enabling parents to set the profile of their child’s phone to limit access. There is concern that children are unwittingly revealing personal information and photos of themselves and exposing themselves to the risk of misuse of that content by others. Our contracts with Bebo, Facebook, Flickr, MySpace and YouTube include clauses that enable Vodafone to work with them to protect young users from inappropriate content.

Educating parents, teachers and children
Education of parents, teachers and children is vital. The better the risks are understood, the more likely they are to be avoided. We are leading a major education initiative with the information and communication technology industry (ICT), EU and Schoolnet to develop online education resources to help teachers understand new mobile and internet technology and encourage their students to use it responsibly. The website (www.teachtoday.eu) was launched in April 2008.

European framework on Safer Mobile Use by Young Teenagers and Children
We support implementation of the European framework on Safer Mobile Use by Younger Teenagers and Children. This will result in national codes for access control, education and content classification. Our operating companies must sign and implement the national codes.

Access controls and internet filters
All our operating companies that offer age-restricted content on the Vodafone live! portal offer controls to prevent children accessing 18-rated content. The type of access controls varies in different markets according to local conditions. Some require users to verify their age as 18 or over. Others enable parents to select a profile for their child that removes 18-rated content.

On the web, outside Vodafone live!, our internet filter enables parents to prevent their children accessing inappropriate age-restricted content.

It is already offered by operating companies in the Czech Republic, Hungary, Ireland, Italy, Portugal, Romania, Spain and the UK, and other operating companies have set targets to introduce the filter.

Child profile
In Vodafone Ireland for example, Vodafone Safety Net is a universal profile for all customers registered as under 18. This gives them access only to content that is suitable for all ages unless they verify they are over 18 years old. This allows teenagers to access services such as some social networking sites while still protecting them from over-18 services such as online gambling. These features are available to all users of the Vodafone Ireland network, regardless of the handset they use.

Mobile Alliance Against Child Sexual Abuse Content
Vodafone is a founding member of the Mobile Alliance Against Child Sexual Abuse Content. The Alliance aims to obstruct the use of mobile networks and services by individuals or organisations around the world that wish to access or profit from child sexual abuse content. Members of the Alliance, including Vodafone, prevent users from accessing websites identified as hosting child sexual abuse content and will remove any such content posted on their own services.

The Internet Watch Foundation (IWF) runs a hotline for reporting websites that contain illegal images of children. The IWF has agreed that where there is no local national equivalent hotline organisation, our operating companies in all countries can use the IWF list to block access to child pornography. The IWF list is already used by our operating companies in the Czech Republic, Hungary, Ireland, Italy, Portugal, Romania, Spain and the UK to strengthen the capability of their internet filters, and we plan to introduce this system in other markets in the future.

Vittorio Colao launching the ‘teachtoday’ website, Brussels April 2008.
Strategy in action:

Mobile advertising and privacy

Mobile advertising includes any message, offer, promotion or incentive provided to mobile customers by a third-party brand. It can take the form of banner advertisements on Vodafone live!, opt-in SMS and MMS messages, alerts or sponsored messages, mobile TV or video advertising, or in-game advertising.

Vodafone continues to carefully develop its media business from third-party advertising on our networks. Our relationship with our customers enables us to offer brands the ability to reach particular audiences more effectively and accurately than is possible with conventional media. Advertising via mobile is already showing great promise with much higher click-through rates compared with the internet – typically around 2-3% for mobile and only 0.12-0.18% for internet.

We are adopting a conservative approach to mobile advertising, to gauge customer reaction as the service is introduced and extended by our operating companies. We have developed our own guidelines and principles. Each operating company must apply the same standards to mobile advertising that are required for conventional advertising.

Our principles for mobile advertising stipulate that we must:
- Retain control of customer information
- Only use personal information to target third-party advertising with customer consent
- Not use sensitive personal information revealing adult content preferences for targeting
- Ensure advertising content is appropriate to its likely or intended audience
- Ensure third-party advertising is delivered responsibly
- Adopt a conservative initial positioning on advertising.

In addition to developing our own guidelines, Vodafone is part of the GSM Association's working group to define a common code of practice on mobile advertising across the industry.

Obtaining consent
The principle of obtaining informed consent (customers choosing to opt-in) is at the crux of the privacy debate. To be clear with our customers, we have defined two categories of data targeting, one requiring consent and one not:
- Advertising targeted by contextual data (non-personal information such as time, the web page visited or the functionality of the phone)
- Advertising targeted using personal data (personal demographic information such as age, gender, address, personal behaviour information such as download and webpage history or physical location).

Since context-based targeting does not use personal information, it does not need customer consent. For example, when visiting a webpage about fishing, you might expect to see banner advertising for fishing equipment, without feeling your privacy had been compromised. That is what we mean by using contextual data.

To comply with our Group Privacy Policy and legislative requirements in several countries, active customer consent must be obtained before personal information (demographic and behavioural) can be used to target advertising to individual customers. We also obtain consent from our customers before sending any kind of potentially 'intrusive' advertising communication, for example MMS or SMS advertisements.

Opting out
Vodafone customers can withdraw their consent for use of their personal information at any time. Advertisers must comply with a request to opt-out and confirm this has been received, and must not send additional messages to the customer. Customers can opt-out of SMS or MMS advertising by replying to any message with the word 'stop'.

Type of mobile advertising offered

- Search
- Mobile internet
- Content
- Messaging
- Opt-in database
Our strategy for tackling Climate Change

Climate change and energy consumption have become strategic issues for Vodafone for several reasons:

- As energy costs continue to rise, powering our networks is becoming an increasingly significant part of our operating costs, at a time when cost management is extremely important.
- Many stakeholders are increasingly concerned about climate change. Businesses are expected to show leadership in cutting their climate impact and helping society to do the same.
- Our employees are very aware of climate change and expect Vodafone, as a responsible business, to take firm action.

As we continue to grow, we need a robust response to climate change. Sir Nicholas Stern, in his report to the UK Government, concluded there is a strong economic case for acting on CO₂ and that failing to do so could shrink the global economy by 20%.

Our climate change strategy has three elements:

1. Cut our own emissions by 50%
   We must lead by example; this year we announced that by 2020 we will reduce our CO₂ emissions by 50% against the 2007 financial year baseline of 1.23 million tonnes. We aim to achieve this challenging target principally through operational changes and technological innovation to improve energy efficiency in the networks, which account for around 80% of our energy consumption. Working with suppliers to develop more efficient network equipment will be critical. We also aim to use renewable energy when and where possible. The use of carbon off-setting is at the bottom of our hierarchy of options. The target excludes our recently acquired operations in India and Turkey, where we are currently gathering data about their carbon footprint and we will announce additional targets later.

2. Provide services to customers to help them reduce their emissions
   We believe that an even bigger potential gain can be achieved by developing mobile products and services that assist our customers to reduce their carbon footprints. Our products can be made more energy efficient in themselves but more importantly can contribute to lower carbon ways of living and working. For example, helping our customers to reduce travel can reduce their carbon emissions. On a small scale, we are already helping some business customers reduce their carbon footprint with machine-to-machine (M2M) mobile applications such as remote monitoring of utility meters, better traffic and logistics management and in-car telematics. Vodafone is already working with a range of service providers to develop M2M mobile solutions that improve business efficiency. In the future we also hope to focus specifically on applications that can help business reduce CO₂ emissions.

3. Influence others in our industry
   We want to use our influence within the industry and beyond to address climate change, working with others through industry partnerships such as the Global eSustainability Initiative (GeSI). We are part of both the UK and EU Corporate Leaders Group on Climate Change and in 2008, we publicly stated our support for EU targets to cut carbon emissions by 20% by 2020.

Lower carbon telecommunication networks
   We are focusing our climate change efforts on our networks, which account for more than 80% of our total CO₂ emissions. The average energy efficiency of new network equipment across our range of suppliers has improved by more than 35% over the last two years. We are also purchasing more green energy where it is economically viable and generating our own renewable energy at certain sites.

<table>
<thead>
<tr>
<th>CO₂ emissions (millions kg CO₂)</th>
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<tr>
<td>2004/05</td>
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<td>2005/06</td>
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<td>2006/07</td>
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<td>2007/08</td>
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[Chart showing CO₂ emissions reduction]

* Discontinued operation
** Recently acquired operation (not included in 50% emission reduction target)

[www.vodafone.com/start/responsibility/environment/energy.html]

Cooling network equipment
   Base stations use cooling systems to prevent equipment from overheating, extend battery life and reduce the chance of network failure. This accounts for around a quarter of network energy use. Average energy use in some base stations can be cut by more than 10% (depending on the climate conditions on-site) simply by allowing an increase in the cabinet temperature from 21°C to 25°C.

By upgrading radio equipment and batteries, a further increase to a maximum of 35°C can be achieved. In Portugal, we combined this approach with the introduction of ‘free-cooling’ – a system that uses fresh air to cool network equipment – at 1,100 base stations. We are extending this approach across the Group. We now install ‘free cooling’ as the default option at new base stations.
Green energy
We are a member of the 10:10 Climate Campaign. We have set ourselves the target of reducing greenhouse gas emissions of all of our operations by 10% by 2020 from a 2005 baseline.

Our main focus is energy efficiency, but energy sourcing and generation also has a role. Renewable energy accounts for 18% of our total network energy use.

Providing an energy supply in remote areas is a particular challenge because there is often no electricity grid. Traditionally we use diesel generators but these have a high carbon footprint and are expensive to maintain.

This issue is particularly acute in India, where thousands of base stations are 'off-grid'. In a recent move in India, Vodafone Essar, the independent tower company owned by Vodafone, has started to work with The Environmental Resources Institute (TERI), to conduct a series of research projects exploring the options for the use of renewable energy to power 'off-grid' base stations.

In a pilot project in India, a diesel generator was replaced by solar panels and a wind turbine. A fuel cell was also installed to boost the power if there is not enough sunlight or wind. A three-month trial showed that enough power can be generated this way to supply sites with low power loads in remote locations.

Vodafone Germany ran a solar power pilot project at its Mobile Switching Centre in Würzburg. Photovoltaic cells were installed on the roof of the building, at a cost of €70,000. The system will generate some 12,000 kWh of energy, which will be fed into the public grid.

www.vodafone.com/start/responsibility/environment/energy/renewable_energy.html

Strategy in action:

The carbon footprint of the ICT industry

Through GeSI, Vodafone sponsored McKinsey and The Climate Group to research the impact of the ICT sector on global CO₂ emissions. Results of the study show that today, the ICT sector accounts for approximately 2% of the worldwide energy consumption and related CO₂ emissions. Even though individual components may be becoming more energy efficient, the ICT carbon footprint will grow to 3% of the total energy consumption (1.5 GtCO₂e) by 2020. Existing technologies could cut this by almost a third to 1.2 GtCO₂e by 2020. Further reductions will need to come from new technologies.

However, the ICT industry has the potential to facilitate major carbon emissions reductions in other sectors. The research estimates this saving could be as large as 15% of total global emissions by 2020.

This can be achieved by using ICT to improve energy efficiency and introduce clean technology. For example, improvements in the efficiency of industrial motors and processes could make significant savings. ICT could also increase the performance of combined heat and power generation and other new power plants, and would be intrinsic to an energy efficient smart grid. It could improve the energy efficiency of buildings through intelligent power and heat management. Some of the largest savings may come from monitoring forests to prevent deforestation.

Vodafone has started to explore how we can help our customers to reduce their carbon emissions. Below are some examples that we are already implementing:

- Travel reduced by use of video conference calls at Vodafone. We estimate that we have avoided approximately 3,000 business trips by using our existing 412 videoconferencing facilities
- Using mobile technology to detect and prevent traffic build-up and congestion. We are working with Tom Tom to use our network to offer drivers better traffic information
- Using mobiles to remotely manage the energy use of appliances
- Making logistic services more efficient by providing up-to-the-minute, accurate information to users and operators
- Reducing the number of physical products required, as mobile phones take on the same functions as computers, calculators, music players, alarm clocks and other devices.
Raising Standards

Lowering Costs

As our European markets are reaching maturity, increasing competition is driving down prices. One of our five strategic objectives is to stimulate demand and reduce our cost base.

We understand some of our stakeholders’ concerns that in cutting costs we may focus less on behaving responsibly. We are confident that this will not happen. Our commitment to being a CR leader and doing the right thing is as robust as ever. Significant savings are being made through more efficient technology and organisational change. Inevitably, some people are also affected, especially suppliers and employees and we seek to minimise the negative impacts of business efficiency decisions on these people.

Our strategy is to compete vigorously on price while offering the highest standards in the industry. Savings are already being achieved without compromising our responsibilities to society and the environment. We are doing this by:

- Leveraging our scale to share global resources, such as procurement and IT
- Sharing networks with other operators
- Outsourcing services where this is more efficient
- Standardising equipment and systems across the Group
- Employing new technology to reduce capital expenditure.

When we have to make employees redundant, we ensure they are provided with the support they need to find new employment. At the same time we are creating jobs and skills as our company expands and changes.

Preparing our networks for a low-cost/high-traffic future

We are modernising our networks in preparation for a low cost, data oriented future. We are creating the platform for mobile internet services and developing our own infrastructure for bulk data transmission from base stations back to the telecommunications core network.

All European local operating companies will be on a unified internet protocol network by March 2009. The upgraded networks are meeting the demands of our ‘total communications’ offer to our customers. In 2007 our download peak speeds were 7.2 Mbps – by the end of 2008 they are expected to double to 14.4 Mbps in some markets. In 2009 we intend to trial 28.8 Mbps.

To achieve this, we are undertaking a major programme of reconfiguring our technical infrastructure. This requires fast data transmission and seamless integration with fixed-line telecommunications.

We currently share sites in 17 markets and fully share the radio equipment in two markets. This can save between 10% and 25% of radio access network (RAN) costs. In addition, we are reducing the number of network configurations we use from 36 to 6, giving efficiency savings across the Group.

Communities and customers will both benefit from these changes. Our goal is to create faster and better access to all forms of mobile communications with the lowest number of sites possible. The upgrade programme in Europe mainly involves alterations to existing base stations and few new sites are required.

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<th>Downlink peak rates (Mbps)</th>
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<tr>
<td>80</td>
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<tr>
<td>60</td>
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<td>40</td>
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</table>
| 0                         | 2006
| Launched across Europe 3G footprint |
| 40                        | 2007
| Launched in hotspots 9 EU markets |
| 20                        | 2008
| In hotspots by end 2008 |
| 14.4                      | 2009
| Trials in 2009 |
| 28.8                      | WMX |
| Options beyond HSDPA |
| 40                        | LTE |
| 70+                       |

Efficiency initiatives

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<tr>
<th>Leverage scale</th>
<th>One Global Supply team across networks, IT and services</th>
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<td></td>
<td>c50% reduction in Node B prices 2004 to 2007</td>
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Network sharing

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<th>Market-by-market approach depending on relative network position</th>
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<tr>
<td>Passive and active sharing in 17 and 2 markets respectively</td>
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<tr>
<td>Recent site sharing agreements in UK and Italy: Exploring further options</td>
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<tr>
<td>5-25% of RAN cost savings over medium term</td>
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Outsourcing

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<th>Approach driven by own vs. third parties’ capabilities</th>
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<tr>
<td>IT outsourcing</td>
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<td>Network field operations outsourcing in the Netherlands</td>
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Simplification and standardisation

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<th>Standardisation of design and consolidation of vendors</th>
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<tr>
<td>Microwave vendors reduced from 5 to 2</td>
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<tr>
<td>RAN configurations reduced from 36 to 6</td>
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Alternative technologies

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<th>Utilisation of alternative access technologies to reduce capex</th>
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<tr>
<td>Introduction of remote radio heads</td>
</tr>
<tr>
<td>Trialling femtocells to reduce the cost of coverage</td>
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</table>

www.vodafone.com/start/responsibility/our_social_economics/economic_value_added.html
Radio Frequency emissions (RF)

It is essential to maintain the same standards of safety and transparency of information for local communities as our networks are upgraded from 2G to 3G to 4G. All our base stations operate well within the International Commission on Non-Ionising Radiation Protection (ICNIRP) safety guidelines, usually tens or hundreds of times less than the permitted level. This will remain the case with the modernised equipment.

Part of our preparation for providing total communications is the introduction of femtocells – low-power wireless access points that connect to the network via broadband. We are trialling 3G femtocells, to see how effectively these small network access points could be used to deliver wireless high-speed data and voice services for use in homes and offices. Femtocells can typically handle traffic from between two to five mobile phones at the same time. They could allow us to increase service coverage indoors, which would be especially helpful for locations with limited or no access to the network.

Femtocells operate at lower power levels than bases stations, with typical levels equivalent to the power output of mobile phones. They must comply with the same safety limits for exposure to RF fields that apply to other wireless devices, which are set by the ICNIRP.

As with mobile phones, there is no scientific evidence that the very low levels of RF exposure from femtocells can be harmful to health. The power output of the RF fields that femtocells use is less than 0.1 watt, similar to other wireless home network equipment. Mobile phones connected to a femtocell will typically operate at a similar power level to a cordless phone.

Because femtocells may improve the handset connection to the Vodafone network, the handset will often require less power and consequently reduce RF exposure.

Creating savings with our supply chain

We spend approximately €7.5 billion on suppliers across 18 markets and 200 categories of item or service. Using our scale and expertise to obtain better value in global purchasing agreements is achieving significant cost savings. For example, we exceeded our goal of saving 8% over two years of our total external network spend.

We are sourcing more from China and other emerging economies where we increasingly deal directly with manufacturers. Products and services costing around £200 million were sourced from China in the 2007/08 financial year.

For major contracts, we set up e-auctions in which suppliers bid on cost. This has also produced significant savings.

We are also broadening the scope of items purchased under Group procurement contracts, particularly to include IT and professional services. This is enabling us to consolidate data centres (25-30% reduction over 3-5 years) and achieve more competitive rates from professional services companies.

We recognise the risk that driving down costs and sourcing more from emerging markets might involve compromised labour or environmental standards. We are working hard to ensure this will not happen. CR is embedded in our supplier performance assessment — accounting for 10% of the score — and we have invested in new resources to focus on suppliers in China. We have employed two CR-trained auditors in our new purchasing centres in Beijing and Hong Kong. Our supplier assessment processes help build long-term commitment from suppliers to improve standards.

We recently partnered with two strategic Chinese suppliers — Huawei and ZTE — to evaluate CR risks lower down the supply chain and strengthen their programmes for managing sub-tier suppliers. Huawei supplies radio equipment for our network and ZTE supplies Vodafone-branded handsets. The experience gained will be used to illustrate best practice and disseminate appropriate tools for managing CR in the supply chain.

To qualify for contracts, our suppliers in China must register with the industry-wide E-TASC (Electronics Tool for Accountable Supply Chains). We plan to extend this requirement to suppliers in other regions.
Integrity...

How

A business the size of Vodafone will inevitably have different characteristics in different parts of the world. One characteristic about which we are inflexible, is integrity. We communicate our Business Principles; audit behaviour; report performance and act firmly when transgressions occur.

Our strong ethical foundation is our framework of Values and Business Principles. Vodafone’s success is underpinned by our commitment to ethical conduct in the way we do business and interact with key stakeholders.

Business Principles
Our Business Principles define how we intend to conduct our business and our relationships with key stakeholders. They require employees to act with honesty, integrity and fairness. The Principles cover ethical issues including:

- Bribery and corruption
- Conflicts of interest
- Data protection
- Environment
- Health and safety
- Human rights
- Political contributions and lobbying
- Transparency

The Business Principles establish a policy of zero tolerance on bribery and corruption. Vodafone operates within a wide range of legal jurisdictions. We respect the rule of law within these jurisdictions and support appropriate internationally accepted standards including those on human rights. Our Business Principles represent the additional commitment we make to our stakeholders.

Embedding the Business Principles across the Group is vital. Individual operating company Chief Executives are responsible for ensuring application of our Business Principles in their companies. Our Duty to Report policy places an obligation on all employees to report any suspected incidents of dishonesty, financial malpractice, illegal activity or breaches of Vodafone’s Business Principles or policies.

The Business Principles and Duty to Report policy are included in induction material, online training and team briefings. In our 2007 employee survey, 74% of respondents rated Vodafone as an ethical company. We are enhancing communication activities with our employees to further raise awareness on our corporate responsibility activities.

Our Business Principles apply to all Vodafone companies in which we have a majority equity interest and to all Vodafone employees. Where Vodafone operates in conjunction with business partners, third parties or in joint-venture arrangements where we do not have a majority equity interest, we seek to promote the application of our Business Principles.

Public policy
Vodafone engages with regulators and governments on a number of issues relevant to our industry, as well as issues of broad public interest.

We seek to inform policymakers – including legislators, government officials and regulators – about the nature of our business, the mobile industry and the business environment generally. Vodafone develops policy positions which explain clearly what outcomes the company seeks from the public policy process.

Many of our written submissions are made public by the government organisation to which they are submitted. We believe in transparency in government relations and will provide copies of any formal submissions in the public domain to regulators and governments on request to responsibility@vodafone.com. Vodafone’s policy is not to make political donations anywhere in the world.

Tax Code of Conduct
Vodafone’s Group Tax Code of Conduct requires employees and advisers to act with integrity and maintain the highest ethical standards in all of its tax activities. Vodafone does not condone tax evasion (using illegal means to reduce taxes payable) in any circumstances.

Our Tax Team Behaviour guidelines set out our expectations of employees dealing with tax and are used as formal assessment criteria in individuals’ performance reviews within our Group Tax function.

Our one-day interactive training course within the Vodafone Finance Academy raises awareness among finance employees outside the tax team about the key elements of managing our tax cost.

What makes people consider a company responsible?

Being responsible has different meaning in different markets

- Quality products/services
- Good company (general)
- Trusted brand
- Good/reasonable prices
- Helpful/friendly customer service
- Good advertising/marketing
- Personal knowledge
- Support charities
- Innovative/inspiring
- Good employer
- High standards everywhere
- Provides jobs
- Straightforward/clear
- Acts in society’s interests
- Protects environment
- Believe in what they do
- Gives people access to communications
- Don’t know/Not applicable

Source: Galvanica 2008
Integrity...

Why

Our vision for 2010 is to be one of the most trusted companies in the markets where we operate. This objective is grounded in hard business reality. Our reputation impacts our business success in many spheres:

- Our industry is heavily regulated. A reputation for integrity provides opportunities to engage with governments on commercial, social and environmental issues
- Prospective employees are influenced by the reputation of our Company. Our values are an asset in competitive markets for employees
- Vodafone is a global company that in many countries competes with long-trusted national telecommunication operators. Our reputation for integrity and responsibility is essential to help us gain acceptance and act with sensitivity to local customs and cultures.

Measuring and tracking reputation

We actively monitor our reputation across our markets through a variety of means. With research consultancy Globescan, we identified 13 attributes which influence our reputation with different stakeholders. One of these is ‘integrity’. According to our research in nine markets, integrity ranked consistently among the top factors affecting reputation for most stakeholder groups in most markets (see table below). The integrity attribute involves honesty, transparency, trustworthiness and responsible behaviour.

We engage widely with CR experts and opinion formers who increasingly view Vodafone as making good progress in corporate responsibility, especially in key strategic areas such as child protection and improving access in emerging markets. This recognition is confirmed in various CR rankings and awards:

- Ranked among the top five companies in the Accountability Rating, published by Fortune, for the last three years
- Ranked third in a 2007 UK MORI survey asking NGOs and CR experts to name leading companies in CR
- Topped a poll of the global CR community by Corporate Register to nominate the best CR report of 2007

Translating CR into the marketing space

Some opinion formers have observed that we do not use our CR credentials in our marketing. This is deliberate. Our strategy has been to act first and communicate second. We believe it is prudent to establish a strong reputation for responsibility, especially among opinion leaders, before attempting to use social and environmental attributes in marketing.

Our approach is to focus our communications on solutions to customers’ problems. We believe that these are more relevant to our customers than generalised claims about corporate responsibility. For example, we have run campaigns on handset recycling, safe driving and services for people with special needs in several markets.

As our reputation as a responsible business increases, we will progressively introduce more social and environmental subjects to our marketing.

www.vodafone.com/start/responsibility/our_approach/ethics.html

Reputation drivers in different markets – how 6 of the 13 Vodafone reputation drivers were ranked on importance by the general public

<table>
<thead>
<tr>
<th></th>
<th>Integrity</th>
<th>Open Communications</th>
<th>Financial Strength</th>
<th>Market Leader</th>
<th>Environmental Responsibility</th>
<th>Fair Employer</th>
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<td>Australia</td>
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<td>Egypt</td>
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<td>Greece</td>
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<td>New Zealand</td>
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<td>Portugal</td>
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<td>Spain</td>
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Source: Globescan, 2007
## Progress against commitments and new commitments

<table>
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<th>We said</th>
<th>We have</th>
<th>We will</th>
<th>Deadline</th>
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<tbody>
<tr>
<td><strong>Access to communications</strong>&lt;br&gt;We would introduce three significant products with features that reduce exclusion by March 2008.&lt;br&gt;We would reduce the level of preventable exclusion by at least a third by March 2010.</td>
<td><strong>Progress</strong>&lt;br&gt;Launched TALKS (text-to-speech software for blind people), the accessible BlackBerry® from Vodafone, which enables deaf people to communicate in real-time, and Vodafone Simply (an easy-to-understand price plan with accessible handset) over the last three years since the target was set. The products above are helping us work towards our target. We will assess our performance through an audit in 2010.</td>
<td><strong>Due</strong>&lt;br&gt;Launch mobile payment services in a further three countries. Publish research on the socio-economic impact of affordable handsets. Reduce the level of preventable exclusion by at least a third.</td>
<td><strong>March 2009</strong>&lt;br&gt;<strong>December 2009</strong>&lt;br&gt;<strong>March 2010</strong></td>
</tr>
<tr>
<td><strong>Mobile phones, masts and health (MPMH)</strong>&lt;br&gt;We would improve stakeholder opinion on how responsibly Vodafone is acting regarding mobile phones, masts and health (from the 2006/07 baseline/survey results) by March 2008.</td>
<td><strong>Progress</strong>&lt;br&gt;Conducted a global survey of expert views on how seriously Vodafone is taking its responsibilities relating to mobile phones, masts and health.</td>
<td><strong>Ongoing</strong>&lt;br&gt;Maintain an approval rating against external stakeholder opinion on how responsibly Vodafone is taking MPMH as a rolling average at, or above, 80% over any three-year period. Provide comprehensive access to peer-reviewed published scientific reviews of research relating to mobile phones, masts and health on our Group website.</td>
<td><strong>Ongoing</strong>&lt;br&gt;<strong>Ongoing</strong></td>
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<tr>
<td><strong>Network deployment</strong>&lt;br&gt;We would update existing network deployment guidelines and assess local operating companies’ compliance with global policy by March 2008. We would continue to track public views on our network deployment and define a target to increase public acceptance by March 2008.</td>
<td><strong>Progress</strong>&lt;br&gt;Updated our Group Responsible Network Deployment Policy (in December 2007) and included it in a new Vodafone governance manual. Developed policy implementation guidelines and made them available on the intranet and in existing handbooks. Assessed local operating companies and contractors for compliance with our Group Responsible Network Deployment Policy. Decided not to continue to assess our performance in relation to public acceptance. Public opinion is affected by many factors outside our control and is not a good performance measure. We will continue to consult with communities locally and monitor public perception through Group-wide surveys every two to three years.</td>
<td><strong>Audit contractors’ compliance with our Group Responsible Network Deployment Policy in all Vodafone operations.</strong></td>
<td><strong>March 2010</strong></td>
</tr>
<tr>
<td><strong>Consumer issues</strong>&lt;br&gt;We would launch a campaign in each local operating company to address a locally relevant customer issue by March 2008. We would conduct consumer research and publish global guidelines on social networking sites and mobile advertising by March 2008. We would launch an online privacy awareness programme in all our local operating companies to describe Vodafone’s privacy policy and what it means for employees by March 2008.</td>
<td><strong>Progress</strong>&lt;br&gt;Launched campaigns in 16 local operating companies on a range of issues from bullying to safe driving. Surveyed customers in eight markets on attitudes to mobile advertising. Published principles on mobile advertising that ensure consent is properly obtained, privacy is protected and content standards are upheld. Researched parents’ concerns regarding new technology. Published guidelines on responsible content and use. Introduced (August 2007) a monthly privacy bulletin for all employees, to raise awareness about privacy issues relevant to Vodafone.</td>
<td><strong>Work with the wider industry to explore ways to create common codes of conduct for mobile advertising.</strong>&lt;br&gt;<strong>Launch a web-based resource centre to promote safety and the responsible use of mobiles and technology.</strong>&lt;br&gt;<strong>Benchmark Vodafone’s practices on mobile advertising and privacy with other industry leaders.</strong></td>
<td><strong>March 2009</strong>&lt;br&gt;<strong>March 2009</strong>&lt;br&gt;<strong>March 2009</strong></td>
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### Supply chain

**We would implement a project with two strategic Chinese suppliers to manage CR risk within our sub-tier suppliers by March 2008.**

- Implemented a project with two Chinese suppliers – a low-cost handset supplier and a radio equipment supplier. We audited their processes for assessing CR risks and carried out joint audits of their sub-tier suppliers.
- Followed up, with all seven potentially high-risk new suppliers assessed within three months.

**We would achieve 100% follow-up within three months for all local and global suppliers identified as high risk during qualification by March 2008.**

- Followed up, with all seven potentially high-risk new suppliers assessed within three months.

### Energy use and climate change

**We would achieve a 40% reduction in network energy carbon dioxide emissions per MB traffic by 2011.**

- CO₂ emissions decreased by 50% per MB traffic. CO₂ emissions from our operations increased overall by 17%.

**We would ensure 80% of all local strategic and preferred suppliers are reporting their compliance against the requirements of Vodafone’s Code of Ethical Purchasing.**

- Deploy a non-compliance management system to improve our existing process and support systematic action on CR issues identified within our supply chain.

- Reduce CO₂ emissions by 50% against the 2006/07 baseline (applicable across Vodafone local operating companies operating in 2006/07).

**Develop a climate change strategy for Vodafone Turkey and Vodafone Essar (India).**

### Reuse and recycling

**We would collect a further million handsets by March 2008.**

- Collected 1.3 million handsets for reuse or recycling, exceeding our target.
- Reused or recycled 96% of network equipment waste, amounting to 2,611 tonnes of non-hazardous waste, and 9,027 tonnes of hazardous waste.

**We would send for reuse and recycling 95% of network equipment waste by March 2008.**

- Collected a further 1.5 million handsets.
- Send for reuse and recycling 95% of network equipment waste during the year.
- Assess mobile phone collection, reuse, recycling and disposal in a major Indian city.

### Employees

**We would ensure that 90% of employees in the business have an annual performance dialogue and development discussion with their line manager by March 2009.**

- Approximately 93% of employees recorded their completion of a performance dialogue in the system (based on 91% of the workforce).

**We would ensure that 75% of operating companies deliver top quartile employee engagement scores within their local markets by March 2009.**

- Achieved high employee engagement, with a score of 71 out of 100 from 50,548 surveyed employees. This represents progress to our target of 75% of local operating companies delivering top quartile employee engagement scores.

**We would reduce work-related accidents resulting in lost time by a further 10% (from the 2005/06 baseline) by March 2008*.**

- Reduced the number of work-related accidents resulting in lost time by 13% from a 2005/06 baseline.

**We would reduce work-related accidents resulting in lost time by a further 10% (from the 2004/05 baseline) by March 2009.**

- Reduced the number of work-related accidents resulting in lost time by 10% (from the 2007/08 baseline).

**Develop a global inclusion strategy and local action plans on gender diversity.**

**Reduce work-related accidents resulting in lost time by a further 10% (from the 2007/08 baseline).**

**Improve our Global Wellbeing People Survey score by 10% (from 2007/8 baseline).**

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*The target date has been restated as it was incorrectly cited in the 2006/07 CR report as a 10% reduction against a 2004/05 baseline by March 2009.
We want to keep the environmental impact of the documents in our Corporate Responsibility Review to a minimum. We have therefore given careful consideration to the production process. This document is printed on Revive 75 Silk, manufactured in the EU at mills with ISO 14001 accreditation and comprising 50% de-inked post-consumer waste, 25% pre-consumer waste and 25% virgin fibre. The FSC logo identifies products which contain wood from well-managed forests certified in accordance with the rules of the Forest Stewardship Council. Printed by St Ives in accordance with the ISO 14001 environmental management system using vegetable-based inks. The printer holds FSC Chain of Custody (certificate number SGS-COC-1752). All the steps we have taken demonstrate our commitment to making sustainable choices. Printed in the United Kingdom.

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