



**vodafone**

# One Strategy

Corporate Responsibility Report

For the year ended 31 March 2008

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### Our approach

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# Our approach

Vodafone does not consider corporate responsibility (CR) as a mere philanthropic gesture or add-on. It is part of our core business (see our strategy). Our CR management mirrors the way we manage our business, with a global team of CR managers working across the business with a presence in each local operating company.

A key challenge in a company of approximately 71,000 employees is to embed CR at every level in every local operating company. Achieving this means communicating with employees and creating an organisational culture where the instinctive course of action is the responsible course of action, based on our Business Principles.

Our approach to CR is to:

- Engage with stakeholders to understand their expectations
- Respond to stakeholders with our evolving CR targets and programmes
- Report progress back to our stakeholders.

## Understanding our stakeholders and their priorities

We recognise that as our business evolves, new CR challenges emerge. We conduct extensive stakeholder engagement to identify the issues most material to our business and shape our strategy accordingly.

## Responding to stakeholders' expectations

By listening to stakeholders and responding to their concerns, we have made significant progress in our CR programme.

We have collected over six million handsets for recycling and conducted more than 3,600 supplier CR assessments over the last four years. We are implementing our strategy to cut our CO<sub>2</sub> emissions by 50% by 2020. Vodafone is leading industry initiatives to help parents protect their children from potential risks related to mobile phones. Our products and services are expanding access to communications to people in emerging markets and reducing preventable exclusion. See our performance and commitments.

When we established our CR department eight years ago, we set out to be a recognised leader in CR. Vodafone has since then:

- been 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
- won the ACCA award for best CR report in 2006 and for tax and public policy reporting in 2007
- been consistently ranked among the top five companies in the Accountability Rating for the last three years
- continued to be listed in the FTSE4Good and Dow Jones Sustainability Indices.

Experts and stakeholders generally agree that Vodafone is leading the industry on specific issues such as child protection and improving access in emerging markets.

### Reporting our progress back to stakeholders

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We monitor CR performance across the Group through robust internal reporting systems. We report our progress to stakeholders through this Group CR website and our annual printed CR Review.

Twelve of our local operating companies also publish their own CR reports to respond to the concerns of local stakeholders. See more on our CR reporting.

Our progress against targets is subject to external assurance. The performance pages of this site are assured by Deloitte & Touche LLP. See their assurance statement.

- Stakeholder engagement
- Reporting
- Business Principles
- Download our CR Review 2007/08
- Performance & Commitments
- External recognition



# Message from the Chief Executive

**“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.”**

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, the US, 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 practicing this alignment in several areas including rural rollout, 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 rollout as part of our license 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 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 both 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.

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 annual revenues. 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



## Message from the Chief Executive Officer

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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 market place. 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, that is our goal.

I hope you find the CR report 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

# Our Strategy

Our business strategy and our CR strategy are inseparable. Meeting society's needs creates enormous opportunities to grow our business.

Expanding our business in emerging markets such as Africa and India is extending access to communications to people who rarely had the opportunity to use a phone before. And our responsible approach to issues like privacy and content builds trust and grows our customer base in mature markets.

## CR strategy

Our vision for 2010 is to be one of the most trusted companies in the markets where we operate. Our five year CR strategy – developed in 2005 and continually evolving – is designed to help us realise this vision.

It sets clear priorities to:

- Capture the potential of mobile to bring socio-economic value in both emerging economies and developed markets, through broadening access to communications to all sections of society
- Deliver progress against stakeholder expectations on the key areas of climate change, a safe and responsible internet experience, and sustainable products and services
- Ensure our operating standards are of a consistent and appropriate level across the Group.

This strategy is based on our assessment of the key CR-related opportunities and risks for our business. These are prioritised through our issues management and risk assessment.

## Our brand essence

Vodafone's brand essence is:

Red: For the passion and spirit that drives us.

Rock Solid: We are dependable and empathetic. People can trust us.

Restless: We're always challenging ourselves to improve.

A strong CR strategy is crucial to our Rock Solid brand essence. It also helps us to live up to our values.

## Our Strategy

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## Our values

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Our values (or Passions) describe the way Vodafone people are expected to behave within the business:

Passion for customers: “Our customers have chosen to trust us. In return, we must strive to anticipate and understand their needs and delight them with our service.”

Passion for our people: “Outstanding people working together make Vodafone exceptionally successful.”

Passion for results: “We are action-oriented and driven by a desire to be the best.”

Passion for the world around us: “We will help the people of the world to have fuller lives – both through the services we provide and through the impact we have on the world around us.”

- Issue management
- Opportunities and risks

# Issue management

The focus of our CR programme is regularly reviewed to reflect the changing business and CR agenda, and to ensure we continue to address the issues that are material to our business.

Monitoring emerging CR issues helps us signpost future risks and opportunities for our business. We track CR issues in the media and engage with stakeholders in a variety of formal and informal ways, both globally and locally.

CR issues are fed into our long-range planning across our local operating companies. This helps to ensure that our strategic decision-making takes full account of social trends and anticipates emerging issues as far as possible.

## Identifying key issues

Each operating company and most Group functions report the most significant local issues on a regular basis as part of our Group-wide issues management process. The results are reported to senior management through various mechanisms, for example through the annual presentation to the Board. By formalising this process, we can better understand global and local social trends and anticipate emerging issues as far as possible.

We are conducting a six-month trial – which started in February 2008 – of a comprehensive issues tracking service from an external consultancy. The service analyses information from a wide range of sources to give us a more complete overview of global and local issues, including traditional and online media, professional journals, NGO and government reports, and company publications. This will help us better understand existing and emerging issues affecting Vodafone's reputation, and help us identify key opinion leaders. The trial is initially focused on three markets – Greece, Spain and the UK.

Our internal audit control questionnaire includes a range of CR questions. It is completed by all our local operating companies once a year and signed off by their chief executives. The questionnaire is part of our formal risk identification procedure. The results are reported to the Vodafone Group Plc Board of Directors.

When we acquire a new business, we consider contextual CR issues, such as the levels of bribery and corruption in the country. We also review existing CR policies and programmes within the business being acquired, where information is available.

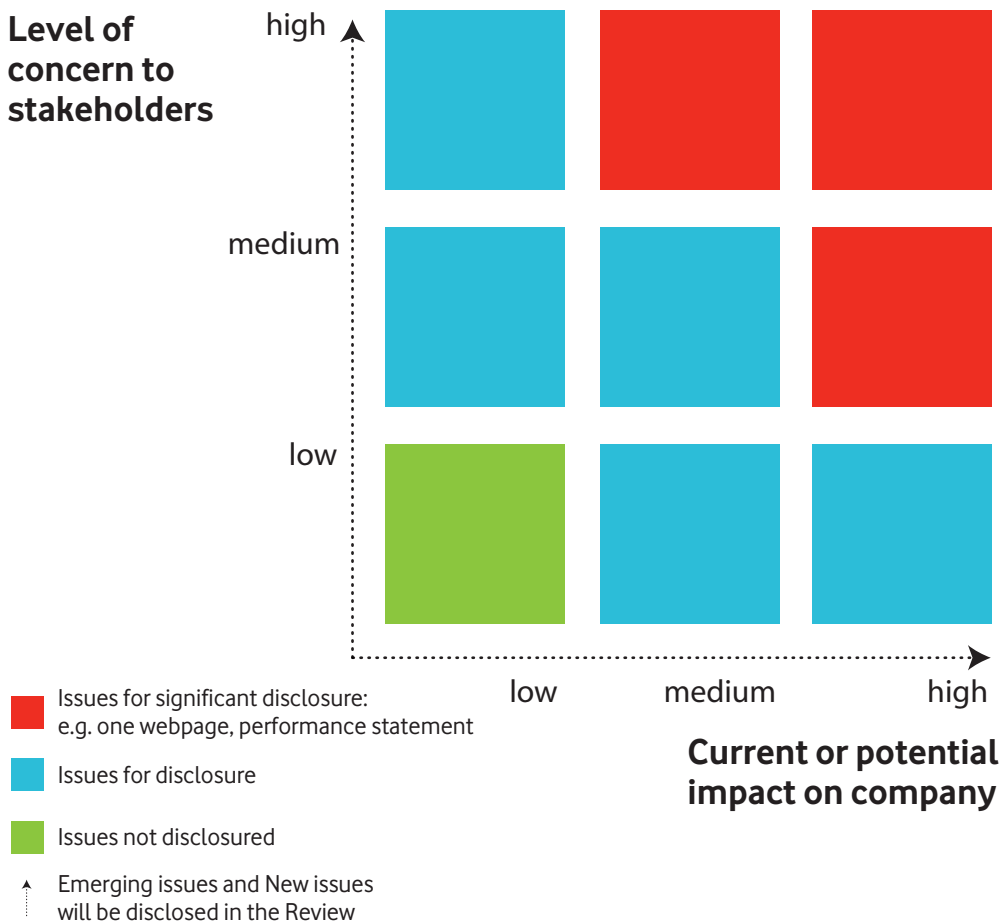
- Material issues
- Issue taskforces

Issue management

# Material issues

We have conducted extensive research and stakeholder engagement to prioritise issues according to their financial and reputational impact on our business and the level of concern of those stakeholders most affected by our operations. These issues are the most significant to our business.

We use a 'materiality matrix' to map out the issues of greatest importance to our company and our stakeholders. We then apply the matrix to each key issue to help us identify which sub-topics within each issue are most relevant and therefore where we should focus our efforts on each issue. See more on our process for assessing materiality.



## Issue management

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Guided by our issue mapping we identified the following issues as global priorities for Vodafone:

- Extending access to communications
- Mobile phones, masts and health
- Responsible network deployment
- Content standards
- Clear pricing
- Privacy
- CR in our supply chain
- Energy use and climate change
- Reuse and recycling
- Employment issues
- Ethics
- Public policy
- Tax

### Prioritising our reporting of issues

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We focus our reporting of CR activities and performance on the issues of greatest concern to Vodafone and our stakeholders. These are identified according to their level on our materiality matrices.

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

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

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

Our printed CR Review focuses on emerging issues and their strategic impact on the company.

## Issue management

# Opportunities and risks

Issue	Opportunities	Risks
Extending access to communications	Extending access to communications offers enormous opportunities to expand our business in emerging markets through increased coverage and services designed specifically for people who previously had little or no access to communications. Increasing accessibility for people who have difficulty using mobile phones in developed markets also provides an opportunity to increase our customer base.	Awareness of potential new challenges is essential when entering new markets and developing new services to avoid reputational risk. Extending access to communications in emerging markets also raises issues around how to achieve this in a sustainable way.
Climate change	Climate change is widely recognised as the greatest global sustainability challenge. Vodafone provides services that can help its customers tackle climate change, for example by helping them reduce travel through video and teleconferencing, and through more energy efficient machine-to-machine applications such as remote monitoring of metering equipment.	We use primarily fossil fuel-based energy to run our networks. Our business could suffer from any economic impacts climate change may have, such as increasing insurance premiums or carbon taxes. Our network infrastructure is vulnerable in severe weather conditions, which are predicted to increase. Our reputation as a responsible company depends on showing our stakeholders that we are reducing our climate impact.
Responsibility to our customers	Responsibility to our customers is essential to maintain their trust and sustain the long-term success of our business. Enabling customers to control how they use the wide range of services available on their mobile phones – by offering protection from inappropriate content or contact – is an important part of this.	Clear pricing, content standards, responsible marketing and the protection of user privacy are essential to avoid risks to our reputation.



## Issue management

Issue	Opportunities	Risks
Reuse and recycling of mobile phones	Used mobile phones can be refurbished and sold at reduced cost for reuse in lower-income countries, increasing access to communications – and to Vodafone services – by making handsets more affordable.	The rapid development of mobile technology means handsets quickly become obsolete as customers in high-income countries frequently replace their phones with the latest model. Handset waste must be disposed of responsibly to avoid potentially hazardous substances entering the environment. Our handset recycling programmes minimise the risk of legal non-compliances.
Ethics in our business and our supply chain	Strong business principles and effective management of ethical issues in our supply chain enhance our reputation.	Any unethical conduct by our employees or within our supply chain poses a serious risk to the reputation of our business.
Mobile phones, masts and health	By profiling independent scientific research on RF fields and health on our website, we provide the information people need to make decisions about how they use their mobiles. Communicating openly about proposed mast sites helps to reassure communities and gain their consent to develop our network.	Any substantiated evidence of a link between mobile phones and masts on health would significantly impact on our business model.
Supply chain	Taking a proactive approach to supply chain management enables us to show leadership in this area.	Unacceptable environmental standards or labour practices in our supply chain reflect badly on Vodafone and could affect our reputation.

### The precautionary approach

Vodafone supports the application of the European Commission's framework for a precautionary approach as contained in the 2000 EC Communication on Precaution.

# Embedding CR

Vodafone employs approximately 71,000 people around the world. Our challenge is to ensure every one of our people understands and subscribes to our corporate values to ensure consistent implementation of our CR strategy across the Company. Our internal communications and awareness is vital to achieve this goal.

We believe that CR issues are most effectively managed as part of our core business processes rather than as a separate 'add-on'. CR is therefore managed within the Group's mainstream management systems and responsibility is allocated to operational line managers wherever possible.

Our management of CR mirrors the way we manage our business. Vodafone is organised into two main units: Europe and EMAPA (Eastern Europe, Middle East, Africa, Asia, Pacific and Affiliates) as a result of our expanding presence in emerging and developing markets. The reporting lines for CR reflect this regional division.

Local operating companies have a vital role in the successful implementation of our policies. CR management teams at each of our local operating companies are connected to the Group CR function through regular formal and informal communications, and reporting. See more on CR in local operating companies.

Our Group CR team is responsible for developing policies and global CR management. We also have issue taskforces at Group level to manage key issues.

## Embedding CR

# Global CR management

## Accountability

The Group Executive Committee (ExCo) is responsible for CR policy and discusses CR issues. The Group CR Director, Chris Burgess, reports to the Group Corporate Affairs Director, Simon Lewis, who is the ExCo member with responsibility for CR. CR performance is reported to the Chief Executive quarterly and a report is made annually to the Vodafone Group Plc Board. The Chief Executive is ultimately responsible for Vodafone's CR performance.

## Group CR team

Our Group CR team manages issues at a global level and is responsible for:

- Formulating CR strategy, policies and goals
- Monitoring performance across the Group
- Stakeholder engagement
- Raising awareness among employees
- CR reporting
- Helping management to ensure that CR standards are consistent across the Group.

Our Group CR team works closely with local operating companies and Group operational functions on all these activities.

## Global workshops

Every six months, our Group CR team runs a workshop for CR managers and issue owners from all our local operating companies. The workshops provide the opportunity to meet colleagues from around the world, develop CR strategies and share best practice. This helps us build a consistent programme across the business. Our affiliates and partner networks, as well as external stakeholders are also invited to attend.

In July 2007, we held a two-day workshop at our headquarters in Newbury. Participants discussed Vodafone's five-year CR plan and shared best practice from across the Group. Key issues discussed included CR in the supply chain and energy management in the ICT industry. The second CR workshop of the year was held in Budapest in November 2007. It focused on the need to provide better access to communications, and how we can help our customers use mobiles responsibly.

In addition to these workshops, a teleconference is held once a month and a newsletter is distributed monthly to local operating companies and partner networks. CR is discussed between Group functions and local operating companies in many other forums connected with operational issues, for example through our Technology, Network, EMF (Electromagnetic Fields) and Marketing Boards, and our Supply Chain, Content Standards and Privacy committees.

## Embedding CR

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### Issue taskforces

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We have a combination of teams, committees and boards to focus on issues of particular importance. This structure is often mirrored at local operating company level.

Their function is to formulate policy, plan our strategy and coordinate implementation. These groups are formed and adapted according to changes in the CR agenda and the need for Vodafone to focus on a particular issue.

The groups create a flexible networked structure for issue management with broad involvement of people from across the Group.

See a list of our issue taskforces.

## Embedding CR

# Issue taskforces

## Group Committees and teams focusing on key CR issues

Topic	Function	Chaired by:
Combined Content Standards & Privacy Steering Group	<p>Protect customers, especially younger users, from inappropriate content, contact and commercialism</p> <p>Protect the privacy of our customers including data protection, confidentiality, unsolicited communications and intrusive surveillance</p>	David Wheldon, Director of Brand and Customer Experience
Health Safety and Wellbeing	Ensure that in all our activities we properly safeguard those who work for us and those who may be affected by our operations	John Daly, Group Health, Safety & Wellbeing Manager
Social Investment Committee	Oversee the social investment fund to develop products and services that benefit society	Ian Gray, CEO Central Europe
Electromagnetic Field (EMF) Board	<p>Engage stakeholders in an open and transparent dialogue to address health concerns and work to resolve scientific uncertainty</p> <p>Ensure the health and safety of the general public, our employees and business partners</p>	Tim Harrabin, Strategy and Business Improvement Director, EMAPA
Business ethics	Develop and communicate a framework that promotes ethical behaviour at all levels	Terry Kramer, Group HR and Strategy Director

## Embedding CR

### Global initiatives focusing on key CR issues

Topic	Function	Led by:
Access to Communications	Understand and make the most of the socio-economic impacts that mobile communications have through access to communications	Paul Donovan, Emerging markets Chief Executive (sponsor) Ian Gray, CEO Vodafone Egypt (leader)
Customer Promise	Provide a positive customer experience by protecting our customers	Paco Roman, CEO Spain (sponsor) David Wheldon, Director of Brand and Customer Experience (leader)
Energy	Reduce energy consumption and our impact on climate change	Steve Pusey, CTO (co-sponsor) Simon Lewis, Director of Corporate Affairs (co-sponsor) Andy MacLeod, Director of Networks (leader)
Handset Reuse and Recycling	Promote collection of old phones for reuse and recycling	Pietro Guidani, CEO Vodafone Italy
Responsible Network Deployment	Deploy the network of masts in a responsible way, with sensitivity to the views of stakeholders including landlords, neighbours, local councils	Andy MacLeod, Director of Networks (sponsor and leader)
CR in our Supply Chain	Work with suppliers to address CR issues in the supply chain	Detlef Schultz, Global Director Supply Chain Management (sponsor) Peter Stangl, Head of Supplier Performance Management (leader)

## Embedding CR

# CR management in local operating companies

Every local operating company has employees dedicated to CR who work directly with the Group CR team and local business functions. Local CR teams are essential to ensure CR is embedded in each of our local operating companies.

Although there are common themes, the management of specific CR issues varies in different local operating companies as the expectations of stakeholders vary in each market. Local teams are aware of local conditions and able to respond appropriately.

The chief executives of individual local operating companies have overall responsibility for CR and all have appointed CR managers. The Group CR Director, Chris Burgess, and Group CR team regularly meet members of the executive teams of local operating companies.

Group guidelines on specific issues provide flexibility for local operating companies to respond to feedback from local stakeholders within the framework of Group policy.

### Implementation of CR in local operating companies

	Board member responsible for CR	CR issues reported to the Board regularly	CR stakeholder perception survey(s) undertaken	CR report published
Albania	✓	✓	✓	
Australia	✓	✓	✓	
Czech Republic	✓		✓	
Egypt	✓	✓	✓	
Germany	✓	✓	✓	✓
Greece	✓	✓	✓	✓
Hungary	✓	✓		
Ireland	✓	✓		
Italy	✓	✓	✓	✓
Malta	✓	✓		
Netherlands	✓	✓	✓	✓
New Zealand	✓	✓	✓	✓
Portugal	✓	✓	✓	✓
Romania	✓	✓	✓	✓
Spain	✓	✓	✓	✓
Turkey	✓	✓		
UK	✓	✓	✓	✓

## Embedding CR

These are some examples of how CR is managed in our local operating companies:

### CR at Vodafone Germany

The CR department at Vodafone Germany was established in 2004 as part of the Corporate Communications Division. A steering committee which includes the Directors of CR, Marketing, Sales, Technology and Legal Affairs ensures that CR is integrated throughout the company. Key issues are managed by appointed officers within their respective departments. Vodafone Germany has produced an annual CR report since 2004.

### CR at Vodafone Greece

Vodafone Greece has a dedicated CR team supported by committees for energy and environment, content standards, health and safety, and RF fields. A risk assessment approach is used to identify its key impacts and prioritise CR issues. Vodafone Greece has been certified according to the ISO 14001 (environment) and OHSAS 18001 (health and safety) international management standards since 1999 and to the European Eco-Management and Audit Scheme (EMAS) since 2003.

### CR at Vodafone Romania

A team of three people was established to manage CR in Vodafone Romania, after it became part of the Group in 2005, with CR champions appointed in each department. A CR plan developed in March 2007 establishes priorities reflecting the Group CR strategy and particular local needs in Romania. The key areas covered are:

- Helping people through our products and services
- Environmental protection
- Promoting the sense of community in Romanian society
- Engaging our employees.

### CR at Vodafone Spain

Vodafone Spain's CR programme was established in 2001 with a CR team of four people who report to the Head of Relations with Public Administrations. As part of the CR management process, the CR team engages with stakeholders to understand their expectations. This stakeholder feedback is used to inform Vodafone Spain's CR strategy and prioritise issues for its annual CR report, first published in 2003/04. Priorities include development of social products and services for vulnerable people such as those with disabilities, the elderly and immigrants; and improved management of environmental impacts.

### CR at Vodafone Turkey

Vodafone Turkey is developing a CR strategy to prioritise areas where the company could have the greatest impact on local communities and the general public: children, education, accessibility and environment. Specific projects within these focus areas are being developed and will be supported by Vodafone Turkey and the Vodafone Turkey Foundation.



## Embedding CR

# Managing CR in Affiliates and Partner Networks

Our CR reporting focuses on our local operating companies, those fully owned or in which Vodafone has a majority stake (see scope and data).

We also have a number of associated undertakings (affiliates) in which Vodafone's stake in the business is less than 50%, and we work with the Vodafone partner networks in several markets. Partner networks are companies with whom we have contractual agreements to use our brand or services.

Vodafone has no direct control over the way affiliates and partner markets operate. However, we aim to work closely with them on CR issues by involving them in our CR strategy and issues identification, building capacity and sharing best practices.

We engage with affiliates and partner markets through:

- Global CR workshops – representatives from affiliates and partner markets are invited to these workshops where CR teams from across the Group meet to discuss strategy and specific CR issues (see global CR management).
- CR newsletter – affiliates and partner markets receive our monthly CR newsletter that keeps them informed on current issues, Vodafone guidance and examples of best practice.
- Joint projects – we work together on specific projects to share best practice and strengthen our own CR programmes. Examples include piloting our mobile payment mechanism M-PESA with our affiliate, Safaricom, in Kenya. We are working with Proximus, our partner network in Belgium, on logistics for handset recycling and exchanging best practices in network rollout.

### Case study: CR at Vodacom

Vodacom, our affiliate in South Africa, has recently established a CR team to integrate CR and coordinate initiatives across Vodacom Group. The team is currently mapping Vodacom's material issues to inform its CR strategy, and will communicate about these issues across Vodacom. The aim is to establish a CR coordinating committee, including senior executives from various divisions to integrate CR into the business. Vodacom attends our CR workshops and we exchange experiences, for example Vodacom uses our guidelines for reporting.

The Vodacom Wellness Programme includes free check-ups and counselling, as well as family planning, smoking cessation support, health education, vaccinations and vitamin injections for employees. Gyms are available onsite, and healthy low sugar and low cholesterol food is sold in the canteen. Vodacom covers all the costs of HIV treatment and counselling for employees, including anti-retroviral drugs, at a cost of R1.6 million (£96,000) a year.

## Embedding CR

# Internal Communications & Awareness

Our CR performance depends on our employees understanding the issues so they can take responsibility for implementing CR policies across the Group. It is also important that employees can communicate CR issues to customers and other stakeholders effectively.

Maintaining awareness of CR requires regular communications activity. We intend to make sure that everyone, everywhere, receives CR messages and has access to CR information that is relevant and appropriate.

### Global CR communications

Our key CR global CR communications include:

- Special features in each issue of our monthly email news bulletin on issues such as:
  - energy efficiency
  - mobile phones, masts and health
  - handset recycling
  - disaster relief
- Features on the Vodafone TV news channel highlighting the socio-economic impact of mobile technology in emerging markets, for example
- Our global employee handset recycling campaign
- A dedicated section of our global intranet designed to raise awareness about climate change, including an interactive game to test employees on their knowledge of the issues and a video of our CEO announcing the new CO<sub>2</sub> reduction target
- ShareIdeas website, an open website sponsored by Vodafone and Nokia that encourages anyone to contribute and exchange ideas on using mobile technology for environmental and social benefits.

## Embedding CR

### Local CR communications

The CR teams in our local operating companies engage with local employees on many CR issues. For example, Vodafone Germany promoted its latest local CR report and covered other CR issues such as climate change through its online employee news service and internal magazine. Vodafone Netherlands ran a company-wide competition between departments (including retail stores) in 2007/08 to increase the number of handsets collected for recycling and has a climate change awareness campaign for employees.



### CR training

CR is integrated into our training programmes. New employees receive a booklet on our 'World Around Us' and CR elements are included in training as part of their induction.

## Embedding CR

# Internal reporting and management systems

We have a robust internal reporting system in place to collect data from local operating companies and measure implementation of our CR programmes across the Group. Our key performance indicators provide a tool for reporting CR data and also act as a management system to monitor CR performance in our local operating companies.

## Key performance indicators

Local operating companies report certain CR key performance indicators (KPIs) to the Group quarterly, alongside their financial and operational performance. The data is analysed and reviewed by senior executives to assess the level of commitment, integration, management of issues, and implementation of our CR strategy. The KPIs enable us to benchmark performance, and help identify and share best practice.

The KPIs include qualitative indicators and quantitative data on issues such as energy efficiency, waste management, handset collection, reuse and recycling, and community contributions. See the full list of KPIs.

The qualitative questions are designed for a yes or no response: a no scores zero and a yes scores points. The points allocated to each question are weighted according to the significance of the issue.

The quantitative data are also translated into scores. The data are used to measure local operating company performance on key CR issues and monitor progress against Group and operating company targets.

## Setting targets

The aim of the KPIs is to help improve CR performance in our local operating companies over a five-year period. As a result, some sections ask local operating companies to complete objectives that it is not yet possible for them to achieve. Our objective is for all local operating companies to achieve a score of 100% by 2010.

## Embedding CR

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### Data collection and validation

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We use a web-based application called Envoy to collect environmental and community information from local operating companies. Group guidelines on data collection and reporting determine the key CR performance indicators. All local operating companies are required to document sources of data, check data accuracy and have data signed off by a senior executive.

Data are reported through a dashboard of indicators that cover management of issues, as well as commitment to and integration of CR. Data are checked and consolidated at Group level.

We report progress publicly on this website and in operating company reports. Our performance is assured as detailed in the scope of the assurance statement.

### Environmental management systems

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Our local operating companies' environmental management systems in Greece, Portugal, Spain and the UK are certified to the International Organization for Standardization's ISO 14001 standard. Network operations in Egypt are also ISO 14001-certified.

# Policies

Our policies help to ensure that our Business Principles are put into practice in our day-to-day business. Here we provide a list of our policies and a brief summary of each one.

Policies

# Vodafone Group Social Investment Policy

## At the heart of our business

Vodafone's commitment to the community flows from our core values and principles. To us, social investment is not an add-on to business activities; it is at the heart of how we engage with the communities in which our customers, employees, investors and suppliers live.

## Global in scope, local in focus

Vodafone seeks to respond to issues of global significance and to engage with local communities wherever we do business. Within the Vodafone Group, some subsidiaries have established foundations. In other countries, community activities are funded directly from corporate budgets. All Vodafone subsidiaries are required to have a formal programme of social investment delivered through the most appropriate structure.

The cornerstone of our commitment to global social investment is the Vodafone Group Foundation. The Foundation, funded by annual contributions from the Vodafone Group, at a level determined by the Vodafone Group Plc Board of Directors, supports the community involvement activities of subsidiaries in addition to funding selected global initiatives directly. It also provides expertise and disseminates best practice in social investment across the Vodafone Group. Any additional funding to local foundations is at a level determined by the relevant operating company Board of Directors.

## Consistent, clear and accountable

We want potential community partners to know what they can expect from Vodafone companies around the world. The Vodafone Group Foundation, following a decision by its trustees and local foundations and community programmes operated by Vodafone subsidiaries, will adhere to this policy and associates will be encouraged to apply it to their social investment activities.

The Vodafone Group Foundation, following a decision by its trustees, local foundations and community involvement programmes, will publish clear guidelines in the relevant languages, setting out the types of activities they might (and might not) fund, application procedures and timescales for responding to requests. At the end of each fiscal year, they will produce a report to the Group Foundation on social investments made, including the names of recipients, the value of contributions and the types of projects supported.

## More than just financial contributions

Our social investment will be targeted at creative research and programmes that can help to provide replicable solutions to some of the most pressing problems in the world around us. We will use the full range of resources available to us, including the skills of our people, our technology and our services, to ensure that our social investments have the greatest possible impact.

## Based on our areas of expertise

Vodafone will seek to complement the work of governments and other bodies in the various societies in which we do business. Our contributions will be most effective when they concentrate on areas directly related to the impacts of our business on society. Our social investment will focus primarily on:

## Policies

Reaching the excluded. We believe the benefits of developments in mobile telecommunications should be shared as widely as possible. We want to help remove the barriers that prevent people from participating fully in society and will support programmes that seek to improve access to mobile technology by:

- Developing skills. We want people of all ages to have the opportunity to acquire the skills that will allow them to use new technologies.
- Including those with special needs. We want to support adaptations of technology to meet the needs of those with physical and mental disabilities.
- Reaching out. We want to extend the benefits of mobile technology to communities worldwide, in countries where we operate and in those that have not yet shared in our technological developments.

We will also support programmes that attempt to increase accessibility or that make creative use of our technology in the areas of arts and culture, community health, education and employability.

**Promoting sustainable business practice and environmental protection.** We want to help protect the natural environment, globally and in the communities where we operate. We also want to support programmes that use our technology to help solve environmental problems.

**Supporting the personal involvement of our employees in their local communities.** We believe that our employees are our strongest link with local communities. We want to support their voluntary efforts to improve those communities.

Within this framework, local foundations and community programmes will retain the flexibility to identify and respond to the most local pressing needs and interests.

### **Dedicated to continuous improvement**

We are committed to accurate measurement and reporting of the value of social investment, the benefits it generates for communities and the company and its longer-term effectiveness in meeting community needs. We will consult with our stakeholders and community partners on how we can improve our social investment performance. Vodafone will encourage suppliers to develop appropriate programmes of social investment. We will regularly rethink and adapt our approach as we aspire to be at the leading edge of corporate social investment.

“Vodafone” refers to Vodafone Group Plc and its subsidiaries



Policies

# Vodafone Group Health & Safety Policy

The Vodafone Group Health and Safety Policy, endorsed by the Main Board and signed by the Chief Executive, Vodafone Group Plc, is reproduced in full below:

## Health and Safety Policy Statement

Inherent in our Vision and Values is Vodafone's commitment to ensuring the health, safety and welfare of employees. Throughout the organisation we apply high standards in the management and control of our operations. These standards are designed to ensure that in all our activities we properly safeguard those who work for us and those who may be affected by our operations.

Although the standards established by national legislation will apply as a minimum, we will always strive to achieve best practice in the local context of every country in which we operate, and share this across the Group so that we implement continuous improvement.

We will oversee Group-wide health and safety management through the Health and Safety Council, a team chaired by the Group Health and Safety Director with members drawn from different functions, several operating companies and Group.

Each company within the Vodafone Group will develop, implement and continuously review a health and safety management system, consistent with local operating conditions and legislation. The following key elements must be incorporated within that system, as a minimum standard:

- A statement of policy, endorsed, supported and signed by the Chief Executive, which recognises that:
  - Health and safety is an integral part of the daily business process, not an add-on extra
  - Best practice can only be achieved with management leadership and commitment
  - The commitment and participation of all employees in the health and safety management process is essential for success. Working safely is mandatory.
- Details of the management systems, standards and responsibilities that are in place to manage health and safety throughout the business
- Details of the arrangements that are in place to ensure that all work activities conform to the relevant local legislative standards and requirements
- A statement of the mechanisms which integrate the activities of contractors and suppliers into the Company's health and safety systems and responsibilities
- A clear exposition of the training arrangements that ensure employees understand the relevant health and safety issues and are competent to perform their duties without undue risk to themselves or others
- A list of the methods in place for monitoring and measurement of health and safety performance and of the mechanisms for communicating the results to the management and workforce.

## Policies

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Each company will report annually to the Main Board:

- The health and safety performance of the Company, including accident and major incident data, audit findings, health and safety objectives and the action plans to achieve them
- Liaison with enforcement agencies in relation to local business activities.

## Responsibilities

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Ultimate responsibility for health and safety rests with the Main Board. The Group Human Resources Director has the specific responsibility for overseeing the implementation of Group policy and for advising the Board on its development.

The Group Health and Safety Director is responsible for co-ordinating and driving activities throughout the Group to ensure continuous improvement.

The Chief Executive of each Operating Company within the Group has responsibility for the local implementation of Group Health and Safety Policy and for the organisation, management and conduct of operations in line with Group standards supported by adequate resource allocation.

The Operating Company Human Resources Director or another designated board director will advise the Operating Company Chief Executive Officer in the operation of the Health and Safety Policy within the Operating Company.

Each Operating Company will have access to a designated Vodafone Health and Safety professional responsible for supporting the Company to achieve the standards.

Line Managers have responsibility for the health and safety of those working within their operation and those who may be affected by the activities. They must ensure that adequate systems are in place to ensure delivery.

All Employees have the responsibility to protect their own health and safety and that of others who may be affected by their activities. Adequate training must be employed to allow them to be able to do this. Each Operating Company will ensure it has standards which are adhered to on:

- Monitoring, Follow up and Reporting of Accidents and Occupational Health Problems
  - Serious incidents
  - Works accidents
  - Lost time accidents
  - Accidents causing over three days' lost time
  - Major accidents
  - Deaths due to works accidents
  - Occupational illnesses

## Policies

- Working at Height
- Electrical Work
- Contractor Control
- Emergency Response to Fire/Threat etc
- Building Evacuation Practice annually for each location
- Exposure to Radio Frequency Waves
- Adequate Fire Marshals/First Aiders
- Driving at Work
- Call Centre Ergonomics
- Mobile Phones and Driving
- Violence at Work

Arun Sarin  
Chief Executive

## Management of the Health & Safety Risks of RF Fields

### Background/purpose

Inherent in Vodafone's Vision and Values is the commitment to protect the health and safety of employees, contractors, customers and members of the public.

This policy deals with risks to health and safety that may arise from radio frequency (RF) fields, including interaction of the RF fields with the human body, interference with medical equipment (e.g. hospital, implanted, or body-worn equipment), interference with safety-related electronics (e.g. aircraft systems), ignition of flammable atmospheres, and detonation of electro-explosive devices. The Schedule contains detail on levels of compliance required.

This policy should read in conjunction with relevant policies for RF workplaces (e.g. the Standards on Contractors and on Working at Height), and position statements on RF and the Compliance Standard.

### Scope

Vodafone Group Services and Vodafone Operating Companies ("Vodafone") shall comply with the minimum requirements in this policy, which covers:

- Radio Base Stations (including any radio transmission equipment not normally operated in close proximity to the human body) that Vodafone operates solely and sites that it shares with others
- Terminal Equipment normally used in close proximity to the human body (e.g. handsets, computers which contain datacards with radio transmitters)
- All phases of procurement, design, planning installation, commissioning, operation, maintenance, and de-commissioning of Radio Base Stations and during the lifecycle of Terminal Equipment procured, designed, supplied, marketed, maintained or modified by or under the advice of Vodafone.

## Policies

### Responsibilities

Group Strategy Director is accountable for RF matters within Vodafone Group. He will put methods in place to ensure compliance with this policy.

Members of the Group EMF Council are responsible for designated duties in respect of Vodafone's handling of RF issues.

Global Technology Development Director shall ensure appropriate RF compliance and health and safety assurance procedures are in place for all Terminal Equipment, including a mechanism for ensuring that all SAR test facilities are audited and approved by a respected external authority or by Vodafone, and that testing is conducted to appropriate standards.

Operating Company CEO is accountable for that Operating Company's compliance with Vodafone Group Health and Safety policies, including allocation of resources and accountabilities to comply with this policy.

An Operating Company Director will be nominated as responsible for ensuring certified compliance of Terminal Equipment relevant to that Operating Company. Similarly, a Director will be nominated as responsible for ensuring that Radio Base Stations comply with relevant aspects of this policy, including the health and safety of employees and contractors working in and around RF sources.

Operating Company EMF Leader is responsible for ensuring the implementation of this policy and that related audits (e.g. Key Control Questionnaire) are undertaken.

Line Management is responsible for implementing this policy, for ensuring processes, procedures and training are developed and implemented for their area of responsibility, and for ensuring compliance with the details in the schedule.

All Staff (Employees and Contractors) must comply with safety procedures, participate in training, and use monitoring equipment as instructed.

### Policy

- Compliance Statement: Each Operating Company shall maintain a list of the RF standards with which they comply in relation to Radio Base Stations and Terminal Equipment. As a minimum, they will ensure policies and processes are in place to meet this policy and schedule, and applicable local statutory requirements
- Radio Base Stations
  - For sites which Vodafone operates solely or with others, each Operating Company shall operate documented procedures for the site selection, design, installation, commissioning, operation, maintenance and decommissioning phases. These will ensure:
    1. Work is carried out by trained and competent staff, whether Vodafone employees or contractors
    2. Staff, whether Vodafone employees or contractors, take adequate measures to do the work safely
    3. Systems of work are in operation to manage the risks in accordance with Section 4.1 for both general public and workers
    4. There is clear signage/demarcation and effective access control for restricted areas
    5. Site shut down/power down or other appropriate procedures are implemented to control work within relevant exclusion zones

## Policies

6. Site landlords are provided with sufficient information to ensure that they can fulfil their obligations to preserve the safety of third parties
7. Appropriate guidance is available to the general public and workers in accordance with Vodafone Group position statements and national guidelines
8. Maintenance of appropriate records to demonstrate compliance with the above and clear accountability for data

- Terminal Equipment

- Prior to purchase of the product, Operating Companies shall ensure that for Terminal Equipment:
  1. Vodafone is in possession of a declaration of compliance in accordance with this Policy, the attached Schedule, and appropriate national guidelines
  2. Vodafone has access to a SAR test report demonstrating that the product has been tested for reasonable modes of use for the Terminal Equipment (i.e. any product which could be used against the ear has been tested in this mode, a product which could not be used against the ear has been tested for body compliance, and a product which could be used both against the ear and against the body has been tested in both modes)
  3. A new declaration and SAR test report is available in the event of Vodafone or manufacturer-sanctioned changes that could impact on SAR
  4. Appropriate Health & Safety guidance and a statement of compliance is available to the user
  5. Operating Companies shall confirm that Vodafone Global Technology Development Team has approved the test facility that produced the test report.

- Auditing and Verification: In each Operating Company, there will be a method of checking that the processes and documentation above are up to date and that Radio Base Stations and Terminal Equipment are compliant. This will ensure a system is in place to report and investigate any suspected noncompliance incident (e.g. alleged over exposure to RF), consideration is given to the health of any individual(s) concerned and safety management systems are working

- Compliance with RF exposure limits and risk management is incorporated in all contracts for procurement of Terminal Equipment and Radio Base Station infrastructure

- Records are kept, subject to any applicable data protection legislation of:

- Workers who are potentially exposed to RF field levels above ICNIRP general public guidelines e.g. workers who maintain antennas etc
- Complaints to Vodafone from individuals alleging they have suffered personal health effects caused by Vodafone's network or terminal equipment.

## Mobile Phones and Driving

### Background

- Inherent in our Vision and Values is that Vodafone regards the safety of employees, customers and those who may be affected by their actions, of vital importance
- Phones in vehicles have considerable benefits (e.g. ability to call emergency services, weather and traffic information, security for lone drivers, communications on the move, etc)
- Research indicates that there is a risk to safety when the driver of a motor vehicle is distracted (e.g. by in-car entertainment, lighting a cigarette, passenger interaction, etc)

## Policies

- As using a mobile phone while driving can be a distraction, Vodafone adopts policies which aim to improve the safety aspects of phone use while driving
- The driver is ultimately responsible for the safe operation and control of their vehicle at all times
- Vodafone observes the law in each of the countries where it operates and will provide guidance to its employees and customers on minimising the risk from the use of mobile phones while driving. This policy shall therefore be modified in accordance with local laws
- Vodafone seeks to encourage improvements in the technological aspects of mobile telephony and will examine its policy and practices regularly to ensure they include the best solutions.

## Responsibilities

- Each Operating Company within Vodafone will ensure that it has developed and implemented a strategy to address the issues related to phones and driving
- The Operating Company CEO is responsible for implementing and operating this policy. This responsibility may be delegated to a named member of the Operating Company management team.

## Use of a Handset While Driving

- Manual interaction by the driver with a mobile handset (such as holding the handset to engage in a call and, in particular, picking up the handset to look at the screen, pressing the keys to dial a number etc) while driving may be a distraction and thus increase the risk of an accident
- Vodafone strongly advises that all drivers do not use hand held mobile phones while driving
- Drivers should under no circumstances send or read any text or picture-based services when driving and should ensure that they are safely parked before using these.

## Use of a Hands Free Mobile Phone While Driving

- In those jurisdictions where local laws are in force which prohibit the use of some types of hands free kits while driving, Vodafone will ensure that its local communications to customers and employees are relevant to the local legal situation
- Some research has indicated that using a hands free kit while driving can contribute to the likelihood of an accident although to a lesser extent than using a hand held handset
- Vodafone will develop practices to provide information to its customers and employees so that they may have proper regard to the possible risks if they make or answer a call using a hands free kit while driving. Drivers should consider a number of factors which may increase distraction as follows:
  - The level of distraction for the driver is greater during call set-up (especially when dialling numbers for example)
  - Longer calls are more of a distraction than shorter calls
  - Emotional or complex calls are more distracting than simple calls

## Policies

- Driving conditions may also affect the level of driver distraction caused by the use of a mobile phone while driving. In particular, some research has indicated that the combination of easy driving conditions and an emotional or complex call is the most distracting combination of these factors – possibly due to the shift in concentration from driving to the call. This conclusion is not obvious and is therefore a good example of the kind of information and guidance which should be communicated as part of Vodafone's advice to customers and employees.
- Vodafone will also inform its customers and employees that if they make a call using a hands free kit while driving, there are ways of reducing the level of distraction. For example:
  - Using voice activated dialling or answering
  - Using one touch dialling or one touch call back
  - Switching phones to voicemail when driving
  - Calling the person back later when the journey is complete
  - Keeping calls short
  - Explaining to callers that you are driving and will not be able to talk for long or may have to terminate the call suddenly.
- Ultimately, the safest way of using a mobile phone is to find a safe place to pull over and stop before making the call.

### Personal Hands Free Kits

The available research does not take account of the differences between built in hands free kits and personal hands free kits. Nor does the research take account of new technologies such as voice dialling, or hands free kits which operate by means of a Bluetooth connection between the phone and head set. The position in respect of different types of personal hands free kits therefore remains unclear.

### Employees

- Advice regarding the safety of phones and driving to employees and customers is the same. As an employer, each Vodafone Operating Company shall ensure that its employees are informed of the safety aspects of using mobile phone handsets and hands free kits while driving.
- Vodafone employees will ensure that they only use a mobile phone with a hands free kit while they drive when they judge it to be safe.
- Vodafone will inform its employees that they must not use a hand held phone while driving. The use of a hand-held mobile phone by any employee while driving in the course of his or her employment shall be considered a disciplinary offence.
- When Vodafone supplies a mobile phone to an employee for use in connection with their employment, and that employee is entitled to a personal company vehicle, Vodafone will supply them with an appropriate hands free kit. In other vehicles the employee should consider the best method to ensure the safety of phone use.
- Vodafone will enable employees to receive adequate instruction on how to set up their mobile phone to reduce levels of driver distraction (e.g. voice activation etc).

## Policies

### Communication and Consistency

- Vodafone will consider a variety of means of communicating with its customers and employees so that the message reaches as many intended recipients as possible. This may include use of targeted communications such as customer welcome packs and newsletters, point of sale material, employee publications, internet and intranet sites
- Vodafone will ensure that its statements around the world on mobile phones and driving remain consistent and compatible with current scientific knowledge.

## Accident Investigation

### Background/Purposes

Accidents and ill health from work activities cause individuals pain and suffering, and reputation damage and costs to Vodafone. Vodafone will take action to prevent accidents and occupational ill health by ensuring all accidents are suitably investigated. Knowledge of the factors causing accidents helps us take actions to prevent recurrence – thus working towards a zero accident culture.

This document sets out minimum standards for investigating all accidents, incidents and ill health at work. It requires each Operating Company to establish policies and procedures to adequately investigate these events, identify key contributing factors, and instigate corrective actions.

This Policy is to be read in conjunction with Vodafone's Global Health and Safety Standard – Reporting of Accidents, Incidents and Work Related Ill Health, the schedule to the Accident Investigation Policy and any local legislative requirements.

### Scope

This document applies to all Operating Companies and contractors working on Vodafone's behalf. It covers all accidents to employees, contractors or third parties as a result of Vodafone's undertakings.

### Responsibilities

#### CEO

Is accountable for the Operating Company's compliance with Vodafone Group Health and Safety Policies including allocation of resources and accountabilities across business to meet this policy.

#### Directors/General Managers

Ensure that documented systems and resources are in place to investigate work-related accidents and ill health thought to be caused by work. This includes identification of a single point of contact within the Operating Company (the Designated Safety Manager) to support line managers, ensure that investigation is adequate and that actions are identified to prevent recurrence.

#### Designated Safety Manager

- Ensures Accident Investigation Policy and procedures have been developed and communicated. These include roles and responsibilities, accident investigation and reporting methodologies, and a clear escalation process
- Collaborates with line managers involved in the accident investigation
- Has access to suitable investigation tools and professional advice



## Policies

- Ensures that information is complete, accurate and capable of independent verification
- Reports major accidents including fatalities to the CEO and Group Health and Safety Director by the quickest practicable means
- Analyses accident data, rates and trends, in order to build suitable specific action plans.

### Line Management

With support from the Designated Safety Manager, line managers will ensure that:

- All accidents and incidents at work are promptly reported and are adequately investigated in line with the requirements of this policy (ie to an extent in line with the severity of the actual and potential outcomes)
- Employees actively co-operate with investigations
- Suitable actions are taken to prevent a recurrence.

### All Staff

- Report all work-related accidents, incidents and occupational diseases
- Actively co-operate with investigations.

### Contractors must

- Ensure they and their sub-contractors have investigation policies and procedures that meet the requirements of this policy and the Health and Safety Standard "Contractor Control"
- Investigate and communicate all work-related accidents on Vodafone business to the Vodafone Management
- Actively support and participate in investigations, and instigate actions to avoid recurrence
- Ensure all accidents are reported in line with Vodafone and local statutory requirements.

### Accident and Incident Investigation – Policy Principles

- All accidents/incidents will be investigated. The scope of the investigation will be based on the actual or potential significance of the accident/incident
- The investigation of major accidents or fatalities should be overseen by a safety professional from another Operating Company to ensure objectivity and thoroughness.

Investigation must identify contributing factors and their relative significance. Accident reports recommend controls to prevent recurrence.

The investigation report is based on factual evidence gained during the investigation including witness statements and statements made by the injured person.

### Policy

Each Operating Company will ensure that a suitable policy and process is in place to ensure all accidents and incidents are adequately investigated, and that the findings of the investigation are communicated to key stakeholders. Details of contributing factors and appropriate controls to mitigate or prevent risk of future occurrences will be identified and used.

## Policies

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As a minimum, each Operating Company must:

- Have a documented accident investigation policy and procedure which applies to staff, contractors and third parties
- Have access to a suitable competent expert resource to undertake and/or support in the event of significant accidents/incidents
- Provide staff or ensure access to the necessary investigation tools and equipment to isolate, photograph, and record statements at an accident/incident
- Ensure relevant Vodafone management and statute authorities are notified as required, and local legislative requirements and Vodafone Policies and standards are complied with
- Ensure fatalities and major accidents are notified immediately to the Operating Company Health and Safety Manager, who will inform the CEO and Global Health and Safety Director and address any local statutory reporting requirements.

Policies

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# Vodafone Group Equal Opportunities Policy

Vodafone does not condone unfair treatment of any kind and employees are required to act honestly, with integrity and with respect for their colleagues and customers.

Diversity within the workforce is an asset. Each employee has a unique and individual contribution to make to the success of the business and each company will put in place policies and procedures to ensure that all decisions about the appointment, treatment and advancement of employees are based on merit.

Each company will implement procedures to enable employees who believe themselves to have suffered unfair treatment at work, to have their concerns investigated promptly and objectively.

"Vodafone" refers to Vodafone Group Plc and its subsidiaries

## Policies

# Vodafone Group Code of Ethical Purchasing

As one of the world's largest mobile telecommunications network companies, Vodafone has a significant role to play in enriching people's lives.

We also understand that we have a significant role to play in managing our business carefully and responsibly, which is why we have adopted a set of core Values and Business Principles to govern our activities and interactions with all our stakeholders across the world, including our suppliers.

Our Business Principles declare a commitment "to promote the application of our Business Principles by our business partners and suppliers".

The following Code of Ethical Purchasing is to be read in conjunction with our Business Principles, and is designed to promote safe and fair working conditions, and the responsible management of environmental and social issues in Vodafone's supply chain.

The Code has been developed in consultation with employees, suppliers, investors and non-governmental organisations. It sets out the standards we wish to see achieved by Vodafone and our suppliers over time.

The principle of continuous improvement applies to all aspects of the Code.

Vodafone will work collaboratively with our suppliers on the implementation of the Code, which may include joint audits and site visits to assess performance.

Vodafone will publicly report on the implementation of and compliance with the Code.

Vodafone will encourage all suppliers to implement our Code across their whole business and within their own supply chains.

## Code of Ethical Purchasing

### 1. Child Labour

- No person is employed who is below the minimum legal age for employment
- Children (persons under 18 years) are not employed for any hazardous work, or work that is inconsistent with the child's personal development
- Where a child is employed, the best interests of the child shall be the primary consideration
- Policies and programmes that assist any child found to be performing child labour are contributed to, supported, or developed.

### 2. Forced Labour

- Forced, bonded or compulsory labour is not used and employees are free to leave their employment after reasonable notice. Employees are not required to lodge deposits of money or identity papers with their employer.

## Policies

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### 3. Health & Safety

- A healthy and safe working environment is provided for employees, in accordance with international standards and national laws. This includes access to clean toilet facilities, drinkable water and, if applicable, sanitary facilities for food storage
- Where an employer provides accommodation, it shall be clean, safe and meet the basic needs of employees
- Appropriate health and safety information and training is provided to employees.

### 4. Freedom of Association

- As far as any relevant laws allow, all employees are free to join or not to join trade unions or similar external representative organisations.

### 5. Discrimination

- Negative discrimination including racial or sexual discrimination is prohibited.

### 6. Disciplinary Practices

- Employees are treated with respect and dignity. Physical or verbal abuse or other harassment and any threats or other forms of intimidation are prohibited.

### 7. Working Hours

- Working hours of employees comply with national laws and are not excessive.

### 8. Payment

- Employees understand their employment conditions and fair and reasonable pay and terms are provided.

### 9. Individual Conduct

- No form of bribery, including improper offers for payments to or from employees, or organisations, is tolerated.

### 10. Environment

- Processes are in place to actively improve the efficiency with which finite resources (such as energy, water, raw materials) are used.
- Appropriate management, operational and technical controls are in place to minimise the release of harmful emissions to the environment.
- Appropriate measures are in place to improve the environmental performance of products and services when in use by the end user.

Innovative developments in products and services that offer environmental and social benefits are supported.

## Policies

# Vodafone Tax Code of Conduct

## Introduction

This Code of Conduct applies to all tax professionals working in subsidiary companies of Vodafone Group Plc. Its intention is to set out the general framework within which the Vodafone tax function will operate and it endeavours to address, amongst other things, the principles underlying and guiding the role of tax professionals within the Group, their key responsibilities, their professional conduct and their approach to working relationships with external parties.

## Principles

The objective of the Vodafone tax department is to maximise shareholder value in relation to the taxation consequences of all aspects of the Group's business activity:

- Within the overall Group strategy
- In compliance with relevant laws, disclosure requirements and regulations and
- While protecting Vodafone's reputation and brand.

Vodafone is not able to determine the "fair" amount of tax for it to pay, overall, or in any particular territory. It believes its obligation is to pay the amount of tax legally due in any territory, in accordance with rules set by governments.

The maximisation of shareholder value will generally involve the minimisation of taxation. It will also involve choices as to the jurisdiction in which to locate capital and/or business activity. Such choices will take account of all the business consequences, including the taxation consequences, of operating in that location.

The maximisation of shareholder value involves taking due account of long term considerations and risks including the maintenance of corporate reputation and relationships with governments. It also requires the management of other risks, including the possibility of, and consequences of, disagreements with tax authorities over the application of the law. The management of risk will take all related issues and stakeholder interests into consideration.

## Responsibilities and Professional Conduct

Tax professionals will aim to:

- Effectively manage the Tax Risk and Administration Policy of the Group
- Observe all applicable laws, rules and regulations
- Apply diligent professional care and judgement to arrive at well-reasoned conclusions
- Ensure all decisions are taken at an appropriate level and supported with documentation that evidences the facts, conclusions and risks involved
- Where tax law is subject to interpretation, seek, as applicable, written advice or confirmation from third-party advisers or Counsel, prior to reaching and/or to support decisions

## Policies

- Develop and foster good working relationships with tax authorities, government bodies and other related third parties
- Undertake all dealings with tax authorities, government officials, ministers and other third parties in a professional, courteous and timely manner and
- Lobby and seek to influence applicable governments and other external bodies (e.g. OECD and the EU) where possible and appropriate to shape future tax legislation and practice in ways that promote the Group's interest (e.g. consistency, stability, competitiveness).

## Commercial Rationale

The commercial needs of the Group are paramount and all tax planning will be undertaken in this context. Where alternative routes exist to achieve the same commercial result, the most tax-efficient approach should be recommended.

All advice and solutions to operational and corporate initiatives should be clear, timely, relevant, business focused and value added.

Due consideration will be given to the Group's reputation, brand and corporate and social responsibilities when considering tax initiatives, as well as the applicable legal and fiduciary duties of directors and employees of the Group and will form part of the overall decision-making and risk assessment process.

## Policy on Disclosure

Compliance with all relevant legal disclosure and approval requirements will be adopted and all information will be clearly presented to the tax authorities or other relevant bodies, as appropriate. Openness, honesty and transparency will be paramount in all dealings with the tax authorities and other relevant bodies.

## Other Policies and Procedures

On all projects the required approvals and procedures detailed in the Group Governance Manual will be complied with.

In addition, the Group Business Principles and any other relevant codes are separate requirements which apply to all members of staff.

## Assurance

Should any person have specific queries about this Code, or would like advice on implementing it, they should speak with their line manager and, if not adequately addressed, those queries should be brought to the attention of the Group Tax Director or Group Financial Controller. If confidential advice is required or there are concerns that cannot be addressed through line management, please contact the Group Human Resources Director or the Group Audit Director. Alternatively, concerns can be raised anonymously through the Vodafone website <http://concern.vodafone.com>.

Policies

# Vodafone Group Privacy Policy

## Overview of Vodafone's Privacy Policy

### Introduction

Vodafone is entrusted with the confidentiality of millions of peoples' communications and for managing an immense volume of personal information. Vodafone recognises the importance of continuing to foster the trust and confidence of customers and employees in the way it handles their personal information and provides services.

In addition, as an organisation Vodafone has undergone, and is continuing to undergo, important changes in the way it operates. The nature of Vodafone's business, and the increasing need to integrate and operate globally, requires that Vodafone Group companies' (VGC) privacy practices be aligned to ensure that the global business can manage information and data, and develop and provide products and services, in a manner that enables Vodafone to achieve its business objectives, while providing the necessary protections and safeguards required to protect the privacy of the individuals concerned.

Privacy comprises a number of separate, but related, concepts, each of which is important to Vodafone. These include "information privacy", often referred to as data protection, which concerns the protection of information about individuals, "communications privacy", which concerns the confidentiality and privacy of peoples' communications, and "territorial privacy", which concerns issues such as unsolicited communications, spam and intrusive surveillance. The Vodafone Privacy Policy is intended to provide a framework for establishing minimum standards across the Group in all of these areas.

### What are the objectives of the policy?

1. To pro-actively address customers' expectations concerning their privacy and security in order to create and ensure trust and confidence in Vodafone and the products and services it provides.
2. To facilitate business integration and consolidation by ensuring that privacy practices across the Group are consistent, aligned and meet the Group's business objectives.
3. To enable compliance with relevant privacy and data protection laws thereby minimising legal liability, regulatory risk and brand and reputational exposure.



## Policies

### Who and what is covered?

4. The policy concerns the handling of customer personal information, which includes the collection, storage, access, use, updating, disclosure, disposal, destruction or any other processing of such information. It is intended to provide a comprehensive set of rules for the management of customer personal information throughout the customer lifecycle, including:

- 4.1 Requirements concerning the collection of customer personal information.
- 4.2 Requirements concerning obtaining consent from the customer, where necessary.
- 4.3 Identification of permitted business purposes for the collection and use of customer personal information.
- 4.4 Usage and data management principles.
- 4.5 Security requirements for customer personal information.
- 4.6 Requirements concerning the use of third parties for handling customer personal information.
- 4.7 Requirements concerning disclosures and transfers of customer personal information.
- 4.8 Requirements concerning the destruction, retention and anonymisation of customer personal information.
- 4.9 How to manage customer requests about their personal information.
- 4.10 Specific requirements concerning intra-group management of customer personal information.

5. These requirements are set out in detail in separate policy and procedural documents. Best practice guidelines and recommendations may also be issued from time to time to provide further guidance on specific issues or aspects of the policy.

6. To the extent that the policy is incompatible with any applicable legal requirements relating to a VGC, the applicable legal requirements take precedence over the requirements of this policy.

### How is the Policy applied?

- 7. Each VGC is required to appoint a senior manager to act as Privacy Officer with day-to-day responsibility for overseeing and co-ordinating compliance with the policy.
- 8. It is one of the responsibilities of the Privacy Officer in each VGC to raise awareness of the requirements of the policy and the specific impact upon employees' roles and responsibilities and to conduct appropriate training.
- 9. The development and oversight of the policy is the responsibility of a Privacy Steering Group. The Privacy Steering Group may also issue guidance on the policy or recommended best practice from time to time.

## Policies

# Vodafone Group Public Policy Principles

Vodafone interacts with governments, legislators, regulators and other public bodies in the course of its normal business activities. In undertaking such public policy activities, Vodafone adheres to the principles (“the principles”) outlined below. Most public policy activity is undertaken by members of the Vodafone Public Policy Group in Vodafone Group and in local operating companies, but any Vodafone employee or agent may be required to deal with government and other public bodies and all are required to adhere to the principles when doing so.

These principles are supplementary to, and to be read in conjunction with, the Vodafone Business Principles.

1. Vodafone does not make political donations or support party political interests.
2. Vodafone does seek to inform policymakers, including government officials, legislators and regulators, about the nature of its business, the mobile industry and the business environment generally. Vodafone will develop policy positions (often, but not always, at the request of policymakers) which explain clearly what outcomes Vodafone seeks from the public policy process and why its proposals should be adopted.
3. Vodafone believes in transparency of government relations and “policy positions” are generally in written form. They will be clearly identifiable as representing the views of Vodafone, will be a matter of public record wherever possible and will be made available on request. Disclosure may be withheld where this would prejudice commercial confidentiality for Vodafone or other parties, or where, in exceptional circumstances, confidentiality has been expressly requested by government or other agencies.
4. Vodafone may invite public officials to attend certain corporate or other functions and will meet the expenses of such events. Such entertainment will be approved by a senior Public Policy Manager and will relate to specific business purposes. All inducements to public officials, whether financial or non-financial in nature, are a breach of Vodafone’s Business Principles and will not be tolerated.
5. Vodafone encourages its employees to make active contributions to their local communities and this may include political and other public policy activities. Vodafone employees are, however, not expected to assume public responsibilities which might have any direct bearing upon public policy matters relating to the business activities of Vodafone. Vodafone employees are required, by Vodafone’s Business Principles, to declare any potential conflict of interest and to seek advice from their manager.
6. Vodafone may occasionally use external consultants and other advisers on matters of public policy, although Vodafone believes that it should represent its own interests directly wherever possible. External advisers will be required to adhere to these principles.

## Policies

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7. Vodafone is a member of a large number of bodies, including trade associations, which may participate in public policy activities from time to time. Vodafone's membership of such bodies is a matter of public record. Principle memberships as at November 2005 for the Vodafone Group include the GSM Association, GSM Europe, the Centre for European Policy Research, the European Policy Forum, the Internet Watch Foundation and the International Institute for Communications.
8. Vodafone does not participate in public policy activities in which it has no legitimate business interest.

## Policies

# Anti-corruption Compliance Guidelines

## Introduction

The commitment of Vodafone Group Plc (“Vodafone”) to the highest ethical and legal standards extends to its business dealings throughout the world. This commitment is well established as one of our Values, through the Business Principles and our “Doing what is right” initiative. This anti-corruption compliance guidance is intended to build on this commitment by raising awareness of the relevant international laws, standards and principles in order to ensure compliance by Vodafone Group Plc, its subsidiary companies and all directors, officers and employees within the Vodafone Group with the anti-corruption Business Principles.

## Definitions

The following definitions apply:

- “Applicable Laws and Regulations” means and includes the UK Anti-Corruption Laws, the substantive anti-bribery and accounting provisions of the U.S. Foreign Corrupt Practices Act, as amended and the substantive provisions of the OECD Convention on Combating Bribery of Foreign Public Officials in International Transactions dated 21 November 1997.
- “Government Official” means (i) any officer or employee of a government, department (whether executive, legislative, judicial or administrative), agency or instrumentality of such government, including a regional governmental body or a government-owned or government-controlled business, or of a public international organisation, (ii) any person acting in an official capacity for or on behalf of such government, department, agency, instrumentality or public international organisation; (iii) any candidate for a political or government office or appointee to such office; or (iv) any political party or party official. For purposes of this definition, an “instrumentality” of a government means any entity in which a government has direct or indirect majority ownership or over which it exercises affirmative control, directly or indirectly. A person does not cease to be a Government Official by purporting to act in a private capacity or by the fact that he or she serves without compensation.
- “UK Anti-Corruption Laws” means the common law offence of bribery and the substantive anti-bribery and accounting provisions of the Public Bodies Corrupt Practices Act 1889, the Prevention of Corruption Acts 1906 and 1916, and the Anti-Terrorism, Crime and Security Act 2001.

## Applicable Laws and Regulations

While many laws apply to both domestic and foreign business actions, the Applicable Laws and Regulations focus on corruption in international business activities and warrant particular emphasis. The Applicable Laws and Regulations prohibit improper payments – including bribes, gifts, or promises to give anything of value for improper purposes – to Government Officials to obtain business or any other benefit. The Applicable Laws and Regulations also require companies to keep accurate financial records and institute internal controls to ensure compliance.

## Policies

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The OECD Convention on Combating Bribery of Foreign Public Officials in International Transactions dated 21 November 1997 requires the signatory countries to criminalise bribery and to minimise the opportunities for bribery through strict accounting, record-keeping and reporting procedures. Individual signatory countries may have implemented anti-corruption legislation that is more onerous than this convention requires and any such legislation is beyond the scope of these guidelines.

However, individuals must familiarise themselves with domestic legislation in addition to the Applicable Laws and Regulations.

**Violating these laws can result in significant civil penalties for the company and for you personally and may even result in criminal penalties, including multi-million dollar fines and imprisonment.**

In the event of any conflict between any of the Applicable Laws and Regulations, the most stringent will apply.

The following guidelines generally describe these laws and will help you recognise issues of concern.

Please call the Group Legal Department for advice on specific issues related to these laws. It is important to remember that, although private sector bribery is not specifically covered by these guidelines, it is illegal in most jurisdictions and carries criminal penalties. Our Business Principles state that "No form of bribery, including improper offers or payments to or from employees will be tolerated".

### Prohibitions on Direct Payments

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The Applicable Laws and Regulations prohibit a company or its representative from paying or offering anything of value to any Government Official to persuade that official to help the company obtain business or other benefits. The Applicable Laws and Regulations bar payments even if: (1) the benefit flows to someone other than the party making the payment; (2) the business desired is not with the government; (3) the payment does not result in an award of business; or (4) the Government Official initially suggested the payment. For example:

- You may not pay a building inspector to approve a new facility that does not meet local building codes
- You may not entertain a Government Official to convince that official to award or renew a licence
- You may not give goods or services to a manager of a government-affiliated enterprise to encourage that manager to do business with Vodafone
- You may not offer employment or other benefits (such as travel expenses or gifts) to a family member of a Government Official in order to influence a decision
- You may not give a campaign contribution to a political candidate in return for that candidate's promise to vote for legislation that will benefit Vodafone's business in his or her country.

## Policies

### Prohibitions on Indirect Payments

It is also illegal to pay any person when you know or even have reason to know that all or part of that payment will or may be channelled to a Government Official, political party, or candidate to help obtain business or any other benefit. For example:

- You may not pay an agent, or other third party, unless you are comfortable, having made due enquiry, that such third party will not make contributions on Vodafone's behalf to a political candidate in order to secure that candidate's support for Vodafone initiatives
- You may not hire an agent, or other third party, unless you are comfortable, having made due enquiry, that such third party will not make payments or gifts to Government Officials to increase the likelihood that Vodafone will receive official approval for new licences.

### Procedures for Hiring Third Parties

Because Vodafone could be held responsible for payments made by intermediaries, we must be careful in hiring and dealing with third parties, such as consultants and agents. The following factors are "red flags" to consider before hiring any third party:

- The transaction involves a country known for a high incidence of corrupt payments
- The agent's commission exceeds an objectively reasonable market rate
- The agent is appointed late in the process
- A customer recommends the agent's appointment
- The agent lacks the facilities that one would normally expect to find.

It is important for Vodafone to conduct a suitably detailed investigation to ensure that any third party will not engage in any improper practices. The scope and extent of such an investigation will vary depending upon the circumstances of each proposed transaction. Each of the following factors is a "red flag" that warrants further investigation:

- The agent objects to anti-corruption representations and warranties in commercial agreements or responds negatively when told of such requirements
- The agent has a personal or family relationship with a Government Official
- The agent requests unusual payment arrangements, such as payment in cash, payment in another country's currency, or payment in a third country
- A reference check reveals the agent's flawed background or reputation
- The agent requires that his or her identity not be disclosed. Seek advice from the Group Legal Department whenever particular questions arise relating to third parties that Vodafone has hired or is considering hiring. In particular, if any "red flags" arise or exist during the appointment process, advice from the Group Legal Department must be sought before the third party is appointed.

## Policies

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### Record Keeping

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The following general rules seek to assure compliance with the record-keeping and accounting standards of the Applicable Laws and Regulations:

- You must not use any funds, assets, or services for any purpose that is unlawful under the law of the United States, any state, or any other foreign or domestic jurisdiction
- You must accurately record and disclose any set-aside or disbursement of assets and must never make false or artificial entries in any books or records for any reason. Even where only private parties are involved, improper accounting can violate the Applicable Laws and Regulations
- You must keep complete and accurate records of all transactions, including those that relate in any way to a Government Official
- You may not make any payment for any purpose other than that described by the documentation supporting the payment
- You must question any document that does not appear to support an underlying transaction.

### Conclusion

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It is your responsibility to avoid any activity that could jeopardise Vodafone's ability to compete legally and ethically in the international marketplace. Although the preceding guidelines should inform you about activities to avoid in international business dealings, you should seek help whenever you are not certain that your actions comply with the above.

You are encouraged to report (see "Doing what is right – living the Values") any activity of which you are aware that you feel may not be in accordance with these guidelines.

Policies

# Responsible marketing, content and use guidelines

Purpose

The guidelines establish basic principles to be applied globally, in addition to national regulations and codes. They establish a minimum standard that all Vodafone Operating Companies must adhere to. It is essential that variation in local marketing regulations and codes does not lead to marketing that could damage Vodafone's reputation as a global brand.

Scope

These responsible marketing guidelines set the standards to apply in Vodafone Group, its Operating Companies. It also applies to others who market Vodafone's products including marketing agencies, partner channels and resellers. Some points may also apply to Partner Markets, content providers, and other third parties that work with Vodafone. It is the responsibility of Vodafone Group functions and Operating Companies to ensure that all such third parties are made aware of these guidelines and that, where appropriate, any relevant contracts require compliance with the guidelines.

The guidelines cover all Vodafone marketing and joint marketing with other brands in all media including new digital media. These guidelines also include a section on third party advertising via our network (Mobile Advertising), summarising our current guidance.

Cases of non-compliance are tracked through our internal Corporate Responsibility (CR) system Envoy and our performance reported publicly in Vodafone's annual CR reporting.

Responsible marketing, content and use

Part one of these guidelines covers responsible marketing, ie how our own marketing communications are carried out in a responsible way. Vodafone has a direct responsibility in this area and we are solely accountable for our performance. This document replaces our previous Responsible Marketing Guidelines, published in 2004.

Part two covers our standards and guidelines for content that can be accessed by mobile and the provisions to enable our customers to restrict access if they choose.

Part three covers the responsible use of our products by customers. Both Vodafone and our customers have responsibilities for ensuring safe and responsible use of our products. Vodafone has produced detailed standards, policies and guidance covering issues such as content standards, child protection, safe driving, mobile advertising. This document summarises the current guidance on these issues. You should refer to each individual policy and guidance document for further information.



Policies

## Part 1: Responsible marketing communications standards

### Compliance with the law

Vodafone marketing material must comply with the relevant laws of the country in which it appears. Marketing material placed on the internet must comply with the relevant laws of the countries at which the marketing is targeted.

Vodafone marketing material must comply with the spirit as well as the letter of the law.

Attention must be given to compliance with laws protecting third party rights in trade marks and other intellectual property.

In the case of any inconsistency between these standards and applicable local law, the most stringent requirements should prevail. In the cases where these standards contradict local law, local law should prevail.

### Compliance with marketing and advertising codes

Vodafone marketing material must comply with relevant codes of practice including those of the marketing, media and telecommunications industries as applicable.

Vodafone marketing material must comply with the spirit as well as the letter of relevant codes.

### Digital marketing

The internet and other new digital media are often viewed as unregulated and the application of national laws and codes of practice to such media can be uncertain.

Vodafone companies should apply the same standards to digital media marketing as to traditional media. This includes digital marketing techniques such as virals and pop-ups.

- Digital marketing techniques, eg pop-ups, should not annoy consumers and should not make it difficult to use the internet or other media. As a general rule, Vodafone don't use pop-ups in any advertising as they offer a very poor user experience. Use of pop-up information panels on websites and expanding ads are allowed, as long as the user initiates the expanded panel first. Examples of pop-ups designs can be found on page 77 of the VOP design system style guide on [www.vodafonebrand.com](http://www.vodafonebrand.com).
- Where appropriate, digital advertisements should be linked to additional sources of information eg webpages to explain terms and conditions.

## Policies

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### Cooperation with self-regulatory bodies

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Vodafone views self-regulation as more flexible and responsive than formal consumer regulation.

- Vodafone will cooperate with self-regulatory bodies involved in developing and implementing marketing standards as well as in dealing with and investigating complaints about Vodafone marketing.
- Depending on the area of concern Vodafone may wish to lead in the development of appropriate and effective self-regulation.

### Accurate product claims

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- Claims made for Vodafone products and services must be accurate and not likely to mislead.
- Written substantiation for all claims must be held by Vodafone before publication of marketing material. Vodafone must be ready to provide this substantiation to regulatory authorities at short notice.
- Legal teams should be consulted on any disclaimers or small print that may be required by law. Where disclaimers or other small print is required, it should be written in simple language and large enough to be easily legible for consumers.

### Making comparative claims

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- Comparative claims must be accurate, objective, fair and not misleading, and in accordance with best practice in industry and commerce.
- Written substantiation for all comparative claims must be held by Vodafone before publication. Vodafone must be ready to provide this substantiation to regulatory authorities at short notice since competitors are likely to challenge our claims.

## Policies

### Clear terms and conditions

Terms and conditions apply to the sale of mobile products and services. Failure to communicate these clearly is the biggest cause of complaint about Vodafone's marketing.

- Terms and conditions applying to Vodafone's products and services must be clearly explained to consumers.
- Headlines should be clearly written to describe the offer accurately. Terms and conditions should never be used to correct an impression created by a headline.
- Legal teams should be consulted on terms and conditions required for products and services.
- Digital advertising may require links to web pages to explain terms and conditions.



Example of clear claim  
New Zealand – Vodafone At Home  
TVC 30" At Home



Example of good claim + T&C UK  
– Vodafone Text packs



Example of good claim + T&C UK  
– Vodafone Free Weekend calls

Policies



**Example of misleading claim + bad T&C UK – L'Oréal Telescopic mascara**  
 The claim "Up to 60% longer lashes" is misleading as the ad neglects to communicate that Penelope Cruz is actually wearing fake lashes. The ad was withdrawn and a legal line was added – see version above



The offer is subject to an 18 month minimum contract term. If you wish to terminate the contract before the end of this term you will be liable for the amount that would be payable for the remainder of the term. Under this offer for Broadband Unlimited you will pay an offer price of £9.99 each month for the first 3 months of your contract and afterwards you will pay £19.99 each month for the remaining 15 months of your contract. The offer price assumes payment by direct debit, a £1 monthly charge will apply for other payment methods. The offer price includes £2.00 for Livebox wireless modem hire paid to Orange Broadband PO Box 496, Rotherham, S60 5DX. This offer is available to all new customers and some existing Orange customers, please visit the Member Centre to check availability if you are an existing Orange customer. The offer is not available in conjunction with any other promotional offers for Orange broadband or mobile products. The offer is limited to one per household. We reserve the right to withdraw the offer at any time and it will continue no longer than 30 September 2007. All calls and downloading are subject to our Fair Use Policy. Speeds over 2 Meg are only available in certain areas. Top speeds vary significantly, particularly according to how far you live from the exchange. Home phone line needed (not including Kingston Communications, line rental still payable). Inclusive calls available via active broadband connection. Inclusive calls to UK landlines starting 01 and 02 and to landlines in 100 countries listed at [www.orange.co.uk/terms](http://www.orange.co.uk/terms). Call charges apply to other calls. Calls can last up to 2 hours, but you can redial as often as you like. Wireless signal may vary due to building structure, usual operating distance up to 100 metres. You'll need a wireless enabled computer or a wireless adaptor. These offer terms are in addition to our normal terms and conditions and broadband Terms of Use available at [www.orange.co.uk/terms](http://www.orange.co.uk/terms).

**Example of misleading Claim + bad T&C UK – Orange Unlimited Broadband**

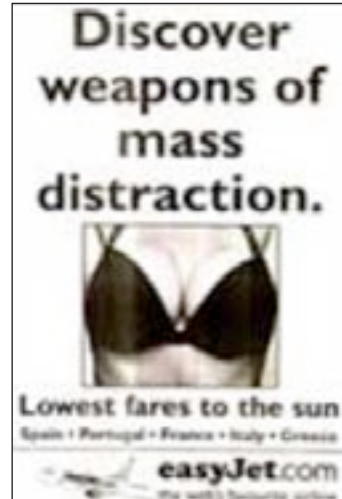
The claim "Unlimited broadband" is misleading because in fact there is a "fair usage" limit (40GB monthly download and 1,000 minute monthly calling rations) which is not mentioned in the T&C

Policies

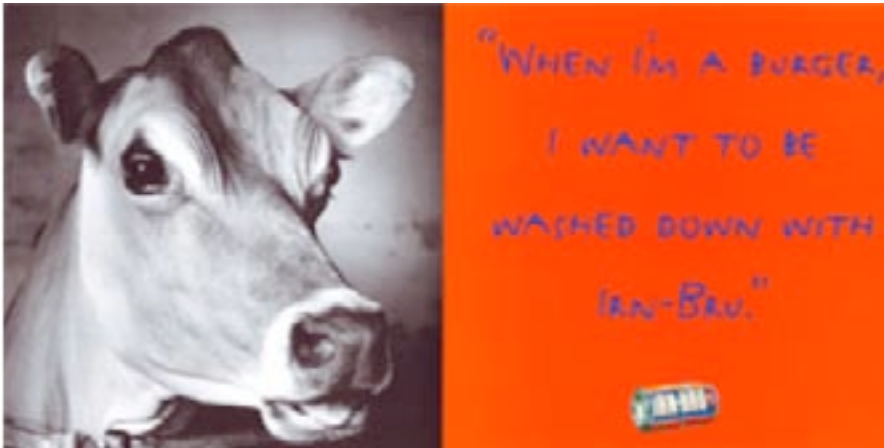
Sensitive and inclusive portrayal of people

Vodafone is a global brand serving consumers with different cultures, ages, and sexual orientation.

- Our advertising should avoid causing offence and be sensitive to different sectors of society and cultures. Stereotypes and other examples of bad taste should be avoided.
- Prejudice in any form is unacceptable.
- Our marketing should be inclusive of all consumer groups including minority groups. Particular care should be taken in the selection of photographs.
- Marketing material should reflect the cultural diversity of the society in which it appears.
- Language and culture should be considered to make our marketing relevant of the widest possible audience.



Lack of taste  
Sexual references



Lack of taste  
Low respect for animals



Lack of taste  
Racist references

Policies



**Stereotype – Sex & Gender**  
**DOLCE & GABBANA**  
The image presents women as objects of lust



**Stereotype – Gender & Role**  
**SMA – Progress powder milk**  
"Dad's promises"  
This film portrays stereotyped father figure and parental roles



**Stereotype – Sexual orientation**  
**WKD – Lad's gay prank**  
This TVC ridicules gay people



**Stereotype – Gender & Role**  
**WKD - Washing up**  
This TVC plays sarcastically with the perceived domestic role of women

**Stereotype – Local customs & Gender**  
**ADMIRAL – Air Conditioning to the Middle East**  
This ad uses stereotypical Middle Eastern customs

Policies



Good example of targeting immigrants  
 SPAIN – Vodafone Mi Pais  
 BACK TRANSLATION: Now's the time to  
 celebrate that you're here, with your folks



Worse example (more stereotyping)  
 of targeting immigrants  
 (same product as Spain)  
 ITALY – Vodafone One Nation



## Policies

### Portraying safe and responsible use of mobile

- Mobile devices should not be shown used in intrusive, unsafe or illegal situations. These include, for example, driving, skiing, crossing a busy road, at petrol stations, hospitals, in planes, talking loudly in public spaces, participating in extreme sports or disturbing other people.

### Protecting children through appropriate scheduling and media placement

- Vodafone marketing should usually be appropriate for a broad audience.
- If marketing material contains anything unsuitable for children or other groups, it should only be placed in media unlikely to be seen by that audience. Particular care should be taken to avoid children's TV programmes, children's magazines and outdoor poster sites.

### Marketing to teenagers and younger children

- Vodafone should not use advertising to directly target children. Products suitable for children should clearly be marketed to parents.
- Media scheduling and placement of Vodafone advertising should exclude TV programmes and other media with an audience profile including a high proportion of children under twelve. This principle applies to digital media, including social networking sites.
- Special care should be taken to protect children from being misled due to their inexperience or lack of judgement.
- Advertisements should be absolutely clear to avoid misleading children about price or product performance.
- As a general rule, it is strongly recommended not to use children in our advertising, unless it is absolutely necessary to illustrate a product feature or a brand idea.

### Responsible promotion of 18-rated material

The promotion and marketing of 18-rated content can only take place in any market once effective access controls systems are in place.

- 18-rated erotic channels may only be promoted as part of the Vodafone live! package and emphasis on this channel should not exceed that of other channels which are suitable for all ages eg sports, news etc. In particular individual pieces of erotic content such as film clips cannot be promoted outside the "adult channel".
- National community standards including taste and decency should always be considered. Vodafone will not undertake any 18 rated content promotions which challenge national or cultural levels of acceptability.
- The promotion of 18 rated content can only take place where a documented customer complaints procedure, including notice and take down processes, has been established.





**Policies**

- Any advertising/promotion of 18 rated content available on Vodafone live! should clearly state the age classification rating.

**Protection of privacy**

- Vodafone companies should treat all customer data as confidential and not share it with third parties except when the customer has provided explicit consent or when we are required to by government authorities through official procedures.
- Behavioural and personal data should only be used for targeted advertising with the customer's informed consent.
- Consent should be obtained in way that ensures customers are fully aware of the decision they are making. Consent approval should not be buried in legal small print.
- All Vodafone Operating Companies should publish a privacy policy and make it easily accessible to our customers. The policy should be written in plain language.

**Vodafone as the publisher of third parties' advertising (Mobile Advertising)**

Vodafone is increasingly becoming the publisher of third parties' advertising. Our network and customer information enables advertisers to target specific audiences more accurately than is possible with conventional media. Vodafone Operating Companies will adopt a conservative approach and if in doubt consult the Global Brand Team.

- Vodafone should require that third party advertising complies with the laws of the country in which it appears.
- Vodafone should require that third party advertising complies with relevant codes of practice including those of the marketing, media and telecommunications industries as applicable.
- Vodafone should ensure advertising content is appropriate to its likely and intended target audience.
- Vodafone should not use sensitive personal information for targeting eg race or religion.
- Vodafone should publish prominently a route for consumers to complain about third party advertising they receive via Vodafone.
- Customer personal information should only be used where the proper consent has been collected in accordance with national data protection or privacy law.



## Policies

### Guidance on using context-based and targeted advertising

There are two documents defining these terms and outlining Vodafone's principles for making use of these techniques:

#### 1. Initial Guidance on Context-Based Advertising Group Advisory Functions – (February 2007)

#### 2. Initial guidance on targeted advertising (April 2007)

These guidance documents summarise Vodafone's approach to targeting third-party advertising using different types of customer information. They define context targeted advertising and targeting using personal information.

They explain the need for an advertising model that manages legal, regulatory and policy issues and potential stakeholder and customer concerns. The key principles are:

- a) Vodafone will retain control of customer information
- b) Vodafone will only use customers' personal information to target third party advertising with active customer consent
- c) Vodafone will not use sensitive personal information for targeting
- d) Vodafone will ensure advertising content is appropriate to its likely or intended target audience
- e) Vodafone will ensure the responsible delivery of third party advertising
- f) Vodafone should adopt a conservative initial positioning on advertising

### Guidance on Content of Advertising:

Vodafone's policy is to determine the accepted practice on a market-by-market basis by benchmarking other mainstream marketing channels. Brands that are already accepted across a broad range of media (eg internet, outdoor, print and TV) should normally also be acceptable for mobile.

Local Operating Companies have responsibility for deciding which products and services are allowed to advertise on their network.

### Complaint facilities

Vodafone Operating Companies accepting mobile advertising should always provide a documented customer complaints procedure, including notice and take down processes.

Policies

## Part 2: Summary of our Content Standards Policies

A vast and growing range of content can now be accessed via mobile phones. This includes downloadable games, music and videos and web pages both within the Vodafone live! portal and on the wider global internet.

Not all the content available is appropriate for all our customers, particularly younger users. We have editorial control of the content offered on our Vodafone live! portal, but not what is available on the worldwide web. Our internet filters and access controls help parents to protect their children from accessing inappropriate age-restricted content via their mobile phones. Below are Vodafone's standards and guidelines on content:

### Group policy on application of access controls and adult erotic content (January 2005)

The policy helps to ensure that content of an adult nature is made available to adults only. It covers content that is available directly through Vodafone portals, internet content that is accessed via a network, and content from commercial third parties. The document outlines Vodafone's policy requirements and describes the four access control models that Operating Companies can choose from. It also proposes timings for the development of policy implementation plans by Operating Companies.

### Content and services classification (October 2003)

This guidance document describes the process that Operating Companies must follow to ensure they have adequately researched and documented national content legislation and regulations. It provides an overview of Vodafone Group values and requirements regarding content, legal and regulatory constraints, and how Vodafone policy should be applied to services supplied by third-parties. Appendices include a template that Operating Companies should complete to help them classify content.

### Group policy on video and audio content (October 2003)

An update to the October 2002 Content Policy, this document outlines new requirements for video and audio content available directly from Vodafone. The policy requires Operating Companies to benchmark video and audio content, taking local context into account. Operating Companies must also enforce a process by which users must 'opt in' to age-restricted content, and must verify that they are old enough to access it. The policy relates to adult video content, audio soundtracks, music and ringtones, and still or moving webcam content.

### Group mobile games rating and classification (August 2003)

The Group Games Policy states how games should be rated and classified in the context of national rating schemes and other legal requirements.

## Policies

This document outlines the games rating process, and gives information about the warning text that should be displayed before games are downloaded. It details how Operating Companies may modify the games rating system, and how they should apply global and local policies on adult and sexual content in games. The document also provides a timeline for implementation of the policy by Operating Companies, and describes how the Group will conduct an audit to determine whether it is being implemented correctly.

### **Responsible delivery of music products – global content standards guidelines and requirements for local music policy (May 2005)**

Vodafone requires all its Operating Companies to develop policies on the responsible delivery of music products so as to restrict profanity, racism and references to sex, violence and drugs. This document outlines activities that all Operating Companies must implement, including benchmarking, track labelling, and providing customer care. It also describes the process by which Vodafone will monitor Operating Companies' compliance with their policies. The document includes a checklist of mandatory requirements and best practice for Operating Companies to refer to. Information about content standards within the music industry is included as an Appendix.

### **Mandatory guidelines for chat services (August 2003)**

This document provides an overview of Vodafone chat services, relevant laws, and the need for guidelines governing chat. The Group aims to make chat environments safer for all customers, and its guidelines help Operating Companies comply with this approach. The guidelines include tips for safer chatting and an etiquette guide that promotes responsible behaviour, as well as information about chat for parents and links to useful websites. Vodafone requires its Operating Companies to implement profanity filters on all chat services, display age restrictions on handsets before customers can enter chat rooms, and brief all customer-facing and communications staff on the measures they must take.

### **Group mandatory requirements for Vodafone Messenger (April 2004)**

This document highlights child safety concerns associated with instant messaging, and outlines existing regulations that help address these concerns. It discusses child safety issues associated with instant messaging using mobiles, and specifically with using Vodafone Messenger. Vodafone requires its Operating Companies to implement constraints on public chat, location services and user profiles, enhance product safeguards, and improve community guidelines on the safe use of messaging products.

### **Group interim policy on MML services (September 2004)**

This policy focuses on the risks associated with Vodafone mobile multimedia library (MML) services, and the potential for unsuitable material to be uploaded and shared. MML allows users to store and manage images, audio files and video using community notice-boards and photo albums. The policy aims to protect Vodafone's mobile MML services from the abuse that often affects fixed internet MML, including

## Policies

the storing, sharing and posting of illegal and offensive material. It gives examples of past problems and law enforcement cases, and identifies best practice by fixed internet service providers. It highlights where Vodafone can take on board this best practice, as well as areas where this is not the case. For example, traceability is hampered by the use of 'pay as you go' mobile phones.

The policy sets out activities that the Group and its Operating Companies must carry out to prevent abuse. These include reviewing terms of service, producing a guide to appropriate use, notifying users of inappropriate actions, removing offensive items, and providing access to helplines and hotlines for users to report misuse. The document also outlines Vodafone's next steps for increasing traceability and improving monitoring of illegal content.

### Requirements and recommendations regarding safer provision of location service capabilities (December 2004)

Mobile phones with location service capability allow customers to identify their location and the location of others. There is high potential for misuse of the technology, including for malicious purposes such as surveillance of people without their consent. This document emphasises the need for particular care if location services are added to products frequently used by children, such as games and chat.

Vodafone is closely monitoring the launch of location services by several of its Operating Companies. This document provides a basis for Operating Companies to develop location service policies that are tailored to their specific markets. It outlines the risks associated with location services, describes relevant laws and regulations, and sets out Vodafone's mandatory requirements and best practice guidelines.

### Malicious and unsolicited communications policy (September 2004)

This policy advises Operating Companies on how they should update existing processes on malicious and unsolicited communications, to ensure that they are relevant to new technologies including video messaging and instant messaging.

The guidelines give details of how Operating Companies should log incidents of malicious and unsolicited communications as soon as they are reported, take action against them, and inform customers about the issue. It includes actions that Operating Companies must take to limit the extent of malicious voice calls and SMS/MMS, including providing support to customers and involving the police where necessary. It also describes measures that Operating Companies should take to limit voice call and SMS spam.

### European framework on Safer Mobile Use by Younger Teenagers and Children

The Framework requires national codes to include access control mechanisms, customer awareness and education, classification of commercial content to identify adult material, and measures to combat illegal child content.

Our Operating Companies in all EU member states are required to sign up to their national code and assess its compliance with the Safer Mobile Use framework.

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### Mobile Alliance against Child Sexual Abuse Content

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Vodafone is a founding member of the Mobile Alliance against Child Sexual Abuse Content, established by the GSMA in 2008. The Alliance aims to obstruct the use of mobile networks and services by individuals or organizations around the world who wish to access or profit from child sexual abuse content.

Members of the Alliance will prevent users from accessing websites identified as hosting child sexual abuse content and will remove any such content posted on their own services. Members will support and promote mechanisms such as telephone hotlines that customers can use to report child sexual abuse content discovered on the internet or on mobile content services.

### Awareness on Content Standards: helping parents and teachers with technology

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Young people are often much more adept at using advanced features of mobile phones and other digital devices than adults. This means that many parents and teachers know less than the children about mobiles and online services. This makes it difficult for them to protect their children from unsuitable online content or mobile phone bullying.

Raising awareness of teachers and parents about the use of technology and mobile phones is important so they can protect their children from issues such as bullying, inappropriate contact or inappropriate content.

We recommend our operating companies to help educating parents and teachers. Please see below links to parent's guides from various operating companies:

- Vodafone UK Parents' Guide
- Vodafone Ireland Guide for Parents
- Vodafone Italy advice website
- Vodafone New Zealand Parents' Guide

## Policies

## Part 3: Responsible use guidelines

Part one and two of these guidelines (above) cover responsible marketing and content standards, issues over which Vodafone has a direct responsibility.

Part three covers responsible use of our products by customers. Both Vodafone and our customers have responsibilities for ensuring safe and responsible use of our products. Examples of responsible use issues are: safe driving, mobile theft, bullying, spam and premium services, mobile etiquette, radiofrequency and health and privacy.

### Safe driving

Using mobile phones while driving causes physical and mental distraction, increasing the likelihood of having an accident. It is Vodafone's responsibility to ensure that all parties know the dangers and how to minimise these.

Our Policy on Mobile Phones and Driving, contains clear advice on using the phone while driving. The key messages are:

- Distraction occurs when a driver uses a mobile phone.
- The safest way to use a phone while driving is to find a safe place and pull over.
- Distraction is physical (eyes off the road, hands off the wheel) and mental (concentrating on two tasks rather than solely on driving).
- Physical distraction can be reduced by hands-free kits, voice activated dialling and use of Bluetooth-enabled handsets.
- If they decide to use a mobile phone while driving, people must judge it to be safe to do so and use the mobile hands-free.
- People must never send or read SMS, MMS or emails when driving.
- Calls should be kept short and complex calls should be put off until the car is parked.

Hands-free means that the handset is not held in the hand. The phone is tethered, either in a fixed kit or in a cradle, and the sound is relayed to the person using it through a headset using a wire or Bluetooth wireless technology or via a remote speaker. Having a headset alone is not enough. The phone must be able to be used without holding it at all.

[http://www.vodafone.com/etc/medialib/attachments/cr\\_07\\_downloads.Par.53664.File.tmp/Egypt%20Safe%20driving.pdf](http://www.vodafone.com/etc/medialib/attachments/cr_07_downloads.Par.53664.File.tmp/Egypt%20Safe%20driving.pdf)

[http://www.vodafone.com/etc/medialib/attachments/cr\\_07\\_downloads.Par.87270.File.tmp/New%20Zeland%20Safe%20Driving.pdf](http://www.vodafone.com/etc/medialib/attachments/cr_07_downloads.Par.87270.File.tmp/New%20Zeland%20Safe%20Driving.pdf)

<http://www.vodafone.ie/aboutus/csr/safedriving/index.jsp>

[http://online.vodafone.co.uk/dispatch/Portal/appmanager/vodafone/wrp?\\_nfpb=true&\\_pageLabel=template11&pageID=PAV\\_0079](http://online.vodafone.co.uk/dispatch/Portal/appmanager/vodafone/wrp?_nfpb=true&_pageLabel=template11&pageID=PAV_0079)



## Policies

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### Mobile theft

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Our policy is to establish equipment identity registers (EIRs) in all our operating companies. EIRs can be used to block mobiles that are reported stolen using each phone's unique 15 digit IMEI number.

Once a phone is reported lost or stolen, we use the EIR to block its use in the home country. We also pass on this information to the GSM Association's Central Equipment Identity Register to help prevent phones being stolen in one country and reused in another.

The key messages we give to our customers are:

Deter thieves with these simple precautions:

- Your phone is valuable. Treat it like you would your wallet or purse
- Keep your phone out of sight when you're out and about.
- Never leave your phone unattended.
- Register your new mobile when you get it.
- Keep a note of your SIM card number and your 15 digit IMEI number (you can find it by pressing \*#06#).
- Enter a pin number to lock the keypad (if your phone allows).
- Keep a back-up of your phone directory in case your phone is lost or stolen.

More information at [www.vodafone.com](http://www.vodafone.com)

### Mobile etiquette

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Our view is that rules of etiquette governing the use of mobile phones should be premised on the same considerations as the "rules" which apply generally to the behaviour and conduct of people in society.

These are not rigid and what may be considered acceptable in one situation may well be considered inappropriate elsewhere. The appropriate use of mobile is primarily the responsibility of the user. However, Vodafone believes that we have a role to play in educating users about etiquette and encouraging the use of mobile in a responsible and courteous manner.

It is generally accepted that there are some places where people should never talk on a mobile phone and where even the ringing of a mobile phone would be considered unacceptable. Eg religious ceremonies, lectures, concerts, cinemas and theatres.



## Policies

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### Laws Governing the Use of Mobile Phones

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In some countries, laws have been enacted which place restrictions on the use of mobile phones and other similar devices. You are advised - regardless of other circumstances - to observe local laws.

### Text bullying

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Bullying is not new. But bullies are now using mobile phones to inflict misery on others. Silent calls, insulting and threatening texts, abusive verbal messages and stolen identity are the most usual methods. Young victims of text bullying are often too embarrassed or frightened to seek help. We held a focus group on mobile bullying with parents and children in the UK and we found that children frequently do not report mobile bullying to their parents and that parents often do not know what to do if their child is being bullied.

Our advice for people who are being bullied is:

- Be careful about giving out your and other peoples' phone number
- Always tell someone you trust what's happening
- Never reply to the bully or send an even nastier message back
- Keep and save messages
- Take a break from your phone
- Make sure only good friends and family are in your phone address book
- Be careful about who you give or lend your mobile

In several markets we have run anti-bullying campaigns.

See "Cut it out" campaign in the UK at <http://www.bullyingcutitout.co.uk>

## Policies

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### Spam

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Bulk unsolicited communications – or spam – are a source of irritation for mobile users. Vodafone does not send spam to customers. Customers may opt in to receive marketing messages from Vodafone or from responsible third parties.

Most spam is generated by third parties who use our networks to send unsolicited marketing messages to our customers. These third parties often operate internationally and disregard national regulations.

To tackle spam, we monitor unusually high sending patterns and disconnect the sender. Our anti-spam policy ensures that customers can report spam to their local operating company.

We were involved in developing the mobile phone industry association GSMA's code of practice on spam. The code commits network operators to work together to investigate cases of mobile spam transmitted across mobile networks and take action where appropriate. The code also commits operators to introduce anti-spam conditions into all new contracts with third party suppliers, enabling suspension or termination of the mobile contracts of those who originate spam messages.

Spam messages inviting customers to call a premium rate number or subscribe to premium rate services can be particularly problematic. This generates revenue for the spam originator and may mislead customers. In line with our anti-spam policy, we withhold payments for such calls and prohibit our own customers from sending spam.

### Advice on radio frequencies

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Our vision is to lead the industry in responding to public concerns about mobile phones, masts and health by demonstrating leading edge practices and encouraging others to follow.

We have a Group EMF (electromagnetic fields) Board that includes representatives from some of our local operating companies and key functional areas. This board monitors public concerns, helps local operating companies to provide public information and advice and reviews the available information about mobile phones, masts and health. Our policies and strategies in this area are set accordingly.

There have been thousands of scientific studies into the effects of radio frequency (RF) fields on health. There is no evidence to convince experts that the low-level RF fields from mobiles and base stations can damage your health. But there are still gaps in scientific knowledge.

Customers who wish to limit their exposure to RF should be advised to keep call lengths to a minimum and keep the mobile phone away from the head and body by using an earpiece, Bluetooth or the loudspeaker function if their phone has one.

Our website contains information including the latest information on scientific research and advice to our customers.

<http://www.vodafone.com/start/responsibility/mpmh.html>

## Policies

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## Recycling

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The fast pace of development in mobile technology means mobile phones quickly become outdated. People in high-income countries typically replace their handset every 18 months. Our policy is that all our operating companies should have handset reuse and recycling programmes in place. These programmes should be complemented with awareness campaigns and/or incentives to encourage recycling

Examples of recycling campaigns from our operating companies: [http://www.vodafone.com/stant/responsibility/environment/reuse\\_](http://www.vodafone.com/stant/responsibility/environment/reuse_)

Policies

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# Quality of customer experience policy

It is the policy of the Board of Vodafone Group Plc that measures and procedures are in place to satisfy customer requirements first time every time. The Board also strives to develop an environment within the Group which encourages the employees to achieve continuous improvements in all areas of activities.

It is the responsibility of the CEO of each local operating company to ensure appropriate procedures are in place.

Policies

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# Selling prices policy

It is the policy of the Vodafone Group Plc that the CEO of each local operating company establishes a procedure for calculating selling prices of products and nominates the persons within that company responsible for making those calculations. Calculations of selling prices of products shall be subjected to a process of internal check.

The CEO of each local operating company shall ensure that quoted prices are determined logically rather than arbitrarily and shall nominate persons within that company who may take responsibility for deciding the price to be quoted. Any calculations within the quotation, whether revealed to the customer or not, shall be subjected to a process of internal check.

Policies

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# Employee rights policy

It is the policy of Vodafone Group Plc that the human resources teams will develop and maintain effective terms and conditions of employment and ensure that they are applied equitably and consistently and communicated effectively.

It is the responsibility of the CEO of each local operating company to implement procedures to enable employees who believe they have suffered unfair treatment at work to have their concerns investigated promptly and objectively.

It is the responsibility of the HR Director of each local operating company to put measures and procedures in place and communicate them appropriately to ensure the above objectives are met.

Policies

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# Recruitment and managing our people policy

It is the policy of Vodafone Group Plc to ensure that all recruitment activities are fair and non-discriminatory and both identify and address individual development needs, potential and opportunities. Recruitment should also recognise the opportunities, initiatives and changing skill profiles throughout the Group.

Each local operating company will implement programmes to ensure employees will receive continuous training in respect of induction, leadership, professional and personal development on any existing or new role.

It is the responsibility of the CEO of each local operating company to put in place policies and procedures and communicate them appropriately to ensure the above objectives are met.

Policies

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# Benefits policy

It is the policy of Vodafone Group Plc to establish clear terms and conditions for the circumstances and occasions when employees will receive certain benefits.

It is the responsibility of the CEO of each local operating company to put in place measures and procedures and communicate them appropriately to ensure the above objectives are met.



# Business continuity management (BCM) policy

It is the policy of Vodafone Group Plc to ensure that each company has a BCM approach in place which clearly defines the accountability, structure, roles and responsibilities. It is the responsibility of the local operating company to establish such an approach. For critical processes, a workplace recovery plan shall be in place as well as detailed guidance on design principles. Appropriate levels of resilience and capacity planning shall also be given.

It is the responsibility of the CEO of each local operating company to have a risk management approach in place which identifies, assesses and mitigates BCM risks as well as a crisis management plan which is subordinate and aligned to the Group crisis management plan.

Every CEO of each local operating company and Vodafone Group Directors are responsible for ensuring that this policy is adopted and implemented within their area of responsibility.

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# Security policy

It is the policy of Vodafone Group Plc that the Group and each of its local operating companies are in compliance with ISO/IEC FDIS 27001:2005 (formerly ISO/IEC 17799 & BS 7799) Code of Practice and Specification for Information Security Management. This includes aspects of security related to risk assessment, security policy, organisation, physical and environmental security, asset management, HR (Personnel) security, communication and operation management, access control, information system acquisition development and maintenance, security incident management, specific Fraud Risk and Security topic standards and best practice (eg security screening, fraud management)

To comply, each local operating company must:

- Develop, maintain and implement appropriate local security policies and supporting procedures in agreement with national laws and standards
- Publish local security policies in the local section of the Vodafone intranet
- Implement an Information Security Management System (ISMS) appropriate for the business as defined in the Information Security Framework
- Apply appropriate measures to reduce security threats to an acceptable level, in compliance with Group security policies.

It is the responsibility of the CEO of each local operating company to ensure that the approach outlined within this framework is implemented.

Policies

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# Fraud management policy

It is the policy of Vodafone Group Plc to ensure that appropriate controls are in place to prevent, detect and report fraud in a proper way. Vodafone maintains a zero tolerance policy towards fraud and we require our customers, employees, contractors and suppliers to report any instances of fraud they may discover.

The CEO of each local operating company is responsible for implementing and maintaining appropriate and formal procedures to properly manage fraud.

Policies

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# Duty to report policy

It is the policy of Vodafone Group Plc to ensure all Vodafone employees including contracted staff and suppliers act with honesty, integrity and fairness. It is the obligation of all employees, including contracted staff and suppliers, to disclose any activity or suspected activity which breaches this, in accordance with the disclosure procedures set out in this policy and associated guidance procedures.

All Vodafone Group companies should put in place effective disclosure procedures and associated guidance procedures. All local operating companies must comply with all local legislation regarding the implementation of reporting procedures.

All Vodafone Group company HR Directors are responsible for the implementation of this policy and associated guidance procedures. All Vodafone Group company Supply Chain Directors are responsible for implementation with suppliers.

Policies

# Communications policy

It is the policy of Vodafone Group Plc that all disclosures and announcements made by the Company or any of its subsidiaries to its shareholders, the investment community and the general public should be materially accurate and complete. They should fairly present, in all material respects, the subject matter of the disclosure. All disclosures and announcements should be made on a timely basis as required by applicable laws and stock exchange requirements.

In order to ensure that the official announcements, press releases and other public disclosures made by or on behalf of the Company or any of its subsidiaries, whether quoted or not quoted, are recorded, processed, summarised and reported accurately and on a timely basis, the Company has established a Disclosure Committee. The Disclosure Controls and Procedures must be strictly adhered to by the Company or any of its subsidiaries so that prior and proper authorisation is secured for the disclosures set out therein. They also provide, in part, the basis for the annual Certifications required to be made by the Vodafone Group Chief Executive and the Vodafone Chief Financial Officer (the "Certifying Officers") pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 ("Sarbanes- Oxley").

The corporate language is English.

Policies

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# Meeting regulatory requirements policy

It is the policy of the Board of Vodafone Group Plc to ensure that each Group company complies with all applicable regulatory obligations and governmental policies in the jurisdictions in which it operates, that it is properly protected from potential regulatory liabilities, and that regulatory advice is obtained in an efficient and cost-effective fashion.

It is the responsibility of the CEO of each local operating company to set up appropriate processes.

# Meeting market behaviour and competition law requirements policy

It is the policy of the Board of Vodafone Group Plc that Group companies, and each director, officer and employee, will comply in all respects with the laws relating to competition law matters in each of the jurisdictions in which the Group trades or operates. Each Group company will establish and enforce effective compliance procedures. Any breaches of those procedures will be treated as serious disciplinary offences.

The responsibility for ensuring that each Group company complies with competition law rests with the local company Chief Executive Officer.

There may be circumstances where employees will be required to obtain legal advice in connection with competition-related matters, and circumstances where additional reporting requirements may exist. These requirements are covered in the Legal Advice Policy.

Policies

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# Legal advice and reporting policy

It is the policy of the Board of Vodafone Group Plc to ensure that Vodafone Group Plc and its subsidiaries comply with the relevant laws, are properly protected from potential legal liabilities and that legal advice is obtained in an efficient and cost-effective fashion. There is clear guidance for areas where the knowledge and experience of the Legal Department must be used as well as the procedure to be used for this.

This responsibility rests with the Group General Counsel & Company Secretary.



Policies

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# Anti-money laundering policy

It is the policy of the Board of Vodafone Group Plc to ensure that appropriate controls are in place to detect any form of money laundering relating to the proceeds of any crime and the financing of terrorism. All reference to anti-money laundering includes counter-terrorist funding.

Policies

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# Corporate hospitality policy

It is the policy of the Board of Vodafone Group Plc to set clear boundaries for accepting as well as providing gifts, entertainment or any other form of reward in relation to third parties. Company and Group functions should have a process in place for recording attendance at events. This process should be documented and visible.

Policies

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# Charitable donations policy

It is the policy of the Board of Vodafone Group Plc that any donation for charitable purposes is entirely performed through the Vodafone Group Foundation or any local Vodafone foundation established. Each local foundation will be initiated by the local operating company in the country concerned.

The Vodafone Group Foundation is primarily funded via a grant and reviewed on a regular basis by the Vodafone Group Plc Board. The Foundation may also seek funding from external third parties in accordance with its trust deed. Local foundations will be funded by the local operating companies and the Vodafone Group Foundation.

# Ethical purchasing policy

It is the policy of the Board of Vodafone Group Plc that local operating companies should only deal with suppliers of goods or services that comply with Vodafone's ethical standards. These ethical standards form the code of Ethical Purchasing ("CEP"). It is each supplier's responsibility to establish procedures to comply with this code. Breaching the CEP will result in an immediate termination of the relationship or in a detailed corrective action plan to be agreed with the supplier.

Policies

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# Responsible network deployment policy

It is the policy of Vodafone Group Plc that Vodafone Group Services Limited and Vodafone local operating companies must be able to demonstrate compliance with a set of standards which cover:

- Legal compliance
- Environmental impact
- Electro Magnetic Frequency (“EMF”) Emissions
- Site planning and selection
- Communication and consultation
- Landlord relationships.

Local operating companies are required to report performance under each of these headings. It is the responsibility of the CEO of each local operating company to ensure implementation, compliance, measurement and reporting in relation to the policy.

# Stakeholder Engagement

'Stakeholder engagement' is jargon for something companies have done for decades – talking to people who are important to them. The difference is that now companies are expected to discuss not only their products and services, but also social, ethical and environmental issues.

We want to understand the views of our stakeholders and explain our perspectives. We know that we will not satisfy everyone's demands but we believe that being open, honest and respectful of different views is the right approach to maintain good relationships. We listen to our stakeholders and respond to their concerns.

The feedback we receive from external stakeholders informs our own internal judgment about CR priorities for our business. Our aim is for both Vodafone and its stakeholders to benefit from the process. In cases where we do not agree or cannot respond to the feedback we have received, we aim to explain our position honestly and openly.

## Stakeholder specific dialogue

Our stakeholders are the people who can affect our business or who are affected by it. These include investors, employees and suppliers, who are directly affected by our business performance, and consumers who relate to us as a service provider. Many more in local communities see our network infrastructure and some have strong views about it. CR opinion formers are often concerned about specific issues, and governments and regulators can affect our business through new legislation and regulations. We tailor our engagement processes to suit each different stakeholder group.

We engage with stakeholders in a range of ways, including our formal CR Dialogues, one-to-one meetings, routine engagement on individual issues, partnerships, forums and at conferences.

This section of the report describes our engagement with the following stakeholder groups:

- Non-governmental organisations
- Investors
- Opinion formers and experts
- Consumers
- Industry forums

We also engage with:

- Governments and regulators (see public policy)
- Local communities (on network deployment)
- Employees (see our people)
- Suppliers (see supply chain)

## Stakeholder Engagement

### Issue specific dialogue

We have refined our approach to engagement to focus on specific relevant issues. This allows a more in-depth conversation with the people that have a real interest in and particular expertise on a specific issue. Focused dialogue helps us identify solutions to new issues and provides our stakeholders with the opportunity to influence our thinking.

We call this approach, 'CR Dialogues'. The key features are:

- We choose emerging issues on which our views are forming and there is a need to widen the debate. These are usually issues of wider social, environmental and corporate relevance.
- We aim to contribute to the debate and level of knowledge by commissioning and publishing research work in connection with the 'CR Dialogues'.
- We narrow the scope of the subjects discussed so that we can bring together specialists with extensive knowledge to advance the wider debate.

Vodafone and its stakeholders benefit more from this kind of engagement. In certain areas, by advancing the debate we may also contribute to raising standards in the industry. See CR Dialogues for details.

Further information on our stakeholder engagement on specific issues is outlined within the issue sections of this website. We have also asked for feedback from individual experts on specific issues, which we have published unedited in our Corporate Responsibility Report for the last three years. See engaging with experts.

### Local engagement

Our local operating companies also engage with stakeholders on local issues. See local operating company engagement for examples.

Stakeholder engagement through our local operating companies and at Group level forms part of our research to identify key issues for our business.

### Stakeholder engagement

#### Focus

(issue for stakeholder)

Broad	<p><b>Broad local engagement on specific issues</b></p> <p>National Stakeholder surveys e.g. Stakeholder Panel at local level</p>	<p><b>Broad local engagement on specific issues</b></p> <p>e.g. Global opinion leader research</p>
Specific	<p><b>Local engagement on specific issues</b></p> <p>e.g. Engaging communities on Network roll-out e.g. National industry code of conducts</p>	<p><b>Global engagement on specific issues</b></p> <p>e.g. Multi-industry framework agreements on Safe Internet or Privacy e.g. Development of supply chain strategies</p>
	Local	Global

## Stakeholder Engagement

# Non-governmental organisations

We consult widely on an ongoing basis with non-governmental organisations (NGOs) when their campaign or focus is relevant to our business. We do this by organising face-to-face meetings and meeting representatives at CR events.

We also have partnerships with some organisations, including Forum for the Future who we work with on a range of issues, including the impact of reused mobile phones and access to communications in emerging markets.

We engage with certain NGOs on specific issues. For example, we consult regularly on content standards with the Children's Charities Coalition for Internet Safety (CHIS) – a group of leading children's charities campaigning on a range of safety and other issues affecting children's use of the internet. We worked in partnership with European Schoolnet, an online education organisation, to develop a website launched in April 2008 that will help teachers understand new mobile and internet technology and encourage their students to use it responsibly. In the UK, we worked with UK charity BeatBullying on a campaign to address bullying among 13 to 17 year olds. See content standards.

Vodafone is working with NGOs and other stakeholders in a multi-stakeholder dialogue to draft industry principles on freedom of expression and privacy. NGOs also participated in our privacy focus group in 2007 to explore how to achieve the right balance between safeguarding consumer privacy and assisting law enforcement authorities. See privacy.

We track relevant campaigns and take into account the findings of NGO reports in our approach to CR management. For example, we discussed with our suppliers the implications of reports published by SOMO (the Centre for Research of Multi-National Companies) and SACOM (Students and Scholars against Corporate Misbehaviour) in 2006/07 highlighting unacceptable practices in the electronics supply chain.



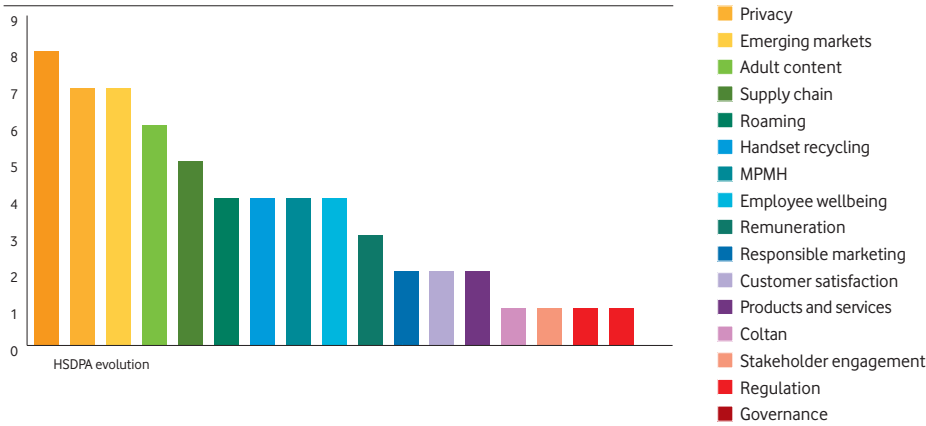
Stakeholder Engagement

# Investors

We meet with investors regularly through group conferences and one-to-one meetings. These meetings allow us to understand the concerns of investors about CR risks and help us identify potential future issues. We also learn what information investors want and have the opportunity to explain our strategy for managing CR.

In 2007/08 we engaged with nine investors to determine the CR issues that matter the most to them. The chart shows the issues raised most frequently in these discussions during the 2007/08 financial year.

Issues raised by investors (number of times raised)



## Stakeholder Engagement

# Opinion formers & experts

Vodafone consults with experts on a wide range of issues to gain feedback about our practices and inform our strategy on CR. We have formed an expert advisory panel to provide regular feedback on our performance.

### Expert advisory panel

In 2007, we established the Vodafone Corporate Responsibility Expert Advisory Panel – a forum for key stakeholders who are experts on CR issues important to Vodafone. The forum is comprised of individual opinion leaders with a mutual interest in debating CR issues and finding solutions for Vodafone to put into practice.

Members include:

- Graham Baxter – International Business Leaders Forum
- Julia Cleverdon – Business in the Community
- Alan Knight – Accountability
- David Logan – The Corporate Citizenship Company
- Chris Marsden – Business and Human Rights Information Centre
- Jill Rutter – Defra
- Francis Sullivan – HSBC
- Sophia Tickell – Sustainability
- Jo Zaremba – Oxfam

The panel engages with Vodafone management on key CR issues and challenges our CR strategy and performance. It shares ideas and best practices, debates ethical dilemmas and looks for solutions to key challenges.

Members of the panel provide a network of experts whom we can consult as issues arise. Topics of mutual interest will be explored in detail under the guidance of the forum.

The Expert Advisory Panel met twice in 2007/08. In May 2007, the panel looked at the social implications of mobile internet, debating the extent of Vodafone's responsibility for ensuring our customers use mobile internet responsibly. In January 2008, the panel discussed Vodafone's strategy on climate change and the general role of the ICT industry on this issue.

### CR Dialogues

We engage with opinion formers and experts on specific issues through focus groups as part of our CR dialogues and surveys. Our latest focus groups were on privacy, climate change and emerging markets. Around eight opinion formers and experts attend each focus group.

## Stakeholder Engagement

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Vodafone organised a workshop in May 2007 with seven selected experts in emerging markets and development as part of our series of CR Dialogues (see Access in emerging markets: performance 2007/08). We also organised a workshop in November 2007 for five experts to discuss how children can be protected from accessing inappropriate content via mobile phones (see Content standards: performance 2007/08).

### Comments from experts

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We continually challenge ourselves to set higher standards of transparency as well as improving our performance. As part of our efforts to improve transparency, we include in our Corporate Responsibility Report unedited comments from recognised stakeholders on our performance in key areas.

We invite recognised stakeholders and experts to comment on some of the biggest challenges Vodafone faces. They are chosen according to their area of expertise, the reputation of their organisation, their independence and the ability to provide constructive criticism. Each is asked to provide their views on the status of the issue, Vodafone's current approach and expectations for the future.

Here we include their unedited comments:

Stakeholder Engagement

## Feedback on supply chain from Dunstan Hope, Business for Social Responsibility



“When implementing high standards in the supply chain the ICT sector faces challenge and opportunity in equal measure. Challenge, because today’s global sourcing strategies and increasingly competitive margins are shining light on the fact that issues commonly associated with the retail supply chain – such as long working hours and poor health & safety standards – may just as easily exist in ICT industry. Opportunity, because the ICT industry can skip forward a decade and apply the hard lessons learned by other sectors.

Seizing this opportunity, the ICT industry is beginning to appreciate that supplier evaluations are a good diagnostic of performance but not a sustainable cure, and recognizes that a coordinated sector-wide approach can bring significant benefit. Specifically, the collaboration between GeSI and EICC on supplier evaluation has the potential to free up valuable resource to systematically address the capability of factory managers, auditors and government enforcement agencies to manage the root causes of problems in the ICT supply chain. Going forward Vodafone should encourage the industry to utilize innovative methods such as supplier training, stakeholder engagement and public-private partnerships.”

Dunstan Hope  
Director, ICT Business for Social Responsibility  
May 2006

## Stakeholder Engagement

# Feedback on socially inclusive products from Guido Gybels, RNID



“To me, corporate responsibility is about engaging with society and collaborating with users, governments and other stakeholders to realise a common vision for a world in which people can fulfil their potential. The CR report shows that Vodafone is genuinely trying to play its part. My own experience aligns well with that perception. For example, in the UK, Vodafone is still the only operator to offer a real mobile textphone solution, of great importance to many deaf and hard of hearing citizens.

By doing more than its competitors, Vodafone goes beyond its strict legal obligations and demonstrates that business goals can go hand in hand with the pursuit of wider societal objectives. I am convinced that there is untapped potential for further development of the Vodafone business by harnessing and deepening partnerships with the third sector. In addition to bringing key expertise and knowledge about specific user groups and a route to market, such partnerships result in improved services and products for all users, not just people with specialised needs. I am looking forward to seeing that vision become reality.”

Guido Gybels  
Director of Technologies Royal National Institute of the Deaf

May 2006

Stakeholder Engagement

## Feedback on mobiles, masts and health from Dr David Black



“During the ten years I have known Vodafone I have found that the company recognises the importance and value of international and national standards for radiofrequency exposure and has a commendable global commitment to compliance with these wherever they are mandated. Modern mobile telephony, on which Vodafone’s business depends, provides an intrinsically highly efficient use of the resource of radio-frequency energy and spectrum, however in my opinion Vodafone enhances this further by its corporate behaviour. The company goes to considerable trouble to maintain strong industry and academic links and keeps abreast of scientific and political opinion.

Vodafone has to arrange its business to avoid conflict with either but does so whilst clearly prioritising the certainty of safety of the company’s products and services. Vodafone has also been prepared to co-operate with initiatives for exposure minimisation and that has helped the public feel more confident about contemporary uses of radiofrequency energy uses for mobile telephony. As a global service provider Vodafone has to maintain a sometimes difficult balance between listening to varying ideas and interpretations of science whilst basing its business on an objective consensus approach. The company manages this skilfully and fairly with an open and consultative approach.

Vodafone has also contributed substantially to the development of evidence based science applicable to advancing knowledge in radio-frequency safety by supporting recognised independent research initiatives, particularly those co-ordinated by the World Health Organisation. Vodafone has a responsible and ethically driven approach, based on genuine concern for best practice in supplying and promoting the use of products and technologies in a manner which eliminates any conceivable adverse health effects. It has become my impression that the company behaves like this because it cares about its customers and the population at large and has a highly developed sense of corporate responsibility.”

Dr David Black  
MBChB FAFOM MARPS MRSNZ

May 2006

Stakeholder Engagement

## Feedback on content and use from John Carr, CHIS



“Vodafone is a company that takes its social responsibilities very seriously, particularly when it comes to promoting children’s safe use of mobile phones. As a company it should be applauded for the proactive work that has already taken place.

But nothing stands still in this industry so it is important to remain alert to the challenges presented by technological innovations. The implementation of access controls alone is only part of the solution. It is important that Vodafone supports their launch with a carefully thought out communications campaign so that parents and carers are alert, not only to the risks associated with content and contact on mobiles, but also the solutions. The key is to remain committed to ensuring child safety remains a number one priority as new services are rolled out.

Looking ahead, issues around blogging, location services and the way users will be able to publish, share and distribute content seamlessly across mobile and internet platforms will certainly need close attention. I look forward to seeing Vodafone rise to the challenge.”

John Carr  
Children’s Charities Coalition for Internet Safety

May 2006

## Stakeholder Engagement

# Feedback on environmental impacts from Peter Madden, Forum for the Future



"We believe that climate change represents the biggest environmental challenge of our time. The contribution of different companies varies significantly, but all companies, regardless of sector, should be actively engaged with this critical issue. In time, the negative economic consequences of inaction will dwarf the costs of action now, and business will suffer along with the rest of society.

For the first time, Vodafone has set targets to reduce the amount of carbon dioxide it produces. The five year target – a 40 per cent reduction in network-related emissions per megabyte of data – is ambitious and extremely welcome.

This target is an important step on the path towards substantial reductions in absolute carbon emissions, against a backdrop of strong business expansion. We hope to see Vodafone use it as a platform to advocate the low-carbon economy to its customers, its value chain and the wider community."

Peter Madden  
Chief Executive Forum for the Future

May 2006



## Stakeholder Engagement

# Feedback on supply chain from Joseph Wilde, SOMO

As final stop sellers of mobile phones to consumers, mobile network operators such as Vodafone have a direct responsibility to improve standards throughout the entire production chain of the handsets they sell.

The greatest risk of poor labour and environmental conditions lies at the sub-tier suppliers that make the parts that go into mobile phone handsets. Currently, however, companies' efforts to improve working and environmental conditions even at their direct suppliers, much less at the sub-tiers, are insufficient. Too often, companies trust suppliers to monitor themselves for compliance with legal and sustainability requirements. SOMO's 2006 research into the mobile phone manufacturing industry revealed numerous violations of national laws and international standards for human and workers' rights in factories where mobile phones are produced.

Vodafone got a leg up on its competition by developing the Code of Ethical Purchasing (CEP), which it uses in selecting suppliers. However, although the CEP mentions issues such as forced labour, safety and health, freedom of association, and working hours, the code is vague about what is considered acceptable behaviour from its suppliers with regard to these issues. In the end, suppliers' corporate responsibility is given relatively little weight in Vodafone's strategic evaluation of suppliers. Furthermore, Vodafone continues to rely heavily on its direct suppliers to see that its standards are observed by sub-tier suppliers, but, as SOMO's research reveals, this practice is insufficient to ensure that standards are met.

Vodafone has begun to show interest in auditing its sub-tier suppliers, and this should continue and be expanded. However, there is still ample room for improvement in the monitoring of direct suppliers, let alone sub-tiers. Vodafone's auditing and monitoring methods could be improved by increasing transparency and engaging credible local NGOs and workers' organisations to verify monitoring results. Also essential to improving conditions is the development of an effective complaint mechanism and remediation process through which grievances from workers and local communities can be addressed.

Joseph Wilde  
Researcher, SOMO (Centre for Research on Multinational Corporations)

May 2007



## Stakeholder Engagement

# Feedback on mobile phones, masts and health from Prof. Dr Bahnasy Nossier, Egypt National Telecommunications Institute



Egypt has become one of the fastest growing markets for mobile services, with rapidly increasing penetration rates. As mobile services are launched, there has been great interest concerning the safety of mobile base stations among people living nearby.

Mobile operators are cooperating with the Egyptian Government on this matter, working with the Ministry of Communications and Information Technology (represented by the National Telecommunications Institute, and National Telecommunications Regulatory Authority), the Ministry of Environmental Affairs and the Ministry of Health.

Following extensive academic and practical research, a national code on responsible network deployment has been developed in Egypt taking local customs and concerns into consideration. All mobile operators are committed to follow these guidelines in the installation of their networks.

Vodafone Egypt does a lot to ensure networks in Egypt conform with health and safety guidelines, including running seminars to raise public awareness, identifying scientific facts on measuring the radiated power of base stations and ensuring regulatory guidelines are met. These activities have improved public awareness and one can notice a decrease in public concern over the last two years.

In future, I would like Vodafone Egypt to continue and extend its efforts in the following areas: increasing public awareness, holding meetings with particular stakeholder groups and improving cooperation with governments and NGOs.

Prof. Dr Bahnasy Nossier  
Head of the Network Planning Department  
National Telecommunications Institute  
Cairo, Egypt

May 2007

Stakeholder Engagement

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## Feedback on privacy and freedom of expression from Arvind Ganesan, Human Rights Watch

Privacy has become an increasingly important issue especially in the context of internet companies in China for example. The two main human rights issues for companies like Vodafone are freedom of expression – the act of seeking or imparting information – and user privacy, whether it be a phone conversation, a text message or an internet site, especially when engaging in political speech and acts that should be protected by human rights law.

Vodafone is still grappling with how to tackle freedom of expression and privacy issues and is in the process of developing standards to engage on privacy. The company needs to develop strong, robust standards and implement them to ensure users are protected. It is important to show that these policies have teeth once they are in place. This means Vodafone and other companies may have to stand up to governments to protect free expression and user privacy. Communications companies are the vehicles for information so it is their responsibility to protect it. Vodafone and other companies have a real opportunity to set some important standards at this point and it is crucial that they do so.

Arvind Ganesan  
Director of the Business and Human Rights Program  
Human Rights Watch

May 2007

## Stakeholder Engagement

# Feedback on recycling and e-waste from Tom Berry, Forum for the future



The chief e-waste streams for Vodafone are network waste and handsets. These are quite different but the key issue for both is the extraction, processing and disposal of environmentally valuable and volatile materials. Adopting a cradle-to-cradle design and management approach, for example, would help lessen their impact.

Vodafone recycles around 97% of its network waste and reuses network equipment where possible. Although there may be scope to reduce the use of environmentally volatile materials and increase the longevity of equipment, in general, Vodafone is doing well on this issue.

However, the rapid obsolescence of handsets is a real issue, particularly in developed countries. Vodafone has handset collection and recycling schemes in all of its local operating companies but the numbers of phones returned are minimal compared with the numbers sold. The company needs to do more to increase the proportion of handsets returned by customers and Forum for the Future would like to see Vodafone exploring different ways of doing this. For example, the return of old handsets could form part of contract conditions for an upgrade.

Critically, Vodafone should also address the rapid turnover of mobile phones in developed countries, and encourage customers to use their phones and accessories for longer. Although phones have a technical lifespan of ten years, average turnover in the developed world is only 18 months.

Old, unwanted (but working) handsets from developed countries can bring great benefits and more affordable access when reused in developing countries. However, these countries are often ill-equipped to deal with environmental issues caused when phones become waste at the end of their useful life. Rapid growing mobile penetration in developing countries and the continuing movement of old handsets from the US and Europe to Africa and Asia means operators need to urgently address this issue. The work Vodafone and Forum for the Future are doing aims to tackle this and I'm looking forward to seeing a practical and sustainable solution developed after the pilot project this year.

Tom Berry  
Principal Sustainability Advisor  
Forum for the Future

May 2007

Stakeholder Engagement

## Feedback on climate change from Dennis Pamlin, WWF

In terms of the ICT industry's approach to tackling climate change, we now see a shift from a reactive to a proactive approach. Because many ICT companies have been progressive in addressing their own emissions, they can now look at the potential of their services to help others reduce theirs. The use of ICT is much more significant in terms of both positive and negative impacts on climate change.

Looking at the information in this report, Vodafone still seems to be focusing exclusively on the energy used by its own operations. The Group target to reduce CO<sub>2</sub> emissions seems reasonable but how does this relate to the use of Vodafone services? Vodafone needs to shift focus away from reducing its own footprint to look at how it can help customers use its services to cut their emissions. It should set targets for strategic ICT applications within its portfolio that can contribute to reducing CO<sub>2</sub> emissions by its users.

In this, Vodafone will be one actor among many and needs to create alliances with others to achieve real gains. Its current work with industry groups makes a good start but still tends to be quite reactive. I want to see a clear strategy of how Vodafone plans to make money from its services that tackle climate change. It needs to get away from seeing climate change only as a risk and capture the opportunity to make a positive contribution to tackling the issue.

Dennis Pamlin  
Global Policy Advisor  
WWF

May 2007



Stakeholder Engagement

## Feedback on access to communications from Mohamed El-Kalla, UNDP



In a fast-moving global economy and in unprecedented technological revolution the word integration becomes the key concern. How can the poor and the impoverished become a part of this increasingly interlinked globe? How can we ensure their accessibility? And more importantly how can this integration be done in a manner that brings both human and economic development to the poor?

Being a lead agent and contributor in shaping this new era, private sector is called upon to focus on utilising its capabilities in extending vital goods and services to the base of the pyramid. The ability of the private sector to come up with innovations that would help the poor in improving their livelihood at an affordable price while still making profit becomes a central equation to attempts of inclusion targeted towards the base of the pyramid.

Being a pioneer company in realising its social commitments, Vodafone has accumulated a lot of experience in terms of developing innovative ideas to ensure accessibility to both the elderly and the less privileged. However, still Vodafone needs to utilise this experience and target it towards the base of the pyramid. To this end, Vodafone needs to utilise their partnerships on ground with development institutions and civil society to better understand the poor while investing more in R&D to come up with innovative ideas targeting this sector.

Mohamed El-Kalla  
Project manager  
United Nations Development Programme

May 2007

Stakeholder Engagement

## Feedback on content standards from Janice Richardson, European Schoolnet



Technological convergence has opened a vast universe of communication and self-expression through the mobile phone. Raising safety awareness is a vital issue for all population sectors, calling for up-to-the-minute information and innovative tools to empower and protect. Young people, avid users of advanced technologies, especially need expert support to navigate these new opportunities safely. Parents and teachers are often unaware that dangers exist and at a loss when technology-related crises arise. The Insafe network, coordinated by European Schoolnet, strives to raise awareness, and provide reliable information and open dialogue between generations. Mobile phone providers are vital links in this information chain.

Vodafone has proven a leader in the market and a standard-setter for industry. The quality educational materials it has produced are important informational resources for a wide variety of target audiences. It has developed a strong reputation as a trusted source of advice and information, and is playing a key role by contributing to the knowledge-building of awareness raisers.

As mobile internet is fast becoming an affordable reality with mobile phones offering direct links to services such as social networking sites, Vodafone should be working with social partners to see that the right safeguards are in place and ensure a consistent approach throughout Europe. It should be providing greater encouragement to teachers to exploit the untapped potential of mobile phones in e-learning. Surveys conducted by Insafe show that there is a need for mobile providers to increase their presence in the field, partnering educational establishments and awareness raisers in information seminars and workshops addressing youngsters, parent and teachers. Nevertheless it is important that Vodafone continues its work with safety specialists to develop a range of off-line educational resources for parents, kids and teachers.

Janice Richardson  
Insafe project manager  
European Schoolnet

May 2007

Stakeholder Engagement

## Feedback on climate change and supply chain from Paul Dickinson, Carbon Disclosure Project



The Carbon Disclosure Project (CDP) is delighted that Vodafone has joined the Supply Chain Leadership Collaboration and will be engaging with its key suppliers on their GHG emissions and carbon management strategies. By working in collaboration with its suppliers Vodafone aims to reduce emissions in the supply chain.

CDP was invited to the Vodafone Supplier Conference where Detlef Schultz, Vodafone's Global Supply Chain Management Director, launched the initiative to the strategic supply chain partners. We feel this is evidence of the fact that achieving its goal of a 50% reduction in its carbon footprint by 2020 is high on the strategic agenda and is being steered by senior management.

CDP recognises that Vodafone is setting a great example in supply chain engagement and carbon disclosure.

Paul Dickinson

CEO

Carbon Disclosure Project

May 2008



## Stakeholder Engagement

# Consumers

We engage with customers in many ways as part of our normal operations, for example through our retail outlets, contact centres and customer research.

### Reputation

Understanding the attitudes of consumers towards CR issues is critical to getting our strategy right. We run regular perception surveys across our markets to evaluate our reputation in individual markets and globally. We ask questions on a range of reputation and CR issues such as integrity, being a fair employer, community support, and environmental responsibility. The research helps identify areas for Vodafone to focus on to improve its overall reputation.

In 2007/08, we commissioned consumer research on our reputation in seven markets: New Zealand, Egypt, Spain, Romania, Portugal, Greece and Australia. This adds to research carried out in the Netherlands, the UK, Greece and Italy in 2006/07. CR perception questions are also included in our regular Brand Health Tracker research.

### Issue specific

It is also valuable to gauge consumer views on specific issues. For example, we have conducted research on mobile phones and health, privacy, content standards and mobile phone usage among young people.

In 2007/08, we surveyed families in Germany, Italy, Portugal, Spain and the UK to understand the role of technology in the family and identify key concerns for parents and children. See content standards.

We conduct research every two to three years to track public perceptions of possible health effects of radio frequency fields and understand concerns associated with our network deployment. In 2005/06, we commissioned a survey of 17,000 members of the public in 18 markets on these issues. See mobile phones masts and health and network deployment.

## Stakeholder Engagement

# Industry forums

We participate in industry forums on CR issues. We engaged with the following industry forums in 2007/08:

- High Level Group on Safer Mobile Use (on content standards)
- GSM Association (on spam, roaming transparency, mobile advertising and child pornography)
- GSM Europe
- Mobile Alliance on Child Pornography
- Global e-Sustainability Initiative (on supply chain and environment)
- Mobile Phone Partnership Initiative (on handsets recycling and e-waste)
- Mobile Marketing Association (on mobile advertising)
- Corporate Leaders' Group (on climate change)
- Business for Social Responsibility (Multi-stakeholder dialogue on Privacy and freedom of expression)
- World Business Council for Sustainable Development (on various issues)
- CSR Europe (on various issues)
- World Economic Forum
- International Telecommunications Union

## Stakeholder Engagement

# Local operating company engagement

Many important stakeholders have a local focus. For example, government officials, community representatives and customers are most interested in our activities in their own country. Our local operating companies play an important role in forming relationships with local stakeholders and learning from their views. This frequently highlights differences in issues and levels of concern between one country and another.

Local operating companies undertake a wide range of stakeholder engagement and are increasingly applying a systematic approach. This work is essential to tailor Vodafone's services and practices to the needs of local markets. Cultural norms differ greatly and our local engagement is one of the main ways we ensure Vodafone is a multi-local multi-national. Local operating company engagement is reported in the individual market CR reports.

Here are some examples of local operating company engagement:

- Vodafone Greece surveyed 265 stakeholders in 2007/08 to understand their expectations and obtain feedback on Vodafone Greece's approach. It carried out a similar survey of 150 people in 2005/06. Those interviewed included academics, corporate clients, journalists, local authorities, NGOs, and suppliers. Vodafone Greece also held two focus groups in 2007/08 for five representatives of environmental NGOs and four journalists. The research found that 85% of these stakeholders were satisfied with Vodafone Greece's overall CR strategy. Stakeholders in Greece are primarily interested in the Vodafone's performance on the environment and mobile phones, masts and health in relation to network deployment.
- Vodafone New Zealand held two stakeholder engagement sessions in July 2007. The first session on social issues included representatives from the police, driving and consumer associations, youth development and health organisations. Representatives from industry associations, local government authorities and the Ministry for the Environment attended the second session on environmental issues. Vodafone New Zealand also conducted an online employee CR survey alongside this external research.
- Vodafone UK has held focus groups for CR opinion leaders to get in-depth feedback on its CR performance and reporting for the past four years. In February 2008, 16 opinion leaders participated in two focus groups. One of these concentrated specifically on Vodafone UK's approach to environmental issues in response to feedback from opinion leaders the previous year wanting to see the company adopt a strong climate strategy

## Stakeholder Engagement

# Vodafone's response to stakeholders

We listen to our stakeholders, assess the issues raised, review our objectives, policies and programmes, and respond accordingly.

Responsiveness is one of the three key principles of the AA1000 Assurance Standard alongside materiality and completeness. We recognise that this is an integral part of our reporting process.

The table below outlines the key elements of our response to stakeholders on key issues in 2007/08.

Vodafone's response to key issues

Issues	Main stakeholders affected	Vodafone's response
Extending access to communications	Customers, governments, development agencies and communities	We continue to research the socio-economic impact of mobile and develop products with a high social value. Our focus is on enabling financial transactions, international remittances, developing low cost handsets and reducing preventable exclusion.
Mobile phones, masts and health	Customers, communities, regulators, governments, the public	Vodafone recognises there is public concern about the safety of radio frequency fields from mobile phones and base stations. We survey stakeholder opinion on how responsibly we are acting. We continue to make objective information widely available and engage openly with stakeholders on this issue.
Responsible network deployment	Communities, local councils, landlords	Our Group policy and guidelines on responsible network deployment set consistent standards for our local operating companies. We require all local operating companies to communicate with local communities and authorities and address their concerns. Vodafone continues to engage with local stakeholders in the selection and management of base station sites.

## Stakeholder Engagement

Issues	Main stakeholders affected	Vodafone's response
Earning the trust of our customers	Customers, regulators, content providers, child protection NGOs	Access controls have been installed by all local operating companies that offer age-restricted content. We published new guidelines summarising our Content Standards policies and giving advice on using mobiles responsibly. Vodafone has signed the European Framework for Safer Mobile Use by Younger Teenagers and Children and is working with EUN Schoolnet to develop an online education resource to help teachers raise awareness of these issues in schools.
Clear pricing	Customers and regulators	Vodafone Passport is now used by approximately 28 million customers in 17 markets. The average cost of European roaming calls has been cut by more than 40% and the cost of calls can be easily checked by text or online. We have made our pricing more transparent and provide information online and in brochures in-store.
Privacy	Customers, governments, human rights and civil liberties groups	Vodafone is participating in a multi-stakeholder dialogue to establish principles on freedom of expression for the industry. Privacy officers have been appointed in all local operating companies. We engage with stakeholders to seek their views on the appropriate balance between safeguarding privacy and assisting law enforcement authorities to tackle serious crime and terrorism. We are working with the European Commission on data security notification.
CR in our supply chain	Workers in developing countries, suppliers, NGOs	CR has been incorporated into our supplier qualification process across the Group. We are working with the industry to develop a common approach to CR supply chain management.
Energy use and climate change	Governments, communities, environmental NGOs	We have set a target to cut our CO <sub>2</sub> emissions by 50% by 2020. To achieve this, our main focus is on identifying opportunities to reduce energy use in our base stations and working with suppliers to improve the energy efficiency of new network equipment. We are part of the UK and EU Corporate Leaders Group on Climate Change, working with governments and industry to reduce CO <sub>2</sub> emissions.

## Stakeholder Engagement

<b>Issues</b>	<b>Main stakeholders affected</b>	<b>Vodafone's response</b>
Reuse and recycling	Customers, handset manufacturers, environmental NGOs, governments	All our local operating companies have handset recycling programmes in place. We raise awareness about handset recycling in-store and through consumer campaigns. Many of our local operating companies offer customers incentives to return phones.
Employment	Employees	Our employee strategy covers six key areas of people management. We communicate regularly with employees and measure employee engagement through our annual People Survey.
Ethics	Employees, suppliers	Our Duty to Report policy requires employees to report any violations of our Business Principles to their line manager or local HR manager. Suppliers can also report ethical concerns via an anonymous third-party hotline.
Public policy and Tax	Governments	Openness and transparency are the key elements of our approach in dealing with governments on these issues. We engage with regulators and governments on issues relevant to our industry.

# Reporting

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

We have been reporting on our CR performance and activities for eight years. Over this time, we have developed and refined our approach to reporting. In 2007/08, we moved our main CR reporting onto this website, rather than producing a printed CR report with additional information on the web as in previous years. Instead, we have produced a printed CR Review, which explains the key trends and issues affecting Vodafone, particularly as Vodafone's strategy evolves and priorities shift.

## Group web-based report

Our full CR report is now web-based. We report our performance during the year on our most material issues in the performance pages of this website. These pages are related to the year ended 31 March 2008 unless otherwise stated and are subject to independent assurance from Deloitte. Issues considered not to be material are reported within the general pages of the website.

Our signature 'we said, we have, we will' format – the cornerstone of our CR reports since 2003/04 – has been maintained in the performance pages of this website. This structure is intended to enhance the transparency and accountability of our reporting, clearly presenting to stakeholders our performance against our commitments on key CR issues.

## Navigating the web report

The structure of our web report is designed to be intuitive, based around key issues. You can access information on our website in a number of ways:

- Navigate the website using the menu on the left hand side
- Use the index of performance pages for details of our 2007/08 performance only
- Follow the links from our GRI index
- Download a pdf containing the performance pages of our 2007/08 CR Report
- Download a pdf of the full web for information about our approach to issues as well as our performance in 2007/08. (If you are thinking of printing this document in its entirety, please be aware that it is very long!)

## Group CR Review

Our Group CR Review provides a strategic review of the key trends and issues affecting Vodafone, and insights from senior management on the link between our management of CR issues and our core business strategy.

## CR Dialogues

Research papers in the Vodafone CR Dialogues series are intended to stimulate debate on specific emerging issues.

## Reporting

### Local reporting

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

### Alignment with AA1000 Assurance Standard

We aim to provide a balanced account of our performance on the socio-economic, ethical and environmental issues that are most material to Vodafone. Our approach to CR reporting is aligned with the principles of the AA1000 Assurance Standard, namely completeness, materiality and responsiveness.

### Compliance with GRI guidelines

We have benchmarked our CR reporting against the Global Reporting Initiative sustainability reporting guidelines (GRI: G3). We assess our application of the GRI reporting framework to be at level B+. See our index of conformance with the G3 guidelines and explanation of how we comply with the GRI principles.

External awards and recognition for our 2006 and 2007 CR reports

We have received a number of awards in recognition of our efforts and achievements in CR reporting, including:



- Corporate Register CR Reporting Awards: Best report 2007
- ACCA awards: Best report in 2006 and best tax and public policy reporting in 2007
- Global Accountability Rating: Ranked number one in 2006 and number five in 2007
- UNEP/Sustainability Global Reporters Survey (every two years): Ranked 7th in 2006

### Future reporting plans

We aim to improve our reporting in the future by:

- Increasing the scope of our reporting to cover new local operating companies as we integrate them
- Producing CR dialogues on more emerging issues
- Enhancing our local reporting using online media



## Reporting

# GRI compliance

We have benchmarked our CR reporting against the updated Global Reporting Initiative sustainability reporting guidelines (GRI: G3). We assess our application of the GRI reporting framework to be at level B+. See our index of conformance with the GRI guidelines.

Here we describe how we comply with the GRI reporting principles. For details on our compliance with the principles of materiality and completeness, see our application of AA1000.

## Stakeholder inclusiveness

### How we identify and respond to stakeholders' expectations and interests

In the stakeholder engagement section of this site we describe our engagement with individual stakeholder groups and on specific issues identified as material to the company. A summary of the feedback received from different stakeholders and our response to stakeholders' concerns on key issues are also included. We also publish unedited comments from stakeholders and experts on key issues in our CR report and on this website (see opinion leaders and experts).

## Sustainability context

### How we present our performance in the wider organisation's context of sustainability

Our CR management and reporting includes wider social challenges in the definition of our material issues. For example, poverty and development are key in setting the context for our strategy on access to communications and climate change is integral to our management of energy use. We describe our performance on CR issues in the context of broader sustainability goals and conditions where appropriate and where data are available. Our Group CR programme is designed to allow our local operating companies the flexibility to adapt to the demands of local culture and society.

## Balance

### How we present the negatives as well as the positives

We believe that our reporting provides our readers with a balanced view of the issues and events on which have had a material impact. Our "we said, we have, we will" approach in the performance pages of this website promotes continuity and transparency on areas where our CR programmes are less successful. In our identification of issues to report on, we are conscious not to mislead the reader through any omissions or the way information is portrayed. We clearly distinguish between factual information and our views. The principle of balance is an integral part of our application of the AA1000 principles, which has been assured.

## Comparability

### How we enable stakeholders to make comparisons year on year and with other organisations

We have maintained a consistent approach in our reporting that enables the reader to make a direct comparison of our performance over several years in most cases,

## Reporting

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both in the quantitative and qualitative information. Our distinctive approach to reporting – “we said, we have, we will” –strengthens this comparability. Any significant variation in the scope of the data is identified and explained. Where possible, we provide a table that compares performance across the Group at each of our local operating companies or we provide an industry or peer average, along with our indicators.

## Accuracy

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### **How the information disclosed is sufficiently accurate and detailed to assess our CR performance**

We have a global data collection system with over 200 key performance indicators against which we collect both quantitative and qualitative data every quarter from each local operating company, along with their financial reports. The qualitative statements made in our reporting are supported by available evidence. An explanation is provided where any errors in our reporting are discovered.

## Timeliness

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### **How the information disclosed relates to the reporting period and is available in time to make decisions**

Reporting annually on the Group’s CR performance ensures reliability and comparability. Our CR reporting cycle runs for the financial year ending 31st March. In the performance pages of this website, we do not include information on activities occurring outside the financial year in question although information may occasionally be updated up to the point of publication where appropriate, if it is of particular significance. This is clearly noted in these cases. Significant CR developments are communicated to relevant stakeholder groups throughout the year using appropriate channels at Group and local level – on our website (non-performance pages), through face-to-face meetings or through press releases.

## Clarity

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### **How we make our reporting understandable and accessible**

We make a conscious effort to provide clear and unambiguous information in our CR reporting. Our CR website is structured around the most material issues and designed to follow an intuitive structure, supported by a clear navigation and banners on featured items. Information on our CR performance and management can be accessed by looking in the appropriate issue section of this website or found through our index of conformance with the GRI reporting guidelines. We recognise that not all of our readers are experts in every subject and remove as much jargon as possible from our CR reporting. We also provide a glossary of CR and telecoms acronyms. Our printed CR Review provides a summary of our performance in the year, focusing on the link between our management of CR issues and our core business strategy.

## Reporting

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## Reliability

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### **How the preparation process ensures the quality and materiality of the information**

We are confident that the information provided in our CR reporting is reliable and that it stands up to critical examination. As part of our report preparation, each individual 'issue owner' within Vodafone is required to provide evidence of the claims made and sign off on the information reported in their section. Issue owners receive a template and guidelines on how to submit information for CR reporting purposes, explaining how to comply with the AA1000 and GRI principles.

Our CR reporting is subject to an independent assurance process by Deloitte. The assurance process is conducted at Group level through a series of interviews with the CR team and issue owners across the business and within local operating companies. Deloitte independently chooses and visits several different local operating companies each year to examine their CR activities (see assurance for a full list).

## Reporting

# Scope & Data

The data in the performance pages of this web-based Group CR report and our Group CR Review cover the year ended 31 March 2008.

### Geographical coverage

The data cover the following 17 markets in which Vodafone has a majority controlling stake: Albania, Australia, Czech Republic, Egypt, Germany, Greece, Hungary, Ireland, Malta, the Netherlands, New Zealand, Portugal, Romania, Spain, Turkey, the UK and the Group's joint venture in Italy (ownership of 76.9%) for which Vodafone is responsible for the day-to-day operations. Within the printed CR Review and this website we refer to our businesses in all these countries as 'local operating companies'.

During 2007/2008, Vodafone acquired Hutchison Essar (now Vodafone Essar) in India. We will include data from India in our reporting next year. Vodafone was also awarded a license in 2007/08 to build a mobile network in Qatar. We will report on this business in future.

### Coverage of our landline and internet service provider (ISP) businesses

Data from Arcor, our landline business in Germany, is included in the data for 2006/07 and 2007/08. Data are currently excluded from our other internet businesses, such as Tele2 in Spain and Italy, Perlico in Ireland and ihug in New Zealand.

### Boundaries of our CR reporting

Our reporting focuses on the operations where Vodafone has operational control.

The Group has joint ventures, associated undertakings and investments in the following markets: South Africa (Vodacom, 50%), US (Verizon Wireless, 45.0%), Kenya (Safaricom, 35.0%), Poland (Polkomtel, 19.6%), France (SFR, 44.0%), Fiji (Vodafone Fiji, 49.0%), China (China Mobile, 3.2%) and India (Bharti Airtel, 4.39%). Data from these are not included in our CR reporting.

The Group has approximately 1,150 owned retail operations and 6,500 Vodafone branded stores by way of franchise and exclusive dealer arrangements. Our CR data do not include the franchised retail operations.

Our partner network strategy enables Vodafone to implement our global services in new territories, extend our brand reach into new markets and create additional revenue without the need for equity investment. At 31 March 2008, we have partner markets in the following countries: Argentina, Austria, Bahrain, Belgium, Brazil, Bulgaria, the Caribbean (as listed in our Annual Report), Colombia, Croatia, Cyprus, Denmark, Ecuador, El Salvador, Estonia, Finland, Guatemala, Guernsey, Honduras, Hong Kong, Iceland, Indonesia, Japan, Jersey, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Nicaragua, Norway, Paraguay, Peru, Serbia, Singapore, Slovenia, Sri Lanka, Switzerland and Uruguay.

Vodafone does not have any equity stake in these markets and therefore these are not included in our data. However, we do work with partner networks on CR programmes, they participate in our global conferences and we prepare a monthly newsletter for them. See affiliates and partner networks.

## Reporting

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### Limitations on the scope or boundary of our CR reporting

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In our view, the boundary and scope of this website and the report addresses the full range of material economic, environmental and social impacts of the organisation.

### Data quality and estimations

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We use an online data collection process to obtain our data. All local operating companies report actual data where available. In some cases, estimation or extrapolation is required to represent our total impact, for example when electricity invoices do not match exactly with the reporting period.

### References to Vodafone

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All references to 'Vodafone', 'Vodafone Group', 'the Group', 'the Company' and 'we' within this report refer to Vodafone Group Plc and its local operating companies.

Vodafone, the Vodafone logos, Vodafone live!, Vodafone Mobile Connect, Vodafone Cash, Vodafone M-Pesa, Vodafone Money Transfer, Vodacom, Vodafone Passport and Vodafone Connect Abroad are trademarks of the Vodafone Group. Other product and company names mentioned herein may be the trademarks of their respective owners.

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

## Reporting

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# Basis for reporting

We provide detailed guidelines for our operating companies to help them understand precisely how to report the data we need to collect for both internal and external reporting.

These guidelines outline precisely the scope of each key performance indicator and provide information on where to gather data from and how to overcome potential difficulties in data collection.

Here, we are publishing for the first time our internal guidelines on data collection for operating companies:

## Reporting

# Vodafone guidelines for data gathering

These are the data gathering guidelines we provide for operating companies.

## Introduction

Reliable CR data is of key importance to Vodafone. Without good quality data, Vodafone will not comply with the AA1000 and ISAE3000 standards on CR Reporting. Being complete, transparent and meaningful can only be achieved if reported data is traceable and supported by evidence. Any initial gain in reputation will be easily lost if there is no credible measurement of performance.

## Improving Data Quality

### Data Sources Hierarchy

This section indicates a recognised hierarchy of data sources. The goal is to move the data gathering processes up this hierarchy as far as is practicable and sensible.

#### Hierarchy of sources

	Source	Example
1.	Robust internal data system, which can be reconciled to independent, third party data.	Energy data from electricity meters reconciled with consumption collated from invoices.
2.	Two internal data systems that can be reconciled.	Spreadsheet of charitable donations and finance department record of payments.
3.	Trusted, independent third party data – no internal system	Information from handset recycling contractor
4.	Robust internal data system with ability to conduct reasonableness checks	Paper consumption derived from purchasing records. Consumption per head of staff can be compared between one year and the next.
5.	Partial information system – does not provide complete data but covers a representative sample which provides a reasonable basis for extrapolation.	Incomplete data on base station energy consumption. For example, a representative proportion of base stations is fitted with electricity meters and the readings are extrapolated across the remaining network.
6.	Incomplete, unreliable data. Not adequate to support internal or external reporting.	

### Characteristics of Data

When reviewing the information gathering process for a particular data area, the following should be borne in mind:

- Completeness – are all the relevant sources of the impact/issue included in the data gathering process e.g. within energy data, are all network facilities, offices, depots, call centres and shops included? How can this be “proved”?

## Reporting

- Accuracy – is the data accurate? What controls are in place over the data to ensure that the correct data is entered into the system from its source, extracted from the system and interpreted correctly? How reliable is the original source of the data?
- Relevance – is the data collected appropriate e.g. is the source of the impact/ issue within the Vodafone Group, or clearly within the Group's area of responsibility e.g. impacts generated by contractors? Could the measurement include data resulting from the actions of an unconnected third party e.g. a co-tenant in an office? Could the measurement include data from previous or subsequent years (e.g. has correct "cut-off" between years been applied)? By considering these factors, and documenting the response, an audit trail should be generated for each item of data, such that an independent person could understand the derivation of the data, and its inherent quality, with minimum guidance. This represents an initial investment of management time but will start the process of building the data gathering process into the core business.

### Reasonableness Checks

When reviewing the outputs of the data gathering process, the following steps should be considered:

- Normalisation – whilst some items of data can be reviewed as absolute amounts, normalising the data using an appropriate denominator will improve understanding of trends and help to identify anomalies. For example, network energy consumption could be normalised on both number of base stations, and traffic. The Group CR team will work with the operating companies to define the basis for normalisation on the key parameters.
- Trend analysis – data should be compared to that collated for the previous year and any major deviation investigated, particularly where the data has been appropriately normalised. Where data is collected through out the year, this data could be compared on a monthly or quarterly basis and anomalies investigated.
- Benchmarking – where it is available, benchmark normalised data with other operating companies where "conditions" would be expected to be similar.
- Reasonableness (e.g. in the light of developments) – data should also be reviewed in the context of any major developments that have occurred during the year e.g. if there have been substantial office moves or renovations, it might be expected that the waste figure might rise. If new buildings have been purchased/occupied during the year, have the energy and water consumption figures risen (if not, have the new facilities been captured in the system)?

### Roles and Responsibilities

It is the operating company's responsibility to report data to an adequate level of quality and reliability, and thus to implement the controls indicated above, as appropriate.

It is the Corporate CR Team's responsibility to review the data supplied by operating companies in the context of the Group as a whole and to challenge data which does not appear reasonable in comparison with responses from other operating companies. Further, it is the Team's responsibility to provide up to date reporting guidance on the areas of data requested for Group-level internal and external reporting, and to define the basis for 'normalisation' to allow operating companies to compare data across key areas.



## Reporting

### Practical Aspects of Reporting

This section provides advice and support in relation to the practical processes of gathering CR-related data. Local operating companies are at different stages in the development of their reporting processes and systems and therefore this section is generic. Some operating companies may already have gone through a number of the processes discussed and some of the guidance may not be applicable to particular circumstances.

#### Data Mapping

A number of operating companies have already prepared data “maps” to assist in developing an efficient approach to data gathering. Data maps can take a number of forms although many are prepared in an Excel spreadsheet.

The purpose of a data map is to create a link from Group and local data requirements to the various relevant activities and sources of data. The map may indicate the owner of the various data streams, the quality of the data, the involvement of third parties, the types of records kept, and any cross-checks or controls over the data.

From this process, any major gaps in the data can be identified and plans developed to fill the gaps and make improvements. Data maps also provide reassurance to third party auditors that data relating to all relevant CR aspects are being addressed.

#### Identifying Barriers to Data Gathering

It is clear that some categories of data are more difficult to gather than others. All companies that have started to report on their CR performance have been faced with these issues and have had to develop strategies to improve data gathering. There are many examples of barriers to gathering CR-related data and this section identifies a number of these and provides some general guidance on how to address them. These “solutions” may not be applicable to all operating companies, and may not be implementable in the short term.

#### Management Buy-in

Gathering data will require the cooperation of several different parts of the business and, initially, may involve some investment of scarce management time and/or financial resources, for example for the purchase and installation of energy metering devices. A key message, based on the experiences of other businesses, is that an initial investment of time and resources to build a systemised approach to data gathering will greatly increase the efficiency of the process in subsequent years. This also helps to integrate our World Around Us value further into the business.

#### Waste Data

Waste data is often one of the most difficult areas in which to capture data. In countries where there is a strong private sector waste management industry, with a small number of large contractors, good quality waste data can often be obtained direct from the contractor as part of the contract conditions. As waste regulation, and taxation of waste, becomes more common across markets, the provision of waste data should also become more straightforward.

## Reporting

### Energy consumption – masts located on third party premises

In some instances, radio masts may be located on premises belonging to third parties. In these cases a rental may be charged to Vodafone which includes an amount for energy, but this amount is not separately disclosed within the overall rental charge.

Consider purchasing a number of energy meters and installing these on a sample of masts. Use the sample of metered readings to extrapolate energy use across similar masts based on normalisation against traffic. Overtime, this may also encourage the third party to make the energy charge more transparent, which in turn may allow any actual energy savings to be translated into cost savings. Metering may be more widely applicable as a means of gaining sample-based information to check the accuracy of electricity invoicing etc.

### Energy consumption – shared premises

In many cases, Vodafone office space, or retail outlets will be located in a larger office or retail complex where rental charges include utility costs (energy, water, waste disposal). In order to gather information on energy consumption, there may be a number of possibilities. For example, you can ask the building/retail complex manager if it is possible to have energy use information supplied to Vodafone or you might consider installing meters in offices and/or a sample of retail outlets and use the (normalised) data to extrapolate across other offices or shops in a similar position.

### Analysing multiple invoices

Where there are multiple energy providers providing power to multiple locations under multiple contracts across the operating company, there will be a very large number of energy invoices to analyse. To ease this situation there are a number of options to be considered. For example:

- in the medium to long term, consider moving to national or regional energy contracts – there are likely to be strong financial benefits from doing this;
- as part of the contractual process, request that the energy providers provide regular summaries (e.g. quarterly) of energy usage – it should be easier for them to do this than the operating company

## Reporting

# Vodafone guidelines for reporting energy data

Basis for reporting on specific issues:

We record the following energy data for each operating company:

### **Energy from national grid**

The amount of electrical energy, delivered through the grid, used to provide power or heat. This does not include electricity supplied from onsite generators or renewable energy supplied through the grid.

### **Other energy sources**

The amount of energy that is not sourced from the national grid, used for powering or heating. This includes energy sources such as Natural Gas (for boilers) but does not include energy from on-site generators or from the national grid. Other energy sources could include Light Fuel Oil, LPG and Heat from local heating networks.

### **Renewable Energy from National Grid**

The amount of energy purchased by the operating company under a "green" energy tariff offered by an energy provider. This does NOT include energy provided by operating company owned sources (e.g. solar panels). Where Vodafone's energy supplier provides a proportion of renewable energy as part of a statutory obligation this is also included here.

### **Renewable Energy from LOC owned sources**

The amount of energy provided by renewable sources owned by the company, such as solar or wind power. This does NOT include energy purchased under a "green" tariff offered by an energy company.

### **Diesel**

Diesel or fuel oil used for powering equipment such as on-site generators.

### **Petrol**

Petrol used for powering equipment such as on-site generators.

### **Base station sites**

Where base station sites are rented and electricity is part of a service fee negotiated with a landlord, estimates of consumption are provided based on knowledge of consumption of similar sites/types of equipment.

### **Other Network Equipment**

Mobile Telephone Exchanges (MTX)/Mobile Services Switching Units (MSC) & Data Centres.

### **Offices**

Offices and other occupied buildings. This includes offices that are owned or are currently leased by the company. This does not include retail outlets (shops). Where the network elements are co-located with offices, and the energy consumption cannot be recorded separately, an estimated split, based on the expected relative consumption of the different network elements involved is provided.

### **Retail**

Energy use for shops that are owned or leased for more than six months by each local operating company, not franchised establishments.

## Reporting

### **Diesel/Transport**

Diesel fuel used by all owned or long lease vehicles (long lease = leased for six months or more) including cars and commercial vehicles.

### **Petrol/Transport**

Petrol used by all owned or long lease vehicles (long lease = leased for six months or more) including cars and commercial vehicles.

### **Other fuel/Transport**

All other forms of fuel used by owned or long lease vehicles (long lease = leased for six months or more) including cars and commercial vehicles e.g. LPG.

### **No. of vehicles in fleet**

The number of vehicles that are used by the operating company.

### **Short haul flights**

The number (quantity) of short-haul flights (less than four hours) completed by permanent staff

### **Long haul flights**

The number (quantity) of long-haul flights (greater than four hours) completed by permanent staff

### **Approximate distance flown**

The total distance flown by permanent staff to the nearest 10,000 km. Based on an average distance for short haul and long haul based on most frequent destinations.

### **Office Floor Space**

The floor space of office buildings and other occupied buildings, whether owned or leased (lease for more than six months). Floor space does not include any external areas but does include areas such as stairways and corridors. In buildings that are also used by other organisations, such as public areas, corridors and staircases should be included as a proportion of the total space in the building used.

### **Retail Floor Space**

The floor space of retail outlets, whether owned or leased (lease for more than six months). This does not include retail outlets/shops that are franchised.

### **Energy Cost**

The financial cost of energy used throughout the company. This does not include VAT but includes fix fees, maintenance and billing fees. Costs of energy from National grid & Diesel for Radio Sites are reported separately.

### **Energy Price**

The price per unit of energy (per kWh for National Grid and per litre for diesel). For National grid it includes all fees other than VAT. For diesel it includes diesel fuel of any type but does not include delivery fees, or fuel used by fleet vehicles.

### **CO<sub>2</sub> Conversion factor**

The conversion factor to convert grid-supplied electricity into CO<sub>2</sub> equivalent. The conversion factor is expressed as Kg CO<sub>2</sub>/kWh.

## Reporting

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### **Number of sites: Diesel**

Total number of base station sites where a diesel generator is installed for back-up or 24 hour operation for powering the equipment.

### **Number of sites: Renewable Energy**

Total number of base station sites where at least one power source of the site is based on self generated renewable energy. Renewable energy is solar, wind, etc. It does not include Bio-Diesel, Fuel Cells or Renewable Energy supplied by the Grid.

## **Measurement Guidelines**

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### **Measuring energy from the grid**

Data is collected from:

- direct metering of individual sites;
- via invoices received from electricity supply companies;
- energy consumption data provided by the supply company.

#### **For offices and retail, data is also collected from:**

- direct metering of buildings (e.g. via Building Management Systems);
- energy data supplied by a landlord.

### **Measuring transport energy**

Data is collected from:

- diesel/fuel oil/petrol invoices;
- diesel/fuel oil/petrol delivery records;
- summary supply records provided by the fuel supplier(s).
- employee fuel card records/expense claims
- company purchasing records
- fuel suppliers
- flight details – from Travel Agents used by the operating company (many Agents can provide this information very easily)
- company purchasing records.

Where there is a delay in the receipt of actual data, e.g. due to billing for sites not occurring for a number of months after the time period, an estimate of the amount of energy used in that period is made

Reporting

## Responsible network deployment reporting guidelines

### Percentage of contracts not renewed during last year (property owner decision)

Any contract not renewed because of a decision taken by other party besides Vodafone (for example the landlord or a court) whether the reasons presented relate to rental fees, concerns with health effects, neighbourhood pressure or others. Also circumstances where landlords are requesting an increase of the rental fee for 100% or more should be included as this normally demonstrates a clear will to cease the relationship. Contracts which have been cancelled before the renewal date should also be included.

Do not include any contract not renewed because Vodafone decided not to use the existing infrastructure either because of commercial or technical reasons.

### Number of jurisdictional objections received as a proportion of total number of applications put forward

The number of jurisdictional objections received and issued by a Court of Law or other official channel leading to a situation where a base station is not made available or has to be relocated. (This differs from country to country because of local legislation. In some countries only Courts of Law are legitimate to issue such orders. In others local planning authorities may also do so).

This does not include any objection received from an official authority that has resulted in an appeal to a higher instance Court of Law and where final decision has not been received. This does not include any objections regarding tenure.

This includes all the decisions that we have formally appealed to a higher instance court at the moment of the report until a final decision is reached. Some of the objections may concern the previous year's submissions, especially if these submissions occur during the last months of a fiscal year. The aim is to record the number of sites that are not "on air" because we have received an official order not to proceed.

### Average time to obtain licenses after application has been put forward

This covers the time period from the moment we submit an application to planning authorities to the moment the last needed license is issued. This include at a minimum the applications over the last two quarters or the last 50 applications, whichever is greater. In some instances the application process can take months so we include last fiscal year submissions to have a better average calculation.

## Reporting

# Vodafone guidelines for reporting refrigerants and fire suppressants data

We collect data on the refrigerants or fire suppressants held within our network buildings, office buildings or retail stores (such as fire extinguishers, cooling systems), and the refrigerants and fire suppressants replenished, for example during maintenance of cooling systems.

Our local operating companies report:

- Total ozone depleting potential of the refrigerants and fire suppressants they hold
- Global warming potential of the refrigerants and fire suppressants they hold
- Total ozone depleting potential of the refrigerants and fire suppressants they replenish (e.g. during maintenance)
- Total global warming potential of the refrigerants and fire suppressants they replenish.

### Calculating Ozone Depleting Potential (ODP)

ODP is calculated as equivalent to CFC-11. To calculate ODP we multiply the mass (in kg) of refrigerant or fire suppressant by the ODP value for that substance. Thus, for the total ODP for 1,250 kg of HCFC-22, the calculation is  $1,250 \times 0.055$  (the ODP value) = 68.75 Kg of CFC-11 equivalent.

### Calculating Global Warming Potential (GWP)

GWP is calculated as equivalent to CO<sub>2</sub>. To calculate GWP we multiply the mass (in kg) of refrigerant or fire suppressant by the GWP value for that substance. Thus, for the total GWP for 1,250 kg of CFC-12, the calculation is  $1,250 \times 8500$  (the GWP value) = 10625 tonnes of CO<sub>2</sub> equivalent

## Reporting

# Vodafone guidelines for reporting waste data

This is how we define disposal, recycling and reuse:

### Disposal

Material that has been finally disposed of (e.g. to landfill or incineration without heat recovery).

### Recycling

Equipment or Material that:

- no longer has a function within Vodafone's network;
- has been broken down into its constituent parts, which are subsequently used for another purpose.

This does NOT include any wastes that:

- have been removed from operational use, but are in storage awaiting collection for recycling;
- are classified as "hazardous" or "special";
- any waste that has been reused;
- any handsets recycled as part of a handset return scheme;
- any refrigerant or fire suppressant materials.

### Reuse

Equipment or material that:

- no longer has a function within Vodafone's network in its original location;
- has been physically removed from its original location;
- is being used, for the same function, elsewhere within Vodafone's operations or by a third party.

This does NOT include any wastes that:

- are being reused within Vodafone's operations
- have been removed from operational use, but are in storage awaiting reuse by another part of Vodafone;
- are classified as "hazardous" or "special";
- any waste that has been recycled or recovered;
- any handsets reused as part of a handset return scheme;
- any refrigerant or fire suppressant materials.

We collect the following waste information across our operating companies:



## Reporting

### Total Telecommunications Equipment Waste

Equipment that is used as part of the Vodafone's operations. This does NOT include:

- any wastes categorised as implementation or civil wastes
- any wastes that are classified as "hazardous" or "special" (see below)
- any refrigerant or fire suppression materials.

### Radio Equipment

Radio Base Stations, switching equipment, exchange equipment etc.

### Air-conditioning Equipment

Air-conditioning equipment from base stations and data centres. Where airconditioning equipment is integrated into other equipment it is included in the radio equipment total.

### Masts/Antennae

Steel materials

### Cabinets/housings

Steel or other material

### Copper Wiring/Cabling

### Other

The mass of material, relating to the operation of Vodafone, that:

- does not fit into any of the above categories
- is not classified as implementation or civil waste.

### Implementation/Civil Wastes

Material that has been generated during the process of construction or decommissioning of company infrastructure. This does NOT include:

- any telecoms equipment waste (above)
- any wastes that are classified as "hazardous" or "special" (see below)
- any refrigerant or fire suppression substances.

But does include:

- Concrete (including building rubble)
- Wood
- Steel – Not including masts or cabinets.
- Plastics
- Other (Implementation Waste)

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## Reporting

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### **Hazardous Waste**

Material that has been classified as hazardous or special:

- Batteries
- Waste Oils
- Asbestos
- Other (Hazardous Waste).

### **Paper**

>70% Recycled – The mass of office paper purchased which contains 70% or more recycled fibre.

<70% Recycled – The mass of office paper purchased which contains less than 70% recycled fibre.

### **Costs relating to disposal**

The financial cost of final waste disposal in relation to waste telecommunication equipment and civil waste. This includes all contractor costs associated with final waste disposal, including incineration, reuse and recycling schemes (where reuse and recycling represents a cost to the business).

### **Revenue associated with reuse/recycling schemes**

Any revenue to Vodafone associated with waste telecommunication equipment and civil waste reuse and recycling schemes. This does NOT include any revenues arising from handset reuse and recycling schemes.

## Reporting

# Vodafone guidelines for community investment reporting

## Company contributions

### Cash Donations made for Charitable Purposes to third parties

The total amount of cash donations made by each local operating company to organisations with a charitable purpose in that country, not including cash donations by the company to the local foundation.

### Cash donations made as part of donation matching or donation supporting schemes for employees of the company

The amount of donations that the company has contributed to organisations or initiatives through donation matching schemes for employees. Only include contributions made by the company, not the amounts contributed by employees.

### Cash donations made as part of a contribution of services

The amount of cash donations to organisations with a charitable purpose through the contribution of a cash amount alongside third party donations, where the third party donation has been facilitated by a Vodafone service. For example – where the company provides a level of matching contribution where it has facilitated public donations through SMS cash donations. This does not include the amount donated by customers through this process.

### Products donated to organisations with a charitable purpose

The cost to the company of “products” of any nature donated to charitable organisations (not including Vodafone Foundations) for their use. The cost of the product is the cost to the company itself, not the product’s market value. The products may be donated on behalf of the Foundation direct to a charitable organisation, but not through the local Foundation.

### Services that have been donated

The cost to the company of services that have been donated to organisations for their use. The value is the cost to the company, not the market value of the service. This applies to all service donations such as free airtime or free SMS messaging made by the company.

### Employee Involvement

Employee time that has been donated might include secondments or employee volunteering. This is calculated from the number of hours donated and the minimum wage of a Vodafone employee in that country, including annual salary and social security charges such as national or health insurance and pension payments.

### Donations that Vodafone’s activities have “leveraged” from other companies

The total amount of money that has been donated to organisations or initiatives by third parties where this is as a direct result of company activities (“leverage”). This might include cash donated by another business or a government department to “match” a donation to an organisation or project, initiated by the company. Leverage is any additional resource attracted to a project as a direct result of actions taken by Vodafone – i.e. Vodafone’s involvement has acted as a catalyst to attract additional funds. This should only refer to instances where it is clearly Vodafone’s leadership and initiative that has resulted in the additional funds. Where an operating company has provided its SMS technology for fund-raising, customer contributions can be included within this question as leverage.

## Reporting

### Contributions to local foundations

#### Total cash donations made from the Company to the local Foundation

The total amount of cash donations made from the Company to the local Foundation. This should not include the cost to the business of providing payment of salaries or administrative support overheads.

#### Donations of products to the local Foundation

The cost to the Company of products (e.g. phones) provided to the local Foundation for donation to third parties. The amount recorded should be the cost to the company of the product and not its market value.

#### Donations of services to the local Foundation

The cost to the Company of services (e.g. free air time) provided to the local Foundation for donation to the parties. The amount recorded should be the cost to the company of the service and not its market value.

#### Donations of IT equipment to organisations with a charitable purpose

This should be the net book value of the equipment donated

### Appendix 1 – additional examples of community contributions

#### Charitable Gifts/Donations

CASH	Donations to local, national and international appeals
	Social sponsorship of causes or events with name recognition but not part of a marketing strategy
	Company matching of employee giving and fundraising
	Costs of supporting and promoting employee involvement
TIME	Costs of facilitating giving by customers and suppliers
	Employee volunteering in company time
IN-KIND	Secondments, short- and long-term
	Gifts of products from inventory at cost
	Written-down product or equipment
	Use of company premises and other resources

#### Community Investment

CASH	Memberships and subscriptions
	Grants and donations
TIME	Secondments, short- and long-term
	Other staff involvement such as technical and managerial assistance
	In-house training and placements e.g. work experience
IN-KIND	Gifts of products from inventory at cost
	Written-down product or equipment
	Use of company premises and other resources

## Reporting

### Commercial initiatives

CASH	Sponsorship of events, publications and activities, promoting brands or corporate identity
	Cause-related marketing, promoting sales
	Support for universities, research and other charitable institutions
TIME	Community-based care for consumers with special needs
	Longer-term secondments to charitable organisations
IN-KIND	Community development assignments as part of a training plan
	Gifts of products from inventory at cost
	Written-down product or equipment
	Use of company premises and other resources
	Exceptional one-off gifts of property and other assets

### Further Information

**Display of corporate logo:** If a charity acknowledges the donation by displaying the company logo or giving publicity to the company, the donation should still be reported. However, any donations attributable to the receipt of commercial benefits such as corporate entertainment cannot be counted.

**Cause-related marketing:** If the company conducts a marketing initiative using donations to a charity, it can only count the amount of the donation made directly to the charity. Additional amounts spent on promotion or advertising should not be included.

**Donations made in connection with property or mast siting decisions.** These should only be counted if made on a completely voluntary basis and not as a result of an agreement with local authorities or communities.

**Research and development donations to universities, etc.** You should only count those donations made where there is no commercial arrangement for the company to have exclusive rights to the intellectual property developed.

**Sports sponsorships.** Sponsorship of sports activities (Formula 1, football, and beach volleyball) should not be included unless separate donations are made to youth programmes associated with the sponsorship.

## Reporting

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# Vodafone guidelines for compliance reporting

### We measure:

#### **The number of prosecutions under environmental law and regulation**

The number of times an operating company has been successfully prosecuted under national or international environmental law or regulations (e.g. pollution offences such as pollution of a watercourse by diesel oil, or non-compliance with waste regulations).

#### **Amount of fines levied for environmental offences**

The total of fines levied on each operating company by regulatory bodies or Courts in relation to offences committed under environmental law or regulations.

#### **The number of enforcement notices upheld**

The number of enforcement notices upheld against each operating company by a regulatory body. An enforcement notice is a document which, by force of law, requires the operating company to undertake an action to address a particular environmental matter. We record the level of any fines imposed and incidents which are being appealed against, or have been postponed.

#### **The number of violations of planning regulations upheld in relation to masts**

The number of violations of planning regulations in relation to masts upheld against each operating company.

# Assurance

We believe that independent assurance of our CR reporting helps to improve credibility externally and make our reporting systems more robust internally.

Assurance has enabled us to develop a more structured way of identifying and managing the priority issues and responding to stakeholders appropriately. The need for objective criteria has helped us to be more rigorous in selecting the issues to report on, how we report progress against our own targets and how claims are made.

## Our CR external assurance journey

Assurance subject matters	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Formal Assurance through an independent third party provider</b>						
CR systems, structure and procedures → CR Report		Issues based assurance to specific CR programmes	AA1000 AS Limited assurance (ISAE3000)	AA1000 AS Limited assurance (ISAE3000)	AA1000 AS Reasonable assurance (ISAE3000)	AA1000 AS Reasonable assurance (ISAE3000)
Progress on commitments →	Agreed upon procedures (ISSR4400) GROUP +1 *LOC	Limited assurance (ISAE300) GROUP +4 *LOC *Quest to all others	Limited assurance (ISAE300) GROUP +6 *LOC *Quest to all others	Limited assurance (ISAE300) GROUP +6 *LOC *Quest to all others	Limited assurance (ISAE300) GROUP +4 *LOC *Quest to all others GRI B+	Limited assurance (ISAE300) GROUP +4 *LOC *Quest to all others GRI B+
<b>Direct Stakeholder Commentary</b>						
Most material issues				5 opinion leaders (NGOs, experts) on most material issues	8 opinion leaders (NGOs, experts) on most material issues	

\*LOC = Local operating company

\*Quest = questionnaire

## Independent assurance

The performance pages of this web report are independently assured by Deloitte & Touche LLP (Deloitte). Vodafone currently seeks formal independent assurance on three key areas:

- whether our approach aligns with the three principles of the AA1000 AS (completeness, materiality, responsiveness) (reasonable assurance)
- application level and reporting in accordance with the Global Reporting Initiative 2006 Sustainability Reporting Guidelines (reasonable assurance)
- progress against our own commitments (limited assurance).

## Assurance

Reasonable assurance for AA1000 and GRI allows the assurers to report their conclusions in positive language (“In our opinion, in all material respects...is fairly stated”) rather than the negative language (“nothing has come to our attention that causes us to believe ... is not fairly stated, in all material respects”) of limited assurance.

This external independent assurance is conducted in accordance with both the AA 1000 Assurance Standard and the International Standard on Assurance Engagements 3000.

### Assurance scope

The assurance provided on this report covers reporting of Group CR performance in the performance pages of this website. This covers all our local operating companies with the exception of the recent acquisition of Vodafone Essar in India.

The webpages included within the assurance scope have been marked with ‘This webpage was part of Deloitte’s CR report assurance scope’. Other pages within the Group CR web section are not included within the assurance scope.

Neither an audit nor a review by Deloitte & Touche LLP provides assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the CR information since first published. These matters are the responsibility of the Directors but no control procedures can provide absolute assurance in this area. Legislation in the UK governing the preparation and dissemination of corporate and financial information differs from legislation in other jurisdictions.

See also the assurance report by Deloitte & Touche LLP (Deloitte), which outlines the specific scope and procedures.

### Assurance process

Every year a number of operating companies are selected by the assurers to visit. These are selected independently, based on the size of the operating company and the potential risks of the region where it operates. New local operating companies are also integrated in the CR reporting and assurance system. The local operating companies visited by the assurers were:

- 2007/08: Australia, the Netherlands, Spain and Turkey
- 2006/07: Czech Republic, Germany, Italy and Romania
- 2005/06: Egypt, Greece, Ireland, Japan, Spain and the UK
- 2004/05: Australia, Germany, Hungary, Italy, Japan and the Netherlands.

If considered necessary, the assurers may use teleconferences and questionnaires to gather information about LOCs they do not visit in person. The assurers also meet the people responsible for Vodafone’s material issues at global level (known as issue owners). In 2007/08, the assurers met with more than 25 issue owners. See the full list of our CR issue owners.



## Assurance

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### Views from experts

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We also seek assurance from independent experts on the issues most material to our business. This provides the reader with an independent view of the status of each issue, our performance and the challenges we face. The stakeholders and experts are chosen according to their area of expertise, the reputation of their organisation, their independence and the ability to provide constructive criticism. See views from experts for their unedited comments.

- Download the letter we send to these experts.

### Internal assurance

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A range of CR questions is included in our internal audit control questionnaire, which is completed by all our local operating companies once a year and signed off by their chief executives. The results are reported to the Vodafone Group Plc Board of Directors.

## Assurance

# Our application of AA1000

Our approach to CR management and reporting is to focus on the most important issues. Our reports are aligned with the principles of the AA1000 Assurance Standard. These are:

- **Completeness:** Clearly identifying our stakeholders and understanding their views and concerns fully.
- **Materiality:** Assessing the relative importance of each issue to determine the content of our CR reports.
- **Responsiveness:** Responding to challenges and concerns.

## Completeness

We identify our stakeholders by assessing who is impacted significantly by the Company and who can have an impact on the Company. Stakeholder engagement within local operating companies and at Group level helps us understand the issues of concern to our stakeholders.

Over the last five years we have invested significant resources in stakeholder engagement through various approaches. We have held one-to-one meetings, participated in partnerships and conducted opinion surveys. In addition, we use focus groups to obtain opinion leader views on our reporting and carefully record any gaps or deficiencies identified. As a result we have a good understanding of the issues we face and are confident that our reporting addresses the main concerns and areas of interest of our stakeholders.

We have refined our approach to engagement to focus on specific emerging issues. This allows a more in-depth conversation with the people that have a real stake and particular expertise on a specific issue. Focused dialogue helps us identify solutions to new issues and provides our stakeholders with the opportunity to influence our thinking. We call this approach, 'CR Dialogues'.

## Materiality

There is no commonly accepted basis for comparing the significance of one issue with another. Nevertheless it is important to be able to prioritise effort and resources. To make these judgements we assess the extensive list of issues for significance based on the level of concern and interest among stakeholders most affected by our operations as well as the current or potential impact on Vodafone.

The assessment process is not an exact science and requires judgment. Our assessment at the end of March 2007 indicated that the most material CR issues for Vodafone Group are: access to communications, mobile phones, masts and health, responsible network rollout, content standards, clear pricing, privacy, CR in our supply chain, energy use and climate change, reuse and recycling, employees, ethics, public policy and tax.

## Assurance

As well as judging the relative materiality of all the issues in our 2007/08 CR reporting, we have also applied the materiality test within our reporting of each CR issue. The most material developments relevant to each issue this year are disclosed in the performance pages of this website. Other issues judged to be less material are reported elsewhere on the website. Local issues are reported by individual local operating companies that produce local CR reports.

## Responsiveness

Based on feedback from our stakeholders, we are able to explore issues in more depth and respond to them with solutions and actions. Where possible, we make an appropriate commitment and publish it in our CR reporting. On occasion we do not agree with a criticism or we are not able to respond with a solution. In this situation we explain our view clearly and publicly.

See Vodafone's response to stakeholders on key issues in 2007/08.

In 2006/07, our assurance provider made recommendations in several main areas. Our response to these recommendations is outlined below:

**Recommendation:** In an environment of increased sharing of networks with other operators, guidelines should be developed to set out how the various related data streams (e.g. energy, waste) are measured and reported.

**Response:** Our Responsible Network Deployment Guidelines have been integrated in the Network Sharing and Outsourcing manuals (see our network).

**Recommendation:** Compliance with Group guidelines is core to the achievement of certain CR goals; consideration should be given to undertaking more compliance audits.

**Response:** We have put more focus on compliance at issue level. For example, we have done audits on compliance with our Radio Frequency and Privacy policies. More compliance audits on other issues will follow.

**Recommendation:** A more formal means should be sought of periodically confirming that the behaviour of employees is in adherence to the Business Principles.

**Response:** We have introduced a new Duty to Report policy which requires employees to report any suspected breaches of our Business Principles. If they do not report this, they may face disciplinary action. We investigate all incidents reported. See Ethics performance 2007/08.

**Recommendation:** The Group Supply Chain Management team have done an excellent job of rolling out the Code of Ethical Purchasing to the top global suppliers; more work is now required with local suppliers.

## Assurance

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Response: We have established a global virtual team with members from a wide range of global and local departments outside supply chain and CR. The team's objective is to develop and be responsible for the delivery of Vodafone's strategy and commitments on managing CR issues in the supply chain. We have set up a dedicated work stream to engage all local supply chain and CR colleagues. This has focused on identifying the CR challenges faced by our local supply chain teams, as well as the opportunities and existing best practice within our local operations and the industry. See supply chain performance 2007/08.

Recommendation: There needs to be closer alignment and interaction between CR and Marketing teams at local operating company level to further assist in earning the trust of customers.

Response: We acknowledge this has been a traditional challenge. This year we have launched several CR campaigns on CR issues in most our markets. Our Group Brand Director presented to our local CR managers in July 2007 and our CR and Brand teams are working together to integrate CR further into the Vodafone brand. We envisage further integration in the future.

Assurance

# Assurance Statement

We want our reporting to be objective and credible. The following independent third party statement relates to the performance pages of this website.

## Independent assurance report by Deloitte & Touche LLP to Vodafone Group Plc on the web-based Group Corporate Responsibility Report for the 2008 financial year

### What we looked at: scope of our work

Vodafone Group Plc ('Vodafone') has engaged us to give assurance on:

#### Reasonable assurance:

1. AA1000 assurance: managing and reporting Corporate Responsibility ('CR') performance 2007/08 – their description on the webpage 'Our application of AA1000' of using the principles of:
  - completeness (the way that stakeholders are identified and their views and concerns are understood),
  - materiality (the list of issues which Vodafone considers to be most material to its business); and
  - responsiveness (the response to stakeholder feedback on key CR issues)

as set out in the AccountAbility 1000 Assurance Standard (AA1000 AS) in the managing and reporting of their CR performance for 2007/08 (as reported in the web section on 'Our performance 2007/08');

2. GRI assurance: using the Global Reporting Initiative 2006 Sustainability Reporting Guidelines ('the GRI guidelines') in preparing the report – their self-declaration on the webpage 'Reporting' that they have applied the GRI guidelines at level 'B+' in preparing the report; and

#### Limited assurance:

3. Progress against targets – their reported progress against their 2006/07 commitments on the webpage 'Performance and commitments'.

The webpages included within the assurance scope have been marked with 'This webpage was part of Deloitte's CR report assurance scope'. Other pages within the Group CR web section are not included within the assurance scope.

### What we found: our assurance opinion

Reasonable assurance opinion:

In our opinion, in all material respects:

1. Vodafone's description on the webpage 'Our application of AA1000' of their alignment to the AA1000 AS principles of completeness, materiality and responsiveness in reporting their performance for 2007/08 in the web section 'Our performance 2007/08' is fairly stated.
2. Vodafone's self-declaration on the webpage 'Reporting' that they have applied the GRI guidelines at level B+ is fairly stated.

## Assurance

### Limited assurance conclusion:

3. Based on the assurance work, nothing has come to our attention that causes us to believe that the reported progress against Vodafone's 2006/07 commitments on the webpage 'Performance and commitments' is not fairly stated.

### Our further comments

In accordance with the requirements of the AA1000 AS and without affecting our assurance opinion, Vodafone has also asked us to provide our key observations and recommendations for improvement.

### Improvements made since 2006/07

Vodafone has made the following key improvements in managing and reporting its CR performance since last year:

- Announced a target to reduce CO<sub>2</sub> emissions by 50% by 2020 against its 2006/7 baseline of 1.23 million tonnes;
- Established the Vodafone Corporate Responsibility Expert Panel – a forum for key stakeholders who are experts on CR issues important for Vodafone;
- Rolled out a "Duty to Report" policy requiring all employees, contractors and suppliers to report any ethical concerns; and
- Increased CR capability in the China region by basing two CR-qualified auditors within the purchasing team in the new supply chain offices in Beijing and Hong Kong.

### Areas to consider for further improvements

Our key recommendations to Vodafone for future improvement in managing and reporting CR are related to the following areas:

Increasingly local operating companies are signing up to codes of conduct covering a variety of activities in their market places; consideration should be given to undertaking compliance auditing in order to ensure that codes are being adhered to;

- Contractors, outsourcing partners and joint venture arrangements are an increasing part of how Vodafone does business. A systematic process should be developed to measure and monitor their CR performance in areas which are important to Vodafone, such as health & safety;
- Around the world Vodafone conducts a large part of its business through partner networks and affiliates; the Group CR team is actively engaged with a number of these on CR issues but consideration should be given to increasing formality in the measurement and monitoring of their performance;
- The acquisition of what has become Vodafone Essar in India will present a number of CR challenges which will make it important that sufficient resources are allocated to both developing their CR strategy and, over time, bringing their CR performance in line with other local operating companies; and
- As a "total communications" provider rather than a mobile telephony company, Vodafone will need to ensure that sufficient focus and resources are targeted at the different CR issues which this introduces and existing ones that become more important, particularly given the issues of privacy and content standards which access to the internet gives rise to.

## Assurance

### What standards we used: basis of our work and level of assurance

Our work was carried out by a multi-disciplinary team of CR assurance specialists in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) and AA1000 AS.

For the AA1000 and GRI assurance we were asked to perform reasonable assurance procedures. Considering the risk of material error, we planned and performed our work to obtain all the information and explanations we considered necessary to provide sufficient evidence that Vodafone's description of their approach to AA1000 AS and their self-declaration of compliance with the GRI guidelines were fairly stated.

The evaluation criteria used for the AA1000 assurance were based on the AA1000 AS principles of materiality, completeness and responsiveness and Vodafone's application of these principles in preparing the reported performance for 2007/08, as described on the webpage 'Our application of the AA1000'. This subject matter and criteria were primarily of a qualitative nature, assessing whether the reporting provides the main audience for the Group CR Report a useful understanding of Vodafone's CR approach taken as a whole. To perform this evaluation, limited review of reported quantitative performance information and, where relevant, review of the supporting evidence for such information have been performed. However, it does not include specific testing of the accuracy and does not provide assurance of the reported performance indicators in the Group CR Report.

For the reported progress against targets we were asked to perform limited assurance. To achieve limited assurance, ISAE 3000 requires that we review the processes, systems and competencies that deliver the information for the reported progress against targets. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls. This provides less assurance and is substantially less in scope than reasonable assurance.

### What we did: our key assurance procedures

Our key procedures included:

- interviewing more than 25 managers at Vodafone's head office, including the Group CR team and those with operational responsibility for the issues which the Group CR Report covers;
- visiting four local operating companies (Australia, the Netherlands, Spain and Turkey), interviewing local CR teams and those with operational responsibility for relevant local CR issues covered in the Group CR report and gathering information about one further local operating company using interview and questionnaire;
- reading and analysing public information relating to Vodafone and industry CR practices and performance during the year;
- analysing and testing on a sample basis the Company's processes relating to:
  - stakeholder identification, engagement and responsiveness;
  - management commitment and the governance structures used for managing CR;
  - implementation of CR-related policies, codes of conduct, internal audit and other monitoring activities;

## Assurance

- collation, aggregation, validation and reporting of CR performance data including relevant GRI guidelines; and
- reporting progress made against 2006/07 commitments.
- reviewing the development process for the CR Report, including the selection of material issues;
- checking that the GRI conformance index (available at [www.vodafone.com/responsibility/gri](http://www.vodafone.com/responsibility/gri)), for each of the standard disclosures required by the GRI guidance required at level 'B+', contains the relevant indicator or an explanation is given as to why it is not relevant to Vodafone; and
- reviewing the content of the report against the findings of our work and made recommendations for improvement where necessary.

### Responsibilities of Directors and independent assurance provider

#### Vodafone's responsibilities

The Directors are responsible for the preparation of the Group CR Report and for the information and statements contained within it. They are responsible for determining Vodafone's CR objectives and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

#### Deloitte's responsibilities, independence and team competencies

Our responsibility is to independently express conclusions on the three subject matters specified by Vodafone set out above.

We complied with Deloitte's independence policies, which address and, in certain areas, exceed the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants. We have confirmed to Vodafone that we have maintained our independence and objectivity throughout the year, and in particular that there were no events or prohibited services provided which could impair our independence and objectivity in the provision of this engagement.

Our report is made solely to Vodafone Group Plc in accordance with our letter of engagement for the purpose of the Directors' governance and stewardship. Our work has been undertaken so that we might state to Vodafone those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Vodafone Group Plc for our work, for this report, or for the conclusions we have formed.

This report provides no assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the information. These matters are the responsibility of the Directors of Vodafone Group Plc.

Deloitte & Touche LLP  
London, United Kingdom  
11 June 2008



# Ethics

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 set a policy of zero tolerance on bribery and corruption. Our Anti-corruption Compliance Guidelines help ensure employees comply with all applicable anti-corruption laws and regulations. We have also introduced an anti-bribery online training course.

## Awareness

Embedding the Business Principles across the Group is vital to ensure they are effectively applied. Individual local operating company Chief Executives are responsible for ensuring application of our Business Principles in their companies. This is part of the process of embedding CR within Vodafone.

Our Duty to Report policy ensures all employees are aware of their obligation 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. We are working to ensure our suppliers also comply with the Business Principles through our Code of Ethical Purchasing and supplier assessments.

## Ethics

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### Reporting violations

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Employees can report any potential violations of the Business Principles to their line manager or local human resources manager in the first instance. Alternatively, they can raise concerns anonymously to our Group Audit Director or our Group Human Resources Director via an online whistle-blowing system. For more information on violations reported in 2007/08, see our performance.

Our Duty to Report policy applies to suppliers and contractors as well as employees. Concerns can be reported either by contacting Vodafone's Group Fraud Risk & Security Department directly, or via a third party confidential telephone hotline service. The line is available 24 hours a day. All calls are taken by an independent organisation with staff trained to handle calls of this nature.

Vodafone is committed to completing a timely investigation, follow-up and resolution of all issues reported. Any cases of fraud reported relating to more than €20,000, or affecting two or more operating companies, are referred to Group Fraud, Risk and Security. Operating companies deal with smaller cases locally.

## Ethics

# Business Principles

Vodafone's success flows from our commitment to sound business conduct and the way we interact with our key stakeholders (shareholders, employees, customers, business partners and suppliers), government and regulators, communities and society, and the environment.

As a global business, 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 commitments we make to our stakeholders.

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 will seek to promote the application of our Business Principles.

We understand that we will be judged on whether we live up to our Business Principles. We will share good practice across Vodafone as we strive for continuous performance improvement. We will measure, review and report openly on our performance against our Business Principles.

1. **Value Creation.** We believe that competition in a market economy, pursued in an ethical way, is the best way of delivering benefits to our stakeholders.
  - We are committed to providing the best possible return for our shareholders.
  - The criteria for our investment decisions, acquisitions and business relationships will be primarily economic but they will also include social and environmental considerations.
2. **Public Policy.** We will voice our opinions on government proposals and other matters that may affect our stakeholders but we will not make gifts or donations to political parties or intervene in party political matters.
3. **Communications.** We will communicate openly and transparently with all of our stakeholders within the bounds of commercial confidentiality.
4. **Customers.** We are committed to providing our customers with safe, reliable products and services that represent good value for money.
  - We will work to understand, anticipate and respond to the needs of our customers and to provide them with innovative products and services.
  - We value the trust our customers place in us and will safeguard the information provided to us in accordance with relevant laws.
5. **Employees.** Relationships with and between employees are based upon respect for individuals and their human rights.
  - We will pursue equality of opportunity and diversity through our employment policies.
  - We will encourage our employees to reach their full potential through training and development.
  - We will promote employee participation in share incentive plans.
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## Ethics

- 6. Individual Conduct.** We expect all our employees to act with honesty, integrity and fairness.
- No form of bribery, including improper offers or payments to or from employees will be tolerated.
  - All Vodafone companies, their directors and employees must comply with the provisions of all applicable domestic and international laws, standards and principles relating to anti-corruption, including the Applicable Laws and Regulations
  - All employees are expected to avoid any contacts that might lead to, or suggest, a conflict of interest between their personal activities and the business of Vodafone.
  - All employees are expected to avoid accepting hospitality or gifts that might appear to place them under an obligation.
- 7. Environment.** We are committed to sustainable business practices and environmental protection.
- We will use finite resources carefully.
  - We will promote the use of operational practices that reduce the environmental burden associated with our activities.
  - We will support innovative developments in products and services that can offer environmental and social benefits.
- 8. Communities and Society.** We accept our responsibility to engage with communities and we will invest in society in a way that makes effective use of our resources, including support for charitable organisations.
- 9. Health and Safety.** We are committed to the health and safety of our customers, employees and the communities in which we operate.
- We will disclose any information that comes to our knowledge, which clearly demonstrates that any of our products or services breach internationally accepted safety standards or guidelines.
- 10. Business Partners and Suppliers.** We will pursue mutually beneficial relationships with our business partners and suppliers.
- We will seek to promote the application of our Business Principles by our business partners and suppliers.

## Ethics

# Performance 2007/08

## We have:

### Introduced a Group Duty to Report policy

Rolled out in April 2007, the new policy requires all employees, contractors and suppliers to report any ethical concerns. The policy makes it mandatory to report incidences of dishonesty. Failure to report a concern could lead to disciplinary action. The Duty to Report Policy is consistent with European and universal human rights standards, the UK Public Interest Disclosure Act and the US Sarbanes-Oxley Act.

### Launched a Group-wide security awareness programme

Our new security portal within the Vodafone global intranet lists all our security policies and outlines lessons learned from previous investigations. It is updated monthly and includes an e-learning tool to raise employee awareness of ethical issues. The 'teach and test' training module enables employees to improve their level of security awareness. We rolled out this programme to employees in all operating companies in 2007/08. Security awareness is also now included in induction training for new employees. We have appointed a Group Security Awareness Advisor to oversee this programme. So far, 800 employees have used the 'teach and test' module and this number will rise when we make it mandatory in 2008.

### Introduced an anti-corruption training programme

The online course explains to employees how to ensure they comply with Vodafone's anti-corruption policy and relevant business principles, and anti-corruption law as it applies to Vodafone. Over 582 employees from 11 operating companies have registered for the course since it began in 2007/08, 282 of whom had completed the course by 31st March 2008.

### Surveyed employees on how ethical our business is

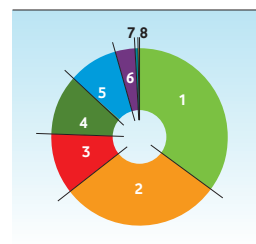
In our people surveys, we ask our employees to rate Vodafone on being ethical in its business dealings. Of those surveyed in the 2007 Vodafone People survey, 74% rated Vodafone positively for being ethical in its business dealings, down from 75% in 2005.

### Continued to monitor and tackle cases of internal fraud

A total of 615 reported cases of breaches of ethics, internal fraud or other internal dishonesty resulted in 429 employees and 186 contractors being dismissed or receiving their final warning in 2007/08, compared with 445 the previous year. Of these 615 cases, 7 related to incidents of fraud exceeding €20,000. The remaining 608 disciplinary cases related to incidents below the value of €20,000. A considerable number of these incidents (216 cases) related to theft of money or handsets, SIM cards and other equipment. Other incidents involved manipulation of customers' accounts (182 cases) and unauthorised release of customer information (67 cases).

The increase in reported cases of internal fraud is due to improved reporting methodology across the Group. Each operating company now reports monthly by business area and by type of fraud or crime. This enables us to identify and share best practices across the Group. We will use this information to roll out an internal fraud and crime reduction and awareness programme to all operating companies from April 2008. This will tackle the issues of opportunity, motivation and rationalisation of fraud.

Internal fraud by type (%)



- 1 Theft of money or assets – 35.2%
- 2 Manipulation of customer account – 29.6%
- 3 Unauthorised release of/access to customer or company data – 10.8%
- 4 Other – 10.8%
- 5 False documents/reporting for commission or reward – 9.3%
- 6 Procurement – 3.4%
- 7 Payroll fraud – 0.7%
- 8 Technical fraud – 0.2%

## Ethics

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### **Investigated 55 reported security issues**

Reported issues included cases of fraud by employees or airtime and handset dealers, collusion between employees and dealers, ethical issues within the supply chain and passing of commercially sensitive material.

Of these, 15 investigations related to phishing scams (trying to obtain important information) targeting Vodafone, its employees or customers. This has become a security awareness issue and we have published advice on our website: <http://www.vodafone.com/start/misc/scams.html> on how to report these scams to law enforcement authorities.

# Human rights

Every man, woman and child is entitled to fundamental human rights, defined by international conventions such as the UN Universal Declaration of Human Rights.

Vodafone's commitment to human rights is embodied in our Business Principles. We respect and comply with all human rights legislation, regulations and standards in the countries where we operate. We welcome the work of the UN Special Representative on Business and Human Rights to help business build its understanding of human rights and explore the ways it can contribute.

We are committed to upholding the human rights of our employees, customers and the people working in our supply chain.

## Employee human rights

Vodafone is committed to protecting and enhancing the human rights of our employees. Our Group employment policies are consistent with the UN Universal Declaration of Human Rights and the International Labour Organization's Core Conventions. They require consistent standards across the Company.

We recognise the rights of our employees to freely choose to join trade unions or similar external representative organisations. Where representation by trade unions is conferred automatically by legislation, these rights will be upheld. Local operating companies will respect the wishes of the majority of their employees in deciding whether to recognise a trade union to negotiate terms and conditions of employment, where legislation permits. We seek to work in a constructive partnership with recognised trade unions in the best interests of employees, shareholders and customers.

Vodafone does not tolerate child labour, forced or compulsory labour. Our employment policies also cover a range of related issues including health and safety, and equal opportunities and diversity.

## Customer human rights

We believe that access to communications technology can support greater freedom of expression. However, new technology brings new challenges and the need to balance the right to freedom of expression with the protection of vulnerable groups, such as children.

Our customers entrust us with their personal information and the confidentiality of their private communications. The way we handle this information is a vital part of our responsibility to customers. Faced with increasing demands for surveillance in the fight against serious crime, we are sometimes called upon to assist law enforcement agencies in the interests of protecting public safety or security.

Vodafone is participating in a multi-stakeholder engagement process to draft principles on freedom of expression and privacy for the ICT industry. See privacy.

## Human rights

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### Human rights in our supply chain

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With an extensive global supply chain there is a risk that some suppliers or subcontractors might not meet acceptable standards of working conditions and human rights.

Vodafone's Code of Ethical Purchasing sets out the labour, health and safety, ethical and environmental standards we expect our suppliers to meet. The Code is based on Vodafone's values and international standards, including the Universal Declaration of Human Rights and the International Labour Organization's Conventions on labour standards. See supply chain.



# 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. Vodafone believes 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](mailto:responsibility@vodafone.com). The views expressed on this website and in our Corporate Responsibility review are consistent with the views presented by Vodafone to governments.

For more on our engagement on public issues in 2007/08 and a summary of our positions, see performance.

## Public policy principles

All engagement with governments and regulators is subject to our Group Public Policy Principles.

The principles cover:

- Political donations
- The nature and disclosure of our policy positions
- Funding of corporate events to which public officials are invited
- Employee conflicts of interest
- Adherence to principles by external advisors
- Membership of trade associations.

Industry associations and international organisations

We work with key industry trade associations on public policy issues. Vodafone is a member of:

- World Economic Forum
- GSM Association
- GSM Europe
- International Telecommunication Union

## Public policy

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### Political donations

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It is Vodafone's Group policy not to make political donations or support particular party political interests, and does not participate in public policy activities in which it has no legitimate business interest.

### Local engagement

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Public policy engagement takes place within local operating companies and at Group level. The public policy agenda differs in detail between countries, depending on the local context. We are developing a programme to increase engagement activity in all local markets to increase our public participation.

## Public policy

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# Performance 2007/08: engagement on public issues

## General industry issues

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In 2007/08, we engaged with regulators and governments mainly focusing on the following issues relevant to our industry:

- International roaming
- Call termination
- Spectrum
- Universal service
- Data security.

## Corporate responsibility issues

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We also engaged with them on CR-related issues such as content standards, universal service, data security and climate change. Here we outline Vodafone's position on these issues.

### Content standards

Together with other mobile operators, we developed the European Framework for Safer Mobile Use by Younger Teenagers and Children. This self-regulatory code commits mobile operators to classify commercial content and offer access controls where services include adult commercial content; to contribute to education and awareness raising on these issues; and to combat illegal content in the EU.

Building on commitments set out in the Safer Mobile Framework, Vodafone is leading a pan-European education initiative with online education resource, EUN Schoolnet, to develop awareness-raising material for use by teachers. Vodafone has also worked with the GSMA to establish the Mobile Alliance Against Child Sexual Abuse Content. For more information on these initiatives, see content standards.

### Universal service

Universal service means ensuring that consumers have access to communications services, regardless of income, geography or disability. Vodafone believes that universal service should be achieved through market competition and by removing regulatory barriers to provision within European markets. We encourage market-based mechanisms to extend competitive supply of mobile telephony to more rural areas.

Many people with disabilities already benefit from mobile services, including people who are deaf or hard-of-hearing benefiting from SMS communication – which is now a mainstream service. However, some groups remain excluded.

## Public policy

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Vodafone is recommending a new approach to the EU that would require all communications providers to offer at least one product or service designed to meet the needs of key disabled customer groups. We are also participating in the European Union's e-Inclusion initiative to reduce exclusion from ICT services.

Vodafone provided input to the proposed amendments to the EU regulation on 112 emergency services access, including access for deaf and disabled customers. We work with the European Commission on how e112 services – to provide caller location information to 112 operators – and automatic emergency calls from vehicles involved in a crash could be implemented.

See accessibility for more on Vodafone's approach to these issues.

### Data security notification

Identity theft is a growing problem. We want to reassure our customers that their security is protected. Vodafone supports the European Commission's efforts to strengthen security and privacy, and increase industry's obligation to notify consumers of security breaches.

We would like the Commission to consider a self-regulatory approach, at least initially, enabling the industry to use its experience to develop appropriate safeguards. We believe that notification of security breaches should be limited to incidents that involve the risk of harm being caused to the individual and only those groups of individuals at risk should be notified. Some exemptions may be necessary, particularly where notification may be contrary to the interests of national security.

### Climate change

As part of the EU Corporate Leaders Group (CLG) on Climate Change, Vodafone is lobbying in support of the EU's climate targets – to cut carbon emissions by 20%, generate 20% of energy from renewables and improve energy efficiency by 20% by 2020. The CLG's vision is for the EU to meet its 2020 targets in a way that provides long-term economic and competitive benefits of European business.

### Socio-economic potential of mobile

We believe mobile can boost economic growth and prosperity through the business benefits it brings. It also brings social benefits, connecting communities and helping to alleviate poverty. See socio-economic impact for more on how Vodafone is realising this potential.

## Broader public issues

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Vodafone also seeks to help governments meet their objectives on a number of issues of broader public interest.

These include:

- Employment
- Innovation and prosperity
- Public service delivery and effectiveness
- National and public security.

## Public policy

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### Regulation update 2007/08

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Our local operating companies are generally subject to regulation governing the activities of our industry in individual countries, as well as general competition (anti-trust) laws applicable to all activities.

Updates to regulations in 2007/08 include:

- European Union
- Spectrum
- International Roaming
- Regulation in Vodafone's markets
  - Europe
  - EMAPA

See our Annual Report for further details.

# Tax

We believe it is important to state clearly and precisely our views on tax in the context of corporate responsibility. We believe our obligation is to pay the amount of tax legally due and to observe all applicable rules and regulations in all of the territories in which we operate. Within this agreed obligation, we have a responsibility to our shareholders to legally minimise and control our tax costs. We accept that some may not share this view and believe that transparency regarding our position on this point is the best policy.

In meeting our legal tax obligations, we must operate within clear, agreed ways of working. This includes:

- operating in a manner that is consistent with appropriate conduct and behaviours
- contributing to shaping the tax environment where we operate
- being transparent and accountable.

Our approach to achieving these objectives is outlined below.

## Code of conduct

Vodafone is committed to acting with integrity and transparency in all tax matters. We operate within a clearly defined Group Tax Code of Conduct which sets out the principles, responsibilities, conduct and approach to working relationships of all tax professionals working in (and with) Vodafone. We expect our employees and advisers to behave with integrity and maintain the highest professional and ethical standards in line with our Code of Conduct. Vodafone does not condone tax evasion (using illegal means to reduce taxes payable) in any circumstances.

This expectation is reinforced by our Tax Team Behaviours, against which individual performance is evaluated to ensure accountability.

## Contributing to the debate

Vodafone is willing to, and frequently does, contribute to both formal and informal consultations with tax authorities on the introduction and clarification of tax law. We engage in dialogue on current or future tax law by presenting our position to inform the debate.

Our main focus is on direct engagement with tax authorities and lawmakers (see performance 2007/08). We also contribute to the funding of the Oxford University Centre for Business Taxation, based at the Said Business School, which undertakes academic research into the structure of business taxation and its economic impacts.

## Tax

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### Accountability and transparent communication

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Vodafone has developed and operates within a clear governance framework to ensure accountability in tax matters. This framework is communicated to and understood by all individuals and teams responsible for tax at Vodafone from the Board down. Appropriate controls are in place to ensure compliance.

We aim to provide transparent and accessible communication to enable others to understand our tax strategy and the economic impact of taxation on our business. Vodafone has received several awards for tax reporting (see box). We aim to build open and honest relationships in our day-to-day interaction with tax authorities.

For more information on our recent activities, see tax performance 2007/08.

### Tax reporting awards

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Our transparent reporting on tax has been recognised externally. Vodafone won the PricewaterhouseCoopers Building Public Trust Reporting award for this in 2007 and was highly commended in 2006. We also won the ACCA award for best CR report in 2006 and for tax and public policy reporting in 2007.

# Tax: performance 2007/08

## We have

### **Developed Tax Team Behaviours based on our Tax Code of Conduct**

Our Tax Team Behaviours outline our expectations of our tax employees and are used as formal assessment criteria in individuals' performance reviews within our Group tax function. This helps us ensure everyone in the tax team is accountable for their actions.

### **Agreed principles for ways of working with tax authorities**

Our tax teams have agreed principles for interaction between Vodafone representatives and tax authorities in several countries, including the Netherlands and the UK. The principles will ensure all parties can be held accountable for acting in accordance with the agreed ways of working. This will help to ensure interactions are transparent and build mutual trust.

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

Our main focus in 2007/08 was on the UK taxation of foreign profits of companies, following the publication of a discussion document on this subject by the UK Government in 2007. Through the 100 Group, the International Chambers of Commerce, and independently, Vodafone has made representations to the Government on policy in this area. We have engaged with HM Treasury and HM Revenue & Customs to provide commercial perspectives and help mitigate any potential adverse impact on business and shareholders. Vodafone will continue to engage in further consultations on this issue in 2008/09.

### **Pursued resolution of tax disputes**

Disputes with tax administrations and governments as to the interpretation and application of the tax law can and do occur. In such cases Vodafone pursues resolution of the disputes through established legal mechanisms.

In 2007/08, Vodafone was involved in two cases referred to the European Court of Justice (ECJ). The ECJ issued its final decision on the first case, deciding that supplies of 3G licences did not constitute a taxable supply for VAT purposes. All parties have agreed to withdraw their claims and this case is now closed.

The second ECJ case concerns whether the UK rules on the taxation of profits of certain EU (but non-UK) companies are contrary to fundamental EU freedoms. The ECJ gave its opinion in a similar case in 2006 that the rules are incompatible with EU law unless they apply only to wholly artificial arrangements. In July 2007, the UK Special Commissioners decided that the UK rules can be interpreted as applying only to wholly artificial arrangements. We have appealed against the Special Commissioners' decision and are awaiting the High Court's ruling on the appeal.



## Tax

We are also involved in a tax dispute over our acquisition of a controlling financial interest in Vodafone Essar in India. In May 2007, Vodafone acquired a company with indirect interests in Hutchison Essar Limited (now Vodafone Essar) from Hutchison Telecommunications International Limited (HTIL). The Indian tax authorities allege that any taxable profit on the sale by HTIL was subject to tax in India and consequently allege that Vodafone should have deducted withholding tax from the consideration paid to HTIL and paid it to the Indian tax authorities. Initial hearings have been held before the Bombay High Court and the next hearing on the case is scheduled in the Indian courts for June 2008. We believe that no member of the Vodafone Group is liable for such withholding tax and intend to defend this position vigorously.

Discussions with German tax authorities continue regarding the valuation and scale of any write-down in respect of the acquisition costs of Mannesmann in 2000. Potential tax losses of £40,181 million have to date been denied by the German tax authorities.

### **Developed an internal tax training course**

The one-day interactive training course is designed to raise awareness about the financial impact of taxes on Vodafone and the key elements of managing our tax cost. It is available globally within our Finance Academy to employees outside the tax team. Around 100 employees have attended the course since it was introduced in September 2007 and we will provide the training for at least 200 further employees in 2008/09.

### **Been recognised for our transparent communication on tax**

Vodafone won the ACCA award for best CR report in 2006 and for tax and public policy reporting in 2007. We received the 2007 Building Public Trust Reporting award from PricewaterhouseCoopers in recognition of our transparent disclosure of tax strategy, tax performance and the wider impact of tax. The judges noted that tax has clearly risen up the agenda for boards. Vodafone is no exception, with tax issues discussed by the Board regularly in 2007/08.

### **Paid £3.1 billion in taxes globally**

This total includes corporation tax and social security paid in all the countries where we operate. Vodafone makes many other types of tax contributions and also generates taxes (such as those paid by employees on their earnings). See our direct economic impact for more on Vodafone's wider economic contribution.

### **We will**

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

# Consumer issues

Vodafone's reputation depends on earning the trust of its customers. Their loyalty is vital to the long-term success of our business. This section covers a range of issues that we believe play an important part in maintaining customer trust.

Important consumer issues include the clarity of our pricing, the responsibility of our marketing material, the way we handle customer privacy and our measures to protect customers from inappropriate content, contact and commercialism. We also address other consumer issues such as responsible mobile phone use, driving safety and mobile theft.

Customers can now access an ever-expanding range of features and services on their mobile phones, including picture messaging, downloadable games, music, pictures and video clips, internet access and mobile television. These technologies bring significant benefits to our business and personal lives, but can also raise concerns about misuse.

Our aim is to ensure customers are satisfied with our service and in control of how they use it. We continually review our policies as we are introducing new services such as mobile advertising, home broadband internet services and partnerships with social networking websites to make them available via mobile.

# Content Standards

A vast and growing range of content and interactivity is now accessible via mobile phones. This includes online social networking, gambling and gaming, downloadable games, music, videos and web pages. Content can be accessed within the Vodafone live! portal and on the wider global internet.

Not all the content available is appropriate for all our customers, particularly younger users. We have editorial control of the content offered on our Vodafone live! portal, but not what is available on the worldwide web. Our access controls and classification help parents to protect their children from accessing inappropriate age-restricted content via their mobile phones. These are implemented by our operating companies according to local conditions (see performance).

We have led the industry in developing Content Standards tools – Vodafone UK was the first mobile operator in the world to introduce access controls. We are working with others to improve Content Standards across the industry. The European Framework for Safer Mobile Use by Younger Teenagers and Children developed by Vodafone, together with other leading mobile operators, builds on our established Content Standards programme.

A key concern for parents is bullying and the malicious use of mobile services, particularly as more and more young people are using social networking sites. We are developing guidance for customers on social networking.

We published new guidelines in 2008, bringing together a summary of all our Content Standards policy and advice on using your mobile responsibly. Vodafone is working with industry to develop resources designed to help parents and teachers protect children.

Some content on the worldwide web is not only inappropriate for children, it is illegal. We encourage customers to report illegal content on the web to enable us to block offending sites.

**Content Standards**

# Access controls and classification

**Access controls on Vodafone live!**

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.

**Internet filters on the worldwide web**

Our internet filter helps parents to prevent their children accessing inappropriate age-restricted content on the internet via their mobile phones. It is already offered by operating companies in Hungary, Ireland, Italy, Portugal, Romania, Spain and the UK, and other operating companies have set targets to introduce the filter. The Czech Republic offers a similar solution.

**Limited child profiles**

Mobile internet use is rapidly growing, with many popular social networking websites available via mobile. We cannot control the content that appears on these sites, but we are looking at ways of enabling parents to set the profile of their child's phone to limit access to such sites.

For example, Vodafone Ireland offers a Vodafone Safety Net 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. A teen profile has also been introduced in Ireland, enabling teenagers to access services such as 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 on any handset.

**Children's phone with limited features**

We have launched mobile phones designed specifically for children in Italy, Portugal and Spain. These phones enable parents to keep in touch and protect their children by controlling how they use their mobile. Children can contact their parents by pushing a single button. Incoming and outgoing calls and text messages are restricted to numbers already saved in the phone's contact list.

The phones have no browsing capabilities, preventing children accessing the internet via their mobile. They have a simple, practical design that appeals to children and users can choose from a range of colourful covers featuring popular Disney characters. A guide to responsible use for parents and children is included with each handset sold.

## Content Standards

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### Home broadband services

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Vodafone has introduced home broadband internet services in ten local operating companies: Portugal, Spain, Ireland, the UK, Italy, Germany, The Netherlands, Greece, Egypt and New Zealand. This new area of our business will bring new challenges and we are developing Group guidelines on home broadband services to ensure our Content Standards are upheld, to be completed by March 2009.

## Content Standards

# Working with industry

We believe that joint action is the best way to ensure Content Standards are upheld effectively across the industry.

Vodafone collaborated with other leading mobile operators and the EU to agree a European Framework for Safer Mobile Use by Younger Teenagers and Children (Safer Mobile Use Framework) in 2007.

Signatories to the Safer Mobile Use Framework are committed to publish national self-regulatory codes on child safety and mobile phones. The codes must cover access control mechanisms, raising awareness and education, classification of commercial content and illegal content. The Safer Mobile Use Framework itself and our implementation of the local codes build on Vodafone's established Content Standards programme. See performance 2007/08.

Building on the commitments set out in the Safer Mobile Use Framework, Vodafone is leading a pan-industry European education initiative with the EU's online education resource, EUN Schoolnet. The initiative develops education resources that will support teachers dealing with new mobile and internet technology. See Helping parents and teachers for more information on this project.

Vodafone also worked with the GSMA to establish the Mobile Alliance against Child Sexual Abuse Content in 2008 to tackle illegal content across the industry.

## Content Standards

# Illegal content

Some content available on the internet is simply illegal. Reporting such content and blocking sites containing illegal images of children helps stop the 'innocent' or 'curious' accidentally accessing illegal material. This contributes to international efforts to combat the exploitation of children by paedophile rings that operate through the internet.

## Reporting and blocking illegal content

Vodafone is a founding member of the Mobile Alliance against Child Sexual Abuse Content, established by the GSMA in 2008. The Alliance aims to obstruct the use of mobile networks and services by individuals or organisations around the world who wish to access or profit from child sexual abuse content.

Members of the Alliance will prevent users from accessing websites identified as hosting child sexual abuse content and will remove any such content posted on their own services. Members will support and promote mechanisms such as telephone hotlines that customers can use to report child sexual abuse content discovered on the internet or on mobile content services. The Alliance aims to encourage the introduction of these reporting mechanisms across the mobile industry globally.

The Internet Watch Foundation (IWF) runs a hotline for reporting websites that contain illegal images of children, from which it compiles a list of these websites (the IWF list). 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.

Vodafone UK is part of the Virtual Global Task Force (VGT) to help protect its customers from illegal content. Customers can find information and advice, and report suspected cases of abuse at the VGT website. The initiative has been pioneered by the UK's National Crime Squad in association with Interpol and law enforcement agencies in Australia, Canada and the US. Customers who attempt to access a site which is identified as illegal by the UK Internet Watch Foundation will be denied access and receive a warning message from the VGT.

**Content Standards**

# Social networking

Social networking websites and chat services offer people the opportunity to message friends and meet new people online. We want to help parents protect their children from exposure to inappropriate content and malicious strangers.

**Social networking via your mobile**

Social networking sites are increasingly popular with teenagers, raising concerns among some stakeholders about the potential risks of making personal information publicly available.

We have agreements to make several popular social networking sites available via mobile, including Bebo, Facebook, Flickr, MySpace and YouTube. Our contracts with these partners include clauses that enable Vodafone to work with them to protect users from inappropriate content.

Vodafone chaired the UK Home Office taskforce to develop industry guidelines on social networking, which were launched in April 2008. The guidelines are broken down by user experience (for example, registering for a service or privacy settings) and not by specific website, so they will continue to be relevant as new services emerge. We are now updating our internal guidelines on social networking for our operating companies to incorporate these industry guidelines.

We already publish advice for customers on how to use other services, such as how to chat safely online. This guidance is aimed at children and young people, as well as adults. The key message is never to give out personal details to a stranger you meet in a chat room – for any reason:

- Don't give out your phone number or email address.
- Don't say where you live, study or go to school.

Vodafone UK is part of the Virtual Global Task Force (VGT) that aims to make the internet a safer place for children and to prevent online child abuse by offering advice and information through its website. It also provides an easy way for customers to report suspected cases of abuse.



**Content Standards**

# Bullying and malicious mobile phone use

Unfortunately, mobile phones are sometimes used by certain individuals for text bullying or malicious calls.

**Text bullying**

Bullying is not new. But bullies are now using mobile phones to inflict misery on others. Young victims of text bullying – mean, offensive or threatening text messages – are often too embarrassed or frightened to seek help. Our research among parents and children in 2005/06 found that children frequently do not report mobile bullying to their parents and that parents often do not know what to do if their child is being bullied. Our research among families in 2007/08, showed that mobile bullying is a growing concern for parents and it is the number one concern for children in the UK (see content standards performance 2007/08).

Our Responsible Marketing, Content and Use Guidelines include advice to combat malicious mobile phone use:

- Be careful about giving out your phone number and other people's
- Always tell someone you trust what's happening
- Never reply to the bully
- Keep and save messages
- Take a break from your phone
- Make sure only good friends and family are in your phone address book
- Be careful about who you allow to use your mobile.

**Local campaigns to tackle bullying**

Vodafone is leading a UK initiative to reduce bullying among 13 to 17-year-olds. The CUT-it-Out campaign is a joint initiative between Vodafone and leading UK charity, BeatBullying, that aims to reach people who are being bullied, their friends, and the bullies themselves. Launched in Bliss magazine in November 2007, the campaign – fronted by X Factor winner Shayne Ward – featured a national film-making competition. It invited teenagers to submit a storyboard for a short film about bullying. Vodafone turned the three best storyboards into 60-second films. Young people voted online for their favourite and the winning film was shown in Vue cinemas across the UK during anti-bullying week in November 2007.

Vodafone New Zealand continues to work with the internet safety group, NetSafe in an effort to tackle text bullying. NetSafe provides advice to parents, students and schools, and runs a confidential advice hotline. Vodafone New Zealand produced a brochure, distributed in schools by NetSafe, which provides practical advice on how to deal with text bullies. The brochure encourages children to report bullying and save messages as proof. In addition, Vodafone New Zealand helped agree a common process for handling complaints about text bullying with the police, NetSafe and Telecom. Vodafone New Zealand has procedures for investigating complaints and can send formal warnings to those responsible. See Vodafone New Zealand's brochure on text bullying.

## Content Standards

### Malicious calls

Malicious calls between individuals are difficult to control, but we can provide support for customers who are victims of harassment via their mobiles.

We assist police in taking action against the people responsible if malicious communications are coming from Vodafone customers. If they come from mobile users on another network, we will identify the other network to enable follow-up by police.

All operating companies are required to review their procedures on malicious communications and update their reporting processes to take into account new types of communications including text and video messages, and video calls.

## Content Standards

# Helping parents and teachers protect children

Young people are often much more adept at using advanced features of mobile phones and other digital devices than adults. This means that many parents and teachers know less than their children about mobiles and online services. This makes it difficult for them to protect their children from unsuitable online content or bullying.

Our research of families in five European markets in 2007/08 confirmed this, and found that parents want clear information and easy access controls to help them protect their children from inappropriate content and contact.

### Informing parents and teachers

Raising parents' awareness about the malicious use of mobile phones is important, so they can protect their children from bullies and from inappropriate contact in chatrooms and social networking sites.

Each of our operating companies publishes advice to parents, for example:

- Vodafone UK Parents' Guide
- Vodafone Ireland Guide for Parents
- Vodafone Italy Guide to the Responsible Use of Mobile Phones
- Vodafone Italy advice website
- Vodafone New Zealand Parents' Guide
- Vodafone Germany Parents' Guide

We are also developing a Group consumer website on safe mobile use, with accompanying local websites in each of our markets.

### Industry-wide education resource

We are leading a pan-industry European education initiative to support ICT industry compliance with the European Framework on Safer Mobile Use by Younger Teenagers and Children (see working with industry).

Vodafone worked with 13 other ICT industry partners and EUN Schoolnet – the online education organisation funded by the network of 28 Ministries of Education from across Europe – to develop an online resource to help teachers understand new mobile services and encourage their students to use them responsibly. Launched in April 2008, the TeachToday website provides a 'one-stop-shop' for teachers wanting to access consistent and frequently updated information about the latest developments in information technology.



## Content Standards

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Materials providing information and advice will become available on the website in a variety of formats including games, lesson plans and videos, available in Czech, English, French, German, Italian and Spanish. These provide practical advice on how teachers can encourage their students to use mobiles and the internet in a responsible way, and how to tackle issues that may arise, such as social networking sites and text bullying.

## Content Standards

# Content Standards: performance 2007/08

**We said:**

We would conduct consumer research and publish global guidelines on social networking sites by March 2008.

**We have:****Supported implementation of the European Framework on Safer Mobile Use by Younger Teenagers and Children**

The European Framework on Safer Mobile Use by Younger Teenagers and Children (Safer Mobile Use Framework) requires countries to draw up national codes that cover access control mechanisms, customer awareness and education, classification of commercial content to identify adult material, and measures to combat illegal child content. Implementation of the code is monitored by the European Commission.

Ten existing local codes are now deemed to be fully compliant with the four key recommendations of the Safer Mobile Use Framework. National codes in a further nine countries are compliant with all key aspects of the Safer Mobile Use Framework. We recommend that our local operating companies ensure their national code complies with the requirements of the Safer Mobile Use Framework before signing up.

**Led an ICT industry education initiative with EUN Schoolnet**

Vodafone is leading a pan-European ICT Education Initiative that will support industry compliance with the Framework on Safer Mobile Use. We are working in partnership with other ICT companies and EUN Schoolnet, an education organisation, to develop online education resources [[www.teachtoday.eu](http://www.teachtoday.eu)] that will help teachers understand new mobile and internet technology and encourage their students to use it responsibly. The launch of the first phase of the project was in Brussels in April 2008, attended by Commissioner Vivian Reding. The website is initially available in Czech, English, French, German, Italian and Spanish. Further phases are being planned to roll out to all EU states.

**Joined the Mobile Alliance against Child Sexual Abuse Content**

Vodafone is a founding member of the Mobile Alliance against Child Sexual Abuse Content, launched by the GSMA in February 2008 to prevent users from accessing websites identified as hosting child sexual abuse content. See illegal content.

**Chaired the UK Home Office taskforce to develop industry guidelines on social networking**

Social networking – online and via mobile – is a fast moving area. For example, Vodafone announced agreements in 2007/08 to make Bebo, Facebook, and Flickr available via mobile, adding to existing deals with MySpace and YouTube. The Home Office guidelines, published in April 2008, are structured by user experience (for example, registering for a service or privacy settings) not by specific website so they continue to be relevant as new websites emerge. Vodafone will now incorporate these industry guidelines into its own set of social networking guidelines for operating companies

**Researched parents' concerns regarding new technology**

We conducted qualitative customer research, carrying out nine in-depth interviews (two and a half hours each) with families in the UK in 2007/08, and surveying four focus groups of parents in each of the following markets: Germany, Italy, Portugal,

## Content Standards

Spain and the UK. The focus groups included mothers with children under 13 years of age, mothers with older children, fathers with children under 13 years of age and fathers with older children. The research found that parents are frequently less familiar with technology than their children, which makes it difficult for them to identify risks and put appropriate safeguards in place.

Concerns are growing about inappropriate content, as well as bullying and malicious use, as a result of children's increasing use of the internet. We believe these concerns are likely to be transferred to children's use of mobile as parents become more aware of mobile internet. Parents want to have greater control over their children's use of mobile technology. They feel Vodafone should provide information, easy to use access and cost controls. See Helping parents and teachers protect children.

### Engaged with experts on our approach to Content Standards

We organised a workshop in November 2007, as part of a series of Vodafone CR Dialogues, to discuss how children can be protected from accessing inappropriate content via mobile phones. We invited five experts to take part in the workshop, representing the Children's Charities' Coalition for Internet Safety, Childnet International, GSM, the Internet Watch Foundation and AOL UK. A representative of Parent Focus also provided written input.

Participants agreed that responsibility for protecting children from accessing inappropriate content is shared by parents and operators. They emphasised that the issue is moving up the political agenda (particularly in the UK) and this remains an opportunity for Vodafone to show leadership. Participants thought Vodafone's access controls are good but could be improved by introducing various levels beyond the existing over- or under-18 age limit, enabling parents to protect young children without denying teenagers access to more sophisticated features. Priorities for Vodafone and other operators should be to provide clear and consistent information to show parents the controls that are available, and ensure social networking partners commit to upholding shared standards.

### Published guidelines on responsible content and use

The guidelines summarise our policies on Content Standards and advice on using mobiles responsibly. They also cover Vodafone's obligations as a participant in the European Framework on Safer Mobile Use by Younger Teenagers and Children and the Mobile Alliance against Child Sexual Abuse Content.

### Continued to implement our access controls and internet filters across the Group

Our access controls are available from all our local operating companies that offer age-restricted content on Vodafone live!. Our other operating companies do not offer age-restricted content.

We introduced our Group internet filter in Hungary and Romania in 2007/08, and Vodafone Czech Republic implemented a different system. This means we now offer an internet filter in a total of eight markets. Two operating companies did not meet their target to implement the filter by March 2007 – Vodafone New Zealand aims to do so by 2009 and Vodafone Australia is in discussions with the national regulator over its requirements for the filter.

We are also reviewing alternative options for operating companies that have not implemented the filter, including new technical solutions as well as education and awareness campaigns.

## Content Standards

## Implementation of our Content Standards by operating companies

Operating company	Access controls	Internet filter	Anti-spam reporting	Signed up to local industry codes
Albania	18	▼KB	N/A	
Australia	✓	Awaiting government timeline	✓	Mobile Content and Premium Rate Services
Czech Republic	✓	✓	N/A	Premium SMS Services Code, 2006
Egypt	18	▼KB	✓	
Germany		✗	✓	Protection of minors from adult content 2005
Greece	18	✗	✓	Code for mobile value-added services and for the protection of minor users
Hungary	18	✓	✓	
Ireland	18	✓	✓	Responsible use of mobiles, 2006
Italy	✓	✓	✓	Child Protection and Premium Rate Services, 2005
Malta	18	▼KB	N/A	
Netherlands	✓	✗	✓	Mobile Content 2005
New Zealand	✓	2009	✓	Mobile Content 2006
Portugal	18	✓	✓	
Romania	✓	✓	N/A	
Spain	✓	✓	✓	Premium Rate Services
Turkey	18	Reviewing option of filter	N/A	
UK	✓	✓	✓	Premium rate services, location Base Services and Mobile Content and Short Codes, 2004 and 2005

Key: 18 No 18-rated content on Vodafone live!  
 ▼KB Currently low usage of data services  
 ✗ Access to internet removed on request  
 N/A Not included in the self-assessment exercise

**We will:**

Update Vodafone guidelines on community products to incorporate new UK Home Office guidelines on social networking by March 2009.

Launch a web-based resource centre to promote safety and the responsible use of mobiles and mobile technology by March 2009.

Report progress on the implementation of the EU Framework for Safer Mobile Use by Younger Teenagers and Children and the Mobile Alliance agreement by March 2009.

# Spam

Bulk unsolicited communications – or spam – are a source of irritation for internet and mobile users. Vodafone does not send spam to customers. Customers may opt in to receive marketing messages from Vodafone or from responsible third parties. This may include e-mail or mobile messaging, typically via SMS text message.

Most SMS spam is generated by third parties who use mobile networks to send unsolicited marketing messages to our customers. These third parties often operate internationally and disregard national regulations.

## Tackling spam

To tackle SMS spam, we monitor unusual traffic patterns and apply commercial and technical policies to discourage spam being sent to our customers. Our Group anti-spam policy means customers can also report spam to their local Vodafone operating company. See more on the implementation of the policy by local operating companies.

Vodafone was involved in developing the mobile phone industry association GSMA code of practice on spam. The code commits network operators to work together to investigate cases of mobile spam transmitted across mobile networks and take action where appropriate. The code also commits operators to introduce anti-spam conditions into all new contracts with third party suppliers, enabling suspension or termination of the mobile contracts of those who originate spam messages.

Spam messages inviting customers to call a premium rate number or subscribe to premium rate services can be particularly problematic. This generates revenue for the spam originator and may mislead customers or be fraudulent. In line with our anti-spam policy, we withhold payments for such calls where we detect these messages or where they are reported to us.

Vodafone is lobbying European regulatory authorities to increase the level of consumer protection available to combat spam. We have suggested amendments to a proposed new European communications regulatory framework. We believe this should require operators to withhold revenue from third-party suppliers pending investigations of instances where unsolicited messages are used to solicit a premium rate service response.





# Responsible Marketing

Responsible marketing means making sure our communications are always legal, decent, fair, honest, truthful and sensitive to the views of different groups in society.

## Responsible Marketing Guidelines

Our Responsible Marketing Guidelines – updated in 2008 – set out standards for all Vodafone marketing and joint marketing with other brands. They cover advertising, direct marketing, point-of-sale material and also third party mobile advertising on the Vodafone network.

All our operating companies must comply with the guidelines, in addition to relevant national regulations and codes.

To ensure our marketing is consistently responsible across the Group, we must ensure that marketing teams are aware of the Guidelines and understand potential local concerns in individual markets. We have developed a responsible marketing checklist to help our marketing teams and creative agencies identify any potential issues when developing advertising campaigns.

The main areas covered by the guidelines include:

- Ensuring Vodafone marketing material complies with local law, marketing and advertising codes and self regulatory bodies
- Digital marketing – we apply the same standards to digital media marketing as to traditional media
- Portraying our products and services accurately and substantiating any comparative claims.

Our operating companies assess their communications and advertising material periodically to confirm that it complies with the Responsible Marketing Guidelines. The assessments are signed off by the chief marketing officer of each operating company.

Complaints are sometimes made about our advertising. We monitor these complaints as a measure of our performance.

## Cutting out the small print

Insufficiently clear pricing and extensive small print can affect the level of trust our customers place in Vodafone and the service packages we offer. Our global strategy is to progressively reduce the amount of small print in our advertising.

Vodafone Romania put this into practice with a fun 'no asterisk' advertising campaign in 2006/07. Promotion details were laid out clearly, simply and prominently in all advertising material, eliminating the need for small print. In the Czech Republic, a 'no small print' campaign was launched entitled "No flea text. No hidden hooks". In Germany, we reduced the amount of small print by around 40% in 2006/07.

## Responsible Marketing

# Responsible marketing: performance 2007/08

## We have

### Updated our marketing guidelines

Updated marketing guidelines were launched as part of our Responsible Marketing, Content and Use Guidelines in 2007/08. These guidelines will now be distributed to all our operating companies as well as relevant marketing agencies and third parties.

### Continued to monitor complaints about our marketing

All our local operating companies monitor complaints upheld by advertising regulatory bodies. This includes rulings against Vodafone marketing material by advertising regulatory bodies and courts, as well as other procedures in our operating companies.

In 2007/08, Vodafone's advertising caused 41 complaints to be upheld by authorities. The most common cause for complaint about our advertising was again insufficiently clear communication of pricing and services.

Operating company	Advertising complaints
Albania	
Australia	
Czech Republic	
Egypt	
Germany	10
Greece	6
Hungary	
Ireland	1
Italy	8
Malta	
Netherlands	3
New Zealand	1
Portugal	
Romania	
Spain	6
Turkey	6
UK	

# Mobile advertising

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.

Some aspects of mobile advertising are new to Vodafone and new to our customers. As a result, we are adopting a conservative approach, to gauge customer reaction as the service is introduced and extended by our operating companies.

We have launched mobile advertising services in 11 markets. The type of mobile advertising we offer varies from market to market. Currently, the most common format is advertising on mobile internet and search facilities. Our advertisers are predominantly major brands, from the automotive and finance industries in particular, as well as many other categories.

Our customer research shows that people are generally accepting of mobile advertising – especially if they receive a benefit in return. See performance 2007/08 [LINK] for more details on the research findings. For example, in some emerging markets, such as Egypt and South Africa, we offer a service that enables mobile users to send a free text with the message 'Please call me' even when they run out of credit. The message arrives accompanied by a short advertisement, which pays for the cost of running the service. See access in emerging markets. These services have proved to be very popular.

## Protecting privacy

The Vodafone Group Privacy Policy states that Vodafone will retain control of customer information at all times, apart from in exceptional and limited circumstances approved by an operating company's Privacy Officer.

Vodafone does not enter into arrangements where control of customer information is lost by selling or renting customer lists to third parties for use under their control.

This policy protects our customers as well as Vodafone's commercial interest in having exclusive access to information that can be used to target advertising.

## Obtaining consent

We understand the sensitivity of using customer information for marketing and have put safeguards in place to ensure our customers are asked for informed consent.

We have defined two categories of data targeting:

- Advertising targeted by **contextual** data (non-personal information such as time, the web page visited and the functionality of the phone)

**Mobile advertising**

- Advertising targeted using personal data (**personal** demographic information such as age, gender, address and personal behaviour information such as download history, and webpage history or physical location).

Context-based targeting does not raise privacy issues or invoke the requirements set out in the Vodafone Group Privacy Policy and applicable data protection and privacy laws. Therefore we do not believe there is a need to obtain customer consent to use this approach.

Under our Group Privacy Policy, customer consent must be obtained before personal information (demographic and behavioural) can be used to target advertising to individual customers. Customers must be able to make an informed choice about the use of their data for advertising. We ensure customers give additional consent for any kind of 'intrusive' advertising communication, such as MMS or SMS advertisements. Giving customers control and acting according to local legislative requirements are key components of our approach.

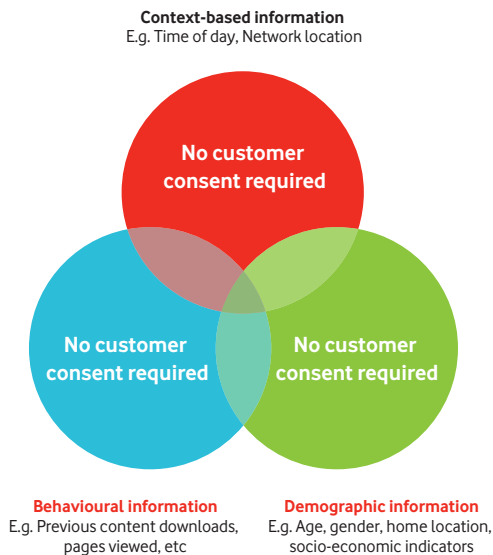
For example, in Vodafone Australia, before customers are asked to make a decision about whether or not to give consent, we provide them with information about the types of personal data in question, and the ways in which it would be used. We provide a screen showing a summary of terms and conditions, and a link to the full list on our website.

**Opting out**

Customers must be able to 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'.

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.

**Mobile Advertising – use of customer's information**



## Mobile advertising

# Principles on mobile advertising

Our principles for mobile advertising stipulate that we must:

- retain control of customer information
- only use customer's 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.

These principles are included in our Group guidance document on mobile advertising, which provides detailed information on practices operating companies should adopt to obtain consent for targeted advertising, protect customers' personal information and ensure high content standards are upheld. Each operating company must apply the same standards to mobile advertising that are required for conventional advertising. Third-party advertising must comply with our principles on mobile advertising and the laws of the country in which it appears, as well as relevant codes of practice, including those of the marketing, media and telecommunications industries.

We work within existing regulatory and self-regulatory structures in each country where we operate (for example, the Advertising Standards Authority in the UK and the Australian Association of National Advertisers' Advertiser Code of Ethics).

Vodafone's position on mobile advertising is also published in our Responsible Marketing, Content and Use Guidelines.

## Protecting children

We take the necessary steps to ensure our advertising is appropriate for the audience and is culturally-sensitive. Third-party advertisers that send messages via Vodafone must not attempt to gain consent for mobile advertising from customers who are under 18. Children must not be targeted in mobile advertising, however they may be exposed to advertisements linked to the content they have accessed. See content standards for more on child protection.

## Restricted content

Mobile content in all markets must be in line with local expectations and societal norms. We do not permit any illegal or prohibited advertising to be sent to Vodafone customers via our networks or in association with our services. We may also ban other advertisements that we deem too extreme for our mobile advertising.

## Mobile advertising

For example, in Vodafone Australia we ban advertisements with:

- Extreme or gratuitous violence
- Exploitative or sadistic violence towards vulnerable or defenceless people or animals
- Self-infliction of extreme pain or physical harm
- Content that incites violence
- Incitement of illegal or anti-social behaviour
- Incitement of racial, religious or ethnic hatred or abuse
- Incitement of or glamourising anti-social behaviour, such as illegal drug taking
- The glorification of activities such as vandalism, bomb-making or terrorism
- Material that demonstrates criminal techniques.

We restrict advertising content that promotes alcohol and tobacco products, and retain the right to ask advertisers to withdraw any advertisement that does not meet our standards for taste and decency.

## Mobile advertising

# Mobile advertising: performance 2007/08






**We said:**

We would conduct consumer research and publish global guidelines on mobile advertising by March 2008.

**We have:****Launched mobile advertising in 11 markets**

We have launched mobile advertising in Australia, Czech Republic, Egypt, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain and the UK. A further five operating companies will launch mobile advertising in 2008/09.

**Local  
operating  
company**
**Type of mobile advertising offered**

	Search	Mobile Internet	Content	Messaging	Opt-In Database
					
Australia	Y	Y	Y		Y
Czech Republic		Y	Y	Y	Y
Egypt		Y		Y	Y
Germany	Y	Y	Y		
Greece	Y	Y	Y		
Ireland	Y	Y			
Italy	Y	Y	Y	Y	
Netherlands	Y				
Portugal	Y	Y		Y	
Spain	Y	Y	Y	Y	Y
UK	Y	Y			

**Surveyed consumers on attitudes towards mobile advertising**

We commissioned research in eight of our markets in 2007/08 to see how consumers react to a range of mobile advertising models. The studies show that, in general, consumers find banner advertising on the internet portal of their mobile phone acceptable. However, they want to see a benefit in exchange for exposure to more intrusive advertising such as text messages.

In October 2007, the Mobile Marketing Association (MMA) – an industry body chaired by Vodafone in Europe – surveyed a total of 1,525 consumers on mobile marketing and advertising in France, Germany, Italy, Spain and the UK. The survey found that 15% of mobile phone users in these countries have experience with

## Mobile advertising

mobile marketing. An average of 44% of users is interested in mobile phone marketing – ranging from 31% in Germany to 61% in Spain. Most of those expressing interest would be likely to opt-in to marketing deals in order to receive benefits, such as mobile coupons, downloads, account status alerts and information about special offers. Getting up-to-date information is seen as one of the major benefits of the service. The main barriers to acceptance are lack of interest, concerns about intrusive advertising and cost.

Vodafone Romania commissioned research in December 2007 to explore consumer acceptance of a range of advertising formats. The research found that most people would accept mobile advertising if certain rules are respected – for example, the operator must ensure that they have control over the advertising customers receive. Most of those surveyed would agree to receive mobile advertising even without being offered a financial bonus because they believe the main benefit should be to receive information that is useful to them. Around 90% of respondents said that it was important that they only receive adverts about things which interest them. Users also want assurance that their data would not be passed to third parties.

Research commissioned in September 2007 by Vodafone in the Czech Republic showed that 80% accepted advertising via SMS text messaging. A study commissioned by Vodafone Australia showed that 37% of consumers wanted more mobile offers, 50% were neutral and 13% did not want to see advertising on their mobile.

### Published guidelines and principles on mobile advertising

We have developed Group guidelines and principles on consumer data privacy. These are interpreted by our operating companies for use in local markets. The guidelines ensure consent is properly obtained, privacy is protected and content standards are upheld. See Vodafone Group mobile advertising guidelines.

#### **We will:**

Benchmark Vodafone's practices on mobile advertising and privacy with other industry leaders by March 2009

Work with the wider industry to explore ways to create common codes of conduct for Mobile Advertising by March 2009

Continue to expand our media business to further markets in a responsible and transparent way.



# Clear Pricing

Transparent and clear pricing is an important part of our relationship with customers, helping to ensure their satisfaction and loyalty.

We have improved the clarity and transparency of our pricing across our markets by introducing simpler price plans, and making tariffs more predictable and flexible. We have redesigned bills to help communicate the new price plans more clearly.

## Price plans

Vodafone regularly reviews price plans to make them simpler to understand. We try to use straightforward language rather than legal terms, where possible to avoid confusion. Our customer surveys help us gauge opinion on how transparent our pricing is and how we can improve.

## Clear communications

We make sure our pricing communications are accurate and clearly-written. All local operating companies provide information about their pricing via the internet, in brochures and in-store. Several operating companies have redesigned their bills to improve clarity for customers. Increasingly, they provide a breakdown of different spending categories (calls, SMS, etc.), as well as the normal call-by-call detail.

## Giving our customers control

Many of our local operating companies have introduced offers that enable customers to predict their spending more effectively. Offers include unlimited calls to designated frequently-dialled numbers and unlimited calls at the weekend for a fixed fee. New packages for data services also provide clearer, more predictable pricing.

Many of our operating companies offer customer price plans with a set amount of inclusive airtime and enable customers to track their usage between bills, for example by requesting details of their remaining minutes through a free SMS service.

## International roaming voice calls

Over the last few years, stakeholders have raised particular concerns about international roaming charges when using your phone abroad. In response to this feedback, we have simplified our price structures and cut the cost of roaming calls beyond the scope required by the EU regulations introduced in 2007.

We are committed to providing good value for the 35 million customers who use their mobile phones when they travel abroad every year, and have introduced a number of initiatives to prevent confusion and improve pricing transparency.

## Vodafone Passport

Vodafone Passport is leading our industry's response to these concerns, making it easier to understand the cost of calls abroad. This service enables customers to take their home tariff with them when they travel abroad and pay just a small connection fee per call.

## Clear pricing

By the end of 2007/08, Vodafone Passport was available to over 28 million customers in 17 markets. Passport has cut the cost of calls by more than 40% per minute, compared with prices in June 2005 prior to its launch.

Customer usage patterns show that, on average, Vodafone Passport customers talk more and pay less per call when abroad.

### Cutting the cost of roaming calls within Europe

In 2007/08, we cut the average cost for our customers roaming in Europe without Vodafone Passport to €0.49 per minute (excluding VAT). Prices will be further reduced to €0.46 in 2008/09, in line with the next stage of the regulation.

### Data roaming

Vodafone Connect Abroad enables customers in nine European markets to use internet and e-mail services from a mobile-enabled laptop for a flat-rate fee of €12 a day when roaming abroad. This has significantly reduced the cost of data roaming. Customers can also choose to buy one of our monthly roaming bundles, which offer even lower prices to more frequent travellers.

### Check before you call

Customers can use our free pricing information service by calling or texting a local freephone number from home or abroad to request a message. This details the cost of making and receiving calls and using data services when travelling in Europe.

Vodafone also participates in the GSM Association's web-based initiative to increase transparency of roaming costs in Europe. Consumers can visit the GSME website to compare roaming costs from around 75 operators at [www.roaming.gsmeurope.org](http://www.roaming.gsmeurope.org). You simply type in your home country and the country you are visiting for an instant breakdown of charges from each local operator – on both prepaid and postpaid services. By using the website you can find out how much you will pay to:

- call home to a fixed line
- call a local fixed line
- send a text message back home or locally
- receive a call or a text message.

For example, Vodafone Czech Republic's new online tool enables customers to quickly find the Vodafone tariff that suits them best. Users can compare the advantages of various tariffs – including the number of minutes and the number of SMS messages they can get for their money.

## Clear pricing

# Clear pricing: performance 2007/08

### We have:

#### **Improved the transparency of our pricing**

Vodafone has introduced a range of offers to enable customers to use their phones more, with greater spend predictability. For example, 'Free Weekend' offers include unlimited calling at the weekend for a clearly communicated set fee. These are available in eight markets: Czech Republic, Germany, Hungary, Ireland, New Zealand, Portugal, Turkey and the UK. Other price plans include unlimited calls to designated family and friend numbers, or unlimited calling within the company for business customers. New packages for data services are also being introduced with clearer, more predictable pricing.

#### **Cut the cost of roaming calls still further**

In line with the European regulation, we brought the cost of roaming calls in Europe outside of Passport down to €0.49 per minute (excluding VAT) in the summer of 2007/08, a reduction of more than 30% from the previous year. In 2007/08, 35 million Vodafone customers used our roaming services to make calls or send SMS messages from abroad, up from 30 million in the previous year.

Extended Vodafone Passport to four new markets and doubled the total number of customers using the service

Vodafone Passport is now available to 28 million customers in 17 European markets, enabling customers to take their home tariff abroad with them for a small connection fee per call.

#### **Introduced a new flat-rate tariff for data roaming in nine European markets**

Our Vodafone Connect Abroad package offers customers a choice of daily or monthly tariffs suitable for frequent and occasional international travellers. We have cut prices from around €5/MB to a daily rate of €12 for up to 50MB or €75 per month for up to 100 MB. This makes data roaming costs more predictable and simpler to understand.

From June 2008, the maximum charge for Vodafone's monthly data roaming bundle will be reduced in most European markets to around €60 per month. We are also increasing the amount of data customers can use to at least 150MB in most European markets, from a previous maximum of 100MB. This will cut the price per MB of data by around 45%.

#### **Announced the introduction of a new flat rate data tariff for business people travelling outside Europe**

From June 2008, customers will be able to buy a daily session to use their laptops in key business centres including South Africa, the United States and some countries in the Asia Pacific region. The flat-rate fee will be around €30 per 24-hour session, for up to 50MB.

## Clear pricing

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### **We will:**

Continue to simplify and increase the price transparency of our roaming tariffs

Enhance customer care and quality of service for our roamers

Reduce our monthly data roaming tariff by up to 45% for European business travellers

Introduce a new flat rate daily tariff to key non-EU destinations.

# Mobile Theft

Hundreds of thousands of mobile phones are stolen each year. Our consumer research in five western European markets in 2007 highlighted theft as one of parents' key concerns about their children using a mobile phone. Parents worry about children's safety in the event of a theft. Children express more concern about losing their phone.

The following advice is included in our Responsible Marketing, Content and Use Guidelines.

## **Deter thieves with these simple precautions:**

- Your phone is valuable. Treat it like you would your wallet or purse.
- Keep your phone out of sight when you're out and about.
- Never leave your phone unattended.
- Register your new mobile when you get it.
- Keep a note of your SIM card number and your 15 digit IMEI number (you can find it by pressing \*#06#).
- Enter a pin number to lock the keypad (if your phone allows).
- Keep a back-up of your phone directory in case your phone is lost or stolen.

## **What to do if your phone is lost or stolen**

- Report the theft – we rely on you to tell us if your phone is stolen to help prevent it being used fraudulently.
- Contact your local operator. The IMEI number of the phone will be entered onto a central database. The handset will be immobilised and your sim card will be blocked.
- Report the theft to the police.

## **Blocking stolen phones**

We have established equipment identity registers (EIRs) in all our operating companies, except Vodafone Romania, which plans to implement one, and our latest acquisition, Vodafone Essar in India. EIRs can be used to block mobiles that are reported stolen using your phone's unique 15 digit IMEI number.

If you report your phone lost or stolen, we use the Vodafone EIR to block its use on the Vodafone network in your home country. In the UK, we also pass on this information to the GSM Association's Central Equipment Identity Register so that other networks can prevent your phone being used in the UK.

# Privacy

Our customers entrust us with their personal information and the confidentiality of their private communications. The way we handle this information is a vital part of our responsibility to customers and how we earn their trust.

## Group Privacy Policy

Our Group-wide Privacy Policy covers the collection, storage and use of our customers' personal information. The policy must be implemented by every Vodafone local operating company and is overseen by our Content and Privacy Steering Group, a cross-functional body made up of senior management.

Privacy officers with day-to-day responsibility for compliance with the policy are required to be appointed in all local operating companies. All operating companies, except for our recent acquisition in India, have now appointed local privacy officers. Monthly privacy bulletins raise awareness among our employees about privacy issues relevant to Vodafone.

Vodafone also has a dedicated advisor within the Group Fraud, Risk and Security function to advise on and coordinate the assistance provided by our local Fraud, Risk and Security teams to law enforcement authorities.

## Assisting law enforcement authorities

Telecommunications operators, including Vodafone, have traditionally been required to support law enforcement authorities by disclosing certain information on users and providing assistance with real time surveillance in the fight against serious crime and terrorism. These demands have increased in recent years with heightened concerns about terrorism. While this support and assistance plays an essential role in the protection of public safety and security, we must remain vigilant to ensure that this is done lawfully and does not unnecessarily interfere with the privacy of our customers.

We are developing a Group-wide policy on law enforcement assistance to ensure we strike the right balance between the potentially conflicting obligations of safeguarding privacy and assisting law enforcement. Our participation in a multi-stakeholder process to draft industry principles on freedom of expression and privacy for the ICT industry will feed into the development of our Group-wide policy on law enforcement assistance to be completed in 2008. Participants in the multi-stakeholder process include ICT companies, human rights NGOs, civil liberties groups, investors, academics and technology organisations.

## Engaging in the debate

We engage with key stakeholders to seek their views on the steps Vodafone should take to protect our users' privacy. For example, we ran a focus group in February 2007 for experts to explore the appropriate balance between safeguarding privacy and assisting law enforcement authorities to tackle serious crime and terrorism. A panel of five privacy experts took part in our annual corporate responsibility conference in 2006. We also published essays on the subject of mobiles and privacy by three external opinion leaders as part of the Vodafone CR Dialogue on privacy to inform stakeholders and stimulate debate. The launch of this paper coincided with

## Privacy

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an event we hosted at the Royal Society of Arts in the UK in February 2008. This event included a panel of experts comprising the UK's Information Commissioner, Richard Thomas, Gus Hosein, Privacy International, Anna Fielder, National Consumer Council and Vodafone's Group Privacy Officer, Stephen Deadman.

## Mobile advertising

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The introduction of targeted personalised mobile advertising services by our local operating companies raises concerns relating to the appropriate and lawful treatment of our customers' information and the impact on their privacy. We have developed and published internal guidelines to ensure these issues are addressed appropriately. See mobile advertising.

## Location services

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Location-enabled services can bring many benefits to mobile users but they also raise concerns about privacy and consent. See location services.

## CR Dialogue: Privacy and mobiles

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**Privacy**

# Location services

Technologies such as GPS, mobile networks and WiFi hotspots can create location-enabled services that bring many benefits to mobile users.

These services can provide important safety benefits. For example, they can help emergency services reach accidents, allow blind people to identify their location and enable families of Alzheimer's sufferers to help them if they become disoriented (see accessibility).

The use of location capabilities also opens up a wide range of other services. These services can contribute to more efficient working by mobile workers, such as taxi drivers or couriers, or simply to a more user-friendly experience for applications and services that depend upon inputting location information, particularly where the user interface is restricted, such as on a mobile phone. But location-enabled services also raise concerns about privacy and consent.

For example, in 2007 Vodafone Malta had to challenge in Court a ruling that would have given police access to the mobile identities of all users in a range of locations to help investigate a series of arson attacks. The Court ruled in our favour against disproportionate requests from authorities.

## **Vodafone's policy on location services**

Vodafone classifies location-enabled services into active and passive services.

Active location services are those that are initiated directly by the mobile phone user. An example of such a service is: "Where's my nearest chemist/cash machine/cinema etc?". A response from the location service provider would supply this information to the customer in the form of a map or directions, for example, based on the customer's location. Passive location services enable the location of one user to be tracked by another, once the service has been enabled.

Our policy on location-based services aims to minimise the risk of unauthorised location surveillance, ensuring customers cannot be tracked by another person or application without their prior consent. It includes guidelines on how consent should be obtained, used and managed to ensure clarity, transparency and fairness to the person being located. We are currently reviewing our policy in light of recent market developments, including the increased market penetration of mobile with GPS technology.



## Privacy

# Privacy: Performance 2007/08

**We said:**

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.

**We have:****Continued to participate in the multi-stakeholder dialogue on the creation of ICT industry principles on freedom of expression and privacy**

Vodafone has continued to participate in this process through an in-depth dialogue with a variety of stakeholders, conducted through a series of meetings in 2007 and 2008. This included a series of events where participants shared knowledge and experiences on the challenges faced by ICT companies on human rights issues regarding freedom of expression and privacy.

**Carried out a group-wide audit of privacy policy implementation**

This was co-ordinated by the Vodafone Group Audit department. Audit teams in each local operating company worked with local privacy officers. We will report the findings in 2008/09.

**Created a privacy site within our global intranet**

Employees across the Group can access the new intranet privacy site that includes our privacy policies, guidelines, in depth briefing papers and bulletins. The site also provides contact details for our Group and local privacy officers.

**Introduced a privacy bulletin for employees**

The bulletin – launched in August 2007 – is designed to raise awareness among our employees about topical privacy issues and how they are relevant to Vodafone. The first bulletin focused on the implications of data retention for our customers' privacy and the second focused on the implications of data security breaches, in light of increased media attention on the subject. The bulletin goes out to our executive management team, including the Content and Privacy Steering Committee, to local privacy officers, lawyers, government relations and public policy staff, security officers, engineers and other staff with a need to understand privacy issues and Vodafone's position on them.

**Drafted a global employee privacy policy**

We need to ensure that the way we manage employee privacy across the Group meets local legal requirements and provides a high and consistent level of protection for our employees. We have developed a Group-wide employee privacy policy through consultation with our local HR, legal and privacy teams and are currently finalising this with senior management in readiness for executive approval. The policy will be finalised and launched in 2008/09.

**Published a CR Dialogue paper on privacy and mobiles**

The paper includes views from four experts on privacy and mobiles. It is part of our series of Vodafone CR Dialogues, designed to inform and stimulate discussion on specific issues.

## Privacy

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### **Engaged with the European Commission on data security notification**

We engaged with the European Commission on proposed amendments to the Directive on Privacy and Electronic Communications that will require operators to notify users when there has been a security breach of their personal data. Vodafone supports the Commission's efforts to strengthen security, and has commented on the proposals. See public policy.

### **Developed an online privacy awareness programme**

The programme is based on our Group-wide privacy policy and will be rolled out to all our operating companies. It includes one hour of e-learning on what our privacy policy means in practice. The programme has been launched in the UK and we are working to resolve technical problems that have delayed our ability to introduce the programme in other markets.

#### **We will:**

Launch a Global Employee Privacy Policy

Carry out a benchmarking study of companies in other markets to help develop our approach to targeted advertising and the protection of privacy

Develop our policy on assisting law enforcement

Launch a privacy information centre on our [vodafone.com](http://vodafone.com) website

## Privacy

# Privacy focus group

The wide range of questions raised at our privacy focus group in February 2007 highlights the breadth of issues this topic touches upon. Participants included seven privacy experts representing academia, industry, investors, NGOs, government and law enforcement authorities.

One of the key issues explored related to finding an appropriate balance between safeguarding customer privacy and assisting law enforcement authorities. Most participants were of the view that it is not the responsibility of mobile operators to question lawful requests for customer data from governments and law enforcement agencies. The main concern is about inappropriate commercial use of data, or theft of data by criminals rather than governmental access.

Requests for user data or assistance with surveillance from governments and law enforcement agencies may be more of a concern for companies operating in an undemocratic regime with a poor record on human rights. However, participants felt it would be unrealistic to expect companies to decide whether to comply with government requests on a case-by-case basis. The participants felt one of the key issues is to understand each country's human rights environment and implications for privacy, and to have strategies for responding appropriately to ensure the best protection for user privacy.

The potential implications of targeted mobile advertising for customer privacy were also discussed. Participants generally agreed that it is legitimate to offer customers the choice to opt in to targeted advertising in return for cost benefits. The issue is how to obtain consent clearly and fairly. Some participants raised concerns about the type of advertising customers might receive and wanted reassurance that advertising standards would be upheld.

# Driving safety



Having a mobile phone in your car makes it easier to contact emergency services when necessary and assists breakdown recovery. However, using a mobile phone while driving can distract drivers and increase the risk of accidents.

Governments in several countries where we operate have made it illegal to use handheld phones when driving. New research shows that physical distraction (looking away from the road and taking hands off the wheel) is not the only safety hazard caused by using a mobile phone while driving. Mental distraction can also cause accidents. This is especially true for longer and more complex calls.

We support national legislation to promote safe use of mobile phones to drivers.

## Advice for drivers

Although Vodafone cannot ensure all drivers behave safely, we aim to raise safety awareness by providing guidance to employees and customers on using mobile phones while driving. All our local operating companies have a policy to address the issue and their chief executives are responsible for implementing this policy.

Our operating companies provide information to customers to raise awareness of driver safety and mobiles. See leaflets from:

- Vodafone Egypt
- Vodafone Ireland website
- Vodafone New Zealand
- Vodafone UK website

## Drive safe!

We advise people to:

- Never use a handheld mobile phone while driving
- Stop in a safe place to take or make a call
- Use a hands-free kit, voice activated dialing or a Bluetooth-enabled handset
- Ask a passenger to dial or answer the phone
- Never send or read SMS, MMS or emails when driving
- Avoid stressful calls – call back when the car is safely parked
- If in doubt, switch off the phone altogether.

## Employee driving safety

## Driving safety

Using a mobile phone safely while driving is an important health and safety issue for our employees.

We introduced a safe driving toolkit in 2007/08 and published an employee brochure, 'Are you hands-free?'. The brochure confirms our commitment to ensuring our employees drive safely, and presents the key messages of our Group policy on mobile phones and driving. In it, we outline our safe driving rules of the road and provide managers with tips on how to encourage their team to drive safely. The brochure also details the disciplinary measures that will be taken against employees using mobiles unsafely while driving.

Our Group policy on mobile phones and driving requires that:

- Employees must never use a hand-held mobile phone whilst driving for voice conversation, text messaging or any other purpose
- Employees should only use a hands-free mobile phone when it is safe to do so
- All Company vehicles must be fitted with a hands-free kit
- All employees who do not have a Company car but have been issued with a mobile phone for business use are to be provided with a personal hands-free kit
- Employees driving a vehicle on Company business must sign a declaration confirming that they understand and will comply with the Company policy
- Employees face disciplinary action if they use a mobile phone whilst driving in the course of their employment
- Employees are not expected to take calls while driving. They can switch their phone to voicemail.

# Using your mobile considerately

Using your mobile can be intrusive to others in certain public environments, such as trains or cinemas. We encourage our customers to be considerate to people around them when they use their phones.

## Group guidelines on responsible use

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In 2008, we published Group Guidelines on Responsible Marketing, Content and Use. This document summarises our policies and approach to responsible marketing and content standards, and includes advice on how – and how not – to use your mobile in a range of social, business and public situations.

Our view is that the rules of etiquette for using mobile phones should be based on the same considerations as the 'rules' which apply generally to the behaviour and conduct of people in society.

What may be considered acceptable in one situation may well be considered inappropriate elsewhere. The appropriate use of a mobile is primarily the responsibility of the user. But we believe Vodafone has a role to play in encouraging our customers to use mobiles in a responsible and courteous manner.

It is generally accepted that there are some places where people should never talk on a mobile phone and where even the ringing of a mobile phone would be considered unacceptable, as for example, in religious ceremonies, lectures, concerts, cinemas or theatres.

## Local advice

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In some countries, laws have been enacted which place restrictions on the use of mobile phones and other similar devices. We advise that, regardless of other circumstances, people should observe local laws.

Our operating companies produce customer communications on mobile phone use that include advice on responsible use. See for example, Vodafone Ireland's etiquette and safety guide.

# Consumer campaigns

We run consumer campaigns on a wide range of CR issues. Here we give some examples. Different issues are prioritised in different markets. Sixteen of our operating companies launched a consumer campaign on a locally-relevant issue in 2007/08. See performance for details.



Campaign on safe driving in Egypt



No hidden hooks campaign in Czech Republic



Promotion of tariff for hearing impaired people in Hungary



Safe mobile campaign in Italy, partnering with Save the Children



Safe Driving Campaign in New Zealand



Consumer Leaflet on CR in Hungary



No asterisk campaign in Romania



Visuals promoting the Safe Driving guide in Italy

## Consumer campaigns

# Consumer campaigns: performance 2007/08

## We said

We would launch a campaign in each local operating company to address a locally relevant customer issue by March 2008.

## We have

Launched at least one consumer campaign in 16 local operating companies

Campaigns in each local operating company vary. They address locally relevant issues ranging from bullying and content standards to safe driving, spam and mobile theft (see table). In 2007/08 all but one of our local operating companies (Vodafone Portugal) launched a campaign, so we did not quite meet our target.

For example, Vodafone Italy ran a campaign to launch its guide to help parents understand how children use mobile technology, and how to help them do so responsibly. Vodafone UK teamed up with UK charity BeatBullying to launch the 'CUT-it-Out' anti-bullying campaign in October 2007.

Many of our operating companies continue to run campaigns to encourage consumers to recycle their mobile phones (see consumer recycling campaigns).

Local operating company	Issue						
	Bullying	Safe use by children	Games, chat, music and erotic content	Safe driving	Spam	Theft	Other
Albania			y	y			y
Australia				y			y
Czech Republic	y		y	y	y	y	y
Egypt				y			
Germany		y		y			
Greece	y	y	y	y	y	y	y
Hungary		y	y	y	y	y	
Ireland		y		y		y	y
Italy	y	y	y	y	y		y
Malta	y	y	y	y	y		
Netherlands				y			y
New Zealand	y	y		y			
Portugal							
Romania							y
Spain		y	y				y
Turkey			y				
UK	y	y	y	y	y	y	



# Product safety

We introduced a new Product Safety and Assurance Policy, included in our Group Governance Manual, in March 2008. The policy ensures that our products, and those produced by our suppliers for us, are safe for use by employees, customers and others who come in contact with them. It makes sure we comply with all relevant legislation relating to the safe design, installation and maintenance of products.

Operating companies and suppliers must adhere to Vodafone's safety standards and specifications, covering safe use, handling, transportation, maintenance and storage of products. As a minimum, we comply with local product safety legislation and regulations, as well as the guidelines on exposure to radio frequency fields set by the International Commission on Non-Ionizing Radiation Protection.

Before purchasing products, we require risk assessments to be conducted to identify any health and safety issues. Suppliers and manufacturers must demonstrate a robust quality assurance process. Our Product Review Team works with operating companies to help them meet our requirements. If a product is found to be non-compliant, an operating company can apply to the Product Review Team for an exemption for the product in question. Exemptions are granted only in exceptional cases where local operating companies have documented the risk and set a target date for compliance from the supplier.

In the event that a product or piece of equipment is found to be unsafe, we require an immediate incident investigation and would recall the product where necessary.

# Our social and economic impact

We have conducted extensive research into the potential of mobile technology to improve people's lives through our socio-economic impact (SIM) project.

Extending access to communications in emerging markets offers the single greatest opportunity for Vodafone to make a strong contribution to society. This is our most significant CR issue and forms a core part of our CR strategy.

Access to mobile communications can bring a wide range of social and economic benefits. There are two key elements to our strategy on this issue:

- Bridging the digital divide by improving access for disadvantaged groups, particularly in emerging markets.
- Reducing preventable exclusion through accessible features and services for disabled and elderly people, and other customers who find it difficult to use mobile phones. See accessibility.

Mobile technology can also play an important role in responding to disaster situations – we support emergency telecommunications in the aftermath of disasters through our Foundations. We have also conducted research into the use of mobile to improve the efficiency of healthcare services.

In addition to the social and economic value of our mobile services, our business makes a direct contribution to the global economy through the wealth we generate and the jobs we sustain directly and among our suppliers. We also contribute to society through our social investment.

# Access to communications in emerging markets

A considerable and growing pool of research shows that access to telecommunications – and mobile telecommunications in particular – has the potential to change people's lives for the better by promoting economic development.

Our strategic business goal to achieve strong growth in emerging markets is closely linked to our CR objective to improve access to communications. Emerging markets offer enormous business opportunities for Vodafone and are increasingly significant to our business.

We already have established local operating companies in Albania, Egypt, Romania and Turkey, a presence in Kenya, South Africa and other African countries through our affiliates and joint ventures, and a new local operating company in India.

The number of mobile connections is increasing at a rate of 29% year-on-year in the Asia Pacific region according to data released by Wireless Intelligence in December 2007, and at a rate of 38% in Africa – compared with a worldwide average growth rate of 23%, and the Western Europe average of 10%.

## Establishing an operating company in India

India is the fastest growing mobile market in the world. Indians use their mobiles more than any other nationality – some 469 minutes per subscriber each month on average. But around 77% of the population of over 1.1 billion does not yet own a mobile phone. This offers enormous potential for our business to significantly improve access to communications as well as strong future growth opportunities for Vodafone.

We acquired control of Vodafone Essar in May 2007. Vodafone Essar provides mobile services to 44.1 million people. This is an 18% share of the mobile phone market in India, which currently reaches 23% of the Indian population. Our networks already cover 16 of the country's 23 circles (telecom zones), including four of its largest cities – Mumbai, Delhi, Kolkata and Chennai. In 2008, we will extend our services to the remaining seven zones. Vodafone Essar's planned expansion, which includes a network-sharing project, will extend access in rural areas and help the Indian government meet its target of 500 million mobile subscribers by 2010.

## Adapting our services to emerging markets

To explore business opportunities effectively in emerging markets, we need to understand the needs of customers in those markets. Our research on the socio-economic impact of mobiles in Africa found that mobile technology stimulates economic growth and social development. This impact is most significant in developing economies where there is little or no existing infrastructure. See more on our research findings.

We are encouraging economic growth by tailoring our services to emerging markets.

## Access to communications in emerging markets

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Our main focus areas are:

- Developing low-cost handsets to make mobile phones more affordable
- Implementing new business models tailored to local conditions
- Introducing mobile transactions services that allow people to use their mobile phone as a bank or cash machine in markets with poor banking infrastructure
- Offering access to internet through mobile, overcoming the lack of fixed-line infrastructure
- Undertaking research on our socio-economic impact.

### Contributing to the debate of affordability: total cost of ownership

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The affordability of communications in developing countries not only depends on the price of handsets and mobile services but also on other factors governed by local regulations and taxes. The Taxation and Digital Divide report, produced by Deloitte for the GSM Association (GSMA), found that, on average, tax accounts for nearly a quarter of total handset costs.

We have contributed to the debate on the total cost of mobile ownership, working through the GSMA to publish reports on the following topics:

- Universal Access – how mobile can bring communications to all
- Taxation and the Digital Divide
- Regulation and the Digital Divide.

For more information, see the GSMA website.

## Access to communications in emerging markets

# Affordable handsets

Handset cost is a key affordability barrier for access to telecommunications in developing countries, where people are generally poorer and mobiles provide one of the main means of communication. Our range of lower priced handsets aims to reduce this barrier.

We are working with manufacturers Sagem and ZTE to develop our range of Vodafone-branded, affordable handsets. Prices range from US\$20-\$45 for 2G handsets and from less than US\$150 for 3G handsets. This will enable many more people in emerging markets to afford access to mobile technology and the benefits it brings for the first time. In India, for example, handsets such as the Vodafone 125, 225 and 226 have proved very popular.

The first of the new range of affordable handsets – the Vodafone 125 and Vodafone 225 models – were launched in May 2007. The handsets are designed to be attractive and durable, and include popular functions such as text messaging. We have since introduced several new models, including the Vodafone 226, Vodafone 227 and Vodafone 228. These are designed to meet customer demand for affordable, simple to use, stylish handsets. In addition to basic text and voice services, the 227 and 228 models feature colour display, vibrating alert, headset and FM radio.

In April 2008, Vodafone launched three affordable multimedia camera phones designed to enable customers to access the internet in a quick and easy way. The Vodafone 725 is a 3G phone for customers who want to use internet and entertainment services on their mobile, retailing at less than US\$150. A solid and reliable phone with a camera, large screen and music player, it is the first handset with 'plug and go' internet connectivity using Vodafone Connect and a laptop. The Vodafone 526 and Vodafone 527 come in a classic, slim bar design for customers who are looking for a light and elegant phone with a camera phone and Vodafone live! services.

During 2007/08, we shipped more than 10 million affordable handsets in more than 50 countries.

Access to communications in emerging markets

# New business models

Our research demonstrates that the needs of customers in emerging markets can be quite different from those in developed markets. This means we need to adopt different business models – affecting network development, customer service and price plans – according to local needs and what customers can afford. These are some examples of how we are tailoring our services to emerging markets:

## Pre-pay

Providing flexible payment options helps to overcome credit barriers. For example, a pre-pay business model enables people to top up the credit on their phones as and when they need to, or are able to, rather than committing customers to a standard monthly charge. Pre-pay options (via cards, vouchers or electronic top-up schemes) are available in all our markets. We offer lower denomination pre-pay cards in emerging markets, to enable poorer customers to pay for just a small amount of call time at once. In India, for example, all you need to pay to become a Vodafone customer the first time is 99 Rupees (less than US\$3).

## Reverse charge (No airtime? No problem!)

Reverse charge enables people to make critical calls even when they have run out of credit. For example, Vodacom in South Africa offers a service where contract customers are billed for reverse charge calls made to them by family and friends. See details.

## Customer service vans in India for rural regions

We are bringing mobile services to rural communities in India through traveling phone shops. Forty vans drive from village to village in remote parts of the country, reaching people that otherwise would not have access to mobiles. More than 2,000 people already use the services every day and we plan to increase the number of vans to reach more communities. As the vans run as a franchise, they also provide the opportunity for local people to set up a small business.

## Self-service kiosks to top up the cards in urban areas of India

Vodafone Essar operates 400 self-service phone kiosks in urban areas, which are open 24 hours a day. Around 22,000 transactions are made each day using the kiosks' convenient, affordable top-up and information services.

## Free callback requests

Our 'Please Call Me' service in South Africa 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 cost of running the service is covered by advertising that is included alongside the 'Please Call Me' message. Vodafone's joint venture in South Africa, Vodacom, also teams up with charities to raise awareness of their campaigns or to deliver social messages – on HIV/AIDS prevention, for example – through the 'Please Call Me' service.

## Access to communications in emerging markets

A similar service in Egypt enables customers to send up to three free 'Please Call Me' text messages a day as part of our Wayak initiative (see m-transactions).

### Community phones



Many people cannot afford a mobile phone but have access to mobile services by sharing with family or friends, or through community phone shops where you can pay per call. These phone shops enable affordable 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 from approximately 4,000 access points have been set up by our joint venture Vodacom in South Africa. Community phones are run by local businesses as phone shops, under franchise. Vodacom provides business training and support to franchisees to help them make their business a success. Phone shops also help to boost local economies by creating jobs and attracting other businesses. On average, 133 million minutes of outgoing calls are made every month using these services.

In India, we offer the Vodafone PCO, a phone that looks like a fixed-line handset, but is connected to the Vodafone network. It is aimed at entrepreneurs that can install it at their shops or homes.

### Network sharing

Vodafone Essar is involved in a network-sharing partnership that aims to improve mobile coverage and quality in India, particularly in rural areas. Vodafone has a 42% share in Indus Towers, an independent company responsible for the construction of India's new mobile towers and the maintenance of existing ones belonging to Vodafone Essar, Bharti Airtel and Idea Cellular. Indus Towers will manage more than 70,000 sites, making it the largest tower company in the world.

## Access to communications in emerging markets

# M-transactions

Banking facilities are often scarce in emerging markets, particularly in rural areas. Many people who do not have bank accounts find it difficult or expensive to transfer money through traditional banking services.

The rapid growth in access to mobile telecommunications in emerging markets has created new opportunities to provide secure, low-cost financial services using mobile networks. We refer to these as m-transactions. They include:

- Mobile money transfer
- Airtime transfer
- Pre-paid bank card.

### Mobile money transfer services

The M-PESA mobile money transfer service was launched in Kenya in February 2007 in association with our joint venture, Safaricom. M-PESA enables customers to move money within Kenya by sending instructions via SMS text message to a central server. The service is aimed at mobile customers who do not have a bank account, often because bank facilities are prohibitively expensive or customers live in areas where access to financial services is limited.

Customers can deposit and withdraw cash at any of the 2,329 local M-PESA agents across Kenya, including retail outlets such as airtime dealers, petrol stations, and supermarkets. They can transfer money to other mobile users via SMS and buy pre-paid airtime credit. Customers wanting to use the service do not need a bank account, but must register with an agent to meet our 'Know Your Customer' requirements.

Of the 80% of Kenyan adults without bank accounts, many are self-employed business people who need to be able to transfer money. People with bank accounts can also use the service to send money to their families living elsewhere in the country who do not have bank accounts, avoiding more expensive and insecure local money transfer services.

Over two million customers have registered for M-PESA in Kenya since its launch, with 200,000 more signing up every month on average. The service is used by customers for a wide range of money transfer transactions, with the majority of transactions being below €20. Consumers use M-PESA as a secure method for storing their money when they travel on public transport, as well as to pay school fees. Small traders such as grocers and taxi drivers are also beginning to accept M-PESA as an alternative method of payment. 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.

We are trialling a wider range of payment services, including salary and bill payments, and receiving international remittances (see below). For example, Safaricom uses M-PESA to pay casual workers and also distributed 40,000 low-value cash prizes to its subscribers via M-Pesa.





## Access to communications in emerging markets

We have launched a similar service, branded M-Paisa, in Afghanistan with mobile partner Roshan. M-Paisa will provide a vehicle for micro-finance institutions to distribute and collect loans and offer business services, such as salary payments to un-banked employees. We are also trialing Interactive Voice Response technology, which will enable customers who are unable to read and write to use M-Paisa services.

Vodafone has announced plans to launch M-PESA in Tanzania in partnership with our joint venture, Vodacom. We will continue rolling out mobile money transfer services in India and other African markets throughout 2008/9.

## International remittances via mobile

Money sent home by migrants working abroad (foreign workers) is an increasingly significant source of income in many developing countries. But transferring funds internationally can be complicated and expensive, particularly in relation to the small amounts sent in each transaction. It can also be difficult for recipients to collect the money if they do not have a bank account or access to financial services.

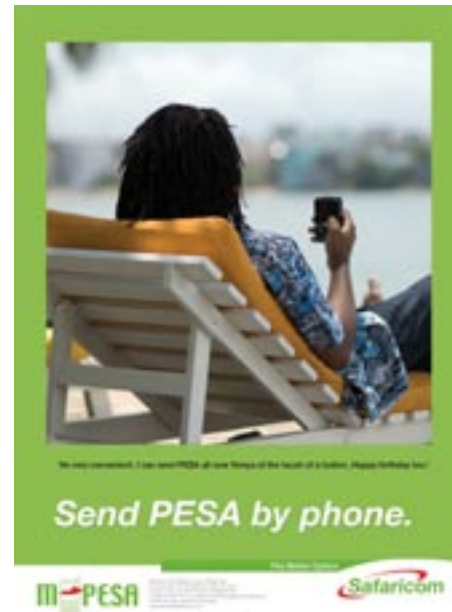
In 2007/08 we trialed the use of Vodafone Money Transfer for international transfer services, as part of a pilot programme launched in partnership with Citigroup in 2006/07. The service enables people to send money abroad and collect remittances via their mobile phones. It is being trialed in Kenya – building on the success of M-PESA – with a view to expanding it to markets in Asia and Eastern Europe. Customers in the UK participating in the pilot can send money to a mobile phone in Kenya by submitting debit or credit card details and transfer amount using a secure website. The recipient will receive notification of the transaction by SMS text message and can withdraw the money that has been sent at a local mobile retail outlet.

The trial has helped us test customers' attitudes towards the initiative and investigate practical ways to tackle complex issues associated with cross-border money transfer, including customer registration and anti-money laundering compliance. We will continue to assess different approaches for enabling international remittances. We participated in the GSM Association Mobile Money Transfer programme and shared our experience from the Kenya pilot programme. We also support the development of a sector-wide position paper on regulation about international remittances. The success of M-PESA in Kenya has led to increased recognition within the sector that domestic m-transaction services can change the way international money transfers are made. Mobile transactions can be accessed by more people and bring remittance costs down in emerging markets.

We published a CR Dialogue paper to inform and enlighten debate on this issue: Economic Empowerment through Mobile summarises three pieces of research sponsored by Vodafone. Stakeholder meetings were held in the US and London (with Forum for the Future and the World Resources Institute) to share the findings of the research and obtain feedback.

## Airtime transfer services

Airtime transfer services allow pre-pay customers to transfer call-time value from their phone to that of another customer. This enables them to distribute small amounts of call-time between family, friends and contacts, and helps small businesses to have control over their phone usage. We have launched airtime transfer services in Albania, Egypt, Kenya and South Africa.



## Access to communications in emerging markets

Vodafone Egypt's 'Wayak' initiative offers several options for customers who have run out of credit but need to make a call. They can obtain a one-day validity extension upon receipt of the balance from a friend or family member or transfer air-time from other pre-paid customers. Around 1.7 million Vodafone Egypt customers make a total of 20 million balance transfer transactions every month, usually between five and 50 Egyptian pounds. Customers can also send a free text message asking the recipient to call them back (see new business models).

### **Vodafone Cash in Egypt**

We are partnering with HSBC to offer a pre-paid bank card tied to air-time balance in Egypt. The Vodafone Cash service is designed to give customers with no bank account an easy way to deposit, transfer and withdraw cash. Customers can deposit up to 1,000 Egyptian pounds (around €130) onto their card at any Vodafone Cash service outlet. They simply pay in cash, then swipe their card to top up the balance.

Cash withdrawals can be made at any Vodafone Cash outlet or HSBC ATM machine. The card is linked to the customer's mobile phone number. Once they have registered to use the service, customers can call a dedicated number from their mobile to transfer money to another Vodafone Cash customer, pay their monthly phone bills or top up their prepay balance. Customers are notified of all transactions by SMS text alerts.

## Access to communications in emerging markets

# Access to internet through mobile

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 socio-economic development.

Key barriers to internet access in emerging markets include the cost of desktop and laptop computers, and the cost and logistical difficulties associated with 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 or South Africa tells us that the three most important factors are:

- Locally relevant content and services, in local languages
- Pricing
- Network features that create a seamless experience, such as automatic device detection or content adaptation.

We are working to support this increase in mobile internet use. For example, in South Africa, we offer Vodacom customers a range of affordable mobile internet options, including mobile data services, mobile broadband data services and wireless broadband data services. We also provide a 24-hour helpline for mobile internet support. Customers can choose the option that suits them best and they only pay for the amount of data they use, regardless of how long they are online. At the end of 2007/08, over four million people in South Africa had access to the internet through their mobile phone.

In 2008, we will continue to launch affordable multimedia phones in emerging markets, to enable customers to access the internet in a quick and easy way. See Affordable handsets.

Access to communications in emerging markets

# Socio-economic impact research

Our socio-economic impact (SIM) research project set out in 2004 to provide a systematic analysis of the impact of mobiles, going beyond the rich but scattered array of anecdotal evidence. The SIM project has covered three key areas so far.

## Impact of mobile in Africa

The first set of studies explored the impact of mobile in Africa, where mobile use has grown rapidly over the past few years. The work, published in 2005, documented the boost to economic growth from greater mobile penetration and found that, even in remote rural communities, there were fewer barriers to the use of mobiles than might have been expected. Mobile technology can play a vital role in bridging the digital divide, particularly in rural areas where there is limited access to other forms of communication such as roads, postal systems or fixed-line phones.

The studies analysed data from 1996 to 2003 and concluded that a developing country with an average increase of 10% mobile penetration showed 0.59 percent higher growth in Gross Domestic Product (GDP) than an otherwise identical country. This study was replicated by Deloitte in 2007 using more recent data, which found that a further 10% increase in mobile penetration would produce an additional 1.2% increase in annual GDP growth rate. This shows that increased mobile penetration has a significant impact on GDP growth.

## Impact of mobile in healthcare

The second set of studies, published in March 2006, looked at the impact of mobiles in healthcare, finding benefits for the users of health services, for public health undergoing a growing burden of diseases, and for health services efficiency. See more on the research findings.

## Economic empowerment through mobile

The third stage of the SIM project looked at specific products and services to assess their socio-economic impacts. This includes looking at the evolving role of mobiles in micro-payments, the transmission of relatively small sums of money and the provision of some basic banking services in countries where few people have any access to the security and convenience of a bank. This is a live issue for policy makers concerned about economic and social development, especially in countries with many migrant workers overseas. See our CR Dialogue on the Economic Empowerment through Mobile.

## SIM Panel

The areas of research were decided in conjunction with the experts on the Vodafone Advisory Panel, a group of academics, officials and NGOs, chaired by Diane Coyle of Enlightenment Economics and University of Manchester.

## Access to communications in emerging markets

# SIM research project

## Impact of mobile phones in Africa

In 2004, we commissioned four research studies on the socio-economic impact of mobiles in Africa. The key findings are:

### **Mobiles are used and owned differently in emerging markets from the developed world**

- The value of mobile phones to the individual is greater because other forms of communication (such as postal systems, roads and fixed-line phones) are often poor. Mobiles provide a point of contact and enable users to participate in the economic system.
- Many people who cannot afford to own a mobile themselves can access mobile services through informal sharing with family and friends or through community phone shops.
- Use of text messaging in rural communities is much lower due to illiteracy and the many indigenous languages. This has implications for other technologies that use the written word, such as the internet.

### **Mobiles can improve economic growth, quality of life and social capital**

- Mobiles have a positive and significant impact on economic growth. This impact may be twice as large in emerging markets as in developed countries.<sup>1</sup>
- A developing country with an extra 10 phones per 100 people between 1996 and 2003 would have had GDP growth 0.59% higher than an otherwise identical country.
- In 2007, Deloitte reviewed a sample of 57 emerging markets and found that a 10% increase in mobile penetration leads to a 1.2% increase in the annual growth rate in GDP.
- Fixed and mobile communications networks, (in addition to the openness of the economy, the level of GDP and other infrastructure), are positively linked with Foreign Direct Investment. The impact of mobile telecommunications has grown in recent years.<sup>2</sup>
- Many of the small businesses surveyed use mobiles as their only means of communication. The proportion is highest for black-owned businesses in South Africa and informal sector businesses in Egypt.<sup>3</sup>
- 62% of the small businesses surveyed in South Africa and 59% in Egypt said they had increased profits as a result of mobile phones, in spite of increased call costs.<sup>2</sup>
- Mobiles are used as a community amenity. Most mobile owners surveyed in South Africa allow family members to use their handset for free and a third do the same for friends.
- 85% of those surveyed in Tanzania and 79% in South Africa said they had more contact and better relationships with family and friends as a result of mobile phones.<sup>2</sup>

## Access to communications in emerging markets

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### Many factors affect the spread of mobile phones

- Economic factors – such as income per capita and the price of handsets and calls.
- Flexible use of appropriate business models – for example, smaller value pre-pay top-up cards help overcome credit barriers and the use of mobiles as public telephones.
- Government policy – mobile phone use is higher in countries with liberalised telecommunications markets.
- Social and cultural factors – including urbanisation, women's empowerment and population density (which can affect the cost of deployment in rural areas).

1 Waverman, Meschi and Fuss, *The Impact of Telecoms on Economic Growth in Developing Countries, Africa: The Impact of Mobile Phones*, Vodafone Policy Paper Series 2 (March 2005)

2 Williams, *The Relationship between Mobile Telecommunications Infrastructure and FDI in Africa* (February 2005)

3 Samuel, Shah and Hadingham, *Mobile Communications in South Africa, Tanzania and Egypt: Results from Community and Business Surveys* (February 2005)

Access to communications in emerging markets

# Access to communications in emerging markets: performance 2007/08

## We said

We would continue to research the impacts of our products and services in society and the economy.

## We have

### Continued to research the impact of mobile telephony in emerging markets

We have commissioned new research to be conducted in India on the impact of mobile phones in the local socio-economic development conditions. This was done in consultation with the SIM (Socio-economic Impact of Mobiles) Panel (see Socio-economic impact research). The research in India will cover the following topics:

- the spread of mobile in India and its impact in socio and macro-economic indicators
- the potential of mobile for agricultural productivity
- use of mobile to create new business models
- Social impacts of mobile.

### Acquired a new local operating company, providing mobile services to 44.1 million people in India

We have secured a controlling stake in a local operating company in India – Vodafone Essar – having completed our acquisition of companies with interests in Hutchinson Essar Limited in May 2007. Vodafone Essar already provides mobile services to 44.1 million people. This is an 18% share of the market in India which has a 23% penetration of the population as a whole.

Our networks cover 16 of the country's 23 circles (telecom zones), including four of its largest cities – Mumbai, Delhi, Kolkata and Chennai. In 2008, we plan to extend our services to a further seven states. Vodafone Essar's expansion, which includes a network-sharing project, will extend access in rural areas and help the Indian government meet its target of 500 million mobile subscribers by 2010.

### Expanded our range of affordable mobile phones

We launched two new Vodafone-branded, affordable handsets – the Vodafone 227 and Vodafone 228 – in Europe and emerging markets in February 2008. In April 2008, Vodafone launched three affordable, multimedia camera phones with internet access – the Vodafone 526, Vodafone 527 and Vodafone 725. The Vodafone 725 is a 3G phone for customers who want to use internet and entertainment services on their mobile with 'plug and go' internet connectivity using the Vodafone Mobile Connect software and a laptop. We sold more than 10 million affordable handsets in more than 50 countries in 2007/08. See affordable handsets.

## Access to communications in emerging markets

### **Rolled out mobile payments services in Kenya and Afghanistan**

Over two million people in Kenya have used our M-PESA mobile money transfer service since its launch, with 200,000 more on average signing up each month. M-PESA is being used by customers for a wide range of money transfer transactions, usually with a value below €20. A range of 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.

In 2007/08 we worked with local mobile operator Roshan to launch a similar service in Afghanistan, branded M-Paisa. Some 50 M-Paisa payment points have been established in the cities of Kabul, Mazar, Jalalabad and Herat, and we anticipate that the service will be available nationwide by the end of 2008. We are also trialling interactive, voice-recognition technology – due to be launched later in 2008 – that will enable customers who are unable to read and write to use M-Paisa services.

We launched Vodafone M-PESA in Tanzania in April 2008, and plan to launch secure mobile money transfer services in India and other African markets throughout 2008/9. See m-transactions

### **Launched free text services enabling customers to request a call back from friends or family in Egypt and South Africa**

Customers can send a free text with the message, 'Please Call Me', even when they have run out of credit. The service is funded by advertising that accompanies each message. Customers in South Africa sent more than six billion of these messages in 2007/08 – on average some 18-20 million daily.

Vodafone's joint venture in South Africa, Vodacom, is also working on a 'Social Txt' initiative, replacing the regular advertisements with information promoting HIV/AIDS prevention services. A follow-up survey found that 41% of those receiving the messages accessed the HIV/AIDS prevention services offered. See new business models.

### **Engaged with experts on our approach in emerging markets**

Vodafone organised a workshop in May 2007 with seven selected experts in emerging markets and development as part of a series of Vodafone CR Dialogues. The workshop focused on key aspects of Vodafone's current approach to emerging markets and expectations for the future.

Participants agreed that Vodafone should continue to focus on improving access in emerging markets through its core business, but should be aware of potential risks as it moves into emerging markets, such as increased risk of corruption. They recognised the potential of mobile to bring socio-economic benefits and saw the cost of mobile services as the key barrier to access.

They suggested that access to internet and data services should be the next priority for Vodafone in emerging markets, and new areas to explore could include public services, small business, education and further development of financial services. Participants recognised Vodafone as a leader in this area.



## Access to communications in emerging markets

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### **Continued to promote development of products with high social value through our social investment fund**

The £5 million fund launched in 2005/06 enables innovative social products to be developed which may not otherwise be seen as commercially attractive ventures. It focuses on products designed to bring improvements in three key areas: health, inclusive design and emerging markets. In 2007/08, we established a governance structure for the fund and defined its scope. Research was conducted into inclusive handset design and the potential of 'green' mobile products. The design of new products and services is planned to start in 2008/09.

#### **We will**

- Launch mobile payment services in a further three countries by March 2009
- Publish research on the socio-economic impact of affordable handsets by December 2009
- Continue our research on the impact of mobiles in India and Turkey, to understand where we can best contribute to advancing socio-economic conditions and publish the results by March 2010
- Launch at least one product or service by March 2010 that promotes access to communications and/or sustainable development in areas identified by SIM research in each market where we operate
- Increase the number and the range of Vodafone branded handsets targeted at customers in emerging markets
- Publicly report results in each of the four years of the social investment fund programme

# Impact of mobile in healthcare

"SMS offers further opportunities to deploy the benefits of mobile phone technology and improve access to healthcare and information.

Dr. Mike Sadler, Medical Director, NHS Direct

Healthcare services are facing increasing pressure to improve efficiency and meet rising expectations for high-quality care and customer service.

Vodafone published the first systematic study into the potential use of mobile communications in healthcare. The research findings were published in March 2006 as part of our series of public policy papers designed to stimulate debate.

The research, led by Imperial College London, found that using existing basic voice and text mobile services in healthcare could significantly improve:

## Efficiency

Trials have shown that text message reminders to patients lead to a 30–50% decline in missed hospital and doctors' appointments. Missed appointments in England cost the National Health Service about £789 million a year. By extrapolating the data from these trials, this suggests that a simple text message reminder system could save between £240 and £370 million per year in England alone.

## Health outcomes

Text message support systems can help improve self management and monitoring of patients with chronic conditions such as tuberculosis and diabetes. A text message (SMS) support system that facilitates greater self management and control was trialled among young people with type 1 diabetes. The system, developed by the University of Dundee, improved users' long-term blood glucose levels by 10%. Other studies suggest that this level of reduction can potentially reduce complications of blindness by 76% and kidney disease by 50%.

## Access

Calling from a mobile provides more convenient, direct and confidential access to healthcare services than a shared fixed line, either at home or at work. Our research suggests that teenagers (particularly girls) prefer to use their mobiles to seek advice on health issues for privacy and confidentiality reasons.

## Public health benefits

Mobile brings public health benefits by increasing adherence to treatment programmes and improving control of communicable diseases. A text message support system for patients with tuberculosis can improve treatment compliance resulting in annual savings of up to £1.9 million per 1,000 patients.



# Accessibility

We want to find ways to make mobile phones easier to use, particularly for customers who are elderly, deaf, hard of hearing, blind, visually impaired or have other disabilities. We call this accessibility.

Accessibility is usually associated with disability, but difficulty using devices such as mobile phones is more widespread. Our research on reducing preventable exclusion suggests that at least 9% of the EU adult population is excluded from using mobile phones. Vodafone views this as both a social and commercial challenge.

We offer specialised products and services to increase access to communications for customers who are:

- Blind or visually impaired such as text-to-speech software enabling blind people to listen to text messages
- Deaf or hard of hearing such as push-to-talk technology enabling deaf people to communicate in real time on their mobile phones.

Many people who do not have a serious disability still have difficulty using the full functionality of a mobile phone, handling a handset, pressing keys to operate and reading the screen. We have commissioned research on how to make mobile phones easier to use through inclusive handset design and simpler operating menus.

We also offer a range of other products and services that use mobile technology to bring social benefits in some markets for customers who are elderly or have special healthcare needs. For example, our social alarms enable greater independence for the elderly or infirm by connecting them to professional, medical or security help at the touch of a button. Our personal medical phones have built-in equipment to monitor medical conditions such as diabetes.

In addition to our own research and product development, we engage with regulators to develop policy that will improve access to communications services for people with disabilities. For example, Vodafone is engaging with the European Commission on emergency services access for deaf and disabled customers. We are also participating in the Commission's e-inclusion initiative to develop an accessible communications service that would be compatible with existing technology across all media. See public policy.

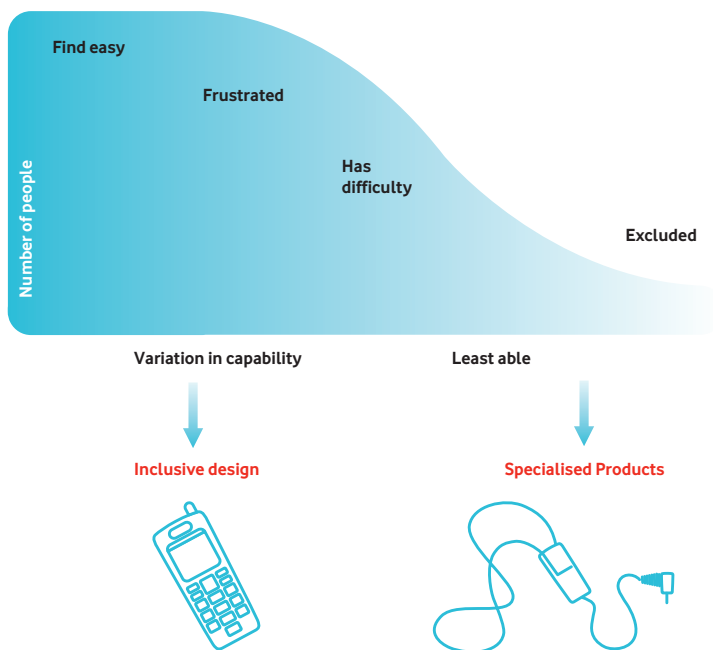
## Accessibility

# Reducing preventable exclusion

Accessibility is usually associated with disability, but difficulty using certain products, including mobile phones, is much more widespread. Many people who would not be characterised as having a serious disability still have difficulty using the full functionality of a handset, handling mobile phones, pressing the necessary keys or reading what is on the screen.

This difficulty is growing as phones become smaller and more complex, and can lead to frustration. This can be addressed by adopting a more inclusive design. However, for those people with serious disabilities – including people who are deaf, hard of hearing, blind or visually impaired, we need special products (such as text-to-speech software or hearing aid-compatible handsets).

### Accessibility continuum



## Accessibility

### Researching the causes of exclusion

We commissioned Cambridge University and technology company Sagentia to conduct a study into preventable exclusion. The first phase of the research in 2004/05 was to identify and quantify the sources of exclusion. This found that 9% of the EU adult population (about 40 million people) have difficulty using a mobile phone, particularly if they are elderly or disabled. This increases significantly with age, with conservative estimates suggesting that 20% of over 55s are excluded. This finding is based on a study of five handset models, using voice and text services. The products were tested by design specialists and potential users aged 55 or over.

The research found that many older users have difficulty with basic functions such as turning the handset on and off or receiving and making calls. These problems are worse with newer, more complex phones. A large number were able to use the phone, but found the experience difficult and frustrating. The study highlighted several significant sources of exclusion, including intimidating aesthetics of handsets, small screen and button size, and difficulties navigating complicated menu systems.

### Developing inclusive design

The next challenge was to investigate ways to reduce this exclusion. We are working to identify key features that will significantly reduce the level of exclusion from mobile communications.

Vodafone Simply was introduced in 2005 for customers who only want basic voice and text services with straightforward price plans. It includes specially designed handsets that are easy to use with plain, on-screen instructions on how to use them. Although this product is still available in some markets, it has been withdrawn from three markets owing to lack of consumer take-up. Feedback from consumers suggests they prefer to use a mainstream phone rather than a specific accessible handset. In the future we will focus on introducing inclusive design features across our range of handsets, rather than developing specific 'special' handsets.

We have developed guidelines on the look and feel of a handset for more inclusive product design. These are intended to ensure new mobile phones are attractive without intimidating users. Several prototype handsets have been produced, including an accessible user interface called "Unity", designed to make it easier to navigate screen menus. Our research continues on how to bring these principles into commercial handset design.

A 'centre of excellence' is being established in Spain, with the goal of developing innovative products with features that reduce exclusion. Products will be developed and piloted by Vodafone Spain before being rolled out to other operating companies. See performance 2007/08.

## Accessibility

# Customers who are blind or visually impaired

Text-to-speech software, such as Talks™ and Mobile Speak™, enables blind or visually impaired customers to use text messages on their mobile phones. The screen reader software also helps them check status information such as battery life and signal strength. Talks is available in Australia, Greece, Ireland, Italy, New Zealand, Portugal, South Africa and the UK. Mobile Speak is used by some 6,000 customers in Spain, where we also offer 'Mobile Magnifier' software, an application that increases the size of the elements that appear on the mobile telephone screen.

Talks and Mobile Speak both work in all phones that use the Symbian operating system. This includes phones made by leading global handset manufacturers such as Nokia, Samsung and Siemens. We are investigating whether it will be possible to distribute the software as an MMS download, making it easier and quicker for users to obtain the service.

Vodafone Spain has developed software that uses GPS to guide blind or visually impaired customers. 'Easy Walk' provides detailed information about the users' current position and gives instructions that the customer can follow to arrive at a specified place. It speaks street names and numbers to the user as well as intersections and interesting places. In case of emergency, the user can raise an alarm. When this occurs, an operator locates the person on a map and then either guides the user, step by step, to a preferred destination or warns somebody to get in touch with the customer. The pedestrian GPS navigation service launched in the Czech Republic in 2007 enables visually impaired people to identify their location quickly by calling a help centre. The operators identify the caller's location using GPS, and also provide telephone directory services and help callers find their nearest transport links.

## Researching the needs of customers

We commissioned consumer research in Spain and the UK in 2006 to better understand the needs of blind and visually impaired customers. Mobiles play a significant role in the everyday lives of those surveyed, not just for communication but as a means of being independent, providing security and reassurance when lost and helping to feel part of mainstream social culture.

The research found that a range of services is required to meet the needs of customers with different levels of visual impairment. The text-to-speech function is particularly useful for blind customers. People who are less visually impaired prefer other features such as a larger font size, a more inclusive user interface or a keypad designed to be easier to use.

The people interviewed preferred these features to be made available in standard handsets rather than one designed specifically for them. Blind and visually impaired customers want to be able to use the full functionality of mobile phones available to other users, especially functions of particular use to them such as voice-activated location services. Vodafone is continuing to review opportunities to develop new features to improve the experience of customers who are blind and visually impaired.

## Accessibility

# Customers who are deaf or hard of hearing

We have developed text-based communication, specialist accessories and mainstream products to improve accessibility for customers who are deaf or hard of hearing.

### Push to talk technology

Vodafone and the National Confederation of Deaf People in Spain developed the Accessible BlackBerry® from Vodafone. This mobile service, based on 'push to talk' technology, allows deaf people to communicate in real time through emails, text and the BlackBerry messenger. It enables users to send and receive instant messages anytime, anywhere. Beneficial price plans for deaf customers include a 50% discount on BlackBerry from Vodafone® services, 100 free SMS text messages, a €9 monthly discount and no joining fee.

In the UK, our Mobile Textphone service enables deaf, hearing-impaired and speech-impaired customers to have real-time conversations with hearing people in text format. It uses the RNID (a UK charity for deaf and hard of hearing people) Typetalk service. The Textphone makes it possible for customers who are deaf or hard of hearing to call their bank or doctor – calls that people prefer to make for themselves. The service brings people closer together because all Vodafone customers can make calls to people who use Textphones, using their standard Vodafone mobile. We also provide a Textphone service in Australia and New Zealand.

Vodafone Spain provides a service called 'Dictate SMS' that transfers voice messages into SMS. This is very useful for customers who are deaf or hard of hearing and also helps people with reduced mobility that find writing SMS messages difficult.

### Making mobiles compatible with hearing aids

A study in 2005/06 into hearing aid and mobile phone compatibility found that some hearing aid users experience interference when using a mobile phone. The level of interference depends on the type of hearing aid and mobile phone being used. 3G handsets and 'flip' or 'clamshell' handsets generally lead to less interference.

Vodafone Spain worked with FIAPAS (the Spanish Association of Parents and Friends of People with Hearing Disabilities) to develop a product to allow people with hearing aids to use mobile phones. T-Loop works by transforming normal mobile phone signals into magnetic waves that can be interpreted by the hearing aid. This significantly improves the sound quality and volume. It also reduces background noise, often a problem for hearing aid users. More than 500 customers in Spain already use this service and, in 2007, Vodafone Spain launched a new version of the Vodafone 710 handset packaged with a T-loop. We also sell T-loop in New Zealand and the UK.



## Accessibility

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### Supporting customers who use sign language

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We have established a Communications Support Directory for customers who are deaf or hard-of-hearing in the UK. This provides local information and contact details for British Sign Language (BSL) interpreters, lip-speakers, speech-to-text reporters, communication support workers and deaf-blind interpreters.

### Tariffs to improve accessibility

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We have introduced accessibility tariffs in seven markets. These tariffs offer price reductions to customers who are deaf, blind or otherwise disabled.

They include data-only tariffs that enable customers who are deaf or hard of hearing to pay only for the services they use, meaning they do not have to pay for voice calls unless they want to. In Italy, the tariff includes 100 free SMS text messages a day to Vodafone Italy mobiles, 9-cent text messages to other mobiles and up to 500 minutes of videocalls a day to Vodafone Italy phones paying only the call setup fee (€0.19). Customers can apply by completing a medical certificate online or at any Vodafone outlet. Deaf customers in Greece receive a 50% reduction on their SMS tariff.

In 2007, we introduced subsidised tariffs for disabled people in the Czech Republic. In Portugal, customers certified with work incapacity of 80% or more have been able to receive 50% off their voice and SMS tariff since 2005, and off their mobile internet bill since 2007. In Hungary, we offer special accessibility tariffs in partnership with the national associations for blind, deaf and disabled people.

### Emergency text messages

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We are supporting a pilot study in the Algarve region of Portugal to offer an emergency contact number for the hearing impaired via SMS. The international emergency services number, 112, does not yet have text messaging capability. The pilot enables customers to text '911120000' to receive immediate help. This service will be rolled out across Portugal if the pilot is successful.



## Accessibility

# Customers who are elderly or have special healthcare needs

We offer a range of products and services to improve accessibility and make life easier or safer for elderly customers and help those who need medical assistance. For example, people can use their mobile phones to monitor and manage their health, help control chronic conditions, and prevent complications through early diagnosis and prevention.

### Easy-to-use handsets for elderly customers

Vodafone Spain's Emporia Life handset features a large screen and display, oversized and easy-to-use buttons, and a high volume loudspeaker and ring. It has a powerful vibration alert to ensure the owner knows when someone is calling, an orange backlight for visually impaired people, and is compatible with digital hearing aid devices. For additional security the phone has a unique emergency button. This large red button located on the back of the phone can be programmed to call up to five previously designated numbers for help. This may be a relative, neighbour, doctor or anyone the owner wants to contact in an emergency situation. It can also be programmed to send out a pre-written text to other mobile phones asking for assistance.

### Tele-assistance services for elderly and dependent people

People suffering from Alzheimer's disease or similar conditions can become easily disoriented. They are often dependent on constant care and assistance from their families. Vodafone Spain's 'Always with you' mobile tele-assistance service is designed to increase their independence, so improving quality of life for them and their families.

The handset is specially designed for people who do not regularly use mobile phones such as the elderly. It is very easy to use, with just two buttons – green and red:

- The green button calls a pre-programmed contact number of a friend or family member. If there is no response from the first number contacted, the call automatically passes to the next on the list until it is answered.
- The red button connects the user with a mobile tele-assistance service for immediate help.

The service was developed in close collaboration with the Spanish Association for Alzheimer disease. It overcomes some of the limitations of existing static tele-assistance services, bringing added values such as independence and safety for dependent people, at all times.

Vodafone Spain, along with the Spanish Red Cross and the Spanish Alzheimer Association, has developed the Intelligent System for Monitoring Personal Alerts (SIMAP), which offers 24-hour access to assistance both in the home and outside it through a mobile device. The device is equipped with a location-based service that enables families to find their relative if they become disoriented. It can also be set up to alert families if the user leaves a designated safety zone.

## Accessibility

### European Commission ASK-IT project

Vodafone is a partner in a pan-European collaborative project, ASK-IT. Funded by the European Commission and led by Siemens' Division of Health Services, the project involves companies and research bodies such as Nokia, Alcatel, and the University of Newcastle, amongst others. The ASK-IT project is designing an easy to use, 'one-stop-shop' online information resource for mobility impaired people. Users create a personal profile on the service and log on through their mobile phone, PDA, notebook or PC to search for personally relevant information on accessible transport and accommodation, events and sites of interest

Vodafone is supporting the pilot event, to be held on Madrid in 2008. It will mainly focus on improving access to existing internet by physically disabled persons and senior citizens. Services will be integrated into one application and they will be available in real time, on a portable device.

### Using mobiles to monitor health conditions

Vodafone Spain has developed a service that enables people with diabetes to effectively control their sugar levels. A monitoring device measures the level of sugar in their blood and displays the reading on their mobile phone. The phone also automatically sends the information to a database that can be accessed by doctors, who can alert their patient if necessary.

Vodafone Group R&D and Vodafone Spain are working on a project, due to be completed in 2008, which aims to improve diagnosis of high blood pressure. The project is looking at ways that mobile phones can connect to a digital blood pressure monitor using Bluetooth, and send readings via SMS to a control centre. Patients would be able to access information from the control centre and use it to evaluate their current situation to determine whether they need treatment. Doctors would also assess the information and write prescriptions for any blood pressure medication their patients need. Another goal of R&D is to strengthen preventive healthcare via mobile services which can motivate people by making regular exercise more fun and entertaining.

With the support of the Vodafone Portugal Foundation, a system has been developed to monitor epilepsy in children remotely. Neurologists and paediatricians at the West Lisbon Hospital Centre in Portugal use mobile communications and specially developed software to monitor medical diagnostics remotely via the internet, on a computer or PDA at any time, even outside the hospital.

People with allergies in the south of Spain can register for free weekly updates via SMS about pollen levels throughout the spring, tailored to their location and the types of pollen they are allergic to.

## Accessibility

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### Telemedicine services

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Telemedicine equipment enables local doctors to examine patients with chronic diseases and transfer medical information to a specialist such as a cardiologist elsewhere for analysis. The expert can instantly send their opinion back based on their analysis of the data received.

Following a pilot project in 2006, Vodafone Greece organised a training course in March 2007 to teach medical staff how to use telemedicine equipment. Participants were given equipment to record life signs (electrocardiograph, spirometer, oxymeter, blood pressure monitor and glucosometer) and a PDA device.

Vodafone Romania has provided SMURD, the Romanian emergency services provider, with 16 sets of telemedicine equipment to improve the efficiency of its ambulances since 2005. Each set includes medical and communications equipment to enable ambulance teams to communicate with the national 112 ambulance service and local hospitals. This gives SMURD ambulances in small towns and rural areas access to central expert assistance, enabling them to respond more quickly and effectively in emergency situations.

## Accessibility

# Accessibility: performance 2007/08

### We said

We would reduce the level of preventable exclusion by at least a third by 2010.

We would introduce three significant products with features that reduce exclusion by March 2008.

### We have

Introduced three significant products with features that reduce exclusion

Over the past three years since we set our target to introduce three significant products to reduce exclusion, we have piloted a wide range of inclusive products in various operating companies. We believe they have the potential to significantly reduce exclusion:

- Talks (text-to-speech software for blind people)
- Accessible Blackberry® from Vodafone (enabling deaf people to communicate in real time)
- Vodafone Simply (an easy-to-understand price plan with accessible handset).

These products have been rolled out in several markets with varying degrees of commercial success. Talks is available in Australia, Greece, Ireland, Italy, New Zealand, Portugal, South Africa and the UK. The related service, Mobile Speak, is used by some 6,000 customers in Spain. We have launched the Accessible Blackberry® from Vodafone in Spain, with more than 4,000 handsets sold in 2007/08. Vodafone Simply was introduced in 2005, and is still available in some markets. However, this product has been withdrawn from three markets due to lack of consumer take-up (see reducing preventable exclusion).

These products, together with others we are piloting, are helping us work toward our target to reduce preventable exclusion by at least a third by 2010. We will assess our performance against this target through an audit to be carried out in January 2011.

### Established a 'centre of excellence' in Spain to develop products that reduce exclusion

We will use our experience of developing social products in Spain over several years to roll out products to new markets. Vodafone Spain has already established a range of successful inclusive products, including the Accessible Blackberry® from Vodafone, Talks and tele-assistance services for the elderly and those with special healthcare needs. Vodafone Spain is also well-placed to lead on this issue because there are several strong special needs organisations operating in Spain, including ONCE, FIAPAS, CNSE and the Spanish Red Cross, and accessibility is high on the national political agenda.

Vodafone Spain will help guide our strategy on inclusive product development initiatives and stakeholder engagement in other markets. Other operating companies will also be able to draw on Spain's experience in marketing and promotion of inclusive products.

## Accessibility

### **Introduced a service enabling visually-impaired people to easily find their location**

Our new 'pedestrian GPS' service, introduced in Spain in 2007/08, enables people who are blind or visually impaired to find their location quickly and easily through software on their mobile phone. We also launched a similar service in the Czech Republic, where customers can call our helpline to find out where they are. Operators identify a caller's location using GPS and provide telephone directory services and help callers find their nearest transport links. More than 400 people – including 250 regular callers – have so far used the service in the Czech Republic, run in partnership with the charity Czech Blind United. Vodafone Czech Republic and the Vodafone Czech Republic Foundation received a prestigious Bona award from Czech charity, the VIA Foundation, for the service.

### **Introduced special tariffs to tackle accessibility**

We have introduced accessibility tariffs in seven markets. For instance, Vodafone Italy offers a dedicated price plan for people who are deaf and hard of hearing. The tariff includes 100 free SMS text messages a day to Vodafone Italy mobiles, 9-cent text messages to other mobiles and up to 500 minutes of videocalls a day to Vodafone Italy phones paying only the call setup fee (€0.19). Customers can apply by completing a medical certificate online or at any Vodafone outlet. Tariffs to improve accessibility have been launched in Czech Republic, Greece, Hungary, Portugal, Spain and the UK. They include cut-price bills for people registered as deaf or disabled.

### **Launched the Emporia handset for elderly customers in Spain**

Vodafone Spain launched 'Emporia Life', a new mobile with features for the elderly. These include a large screen and display, oversized and easy-to-use buttons, and a high volume loudspeaker and ring. It has a powerful vibration alert to ensure the owner knows when someone is calling, an orange backlight for visually impaired people, and is compatible with digital hearing aid devices.

For additional security the phone has a unique emergency button. This large red button located on the back of the phone can be programmed to call up to five previously designated numbers for help. This may be a relative, neighbour, doctor or anyone the owner wants to contact in an emergency situation. It can also be programmed to send out a pre-written text to other mobile phones asking for assistance.

### **We will**

- Reduce the level of preventable exclusion by at least a third by 2010.
- Conduct a learning and performance audit of Vodafone Spain social products and produce a best practice tool-kit for other markets

# Our direct economic impact

Vodafone contributes directly to countries in which it operates through licence fees, taxes, wages and by purchasing products and services.

A standard measure of a company's economic contribution is 'cash value added'. This is the value of sales less the cost of bought-in materials, components and services we buy from our suppliers. Vodafone added £12.3 billion to the global economy in 2007/08, compared with £11.3 billion the previous year.

	2007/08	2006/07	2005/06
<b>Revenue distribution</b>			
Suppliers (£m)	23,816	20,433	25,914
Employees (£m)	2,324	2,050	2,106
Shareholders returns (£m)	3,778	12,636	9,257
Lenders (£m)	1,107	525	402
Tax Authorities (corporation taxes and social security only) (£m)	3,140	2,544	1,939
Retained for growth (£m)	1,875	(6,483)	(2,087)
<b>Cash value added (£ billion)</b>	<b>12.3</b>	<b>11.3</b>	11.7

The UK Government Department of Trade and Industry's Value Added Scoreboard 2007 ranked Vodafone sixth in the UK and 21st in Europe. The criteria for the scorecard differ to the cash value added measure, primarily as it excludes capital expenditure within the cost of goods and services.

We contribute indirectly to economies in less developed countries as the presence of mobile telecommunications promotes GDP and individual entrepreneurial opportunities. For more information see Access to communications.

# Social investment

We want to improve quality of life in communities around the world, particularly in the countries where we operate. We focus our contributions on areas directly related to the impacts of our business on society.

Our Social Investment Policy identifies the following priorities:

- Reaching the excluded with the benefits of mobile technology
- Promoting sustainable business practices and environmental protection
- Supporting the personal involvement of our employees in their local communities.

We channel our charitable donations through The Vodafone Group Foundation and its network of 23 local foundations and social investment programmes. See a list of local foundations.

Governance of the Vodafone Group Foundation and the local foundations is outlined by our Charitable Donations Policy, which is included in our Group Governance Manual.

Here, we provide an overview of our foundations' performance in 2007/08. For further information on the foundations' activities, see The Vodafone Group Foundation website.

Vodafone also provides support through corporate donations of products and funds, technical assistance and employee volunteering.

## Social investment

# Foundations: Performance 2007/08

### We said

- We would continue to focus on disaster relief and preparedness as a flagship programme of The Vodafone Group Foundation
- We would continue to add new foundations to our established family of foundations
- We would launch a second global flagship programme by March 2008.

### We have

#### **Donated £44.9 million in money, time and materials to charities and good causes around the world through our foundations**

The Vodafone Group Foundation made donations totalling £24 million in 2007/08. Around 77% of this was awarded in grants to our local foundations. The remainder contributed to transnational projects and global disaster relief. With the support of The Vodafone Group Foundation and local operating companies, our 23 local foundations and social investment programmes distributed £33.3 million to social, environmental, health and educational programmes in their respective countries.

The local operating companies provide valuable support to the foundations, not just funding – many managers from our operating companies are trustees of their local foundations. There are also a number of trustees from external organisations on the boards of our local foundations.

#### **Established three new local foundations**

In 2007/08, new foundations began operating in Turkey and Albania. We believe the Vodafone Albania Foundation is the first ever business charity organisation formed in Albania.

We also announced the establishment of a foundation in India – where Vodafone has recently acquired a local operating company – with an initial commitment of US\$10 million. This money will be used to provide grants to locally registered charities and global NGOs operating in India that have suitable social investment aims and objectives. The Vodafone India Foundation will initially focus on providing education for young people across India, to help them develop new skills. We are engaging with stakeholders to establish the framework for a foundation in Greece. Vodafone continues to donate money to charitable organisations in Greece through the local operating company and through direct grants made by The Vodafone Group Foundation.

#### **Donated £1 million to disaster relief efforts**

The Vodafone Group Foundation has established a disaster fund of £1 million each year to enable a rapid response when a crisis occurs. In 2007/08, the fund was used to support disaster relief operations in response to the Darfur Appeal in Sudan, the Kenya Red Cross crisis appeal, fires in California and Greece, and flooding in Bangladesh, India and the UK.

#### **Launched a partnership between The Vodafone Group Foundation, the UN World Food Programme and the UN Foundation**

We launched a Global Partnership for Emergency Communications with the United Nations World Food Programme (WFP) in 2007/08, through our long-term collaboration with the United Nations Foundation. The WFP partnership aims to create a more effective response to major emergencies around the world using



## Social investment

information and communications technology (ICT). The United Nations Foundation and Vodafone Group Foundation has committed US\$4.3 million to the partnership to train relief workers on the use of ICT equipment and procedures which will make disaster relief efforts more efficient. The programme builds on a project funded in 2006 through The Vodafone Group Foundation and the United Nations Foundation partnership to research and develop ICT best practices.

### **Continued to support disaster relief organisations**

The Vodafone Group Foundation works in partnership with organisations such as the Oxfam 365 Alliance, Télécoms Sans Frontières (TSF) and MapAction. The Oxfam 365 Alliance aims to ensure resources are available to Oxfam aid workers to respond to disasters as soon as they occur. With assistance from The Vodafone Group Foundation, it supports a global rapid response team of aid workers and maintains a strategic stockpile of emergency supplies.

The Vodafone Group Foundation also supports TSF through its partnership with the United Nations Foundation. TSF's rapid response teams were deployed to set up emergency telecommunications centres in 11 disaster situations during 2007/2008. These centres enabled aid organisations and local authorities to communicate and coordinate relief efforts.

The Vodafone Group Foundation is helping MapAction – a non-governmental organisation that helps to coordinate disaster relief efforts – to build capacity enabling it to respond to multiple emergencies at once. MapAction uses information technology including GPS and satellite imagery to provide up-to-date information to help relief agencies target their efforts where they are most needed.

### **Launched a second global flagship theme focusing on sport and music**

Over the next three years, The Vodafone Group Foundation will contribute approximately £12 million to projects that use sport and music to help disadvantaged young people. British Paralympic athlete Dame Tanni Grey-Thompson DBE and four times Olympic gold medal winner for rowing Sir Matthew Pinsent CBE have been appointed as advisors.

### **Supported international sport and music projects through The Vodafone Group Foundation**

The Vodafone Group Foundation donated £1.5 million to UNICEF in 2007/08 to support projects that use sport to raise awareness of HIV/AIDS among children in Kenya, South Africa and Zimbabwe. This will provide thousands of young people with vital knowledge and life skills to help protect them from HIV infection.

The Vodafone Group Foundation is partnering with Red Dust Role Models, a charity that engages celebrities from the fields of sport, music and entertainment to convey social messages to young people. They relate good sporting behaviour to responsible behaviour in society and in personal life. Established in Australia in 2006, Red Dust Role Models, with a grant of £540,000 in 2007/08, is extending this programme to three other countries, starting with a pilot project held in Mumbai, India, in February 2008.

The Foundation has also granted £500,000 to the Special Olympics over three years to fund Unified Sports. This project aims to break down social barriers between individuals with and without intellectual disabilities, by bringing them together into teams for sports training and competitions. The funds will enable Unified Sports to be extended to six further countries: Belgium, France, Hungary, Romania, Turkey and the UK.

## Social investment

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### **Set a target to extend the World of Difference programme globally**

The World of Difference programme encourages individuals to give up their regular jobs for a year and apply their skills and experience to work with the charity or non-governmental organisation of their choice. Salary support is provided for the year to participants, who are selected on merit through a public competition.

Four Vodafone local operating company foundations are already running the World of Difference programme in Australia, Ireland, New Zealand and the Netherlands. The Vodafone Group Foundation is now incorporating the World of Difference programme into its strategy and has set a target to extend the programme to further countries through its network of local foundations.

### **We will**

Extend the sport and music theme across our network of foundations.

Continue to focus on disaster relief and preparedness as a flagship programme of The Vodafone Group Foundation.

Extend the World of Difference programme to further Vodafone foundations.

For more information about projects supported by our family of foundations, see The Vodafone Group Foundation.

# Supply chain

Vodafone spent more than £23.8 billion purchasing products and services from more than 40,000 suppliers in 2007/08. We do not manufacture anything ourselves. Instead, we source equipment for our networks and the handsets we sell from third-party manufacturers which themselves source components and assembled products from other suppliers.

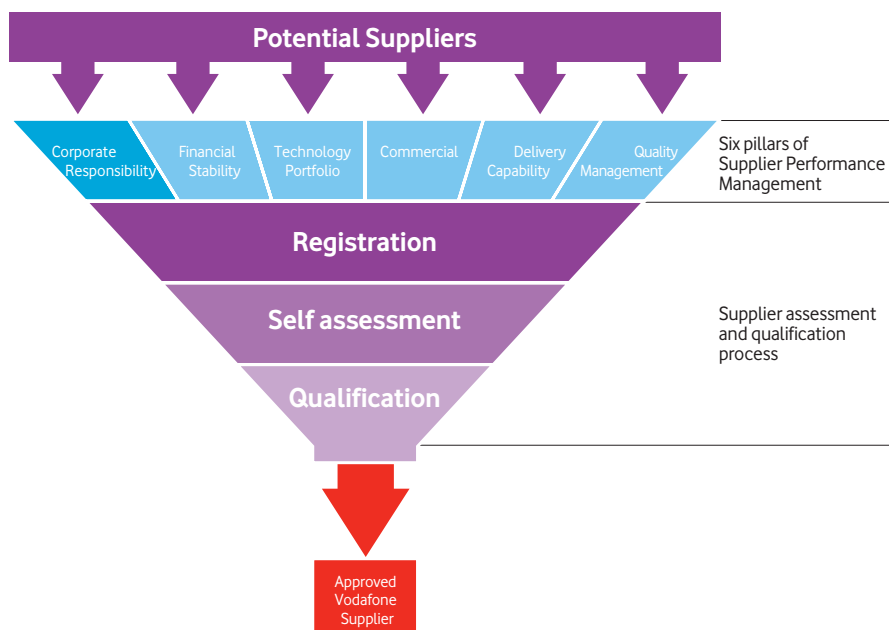
Unlike supply chains in some other sectors, Vodafone's suppliers of telecommunications and IT equipment are mainly large multi-nationals (often well-known brands) that either operate their own assembly factories, or source from independent manufacturers, or both. We also source services from companies around the world.

We strive to work with suppliers that maintain high labour and environmental standards. Our Code of Ethical Purchasing (CEP) sets out Vodafone's expectations of suppliers. Our strategy is to engage directly with our first-tier suppliers and assess their compliance with the CEP. We emphasise their need to engage with their own suppliers in a similar way.

As we develop our business strategy to include more Vodafone-only branded products, we are effectively removing the traditional first tier of our supply chain, dealing directly with contract manufacturers. For example, we are working directly with original design manufacturers to produce Vodafone-only branded affordable handsets.

We recognise that this change of approach potentially increases CR risks in the sub-tiers of these supply chains and the potential impact on our reputation given that Vodafone is the only brand label on the product. We are working with strategic Tier 1 suppliers to improve capability and provide reassurance that labour and environmental standards in their sub-tiers meet the requirements of our CEP.

We are working with other companies in our sector to bring capability improvements to the ICT industry as a whole through industry partnership.



# Code of Ethical Purchasing

Our Code of Ethical Purchasing (CEP) sets out the standards we expect our suppliers to meet. The CEP is based on Vodafone's values and international standards, including the Universal Declaration of Human Rights and the International Labour Organization Conventions on Labour Standards. We will review and update the CEP in 2008/09.

Within an extended global supply chain there is a risk that some suppliers or subcontractors might not meet acceptable standards. This risk is greater in some developing countries with weak regulations or enforcement procedures. Our risk assessment tool takes this into account.

Our CEP covers human rights issues and labour standards, including child and forced labour, discrimination, disciplinary practices, freedom of association, health and safety, payment and working hours. It also covers environmental management and bribery.

The CEP is incorporated into the contract template for global suppliers and is included in all new contracts with suppliers across the Group. It features prominently on our website, where new suppliers can register with Vodafone.

The CEP is also included in our publication 'Working with Vodafone – A guide for suppliers and contractors', published in 2008. This guide describes how we assess and manage supplier performance. It provides information about Vodafone's commitment to being a responsible business, including the Business Principles, CEP and our approach to responsible network deployment and health, safety and wellbeing.

# Supplier assessments

We assess new and existing suppliers for compliance with our Code of Ethical Purchasing. Our supplier qualification system, used by Group and local operating companies, makes our CR expectations clear from the first point of contact a supplier has with Vodafone.

All our suppliers are subject to the same strict risk assessment and evaluation processes. This includes suppliers of products that are new to Vodafone, such as modems for broadband connection.

## Risk assessment

We carry out risk assessments for all new suppliers to identify those that are high-risk and will require follow up on-site evaluations. Our qualification risk index is determined by our potential spend, the product or service supplied and the degree of association with our brand and customers. It also takes into account the position of the country where the supplier is based on the Freedom House Index on political freedom and the Transparency International Corruption Perception Index.

## Site assessments

We use site assessments of selected potentially high-risk new and existing suppliers to identify potential areas of non-compliance with our Code of Ethical Purchasing. See Performance 2007/08.

Our supplier performance engineers are also trained to spot any obvious non-compliance with our CEP, such as unsafe working practices, whenever they are on site for other visits related to quality, delivery or performance.

## Scorecard evaluations

We continually monitor the performance of strategic suppliers using a scorecard in which CR accounts for 10% of the overall evaluation score. The scorecard evaluates:

- acceptance of our CEP
- management systems for employee welfare
- management systems for environmental management
- management of CR in their own supply chain
- CR reporting activities and stakeholder transparency
- proactive approach to CR with Vodafone.

Vodafone's supply-chain teams review the requirements and scores, and request supporting evidence from the supplier's account manager, usually at half-yearly intervals.

## Supplier assessments

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### E-TASC

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Suppliers in China must register on the industry-developed Electronics Tool for Accountable Supply Chains (E-TASC) as part of the qualification process to become a supplier to Vodafone. We plan to extend this requirement to suppliers in other regions as E-TASC becomes more established. See working with industry.

### Climate requirements

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We plan to include targets and requirements in our existing scorecard process on suppliers' measurement and reporting of their carbon footprints as part of our work with the Carbon Disclosure Project Supply Chain Leadership Collaboration (see working with industry).

# Building capability

As the industry gains experience of supply chain engagement, we have learned that audits alone are often not sufficient. Suppliers can too easily make temporary improvements without the necessary management system changes needed to embed improved practices. This results in the same problems recurring later.

To achieve sustainable improvements, we are working with supplier companies to help build their capability and commitment. We are addressing this through our own programme and joint industry activities.

Our supplier assessment processes help build long-term commitment from suppliers to visibly improve standards. For example, two of our suppliers in China demonstrated tangible improvements in their CR management in 2007 as a result of corrective action plans agreed with Vodafone. One supplier abolished a recruitment requirement that discriminated against people shorter than 1.5 metres and introduced free annual medical check-ups for employees. The other supplier achieved certification to occupational health and safety management standard OHSAS 18001 with support from Vodafone. Both abolished the use of financial penalties as disciplinary measures against employees.

## Influencing sub-tier suppliers

Our strategy is to engage directly with our first-tier suppliers (suppliers with whom we deal directly), emphasising the need to engage with their own suppliers in a similar way. Since we do not have a contractual relationship with sub-tier suppliers, we believe that engagement with these companies should be through our first-tier suppliers.

However, we recognise there may be risk of poor environmental or labour practices further down the supply chain and we are working to extend our influence. We encourage strategic suppliers – through our scorecard process – to put in place their own supplier engagement programmes. We have also conducted a number of site evaluations of sub-tier suppliers alongside our direct suppliers (see below).

## Building capability in China

We have two CR-trained auditors in our recently established purchasing centres in Beijing and Hong Kong. Both have completed training on the Social Accountability International SA8000 supplier code of conduct and promote the joint industry supplier assessment tool, E-TASC.

In 2007/08, Vodafone worked in partnership with two strategic Chinese suppliers – Huawei and ZTE – to evaluate CR risk lower down the supply chain and to strengthen their programmes for managing their own suppliers. Huawei supplies radio equipment for our network and ZTE supplies Vodafone-branded handsets.

Vodafone, Huawei and ZTE conducted a joint exercise to compare and share best practices on policies, codes of conduct and procedures for assessing suppliers, including tools for identifying high-risk suppliers. ZTE and Huawei now have supplier codes of conduct in line with industry codes, and robust key performance indicators to measure suppliers' performance. They also use the GeSI and EICC common ICT industry supplier assessment questionnaire as a standard part of their assessments. We also conducted 10 joint assessments of sub-tier suppliers (see performance 2007/08).

## Building capability

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Huawei and ZTE have both published CR information for their suppliers on dedicated websites, and plan to produce their own CR reports. Vodafone will continue to work with them to identify areas for improvement as they extend the projects across other supplier categories. See the Huawei and ZTE corporate websites for more information on their ethical procurement programmes.

### Vodafone Supplier CR Engagement Award

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Vodafone introduced the Vodafone supplier CR Engagement award in 2007 which aims to improve engagement on CR among our suppliers every year. The award recognises suppliers that demonstrate commitment to Vodafone's Code of Ethical Purchasing, engage with Vodafone on CR issues and make significant changes to improve the effectiveness of their own CR programme.

The first award went to Sun Microsystems in 2007. Sun collated all its CR-related activities and produced a company-wide Corporate Social Responsibility Report for the first time (see the website). This demonstrates its collaborative and transparent approach as a supplier to Vodafone. Sun has also established a programme to achieve the terms of Vodafone's Code of Ethical Purchasing and signed up to the Global e-Sustainability Initiative and the Electronic Industry Code of Conduct.

The 2008 Vodafone Supplier CR Engagement award went to Capgemini Group, a computer services company that has continually demonstrated commitment to the ethical standards set out in our Code of Ethical Purchasing and has its own CR programme in place. Capgemini Group's first corporate responsibility report, published in May 2008, outlines the progress it has made over a short period of time. The company has signed up to the UN Global Compact and translated these principles into clear strategic objectives to help direct its CR programme. For more information and to download a copy of Capgemini Group's 2007 CR report, see their website.



# Training

To be effective, our Code of Ethical Purchasing (CEP) must be understood by supply chain managers within Vodafone. We have developed an online training course to help our supply chain teams understand the CEP and communicate the code to suppliers.

The training explains the background of the CEP, the risks and challenges of our supply chain and the role and responsibilities of purchasing managers in implementing the Code.

In addition to this online training for all employees working in supply chain, we hold regular workshops bringing together a network of supply chain representatives from most local operating companies. These workshops are used to build understanding, share learning and develop programmes for the future. Specialist social audit training courses have also been provided for relevant managers.

A module on CR is included as part of our induction training for supply chain managers. We also provide training for key personnel on the joint industry supply chain tool, E-TASC. See industry partnership.

# Whistle-blowing

Our 'Duty to Report' policy applies to all Vodafone employees, and provides suppliers with a means of reporting concerns, including corruption, fraud, poor labour or environmental practices, governance issues and community matters. A whistle-blowing mechanism was first launched for suppliers in 2006/07 under the 'Speak Up' initiative, which has since been incorporated into the Duty to Report programme.

The programme provides two alternative routes for raising issues: either by contacting Vodafone's Group Fraud Risk & Security Department directly or via a third party confidential telephone hotline service. The line is available 24/7. All calls are taken by an independent organisation with staff trained to handle calls of this nature.

Vodafone is committed to completing a timely investigation, follow-up and resolution of all issues reported.

For more information, see ethics.

# Industry partnership

We believe that a consistent approach from buyers of information and communications technology (ICT) equipment is necessary to persuade all suppliers that acceptable labour and environmental standards are essential to do business with major companies.

Through our membership of the Global e-Sustainability Initiative (GeSI) Supply Chain Working Group, we are working with major companies, representing a number of different tiers within the ICT supply chain, to develop a common approach to supplier assessments through industry partnerships.

GeSI is collaborating with the Electronic Industry Citizenship Coalition (EICC) bringing a total of over 30 major ICT companies into the initiative. The objective is the development and deployment of a consistent set of tools and processes for improving supply chain CR performance across the ICT sector.

The joint GeSI and EICC initiative has developed and piloted:

- An online Electronics Tool for Accountable Supply Chains (E-TASC) to facilitate a consistent and resource-efficient method of assessing supplier risk and information flow between companies
- A common supplier self-assessment questionnaire
- A common auditing methodology
- Learning and capacity building projects.

## E-TASC

The first pilot of E-TASC was launched in July 2007 and includes risk assessment and self-assessment questionnaire tools. E-TASC now has 14 full subscribers and 25 partial subscribers. In 2008/09, over 640 invitations to complete the self-assessment tool will be sent to suppliers. Vodafone business units are trialling the tool to help with supplier assessments and all our suppliers in China are now required to use E-TASC as part of our qualification process. An e-learning tool has been created to promote E-TASC and help suppliers use it more effectively. A joint industry event will be held in June 2008 to provide suppliers with guidance on how to prepare for audits under this programme and to inform them about GeSI and EICC expectations. The event will also be an opportunity for industry members like Vodafone to demonstrate broad customer support for E-TASC and other common industry tools and promote their wider use in ICT sector supply chains.

## Supplier self-assessment questionnaire

The questionnaire asks suppliers for information on their labour, health and safety, environmental and ethics policies, and about their systems and performance. Through E-TASC, a supplier can complete this questionnaire just once, and then allow access to all its customers.

## Industry partnership

### A common auditing methodology

This allows a supplier facility to be audited once, as the audited findings are shared with all the customers involved. The second phase of the pilot was completed in 2007/08, and the findings are now being reviewed. EICC and GeSI members in Marketing and Communications, Audit Support and Forecast, Project Management, E-TASC and other relevant roles participate in a newly restructured task force to implement joint auditing as standard practice. The Audit Task Force was restructured in 2007/08 to roll out the work more efficiently. Vodafone participates in the Audit Support group, as part of the Audit Task Force.

### Learning and capability building

The joint industry group is also working to build capability among suppliers. Vodafone is participating in the supply chain learning and capability building work group established by the Global e-Sustainability Initiative and the Electronic Industry Citizenship Coalition. A key part of this work in 2007/08 was a collaborative project in China with the Foreign Investment Advisory Service (a joint initiative of the World Bank and the International Finance Corporation) on labour standards. The Project partners include:

- Global e-Sustainability Initiative
- Electronic Industry Citizenship Coalition
- Business for Social Responsibility
- The Municipal Government of Shenzhen
- Shenzhen Electronics Industry Association
- The Chinese National Government.

The aim is to create a capability building strategy for the ICT sector in Shenzhen, China, that addresses the main obstacles to improving CR performance. A pilot project has now been launched to test the strategy and the findings are available on the GeSI website.

### Carbon Disclosure Project

Vodafone is participating in the Carbon Disclosure Project (CDP) Supply Chain Leadership Collaboration. Participating companies will use the CDP system to collect data on emissions from their suppliers, enabling them to measure and subsequently manage emissions through the supply chain. "The Carbon Disclosure Project (CDP) is delighted that Vodafone has joined the Supply Chain Leadership Collaboration and will be engaging with its key suppliers on their carbon management strategies to reduce emissions. CDP recognises that Vodafone is setting a great example in supply chain engagement and carbon disclosure."

Paul Dickinson, CEO Carbon Disclosure Project



# Supply chain: performance 2007/08

## We said

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

Enhance our CR programme and capability within the China region through our recently established China-based supply chain offices by March 2008.

Achieve 100% follow up within three months for all local and global suppliers identified as high risk during qualification.

Maintain levels of training for supply chain managers to ensure that more than 90% have received CR training.

Incorporate the ICT industry common tools and approach within Vodafone programme by March 2008.

## We have

### **Implemented a project with two strategic Chinese suppliers to manage CR risk within our sub-tier suppliers**

In 2007/08, we worked with mobile handset supplier ZTE and radio equipment supplier Huawei to assess CR risks among our sub-tier suppliers in China. We audited their supplier assessment processes, shared best practice and carried out ten joint sub-tier supplier assessments, including site visits. These enabled Vodafone to witness ZTE and Huawei's assessments in action.

As a result of these sub-tier supplier assessments, 314 issues requiring corrective action were identified – 299 of which have now been completed. The outstanding actions relate to health and safety, overtime and payment, and disciplinary practices. The assessments provided significant reassurance that our standards are being met by sub-tier suppliers. See building capability.

### **Enhanced our CR programme and capability in the China region**

In 2007/08, we increased our CR capability in the China region by basing two CR-qualified auditors within the purchasing team in our new supply chain offices in Beijing and Hong Kong. We embedded CR in our supplier selection and management in the region by using our global qualification process and ICT industry common tools to assess suppliers in our sourcing centres in China. All supply chain employees in China have been trained on our Code of Ethical Purchasing and the industry Electronics Tool for Accountable Supply Chains.

### **Conducted evaluations of 63 strategic suppliers**

We evaluated 488 suppliers – including 63 strategic global suppliers – in 2007/08 using our supplier performance scorecard. The scorecard evaluates each supplier's CR management systems, public reporting and approach to managing CR in its own supply chain.

### **Followed up all supplier assessments within three months**

During the supplier qualification process, we identified seven potentially high-risk new global suppliers using our risk assessment tool. We reviewed all of these within three months and followed up with either on-site assessments or requests for more detailed evidence of compliance with our Code of Ethical Purchasing, as appropriate.

## Supply chain: performance 2007/08

Some suppliers may be highlighted as high risk by the rules of the process and on further investigation, actual risks are significantly lower. For example, two new suppliers based in Europe were identified as high risk, one supplied radio tower services and the other printed bills and printed postage for customers. On review, both suppliers had professional management systems in place to provide Vodafone with the confidence that our CEP requirements would be met. Both suppliers were readily qualified with minimal additional requirements.

### Recommended improvements to be made by suppliers

Based on our 23 site assessments of new and existing suppliers, we made 116 recommendations for improvement (see table).

Category	No of recommendations for improvement	Performance issue identified*	Policy only issue identified**
Child labour	6	3	3
Forced labour	1	-	1
Health & safety	60	49	11
Freedom of association	6	-	6
Discrimination	3	2	1
Disciplinary practices	6	4	1
Working hours	12	7	5
Payment	6	4	2
Individual conduct	-	-	-
Environment	6	5	1
Implementation	11	-	11

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

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

The recommendations for improvement (RFIs) listed in this table represent instances where non-compliances with our CEP were identified, as well as less serious recommendations, where we found an opportunity for a supplier to improve current practices. The average number of RFIs across all 23 supplier visits was five. Based on these visits, we decided not to qualify three potential suppliers in 2007/08. All three used fines as a disciplinary measure. Issues of discrimination and poor levels of personal protective equipment were also identified.

Our approach to non-compliances found on site assessments is to work with the supplier to improve their ethical and environmental performance. In a few cases, like the three mentioned here, the decision not to approve a supplier on the basis of non-compliance against our CEP, may be based on the severity of the non-compliance, but more often the supplier's unwillingness to rectify the issue.

## Supply chain: performance 2007/08

The table shows that we identified three instances of child labour under supplier performance and policy issue criteria. In each performance-related case, the non-compliances involved evidence of children aged 15 years old having been employed by the suppliers concerned which, not uncommonly, is a factor directly attributable to the use of independent recruitment agencies. In each case, the supplier welcomed our guidance on strengthening their recruitment policies and procedures to minimise the risk of employing under-age workers. As a result, we are confident in our decision to grant them approved supplier status.

### **Trained 94% of our supply chain managers in CR**

A total of 94% of supply chain managers across the Group undertook CR training in 2007/08, either for the first time (new employees) or as a refresher course. This exceeded our target to ensure 90% had received training by March 2008.

### **Published a guide for suppliers and contractors**

The guide, 'Working for Vodafone', describes our approach to being a responsible business and how we assess and manage supplier performance to ensure it is in line with our Business Principle and CEP.

### **Increased awareness of our Duty to Report programme**

In 2007/08, 12 suspected incidents of non-compliance with our CEP and Business Principles were reported through our Duty to Report programme. These related to conflict of interest issues, and allegations of corruption and unfair tendering processes by suppliers. All have been resolved.

### **Continued to work with industry**

We continued to participate in a number of industry supply chain initiatives through our membership of the Global e-Sustainability Initiative. The joint activities in 2007/08 include the promotion of the E-TASC tool, the development of joint audits and capability projects. See industry partnership.

### **Recognised outstanding supplier performance through our supplier award**

In 2007/08, we gave Capgemini the CR Engagement Award for continually demonstrating its commitment to meeting the global ethical standards in line with the expectations set by our Code of Ethical Purchasing, and for the vast improvements it has made to its CR programme. For more details on why we gave Capgemini this award and for information on their CR programme, please see building capability.

### **We will**

Ensure 80% of all local strategic and preferred suppliers are reporting their compliance against the requirements of Vodafone's Code of Ethical Purchasing by March 2009

Communicate key policies to local strategic and preferred suppliers and assess their compliance with them by March 2009

Implement projects with two suppliers and within our own organisation to support our new climate change commitment by March 2009

Deploy a non-compliance management system to improve our existing process and support systematic action on CR issues identified within our supply chain by March 2009.

# Our people

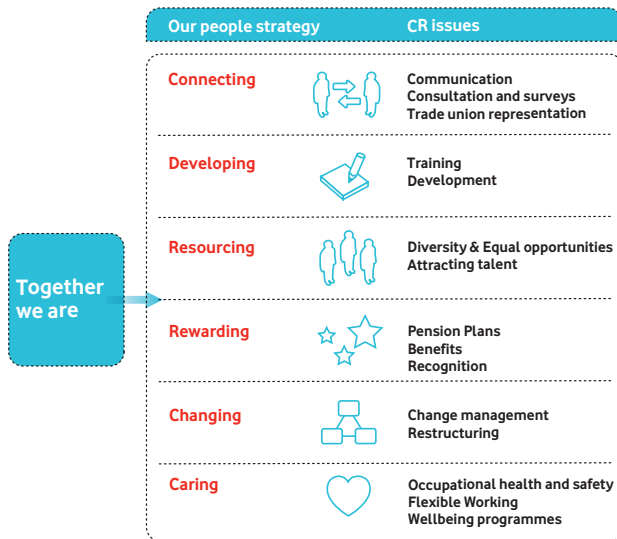
We rely on our people – their enthusiasm, their talent, their commitment – to maintain and build on the success of our business, even more so in today’s competitive market. We depend on our people to deliver excellent service to our customers. We believe that the better experience our people have at Vodafone, the better service they will give our customers.

Vodafone Group employs approximately 71,000 people around the world.<sup>1</sup> We want to enhance our reputation as an employer that provides excellent development opportunities, equipping employees with the skills and experience they need to help Vodafone compete successfully.

We aim to ensure that all our working environments are inclusive, safe, promote wellbeing, treat people with respect, engage employees, and offer attractive incentives and opportunities.

## Vodafone People Strategy

The Vodafone People Strategy sets out a clear statement of our commitments to employees and our expectations of them in six key areas.



This strategy, together with our Group employment policies, sets out a global framework for employee engagement. We are committed to upholding human rights and our employee policies are consistent with the UN Universal Declaration of Human Rights and the International Labour Organization’s Core Conventions.

Our People Strategy applies across the Group, but local operating companies have the flexibility to adapt their human resource policies and practices to suit local cultural differences and legal requirements. We are implementing a Group-wide project that will enable all our local operating companies to share a common human resources system, core processes and operating model.

<sup>1</sup> This figure is the 100% closing headcount in majority owned entities at 31 March 2008. It includes Vodafone Essar in India, acquired in May 2007. Vodafone Essar is not included in performance data for 2007/08 but will be included from 2008/09



# Communication and involvement

Informed and engaged employees are essential for our business to operate effectively. We communicate our business strategy and new developments to our people and engage with them to gain feedback on how we are doing as an employer. This also helps to create a sense of global community across the Group.

## Internal communications

Employee engagement is an important part of Vodafone's business strategy. We have a Board level representative responsible for promoting effective dialogue with our people. We use our own products and services to communicate with employees, including SMS, video clips and mobile intranet sites. This improves knowledge of our products and services, and helps reinforce our total communications strategy.

A key focus in 2007/08 has been informing and engaging our employees on our total communications strategy. This included:

- A series of 10 podcasts to help senior managers understand the concepts behind total communications
- Twelve webinars (seminars on the web) open to all employees, covering topics such as mobile advertising, convergence, social networking and mobile internet
- An internal wiki where employees can read news and updates and engage in dialogue.

Other internal communication channels at Group level include:

- Group intranet
- Online videos, including monthly video-casts from the Chief Executive
- Wikis and webinars
- Vital, an online news hub updated daily
- VGS News, a monthly email news bulletin
- Internal TV channel
- Induction packs for new employees.

Local operating companies also run their own internal communications programmes.

Corporate responsibility messages are included in our internal communications to employees, see Internal Communications and Awareness.

## Employee engagement

We engage with our people informally every day, through team meetings and discussions with immediate managers. All employees have access to our intranet site, with around 30% of our employees using it every day. We are increasingly using the intranet for online discussions and engagement. We have more than 450 internal blogs and wikis, which receive around 3,500 visits per month. We share information with colleagues through over 8,000 online team rooms, used by over 45,000 people.

## Communication and involvement

Monthly messages from the Chief Executive Officer, Arun Sarin, using a wiki platform, 'Arun's channel', and video-cast help our people understand how we are progressing against our company goals and provide an opportunity to give feedback directly to the CEO. Since its launch in February 2008, Arun's channel has received more than 35,000 individual hits and 100 responses from employees. We plan to make the channel available via mobile internet.

We hold regular 'Talkabout' sessions at our local operating companies where the CEO and members of the executive team meet with employees in person. This enables them to discuss our business strategy with employees and listen to their feedback about the business and the issues that matter most to them. Around 5,000 employees attended these sessions in 2007/08.

We also engage with employees more formally through the Vodafone People Survey and their annual performance dialogues with line managers. We conduct a full Group-wide People Survey every year, to obtain feedback from our people on key issues and measure employee engagement. It also helps us identify opportunities to improve working environments and practices, and to support employees so they can do their best work. See Communication and involvement: performance 2007/08 for details on the results of the latest survey.

We consult employees on changes to the business and other issues that affect them through the Vodafone European Employee Consultative Council. Some local operating companies also consult recognised trade unions. See employee consultation.

## Communication and involvement

# A total communications company

Our industry is changing, and so are the needs of our customers. Our strategy is to become a total communications business. We are offering our customers a range of new services including DSL and broadband services, mobile internet and mobile advertising. These will add to our traditional services, which include mobile voice calls, texts and data.

Vodafone is well positioned to offer these services. Customers expect to be able to access internet services such as instant messaging, social networking sites and search facilities on their mobile. They also want to be able to transfer music, contacts and other content between their mobile and computer. We call these seamless interactions Total Communications. We are introducing a range of new Total Communications services for use both at home and in the office, to help meet our customers' changing needs.

### Building capability

It is important that our team has the right expertise to respond to the changes in our business and the industry, and make the transition into a Total Communications company.

We have developed a range of tools to make sure our people understand this new strategy and the changes in the industry, and have the appropriate knowledge and skills to support our new products and services. Many of these tools use new web 2.0 technologies and communication channels, such as wikis and blogs, to deliver key messages and training.

Our total communications strategy was launched with 10 podcasts and six webinars (seminars broadcast on the web) in 2007. These were viewed by over 3,300 people, who contributed to a live online debate with comments and questions. Live polling was used to gauge audience views. We also launched our first company-wide wiki – an online community – enabling employees to join in the discussion, share content and add their own opinions or resources to the conversation. The total communications wiki has been visited over 55,000 times since it was launched.

In 2007/08, 4,500 of our managers received a total of 36,000 hours of training on total communications. We plan to train the rest of our employees through an interactive web-based training tool.

Frank Boulben, Director of Strategic Marketing and Commercial Planning, said: "The course was one of the best I have attended. It brought people together from different backgrounds and levels of knowledge, and gave people a much better understanding of why we're pushing in this direction."

The programme coordinator, Jonathan Helps, said: "People have really engaged with the training, saying it's the best thing Vodafone has done. They liked the format, which is highly interactive, with lots of discussion and working in teams. The great thing is that the content has contextual relevance to people and they got a lot out of it."

Communication and involvement

# Employee consultation

## Vodafone European Employee Consultative Council

Employee representatives from local operating companies within the European Union have an opportunity to raise any concerns with the executive management team at the Vodafone European Employee Consultative Council (EECC).

The EECC, founded in 2003, meets the requirements of Article 13 of the EU Directive on Multinational European Works Councils. Employees from 13 European countries are represented. The number of representatives per country depends on the number of employees in each local operating company.

There is one full EECC meeting a year with Vodafone management and EECC employee representatives attending. Employee delegates can hold two interim meetings in addition to the full meeting. Delegates also have the option to elect Select Committees and may request translation services. For details on recent EECC activities, see Communication and involvement: performance 2007/08.

## Trade union representation

We recognise the rights of our employees to join trade unions or similar external representative organisations. It is our preference to engage our employees directly. Where representation by trade unions is conferred automatically by legislation, these rights will be upheld. All our local operating companies will respect the wishes of the majority of their employees in deciding whether to recognise a trade union to negotiate terms and conditions of employment, where legislation permits.

To ensure all our employees are treated fairly and consistently – whether they are represented by a trade union or not – we consult directly with employees to address their concerns. The number of representatives per country depends on the number of employees in each local operating company.

## Communication and involvement

# Communication and involvement: performance 2007/08

## We said

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

## We have

### Measured employee engagement through our annual global People Survey

In October 2007, we invited all our employees to participate in the Vodafone People Survey – 50,545 employees responded, representing 81% of our global workforce, excluding Vodafone Essar, which had recently been acquired.

The survey found that levels of employee engagement continue to remain high, with a score of 71 out of 100 in the 2007 People Survey, compared with 73 in the 2005 People Survey and 70 in the Pulse Survey in April 2007 (Pulse Surveys are smaller surveys carried out in between People Surveys). The engagement score is based on responses to a range of questions, including pride in Vodafone, employee satisfaction and how long people intend to continue working for us. We are making progress towards our target that by March 2009, 75% of our local operating companies will deliver top quartile employee engagement scores within their local markets.

We included a Manager Index in the People Survey for the first time in 2007. The Index scores are derived from a subset of questions focused on the experience a manager creates for their team. In 2007/08, the Manager Index scored 69 out of 100 across the Group. The responses show our managers are improving their coaching of employees, scoring eight points higher on this than in the 2005 People Survey. Employees also rated their managers 10 points higher for feedback and eight points higher for recognition than in the 2005 survey.

Question (% employees responding positively)	2007 Employee Survey	2006 Pulse Survey*	2005 Employee Survey
I am proud to work for Vodafone	78	80	78
I am rewarded fairly for the work the work that I do	46	44	42
Rate your operating company/Group Function on taking a genuine interest in the wellbeing of its employees	57	41	42
Rate your operating company/Group Function on being ethical in the way it conducts business**	74	71	75
People in my team are treated fairly regardless of their gender, background, age or beliefs	81	–	71

Data excludes Arcor, Vodafone's fixed line business in Germany.

\* The 2006 results combine responses from two Pulse Surveys, covering a total of 18,000 employees across the Group.

\*\*This question was previously worded 'Rate Vodafone on being ethical in its business dealings' in the 2005 and 2006 surveys.

## Communication and involvement

Our next global People Survey will be conducted in November 2008. We have decided not to continue interim Pulse Surveys because we believe that surveying our people once a year is sufficient to track employee views and prefer to focus our efforts on responding to their feedback and improving performance.

### Responded to feedback in previous People Surveys

We value feedback from our employees and we are committed to respond appropriately. Wellbeing and reward were identified as areas for improvement in both the 2005 Full Survey and the 2006 Pulse Survey.

Responses on wellbeing were much more positive this year, with 57% of our employees saying their local operating company takes a genuine interest in their wellbeing. This is an increase of 15% from 2005. Of those surveyed, 70% say their managers support them in achieving a good work-life balance – 13% above the high performing norm.<sup>2</sup> We introduced a toolkit for local operating companies as part of our wellbeing framework in 2007/08, and continued to introduce flexible workspaces in our office buildings. See wellbeing for more information.

In 2007/08, we continued to roll out a range of initiatives across the Group that link reward with individual performance. These initiatives have helped to improve employee feedback in this area, with 46% of employees surveyed in 2007 agreeing they are rewarded fairly for the work they do, a 4% increase from 2005. Around half (51%) said they understand that the better their performance, the better their reward will be. We will continue to work on this area. See Reward and recognition: performance 2007/08 for more details.

### Extended the Vodafone European Employee Consultative Committee (EECC) to two further countries

The EECC now represents employees from 13 European countries. Romania and the Czech Republic were represented for the first time in 2007/08. We updated the EECC Agreement in 2007/08 so employee delegates can hold two interim meetings in addition to the full meeting. Delegates also have the option to elect Select Committees. We have also strengthened the rights of delegates from smaller countries who are not members of a union or Works Council. Delegates may now also request translation services. The annual full meeting in July 2007 focused on the impacts on employees of company reorganisation and outsourcing, see Organisation and Change. The first interim meeting was held in December 2007.

#### We will

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

2. The high performing norm is benchmarked by The Hay Group, which carries out the Vodafone People Survey, against performance from other companies.

# Learning and development

We provide training for our employees to develop new skills and opportunities to gain new experiences. This helps them reach their full potential and benefits our business.

## Online training

We have a catalogue of more than 70 online training courses on a wide range of subjects related to specific aspects of the business or key skill sets. These include:

- Communicating for impact – business writing, giving presentations, managing meetings, negotiation skills
- Putting customers first
- Delivering results – budgets, objectives, project management
- Making a personal difference – self-development, mentoring and time management
- Managing a changing environment – decision making and problem solving
- Performing through our people – delegation, team building, leadership, facilitation
- IT – how to use specific computer programmes.

We are integrating corporate responsibility into our training programmes and induction courses. Online courses include related subjects such as anti-corruption and privacy training.

We also use online webinars (web seminars) and wikis to inform employees about key business strategies, embedding our commitment to total communications.

## Performance dialogues

All employees complete an annual performance dialogue with their line manager, enabling them to review their performance annually and set clear goals and development plans for the year ahead. The process ensures our people can make a clear connection between their goals and Vodafone's business objectives. See details on our performance 2007/08.

## Promoting leadership

We use our Leadership Framework to help us recruit and promote leaders within the company. We are evaluating our most senior managers against the framework. In 2007/08, 80% of our senior leaders participated in our workshops on Leading High Performing Teams. These are designed to build their awareness of leadership style and working culture. Our development initiatives emphasise the role of local operating companies in tailoring development support to individual needs.

## Learning and development

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For example, Vodafone Spain “One Way” professional development programme for managers includes training on team management and engagement, creating a culture of co-operation and effectively executing strategic goals. In 2007/08, a performance reporting tool was launched to keep individuals up to date on their progress. One Way has contributed to improving employee perceptions of the coaching and feedback they receive from managers.

### Inspire programme

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Inspire is a global programme designed to identify and develop high potential employees and accelerate their progression into leadership roles. Participants take part in a three-month international rotation and receive commercial training and personalised leadership development through Imperial College, Oxford Said Business School and the Hay Group. They also gain from exposure to and learning from members of our Executive Committee.

The programme promotes cross-cultural understanding within Vodafone and encourages employees to take advantage of the breadth of experience across the Group. Inspire launched in May 08 and replaced our Global Rotation programme.

### Promoting career opportunities within Vodafone

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We want people to develop at Vodafone and promote recruitment from within. This encourages people to progress their careers within the company, either through promotion or a change of role to broaden their experience. All vacancies across Vodafone are advertised on the job-posting page of our global intranet, which encourages the transfer of talent across the Group.

See our performance in 2007/08.



## Learning and development

# Learning and development: performance 2007/08

## We said

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.

## We have

### Carried out performance dialogues with 93% of employees

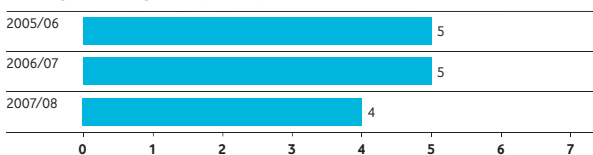
All our employees are required to complete an annual performance dialogue. Around 93% of our employees recorded their performance dialogue in 2006/07 through our intranet-based global tracking system (based on data covering 91% of employees). Turkey and Romania were not included in the data because they used a local performance review process in 2006/07. All our local operating companies are now following the global performance dialogue process and systematically recording data related to completion of performance dialogues. The 2007/08 process is scheduled to be completed by the end of June 2008.

### Provided five days training per employee

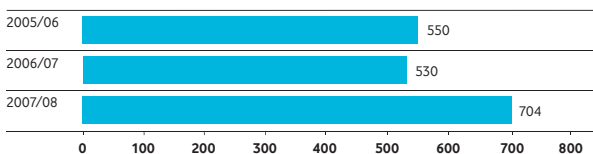
In 2007/08, we provided approximately 270,000 training days – equivalent to around four days per employee – and spent approximately €44 million on training (based on data covering 91% of our employees).

A key focus has been on training about our total communications strategy. Over 95% of managers completed 36,000 hours of training on this in 2007/08, and we plan to roll out training on total communications to employees across the Group in 2008/09.

#### Average training days per employee (€)



#### Average training spend per employee (€)



### Enabled employees to experience working in different countries through our Global Rotation Programme

In 2007/08, 54 employees from 11 operating companies participated in the programme. Participants rated the Global Rotation Programme four out of five overall and all said they would recommend the experience to a colleague. This programme is being replaced by a new development initiative called Inspire for people with high potential in new management roles.

## We will

Ensure that 90% of employees in the business has an annual performance dialogue and development discussion with their line manager by March 2009.

# Equal opportunities and diversity

We believe employee diversity is an asset to our business – men and women of various ages from different backgrounds and cultures with a range of different experiences help us understand and serve our customers around the world.

Our equal opportunities policy states that Vodafone does not condone unfair treatment of any kind and requires employees to act with integrity and respect for their colleagues and customers.

We are building a culture that respects the value of differences among us and encourages individuals to contribute their best within an environment that is inclusive, open, flexible and fair. We will not tolerate discrimination or unfair treatment on any grounds. We are committed to helping talented people from diverse backgrounds meet their potential at all levels of the company.

## Cultural diversity

With operations worldwide, Vodafone is not only multinational but multicultural. We encourage our managers to gain experience working in different countries and almost half our senior managers have international experience. International rotation is a key part of our new Inspire programme for employees with high potential. See Learning and development.

## Gender diversity

We have a strategy in place to improve gender diversity. This includes carrying out senior leadership training on inclusion and diversity. We intend to develop action plans to build a more inclusive culture over the next three to five years (see target in performance 2007/08).

We also recognise that women can often be more affected by family commitments than men and encourage flexible working to help employees balance their work with their family commitments.

## Employees with disabilities

We are conscious of the difficulties experienced by people with disabilities, and make every effort to ensure access to the Group's facilities and services.

Disabled people are assured of full and fair consideration for all vacancies for which they offer themselves as suitable candidates. We do our best to meet their needs, particularly in relation to access and mobility. Where possible, modifications to workplaces are made to provide access for the disabled.

Every effort is made to continue the employment of people who become disabled during their employment, through the provision of additional facilities, job design and appropriate training.

See more on our equal opportunities and diversity performance 2007/08.

Equal opportunities and diversity

# Equal opportunities and diversity: performance 2007/08

## Nationalities in top senior management

	2005/06	2006/07	2007/08
Number of nationalities in top senior management roles	18	20	20

## Women in management (%)

	2005/06	2006/07	2007/08
Women in top senior management (Bands A-D, approximately top 200-250)	12	11	12
Women in senior management (Bands A-E, approximately top 1,100-1,350)	17	20	20
Women in middle management (Bands A-F, approximately top 4,300-5,000 employees)	21	25	25
Women (all employees)	44	46*	45

Note: Diversity data excludes Arcor

\*This figure has been restated due to an error in the 2006/07 report.

### We have

#### Increased the number of women in top senior management roles

In 2007/08, there were four more women in top senior management (26 out of 211) than the previous year, an increase of 1%. There were 25 more women in senior management positions in 2007/08. This means the percentage of women in senior management positions was maintained at 20% with the growth in overall employee numbers (see chart). The overall percentage of women in senior and middle management levels (Bands A-F, approximately 5,000 employees) also remained steady at 25%.

The overall percentage of women in our workforce fell by 1% to 45% in 2007/08. This was largely as a result of the acquisition of Vodafone Turkey, where women currently make up 43% of the workforce, and a fall in the proportion of women in Vodafone Italy following a reduction in the number of people employed at call centres.

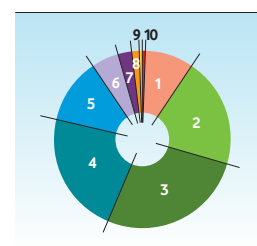
#### Surveyed senior management and developed a strategy on gender diversity

In 2007/08, we surveyed 325 senior managers to help inform our strategy on gender diversity. In response to the feedback we have developed a global inclusion and diversity strategy. This includes training on inclusion and diversity for senior leaders across the Group.

#### Established a steering committee on diversity and inclusion

We have established a top level committee to raise the profile of diversity and inclusion, chaired by two senior leaders from the Executive Committee. The Committee will play an important role in guiding the development of a new global inclusion strategy.

Employees by age (%)



- 1 20 and below – 0.6%
- 2 21-24 – 9.1%
- 3 25-29 – 20.0%
- 4 30-34 – 26.9%
- 5 35-39 – 22.3%
- 6 40-44 – 11.8%
- 7 45-49 – 5.1%
- 8 50-54 – 2.6%
- 9 55-59 – 1.3%
- 10 60 and above – 0.4%

## Equal opportunities and diversity

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### **Maintained cultural diversity in top senior management roles**

Twenty nationalities continue to be represented in our top management (Bands A-D, approximately top 200-250 employees). Almost half of our senior managers have international experience and international rotation is a key part of the new Inspire programme for our future leaders. See Learning and development.

See our corporate governance section at our website for information on the diversity of our Board.

### **We will**

Develop a global inclusion strategy and local action plans on gender diversity by March 2009.

# Reward & recognition

Vodafone offers competitive and fair rates of pay and benefits to attract and retain the best employees. Competitive rates of pay and benefits vary in each local market where we operate. We want to ensure that our people feel their efforts are recognised and their rewards are connected with their performance.

We monitor employee views of the compensation packages we offer through our annual Vodafone People Survey (see performance 2007/08).

## Rewarding performance

We are implementing a range of initiatives that reward our employees based on their contribution to the success of the business. The annual bonus plan for all our global managers, which covers approximately 4,500 employees, includes an individual performance element measured over the year and assessed through our global performance dialogue process. Most of our local operating companies offer employees not covered by the global bonus plan the opportunity to participate in local plans that reward their performance.

Our Global Long Term Incentive (GLTI) Plan awards shares based on an assessment of an individual's potential, future performance and their business criticality in supporting the delivery of Vodafone's strategy.

## Share plans

We offer a variety of share plans as an incentive for our employees to stay at Vodafone. Our global AllShares Plan is designed to ensure everyone in the Company has a stake in our success. All permanent employees are made an award of shares on the condition that they remain at Vodafone for a further two years.

Our communications with employees about share plans have been recognised externally. Vodafone received the ifs ProShare award for most effective communication of an employee share plan in 2007, and awards from the Global Equity Organisation for best share plan communications in 2006 and 2007.

## Benefits

Each of our local operating companies offers a competitive range of benefits for employees. The benefits packages offered are determined by local legislative and tax requirements and industry benchmarks. Depending on the location, we offer benefits such as life assurance, accident insurance, private medical insurance, subsidised mobile phones, and service and retirement benefits.

Retirement benefits are provided through a variety of arrangements, including defined benefit and defined contribution schemes. These vary depending on the conditions and practices in the countries concerned such as local market practice, taxation, legislation and the quality of the state's pension.

For more information on our pension plans, see our Annual Report.

## Reward & recognition

# Reward & recognition: performance 2007/08

### We have

#### **Continued to implement initiatives that link reward with individual performance**

We reward our employees based on their contribution to the success of the business. In 2007/08, we implemented plans that differentiate reward based on individual contribution, through both our Global Annual Bonus Plan (Short Term Incentive) and our Global Long Term Incentive Plan.

In 2007/08, the short-term incentives of all senior management were linked to individual performance and this will be rolled out to all managers in 2008/09. In addition, from 2008 all employees will be eligible to receive shares through our Global Long Term Incentive plan depending upon an assessment of their business criticality, future performance and potential.

#### **Granted 320 shares to all eligible employees through our AllShares Plan**

In 2007/08, all employees across the Group were awarded 320 shares under the AllShares Plan on condition they stay at Vodafone for a further two years. This is the fourth year that Vodafone has made an AllShares award.

#### **Continued to monitor employee views of the rewards we offer**

We measure our employees' views of their reward, recognition and benefits through our Global People Survey (see communication and involvement). Responses to questions relating to reward and recognition improved overall in the 2007 People Survey.

The number of employees agreeing that they usually receive praise or recognition when they do a good job increased by 7%. Around half (51%) of employees across the Group also understand that the better their performance, the better their reward will be.

Of those surveyed in 2007, 46% said they are rewarded fairly for the work that they do, compared with 44% in the 2006 Pulse Survey and 42% in the 2005 People Survey. We are continuing to work in this area, focusing on programmes to link reward with individual performance.

### We will

Continue to extend pay for performance within the business to provide differentiated rewards for our key people

Continue to integrate reward packages across the Group, under the principles of performance, flexibility, competitiveness and fairness.

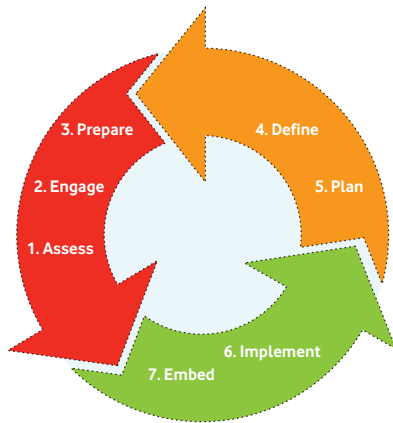
# Organisation & change

We are committed to keeping employees informed about changes in the business and consulting the employees affected on our strategy to deal with the changes.

## Our Global Change Framework

Our Global Change Framework – developed in 2007/08 – provides a set of guidelines and training to help employees effectively manage change within the business. The framework ensures we have a consistent process across the Group to manage the impact of change on our people, and to help us communicate changes in a clear and considerate way.

### Global change framework



When change affects our people, we want them to think, feel and speak positively about what's different and the way the change was managed. We provide training programmes to help employees understand and manage change at Vodafone. The courses provide participants with an understanding of the global change framework and associated tools available to them to help them manage change.

See details on our restructuring in 2007/08 in performance.

## Organisation & change

# Organisation & change: performance 2007/08

### Employee turnover data

	2007/08	2006/07	2005/06
Total number of employees*	62,456	59,909	55,110
Part-time employees	8,146	8,186	8,266
Employee changes			
Number of voluntary leavers	6,640	6,367	4,364
Number of involuntary leavers	2,848	2,186	2,297
Number of newly hired employees	9,414	9,470	7,292
Average turnover rate (%)**	15.2	14.2	12.1

\* Employees included in the scope of this report, which excludes our recently acquired operation in India.

\*\* Includes voluntary and involuntary leavers

### We have

#### Developed a Global Change framework

The Framework provides a set of best practice steps and processes to support us in managing change consistently across the business. See organisation and change.

#### Helped our employees deal with business restructuring

In 2007/08, there were 2,848 involuntary leavers (company initiated leavings) and 6,640 voluntary leavers (employee initiated leavings) across the Group. The average turnover rate was 15.2%. Changes in the market and our business in 2007/08 resulted in significant reorganisation within Group functions and in several operating companies. We describe this restructuring in detail below and outline the assistance provided for affected employees.

#### Reorganised our Global Technology function

Following an organisational review in December 2006, the Global Technology function was reduced by 530 employees in 2007. A total of 36 people were made redundant. We also reduced the number of contractors working in this function. All affected employees had one-to-one meetings with their manager and a member of the Human Resources team. They were given outplacement support and invited to attend recruitment events to find new positions within the Company. Most of the employees affected were based in Germany and the UK. An employee forum was set up in the UK when the reorganisation was announced and we held regular discussions with the Works Council in Germany.

#### Continued the outsourcing of Applications, Development and Maintenance IT functions

Vodafone made a strategic decision in 2006 to outsource its Applications, Development and Maintenance (ADM) IT functions. Between June 2006 and April 2008, around 85% of IT staff in 12 local operating companies were outsourced to our new partners, EDS and IBM. More than 1,200 employees and 3,500 contractors have transferred to our partners. The reorganisation was carried out in compliance with local legislation and in consultation with local unions, Work Councils and employee representatives. We communicated with employees through Group events and every employee affected had a one-to-one meeting with Human Resources. There were no redundancies as a result of this reorganisation. Transferred employees are



## Organisation & change

protected from redundancy for 12 months, and protected from any adverse effect on their terms and conditions for 24 months. We also ensured employees affected were given an equivalent remuneration package by our partners.

### **Conducted significant reorganisation in several local operating companies**

Vodafone Italy began a strategic partnership with a customer care company, Comdata Care, in November 2007. Approximately 900 back office and credit management employees were outsourced to the partner company with no redundancies as a result. Vodafone Italy has agreed that these employees will be protected from redundancy for the duration of its seven-year contract with Comdata and there will be no change to the current employment terms. These agreements were developed in consultation with trade unions and the Italian Government. To facilitate a smooth transition, selected managers were trained on how to support people affected by this change.

In March 2008, Vodafone UK announced a reorganisation to improve customer service and respond to new market challenges. This is likely to affect 450 existing employees, as well as creating new jobs in customer service roles. Vodafone UK consults with employees through one-to-one meetings with managers and through a Collective Consultation Forum of employee representatives. Affected employees are offered redeployment and outplacement support.

Vodafone Germany restructured its sales function in 2007/08, affecting 1,600 employees. Around 2,000 call centre employees in Germany were given training to adapt to new management structures. These changes were made in agreement with the Works Council.

# Health, safety and wellbeing

**"We need the very best talent in Vodafone. Each generation of employees demands more of their employers, and people really make career choices on the basis of personal engagement. Wellbeing is a factor of choice for people joining Vodafone – a luxury 20 years ago, and a strategic necessity now."**

Jenny Bryant, Human Resources Director, EMAPA region

The health, safety and wellbeing of our employees is a priority. Our Group Health and Safety Policy ensures consistently high standards are set throughout the company to make sure our employees can do their work safely. It covers health and safety management, radio frequency fields and health, and driving safety.

We understand that employee wellbeing is vital for a healthy and effective workforce. Our wellbeing framework tackles significant issues such as attendance and stress management, as well as helping our people understand the importance of work-life balance and the benefits of healthy lifestyles. Many of our operating companies run programmes which aim to keep their employees healthy and free from stress.

Our management systems help us ensure the health, safety and wellbeing of our employees. Standards established by national legislation apply as a minimum, but our goal is for our operating companies to achieve the best for both our people and our company.

We have introduced a separate policy on product safety and assurance to make sure the products we buy from suppliers and sell to customers are safe.

Health, safety and wellbeing

# Health and safety management systems

Our health and safety policy requires each operating company to develop, implement and continuously review its health and safety management system, consistent with local operating conditions and legislation. The policy was updated in 2007/08 and is included in our Group Governance Manual.

We oversee Group-wide health, safety and wellbeing management through our Health, Safety and Wellbeing Board. This Board meets every six months and is chaired by the Head of Global Health, Safety and Wellbeing. It is made up of senior managers from key Group functions – Human Resources, Risk Services, Corporate Responsibility, Technology, Supply Chain, Legal, Internal Communications – as well as local operating company management and health and safety specialists from Vodafone regions.

Our operating companies share information and advice through our Health, Safety and Wellbeing Network. Annual health, safety and wellbeing conferences are held for health, safety and wellbeing professionals from across the Group to meet and share ideas. The conference held in April 2008 covered topics such as the development and application of radio frequency (RF) fields policies, the successes and challenges of supply chain health, safety and wellbeing management, new product safety policies and proposals for new global initiatives.

We operate an online system for the annual auditing of Health, Safety and Wellbeing Management across the Group. The tool is linked to our Group policies and standards and is consistent with the occupational health and safety standard, OHSAS 18001.

We require every significant event such as a fatality or serious incident to be reported within 24 hours to local operating company executives and the Head of Global Health, Safety and Wellbeing. A full investigation is undertaken into the causes of the incident and key findings are circulated across the Group to help prevent a similar incident elsewhere. We are implementing a global incident reporting system to enable local operating companies to record incidents online. For details of incidents, see performance.

We provide health and security advice for employees travelling abroad on business at Group level. This includes an evaluation of the risk to employees of serious diseases, such as malaria or HIV.

Health, safety and wellbeing

# Employee wellbeing

We introduced a wellbeing framework in 2006/07. As part of this framework, we have developed global principles on specific issues such as stress and attendance management.



A toolkit on the wellbeing principles was distributed to all local operating companies in 2007/08. The toolkit explains the importance of employee wellbeing to Vodafone and our target for employees to feel they work in a stimulating and safe environment, knowing Vodafone cares about their wellbeing, and supports them in developing a healthy lifestyle. It describes our approach to ensure wellbeing is enhanced and maintained, from supporting employees with stress and facing difficult customers, to managing a healthy diet.

The toolkit provides tips on steps employees can take to improve their own wellbeing, with reminders to set up workstations properly, follow advice on safe driving, and limit stress through clear goal setting and good time management. It also advises managers on how to promote the wellbeing of their staff.

We track data on absence due to sickness to help us measure the effectiveness of our wellbeing initiatives. See performance 2007/08.

## Health, safety and wellbeing

### Local wellbeing initiatives

Our operating companies run initiatives to improve the wellbeing of our employees. For example:

- Vodafone New Zealand launched its WAVE (wellbeing, attitude, vitality, energy) programme in 2006. WAVE encourages employees to make lifestyle choices that bring benefits for their physical and mental wellbeing. It provides information to all employees via the intranet so they can access the programme whenever they feel the need.
- Vodafone UK published a policy on Stress Assessment and Management in the UK in December 2007. The Vodafone People Survey is used to monitor stress levels and a 'pressure index' helps measure the impact of stress on the business. Vodafone UK is also developing an e-learning package to help employees manage stress.
- Vodafone Netherlands offers a 24-hour support service for employees who have experienced aggressive, violent or intimidating encounters with customers. Support is provided in-person or by telephone within two hours of an incident, followed by appointments with an expert.
- Vodafone Germany headquarters operates an employee crèche to provide parents with high quality childcare at reasonable cost during working hours.
- Vodafone Greece launched a programme in 2008 to raise awareness about health, safety and wellbeing, and introduced a new policy to discourage people from smoking at work. The programme provides medical check-ups and counselling and encourages participation in team sports to ensure good physical and mental health. Vodafone Greece has also introduced flexible working and added two months to its maternity leave package.
- Vodafone Portugal's programme to improve employee wellbeing by promoting healthy lifestyles includes raising awareness of issues such as healthy eating, stress management and the risks associated with smoking. Free health checks are also provided to monitor basic health indicators including cholesterol, blood pressure and heart rate. The No Smoker Programme offers advice and professional counselling to help employees who want to quit smoking.
- Vodafone Ireland's wellbeing programme – launched in 2006 – is designed 'to make people feel great at work'. The programme provides free online health checks and encourages employees to lead a healthier lifestyle. Health and fitness fairs provide information, products and services to help people understand and take steps to improve their health.

## Health, safety and wellbeing

### Flexible working spaces

Flexible working helps employees to successfully balance their work and family commitments. Our 'SMART' flexible working initiatives are managed locally by our operating companies. For example:

- Flexible working was introduced in Vodafone UK headquarters and other offices in Newbury, UK, with a mixture of allocated and unallocated desks, informal collaborative areas and sofas in break out spaces. This enables employees to choose where they work, whether they work mainly in the office, mainly from home, or a combination of the two. Financial support of up to £250 is provided for home workers to buy appropriate workstation equipment, along with information about comfortable home working, and risk assessments to make sure their health and safety requirements are met.
- Vodafone New Zealand's new headquarters building is designed to provide flexible working space, influenced by employees' opinions on layout, lighting and working habits. It includes a mixture of fixed desks for people mainly based in the office, unallocated desks for employees who are often out of the office or work mainly from home, and informal meeting areas. Employees are encouraged to work from different parts of the building – each time they work in a different area they obtain stamps in a 'passport' that qualify them for a prize draw. The new flexible working space has helped improve employee engagement with better collaboration and morale among staff.
- The transition to more flexible working has also been successful in the Netherlands, where job-sharing and home-working is common. The new layout includes much more meeting space than before, leading to better collaboration within and between teams.
- Vodafone Australia has also created new offices with fewer desks than employees, designed to encourage employees to work from home or work flexible hours. This system enables people to adapt their working life to suit their home life. Flexible work spaces also encourage more spontaneous meetings and better engagement between colleagues.

Health, safety and wellbeing

# Health, safety & wellbeing: performance 2007/08

**We said**

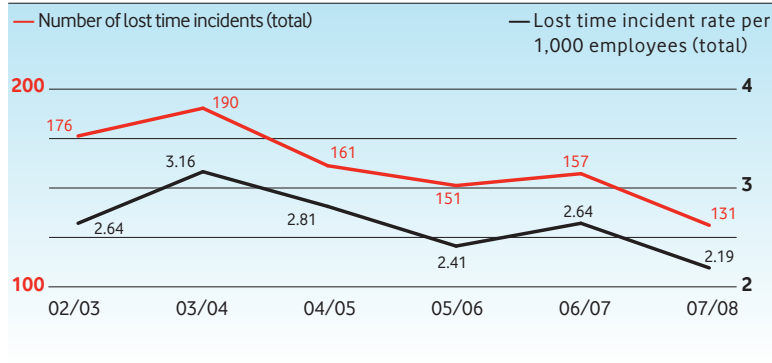
We would reduce work-related accidents resulting in lost time by 10% by March 2008 (from the 2005/06 baseline).

**We have**

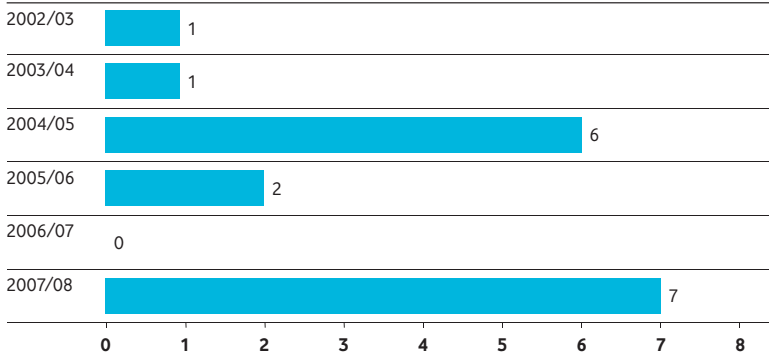
**Reduced work-related lost-time accidents by 17%**

The number of work-related accidents resulting in lost time for employees decreased by 17% to 131 in 2007/08, compared with 157 the previous year. Of these, 118 were reported in Europe and 13 in the EMAPA (Eastern Europe, Middle East, Africa, Asia and Pacific) region. As a result, we have met our target to reduce work-related accidents resulting in lost time by 10% by March 2008, with a total reduction of 13% from the 2005/06 baseline. Our lost time incident rate of 2.19 lost time incidents per 1,000 employees in 2007/08 has also declined by 17% from 2.64 in 2006/07.

**Work-related lost-time accidents**



**Number of fatal incidents**



## Health, safety and wellbeing

Eleven of the 17 operating companies we are reporting on demonstrated consistent or improved performance in 2007/08 compared with the previous year. In particular there have been big improvements in lost time incidents in both Germany and Italy.

We are continuing to improve our reporting systems. In 2007/08, we created a global incident reporting system to enable operating companies to record incidents online. This will be made available for all operating companies that do not already have alternative systems.

### **Regrettably suffered seven fatalities among contractors**

In 2007/08, 16 serious work-related incidents were reported through our global reporting process. We deeply regret that tragically seven of these incidents resulted in fatalities. All seven fatal incidents involved individuals employed by third-party contractors working on Vodafone network deployment activities.

Five of these fatalities occurred in Turkey: two falling from a tower, two traffic accidents and one electrocution. These incidents were fully investigated in conjunction with Motorola, our main contractor in Turkey.

Vodafone Turkey was acquired in December 2005 and processes to integrate Vodafone health and safety systems in Turkey are ongoing. The newly appointed Health, Safety and Wellbeing Manager at Vodafone Turkey has developed plans to implement improvements in 2008/09. The remaining two fatalities occurred in Egypt, where two contractors fell from a tower. We have investigated these incidents in conjunction with Ericsson Egypt.

We have increased our focus on health and safety in Turkey and Egypt. Our investigation of the root causes of the fatalities has identified two main issues. These are related to the selection process for high-risk contractors and the management of sub-contractors by our direct suppliers, particularly in training and supervision. Representatives from our Global Health, Safety & Wellbeing and Group Supply Chain teams are working with suppliers to identify and implement improvements.

The nine other significant incidents reported related to: contractors falling from towers or roof tops; car accidents attributed to fatigue or poor vehicle maintenance; members of the public injured when struck by falling objects or vehicles; a wound to a contractor from a firearm; and contractors being electrocuted.

### **Achieved scores higher than 75% in 16 operating companies in the HS&W Management System Audit**

In 2007/08, 16 operating companies recorded audit scores of 75% or higher in our Annual Health, Safety and Wellbeing Management System Audit. A number of local operating companies were identified as needing to improve reporting of lost time due to sickness and the percentage of new starters that complete induction training on health, safety and wellbeing.

### **Published a new guide for suppliers and contractors**

We have published health and safety guidance in the new Vodafone suppliers' guide, Working with Vodafone. The guide explains the health and safety systems and commitments we expect from the companies we work with. It emphasises the importance of leadership, people management systems and evaluations, training, incident reporting systems and auditing systems, as well as appropriate infrastructure and equipment.



## Health, safety and wellbeing

The guide explains that we require suppliers and service providers to meet all relevant statutory requirements and that health, safety and wellbeing standards must be equal to (if not better than) Vodafone minimum standards. Suppliers must work with us to ensure continual improvement and demonstrate good performance.

### Monitored employee wellbeing

We are reporting for the first time absence due to sickness, which we view as an important indicator of employee wellbeing. Ten operating companies tracked and reported this indicator in 2007/08: Australia, Egypt, Italy, Malta, the Netherlands, New Zealand, Portugal, Romania, Spain and Turkey. These 10 operating companies reported a total of 165,653 days lost due to sickness in 2007/08. The other operating companies are in the process of establishing robust processes to consolidate and report this data.

Employees are asked about their wellbeing as part of our Global People Survey. Of those surveyed in 2007/08, 57% of our employees say their operating company takes a genuine interest in their wellbeing. This is an increase of 15% from 2005. Of those surveyed, 70% say their managers support them in achieving a good work-life balance – 13% above the high performing norm. See communication and involvement for further information on the People Survey. Vodafone will continue to launch initiatives on flexible working and invest in a range of other wellbeing programmes in 2008/09.

### Updated our Group Health & Safety Policy

We reviewed and updated the policy for inclusion in our Group Governance Manual. A series of 14 standards complement the policy, covering a range of specific issues such as: mobile phones and driving; working at height; managing health and safety risks of radiofrequency fields; emergency planning and response; risk assessment; and incident investigation and reporting.

### Developed a product safety and assurance policy

In March 2008, we introduced a new Product Safety and Assurance Policy to ensure all the products we buy and sell are safe for use by employees, customers or anyone else who comes into contact with them. The policy requires Vodafone and its suppliers to comply with all legislation relating to the safe design, testing, handling, storage, use, maintenance and disposal of products. See Product safety.

### Introduced toolkits on employee wellbeing and safe driving

We distributed a wellbeing toolkit to all operating companies in 2007/08. These can be adapted for local use, but ensure consistent messaging and look across the Group. The toolkit explains the importance of employee wellbeing to Vodafone and describes our efforts to improve wellbeing and support employees suffering from stress or other problems at work. See wellbeing.

We also introduced a leaflet and an employee brochure on safe driving, entitled 'Are you handsfree?'. The brochure outlines the main messages of our Global Policy on Mobile Phones and Driving. It includes our 'safe driving rules of the road' and describes the disciplinary measures that we will take against employees using mobiles unsafely while driving. See Driving safety. We are planning a global campaign to raise awareness of the toolkits in 2008/09.

## Health, safety and wellbeing

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### **Established more flexible working spaces**

We continued to promote flexible working in 2007/08 by creating work places designed for people who move between home and the office in several operating companies. These facilities help create a workplace where flexible working is embedded in the culture, and promote collaborative working. See wellbeing.

### **We will**

Reduce work-related accidents resulting in lost time by 10% by March 2011 (from the 2007/08 baseline)

Increase our Global Wellbeing People Survey score by 10% by March 2011 (from the 2007/08 baseline).

# Employee volunteering

Many of our employees give their time as volunteers to support good causes. This benefits charities and communities but also allows our employees to learn new skills.

We encourage employee volunteering and help to raise additional funds from third parties. Most of our local operating companies have programmes to encourage employees to volunteer in working hours. In 2007/08, more than 1,600 employees volunteered a total of over 11,300 hours to charity and community work.

Here are some examples of employee volunteering programmes that ran in our local operating companies in 2007/08:

## **Vodafone Albania: Blood donation day**

In Albania, 8% of the population carries Thalassaemia – a blood condition that can cause serious health problems – and 20 children are born with the condition each year. Blood transfusions are the most common way to treat the disorder, and donors are urgently needed. To help this situation, Vodafone Albania organised a Blood Donation Day in November 2007 in co-operation with The Red Cross. Some 55 employees gave blood. In 2007/08 Vodafone Portugal and Vodafone Ireland also ran blood donation programmes.

## **Vodafone Australia: Beyondyou programme**

Vodafone Australia has launched the Beyondyou programme to help employees make a personal difference to their community and the environment, with the support of Vodafone and the Vodafone Australia Foundation. Beyondyou offers individual volunteering and team volunteering as well as career development opportunities with community partners. Employees are entitled to one additional day of paid leave each year for volunteering activities, ranging from environmental regeneration to sharing their expertise in communications with community organisations. In 2007/08, 197 employees volunteered for over 8,510 hours in total. Beyondyou also includes payroll giving and matches funds raised by employees for community organisations.

## **Vodafone Portugal**

Employees at Vodafone Portugal are encouraged to volunteer up to 12 hours (a day and a half) of working time per year for social projects. These hours can be carried over for each year of service. During 2007/08, 267 employees from Vodafone Portugal participated in various volunteer programmes for a total of 669 hours.

## **Vodafone UK: Take a Chance scheme**

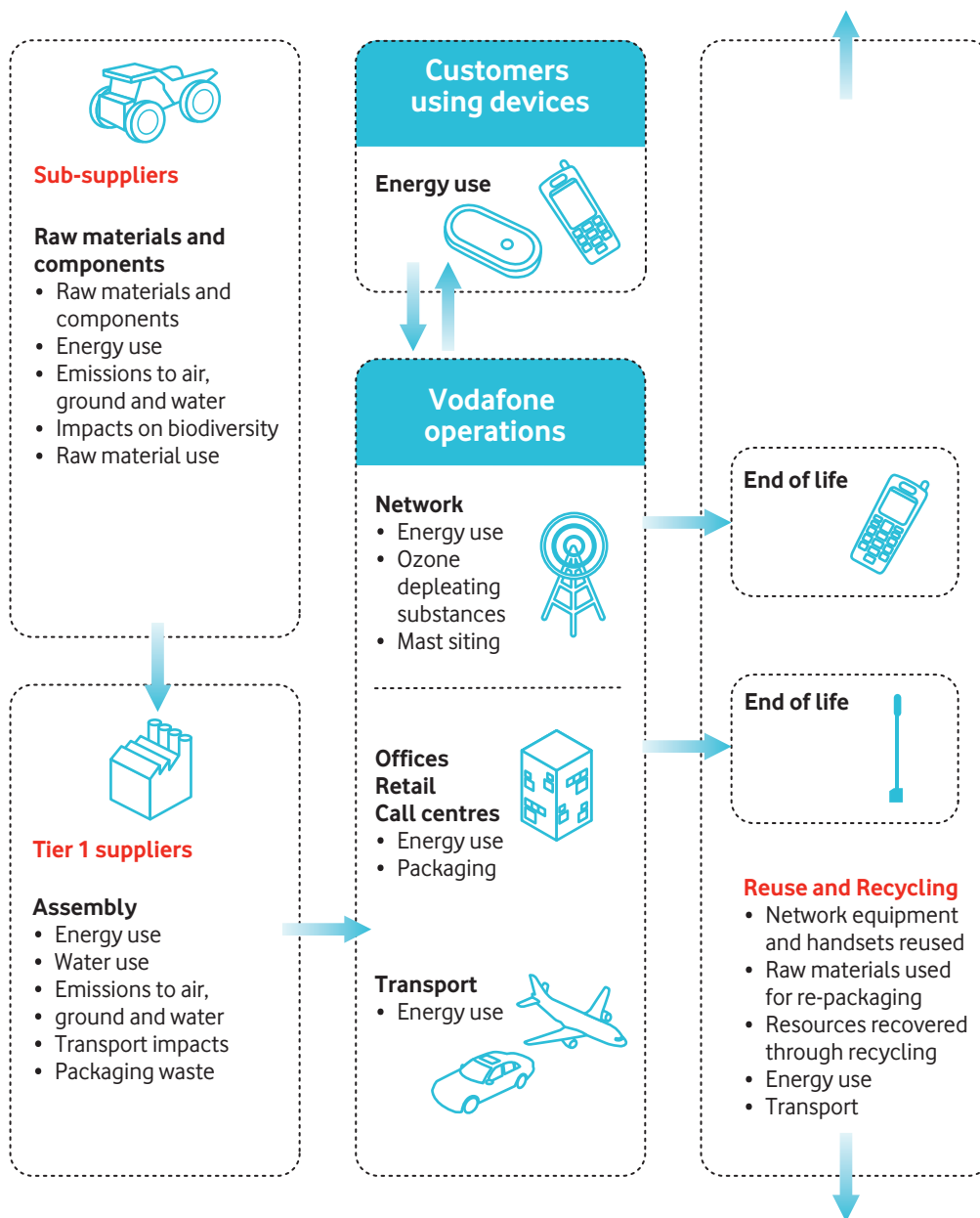
Vodafone UK began to work with the Education Business Partnership in September 2007 on a programme to help 50 14 and 15-year-old students become high achievers. Students attend a half-day workshop at Vodafone UK headquarters to learn business skills. Thirty Vodafone employees volunteered to support the students, meeting students every month to share expertise and give advice. Vodafone will maintain this support over a five-year period, as the students go through school and vocational training or to university.

# Environment

Mobile phones and the networks that connect them have environmental impacts at every stage of their lifecycle – from manufacture and use through to disposal.

We focus on reducing these impacts at the stages where we have direct control and use our influence to encourage others to reduce environmental impacts at other stages.

## Environmental impacts in mobile industry from a life cycle perspective



# Environmental impacts of mobile phones

We commissioned sustainable development charity, Forum for the Future, to research the environmental impacts of the telecommunications industry in 2006. The study highlighted four key elements of the mobile phone lifecycle with the highest environmental impacts:

- extracting raw materials
- manufacturing phone components
- running networks
- managing the end-of-use of phones and network equipment.

Of these, Vodafone only has direct control over the running of its networks. We have a strategy in place to reduce our energy use and manage our impact on climate change, and we recycle network equipment.

We work with suppliers to minimise the environmental impact of phones during manufacturing and the extraction of relevant raw materials indirectly, by encouraging suppliers to manage impacts lower down the supply chain (see supply chain). Handset recycling programmes are in place across the Group to manage impacts associated with the disposal of phones.

## Materials and manufacturing

Extracting raw materials and manufacturing components makes up more than half of a phone's environmental impact. Extracting materials such as precious metals involves moving large volumes of earth and rock – 100kg of mine waste is created to extract the gold for a single phone circuit board. This requires a lot of energy, damages biodiversity and can cause pollution through the use of hazardous materials.

Mobile phones are getting smaller and smaller, requiring less raw material, and impacts can be reduced through product design. We encourage suppliers to consider environmental impacts as part of their design process and phase out substances restricted by the EU Restriction of the use of certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive. See Complying with legislation on electronic waste.

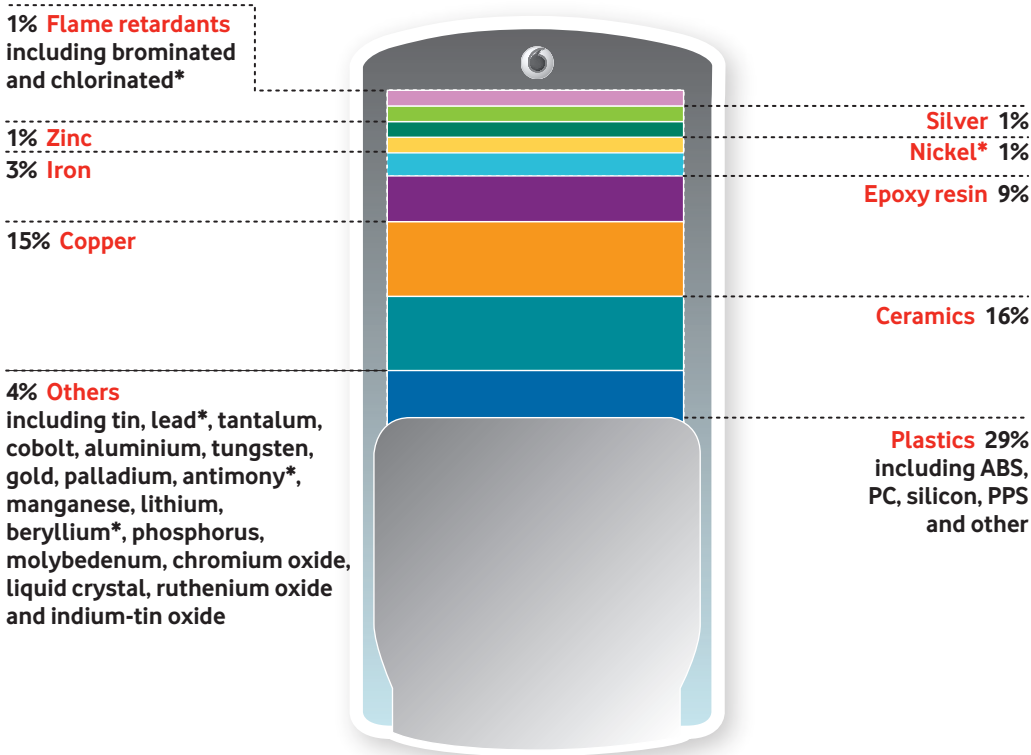
Network base stations also contain precious metals and potentially hazardous materials. We reuse equipment and recycle as much of this material as possible, see Recycling network equipment)

Environmental impacts of mobile phones

Materials in a mobile phone

What's in a mobile phone?

Breakdown of materials used in a typical mobile phone, by volume



\* Materials of potential concern to the environment or human health

(Source: Nokia)

Use

Mobile phones and networks use considerable amounts of energy to run. Phones have an environmental impact while they are being used: about a third of the energy consumption in the lifecycle of a handset comes from powering the phone while in use. We are working with suppliers to improve the energy efficiency of mobile phones, chargers and network equipment. See energy use and climate change.

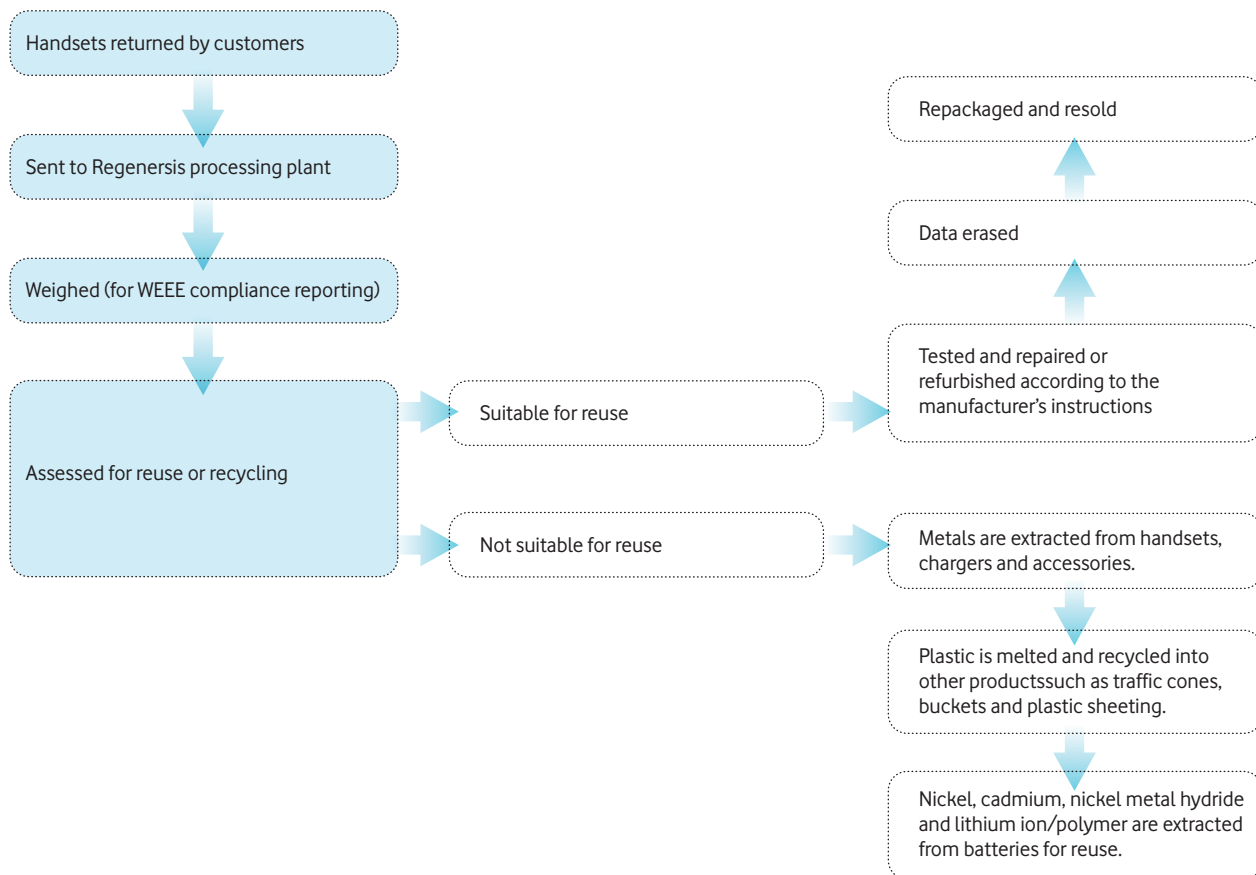
There are also potential energy savings associated with mobile phone use, for example saving the need for travel. See Using our products to reduce climate impact.

## Environmental impacts of mobile phones

### End of life

We recycle more than 95% of our network equipment and all our local operating companies collect mobile phones for reuse and recycling. For example, in the UK, the mobile phones we collect are recycled by our partner Regeneris (formerly Fonebak). The chart shows the Regeneris process for recycling. Our recycling partners in other countries use similar processes.

### Regeneris recycling process



Source: Regeneris, [www.fonebak.com](http://www.fonebak.com)

# Energy and climate change

Climate change is widely recognised as one of the greatest global sustainability challenges. Its implications are far-reaching for the environment, for people, and for the global economy – of which Vodafone is a part.

As a multinational communications company, Vodafone can play an important role in helping to tackle climate change. Our climate change strategy has three elements:

**Cut our own emissions by 50%:** Limiting our own contribution to climate change is a priority. We have reviewed a range of options and are developing a strategy to reduce emissions across our operations.

**Provide services to customers to help them reduce their emissions:** We can help customers reduce their carbon footprint. Our products and services can contribute to lower carbon ways of living and working by reducing the need to travel and could facilitate intelligent energy management systems.

**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 Climate Change Working Group. In 2008, we publicly reiterated our support for EU targets to cut carbon emissions as part of the Corporate Leaders Group on Climate Change.

## Our climate change strategy

We have set a target to reduce CO<sub>2</sub> emissions from our operations by 50% by 2020 across the Group from the 2006/07 baseline of 1.23 million tonnes. The target covers the operations that contributed to the 2006/07 baseline total (this excludes Turkey and India).

We aim to achieve this by improving energy efficiency across the business and using more green energy where economically viable to purchase, or generate at individual sites. We are focusing our efforts on our networks, which account for more than 80% of the CO<sub>2</sub> emissions from our total energy use. Gains in network energy efficiency are being achieved by collaborating with equipment suppliers. See reducing network energy use.

We source around 18% of our total energy use from renewable sources and are continuing to investigate opportunities to introduce green solutions elsewhere, including purchasing green energy where this is a viable option. See renewable energy.

Our Global Energy Management Team oversees the implementation of the strategy across the Group. We launched a major campaign in 2008 to communicate our strategy to employees in all our operating companies.



## Energy and climate change

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### Monitoring our energy use

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We carry out regular assessments of energy use within our network to monitor our climate impact and identify opportunities to reduce it.

Our Group target to achieve a 50% reduction in CO<sub>2</sub> from 2006/07 baseline excludes our new operating companies in Turkey and India, both acquired after the 2006/07 baseline. We acknowledge that emissions from Turkey and India in particular will increase our overall carbon dioxide emissions significantly. We will develop a climate change strategy for these operating companies by 2009.

See our performance in 2007/08.

Energy and climate change

# Implementing our climate change strategy

Our Global Energy Management Team is responsible for ensuring our strategy on energy and climate change is implemented and our targets are met. The team has created guidelines to share best practice and help local operating companies reduce energy use.

## Local targets

Energy efficiency targets have been set by 14 local operating companies. Targets must be approved by local operating company Chief Executives and are reviewed by the Global Energy Management Team against our Group target.

Vodafone UK was the first operating company to set a target to reduce its energy use – by 12.5% over three years to March 2009 – and is on course to achieve this target. Measured energy from offices and mobile telephony exchange (MTX) sites, which amounts to 45% of Vodafone UK's total energy use, has been reduced by 11% from 2005/06. At base station sites, free cooling units, and more efficient air conditioning units have been installed to increase efficiency.

Vodafone Spain introduced a five-year Energy Efficiency Plan in 2006/07, focusing on increasing energy efficiency in the network and at switching centres. Since the launch of the strategy Vodafone Spain has reduced CO2 emissions by more than 14,100 tonnes.

## Monitoring energy use

Most operating companies calculate their energy use from annual meter readings. We are installing remote metering systems at sites that are not metered, mainly in the UK. These measure energy use every half hour, enabling us to build up a detailed picture of our energy use and identify ways to reduce it. Metered sites include office buildings, data centres and mobile telephone exchanges. We aim to install remote metering at further sites across the Group to build up a better picture of energy consumption patterns.

Some of our local operating companies employ contractors to deploy and manage our networks. Energy use from network equipment managed by contractors is included in Vodafone's reported energy use and related CO2 emissions.

## Energy audits

In 2007/08, 11 local operating companies completed energy audits of their operations. These included Australia, Czech Republic, Germany, Greece, Hungary, Ireland, the Netherlands, New Zealand, Romania, Spain and the UK.

An energy audit of Vodafone Hungary in 2006/07 showed good progress against its energy efficiency targets. Energy use at 40 different sites was monitored over the year to identify ways to reduce energy use. Around 4,000 unnecessary transceivers were identified – of which 1,300 have already been removed and the remaining 2,700 have been locked. Steps have been taken to ensure energy efficiency is a

## Energy and climate change

priority for the technology team. In 2007/08, Vodafone Hungary installed high temperature batteries as well as remote radio heads at all its 3G sites to improve energy efficiency.

An assessment of Vodafone UK's operations in 2006/07 showed that offices and call centres make up 15% of its total energy use. A number of relatively simple measures were identified that could significantly improve energy efficiency. In response to the audit, Vodafone UK made a range of energy efficiency improvements at its offices in 2007/08, including switching off air conditioning systems and lighting when buildings are not occupied, and replacing old lighting controls and air handling units with more modern equipment. Vodafone UK also trialled new efficient gas boilers, ran an employee energy awareness campaign and carried out a lighting audit at its stores. In addition, Vodafone UK carried out initiatives to reduce energy use from the network, installing free cooling units and more efficient air conditioning units at a range of base station sites.

Energy efficiency is an important topic at our network technology workshops, which are designed to enable local operating companies to share best practice, discuss the technical implications of implementing energy efficiency initiatives, and communicate progress. The most recent workshop was held in Istanbul in 2008 and attended by network deployment leaders and energy managers from across our operating companies.

### Assuring our progress

Performance on energy and climate change is audited internally and reported to the Director of Responsibility on a quarterly basis. A report is made annually to the Vodafone Board.

Our climate change target is part of our CR commitments. This is independently audited on an annual basis and the findings are published in our Group CR Review and on the assured performance pages of this website. Our approach to CR reporting is aligned with the principles of the AA1000 Assurance Standard and financial auditing standards (see reporting).

**Energy and climate change**

# Reducing network energy use

The energy used to run our network accounts for around 80% of carbon dioxide emissions from our total energy use, and is therefore our main focus for reducing emissions.

Modernising our networks can significantly improve energy efficiency. Our energy strategy identifies a number of ways to further reduce network energy use:

**Reducing the need for network air conditioning**

Base stations use cooling systems to prevent equipment from overheating - extending battery life and reducing the chance of network failure. Cooling accounts for around a quarter of network energy use, offering the biggest potential energy savings in our 2G network. Average energy use in some base stations can be cut by more than 10% (depending on the climate conditions on site) simply by allowing the temperature to increase from 21°C to 25°C.

Our policy is to install 'free cooling' – a system that uses fresh air to cool network equipment – as the default option at new base stations. This reduces the need for energy-intensive air conditioning, saving an average of 7,000 kWh a year per base station. By allowing a further increase of 10°C, to a maximum room temperature of 35°C, additional savings can be made, and the technology can be used in hotter countries. This requires upgrading technology to resist higher temperatures, for example installing individual battery coolers rather than cooling the whole room. Vodafone Portugal increased the temperature to 35 degrees in all its 1,100 base stations in 2007/08. Free cooling at 35 degrees will be rolled out across the Group in 2008/09.

In hot countries where air conditioning is needed during the day, our Group guidelines recommend installing equipment that enables free cooling to be used at night. As existing cooling equipment reaches the end of its life, it is replaced with more efficient systems.

**Improving network technology**

We are working with our suppliers to improve the energy efficiency of network equipment. The average energy efficiency of new network equipment across our range of suppliers has improved by more than 35% since 2005/06. The focus is on two key items of network equipment – new, more energy efficient power amplifiers and remote radio heads. Vodafone Italy and Vodafone Germany have set a target to install remote radio heads at up to 90% of their base stations. This target will also be rolled out in other operating companies.

The power amplifier is the most energy-intensive component of a 3G base station. The average energy efficiency of power amplifiers from our suppliers has improved gradually from around 9% in 2004 to 15% in 2007. Remote radio heads relocate the power amplifier closer to the antenna, rather than at the foot of the base station. This reduces energy use by an average 40% by preventing energy loss from the power cables.

In Spain, for example, existing equipment uses around 925W to produce an output at the antenna of around 20W. By upgrading the power amplifier and installing a

## Energy and climate change

remote radio head, base stations now use just over half the energy (480W) to generate double the power output (40W). This saves an average of 3.9MWh a year for each unit replaced.

### Reducing diesel use

Several of our operating companies use a significant amount of diesel to power their base stations. We are investigating ways to reduce this diesel use. By installing batteries, stored electric power can be used instead of diesel generators at times when grid electricity is unavailable. Intelligent controls are being developed to enable diesel generators to automatically turn on only when the base station room reaches a certain temperature when power for cooling becomes essential. We are also trialling the use of renewable energy alternatives in more than 150 of our remote sites.

### Other network energy saving initiatives

Other examples of initiatives to save energy in our networks across the Group include:

- Deactivating unused rectifiers – devices that convert alternating current to direct current at base station sites. This reduced energy use by 110W (1-5%) per site in trials by Vodafone Germany, and is being rolled out in the Czech Republic, Italy and Spain.
- Categorising sites to optimise energy use – for example, not all base stations require battery backup or air conditioning.
- Remote monitoring and measurement of energy to help us manage usage more efficiently.
- Shutting down more base station sites in high density areas at times when demand is lower (at night, for example).

### Online data storage

Data storage is the fastest growing part of the carbon footprint of the ICT industry, increasing at more than 50% each year. We are committed to minimising this impact, consolidating our data centres to cut the growth in online storage. See Reducing online data storage.

# Reducing online data storage

Research commissioned by members of the Global e-Sustainability Initiative (including Vodafone) and The Climate Group demonstrates that the potential of telecommunications technology to reduce customers' climate impacts outweigh the impact of using the technology itself. More sophisticated features such as videoconferencing require more energy than a normal phone call, transferring large amounts of data, but emissions from this increased energy use is significantly less than the equivalent from travelling to a face-to-face meeting.

This does mean more data needs to be stored. Data storage is the fastest growing part of the carbon footprint of the ICT industry, increasing at a rate of 56% a year. We are committed to minimising this impact.

In 2007/08, we consolidated our data centres, reducing the total number from 12 to two main hubs plus a smaller satellite station. This has increased efficiency and cut the growth in online storage.

However, we recognise there is still work to do. Further improvements could be made to data centre design. These possibilities require further analysis, and changes to purchasing practices across the industry to take account of the total cost of running equipment rather than just initial costs.

Vodafone is driving change across the industry, as a founding member of a commission to define a Code of Conduct for data centres in the EU. The Code of Conduct is a voluntary initiative designed to co-ordinate industry activity on energy efficiency in data centres, raise awareness and promote best practice.

Energy and climate change

# Promoting employee awareness

We communicate with our employees to increase awareness of climate change and encourage them to do their bit to save energy at work and at home.

Articles on energy use are included in our internal CR communications and we launched a dedicated intranet site on climate change in 2007. This interactive site is designed to get employees involved. It features a game where they can build a virtual world and see how their actions impact on the environment, and an employee forum to discuss climate change issues and exchange ideas. The site also sets out why climate change is important to Vodafone and lists a number of tips and suggestions to help employees reduce their own environmental impacts.



## Launching our Group strategy

Chief Executive Arun Sarin announced our Group commitment to reduce CO<sub>2</sub> emissions by 50% by 2020 via his online channel in April 2008. This also creates a platform for ongoing communication and feedback from employees.

## Our operating companies also run energy awareness campaigns.

For example, Vodafone UK ran environment roadshows across the country in 2007/08, encouraging employees to do their bit and help Vodafone achieve its climate target.

Energy and climate change

# Renewable Energy

To achieve our target to reduce our total carbon footprint, our main priority is to find ways to improve the energy efficiency of our operations through technical innovation (see our climate change strategy). But we will still require energy to run our network. Therefore we will source renewable energy from electricity grids and use on-site renewable energy systems where it is practical and cost-effective to do so.

## Green electricity from the grid

Renewable energy accounts for 18% of our total network energy use. The majority of our energy – renewable or otherwise – is from electricity grids. We purchase green energy from the grid in Ireland and the UK. Vodafone Czech Republic has joined 'Project Green Energy', a national initiative to support renewable energy supplies. A small extra fee is paid for each kWh of electricity purchased from the grid, which is invested in the development of renewable energy sources.

However, in most countries, renewable energy makes up a very small proportion of national electricity supply (if it is available at all). This makes it difficult to source green energy from the grid. There are also complex issues around measuring carbon reductions as a result of using renewable energy from the grid. Regulations vary from country to country and there is some uncertainty in relation to what will, and what won't, contribute to emissions reductions.

The environmental benefits of green tariffs also vary. With some tariffs only part of the electricity comes from a renewable source, and others include 'low-carbon' energy such as fossil-fuelled combined heat and power generators, or nuclear.

## Exploring the options

Like a number of other companies, Vodafone is exploring the possibility of investing directly in renewable energy projects as an alternative to purchasing through green tariffs over the longer term. In 2007/08, we commissioned a study from green energy consultancy Green Peninsula into the options for investment in renewables, focusing on energy markets in Germany and the UK. We will continue to research and investigate options in this area.

## On-site renewable energy systems

For base stations in remote locations not served by an electricity grid, we are testing the viability of replacing or supplementing diesel generators with on-site renewable energy systems. These include solar panels, wind turbines and fuel cells. We have installed solar panels at 140 sites in Egypt and we have started to trial combined wind and solar generators in Greece, Italy, Portugal and Romania. Different types of renewable energy are being piloted across the Group and best practice is shared through an online database.

At one 'green' base station pilot in Greece, the diesel generator was replaced with 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 run sites with low power loads in remote locations. This reduces environmental impacts and significantly cuts costs.



## Energy and climate change

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Vodafone Germany ran a solar power pilot project at its Mobile Switching Centre in Würzburg in 2007/08. A total of 62 rooftop photovoltaic modules 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.

## Energy and climate change

# Working with others

Climate change is a global challenge and cannot be resolved in isolation. We are working with others in our industry and beyond to understand and reduce our impact.

### Industry partnerships

Vodafone is part of both the UK and EU Corporate Leaders Group on Climate Change, working in partnership with governments and other leading businesses to support international efforts to reduce greenhouse gas emissions. The UK Corporate Leaders Group is facilitated by HRH The Prince of Wales' Business and the Environment Programme and the University of Cambridge Programme for Industry.

Vodafone is a member of the Global e-Sustainability Initiative (GeSI) Climate Change Working Group (CCWG). The CCWG focuses on quantifying the overall impact of ICT on greenhouse gas emissions and developing measurement systems that will help monitor the effectiveness of solutions. The CCWG is developing a web-based initiative that will convert energy and materials expended by ICT to CO<sub>2</sub>-equivalents to enable these emissions to be 'balanced' through offsetting programmes.

While the ICT industry will continue to emit greenhouse gases, its products, such as video and teleconferencing, will help society reduce carbon emissions. The CCWG also plans to promote the inclusion of video and teleconferencing offset credits on existing carbon exchange markets or voluntary regimes that include travel. This will help promote ICT services that can be used to reduce greenhouse emissions.

Vodafone, with other GeSI members and The Climate Group commissioned a study from McKinsey about the climate impacts of ICT and the potential for using ICT to help other industries reduce their carbon footprint, see [Using our products to reduce climate impact](#). The findings will be released in June 2008.

In February 2008, Vodafone joined the Green Power Market Development Group to share good practice on renewable energy. The Green Power Market is a joint initiative between The Climate Group and World Resources Institute.

Vodafone contributed to a technical report by the Environmental Engineering group of the European Telecommunications Standards Institute (ETSI) entitled, 'The reduction of energy consumption in telecommunications equipment and related infrastructure'. This document brings together ideas from operators and manufacturers to increase the energy efficiency of telecommunication systems, providing useful technical guidance.

Vodafone is a founding member of a commission to define a Code of Conduct for the energy use of data centres in the EU. The Code of Conduct is a voluntary initiative designed to bring interested stakeholders together and raise awareness of energy efficiency in data centres and promote best practice.

We also worked with China Mobile – in which we have a minority stake – to agree a set of common specifications for equipment energy use, and to develop renewable energy solutions for use in our networks. This is helping to promote the development of efficient base stations in China.

## Energy and climate change

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### Engaging with experts

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We organised a workshop in March 2007 for nine experts on climate change – representing government, NGOs, industry and investors – as part of our series of Vodafone CR Dialogues.

The experts believed that we are in a position to make a significant contribution to a low-carbon economy and could demonstrate real leadership on this. We used their feedback to inform our strategy on energy and climate change.

The experts welcomed our Group target to reduce network carbon dioxide emissions per unit of data transmitted by 40% but suggested that an absolute target would be more effective. We have now set an absolute target.

They thought our strategy to reduce our own emissions is on the right track but that we should also help our customers reduce their emissions. We plan to hold another focus group in 2008/09 on how customers can use our products to reduce their carbon footprint.

### Working with suppliers

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We are working with our suppliers to improve the energy efficiency of network equipment (see performance).

Vodafone has recently joined the Carbon Disclosure Project's Supply Chain Leaders' Collaboration and will be working with approximately 250 suppliers to measure their carbon footprint as a part of a cross industry pilot to create a standard approach measuring carbon in the supply chain. See a comment from the Carbon Disclosure Project on our approach to climate change and supply chain.

# Energy consumption during mobile phone use

Using a mobile phone accounts for around a third of the total energy consumption throughout its lifecycle (see environmental impacts of mobile phones).

The most significant contributor to this energy use is phone chargers that are left plugged in but not connected to a phone. Chargers are becoming significantly more efficient, but this is likely to remain an important part of energy use for some time. Broadband routers and internet television boxes also use energy, while in operation and on standby.

We reviewed our policies on working with suppliers in 2007/08 to prioritise CR issues. We are working with suppliers to investigate green technology options, including developing a universal charger (so customers do not require a new charger each time they update phone), a low cost solar charger for use in emerging markets and a "green" phone.

# Using our products to reduce climate impact

Our products and services can be used to save carbon dioxide emissions in a number of ways such as reducing the need for travel and creating intelligent energy management systems. These carbon reductions will potentially outweigh the operational impact of the telecommunications industry in the future.

In 2007/08, the Global e-Sustainability Initiative (GeSI), of which Vodafone is a member and The Climate Group commissioned a study by McKinsey into the carbon reductions that could be gained using ICT. The results, which demonstrate the energy savings that can be made by ICT across industry and the energy sector, will be released in June 2008.

Vodafone supports a range of service providers who offer 'Machine to Machine' (M2M) services, which enable one machine to remotely communicate with another, improving energy management. We facilitate the use of meters that are monitored remotely and in-car technology that helps drivers avoid traffic jams by providing traffic information in virtually real time. We will focus on developing M2M services to help business customers reduce their carbon emissions in the future.

Our products are also used to facilitate video and teleconferences, which help customers reduce their climate impact by replacing the need for travel. See Transport for details on how we are using videoconferencing to reduce Vodafone's own carbon footprint from travel.

Energy and climate change

# Energy: performance 2007/08

**We said**

We would reduce carbon dioxide emissions per unit of data transmitted by 40% by 2011 (from 2005/06 baseline).

We would work with our suppliers to further increase energy efficiency of new network equipment by a third by March 2008 (from 2005/06 baseline).

**We have**

**Set an absolute target to reduce our CO<sub>2</sub> emissions by 50% by 2020**

We have launched a new climate target to reduce our CO<sub>2</sub> emissions by 50% by 2020, from a baseline of 2006/07 (excluding India and Turkey). 2020 was chosen as a target date to align with the EU climate goals. Our strategy focuses on reducing energy use by improving the efficiency of our network operations, and purchasing green energy or generating renewable energy on site where commercially viable. Carbon offsetting is at the bottom of our hierarchy of options. See energy and climate change.

We launched a major campaign in 2008, led by Chief Executive Arun Sarin, to communicate the new Group target and strategy to employees in all our local operating companies (see promoting employee awareness).

**Developed local energy targets in 14 local operating companies**

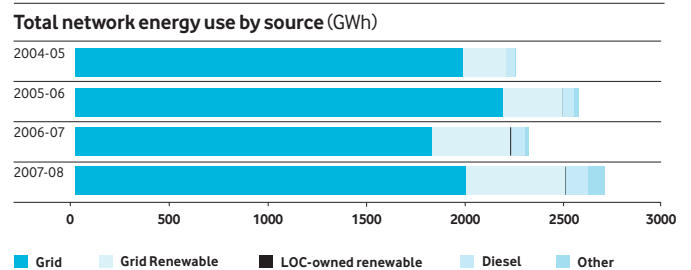
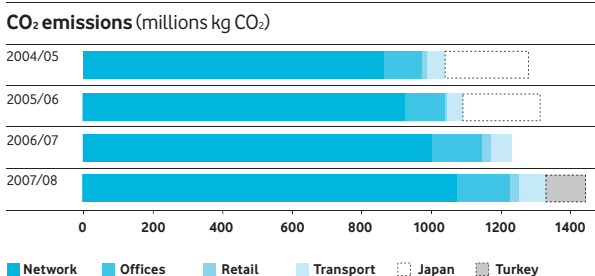
Local operating companies in Albania, Australia, Czech Republic, Egypt, Germany, Greece, Hungary, Ireland, Italy, New Zealand, Portugal, Spain, Turkey and the UK have all developed energy targets.

**Increased overall energy use and CO<sub>2</sub> emissions by 7%**

Our total energy use was 2,996 GWh in 2007/08, a 7% increase from the previous year. This created a total of 1.46 million tonnes of CO<sub>2</sub> emissions, a 19% increase from 2006/07. The increase in energy use and CO<sub>2</sub> emissions is mainly as a result of the acquisition of Vodafone Turkey

The CO<sub>2</sub> emissions from energy used by our network totalled 1.19 million tonnes, an increase of 19.7% from 2006/07. Absolute emissions have increased due to the growth of our network, with 12,939 new base station sites representing an increase of 15.4% from the previous year. However, the relative emissions per subscriber have decreased by 6% from 5.95 kg in 2006/07 to 5.61kg in 2007/08.

We have also reduced our network carbon dioxide emissions per unit of data transmitted by 50%, meeting our target of a 40% reduction by 2011 from 2005/06 baseline three years in advance. However, overall data transmission on the network has increased at a tremendous rate – by 70% in 2007/08 compared with the previous year. We have now set an absolute target to reduce our CO<sub>2</sub> emissions (see above)



### **Worked with suppliers to achieve further energy efficiency of new network equipment**

Energy efficiency of new network equipment across our range of suppliers has improved by a total of more than 35% from the 2005/06 baseline. This progress was possible through the extensive deployment of new network equipment such as remote radio heads and more efficient power amplifiers.

### **Implemented initiatives to reduce energy use across the Group**

Our operating companies continued to establish new initiatives to improve energy efficiency and cut energy use, saving an estimated 29,100 tonnes of CO<sub>2</sub> from being emitted in 2007/08. Major savings were made through the modernisation of our 2G network. For example, the deactivation of unused electricity circuit devices – trialled in Germany in 2006/07 – is being rolled out to other markets, including the Czech Republic, Italy and Spain. This can reduce energy use at base station sites by up to 5%.

Free cooling at the higher temperature of 35 degrees (rather than 25 degrees) was installed at 1,100 base station sites in Portugal in 2007/08, providing significant savings. This will be rolled out across the Group in 2008/09.

We are investigating ways to reduce diesel use at base stations, for example by installing batteries that can be used instead of diesel generators at times when grid electricity is unavailable. We are also continuing to trial renewable alternatives to diesel generators at remote sites in Greece, Egypt, Germany, Italy, Portugal and Romania.

### **Increased our use of renewable energy by 16%**

Increasing our use of green energy is an integral part of our climate change strategy. Renewable energy made up 18% of our total network energy use in 2007/08, up from 17% the previous year.

### **Improved data storage efficiency**

As customers use their mobile phones for more sophisticated tasks such as video-conferencing and social networking, the volume of data that needs to be stored is growing rapidly. Data storage centres need energy to power and cool servers.

In 2007/08, we consolidated our data centres, reducing the total number from 12 to two central hubs plus a satellite. Each server is being used more efficiently to enable more data to be stored using the same amount of equipment. This has increased efficiency and cut the growth in online storage. Vodafone is also a founding member of the commission to define a Code of Conduct for data centres in the EU.

### **Participated in the Corporate Leaders Groups on Climate Change**

Vodafone is part of the EU and UK Corporate Leaders Groups on Climate Change (CLGCC). In 2007/08, we continued to participate in the CLGCC and as part of this we publicly confirmed our support for the EU's climate and energy policies. See working with others.

### **We will**

Reduce CO<sub>2</sub> emissions by 50% against the 2006/07 baseline by 2020 (applicable across Vodafone operating companies operating in 2006/07)

Develop a climate change strategy for Vodafone Essar (India) and Vodafone Turkey by March 2009.

# Reuse and recycling

Our operations generate waste – from our networks, our offices, retail stores and call centres. Customers' old mobile phones also become waste when they are replaced. We are committed to reducing, reusing and recycling where possible.

- **Network waste:** Our network creates waste, as we need to upgrade and replace equipment as technology advances. We resell equipment that can be reused, or send it to specialist companies for recycling. See network waste.
- **Used handsets:** 16 of the 17 operating companies covered in this report have handset recycling programmes in place and encourage customers to return their old phones for reuse or recycling. Our newly acquired operation in Turkey is now establishing a similar process.
- **Other waste:** The main types of waste produced by our offices, call centres and retail outlets are paper, printer toner cartridges, packaging materials and IT equipment. See waste.

See our performance on recycling in 2007/08.

We do not manufacture mobile phones or network equipment but we encourage suppliers to design handsets that are easier to recycle and made from environmentally preferable materials. We have taken steps to ensure our compliance with European legislation on electronic waste.



## Reusing and recycling

# Reusing and recycling mobile phones

The fast pace of development in mobile technology leads consumers to perceive that mobile phones quickly become outdated. People in high-income countries typically replace their handset every 18 months, often replacing used phones that are still in good condition.

We collect used mobile phones, along with accessories such as batteries, chargers and headsets. Many are refurbished for reuse. When a handset cannot be refurbished, it can be broken down into component parts for recycling.

This has many benefits:

- It reduces waste and prevents potentially harmful substances leaking into the environment from landfill
- It extends the life of useful components, reducing the need for energy and raw materials to make new phones
- It enables people who could not afford a new phone to buy cheaper, refurbished phones, bringing economic benefits in developing and middle-income countries. See access to communications in emerging markets.

Sixteen of our local operating companies already have handset reuse and recycling programmes in place, and Vodafone Turkey is establishing such a programme. We run campaigns and use incentives to encourage recycling, as only a small proportion of handsets are returned.

The number of used mobile phones collected in developing and emerging economies is very low, as people in these countries often refurbish and recycle phones until close to the end of their useful life. It is often unclear where components that are no longer useable end up in countries that lack the infrastructure to manage disposal of electronics. To address this, we commissioned sustainable development organisation Forum for the Future to carry out a study into handset recycling in developing countries and ran a pilot project in Kenya in 2007/08 based on the findings.

## Reusing and recycling

# Encouraging handset return

We encourage consumers to return unwanted mobile phones for reuse or recycling. Almost all our local operating companies have programmes in place to collect and recycle used handsets.

We are in a good position to collect used handsets through our relationship with customers and our network of retail outlets, although many other organisations also collect them. The success of our programmes depends on customers handing in their used mobile phones. Only the equivalent of around 2% of our total handset sales are returned directly to us. Our research suggests that many people are either reluctant to part with their old phones or use other channels, including donating them to charity collection schemes or selling them on the internet.

Our local operating companies have launched a number of high-profile campaigns to promote handset recycling. The methods used to encourage customers to return handsets include:

### Raising awareness of recycling programmes

Recycling campaign posters and leaflets, and prominent collection points are provided in most of our fully-owned retail stores and many franchised stores. Many local operating companies include prepaid envelopes with new phones to return old handsets. See examples of our consumer recycling campaigns.

### Introducing incentives to return phones

Many of our local operating companies offer incentives of free airtime or a donation to charity for every handset collected as an incentive for customers to return their mobile phones. For example:

- Vodafone Czech Republic launched a recycling programme in 2007, donating the proceeds to environmental projects chosen by the Vodafone Foundation
- Vodafone Germany gives a contribution to a range of charitable organisations for every handset collected
- Vodafone Hungary ran a month-long recycling campaign in September 2007, collecting around 20,000 handsets. Customers signing up to a new Vodafone mobile subscription received a discount if they returned their old phone for recycling
- Vodafone Italy launched a campaign in 2007/08 to encourage handset recycling and raise awareness of climate change at the same time. Three low-energy light bulbs were given to anyone handing in an old handset, and proceeds from recycling go towards the installation of solar panels on school buildings
- Vodafone Spain runs an initiative for the collection and recycling of mobile phones, including collection from customers' homes
- Vodafone UK teamed up with the charity Global Cool to launch a high-profile recycling campaign endorsed by celebrities in September 2007. Funds raised by the campaign will support a project to bring affordable solar energy to African communities.

## Reusing and recycling

### Employee handset recycling campaigns

All our offices have collection points and local operating companies run campaigns to encourage employees to recycle old handsets and mobile accessories.

- Vodafone Netherlands has a company-wide handset collection campaign, including a competition between departments to increase the number of handsets collected
- Employees in Australia donated nearly 750 phones during a two-week 'Mobile Muster' event in 2007/08. For each phone collected, AU\$1 – plus a matching donation from Vodafone Australia – was given to Conservation Volunteers Australia to plant trees.

### Encouraging corporate customers to recycle

We collect old phones from corporate customers in seven countries – Australia, Greece, Ireland, Italy, the Netherlands, Spain and the UK. We provide collection bins and freepost envelopes for corporate customers and encourage them to raise awareness among their own employees about the benefits of recycling handsets. We collected 148,408 phones from corporate customers in 2007/08.

### Keeping phones for longer

Vodafone UK offers customers incentives to keep their old phone rather than upgrading every time they renew their contract. Customers receive £100 airtime credit if they keep their old phone rather than getting a new handset with their contract.

Reusing and recycling

# Consumer recycling campaigns

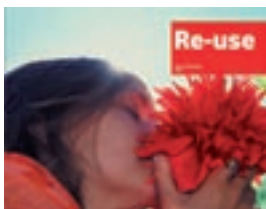
Raising awareness is essential to get old handsets back from customers. Our operating companies have launched a number of high-profile campaigns to promote handset recycling. These range from radio advertisements to posters, media campaigns and T-shirts.



"This could be your mobile phone" campaign in New Zealand - 1

"This could be your mobile phone" campaign in New Zealand - 2

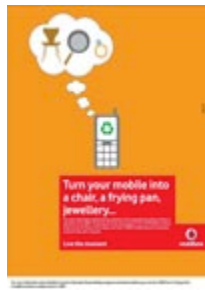
"This could be your mobile phone" campaign in New Zealand - 3



Poster promoting re-use of mobile phones in Portugal

Give your mobile a second life in the UK

Recycling T-shirt in Greece



Campaign on handset recycling in Czech Republic

Turn your mobile into a frying pan, from Greece

Phone recycling campaign poster in Hungary



Recycling campaign in Romania: "Rubbish comes in many forms"

Poster from Italy promoting recycling through Vodafone Stores

Campaign on handset recycling in Malta

Reusing and recycling



Recycling campaign in the Netherlands



Get 75 loyalty points from your old mobile in Spain



Poster from recycling campaign in Australia

## Reusing and recycling

# Recycling mobile phones in emerging markets

Access to mobile communications in emerging markets can bring significant socio-economic benefits. But the rapid growth of the mobile market means that for the first time these countries will have a significant quantity of old handsets to dispose of.

Developing countries often do not have the skills or infrastructure to deal with the disposal of electronic waste safely. We are committed to increasing the capacity for mobile phone recycling in emerging economies, and have so far established recycling programmes in Albania, Egypt and Romania. We are in the process of establishing a handset recycling scheme in Turkey. The phones are collected through our stores in these countries and sent for recycling.

In 2006/07, we commissioned research by sustainable development organisation Forum for the Future to identify ways to increase capacity for recycling used mobile phones in developing countries. The study – based on research in Kenya, Nigeria, Tanzania and South Africa – revealed that there is little awareness of the problems of electronic waste in Africa. Developing effective recycling and disposal facilities for mobiles in Africa could bring huge environmental and social benefits as well as sustainable job opportunities.

In Kenya, the study found there is an extensive informal repair market –there are 10 authorised mobile repair centres in the capital, Nairobi, and between 2,000 and 4,000 informal repair businesses across the country. These informal repair centres, not consumers, are the main source of phone waste. In developing countries, generally people will repair and reuse their mobiles, rather than throwing such valuable items away. The repair businesses are a major source of electronic waste as some components cannot be reused. To be effective, any recycling programme must be designed to obtain this waste from small recycling businesses rather than directly from consumers (as is typical in developed countries).

As part of this study, we ran a pilot recycling programme in Kenya in 2007/08 with support from Forum for the Future. Together with development NGO Practical Action, we collected 350kg of waste phones and parts from 64 mobile repair shops over a three-month period. On average, we collected half a kilogramme of waste per week from each repairer. Nearly a quarter of the waste collected was phone casings, 22% batteries and 20% chargers.

Through the pilot project, we collected waste directly from the repairers themselves. This was sometimes problematic – some areas of the country are difficult to access, especially after heavy rain, and we occasionally received a hostile reception from repairers suspicious about the initiative.

## Reusing and recycling

Forum for the Future presented its recommendations for future action in response to the study and the pilot. These include:

- exploring the potential for a materials processing facility in Kenya
- further assessment of disposal options in the country
- piloting a consumer collection programme
- assessing the feasibility of training for repairers
- developing a detailed business case for a long-term solution involving other stakeholders, both internationally and at a local level.

We plan to conduct a similar assessment of mobile phone collection, reuse, recycling and disposal in a major Indian city in 2008/09.

## Reusing and recycling

# Recycling network waste

Advances in telecommunications technology mean we often need to replace network equipment at our base stations, normally with more energy efficient versions. We resell used equipment where possible, or recycle it through recycling partners.

Network waste includes redundant switches, cables, metal antennas and masts, construction waste, wood and batteries. This includes some hazardous waste, mainly from lead acid batteries used as a back-up power supply for base stations.

At the end of a base station's useful life, recycling technicians identify and test whether the equipment can be sold for reuse. We refurbish network equipment from local operating companies in developed countries for reuse in emerging markets. Equipment that cannot be resold is broken down into separate materials for recycling. The first step is to identify and remove any hazardous substances.

Non-hazardous materials are separated:

- Cardboard, aluminium and steel are recycled and returned to productive use
- Plastics are incinerated to produce energy
- Circuit boards are sent to a specialist refiner to recover precious metals including palladium, copper, gold and silver. Vodafone receives a share of the revenue from the sale of these precious metals.

The non-hazardous materials from lead acid batteries can be separated to produce lead alloys, gypsum (a mineral common in building materials) and a copolymer (a type of plastic) that can be sold. Hazardous acids from batteries are neutralised and then disposed of responsibly.

Some network components contain the hazardous material beryllium oxide, which cannot be recycled at present. This is being stored by our recycling partners while ways to recycle it are being investigated.

See our performance on reuse and recycling in 2007/08.



Reusing and recycling

# Complying with legislation on electronic waste

European legislation on electronic waste came into force in several countries in 2006/07. We have taken steps to ensure our compliance.

## RoHS

We worked with our suppliers to phase out the substances restricted by the European Union's Restriction of the use of certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive that came into force on the 1st July 2006. During 2008/09 we will assess our suppliers' compliance against environmental legislation requirements.

This Directive bans the placing on the EU market of new electrical and electronic equipment containing more than agreed levels of lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyl (PBB) and polybrominated diphenyl ether (PBDE) flame retardants.

## WEEE

In European Union countries, we comply with the Waste Electrical and Electronic Waste (WEEE) Directive. This requires companies to take back and recycle used electronic and electrical equipment at the end of their useful life. In some of the countries where we operate our own handset recycling schemes meet the criteria for compliance. In other countries we also participate in national schemes.

## Mobile Phone Partnership Initiative

Vodafone participates in the Mobile Phone Partnership Initiative (MPPI), which brings together mobile phone companies, waste and recycling experts, and non-profit organisations.

The MPPI has developed guidelines for collecting and refurbishing old mobile phones, recovering materials from and recycling end-of-life mobile phones, and the movement of collected phones between countries.

In June 2008, the MPPI will present a summary of the guidelines for adoption by signatory countries of the Basel Convention on the transportation and disposal of hazardous substances. The guidelines are available on the MPPI website.

## Reusing and recycling

# Reuse and recycling: Performance 2007/08

## We said

We would collect a further million handsets for reuse and recycling by March 2008.

We would pilot a recycling scheme in Kenya, as part of our commitment to increase capacity for recycling in emerging economies.

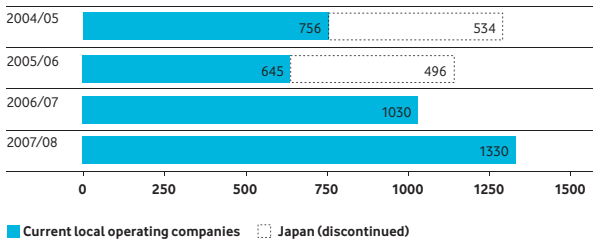
We would send for reuse and recycling 95% of network equipment waste during the year to March 2008.

## We have

### Collected 1.3 million handsets for reuse and recycling

We exceeded our target to collect a further million handsets in 2007/08, increasing the total collected by 29% from the previous year. Around 148,000 of the phones collected were from corporate customers, a tenfold increase from 2006/07. The proportion of handsets collected that are reused has been decreasing over the last three years due to more competitive second-hand markets and the introduction of lower-cost handsets, especially in emerging markets.

#### Number of mobile phones collected



### Continued to encourage customers to recycle old phones

Many of our local operating companies ran consumer campaigns to raise awareness of recycling programmes in 2007/08 and offered incentives to return phones such as free airtime or donations to charity. Vodafone UK encouraged customers to keep their old phones for longer, rather than upgrading every time they renew their contract. See encouraging handset recycling.

### Ran a pilot recycling scheme in Kenya

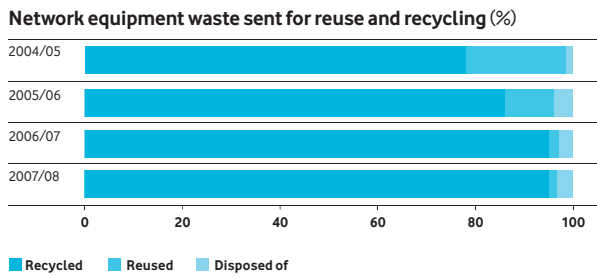
In 2007/08, we partnered with development NGO Practical Action on a pilot recycling scheme in Kenya. Together we collected 350kg of waste phones and parts from 64 mobile repair shops over a three-month period. On average, we collected half a kilogramme of waste per week from each repairer.

The pilot came out of a study we commissioned from sustainable development charity Forum for the Future in 2006/07 to identify ways to increase mobile phone recycling in developing countries. We will conduct a similar study in a major city in India in 2008/09. See Recycling mobile phones in developing countries.

### Reused or recycled 97% of network equipment waste

We produced 12,096 tonnes of waste network equipment in 2007/08. Of this, 97% was sent for reuse or recycling, exceeding our continuing target of 95%. This included 2,805 tonnes of non-hazardous waste (such as radio equipment, metal and cables) and 9,290 tonnes of hazardous waste (mostly lead acid batteries). All our local operating companies have systems in place for recycling network equipment.

Reusing and recycling



**Conducted environmental audits of local recycling suppliers in 10 of our operating companies**

Ten local operating companies assessed their local recycling suppliers in 2007/08. These audits focused specifically on the suppliers' environmental credentials in addition to site evaluations as part of our general supply-chain management.

**We will**

Collect a further 1.5 million handsets by March 2009

Send for reuse and recycling 95% of network equipment waste during 2008/09

Assess mobile phone collection, reuse, recycling and disposal in a major Indian city by March 2009.

# Transport

Travelling by road, rail and air has a significant environmental impact. Petrol, diesel and aviation fuel all release carbon dioxide which contributes to climate change. Other exhaust emissions contribute to poor local air quality and acid rain.

Our transport use produced around 78,600 tonnes of carbon dioxide, an increase of 17.3% from the previous year, due to an increased number of owned vehicles. This includes emissions from fleet vehicles and company cars. In addition, we estimate that our emissions from air travel were approximately 41,000 tonnes of carbon dioxide in 2007/08.

## Business travel

Vodafone has operating companies around the world. Employees across the Group often need to meet with people in different parts of the world. We aim to reduce the impact of our business travel.

Video-conferencing reduces the number of trips made by Vodafone employees and related environmental impact. We ensure that videoconferencing facilities are readily available, reliable and convenient and run campaigns to raise awareness of these facilities across the Group. All our local operating companies have video-conferencing facilities and we have dedicated video-conferencing booths at our Group headquarters in the UK and other key sites. We also encourage directors to install videoconferencing facilities in their offices.

The number of video and teleconferencing facilities installed has more than trebled over the last three years. We estimate that the use of video and teleconferencing facilities saved 1,449 tonnes of CO<sub>2</sub> from business travel in 2007/08.

Our headquarters in Newbury, UK, has a green travel plan to encourage employees to use public transport. Shuttle buses are provided throughout the day to the nearest train station and to different parts of the town. There is a satellite tracking system to provide employees with real-time information about the location of shuttle buses, which can be accessed via text message or a computer.



# Ozone depletion

The ozone layer forms part of the Earth's atmosphere. It is essential to the survival of humans and other animals because it filters out harmful ultraviolet radiation from the sun. Certain gases including CFCs and HCFCs damage the ozone layer, and higher levels of ultraviolet radiation caused by their use have been linked to increases in skin cancers and cataracts.

Some of our network cooling systems use CFCs and HCFCs, as do some of the air conditioning systems in our offices and shops. Although ozone-depleting gases are held in sealed systems, leaks can happen.

As part of our energy strategy, we are replacing end-of-life cooling systems in our base stations with free cooling (fresh air) systems where possible. These are also the default choice for new base stations. We expect a reduction in our use of CFCs and HCFCs as a by-product of this strategy.

We are working to phase out CFCs and HCFCs in accordance with the Montreal protocol, an international agreement on the phasing out of ozone-depleting substances.

In 2007/08, we estimate that the ozone-depleting potential of the CFCs and HCFCs released by our operations was 503kg, compared with 494kg the previous year. We no longer use halon in any fire protection equipment.

# Water

Water conservation is particularly important in water-stressed regions of the world. The number of such regions is predicted to increase as a result of climate change. Using less water use also helps to save the energy used to purify and pump water.

Our operations use relatively little water compared with other industries and we do not consider this one of our key environmental impacts. However, our operating companies do monitor and aim to reduce water use locally.

In 2007/08, we used 929 million litres of water. This is a slight decrease from the 995 million litres reported in 2006/07

# Compliance

We aim to comply with environmental regulations in every country where we operate. However, there were some instances of non-compliance in 2007/08. One operating company was prosecuted for an environmental offence, and two other operating companies received fines for non-compliances totalling approximately £69,000.

We have taken steps to ensure we comply with the European legislation on electronic waste.

# Waste

All our operations generate waste. We are committed to reduce, reuse and recycle where possible.

Typical wastes from our network include equipment (such as redundant switches), cables, metal (from antennae and ironwork supports), construction waste, wood and batteries. Our hazardous waste consists mainly of lead acid batteries, used as a back-up power supply for network equipment.

We replace network equipment at our base stations regularly, to ensure we are up-to-date with the latest technology. Where possible we resell our unwanted equipment for reuse. Equipment that cannot be resold is broken down into separate materials for recycling.

We also help our customers to recycle: all our operating companies provide facilities for customers to recycle their unwanted handsets.

See more on reuse and recycling of network equipment and mobile phones.

## Office waste

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The main wastes produced by our offices, call centres and shops are paper, printer toner cartridges, packaging material and IT equipment.

In 2007/08, we purchased 1,278 tonnes of paper and recycled approximately 1,634 tonnes. The figure for paper purchased includes paper used for billing, the disposal of which we have no control over. The figure for paper recycled includes paper that arrives as packaging.

## E-billing

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E-billing saves paper and cuts costs. Several of our operating companies are encouraging customers to opt for paperless billing either by charging for paper bills or offering online bills by default. In India, for example, customers can simply text EBILL plus their email address to a short-code number to request paperless billing.



# Our network

Our mobile phone services rely on a network of 96,500 base station sites to send and receive voice calls and other mobile services, such as text messages, emails, pictures, internet, TV and downloads.

We aim to provide good coverage for our customers – whether they are in the countryside, in towns or within buildings. Many factors must be balanced when planning our network deployment to improve coverage and capacity, including technical considerations, community concerns and visual impact. These challenges required careful consideration and debate before a decision is taken. We also cooperate with other network operators to share sites and limit the overall number of base station sites needed.

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

Our network rollout is, at present, mainly focused on emerging markets, where we are expanding our business. Indeed, only 20% of our newly built base stations are located in developed markets and these were installed due to capacity demands rather than to increase coverage. We are currently looking at reducing the overall number of base stations through the optimisation of our established networks. This enables us to adapt to evolving technology, network sharing and changing assumptions about which locations need most capacity. We use our experience in mature markets to use proven best practices when planning new networks. Innovative techniques being trialled in emerging markets can also be used in mature markets to increase efficiency.

## The Vodafone Group network

Total base station sites*	96,500
2G base station sites	50,069
3G base station sites	10,347
Co-located (2G and 3G) base station sites	36,084

At 31 March 2008

\*In addition to these base stations we also have thousands of microsites installed in indoor facilities such as stadiums, airports, shopping malls, car parks and subways.

# Governing responsible network deployment

## Group policy and guidelines

Our Group Responsible Network Deployment Policy sets consistent standards for all operating companies in six key areas – legal compliance, environmental impact, radio frequency emissions, site planning and selection, communication and consultation, and landlord relationships. The policy is included in our new Governance Manual, published in 2008. We have also developed guidelines to help operating companies implement responsible network deployment and adapt the Group policy to local needs.

We train network deployment employees and those who deal with the general public about the policy and guidelines. Compliance with the policy is assessed by our Group Network and Corporate Responsibility teams. We also monitor public perceptions through consumer research and track the number of jurisdictional objections to base station applications. See our performance in 2007/08.

We require operating companies to develop action plans to improve their performance on responsible network deployment and establish leading practices.

## Contractor compliance

Our local operating companies employ contractors to carry out much of the work involved in network rollout, ranging from the planning and acquisition of sites to construction and maintenance of base stations.

The Group Responsible Network Deployment Policy and guidelines apply to contractors as well as employees. We provide handbooks on the policy and our operating companies run workshops for contractors to reinforce the guidelines. We assess contractors to monitor how well they implement our Responsible Network Deployment Policy and guidelines through site audits across the Group. It is our aim to certify that all new contractors understand our policy and guidelines before they undertake work for Vodafone.

See a case study on outsourcing network management in the Netherlands.

We continue to include network equipment managed by contractors in our energy use calculations as part of our carbon reduction strategy. See Energy use and climate change.

## Local codes of conduct

The approach we take to implementing the Group Responsible Network Deployment Policy varies from country to country, to reflect local regulations and cultural differences in what is considered suitable. For example, in some countries people prefer bespoke designs that disguise the base station, while in others people prefer standard designs.

## Governing responsible network deployment

In many countries where we operate we have signed up to recognised codes of conduct for responsible network deployment, in partnership with other service providers, local authorities, governments and consumer associations.

### Local Operating

Company	Local Codes of Conduct
Australia	ACIF Code – Deployment of Mobile Phone Network Infrastructure
Germany	Deutscher Städtetag, Deutscher Städte und Gemeindebund, Deutscher Landkreistag (Mobile Operators and Municipalities Association)  Agreement on Exchanging Information and Involving Local Communities with Regard to Expanding Mobile Radio Networks  Measures for Improving Safety and Consumer, Environmental and Health Protection, Information and Confidence-building Measures in Setting up Mobile Radio Networks  EOY 2001 (Later signed by all Mobile Operators – added info on SAR)
Ireland	Irish Cellular Industry Association (ICIA) Ten Commitments (signed by all operators in Ireland)
Netherlands	Dutch Mobile Operators Code of Conduct (2000)  Dutch Antenna Covenant (Operators, central and local Governments) (2003)
New Zealand	New Zealand Urban Design Protocol
Portugal	Memorandum of Understanding with other operators regarding Masts and Health EMF Policy
Spain	Best Practices Code for the Deployment of Mobile Telephony Infrastructures
UK	Code of Best Practice on Mobile Phone Network Development

### Local planning regulations

We must gain consent from local planning authorities to build new base stations. The average time taken to obtain consent varies from country to country, ranging from 30 days to almost two years. This depends partly on the complexity of local planning legislation. It is in our interests to communicate well to shorten this approval process.

We always aim to comply with local planning regulations when placing our base stations, but are sometimes found to be in breach. This is often as a result of conflicting local, regional or national planning regulations. We report the number of breaches and related fines that we receive in our performance in 2007/08.

Governing responsible network deployment

# Outsourcing network management in the Netherlands

Vodafone Netherlands outsourced the operation and maintenance of much of its mobile network in April 2006. Vodafone continues to own the network and manage core elements, but has contracted Ericsson to manage the rest. Ericsson is one of Vodafone's biggest suppliers. It must – like all suppliers – sign up to our Code of Ethical Purchasing as part of its initial qualification and continual assessment. This Code covers the environment and health and safety, amongst other issues.

Ericsson is also obliged to implement Vodafone's Group policies, including those covering responsible network deployment, health and safety and RF fields, as part of its contract as a network outsourcing partner. Implementation of these policies is monitored quarterly through self assessment. In addition, we audited compliance with our Health and Safety Policy in March 2007.

In September 2006, Ericsson and Vodafone piloted a joint initiative to better address community concerns about network deployment. The initiative focused on transparent and open communication. As a result, 80% of local councils that were previously reluctant to support the construction of base station sites have gone on to grant permissions for masts to be built in their areas.

# Visual impact

Each base station consists of antennas that emit and receive radiofrequency signals, a supporting structure and a cabinet to house network equipment. We use a range of base station designs to ensure we can choose the most suitable for each situation.

Base stations can be placed in a variety of locations. Some are purpose built, some use masts shared with other operators and some are placed on existing structures such as rooftops or lamp posts. A variety of designs help base stations blend in with different local environments.

Where appropriate, we consult local communities and their elected representatives about our proposed base station designs before making a formal planning application. Some local communities prefer a bespoke design such as a tree mast to disguise the base station, while other communities prefer a discreetly-sited standard design.

We use a global database to share examples of best practice across the Group. Our Group Responsible Network Deployment Guidelines also provide best practice examples for reducing visual impact.

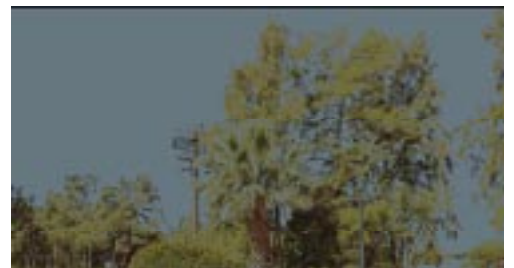
These include:

- Sharing sites with other mobile phone operators
- Using existing structures to support antennas and house equipment where possible
- Designing masts to look like street lamps or flagpoles
- Constructing equipment cabinets from materials that match the environment, or painting them to blend in
- Positioning masts so they are shielded from the most obvious viewpoint.

## Managing visual impact in practice

Here are some examples of how our operating companies manage the visual impact of their base stations:

- Vodafone Portugal uses the antenna of a base station for outdoor advertising in Lisbon.
- In Turkey, some antennas are sited in Mosque minarets.
- Some of our operating companies disguise mobile phone base stations in churches and other buildings.
- Many of our operating companies locate antennas in trees to disguise the base stations.



# Consulting with communities

Public reaction to our network rollout differs depending on our approach. Lack of information can increase concern. Experience has taught us that the quality of our communication with local communities really helps. When we communicate poorly, concern can intensify. When we listen and explain, many of these concerns can be alleviated.

When people do raise objections to planned base stations, we listen and accommodate their views as far as possible. We also engage with campaign groups targeting mobile phone operators in some countries where we operate.

Our Group Responsible Network Deployment Policy requires all operating companies to communicate with local communities and authorities and address their concerns. Information relating to network deployment must be available on all operating company websites.

## Monitoring public perceptions

In 2005, we commissioned a survey of members of the public in 18 countries where we operate. The research by MORI focused on health issues related to mobile phones and masts and concerns about mast placement. The survey found that, of those aware of a mast in their neighbourhood, the largest proportion in each country felt indifferent about it, a significant minority felt they could not control where the mast was sited, and a minority made an objection to their local or national government about the mast siting. We plan to repeat this survey every two to three years.

## Mori Survey – What was your reaction to a mast being placed in the neighbourhood or area in which you live?

(Values from the countries with maximum and minimum scores and average from 15 operating companies\*)

Reaction	Average	Highest	Lowest
No reaction, indifference	51%	88%	32%
No reaction, I did not feel that I could control the situation	15%	27%	<0.5%
I objected about this to my local/national government representative	4%	13%	0%

\* Sample base. All non business users aware of a mast in their neighbourhood, surveyed in September and October 2005 in the following countries: Australia, Albania, Egypt, Germany, Greece, Hungary, Ireland, Italy, Japan, Malta, Netherlands, New Zealand, Portugal, Spain, UK (sample base per country ranged from 58 to 282).

## Consulting with communities

### Consultation in practice

The type of consultation we carry out depends on local regulations and public attitudes – what is acceptable in one country may not be in others. Here are some examples of how we consult with local communities in different countries.

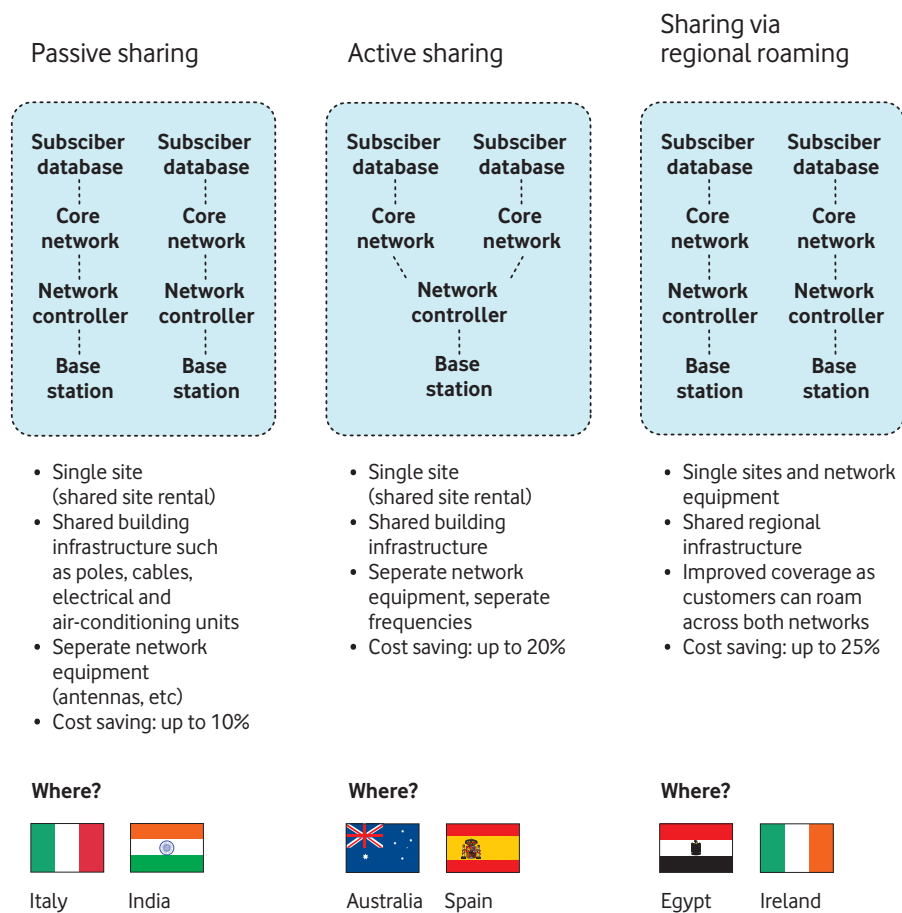
- In Australia, we have implemented the industry code on the design, installation and operation of mobile phone networks. The code requires a precautionary approach to the placement of base stations and obliges mobile phone operators to consult councils and communities. After stakeholders have been given the opportunity to raise concerns, the final decision on site selection must be clearly explained and balanced to reflect all views. If the community identifies a viable alternative site during the consultation process, this must be considered, taking into account service needs and any impact on RF field levels.
- In Germany, we appoint employees to keep local authorities informed of existing and potential new sites for base stations. Local planning and building departments raise issues of local concern and, in some cases, propose alternative sites. Our network planners consider these concerns open-mindedly and take them into account where appropriate. Our employees offer support and advice for local councils or public action groups, take part in local discussions, and make themselves available to answer questions raised by councillors, the public and the press.
- In the Netherlands, we are working with the industry and government to engage with communities. Under the Dutch Antennae Policy and Covenant, residents can vote on plans to erect a base station on their residential building. If the majority votes against the planned site, the base station must be built elsewhere.
- In New Zealand, we have created a 'Straight Talk' toolkit to provide employees with training and guidance on how to respond to community questions about base station sites. This emphasises that clear, simple information and an easily accessed point of contact must be provided for people living close to proposed sites.
- In Italy, Portugal, Greece, Malta and the UK our Independent Field Monitoring Initiatives record radio frequency emissions in certain locations 24 hours a day. The data are sent to a central point and tracked against International Commission of Non-Ionizing Radiation Protection (ICNIRP) guidelines. Community members can access the data through websites hosted by their local councils or universities. RF emissions from other sources such as TV and radio are also recorded, enabling the public to check total RF field levels in their area.

# Network sharing

We cooperate with other networks to share sites and limit the overall number needed. This helps to reduce environmental impacts, relieve pressure on planning authorities with fewer sites to review, and reduce our costs by between five and 25 percent.

Communities often support the idea of shared sites to reduce the need for additional structures in their area. However, shared sites are often larger as they need to accommodate several operators' equipment and may therefore present more challenges on integrating sites into the landscape. They also carry more traffic, which can increase concern regarding the exposure to radio frequency fields and potential adverse health effects. See Mobiles, masts and health

## Different models of network sharing



The majority of our network sharing is 'passive'. This means we share the same site and equipment such as poles, cables, electrical and air-conditioning units as another operator, but not the same network equipment (such as antennas). We have passive network sharing agreements in 17 of our markets, including those agreed in Italy and the UK in 2007/08.

In Spain and Australia, we have 'active' network sharing agreements, sharing the site infrastructure and network equipment with other operators. We also participate in a third kind of network sharing in Ireland and Egypt, via regional roaming. For these arrangements we keep our base station sites and equipment separate, but our network interacts with that of the other operator so customers' phones can connect through either network. This is particularly useful in remote areas.



## Network sharing

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Vodafone Essar, our recently acquired subsidiary in India, has partnered with two other operators, Bharti STET and Idea Cellular, to form Indus Towers, an independent mobile infrastructure company, 42% owned by Vodafone. The company will provide infrastructure services to all telecommunication and broadband operators on a non-discriminatory basis. We are also sharing existing sites and passive equipment with Bharti STET and Idea Cellular. This wide-scale network sharing reduces costs for all parties and will enable the industry to achieve widespread coverage across India more quickly.

We continue to explore different options that are appropriate to local conditions in each market.

# Challenges

The wide range of factors we must consider make planning our network a considerable challenge.

## Selecting a new site

Choosing a site and design for each new base station presents a challenge. We must balance technical requirements and community concerns, which often conflict. For example, higher masts can sometimes improve coverage but can also have greater visual impact. We want to roll out our network quickly but community consultation is vital and can take time.

We need to balance community considerations including:

- Public concern relating to schools, hospitals, nature reserves and other sensitive areas
- Visual impact on the landscape
- Compliance with local planning regulations
- Minimal disturbance to the community
- Access to information
- Consultation

with technical considerations such as:

- Compliance with local RF field strength guidelines
- Good coverage, capacity and improved services
- Strong and safe construction
- Efficient rollout
- Appropriate positioning to connect to the network
- Easy access and maintenance
- Access to power supply.

## Improving coverage and capacity

The areas covered by base stations are known as cells. A cell can cover up to several kilometres radius in open country and as little as one hundred metres in built-up areas or inside buildings. Each cell – split into up to three sectors – overlaps with the sectors of neighbouring cells to create an uninterrupted mobile phone network, but must use different frequencies to avoid interference. See how mobiles work.

The coverage and capacity of our mobile services are determined by the number of base stations in our network. Improved coverage is achieved by extending our network to new geographical areas or by entering into network sharing agreements with other operators.

## Challenges

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Increased data capacity means more calls can be handled in the same location and enables us to introduce new services such as video calling, mobile internet and mobile TV on our 3G networks. Capacity can be increased in several ways:

- Additional frequencies in the spectrum can be acquired or redeployed, enabling more cell sectors to overlap
- Improving efficiency in use of the spectrum through technological innovation
- Establishing new wide-range cells that operate in all directions, to provide 'umbrella' coverage
- Introducing microsites within buildings
- Improving radio links to enhance system and processing capacity.

# Microsites

We are trialling 3G Femtocells, to see how effectively these small base stations could be used to deliver wireless high speed data and voice services for use in homes and offices. Femtocells are low power wireless access points that connect to the network via broadband, and can typically handle traffic from between two to five mobile phones. They could allow us to increase service coverage indoors, which would be especially helpful for locations with limited or no access to the network.

We are trialling femtocells at locations in Spain and plan to roll these out to further locations in 2008/09.

Femtocells enable capacity equivalent to a full 3G network sector at very low transmit power, and dramatically increase the battery life of the handset. This helps to reduce the overall energy impact of using a mobile phone

They also present new privacy issues as they potentially allow the operator to know when a person is in a building. See more about Vodafone's position on privacy.

See Mobile phones, masts and health for more information on Femtocells and how we respond to public concerns about health effects.

# Network deployment: performance 2007/08

## **We said:**

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.

We would introduce a system to track training of all employees and contractors working in network deployment across the Group.

We would develop a set of common questions for all local operating companies to use in landlord surveys to track landlord satisfaction levels across the Group.

## **We have:**

### **Reviewed our key performance indicators (KPIs) on network deployment**

In 2006/07, we reported for the first time against a new set of KPIs to assess our operating companies' performance on responsible network deployment. These included the percentage of contracts not renewed by property owners; the average time to obtain consent; the number of local authority objections to applications; and surveys of landlords and the general public.

However, we now recognise that these KPIs do not provide a meaningful measure of operating company performance, as they can be affected by many factors beyond Vodafone's control. For example, the time taken to obtain consent varies widely and often reflects the complexity of local planning regulations rather than Vodafone's approach.

Landlord satisfaction and renewal of contracts is usually determined by the level of payment we offer rather than community concerns. Measures of public acceptance can also be subjective. For these reasons, we have decided not to develop a set of common questions to track landlord satisfaction levels across the Group, or to define a target to measure our performance based on increasing public acceptance. We will, however, continue to consult with communities locally and monitor public perceptions through Group-wide surveys every two to three years.

We will also continue to track the number of local authority rejections of planning applications. In 2007/08, 16.3% of our applications for new base station sites were rejected by local planning authorities.

Instead of assessing our performance in this area against the previous KPIs, we are focusing on strengthening our policy and guidelines on responsible network deployment and ensuring compliance across the Group, particularly by contractors (see new target below).

## Network deployment: performance 2007/08

### **Updated our Group Responsible Network Deployment Policy**

We reviewed and updated our Group Responsible Network Policy in December 2007 to include it in the new Vodafone Group Governance Manual, which encompasses all our global policies. We have also developed policy implementation guidelines that are available on our intranet and will be added to existing handbooks, such as our network sharing and network outsourcing manuals. These manuals will cover Vodafone policies, data collection and reporting. They will also include new sections on responsible network deployment including guidelines for communicating our values and practices to contractors.

### **Assessed local operating companies' compliance with our Responsible Network Deployment policy**

We have reviewed all local operating companies' network deployment practices to ensure compliance with our Group Responsible Network Deployment policy, through a self-assessment questionnaire. During 2007/08, representatives from our CR and technology teams visited most of our operating companies to examine their activity and share best practice on how to improve standards.

### **Assessed contractor compliance with our Responsible Network Deployment policy in all our operating companies**

We have conducted audits of network deployment contractors in all our local operating companies. More than 1,000 site audits took place in Turkey, one of our newest operating companies and the focus of our most significant network deployment in 2007/08.

### **Introduced certification for network deployment contractors**

The certification process is designed to ensure they understand our responsible network deployment policy and guidelines before they begin work for Vodafone. Contractors are certified locally. We plan to ensure all local operating companies implement the certification process by March 2010.

### **Entered into network sharing agreements with mobile companies in two further countries**

In the UK, we entered into an agreement with Orange in February 2008 to share base station sites (each with our own network equipment at each site) for both 3G and 2G networks across the country. In November 2007, we agreed with Telecom Italia that we would renew our agreement to share sites in Italy for a further six years.

See network sharing for more information.

### **Been found in breach of planning regulations relating to 421 base station sites**

We always aim to comply with local planning regulations when placing our base stations, but are sometimes found to be in breach. Breaches of planning regulations resulted in fines of £69,091 across four markets in 2007/08, mainly relating to conflicting local and regional planning regulations.

### **We will:**

Audit contractors' compliance with our Responsible Network Deployment policy in all Vodafone operations by March 2010.

# Mobile phones, masts and health

Mobile phones are improving communication all over the world. They help change people's lives for the better by creating access to services and enabling economic development. For many of us, they are already an everyday part of our lives. Although there is no evidence to convince experts that the use of mobile phones and the masts that make them work carries health risks, some people are still concerned.

Safeguarding the health and safety of our customers, employees and the public is paramount. Our vision is to lead the industry in responding to public concerns regarding mobile phones, masts and health by demonstrating leading edge practices and encouraging others to follow.

Research continues into mobile phones, masts and health. We have designed this section of our website to provide a range of useful information, answer the most commonly asked questions and communicate the most up-to-date scientific opinion.

# Overview

Mobile phones use radio frequency (RF) fields to send and receive calls, texts, emails, pictures, web, TV and downloads via the nearest base station (these are often called masts or antennas, as these are the most visible parts of the base station). Many other everyday items also use RF fields to send and receive information, such as televisions, radios and walkie talkies.

A large number of base stations are needed to allow more people to use mobile phones, from more locations. When a mobile phone is used, the body absorbs some of the RF field and some scientists have suggested that this might be harmful.

The International Commission for Non-Ionizing Radiation Protection (ICNIRP) has issued guidelines on levels of exposure to RF fields, including that from mobile phones and base stations. These guidelines have a safety margin built into them. All our mobile phones and base stations comply with these guidelines. In fact, people's exposure to RF fields from our base stations is typically hundreds, if not thousands of times below the guideline limit. We require mobile phone manufacturers to test that all the phones we sell meet the guidelines.

There have been thousands of scientific studies into the effects of RF on health. There is no evidence to convince experts that exposure below the guidelines set by ICNIRP carries any health risks, for adults or children. But there are still some gaps in scientific knowledge, and more research is being carried out to fill these. Priority areas for research are set by the World Health Organisation (WHO). We contribute funds to independent research into these areas.

If you would personally like to, the WHO suggests some things you can do to reduce your exposure, such as keeping calls short and wearing an earpiece or using Bluetooth to keep your mobile phone away from your head and body.

We refer to mobile phones throughout this section of our website, but the information applies equally to other wireless items such as wireless-enabled computers and handheld email devices.

It is difficult to explain the issues surrounding mobile phones, masts and health without using some technical terms. We have produced a glossary to explain what these mean.



# Our goals and commitments

Our vision is to lead the industry in responding to public concerns about mobile phones, masts and health by demonstrating leading edge practices and encouraging others to follow.

We have a Group EMF (electromagnetic fields) Board that includes representatives from some of our local operating companies and key functional areas. This board monitors public concerns, helps local operating companies to provide public information and advice and reviews the available information about mobile phones, masts and health. Our policies and strategies in this area are set accordingly. The Group EMF Board has set a number of strategic goals:

- Ensure the health and safety of the general public, our customers, our employees and business partners
- Engage stakeholders in an open and transparent dialogue to address health concerns
- Work to resolve scientific uncertainty
- Play a leading role in the mobile industry's management approach
- Implement a global strategy which recognises the significance of local concerns and cultural and legal requirements. We have EMF leaders in each local operating company to ensure this.

As part of our wider management of corporate responsibility, we have also committed to set targets, track and report stakeholder opinion on how responsibly Vodafone is acting regarding mobile phones, masts and health. We commissioned a global survey of expert views on how seriously we take these responsibilities, and plan to improve stakeholder opinion using the results as a baseline. We will repeat the survey regularly to monitor our progress, and publish the results in our annual corporate responsibility report.

We fund independent scientific research into the priority areas identified by the World Health Organisation. To ensure independence, we do not fund studies directly, but through national research programmes and funding organisations such as the Research Association for Radio Applications in Germany (FGF) and the GSM Association.

We have committed more than €9 million to support independent scientific research into mobile phones, masts and health since 1999.

# How do mobile phones work?

Without base stations mobile phones will not work and we cannot connect our customers' calls. Base stations are often called masts or antennas, as these are the most visible parts.

Mobile phones use radio frequency (RF) fields to send and receive calls, texts, emails, pictures, web, TV and downloads. An RF signal is sent to the nearest base station, which sends the signal to a digital telephone exchange and on to the main telephone network. This connects the signal to the receiving phone, again via a base station (if it is another mobile phone).

Mobile phones connect to the base station providing the best signal – usually the nearest. As a person moves away from the base station the signal becomes weaker, so the mobile phone automatically adjusts its own RF field strength to maintain the minimum level needed to communicate with the base station.

The area covered by a base station is known as a cell.

Each cell is usually split into three sectors, which overlap with the sectors of neighbouring cells to create an uninterrupted network. When people travel, the signal is passed from one base station to the next, and typically never has to travel further than the nearest base station.

The size and shape of each cell is determined by the features of the surrounding area, such as buildings, trees and hills, which can block signals. Cells are largest in flat open landscapes, where they can cover up to a five kilometre radius. Cells in urban areas cover up to a two kilometre radius. The smallest cells are in built up areas, where micro-cell base stations are used to provide extra coverage and capacity.

Each base station can only handle a limited number of calls at a time. In areas of high demand, additional antennas are sometimes added to a base station to send and receive more calls and other mobile services, or an extra base station is installed.

All this means that a large number of base stations are needed to allow more people to use mobile phones, from more locations, and for coverage to be continuous when moving around.

## How do mobile phones work?

# What is RF?

Radio frequency fields are a form of low-energy electromagnetic (EM) field – energy transmitted as waves through space. EM fields surround us all the time. They occur naturally and have artificial sources.

EM fields are created whenever an electric current flows. In nature, they are created by lightning and also occur in the human nervous system. Light from the sun is a form of EM field. They are also created whenever an electrical appliance is connected to the mains supply, including many in daily use such as refrigerators, hairdryers and computers.

Many electrical appliances don't just create EM fields – they rely on them to work. Television, radio, cordless phones, remote control handsets, baby monitors and the communication systems used by emergency services all communicate using EM fields. So do wireless technologies such as WiFi, which is increasingly used by computer networks, to connect to the internet and to connect different electronic items.

There are many forms of EM fields operating at different frequencies. Frequency is related to wavelength – the distance between one wave and the next. The closer together the waves are, the higher the frequency will be.

Some extremely high-frequency EM waves carry so much energy they can cause molecules to change. Examples include the x-rays used for medical diagnosis and radiotherapy treatment. These are known as ionising fields. Lower frequency EM waves, such as those used by mobile phones and base stations, do not have enough energy to cause molecules to change. These are non-ionising fields. All types of EM field fall into these two categories.

# Can mobile phones damage your health?

There have been thousands of scientific studies into the effects of radio frequency (RF) fields on health. There is no evidence to convince experts that the low-level RF fields from mobiles and base stations can damage your health. But there are still gaps in scientific knowledge.

Human exposure to RF fields is not new. But over the last 60 years, developments in information and communications technology have meant that many of us are exposed daily to more artificial sources of these fields – at work, at home and elsewhere.

The human body absorbs a small amount of energy from the RF fields given off by some electrical items, including mobiles and base stations. This is converted to heat. Our normal biological processes are very good at cooling us down, and prevent any significant temperature rise in our bodies.

Some scientists have suggested that absorbing the energy from mobiles and base stations could affect people's health. This has led to articles in the media questioning whether mobiles are safe.

There are international guidelines on levels of RF exposure, including that from mobiles and base stations. All our mobiles and base stations comply with these guidelines.

The World Health Organisation established an International EMF Project in 1996, which records global research into mobile phones, masts and health and prioritises research needs. In 2006, they identified the main areas for additional research. These are:

- Long-term (more than 10 years) exposure to low-level RF fields
- Possible health effects of mobile use in children
- Dosimetry, or the way levels of RF absorbed are calculated.

A research study coordinated by the International Agency for Research on Cancer, known as the INTERPHONE study, compares mobile use in people who have suffered head and neck tumours with people who do not have tumours. The overall findings have not yet been published, but initial published results do not support a link between mobile use and tumour growth. INTERPHONE researchers point out that any risks from using mobiles for 10 years or more are as yet unknown.

## Can mobile phones damage your health?

# Our view

The World Health Organisation (WHO) has published advice on the use of mobile phones. It concludes that there is no scientific evidence that the low-level radio frequency (RF) fields from mobile phones can damage your health, but there are still some gaps in scientific knowledge and further research is needed. Read the WHO conclusions and recommendations.

The International Commission for Non-Ionizing Radiation Protection (ICNIRP) has issued guidelines on levels of exposure to RF fields, including that from mobile phones and base stations. These are based on published scientific findings and include a safety margin. Exposure is measured using the specific absorption rate (SAR) – the amount of energy from an RF field absorbed by the human body.

All the mobile phones we sell comply with the guidelines, and we require manufacturers to test that this is the case. The maximum SAR value is provided when a new mobile phone is bought. However, estimating the actual exposure from a mobile phone when it is being used is a complex business, and buying a mobile phone with a lower maximum SAR value does not guarantee reduced exposure.

There are many factors which influence the level of RF exposure from a mobile phone. These include:

- The distance between the person and the mobile phone
- The distance from the base station
- The landscape between the mobile phone and the base station
- The way the mobile phone is being used.

Mobile phones use the minimum RF field strength needed to communicate with the base station. This automatically adjusts when the signal from the base station is weaker. The better the signal from the base station, the lower the RF field strength from the mobile phone.

## Can mobile phones damage your health?

# Measuring exposure from mobile phones

Exposure to radio frequency (RF) fields from mobile phones is measured using the specific absorption rate (SAR) – the amount of energy from an RF field absorbed by the human body. SAR values are given in watts per kilogram (W/kg).

The International Commission for Non-Ionizing Radiation Protection (ICNIRP) guidelines set a maximum SAR value of 2W/kg for a mobile.

SAR is the accepted international measure of exposure to electromagnetic fields. The SAR value for a particular mobile phone is provided when the handset is bought. Many manufacturers also make this information available on the Mobile Manufacturers Forum website.

However, the values provided are based on the maximum possible exposure from a mobile phone. The actual exposure when using a mobile phone is much harder to measure. Mobile phones always use the minimum amount of energy to provide a service, and this depends on a range of factors:

### **The distance between the person and the mobile phone**

RF fields are much weaker even a short distance from a mobile phone. Keeping the mobile phone away from the body by using an earpiece or loudspeaker function will significantly reduce exposure.

### **The distance from the base station**

The signal from a base station becomes weaker the further away the mobile phone is, meaning the RF field strength from the mobile phone must increase so it can still communicate with the base station.

### **The landscape between the user and the base station**

If there is a building, hill or other obstruction between the mobile phone and the base station, the signal from the base station may also be weaker.

### **The service being used**

Making a call from a mobile phone leads to greater exposure to RF fields than texts, emails, pictures, web, TV and downloads. This is because calls are generally made with the mobile phone next to the head, while it is held away from the body when sending texts and emails and watching TV. Calls also take longer than sending texts and emails, again increasing exposure.

All these factors affect the RF field strength from the mobile phone, and consequently the person's exposure. This means that buying a mobile phone with a lower maximum SAR value does not guarantee reduced exposure.

We are working with the International Electrotechnical Commission (IEC), a standard-setting organisation, to develop and gain agreement for a new global protocol for testing mobile phones and other wireless devices worn close to the body.

## Can mobile phones damage your health?

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# How to reduce your exposure

International guidelines ensure that all mobile phones on the market operate within recommended radio frequency (RF) exposure limits. World Health Organisation guidelines state that "present scientific information does not indicate the need for any special precautions for use of mobile phones". However, if you would personally like to, the WHO suggests some simple steps you can take to reduce your exposure as a precaution:

- Keep call lengths to a minimum
- Keep the mobile phone away from your head and body by using an earpiece, Bluetooth or the loudspeaker function, if your phone has one.

There have been attempts to design mobile phone covers that absorb RF fields, to reduce the person's exposure. The WHO advises that there is no scientific evidence that these are needed, and that the effectiveness of the covers is unproven. They are also likely to affect the quality of service, and may in fact increase the mobile phone's operating power.

## Can mobile phones damage your health?

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# 3G mobile phones

The third generation (3G) of mobile technology enables people to access multimedia services such as web, TV and downloads on their mobile phone. Research has shown that the introduction of 3G may have increased concern about health issues.

All mobile phones on the market, regardless of the technology they use, adhere to the international guidelines set by the International Commission on Non-Ionizing Radiation Protection (ICNIRP). This means that 3G mobile phones comply with the same guidelines as older phones. 3G technology differs from older mobile phones in the way it communicates information, not the amount of energy it uses.

### 3G base stations

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We also get asked whether 3G services need more base stations, or more powerful base stations. Again, all base stations comply with the ICNIRP guidelines. On average, the total power of a 3G base station is less than that of a 2G base station.

The area covered by a base station is known as a cell. As we can offer more than just calls and texts on 3G mobiles, people now use their mobile phones in more ways than they used to. Network traffic is increasing, and each cell can only handle a certain level of calls, texts, emails, web, TV and downloads at a time. Also, 3G technology uses a slightly higher radio frequency than older mobile phones, and this travels less easily through space.

As a result, 3G cells are often smaller than cells using older technology, and more base stations are needed to provide the coverage our customers expect. This means 3G mobile phones are often closer to the nearest base station, use less power and radio frequency exposure actually decreases.



## Can mobile phones damage your health?

# Why we need base stations

Mobile phones cannot work without base stations. Our comprehensive network of base stations allows us to keep improving our coverage and to introduce new services such as video calling, internet and mobile TV.

The World Health Organisation's (WHO) factsheet on base stations and wireless technologies states that "there is no convincing scientific evidence that the weak RF (radio frequency) signals from base stations and wireless networks cause adverse health effects". The WHO's research agenda does not include further studies into the effects of RF exposure from base stations, as this is not considered necessary.

We appreciate that sometimes people are still concerned, and we consult with local communities when choosing sites for our base stations to make sure we understand their issues. Particular concerns have been raised about base stations being placed in or near to schools and other community buildings, where children spend a lot of time.

Public exposure to RF from base stations is actually very low. The power of an individual base station varies depending on the area covered, but is typically between 10 and 150 watts. Micro-cell base stations that give extra coverage and capacity in busy areas, and in and around buildings, usually have a power of between 1 and 2 watts. The public's exposure to RF from base stations is typically a fraction of guidelines set by the International Commission for Non-Ionizing Radiation Protection (ICNIRP).

Most of our operating companies make estimates or actual readings of RF exposure levels available to the public. These demonstrate that exposure from our base stations is substantially below the ICNIRP guidelines. The readings are found on individual operating company websites, or independent third party (e.g. national or regional authorities and universities) websites in the countries where we have a presence.

Find more information on the visual impact of base stations, and our policies on placement.

## Can mobile phones damage your health?

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# What is a base station?

Base stations use radio signals to connect mobile phones to the network, enabling people to send and receive calls, texts, emails, pictures, web, TV and downloads. Without base stations, mobile phones will not work. They are made up of three main elements:

- An antenna (or several antennas) to send and receive radio signals. These are typically between 0.5 and 2.5 metres long
- A supporting structure such as a mast or building to hold the antenna(s) in the air
- Equipment to power the base station and radio equipment, which is housed in protective cabinets.

Base stations are connected to each other by cables or wireless technology such as microwave dishes, to create a network.

## Can mobile phones damage your health?

# Exposure from base stations

Most of the radio frequency (RF) fields spread out from a high antenna, like a beam of light from a lighthouse. There is a shadow area between the fields and the mast. At ground level, the RF field strength initially increases as the distance from the base station grows. After it peaks, it reduces rapidly as the distance increases.

This means that, when a mast is placed on a rooftop, be it on a house, school or office, the people in the building directly below receive very low exposure. The area where people receive the greatest exposure is, in fact, typically between 50 and 200 metres away, depending on the height and angle of the antenna. However, this is still a fraction of the recommended limit for public exposure to RF from base stations set by the International Commission for Non-Ionizing Radiation Protection (ICNIRP).

All our base stations comply with the ICNIRP guidelines. In fact, people's maximum exposure is usually between 0.01% and 2% of the ICNIRP guidelines for public exposure. Even people who live or work near a base station are not exposed to more than this amount.

A Group Policy on the Health and Safety of RF Fields has been implemented at all local operating companies. It deals with the potential health and safety risks that may arise from employees and the public being exposed to RF fields – particularly when very close to the antenna, where the RF field strength is greatest. As a result, where necessary some base stations have signs, barriers and other controls in place to restrict access around the antenna.

## Can mobile phones damage your health?

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# WiFi and health

WiFi is a type of wireless network, where no cables are needed to connect computers or other pieces of communication equipment to each other or the internet.

Wireless networks are increasingly being used to create computer networks, to connect to the internet and to connect electronic items from mobile phones and games consoles to TVs and DVD players.

This is clearly much more convenient than using a cable, because people are much freer to use their equipment in different places. WiFi and wireless devices use similar radio frequency (RF) signals to mobile phones and their base stations, and the same concerns over health and well-being have been raised.

The World Health Organisation factsheet on base stations and wireless technologies states that:

“Considering the very low exposure levels and research results collected to date, there is no convincing scientific evidence that the weak RF signals from base stations and wireless networks cause adverse health effects.”

If you would personally like to, the WHO suggests the same steps can be taken to reduce exposure when using a wireless device as when using a mobile phone, such as keeping it away from your head and body.

The Health Protection Agency (HPA) recently announced that it will be undertaking an investigation into the RF exposures from WiFi networks and that it will publish the results in due course. The press release states “We have good scientific reasons to expect the results to be re-assuring and we will publish our findings”.

## Can mobile phones damage your health?

# Children and mobiles

Having a mobile phone can improve children's personal safety, as they can maintain contact with their parents and get help in emergencies.

We acknowledge that some parents fear their children's health may be affected by using mobile phones. We aim to give parents the information they need to make an informed decision. Parents may choose to balance their children's access to and use of mobile phones with the safety benefits.

There is no scientific evidence to suggest that using a mobile phone poses health risks for adults or children. The guidelines that govern the radio frequency (RF) exposure from mobile phones and base stations are designed to protect all groups, including children. However, there are still some gaps in scientific knowledge, and the World Health Organisation (WHO) has prioritised further research into the use of mobile phones by children.

### WHO advice on children and mobile phones

The WHO provides the following advice in its factsheet on mobile telephones and their base stations. "Present scientific evidence does not indicate the need for any special precautions for the use of mobile phones. If individuals are concerned, they might choose to limit their own or their children's RF exposure by limiting the length of calls, or by using "hands-free" devices to keep mobile phones away from the head and body."

### UK Government advice on children and mobile phones

The UK Government recommends limiting children's use of mobile phones as a precaution. This is because children are still developing and may be more sensitive to RF fields. Their advice is for children to use mobile phones for essential calls only, and to keep calls short.

In 2007, an independent expert group appointed by the Irish Government published their conclusions and recommendations on RF and health:

"Recent expert analysis has concluded that there are no major effects due to focusing of the RF field in the head or to other properties of a child's head that might result in higher absorption of RF energy (Christ and Kuster, 2005; Keshvari and Lang, 2005).

"Even though children are using mobile phones at a younger and younger age there are few users under the school age of five. Children tend to use their phones for sending texts rather than voice calls; this reduces their exposure. The use of hands-free kits also reduces exposures but these are not popular among children.

"Three expert groups have reviewed the question of whether there should be restrictions on children using mobile phones. Two have recommended that there should be some restrictions, while one has suggested that it would make no difference. Given this disagreement it seems prudent to suggest that mobile phone use should be limited in younger children. However, there is no specific scientific justification for this advice."

Can mobile phones damage your health?

# Summary of expert reviews

Scientists and public health officials make assessments about risks to human health based on the entire body of evidence, rather than on the basis of single scientific studies. The evidence is considered by panels of experts in this field. We look to such expert reviews for advice on mobile phones, masts and health. We only consider the opinion of panels commissioned by recognised national or international health agencies, for example, the World Health Organisation, The Health Council of the Netherlands and The UK Health Protection Agency.

Since 2001, there have been a significant number of expert reviews of scientific research studies into mobile phones, masts and health published by expert panels around the world. This page contains a summary of the reviews published during 2006 and 2007.

In addition to the most recent published reviews summarised below, the International Agency for Research on Cancer (IARC) will conduct a review of the science to produce a formal classification of the potential of radio frequency (RF) fields to induce or promote cancer. IARC routinely conducts reviews of materials in common use to provide scientific advice.

The World Health Organisation (WHO) will produce an RF health risk assessment based on a review of the scientific evidence for all potential risks to health from exposure to RF fields. The IARC classification will be used to inform this.

## WHO Factsheet on base stations and wireless technologies

The WHO has published a number of factsheets on electromagnetic fields (EMF) and public health, including one on mobile phones and their base stations and one on electromagnetic hypersensitivity (where people report a variety of symptoms that they attribute to EMF exposure).

A factsheet on base stations and wireless technologies was published in May 2006. It includes a review of health concerns, protection standards and public perception of risk. The conclusion states:

“Considering the very low exposure levels and research results collected to date, there is no convincing scientific evidence that the weak RF signals from base stations and wireless networks cause adverse health effects.”

All EMF factsheets are available on the WHO website.

## Can mobile phones damage your health?

### European Commission Scientific Committee on Emerging and Newly Identified Health Risks (SCENIHR)

SCENIHR published an updated opinion on the 'possible effects of Electromagnetic Fields (EMF) on human health' on 21 March 2007, following public consultation. Its opinion is that:

"No health effect has been consistently demonstrated at exposure levels below the limits of ICNIRP (International Committee on Non Ionising Radiation Protection) established in 1998. However, the data base for evaluation remains limited especially for long-term low-level exposure."

The committee's report contains more detailed analysis.

### The Health Council of the Netherlands (HCN)

The HCN focused its fourth annual update of EMF and health, published in February 2007, on UMTS (3G), and Digital Enhanced Cordless Telecommunications (DECT) technologies. The HCN concludes:

"The research in Switzerland, which set out to repeat the TNO study using an improved design, did not confirm the TNO findings. As the Swiss study built on the experience gathered by the TNO researchers, its design was better and more comprehensive and consequently its results have more weight than those of the TNO study."

The HCN clarifies that its overall position has not changed since the last annual review by stating,

"In the 2005 Annual Update, the Health Council provided a comprehensive overview of that research and concluded that at the basis of current scientific knowledge no long-term effects can be identified as a result of prolonged exposure".

### The Swedish Radiation Protection Authority

The Independent Expert Group of the Swedish Radiation Protection Authority (SSI) published its fourth annual review of EMF and Health in March 2007. To review the health effects of RF in relation to their previous annual reviews, the Expert Group examined the evidence from recent laboratory studies, RF mechanistic studies, epidemiological studies and other emerging issues. Although the SSI Independent Expert Group does not make a general overall conclusion on RF, EMF and health, their position has not changed since the last annual report: it believes the current weight of evidence is against the existence of non-thermal effects from RF/EMF.

## Can mobile phones damage your health?

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### The Irish Independent Expert Group

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This report, published in March 2007, gives the conclusions and recommendations of an independent expert group appointed by the Irish Government. The expert group reviewed the scientific evidence for adverse health effects in the RF range 300 Hz to 300 GHz, as well as conducting a consultation with central and local government, concerned citizens and industry.

The report makes a number of scientific conclusions and recommendations. In relation to adverse health effects from mobile phones and base stations, the Irish Expert Group concludes:

“So far no adverse short or long-term health effects have been found from exposure to the RF signals produced by mobile phones and base station transmitters. RF signals have not been found to cause cancer. However research is underway to investigate whether there are likely to be any subtle, non cancer effects on children and adolescents. The results of this research will need to be considered in due course.”

### UK Mobile Telecommunications and Health Research Programme

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The Mobile Telecommunications and Health Research Programme (MTHR), published in September 2007, was conducted under the direction of an independent scientific management committee established by the UK Government. It formed the first part of a larger UK research programme.

The report concludes “none of the research supported by the programme and published so far demonstrates that biological or adverse health effects are produced by radiofrequency exposure from mobile phones”. The report also notes that measurements of radio signals from base stations show that exposures are well below international guidelines, as well as recognising that no further research is required in certain areas. The MTHR website provides information on the proposed areas for the next phase of research and the full MTHR report.



## Can mobile phones damage your health?

# Science explained

We all sometimes disagree with others about the things we see in the world around us, and experience things at odds with our present understanding. Science aims to explain the things we experience so we can reach understanding and agreement.

The scientific method is the series of steps that all scientists should follow. By following these steps correctly, scientists ensure their results are not affected by external influences such as their own or others' prior beliefs.

The steps in the scientific method are:

1. Observation or idea
2. Hypothesis
3. Experiments to test hypothesis
4. Peer review
5. Publication
6. Replication (typically by other scientists).

It is important to question whether the scientific method has been followed when news stories draw attention to the latest miracle cure or health scare. For example, if a scientist publicises their work directly to the media rather than through a peer reviewed journal, their results should be treated with caution.

At Vodafone, we only consider the opinion of panels commissioned by recognised national or international health agencies such as the World Health Organisation. Their opinions are based on the entire body of evidence, rather than on the basis of single scientific studies.

Find out more about the scientific method.

# Mobile phones, masts and health: performance 2007/08

**We said:**

We would achieve a higher approval rating among external opinion leaders for the responsibility of Vodafone's actions regarding mobile phones, masts and health (compared with the survey results from 2006/07).

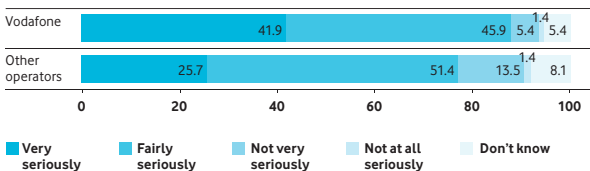
We would set a quantitative target following our second survey in 2007/08.

**We have:**

**Surveyed stakeholder opinion on how responsibly Vodafone is acting and set a quantitative target based on the findings**

In 2007/08, we commissioned an independent research agency to survey over 70 experts and opinion formers around the world to find out how seriously they feel Vodafone takes its responsibilities relating to mobile phones, masts and health. Participants included scientific opinion formers and academics, health bodies and government departments, industry associations, national politicians, local authority decision makers, representatives from the media and NGOs. The survey followed similar research in 2006/07.

**How seriously do you believe ... is taking its responsibilities in relation to mobile phones, masts and health?**



Almost 88% of respondents to the 2007/08 survey feel that Vodafone takes the issue of mobile phones, masts and health seriously, compared with 77% for other operators. This is a significant increase from 2006/07, when 75% of respondents felt that Vodafone took the issues seriously, compared with 60% for other operators. We believe the increase reflects improvements in communications and engagement on this issue from Vodafone and across the industry.

We have set a target to maintain an approval rating against external stakeholder opinion on how responsibly Vodafone is acting regarding mobile phones, masts and health, at or above 80% over any three year period as a rolling average. We will undertake stakeholder research each year to monitor our progress against this target.

**Launched a new website to communicate about mobile phones, masts and health**

The new website provides a comprehensive resource on mobiles, masts and health, and Vodafone's approach to managing this issue. It is designed to be relevant and accessible to all stakeholders and is flagged from the corporate responsibility homepage. The site underlines our commitment to the safety of our customers and the general public. We provide links to key independent scientific studies and expert reviews, demonstrating Vodafone's emphasis on transparency, as well as answers to important questions to reassure those concerned about potential health risks.

The content of the mobiles, masts and health webpages is reviewed every month, and summarises the latest expert reviews of scientific research on mobiles, masts

## Mobile phones, masts and health: performance 2007/08

and health. Since the new site was launched, the number of visits has substantially increased, and it is now visited over 1,000 times each week on average.

Our survey of stakeholders (see above) in 2007/08 found that 92% of those who had visited the site believe it demonstrates that Vodafone takes a responsible approach to the issue of mobile phones, masts and health. During the second half of 2007/08, 34% of those surveyed had visited the new site. We intend to boost this number during 2008/09.

### **Continued our programme of engagement with a wide range of stakeholders**

We believe it is essential to engage directly with stakeholders to help us understand and address their concerns about the health implications of mobile phones and masts. Their feedback helps us develop programmes that will reduce levels of concern and demonstrate our commitment to the responsible operation of our network.

We identify key stakeholder groups at Group level and in each of our markets – customers, the general public, employees, national politicians and opinion leaders, doctors and health agencies – and tailor our communications to their needs.

For example, an independent public perception survey in Egypt identified doctors as the most trusted source of information for mobile phones, masts and health.

Vodafone Egypt, working with the Syndicate of Doctors, National Cancer Institute and the Ministry of Health, sponsored two seminars attended by over 350 doctors and health professionals in 2007/08 to provide information on radiofrequency fields and health. Feedback from attendees suggested perceived health concerns were reduced and the seminar programme will continue in 2008/09.

Vodafone Greece has developed a radiofrequency awareness programme in response to feedback from doctors who found it difficult to answer patients' questions about radiofrequency fields and their potential effects on health. The programme, developed in association with doctors associations, included regional seminars attended by over 400 medical professionals. An informative website was also launched with an e-learning tool on radiofrequency fields and health.

Vodafone Netherlands continued its Community Team programme of direct engagement with local authorities and communities in 2007/08. Since its launch two years ago, 80% of municipalities previously blocking our network deployment in the Netherlands are now cooperating. Vodafone Netherlands has begun training to transfer the programme to Ericsson, which runs its network deployment and operations.

### **Continued to monitor independent research studies**

We conduct a review process to monitor scientific developments around the world on the potential health effects of mobile phones and masts. Vodafone places emphasis on independent expert reviews that consider the entirety of scientific knowledge rather than individual studies. We aim to provide comprehensive access to published, peer-reviewed scientific reviews of research relating to mobile phones, masts and health on our Group website. An update of those published in 2007/08 appears on this website.

### **Reviewed implications of femtocells for health concerns**

Mobile technology is developing fast. We monitor research and government positions on the health implications of new technologies such as femtocells. Femtocells are lower-power wireless access points to mobile networks in small areas, for example within homes and small offices. We are trialling these network

## Mobile phones, masts and health: performance 2007/08

access points at locations in Spain. We worked with the Femto Forum, the GSM Association and the Mobile Manufacturers Forum to produce a leaflet that addresses potential concerns about femtocells and health.

### **Participated in a GSME study into network deployment practices**

Vodafone helped manage a study on best practice base station deployment as part of the GSME report published in 2007/08 on health and environment entitled, 'Building Mobile Networks – European Mobile Operator Responses to Public Concern'. The study covered mobile operators in all EU countries and Switzerland, including all Vodafone European operating companies. It found that 90% of all operators across Europe follow a company or national policy for good practice on network deployment.

### **Created a checklist for contractors and partners to ensure they implement our policies on mobile phones, masts and health**

Our operating companies are increasingly outsourcing the deployment and management of their networks, or entering into network sharing agreements with other operators (see our network). We introduced a checklist for contractors and partners in 2007/08 to ensure our high standards on mobiles, masts and health are maintained. It covers safe design; communicating with landlords, subcontractors and the general public; and operational safety including independent RF field monitoring. We are developing a set of key performance indicators to monitor implementation of the checklist by our outsourcing partners.

### **Audited implementation of our Health and Safety of RF Fields Policy**

Our RF Fields Policy is designed to ensure that our operating companies comply with certain minimum Vodafone standards (some of which exceed local requirements). In addition to safety, the policy is designed to ensure appropriate information is both retained by Vodafone as evidence of compliance and provided to customers in user manuals. In November 2007, we completed an audit of all our operating companies to ensure they implement our Group Policy on Health and Safety of RF Fields.

For base stations, operating companies show a good level of compliance with the policy. All have implemented restricted access to base station sites and almost all have appropriate warning signs in place – those that did not have posted signs following the audit. Good communication with the public about base stations and health was demonstrated across the Group.

Operating companies have made good progress in implementing the policy in relation to handsets since our review of quality assurance procedures in 2004. For example, all operating companies have controls in place to ensure handsets comply with SAR (Specific Absorption Rate, used to measure a person's exposure to an RF field) requirements that define limits for safe exposure to RF energy emitted by the devices. However, several of the sample of handsets in the audit did not fully comply with the policy, mainly in relation to information in user manuals.

In light of these findings, in January 2008 the Group EMF Board requested a comprehensive self-assessment of all handsets sold by operating companies worldwide. The results showed that there were no breaches of the policy which would affect the health and safety of either customers or employees. However, around one third of the types of handsets on sale were found to require some form of remedial work to ensure compliance with the policy. The most common areas requiring remedial work were amendments to user manuals and ensuring SAR data for the handsets on sale is available on a centralised database.

## Mobile phones, masts and health: performance 2007/08

Our Group RF team worked with operating companies to ensure corrective actions were taken and the percentage of handsets not fully compliant with the policy was reduced to 6% by the end of 2007/08, and to 1% by early May 2008. Any handset not fully compliant with the policy at the end of May 2008 will be withdrawn from sale.

### **Led the industry in measuring RF exposure from equipment worn next to the body**

Vodafone requires manufacturers to test all phones we sell for SAR (Specific Absorption Rate) compliance when used against the ear and against or near to the body, using the US Federal Communications Commission test procedure. In 2007/08, we continued to work with the International Electrotechnical Commission (IEC) Standards Organisation to develop and agree a standard for testing phones and other mobile devices worn close to the body. IEC standard 62209-2 has been drafted and we expect it to be formally adopted later in 2008. This will be the first time a worldwide standard recognises that mobile devices are used touching or in close proximity to the body, and requires them to be tested in these 'bodyworn' positions.

### **Continued to defend four legal actions in the USA**

Vodafone, along with various other carriers and mobile phone manufacturers, was named as a defendant in four actions in the USA alleging personal injury, including brain cancer, from mobile phone use. The claims were dismissed by the court in August 2007. The plaintiffs have appealed that dismissal. These personal injury claims have not been substantiated and we are vigorously defending against them.

### **We will**

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

Provide comprehensive access to peer reviewed published scientific reviews of research relating to mobile phones, masts and health on our Group website

# World Health Organisation advice

Here we republish the conclusions and recommendations from the WHO factsheets on mobile telephones and their base stations, published in March 2005, and on base stations and wireless technologies, published in May 2006. These factsheets, and others relating to electromagnetic fields and public health, are available on the WHO website.

## Base stations and wireless technologies – conclusions

“Considering the very low exposure levels and research results collected to date, there is no convincing scientific evidence that the weak RF signals from base stations and wireless networks cause adverse health effects.”

## Mobile telephones and their base stations – conclusions and recommendations

“None of the recent reviews have concluded that exposure to the RF fields from mobile phones or their base stations causes any adverse health consequence. However, there are gaps in knowledge that have been identified for further research to better assess health risks. It will take about 3-4 years for the required RF research to be completed, evaluated and to publish the final results of any health risks. In the meantime, WHO recommends:

**Strict adherence to health-based guidelines** International guidelines have been developed to protect everyone in the population: mobile phone users, those who work near or live around base stations, as well as people who do not use mobile phones.

**Precautionary measures** – Government: If regulatory authorities have adopted health-based guidelines but, because of public concerns, would like to introduce additional precautionary measures to reduce exposure to RF fields, they should not undermine the science base of the guidelines by incorporating arbitrary additional safety factors into the exposure limits. Precautionary measures should be introduced as a separate policy that encourages, through voluntary means, the reduction of RF fields by equipment manufacturers and the public. Details of such measures are given in a separate WHO Background document. - Individuals: Present scientific information does not indicate the need for any special precautions for use of mobile phones. If individuals are concerned, they might choose to limit their own or their children’s RF exposure by limiting the length of calls, or using ‘hands-free’ devices to keep mobile phones away from the head and body.

### Obey local restrictions on mobile phone use to avoid EMF [RF] interference

Mobile phones may interfere with certain electromedical devices, such as cardiac pacemakers and hearing aids. In hospital intensive care departments mobile phone use can be a danger to patients and should not be used in these areas. Similarly mobile phones should not be used in aircraft as they may interfere with its navigation systems.

**Driving safety** In moving vehicles there is a well established increase in the risk of traffic accidents while the driver is using a mobile phone, either a conventional handset or one fitted with a ‘hands free’ device. Motorists should be strongly discouraged from using mobile phones while driving.

## Mobile phones, masts and health: performance 2007/08

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**Simple protective measures** Fences or barriers or other protective measures are needed for some base stations (principally, those located on building rooftops) to preclude unauthorised access to areas where exposure limits may be exceeded.

**RF absorbing devices** Scientific evidence does not indicate any need for RF-absorbing covers or other 'absorbing devices' on mobile phones. They cannot be justified on health grounds and the effectiveness of many such devices in reducing RF exposure is unproven.

**Consultations with the community in siting base stations** Base station sites must offer good signal coverage and be accessible for maintenance. While RF field levels around base stations are not considered a health risk, siting decisions should take into account aesthetics and public sensibilities. Siting base stations near kindergartens, schools and playgrounds may need special consideration. Open communication and discussion between the mobile phone operator, local council and the public during the planning stages for a new antenna can help create public understanding and greater acceptance of a new facility.

**Providing information** An effective system of health information and communications among scientists, governments, industry and the public is needed to raise the level of general understanding about mobile phone technology and reduce any mistrust and fears, both real and perceived. This information should be accurate, and at the same time be appropriate in its level of discussion and understandable to the intended audience."

# Where can I get more information?

We encourage wider understanding of the science of radio frequency and health. This page contains external links to sources of authoritative information.

## International Initiatives

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### **COST 281**

Framework for coordinating international research into the possible health effects of emerging technologies, especially relating to ICT

### **EMF-NET**

An EU project on the effects of exposure to electromagnetic fields on public health and in the workplace

### **ARC**

International Agency for Research on Cancer

### **ICNIRP**

International Commission on Non-Ionising Radiation Protection, Munich, Germany

### **International Electrotechnical Commission**

An international body that develops standards for electrical and electronic equipment

### **Mobile Manufacturers' Forum (MMF)**

An international association of manufacturers of mobile phones and other equipment

### **World Health Organisation**

International EMF Project, Geneva, Switzerland

## National Initiatives

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### **Elettra 2000 consortium**

Australian Centre for Radiofrequency Bioeffects Research

### **FEMU**

Research Centre for Bioelectromagnetic Action at the University of Aachen, Germany

### **French Health and Radiofrequencies Foundation**

### **HPA**

The Health Protection Agency, a special health authority providing an integrated approach to protecting UK public health.

### **The Stewart Group**

UK Independent Expert Group on Mobile Phones



**Where can I get more information?**

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**Swiss Federal Office of Public Health**

**Swiss Research Foundation on Mobile Communication**

**UK Mobile Operators Association**

**UK Mobile Telecommunications and Health Research**

**US Federal Communications Commission**

Frequently asked questions about the safety of radio frequency (RF) and microwave emissions from transmitters and facilities regulated by the FCC

**US Food and Drug Administration**

US National Institute for Occupational Safety and Health

Where can I get more information?

# Findings from previous opinion research

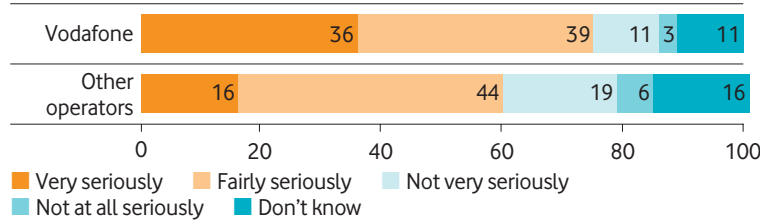
One of our key CR commitments is to achieve a higher approval rating among external opinion leaders for the responsibility of our actions regarding mobile phones, masts and health. Surveys of opinion formers and the general public help us assess progress against this target.

## Engaging with experts

In 2006/07, we commissioned Ipsos-MORI to interview 70 experts and opinion formers around the world who have previously had contact with Vodafone and ask them how seriously Vodafone is taking its responsibilities relating to mobile phones, masts and health. The majority (75%) felt that Vodafone takes the issue of mobile phones, masts and health seriously compared with 60% for other operators. The survey also provided insights into how we can improve our communication.

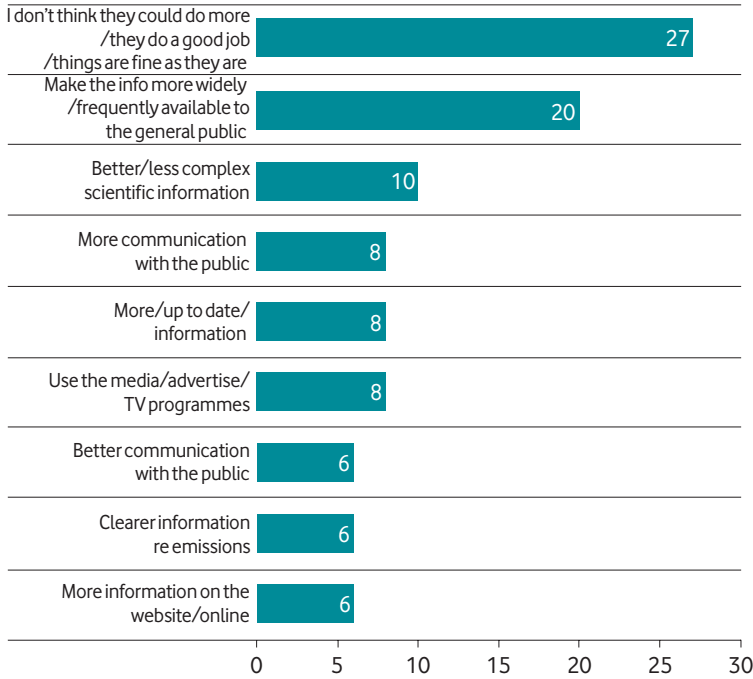
Overall, 27% felt we do a good job demonstrating that we are responsible (see chart). However, on masts, 29% felt Vodafone could provide more and clearer information and promote informed debate. On handsets, 27% felt Vodafone could be more responsible by providing better and clearer information about responsible use, including use of hands-free kits.

**How seriously do you believe... is taking its responsibilities in relation to mobile phones, masts and health? %**



Where can I get more information?

Thinking about this (all this) information, how could this have been improved to demonstrate Vodafone is being responsible?\* Unprompted (%)



\*Top mentions. Mentions below 6% not shown. Base: All who have received info: 48  
Source: IPSOS MORI

Engaging with the public

We commissioned a major research study into public opinion in 18 countries in 2005/06. The study, conducted by MORI, surveyed 17,000 members of the public to understand levels of public concern and the reasons for it. It found that:

- RF is an important issue, but not a primary health concern. This low level of unprompted concern mirrors the findings seen in MORI's research for Vodafone in 2003.
- In most markets the majority believe that "there is no conclusive information regarding the effects of mobile phones and/or masts upon health".
- The single most important trigger leading to concern is information on health effects that people have gathered from the media.
- The public do not think that network operators are taking the RF issue seriously enough. Fewer than half in all markets (except Egypt) think any operator "takes its responsibilities for mobile phones, masts and health seriously".
- Many believe that the industry is withholding important information and many would view their operator more favourably if it proactively supplied information.

# Glossary

<b>3G</b>	The third generation of mobile technology
<b>Antenna</b>	Part of a base station that sends and receives electromagnetic waves
<b>Base station</b>	The equipment that sends and receives mobile phone calls, texts, pictures and web pages etc. Includes antenna(s), a supporting structure such as a mast and a cabinet of equipment to power the base station
<b>Cell</b>	An area covered by a base station
<b>Coverage</b>	The provision of mobile phone services in a given area via the presence of adequate base stations
<b>Dosimetry</b>	The way levels of RF absorbed are calculated
<b>Earpiece</b>	Mobile phone accessory that allows calls to be made without holding the phone to the head
<b>Electromagnetic field</b>	Energy transmitted as waves through space. There are many different frequencies of EMF
<b>Electromagnetic spectrum</b>	The complete range of electromagnetic frequencies
<b>Expert review</b>	A review of existing scientific research by a panel of experts, usually commissioned by a national or international health agency, which applies risk assessment criteria consistent with the WHO approach
<b>Exposure</b>	The term used to describe the total amount of energy from an RF field that may be absorbed by the human body. Measured using the Specific Absorption Rate
<b>Handset</b>	Mobile telephone
<b>Field strength</b>	The level of radio frequency energy in a given area
<b>Frequency</b>	The number of waves of equal size that pass through space in a given time, e.g. per second. Measured in Hertz (Hz) and used to classify electromagnetic fields
<b>IARC</b>	International Agency for Research on Cancer. Leading independent cancer research organisation that coordinates the INTERPHONE study
<b>ICNIRP</b>	International Commission for Non-Ionizing Radiation Protection. A body of independent scientific experts. Sets guidelines that govern public and occupational exposure to radio frequency fields from mobile phones and base stations
<b>IEC</b>	International Electrotechnical Commission. An international body that develops standards for electrical and electronic equipment
<b>INTERPHONE</b>	Leading multinational study into mobile phones and cancer, with research teams in 13 countries. Coordinated by IARC
<b>Local operating company</b>	Company within the Vodafone Group operating in a specific country, e.g. Vodafone Australia
<b>Loudspeaker</b>	Function on a mobile phone that broadcasts voice calls through a speaker, allowing the user to move the phone away from the head and body
<b>Mast</b>	Structure commonly used in a base station to support the antenna(s)

Glossary

<b>Network rollout/ deployment</b>	The expansion of a mobile phone network through an increase in the number of base stations
<b>Radio frequency field</b>	Type of low-energy electromagnetic field used by many types of communication
<b>Research review</b>	A review of the body of existing scientific evidence to provide expert opinion
<b>Research study</b>	Original study that generates scientific results
<b>SAR</b>	Specific Absorption Rate. The method used to measure the amount of energy from an RF field absorbed by the human body. Measured in Watts per kilogram
<b>Signal</b>	Communication between a base station and a mobile phone via a radio frequency field
<b>Supporting structure</b>	The part of the base station that supports the antenna(s). Usually a mast or part of a building
<b>Wavelength</b>	The distance between two adjacent points on an electromagnetic wave. A shorter wavelength means a higher frequency
<b>WHO</b>	The World Health Organisation. The United Nations agency for health. Aims to create the highest possible levels of health for all people
<b>WiFi</b>	Wireless fidelity. A type of wireless network, where no cables are needed to connect a computer or other piece of communication equipment to each other or the internet
<b>WLAN</b>	Wireless local area network. A group of computers connected using radio frequencies, without the need for cables

# Performance 2007/08

Our distinctive “we said, we have, we will” approach is designed to enhance the transparency of our CR reporting. This structure is used throughout the performance pages of this website and summarised in a table to provide a clear overview of our progress against targets across the range of CR issues. You can also view our new commitments for our future performance.

We seek suitable quantitative measures for our CR programme wherever possible. Qualitative reporting is used for some CR issues where we have not been able to identify meaningful measures.

The information contained in this CR Report was last updated on 10 June 2008. Vodafone assumes no responsibility for third party websites which may be linked from this CR Report. Such third party websites do not form part of this CR Report.

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# Data summary

	Year ended 31 March		
	2008	2007	2006
<b>Financial</b>			
Group revenue (£bn)	35.5	31.1	29.4
Adjusted Group operating profit (before goodwill amortisation and exceptional items) (£m)	10.1	9.5	9.4
Market capitalisation as at 31 March (£bn)	81.1	71.6	72.4
<b>Revenue distribution</b>			
Suppliers (£m)	23,816	20,433	25,914
Employees (£m)	2,324	2,050	2,106
Shareholders returns (£m)	3,778	12,636	9,257
Lenders (£m)	1,107	525	402
Tax Authorities (corporation taxes and social security only) (£m)	3,140	2,544	1,939
Retained for growth (£m)	1,875	(6,483)	(2,087)
<b>Employment</b>			
Total number of employees(1)	71,003	66,343	62,672
Part-time employees	8,146	8,186	8,266
Number of voluntary leavers	6,640	6,367	4,364
Number of involuntary leavers	2,848	2,186	2,297
Number of newly hired employees	9,414	9,470	7,292
Employees by region (within scope of this report)			
- Germany	14,509	15,339	
- Italy	8,270	9,029	
- UK	11,780	11,317	
- Spain	3,939	3,953	
- EMAPA	15,301	11,500	
- Rest of Europe	8,657	8,771	
Number of employees included in the scope of this report	62,456	59,909	55,110
Employee turnover rates (%)	15.2	14.2	12.1
Occupational health and safety/number of lost-time accidents	131	157	151
Average training spend per employee (£)	704	530	550
Number of women in the top senior management roles	26	22	32
	out of 211	out of 204	out of 261
Number of nationalities in the top senior management roles	20	20	18
<b>Environment &amp; network</b>			
Number of base station sites	96,500	83,561	97,899
Number of mobile phones collected (million)	1.33	1.03	1.37
Mobile phones reused against total number collected (%)	61.5	65.9	70.7
Total CO <sub>2</sub> emissions (millions of tonnes)	1.45	1.23	1.31
Approximate CO <sub>2</sub> emissions from company vehicles (tonnes)	78,000	67,000	47,000
Proportion of network equipment waste reused and recycled (%)	97	97	97

	Year ended 31 March		
	2008	2007	2006
<b>Customers</b>			
Closing proportionate customers (m)	260.5	206.4	170.6
Vodafone Passport customers (m)	17.5	11	5.6
Vodafone Mobile Connect card customers (m)	2.7	1.5*	0.7
Mobile voice usage (billion minutes)	433.6	245.0	177.3
Complaints against Vodafone advertising upheld by the relevant advertising authority	41	30	17
<b>Social investment</b>			
Total contributions to social projects (£m)	44.9	43.2	38.1

(1) Figures used in our Annual Report. It represents the average number of employees in the financial year (rather than at 31 March 2007), incorporating employees of newly acquired entities from the day of acquisition, and the Group's share of employees in joint ventures. \* re-stated after further data collected



# Progress and commitments

The table shows our progress against the commitments we made for 2007/08.

Issue	We said...	We have...	Progress
<b>Access to communications</b>	We would introduce three significant products with features that reduce exclusion by March 2008.	Launched TALKSTM (text-to-speech software for blind people), the accessible Blackberry® 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.	100%
	We would reduce the level of preventable exclusion by at least a third by March 2010.	The products above are helping us work towards our target. We will assess our performance through an audit in 2010.	<b>Due by March 2010</b>
<b>Mobile phones, masts and health</b>	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.	Conducted a global survey of expert views on how seriously Vodafone is taking its responsibilities relating to mobile phones, masts and health.  Approval rating has improved from last year's results.	100%
<b>Network deployment</b>	We would update existing network deployment guidelines and assess local operating companies' compliance with global policy by March 2008.	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 Responsible Network Deployment Policy.	100%
	We would continue to track public views on our network deployment and define a target to increase public acceptance by March 2008.	We have 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.	0%

## Progress and commitments

Issue	We said...	We have...	Progress
<b>Consumer issues</b>	We would launch a campaign in each local operating company to address a locally relevant customer issue by March 2008.	Launched campaigns in 16 out of 17 local operating companies on a range of issues from bullying to safe driving.	95%
	We would conduct consumer research and publish global guidelines on social networking sites and mobile advertising by March 2008.	<p>Surveyed customers in eight markets on attitudes to mobile advertising.</p> <p>Published principles on mobile advertising that ensure consent is properly obtained, privacy is protected and content standards are upheld.</p> <p>Researched parents' concerns regarding new technology.</p> <p>Published guidelines on responsible content and use.</p>	100%
	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.	Introduced (August 2007) a monthly privacy bulletin for all employees, to raise awareness about privacy issues relevant to Vodafone.	75%
<b>Supply chain</b>	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.	100%
	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 within three months.	100%
<b>Energy use and climate change</b>	We would achieve a 40% reduction in network energy carbon dioxide emissions per MB traffic by 2011.	<p>CO2 emissions decreased by 50% per MB traffic. CO2 emissions from our operations increased overall by 17% whilst traffic in our network has increased by 70%.</p> <p>Set a new target to reduce CO2 emissions by 50% by 2020.</p>	Achieved three years early

## Progress and commitments

Issue	We said...	We have...	Progress
<b>Reuse and recycling</b>	We would collect a further million handsets by March 2008.	Collected 1.3 million handsets for reuse or recycling, exceeding our target.	100%
	We would send for reuse and recycling 95% of network equipment waste by March 2008.	Reused or recycled 97% of network equipment waste, amounting to 2,805 tonnes of non-hazardous waste, and 9,290 tonnes of hazardous waste.	100%
<b>Employees</b>	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 our global system (based on 91% of the workforce).	<b>Due by March 2009</b>
	We would ensure that 75% of operating companies deliver top quartile employee engagement scores within their local markets by March 2009.	Employee engagement remains high, 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.	<b>Due by March 2009</b>
	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.	100%

# New commitments

The table shows our commitments for the future, and the deadlines we have set to achieve them.

Issue	We will...	Deadline
<b>Access to communications</b>	Launch mobile payment services in a further three countries.	March 2009
	Publish research on the socio-economic impact of affordable handsets.	December 2009
	Reduce the level of preventable exclusion by at least a third.	March 2010
<b>Mobile phones, masts and health</b>	Maintain an approval rating against external stakeholder opinion on how responsibly Vodafone is acting regarding MPMH as a rolling average at, or above, 80% over any three year period.	Ongoing
	Provide comprehensive access to peer-reviewed published scientific reviews of research relating to mobile phones, masts and health on our Group website.	
<b>Network deployment</b>	Audit contractors' compliance with our Responsible Network Deployment Policy in all Vodafone Operations.	March 2010
<b>Consumer issues</b>	Benchmark Vodafone's practices on mobile advertising and privacy with other industry leaders	March 2009
	Work with the wider industry to explore ways to create common codes of conduct for Mobile Advertising	March 2009
	Launch a web-based resource centre to promote safety and the responsible use of mobiles and technology.	March 2009
<b>Supply chain</b>	Ensure 80% of all local strategic and preferred suppliers are reporting their compliance against the requirements of Vodafone's Code of Ethical Purchasing.	March 2009
	Deploy a non-compliance management system to improve our existing process and support systematic action on CR issues identified within our supply chain.	March 2009
<b>Energy use and climate change</b>	Reduce CO2 emissions by 50% against the 2006/07 baseline (applicable across Vodafone local operating companies operating in 2006/07)	March 2020
	Develop a climate change strategy for Vodafone Essar (India).	March 2009
	Achieve a 40% reduction on network energy CO <sub>2</sub> emissions per MB traffic.	March 2011
<b>Reuse and recycling</b>	Collect a further 1.5 million handsets.	March 2009
	Assess mobile phone collection, reuse, recycling and disposal in a major Indian city.	March 2009
	Send for reuse and recycling 95% of network equipment waste during the year.	March 2009

## New commitments

Issue	We will...	Deadline
Employees	Develop a global inclusion strategy and local action plans on gender diversity.	March 2009
	Reduce work related accidents resulting in lost time by a further 10% (from the 2007/08 baseline).	March 2011
	Improve our Global Wellbeing People Survey score by 10% (from 2007/8 baseline).	March 2011
	Ensure that 90% of employees in the business has an annual performance dialogue and development discussion with their line manager.	March 2009
	Ensure that 75% of operating companies deliver top quartile employee engagement scores within their local markets.	March 2009

# FAQs

## **Do you apply global corporate responsibility (CR) standards throughout your operations?**

CR is part of our core business strategy. Our CR management mirrors the way we manage our business, with a global team of CR managers working across the business with a presence in each local operating company. Our CR strategy, policies and Business Principles apply throughout the Group to all our operating companies. We are embedding CR in the business by managing CR issues as part of our core business processes rather than as a separate 'add-on'. We set commitments every year to improve our CR performance and report our progress in our Group CR Report. Read more on our approach.

## **What efforts do you make to listen to the views of the wider public and your critics?**

We want to understand the views of our stakeholders - the people who can affect our business or who are affected by it - and explain our perspectives. Our stakeholder engagement takes many forms, formal and informal. It ranges from one-to-one meetings with an investor or pressure group to quantitative opinion research involving thousands of members of the public. We know that we will not satisfy everyone's demands but we believe that being open, honest and respectful of different views is the right approach to maintain good relationships. We listen to our stakeholders and respond to their concerns. Read more on our stakeholder engagement.

## **How does Vodafone contribute to the debate on key issues?**

Our CR Dialogues are designed to stimulate debate on specific emerging issues. We commission research and consult stakeholders to contribute to the CR Dialogue report on a specific issue, and invite others to join the debate on our website. See more on our CR Dialogues.

## **Where can I find information about mobile phones, masts and health?**

Our website explains how mobile phones work and contains links to independent authoritative research organisations. Read more on mobile phones, masts and health.

## **What's your advice on mobile phones and driving?**

Using a mobile phone while driving can distract the driver and increase the risk of accidents. We advise people never to use a hand-held phone while driving and only to use hands-free equipment when it is safe to do so. Our operating companies produce leaflets to provide advice for customers on mobile phones and driving. Read more on driving safety.

## **How are you tackling the problem of mobile phone theft?**

We work closely with the GSM Association and other mobile phone companies to combat mobile theft. Phones reported as stolen are identified through their unique International Mobile Equipment Identity (IMEI) number, listed on our Equipment Identity Registers and blocked from our network. Read more on mobile theft.

## **How can I apply for funding for community projects?**

Our priorities for social investment are to help people lead fuller lives by:

- Sharing the benefits of developments in mobile communications technology as widely as possible
- Protecting the natural environment
- Supporting the local communities in which Vodafone's customers, employees, investors and suppliers live

- Supporting disadvantaged young people and their communities through sports and music.
- If your project fits one of these categories, you can apply for funding from the Vodafone Group Foundation (for multinational projects) or from your local operating company (for local or national projects). Visit About Vodafone for contact details of the Vodafone company in your country.

#### **What do you do to support accessibility of mobile phones?**

People who are blind, deaf or disabled can benefit from mobile phones but, for some, even basic functions such as turning the handset on or making a call can be difficult. By adapting existing products and services or devising new ones, we are increasing accessibility and gaining new customers. Read more on accessibility.

#### **Do you recycle mobile handsets?**

We have handset recycling programmes in all our operating companies. If you live in one of these countries you can take your handset into your nearest Vodafone shop for it to be recycled. Read more on reuse and recycling of mobile phones.

#### **How do you minimise the visual impact of your base stations?**

We work closely with local communities and planning authorities to reduce the visual impact of masts. This can be done by locating masts on existing structures (such as buildings or electricity pylons), sharing sites with other network operators or designing masts to blend in to the surroundings (for example, as street lamps or flagpoles). Careful design to minimise visual impact is particularly important at sites of historic or cultural significance and in conservation areas. Read more on visual impact.

#### **What are you doing to reduce energy use and global warming?**

Energy use contributing to climate change is one of our main environmental impacts. We have set a target to reduce CO2 emissions from our operations by 50% by 2020 from a baseline of 2006/07. We are focusing our efforts on our networks, which account for more than 80% of the CO2 emissions from our total energy use, and working with suppliers to improve energy efficiency of network equipment. We are also consolidating our data centres to cut the growth in online data storage and increasingly using videoconferencing facilities to reduce emissions from travel. Read more on energy.

#### **How does Vodafone's sponsorship of Formula 1 fit with your commitment to combat climate change?**

We recognise that Formula 1 racing is a carbon intensive sport. However, we believe Formula 1 is taking industry appropriate measures to respond to the climate challenge, and that it could be a key driver of improvements in transport energy efficiency. Formula 1 has been 'carbon neutral' since 1997 and purchases offset credits through the Fonfo Bioclimatico trust. Fédération Internationale de l'Automobile (or FIA, the governing body of world motorsport) offsets the emissions of the two world championships. The FIA is encouraging innovation to make engines more energy efficient. For example, from 2009, hybrid engines will be allowed within motor racing. As many of the developments in engineering that take place within motor racing can be transferred to road vehicles, this could increase the pace of the development of more sustainable engine technologies.

#### **How do I know how much it will cost when I use my phone abroad?**

Vodafone Passport offers customers better value voice roaming when using Vodafone subsidiary networks and selected European affiliates. You can call home at domestic rates, with a connection fee added to each call using Vodafone operating companies

and selected affiliates. You can also find out how much calls will cost through a free text service or on the industry-wide GSM website. Read more on clear pricing.

**Can I be sure that my privacy will be protected when I use my mobile phone?**

Our customers entrust us with their personal information and the confidentiality of their private communications. The way we handle this information is a vital part of our responsibility to customers and how we earn their trust. Our Group Privacy Policy governs how we collect, store and use customers' personal information. However, faced with increasing demands for surveillance in the fight against serious crime and terrorism, we are sometimes called upon to assist law enforcement authorities in the interests of protecting public safety or security. We have engaged with key stakeholders to seek their views on the appropriate balance between safeguarding privacy and assisting law enforcement authorities to tackle serious crime and terrorism. See more on privacy.

**How do you make sure human rights are upheld in your supply chain?**

Human rights issues in a company's supply chain are very important. Within an extended global supply chain there is a risk that some suppliers or subcontractors might not meet acceptable standards of working conditions and human rights. We want all the companies in our supply chain to meet acceptable labour and environmental standards, but we know some do not. We take our responsibilities in this area seriously. Our Code of Ethical Purchasing sets out the standards we expect our suppliers to meet. We assess our suppliers against the Code and CR is part of our overall supplier performance management. Read more on our supply chain.

**How can I protect my child from inappropriate content on mobile phones?**

Our access controls enable you to filter content which is rated as suitable only for those who are 18 years or older. The controls include internet filters so you can be confident that your child cannot access inappropriate content either via Vodafone live! or through the internet. Some of our operating companies have also launched child profiles and children's phones, designed with a narrower range of features to protect children from inappropriate content. Read more on content standards.

**Are African economies better off with mobile telecommunications?**

Our research on the socio-economic impact of mobile phones highlights some of the benefits mobiles can bring to developing countries. These include improved economic growth and increased profits for small businesses. Read more on the socio-economic impact of mobile phones.

**How can mobile technology improve access to financial transactions?**

Our research on the potential of mobile to facilitate financial transactions shows that m-transactions offer great potential to boost economic development in emerging markets. Our m-transaction services enable people who previously had little or no access to banking services to deposit and transfer funds, manage accounts and pay bills via their mobile phone. We are trialling these services in Kenya, Afghanistan and Tanzania. We are also working in partnership with Citigroup to pilot international money transfers via mobile. Read more on economic empowerment through mobile.



# Glossary

Confused by the language of corporate responsibility?  
Use this glossary to find the terms you need.

<b>Base station</b>	the structure that transmits and receives calls to and from mobile phones using radio waves. A base station consists of an antenna installed onto a cabinet containing switching equipment.
<b>CFCs</b>	chlorofluorocarbons, ozone-depleting gases used as refrigerants.
<b>CO<sub>2</sub></b>	carbon dioxide, a greenhouse gas emitted when fossil fuels are burned. One of the main gases contributing to global warming.
<b>CR</b>	corporate responsibility is the way a company manages its impact on the environment and society. It covers environmental, community, employee, health and safety, and ethical issues.
<b>Digital divide</b>	the gap between people and communities who have access to information and communications technologies and those who do not.
<b>EMF</b>	electric and magnetic fields (known as electromagnetic fields). They occur naturally but man-made EMF are produced by all electrical products and by radio, television and communications transmission.
<b>Greenhouse gases</b>	gases that contribute to global warming by enhancing the Earth's natural greenhouse effect.
<b>Halons</b>	ozone-depleting gases, used in fire protection equipment.
<b>Hazardous waste</b>	waste that can cause harm to the environment or people if not disposed of correctly. Precise definitions vary according to national legislation.
<b>HCFCs</b>	hydrochlorofluorocarbons, ozone-depleting gases used as refrigerants. Less damaging to the ozone layer than CFCs.
<b>HFCs</b>	hydrofluorocarbons do not cause ozone depletion but do contribute to global warming.
<b>ICNIRP</b>	the International Commission on Non-Ionizing Radiation Protection. A body of independent scientific experts, specialising in the possible effects on human health of exposure to non-ionising radiation (including EMF).
<b>Ozone</b>	a reactive form of oxygen. In the upper atmosphere the ozone layer acts as a filter for ultraviolet light and is essential to protect life. At ground level ozone is a constituent of smog.
<b>Ozone depletion</b>	certain gases such as CFCs, HCFCs and halons deplete the ozone layer, and are being phased out under the Montreal Protocol.
<b>Radio frequency (RF) fields</b>	the range of electromagnetic fields used to transmit radio signals. They are emitted by radio, television and communications transmission.

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<b>Sustainable development</b>	development which meets the needs of the present without compromising the ability of future generations to meet their own needs.
<b>Stakeholders</b>	people or groups of people with a legitimate interest in the performance and actions of a company. It includes shareholders, employees, customers, non-governmental organisations, policy makers, local communities and the media.

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