

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary Shares of 20 20/21 US cents each	<u>27,230,375,568</u>
7% Cumulative Fixed Rate Shares of £1 each	<u>50,000</u>

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued
by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Common Stock 00

Vodafone Group Plc
Annual Report on Form 20-F 2020

We connect for
a better future



Welcome to our 2020 Annual Report

Overview

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Who we are:

**A leading technology
communications company
keeping society connected
and building a digital
future for everyone.**

Sustainability is at the core of our purpose:

'We connect for a better future'

We are optimistic about how technology and connectivity can enhance the future and improve people's lives.

Through our business, we aim to build a digital society that enhances socio-economic progress, embraces everyone and does not come at the cost of our planet.

That is why we have committed to **improve one billion lives and halve our environmental impact by 2025.**

This constitutes the annual report on Form 20-F of Vodafone Group Plc (the 'Company') in accordance with the requirements of the US Securities and Exchange Commission (the 'SEC') for the year ended 31 March 2020 and is dated 2 July 2020. This document contains certain information set out within the Company's annual report in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). The content of the Group's website (www.vodafone.com) or any other website referenced in this document is not incorporated into this document and should not be considered to form part of this annual report on Form 20-F. We have included any website as an inactive textual reference only.

All amounts marked with an "*" represent organic growth which presents performance on a comparable basis, both in terms of merger and acquisition activity and movements in foreign exchange rates. Organic growth is an alternative performance measure. See "Alternative performance measures" on page 239 for further details and reconciliations to the respective closest equivalent GAAP measure.

Our strategic framework

Why we exist: **Our purpose**

We connect for a better future

We aim to improve one billion lives and halve our environmental impact

What we do: **Our strategy**









A technology communications leader, enabling an inclusive and sustainable digital society

Focused on two scaled and differentiated regional platforms

Europe A converged leader	Africa Mobile data and payments leader
-------------------------------------	--

Supported by our leading Gigabit networks and scaled platforms

Our priorities:

 Deepening customer engagement improving loyalty and driving revenue growth across our customer segments  20 Read more	 Accelerating digital transformation by being Digital 'First' and leveraging our Group scale  23 Read more	 Improving asset utilisation through network sharing, capturing synergies and tower monetisation  24 Read more	 Optimising the portfolio to strengthen our market positions, simplify the Group and reduce our financial leverage  25 Read more
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...enabling us to earn a fair return on our investments

How we do it: **Our approach**

Sustainable business  40 Read more	Developing a new 'social' contract  52 Read more	The 'Spirit of Vodafone' – our people and culture  56 Read more	Principal risk factors and uncertainties  62 Read more	Governance  72 Read more
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Creating value for society and shareholders

Highlights of the year

Financial results summary¹

		2020 IFRS 15/16	2019 IFRS 15/IAS 17	2018 IAS 18/IAS 17	2017 IAS 18/IAS 17
Group revenue	€m	44,974	43,666	46,571	47,631
Operating profit/(loss)	€m	4,099	(951)	4,299	3,725
Profit/(loss) for the year	€m	(455)	(7,644)	2,788	(6,079)
Basic earnings/(loss) per share	€c	(3.13)	(29.05)	8.78	(22.51)
Total dividends per share	€c	9.00	9.00	15.07	14.77

Alternative performance measures^{1,2}

Group service revenue	€m	37,871	36,458	41,066	42,987
Adjusted EBITDA	€m	14,881	13,918	14,737	14,149
Adjusted earnings per share	€c	5.60	6.27	11.59	8.04
Free cash flow (pre-spectrum)	€m	5,700	5,443	5,417	4,056
Free cash flow	€m	4,949	4,411	4,044	3,316
Net debt	€m	(42,168)³	(27,033)	(29,631)	(29,338)
Net debt to adjusted EBITDA	ratio	2.8³	1.9	2.0	2.1
Pre-tax return on capital employed (controlled)	%	6.1	5.3	–	–

Strategic progress summary

		2020	2019	2018	2017
--	--	------	------	------	------

Deepening customer engagement

Europe mobile contract customers ⁴	million	64.4	63.2	62.4	61.7
Europe broadband customers ⁴	million	25.0	18.8	17.8	13.4
Europe on-net Gigabit capable connections ⁴	million	31.9	21.9	10.5	6.8
Europe Consumer converged customers ⁴	million	7.2	6.6	5.3	3.7
Europe mobile contract customer churn	%	14.6⁸	15.5	15.9	15.6
Africa data users ⁵	million	82.6	75.6	72.4	64.6
M-Pesa transaction volume ⁵	billion	12.2	11.0	8.9	6.4
Business fixed-line service revenue growth	%	3.3	3.8	2.4	4.4
IoT SIM connections	million	102.9	84.9	68.4	52.1

Accelerating digital transformation

Europe net opex saving ⁶	€bn	0.4	0.4	0.3	–
Europe digital channel sales mix	%	21	17	11	9
Frequency of customer contacts	contacts per year	1.4	1.5	1.7	1.8
MyVodafone app penetration	%	65	62	60	55

Improving asset utilisation

Average Europe monthly mobile data usage per customer	GB	5.7	3.7	2.6	1.7
Europe Tower sites (proportionate)	thousand	c. 60	–	–	–
Europe on-net NGN broadband penetration ⁴	%	30	28	28	26

Sustainable business metrics

		2020	2019	2018	2017
M-Pesa customers ⁵	millions	41.5	37.1	33.0	29.5
Women in management and leadership roles	%	31	31	30	29
Additional female customers in Africa and Turkey ^{5,7}	millions	9.3	9.4	4.8	3.2
Young people supported to access digital skills, learning and employment opportunities	thousands	708.2	533.7	–	–
Greenhouse gas emissions (Scope 1 and 2)	m tonnes CO ₂ e	1.84	2.01	2.07	2.03
Purchased electricity from renewable sources	%	25.9	15.6	15.4	13.3
Network waste reused or recycled	%	99.9	–	–	–

Notes:

1 IFRS 16 "Leases" was adopted on 1 April 2019 for our statutory reporting, without restating prior period figures. As a result, the Group's statutory results for the year ended 31 March 2020 are on an IFRS 16 basis, whereas the comparative periods for the years ended 31 March 2019, 2018 and 2017 are on an IAS 17 basis. Note 1 "Basis of preparation" of the consolidated financial statements explains the key differences for the Group's accounting for leases following the adoption of IFRS 16 and the financial impact on the Group's consolidated statement of financial position at 1 April 2019.

2 Alternative performance measures are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measures. See "Alternative performance measures" on page 239 for further details.

3 Adjusted to exclude derivative gains in cash flow hedge reserves, corresponding losses for which are not recognised on the bonds within net debt and which are significantly increased due to COVID-19 related market conditions.

4 Including Vodafone Ziggo.

5 Africa including Safaricom.

6 Europe and common function operating costs.

7 Excludes Egypt.

8 Excluding the impact of inactive data only SIM losses in Italy during Q3 and Q4 FY20.

Strategic highlights



Deepening customer engagement

20 Read more

Europe

6th consecutivequarter of improved customer loyalty
churn down 1pp year-on-year
in mobile contract**+1.4 million**

NGN broadband net additions

7.2 million

Converged consumer customers

Africa

+7.0 million

Data users

2.0GB

Average smartphone data usage

+4.4 million

M-Pesa customers

(44% of mobile customers using M-Pesa)

Business

+3.3%

Fixed-line service revenue growth

103 million
IoT SIMs

+23% year-on-year

Amazon Web Services agreement
first mover for mobile edge computing
in Europe

Accelerating digital transformation

23 Read more

Leveraging new
digital technologies:**21%**

sales now in digital channels

65%

MyVodafone app penetration

9%reduction in frequency
of customer contactRadical
simplification:**4.0 million**consumer customers on simplified
speed-tiered unlimited mobile
data plansDelivering a best-in-class
cost structure:**€0.4 billion**Europe net opex saving achieved
in FY20**>€1.0 billion**new Europe net opex saving target
announced for FY21–23
reducing our total European opex base
by 20% over five years

Improving asset utilisation

Mobile network sharing
agreements in place in all
major European markets**Merger of Vodafone Italy
Towers and INWIT complete**
€2.35 billion of cash received

24 Read more

European TowerCo
operational as of May,
aiming to drive efficiencies
and increase tenancy ratios
across our tower portfolio**Fast start made
in capturing synergies**
from the recently acquired
Unitymedia & CEE cable assets

Optimising the portfolio

Successfully acquired
Unitymedia & CEE cable
assets, as well as Abcom
in AlbaniaCompleted the sale
of New Zealand and MaltaAustralia merger with TPG
on-track to completeSigned a memorandum
of understanding with stc
on potential Egypt sale for
€2.2 billion

25 Read more

**Simplification of the Group
now largely complete**
Focused on two scaled and
differentiated regional platforms—
Europe and **Africa**

Chairman's statement

Enabling a digital society

The outbreak and spread of COVID-19 has impacted all of our lives in ways we could not have imagined when I wrote to you this time last year.

I am immensely proud of our 104,000 strong team of dedicated people across all of the markets in which we operate. The determination, delivery and devotion from the whole Vodafone team is enabling our digital society to function and succeed during this intense period of need.

Our customers have relied on the critical connectivity we provide more than ever before. The services and solutions we provide have helped businesses to continue to operate, children to continue schooling, healthcare to be provided and ensured governments can lead the response effectively. Also during periods of physical isolation, we have enabled families, friends and loved ones to remain connected.



We connect for a better future

Given the situation we have all experienced over the last few months, Vodafone's purpose to connect for a better future has become even more central in our decision-making process and response. In November 2019, we held an event for institutional investors to further set out our purpose, which we framed across three core areas:

Digital Society

We believe in a connected digital society, where data flows at speed, connecting people, communities and things to the internet like never before.

Inclusion for All

We believe that the opportunities and promise of a better digital future should be accessible to all, and we are committed to ensuring that the more vulnerable are not left behind on the journey to that future.

Planet

We believe that urgent and sustained action is required to address climate change and that business success should not come at a cost to the environment.

During the year, we have made strong progress against each of these areas, which is set out later in this report. The digital society has never been so important than in the last few months and we will continue to work with policy makers and regulators in a constructive manner to ensure we can continue to invest in the critical infrastructure and digital services our society deserves.

We also expanded upon our proposal of a 'social' contract between the communications services and technology providers, our customers and the industry regulators. The 'social' contract comprises three broad commitments:

1. Trust: earning and retaining customer trust through quality networks and fair pricing, whilst avoiding micro-regulation;
2. Fairness: enabling us to deliver quality infrastructure for all, whilst earning a fair return; and
3. Leadership: partnership between small businesses, hardware manufacturers, technology firms, service providers and regulators throughout our ecosystem to drive innovation and deliver the digital society.

Strong strategic progress

Following the evolution of our strategy under Nick Read, we have delivered significant progress over the last year. With the completion of the acquisition of Liberty Global's assets in Germany and Central and Eastern Europe in July 2019, we have completed our transformation into Europe's leading converged operator.

Furthermore, during the year we delivered strong progress against our key strategic objectives:

Deepening customer engagement

We have consistently improved the quality and experience of service for our customers in both Europe and Africa, for both business and consumers.

Accelerating digital transformation

We have further strengthened our digital channel capabilities, which delivers a better experience for our customers, whilst also reducing our costs.

Improving asset utilisation

We have completed a number of network sharing arrangements and improved our return on capital and leverage through a successful infrastructure asset sale in Italy.

Optimising the portfolio

Following successful disposals of New Zealand and Malta and ongoing activity in Egypt and Australia, we have now substantially completed the reshaping of our business to focus on two scale platforms in Europe and Africa.

Good financial performance

In a challenging industry and against a backdrop of unprecedented global uncertainty, we delivered good financial performance, in-line with our guidance. Total revenue grew by 3.0% to €45.0 billion, adjusted EBITDA grew by 2.6%* to €14.9 billion and free cash flow (pre-spectrum) grew by 4.7% to €5.7 billion.

This good financial performance was driven by strong commercial momentum in each of our markets. In Germany, our largest market, we delivered solid retail growth and record cable net customer additions in H2.

In the UK, we returned to service revenue growth supported by our strong commercial momentum in both mobile and fixed line.

In both Italy and Spain, trends improved throughout the year despite the significant low-end price competition, and in Africa we continued to grow despite regulatory and macro pressures. This strong commercial momentum was supported by further progress on our ambitious cost saving programme. During the year, we delivered a further €0.4 billion of savings.

Over the last two years, we have worked hard to strengthen our financial position. This has ensured we have longer tenure debt, no significant short-term refinancing needs and good liquidity headroom.

The good financial performance, strong commercial momentum and robust financial position mean that the Board have confidence to declare a total dividend per share of 9.00 eurocents for the year, implying a final dividend per share of 4.5 eurocents which will be paid on 7 August 2020.

Board composition

As I anticipated in my letter to you in last year's Annual Report, since I have now completed nine years on the Board a search was conducted during the period covered by this Report to find my successor as Chairman. Valerie Gooding, our Senior Independent Director, led a subcommittee of the Nominations & Governance Committee (excluding me) in this work. Further information on the search process is described on page 88.

The search was successful and I am pleased to announce the appointment of a new Non-Executive Director, Jean-François van Boxmeer, who, subject to his election at our 2020 AGM, will succeed me as Chairman of the Board with effect from close of business on 3 November 2020.

Jean-François van Boxmeer will step down as Chief Executive of Heineken in June 2020 after 15 years in role and 36 years with the company. In that period, Jean-François transformed Heineken into a truly global organisation through a balance of strategic transactions and organic growth. The success of his strategy resulted in a nearly threefold increase in Heineken's share price and he is credited with creating significant shareholder value. Jean-François is a member of the Shareholders Committee of Henkel and a non-executive director of Mondelez International. He will join Heineken Holding as a Non-Executive Director in June 2020. He is Vice-Chairman of the European Roundtable of Industrialists and in this role has led discussions with the European Commission across a range of issues.

Jean-François brings this experience, together with his leadership skills and excellent network to Vodafone's Board. Jean-François' biographical details are provided on page 77. I am confident that he will be effective in leading your Board, driving Vodafone forward in the execution of its strategy and engaging with our key stakeholders.

The year ahead

The Board and I remain focused on delivering on our purpose of connecting for a better future. A digital future that will drive further improvements in commercial performance and return on capital, making Vodafone the best value proposition in our industry for customers, shareholders and wider stakeholders.

/s/ Gerard Kleisterlee

Gerard Kleisterlee
Chairman

Our purpose


We connect for a better future. We are working hard to build a connected society that enhances socio-economic progress, embraces everyone and does not come at the cost of our planet.

 16 [Read more](#)

Our strategy

We have made strong progress against our four strategic priorities:

1. Deepening customer engagement
2. Accelerating digital transformation
3. Improving asset utilisation
4. Optimising the portfolio

 20 [Read more](#)

Our performance

We have delivered a good financial performance in FY20, reflecting the underlying improvement in our commercial momentum.

 30 [Read more](#)

Our sustainable business

Enabling us to deliver on our purpose and ensure we act responsibly and with integrity wherever we operate.

 40 [Read more](#)

Our response to COVID-19

We are committed to doing our utmost to support society during this period of uncertainty and social change. As a result we announced a rapid, comprehensive and coordinated five-point plan to help the communities in which we operate.

 54 [Read more](#)

Our business at a glance

Where we operate

We manage our business across two scaled and differentiated regional platforms – Europe and Africa.

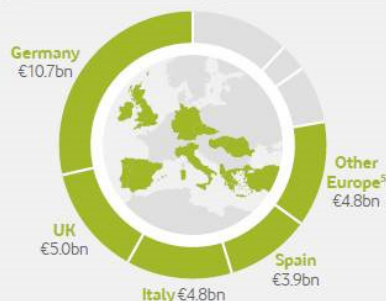
Controlled operations

Europe

A converged leader

Albania	Hungary	Romania
Czech Republic	Ireland	Spain
Germany	Italy	Turkey
Greece	Portugal	UK

77%
of Group
service revenue¹



	Mobile customers (m)	Mobile revenue market share (%) ²	Fixed broadband customers (m)	Fixed revenue market share (%) ³	Consumer converged customers (m)	Convergence penetration (%) ³
Germany	30.1	30.5	10.8	34.9	1.5	13.4
Italy	19.2	32.3	2.9	10.6	1.0	43.8
UK	18.0	20.5	0.8	6.9	0.4	55.4
Spain	13.5	16.2 ⁴	3.2	16.2 ⁴	2.3	91.6
Other Europe	29.5	nm	4.0	nm	0.6	16.8

Proportionate sites

European TowerCo

c. 60,000

Africa

Mobile data and payments leader

Vodacom Group:	Egypt
South Africa	Ghana
Tanzania	
Democratic Republic of Congo	
Mozambique	
Lesotho	

16%
of Group
service revenue



	Mobile customers (m)	Mobile revenue market share (%) ²	Fixed broadband customers (m)	Data customers (m)	M-Pesa customers (m)
South Africa	45.1	46.6	0.1	21.9	nm
Egypt	40.2	39.0	0.7	18.8	1.0
Other Africa	47.4	nm	0.1	22.2	15.6

Other

7% of Group service revenue⁶
includes partner markets and common functions

Joint ventures and associates

	Mobile customers (m)	Mobile revenue market share (%) ²	Fixed broadband customers (m)	Fixed revenue market share (%) ³	Consumer converged customers (m)	Convergence penetration (%) ³
VodafoneZiggo (50% owned)	5.1	28.0	3.4	40.4	1.4	41.0
Vodafone Idea (44.4% owned)	297.0	28.0	0.3	–	–	–
Vodafone Hutchison (50% owned)	5.4	17.1	0.1	–	–	–
Safaricom (26.1% owned) ⁷	35.6	–	0.1	–	–	–

Sites

INWIT (33.2% owned)⁸

c. 22,000

Indus Towers (47% owned)⁹

c. 127,000

Worldwide reach

43

partner markets

To extend our reach beyond the companies we own, we have partnership agreements with local operators in 43 countries.

182

countries with SD-WAN

In 2020, Gartner named us as a global leader in network services, including Software Defined – Wide Area Networking (SD-WAN) where we can currently service 182 countries.

>100

5G cities

We have launched 5G in over 100 cities across 11 of our markets.

Notes:

¹ Based on our financial reporting segmentation which excludes Turkey. ² As at December 2019. ³ % of consumer broadband customer base that is converged.

⁴ Due to the converged nature of the Spanish market only total communications market shares are reported. ⁵ Including eliminations.

⁶ Includes Turkey. ⁷ Effective ownership in Safaricom, with Vodacom owning 34.94% and Vodafone, owning 4.99% directly.

⁸ Following the sale of 4.3% of INWIT's share capital in April 2020. ⁹ Effective ownership in Indus Towers, with Vodafone directly owning 42% and Vodafone Ideas owning 11.5%.

What we offer

We offer a range of communication services to both consumers and businesses.

Our wide range of products and services

Consumer



52%
of service revenue¹

Mobile

We provide a range of mobile services, enabling customers to call, text and access data whether at home or travelling abroad. As Europe moves towards 5G, our ambition is to maintain a co-leading network position in each of our markets.

Fixed broadband, TV and voice

Our fixed line services include broadband, TV and voice. We offer high-speed connectivity through our next generation network ('NGN').

Convergence

Our converged plans, which combine mobile, fixed and TV services, provide simplicity and better value for customers.

Other value added services

These include our Consumer IoT proposition "V by Vodafone", as well as security and insurance products.



12%
of service revenue

Mobile

We provide a range of mobile services, enabling customers to call, text and access data. The demand for mobile data is growing rapidly driven by the lack of fixed broadband access and by increased smartphone penetration.

M-Pesa

M-Pesa is our African payment platform, which has moved beyond its origins as a money transfer service and now provides financial services, together with business and merchant payment services.

Business



28%
of service revenue

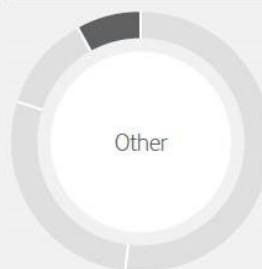
We offer mobile, fixed and a suite of converged communication services to support the growing needs of our business customers, who range from small home offices to large multinational companies.

Internet of Things (IoT)

Cloud & Security

Carrier services

Other



8%
of service revenue⁶

We rent capacity to mobile virtual network operators ('MVNOs'), who use this to provide mobile services. We also offer a variety of services to operators outside our footprint through our partner market agreements.

Key trends shaping our industry

Operating in a rapidly changing industry

Rising global smartphone penetration, ubiquitous superfast internet access, increasingly converged solutions and remarkable new technologies are rapidly transforming the way that we live and work, while simultaneously creating a range of new commercial, regulatory and societal challenges. These long-term opportunities and risks are reflected in our strategy.

Europe Consumer

 20 See pages 20 and 21 of this report for further insights

Fixed line

The demand for high-speed NGN broadband services over cable or fibre is growing rapidly. Over the next five years, Analysys Mason estimates that 35 million households will move to NGN services within Vodafone's Europe footprint. This represents a significant window of opportunity for operators with access to high quality Gigabit capable infrastructure. Fixed revenues in Europe grew by 1.1%¹ over the last year, supported by this shift to NGN services.

Convergence

Consumers are increasingly buying converged bundles, which are a combination of mobile, voice, broadband and TV services.

Note:

1 Source: Analysys Mason.

For the consumer this provides the benefit of simplicity – one provider of multiple services – and better value. For operators this increases customer loyalty, improves customer retention and drives operational efficiencies. Demand for converged services is expected to continue to rise across all markets in Europe, although the pace of adoption will vary by market.

Mobile

Demand for mobile data continues to grow rapidly. Over the last five years, mobile data traffic per user increased by over 55%¹ per annum and growth over the next three years is expected to remain strong.

The challenge for operators is how to monetise this strong volume growth. European total mobile service revenues were flat¹ in 2019, due to substantial unitary price deflation, driven by technological improvements, regulation and a high level of competition. We have launched speed-tiered unlimited data plans, which provides us with an opportunity to upsell customers to higher speed plans, while customers benefit from "worry-free" data usage. The roll-out of 5G services, which began last year, also represents an opportunity for operators to significantly reduce the cost of carrying data on their network. 5G will provide a range of new revenue opportunities over the medium term by enabling operators to offer innovative new products and services to customers.

Africa Consumer

 20 See pages 20 and 21 of this report for further insights



In Africa, mobile data is growing rapidly, with data traffic increasing on average by 70%² per annum over the last five years. This trend is expected to continue, driven by a lack of fixed line infrastructure and the rapid adoption of smartphones. The GSMA estimates that smartphone penetration will rise from 45% to 67% between 2018 and 2025.

Note:

2 Source: Analysys Mason – Sub-Saharan Africa data.

This growth in smartphone penetration provides operators with the opportunity to go beyond connectivity and offer an expanding range of digital services to consumers for the first time, such as international money transfers, loans, handset financing, insurance and recently even merchant payments.

Business

 22 See page 22 of this report for further insights

Fixed line and convergence

Businesses are currently transitioning from traditional Wide Area Networks (WAN) to Software Defined Networks (SDN) in order to simplify their operations, increase their speed of execution, automate their networks and save costs. For operators, who have the expertise to take advantage of this, it represents a significant opportunity.

The demand for converged services is also growing, similar to the Consumer segment, with operators bringing together communication tools for businesses that work across all fixed and mobile end points.

The Internet of Things ('IoT')

The demand for IoT is growing rapidly with a vast array of use cases, which range from sensors used to control industrial machinery and count stock levels to automated self-driving vehicles. The GSMA estimates that the number of business IoT connections will triple from 2019 to reach over 13 billion by 2025.

Mobile

Business demand for mobile services has remained strong, enabling employees from large corporates to Small and Medium sized Enterprises (SMEs) safe and secure access to voice and data services.

However, there continues to be significant price competition, which operators try to offset by cross-selling additional products and services. 5G is a significant medium-term growth opportunity for businesses, as it enables new technologies such as mobile edge computing and mobile private networks.


Rapid technological change

Over the last 30 years, mobile and fixed networks have evolved significantly. In the 1990s, second generation ('2G') mobile networks primarily carried voice calls and SMS data traffic (i.e. texts). Today, mobile users can experience 4G+ download speeds in excess of 800Mbps (>4,000 times faster than 2G) supported by the latest technological advancements, such as carrier aggregation and massive MIMO (multiple input and multiple output) antennae.

The latest evolution of mobile network technology is the deployment of 5G, supported largely by the infrastructure deployed for 4G, combined with new 5G radio spectrum and antennae. 5G enables download speeds of over 1Gbps combined with extremely low latency. Additionally, it will also support up to one million connected devices per square kilometre, 500 times more than 4G – vital for the IoT era.

The evolution of fixed networks has been equally rapid, with legacy copper technology being superseded by NGN infrastructure such as cable and fibre-to-the-home ('FTTH'). Broadband download speeds have evolved quickly from sub-64Kbps via a dialup modem in the late 1990s to download speeds of 1Gbps today, through high-speed NGN services. Further technological advancements, such as full duplex DOCSIS 3.1 and deeper fibre for cable, will deliver even faster speeds of up to 10Gbps in the future.

Digital transformation opportunity

 **23** See page 23 of this report for further insights

The world is undergoing a rapid digital transformation. New technologies including cloud computing, artificial intelligence and robotic process automation are enabling companies to connect with customers directly, proactively offering personalised solutions, while simplifying and automating operational processes and improving the efficiency of all commercial and technological decisions.

Digitalisation is a key operational theme for the telecoms industry, which has a significant proportion of activities that can be automated, while also having unrivalled insight into customer usage trends. By using advanced digital technologies, operators will be able to enhance their customers' experience, generate incremental revenue opportunities, and reduce costs.

The cost cutting opportunity alone for European telecoms has been estimated to be as much as €60 billion³.

Speed of execution will be key in order for operators to further differentiate their services and retain the benefits from digitalisation.

The impact of COVID-19 is also likely to accelerate the adoption of digital services.

Note:
3 Goldman Sachs.

Regulatory intervention

The remit of regulators is extensive, including wholesale charges between operators, spectrum allocation, and obligations in relation to consumer rights. Regulators are also responsible for topics relating to data protection and cyber security. The decision to regulate or not has material consequences. Within the broad remit of ensuring sustainably competitive markets, regulators are tasked with striking the right balance between short-term consumer welfare through measures such as regulated prices and

longer-term consumer welfare by incentivising investment. In 2018 the European Electronic Communications Code was finalised and will be transposed into national law by the end of 2020. The Code overhauled the existing telecoms rules and sought to tip the balance towards longer-term consumer welfare through measures to incentivise the roll-out and take-up of NGN high capacity networks. It also includes a broader set of services in its remit, including over-the-top communication services for the first time.

However, the Code also introduces new regulation in relation to international calls within the EU. We await the implementation of the Code at a national level. Overall, Governments and policy makers have recognised that Gigabit networks will underpin the digital competitiveness of the entire economy. We therefore expect an enabling policy environment to ensure that investors in networks are able to earn a fair return on their investments, ensuring that societies realise their full potential for economic growth.


Highly competitive markets

The European telecommunications industry is highly competitive, with many alternative providers giving customers a wide choice of suppliers. In each of the countries in which we operate, there are typically three or four mobile network operators ('MNOs'), such as Vodafone, which own their own network infrastructure, as well as several resellers that "wholesale" network services from MNOs.

In addition, there are an increasing number of over-the-top operators that provide internet-based apps for content and communication services. In fixed, there is usually one national incumbent (typically the former state owned operator), who is generally required to offer wholesale access to its network at regulated prices to resellers, while most markets will also have one or two cable or satellite operators.

In some markets, the uncompetitive wholesale access terms offered by incumbents and the slow pace of NGN infrastructure roll-out has seen the emergence of alternative fibre builders, who are looking to capitalise on the growing customer demand for Gigabit speeds by offering attractive wholesale access terms to resellers.

Changing customer and societal expectations

 **40** See pages 40 to 50 of this report for further insights

Technology and connectivity can create a more positive future for societies around the world. Every day, we work to help our customers, partners and other stakeholders understand how new technology can enhance their business and contribute to socio-economic progress.

However it is important to recognise that the benefits of a connected society need to be accessible to all

and cannot come at the cost of the future of our planet. Society expects companies to find ways to minimise their impact on the environment while continuing to grow. They also expect organisations to help to bridge the divides that exist and find ways to address inequalities.

We believe that our technology can give marginalised communities access to the

transformative power that connectivity delivers, as it democratises access to better health information, education resources and financial services for people around the world.

We are also doing our utmost to support society during the COVID-19 outbreak – providing critical connectivity and communications services to help the communities in which we operate.

Our business model

Using our leading scale and superior Gigabit infrastructure to create value

<p>Differentiated assets</p>	<ul style="list-style-type: none"> Leading scale Unique platforms Our people The 'Spirit of Vodafone' Our brand
<p>Growth opportunities</p>	<ul style="list-style-type: none"> Europe Consumer A converged leader Africa Consumer Mobile data and payments leader Business Unique global footprint
<p>Financial strength</p>	<ul style="list-style-type: none"> Revenue Cost Free cash flow Balance sheet

Our business model is underpinned by our...

<p>Sustainable business focus</p> <p> 40 Read more</p>	<p>'Social' contract</p> <p> 52 Read more</p>	<p>People and our culture</p> <p> 56 Read more</p>	<p>Principal risk factors and uncertainties</p> <p> 62 Read more</p>	<p>Strong governance framework</p> <p> 72 Read more</p>
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Leading scale

- Europe's largest fixed NGN footprint covering 136 million households, providing customers with Gigabit capable speeds.
- Leading/co-leading mobile networks and deep spectrum positions.
- Unique global footprint and scale in Vodafone Business, with our SD-WAN coverage extending to 182 markets.
- Europe's largest tower company with 60,000 sites is now operational.

Unique platforms

- One of Europe's leading TV platforms with 22 million active viewers.
- MyVodafone app driving loyalty and customer engagement.
- A market leading IoT platform.
- M-Pesa – Africa's leading mobile payment platform.
- Vodafone Intelligent Solutions ('VOIS') – our scaled shared service centres.

Our people

We have 93,000 employees whose passion, commitment and expertise are key to our success.

The 'Spirit of Vodafone'

Creating a culture that inspires employees to earn customer loyalty, experiment and learn fast, and create the future by getting things done together.

Our brand

- We are one of the world's most recognised brands.

Europe Consumer

We have Europe's largest NGN footprint, providing us with a unique opportunity to gain substantial market share in fixed line, and the ability to drive convergence across our fixed/mobile customer base. In mobile, we have the opportunity to upsell through our speed-tiered unlimited data offers and 5G. We are also expanding our range of products and services, such as security and handset insurance.

Africa Consumer

We have a significant opportunity to drive mobile data growth given the lack of fixed line infrastructure, and expand M-Pesa to capture digital and financial services opportunities.

Business

We have a unique global footprint to meet the needs of multinational corporates. We are also a challenger to incumbents in fixed, can leverage on our leadership position in IoT, and are a digital enabler for SoHo and SMEs.

Revenue

- We generate revenue primarily through monthly recurring contracts or subscriptions.
- This provides us with robust and resilient revenue streams.

Cost

- We have a number of opportunities to structurally transform and fundamentally reshape our cost base by:
 - being Digital 'First'
 - being radically simpler
 - leveraging our Group scale
- We are also focused on improving our asset utilisation, improving our return on capital through network sharing, capturing M&A synergies and driving efficiencies through a centrally managed European TowerCo.

Driving free cash flow generation

Our clear focus on revenue growth, cost saving and improved asset utilisation supports our free cash flow generation. Free cash flow ('FCF') pre-spectrum was €5.7 billion in FY20 (up 4.7% year-on-year). This supports our ability to invest in critical infrastructure, maintain a robust balance sheet and pay dividends to shareholders.

Our balance sheet is robust

Our average tenure of debt is 12 years, we have no significant short-term refinancing needs and have good liquidity headroom.

...creating value for society and returns for our shareholders**Shareholders**

Total dividend per share in FY20: 900 eurocents.

Society

Improving one billion lives and halving our environmental impact.

Our people

COVID-19 pulse survey results: 84% of employees feel well connected to their team.¹







Note: 1 Based on our third Global Pulse Survey.

Our stakeholders

Stakeholder engagement

Engaging regularly with our stakeholders is fundamental to the way we do business. This ensures we operate in a balanced and responsible way, both in the short and longer-term. We are committed to maintaining good communications and building positive relationships with all our stakeholders, as we see this as essential to strengthening our sustainable business. The table below summarises our interactions with key stakeholders during the year.

 **80** For more details on stakeholder activities specifically undertaken by the Board

	How did we engage with them?	
 <p>Our customers</p> <p>We are focused on deepening our engagement with our customers to develop long-term valuable and sustainable relationships. In total we have 334 million customers across Europe and Africa, ranging from individual consumers to large multinational corporates.</p>	<p>Via our</p> <ul style="list-style-type: none"> – Branded retail stores – Call centres 	
		<ul style="list-style-type: none"> – Digital channels: MyVodafone app – TOBi chatbots – Social media interaction – Vodafone website
 <p>Our people</p> <p>Our people are critical to the successful delivery of our strategy. It is essential that they are engaged and embrace our purpose and values. Throughout the year we focused on a number of areas to ensure that our people are highly motivated at both Group and local market level.</p>	<ul style="list-style-type: none"> – Regular meetings with managers – European Employee Consultative Committee – National Consultative Committee (South Africa) – Internal website 	
		<ul style="list-style-type: none"> – Executive Committee discussions – Newsletters and electronic communication – Employee Speak Up Channel – Global Pulse Survey in response to COVID-19
 <p>Our suppliers</p> <p>Our business is helped by more than 11,000 suppliers who partner with us. These range from start-ups and small businesses to large multinational companies. Our suppliers provide us with the products and services we need to deliver our strategy and connect our customers.</p>	<ul style="list-style-type: none"> – Events and conferences – Safety forums – Ongoing site visits 	
		<ul style="list-style-type: none"> – Tenders and requests for audits – Supplier audits and assessments
 <p>Our local communities and non-governmental organisations ('NGOs')</p> <p>We believe that the long-term success of our business is closely tied to the success of the communities in which we operate. We interact with local communities and NGOs seeking to be a force for good wherever we operate.</p>	<ul style="list-style-type: none"> – Through our products and services – Community interaction on projects relating to education, health, agriculture and inclusive finance 	
		<ul style="list-style-type: none"> – Vodafone Foundation/ community partnerships – We work with different NGOs around the world
 <p>Governments and regulators</p> <p>Our relationship with governments and regulators is important to ensure policies are developed in the interests of our customers and the industry, while also enabling them to better understand our impact on the community and the environment.</p>	<ul style="list-style-type: none"> – Participation in company and industry meetings with government and regulators – Participation in public forums – Attending industry meetings – Partnering on various social programmes 	
		<ul style="list-style-type: none"> – Meetings with ministers, elected representatives, policy officials and regulators – Hosting workshops to improve sector understanding – Participation in parliamentary processes
 <p>Our investors</p> <p>Our investors include individual and institutional shareholders as well as debt investors. We maintain an active dialogue with our investors through our extensive investor relations programme.</p>	<ul style="list-style-type: none"> – Personal meetings, roadshows, conferences – Capital markets days – Annual and interim reports – Stock Exchange News Service ('SENS') announcements 	
		<ul style="list-style-type: none"> – Investor relations website – Annual General Meeting ('AGM')

What were the key topics raised?

- Key topics raised through focus groups:
- Better value offerings
 - Faster data networks and wider coverage
 - Making it simple and quick to deal with us
 - Managing the challenge of data-usage transparency
 - Converged solutions for consumer and business customers
 - Prompt feedback/resolution on service-related issues

How did we respond?

- Launched speed-tiered worry-free unlimited data offers in six markets
- Launched 5G in 11 markets and significantly expanded our 4G and 4G+ coverage
- Launched a new MyVodafone app, making it easier to manage accounts
- Introduced integrated packages offering internet, TV and mobile
- Extended our range of V by Vodafone Consumer IoT products
- Launched innovative apps and services in gaming, augmented reality and virtual reality
- Facilitated working from home and increased data allowances during the COVID-19 crisis

- Opportunities for personal and career development
- Communication and knowledge sharing across the Group
- Enhancing leadership coaching capacity
- Deepening digital skills
- Impacts of COVID-19 and Brexit
- People survey actions

- We have created a new culture called the 'Spirit of Vodafone'
- Training courses included developing new skills such as digital marketing, e-commerce, coding, big data and analytics
- Internal communication to staff on the impacts of COVID-19 and Brexit
- People survey actions include having divisional "implementation champions", and monitoring progress at Executive Committee level

- Improving health and safety standards
- Promoting diversity and inclusion
- Partnering on environmental solutions
- Timely payment and fair terms
- Supplier/product innovation

- Held safety forums in different countries every quarter
- Held an event to encourage adoption of UN Global LGBT+ standards
- Enrolled over 3,500 suppliers to access supply chain financing facilities and free e-invoicing tools
- Hosted a technology event to encourage our suppliers to explore the latest technologies
- Faster payment terms to support smaller businesses during the COVID-19 crisis

- Access to mobile voice and data services
- Free-to-use social media, education and job sites
- Responsible investment in infrastructure
- Delivery of global and national development goals

- Launched ConnectU in South Africa – a "free to use" portal providing essential services to customers
- Ensured that our technology continues to be compliant with national regulations and international guidelines
- Vodafone became the United Nations High Commissioner for Refugee's largest corporate partner for Connected Education
- Responded to COVID-19 providing free access to vital healthcare lines and websites

- Data protection and privacy
- Security and supply chain resilience
- Ensuring that spectrum is managed as a strategic resource
- Opportunities for job creation and socio-economic development
- Regulatory compliance (e.g. mobile termination rates, price, security, safety, health and environmental performance)
- Measurements of EMF emissions from sites

- Held workshops with European and US Governments as well as the European Commission
- Increased communication on the impact of electromagnetic fields (EMF)
- Engaged on network design and deployment e.g. Open RAN
- Engaged on issues such as the allocation of spectrum and the protection of consumers
- Discussion on an environment that facilitates investment in technology

- Strategy to ensure sustained financial growth
- Impact of COVID-19
- Responsible allocation of capital
- Sound corporate governance practices
- ESG strategy and targets
- Dividend policy
- Deleveraging strategy

- We held meetings with major institutional shareholders, individual shareholder groups and financial analysts and attended several conferences during which we addressed key topics raised
- These were attended by the appropriate mix of Directors and senior management, including our Chairman, Chief Executive, Chief Financial Officer, and senior leaders
- We hosted a "Meet the Board" and Digital investor open office
- We expanded disclosure to include return on capital employed (ROCE). See page 39.

Chief Executive's review

Accelerating our strategic priorities to support a societal recovery

Vodafone has delivered a good financial performance – growing revenue, adjusted EBITDA and free cash flow – whilst building strong commercial momentum through the year and executing at pace on our strategic priorities. We have also continued to invest in our fixed and mobile Gigabit network infrastructure and digital services, to provide faster speeds for our customers, as well as successfully managing the recent surges in demand.

The services Vodafone provides are more important than ever and we are committed to playing a key role in society's recovery to the "new normal".

I am pleased with the rapid, comprehensive and coordinated way we responded to the COVID-19 crisis. I want to give my personal thanks to the entire Vodafone team, who through their dedication, expertise and professionalism, have kept families, friends and communities connected, enabled students to continue their education, helped businesses operate and proactively supported governments to deliver critical services.

COVID-19 response: Rapid, comprehensive and coordinated response to support the digital society

We are committed to doing our utmost to support society during this period of uncertainty and change. As a provider of critical connectivity and communications services enabling our digital society, we announced a five-point plan to help the communities in which we operate. Our plan is to:

- maintain network service quality;
- provide network capacity and services for critical government functions;
- improve dissemination of information to the public;
- facilitate working from home and help small and micro businesses within our supply chain; and
- improve governments' insights in affected areas.

Teams throughout our markets have worked tirelessly to deliver our five-point plan and to support all the communities in which we operate. So far, the actions we have taken have totalled donations of goods and services of approximately €100 million, reaching 78 million customers.



Our purpose: We connect for a better future

We work hard to build a digital future that works for everyone. It is our ambition to improve one billion lives and halve our environmental impact by 2025. We are driving progress towards the delivery of our 2025 targets across three pillars: Digital Society; Inclusion for All; and Planet. We also remain dedicated to ensuring that Vodafone operates responsibly and ethically.

To demonstrate our commitment to delivering on our purpose, we will be introducing a number of purpose-led ambitions into our Executive global long-term incentive plan. Subject to shareholder approval at our 2020 AGM, these ambitions will be included from the FY21 grant onward, and will be directly linked to the progress made across our three pillars. Further details on this can be found in this year's Remuneration Report.

Our performance: Good financial performance

Group revenue increased by 3.0% to €45.0 billion, reflecting the underlying improvement in commercial performance and the contribution from the acquired Liberty Global assets, which were consolidated from August 2019, partially offset by the disposal of Vodafone New Zealand. Group organic service revenue increased by 0.8%* to €37.9 billion and adjusted EBITDA increased by 2.6%* to €14.9 billion driven by our commercial momentum and strong delivery of our multi-year cost saving programme. Free cash flow (pre-spectrum) increased by 4.7% to €5.7 billion.

As a result of the good financial performance, robust financial position and our liquidity position, I am pleased that the Board has declared total dividends per share for the year of 9.00 eurocents (FY19: 9.00 eurocents). A further review of our financial performance is detailed on pages 30 to 39.

Our strategy: Strong progress on all four strategic priorities

At the start of the financial year, we set out four strategic priorities that would guide our actions and ambitions:

- deepening customer engagement;
- accelerating digital transformation;
- improving asset utilisation; and
- optimising the portfolio.

Throughout the year we have executed at pace across all four priorities. Whilst much work remains to be achieved in the years ahead, we have delivered a significant step-change in progress against our transformation agenda. Pages 20 to 25 detail our progress against each of these priorities. Particular highlights during the year include:

- successfully launched 5G services in 11 markets, together with new unlimited plans;
- delivering a sixth consecutive quarter of improvement in customer loyalty;
- adding more than 1.4 million new NGN fixed-line customers;
- delivering two-thirds of our ambitious, multi-year digital transformation strategy, with a cumulative €0.8 billion of net operating cost savings in Europe generated so far;
- becoming the first telecommunications operator in Europe to reach an agreement with Amazon Web Services (AWS) to support ultra-low latency mobile edge computing services;
- concluding a range of network sharing partnerships across Europe including with Deutsche Telekom in Germany, Telecom Italia in Italy, Orange in Spain and Romania, Telefonica in the UK, and Wind in Greece;
- completing the merger of our passive tower infrastructure in Italy with INWIT, which generated €2.35 billion in cash and a 37.5% shareholding in INWIT (which we subsequently sold down to 33.2% in April 2020); and
- completing a significant amount of portfolio simplification activity to enable greater focus on our two regional platforms in Europe and Africa.

Outlook: Accelerating strategic priorities to support societal recovery

Whilst we are not immune to the pressures facing the economies in which we operate, we have a relatively resilient operating model and we are accelerating key aspects of our strategic priorities to support societal recovery. The events of the last few months have reaffirmed the importance that governments, businesses and societies place on high quality, reliable and affordable technology and connectivity. This is providing us with an opportunity to accelerate the pace at which we can provide new products and services to meet the increasing connectivity demands of our customers, across all of our markets.

We are transforming our channel mix and digital customer care teams at pace and are radically simplifying our cost structures through the use of technology. We are driving down the costs and environmental impact of our networks through network sharing arrangements and our European tower company is now fully operational. Our focus will remain on executing our strategic agenda at pace, managing the shorter-term challenges that are undoubtedly present, whilst continuing to connect for a better future.

Chairman succession

I would like to thank Gerard personally for his substantial contribution to the Company since he became our Chairman nine years ago. We have all benefited considerably from his leadership, experience and wise counsel during a period of significant strategic transformation. I look forward to welcoming Jean-François van Boxmeer to the Board. He has presided over a highly successful period of transformation and value creation at Heineken, has extensive international experience in driving growth, and is highly-regarded as one of the longest standing and most successful CEOs in Europe.

/s/ Nick Read

Nick Read
Chief Executive

Our purpose

We connect for a better future. We are working hard to build a connected society that enhances socio-economic progress, embraces everyone and does not come at the cost of our planet.

 16 [Read more](#)



Our strategy

We have made strong progress against our four strategic priorities:

1. Deepening customer engagement
2. Accelerating digital transformation
3. Improving asset utilisation
4. Optimising the portfolio

 20 [Read more](#)



Our purpose

We connect for a better future

We are a communications technology company connecting over 334 million people, and organisations of all sizes, to the digital society. We are optimistic about how technology and connectivity can enhance the future and improve people's lives.

Through our business, we aim to build a digital society that enhances socio-economic progress, embraces everyone and does not come at the cost of our planet.

That is why we have committed to improve one billion lives and halve our environmental impact by 2025, by taking concrete action in three areas.

Digital Society | **Inclusion for All** | **Planet**



Digital Society



We believe in a connected digital society, where data flows at speed, connecting people, communities and things to the internet like never before. Gigabit networks, IoT and mobile financial services enable incredible innovation and technologies to be developed to help make our lives easier, healthier, smarter and more fulfilling.

Citizens will access an ever-growing range of services in real-time and businesses can develop new products and services to meet the needs of future generations



Connecting over **250m** people to our next generation networks by 2025

Connecting over **150m** vehicles to the IoT by 2025

We will create more efficient, safer and smarter transport



With a mobile phone and an M-Pesa account, people on low incomes can send, receive and store money safely and securely, giving them more control over their financial affairs.



Connecting over **50m** people and their families to mobile money services by 2025

 41 Read more



Our purpose (continued)

Inclusion for All



We believe that the opportunities and promise of a better digital future should be accessible to all and are committed to ensuring that the more vulnerable are not left behind on the journey towards that future. Through our technology, we will work to bridge the divides that exist and help people to contribute equally and fully to society.

Connecting an additional

20m

women in Africa¹ and Turkey to mobile by 2025

Through specially designed products and services, we will help to improve health and wellbeing, create financial inclusion and increase safety and security, so women can reach their full potential.

We will help thousands of women to progress their careers, stimulating lost economic activity for the benefit of all

#1

becoming the world's best employer for women by 2025

Supporting

10m

young people to access digital skills, learning and employment opportunities by 2022

We will help to upskill the next generation and support them to succeed in the digital economy



Improving the lives of

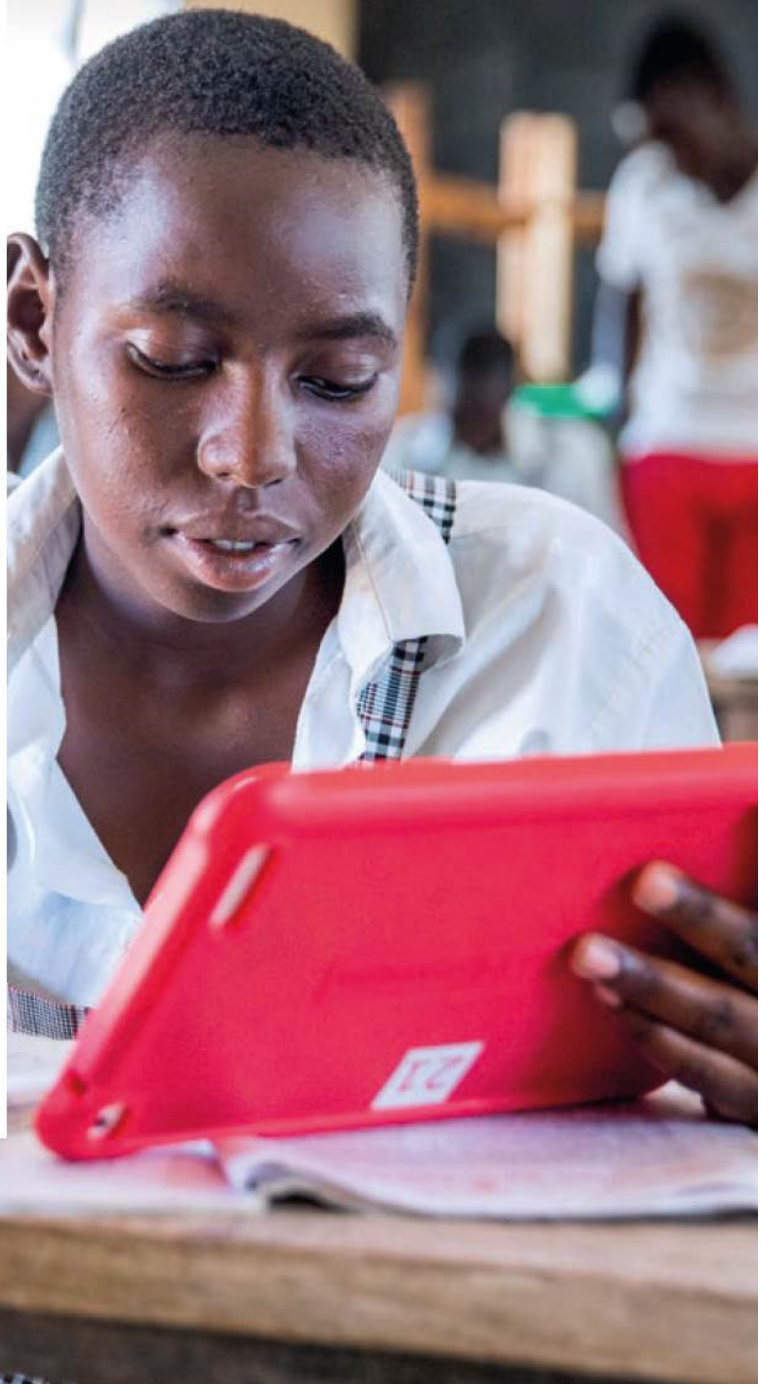
400m

people through our Foundation programmes by 2025

We aim to support the more vulnerable people in society, enabling free access to healthcare and educational resources and creating opportunities for them to improve their lives and livelihoods

44 Read more

Note: 1 Excludes Egypt.



Planet



We believe that urgent and sustained action is required to address climate change and that business success should not come at a cost to the environment. Through our commitment to halve our environmental impact, we will help to ensure a sustainable future for all. Our focus on energy efficiency, renewable energy supply and network waste reduction will help us to mitigate the growth of our business and our customers' increasing demand for data.

We will significantly reduce our impact on the environment, while ensuring we can continue to grow profitably



Reducing our greenhouse gas emissions by 50% by 2025¹

Purchasing

100%
of our electricity from renewable sources by 2025

We will reduce our reliance on fossil fuels, future-proof our energy supply and help to create a healthier planet for everyone



Reusing, reselling or recycling

100%
of our redundant network equipment²

We will reduce the amount of electronic waste produced by our business and will support the move towards a more circular economy

 **46** [Read more](#)

Notes: 1 Against a 2017 baseline.
2 Excluding hazardous waste.



Our strategy



Deepening customer engagement

Our ambition

Consumer

Europe

Africa

We aim to deepen the relationship we have with our customers by selling additional products and services, particularly fixed and converged products in Europe and mobile data and financial services in Africa. This will drive revenue growth and improve customer loyalty.

Business

Our strategy in the Business segment is to drive growth and deepen engagement with our existing mobile customers by cross-selling additional total communications products including next generation (NGN) fixed, IoT and Cloud services.



Our progress

Consumer

We have made strong progress on our strategy and delivered a more consistent commercial performance across both Europe and Africa this year. This has driven six consecutive quarters of improved customer loyalty, with mobile contract churn in Europe down 1 percentage point year-on-year (see chart below). Based on Consumer net promoter scores, at the end of the period the Group was a leader or co-leader in 12 out of 18 markets. We also maintained our good momentum in mobile and NGN net additions.

Europe

We are the largest mobile and fixed operator in Europe, supported by:

- Our NGN fixed-line network which is the largest in Europe and covers 136 million households (see chart below). This provides us with a significant opportunity to capture market share gains and increase average revenue as customers move from legacy Digital Subscriber Line (DSL) to Gigabit capable technologies. By FY23, we will be able to deliver Gigabit speeds to approximately 50 million homes across Europe on our own network (see chart below).
- Driving convergence across our customer base. We believe there is a strong opportunity to increase the number of customers who subscribe to converged or multi-product services. This also helps improve customer loyalty.

- Our subscription-based television distribution business in Europe, which now has over 22 million active customer subscriptions.

During the year we launched a number of specific commercial initiatives. These included:

- Launching new speed-tiered unlimited mobile data plans across six markets, meeting customers' demand for "worry-free" data usage and creating opportunities for revenue growth. Our unlimited data customer base totalled 4 million consumer SIMs by the end of FY20. We also launched 5G services in 97 cities across eight European markets.
- In Germany, following the acquisition of Unitymedia, we are the leading provider of Gigabit services with a significant speed advantage over the incumbent operator. The percentage of homes passed on our network that subscribe to our NGN broadband service was 33% in FY20, reflecting the significant opportunity we still have to increase our market share and upsell customers to higher speed packages. In Q4, we launched a new "GigaCable Max" campaign as part of the re-branding of Unitymedia to Vodafone which highlighted our network advantage. This campaign has been highly successful and helped drive record cable net additions of more than 250,000 in H2.

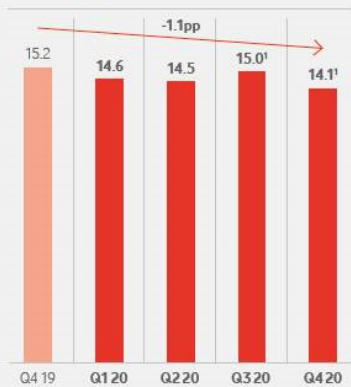
- In the UK, we began a new campaign, the "Great British Broadband Switch", to coincide with new regulation relating to out-of-contract broadband customer notifications. This campaign contributed to a record number of new Consumer fixed customers added in the fourth quarter. Fixed-line broadband connections now total 751,000.

Africa

In Africa, demand for mobile data remains significant given the lack of fixed line infrastructure. There is also a substantial opportunity to grow M-Pesa (our mobile payments platform) and expand it into new financial and digital services.

During the year, we saw continued growth in the demand for mobile data. Monthly average data usage increased to 2.0GB (FY19: 1.4GB) and the total number of data users grew by 7.0 million to 82.6 million.

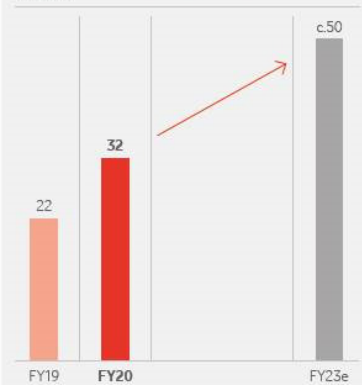
Europe mobile contract churn (%)



Europe's largest fixed NGN footprint (Marketable households – million)



Households with Gigabit capable connections on our network (million)



Our strategy (continued)

Deepening customer engagement (continued)

Our progress

Business

Vodafone Business has increased its pace of strategic execution following the appointment, in September 2019, of Vinod Kumar to lead our cross-geography activities. Business customers, ranging from entrepreneurial sole traders through to large global organisations, contribute 28% to our total service revenue.

- We continue to see a significant opportunity to win market share in the evolving wide area networking ('WAN') market. With businesses more reliant on remote working and multi-site operations than ever before, we are seeing larger enterprise customers investing in more reliable software defined networking ('SDN') and moving away from legacy solutions which are both less reliable and more expensive to maintain.
- Our leading global Internet of Things ('IoT') platform continues to resonate with Business customers and we added 19.5 million new SIM connections during the year. Our IoT connections support a range of industries including car manufacturers, logistics, energy and healthcare.
- In December, we were the first telecommunications operator in Europe to announce an agreement with Amazon Web Services ('AWS') to support ultra-low latency mobile edge computing services by deploying AWS Wavelength solutions at the edge of Vodafone's 5G networks, as part of our multi-cloud strategy. With low latency, the new services will help support artificial intelligence, augmented and virtual reality, video analytics, autonomous vehicles, robotics and drone control, and will generate incremental revenues for the Group.
- Our Business customer activities continue to gain traction in South Africa, with revenue from Business customers now contributing 20% of total service revenue.

Business global footprint

■ Markets with SD-WAN coverage



Delivering financial inclusion in Tanzania – M-Pesa



We have a vision to take Tanzania into the digital age, where our mobile money service M-Pesa will allow the country to gradually reduce its reliance on cash transactions and pave the way for digital and mobile payments. Tanzania has a predominantly rural population, which makes access to traditional financial services challenging but creates an opportunity for digital solutions.

Mobile money agents have played a fundamental role in strengthening financial inclusion by helping to extend access to the unbanked population. Over the last decade, M-Pesa has been a remarkable success story, delivering significant social and financial value and deepen our relationship with customers.

Vodafone Tanzania is now moving away from the prevailing perception that M-Pesa is only a tool to send and receive money. It is evolving to become a platform for rolling out financial services that address the financial needs of Tanzanians. To date, our partnerships with commercial banks in Tanzania have delivered services that address key financial needs. Examples include overdraft services through "Songesha", a partnership with TPB Bank; loans and saving services to small entrepreneurs with "M-Pawa", a partnership with the Commercial Bank of Africa, and our Sharia-compliant "Halal-Pesa" in partnership with Amana Bank. In partnership with TPB Bank, we provided community-based digital financial solutions through "M-Koba".

Most small businesses in African markets like Tanzania are run by women, often before developing business knowledge including bookkeeping or accounting. By equipping women with mobile financial tools and enabling them to access information, we empower them to improve their financial literacy and help them learn new ways of doing business. In turn, this improves their overall wellbeing and the economic welfare of their families, with a significant effect on wider society, the economy and the country as a whole.



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Read more on how Vodafone is improving lives through M-Pesa on page 43



Accelerating digital transformation

Our ambition

We have a clear ambition to strengthen our differentiation and lead the industry in capturing the benefits of digital. As a result, we are systematically transforming our operating model by being Digital 'First' – delivering a fundamentally improved customer experience whilst also structurally lowering our cost base. We shared our ambitions at an investor event in September 2019, where we discussed three primary areas of focus: digital customer management, digital technology management and digital operations.

Our progress

In FY19, we began our multi-year programme to generate at least €1.2 billion of net savings from operating expenses in Europe and Group common functions. At the end of the financial year we had successfully achieved €0.8 billion of our original target and we remain on track to achieve the remaining €0.4 billion in the financial year ahead. Highlights of activity in the financial year include the following:

- We have increased the use of technology to communicate with existing customers. We are migrating from less efficient manual models and call centres, to “always-on” digital marketing. At the end of the financial year, 11 of our 13 European markets were using these new systems.
- Assisting our customers with routine queries is a central part of our operations. In FY19, we conducted over 42 million assisted conversations through our contact centres every month.

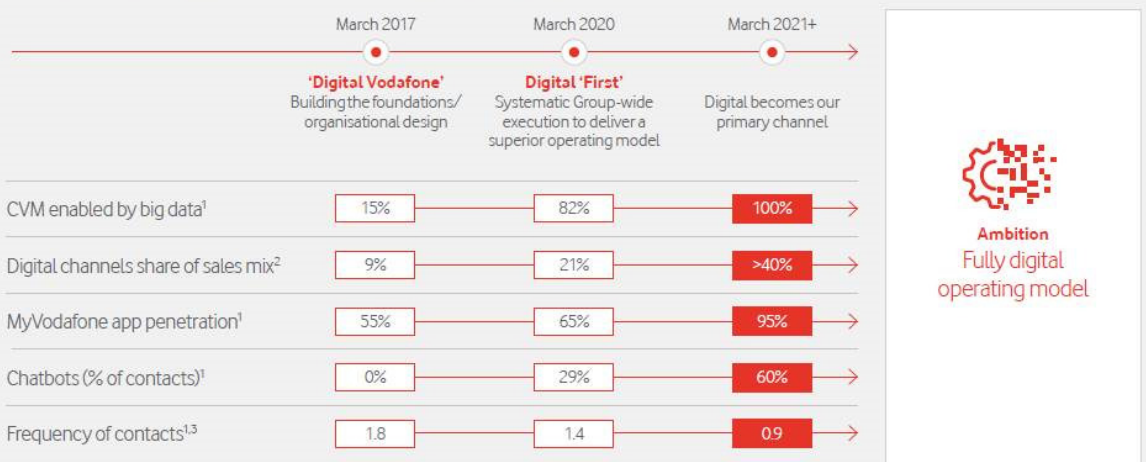
This incurred an annual cost of over €1.2 billion. Through a targeted programme of technology deployment, including our Artificial Intelligence (AI) assistant “TOBi”, we reduced the number of customer calls by 20% over the last two years.

- In FY19, we had almost 7,700 retail stores across the Group, which drove €800 million of annual operating expenses. We still see a central role for retail stores in our future channel mix, but we are evolving to a more integrated and holistic approach to channel management. By the end of the financial year we had reduced our store footprint by 7%.
- Across the Group, we have over 20,000 team members within our shared services, under the banner “_VOIS”. This is a digital operations centre of excellence. Over the last two years, we have created 3,500 FTE role efficiencies through robotics, artificial intelligence and process optimisation.

Our teams have continued to identify further cost saving and efficiency opportunities in addition to this initial target in a number of areas. As a result, we are extending our cost transformation programme. We are now targeting to deliver at least €1 billion of net operating expense savings during FY21-23, in addition to the €0.8 billion delivered in FY19-20.

Moreover, we expect to deliver a net reduction in commissions paid to distribution channels. Every year, we spend approximately €2.5 billion in commissions to third parties. As we move our sales towards digital direct channels we expect these costs to reduce over time and contribute to our margin expansion.

Our digital journey: towards a fully digital operating model



Notes:
 1 Includes all European markets. 2 Mobile contract and fixed acquisitions and retentions in Germany, Italy, UK, Spain. 3 FOC requiring human intervention per year.

Our strategy (continued)



Improving asset utilisation

Our ambition

We aim to improve the utilisation of all of the Group's assets as part of our focus on improving the Group's return on capital.

Our progress

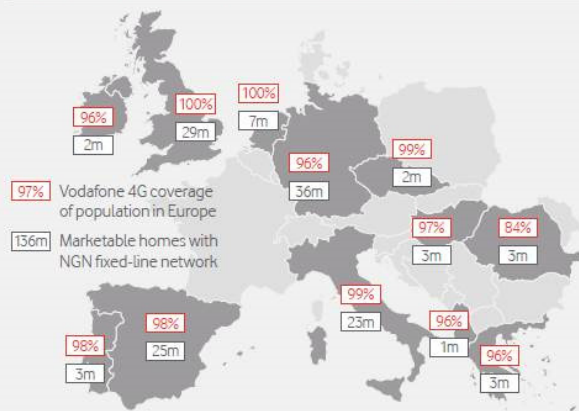
We employ significant capital resources across both our fixed line and mobile communications infrastructure. The quality of our network is of paramount importance in delivering an overall compelling experience for our customers. Over the past year we have explored a number of routes to improve both the capacity and coverage of our networks, whilst also improving the utilisation of these valuable assets. These initiatives include:

- "Passive" sharing: reciprocal access with other communications providers to the physical mobile sites (i.e. towers and rooftops) to install radio equipment;
- "Deep passive" infrastructure sharing: as above, but also including reciprocal access with other communications providers to the high-speed fixed infrastructure connecting mobile sites;
- "Active" infrastructure sharing: reciprocal access with other communications providers to both the physical mobile sites and radio equipment, outside of major urban areas; and
- Asset "monetisation": monetising our infrastructure assets, highlighting the valuation gaps between infrastructure assets and listed telecommunications providers.

During the year, we made strong progress in each of these areas, with the following highlights:

- We have now secured a range of network sharing partnerships across Europe including: Deutsche Telekom in Germany, Telecom Italia in Italy, Orange in Spain and Romania, Telefonica in the UK and Wind in Greece. These network sharing agreements support improved mobile coverage in rural areas, reduce our environmental impact, increase the pace of 5G network deployment and generate significant cost savings.
- In July 2019, we announced our intention to separate our European tower infrastructure and to explore a variety of monetisation alternatives. We have now completed the operational separation, with the full management team in place. We are preparing for a potential IPO in early calendar 2021, and we are targeting to provide financial information at our interim results in November 2020.
- In March 2020, we completed the merger of our passive tower infrastructure in Italy with INWIT. This merger has created Italy's leading tower company with over 22,000 towers. Vodafone received €2.1 billion in cash and a 37.5% shareholding in the combined entity. In April 2020, we received special dividends of €0.2 billion following the INWIT recapitalisation and subsequently sold down 4.3% of our shareholding realising a further €0.4 billion of proceeds. Our current shareholding in INWIT is 33.2% and we intend to retain joint control alongside Telecom Italia.
- We have made a fast start on integrating the recently acquired Liberty Global assets in Germany and CEE and remain confident that we will deliver the €535 million of targeted annual cost and capex savings by the fifth full year post-completion. We have launched converged offers in all four markets, and are encouraged by the uptake.

Mobile network sharing and scaled fixed infrastructure



Mobile network sharing agreements in place in all major markets:

5G in 97 cities across eight markets

136 million marketable NGN homes:

- 32 million on-net Gigabit capable
- 23 million on-net NGN
- 20 million strategic partnerships
- 61 million wholesale access

Targeting c.50 million on-net Gigabit homes by FY23



Optimising the portfolio

Our ambition

Our aim has been to actively manage our portfolio in order to strengthen our market positions, simplify the Group and reduce our financial leverage.

Our progress

Over the last two years, we have executed a significant amount of portfolio activity, in order to reposition the Group as a converged communications technology provider across our two scaled geographic platforms in Europe and Africa. The optimisation of our portfolio is now substantially complete. The table on the right hand side summarises our activity.

Acquisitions

Germany & CEE	Acquisition and integration of Liberty Global's assets for €18.5 billion in July 2019
Greece	Acquisition of CYTA Telecommunications Hellas for €118 million in July 2018
Albania	Acquisition of AbCom for an undisclosed amount in March 2020

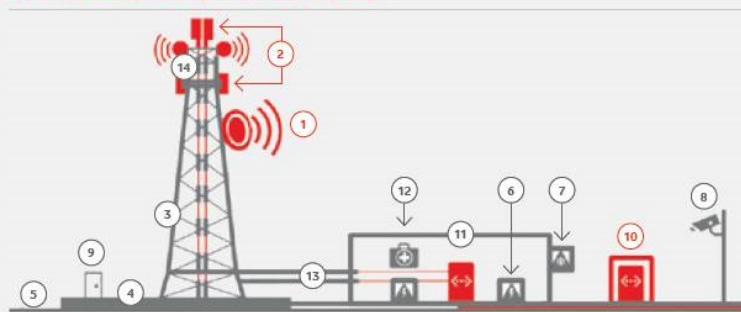
Disposals

New Zealand	Sale of 100% holding to Infratil and Brookfield for €2.0 billion in July 2019
Malta	Sale of 100% holding to Monaco Telecom for €242 million in March 2020
Qatar	Sale of 51% holding to Qatar Foundation for €301 million in March 2018
Egypt	MoU signed with Saudi Telecom in January 2020 to pursue sale of 55% holding for €2.2 billion

Mergers

Italy	Merger of Vodafone Italy's towers into INWIT for €2.35 billion and 37.5% holding in INWIT in March 2020
India	Merger of Vodafone India and Idea Cellular in July 2018
India	Agreement on proposed merger of Indus Towers with Bharti Infratel in April 2018
Australia	Merger of our existing Vodafone Hutchison joint-venture with TPG Telecom received competition approval in March 2020
Africa	Consolidated our holdings in Safaricom and M-Pesa to be primarily held through Vodacom in April 2020

Creating Europe's largest tower company



Asset	Owner	Asset	Owner
1 Active radio transmission equipment	Vodafone	8 Surveillance systems	TowerCo
2 Antennae and cables (fibre/feeders)	Vodafone	9 Access facilities	TowerCo
3 Physical tower, masts and pole	TowerCo	10 Outdoor cabinet	Vodafone
4 Foundation and fencing	TowerCo	11 Shelter/service rooms	TowerCo
5 Contractual right to occupy site area	TowerCo	12 Emergency equipment	TowerCo
6 Power equipment	TowerCo	13 Cable routing (duct)	TowerCo
7 Cooling system	TowerCo	14 Mounting equipment	TowerCo

July
2019

Separation programme announced

Feb
2020

Management team appointed

May
2020

TowerCo operational

– Management team in place
– Legal separation in Germany and Spain
– Focus now on financials and operations

Nov
2020

Publishing financial information

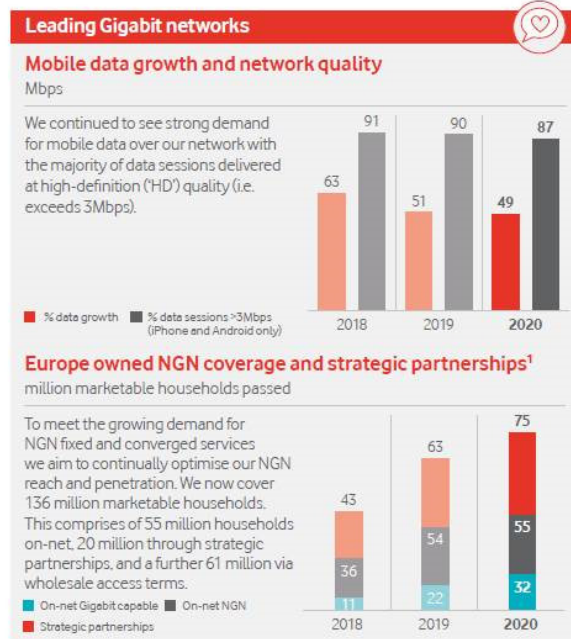
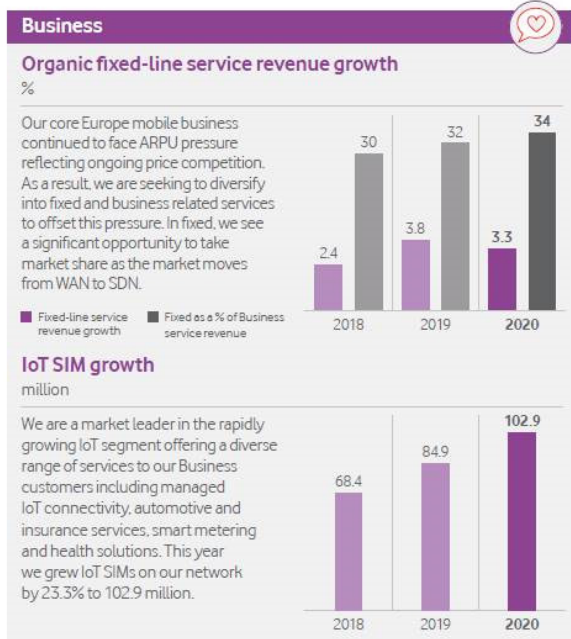
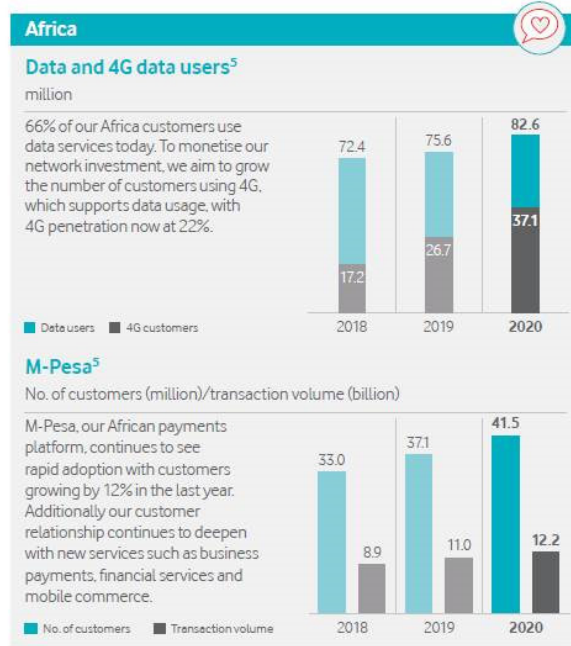
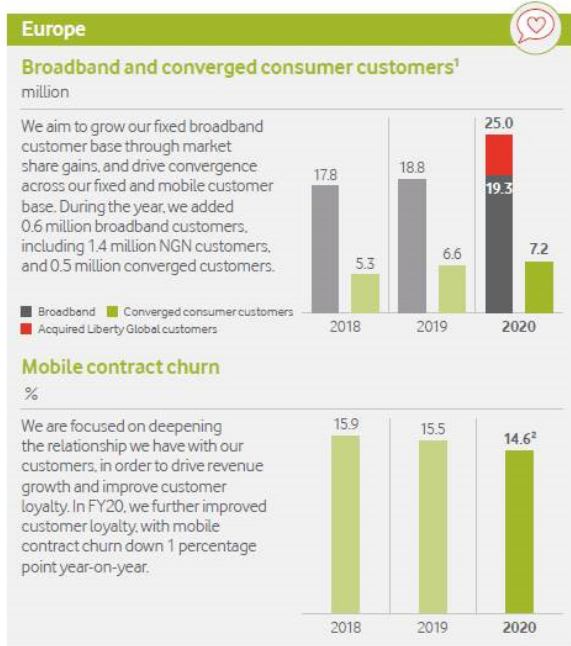
Early
2021

Targeted window for monetisation

Our key performance indicators

Turning our strategic priorities into tangible performance indicators

We measure our success by tracking key performance indicators that reflect our strategic, operational and financial progress and performance. These drive internal management of the business and our remuneration.



Notes: 1 Includes VodafoneZiggo. 2 Excluding the impact of inactive data only SIM losses in Italy during Q3 and Q4 FY20. 3 Excluding the impact of one-off settlements. 4 IAS 18 basis excluding the impact of UK handset financing. 5 Includes Safaricom.

Financial performance

The Group performed well this year, growing organic service revenue by 0.8%* to €37.9 billion, adjusted EBITDA by 2.6%* to €14.9 billion and delivered free cash flow (pre-spectrum) of €5.7 billion. As a result we achieved our financial targets for FY20.

See “Alternative performance measures” on page 239 for details and reconciliations to the respective closest equivalent GAAP measure.

Paying for performance

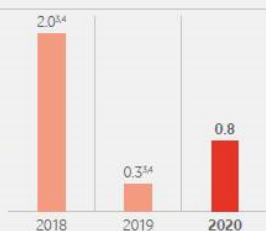
The incentive plans used to reward the performance of our Directors and senior managers, with some local variances, include measures linked to our KPIs. This year performance under the financial metrics was broadly at or above the mid-point of the target range with performance under the customer appreciation KPIs metrics being below the mid-point of the range. Further details can be found in our Directors’ Remuneration Report.

 **96** Read more on rewards and performance in the Remuneration Report

Organic service revenue growth

%

Growth in revenue demonstrates our ability to grow our customer base and/or ARPU. This year we continued to grow revenue as commercial momentum improved across our markets. Overall, we delivered organic Group service revenue growth of 0.8%* in the year.



Europe net operating expense reduction

€bn

Over the last two years we have generated over €0.8 billion of net opex savings against our FY21 >€1.2 billion opex plan. As we accelerate our digital transformation, we have enlarged and expanded our cost reduction target and now expect to deliver at least €1 billion of net opex savings during FY21–23 in addition to the €0.8 billion already delivered.

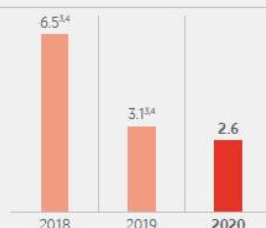


Organic adjusted EBITDA growth

%

Growth in adjusted EBITDA supports our free cash flow which helps fund investment and shareholder returns.

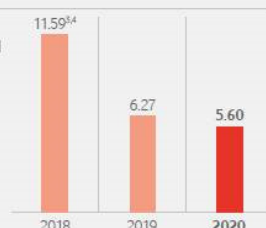
Our adjusted EBITDA grew organically by 2.6%* this year and consequently the Group's adjusted EBITDA margin improved by 0.7 percentage points to 33.1%.



Adjusted earnings per share

eurocents

Adjusted earnings per share declined by 10.7%, principally driven by increased financing costs and a higher average share count following the issuance of new Mandatory Convertible bonds in March 2019.

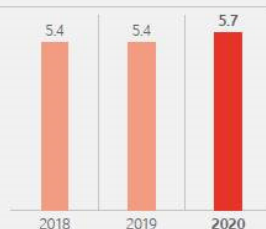


Free cash flow pre-spectrum

€bn

Cash generation is a key driver of long-term shareholder returns.

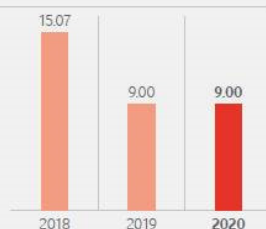
In FY20, we delivered €5.7 billion of free cash flow pre-spectrum, an increase of 4.7% year-on-year.



Dividends per share

eurocents

The ordinary dividend per share continues to be a key component of shareholder return.



Return on capital employed

%

Return on capital employed measures how efficiently we generate profit with the capital we employ. In FY20 both pre and post-tax ROCE increased driven by our improved service revenue performance, digital transformation and improving asset utilisation.



Net debt to adjusted EBITDA

ratio

We aim to maintain our financial leverage within a range of 2.5–3.0x net debt to adjusted EBITDA and are targeting to move to the lower end of the range over the next few years.



Chief Financial Officer's review

Good financial performance and relatively resilient operating model

It has been a busy year and I'm pleased with the progress we have made on our three key financial priorities. These were to deliver a more consistent commercial performance in Europe, transform our cost base by leveraging new digital technologies, and to optimise our capital allocation to improve our return on capital and balance sheet strength.

In FY20 we performed well, growing organic adjusted EBITDA by 2.6%* to €14.9 billion and delivering free cash flow (pre-spectrum) of €5.7 billion, which was ahead of our "around" €5.4 billion guidance.

Commercial performance: Accelerating momentum across Europe and Africa

Our commercial momentum has been improving in all of our major European markets. Group organic service revenue increased by 0.8%* to €37.9 billion in FY20. We exited the year with service revenue growth of 1.6%* in Q4.

- Our German business now represents a third of Group adjusted EBITDA and around 40% of free cash flow, following the acquisition and integration of Unitymedia's cable and TV assets. Service revenue was flat* at €10.7 billion as solid retail growth was offset by declining wholesale revenues and the impact of international call rate regulation. Excluding these impacts, retail revenue grew by 1.7%* (including Unitymedia), supported by our improved commercial momentum and record cable net customer additions in H2.
- In Italy, service revenue declined by 3.9%* to €4.8 billion. Mobile customer trends improved throughout the year despite significant low-end price competition, and in the fixed business we continued to maintain good growth.
- In the UK, we returned to service revenue growth reflecting our strong commercial momentum during the year. This was supported by our successful launch of speed-tiered unlimited data plans in mobile, our co-best network position, and record consumer fixed broadband additions in Q4. Service revenue grew by 0.5%* to €5.0 billion.
- The market in Spain has been challenging for some time following the entrant of a new competitor. Our service revenue declined by 6.7%* to €3.9 billion. However, the commercial actions we have taken have stabilised our customer base and improved the rate of our service revenue decline to 2.7%* in Q4.
- In our other Europe markets, we continued to perform well with service revenue growing by 3%* to €4.9 billion. Customer growth remained robust across both mobile and fixed line, and we exited the year with single digit mobile contract churn in four out of seven markets.
- Our African business, Vodacom, performed well with service revenues growing 3.3%* to €4.5 billion. Trends in South Africa improved despite regulatory and macro pressures, and Vodacom's International operations continued to grow strongly.



Cost transformation: Delivering a best-in-class cost structure

In FY19, we began a multi-year programme of work to reduce our cost base and achieve industry leading levels of efficiency, alongside improving network quality and the overall experience for our customers. We set an ambitious target to reduce our net operating expenses in Europe and common functions by at least €1.2 billion over three years, by the end of FY21. During FY20, we delivered a further €0.4 billion of incremental net opex savings, meaning we are now two-thirds through our original target.

This strong execution of our cost transformation agenda, alongside improving commercial momentum, has enabled us to deliver a fifth consecutive year of adjusted EBITDA margin expansion. From FY15 to FY20, our adjusted EBITDA margin has increased from 28.3% to 33.1% in FY20. In Europe, we also returned to adjusted EBITDA growth of 3%* during the second half of the year.

As we enter into the last year of our original €1.2 billion plan, we are extending our ambition to deliver net opex savings of at least €1 billion during FY21-23. This is in addition to the €0.8 billion already delivered in FY19-20. We are therefore targeting a reduction in overall net operating costs in Europe by 20% over five years.

On top of structural operating expense savings, we believe that our distribution transformation, which is driving a rapid increase in sales through digital direct channels, will also allow us to generate significant commission costs efficiencies.

Capital allocation: Decisive actions to improve returns

Over the last two years, we have increased our focus on the return on capital our business generates, alongside improving our adjusted EBITDA margin and sustaining cash flow generation. We have specifically focused on the following areas:

- disciplined allocation of capital to network maintenance, capacity improvements and growth initiatives, maintaining total capital expenditure at around 17% of revenue;
- completed network sharing agreements in all major European markets, which will enable us to improve both the coverage and capacity of our network, with greater capital efficiency; and
- simplified our portfolio, which generated over €4 billion of cash during FY20.

In FY20, we increased our controlled pre-tax Group return on capital to 6.1%, from 5.3% in FY19, including the impact of the recently acquired Liberty Global assets. This is new external disclosure, but has been a significant factor in our internal planning and capital allocation process for many years, and we will now continue to report its progress in the future. Further information of this measure is included on page 39.

Financial position: Robust balance sheet

Overall, our balance sheet is robust. We have doubled our average debt maturity to 12 years and we have no significant short-term refinancing requirements. We remain focused on deleveraging towards the lower end of our 2.5-3.0x target range over the next few years.

At the end of the financial year our reported leverage was 2.8x and we have a strong liquidity position with €12.1 billion¹ of cash and cash equivalents available.

Outlook: Relatively resilient operating model with underlying commercial momentum

The economic impact of the COVID-19 pandemic in our markets, whilst uncertain, is likely to be significant. Our business model is more resilient than many other sectors, but we are not immune to the challenges. We are experiencing a direct impact on our roaming revenues from lower international travel and we also expect economic pressures to impact our customer revenues over time. However, we are also seeing significant increases in data volumes and further improvements in loyalty, as our customers place greater value on the quality, speed and reliability of our networks. Based on the current prevailing assessments of the global macroeconomic outlook, we expect to generate free cash flow (pre-spectrum) of at least €5 billion in FY21.

Dividend: Distribution in-line with our capital allocation priorities

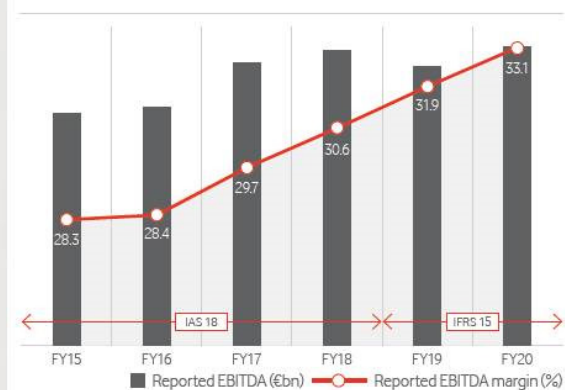
The Group is in a robust financial position with good liquidity, no material short-term refinancing requirements and with resilient free cash flow generation. As a result, the Board is declaring a full year dividend of 9.00 eurocents per share.

Our capital allocation priorities are to support investment in critical network infrastructure; to reduce leverage towards the lower end of our target range of 2.5-3.0x net debt to adjusted EBITDA; and to maintain our returns to shareholders.

/s/ Margherita Della Valle

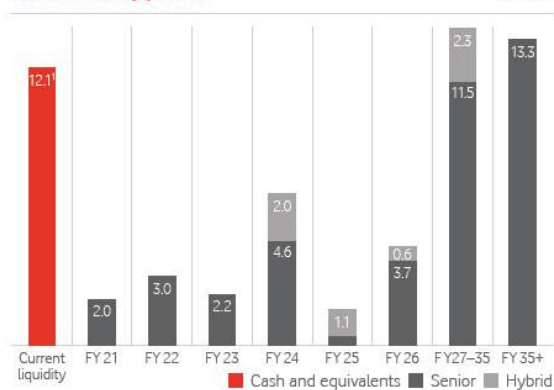
Margherita Della Valle
Chief Financial Officer

Fifth consecutive year of adjusted EBITDA margin expansion



Strong liquidity position and no short-term refinancing requirements

Bond maturity profile



Note: 1 €13,284 million of cash and cash equivalents and €5,247 million of short term investments, excluding €6,407 million of gross cash collateral balances.

Our financial performance

Good results with improved commercial momentum

- Group revenue grew by 3.0% to €45.0 billion, driven by improving commercial momentum in Europe
- Total net operating cost savings of €0.4 billion in the year, facilitated by continued digital transformation
- Adjusted EBITDA grew by 2.6%* to €14.9 billion, reflecting commercial momentum and cost savings progress
- Free cash flow (pre-spectrum) grew by 4.7% to €5.7 billion, driven by revenue and adjusted EBITDA growth and capital discipline
- Dividends per share of 9.00 eurocents

All amounts in this document marked with an "*" represent organic growth, which presents performance on a comparable basis, both in terms of merger and acquisition activity (notably by excluding the disposal of Vodafone New Zealand and the acquired Liberty Global assets), movements in foreign exchange rates and the impact from the implementation of IFRS 16 "Leases". Organic growth is an alternative performance measure. See "Alternative performance measures" on page 239 for further details and page 241 for the location of the reconciliation to the respective closest equivalent GAAP measure.

Group^{1,2}

	FY20 ^{1,2} €m	FY19 €m	Change
Revenue	44,974	43,666	3.0
Service revenue ³	37,871	36,458	3.9
Other revenue	7,103	7,208	(1.5)
Adjusted EBITDA³	14,881	13,918	6.9
Depreciation and amortisation	(10,085)	(9,665)	(4.3)
Adjusted EBIT³	4,796	4,253	12.8
Share of adjusted results in associates and joint ventures ⁴	(241)	(348)	30.7
Adjusted operating profit³	4,555	3,905	16.6
Adjustments for:			
Impairment loss ⁵	(1,685)	(3,525)	
Restructuring costs	(720)	(486)	
Amortisation of acquired customer bases and brand intangible assets	(638)	(583)	
Adjusted other income and expense ⁴	2,257	(262)	
Interest on lease liabilities ⁶	330	–	
Operating profit / (loss)	4,099	(951)	
Non-operating income and expense	(3)	(7)	
Net financing costs	(3,301)	(1,655)	
Income tax expense	(1,250)	(1,496)	
Loss for the financial year from continuing operations	(455)	(4,109)	
Loss for the financial year from discontinued operations	–	(3,535)	
Loss for the financial year	(455)	(7,644)	
Attributable to:			
Owners of the parent	(920)	(8,020)	
Non-controlled interests	465	376	
Loss for the financial year	(455)	(7,644)	

Notes:

- IFRS 16 "Leases" was adopted on 1 April 2019 for our statutory reporting, without restating prior period figures. As a result, the Group's statutory results for the year ended 31 March 2020 are on an IFRS 16 basis, whereas the comparative period for the year ended 31 March 2019 are on an IAS 17 basis. Note 1 of the consolidated financial statements explains the impact of the adoption of IFRS 16 on the consolidated financial position at 1 April 2019.
- The 2020 results reflect average foreign exchange rates of €1:€0.87, €1:INR 78.78, €1:ZAR 16.42, €1:TRY 6.52 and €1:EGP 18.18.
- Service revenue, adjusted EBITDA, adjusted EBIT and adjusted operating profit are alternative performance measures which are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. For the year ended 31 March 2020, a revised definition of adjusted EBITDA has been applied. This restricts the period-on-period comparability of certain of the Group's alternative performance measures. See "Alternative performance measures" on page 239 for more information.
- Share of results of equity accounted associates and joint ventures presented within the Consolidated income statement includes -€241 million (2019: -€348 million, 2018: €389 million) included within Adjusted operating profit, -€25 million (2019: -€26 million, 2018: -€9 million) included within Restructuring costs, -€215 million (2019: -€420 million, 2018: -€439 million) included within Amortisation of acquired customer based and brand intangible assets and -€2,024 million which is principally related to Vodafone Idea Limited (2019: -€114 million, 2018: €nil) included within Other adjusted income/(expense).
- Impairment losses relate to Spain (€840 million), Ireland (€630 million), Romania (€110 million) and Vodafone Automotive (€105 million). The prior year impairment loss relates to Spain (€2.9 billion), Romania (€0.3 billion) and Vodafone Idea (€0.3 billion).
- Reversal of interest on lease liabilities included within adjusted EBITDA under the Group's definition of that metric, for re-presentation in net financing costs.

Geographic performance summary: improving commercial momentum

	Germany €m	Italy €m	UK €m	Spain €m	Other Europe €m	Total Europe ¹ €m	Vodacom €m	Other €m	Group ¹ €m
Year ended 31 March 2020									
Total revenue (€m)	12,076	5,529	6,484	4,296	5,541	33,793	5,531	4,386	44,974
Service revenue (€m)	10,696	4,833	5,020	3,904	4,890	29,213	4,470	3,796	37,871
Adjusted EBITDA (€m)	5,077	2,068	1,500	1,009	1,738	11,392	2,088	1,400	14,881
Adjusted EBITDA margin (%)	42.0	37.4	23.1	23.5	31.4	33.7	37.8	31.9	33.1
Adjusted EBIT (€m)	1,701	813	(132)	(294)	501	2,589	1,321	902	4,796
Adjusted operating profit/(loss) (€m)	1,701	813	(132)	(294)	619	2,707	1,569	297	4,555

Note:

1 For a full disaggregation of our financial results by geography, including intersegment eliminations, see pages 242 and 243.

Total Europe: 77% of Group adjusted EBITDA

	FY20 €m	FY19 €m	Organic Change* %
Total revenue	33,793	32,144	
Service revenue	29,213	27,680	(1.2)
Other revenue	4,580	4,464	
Adjusted EBITDA	11,392	10,289	1.6
Adjusted EBITDA margin	33.7%	32.0%	
Depreciation and amortisation	(8,803)	(8,239)	
Adjusted EBIT	2,589	2,050	
Share of adjusted results in associates and joint ventures	118	150	
Adjusted operating profit	2,707	2,200	

Europe revenue increased by 5.1% and organic service revenue decreased by 1.2%*, reflecting competitive pressure in Italy and Spain offset by good growth in the UK and Other Europe, and retail growth in Germany. Europe adjusted EBITDA increased by 10.7%. On an organic basis adjusted EBITDA increased by 1.6%* as service revenue declines were offset by a €0.4 billion reduction in operating expenses. Europe adjusted EBIT grew by 26.3%, reflecting the contribution of the acquired Liberty Global assets.

The following table sets out the progression of organic service revenue growth during the year:

FY20 (organic service revenue growth %)

	Q1	Q2	H1	Q3	Q4	H2	FY20
Europe	(1.7)	(1.4)	(1.6)	(1.4)	(0.4)	(0.9)	(1.2)
Rest of World	5.3	8.9	7.7	9.1	7.9	8.5	8.1
Total Group	(0.2)	0.7	0.3	0.8	1.6	1.2	0.8

Rest of World revenue decreased by 3.8% and organic service revenue increased by 8.1%*, reflecting good growth in Turkey and Egypt and continued growth at Vodacom. Adjusted EBITDA decreased by 2.0%. On an organic basis adjusted EBITDA increased by 6.8%*, driven by service revenue growth ahead of inflation and good cost control. Adjusted EBIT grew by 3.2%, reflecting operational performance and cost control.

The COVID-19 pandemic had a relatively minor impact on FY20 performance. However, following the end of the financial year, we have seen greater resilience of our business in Germany and a more significant impact on performance in Spain in particular. The immediate impacts of COVID-19 have been on international roaming, usage levels and the rates of customer churn and additions. In April, we have seen roaming in Europe fall by 65% to 75%. Mobile data has increased by 15% and fixed line usage has increased by as much as 70% in some of our markets. We have seen the rates of customer churn reduce by 4-5 percentage points and the rates of new gross consumer additions reduce by around 40%. With our business customers, we have seen SMEs requesting deferrals for payments and have been contacted by some Enterprise customers seeking to delay projects.

Germany: 34% of Group adjusted EBITDA

	FY20 €m	FY19 €m	Organic Change* %
Total revenue	12,076	10,390	
Service revenue	10,696	9,145	–
Other revenue	1,380	1,245	
Adjusted EBITDA	5,077	4,079	2.5
Adjusted EBITDA margin	42.0%	39.3%	
Depreciation and amortisation	(3,376)	(3,009)	
Adjusted EBIT	1,701	1,070	
Share of adjusted results in associates and joint ventures	–	–	
Adjusted operating profit	1,701	1,070	

Service revenue excluding Unitymedia was flat* (Q3: flat*, Q4: -0.1%*) as solid retail growth was offset by declining wholesale revenue and the impact of international call rate regulation. Retail revenue grew 1.1%* (Q3: 1.0%*, Q4: 0.9%*).

Fixed service revenue increased by 2.4%* (Q3: 2.8%*, Q4: 2.2%*) as good retail growth was partially offset by wholesale declines. DSL migrations to the Unitymedia footprint are excluded from our Q4 organic growth rate. Our commercial momentum accelerated with 381,000 net cable customer additions in the year (including Unitymedia from August 2019), supported by 110,000 migrations from DSL and the success of our "GigaCable Max" campaign following the rebranding of Unitymedia in February 2020; we added 216,000 broadband customers. We maintained our good momentum in convergence supported by our "GigaKombi" proposition, adding 259,000 Consumer converged customers in the year, which took our total Consumer converged customer base to 1.5 million. Our TV customer base declined by 245,000 (including Unitymedia from August 2019) reflecting the loss of primarily lower ARPU basic TV subscribers in the Kabel Deutschland AG ("KDG") footprint and customer losses in the Unitymedia footprint.

Mobile service revenue declined by 1.8%* (Q3: -2.2%*, Q4: -1.9%*) driven by declines in wholesale and a drag from regulation. Retail revenue excluding regulatory impacts grew 0.7%* (Q3: 0.4%*, Q4: 0.4%*). We added 542,000 contract customers, supported in part by the success of our "GigaCube" proposition as well as by our continued good commercial momentum in branded channels. Contract churn improved by 0.8 percentage points year-on-year in Q4 to 12.3%, driven by improved loyalty in our branded consumer base and Business.

Adjusted EBITDA increased by 2.5%* and the organic adjusted EBITDA margin was 0.8* percentage points higher, driven by our focus on more profitable direct channels and effective cost management. The adjusted EBITDA margin was 42%.

Our financial performance (continued)

Italy: 14% of Group adjusted EBITDA

	FY20 €m	FY19 €m	Organic Change* %
Total revenue	5,529	5,857	
Service revenue	4,833	5,030	(3.9)
Other revenue	696	827	
Adjusted EBITDA	2,068	2,202	(6.6)
Adjusted EBITDA margin	37.4%	37.6%	
Depreciation and amortisation	(1,255)	(1,268)	
Adjusted EBIT	813	934	
Share of adjusted results in associates and joint ventures	—	—	
Adjusted operating profit	813	934	

Service revenue declined by 3.9%* (Q3: -5.0%*, Q4: -3.7%*) with good growth in fixed offset by declines in mobile. Mobile service revenue declined by 7.4%* (Q3: -7.7%*, Q4: -8.0%*).

Market mobile number portability ("MNP") volumes were down 23% year-on-year in FY20 and were down 17% quarter-on-quarter in Q4. MNP further improved in March, reducing by 37% month-on-month, as COVID-19 impacted commercial activity market wide. Our customer outflows also moderated during the year. However, competition in the low-value segment of the pre-paid market remained intense, and our second brand "ho" continued to grow strongly, reaching 1.8 million active customers at the end of the year.

Fixed service revenue increased by 8.2%* (Q3: 4.2%*, Q4: 10.4%*) and we added 121,000 broadband customers in the year. Our total Consumer converged customer base is now 1.0 million (representing 36% of our broadband base), an increase of 92,000 in the year. Through our owned NGN footprint and strategic partnership with Open Fiber we now pass 7.5 million households. The sequential Q4 improvement in service revenue primarily reflected higher project revenues in Business.

Adjusted EBITDA declined by 6.6%* including a 2.7 percentage point negative impact from a one-off regulatory provision, and the adjusted EBITDA margin declined by 0.4* percentage points. Service revenue declines were partially offset by tight control of operating expenses, which fell by 7.6%* year-on-year, together with significantly lower commercial costs. The adjusted EBITDA margin was 37.4%.

UK: 10% of Group adjusted EBITDA

	FY20 €m	FY19 €m	Organic Change* %
Total revenue	6,484	6,272	
Service revenue	5,020	4,952	0.5
Other revenue	1,464	1,320	
Adjusted EBITDA	1,500	1,364	10.5
Adjusted EBITDA margin	23.1%	21.7%	
Depreciation and amortisation	(1,632)	(1,638)	
Adjusted EBIT	(132)	(274)	
Share of adjusted results in associates and joint ventures	—	—	
Adjusted operating profit	(132)	(274)	

Service revenue increased 0.5%* (Q3: 0.6%*, Q4: 1.2%*). Good fixed and mobile customer base growth was partially offset by lower wholesale revenue and a 0.4 percentage point drag from international call rate regulation.

Mobile service revenue was flat* (Q3: 0.6%*, Q4: 0.3%*), but grew when excluding the impact of international call rate regulation, with a higher customer base and RPI-linked price increases being offset by lower out-of-bundle revenue as a result of spend capping. We added 348,000 contract customers in the year, compared to 264,000 last year, supported by our new range of commercial plans, including speed-tiered "Vodafone Unlimited" mobile data propositions and our 5G launch in July. Contract churn was stable year-on-year at 14.2% in Q4, despite the impact of text-to-switch regulation. We also added 475,000 prepaid customers, supported by our digital sub-brand "VOXI".

Fixed service revenue increased by 1.7%* (Q3: 0.5%*, Q4: 3.7%*). Continued good customer growth in Consumer broadband, supported by the launch of our "Vodafone Together" convergent plans, and growth in Business was partially offset by lower wholesale revenues. We added 176,000 broadband customers in the year including 64,000 in Q4. The sequential Q4 improvement primarily reflected a stabilisation in wholesale revenue.

Adjusted EBITDA increased by 10.5%* and the adjusted EBITDA margin was 1.6* percentage points higher. This improvement was driven by service revenue growth, a 9.9%* reduction in operating expenses and a 2.0 percentage point net benefit to growth from one-off license fee settlements and a reallocation of costs from capex to cost of sales following our new cloud partnership with IBM. The adjusted EBITDA margin was 23.1%.

Spain: 7% of Group adjusted EBITDA

	FY20 €m	FY19 €m	Organic Change* %
Total revenue	4,296	4,669	
Service revenue	3,904	4,203	(6.7)
Other revenue	392	466	
Adjusted EBITDA	1,009	1,038	(1.7)
Adjusted EBITDA margin	23.5%	22.2%	
Depreciation and amortisation	(1,303)	(1,258)	
Adjusted EBIT	(294)	(220)	
Share of adjusted results in associates and joint ventures	—	—	
Adjusted operating profit	(294)	(220)	

Service revenue declined by 6.7%* (Q3: -6.5%*, Q4: -2.7%*), reflecting a shift in overall market demand towards the value segment and our decision not to renew unprofitable football distribution rights. The improvement in quarterly trends reflected the benefit of a December price increase for legacy customers, the stabilisation of our customer base in recent quarters and customer migrations to speed-tiered unlimited plans.

Our commercial performance stabilised during the year, supported in part by the good performance of our "Lowi" second brand. We returned to positive customer growth in mobile contract, broadband and TV in Q3 for the first time since Q3 FY18 and maintained our commercial momentum in Q4, adding 51,000 mobile contract customers and keeping our broadband customer base stable. We added 41,000 TV customers in Q4, supported by our new movies and series offers and despite our decision last year not to renew football content rights.

The overall pricing environment remains highly competitive, but we continue to see good uptake of our new speed-tiered unlimited plans with 2.4 million customers at the end of Q4. On average, the ARPU of unlimited customers is higher post migrating to the new plans.

Adjusted EBITDA declined by 1.7%* and the organic adjusted EBITDA margin was 1.5* percentage points higher. This was principally driven by the reduction in ARPU and a lower customer base, partially offset by lower football content costs and a 3.8%* reduction in operating expenses. The adjusted EBITDA margin was 23.5%. Adjusted EBITDA returned to growth in H2, up 8.2%* year-on-year, supported by lower content and commercial costs.

Given the challenging current trading and economic conditions, management has reassessed the expected future business performance in Spain. Following this reassessment, projected cash flows are lower and this has led to an impairment charge of €0.8 billion for the year ended 31 March 2020.

Other Europe: 12% of Group adjusted EBITDA

	FY20 €m	FY19 €m	Organic Change* %
Total revenue	5,541	5,072	
Service revenue	4,890	4,460	3.0
Other revenue	651	612	
Adjusted EBITDA	1,738	1,606	4.7
Adjusted EBITDA margin	31.4%	31.7%	
Depreciation and amortisation	(1,237)	(1,066)	
Adjusted EBIT	501	540	
Share of adjusted results in associates and joint ventures	118	150	
Adjusted operating profit	619	690	

Service revenue increased by 3.0%* (Q3: 3.0%*, Q4: 3.4%*). Revenue grew in Portugal, Greece, the Czech Republic, Romania and Hungary, but declined in Ireland and Albania. Adjusted EBITDA grew by 4.7%* and the organic adjusted EBITDA margin increased by 0.6* percentage points, driven by good revenue growth and strong cost control. The adjusted EBITDA margin was 31.4%.

In Portugal, service revenue grew by 5.5%* (Q3: 5.9%*, Q4: 7.5%*), driven by customer growth in fixed and mobile, and ARPU growth in fixed. In Ireland, service revenue declined by 0.9%* (Q3: 0.1%*, Q4: -3.6%*), with the slowdown in quarterly trends reflecting increased competition in both mobile and fixed. In Greece, service revenue grew by 3.0%* (Q3: 1.9%*, Q4: 1.9%*), with good prepaid ARPU growth partially offset by ARPU pressure in fixed.

Given the challenging economic conditions and increased competition in Ireland and Romania, management has reassessed expected future business performance. Following this reassessment, projected cash flows are lower and this has led to impairment charges of €0.6 billion and €0.1 billion in relation to the Group's investment in Ireland and Romania respectively for the year ended 31 March 2020.

VodafoneZiggo joint venture

The results of VodafoneZiggo (in which Vodafone owns a 50% stake) are reported here under US GAAP, which is broadly consistent with Vodafone's IFRS basis of reporting.

Total revenue grew 2.1% (Q3: 2.9%, Q4: 3.3%). This reflected growth in fixed line, partially offset by continued price competition in mobile, particularly in the B2B segment. Revenue grew 3.3% in Q4 primarily due to customer base growth, increased fixed ARPU and increased handset sales. Over 40% of broadband customers and 70% of all B2C mobile customers are now converged, delivering significant NPS and churn benefits.

Adjusted EBITDA grew by 4.7% during the year supported by strong growth in the second half of the year (Q3: 9.6%, Q4: 4.9%), driven by top line growth and lower operating and direct costs. In February, we finalised the 3G shutdown program, with all customers transitioned to 4G. We continued to make good progress on integrating the businesses and expect to reach our €210 million cost and capital expenditure synergy targets by the end of the 2020 calendar year, one year ahead of the original plan.

During the year, Vodafone received €148 million in dividends from the joint venture, as well as €44 million in interest payments and €100 million in principal repayments on the shareholder loan.

Our financial performance (continued)

Vodacom: 14% of Group adjusted EBITDA

	FY20 €m	FY19 €m	Organic Change* %
Total revenue	5,531	5,443	
Service revenue	4,470	4,391	3.3
Other revenue	1,061	1,052	
Adjusted EBITDA	2,088	2,157	1.1
Adjusted EBITDA margin	37.8%	39.6%	
Depreciation and amortisation	(767)	(735)	
Adjusted EBIT	1,321	1,422	
Share of adjusted results in associates and joint ventures	248	214	
Adjusted operating profit	1,569	1,636	

Vodacom Group service revenue grew 3.3%* (Q3: 5.2%*, Q4: 3.2%*) with trends in South Africa stabilising, despite regulatory and macro pressures, and continued strong growth in Vodacom's International operations.

In South Africa, service revenue increased 2.2%* (Q3: 4.6%*, Q4: 3.7%*) or 2.8%* excluding a one-off benefit in the prior year. This growth was achieved amid a weak macroeconomic environment, in which customers are optimising their spend, and despite new regulation introduced in March 2019 affecting out-of-bundle charges, rollover and the transfer of data. Despite these headwinds, data traffic grew 66% year-on-year as customers benefited from improved pricing, which, combined with the full transition of a new wholesale roaming agreement onto our network, supported an acceleration in service revenue growth during the year. We added 246,000 contract customers in the year, but lost 1.9 million prepaid customers as we focused on customer lifetime value, taking our total mobile customer base to 45.1 million.

In March 2020, we reached an agreement with the Competition Commission in relation to the Data Services Market Inquiry and on 1 April reduced monthly data bundle prices by up to 40%. This further accelerated our pro-active efforts to transform data pricing which already delivered a 50% reduction in out-of-bundle rates in March 2019 as well as reductions in a number of data bundle prices throughout the year.

Vodacom's international operations outside of South Africa grew by 7.5%* (Q3: 7.4%*, Q4: 4.4%*). Growth was strong across all of our markets, supported by the growing demand for mobile data and M-Pesa services. The sequential slowdown in Q4 primarily reflected new customer registration requirements in Tanzania. We have been required to bar services to 2.9 million customers since January 2020, out of a total customer base of 15.5 million, in line with a government biometric registration deadline. As of 31 March 2020, an additional 2.5 million customer SIMs remain unregistered as the Tanzanian authorities delayed any further service barring in response to the COVID-19 pandemic. We expect to recover a substantial proportion of these customers over the coming quarters.

Vodacom's adjusted EBITDA increased by 1.1%* and the organic adjusted EBITDA margin was 0.8* percentage points lower reflecting subdued revenue growth in South Africa and the impact of higher roaming costs. Operating costs also increased, but grew more slowly than revenue.

Other: 9% of Group adjusted EBITDA**Turkey**

Service revenues increased by 17.6%* (Q3: 17.3%*, Q4: 16.0%*) supported by strong customer contract ARPU growth, increased mobile data revenue, and fixed line customer base growth. Adjusted EBITDA grew 27%* and the organic adjusted EBITDA margin increased by 4.1* percentage points driven by strong revenue growth ahead of inflation and lower commercial costs. The adjusted EBITDA margin was 26.5%.

Egypt

Egypt service revenue grew 14.5%* (Q3: 13.9%*, Q4: 14.8%*), supported by strong customer base growth and increased data usage. Adjusted EBITDA grew 14.2%* and the organic adjusted EBITDA margin decreased by 0.3* percentage points driven by revenue growth ahead of inflation. The adjusted EBITDA margin was 45.9%.

On 29 January 2020, we announced a Memorandum of Understanding ('MoU') with Saudi Telecom Company ('stc') in relation to the sale of Vodafone's 55% shareholding in Vodafone Egypt to stc for a cash consideration of US\$2,392 million (€2,180 million), implying a September FY20 LTM multiple of 7.0x Adjusted EBITDA and 11.2x Adjusted OpFCF. On 13 April 2020, the MoU with stc was extended by 90 days to allow additional time for the completion of due diligence on Vodafone Egypt by stc. We intend to enter into a definitive agreement following the completion of the due diligence process.

Other associates and joint ventures**Vodafone Idea Limited (India)**

In October 2019, the Indian Supreme Court gave its judgement in the "Union of India v Association of Unified Telecom Service Providers of India" case regarding the interpretation of adjusted gross revenue (AGR), a concept used in the calculation of certain regulatory fees.

As the Group has no obligation to fund Vodafone Idea Limited ('Vodafone Idea') losses, the Group has recognised its share of estimated Vodafone Idea losses arising from both its operating activities and those in relation to the AGR judgement to an amount that is limited to the remaining carrying value of Vodafone Idea, which is therefore reduced to €nil. If the carrying value had been high enough not to restrict the Group's share of losses, then the recognised share of losses would have been substantially higher.

The Group has a potential exposure to certain contingent liabilities and potential refunds relating to Vodafone India and Idea Cellular at the time of the merger, including those relating to the AGR judgement, whereby Vodafone Group and Vodafone Idea would reimburse each other on set dates following any crystallisation of these pre-merger liabilities and assets. Under the terms of this arrangement, Vodafone Group is obliged to make payments to Vodafone Idea where amounts paid pursuant to the contingent liabilities of Vodafone India exceed those of Idea Cellular. The Group's potential exposure under this mechanism is capped at INR 84 billion (€1.0 billion) and any cash payments or cash receipts relating to these contingent liabilities and potential refunds must have been made or received by Vodafone Idea before any amount becomes due from or owed to the Group. Having considered the payments made and refunds received by Vodafone Idea in relation to these matters, including those relating to the AGR case, and the significant uncertainties in relation to VIL's ability to settle all liabilities relating to the AGR judgement, the Group has assessed a cash outflow of €235 million under the agreement to be probable at this time and provided for this amount at 31 March 2020. On 22 April 2020, the Group announced that it had made an advance payment of US\$200 million to Vodafone Idea for amounts that are likely to be due in September 2020 under the terms of this mechanism.

See notes 12 and 29 in the consolidated financial statements for further details.

Indus Towers (India)

We have extended the long stop date on our agreement to merge Indus Towers and Bharti Infratel to 24 June 2020, subject to an agreement on closing adjustments and other conditions precedent for closing, with each party retaining the right to terminate and withdraw the merger scheme on or prior to 24 June 2020.

Indus Towers did not declare, or pay, a dividend during the FY20 financial year.

Vodafone Hutchison Australia

In February 2020, the Federal Court of Australia approved the proposed merger of Vodafone Hutchison Australia ('VHA') and TPG Telecom Limited ('TPG'), ruling that it would not substantially lessen competition. The Australian Competition and Consumer Commission ('ACCC') subsequently announced it would not appeal the Court decision. The combination is subject to the approval of TPG shareholders, and completion is expected in the first half of FY21.

Safaricom

Safaricom service revenue grew by 4.8% (Q3: 5.3%, Q4: 3.2%) supported by growth in M-Pesa and in mobile and fixed data. Adjusted EBITDA grew 7.4% supported by strong revenue growth and cost discipline. During the financial year we received dividends of €269 million from Safaricom.

Net financing costs

	FY20 €m	FY19 €m	Change %
Adjusted net financing costs¹	(1,638)	(1,042)	(57.2)
Adjustments for:			
Mark to market losses	(1,128)	(423)	
Foreign exchange losses ²	(205)	(190)	
Interest on lease liabilities	(330)	–	
Net financing costs	(3,301)	(1,655)	(99.5)

Notes:

- Adjusted net financing costs is an alternative performance measure. Alternative performance measures are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See "Alternative performance measures" on page 239 for further details.
- Primarily comprises foreign exchange differences reflected in the Income Statement in relation to sterling and US dollar balances.

Net financing costs increased by €1.6 billion, primarily due to the recognition of mark to market losses. These were driven by the lower share price, causing a mark to market loss on the options relating to the mandatory convertible bonds and lower long-term yields, which led to mark to market losses on certain economic hedging instruments. Adjusted net financing costs include increased interest costs as part of the financing for the Liberty Global transaction as well as adverse interest rate movements on borrowings in foreign operations. Excluding these, underlying financing costs remained stable, reflecting consistent average net debt balances and weighted average borrowing costs for both periods.

Taxation

	FY20 €m	FY19 €m
Income tax expense	(1,250)	(1,496)
Profit/(loss) before tax	795	(2,613)
Effective tax rate	(157)%	57%

The Group's statutory effective tax rate for the year ended 31 March 2020 was -157% compared to 57% for the last financial year.

The effective tax rate for both years includes the following items; a reduction in the deferred tax assets in Luxembourg of €881 million following a reduction in the Luxembourg corporate tax rate, €348 million (2019: €320 million) relating to Luxembourg losses; €346 million (2019: €448 million) arising from a revaluation of investments based upon the local GAAP financial statements and tax returns. The financial year ended 31 March 2019 includes the de-recognition of a deferred tax asset of €1,166 million due a revised outlook for our Spanish business.

Share buybacks

On 28 January 2019, Vodafone announced the commencement of a new irrevocable and non-discretionary share buyback programme (the 'Programme'). The sole purpose of the Programme was to reduce the issued share capital of Vodafone and thereby avoid any change in Vodafone's issued share capital as a result of the maturing of the second tranche of the mandatory convertible bond ('MCB') in February 2019.

In order to satisfy the second tranche of the MCB, 799.1 million shares were reissued from treasury shares on 25 February 2019 at a conversion price of €1.8021. This reflected the conversion price at issue (€2.1730) adjusted for the pound equivalent of aggregate dividends paid from August 2016 to February 2019.

The Programme started in February 2019 and was completed by 20 May 2019. Details of the shares purchased under the Programme, including those purchased under irrevocable instructions, are shown below.

Date of share purchase	Number of shares purchased ¹ 000s	Average price paid for share inclusive of transaction costs Pence	Total number of shares purchased under publicly announced share buyback programme ² 000s	Maximum number of shares that may yet be purchased under the programme ³ 000s
February 2019	14,529	135.17	14,529	784,539
March 2019	305,099	140.56	319,628	479,440
April 2019	290,570	142.20	610,198	188,870
May 2019	188,870	134.77	799,068	–
Total⁴	799,068	139.69	799,068	–

Notes:

- The nominal value of shares purchased is 2020/21 US cents each.
- No shares were purchased outside the publicly announced share buyback programme.
- In accordance with shareholder authority granted at the 2018 Annual General Meeting.
- The total number of shares purchased represented 3% of our issued share capital, excluding treasury shares, at 30 June 2020.

Our financial performance (continued)

Earnings per share

	FY20 €m	FY19 €m	Change %
Adjusted operating profit¹	4,555	3,905	16.6
Adjusted net financing costs	(1,638)	(1,042)	
Adjusted income tax expense for calculating adjusted tax rate	(799)	(751)	
Adjusted non-controlling interests	(471)	(381)	
Adjusted profit attributable to owners of the parent¹	1,647	1,731	(4.9)
Adjustments:			
Impairment loss	(1,685)	(3,525)	
Amortisation of acquired customer base and brand intangible assets	(638)	(583)	
Restructuring costs	(720)	(486)	
Adjusted other income and expense	2,257	(262)	
Non-operating income and expense	(3)	(7)	
Mark to market gains/(losses) ²	(1,128)	(423)	
Foreign exchange losses ²	(205)	(190)	
	(2,122)	(5,476)	61.2
Taxation ³	(451)	(745)	
India ⁴	—	(3,535)	
Non-controlling interests	6	5	
Loss attributable to owners of the parent	(920)	(8,020)	88.5
	Million	Million	
Weighted average number of shares outstanding—basic ⁵	29,422	27,607	6.6
	eurocents	eurocents	
Basic loss per share	(3.13)c	(29.05)c	89.2
Adjusted earnings per share ^{1,2}	5.60c	6.27c	(10.7)

Notes:

- Adjusted operating profit, adjusted profit attributable to owners of the parent and adjusted earnings per share are alternative performance measures. Alternative performance measures are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measures. See "Alternative performance measures" on page 239 for further details.
- The 2019 adjusted earnings per share has been aligned to the 2020 presentation which excludes mark to market and foreign exchange losses. The net impact of this decreased the adjusted loss attributable to the owners of the parent by €315 million and increased adjusted earnings per share by 1.01 eurocents.
- See "Taxation", on page 35
- Primarily relates to the loss on disposal of Vodafone India and also includes the operating results, financing, tax and other gains and losses of Vodafone India, prior to becoming a joint venture, recognised in the prior year.
- Weighted average number of shares outstanding includes a weighted impact of 2,629 million shares (2019: 836 million shares) following the issue in March 2019 of €1.72 billion mandatory convertible bonds with a 2 year maturity date in 2021 and €1.72 billion with a 3 year maturity date in 2022 and €1.4 billion of mandatory convertible bonds issued in February 2016, which matured in February 2019.

Adjusted earnings per share, which excludes impairment losses, was 5.60 eurocents compared to 6.27 eurocents for the year ended 31 March 2019, a decrease of 10.7%.

Basic loss per share was 3.13 eurocents, compared to a loss per share of 29.05 eurocents for the year ended 31 March 2019. The decrease in the loss per share is primarily due to lower impairment charges in the year of €1.7 billion (2019: €3.5 billion), gains associated with the disposals of Vodafone New Zealand (€1.1 billion) and Italian tower assets (€3.4 billion), together with a €3.4 billion loss on the disposal of Vodafone India recognised in FY19.

Section 219 SEC filings of interest

Vodafone Group Plc ("Vodafone") does not have any subsidiaries, other equity investments, assets, facilities or employees located in Iran, and Vodafone has made no capital investment in Iran. To the best of its knowledge, no U.S. persons, including any U.S. affiliates of Vodafone, are involved in the activities described below. Except as specified below, to the best of Vodafone's knowledge, neither it, its subsidiaries, nor its affiliates have engaged in any conduct needing to be disclosed under Section 13(r) of the Securities Exchange Act of 1934.

Vodafone has wholesale roaming and interconnect arrangements (including voice and data) with mobile and fixed line operators in Iran. Vodafone has, or has had, relationships with telecommunications operators in Iran in connection with such roaming and interconnect arrangements, some of which it believes are or may be government-controlled entities. The approximate gross revenue and costs attributable to the roaming and interconnect arrangements were €1,148,000 and €782,000 respectively, for the financial year ended 31 March 2020.

During the financial year ended 31 March 2020, Vodafone provided telecommunications services to six Iranian national embassies located globally and four Iranian majority-government-owned entities in Germany. The approximate gross revenue attributable to these relationships was €57,900. In addition, a wholly owned Vodafone subsidiary based in Germany provided basic telecommunications services to Europaisch-Iranische Handelsbank AG and Irlis Europe GmbH (both entities blocked pursuant to Executive Order 13382), generating revenue of approximately €2,100 and €550, respectively. Telecommunication services were also provided to Bank Saderat (an entity blocked pursuant to Executive Order 13224), generating revenue of €275. This relationship has now ceased and Vodafone does not intend to provide further services.

During the financial year ended 31 March 2020, Vodafone Global Network Limited (VGN) continued to be a member of a consortium made up of the Telecommunication Infrastructure Company of Iran ("TIC") (an entity controlled by the government of Iran), Rostelecom and Omantel, that has built a high-speed cable network from a landing point in Oman to Germany. Each member of the consortium is responsible for funding, building and maintaining its section of the cable, with VGN owning and being responsible for the segment from the Ukrainian border with Russia to Frankfurt, Germany. No consortium transactions or purchase of capacity took place during the financial year ended 31 March 2020 for which Vodafone was due any revenues. Netting arrangements are in place for the settlement of any such transactions which arise.

Vodafone, through one of its subsidiaries, also makes some insignificant payments to Iran in order to register and renew certain domain names and certain trademarks, and protect its brand globally. The costs of registering and renewing domain names for the financial year ended 31 March 2020 were approximately €180 paid via Boulton Wade Tennant LLP and €1,230 paid via Al Tamimi & Company.

Vodafone continues to maintain Iranian trademarks in Iran but no renewal fees were due to the Iranian trademarks office during the financial year ended 31 March 2020.

Consolidated statement of financial position

The consolidated statement of financial position is set out on page 135. Details on the major movements of both our assets and liabilities in the year are set out below.

Assets

Goodwill and other intangible assets

Goodwill and other intangible assets increased by €12.5 billion to €53.5 billion. The increase primarily arose from €11.5 billion of goodwill arising on the acquisition of the European Liberty Global assets and €5.8 billion of identifiable intangible assets acquired. This was offset by €1.7 billion of impairment changes recorded in respect of the Group's investments in Spain, Ireland, Romania and Vodafone Automotive, €1.7 billion reduction following the disposal of subsidiaries and €4.5 billion of amortisation.

Property, plant and equipment

Property, plant and equipment increased by €11.8 billion to €39.2 billion, primarily due to the implementation of IFRS 16 "Leases" from 1 April 2019 whereby a "right of use" asset is recognised for the leased item and a lease liability is recognised for lease payments due. The impact of the adoption was to increase property, plant and equipment by €10.2 billion at 1 April 2019. An overview of the new accounting requirements and the impact on the Group is provided in note 1 to the consolidated financial statements for the year ended 31 March 2020.

Other non-current assets

Other non-current assets increased by €6.4 billion to €41.2 billion, primarily due to a €5.0 billion increase in derivative financial instruments that are included within Trade and other receivables and a €1.9 billion increase in the investment in associates and joint ventures, primarily due to the formation of the Infrastructure Wireless Italiana S.p.A. (INWIT) joint venture (see note 27 to the consolidated financial statements). This was offset by a €1.1 billion reduction in deferred tax assets.

Current assets

Current assets decreased by €7.2 billion to €32.6 billion, primarily due to a €5.9 billion reduction in other investments. See note 13 to the consolidated financial statements for the year ended 31 March 2020.

Assets and liabilities held for sale

Assets and liabilities held for sale at 31 March 2020 of €0.6 billion relate to the Group's interests in Vodafone Hutchison Australia and Vodafone Egypt. Assets and liabilities held for sale at 31 March 2019 relate to the operations of Indus Towers and Vodafone Hutchison Australia.

Total equity and liabilities

Total equity

Total equity decreased by €0.8 billion to €62.6 billion, largely due to €2.1 billion of total comprehensive income for the financial year, offset by €2.7 billion of dividends paid to equity shareholders.

Non-current liabilities

Non-current liabilities increased by €18.1 billion to €72.0 billion, primarily due to a €14.2 billion increase in long-term borrowings (see note 21 to the consolidated financial statements), an increase of €2.3 billion in trade and other payables (see note 15 to the consolidated financial statements) and an increase of €1.6 billion in deferred tax liabilities (see note 6 to the consolidated financial statements).

Current liabilities

Current liabilities increased by €6.9 billion to €32.5 billion, primarily due to an increase of €7.6 billion in short-term borrowings (see note 21 to the consolidated financial statements), offset by a decrease of €0.6 billion in Trade and other payables.

Cash Flow, Funding & Capital Allocation

Cash flow

	FY20 €m	FY19 €m	Change %
Adjusted EBITDA ¹	14,881	13,918	6.9
Capital additions ²	(7,411)	(7,227)	
Working capital	(127)	188	
Disposal of property, plant and equipment	41	45	
Other	337	147	
Operating free cash flow¹	7,721	7,071	9.2
Taxation	(930)	(1,040)	
Dividends received from associates and investments	417	498	
Dividends paid to non-controlling shareholders in subsidiaries	(348)	(584)	
Interest received and paid ³	(1,160)	(502)	
Free cash flow (pre-spectrum)¹	5,700	5,443	4.7
Licence and spectrum payments	(181)	(837)	
Restructuring payments	(570)	(195)	
Free cash flow¹	4,949	4,411	12.2
Acquisitions and disposals	(14,454)	182	
Equity dividends paid	(2,296)	(4,064)	
Share buybacks ³	(1,094)	(606)	
Convertible issue ⁴	–	3,848	
Foreign exchange	309	259	
Other ⁵	1,250	(1,432)	
Net debt increase	(11,336)	2,598	(536.3)
Opening net debt	(27,033)	(29,631)	
Closing net debt	(38,369)	(27,033)	(41.9)
Less mark to market gains in hedging reserves ⁶	(3,799)		
Net debt adjusted for mark to market gains in hedging reserves	(42,168)	(27,033)	(56.0)

Notes:

- Adjusted EBITDA, operating free cash flow, free cash flow (pre-spectrum) and free cash flow are alternative performance measures which are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measures. See "Alternative performance measures" on page 239 for more information.
- Capital additions includes the purchase of property, plant and equipment and intangible assets, other than licence and spectrum.
- Interest paid and received excludes €305 million (31 March 2019: €nil) of interest on lease liabilities, included within adjusted EBITDA; €175 million (31 March 2019: €41 million) of interest costs related to Liberty acquisition financing, included within Other; and €273 million (31 March 2019: €131 million) of cash outflow from the option structure relating to the issue of the mandatory convertible bond in February 2016, included within Share buybacks. The option structure was intended to ensure that the total cash outflow to execute the programme was broadly equivalent to the €1.44 billion raised on issuing the second tranche.
- Mandatory convertible bonds of €3.44 billion issued in March 2019.
- "Other" for the year ended 31 March 2020 primarily includes €3,799 million in relation to derivative gains in cash flow hedging reserves, offset by €1,510 million of debt in relation to licences and spectrum in Germany. "Other" for the year ended 31 March 2019 included €1,934 million of debt in relation to licences and spectrum in Italy and Spain and a €1,377 million capital injection into Vodafone Idea, offset by €2,135 million received from the repayment of US\$2.5 billion of loan notes issued by Verizon Communications Inc.
- FY20 has been adjusted to exclude derivative gains in cash flow hedge reserves, the corresponding losses for which are not recognised on the bonds within net debt and which are significantly increased due to COVID-19 related market conditions.

Operating free cash flow increased by €0.7 billion, primarily due to the contribution from the Liberty Global assets acquired during the year. Working capital movements include €0.3 billion in relation to handset purchases and the associated sale of customer receivables. Receivables are sold to mitigate the adverse working capital impact from handset sales to customers, where cash outflows are paid upfront to suppliers but inflows are received from customers over the length of the contract.

Our financial performance (continued)

Free cash flow (pre-spectrum) was €5.7 billion, an increase of €0.3 billion, as the increase in operating free cash flow and reduced dividend payments to minorities outweighed higher interest payments.

Acquisitions and disposals include €2.0 billion received on completion of the sale of Vodafone New Zealand on 31 July 2019, together with €2.1 billion received on completion of the sale of Italian tower assets on 31 March. It also includes an amount of €10.3 billion paid on completion of the acquisition of the Liberty Global assets on 31 July 2019 and acquired net debt of €8.2 billion.

Closing net debt adjusted for mark to market gains deferred in hedging reserves at 31 March 2020 was €42.2 billion (31 March 2019: €27.0 billion) and excludes the €3.44 billion (31 March 2019: €3.44 billion) mandatory convertible bond issued in February 2019, which will be settled in equity shares, €12.1 billion (31 March 2019: €nil) of lease liabilities recognised under IFRS 16, a €1.3 billion (31 March 2019: €nil) loan specifically secured against Indian assets and €0.7 billion (31 March 2019: €0.8 billion) of shareholder loans receivable from VodafoneZiggo.

The Group's gross and net debt includes certain bonds which have been designated in hedge relationships, which are carried at €1.5 billion higher (31 March 2019: €1.6 billion higher) than their euro equivalent redemption value. In addition, where bonds are issued in currencies other than euros, the Group has entered into foreign currency swaps to fix the euro cash outflows on redemption. The impact of these swaps are not reflected in gross debt and would decrease the euro equivalent redemption value of the bonds by €1.3 billion (31 March 2019: €1.0 billion).

Analysis of free cash flow

	FY20 €m	FY19 €m	Change %
Inflow from operating activities	17,379	12,980	33.9
Net tax paid	930	1,131	
Cash flow from discontinued operations	–	71	
Cash generated by operations	18,309	14,182	29.1
Capital additions	(7,411)	(7,227)	
Working capital movement in respect of capital additions	(11)	(89)	
Disposal of property, plant and equipment	41	45	
Restructuring payments	570	195	
Other ¹	(3,777)	(35)	
Operating free cash flow²	7,721	7,071	9.2
Taxation	(930)	(1,040)	
Dividends received from associates and investments	417	498	
Dividends paid to non-controlling shareholders in subsidiaries	(348)	(584)	
Interest received and paid	(1,160)	(502)	
Free cash flow (pre-spectrum)²	5,700	5,443	4.7
Licence and spectrum payments	(181)	(837)	
Restructuring payments	(570)	(195)	
Free cash flow²	4,949	4,411	12.2

Notes:

- 1 Predominantly relates to lease payments for the year ended 31 March 2020, after the adoption of IFRS 16. Lease payments for the year ended 31 March 2019 are included within cash inflow from operating activities.
- 2 Operating free cash flow, free cash flow (pre-spectrum) and free cash flow are alternative performance measures. Alternative performance measures are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See "Alternative performance measures" on page 239 for further details.

Capital investment

	FY20 €m	FY19 €m	Change %
Maintenance	1,850	1,874	
Capacity	1,243	1,081	
New coverage	853	567	
Products and services	2,229	2,185	
Transformation and other	1,236	1,520	
Total capital additions	7,411	7,227	2.5
Total capital investment to total revenue	16.5%	16.6%	

Funding position

	FY20 €m	FY19 €m	Change %
Bonds	(49,412)	(44,492)	
Commercial paper ¹	–	(873)	
Bank loans	(2,728)	(3,000)	
Cash collateral liabilities ²	(5,292)	(2,011)	
Other borrowings	(3,877)	(2,579)	
Borrowings included in net debt	(61,309)	(52,955)	(15.8)
Cash and cash equivalents	13,284	13,637	
Other financial instruments:			
Mark to market derivative financial instruments ³	4,409	1,190	
Short term investments ⁴	5,247	11,095	
Total cash and cash equivalents and other financial instruments	22,940	25,922	(11.5)
Net debt	(38,369)	(27,033)	(41.9)
Less mark to market gains deferred in hedging reserves ⁵	(3,799)		
Net debt adjusted for mark to market gains deferred in hedging reserves	(42,168)	(27,033)	(56.0)
Lease liabilities	(12,063)	–	
Bank borrowings secured against Indian assets	(1,346)	–	
Borrowings excluded from net debt	(13,409)	–	
Adjusted EBITDA	14,881	13,918	6.9
Net debt to adjusted EBITDA⁵	2.8x	1.9x	n/m

Contractual obligations and commitments

A summary of our principal contractual financial obligations and commitments at 31 March 2020 is set out below.

Contractual obligations and commitments ¹	Total	Payments due by period (€m)			
		<1 year	1–3 years	3–5 years	>5 years
Financial liabilities ²	114,093	29,137	16,733	14,648	53,575
Lease liabilities ³	13,591	3,172	3,521	2,455	4,443
Capital commitments ⁴	3,149	1,833	959	239	118
Purchase commitments ⁵	10,208	5,434	2,374	1,091	1,309
Total	141,041	39,576	23,587	18,433	59,445

Notes:

- 1 This table includes obligations to pay dividends to non-controlling shareholders (see "Dividends from associates and to non-controlling shareholders" on page 195). The table excludes current and deferred tax liabilities and obligations under post-employment benefit schemes, details of which are provided in note 6 "Taxation" and 25 "Post-employment benefits" respectively. The table also excludes the contractual obligations of associates and joint ventures.
- 2 See note 22 "Capital and financial risk management".
- 3 See note 20 "Leases".
- 4 See note 28 "Commitments". Primarily related to spectrum and network infrastructure.
- 5 Primarily related to device purchase obligations.

Movement in net debt

	Net debt €m	Net debt to adjusted EBITDA
31 March 2019	27,033	1.9x
Acquisition of Liberty assets in Germany and Central Eastern Europe	18,506	
Divestitures	(4,427)	
Dividend payments and share buybacks	3,390	
German spectrum purchase	1,510	
Other movements	1,105	
Free cash flow	(4,949)	
31 March 2020⁵	42,168	2.8x⁶

Notes:

- At 31 March 2020 €nil (2019: €873 million) was drawn under the euro commercial paper programme.
- Cash collateral liabilities: €5,292 million (2019: €2,011 million) relates to a liability to return the cash collateral that has been paid to Vodafone under collateral arrangements on derivative financial instruments. The corresponding cash received from banking counterparties is reflected within Cash and cash equivalents and Short term investments.
- Comprises mark to market adjustments on derivative financial instruments, which are included as a component of trade and other (payables)/receivables.
- Short term investments includes €1,681 million (2019: €3,011 million) of highly liquid German, UK and Japanese government/government-backed securities; €1,115 million (2019: €1,184 million) of assets paid to our bank counterparties as collateral on derivative financial instruments; and managed investment funds of €2,451 million (2019: €5,513 million) that are in highly rated and liquid money market investments with liquidity of up to 90 days.
- FY20 has been adjusted to exclude derivative gains in cash flow hedge reserves, the corresponding losses for which are not recognised on the bonds within net debt and which are significantly increased due to COVID-19 related market conditions.
- Net debt in FY20 is adjusted to exclude derivative gains in cash flow hedge reserves, the corresponding losses for which are not recognised on the bonds within net debt and which are significantly increased due to COVID-19 related market conditions.

Return on capital

	FY20 €m	FY19 €m	Change %
Adjusted EBIT¹	4,796	4,253	12.8%
Acquired brand and customer relationships amortisation	(638)	(583)	9.4%
Net operating profit (controlled operations)	4,158	3,670	13.3%
Share of adjusted results in equity accounted associates & joint ventures	(241)	(348)	(30.7)%
Net operating profit (controlled & associates/JVs)	3,917	3,322	17.9%
Notional tax at adjusted effective tax rate	(991)	(777)	27.5%
Net operating profit after tax	2,926	2,545	15.0%
Property, plant and equipment (incl. Right-of-Use lease assets and lease liabilities)	27,134	27,432	(1.1)%
Intangible assets (including goodwill)	53,523	41,005	30.5%
Operating working capital and Held-for-Sale assets (excl. derivatives)	(3,342)	(3,705)	(9.8)%
Provisions and other items	(2,498)	(2,402)	4.0%
Net operating assets (controlled)	74,817	62,330	20.0%
Averaging adjustment	(6,245)	6,692	
Average net operating assets (controlled)	68,572	69,022	(0.7)%
Associates and joint ventures (incl. Held-for-Sale)	5,419	3,721	45.6%
Net operating assets (controlled and associates/JVs)	80,236	66,051	21.5%
Averaging adjustment	(7,094)	6,213	
Average net operating assets (controlled and associates/JVs)	73,142	72,264	1.2%
Pre-tax Return on Capital Employed (controlled)¹	6.1%	5.3%	80 bps
Post-tax Return on Capital Employed (controlled and associates/JVs)¹	4.0%	3.5%	50 bps

Note:

- Adjusted EBIT, Pre-tax Return on Capital Employed (controlled) and Post-tax Return on Capital Employed (controlled and associates/JVs) are alternative performance measures which are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measures. See "Alternative performance measures" on page 239 for more information.

Return on capital employed (ROCE) measures how efficiently we generate returns from our asset base and is a key driver of long-term value creation. The four pillars of our strategy are focused on ensuring that our ROCE meets or exceeds our weighted average cost of capital (WACC) over the long-term. In particular, we will meet this objective by efficiently allocating capital, improving asset utilisation and accelerating our digital transformation.

We calculate two ROCE measures: i) Pre-tax ROCE for controlled operations only and ii) Post-tax ROCE (including Associates & Joint Ventures). Both measures are based on Adjusted EBIT less amortisation of acquired customer-base and brand intangible assets. The post-tax measure also includes our share of adjusted results in equity accounted associates and joint ventures, and taxes the net operating profit by the adjusted effective tax rate to estimate an imputed tax expense.

Capital employed includes all net operating assets and is calculated as the average of opening and closing balances of: property, plant and equipment (including Right-of-Use assets and liabilities), intangible assets (including goodwill), operating working capital (including Held-for-Sale assets and excluding derivative balances), provisions, and under the post-tax measure, investments in associates and joint ventures. Other assets that do not directly contribute to returns are excluded: other investments, current and deferred tax balances and post-employment benefits.

ROCE grew 80 basis points to 6.1% on a pre-tax basis and 50 basis points to 4.0% on a post-tax basis. Our improvement in ROCE is primarily attributable to growth in adjusted EBITDA as a result of our improved service revenue performance, digital transformation and improving asset utilisation. The net improvement in ROCE is reduced because of higher depreciation and amortisation following capital investment, the recently acquired Liberty Global assets and in the post-tax measure, the higher adjusted effective tax rate in FY20.

Dividends

The Board is recommending total dividends per share of 9.0 eurocents for the year, the same as the prior year. This implies a final dividend of 4.5 eurocents compared to 4.16 eurocents in the prior year.

Prior year operating results

Our operating performance for the last financial year ended 31 March 2019 compared to the financial year ended 31 March 2018 can be found on pages 26 to 35 of our Annual Report and Accounts on Form 20-F filed with the United States Securities and Exchange Commission on 7 June 2019.

This year's report contains the Strategic Report on pages 6 to 71, which includes an analysis of our performance and position, a review of the business during the year, and outlines the principal risks and uncertainties we face. The Strategic Report was approved by the Board and signed on its behalf by the Chief Executive and Chief Financial Officer.

/s/ Nick Read

Nick Read
Chief Executive

2 July 2020

/s/ Margherita Della Valle

Margherita Della Valle
Chief Financial Officer

2 July 2020

Sustainable business

Delivering on our purpose

Our sustainable business strategy helps us deliver on our purpose and ensure we act responsibly and with integrity wherever we operate.

Our sustainable business strategy

We believe that Vodafone has a significant role to play in contributing to the societies in which we operate. Last year, we articulated our purpose – with the ambition to improve one billion lives and halve our environmental impact by 2025, building on a decade of initiatives, efforts and products from our business. Our sustainable business strategy helps the delivery of our 2025 targets across three pillars: Digital Society; Inclusion for All; and Planet. We aspire to enable an inclusive and sustainable digital society.

In parallel, we remain dedicated to ensuring that Vodafone operates responsibly and ethically, supported by our corporate disclosure programme. This is an area which we believe is more important than ever, given the ongoing COVID-19 crisis and the role business plays in supporting society during this period of uncertainty and change.

Our purpose

We connect for a better future

Digital Society



Inclusion for All



Planet



Responsible business practices

Human rights

Responsible supply chain

Anti-bribery and corruption

Mobile, masts and health

Tax and economic contribution

Our contribution to the UN Sustainable Development Goals

This year marks the beginning of the “decade of delivery” to achieve the UN Sustainable Development Goals (“SDGs”). The SDGs provide a clear roadmap and call to action for business to contribute towards creating a better future. Vodafone is committed to playing our role through leveraging the power of our technology, networks and services to contribute.

Through the impact of our extensive global network, our wide range of products and services (such as our IoT and M-Pesa platforms) and the work of the Vodafone Foundations, we believe we can increase the speed and scale of delivery across a wide number of the SDGs.





Digital Society


We believe in a connected digital society that helps improve people's lives, where data flows at speed, connecting people, communities and things to the internet like never before. With our next-generation networks, citizens will access an ever-growing range of services in real-time and businesses can develop new products and services to meet the needs of future generations.

Digital services, like the ones we provide, are quickly becoming the new engines of growth in the global race for economic prosperity and sustainable development. For example in Africa, the UN Broadband Commission for Sustainable Development estimates that expanding broadband by 10% would yield a 2.5% increase in GDP per capita. Also, it has been estimated that 84% of all IoT applications support the UN SDGs.

Notes:

- 1 Defined as 4G/5G mobile networks and over 30Mbps fixed networks.
- 2 UK Department for Digital, Culture, Media and Sport ('DCMS'), 2018.

Connectivity, communications services and digital solutions have become even more crucial during the COVID-19 crisis. They have become a lifeline for many citizens, companies and public authorities. In some markets, fixed broadband usage increased by more than 50%, as people work and study from home to an unprecedented degree. Around a fifth of the world's internet traffic travels across Vodafone networks. Our core focus has been on maintaining the quality of service and our five-point plan to support societies and assist governments in their response has guided all of our actions.

 **54** Read more on Vodafone's five-point plan to help counter the impact of COVID-19 on page 54

Building a Gigabit network

Goal:

To connect over 250 million people to our next-generation networks by 2025¹

We are investing significantly in our modern network infrastructure and coverage to deliver a high-quality service that allows individuals and businesses to connect confidently anywhere and at any time.

Benefits that high-speed internet (such as 5G) can have for the economy include productivity gains, such as faster download times and the ability to work in transit; increased consumer value by enabling innovative apps and services; and reduced carbon emissions, through supporting the large-scale deployment of IoT technologies across sectors².

We support our customers, both individuals and businesses, to realise these benefits.

We are future-proofing our fixed line infrastructure by upgrading our cable network to the latest DOCSIS 3.1 technology and deploying fibre deep into the network.

Our fixed Gigabit networks will deliver a significant improvement in the maximum user speeds and network capacity; speeds of 30Mbps will directly improve the lives of millions of people. We are now Europe's largest fixed next-generation network provider by footprint, with 25 million broadband customers and 136 million marketable households in Europe.

This year, 144 million customers were connected to our next-generation networks¹.

Our networks also support a wide variety of solutions to meet society's needs. We're working with businesses of all sizes to make the digital society a reality. From ensuring millions of employees across the world can work effectively from home during the COVID-19 crisis, to designing new IoT-connected products with and for our customers, we're committed to helping everyone get the best from technology.

In healthcare, for example, 5G will be a real driver of innovation, helping improve staff efficiency while also improving patient care. Through our connectivity, we can enable remote surgery, rehabilitation robotics and wearable sensors, to name just a few.

Gigabit Hubs generate economic growth in Ireland



According to new data from research conducted this year¹, Vodafone has helped generate €27.4 million of local economic contribution in Ireland through the creation of six Gigabit Hubs in remote communities, which in turn have helped create hundreds of jobs and businesses.

Fifteen hubs are now benefiting from free 1 Gigabit broadband through Vodafone Ireland's Gigabit Hub initiative, transforming employment and business opportunities for residents. By applying an average of the findings to a scenario where one hub is located in each of the 26 counties in the Republic of Ireland, the study found the potential to generate €312 million of economic contribution at a national level, making a significant economic, social and financial impact across the country.

Note:

- 1 Vodafone's 2019 Gigabit Hub report analyses six hubs in Ireland located in Dundalk, Drogheda, Kilkenny, Carlow, Kerry and Cork.

Tackling loneliness with tech

In 2019, Vodafone UK launched a new report focused on how technology can be harnessed to tackle loneliness in people over 50 and also highlights that a significant number of older people are not confident using technology. At the same time, the financial implications of loneliness in the over 50s was revealed to come at a cost of £1.8 billion per year to the UK economy.

In response, Vodafone UK launched a nationwide programme of tech masterclasses, helping participants set up their phones, use social media and learn more about wearable tech and connected home devices.

Recommendations for both policy makers and businesses made in the report include introducing prescribing schemes so that GPs and health service practitioners are able to prescribe technology such as wearable devices and monitoring systems, developing tech toolkits to support independent living and offering financial support including funding the take-up of technology in the home.



Sustainable business (continued)

Supporting small businesses and entrepreneurs

Through Vodafone Business, we provide products and services which are specifically tailored for small and medium-sized ('SME') and small-office home-office ('SOHO') businesses, helping guide them through technology choices that are moving at an unprecedented pace and improve their digital readiness.

This support is more crucial than ever in the current climate (see case study below). Connectivity is vital for businesses around the world to thrive. For example, research commissioned by Vodafone found that 70% of micro-entrepreneurs in Ghana would face difficulties continuing their business without a smartphone. Constant connectivity allows entrepreneurs to connect with customers, search for new business ideas and adapt to changing market conditions.

Smart transport solutions

Goal:

To connect over 150 million vehicles to the IoT by 2025

Our electronics and telematics products create more efficient, safer and smarter transport for people, communities and businesses. Benefits include:

- **Transport fleet and logistics** – improved vehicle management and monitoring for businesses including support and diagnostics, as well as driving style monitoring which improves efficiency and reduces carbon emissions.
- **Automotive** – stolen vehicle recovery, crash alerts, automated breakdown calls and mobile apps for smarter transport.
- **Insurance** – in-car telematics to monitor driver behaviour, usage-based insurance for more accurate insurance premiums, crash reconstruction/alerts and automated emergency calling.

This year we grew the number of connected vehicles we serve from 25 million to 31 million.

Creating smarter cities

Our IoT platform and technology are also supporting cities to become smarter to adapt to the demands of urban growth, as well as improve the lives of the citizens within them. With 55% of the world's population living in cities, digitisation can play a key role in tackling many of our cities' most pressing challenges, from air quality, public transport and energy efficiency, to waste management and improved building standards.

The IoT-enabled smart city can reroute traffic around congestion in real-time, automatically schedule repairs for failed infrastructure like street lighting or bridges, and intelligently manage energy use and pollution right across the built environment. It can protect citizens and businesses from crime more effectively, and safeguard vulnerable citizens in their homes.

Vodafone Spain will be the provider of the "Sevilla Smart City Platform", which will enable the municipality to more efficiently monitor and manage services and facilities such as waste management, street lighting and air quality.

Supporting our business customers during the COVID-19 crisis

We are committed to helping our business and public sector customers mitigate the economic impacts of the health crisis. In many cases, this has involved helping customers to digitalise their own companies at a rapid pace. We estimate that we have enabled as many as 2.5 million people to work from home for the first time.

In the UK, to support homeworkers, we created a new flexible "Vodafone Emergency Homeworker" plan for our existing mobile customers. This gives employees who may not have a company mobile access to unlimited voice, text and data for a reduced fixed amount for three months. We are also offering larger business customers additional mobile data packages to meet the needs of employees working from home.

In Africa, Vodacom has specifically focused on supporting SMEs during the pandemic. For example, in South Africa, Vodacom has extended loans to SMEs to assist them with cash flow challenges. A number of our markets in the region have also introduced additional data allocations and work-from-home packages for enterprise customers.

Working in collaboration with the municipality of Tirana, Vodafone Albania has implemented a system to monitor and transmit air quality in the capital city to the public, using a monitoring system to gather real-time data through the "Tirana Ime" application. By monitoring air pollution in this way, the municipality is better able to understand traffic-related air pollution factors and identify appropriate measures for tackling such pollution.

Supporting financial inclusion

Goal:

To connect 50 million people and their families to mobile financial services by 2025

Approximately 1.7 billion people in the world still have no access to banking facilities, an issue that affects significantly more women than men³. In 2007, together with our Kenyan associate, Safaricom, we developed the first mobile money transfer service, M-Pesa.

This simple, secure, cheap and convenient solution is now offered to customers across seven markets in Africa: the Democratic Republic of Congo, Egypt, Ghana, Kenya, Lesotho, Mozambique and Tanzania.

With a mobile phone and an M-Pesa account, people on low incomes can send, receive and store money safely and securely, giving them more control over their financial affairs. It also reduces the associated risks of a cash-based society, including robbery and corruption.

As of March 2020, 41.5 million customers were using M-Pesa, with over 12.2 billion transactions made through a network of more than 431,500 agents.

Thanks to the development of additional services built on the M-Pesa offering, such as M-Shwari, M-Pawa and KCB M-Pesa, our customers can also save money through interest-bearing accounts and can arrange micro-loans to help fund their businesses.

In addition, M-Pesa is widely used to manage business transactions and to pay salaries, pensions, agricultural subsidies and government grants.

In Kenya, Safaricom's M-TIBA service allows anyone to send, save and spend funds specifically for medical treatment using their mobile phone. This is helping streamline the management of large-scale health financing schemes from insurers, the government and donors and is helping to make healthcare more accessible. There are now more than four million users of M-TIBA.

Note:
3 World Bank, 2017.

Improving lives through M-Pesa

With M-Pesa, customers can take greater control over their own and their family's finances. This is particularly the case for women. For example, in Kenya, research estimated that with mobile money access through M-Pesa, 185,000 women have been able to switch from subsistence farming to business or sales as their primary occupation¹.

In addition, the research also found that M-Pesa has helped lift 194,000 households, or 2% of Kenyan households, out of poverty. We estimate that 17 million women were actively using M-Pesa this year, accounting for 41% of our M-Pesa customer base.

Note:
1 "The long-run poverty and gender impacts of mobile money", Suri and Jack, Science, 2016.



Sustainable business (continued)



Inclusion for All

We believe that the opportunities and promise of a better digital future should be accessible to all.

As digitisation dramatically increases the rate of change and pace of innovation, unless it is inclusive, it can widen existing divisions in our societies. Our goal therefore is also to democratise digitisation, making sure everyone can benefit from technology. Similarly, we need to focus on the human aspects of digital connectivity and content and how they impact our lives.

The COVID-19 crisis, especially its economic ramifications, may worsen the inequalities that exist in society. Women and young people are disproportionately affected, economically and socially. Low-wage workers, small enterprises, the informal sector and vulnerable groups, in part due to more limited access and ability to use digital solutions, are at greater risk of negative socio-economic impacts of the crisis, showing that digital inclusion and literacy are even more important.

We aim to contribute to building an inclusive digital society where no one is left behind, across all ages and socio-economic groups, from those in rural settings to our growing cities making technology relevant and accessible to everyone.

Gender equality and connecting women

By empowering women and promoting gender equality, we can enable communities, economies and businesses – including our own – to prosper.

Goal:

To connect an additional 20 million women living in Africa⁴ and Turkey to mobile by 2025

To reflect recent changes in Vodafone's direct geographic footprint, this year we amended our previous goal to connect women in emerging markets, to be focused on Africa⁴ and Turkey.

Research from GSMA shows that Sub-Saharan Africa has one of the widest mobile gender gaps of any region, as women are 13% less likely to own a mobile phone than men⁵. In addition, it is estimated that there is a 37% gender gap in mobile internet use.

Owning even the most basic mobile enables a woman to communicate, access information, learn, manage her (family's) finances, set up and run a business and even get help if feeling threatened.

Notes:
4 Excluding Egypt.
5 GSMA, 2020.

Progress towards our 20 million women goal

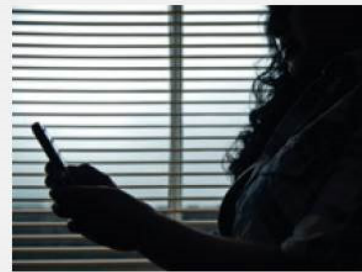
Estimated number of female customers in Africa⁴ and Turkey (millions)



Tackling domestic violence and abuse

Safety is one of the biggest social barriers to women fulfilling their potential. In March 2019 the Vodafone Foundation announced the international expansion of Bright Sky, a free app developed with Hestia, Aspirant, and Thames Valley Partnership that provides support and information to anyone who may be in an abusive relationship, or concerned about someone they know.

Since Bright Sky was created, the app has been downloaded over 41,000 times in the UK. Working with Thames Valley Partnership, Vodafone Foundation has also launched the service in Ireland and the Czech Republic. By March 2021, our ambition is for Bright Sky to be live in 12 countries. In the wake of COVID-19, the app has seen a 75% increase in downloads, and has been credited by UN Women¹ as a key tool in supporting survivors during this period of limited mobility.



The roll-out builds on over ten years of "Apps Against Abuse" by Vodafone Foundation that connect over one million people affected by domestic abuse to help and advice.

Note: 1 UN Women, COVID-19 and Ending Violence Against Women and Girls, 2020.

Increasing access to health advice in South Africa

In South Africa, Vodacom's Mum & Baby service is a free-to-use (no data charges) mobile health service which gives customers maternal, neonatal and child health information. The information is shared through weekly stage-based SMS messages. Additional health-related content, such as articles, videos and tutorials, is available through a mobile-optimised website. The service has helped over 1.8 million parents and caregivers to take positive actions to improve their children's health since its launch in 2017.

An independent study to assess the socio-economic contribution of the service found that 95% of the mothers and pregnant women surveyed said that the information received influenced their decision to breastfeed. In addition, 96% agreed that the information received helped with their decision to vaccinate their child. If this were representative of all Mum & Baby subscribers, it would suggest that the service may have influenced the vaccination decisions for the children of approximately 650,000 individuals in South Africa.

Read more at vodafone.com/mumandbaby



Mobile technology also enhances many public and commercial services, from accessing vaccinations and maternal healthcare, to mobile banking and online support for smallholder farmers.

We are using our mobile technologies to enhance the quality of women's lives through commercial programmes that:

- Support education, skills and jobs;
- Improve health, wellbeing and safety; and
- Enable economic empowerment.

We also have specific initiatives to support female entrepreneurs, including Business Women Connect in Tanzania and Mozambique and Vodafone Turkey Foundation's Women First in Entrepreneurship programme.

We have made progress towards our goal and have an estimated 46.2 million active female customers in Africa⁴ and Turkey, 9.3 million more since our original goal was set in 2016 (see chart on page 44).

58 Read more on our approach to supporting gender equality in our workforce, including our new global parental leave policy, launched this year, on page 58

Youth skills and jobs

Goals:

Support ten million young people to access digital skills, learning and employment opportunities by 2022

Provide 100,000 opportunities for young people to receive a digital learning experience at Vodafone by 2022

Youth unemployment remains high in many of our operating countries: 57% in South Africa, 35% in Greece, 33% in Spain and 29% in Italy⁶. At the same time, demand for digital skills already outstrips the supply of available talent. As a global technology business, Vodafone wants to address this.

In 2018, we launched a free smartphone and web-based service called Future Jobs Finder designed to help young people find job opportunities in the digital economy and free digital skills training.

Through the tool, psychometric tests identify individuals' aptitudes and interests, mapping these to the most appropriate digital job category; as well as job opportunities in their chosen location or within Vodafone.

On completing the tests, users also receive a summary of their skills and interests that can be used on their C.V. or in a job application. As part of our #ChangeTheFace campaign (see below), version 2.0 of the service was launched this year and it has now helped over 539,000 people globally, matching users to the top five digital jobs that match their interests and their skills.

Since April 2018, we have provided 168,899 digital learning experiences to young people at Vodafone, thereby exceeding our target. This has been through a range of initiatives including work experience, apprenticeships, intern and graduate schemes and coding programmes. Read more about our progress against our target on page 59.

Recently, as part of Vodafone's commitment to support society during the COVID-19 crisis, we made a new range of online educational and training support available to customers and employees for free. This included online e-learning courses from Udemy and extended access to Perlego's online library of academic text books and publications.

Note:
6 OECD, 2019.

#ChangeTheFace



On International Women's Day 2020, we furthered our commitment to gender diversity with the launch of #ChangeTheFace. This global initiative, created by Vodafone and supported by Nokia and Ericsson, aims to boost diverse representation across the technology sector as employers pledge to make the sector more inclusive.

There are already hundreds of thousands of unfilled vacancies for ICT professionals in Europe, and a declining number of women filling these roles. Research from the European Commission in 2018 also shows that women represent only 21.5% of all workers in digital jobs.

To help address this, we have expanded the services offered on our free Future Jobs Finder tool to empower more women. Our updated tool will help more women access technology careers, even if they have no experience or qualifications in the sector.

At the same time, we have committed to work with global supplier diversity leader, WEConnect International, to boost diversity and inclusion in our supply chain and connect with more women-owned businesses worldwide.

58 Read more at [change-the-face.com](https://www.change-the-face.com)

Supporting digital skills through Vodafone Foundation

Through our local foundations, Vodafone has launched a number of programmes that help young adults develop their skills, including digital ones, and support the development of young entrepreneurs.

"Coding For Tomorrow" in Germany, supported by Germany's State Minister for Digitisation, has helped over 85,000 children and young people since 2017 to learn coding, as well as build other skills such as creative problem solving. To support sustainable change, over 1,300 teachers from across 150 schools have received specific training to deliver the programme and content has also recently been created to be used by libraries and museums.

In South Africa, "#codelikeagirl" has now reached 700 girls across all nine provinces since launching in 2017, providing them with a week's course in coding, STEM and life skills training as well as information about cyberbullying, internet safety and entrepreneurship.

In Greece, the Foundation runs "Generation Next", helping students aged 12–18 to discover and learn more about STEM topics, while creating their own innovative projects that bring solutions to social problems. More than 78,500 students and teachers have benefited to date.

Beyond digital training, the Vodafone Foundation designs and implements programmes around the world that combine Vodafone's charitable giving and technology to deliver public benefit and improve people's lives. This includes a focus on driving gender equality, and disaster response. The total amount donated to Vodafone Foundation in 2020 was over €46 million.



Sustainable business (continued)



Planet

We believe that urgent and sustained action is required to address the climate emergency and that business success should not come at a cost to the environment.

We have committed to halving our environmental impact by 2025. Our focus on energy efficiency, renewable energy supply and eliminating network waste is helping us to mitigate the environmental impact of the growth of our business and our customers' increasing demand for data. In addition, one of our most important contributions is through using our technologies and services to provide our customers with the means to achieve a reduction in their greenhouse gas ('GHG') emissions.

Reducing carbon emissions

Goals:

Reduce our GHG emissions by 50%⁷ by 2025

Purchase 100% of the electricity we use from renewable sources by 2025

Note:
7 Against a 2017 baseline.

Notwithstanding ever-growing use of data and expansion of our networks, this year our total GHG emissions decreased by 9% to 1.84 million tonnes of CO₂e (carbon dioxide equivalent), predominantly due to an increase in the proportion of renewable electricity purchased. We continued to improve our overall energy efficiency during the year and achieved a 38.5% reduction in the amount of GHG emissions per petabyte ('PB') of mobile data carried, to reach an average of 230 tonnes CO₂e per PB (2019: 374) (see charts below).

During the year 25.9% of our electricity used was from renewable sources (2019: 15.6%). This year we launched sourcing activities for Power Purchase Agreement ('PPA') contracts, notably in the UK and Spain.

In addition, Germany, Romania, Greece and Hungary all sourced Renewable Energy Certificates ('RECs') or tariffs for the first time during the year.

In July 2019, Vodafone committed to setting a Science Based Target over the next year which is aligned to limiting global temperature rise to below 1.5°C and reaching net-zero emissions no later than 2050. This will require a significant reduction in our direct carbon emissions as well as setting targets for indirect emissions (including suppliers and joint ventures). We are also part of a GSMA taskforce that has defined the emission reduction pathway for the telecoms industry.

In recognition of our governance on GHG emissions, this year Vodafone moved to an A- from a B in the latest CDP rating.

Our Planet programme, including our objective of halving our environmental impact, is also aligned to our risk mitigation process.

We have identified potential climate change risks through a Taskforce on Climate-related Financial Disclosure ('TCFD') scenario-based risk and opportunity assessment. This has helped to specifically identify transition, physical, regulatory and reputational risks.

In 2018, we established a green bond framework, under which Vodafone issued its first €750 million green bond in May 2019 to finance or refinance projects to help us meet our environmental objectives. The framework and subsequent report define which projects are eligible under the use of proceeds and how they are selected.

69 Read more on Vodafone's approach to climate change risk aligned to the TCFD, see page 69

Optimising our energy consumption

We are committed to improving the energy efficiency of our base station sites and in our technology (data and switching) centres, which together account for 95% of our total global energy consumption. During 2020, we invested €77 million capital expenditure in energy efficiency and renewable projects across our business, which has led to annual energy savings of 186GWh.

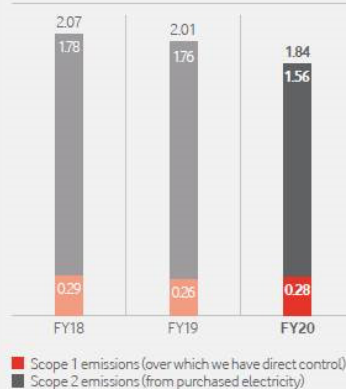
Our energy efficiency initiatives are focused on three key areas:

- sourcing and implementing more efficient network equipment;
- reducing energy demand by installing lower-energy power and cooling technologies; and
- cutting energy use by decommissioning and replacing legacy equipment.

Vodafone energy use (Gigawatt hours)

	FY18	FY19	FY20
Base station sites	3,627	3,665	3,810
Offices	301	277	256
Technology centres	1,538	1,540	1,430
Retail stores	55	46	45
Total	5,521	5,528	5,541

GHG emissions million tonnes of CO₂e



Note: Calculated using local market actual or estimated data sources from invoices, purchasing requisitions, direct data measurement and estimations. Carbon emissions calculated in line with GHG Protocol standards. Scope 2 emissions are reported using the market-based methodology. For full methodology see our Sustainable Business Addendum 2020.

GHG emissions per petabyte of mobile data carried by our networks tonnes of CO₂e



Percentage of purchased electricity from renewable sources %



Working together with eSight Energy, Vodafone has implemented an energy data management system using data feeds from our electricity suppliers and from smart meters across 58,000 sites in Europe.

To support our energy reduction programme, we have established an employee engagement initiative, “#RedLovesGreen”. This aims to raise awareness of the individual actions that employees can take to reduce energy use and encourages changes in behaviour that collectively could have a significant impact. More than 16,000 colleagues are currently members of the RedLovesGreen community and over 3,000 have completed a dedicated energy awareness e-learning course.

Scope 3 emissions

Scope 3 emissions are indirect GHG emissions over which we have no direct control but may be able to influence.

This year, our estimated Scope 3 emissions were 11.9 million tonnes of CO₂e (see chart below). We have worked with the Carbon Trust to analyse our Scope 3 emissions and prioritise where we have the greatest opportunity to influence reductions.

Enabling customers to reduce emissions

Our biggest contribution to mitigating climate change is the way our products and services are helping our customers to reduce the environmental impact. Through our IoT services, we are helping our customers to manage energy more efficiently and reduce their emissions.

We estimate that over 30% of the more than 103 million IoT connections we operate directly enable customers to reduce their emissions, and we expect these connections to increase over time.

We calculate that in 2020, the total GHG emissions avoided as a consequence of our IoT technologies and services were 6.9 million tonnes CO₂e, which is 3.8 times the emissions generated from our own operations. The greatest CO₂e savings enabled were predominantly in smart logistics and fleet management, followed by smart metering.

Building a circular economy

Goal:

To reuse, resell or recycle 100% of our network waste by 2025

We believe society needs to move to a more efficient, circular economy focused on eliminating waste. Vodafone is committed to playing our part in this transition.

Our Group policy on waste management prioritises the reuse or recycling of unwanted equipment, safely and responsibly. We also seek to help keep resources in use for as long as possible, extracting the maximum value from equipment while in use and then recovering and reusing materials before recycling them responsibly.

This year in our own operations, we generated an estimated 9,500 tonnes of waste and we recovered and recycled 84.9%. Globally, 99.9% of our network waste was sent for reuse and recycling.

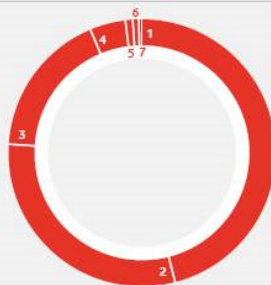
As well as managing network waste, we are also working on ways to improve the reuse and repair of devices across our business. A number of our markets operate trade-in and device buyback schemes, such as drop-off boxes in retail stores, freepost return envelopes and repair services to encourage customers to repair or return their old devices and routers.

Reducing plastic waste

This year, Vodafone made the commitment to eliminate all unnecessary plastics and other disposable single-use items where there are lower impact alternatives across all our retail stores and offices. This included no longer using disposable plastic bags in retail stores, as well as removing or restricting plastic marketing and promotional materials, replacing them with alternatives with a lower environmental impact.

In 2019, we replaced our standard credit-card sized SIM holder with a new half-size format, reducing the amount of plastic used to produce SIMs by 50%. These cards are available now in several European markets and will eventually replace full-sized cards across all markets.

Scope 3 emissions sources
(thousand tonnes CO₂e)



Most material:

1 Joint ventures and associates	5,300
2 Purchased goods and services	3,700
3 Use of sold products	2,100
Other:	
4 Fuel and energy-related activities	700
5 Business travel	50
6 Upstream leased assets	50
7 Waste generated in our operations	1

Working towards our network waste target

This year, we launched Asset Marketplace, a business-to-business solution within Vodafone that allows us to re-sell and repurpose large decommissioned electrical items like masts and antennae, helping us reduce carbon emissions by not needing to purchase new items. The solution also helps save an average of 63% of expenditure versus buying new equipment. Within two months of launching Asset Marketplace, shipments – including radio equipment – were sent from Germany to Portugal and from the UK and the Netherlands to several markets in Africa. Over the next year, we plan to expand the scope of Asset Marketplace to include IT and terminals, whilst also opening up the service to partner markets.



Partnering with Fairphone



This year, we announced a strategic partnership with Fairphone to offer the more ethical, reliable and sustainable Fairphone 3 to Vodafone retail and corporate customers in European markets including the UK, Germany, Italy, Spain and Ireland. In some markets, we are now offering Fairphone 3 as an option for employees' work phones. Vodafone and Fairphone will also collaborate on best practice and share knowledge on key industry sustainability issues including the circular economy, electronic waste and responsible sourcing.

Sustainable business (continued)

Operating responsibly

We are committed to ensuring that our business operates ethically, lawfully and with integrity, as this is critical to our long-term success. This section addresses some of our key responsible business practices and details the activities we put in place to ensure our operating practices meet our own and our stakeholders' expectations.

Human rights

At Vodafone, we believe that wherever we operate, we contribute to the wealth and development of countries, regions and local communities in a way that advances the protection and promotion of a number of fundamental human rights and freedoms and supports the full realisation of socio-economic development.

Our most salient human rights risks relate to the individual's right to privacy and freedom of expression. Our commitment to our customers' privacy goes beyond legal compliance. We are focused on building a culture that respects the right to privacy in order to justify the trust that people place in us, and always seek to respect and seek to protect our customers' lawful rights to hold and express opinions and share information and ideas without interference. At the same time, as a licensed national operator, we are obliged to comply with lawful orders from national authorities and the judiciary, including law enforcement.

In 2019, we launched our new Group human rights policy, setting out the minimum requirements that everyone working for and with Vodafone must comply with across all human rights topics. We manage human rights risks through our human rights due diligence approach, which is aligned with the United Nations Guiding Principles on Business and Human Rights.

 [Read more at vodafone.com/humanrightspolicystatement](https://www.vodafone.com/humanrightspolicystatement)

Ensuring human rights are upheld during the COVID-19 crisis

Our focus on human rights is even more important during the COVID-19 crisis, which has a significant socio-economic impact, particularly across certain groups. We have a number of programmes to mitigate this impact, which stretch across our workforce, suppliers, customers and vulnerable groups. The crisis has also highlighted the tension between privacy and personal freedom, on the one hand, and public safety, on the other.

As part of our COVID-19 response, we have provided technical support to governments, for example through creating heat maps showing how containment measures affect population movements in aggregated and anonymised form, and giving advice on the development of privacy-preserving contact tracing apps.

When doing so, we do not provide raw customer data to governments, and will never voluntarily offer our customer data for any initiatives that remove the requirement for consent.

We believe that any contact tracing apps should fulfil four conditions to adhere to human rights. These apps must be a) independent of operators and other private companies; b) developed and controlled by national health authorities; c) still require consent; and d) it must be for the state institutions to justify why contact tracing is necessary and in line with existing laws and regulations.

It is especially in times of crisis that there is a critical need to stay true to our values and to ensure that the measures we take as a company, and as an industry, are based on ensuring the protection of human dignity and the adherence to fundamental rights. In this context, transparency has never been as important as it is now, and we will continue to share as much as we can.

Responsible supply chain

We spend approximately €24 billion a year with around 11,000 direct suppliers around the world to meet our businesses' and customers' needs.

Every supplier that works for Vodafone is required to abide by our Code of Ethical Purchasing. These commitments extend down through the supply chain so that a supplier with which we have a direct contractual relationship (Tier 1 supplier) in turn is required to ensure compliance across its own direct supply chain (Tier 2 supplier from Vodafone's perspective) and beyond.

The Code of Ethical Purchasing is based on international standards including the Universal Declaration of Human Rights and the International Labour Organization's Fundamental Conventions on Labour Standards.

It stipulates a range of ethical, labour and environmental standards that we expect to be followed across our supply chain, including areas such as child labour, health and safety, working hours, discrimination and disciplinary processes.

Undergoing our first GNI assessment



In 2017, we joined the Global Network Initiative ('GNI') as a Board member. The GNI is a multi-stakeholder forum focused on promoting and advancing freedom of expression and the right to privacy worldwide.

As part of our ongoing commitment as a member, we underwent our first independent GNI principles implementation assessment in 2019. The GNI Board concluded Vodafone is "making best faith efforts to implement the GNI Principles with improvement over time" – this is the formal wording adopted by the Board for companies' successful completion of the assessment.

Our independent assessor noted, for example, that "the GNI principles are well understood and embraced by senior leaders in a number of key areas of the business and that the Company uses technology and existing compliance systems to embed human rights into everyday company procedures and processes."

 For more information on the GNI company assessments visit: www.globalnetworkinitiative.org/company-assessments

Number of site assessments conducted (either by Vodafone or through JAC)



Those requirements are backed up by risk assessments, audits and operational improvement processes, which we summarise below and which are also underpinned by binding contractual commitments.

We evaluate our suppliers' compliance with our Code of Ethical Purchasing through a detailed assessment that may involve an on-site audit. Some site audits are conducted under the Joint Audit Cooperation (JAC) initiative, an association of telecommunications operators established to improve ethical, labour and environmental standards in the ICT supply chain, of which Vodafone is a participating member (see chart on page 48).

The top three areas of non-compliance were:

- Health & safety matters related to non-compliant building safety;
- Environmental matters related to non-compliant chemical storage and lack of carbon reduction programmes; and
- Excessive working hours due to needing better demand management.

Suppliers that do not meet our standards are provided with a corrective action plan to address any areas for improvement and are required to submit evidence that this has been completed.

Our supplier performance management programme covers environmental factors, and suppliers' GHG performance is one of the factors evaluated in our annual assessment process. We also ask selected suppliers to provide details of their GHG emissions and management programmes through CDP. We have also changed the weighting in our procurement, giving more emphasis to purpose in our selection of suppliers.

During the COVID-19 crisis, to assist businesses most at risk within our supply chain, Vodafone is ensuring that all new orders issued to our micro and small suppliers providing goods and services to Vodafone's European operations are paid in 15 days, instead of the customary 30 to 60 days.

Anti-bribery and corruption

At Vodafone, we support and foster a culture of zero tolerance towards bribery or corruption in all our activities.

Our anti-bribery policy

Our policy on this issue is summarised in our Code of Conduct and states that employees or others working on our behalf must never offer or accept any kind of bribe.

Our anti-bribery policy is consistent with the UK Bribery Act and the US Foreign Corrupt Practices Act, and provides guidance about what constitutes a bribe and prohibits giving or receiving any excessive or improper gifts and hospitality. Any policy breaches can lead to dismissal or termination of contract.

Facilitation payments are strictly prohibited by our policy and our employees are provided with practical guidance on how to respond to demands for facilitation payments. The only exception is when an employee's personal safety is at risk. In such circumstances, when a payment under duress is made, the incident must be reported to the compliance team as soon as possible afterwards.

One of the ways to help the fight against COVID-19 is through charitable donations and contributions, either monetary or in kind. We are proud to have been able to provide donations for those in need. We have issued guidance to all markets and Foundations to assist them in their assessment of different initiatives, to ensure donations are given in line with our policies, and to stipulate clear steps for seeking exceptions to the policies where these are deemed necessary.

Governance and risk assessment

Our Chief Executive and Group Executive Committee (ExCo) oversee our efforts to prevent bribery. They are supported by local market Chief Executives, who are responsible for ensuring that our anti-bribery programme is implemented effectively in their local market.

They in turn are supported by local specialists and by a dedicated Group team that is solely focused on anti-bribery policy and compliance.

Vodafone's Risk and Compliance Committee assists the ExCo to fulfil its accountabilities with regards to risk management and policy compliance.

The key actions for the programme for the coming year are documented in the bribery risk line of sight report, which is regularly updated by our General Counsel.

As part of our anti-bribery programme, every Vodafone business must adhere to minimum global standards, which include:

- ensuring there is a due diligence process for suppliers and business partners at the start of the business relationship;
- completion of the global e-learning training for all employees, as well as tailored training for higher risk teams; and
- using Vodafone's global online gift and hospitality registration platform, as well as ensuring there is a process for approving local sponsorships and charitable contributions.

The bribery risks we face are constantly evolving. The table below summarises the principal risk categories and the measures we take in mitigation.

Risk	Response
Operating in high-risk markets	We undertake biennial risk assessments in each of our local operating companies and at Group level, so we can understand and limit our exposure to risk.
Business acquisition and integration	Anti-bribery considerations are taken into account when carrying out due diligence on a target company. Red flags identified during the due diligence are reviewed and assessed. Following acquisition, we implement our anti-bribery programme.
Spectrum licensing	To reduce the risk of attempted bribery, a specialist spectrum policy team oversees our participation in all negotiations and auctions. We provide appropriate training and guidance for employees who interact with government officials on spectrum matters.
Building and upgrading networks	Our anti-bribery policy makes it clear that we never offer any form of inducement to secure a permit, lease or access to a site. We regularly remind all employees and contractors in network roles of this prohibition, through tailored training sessions and communications.
Working with third parties	Suppliers and other relevant third parties working for or on behalf of Vodafone, must comply with the principles set out in our Code of Conduct and Code of Ethical Purchasing. Third party due diligence is completed at the start of our business relationship with suppliers, other third parties and partners. Through their contracts with us, our suppliers, partners and other third parties make a commitment to implement and maintain proportionate and effective anti-bribery compliance measures. We regularly remind current suppliers of our policy requirements and complete detailed compliance assessments across a sample of higher-risk and higher-value suppliers. Select high-risk third parties are trained to ensure awareness of our zero-tolerance policy.
Winning and retaining business	We provide targeted training for our Vodafone Business and Partner Markets sales teams. In addition, we also maintain and monitor a global register of gifts and hospitality to ensure that inappropriate offers are not accepted or extended by our employees.

Sustainable business (continued)

Implementation of the anti-bribery policy is monitored regularly in all local markets as part of the annual Group Policy Compliance Review assurance process, which reviews key anti-bribery controls. Visits to local markets, on a rotating basis, enable us to assess the implementation of the anti-bribery programme in more detail, through on-the-ground reviews. This year, reviews were completed in Vodafone Egypt and Vodafone Business. The reviews demonstrated good implementation of the anti-bribery programme. Some areas for improvement relating to third party risk management were identified and are being addressed.

Engaging employees to raise awareness of bribery risk

We run a multi-channel high profile global communications programme, Doing What's Right, to engage with employees and raise awareness and understanding of the policy. The "Doing What's Right" programme also features e-learning training, which includes a specific anti-bribery module. To date, over 90% of active employees around the world have completed the e-learning training.

'Speak Up'

All Vodafone employees are encouraged to report any suspected breaches of our Code of Conduct as soon as possible, using our 'Speak Up' process.

Senior executives review every Speak Up report and the programme is reviewed by the Group Risk and Compliance Committee. Speak Up operates under a non-retaliatory policy: everyone who raises a concern in good faith is treated fairly with no negative consequences for their employment with Vodafone, regardless of the outcome of any subsequent investigation.

This year, 602 separate concerns were reported using Speak Up on a wide range of issues (though only a very small fraction were related to bribery and corruption).

Mobiles, masts and health

The health and safety of our people, customers and the wider public is a priority for Vodafone. We always operate our mobile networks strictly within national regulations, which are typically based on, or go beyond, international guidelines set by the independent scientific body the International Commission for Non-Ionizing Radiation Protection ('ICNIRP'). There has been scientific research on mobile frequencies (including those used by 5G) for decades, and 5G is covered by international and national exposure guidelines and regulations. Following an extensive review of scientific studies published during the last 20 years, in March 2020 ICNIRP confirmed that there are no adverse effects on human health from 5G frequencies if exposure is within their guidelines.

In addition, the majority of Vodafone's markets that have rolled out 5G have implemented a "Smart PowerLock" feature which guarantees compliance with electromagnetic field ('EMF') regulations under all possible operating conditions for all 5G sites by reducing the energy radiated when certain network conditions are met.

There is no credible scientific evidence linking the spread of COVID-19 to 5G or to mobile technologies. It is regrettable that unproven, unsubstantiated theories circulating primarily on social media have incited individuals to damage masts and base stations in a number of countries, thereby jeopardising people's connectivity, including digital access to health services. We have been encouraged by the response from the scientific and technical community in rejecting these claims, and we appreciate the work carried out by fact-checking organisations, governments and health agencies in ensuring that the established scientific position is communicated to the public.

We have robust governance mechanisms in place and conduct regular compliance assessments to ensure that our masts and devices meet all regulations. We review all published scientific research. We also perform network measurements and carry out calculations and assessments of exposure from the network masts, and review the test reports we receive on EMF testing on devices.

 [Read more at vodafone.com/mmh](https://www.vodafone.com/mmh)

Tax and economic contribution

As a major investor, taxpayer and employer, we make a significant contribution to the economies of all the countries in which we operate. In addition to direct and indirect taxation, our financial contributions to governments also include other areas such as radio spectrum fees and auction proceeds.

Our tax report sets out our total contribution to public finances on a cash-paid basis. The information we share aims to help our stakeholders understand our approach, policies and principles. We disclose our financial contributions to governments at a country level, as we believe this is an important way to demonstrate that it is possible to achieve an effective balance between a company's responsibilities to society as a whole, through the payment of taxes (and other government revenue-raising mechanisms), and its obligations to its shareholders.

We also share our views on key topics of relevance, including the latest on the taxation of the digital economy. We continue to include our OECD BEPS country-by-country disclosure, as submitted to HMRC.

 [Read more at vodafone.com/tax](https://www.vodafone.com/tax)

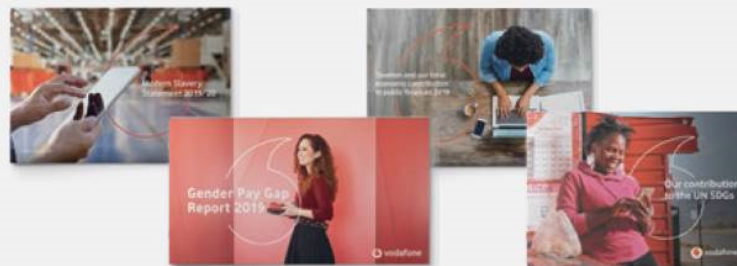
Find out more

Our ESG Addendum 2020 provides more detailed information, including on our Sustainable Business governance processes, the scope and methodology of our reporting and alignment to GRI Standards.



 [Read more at vodafone.com/ESG2020](https://www.vodafone.com/ESG2020)

Our latest reports can be found online, including our Modern Slavery Statement and our Gender Pay Gap Report:



 [Read our latest reports at vodafone.com/sbreporting](https://www.vodafone.com/sbreporting)

Non-financial information statement

The table below outlines where the key contents requirements of the Non-Financial Statement can be found within this document (as required by sections 414CA and 414CB of the Companies Act 2006).

Vodafone's sustainable business reporting also follows other international reporting frameworks, including the Global Reporting Initiative, CDP and GHG Reporting Protocol.

Reporting requirement	Vodafone policies and approach	Section within Annual Report	
Environmental matters	Planet performance	Planet	 46
	Climate change risk	Principal risk factors and uncertainties	 69
Employees	Code of Conduct	Anti-bribery and corruption	 49
	Occupational health and safety	Employee experience	 60
	Diversity and inclusion	Diverse talent and skills	 58
Social and community matters	Driving positive societal transformation performance	Digital Society	 41
		Inclusion for All	 44
	Stakeholder engagement	Stakeholder engagement	 12
	Mobiles, masts and health	Mobiles, masts and health	 50
Human rights	Human rights approach	Human rights	 48
	Code of Ethical Purchasing	Responsible supply chain	 48
	Modern Slavery Statement	Find out more	 50
Anti-bribery and corruption	Code of Conduct	Anti-bribery and corruption	 49
	Anti-bribery policy	Anti-bribery and corruption	 49
	Speak Up process	Anti-bribery and corruption	 50
Policy embedding, due diligence and outcomes		Sustainable business	 40
		Principal risk factors and uncertainties	 62
Description of principal risks and impact of business activity		Principal risk factors and uncertainties	 62
Description of business model		Our strategy	 20
Non-financial key performance indicators		Sustainable business	 40

UK Streamlined Energy and Carbon Reporting ('SECR')

In accordance with SECR requirements, this provides a summary of GHG emissions and energy data for Vodafone UK, in comparison with global performance.

	Global (excluding Vodafone UK)	Vodafone UK
GHG emissions (Scope 1 and 2) (m tonnes CO ₂ e)	1.75	0.09
GHG emissions per petabyte ('PB') of mobile data carried (tonnes of CO ₂ e)	242	120
Total energy consumption (GWh)	4,832	709

 Read more on Vodafone's approach to reducing carbon emissions on page 46

Developing a new 'social' contract

At Vodafone we connect for a better future. We know that connectivity is transforming how we live and work and we are working to build a digital future that works for everyone. Keeping with Vodafone's commitment to play a critical role in a resilient digital society, we introduced our 'social' contract which represents the partnership we want to develop.

We have formulated a 'social' contract to represent the partnership that we want to develop with governments, policy makers and civil society. It is based on three pillars; Trust, Fairness and Leadership. These pillars represent our offer to society and the conditions that need to be in place for the connectivity sector to thrive. We believe the formulation of this contract is an important step in creating a digital society that works for citizens and businesses alike.

The pillars:

Trust	Fairness	Leadership
<ul style="list-style-type: none"> – Simplified and transparent pricing – Security of our networks and customer data – Customer-orientated approach to new technologies – Digital inclusion – especially youth and women – Reducing planetary impact 	<ul style="list-style-type: none"> – Closing the rural divide – Investment in network quality and resilience – Fair competition across entire ecosystem – Sustainable market structure – Network sharing enabled – Deployment costs lowered – Non-discriminatory spectrum auctions – Common European framework for security 	<ul style="list-style-type: none"> – Leader in convergence, IoT and mobile financial services – Industry leader on network sharing – Digitisation of other industries – Partnerships with tech companies to enhance service delivery – Transitioning to vendor diversity through OpenRAN – Vodafone Foundation pushing tech innovation for societal benefit



Examples of 'social' contract in action

OpenRAN

Vodafone has been advocating for more diversity in the supply chain for network equipment. Part of the solution is OpenRAN which standardises the design and functionality of the hardware and software in the Radio Access Network ('RAN') – the infrastructure, masts and antennae that operators use to carry mobile traffic.

In a complex technical process, the RAN gets deconstructed and reassembled into a set of fully open and interoperable sub systems that improves supplier diversity and healthy competition in the supply chain. Vodafone has opened its EU footprint for RAN tenders (~100k sites across 14 countries) and embarked on pilots in seven markets, aiming to bring strategic scale to OpenRAN.

As chair the Telecom Infrastructure Project ('TIP') and member of the O-RAN Alliance Vodafone is leading on technical and policy work to agree common global standards, encourage global scale and help ensure the benefits of OpenRAN are realised.

Network sharing/rural coverage

Network sharing agreements have been finalised in a number of countries in order to make rural network coverage more cost efficient. In some cases such as Italy and Spain this has been done on a bilateral basis.

In the UK, Vodafone has entered into a unique partnership with government and other mobile operators to provide a Shared Rural Network solution to deliver connectivity to deep rural locations that were previously uneconomic to serve.

This large scale initiative will provide a connectivity boost for some of the most remote communities of the UK, bringing connectivity benefits where they live, work and travel.

The Shared Rural Network sees Vodafone and its partners investing in a network of new and existing phone masts (overseen by a jointly owned company) to guarantee coverage to 280,000 premises and 16,000km of roads. This ground-breaking initiative is set to transform rural connectivity in the UK over the next few years.

Data democratisation – South African agreement with Competition Authority

Following the Competition Commission's Data Market Inquiry Report in December 2019, Vodacom engaged constructively and reached an agreement with the Commission. This was done on the understanding that action will be taken by the Communications Regulator and Government to auction high demand spectrum.

The delays in assigning spectrum and completing the digital migration has curbed the pace at which data prices could fall. From 1 April 2020, continuing Vodacom's price transformation which had seen 50% reduction in effective price for data in the last two years, Vodacom introduced further price reductions (up to 40%) across all its Monthly bundles, and through its ConnectU platform provides free access to basic internet, essential services, and cheaper pricing to the poorest communities.

This range of initiatives will reduce the cost to communicate with R2.7 billion (~€144 million) in additional savings to customers this year; promote digital inclusion; and assist societal problems in education, healthcare, and unemployment.



Developing a new 'social' contract (continued)

COVID-19: Our rapid, comprehensive and coordinated response to support society...

Vodafone is committed to doing its utmost to support society during this period of uncertainty and change. As a provider of critical connectivity and communications services enabling our digital society, we announced a five-point plan to help the communities in which we operate.

1

Maintain network service quality

In assisting governments and citizens, it is essential that we are able to maintain a minimum level of resilience and quality of service on our networks. This ensures essential connectivity and communications services, enabling citizens who are staying at home to continue to work, learn, socialise and be entertained. This was our first priority.

- As customers work from home to an unprecedented degree using video conferencing over fixed broadband, uplink data (from the customer to our network) increased by as much as 100% in some markets. Download traffic has increased by 44% in aggregate.
- Overall, mobile data usage increased by around 15% across Europe, peaking at 30% in Spain and Italy. In Africa, where there is limited fixed broadband, mobile data usage increased by around 20%, reaching 40% at its peak in South Africa.

– In response, we brought forward planned network upgrades, adding four Terabits per second of additional capacity to our networks during March and April. In our cable and fibre networks, we upgraded the number and size of interconnection points with other operators and by the end of April had increased our capacity by 60%.

– Our engineers continue to play an essential role when equipment at premises needs attention. In Germany, our 5,000 customer engineers managed to decrease repair times by around 40%, aided by the ability of customers to make immediate appointments and reduced travel times.



2

Provide network capacity and services for critical government functions

We are offering hospitals additional network capacity and services such as video conferencing and unlimited, fast connectivity for healthcare workers. This allows remote consultations, removing the need for non-essential travel to hospitals and has allowed updates and best practices to be shared between hospitals and clinical staff.

- In Italy, Vodafone has provisioned vital connectivity for new hospitals in Cuasso, Varese and the new Fiera Milano hospital in Milan.
- Vodafone UK has provided emergency coverage for temporary new hospitals including the 4,000 bed Nightingale Hospital at London's Excel Centre and similar facilities in Manchester, Cardiff and Glasgow.
- Vodafone Romania has installed new mobile sites for temporary military hospitals in Bucharest and Constanta.
- In South Africa and Lesotho, Vodacom has provided 20,000 and 1,000 devices respectively to Ministries of Health departments for field workers engaged in testing and related data collection.
- To guarantee connectivity for patients, Vodafone Spain has provided 30,000 SIMs with 60GB of data to hospitals and care centres for the elderly – ensuring that people who are affected by COVID-19 in nursing homes, residences or small hospitals can stay connected to their families.
- In Italy, Vodafone has donated more than 1,200 smartphones and tablets to hospitals, foundations and non-profit organisations to enable patients to remain in touch with relatives.
- In the UK, Vodafone has announced that 125,000 NHS workers who are existing customers will benefit from 30 day's free unlimited mobile data.
- Vodafone Germany and Corevas have repurposed and offered for free their EmergencyEye technology which was previously used to provide detailed virtual health assessments via smartphone – removing the need for patients to leave the house and lowering the risk of infections as a result.

- In Kenya, Safaricom Foundation's Safari Smart mobile service is helping to disseminate information on infectious diseases, including COVID-19, providing more than 275,000 users with information on the signs and symptoms of the virus.
- Vodafone's Foundations in the Czech Republic and Hungary are working with their respective health ministries to provide official COVID-19 information in real-time through additional features on their Life-Saving app. The app has already reached 1.3 million Czech users and more than 500,000 users in Hungary.

Facilitating E-learning for students

With schools also now being shut, we are offering free access to government educational resources, and any other educational resources that are recommended by the national educational authorities and academic institutions.

3

Improve dissemination of information to the public

Recognising the importance of timely and accurate information to the public, we are offering all governments the ability to disseminate critical information via text alerts and providing free access to health and education sites.

- In the UK, we have zero-rated the cost for mobile users to visit the nhs.uk domain and equivalent pages in Scotland, Wales and Northern Ireland for the duration of the crisis.
- In South Africa, our ConnectU Platform provides free services on health, jobs, education, safety and security, and Government services to the public.
- In Germany, we have zero-rated digital education web pages and the official COVID-19 virus website of Robert Koch Institute and hospitals.

4

Facilitate working from home and help small and micro businesses within our supply chain

The economic repercussions of this pandemic could be significant and long lasting. To mitigate these effects, we need to help those that can to work from home. For businesses of all sizes, but particularly SMEs, we are providing remote working solutions, advice and best practice information on how to use those services in the most effective way.

- Vodafone employees alone, for example, are hosting 40,000 virtual video meetings and generating over six million call minutes every single day thanks to a rapid expansion of capacity to all of the digital tools we use.
- We are supporting Vodafone Business customers to digitalise their own companies rapidly. We have enabled as many as 2.5 million employees to work from home, many for the first time.
- We have announced faster supplier payment terms to micro and small enterprises who may have liquidity problems.
- We have provided special remote working solutions for businesses and SMEs, in particular:
 - Vodafone Hungary are offering business packages to micro and SME business customers without any loyalty contract.
 - Vodafone markets including Spain, Italy, South Africa and Kenya are offering unlimited data and special offers to SMEs for a limited period.

5

Improve governments' insights in affected areas

Data insights are essential to understand the effectiveness of lockdowns and the spread of the virus. Wherever technically and lawfully possible, we are assisting governments in developing insights based on large anonymised data sets.

This work falls into three broad categories: mobility 'insights', data and AI-driven modelling and contact tracing apps:

- **Mobility 'insights':** we are providing governments and public administrations with access to the mobility dashboards (live in Spain, Italy, Greece and Portugal). This mobility data is particularly useful to see if quarantine and lockdown measures have been effective and are being observed. In Italy, we used our Vodafone Analytics platform to provide Lombardy's regional government with heat maps showing how population movements changed before and after containment.
- **Data & AI-driven modelling:** We have leveraged our experience of tracking the spread of infectious diseases, like malaria in Africa, using big data and artificial intelligence techniques. We developed an epidemiologist model, in collaboration with academics from the University of Southampton and Imperial College.
- **Contact tracing apps:** We are assisting governments as they look to exit quarantine/lockdown measures, through the development of contact tracing smartphone apps. We are a member of the pan-European research consortia the Pan-European Privacy-Preserving Proximity Tracing (PEPP-PT) that has created an open-source technology standard and Software Developer Kit to develop a contact-tracing app that works in a privacy-protected manner.

Additional actions

- In response to COVID-19 Vodafone has given direct contributions and services in-kind totalling approximately €100 million, reaching 78 million customers.
- The Vodafone Foundation has also donated €9 million in cash grants, gifts in-kind and from employee donations via the community fund.
- During the COVID-19 crisis, M-Pesa is a strong alternative to cash, offering a no-contact payment solution. Working with regulators, M-Pesa has implemented a number of measures across our African markets including enabling free person to person transactions, increasing transaction and balance limits, and flexible customer registration and on-boarding.

...ensuring vital connectivity to keep families connected, to enable businesses to operate, students to learn, healthcare to be delivered and Governments to provide critical services.

Our people and culture

Engaging and inspiring our employees with ‘The Spirit of Vodafone’

People and culture are central to our purpose to connect for a better future and to our commitment to improve one billion lives and halve Vodafone’s environmental impact by 2025.

We connect for a better future


Digital society
Inclusion for all
Planet


Europe


Africa


Vodafone Business

Supported by our leading Gigabit networks and scaled platforms


Deepening customer engagement


Accelerating digital transformation


Improving asset utilisation


Optimizing the portfolio

With our people and culture to succeed

The Spirit of Vodafone

We earn customer loyalty	We create the future	We experiment, learn fast	We get it done, together
<p>It starts and ends with the customer. We aspire to be a brand they love, by earning their trust and providing brilliant experiences. We work hard to simplify things for them and deliver what our customers want and need, every day.</p>	<p>We think big, taking risks to break new ground. We ask “what if” to build amazing products and services for our customers. We are courageous in creating a better future for all.</p>	<p>We are always learning. We try things, measure our success, keeping the best and learning from the rest. This is how we move rapidly to grow ourselves and our business.</p>	<p>We give and take ownership to make the most of our many talents. We trust each other to get things done. It’s up to each of us to make it happen.</p>

Purpose and Spirit

To fulfil our purpose and deliver our strategy, we have identified the need for a shift in our culture, defined as the ‘The Spirit of Vodafone’. The Spirit engages and inspires employees to drive behavioural change at all levels in the organisation and is underpinned by the ambition to establish ourselves as a trusted partner to connect for a better future. To get there we must be restless and passionate about improving the lives of our customers, colleagues and communities. We are always open to new things and curious to create solutions that our customers will love. It starts with us. No matter where we work in Vodafone, we act as one. Together, we create a place where everyone can truly be themselves and belong.

We have identified the four Spirit behaviours which will help us to do this:

- Earn customer loyalty
- Create the future
- Experiment, learn fast
- Get it done, together

In December 2019 we launched the Spirit of Vodafone through a global broadcast and articulated the connection between our purpose, strategy and Spirit. Globally 37,850 people joined the event either virtually or in person. This launch, known as the Big Conversation, was followed by local market sessions on Spirit and team conversations on beliefs and behaviours. The aim was to deepen understanding and encourage individuals to commit to action. We then carried out an impact analysis, which showed how instrumental the Big Conversation has been in igniting this behavioural change.

Since then, active steps have been taken to embed our Spirit across our core business and people processes, concerning our organisation, talent and skills, recruitment processes and reward and recognition.

Our people: key information

By contract	By gender ¹	By location					
92,866 Employees	53,711 Male (61%)	14% Germany	5% Italy	14% Other Europe	5% Vodacom South Africa	22% Shared services	
11,269 Contractors	34,941 Female (39%)	10% UK	4% Spain	12% Other Markets	6% Vodacom Group (others)	8% Others	
Average number of employees					2020 (with Liberty)	2019	2018
Employee turnover rate					92,866	92,005	91,980
Women on the Board					19%	17%	17%
Women in senior leadership positions ²					42%	42%	33%
Women in management and leadership roles ³					29%	28%	26%
					31%	31%	30%

The headcount figures are an average of our monthly headcount excluding Qatar and joint ventures in India, the Netherlands, Australia and Safaricom. The increase in headcount is primarily accounted for by the completion of the integration of the Liberty Global assets in Germany and CEE.

Notes:

1 Due to the recent integration, Liberty data is excluded from the gender split due to the lack of data availability.

2 Percentage of senior women in our top 173 leadership positions.

3 Percentage of women in our 6,372 management and leadership roles.

Organisation

The execution of our strategy requires an effective operating model and in the last year we have made substantive progress in reshaping our organisation.

One important strategic change was the decision to focus on two differentiated geographical regions (Europe and Africa), dissolving the Africa, Middle East and Asia Pacific (AMAP) region. As of 1 April 2020 Vodacom Group now reports directly to the Vodafone Group Chief Executive, whilst Vodafone Ghana moves under the Vodacom CEO.

We also completed the acquisition and organisational integration of Liberty Global's cable assets in Germany and our Central and Eastern Europe (CEE) markets, enabling us to earn customer loyalty by becoming Europe's leading converged operator and further strengthening our capabilities in these markets.

We have also continued our plans for implementing our "Tech 2025" vision, which outlines our five-year strategy for our Technology function, in which we have driven key changes such as implementing both IT and network platforms.

Finally we set up our European tower business "TowerCo" to centrally manage our tower assets, in order to generate operational efficiencies and increase tenancy ratios across our portfolio. We are also considering potential options to monetise these towers while preserving network differentiation and long-term strategic flexibility.

Any organisational change we conduct is in compliance with local legislation and in consultation with employee representatives, works councils and local unions. We continue to invest in strengthening our operating model to deliver our strategy, and to create an open, diverse and inclusive environment for our people.



Welcoming our new colleagues with the Spirit of Vodafone

Cultural integration to bring together employees from both Vodafone and the acquired entities has been an ongoing and consistent area of focus and effort.

In Germany, prior to the completion of the acquisition, a cultural diagnostics was conducted by a third party provider and a comprehensive "Day 1 Welcome Experience" for our new colleagues was created based on the insights. This included town halls⁴, all-hands meetings, and a personalised message from our Germany CEO to every new colleague.

In our CEE markets, the key theme for cultural integration has been "Better together", the involvement of employees at all levels of the acquired entities in integration activities has been key to embedding this concept. Employees of UPC entities have been a core part of team events from leadership off-sites, company all-hands and functional team effectiveness activities. Integrated senior leadership has played a visible role and there has been an emphasis on making employees from UPC entities feel "at home" in the Vodafone environment, with a specific focus on accelerated co-location of teams from both entities, office tours of the premises, CEO tours, bi-weekly "open" hour with Directors, etc.

Employee sentiment in both organisations has been measured through regular Pulse Surveys, and appropriate actions have been taken in response. The subsequent results have demonstrated that these measures were well received by employees.

The launch of 'The Spirit of Vodafone' in December 2019 has provided further support to the cultural integration both in Germany and CEE markets. Employees from Liberty and UPC entities play key roles in embedding the Spirit of Vodafone in the combined organisation and continue to provide visible and engaged leadership.

Note:

4 An organization-wide business meeting that gives an opportunity for employees to ask questions to senior leaders.

Our people and culture (continued)

Diverse talent and skills

Inclusion is a key pillar of our purpose and creating a place where everyone feels they belong is core to our Spirit. At Vodafone we are proud of our commitment and we continue to focus on creating a place where people can be themselves.

In light of this commitment, in the period covered by this report, we employed 92,866 full-time equivalent colleagues and 11,269 contractors, across 21 markets. Within this we had employees from 126 different nationalities.

Our commitment is embraced at every level, from senior leadership in the Vodafone Group Plc Board, to each employee and embedded in the 'Spirit of Vodafone', the "Code of Conduct" and our "Business Principles".

Diversity & Inclusion

Our Diversity & Inclusion agenda continues to be one of our key priorities focusing mainly on gender balance, LGBT+, disability and ethnicity.

Our ambition is for Vodafone to become the world's best employer for women by 2025. As part of this ambition, last year we set a revised target for women to hold 40% of our management and leadership roles by 2030. This year, we met our target of 30% of management and leadership roles being held by women across our local markets and professional functions. As of 31 March 2020, women held 31% of our management and leadership roles.

We are proud to have increased our support for families in all their diverse forms, by introducing 16 weeks' fully paid parental leave. Any employee whose partner is having a baby, adopts a child, or becomes a parent through surrogacy, can take up to 16 weeks paid leave at any time during the first 18 months. Our employees will also be able to phase their return from parental leave by working the equivalent of a 30 hour week at full pay for a further six months.

Another area we have focused on is domestic violence, where we introduced a new policy, offering ten days of paid "safe" leave and support for employees who are experiencing abuse in any of our markets. We also provided training for HR teams and line managers focusing on the "Recognise, Respond, Refer" model. A toolkit for employers who want to launch similar policies has been shared publicly to encourage other organisations to develop their own approach.

Throughout the year, we continued supporting our LGBT+ community, and our commitment was recognised by the Stonewall Top Global Employer and the Global Ally Programme Award. We have also supported allies through our global Ally training programmes and introduced Friends of LGBT+ training webinars to help create a culture where employees can be open about their sexual orientation and gender identity.

To support colleagues with a disability, in addition to our digital platform which was launched last year to support accessibility, we provided inclusive design training to user experience and technology teams.

We have expanded support for recruiters and line managers through webinars to increase understanding of the needs of neurodiverse colleagues and candidates.

Digital 'First'

To support the digital transformation of our business we realise the need for adopting new ways of working and developing digital talent and skills, which we refer to as Digital 'First'.

To deliver at scale and pace, we set up a new agile operating model focused on digital marketing and sales, modern technology architecture in markets, and automation and artificial intelligence ('AI') in customer operations and shared services. As of March 2020, we have 60 tribes, 393 squads and more than 3,700 people working in an agile way across 11 markets, and we see good momentum in implementing agile ways of working across all markets.

We have also introduced a new talent management approach for these digital teams to help enable a successful shift into agile ways of working. This approach focuses on the level of skills that employees demonstrate, encouraging them to continue to build expertise through reward, recognition and individual development. It also gives an organisation-wide view of the skills that are available internally and informs the design of strategies to build, develop or source that are not currently available in teams.

This approach was tested in three markets: Turkey, South Africa and Egypt. The next markets going ahead with skills assessment are Italy in March 2020, followed by Spain, Portugal and Greece in September 2020, we had 470 in phase 1 and 947 in phase 2.

Our people response to the COVID-19 crisis

Our response to the COVID-19 pandemic has prioritised the safety and wellbeing of our people first from the outset, through a variety of initiatives deployed across markets and tightly coordinated by the Business Continuity Plan programme management. The move to working from home for almost 100,000 of our people across all markets (approximately 95%) has been a tremendous organisational effort, enabled by our technology and network infrastructure, collaboration tools deployed at scale, HR policies and digital training.

We have not made any organisation change or redundancies relating to the COVID-19 crisis, during the medical emergency. In the early stages of the crisis, we reskilled retail staff to enable them to operate as call centre agents from their homes in selected markets. At the same time we were able to maintain full operational continuity in the customer care centres by enabling our agents to work from home. Medical and wellbeing support has been made available online and through video to our employees globally.

We have introduced a rich variety of digital learning content to help employees and their families in developing resilience and learning new skills, and to support line managers in managing their teams effectively in remote working conditions.

Global and local webinars have provided regular guidance around health, safety and wellbeing, leadership support and technical advice. In parallel, to create capacity for the teams to focus on the crisis, we have reprioritised and simplified our people processes, including a prioritisation of recruiting efforts, the streamlining of the end of year performance cycle and a simpler process for 2020/21 goal setting.

Based on requests from employees to do more to support people most affected by the pandemic we have also introduced a Global Giving Scheme, a new employee fundraising initiative that will directly support local charities in our communities during this crisis. All members of the Group Executive Committee have contributed, with the Group Chief Executive Officer and Group Chief Financial Officer leading the way by donating 25% of their salaries for April, May and June. Vodafone and the Vodafone Foundation will match all contribution on a 1:1 basis, doubling employees' contributions.

In April 2020, we launched a global survey to understand how employees are adapting to the new environment, to assess how they are feeling and to prioritise any additional support needed.

The survey ran every two weeks in April and May. In the last round on 29 April, approximately 56,000 employees participated (62% response rate) and results showed that our people feel supported to do their jobs (49% of respondents indicated they had all the support they need at this time), are adapting to the new environment and feel a sense of pride, engagement and connection to Vodafone, linked to Vodafone's response to the crisis and our focus on employees, customers and society. We have consistently received positive feedback from our employees on our internal communications and the visibility of our leadership team during this time.

As we start looking at the post-crisis scenarios, we have defined a framework to support our markets as they plan for return from lockdown. We are focused on defining our "new normal" and we will be looking to retain some of the learnings and practices we have developed and implemented during the crisis, as they can help us to accelerate the delivery of our purpose commitments and strategic goals.

Skills and talent

Our transformation to a technology communications company requires us to ensure we have the critical skills we need in our organisation now and for the future. Today's platforms and technologies are driving demand in AI, automation, Cloud, coding and analytics. The rapid development of these technologies requires a focus on continuous learning for employees through high-quality and curated learning journeys.

Our skills-led academies provide targeted learning for employees with access to expert content which can lead to externally benchmarked "nanodegrees" in specific topics. Our people have completed 15,000 courses that are available. Approximately 30% of those 15,000 courses had a rating, which averaged at 4.5 out of 5. 87,000 users completed approximately 600,000 courses. We continually review the skills required in the organisation to ensure relevant learning is available both through the targeted learning journeys and for employees to undertake self-led learning.

We also continue to invest in our leaders as they are at the forefront of our digital transformation.

Last year, we strengthened our leadership capabilities through the creation of three core programmes targeted at different leadership segments (405 – Leadership Essentials, 98 – Connected Leadership for E-Bands). The Leadership Essentials programme supports new line managers, whilst the Connected Leadership programme further develops their skills and further explores the Growth mind-set. Finally, the Global Agile learning path has been recently cascaded to markets to enable them to localise the content in order to ensure high impact, thereby supporting leaders in key agile roles.

In addition to our efforts to develop digital talent and skills internally, we are also actively acquiring key digital skills from the market, providing digital work opportunities at scale. In 2019, we hired 676 external digital talents in Germany, UK, Italy, Spain, Turkey and South Africa on critical roles such as digital marketing specialists, user experience/interface designers, data scientists/analysts and software developers.

Our commitment to provide 100,000 digital work experience opportunities to young people aged 26 and under by 2022 has already been achieved through our digital work experience programmes, apprenticeships, intern and graduate schemes.

We have provided a total of 168,899 digital learning experiences since April 2018, with over 113,322 in the period covered by this report (see chart below).

We have also continued to expand our vocational training and apprenticeships across our business. These grant people permanent roles at Vodafone while offering support through continuous learning in order to gain a formal qualification in their chosen fields. In addition, since its launch in 2017, Vodafone's #codelikeagirl programme has continued to grow and this year has reached over 2,554 girls across 17 markets.

Launched in partnership with Code First: Girls, the programme aims to tackle low female engagement in Science, Technology, Engineering and Mathematics (STEM) education. Girls aged 14-18 receive an immersive one-week digital experience where they learn to code and receive basic training on computer languages and development programmes.

Our Discover graduate programme, which has been running for over ten years, offers young people with a bachelor's or master's degree a series of assignments across our business areas and local markets. Since its launch ten years ago, over 6,100 graduates have joined the programme, with 805 recruited this year. Our Discover programme is highly diverse; this year new entrants were recruited from 22 different countries, of which 50% were female.

Our Reconnect⁵ Hire as of 31 March 2020 – we have hired 525 Reconnects and 433 of them are women.

Note:
5 Our Reconnect programme is designed to help people get back to work after a career break.

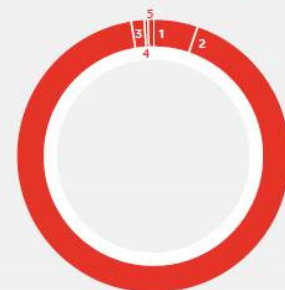


Ireland summer internship programme

Vodafone Ireland offers summer internships to all university students in Ireland. The internships are perfect for students looking to explore our career options through hands-on experience. It is also a great pipeline of talent for our graduate programme, in which most of the 2019 summer interns secured a graduate role at Vodafone Ireland.

This year, Vodafone Ireland collaborated with a number of different organisations in order to increase the diversity of the students on its internship programmes. It partnered with Specialisterne, an organisation that provides neurodiverse students with workplace opportunities, providing additional support in the application and assessment process for the students as well as further support once they joined the business. It also teamed up with Dublin City University to provide students from disadvantaged socio-economic backgrounds placements on the internship programme. In addition to these partnerships, Vodafone Ireland also continues to support CWIT (Connecting Women in Technology), enabling female students to develop their interest in pursuing a STEM career.

Opportunities for young people to receive a digital learning experience at Vodafone during FY20



1 Direct hires	5,950
2 Digital work experience	104,420
3 Internships	1,747
4 Apprenticeships	400
5 Graduates	805

Our people and culture (continued)

Recognising performance

We strive to ensure our performance management and reward processes are aligned with our strategy and culture. We continually review these processes in the context of our Digital 'First' focus and constantly look for opportunities to radically simplify wherever possible.

A key part of embedding our new culture is ensuring we reward our people based on their performance, potential and contribution to our values and success. During this year we reviewed the pay arrangements throughout our business to ensure they align more fully with our purpose, strategy, and Spirit. To maintain compliance with our fair pay principles and to highlight the importance of this across our business, we also benchmarked and monitored our pay practices in all of our markets and took action where necessary.

Our pay practices, including retirement and other benefit provisions, are compliant with all local legislation, free from discrimination, market competitive and easily understood. We also offer competitive retirement and other benefit provisions. Global short-term incentive plans are offered to a large percentage of colleagues, and global long-term incentive plans are offered to our senior managers. Our arrangements are subject to Company and individual performance measures, looking at both "what" we do, and "how" we do it.

Employee experience

We believe that our employees' experience, their working environment, health, safety and wellbeing, is a key enabler of personal growth and business performance.

This year we have continued the journey of digitalisation and simplification of the core Human Resources processes, enabled by the deployment of a global cloud-based system, SAP Success Factors.

As an employer, keeping our people safe is one of our most fundamental responsibilities.

We take safety extremely seriously in our operations and aim to promote our approach across the industry by leading on safety standards, insisting on high safety practices from our employees and suppliers, and engaging with customers and peers.

Our commitment to safety does not differentiate between employees, contractors and suppliers, all of whom benefit from the same focus on preventing harm, both on worksites and when working or moving between sites.

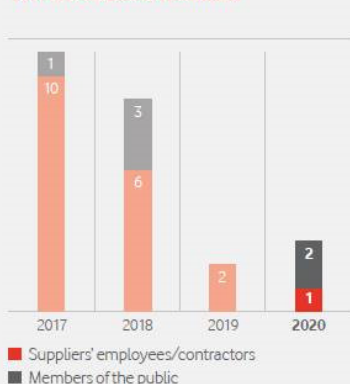
Any injury is one too many, and any loss of life related to our operations is unacceptable. It is therefore with great regret that we report three recordable fatalities this year: One in Ghana, one in the Democratic Republic of Congo ("DRC") and one in Lesotho (see chart below). We have undertaken thorough investigations into the causes of each fatal incident and defined actions to help prevent a recurrence of a similar incident. These investigations were overseen by the respective local market Chief Executive, who is responsible for ensuring that the causes of the incident are understood and that any corrective actions are implemented. We also share the lessons learned from each fatality across the relevant Group functions.

We track and investigate high-potential incidents ('HPIs') – incidents that do not necessarily result in injury but have the potential to do significant harm. During the year, 826 HPIs were recorded, of which 752 involved employees and 74 involved suppliers' employees or contractors. Each HPI is investigated as an indicator of the potential for a more serious accident. We seek to identify the root cause and ensure suitable corrective action is taken where necessary. An investigation into an HPI is conducted at a scale proportionate to the indicative level of risk.

Lost-time Incidents ('LTI') is the term we use when an employee is injured while carrying out a work-related task and is consequently unable to perform his or her regular duties for a complete shift or period of time after the incident. In addition, for our suppliers and contractors, we separately track performance measures.

In recent years, we have stepped up our efforts to capture and analyse all incidents of potential or actual harm to our employees. Greater compliance with mandatory rules on reporting incidents enables us to identify emerging trends in operating risks, increasing our scope to intervene and put the necessary controls in place. The total number of reported LTI incidents for 2018/19 was 64. In 2019/20, the total is at 33 for the year to date. Of the 33 incidents, 21 were attributed to slips, trips or falls in and around the workplace; four were vehicle-related; while the remaining six incidents comprised assault and manual handling injuries (see chart below).

Total recordable fatalities



Note:
In addition there is one other road traffic fatality reported in Ghana in May 19 which is still under investigation and cannot be included in our figures until the local legal proceedings have been completed.

Lost-time incidents (employees only)

	2017	2018	2019 ¹	2020
Number of lost-time incidents	86	64	64	33
Lost-time incident rate per 1,000 employees	0.81	0.62	0.62	0.37

Note:
¹ Data includes LTIs from India up until 1 September 2018.

Our safety strategy focuses on the most significant risks for people working in operational roles:

- road risk when driving for work;
- working with electricity;
- working at height;
- fibre operations; and
- the management and control of suppliers

Road traffic incidents continue to be the primary cause of serious injuries and fatalities (73%) within Vodafone and our supply chain. Sadly these incidents have involved members of the public, which impacts the communities in which we operate. With this in mind, many of our markets conduct focused road safety initiatives and awareness campaigns to help improve the lives of our employees, customers and the communities that we operate in by partnering with local governments and road safety authorities.

We have continued to witness growing engagement in employee wellbeing, particularly around the subjects of physical, emotional and mental health.

We held our first global webinar in support of World Mental Health Day, where employees were encouraged to share their personal mental health experiences, identify cultural differences and learn from others. The event was viewed live by over 1,300 employees online and a further 300+ attending from meeting rooms in London and across the local markets. In light of the success of the event, this will become a regular feature of Vodafone's wellbeing calendar.



In addition, we designed and launched two mental health videos, one aimed at all employees while the other is specifically designed to give advice to line managers to promote the importance of raising awareness, supporting colleagues and normalising mental wellbeing. Both videos are available globally on Vodafone University.

Vodacom South Africa became the first local market to develop its own Mental Health at Work Policy that includes clear direction and guidance on arrangements to help prevent, intervene and support employees. They have also introduced a programme of training for employees to become Mental Health First Aiders.

In the UK, 531 employees have participated in local market mental health programmes, with 240 trained Mental Health First Aiders and 120 line managers completing a half-day awareness course, and a further 171 completing an online module through Vodafone University.

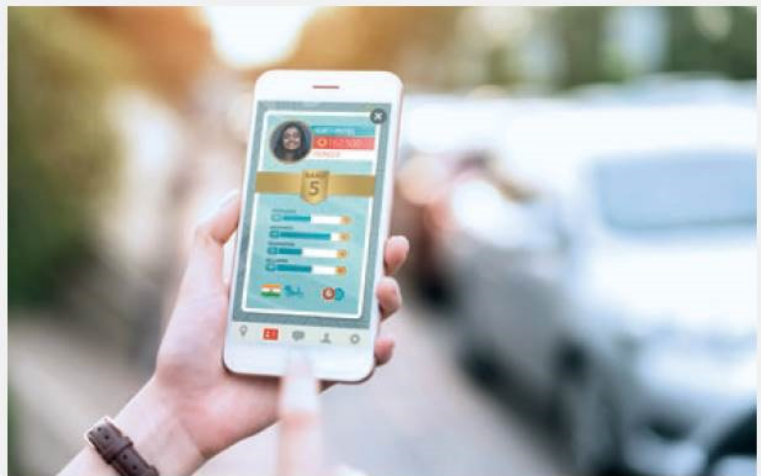
Finally, we continue to run the Vodafone Global Wellbeing Challenge where we encourage all of our colleagues to get active. This year we had over 4,000 participants walking a combined 480,280,447 steps together.

Throughout the year we have delivered a wide variety of new and expanded initiatives to transform our organisation, bringing the Spirit of Vodafone to life in everything we do. We are committed to continuing to fulfil our purpose and deliver our strategy in the coming year with our people firmly at the core of our business.

The use of digital technology to improve road safety

Turkey has introduced artificial intelligence to analyse and consolidate 20 different telematics systems from suppliers (1,137 vehicles, which are registered to third party suppliers) into one portal, which can provide daily automated notifications which previously took four days to analyse. Initial statistics indicated a 50% decrease in the number of speeding violations in this population.

Our DriVe Safe App will be launched shortly, which will deliver tailored safety learning and training content for users that is easily accessible on mobile devices. The content focuses on increasing driver anticipation and reaction to road hazards, encouraging adoption of safe driving behaviours and reinforcing our Absolute Rules. DriVe Safe will be freely available for all employees and suppliers globally.



Principal risk factors and uncertainties

Identifying our risks

Our risk management framework enables a consistent approach to the identification, management and oversight of risks. This consistency is valuable as it allows us to take a holistic approach to risk management and to make meaningful comparisons of the risks we face and how we manage them across our footprint, which is essential to achieve our strategic objectives.

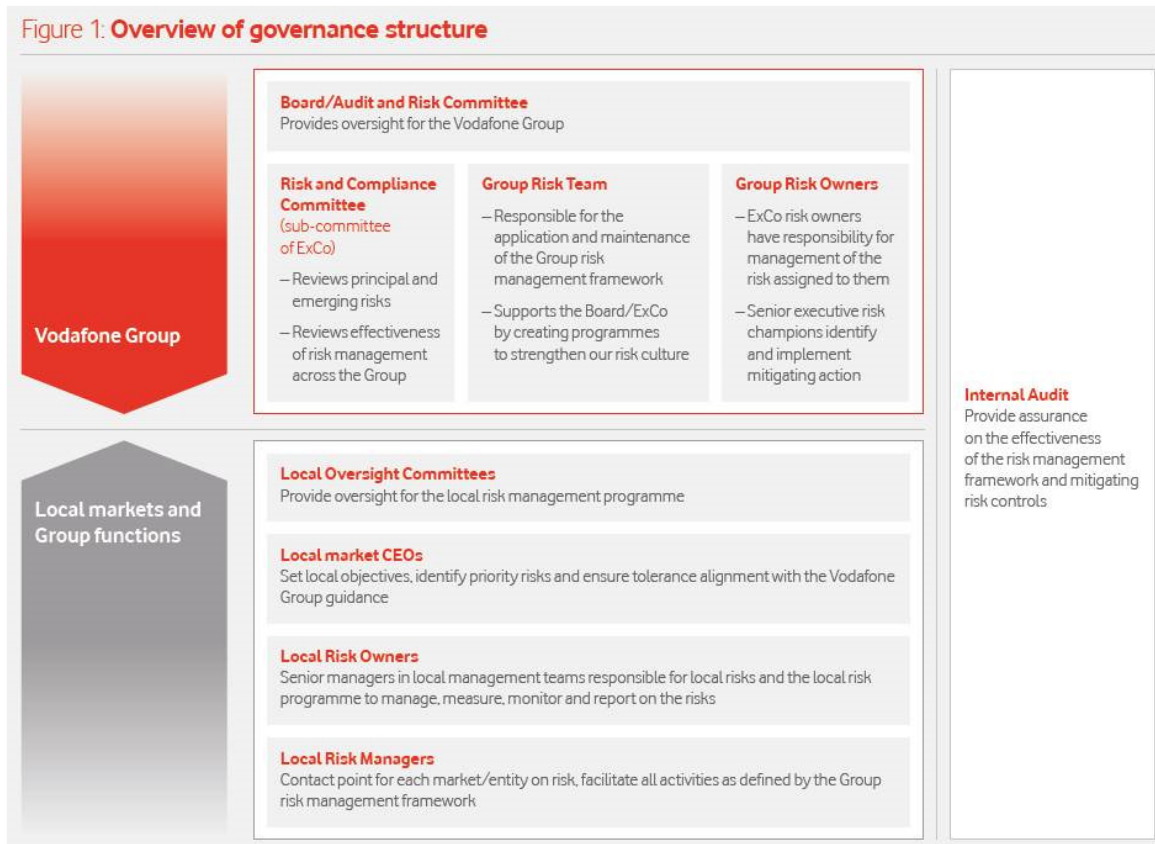
Identifying our risks

Using our global risk management framework, all local markets and Group entities identify the risks that could affect their strategy and operations in order to implement risk mitigation plans. These risks are then consolidated into a Group-wide view and presented to a representative selection of our senior leaders and executives, who add their own input on strategic, functional and emerging risks. We then define which emerging risks warrant being added to our risk watchlist and monitored for their impact on the organisation.

Furthermore, we evaluate the completeness of our risk landscape by benchmarking against comparable companies in our peer group.

After final consolidation, the proposed principal risks and risk watchlist are reviewed and approved by our Executive Committee ('ExCo') before being submitted to the Audit and Risk Committee and the Board.

Figure 1: Overview of governance structure



Our principal risks

We categorised our risks into four different areas to provide the appropriate level of governance and oversight to effectively manage these risks.

Strategic

The influence of stakeholders and industry players on our business and our response to them:

- A Adverse political and regulatory measures**
Political pressures and new regulatory measures impact our strategy or profitability
- B Geo-political risk in the supply chain**
Global trade wars and security concerns impact our supply chain
- C Market disruption**
New telecom operators entering the market/price wars reduce margins
- D Disintermediation**
Loss of customer relevance to the big technology players through emerging technology

Financial

Our financial status, standing and continued growth:

- E Global economic disruption**
Disruption caused by global external events, such as pandemics, that impacts our financial performance

Technological

The network and IT systems that support our business and the data they hold:

- F Cyberthreat and information security**
External or internal attack resulting in service unavailability or data breach
- G Technology failure**
Failure of critical services and applications causing service disruption

Operational

The ability to achieve our optimal business model:

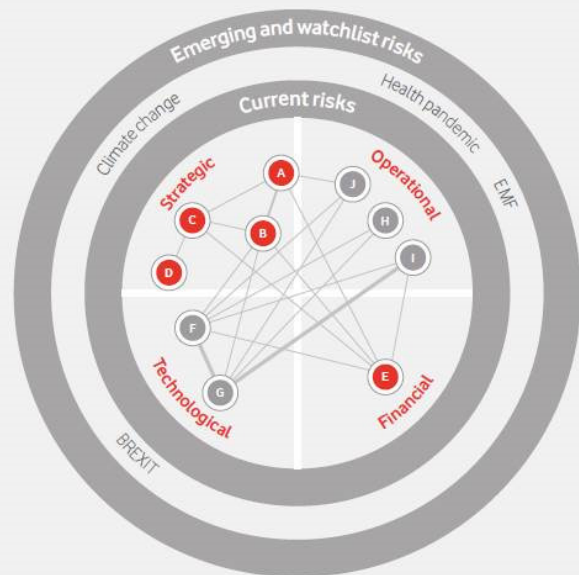
- H Digital transformation**
Failure to deliver business and IT transformation targets in a timely and efficient manner
- I Strategic transformation**
Failure to deliver expected business value from our existing portfolio, and new acquired assets, or joint ventures
- J Legal and regulatory compliance**
Non-compliance with applicable laws and regulations

Figure 2: Our principal risks and interdependencies

We continue to consider risks both individually and collectively in order to fully understand our risk landscape. By analysing the correlation between risks, we can identify those that have the potential to cause, impact, or increase another risk and that these are weighted appropriately. This exercise informs our scenario analysis, particularly the combined scenario used in the Long-Term Viability Statement (page 71).

We have considered COVID-19 (a key element of risk E – global economic disruption) which could lead to a long-term global recession and other operating constraints that may have a knock-on effect on several of our principal risks.

Additionally, we added health pandemic to our watchlist risks, as we seek to learn from the current crisis so that we are better prepared in the future.



Key: ● External ● Internal == Bidirectional — Unidirectional

Principal risk factors and uncertainties (continued)

Global economic disruptionRisk owner:
Margherita Della Valle**What is the risk:**

Any major economic disruption could result in reduced demand for our services and lower spending power for our consumers, affecting our profitability and cash flow generation. Economic disruption can also impact financial markets, including currencies, interest rates, borrowing costs and the availability of debt financing.

Cyber threat and information securityRisk owner:
Johan Wibergh**What is the risk:**

An external cyber-attack, insider threat or supplier breach could cause service interruption or the loss of confidential data. Cyber threats could lead to major customer, financial, reputational and regulatory impacts across all of our local markets.

Geo-political risk in supply chainRisk owner:
Joakim Reiter**What is the risk:**

We operate and develop sophisticated infrastructure in the countries in which we are present. Our network and systems are dependent on a wide range of suppliers internationally. If there was a disruption to the supply chain, we might be unable to execute our plans and we, the industry, would face potential delays to network improvements and increased costs.

Adverse political and regulatory measuresRisk owners:
Joakim Reiter and Margherita Della Valle**What is the risk:**

Operating across many markets and jurisdictions means we deal with a variety of complex political and regulatory landscapes. In all of these environments, we can face changes in taxation, political intervention and potential competitive disadvantage. This also includes our participation in spectrum auctions.

Technology failureRisk owner:
Johan Wibergh**What is the risk:**

Major incidents caused by natural disasters, deliberate attacks or an extreme technology failure, although rare, could result in the complete loss of key sites in either our data centres or our mobile/fixed networks causing a major disruption to our service.

Risk category:
Financial

Scenario:

A severe contraction in economic activity leads to lower cash flow generation for the Group and disruption in global financial markets impacts our ability to refinance debt obligations as they fall due.

Emerging threats:

Because this is an externally driven risk, the threat environment is continually changing.

External factors such as the COVID-19 pandemic are currently creating a severe contraction in economic activity across all our markets. The financial markets are currently experiencing high levels of volatility and the availability and cost of financing may change significantly.

Risk category:
Technological

Scenario:

Scenarios could include attacks on individual markets, parts of our network or large-scale intrusions spanning multiple markets. Each year we model a different severe but plausible scenario.

Emerging threats:

Cyber risk is constantly evolving in line with technological advances and geo-political developments. We anticipate threats will continue from existing sources, but also evolve in areas such as IoT, supply chain, quantum computing and the use of AI and machine learning.

Risk category:
Strategic

Scenario:

There is disruption to our supply chain due to unilateral decisions affecting vendor-choices or decisions that affect trade and supply chains.

Emerging threats:

We operate in a global environment where political landscape changes could have an effect on our operations.

Risk category:
Strategic

Scenario:

Exposure to additional liabilities by regulatory authorities or if tax laws were to adversely change in the markets in which we operate.

Emerging threats:

There is a risk that regulation will become more diverse (and therefore more difficult to manage) as different countries, and a variety of regulators within countries, introduce new regulations for emerging technology such as AI, IoT and net neutrality.

Risk category:
Technological

Scenario:

The loss of critical assets in our networks or IT infrastructure causing a service disruptions impacting our ability to provide service to our customers.

Emerging threats:

We could be impacted by an increase in extreme weather events caused by climate change which may increase the likelihood of a technology failure.

New assets inherited from acquired businesses may not be aligned to our target resilience level which may increase the likelihood of a technology failure.

Principal risk factors and uncertainties (continued)

<h3>Strategic transformation</h3>	Risk owners: Dr Hannes Ametsreiter and Vivek Badrinath
<p>What is the risk: We are undertaking a large-scale integration of new assets across multiple markets. If we do not complete this in a timely and efficient manner, we would not see the full benefit of planned synergies and could face additional costs or delays to completion. The successful integration also requires that an important number of technology platforms/services are migrated on time before the termination of the transitional services agreements.</p> <p>We also have a number of joint ventures in operation and must ensure that these operate effectively.</p>	
<h3>Market disruption</h3>	Risk owner: Ahmed Essam
<p>What is the risk: New entrants with lean models could create pricing pressure. As more competitors launch unlimited bundles there could be price erosion. Our market position and revenues could be damaged by failing to provide the services that our customers want.</p>	
<h3>Digital transformation</h3>	Risk owners: Ahmed Essam and Johan Wibergh
<p>What is the risk: Failure in digital or IT transformation projects could result in loss business, a poorer customer experience and reputational damage.</p>	
<h3>Disintermediation</h3>	Risk owner: Ahmed Essam
<p>What is the risk: We face increased competition from a variety of new technology platforms which aim to build alternative communication services or different touch points, which could potentially affect our customer relationships. We must be able to keep pace with these new developments and competitors while maintaining high levels of customer engagement and an excellent customer experience.</p>	
<h3>Legal and regulatory compliance</h3>	Risk owner: Rosemary Martin
<p>What is the risk: Vodafone must comply with a multitude of local and international laws and applicable industry regulations. These include privacy, anti-money laundering, competition, anti-bribery and economic sanctions. Failure to comply with these laws and regulations could lead to reputational damage, financial penalties and/or suspension of our licence to operate.</p>	

		Risk category: Operational
	Scenario: Delay in the integration of a major acquisition means we cannot realise the benefits as quickly as planned.	Emerging threats: As we increase the pace at which we transform our business there is an emerging risk that unless managed carefully different transformation initiatives could negatively impact each other.
		Risk category: Strategic
	Scenario: Aggressive pricing, accelerated MVNO losses and disruptive new market entrants in key European markets result in greater customer churn and pricing pressures impacting our financial position.	Emerging threats: Because this is an externally driven risk, the threat environment is continually changing.
		Risk category: Operational
	Scenario: Failure to deliver business benefits causes cost escalation, budget overruns and increased customer churn which could negatively impact our financial performance.	Emerging threats: The digital transformation strategy considers emerging threats and factors.
		Risk category: Strategic
	Scenario: Emerging technology impacts our market share.	Emerging threats: Emerging risks include the development of new connectivity systems that compete with our networks.
		Risk category: Operational
	Scenario: Breaches of legal compliance could lead to reputational damage, investigation costs and fines.	Emerging threats: Changing workplace dynamics, digital transformation, asset integrations and a change in our employee demographics might degrade our control environment so we are updating our Code of Conduct and various policies to mitigate this.

Principal risk factors and uncertainties (continued)

Key changes to our principal risks

The **global economic disruption** risk increased as a result of the COVID-19 outbreak.

We have renamed the **successful integration of new assets and management of joint ventures** risk to **strategic transformation**, which now addresses not only the integration of acquisitions but also changes occurring from the separation of our tower portfolio and other types of strategic transformation initiatives.

Market disruption risk has decreased when compared to our other principal risks as some of our key markets have adapted and responded positively to competitor activities.

The **digital transformation** risk has decreased as a result of the progress we made on our digital journey and the IT transformation programme.

Risk watchlist

We face a number of uncertainties where an emerging risk may potentially impact us in the longer term. In some cases, there may be insufficient information to understand the likely scale, impact or velocity of the risk. We also might not be able to fully define a mitigation plan until we have a better understanding of the threat. We have created a watchlist of these emerging risks which we review on a regular basis.

We regularly provide our Audit and Risk Committee with a list of risks on our watchlist such that future strategies take into account future technological, environmental, regulatory or political changes.

Some examples of these risks are:

EMF

The risk can be broken down into three areas:

- failure to comply with national legislation or international guidelines (set by the International Commission on Non-Ionizing Radiation Protection ('ICNIRP')) as it applies to EMF, or failure to meet policy requirements;
- the risk arising from concerted campaigns or negative community sentiment towards location or installation of radio base stations, resulting in planning delays; and
- changes in the radio technology we use or the body of credible scientific evidence which may impact either of the two risks above.

We have an established governance for EMF risk management (a Group leadership team that reports to the Board, and a network of EMF leaders across all markets), as well as an EMF taskgroup which was set up in FY20, that focus on assessing and reporting on the impact of 5G on EMF. The taskgroup scope included quantifying the impact of EMF restrictions in those markets with limits that do not align with international, science-based guidelines; coordinate engagement with policy makers relating to 5G and EMF; and assess the impact of social media campaigns on public concern.

Vodafone continues to advocate for national EMF regulations to be harmonised with international guidelines. In March 2020, the ICNIRP updated their guidelines (first published 1998) following a review of published science.

ICNIRP confirmed that there are no adverse effects on human health from 5G frequencies if exposure is within their guidelines. We have worked in partnership with the GSMA and national trade associations to provide information on these new guidelines to regulators, health agencies and Government ministries. Additionally, we have updated national regulators about how our advanced technologies for 5G services are compliant with regulations. Vodafone always operates its mobile networks strictly within national regulations, which are typically based on, or go beyond, ICNIRP's guidelines, and we regularly monitor our operations in each country to ensure we meet those regulations.

We have established a European tower company that is required to comply with the Group's Radio Frequency Safety Policy (which meets international standards) and local regulations.

Brexit

The Board continues to monitor the implications for Vodafone's operations in light of the new trading relationship between the UK and the EU, which has yet to be negotiated.

A cross-functional steering committee has identified the impact of the UK and EU failing to reach a free trade agreement on the Group's operations and has produced a comprehensive mitigation plan.

Although our headquarters are in the UK, a large majority of our customers are in other countries, accounting for most of our revenue and cash flow. Each of our operating companies operates as a stand-alone business, incorporated and licensed in the jurisdiction in which it operates, and able to adapt to a wide range of local developments. As such, our ability to provide services to our customers in the countries in which we operate, inside or outside the EU, is unlikely to be affected by the lack of a free trade deal. We are not a major international trading company, and do not use passporting for any of our major services or processes.

The lack of an agreed free trade deal between the UK and EU could lead to a fall in consumer and business confidence. Such a fall in confidence could, in turn, reduce consumer and business spend on our products and services.

Climate-related disclosures

We recognise that climate change poses a number of physical risks (i.e. caused by the increased frequency and severity of extreme weather events) and transition-related risks (i.e. economic, technology or regulatory challenges related to moving to a greener economy) for our business. We are currently aligning internal processes with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) after the initial independent gap analysis we reported in 2019. We have summarised our progress to date in this section and aim to be fully aligned by 2022.

Managing climate risk

As a result of the growing understanding of the impacts of climate change on our business, this was added as a risk to our watchlist in 2019, recognising its evolving nature. The Group External Affairs Director, a member of the Group Executive Committee, heads the Planet agenda as part of our purpose-led strategy (pages 16 to 19) and has overall accountability for climate change, which includes providing updates to the Board on our progress towards our climate-related goals. Furthermore, as part of our sustainable business strategy (page 40), we monitor climate-related metrics and develop plans to address specific risks and opportunities. An example of this is our ambition to halve our environmental impact by 2025 which includes a commitment to set science-based carbon targets aligned to the most ambitious goal of the Paris Agreement, to keep global temperature increase to 1.5 degrees (page 46).

Subject to shareholder approval of our Remuneration Policy at the 2020 AGM, our ESG priorities will be embedded in our executive remuneration arrangements via a specific measure under our long-term incentive plan. For the 2021 financial year's award, this measure will include a specific GHG reduction ambition – more details of which can be found in our Directors' Remuneration Report on pages 96 to 120.

Material risks and opportunities

The process to assess the materiality of climate-related risks and opportunities follows industry and sectoral relevant benchmark data and takes into consideration our principal risks (page 63). Based on our initial assessment, the principal risks most influenced by climate change are "adverse political and regulatory measures" and "technology failures".

Key risk and opportunity areas arising from the assessment are:

- **Growing external pressures and demands for action** negatively impact revenues from those companies late to react and trigger an increase in taxation and energy prices.
- **Global focus on energy efficiency** increases the likelihood of new regulation impacting energy intensive assets, however it carries an opportunity with the application of new technologies.
- **Increase in temperature and frequency of extreme weather events (e.g. heat waves, storms)** leads to higher energy consumption for cooling and affects the quality of radio frequency and wireless transmission, in addition to damaging equipment and harming people's wellbeing.

At Vodafone, we believe our approach to business resilience will mitigate the short to medium-term physical impacts of climate change, and we will continue to monitor longer-term trends. Our priority, however, is to prepare ourselves to face the challenges and seize the opportunities posed by the move to a lower carbon economy and the policy changes required to achieve it, for instance, by growing our IoT connectivity platform and products to enable our customers to reduce their carbon footprint.

Climate scenario analysis

We adopted three scenarios in line with the Bank of England's reference climate scenarios – see figure below – as outlined in their consultation document released in December 2019. We will conduct the required assessments to quantify the business impacts of all material climate-related risks under each scenario and over different time horizons to better understand the financial value at risk.

The outputs of the scenario analysis will assist us in either adjusting existing policies or developing new ones, especially looking at opportunities to improve our business resilience and continuity. It will also inform the assessment of our long-term viability and allow us to validate the priority areas of focus set in our Planet pillar. The overall aim is to provide the Board with reasonable assurance of the sustainability of our business in meeting the challenges of an ever-changing global economy.

Metrics and targets

We have been measuring and reporting on energy and carbon emissions since 2001. Our latest emissions footprint can be found on page 2. In addition, we have set a number of 2025 targets to manage climate-related risks and reduce our impact on the environment, such as to reduce our greenhouse gas emissions by 50% and to purchase 100% renewable electricity. Related data can be found in the sustainable business section pages 40 to 51.



Principal risk factors and uncertainties (continued)

COVID-19

Since January 2020, the COVID-19 pandemic has brought significant disruption to our staff, suppliers and customers. It is likely to change the global economic, social, political and business landscape for the foreseeable future.

In order to adapt to a new external context, we undertook a review of the impacts of the pandemic on our principal risks to identify new opportunities that may arise or risks which may change materially.

We are taking a three phase approach to help us to adapt to the changing environment. We have a good foundation with our five-point plan (see pages 54 and 55) and strong delivery against this across our markets.

Phase 1: Immediate crisis management

We initiated our response to this crisis drawing on existing pandemic response plans. The objective at this stage was to prioritise the health, safety and wellbeing our workforce and the immediate needs of our customers and governments.

During the early stages of the crisis we ensured our critical infrastructure, resources and activities were organised so as to provide continuity of our operations and to enable us to implement our five-point plan.

Phase 2: Recovery

We expected to play an instrumental role in the speed of recovery.

Our focus will be on the acceleration of digitisation that we have already seen in the first phase, to help all businesses, but especially SMEs, recover quickly and to enable government sectors to become more resilient. Investment in 5G and continued improvement of networks will create jobs and provide a launchpad for other sectors to recover more quickly during the economic crisis. We will also continue to protect the vulnerable through measures to improve digital skills and drive digital inclusion.

Phase 3: The new normal

Our hope is that phase two supports a more positive trajectory for the industry as a whole as we transition towards a "new normal".

In this phase, if the first two phases are successful and subject to the unknown changes that COVID-19 may have brought to societies more generally, we will aim to emerge as trusted partners of our customers and governments. Strong and resilient communications infrastructure is clearly essential for a resilient society. This is dependent on a sustainable market structure and fair regulatory framework.

Scenario analysis and impact assessment

We evaluated the impact of the COVID-19 pandemic across all our principal risks to support sustainability of our operations. Information was collected through interviews with risk owners and champions and subject matter experts and input from our local market colleagues.

We adopted two scenarios for our assessment: a short to medium-term impact leading to an economic slowdown and, a longer-term global recession with impacts likely beyond 2020. We focused on the latter, more extreme case, as the basis for our stress testing.

The review concluded that a significant number of our principal risks would be adversely affected if this pandemic was reoccurring and resulted in continued lockdown measures with a subsequent deep global recession. For these affected risks we have developed short-term

responses and long-term strategic actions to minimise the impact on our business.

We identified the following areas as the ones with the most impact on our principal risks:

- The **health, safety and wellbeing** of our employees is vital for us, therefore we reacted quickly to take relevant actions such as implementing a global restriction for travel, restricting attendance/organisation of large events, and increasing smart-working at scale. To support our employees better in these unprecedented times and to enable remote working, we also introduced various digital content and online learning materials to support our line managers and employees, initiated a pulse survey to monitor closely employee wellbeing and engagement, and virtualised most of our recruitment and onboarding processes (see page 58).
- Delays across the **supply chain** are caused by the disruptions in availability of people, goods, services and equipment. This is expected to persist and be further compounded by the global economic disruption which may negatively affect the financial stability of critical suppliers. We reviewed the risks associated with our critical suppliers and service providers and identified if we have sufficient stock levels in our warehouses to address scheduled replacement and maintenance of our equipment.
- We anticipate a continued increase in volume and scale of financially motivated **cyber attacks** using phishing, malware and denial of service. Criminals and other sophisticated threat actors are using the crisis as cover to expand or continue their actions against all sectors, include Vodafone and our customers. We have heightened our security monitoring and response. We track external threats working with governments, law enforcement and industry specialists.

Finally, we have performed additional financial stress testing and liquidity impact analysis in order to reflect the impacts from the COVID-19 pandemic in the assessment of the Group's long-term viability, as set out on page 71.

Next steps

With the COVID-19 crisis evolving, we remain in close contact with our local health authorities, governmental agencies and other key stakeholders in all our geographies, so that we can react and adapt to any changes in circumstances and minimise the risk to Vodafone and our customers, employees and other stakeholders.

There are a number of ongoing business reviews at both Group and local market level to evaluate different courses of action in response to the crisis.

Looking ahead, we will review the lessons learned during this crisis as part of future updates to our risk management framework, specifically when it comes to our approach to prepare for similar types of events.

Long-Term Viability Statement ('LTVS')

The preparation of the LTVS includes an assessment of the Group's long-term prospects in addition to an assessment of the ability to meet future commitments and liabilities as they fall due over the three year review period.

Assessment of viability

Vodafone continues to adopt a three year period to assess the Group's viability, a period in which we believe our principal risks tend to develop, in what is a dynamic industry sector. This time horizon is also in line with the structure of long-term management incentives and the outputs from the long range business planning cycle.

For 2020, as a result of the increased pressures on the global financial markets as a result of the COVID-19 pandemic, we conducted additional financial stress testing and sensitivity analysis, considering revenues at risk as well as the impact of our response plan to the crisis.

The assessment of viability started with the available headroom as of 31 March 2020 and considered the plans and projections prepared as part of the forecasting cycle, which include the Group's cash flows, planned commitments, required funding and other key financial ratios. We also assumed that debt refinancing will remain available in all plausible market conditions.

Finally, we estimated the impact of severe but plausible scenarios for all our principal risks on the three year plan and, in addition, stress tested a combined scenario taking into account the risk interdependencies as defined on the diagram on page 63, where the following risks were modelled as materialising in parallel over the three year period:

Global economic disruption: Global events, such as the COVID-19 pandemic, put pressure on our financial performance and liquidity.

Cyber threat and information security: An external cyber-attack exploits vulnerabilities and leads to a GDPR fine.

Geo-political risk in supply chain: Increase in trade wars leads to decisions that may affect our supply chain and restricts our ability to use critical suppliers.

Adverse political and regulatory measures: Governments in financial struggle look to other sources to raise revenues, such as spectrum auctions.

Assessment of long-term prospects

Each year the Board conducts a strategy session, reviewing the internal and external environment as well as significant threats and opportunities to the sustainable creation of long-term shareholder value (note that known emerging threats related to each principal risk are described in pages 8 and 9).

As an input to the strategy discussion, the Board considers the principal risks that are longer term in nature (including adverse political and regulatory measures, market disruption and disintermediation), with the focus on identifying underlying opportunities and setting the Group's future strategy. The output from this session is reflected in the strategic section of the Annual Report (pages 20 to 25), which provides a view of the Group's long-term prospects.

Conclusions

The Board assessed the prospects and viability of the Group in accordance with provision 31 of the UK Corporate Governance Code, considering the Group's strategy and business model, and the principal risks to the Group's future performance, solvency, liquidity and reputation. The assessment takes into account possible mitigating actions available to management where any risk or combination of risks materialise.

Total cash and cash equivalents available of €13.3 billion (page 188) as of 31 March 2020, along with options available to reduce cash outgoings over the period considered, provide the Group with sufficient positive headroom in all scenarios tested. Reverse stress testing on revenue and adjusted EBITDA over the review period confirmed that the Group has sufficient headroom available to face uncertainty. The Board deemed the stress test conducted to be adequate and therefore confirm that they have a reasonable expectation that the Group will remain in operation and be able to meet its liabilities as they fall due up to 31 March 2023.

Assessment of prospects

Outlook, Strategy & Business Model

Outlook of possible long-term scenarios expected in the sector and the Group's current position to face them
Assessment of the key principal risks that may influence the Group's long-term prospects
Articulation of the main levers in the Group's strategy and business model ensuring the sustainability of value creation

Assessment of viability

Long Range Plan is the three year forecast approved by the Board on an annual basis, used to calculate cash position and headroom

Headroom is calculated using cash, cash equivalents and other available facilities, at year end

Sensitivity analysis	Principal risks	Combined scenario
Sensitivity analysis to assess the level of decline in performance that the Group could withstand, were a black swan event to occur	Severe but plausible scenarios modelled to quantify the cash impact of an individual principal risk materialising over the three year period	Quantification of the cash impact of combined scenarios where multiple risks materialise across one or more markets, over the three year period

Viability results from comparing the cash impact of severe but plausible scenarios on the available headroom, considering additional liquidity options

Long-Term Viability Statement

Directors confirm that they have reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period

Chairman's governance statement

We are committed to creating value for our stakeholders and contributing to wider society through corporate governance excellence



I am pleased to present, on behalf of the Board, the Corporate Governance Report for the year ended 31 March 2020.

The Board is committed to delivering strong corporate governance for our shareholders, employees, suppliers, partners and customers, especially during these times of uncertainty and instability presented by the COVID-19 pandemic. For this reason, we take seriously our commitment to maintaining the highest levels of corporate governance to support the creation of long-term sustainable value for the benefit of all our stakeholders. This report illustrates how we have achieved this over the past year and sets out our plans for the coming year.

Highlights of the year

We've not stood still for a moment this past year. Having strengthened with recent appointments our telecoms industry expertise, we are confident that around the Board table we have all the skills, experience and diversity that the Company needs. We have welcomed a new Non-Executive Director, David Thodey, while undertaking a robust and successful process to find my successor. Board representatives have engaged with our principal investors to understand their views on, amongst other areas, Board composition and executive remuneration. As a result, we believe a balanced, long-term incentive-based Remuneration Policy is being recommended to shareholders. Details of David's induction, the process undertaken to identify my successor and my successor's biography can be found on pages 77 and 88 and the revised Remuneration Policy on pages 102 to 107. We have also enjoyed a year of constructive engagement with our new auditor, Ernst & Young LLP, and you can read more on how we have reviewed and tested our internal control framework on pages 94 and 95 and challenged our understanding of our principal risks on pages 63 to 68.

Executing our strategy at pace

This year has been a key period in the transformation of Vodafone as we deliver on our strategy at pace. We've made great headway in driving cost and capital efficiencies and continue to implement our plans to enhance our performance and support future cash flows. A strong Board is needed to navigate this fast-changing environment and maintain resilience, receiving tailored training and timely information, as well as taking time to consider stakeholder interests and relevant risk factors. This has been especially important given the economic uncertainty created by the COVID-19 pandemic, and your Board has worked closely with the Executive Committee to ensure that we continue to make good progress on our strategic priorities whilst we respond to the changing needs of our stakeholders, delivering value to our customers and protecting the health, safety and wellbeing of our people.

Culture

The Spirit of Vodafone was launched on 10 December, to transform how we work and what we achieve together as we move forward to becoming a leading technology communications company. Our Spirit pillars are explored in full on page 56, and a summary of the Board's input into the design and launch of the Spirit is provided on page 81.

Nick Read, Leanne Wood and the rest of the Executive Committee have injected huge energy into this launch, engaging with our employees in face-to-face meetings and global digital forums to have honest discussions about what the Spirit really means to us all. The Board receives detailed updates on the Spirit from Nick and has the opportunity to discuss progress and highlight areas of strength and development.

Sustainable growth

We have worked hard for a number of years to support a robust dividend policy and the Board and I were disappointed that we needed to make the tough decision, in the face of external challenges, to cut the 2019 final dividend to our valued shareholders by 40%. It was not a choice taken lightly by the Board, however it was the right decision to ensure we maintain sufficient financial headroom to support the sustainable growth of our business for the long-term benefit of all our stakeholders. I would like to take this opportunity to express the Board's collective desire to maintain a progressive dividend policy going forward, which we started with the declaration of a 4.50 eurocents per share interim dividend and the recommendation of a 4.50 eurocents per share final dividend for the year ended 31 March 2020, providing a total dividend for the year of 9.00 eurocents per share.

Corporate governance

I am pleased to announce that we are able to confirm compliance in full with the 2018 UK Corporate Governance Code ('the Code') throughout the year. Your Board has been taking time to understand the views of our most valued stakeholder groups and is confident in presenting a statement on how various stakeholder interests have been taken into account in decision-making at the Board, which can be found on pages 82 and 83. A summary of how we have complied with the Code during the year is presented on page 73 and details can be found in this Governance Report and the Strategic Report.

Demonstrating the strength of our commitment to our purpose pillars, long-term value creation and the sustainability priorities of our stakeholders, in November we held a Meet the Board day. At this event, members of the Board and senior management met with investors to discuss key topics. Further details can be found on page 82.

Diversity is an important consideration for the Board and its Nominations and Governance Committee when assessing the composition and effective functioning of the Board. The Board also takes responsibility for the oversight and monitoring of diversity within the senior management team and wider workforce.

An internal Board evaluation was undertaken this year with the assistance of Lintstock. Excellent progress has been made against the actions set for 2020 consequent to the 2019 external evaluation. It is very encouraging for me to personally observe and hear reported that the Directors consider the Board to be operating effectively, with improved engagement in Board meetings with senior managers on specialist topics.

Succession planning

At the date of publication, I have served as Chairman for nine years. At the request of the Board, I will continue to serve as Chairman for a limited period of time to provide a period of handover to my successor, Jean-François van Boxmeer. This will be important to maintain stability and continuity as we execute our strategy during the current period of global economic uncertainty.

My fellow Director, Renee James, has served more than nine years as a Director. In order to have a more gradual refreshment of the Board and maintain a good level of average annual tenure we propose to extend Renee's tenure by one more year. Following evaluation, she is still considered independent.

Employee engagement

These events afforded an opportunity for the Directors to meet with the workforce and receive their views on our new policy for workforce engagement, how our strategy is being executed, emerging commercial opportunities and the risks encountered by our businesses.

During the year, 18 senior managers were invited to present to the Board on various subjects, including digital, culture, business development, risk, Vodafone Foundation, internal controls and viability. Valerie Gooding has been leading on employee engagement and attended forums in Europe and South Africa to capture the views of our workforce and report them to the Board. Furthermore, David Nish attended our Global Risk and Compliance Forum where he met colleagues from a variety of our local markets who are responsible for managing the internal controls and monitoring systems across Vodafone. The Board also had the pleasure of meeting employees at Vodafone UK and Vodafone Spain during Board visits to those markets.

Understanding and managing our emerging risks

There have been a number of developments in the year which have introduced new items to the Board's agenda. Examples include the export restrictions imposed by the US and the COVID-19 pandemic. As these developments have an impact on our business and stakeholders, it has been crucial for the Board to maintain oversight, receive regular updates and dedicate time to understanding and discussing these risks as they evolve, so we can plan ahead and take appropriate action.

With all this in mind, I invite you to explore in more detail how the Board is enhancing its capability and effectiveness, engaging in understanding the business and our stakeholders, and dedicating time to reflection and development.

/s/ Gerard Kleisterlee

Gerard Kleisterlee
Chairman

2 July 2020

Compliance with the 2018 UK Corporate Governance Code (the 'Code')

In respect of the year ended 31 March 2020 Vodafone Group Plc was subject to the Code (available from www.frc.org.uk). The Board is pleased to confirm that Vodafone applied the principles and complied with all of the provisions of the Code throughout the year. Further information on compliance with the Code can be found as follows:

Board leadership and Company purpose	Read more	
Long-term value and sustainability	80-81	90-91
Culture	56-61	74 80
Shareholder engagement	82-83	98
Employee engagement	80 82	98
Other stakeholder engagement	80-83	
Conflicts of interest	88	
Division of responsibilities	Read more	
Role of the Chairman	75	
Division of responsibilities	74-77	
Non-Executive Directors	74-77	
Composition, succession and evaluation	Read more	
Appointments and succession planning	87-89	
Skills, experience and knowledge	76-77	88
Length of service	73	87-88
Evaluation	84-85	
Diversity	87-89	
Audit, risk and internal control	Read more	
Committee	90	
Integrity of financial statements	91-93	
Fair, balanced and understandable	121	
Internal controls and risk management	90-95	
External auditor	90-93	
Principal and emerging risks	62-71	94-95
Remuneration	Read more	
Policies and practices	102-107	
Alignment with purpose, values and long-term strategy	96-119	
Independent judgement and discretion	107-108	

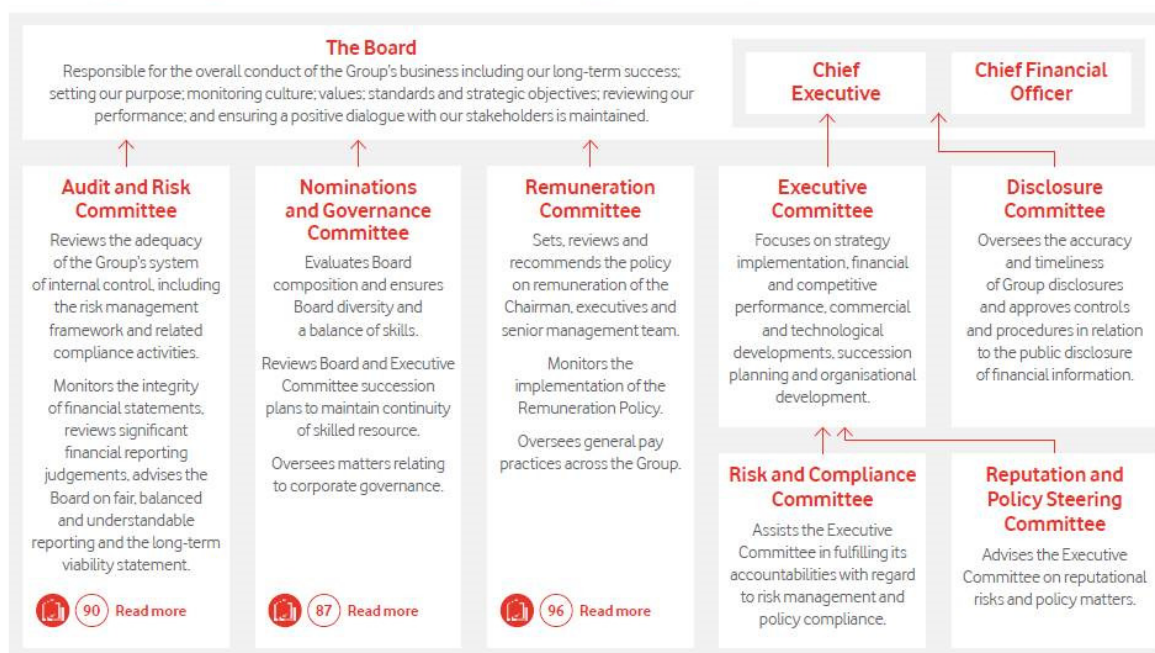
Disclosure Guidance and Transparency Rules

We comply with the Corporate Governance Statement requirements pursuant to the FCA's Disclosure Guidance and Transparency Rules by virtue of the information included in this "Governance" section of the Annual Report together with information contained in the "Shareholder information" section on pages 248 to 254.

Board leadership and Company purpose

Our governance structure

The Board's role is to provide entrepreneurial leadership of Vodafone within a framework of effective controls which enable risks to be assessed and managed. The Board establishes the Company's purpose, values and strategy, and satisfies itself that these and its culture are aligned. It is responsible for ensuring the necessary resources are in place for the Company to meet its objectives and for measuring performance against them. The Board is accountable for promoting the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.



Operation of the Board and its Committees

Comprised of the Chairman, Senior Independent Director, Non-Executive Directors, the Chief Executive and the Chief Financial Officer, the Board discharges some of its responsibilities directly and others through its principal Board Committees and through management. The Matters Reserved for the Board and Committee Terms of Reference were last reviewed in March 2020 and are available on our website vodafone.com.

The Board is collectively responsible for ensuring leadership through effective oversight and review, it sets the strategic direction with the goal of delivering sustainable stakeholder value over the longer term, and has oversight of cultural and ethical programmes. The Board also oversees the implementation of appropriate risk assessment systems and processes to identify, manage and mitigate Vodafone's principal risks. It is also responsible for matters relating to finance, audit and internal control, reputation, listed company management, corporate governance and effective succession planning, much of which is overseen through its principal Committees. Full details of the Committees' responsibilities are detailed within the respective Committee reports on pages 87, 90 and 96.

Board meetings are structured to allow open discussions. At each meeting the Directors are made aware of the key discussions and decisions of the three principal Committees by the respective Committee Chairs. Minutes of Board and Committee meetings are circulated to all Directors after each meeting. Details of the Board's activities during the year can be found on pages 80 and 81.

The Board held seven scheduled meetings during the year and additional meetings as required. Further information on the attendance of each Director at Board and Committee meetings can be found on page 77.

Our purpose, values and culture

Vodafone's culture is shaped by our Spirit and behaviours regulated by the Code of Conduct. Together, these set out what we do and how we do it. The Spirit is explained further on page 56 and our Code of Conduct can be found on our website vodafone.com.

The Board has a critical role in setting the tone of our organisation and championing the behaviours we expect to see. The Spirit launched in December and regular discussions within and across Vodafone have been encouraged to galvanise our culture with our purpose and Strategy. The cultural climate in Vodafone is measured through a number of mechanisms including policy and compliance processes, internal audit, and formal and informal channels for employees to raise concerns including our annual people survey and Speak Up, our whistleblowing programme. Speak Up is also available to the contractors and suppliers working with us. The Board is appraised of any material whistleblowing incidents. More information on Speak Up is provided on page 50.

Division of responsibilities

Board roles and responsibilities

Our Chairman and Chief Executive roles are separated and clearly defined.

The Board currently comprises the Non-Executive Chairman, two Executive Directors and nine Non-Executive Directors. Our Non-Executive Directors bring independent judgement, and wide and varied commercial and financial experience to the Board and Committees. A summary of each role can be found below.

Chairman

- Leads the Board, sets each meeting agenda and ensures the Board receives accurate, timely and clear information in order to monitor, challenge, guide and take sound decisions;
- Promotes a culture of open debate between Executive and Non-Executive Directors and holds meetings with the Non-Executive Directors, without the Executive Directors present;
- Regularly meets with the Chief Executive and other senior management to stay informed;
- Ensures effective communication with shareholders and other stakeholders;
- Promotes high standards of corporate governance and ensures Directors understand the views of the Company's shareholders and other key stakeholders so they can consider them, and the section 172 Companies Act 2006 factors, in Board discussions and decision-making;
- Promotes and safeguards the interests and reputation of the Company; and
- Represents the Company to customers, suppliers, governments, shareholders, financial institutions, the media, the community and the public.

Chief Executive

- Provides coherent leadership of the Company, including representing the Company to customers, suppliers, governments, shareholders, financial institutions, employees, the media, the community and the public and enhances the Group's reputation;
- Leads the Executive Directors and senior management team in running the Group's business, including chairing the Executive Committee;
- Develops and implements Group objectives and strategy having regard to shareholders and other stakeholders;
- Recommends remuneration, terms of employment and succession planning for the senior executive team;
- Manages the Group's risk profile and ensures appropriate internal controls are in place;
- Ensures compliance with legal, regulatory, corporate governance, social, ethical and environmental requirements and best practice; and
- Ensures there are effective processes for engaging with, communicating with, and listening to, employees and others working for the Company.

Chief Financial Officer

- Supports the Chief Executive in developing and implementing the Group strategy;
- Leads the global finance function and develops key finance talent;
- Ensures effective financial reporting, processes and controls are in place;
- Recommends the annual budget and long-term strategic and financial plan; and
- Oversees Vodafone's relationships with the investment community.

Senior Independent Director

- Provides a sounding board for the Chairman and acts as a trusted intermediary for the Directors as required;
- Meets with the Non-Executive Directors (without the Chairman present) when necessary and at least once a year to appraise the Chairman's performance and communicates the results to the Chairman; and
- Together with the Nominations and Governance Committee, leads an orderly succession process for the Chairman.

Non-Executive Directors

- Monitor and challenge the performance of management;
- Assist in development, approval and review of strategy;
- Review Group financial information and provide advice to management;
- Engage with stakeholders and provide insight as to their views including in relation to workforce and the culture of Vodafone; and
- As part of the Nominations and Governance Committee, review the succession plans for the Board and key members of senior management.

Company Secretary

- Ensures compliance with Board procedures and provides support to the Chairman, to ensure Board effectiveness;
- Assists the Chairman by organising induction and training programmes and ensuring that all Directors have full and timely access to all relevant information;
- Ensures the Board has high-quality information, adequate time and appropriate resources in order to function effectively and efficiently; and
- Provides advice and keeps the Board updated on corporate governance developments.

Board of Directors

Leadership, governance
and engagement

Our business is led by our Board of Directors. Biographical details of the Directors and senior management as at 2 July 2020 are as follows (with further information available at vodafone.com/board).



Gerard Kleisterlee N
Chairman –
Independent on appointment

Tenure: 9 years

Skills and experience:

Gerard has extensive experience of senior leadership of global businesses both in the developed and emerging markets. He brings to the Group a deep understanding of the consumer electronics, technology and lifestyle industries gained from his career with Philips Electronics spanning over 30 years and continues to use this experience to oversee the development of Vodafone's strategy and the effectiveness of its operations as a technology communications company.

External appointments:

– Royal Dutch Shell, deputy chair, senior independent director, chair of remuneration committee and member of the nomination and succession committee
– ASML Holding NV chairman of supervisory board, chairman of the selection and nomination committee and member of the technology committee



Nick Read
Chief Executive –
Executive Director

Tenure: 1 year (as Chief Executive)

Skills and experience:

As Chief Executive, Nick combines strong commercial and operational leadership with a detailed understanding of the industry and its opportunities and challenges. Prior to becoming Chief Executive in October 2018, Nick served as Group Chief Financial Officer from April 2014, and held a variety of senior roles including Chief Executive for Africa, Middle East and Asia-Pacific for five years and Chief Executive of Vodafone UK. Prior to joining Vodafone, he held senior global finance positions with United Business Media Plc and Federal Express Worldwide.

External appointments:

– Booking Holdings Inc., non-executive director and member of nominating and corporate governance committee



Margherita Della Valle
Chief Financial Officer –
Executive Director

Tenure: 1 year

Skills and experience:

Margherita brings considerable corporate finance and accounting experience to the Board. She was Deputy Chief Financial Officer from 2015 to 2018, Group Financial Controller from 2010 to 2015, Chief Financial Officer of Vodafone's European region from 2007 to 2010 and Chief Financial Officer of Vodafone Italy from 2004 to 2007. Margherita joined Omnitel Pronto Italia in Italy in 1994 and held various consumer marketing positions in business analytics and customer base management before moving to finance. Omnitel was acquired by Vodafone in 2000.

External appointments:

– None



Valerie Gooding CBE N R
Senior Independent Director and
Workforce Engagement Lead

Tenure: 6 years

Skills and experience:

Valerie brings a wealth of international business experience obtained at companies with high levels of customer service including British Airways and as chief executive of BUPA which, together with her focus on leadership and talent, is valuable to Board discussions.

External appointments:

– Aviva UK Insurance, chairman
– Royal Botanic Gardens, Kew, Queen's trustee



Sanjiv Ahuja A
Non-Executive Director

Tenure: 1 year

Skills and experience:

Sanjiv has broad telecoms expertise, having led mobile, broadband and infrastructure companies, such as Telcordia (formerly Bellcore), Orange SA, Bell Communications Research and Lightsquared, as well as considerable international experience from operating in Europe, the United States, Africa and Asia. He is the founder and chairman of Tillman Global Holdings, which provides telecommunications and renewable energy project development services. His comprehensive knowledge of the telecoms sector is valuable to Board discussions.

External appointments:

– Tillman Global Holding LLC, chairman
– JCDecaux Small Cells Limited, director



Sir Crispin Davis A N
Non-Executive Director

Tenure: 5 years

Skills and experience:

Sir Crispin has broad-ranging experience as a business leader within international content and technology markets from his roles as chief executive of RELX Group (formerly Reed Elsevier) and the digital agency, Aegis Group plc, and group managing director of Guinness PLC (now Diageo plc). He was knighted in 2004 for services to publishing and information. He brings a strong commercial perspective to Board discussions.

External appointments:

– Hasbro Inc., non-executive director and member of compensation committee and nominating, governance & social responsibility committee



Michel Demaré A R
Non-Executive Director

Tenure: 2 years

Skills and experience:

Michel brings extensive international finance, strategy and M&A experience to the Board, gained during his 18 year career at Dow Chemical, as CFO of Baxter International (Europe), and as CFO and head of global markets of ABB Group. He was the non-executive chairman of Syngenta until the company was sold to ChemChina in 2017 and was the vice chairman of UBS Group AG for ten years.

External appointments:

– AstraZeneca PLC, non-executive director
– Louis Dreyfus Company Holdings BV, non-executive director
– IMD Business School in Lausanne, vice chairman of supervisory board



Dame Clara Furse DBE R
Non-Executive Director

Tenure: 5 years

Skills and experience:

Dame Clara brings to the Board a deep understanding of international capital markets, regulation, service industries and business transformation developed from her previous roles as chief executive officer of the London Stock Exchange Group plc and Credit Lyonnais Rouse Ltd. Her financial proficiency is highly valued. In 2008 she was appointed Dame Commander of the Order of the British Empire.

External appointments:

– HSBC UK, non-executive chairman
– Amadeus IT Group SA, non-executive director, chair of audit committee and member of nomination committee and remuneration committee



Renee James N R
Non-Executive Director

Tenure: 9 years

Skills and experience:

Renee brings comprehensive knowledge of the high technology sector developed from her long career at Intel Corporation where she was president. She is currently the chairman and CEO of Ampere Computing. Her extensive experience of international management, technology and the development and implementation of corporate strategy is an asset to the Board and the Committees of which she is a member.

External appointments:

- Carlyle Group, operating executive
- Oracle Corporation, non-executive director
- Citigroup Inc., non-executive director and member of risk management committee and operations & technology committee
- Sabre Corporation, non-executive director and member of technology committee and audit committee



Amparo Moraleda A
Non-Executive Director

Tenure: 2 years

Skills and experience:

Amparo brings strong international technology experience to the Board from her previous role as chief executive officer of the international division of Iberdrola and a career spanning 20 years at IBM, where she held a number of positions across a range of global locations.

External appointments:

- Airbus Group, senior independent director, chair of nominations and governance committee and remuneration committee and member of ethics & compliance committee
- CaixaBank, non-executive director, chair of remuneration committee and member of innovation committee
- Solvay S.A. non-executive director, chair of nomination committee and member of compensation committee



David Nish A
Non-Executive Director

Tenure: 4 years

Skills and experience:

David has wide-ranging operational and strategic experience as a senior leader and has a strong understanding of financial and capital markets through his previous directorships which include chief executive officer and chief financial officer of Standard Life plc and chief financial officer of Scottish Power plc.

External appointments:

- HSBC Holdings plc, independent director, chair of the audit committee and member of the remuneration committee, risk committee and nominating & corporate governance committee



David Thodey A
Non-Executive Director

Tenure: <1 year

Skills and experience:

David has extensive telecommunications and technology experience, having been chief executive officer of Telstra Corporation between 2009 and 2015 and, prior to that, holding several senior executive positions at IBM, including chief executive officer of IBM Australia and New Zealand. He was recognised for his services to business and ethical business leadership with an Order of Australia in January 2017.

External appointments:

- Ramsay Health Care Ltd., non-executive director
- Tyro Payments Ltd., non-executive director
- Xero Limited, chairman
- Commonwealth Scientific & Industrial Research Organisation, chairman

Board and Committee meeting attendance

	Board	Audit and Risk Committee	Nominations and Governance Committee	Remuneration Committee
Gerard Kleisterlee	7/7	–	4/4	–
Nick Read	7/7	–	–	–
Margherita Della Valle	7/7	–	–	–
Sanjiv Ahuja ¹	7/7	4/4	–	–
Sir Crispin Davis	7/7	5/5	4/4	–
Michel Demaré ²	7/7	4/4	–	5/5
Dame Clara Furse DBE ³	6/7	1/1	–	3/3
Valerie Gooding CBE	7/7	–	4/4	5/5
Renee James ⁴	5/7	–	4/4	5/5
Samuel Jonah KBE ⁵	2/2	–	–	2/2
Amparo Moraleda	7/7	5/5	–	–
David Nish	7/7	5/5	–	–
David Thodey ⁶	5/5	–	–	–

Notes:

The maximum number of scheduled meetings held during the year that each Director could attend is shown next to the number attended. Additional meetings were held as required.

- 1 Sanjiv Ahuja was appointed to the Audit and Risk Committee on 23 July 2019.
- 2 Michel Demaré was appointed to the Audit and Risk Committee on 23 July 2019.
- 3 Dame Clara Furse was unable to attend one Board meeting due to a prior business commitment. On 23 July 2019, she stepped down from the Audit and Risk Committee and joined the Remuneration Committee.
- 4 Renee James was unable to attend two Board meetings due to prior business commitments.
- 5 Sam Jonah stepped down from the Board on 23 July 2019.
- 6 David Thodey was appointed to the Board on 1 September 2019.

Committee key:

- A Audit and Risk Committee
- R Remuneration Committee
- N Nominations and Governance Committee
- Solid background signifies Committee Chair

New Non-Executive Director and Chairman-Elect

After a rigorous search process and subject to shareholder approval at the Company's 2020 AGM, Jean-François van Boxmeer will become a Non-Executive Director on 28 July 2020 and will become Chairman of the Board at the close of business on 3 November 2020, at which time Gerard Kleisterlee will retire as a Director. Your Board has assessed Jean-François van Boxmeer as being independent upon appointment.

Jean-François van Boxmeer will step down as Chief Executive of Heineken in June 2020 after 15 years in role and 36 years with the company. In that period, Jean-François transformed Heineken into a global organisation through a balance of strategic transactions and organic growth. The success of his strategy resulted in a nearly threefold increase in Heineken's share price and he is credited with creating significant shareholder value. Jean-François is a member of the Shareholders Committee of Henkel AG&Co KGaA and a Non-Executive Director of Mondelēz International, Inc. He will join Heineken Holding N.V. as a Non-Executive Director in June 2020. He is Vice-Chairman of the European Roundtable of Industrialists.

Notes:

On 28 July 2020, Sir Crispin Davis will stand down as a member of the Audit and Risk Committee and David Thodey will become a member of the Audit and Risk Committee.

The skills and experience of Directors noted on pages 76 and 77 refer to executive roles. Skills and experience are further broadened and extended by their external appointments. In aggregate, each Director contributes substantial skills, knowledge and experience to the Board.

External appointments listed are only those required to be disclosed pursuant to Listing Rule 9.6 and other relevant key external appointments. See page 88 for an explanation of the Nominations and Governance Committee's assessment of the external commitments of Directors.

Executive Committee

Delivering our strategy, driving performance

Chaired by Nick Read, the Executive Committee is responsible for executing Vodafone's strategy fulfilling of our purpose and sustainability objectives, driving robust financial performance, and ensuring a supportive business culture.

Membership

The Committee is comprised of Nick Read, Chief Executive, Margherita Della Valle, Chief Financial Officer, and the senior managers as detailed on these pages.

We have restructured our Executive Committee to reflect developments in our organisation. On 1 April 2020, Vivek Badrinath stepped down from the Executive Committee as he takes responsibility for our new European Towers business, and the Chief Executive of Vodacom Group, Shameel Joosub, joined the Executive Committee, reflecting the significance of Vodacom within the Group. In September 2019, we welcomed our new CEO of Vodafone Business, Vinod Kumar, who is driving our enterprise business globally, bringing with him considerable experience from Tata Communications Ltd.

Biographies for Nick Read and Margherita Della Valle can be found on page 76.



Nick Read
Chief Executive



Margherita Della Valle
Chief Financial Officer

European Tower Company



On 1 April 2020, Vivek Badrinath was appointed CEO of Vodafone's new European tower company, responsible for overseeing the operations of our European tower infrastructure and delivering the strategic vision.

Vivek Badrinath
Chief Executive Officer –
European TowerCo

Previously, Vivek was CEO of Vodafone's Rest of the World operations, a position he held since October 2016, and was a member of Vodafone Group's Executive Committee until 1 April 2020.

Committee meetings

Each year the Committee conducts a strategy review to identify key strategic issues facing Vodafone to be presented to the Board.

The agreed strategy is then used as a basis for developing the upcoming budget and three year operating plans.

The Committee met ten times during the year to consider the items noted below. In addition, in response to the COVID-19 pandemic, additional meetings were held weekly to assess our response to the critical needs of our business, people and communities throughout the Group.

- Purpose and strategy;
- Substantial business developments and projects;
- Chief Executive's update on the business and the business environment;
- Updates on the Group's financial performance;
- Commercial and business performance updates;
- Sustainable business strategy;
- New 'social' contract;
- Brexit preparation;
- Talent and succession plan updates;
- Updates from the head of each Group function including updates on technology, the regulatory environment and preparation for and compliance with GDPR;
- Updates from the Chief Executive Officers of each market and region;
- Updates and reports on health and safety matters; and
- Presentations from senior managers, including from the Group Strategy & Commercial Planning Director, Group Financial Controller and Group Mergers & Acquisitions Director.



Ahmed Essam
Chief Commercial Operations and
Strategy Officer

Responsibilities

Ahmed is responsible for Vodafone's global commercial operations and strategy, as well as innovation and transformation projects, including the Company's digital transformation programme.



Rosemary Martin
Group General Counsel and
Company Secretary

Responsibilities

Rosemary is responsible for managing Vodafone's legal risk and for providing legal, compliance and company secretariat services to the Group. She advises the Board on corporate governance matters and manages Vodafone's relationship with the Company's registrar.



Dr Hannes Ametsreiter
Chief Executive Officer—
Vodafone Germany

Responsibilities

Hannes is responsible for defining Vodafone's strategy in Germany, positioning Vodafone Germany as a Gigabit company, delivering the strategic vision, executing commercial plans and delivery against KPIs. He is also responsible for shaping Vodafone's leadership role in digital technologies.



Aldo Bisio
Chief Executive Officer—
Vodafone Italy

Responsibilities

Aldo is responsible for defining Vodafone's strategy and operating model in Italy, delivering the strategic vision, executing commercial plans and ensuring delivery against KPIs.



António Coimbra
Chief Executive Officer—
Vodafone Spain

Responsibilities

Antonio is responsible for defining Vodafone's strategy and operating model in Spain, delivering the strategic vision, executing commercial plans and ensuring delivery against KPIs.



Leanne Wood
Chief Human Resources Officer

Responsibilities

Leanne is responsible for leading Vodafone's people and organisation strategy which includes developing strong talent and leadership, effective organisations, strategic capabilities and an engaging culture and work environment, thereby building strong capabilities in Vodafone to deliver growth.



Johan Wibergh
Group Technology Officer

Responsibilities

Johan is responsible for leading Vodafone's global technology organisation. His role is integral to developing Vodafone's convergence strategy on a global scale.



Serpil Timuray
Chief Executive Officer—
Europe Cluster

Responsibilities

Serpil oversees Vodafone's operations in the Netherlands, Portugal, Ireland, Greece, Romania, Czech Republic, Hungary, Albania, and Turkey. This includes defining strategy and the operating model, delivering the strategic vision, executing commercial plans and ensuring delivery against KPIs.



Vinod Kumar
Chief Executive Officer—
Vodafone Business

Responsibilities

Vinod is responsible for Vodafone's enterprise business globally, defining Vodafone's strategy and operating model, delivering the strategic vision, executing commercial plans and ensuring delivery against KPIs.



Joakim Reiter
Group External Affairs Director

Responsibilities

Joakim is responsible for leading Vodafone's engagement with external stakeholders, defining Vodafone's strategy, execution and delivery on policy and regulation, campaigns, communications, security, Vodafone Foundation, and issues important to the communities in which we operate, thereby driving Vodafone strategic positioning and 'social' contract.



Nick Jeffery
Chief Executive Officer—
Vodafone UK

Responsibilities

Nick is responsible for Vodafone's operations in the UK, defining Vodafone's strategy and operating model, delivering the strategic vision, executing commercial plans and ensuring delivery against KPIs.



Shameel Joosub
Chief Executive Officer—
Vodacom Group

Responsibilities

Shameel joined the Executive Committee on 1 April 2020. He is responsible for the Vodacom Group, defining Vodacom's strategy and operating model, delivering the strategic vision, executing commercial plans and ensuring delivery against KPIs.

Board activities

What the Board did this year


Board activities are structured to develop the Group's strategy and to enable the Board to support executive management on the delivery of it within a transparent governance framework. The table below sets out the key areas of focus for the Board's activities and topics discussed during the year.

Strategy

To provide entrepreneurial leadership

5G auctions in Germany, Hungary and Czech Republic

The Board, in balancing the capital demands of the business, considered the appropriate resource to be made available for these core assets and set acceptable thresholds for auction cost.

 **254** [Read more about 5G spectrum auctions on pages 254 to 257](#)


European towers

The decision to create Europe's largest tower business followed a period of intensive review and consideration by the Board, supporting our strategy to improve asset utilisation and also explore monetisation opportunities for our tower assets.

 **24** [Read more about our European towers on page 24](#)


Focus on two scaled platforms – Europe and Africa

As part of our revised strategy to focus on core markets, the Board regularly received information from the responsible Executive Committee members to understand in greater depth the risks and opportunities to set strategies for the growth of core markets and for the management and divestment of non-core markets.

 **25** [Read more about our divestments on page 25](#)


Network sharing

The Board reviewed a number of network sharing arrangements across our major European markets.

 **24** [Read more about our network sharing on page 24](#)

Internet of Things

The Board considered customer needs when reviewing strategies for the development of V by Vodafone products and network operations to support the growing demand for Internet of Things (IoT).

 **8** [Read more about our work on IoT on page 8](#)

Purpose

To establish Company purpose

Alignment

The Board assessed the Purpose pillars and how Purpose, Strategy and 'The Spirit of Vodafone' are aligned to form an integrated plan for the Company.

 **16** [Read more about our purpose pillars on pages 16 to 19 and the Spirit on page 56](#)

Digital 'First': agile and culture

The Board received dedicated updates on the strategy for, and pace of, change within the business as we digitalise our processes and promote a culture that is passionate about the digital society.


 **23** [Read more about Digital 'First' on page 23](#)

Sustainability

To ensure long-term sustainable success

'Social' contract

The Board discussed the development of a new 'social' contract. This initiative by Vodafone, in collaboration with other telecommunications companies, represents the partnership we want to develop with governments, policy makers and civil society to create a digital society that works for citizens and businesses alike.

 **52** [Read more about our 'social' contract on pages 52 to 55](#)

Meet the Board Day

In November, representatives from the Board had the opportunity to meet investors to discuss sustainability challenges and goals, improving our understanding of the expectations of investors.

 **82** [Read more about our Meet the Board Day on page 82](#)

Culture

To promote the desired culture


The Spirit of Vodafone

Progress with our newly launched cultural programme, 'The Spirit of Vodafone', was reported to, and monitored by, the Board. It was important for the Board to capture the sentiment of the workforce and measure the success of the programme.

 **56** [Read more about 'The Spirit of Vodafone' 56 to 61](#)

Speak Up

The Board received updates on material issues raised through our Speak Up channel and reviewed the output of investigations, including any remedial action taken.

 **50** [Read more about Speak Up on page 50](#)

Capital

To ensure necessary resources are in place


Green bond

In line with the International Capital Market Association, the approval of the issuance of green bonds in 2019 enabled capital investment specifically to fund our green projects that support our goal to reduce our environmental impact by 50% by 2025.

 **46** [Read more about our green bond framework on page 46](#)

Dividend

The Board established a progressive dividend policy. It carefully considered the approval of the interim dividend and its recommendation for the final dividend, taking into account our capital allocation priorities to support investment in critical infrastructure, reduce leverage towards the lower end of our target range, and maintain returns to shareholders.

 **174** [Read more about our dividend policy on page 174](#)

US bonds

As part of its oversight of our business' long-term funding requirements, the Board receives annual updates on activity related to our two bond programmes; the US shelf programme listed on NASDAQ and the EMTN programme listed in both London and Dublin, to ensure cost efficient and dependable financial resources are available to the business.

 **193** [Read more about our US bonds programme on page 193](#)

Ensuring our culture is aligned with purpose and strategy



The Board played a key role in the launch of the Spirit of Vodafone, which captures the beliefs and behaviours of our people, being mindful of the considerations noted below.

- Whether a new cultural programme was important for our people to support them in executing our strategy
- What lessons could be learnt from our past experiences and the experiences of other companies
- The role of culture as a differentiator
- The opinions of employees
- Plans for employee engagement and roll-out
- The role of reward
- Culture as an enabler of our purpose and strategy

The Board looks forward to monitoring the success of its launch, and its contribution towards driving our strategy, using a variety of metrics including the results of periodic all-employee surveys.

Risk and controls

To ensure a framework of prudent and effective controls is in place

System of internal control

Details of the operation of our internal risk and compliance processes informed the Board's discussions on culture and operational matters.

 **94** [Read more about our system of internal control on pages 94 and 95](#)


Risk tolerance and risk management

The Board reviewed management's identification and assessment of the top ten principal risks and their impact on strategy and commercial initiatives.

 **62** [Read more about our risk tolerance and management on pages 127 to 131](#)

COVID-19

The COVID-19 global pandemic has created an unprecedented challenge for the global economy, and the Board was apprised of the considerations and actions taken by management to protect the health and safety of our people whilst we continue to provide critical services to our customers and emergency services.

 **54** [Read more about our response to COVID-19 on pages 54 and 55](#)

Stakeholders

Engagement and participation with stakeholders

Principal suppliers


Nick Read held a meeting with our key suppliers in California to discuss matters of mutual interest regarding the industry environment and geopolitical developments.

 **83** [Read more about Nick's meeting with our key suppliers on page 83](#)

Other


Brexit

The Board considered the likelihood and potential impact of a no-deal Brexit on the Company and its stakeholders, with particular focus on Vodafone UK and Business.

 **68** [Read more about our assessment of Brexit on page 68](#)


Vodafone Foundation

The charitable work of the Vodafone Foundation undertaken in 2019, and proposals for 2020, were reported to the Board to inform decisions on funding and the strategic direction of the Foundation's work.

 **40** [Read more about our Vodafone Foundation on pages 40 to 51](#)

Health and safety

The Board received reports on health and safety initiatives, considering the wellbeing of the people working for and with us throughout the Group. The Board noted with regret the deaths of three employees within Vodafone Business during the year and requested detailed reports on the ongoing work being undertaken to eliminate the risk of fatalities and work-related safety incidents.

 **60** [Read more about health and safety on pages 60 and 61](#)

Engaging with our stakeholders

Promoting the success of Vodafone

Pursuant to the 2018 UK Corporate Governance Code, Vodafone is required to provide information on how the Directors have performed their duty under section 172 of the Companies Act 2006 to promote the success of Vodafone, including how these matters and the interests of Vodafone's stakeholders have been taken into account in Board discussions and decision-making.

Decisions are made by the Board which can impact one or more of our key stakeholder groups in quite different ways. This requires a considered and balanced approach to decision-making, ensuring high-quality information is provided to the Board in a timely manner, and diversity of thought and open discussion amongst Directors is encouraged by the Chairman during meetings. Our 2020 internal effectiveness review concluded that high-quality information was received by the Board and appropriate time was allowed for Board discussion.

Our key stakeholder groups are identified as most likely to be affected by the principal decisions of the Board and include our customers, our people, our suppliers, our local communities and non-governmental organisations, regulators and governments and our investors. Further details of the Company's interaction with stakeholders is provided on pages 12 and 13.

Stakeholder engagement

The Board takes stakeholder engagement seriously because we appreciate the fundamental need to build a holistic view of our business to promote a strategy which takes account of the broader operating environment. Directors benefit from improved insight into the needs of our stakeholders, provoking discussion of the potential risks and opportunities for our business in satisfying those needs, and understanding the potential impact of decisions on affected stakeholders. Better insight and diversity of perspectives leads to more productive and balanced Board discussions on complex issues and, as a result, decisions are well-considered.

Our Board is committed to engaging with stakeholders directly wherever possible. Provided below is an overview of the Board's engagement with our key stakeholder groups during the year.



Our People

A number of engagement and feedback mechanisms for our employees are well established at Vodafone, including Speak Up, business leader Q&A sessions, the Vodafone News app and Workplace, our internal digital communications platform. These enable timely and tailored communications to employees on topics most relevant to their role and which they are most interested in, in recognition of the geographical and operational diversity of our workforce. We are aware that our global workforce also includes contractors and others, so we also assess appropriate mechanisms for engaging with those groups.

In response to COVID-19 changing the way we work, we quickly introduced a global pulse survey which regularly seeks the views of our employees. It was encouraging to see strong levels of engagement and positive themes highlighted. These themes were communicated back to employees and fed into Board updates on our COVID-19 response.

During the year, high potential individuals were invited to Board dinners to give them an opportunity to interact directly with the Directors and discuss industry developments and key challenges and opportunities in the technology and telecommunications sectors.

Valerie Gooding attended meetings of the European Employee Consultative Committee in July 2019, and the South Africa National Consultative Committee in January 2020. At these events, Valerie gave an overview of engagement initiatives and global policies and practices impacting those colleagues, following which employees were able to communicate their views on the most pressing issues and concerns for their local market. Key topics raised included Brexit, age considerations in the context of Vodafone's push for digitalisation, and fair pay between functions and trust in management. The tone of these meetings was positive and feedback received showed that the engagement was effective. Output from these events was reported back to the Board and it was agreed to continue with this mechanism of engagement, for Valerie to feed back to the employee committees, and for external development trends to be monitored so that future employee engagement can address those issues.

David Nish attended our 2019 Global Risk and Compliance Forum where he met colleagues from a variety of our local markets who are responsible for managing internal controls and monitoring systems. The engagement offered David an opportunity to directly gather the views of senior managers on important questions around the successes and challenges posed by the Company's operations and risk landscape.



Our Investors

Throughout the year, the Board regularly engaged with investors. At our annual general meeting, shareholders have the opportunity to ask questions to the Board and, following each release of our quarterly financial results, we deliver a presentation and hold a question and answer session with analysts and investors. In addition, following the release of our results, Nick and Margherita embark on roadshows with the senior management team to visit institutional investors, to hold detailed discussions about our performance and strategy execution.

In 2019, we held our first Meet the Board Day. Our purpose pillars (as discussed in detail on pages 16 to 19) are Digital Society, Inclusion for all and Planet. We recognise all our stakeholders have an interest in our commitments, but in particular our institutional investment community who are increasingly engaging with issuers on sustainability matters. With this in mind, we wanted to present our purpose, explain how it interplays with our strategy and culture, and demonstrate the benefits that our purpose brings to our wider stakeholder groups, including our customers, employees and communities. As well as receiving presentations from Gerard, Valerie, David Nish and Nick, investors had the opportunity to attend breakout sessions to discuss these matters face-to-face with members of the Executive Committee and senior managers responsible in these areas, to ask questions and receive feedback, hearing from and engaging with members of the Board. Further information and materials from the Meet the Board Day can be viewed at investors.vodafone.com/esg.



Our Local Communities and Non-Government Organisations

The Board continues to be fully supportive of the Vodafone Foundation's important work improving the lives of the people living in our local communities and supporting the valuable work of Non-Government Organisations. During the year, Nick visited local markets in Africa to experience the tremendous positive impact the Vodafone Foundation is having in our local communities, and to understand the ways Vodafone can help to support the social and economic prosperity of those communities.

The Board played a key role in the development of our new 'social' contract, which sets out our vision of the closer relationships we want to foster with governments, policy makers and civil society. It will also continue to monitor the ways in which the 'social' contract is demonstrated in practice. This is explored in detail on pages 52 and 55.



Our Suppliers

Nick held a meeting with key suppliers in California to talk about challenges to the industry, to develop an improved understanding of their views and to identify future commercial opportunities. He reported his findings to the Board, highlighting that our suppliers are aligned with us on their future aspirations to invest in robust 5G technology and to develop enterprise and mobile edge computing.



Governments and Regulators

The roll-out of 5G infrastructure and related security considerations, industry competition and the future of IoT are important issues for governments and regulators as well as Vodafone. Throughout the year, members of the Senior Leadership Team are invited to discuss these issues with governments and regulators, either as part of long-term planning initiatives or in reaction to specific events.

Decision-making

Faced with the sudden and unprecedented short- and long-term impact of the COVID-19 pandemic, both social and economic, it is important for the Board to demonstrate the strength of its leadership through fair and balanced decision-making. As the interests of key stakeholder groups continue to evolve, the Board will maintain its engagement to ensure their interests continue to be well understood in order to be appropriately considered and balanced in Board decision-making.

Principal decisions are assessed as material to the Group's strategy. The two case studies below demonstrate how the interests of key stakeholders have been factored into decision-making by identifying the relevant impacted stakeholder groups, the likely impact of a particular decision on each group, and any mitigating steps the Board required to manage the impact on affected groups.

Integration of acquired Liberty Global assets

What happened:

In August 2019, we announced the completion of the purchase of Liberty Global's assets in Germany, the Czech Republic, Hungary and Romania. A significant amount of planning was done between announcement of the acquisition and completion which enabled a fast start to integration activities and synergies delivery, whilst continuing day-to-day operations to meet the stand-alone business plans.

Interests of stakeholders:

The acquisition was a significant milestone to ensure we strengthen our convergence capabilities across our European operations, in line with our Group-wide strategy. Vodafone became the owner of the largest Gigabit-capable next-generation network infrastructure in the region. Positive results are expected for both Vodafone and its customers in those territories as operating efficiencies allow us to realise significant cost synergies as well as to provide higher quality of service, to launch convergent product offerings across fixed, mobile and TV, and to keep innovating and improving our customer experience throughout.

During the integration, concerted effort from employees across Vodafone and acquired operations was needed to ensure that assets were effectively incorporated into our networks and convergent products and propositions could be deployed for the benefit of our customers. The Board understood that affected employees would be concerned about business disruption and potential job losses as a result of integration, and were satisfied that management had considered mitigating steps. These included a fair selection process through a third party for the management positions across both operations in each country, an integrated senior management team from day one, a clear and open communication from the management to all employees, and a phased plan to ensure business as usual activities were not compromised by integration projects.

For our shareholders, the Board considered the acquisition another example of executing on our promised strategy to become a fully convergent player in Europe. Utilising our capital in this way demonstrates the Board's focus on continuing to drive revenue growth and operating margins in our core markets. This should ultimately deliver improved value to our shareholders.

European TowerCo

What happened:

In July 2019, we announced the creation of Europe's largest tower business, placing all our towers assets across Europe into a European tower company ('European TowerCo').

Interests of stakeholders:

The Board recognised that Vodafone had an opportunity to improve asset utilisation, highlight the value of its tower assets, and explore monetisation opportunities.

For our valued colleagues working with our tower assets, this presented both a daunting change and a huge opportunity. The pan-European nature of the new European TowerCo afforded an opportunity to improve working relationships across Europe by sharing best practice and working closely together. The dedicated time and resource of a central management team would allow greater focus on strategic development of the towers assets, and management teams in our local markets would be able to focus on other strategic initiatives.

In respect of our suppliers, there was also an opportunity to strengthen relationships by dealing with the new European TowerCo for all service and hardware support for our tower infrastructure across Europe.

The Board considered the overall impact of organisational change and believed that an accelerated process of demerging assets and operations would reduce disruption and generate benefits faster.

Induction, development and evaluation

Effective use of our skills and experience and improving our performance

The Board recognises that it needs to continually monitor and improve its performance. This is achieved through the annual performance evaluation, full induction of new Board members and ongoing Board development. The conclusions of this year's review have been positive and confirmed that the Board remains effective.

Process undertaken for our internal evaluation

In accordance with the 2018 UK Corporate Governance Code and our three year cycle, the 2020 Board evaluation was conducted internally with the assistance of Lintstock. Lintstock is considered fully independent as it does not have a relationship with the Board or any Director. Below is an overview of how the evaluation was conducted.

Step
1

Structure

The Chairman and Company Secretary worked together with Lintstock to devise a structure for the internal evaluation process to enable a rigorous review of the Board as a whole, its Committees and individual Directors' contributions to Board discussions and decision-making. In particular, the review was designed to see if the following two actions identified from the 2019 external evaluation had been taken:

- More opportunities for Non-Executive Directors to visit more of our local markets.
- More senior managers to be present at Board meetings to engage directly with the Board.

Step
2

Evaluation process

A tailored Board questionnaire was compiled to gather and distil feedback.

The objectives of the review were to provide an assessment of Vodafone Group's Board effectiveness and governance, including the effectiveness of its Committees.

Lintstock collated the responses from Directors and presented reports to the Board and its Committees on the input received in the evaluation.

Step
3

Evaluation findings

The Board's and individual Directors' engagement with the Executive Committee, senior managers, high potential employees had improved, with more opportunities for discussion with external business leaders.

More time devoted to discussion around strategic matters and succession planning was positively received.

Board insights

Progress against 2019 actions

In the 2019 Board effectiveness review, it was agreed that more opportunities for Non-Executive Directors to visit local market would be developed. After each visit Directors would provide feedback to the Chief Executive and, as appropriate, the Board. Going forward, it was agreed that more senior managers would present at Board meetings to enable direct engagement with the Board.

This year's finding

In total the Directors visited five local markets in FY20:

Valerie Gooding joined Nick Read on his visit to Vodafone Spain.

Sanjiv Ahuja, Michel Demaré and Amparo Moraleda together visited Vodafone Italy.

The Board visited Vodafone Spain and Vodafone's UK Digital Centre.

Twelve executives and 18 senior managers presented to the Board during the year on a diverse range of topics.

Action for 2021

Developing the Board's understanding of the Company's regulators and further attention on customers will be in focus for FY21.

Our three year Board evaluation cycle

2019

External evaluation:
facilitated by Raymond Dinkin of Consilium, which has no other connection with Vodafone.

2020

Internal evaluation:
facilitated by Lintstock, which has no other connection with Vodafone. Further information can be found below.

2021

Internal evaluation:
further details will be provided in next year's report.



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See page 82 for details on the Non-Executive Directors' visits to our local markets during the year

Board composition

Progress against 2019 actions

In the 2019 Board effectiveness review, it was agreed that the Board would continue to use opportunities in its natural lifecycle to address identified skills gaps to ensure that the Board's composition is aligned with the Company's strategic goals, including to further strengthen the telecommunications experience on the Board.

This year's finding

The appointment of David Thodey as a Director in FY20 brought further telecommunications skills and experience to the boardroom.

Further details of David's appointment and induction is presented on page 88.

Jean-François van Boxmeer met the criteria set for the Chairman role which included: a former CEO of a large multinational business; an affinity for technology; broad international experience; a proven leader driving top and bottom-line growth; a strong reputation with the investment community; the stature to represent Vodafone well at senior political, regulatory and business levels; with the intellect, judgement and insight to bring strategic challenge; and the temperament to be an effective Chairman able to create and leverage a collegial and high-performing Board.

Action for 2021

The focus for FY21 will be Jean-François van Boxmeer's induction and the transfer to him of the Chairman role.



88

See page 88 for details of David Thodey's appointment process

Board training and development

Progress against 2019 actions

In the 2019 Board effectiveness review, it was agreed to invite speakers from other technology companies to meet with the Board, and for improved efforts to be made to ensure Directors are provided with timely and informative material on developments impacting Vodafone's operating environment during the year.

This year's finding

Michael Wade, Cisco Chair in Digital Business Transformation and Professor of Innovation and Strategy at IMD, presented to the Board and colleagues from Vodafone UK during the Board's visit to Vodafone UK's Digital Centre.

Action for 2021

The Board wants to better understand customer insights and to develop its understanding and oversight of Vodafone Business.



86

See page 86 for details of the Board's training and development during the year

Strategy

Progress against 2019 actions

In the 2019 Board effectiveness review, it was agreed that, when deciding the agenda for Board meetings during the year, the Chairman and Chief Executive together with the Company Secretary would ensure that sufficient time is allocated to items relating to the execution of the strategy to allow time for deeper discussion.

This year's finding

The 2020 Board review was positive about the increase in time devoted to strategy matters in Board meetings.

The key strategic items presented to the Board in the year are shown on page 80.

Action for 2021

The strategy process has been reviewed to enhance the preparations for, and conversation in, the Board's Strategy meeting.



80

See pages 80 and 81 for details of the Board's activities during the year

Induction, development and evaluation (continued)

Board induction and development

We believe good decision-making is enabled by a deep understanding of our operations and people. All our Directors commit their time to complete an induction and ongoing training programme.

Board induction

We have a comprehensive induction programme in place for our newly appointed Directors and each new Director is provided with a tailored induction programme to suit their individual needs. This involves meetings with other members of the Board, Executive Committee members and senior management, it also covers technical briefings and site visits. During the induction, each Director is encouraged to identify areas which they would like additional information on, or further meetings, which are then arranged by the Company Secretary. On completion of the induction programme, all new Directors have sufficient knowledge and understanding of the business to enable them to effectively contribute to strategic discussions and oversight of the Group.

On joining the Board, David Thodey was provided with an induction programme which has been designed to ensure he gains a full understanding of the Group, including discussions with senior managers on strategy, brand and innovation, operations, our people, remuneration, external affairs, finance, legal and governance matters. Further activities and visits to local markets are planned for the coming year. Further details of David's appointment and induction are provided on page 88.

A comprehensive, tailored induction programme for Jean-François van Boxmeer is being planned and further details of this will be provided in the 2021 Annual Report.

Board training and development

To assist the Board in undertaking its responsibilities, ongoing training is provided for all Directors and training needs are assessed as part of the Board evaluation procedure. The Board programme includes regular presentations from management, site visits and informal meetings, to build their understanding of the business and sector. During the past year, Directors received regular training on our local markets, our operating environment and recent legal and governance developments impacting Vodafone.

Local markets

The annual strategy day is a significant event within the annual calendar. This year the Board held its strategy day in Madrid, where members of the senior management team and high potential employees met with the Board to discuss the Spanish economy and political scene, Vodafone Spain's business and our Spanish colleagues' views on the Group's strategy and how it is being implemented by Vodafone Spain.

Directors are also given the opportunity to visit other local markets individually. During the year, site visits were made by Board members to the following local markets: Italy, Spain and the UK. These visits help to improve the breadth and depth of their knowledge of Vodafone and engagement on an individual level with senior management and employees in the respective markets.

Local market focus sessions were also held during Board meetings covering the German, South African, Spanish, Turkish, and Europe Cluster markets.

Operating environment

Board meetings included sessions on Vodafone's competitive landscape and political and regulatory trends and developments and their implications for Vodafone in addition to the regular updates provided on business development.

As the COVID-19 pandemic impacts our operations globally, the Board has received, and will continue to receive, detailed reports on action being taken by the Company to respond to changing and new opportunities and risks. The Board will continue to receive regular deep dives into key local markets and updates on our global enterprise business.

Legal and governance updates

The Group General Counsel and Company Secretary provided updates on current legal and governance issues. These included updates on the Group's compliance with the 2018 UK Corporate Governance Code and The Companies (Miscellaneous Reporting) Regulations 2018 (the 'Regulation').

All Directors have access to the advice and services of the Group General Counsel and Company Secretary. Directors may take independent legal and/or financial advice at the Company's expense when it is judged necessary in order to discharge their responsibilities effectively. No such independent advice was sought in FY20.

Nominations and Governance Committee

The Nominations and Governance Committee ('the Committee') continues its work of evaluating the composition of the Board and ensuring that our governance is effective.

Key objective:

To evaluate the composition of the Board and ensure that it comprises individuals with the necessary diversity, skills, knowledge and experience to ensure that it is effective in discharging its responsibilities and to have oversight of all matters relating to corporate governance.

Responsibilities:

- Assessing the composition, structure and size of the Board and its Committees and leading the process for appointments to the Board;
- Succession planning for the Board and Executive Committee, taking into account diversity and the need for an orderly succession;
- Overseeing the performance evaluation of the Board, its Committees and individual Directors; and
- Monitoring developments in all matters relating to corporate governance, bringing any issues to the attention of the Board.

The Committee is comprised solely of independent Non-Executive Directors. The Committee had four scheduled meetings during the year, and attendance by members at Committee meetings can be seen on page 77. Committee meetings were attended by Committee members with other individuals and external advisers invited to attend all or part of the meetings as appropriate.

A summary of highlights of the Committee's work during the year and key areas for its focus in the coming year are set out below.

Highlights from the year:

- Dedicated Chair succession planning by a sub-committee led by Valerie Gooding which resulted in the appointment of Jean-François van Boxmeer with effect from 28 July 2020, subject to shareholder approval.
- Appointment of David Thodey to the Board with induction programme currently underway.
- Overseeing the changes to the Executive Committee.

Key areas of focus for the next year:

- Jean-François van Boxmeer's induction and the handover of the Chairman role.
- Board and Executive Committee succession planning in order to maintain their necessary balance of skills, knowledge and experience to remain effective.
- Continuing to monitor compliance with the Code and future regulatory updates.

Chairman:
Gerard Kleisterlee
Chairman of the Board

Members:
Sir Crispin Davis
Valerie Gooding
Renee James



On behalf of the Board, I am pleased to present the Nominations and Governance Committee Report for the year ended 31 March 2020.

This past year, the main focus of the Committee has been Board and Executive Committee composition, succession planning and corporate governance matters. In particular, time and attention has been duly dedicated to my and Renee's succession.

The Committee was delighted to welcome David Thodey to the Board as a new Non-Executive Director in September 2019. An insight into the Committee's appointment process for David can be found on page 88.

The Committee promotes a diverse Board and Executive Committee. To select the most suitable candidates, the Committee considers the skills, experience and attributes required to drive Vodafone forward successfully in fulfilment of its purpose and strategic goals. As Chairman of the Committee, I take an active role in overseeing the progress made towards improving diversity in appointments in a way that is consistent with the long-term strategy of the Group. The Committee will continue to monitor balance on the Board to ensure we have sufficiently deep and broad expertise, and will recommend further appointments as appropriate.

Our Executive Committee has experienced several changes designed to support our strategic focus on markets in Europe and Africa, driving radical simplification, utilising our assets and becoming the partner of choice. Details of these changes can be found on page 88.

Our commitment to diversity and technology skills extends beyond the Board and Executive Committee. The Committee reviews initiatives which aim to develop the talent pipeline. Further details of our programmes to manage talent can be found on page 58.

As always, the Committee has reviewed action taken to comply with the Code and other legal and regulatory obligations during the year.

Changes to the Board and Committees

Following the 2019 AGM, Samuel Jonah stepped down from the Board after ten years of service and David Thodey was appointed with effect from 1 September 2019. As announced at our 2019 AGM, Dame Clara Furse became a member of the Remuneration Committee and stepped down from the Audit and Risk Committee, whilst Sanjiv Ahuja and Michel Demaré were appointed as members of the Audit and Risk Committee.

On 22 May 2020 it was announced that subject to shareholder approval at the 2020 AGM, Jean-François van Boxmeer would be appointed as a Non-Executive Director with effect from 28 July 2020 and will become Chairman on 3 November 2020. It was also announced that on 28 July 2020 Sir Crispin Davis will stand down as a member of the Audit and Risk Committee and David Thodey will become a member of it.

Assessment of the independence of the Non-Executive Directors

All Non-Executive Directors have submitted themselves for re-election at the 2020 AGM.

The Committee reviewed the independence of all the Non-Executive Directors pursuant to the Code. All are considered independent and they continue to make independent contributions and effectively challenge management.

At the time of the 2020 AGM, Renee James' and my tenure will exceed nine years, the limit under the Code. At the Board's request I will stand for re-election as a Director at the 2020 AGM for a limited period of time to facilitate a smooth transition of the Chair role and to provide continuity in the current circumstances. The Board has also asked Renee James to stand for re-election at the 2020 AGM as she continues to demonstrate independent judgement in Board and Committee discussions and her re-election would support succession planning and ensure the Board remains diverse. Renee continues to provide challenge, diversity of thought and objectivity, and her considerable external experience provides invaluable technology expertise and insight to the Board.

Nominations and Governance Committee (continued)

Jean-François van Boxmeer will be considered independent upon appointment on 28 July 2020, in accordance with the requirements of the Code.

The Executive Directors' service contracts and Non-Executive Directors' appointment letters are available for inspection at our registered office and will be available on display at the 2020 AGM.

Management of conflicts of interest

The Committee and the Board are satisfied that the external commitments of the Non-Executive Directors and of me, your Chairman, do not conflict with our duties and commitments as Directors of the Company, and that each Non-Executive Director is able to dedicate sufficient time to the Company's affairs.

Directors have a duty under the Companies Act 2006 to avoid a situation in which they have or may have a direct or indirect interest that conflicts or might conflict with the interests of the Company. This duty is in addition to the existing duty owed to the Company to disclose to the Board any interest in a transaction or arrangement under consideration by the Company.

Our Directors must report any changes to their commitments to the Board; immediately notify the Company of actual or potential conflicts or a change in circumstances relating to an existing authorisation and complete an annual conflicts questionnaire. Any conflicts or potential conflicts identified are considered and, as appropriate, authorised by the Board in accordance with the Company's Articles of Association. A register of authorised conflicts is also reviewed periodically.

During the financial year, no actual or potential conflicts were identified. The Committee is comfortable that it has adequate measures in place to manage and mitigate any actual or potential conflicts of interests that may arise in the future.

Board evaluation

In accordance with the Code, Vodafone conducts an annual evaluation of Board and Board Committee performance, which every Director engages in. This year, an internal evaluation of the performance of the Board and Committees was facilitated by Lintstock which has no other connection with Vodafone. The details of the outcome of this review and the actions to be addressed during the financial year ending 31 March 2021 can be found on pages 84 and 85.

Succession planning

The Committee monitors the length of tenure and the skills and experience of the Non-Executive Directors to assist in succession planning. Details of the length of tenure of each of the Directors can be found on pages 76 and 77 and a summary of the skills and experience of the Non-Executive Directors is presented in the top right hand side. The Committee is confident that the Board has the necessary mix of skills and experience to contribute to the Company's strategic objectives.

A sub-committee led by our Senior Independent Director, Valerie Gooding, and excluding me, instructed MWM Consulting, to assist in the search for a new Chair. Spencer Stuart, another executive consultancy, assisted in the process. Spencer Stuart conducts other assessment and search assignments for the Company. MWM Consulting has no other connection with Vodafone. Both firms are accredited firms under the Enhanced Code of Conduct for Executive Search Firms. A role profile was prepared (see page 85 for a summary of the criteria for the role) and a longlist of potential candidates was considered by the sub-committee. A shortlist was prepared and interviews conducted. The search culminated in the Board recommending to shareholders that Jean-François van Boxmeer be appointed as a new Non-Executive Director at the AGM on 28 July 2020 and that he succeed me as Chairman of the Board with effect from the close of business on 3 November 2020.

Experience and skills**Non-Executive Directors**

Consumer goods and services/Marketing	○○○	Media	○○
Finance	○○○○○○	Technology/Telecoms	○○○○○○○○
Emerging markets	○○○○○○	Political/Regulatory	○○○○

Appointment process

When recruiting new members of the Board, the Committee adopts a formal and transparent procedure with due regard to the diversity, skills, knowledge and level of experience.

David Thodey, Non-Executive Director

The Committee identified the need for a Non-Executive Director with extensive telecoms and technology experience. David, having been the CEO of a leading telecoms and information services company in Australia and having held senior executive positions in a leading software company, was appointed following a rigorous interview process.

External search consultancy, Russell Reynolds Associates, was engaged to support the recruitment process. It has no other connection with the Company other than providing recruitment services and is an accredited firm under the Enhanced Code of Conduct for Executive Search Firms. Following his appointment, David is undertaking a thorough induction which we expect to complete within the first year of his appointment.

An overview of the steps leading to David's election as a Director and induction process can be found below:

**David Thodey**

Appointed as a Non-Executive Director on 1 September 2019



The Committee has also been regularly informed on succession planning for the Executive Committee. During the year the following changes were made to the Executive Committee:

- On 1 September 2019 Vinod Kumar was appointed as CEO Vodafone Business and a member of the Executive Committee.
- With effect from 1 April 2020 Vivek Badrinath was appointed as CEO European Towers and stepped down from the Executive Committee.
- With effect from 1 April 2020 Shameel Joosub, CEO Vodacom, was appointed as a member of the Executive Committee.

Diversity

In line with Vodafone's Board Diversity Policy, the Committee is firmly committed to supporting diversity and inclusion in the boardroom in compliance with the Code and acknowledges the importance of diversity and inclusion to the effective functioning of the Board. As set out in our Board Diversity Policy, Vodafone's long-term ambition is to increase diversity on our Board in all forms. This includes diversity of skills and experience, age, gender, disability, sexual orientation, gender identity, cultural background or belief and in cognitive thinking.

The Committee annually reviews and agrees the Board Diversity Policy and monitors the progress made at Board and senior management levels during the financial year.

For the technology sector to reach its full social and economic potential, it needs to more fairly reflect the world in which we operate. Diversity at Vodafone extends beyond the Board to the global workforce. The Committee has been and continues to monitor Vodafone's compliance with targets and best practice recommendations set for gender diversity by the Davies Report and Hampton-Alexander Review and for ethnic diversity by the Parker Review.

Having met the Davies Report's recommendation for 25% female Directors on the Board, we continue to work to meet the target in the Hampton-Alexander Review that by 2020 at least 33% female Board and Executive Committee positions and direct reports of the Executive Committee (the 'Senior Leadership Team'). We are pleased to report that as at 31 March 2020 five women and seven men served on the Board, meaning 41.7% of our Board roles are currently held by women and the Board composition exceeds both targets. Over and above this, Vodafone has been recognised in the Female FTSE Board Report 2019 by Cranfield University for having women occupying our Senior Independent Director and Executive Director roles.

Following the most recent Executive Committee change, four positions are currently held by women (28.6%). This is a slight decline compared to 2019 (30.8%), however the Committee continues to make a serious commitment to increase female representation at this level. In the Senior Leadership Team 46 (28.9%) positions are currently held by women (2019: 27.9%). The Committee is aware neither the Executive Committee nor the Senior Leadership Team will meet the 33% representation target set by the Hampton-Alexander Review by the end of 2020. The below chart illustrates the current gender diversity of our Board, Executive Committee and Senior Leadership Team against the current targets of the Hampton-Alexander Review and Davies Report.

Vodafone's gender diversity against review recommendations

Board

Hampton-Alexander Review	33%
Davies Report	25%
Vodafone	41.7% (2019: 41.7%)

Executive Committee

Hampton-Alexander Review	33%
Vodafone	28.6% (2019: 30.8%)

Senior Leadership Team

Hampton-Alexander Review	33%
Vodafone	28.9% (2019: 27.9%)

However we are confident that the initiatives detailed on page 58, including our ambition to become the world's best employer for women by 2025 will encourage gender diversity within Vodafone's Executive Committee and Senior Leadership Team.

The Committee is mindful of the recommendation of the Parker Review Report to have at least one Director from a non-white ethnic minority by 2021 and is satisfied that our Board currently meets this recommendation. Whilst our immediate focus has been on gender and nationality, following the recommendations from the McGregor-Smith Review, Vodafone has now implemented voluntary self-disclosure on Black, Asian and Minority Ethnic ('BAME') information on our people system in the UK and Group to improve visibility in this area and inform decisions on actions required to support ethnic diversity within the organisation.

Additionally, we are committed to leading the way by developing the pipeline of BAME candidates through talent programmes and our BAME network. Further details on Vodafone's diversity initiatives to build a diverse organisation can be found in the "Our people and culture" section on pages 58 and 59.

We are proud to have been recognised in the 2019 Bloomberg Gender Equality Index as being a top company globally and a Top 20 Employer in the UK by Stonewall.

Governance

This is the first year that Vodafone will report against the Code and following a review the Committee is satisfied that Vodafone complied with the Code in full during the year. The Committee also received regular updates on corporate governance developments and has considered the impact of those developments on Vodafone. The Board was and will continue to be provided with updates on the ways in which Vodafone's culture is embedded throughout the organisation, the recognised cultural challenges and the corrective action being taken to address any material whistleblowing incidents identified through Vodafone's Speak Up programme.

In her role as Senior Independent Director, Valerie Gooding has attended the European Employees Consultative Committee and South African National Consultative Committee. In addition to this, the Board received updates on the actions being taken to ensure there is sufficient engagement with employees, including the results of the annual employee opinion survey. As mentioned above, the Board is committed to promoting diversity in all forms and the Committee will continue to oversee the development of a diverse pipeline at Board and Executive Committee level.

The Matters Reserved for the Board and the Terms of Reference of the Nominations and Governance Committee, the Audit and Risk Committee and the Remuneration Committee were reviewed in March 2020 but no changes were required since they had been updated in 2019 to take into account the new provisions of the Code.

During the course of the next financial year, the Committee will continue to monitor its compliance with the Regulations and the Code, review succession plans for Non-Executive Director roles. The Committee will continue to ensure that adequate succession planning is in place for the Executive Directors and senior management.

/s/ Gerard Kleisterlee

Gerard Kleisterlee

On behalf of the Nominations and Governance Committee

2 July 2020

Audit and Risk Committee

The Committee plays a key role in the governance of the Group's financial reporting, risk management, control and assurance processes and the external audit. In recent months, the Committee has focused on the risk assessment, cash flow and funding, accounting, controls and disclosure impacts of COVID-19 alongside ongoing work on how we manage cyber security threats, the continued evolution of our financial control environment and the transition to a new external auditor.

Key objectives

Provision of effective governance over the appropriateness of financial reporting of the Group, including the adequacy of related disclosures, the performance of both the internal audit function and the external auditor and oversight over the Group's systems of internal control, business risks and related compliance activities.

Responsibilities

The Committee's terms of reference are available on vodafone.com/governance. Responsibilities of the Committee are to:

- Review the integrity of the financial and narrative statements, including the review of significant financial reporting judgements;
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the external audit;
- Review the system of internal financial control and compliance with section 404 of the US Sarbanes-Oxley Act;
- Monitor the activities and review the effectiveness of the Internal Audit function;
- Monitor the Group's risk management system, review of the principal and emerging risks and the management of those risks; and
- Provide advice to the Board on whether the Annual Report is fair, balanced and understandable and on the appropriateness of the long-term viability statement.

Chairman and financial expert:

David Nish

Members:

Sir Crispin Davis
Amparo Moraleda
Sanjiv Ahuja
Michel Demaré



This report provides an overview of how the Committee operated, an insight into the Committee's activities and its role in ensuring the integrity of the Group's published financial information and ensuring the effectiveness of its risk management, controls and related processes.

Committee structure

The membership of the Committee changed in the year with the appointment of Sanjiv Ahuja and Michel Demaré, taking over from Dame Clara Furse who became a member of the Remuneration Committee. The new members were appointed after a rigorous process to ensure the Committee has the necessary range of expertise required to meet its responsibilities. Given my experience, I continue to be designated as the financial expert on the Committee for the purposes of the US Sarbanes-Oxley Act and the UK Corporate Governance Code. We believe that the Committee continues to have competence relevant to the sector in which the Group operates.

Looking ahead, on 28 July 2020 Sir Crispin Davis will cease to be a member of the Committee and on that date David Thodey will become a member of the Committee. I would like to thank Sir Crispin for his insightful contributions to the Committee and I look forward to welcoming David.

Meetings

The Committee met five times during the financial year as part of its standard schedule of meetings, with further meetings on 4 May and 28 May, the latter to approve the Annual Report. The attendance by members at Committee meetings can be seen on page 77. The external auditor is invited to each meeting.

Meetings of the Committee normally take place the day before Board meetings. I report to the Board, as a separate agenda item, on the activity of the Committee and matters of particular relevance and the Board receives copies of the Committee minutes. The Committee also regularly meets separately with the external auditor, the Chief Financial Officer and the Group Audit Director without others being present. Furthermore, I regularly meet with the external lead audit partner throughout the year outside the formal Committee process.

We routinely conduct deep dive reviews, together with specific risk management activities, as set out below:

- While each meeting has reviews of risk and compliance related matters, the January meeting particularly focuses on these;
- In September and March, we assess issues affecting the Group's half-year and year end reporting and approve the principal and emerging risks;
- In November and May, we conclude this work and advise the Board on the Group's external financial reporting;
- In early May, the meeting agenda was revised to ensure appropriate time was allotted to consider the impacts of COVID-19 and related business and financial risk assessments.

External audit

Following the tender process in the 2019 financial year, shareholders approved the appointment of Ernst & Young LLP (EY) as the Group's external auditor on 23 July 2019. Throughout the year, the Committee has overseen and facilitated a smooth transition from the former auditor to EY.

Areas of focus

This year, the Committee has focused on the following areas:

- The impact of COVID-19 on Group risk management, cash flow and funding, accounting, disclosure and financial controls;
- Cyber security – given the need to ensure the Group is well placed to meet the risks and external threats in this area;
- The Group's regulatory compliance activities;
- The ongoing development of the financial control environment;
- The adoption of IFRS 16 "Leases" in the year; and
- The accounting, reporting and disclosure implications of (i) the acquisition of Liberty Global's assets in Germany and in Central and Eastern Europe, (ii) the combination of Vodafone Italy's towers with INWIT's passive network infrastructure and (iii) a range of matters in relation to the Group's investment in Vodafone Idea.

Committee effectiveness

In order to ensure that the Committee remains effective, every three years the Board appoints an external organisation to perform an independent review of the Committee to evaluate its performance. The last independent review was performed in March 2019 and concluded that the Board members considered the Committee to be thorough and fully effective in meeting its objectives. In 2020 an internal review of the Board and Committee effectiveness was undertaken with support by Linstock. Feedback on the Committee's performance was positive.

/s/ David Nish

David Nish

On behalf of the Audit and Risk Committee

COVID-19

The COVID-19 crisis has had a range of implications on risk management and corporate reporting in the period. The key considerations are summarised below.

Principal and emerging risks

The impact of COVID-19 on the Group's principal and emerging risks and uncertainties has been reviewed in depth together with related mitigations. This work is summarised on page 70.

Corporate governance

The financial close process and external audit

In response to governmental advice and restrictions regarding social distancing and travel, essentially all of the Group's employees involved in the preparation of ongoing management information, financial reporting and supporting the external audit have been working from home, as are EY's audit teams. This has required a different way of working during the year-end financial close process. Remote user access to our financial systems for these employees, software collaboration tools for the collation of audit evidence and regular status meetings have proved invaluable during the preparation of the financial results and execution of the external audit. We extended our reporting timetable by two weeks, resulting in the Annual Report being approved on 28 May 2020.

Internal controls systems

We have reviewed our financial controls and have concluded that except for a limited number of changes required as a result of remote working, primarily in relation to the form of physical evidencing of approval, the ongoing operation of our financial controls is substantially unaffected by COVID-19 restrictions. This is in part a function of the tools and processes that have allowed remote access working for finance teams. We also performed a re-assessment of the Internal Audit plan for FY21 to ensure priorities were re-aligned with areas of higher risk in the current COVID-19 impacted operating environment.

Financial reporting

Significant financial reporting judgements

The impact of COVID-19 has been factored into certain of our significant financial reporting judgements, notably impairment testing. See significant financial reporting judgements on page 92.

In addition, all of our markets have reviewed the amounts provided against receivables and contract assets for expected credit losses, taking into account the potential for increased losses due to the economic impact of COVID-19.

Long-term viability statement

The Committee provides advice to the Board on the form and basis of conclusions underlying the long-term viability statement as set out on page 71 and the going concern assessment.

In response to COVID-19, the Committee challenged management on its financial risk assessment as part of its consideration of the long-term viability statement. This included scrutiny of forecast liquidity, balance sheet stress tests, the availability of cash and cash equivalents through new or existing financing facilities and a review of counterparty risk to assess the likelihood of third parties not being able to meet contractual obligations. Certain elements of this exercise supplemented the normal annual process and assessment of the Group's prospects made by management, and included:

- The assessment of the review period and alignment with the Group's internal long-term forecasts;
- The assessment of the capacity of the Group to remain viable after consideration of future cash flows, expected debt service requirements, undrawn facilities and access to capital markets;

- The modelling of the financial impact of certain of the Group's principal risks materialising using severe but plausible scenarios; and
- Ensuring clear disclosures in the Annual Report as to why the assessment period selected was appropriate to the Group, what qualifications and assumptions were made and how the underlying analysis was performed, consistent with FRC pronouncements.

Expanded disclosure in relation to the Group's liquidity has been provided in the financial statements. See note 22 "Capital and financial risk management".

External audit

The Committee has primary responsibility for overseeing the relationship with the external auditor. This includes making the recommendation on the appointment, reappointment and removal of the external auditor, assessing its independence on an ongoing basis and approving the statutory audit fee, the scope of the statutory audit and the appointment of the lead audit engagement partner.

Appointment of EY

Following a formal tender process in the previous financial year and the Committee's recommendation to the Board, shareholders appointed Ernst & Young LLP ('EY') as the Group's external auditor in July 2019. EY replaced PricewaterhouseCoopers LLP ('PwC').

The lead audit partner is Alison Duncan who has held the role since the appointment of EY.

It was a key objective of the Committee to ensure that EY became fully familiar with all aspects of the Group that were relevant to the external audit process as part of its audit planning. This was partly achieved through EY "shadowing" PwC during the 31 March 2019 year-end audit process at the major markets and at Group. This included attendance to observe at Group Audit and Risk Committee meetings before formal appointment. Subsequently, EY performed detailed planning activities and reviewed PwC audit files.

Following this work, EY presented to the Committee its detailed audit plan for the 2020 financial year, which outlined its audit scope, planning materiality and its assessment of key audit risks. The audit plan was a key output from the transition process and was reviewed in detail by the Committee.

The identification of key audit risks is critical in the overall effectiveness of the external audit process.

The Committee also receives reporting from EY on its assessment of the accounting and disclosures in the financial statements and financial controls.

The Committee will continue to review the auditor appointment and anticipates that the audit will be put out to tender at least every ten years. The Company has complied with the Statutory Audit Services Order 2014 for the financial year under review.

Independence and objectivity

In its assessment of the independence of the auditor, and in accordance with the US Public Company Accounting Oversight Board's ('PCAOB') standard on independence, the Committee receives details of all relationships between the Company and EY that may have a bearing on its independence and receives confirmation from EY that it is independent of the Company in accordance with U.S. federal securities law and the applicable rules and regulations of the Securities and Exchange Commission ('SEC') and the PCAOB.

The Committee and EY agreed a number of steps to ensure EY was independent for the purpose of conducting the audit of the 2020 financial

Audit and Risk Committee (continued)

Significant financial reporting matters and judgements

The areas considered and actions taken by the Committee in relation to the 2020 Annual Report are outlined below. For each area, the Committee was satisfied with the accounting and disclosures in the financial statements.

Area of focus	Actions taken/conclusion
<p>Revenue recognition</p> <p>Revenue is a risk area given the inherent complexity of IFRS 15 accounting requirements and the underlying billing and related IT systems.</p> <p>See note 1 "Basis of preparation".</p>	<p>The Committee received an update in September 2019, in relation to the IFRS 15 revenue reporting and accounting processes. Key areas of focus and challenge from the Committee were in relation to the period end closing process, data management, management information and financial controls. The accounting policy for, and related disclosure requirements of IFRS 15 that have been presented in the Annual report were reviewed in March and May 2020.</p>
<p>Lease liabilities</p> <p>The implementation of IFRS 16 represents a significant change in financial reporting, in particular the recognition of significantly more lease liabilities.</p> <p>See note 1 "Basis of preparation" and note 20 "Leases".</p>	<p>The Committee has received ongoing updates on the implementation of IFRS 16. This includes the new accounting policy for, and related disclosure requirements of IFRS 16 that have been presented in the Annual Report. The Committee challenged management on the systems and processes implemented for reporting.</p>
<p>Taxation</p> <p>The Group is subject to a range of tax claims and related legal actions across a number of jurisdictions where it operates.</p> <p>Further, the Group has extensive accumulated tax losses and a key management judgement is whether a deferred tax asset should be recognised in respect of those losses.</p> <p>See note 6 "Taxation" and note 29 "Contingent liabilities and legal proceedings".</p>	<p>The Group Tax Director presented on both the provisioning and disclosure of tax contingencies and deferred tax asset recognition at the November 2019 and May 2020 Committee meetings.</p> <p>The Committee challenged the judgements underpinning both the provisioning and disclosures adopted for the most significant components of contingent taxation liabilities and the underlying assumptions for the recognition of deferred tax assets, principally the availability of future taxable profits and utilisation period.</p>
<p>Liability provisioning</p> <p>The Group is subject to a range of claims and legal actions from a number of sources, including competitors, regulators, customers, suppliers and, on occasion, fellow shareholders in Group subsidiaries.</p> <p>See note 16 "Provisions" and note 29 "Contingent liabilities and legal proceedings".</p>	<p>The Committee met with the Group's General Counsel and Company Secretary and the Director of Litigation in both November 2019 and May 2020.</p> <p>The Committee reviewed and challenged management's assessment of the current status of the most significant claims, together with relevant legal advice received by the Group, to form a view on the appropriate level of provisioning and extent of related disclosures.</p>
<p>Vodafone Idea</p> <p>Disclosure and accounting judgements primarily in relation to the impacts on the adjusted gross revenue (AGR) ruling in India. This included the identification of the amounts of losses to be recognised, asset impairment and the appropriate level of provisioning required in relation to the contingent liability adjustment mechanism.</p> <p>See note 29 "Contingent liabilities and legal proceedings".</p>	<p>The Committee challenged management over the disclosure and reporting implications of the adverse judgement in the AGR case in India at the November 2019, January 2020 and May 2020 Committee meetings. This supplemented a range of Board deliberations on this topic in the period.</p>
<p>Impairments</p> <p>Judgements in relation to impairment testing relate primarily to the assumptions underlying the calculation of the value in use of the Group's businesses, being the achievability of the long-term business plans and the macroeconomic and related modelling assumptions underlying the valuation process.</p> <p>See note 4 "Impairment losses".</p>	<p>The Committee reviewed and discussed detailed reporting with management and challenged the appropriateness of the assumptions made, the consistent application of management's methodology and the achievability of the business plans.</p> <p>The Committee focused its attention on the updates made to assumptions as a result of management's assessment of the impact of COVID-19 on the forecast cash flows, the cash generating units most impacted and the extent of sensitivity disclosures to be provided.</p> <p>The impairment assumptions were reviewed and updated where required for the potential impact of the current COVID-19 crisis. The Group Head of Planning presented the output of the impairment exercise at the early-May 2020 meeting.</p> <p>During the year, the Group has recorded impairments in respect of its investments in Vodafone Ireland, Vodafone Spain, Vodafone Romania and Vodafone Automotive.</p>
<p>Acquisitions and disposals</p> <p>In July 2019, the Group completed the acquisition of Liberty Global's operations in Germany and the Czech Republic, Hungary and Romania. This gave rise to complex accounting and disclosure requirements, particularly in relation to the valuation of acquired tangible and intangible assets.</p> <p>In March 2020, the Group completed the combination of Vodafone Italy's tower assets with INWIT's passive network infrastructure. This resulted in a gain on the disposal of Italy's towers which was restricted due to the lease back of these towers. This also resulted in an equity accounted investment in INWIT which was part of the consideration received.</p> <p>See note 27 "Acquisitions and disposals".</p>	<p>Management outlined the key accounting and disclosure impacts in relation to these transactions.</p> <p>The Committee received detailed reporting from EY on its assessment on the accounting judgements and disclosures made by management in both the half-year and annual financial statements.</p>

year. The primary elements of this were that all existing EY services ceased by 31 March 2019 with the exception of a small number of permissible non-audit services that were subject to a specific exemption from this requirement and all proposed EY services from 1 April 2019 were immediately subject to the Group's non-audit services policy.

For the 2021 financial year, the Group's non-audit services policy has been updated and approved by the Committee. The updated policy incorporates the requirements of the FRC's revised Ethical Standard that was published in December 2019. The previous policy contained a list of prohibited non-audit services. This is replaced by a "whitelist" of permitted non-audit services, which mirrors the revised Ethical Standard.

Effectiveness of the external audit process

The Committee reviewed the quality of the external audit throughout the year and considered the performance of EY, taking into account the Committee's own assessment, feedback, and the results of a detailed survey of senior finance personnel across the Group. Based on these reviews, the Committee concluded that there had been appropriate focus and challenge by EY on the primary areas of the audit and that EY had applied robust challenge and scepticism throughout the audit.

EY audit and non-audit fees

Total fees payable to EY for audit and non-audit services in the year ended 31 March 2020 amounted to €27 million.

Comparative figures presented below are in respect of amounts paid to the previous external auditor, PwC, in those years.

Audit fees

The Committee reviewed and discussed the fee proposal during the tender process and received assurance that the proposed fees were appropriate for the scope of work required. Subsequent to the audit tender process, a limited number of recurring and non-recurring scope changes were agreed. The Committee agreed an audit fee of €20 million (2019: €17 million) for statutory audit services in the year.

Non-audit fees

To protect the independence and objectivity of the external auditor, the Committee has a policy for the engagement of the external auditor to provide non-audit services. This policy prohibits EY from playing any part in management or decision-making, providing certain services such as valuation work and the provision of accounting services. This policy also sets a presumption that EY should only be engaged for permissible non-audit services where there is no legal or practical alternative supplier and includes a cap on the level of non-audit fees.

The Committee has pre-approved that EY can be engaged by management, subject to the policies set out above, and subject to:

- A €60,000 fee limit for individual engagements;
- A €500,000 total fee limit for services where there is no legal alternative; and
- A €500,000 total fee limit for services where there is no practical alternative supplier.

For those permitted services that exceed these specified fee limits, the Chairman pre-approves the service. In mid-March 2020, this policy was updated to align with the new FRC requirements such that only certain expressly permitted non-audit services would be permissible.

Non-audit fees were €7 million (2019: €2 million) and represented 35% of audit fees for the 2020 financial year (2019: 12%, 2018: 24%). See note 3 "Operating profit/(loss)" for further details.

The level of fees in the current year is higher than in previous years. This is because EY historically provided the Group with a range of services prior to their appointment as external auditor. Three pre-existing EY service arrangements, which would not ordinarily have been

approved under the Group's non-audit services policy, but where it was deemed significantly advantageous for the service to be completed, were allowed to continue into the 2020 financial year. Fees for these three services were €5 million. Each was a permitted service under audit regulations and each service was complete early in the financial year.

Financial reporting

The Committee's primary responsibility in relation to the Group's financial reporting is to review, with management and the external auditor, the appropriateness of the half-year and annual financial statements. The Committee focuses on:

- The quality and acceptability of accounting policies and practices;
- Material areas in which significant judgements have been applied or where significant issues have been discussed with the external auditor;
- An assessment of whether the Annual Report, taken as a whole, is fair, balanced and understandable;
- The clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- Providing advice to the Board on the form and basis underlying the long-term viability statement; and
- Any correspondence from regulators in relation to our financial reporting.

Accounting policies and practices

The Committee received reports from management in relation to:

- The identification of critical accounting judgements and key sources of estimation uncertainty;
- Significant accounting policies;
- The implementation of IFRS 16 in the year; and
- Proposed disclosures of these in the 2020 Annual Report.

Following discussions with management and the external auditor, the Committee approved the disclosures of the accounting policies and practices set out in note 1 "Basis of preparation" to the consolidated financial statements, which include details of the impacts of adopting IFRS 16.

Fair, balanced and understandable

The Committee assessed whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee reviewed the processes and controls that underpin its preparation, ensuring that all contributors, the core reporting team and senior management are fully aware of the requirements and their responsibilities. This included the use and disclosure of alternative performance measures (or "non-GAAP" measures) and the financial reporting responsibilities of the Directors under section 172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as well as considering the interests of other stakeholders which will have an impact on the Company's long-term success of the entity.

The Committee reviewed an early draft of the Annual Report to enable early input and comment. The Committee also reviewed the financial results announcements, supported by the work of the Group's Disclosure Committee, which reviews and assesses the Annual Report and investor communications.

Audit and Risk Committee (continued)

This work enabled the Committee to provide positive assurance to the Board to assist them in making the statement required by the 2018 UK Corporate Governance Code.

Regulators and our financial reporting

The FRC publishes thematic reviews to help companies improve the quality of corporate reporting around new accounting standards. The FRC also issued a range of guidance and performed a number of detailed reviews related to the year-end reporting process across public companies. The Group has reviewed the output of these reviews and their impacts on the Group's reporting with the most relevant being:

- Year-end advice to Audit Committee Chairs and CFOs;
- Thematic review on existing disclosure requirements for IFRS 9, IFRS 15 and the impairment of non-financial assets; and
- Thematic review on disclosures relating to the adoption of IFRS 16.

Whilst the Group already complied with the majority of the recommendations, the 2020 Annual Report has been updated to seek to adopt best practice where applicable.

In March 2020, the FRC and the SEC issued guidance for companies during the COVID-19 crisis. The Group has reviewed this guidance and updated disclosures accordingly.

The Group also follows the FRC's Lab projects, notably preparations for the European Single Electronic Format ('ESEF') regulations that come into effect for the 2021 financial year.

There has been no correspondence from regulators, including the FRC's Corporate Reporting Review Team ('CRRT'), commenting on our financial reporting in respect of the Group's FY19 or FY20 reporting.

Internal control and risk management

The Committee has the primary responsibility for the oversight of the Group's system of internal control, including the risk management framework, the compliance framework and the work of the Internal Audit function.

Internal audit

The Internal Audit function provides independent and objective assurance over the design and operating effectiveness of the system of internal control, through a risk based approach. The function reports into the Committee and, administratively, to the Group Chief Financial Officer. The function is composed of teams across Group functions and local markets. This enables access to specialist skills through centres of excellence and ensures local knowledge and experience. The function has a high level of qualified personnel with a wide range of different professional qualifications and experience. A co-sourcing agreement with a professional firm has ensured access to additional specialist skills and an advanced knowledge base.

Internal Audit activities are based on a robust methodology and subject to ongoing internal quality assurance reviews to ensure compliance with the standards of the Institute of Internal Auditors. The function has invested in several initiatives to improve continuously its effectiveness, particularly in the adoption of new technologies. The increased use of data analytics has provided deeper audit testing and driven increased insights.

The Committee has a permanent agenda item to cover Internal Audit related topics. Prior to the start of each financial year, the Committee reviews and approves the annual audit plan, assesses the adequacy of the budget and resources and reviews the operational initiatives for the continuous improvement of the function's effectiveness.

The Committee reviews the progress against the approved audit plan and the results of audit activities, with a focus on unsatisfactory audit results and "cross-entity audits", being audits performed across multiple markets with the same scope. Audit results are analysed by risk, process and geography to highlight movements in the control environment and areas that require attention.

During the year, Internal Audit coverage focused on principal risks, which include "cyber threat and information security", "digital transformation and simplification", and "market disruption". Relevant audit results are reported at the same time as the Committee's in-depth review with the risk owner, which allows the Committee to have an integrated view on the way the risk is managed. Assurance was also provided across a range of areas, including cyber security; hygiene & essentials; suppliers & third parties and off footprint security; IT resilience; operating expense management; non-current assets accounting; churn management; contract management and the Vodafone Foundation. The activities performed by the shared service organisation also received attention due to their significant bearing on the effectiveness of global processes. Management is responsible for ensuring that issues raised by Internal Audit are addressed within an agreed timetable, and the Committee reviews their timely completion.

Compliance with section 404 of the US Sarbanes-Oxley Act

Oversight of the Group's compliance activities in relation to section 404 of the US Sarbanes-Oxley Act and policy compliance reviews also fall within the Committee's remit.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting and we have responsibility for ensuring the effectiveness of these controls. The Committee received updates on the Group's work in relation to section 404 compliance and the Group's broader financial control environment at each meeting during the year. This included monitoring the progress and outcome of work particularly focused on testing and then evidencing the completeness and accuracy of reporting from systems used in the operation of certain controls. This is often referred to as "IPE", or "Information Produced by the Entity". As the Group evolves, including both from the ongoing centralisation of processes and controls into its shared service centres and from broader changes in the composition of the Group, we continue to challenge management on ensuring the nature and scope of control activities changes to ensure key risks continue to be adequately mitigated. The deeper utilisation of automated controls embedded within our systems is part of this ongoing evolution in the control environment.

The Committee also took an active role in monitoring the Group's compliance activities including receiving reports from management in the year covering programme-level changes, the scope of compliance work performed and the results of controls testing. A significant area of focus was on the assessment of the controls over the Group's work in performing a significant upgrade to its Group wide financial ERP system in the year. The Committee also received regular updates on a programme to deliver greater consistency of compliance related activities in relation to risks outside Finance and IT. The external auditor also reports the status of its work in relation to controls in its reports to the Committee.

Assessment of Group's system of internal control, including the risk management framework

The Group's risk assessment process and the way in which significant business risks are managed is an area of focus for the Committee. The Committee's activity here was led primarily, but not solely, by the Group's assessment of its principal and emerging risks and uncertainties, as set out on pages 62 to 71 and a range of mitigations for risks as set out on pages 127 to 139. Cyber security remains, and will continue to be, a major area of focus for the Committee given the ongoing risks in this area.

The Group has an internal control environment designed to protect the business from the material risks which have been identified. Management is responsible for establishing and maintaining adequate internal controls and the Committee has responsibility for ensuring the effectiveness of these controls. The Committee reviewed the process by which Group management assessed the control environment, in accordance with the requirements of the Guidance on Risk Management, Internal Control and related Financial and Business Reporting published by the FRC. Activity here was driven primarily by reports from the Group Audit Director on the effectiveness of internal controls. Although not relevant in the financial period, this would include any identified incident and fraud, including those involving management or employees with a significant role in internal controls.

The Committee has completed its review of the effectiveness of the Group's system of internal control, including risk management, during the year and up to the date of this Annual Report. The review covered all material controls including financial, operating and compliance controls. The Committee confirms that the system of internal control operated effectively for the 2020 financial year. Where specific areas for improvement were identified, mitigating alternative controls and processes were in place. This allows us to provide positive assurance to the Board to assist its obligations under the 2018 UK Corporate Governance Code.

In-depth reviews

The Committee requested management to provide in-depth reviews as part of the meeting agenda. These reviews are summarised below, together with the Group's principal risk to which the review relates.

Subject of in-depth review	Principal risk (see pages 62 to 71)
Business risk impact of the COVID-19 crisis, considering the global economic disruption risk, including the impact on other high-risk areas. This was undertaken with the Group CFO and Group Head of Compliance.	Global economic disruption.
Financial risk impact of the COVID-19 crisis, including a review of the Long Term Viability Statement and going concern, liquidity, counterparty risk and Balance sheet stress tests. This was undertaken with the Group CFO, Group Financial Controller, Group Treasury Director, Group Investor Relations Director, the Group Financial Controlling and Operations Director and the Group Head of Planning.	Global economic disruption.
Cyber security and information security, including user security, supplier security and cyber defence from the Group Chief Technology Officer and the Group Chief Information Security Officer.	Cyber threat and information security.
The Group's financial control environment and the status of Sarbanes-Oxley Section 404 compliance from the Group Financial Controlling and Operations Director.	Legal and regulatory compliance.
Impacts of the adverse judgement in the adjusted gross revenue ("AGR") case in India and the impacts on the Vodafone Idea joint venture.	Legal and regulatory compliance.
The risk and control environment in Vodafone Spain from the local CEO and CFO.	Legal and regulatory compliance.
The risk and control environment at the finance shared service centres from the Shared Services Centre Director.	Legal and regulatory compliance.
The risks around potential global economic disruption and the potential implications of this, including ongoing adequate liquidity.	Global economic disruption. Market disruption.
Implications for Brexit, including operational matters and risk management.	Global economic disruption. Market disruption.
Anti-money laundering initiatives and M-Pesa governance update from the Regional CEO of the Rest of the World region.	Legal and regulatory compliance.
The transformation of the Group's assurance and compliance activities to further enhance the risk and control environment and a fully integrated framework.	Legal and regulatory compliance.
The Group Policy Compliance Review assurance process and alignment with the Group's principal risks from the Group's Risk and Compliance Director.	Legal and regulatory compliance.
The management of fraud risk from the Group Corporate Security Director.	Legal and regulatory compliance.
Mid-year update on risk, including the review and approval of risk tolerance from the Group Secretary and General Counsel.	Legal and regulatory compliance.
Report on the Rest of World region and European Cluster from their respective Regional Finance Directors, including an update on local audit and risk committee activities and joint venture entities.	Legal and regulatory compliance.
Update from the 'Speak up' channel that enables employees to raise concerns about possible irregularities in financial reporting or other issues and the outputs of any resulting investigations.	Legal and regulatory compliance.

Remuneration Committee

During the year the Committee engaged in a comprehensive consultation with shareholders in respect of revisions to our executive remuneration arrangements. The new Remuneration Policy will be submitted for shareholder approval at our 2020 AGM.

Key objectives:

To assess and make recommendations to the Board on the policies for executive remuneration and reward packages for the individual Executive Directors.

Responsibilities:

- Determining, on behalf of the Board, the policy on the remuneration of the Chairman of the Board, the Executive Directors and the senior management team;
- Determining the total remuneration packages for these individuals including any compensation on termination of office;
- Operating within recognised principles of good governance; and
- Preparing an Annual Report on Directors' remuneration.

The Committee met five times during the year and each meeting had full attendance. The terms of reference of the Committee are available on vodafone.com/governance.

Chairman:
Valerie Gooding

Members:
Dame Clara Furse
Renee James
Michel Demaré



Letter from the Remuneration Committee Chairman

On behalf of the Board, I present our 2020 Directors' Remuneration Report.

This report includes both our proposed Remuneration Policy (which will be submitted for shareholder approval at the 2020 AGM), and our 2020 Annual Report on Remuneration, which sets out how our current policy was implemented during the year under review, and how, subject to its approval, our revised policy will be applied for the year ahead.

Impact of COVID-19

Our coordinated response

I would like to start this year's letter by addressing the global impact of the recent, and at the time of writing ongoing, COVID-19 situation.

Our priority as a business throughout this period has been, and will continue to be, the safety and welfare of our colleagues and customers. It has been heartening to see our people work together during recent weeks and months to ensure this priority is met.

It is in times of volatility that embracing our purpose and values is most important, and the Board has seen colleagues from across the business live the Vodafone Spirit during these testing times.

As a provider of critical connectivity and communications services which enable our digital society, we have announced a five-point plan to help the communities in which we operate. More details of this can be found within our 'social' contract report on pages 54 and 55.

Executive pay and our commitments to our colleagues

There is an economic impact from COVID-19, and both the Committee and the wider Board are acutely aware of the impact this unforeseen event has had on our share price, as it has on those of all listed businesses around the world.

Unlike many businesses, the Technology Communications industry has remained relatively resilient during this period. At the time of writing, we have not had to furlough any employees and our operations are continuing without the need for state aid. As set out in this Annual Report, we are also in a position to pay a year end dividend.

In terms of commitments to our colleagues, we have enabled home working for the vast majority of our people, been flexible with our leave and working hours policies, provided health and wellbeing support across our markets, and enabled digital learning for our colleagues and their families. As part of a wider employee charity giving initiative, Executive Committee members have also been making personal donations to COVID-19 related charities, with both Executive Directors donating 25% of their salary over a three month period, which will be matched by the business in conjunction with the Vodafone Foundation.

With regards to this year's salary review, whilst our wider all-employee pay review has also continued as normal, with performance-related remuneration scheduled to be delivered as planned, no salary increases for either the Executive Directors or senior management teams will be awarded this year.

Both Executive Directors will also be taking 100% of their 2020 net bonus, which will be paid in June 2020, in the form of shares and have agreed to hold 100% of their net shares from the upcoming August 2020 vest (i.e. 2018 GLTI award, granted in August 2017) for a full two years post-vest. This latter decision represents a voluntary early adoption of our new structure whereby long-term incentive awards will be subject to a three year performance period and an additional two year holding period (i.e. the "3+2" model). Subject to shareholder approval of our Remuneration Policy at the 2020 AGM, this structure will apply to awards granted from this year onwards.

Contents of the Remuneration Report

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Next steps

The Committee is aware that the COVID-19 situation is constantly evolving and we will continue to keep executive remuneration arrangements and decisions under review between the publication of this report and our AGM, and beyond.

In particular, the Committee is conscious of the potential impact the current market uncertainty could have on the size, in terms of the number of shares granted, of the planned awards later this year. The Committee has reviewed its processes in light of the June 2019 grant (i.e. 2020 GLTI award) where an unexpected share price drop led to the actual number of shares granted being higher than what was originally expected when the Committee had approved the awards. As disclosed to the market last year and set out on page 112 of this report, the Executive Directors voluntarily forfeited 20% of the shares awarded in this case to reflect the unexpected share price movement.

This year the Committee has agreed to delay the date of the 2021 award grant to November 2020. This will provide a longer period for the market to potentially settle and also assists with the difficulty in setting a three year free cash flow target range in the current uncertain conditions. The Committee will meet shortly before the grant to review all relevant information and agree the FCF target. This opportunity will also be used to consider other matters in relation to the grant including, but not limited to, the weightings of the performance measures and whether the number of shares granted should be determined by an average share price or the normal spot price approach.

Full details of decisions made in respect of the November 2020 grant, including the FCF target range, performance measure weightings, and the grant price used for award calculation purposes, will be disclosed in the relevant stock exchange announcement, and published in next year's report. The Committee believes this approach is necessary to ensure the 2021 award, and the associated FCF target range, is appropriate and not unduly influenced by the immediate and unprecedented external market conditions.

Notwithstanding this delay to the grant date, the performance period for the 2021 award will continue to run on a financial year to financial year basis as normal – in this case from 1 April 2020 to 31 March 2023. As such the Committee has agreed that it is already in a position to determine appropriate Relative Total Shareholder Return ('TSR') and Environmental, Social, and Governance ('ESG') targets for this award, and these are set out on pages 119 and 120. The Committee believes disclosing such information is important in providing transparency on our targets as early as possible – particularly in respect of the new ESG measure.

Were it not for the uncertainty caused by COVID-19, then the FCF target would have also been disclosed in this report ahead of the grant, as has been our practice in prior years.

The Committee is aware that the current landscape is characterised by uncertainty and will continue to work in a responsible manner to ensure the most appropriate decisions are made in light of all the latest information and that executive pay does not benefit from the current market volatility.

Our principles

In both designing the revised policy, and implementing the current policy during the year, the Committee was guided by its principles of:

Support our strategy, purpose and spirit

Ensuring our Remuneration Policy, and the manner in which it is implemented, drives the behaviours that support our strategy and business objectives.

Pay for performance

Maintaining a "pay for performance" approach to remuneration which ensures our incentive plans only deliver significant rewards if and when they are justified by business performance.

Shareholder alignment

Aligning the interests of our senior management team with those of shareholders by developing an approach to share ownership that helps to maintain commitment over the long term.

Fair pay

Offering competitive and fair rates of pay and benefits to all of our people, in line with our Fair Pay principles (further details of which can be found on pages 114 and 115).

Remuneration Policy review**Remuneration structures**

Over the last year the Committee has been reviewing our current remuneration structures in the context of our refreshed strategy and purpose. During this period the Committee had regular updates and discussions on external emerging trends in respect of both corporate governance developments and the increased discussion on "alternative LTI arrangements".

Overall the Committee concluded that our current remuneration structures (including the use of performance shares) are aligned with our principles and remain best positioned to support our strategy, meet the critical need of attracting and retaining key talent in a competitive global marketplace, and deliver value for our shareholders.

Delivering on these points is particularly important as we make the transition to a converged technology communications leader, and the Committee is confident the structures set out in our revised Remuneration Policy are the right arrangements at this time. The Committee will continue to review developing external trends and will remain open-minded about the nature of any future changes.

Whilst the Committee was satisfied with the current core structures in place under our current policy, it was recognised there was scope to implement a number of best practice features which have emerged since the Remuneration Policy was last approved, and to incorporate shareholder feedback which has been received during this period.

Remuneration Committee (continued)

Shareholder consultation

It was from this starting position that the Committee developed its original proposals and initiated an external consultation on these with our shareholders. During the year the Committee worked to facilitate genuine two-way dialogue when consulting on the proposed revisions to our current Remuneration Policy.

This spirit is illustrated through how we launched our initial conversation with our largest shareholders in November 2019. As a March year end company, this ensured that the Committee was able to fully discuss all of the feedback received, and ensure inputs were properly considered prior to a final Remuneration Policy needing to be submitted in this year's Annual Report and Accounts.

The level of engagement from shareholders during the consultation was high, and the Committee would like to thank everyone who took the time to provide feedback throughout the consultation period. As I have stated in these pages in previous years, the Committee is committed to maintaining a transparent and strong relationship with its shareholders, and this year's consultation exemplified the mutual benefits of such an approach.

At the time of writing the final key proposed changes to our Remuneration Policy have been met with widespread support from those investors and stakeholders that engaged in the consultation, and are summarised as follows:

- Formalisation of pension alignment with the wider UK workforce.
- Introduction of annual bonus deferral.
- Reduction in GLTI opportunity.
- Inclusion of an ESG measure under our GLTI.
- Introduction of a full "3+2" vesting/holding period under our GLTI.
- Strengthening of post employment shareholding requirements.
- Expansion of current clawback arrangements.

Full details of the final proposed changes to our Remuneration Policy are provided on page 100, with these changes then embedded in our revised Remuneration Policy which can be found on pages 102 to 107.

The Committee takes shareholder consultations seriously, and in the spirit of transparency has briefly set out the two key changes which were made to the original proposals following shareholder feedback:

Proposal Change 1: Post employment share ownership requirement

Under the original proposals, the current post employment share ownership requirements would have been strengthened so that all leavers would have had to continue to hold 100% of their goal for one year post employment, and 50% for a further second year.

Whilst a majority of shareholders were supportive of this evolution from our current tranche structure, and appreciated the high level of holdings required from our executives, the Committee recognised there was a preference for this proposal to be extended to 100% of the requirement for both years.

The Committee discussed the feedback on this topic and decided that, given our track record of aiming to be a market leader in the area of executive shareholding requirements and the developing view of the importance of post employment shareholdings, it was appropriate to amend the final proposal to 100% of the requirement for two years post employment.

Proposal Change 2: GLTI performance condition weightings

In light of the proposed introduction of an ESG measure under our GLTI, a re-weighting of the performance conditions was required.

Based on feedback from shareholders in previous years regarding the importance of free cash flow under our incentive arrangements, the Committee decided that the original proposal would include a normal weighting of 70% on free cash flow, 20% on TSR, and 10% on ESG.

During the consultation it became clear that shareholder preference was for the TSR and free cash flow weightings to be re-balanced. The Committee discussed this feedback and subsequently agreed that it was appropriate to revise the proposed normal weightings across the aforementioned performance measures to 60%, 30% and 10% respectively.

Next steps

As illustrated above, this revised Remuneration Policy is the product of comprehensive engagement between shareholders and the Committee and will be submitted for shareholder approval at our 2020 AGM.

Employee engagement

As set out in last year's report, during the year I had the opportunity to attend both our European and South African employee forums in my capacity as Senior Independent Director. This formed part of our wider initiatives on engaging the employee voice, further details of which can be found on page 115. These meetings were highly productive and allowed employee representatives to discuss a variety of topics with me which included the impact of Brexit on our business, the link between Group and local markets, and Fair Pay.

This latter topic is particularly important to me as Chairman of the Remuneration Committee and it was encouraging to have such a positive and lively discussion on the work we are doing in this area. The Committee is committed to making decisions on executive pay in the context of pay arrangements in the business, and further details of how this was undertaken during the year can be found on page 114 onwards.

Arrangements for 2021

Salary freezes for our executives

Following a March review of the executive remuneration arrangements, the Committee agreed that there would be no increase to base salary for either the Chief Executive or the Chief Financial Officer and as such their salaries will remain unchanged for the year ahead.

This is the second consecutive year that the Committee has decided not to award a salary increase to either of the executives, and illustrates the Committee's commitment to only award increases where appropriate in light of both internal and external conditions.

Annual bonus ('GSTIP')

Following the conclusion of our policy consultation, the Committee determined that both the opportunity and structure of performance conditions under the annual bonus should remain unchanged.

At the March 2020 meeting, the Committee agreed that the performance conditions and their respective weightings for 2021 should remain unchanged from 2020.

However, in light of the uncertainty caused by COVID-19 and the subsequent difficulty in setting an appropriate service revenue target, it was agreed at the May 2020 meeting for this condition to be removed from the 2021 short-term incentive. The three remaining conditions of free cash flow, EBIT, and Customer Appreciation KPIs will subsequently be equally weighted at 1/3 each.

As set out in the revised Remuneration Policy, from 2021 25% of any net bonus will also be deferred into shares for two years unless the executive has already met their share ownership requirement.

Global long-term incentive (GLTI)

Some of the most significant proposed changes to our Remuneration Policy are in respect of the structure of our GLTI. These changes are set out on page 100 and include a reduction in award sizes, an increase in holding period, and the introduction of an ESG measure.

The latter of these changes is particularly important to the Committee, illustrating as it does our desire to ensure that our executive pay arrangements embrace the three pillars of our purpose. The metrics used under this ESG measure are quantitative, linked to our externally disclosed ambitions in this area, and are detailed further on page 120.

Linking pay and performance

The Committee has always been committed to robust target setting processes which ensure pay and performance are linked. This continues to be shown through our historic incentive payouts, the levels of which illustrate how our variable pay truly is variable, with its realisation subject to genuinely stretching targets. A full breakdown of our ten year history can be found on page 117.

Further information on the forward-looking arrangements for our Board can be found on pages 118 and 119 of the Annual Report on Remuneration.

Performance outcomes during 2020

GSTIP performance

Annual bonus performance during the year was assessed against both financial and strategic measures. The four measures were equally weighted at 25% each, with financial metrics constituting service revenue, adjusted EBIT and adjusted free cash flow whilst the strategic measure was linked to customer appreciation KPIs. The KPIs themselves covered metrics including churn, revenue market share, and net promoter score (further details of which can be found on page 110).

For the year under review, performance under the financial metrics was broadly at or above the mid-point of the target range with performance under the customer appreciation KPIs metrics being below the mid-point of the range.

The combined performance under all of these measures during the year resulted in an overall payout of 51.9% of maximum. As set out above, both Executive Directors will voluntarily be using their full net bonus to purchase shares in our business. Further details on our performance under each measure can be found on pages 109 and 110 of the Annual Report on Remuneration.

GLTI performance

The 2018 GLTI award (granted August 2017) was subject to free cash flow (2/3 of total award) and TSR (1/3 of total award) performance, both of which were measured over the three year period ending 31 March 2020.

Final FCF performance finished above the midpoint of the target range, resulting in 58.6% of the FCF element vesting.

In respect of TSR, our relative performance over the period was 3.6% p.a. above the peer group median. This resulted in 33.9% of the TSR element vesting.

Overall, the calculated payout for the award was 50.4% of maximum – further details of this calculation can be found on page 111. Both Executive Directors have voluntarily agreed to hold all of their net shares from this vest for a full two year period post-vest (i.e. an early adoption of our new “3+2” model which is set out in further detail on the following pages).

Consideration of discretion

The Committee reviewed incentive outcomes at the May 2020 meeting and determined them to be appropriate in light of business performance across the relevant performance periods.

The Committee further acknowledged that the business has continued to perform well even against an uncertain external backdrop, and it was subsequently agreed that no adjustments were required to either incentive outcome this year. Further details of the matters considered when coming to this decision can be found in our Annual Report on Remuneration on page 109.

Looking ahead

As this letter suggests, this year has been one characterised by continuous engagement, comprehensive discussions and, towards the end, an unprecedented global situation. The dedication and quality of our colleagues and customers has remained consistently high throughout this period and, despite the uncertain external backdrop, we remain in a strong position to continue delivering on our purpose, strategy and spirit.

The Committee believes that the revised policy, as set out in the following pages, will help drive this progress and I would once again like to thank you, our shareholders, for the level and quality of your engagement over this last year.

/s/ Valerie Gooding

Valerie Gooding

Chairman of the Remuneration Committee

2 July 2020

Executive pay at a glance

The components of remuneration



Remuneration Policy – summary of changes

Fixed pay (comprising Base salary, Benefits and Pension)			
Feature	Current policy	Proposed policy	Rationale
Pension	Current practice is 10% of salary for executives, although the legacy policy allows up to 24%.	The Policy will be updated to formally reflect the latest executive pension arrangements which took effect in July 2018 (10% of salary).	Both Executive Directors are based in the UK and these arrangements are aligned with the employer contributions available to our UK workforce.
Annual bonus Global Short-Term Incentive Plan – ‘GSTIP’			
Feature	Current policy	Proposed policy	Rationale
Annual bonus deferral	No annual bonus deferral.	Mandatory annual bonus deferral (25% into shares for two years) will be applied to all executives who have not met their share ownership requirement.	Bonus deferral will act as an additional measure to ensure shareholder alignment in situations where an executive is working towards their share ownership requirement.
Long-term incentive Global Long-Term Incentive Plan – ‘GLTI’			
Feature	Current policy	Proposed policy	Rationale
Maximum opportunity (% of salary)	Chief Executive: 575% (Threshold: 103.5%). Other EDs: 525% (Threshold: 94.5%).	Chief Executive: 500% (Threshold: 100%). Other EDs: 450% (Threshold 90%). Awards will vest on a straight-line basis between threshold and maximum.	These proposed changes aim to balance the need, as one of the UK's largest listed companies, to attract the talent required to drive our strategic agenda, with the need to account for the views of our stakeholders on the matter of long-term incentives.
Vesting/holding periods	Three year vest period, with shares delivered 50% at vest, 25% on the first anniversary of vesting, and 25% on the second anniversary.	Three year vesting period with all shares subject to an additional two year holding period (i.e. “3+2” model).	The Committee recognises that matters of quantum, simplicity, and shareholder alignment are of high importance to our stakeholders and these proposed changes aim to further reinforce our commitment in this area.
Performance conditions	Adjusted FCF (2/3) and Relative TSR (1/3).	Adjusted FCF (60%), Relative TSR (30%), and ESG (10%).	Introducing an ESG element under the GLTI also underlines management's commitment to our purpose, and the importance of our impact on the societies we operate in to our investors.
Other			
Feature	Current policy	Proposed policy	Rationale
Share ownership requirements	Chief Executive (500%), Other EDs (400%). Requirements apply post-employment until all GLTI awards have vested.	Requirement levels remain unchanged whilst post-employment conditions will now apply to all leavers for a period of two years.	Recognises the growing shareholder consensus on this matter, whilst further strengthening alignment between executive pay and the shareholder experience.
Malus and clawback	Trigger events include material misstatement, material miscalculation, and gross misconduct.	Incorporate a reputational damage trigger event. Include discretion to extend clawback exercise period if an investigation is ongoing.	Expands the protection offered by clawback further than just the “traditional three” trigger events and ensures the timescales for applying such powers are sufficient.

Total remuneration at a glance – 2020 compared to 2021

The below table illustrates the arrangements in place during the year under review (2020) compared to those which will be in place for 2021 (subject to shareholder approval of the Remuneration Policy at the 2020 AGM).

Component	2020 (year ending 31 March 2020)	2021 (year ending 31 March 2021)
Fixed pay		
Base salary	Effective 1 July 2019: Chief Executive: £1,050,000 (no increase). Chief Financial Officer: £700,000 (no increase).	Effective 1 July 2020: Chief Executive: £1,050,000 (no increase). Chief Financial Officer: £700,000 (no increase).
Benefits	Travel related benefits and private medical cover.	Travel related benefits and private medical cover.
Pension	Pension contribution of 10% of salary for all Executive Directors.	Pension contribution of 10% of salary for all Executive Directors.
Annual bonus		
GSTIP	Opportunity (% of salary): Target: 100% Maximum: 200% Measures: Service revenue (25%), adjusted EBIT (25%), adjusted FCF (25%), and customer appreciation KPIs (25%).	Opportunity (% of salary): Target: 100% Maximum: 200% Measures: Adjusted EBIT (1/3), adjusted FCF (1/3), and customer appreciation KPIs (1/3).
Long-term incentive		
GLTI	Opportunity (% of salary): Maximum: Chief Executive: 575% Other Executive Directors: 525% Measures: Adjusted free cash flow (2/3 of total award) and TSR (1/3 of total award).	Opportunity (% of salary): Maximum: Chief Executive: 500% Other Executive Directors: 450% Measures: Adjusted free cash flow, TSR, and ESG. Weightings will be determined prior to grant (see page 119).
Other		
Share ownership requirements	Chief Executive – 500% of salary Chief Financial Officer – 400% of salary Include post employment holding requirements (leavers required to maintain the lower of their ownership requirement/holding at departure until all outstanding GLTI awards have vested).	Chief Executive – 500% of salary Chief Financial Officer – 400% of salary Include post employment holding requirements (all leavers required to maintain the lower of their ownership requirement/holding at departure for two years from the date of departure).
Shareholding information	Share ownership (as at 31 March 2019) The share ownership values reflect an average share price over the six months to 31 March 2019 of 149.27 pence: Chief Executive (Nick Read): 2,825,550 shares (402% of salary) Chief Financial Officer (Margherita Della Valle): 846,302 shares (180% of salary)	Share ownership (as at 31 March 2020) The share ownership values reflect an average share price over the six months to 31 March 2020 of 147.73 pence: Chief Executive (Nick Read): 3,516,841 shares (495% of salary) Chief Financial Officer (Margherita Della Valle): 1,039,520 shares (219% of salary)

Remuneration Policy

Remuneration Policy

In this forward-looking section we describe our Remuneration Policy for the Board. This includes our considerations when determining policy, a description of the elements of the reward package, including an indication of the potential future value of this package for each of the Executive Directors, and the policy applied to the Chairman and Non-Executive Directors.

We will be seeking shareholder approval for our Remuneration Policy at the 2020 AGM and we intend to implement it at that point. A summary and explanation of the proposed changes to the current Remuneration Policy is provided on page 100. Subject to approval, we will review our policy each year to ensure that it continues to support our company strategy and if it is necessary to make a change to our policy within the next three years, we will seek shareholder approval.

Considerations when determining our Remuneration Policy

Our remuneration principles which are outlined on page 97 guide the Remuneration Committee when making decisions on our policy and its implementation. A critical consideration for the Remuneration Committee when determining our Remuneration Policy is to ensure that it supports our company purpose, strategy, and business objectives.

A variety of stakeholder views are taken into account when determining executive pay, including those of our shareholders, colleagues, and external bodies. Further details on how we engage with, and consider the views of, each of these stakeholders are set out on page 115.

In advance of submitting our policy for shareholder approval we ran a thorough consultation exercise with our major shareholders. We invited our top 20 shareholders and a number of key governance stakeholders to comment on remuneration at Vodafone and to provide feedback on the proposed changes to the current policy which was approved at the 2017 AGM. A number of meetings between shareholders and the Remuneration Committee Chairman took place during this consultation period. Further details of this consultation are provided on pages 97 and 98 whilst a summary of the proposed changes to our current policy, which are incorporated in this revised Remuneration Policy report, is provided on page 100.

Listening to and consulting with our employees is very important and the Committee is supportive of the growing focus on engaging the employee voice, which has accompanied recent changes to the UK Corporate Governance Code. Our engagement with colleagues can take different forms in different markets but includes a variety of channels and approaches including our annual people survey which attracts very high levels of participation and engagement, regular business leader Q&A sessions, and a number of internal digital communication platforms.

Our Senior Independent Director also undertakes an annual attendance at our European employee forum, and a similar body in South Africa, with any questions or concerns raised by the employee representatives fed back directly to the Board for consideration and discussion.

We do not formally consult directly with employees on the executive Remuneration Policy nor is any fixed remuneration comparison measurement used. However, when determining the policy for Executive Directors, the Remuneration Committee is briefed on pay and employment conditions of employees in Vodafone Group as a whole, with particular reference to the market in which the executive is based. Further information on our approach to remuneration for other employees is given on page 105.

Performance measures and targets

Our Company strategy and business objectives are the primary consideration when we are selecting performance measures for our incentive plans. The targets within our incentive plans that are related to internal financial measures (such as revenue, profit and cash flow) are typically determined based on our budgets. Targets for strategic and external measures (such as customer appreciation KPIs, ESG measures, and total shareholder return (TSR)) are set based on company objectives and in light of the competitive marketplace. The threshold and maximum levels of performance are set to reflect minimum acceptable levels at threshold and very stretching levels at maximum.

As in previous Remuneration Reports we will disclose the details of our performance targets for our short and long-term incentive plans. However, our annual bonus targets are commercially sensitive and therefore we will only disclose our targets in the Remuneration Report following the completion of the financial year. We will normally disclose the targets for each long-term award in the Remuneration Report for the financial year preceding the start of the performance period – where this is not possible, such targets will be disclosed at the time of grant and published in the next Remuneration Report.

At the end of each performance period we review performance against the targets, using judgement to account for items such as (but not limited to) mergers, acquisitions, disposals, foreign exchange rate movements, changes in accounting treatment, material one-off tax settlements etc. The application of judgement is important to ensure that the final assessments of performance are fair and appropriate.

Malus and clawback

In addition, the Remuneration Committee reviews the incentive plan results before any payments are made to executives or any shares vest and has full discretion to adjust the final payment or vesting downwards if they believe circumstances warrant it. In particular, the Committee has the discretion to use either malus or clawback as it sees appropriate. In the case of malus, the award may lapse wholly or in part, may vest to a lesser extent than it would otherwise have vested or vesting may be delayed.

In the case of clawback, the Committee may recover bonus amounts that have been paid up to three years after the relevant payment date, or recover share awards that have vested up to five years after the relevant grant date. The key trigger events for the use of the clawback arrangements include material misstatement of performance, material miscalculation of performance condition outcomes, gross misconduct, and reputational damage.

Subject to approval of this Remuneration Policy, these arrangements will be applicable to all bonus amounts paid, or share awards granted, following the 2020 AGM. The current clawback arrangements, which are set out in the Remuneration Policy approved by shareholders at the 2017 AGM, have been applicable to all bonus amounts paid, or share awards granted, since the 2017 AGM.

The Remuneration Policy table

The table below summarises the main components of the reward package for Executive Directors.

Fixed pay: Base salary	
Purpose and link to strategy	To attract and retain the best talent
Operation	Salaries are usually reviewed annually and fixed for 12 months commencing 1 July. Decision is influenced by: <ul style="list-style-type: none"> – level of skill, experience and scope of responsibilities of individual; – business performance, scarcity of talent, economic climate and market conditions; – increases elsewhere within the Group; and – external comparator groups (which are used for reference purposes only) made up of companies of similar size and complexity to Vodafone.
Opportunity	Average salary increases for existing Executive Committee members (including Executive Directors) will not normally exceed average increases for employees in other appropriate parts of the Group. Increases above this level may be made in specific situations. These situations could include (but are not limited to) internal promotions, changes to role, material changes to the business and exceptional company performance.
Performance metrics	None.
Fixed pay: Pension	
Purpose and link to strategy	To remain competitive within the marketplace
Operation	– Executive Directors may choose to participate in the defined contribution pension scheme or to receive a cash allowance in lieu of pension.
Opportunity	– The pension contribution or cash payment is equal to the maximum employer contribution available to our UK employees under our Defined Contribution scheme (currently 10% of annual gross salary).
Performance metrics	None.
Fixed pay: Benefits	
Purpose and link to strategy	To aid retention and remain competitive within the marketplace
Operation	<ul style="list-style-type: none"> – Travel related benefits. This may include (but is not limited to) company car or cash allowance, fuel and access to a driver where appropriate. – Private medical, death and disability insurance and annual health checks. – In the event that we ask an individual to relocate we would offer them support in line with Vodafone's relocation or international assignment policies. This may cover (but is not limited to) relocation, cost of living allowance, housing, home leave, education support, tax equalisation and advice. – Legal fees if appropriate. – Other benefits are also offered in line with the benefits offered to other employees, for example, our all-employee share plan, mobile phone discounts, maternity/paternity benefits, sick leave, paid holiday, etc.
Opportunity	<ul style="list-style-type: none"> – Benefits will be provided in line with appropriate levels indicated by local market practice in the country of employment. – We expect to maintain benefits at the current level but the value of benefit may fluctuate depending on, amongst other things, personal situation, insurance premiums and other external factors.
Performance metrics	None.

Remuneration Policy (continued)

Annual bonus – Global Short-Term Incentive Plan ('GSTIP')	
Purpose and link to strategy	<p>To drive behaviour and communicate the key priorities for the year.</p> <p>To motivate employees and incentivise delivery of performance over the one year operating cycle.</p> <p>The financial metrics drive our growth strategies whilst also focusing on improving operating efficiencies.</p> <p>The strategic measures aim to ensure a great customer experience remains at the heart of what we do.</p>
Operation	<ul style="list-style-type: none"> – Bonus levels and the appropriateness of measures and weightings are reviewed annually to ensure they continue to support our strategy. – Performance over the financial year is measured against stretching financial and non-financial performance targets set at the start of the financial year. – The annual bonus is usually paid in cash in June each year for performance over the previous year. A mandatory deferral of 25% of post-tax bonus earned into shares for two years will normally apply except where an executive has met or exceeded their share ownership requirement.
Opportunity	<ul style="list-style-type: none"> – Bonuses can range from 0–200% of base salary, with 100% paid for on-target performance. Maximum is only paid out for exceptional performance.
Performance metrics	<ul style="list-style-type: none"> – Performance over each financial year is measured against stretching targets set at the beginning of the year. – The performance measures normally comprise a mix of financial and strategic measures. Financial measures may include (but are not limited to) profit, revenue and cash flow with a weighting of no less than 50%. Strategic measures may include (but are not limited to) customer appreciation KPIs such as churn, revenue market share, and NPS.
Long-term incentive – Global Long-Term Incentive Plan ('GLTI')	
Purpose and link to strategy	<p>To motivate and incentivise delivery of sustained performance over the long term.</p> <p>To support and encourage greater shareholder alignment through a high level of personal share ownership.</p> <p>The use of free cash flow as the principal performance measure ensures we apply prudent cash management and rigorous capital discipline to our investment decisions.</p> <p>The use of TSR along with a performance period of not less than three years means that we are focused on the long-term interests of our shareholders.</p>
Operation	<ul style="list-style-type: none"> – Award levels and the framework for determining vesting are reviewed annually. – Long-term incentive awards consist of shares subject to performance conditions which are granted each year. – Awards will normally vest not less than three years after the respective award grant date based on Group performance against the performance metrics set out below. In exceptional circumstances, such as but not limited to where a delay to the grant date is required, the Committee may set a vesting period of less than three years, although awards will continue to be subject to a performance period of at least three years. – All post-tax shares are subject to a mandatory two year holding from the date of vest prior to release. – Dividend equivalents are paid in cash after the vesting date.
Opportunity	<ul style="list-style-type: none"> – Maximum long-term incentive face value at award of 500% of base salary for the Chief Executive and 450% for other Executive Directors. – Threshold long-term incentive face value at award is 20% of maximum opportunity. Minimum vesting is 0% of maximum opportunity. Awards vest on a straight-line basis between threshold and maximum. – The Committee has the discretion to reduce long-term incentive grant levels for Directors who have neither met their shareholding guideline nor increased their shareholding by 100% of salary during the year. – The awards that vest accrue cash dividend equivalents over the three year vesting period. – Awards vest to the extent performance conditions are satisfied.
Performance metrics	<ul style="list-style-type: none"> – Performance is measured against stretching targets set at the time of grant. – Vesting is determined based on the following measures: adjusted free cash flow as our operational performance measure, relative TSR against a peer group of companies as our external performance measure, ESG as a measure of our external impact and commitment to our purpose. – Weightings will be determined each year and will normally constitute 60% on adjusted free cash flow, 30% on relative total shareholder return, and 10% on ESG. The Committee will determine the actual weighting of an award prior to grant, taking into account all relevant information.

Notes to the Remuneration Policy table

Existing arrangements

We will honour existing awards, incentives, benefits and contractual arrangements made to individuals prior to their promotion to the Board and/or prior to the approval and implementation of this policy. For the avoidance of doubt this includes payments in respect of any award granted under any previous Remuneration Policy. This will last until the existing incentives vest (or lapse) or the benefits or contractual arrangements no longer apply.

Long-term incentive ('GLTI')

When referring to our long-term incentive awards we use the financial year end in which the award was made. For example, the "2020 award" was made in the financial year ending 31 March 2020. The awards are usually made in the first half of the financial year.

The extent to which awards vest depends on three performance conditions:

- underlying operational performance as measured by adjusted free cash flow;
- relative Total Shareholder Return ('TSR') against a peer group median; and
- performance against our Environmental, Social, and Governance ('ESG') targets.

Adjusted free cash flow

The free cash flow performance is based on the cumulative adjusted free cash flow figure over the performance period. The detailed targets and the definition of adjusted free cash flow are determined each year as appropriate. The target adjusted free cash flow level is set by reference to our long-range plan and market expectations. We consider the targets to be critical to the Company's long-term success and its ability to maximise shareholder value, and to be in line with the strategic goals of the Company. The Remuneration Committee sets these targets to be sufficiently demanding with significant stretch where only outstanding performance will be rewarded with a maximum payout.

The cumulative adjusted free cash flow vesting levels as a percentage of the award subject to this performance element are shown in the table below (with linear interpolation between points):

Performance	Vesting percentage (% of FCF element)
Below threshold	0%
Threshold	20%
Maximum	100%

TSR outperformance of a peer group median

We have a limited number of appropriate peers and this makes the measurement of a relative ranking system volatile. As such, the outperformance of the median of a peer group is felt to be the most appropriate TSR measure. The peer group for the performance condition is reviewed each year and amended as appropriate.

The TSR vesting levels as a percentage of the award subject to this performance element are shown in the table below (with linear interpolation between points):

Performance	Vesting percentage (% of TSR element)
Below median	0%
Median	20%
Percentage outperformance of the peer group median equivalent to 80th percentile	100%

In order to determine the percentages for the equivalent outperformance levels above median, the Remuneration Committee seeks independent external advice.

ESG performance

Our ESG targets will be set on an annual basis (as per the approach for our other performance measures), and will be aligned to our externally communicated ambitions in this area. Where performance is below the agreed ambition, the Committee will use its discretion to assess vesting based on performance against the stated ambition and any other relevant information.

Remuneration policy for other employees

While our remuneration policy follows the same fundamental principles across the Group, packages offered to employees reflect differences in market practice in the different countries, role and seniority.

For example, the remuneration package elements for our Executive Committee are essentially the same as for the Executive Directors with some minor differences, for example smaller levels of share awards and local variances where appropriate. The remuneration for the next level of management, our senior leadership team, again follows the same principles with local and individual performance aspects in the annual bonus targets and performance share awards. They also receive lower levels of share awards which are partly delivered in conditional share awards without performance conditions.

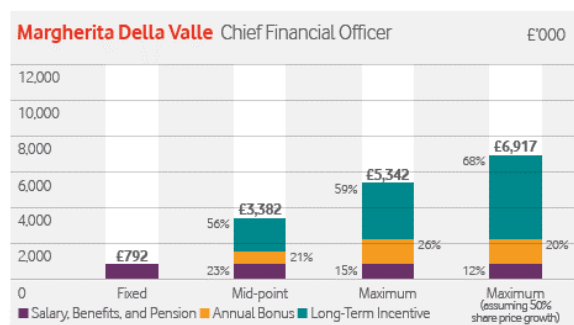
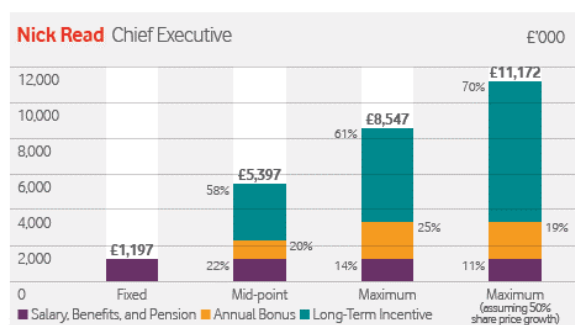
Remuneration Policy (continued)

Estimates of total future potential remuneration from 2021 pay packages

The tables below provide estimates of the potential future remuneration for each of the Executive Directors based on the remuneration opportunity to be granted in the 2021 financial year. Potential outcomes based on different performance scenarios are provided for each Executive Director.

The assumptions underlying each scenario are described below¹.

Fixed	Consists of base salary, benefits and pension. Base salary is at 1 July 2020. Benefits are valued using the figures in the total remuneration for the 2020 financial year table on page 109 (of the 2020 report). Pensions are valued by applying cash allowance rate of 10% of base salary at 1 July 2020.															
	<table border="1"> <thead> <tr> <th></th> <th>Base (£'000)</th> <th>Benefits (£'000)</th> <th>Pension (£'000)</th> <th>Total fixed (£'000)</th> </tr> </thead> <tbody> <tr> <td>Chief Executive</td> <td>1,050</td> <td>42</td> <td>105</td> <td>1,197</td> </tr> <tr> <td>Chief Financial Officer</td> <td>700</td> <td>22</td> <td>70</td> <td>792</td> </tr> </tbody> </table>		Base (£'000)	Benefits (£'000)	Pension (£'000)	Total fixed (£'000)	Chief Executive	1,050	42	105	1,197	Chief Financial Officer	700	22	70	792
	Base (£'000)	Benefits (£'000)	Pension (£'000)	Total fixed (£'000)												
Chief Executive	1,050	42	105	1,197												
Chief Financial Officer	700	22	70	792												
Mid-point	Based on what a Director would receive if performance was in line with plan. The opportunity for the annual bonus ('GSTIP') is 100% of base salary under this scenario. The opportunity for the long-term incentive ('GLTI') reflects assumed achievement mid-way between threshold and maximum performance.															
Maximum	The maximum award opportunity for the GSTIP is 200% of base salary. The maximum GLTI opportunity reflects full vesting based on the maximum award levels set out in this Remuneration Policy (i.e. 500% of base salary for the Chief Executive and 450% of base salary for the Chief Financial Officer).															
All scenarios	Long-term incentives consist of share awards only which are measured at face value i.e. no assumption for cash dividend equivalents payable.															



Note:

¹ In line with UK reporting requirements, the fourth bar in each chart reflects the same assumptions as per the Maximum scenario but with an assumed share price increase of 50% (which subsequently increases the hypothetical value of the long-term incentive under this scenario by the same percentage).

Recruitment remuneration

Our approach to recruitment remuneration is to pay no more than is necessary and appropriate to attract the right talent to the role.

The Remuneration Policy table (pages 103 and 104) sets out the various components which would be considered for inclusion in the remuneration package for the appointment of an Executive Director. Any new Director's remuneration package would include the same elements, and be subject to the same constraints, as those of the existing Directors performing similar roles. This means a potential maximum bonus opportunity of 200% of base salary and long-term incentive maximum face value of opportunity at award of 500% of base salary.

When considering the remuneration arrangements of individuals recruited from external roles to the Board, we will take into account the remuneration package of that individual in their prior role. We only provide additional compensation to individuals for awards foregone. If necessary we will seek to replicate, as far as practicable, the level and timing of such remuneration, taking into account also any remaining performance requirements applying to it. This will be achieved by granting awards of cash or shares that vest over a timeframe similar to those forfeited and if appropriate based on performance conditions. A commensurate reduction in quantum will be applied where it is determined that the new awards are either not subject to performance conditions or subject to performance conditions that are not as stretching as those of the awards forfeited.

Service contracts of Executive Directors

Executive Directors' contracts have rolling terms and are terminable on no more than 12 months' notice.

The key elements of the service contract for executives relate to remuneration, payments on loss of office (see below), and restrictions during active employment (and for 12 months thereafter). These restrictions include non-competition, non-solicitation of customers and employees etc.

Treatment of corporate events

All of the Company's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control to the extent that any performance condition has been satisfied and pro-rated to reflect the acceleration of vesting, unless the Committee determines otherwise.

In the event of a demerger, distribution (other than an ordinary dividend) or other transaction which would affect the current or future value of any award, the Committee may allow awards to vest on the same basis as for a change of control described above. Alternatively, an adjustment may be made to the number of shares if considered appropriate.

Payments for departing Executive Directors

In the table below we summarise the key elements of our policy on payment for loss of office. We will of course, always comply both with the relevant plan rules and local employment legislation.

Provision	Policy
Notice period and compensation for loss of office in service contracts	<ul style="list-style-type: none"> – 12 months' notice from the Company to the Executive Director. – Up to 12 months' base salary (in line with the notice period). Notice period payments will either be made as normal (if the executive continues to work during the notice period or is on gardening leave) or they will be made as monthly payments in lieu of notice (subject to mitigation if alternative employment is obtained).
Treatment of annual bonus ('GSTIP') on termination under plan rules	<ul style="list-style-type: none"> – The annual bonus will be pro-rated for the period of service during the financial year and will reflect the extent to which Company performance has been achieved. – The Remuneration Committee has discretion to reduce the entitlement to an annual bonus to reflect the individual's performance and the circumstances of the termination.
Treatment of unvested long-term incentive awards ('GLTI') on termination under plan rules	<ul style="list-style-type: none"> – An Executive Director's award will vest in accordance with the terms of the plan and satisfaction of performance conditions measured at the normal completion of the performance period, with the award pro-rated for the proportion of the vesting period that had elapsed at the date of cessation of employment. – The Remuneration Committee has discretion to vary the level of vesting as deemed appropriate, and in particular to determine that awards should not vest for reasons which may include, at their absolute discretion, departure in case of poor performance, departure without the agreement of the Board, or detrimental competitive activity.
Pension and benefits	<ul style="list-style-type: none"> – Generally pension and benefit provisions will continue to apply until the termination date. – Where appropriate other benefits may be receivable, such as (but not limited to) payments in lieu of accrued holiday and legal fees or tax advice costs in relation to the termination. – Benefits of relative small value may continue after termination where appropriate, such as (but not limited to) mobile phone provision.

In exceptional circumstances, an arrangement may be established specifically to facilitate the exit of a particular individual albeit that any such arrangement would be made within the context of minimising the cost to the Group. We will only take such a course of action in exceptional circumstances and where it is considered to be in the best interests of shareholders.

Chairman and Non-Executive Directors' remuneration

Our policy is for the Chairman to review the remuneration of Non-Executive Directors annually following consultation with the Remuneration Committee Chairman. Fees for the Chairman are set by the Remuneration Committee.

Element	Policy
Fees	<ul style="list-style-type: none"> – We aim to pay competitively for the role including consideration of the time commitment required. We benchmark the fees against an appropriate external comparator group. We pay a fee to our Chairman which includes fees for chairmanship of any committees. We pay a fee to each of our other Non-Executive Directors and they receive an additional fee if they chair a committee and/or hold the position of Senior Independent Director. Non-executive fee levels are set within the maximum level as approved by shareholders as part of our Articles of Association. We review the structure of fees from time to time and may, as appropriate, make changes to the manner in which total fees are structured, including but not limited to any additional chair or membership fees.
Allowances	<ul style="list-style-type: none"> – Under a legacy arrangement, an allowance is payable each time certain non-Europe-based Non-Executive Directors are required to travel to attend Board and committee meetings to reflect the additional time commitment involved.
Incentives	<ul style="list-style-type: none"> – Non-Executive Directors do not participate in any incentive plans.
Benefits	<ul style="list-style-type: none"> – Non-Executive Directors do not participate in any benefit plans. The Company does not provide any contribution to their pension arrangements. The Chairman is entitled to the use of a car and a driver whenever and wherever he is providing his services to or representing the Company. We have been advised that for Non-Executive Directors, certain travel and accommodation expenses in relation to attending Board meetings should be treated as a taxable benefit therefore we also cover the tax liability for these expenses.

Non-Executive Director letters of appointment

Non-Executive Directors are engaged on letters of appointment that set out their duties and responsibilities. The appointment of Non-Executive Directors may be terminated without compensation. Non-Executive Directors are generally not expected to serve for a period exceeding nine years. For further information refer to the Nominations and Governance Committee section of the Annual Report.

Annual Report on Remuneration

Remuneration Committee

In this section we give details of the composition of the Remuneration Committee and activities undertaken during the 2019 financial year. The Committee is comprised to exercise independent judgement and consists only of the following independent Non-Executive Directors:

Chairman: Valerie Gooding

Committee members: Michel Demaré, Dame Clara Furse, Renee James and Samuel Jonah (until 23 July 2019)

The Committee regularly consults with Nick Read, the Chief Executive, and Leanne Wood, the Chief Human Resources Officer, on various matters relating to the appropriateness of awards for Executive Directors and senior executives, though they are not present when their own compensation is discussed. In addition, Adrian Jackson, the Group Reward and Policy Director, provides a perspective on information provided to the Committee, and requests information and analysis from external advisers as required. Rosemary Martin, the Group General Counsel and Company Secretary, advises the Committee on corporate governance guidelines and acts as secretary to the Committee.

External advisers

The Remuneration Committee seeks and considers advice from independent remuneration advisers where appropriate. The appointed advisers, Willis Towers Watson, were selected through a thorough process led by the Chairman of the Remuneration Committee at the time and were appointed by the Committee in 2007. The Chairman of the Remuneration Committee has direct access to the advisers as and when required, and the Committee determines the protocols by which the advisers interact with management in support of the Committee. The advice and recommendations of the external advisers are used as a guide, but do not serve as a substitute for thorough consideration of the issues by each Committee member. Advisers attend Committee meetings occasionally, as and when required by the Committee.

Willis Towers Watson is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the Remuneration Consultants' Group Code of Conduct in relation to executive remuneration consulting in the UK. This is based upon principles of transparency, integrity, objectivity, competence, due care and confidentiality by executive remuneration consultants. Willis Towers Watson has confirmed that it adheres to that Code of Conduct throughout the year for all remuneration services provided to Vodafone and therefore the Committee is satisfied that it is independent and objective. The Remuneration Consultants' Group Code of Conduct is available at remunerationconsultantsgroup.com.

Adviser	Appointed by	Services provided to the Committee	Fees for services provided to the Committee €'000 ¹	Other services provided to the Company
Willis Towers Watson	Remuneration Committee in 2007	Advice on market practice; governance; provision of market data on executive reward; reward consultancy; and performance analysis.	88	Reward and benefits consultancy; provision of benchmark data; outsourced pension administration; and insurance consultancy services.

Note:

¹ Fees are determined on a time spent basis.

2017 annual general meeting – Remuneration Policy voting results

At the 2017 annual general meeting there was a binding vote on our Remuneration Policy. Details of the voting outcomes are provided in the table below.

	Votes for	%	Votes against	%	Total votes	Withheld
Remuneration Policy	17,581,245,488	97.19	507,704,367	2.81	18,088,949,855	55,312,703

2019 annual general meeting – Remuneration Report voting results

At the 2019 annual general meeting there was an advisory vote on our Remuneration Report. Details of the voting outcomes are provided in the table below.

	Votes for	%	Votes against	%	Total votes	Withheld
Remuneration Report	15,104,854,059	87.64	2,130,769,340	12.36	17,235,623,399	288,299,412

Meetings

The Remuneration Committee had five formal meetings and one additional formal conference call during the year. In addition, informal conference calls can also take place. The principal agenda items at the formal meetings were as follows:

Meeting	Agenda items
May 2019	<ul style="list-style-type: none"> – 2019 annual bonus achievement and 2020 targets/ranges – 2017 long-term incentive award vesting and 2020 targets/ranges
July 2019	<ul style="list-style-type: none"> – Shareholder & media communications update – Review of Remuneration Policy
October 2019	<ul style="list-style-type: none"> – Corporate governance matters
November 2019	<ul style="list-style-type: none"> – Review of Remuneration Policy
January 2020	<ul style="list-style-type: none"> – Shareholder consultation update – Gender Pay Gap Reporting
March 2020	<ul style="list-style-type: none"> – Shareholder consultation update – Remuneration arrangements across Vodafone – Committee's terms of reference

2020 remuneration

In this section we summarise the pay packages awarded to our Executive Directors for performance in the 2020 financial year versus 2019. Specifically we have provided a table that shows all remuneration that was earned by each individual during the year and computed a single total remuneration figure for the year. The value of the annual bonus ('GSTIP') reflects what was earned in respect of the year but will be paid out in cash in the following year. Similarly the value of the long-term incentive ('GLTI') reflects the share awards which will vest in June/August 2020 as a result of the performance through the three year period ended at the completion of our financial year on 31 March 2020.

Consideration of the use of discretion

The Remuneration Committee reviews all incentive awards prior to payment and uses judgement to ensure that the final assessments of performance are fair and appropriate. If circumstances warrant it, the Committee may adjust the final payment or vesting downwards.

The Committee reviewed incentive outcomes at the May 2020 meeting and determined them to be appropriate in light of business performance across the relevant performance periods. The Committee agreed that due to the timing of the COVID-19 outbreak there was relatively limited impact on performance results across either incentive performance period.

The Committee further acknowledged that the business has continued to respond effectively to developing events even after the performance periods ended. As set out in the Letter from the Remuneration Committee Chairman, none of our employees have been furloughed, we are continuing to pay a dividend and we will be delivering performance-related pay and running a global salary review for our wider employee population as normal. It was subsequently agreed that no adjustments were required to either incentive outcome this year.

Total remuneration for the 2020 financial year¹

	Nick Read		Margherita Della Valle	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Salary/fees	1,050	947	700	476
Taxable benefits ²	42	29	22	15
Annual bonus: GSTIP (see below for further detail)	1,090	922	727	418
Total long-term incentive ³ :	1,426	935	282	199
GLTI awards ⁴	1,181	738	239	168
GLTI dividends ⁵	245	197	43	31
Pension/cash in lieu of pension	105	129	70	48
Other ⁶	1	1	–	–
Total	3,714	2,963	1,801	1,156 ⁷
<i>Total Fixed Remuneration</i>	<i>1,198</i>	<i>1,106</i>	<i>792</i>	<i>539</i>
<i>Total Variable Remuneration</i>	<i>2,516</i>	<i>1,857</i>	<i>1,009</i>	<i>617</i>

Notes:

- Nick Read was appointed Chief Executive-Designate on 27 July 2018, and became Chief Executive on 1 October 2018. Nick's 2019 single figure therefore reflects remuneration received both in respect of his current role, as well as in respect of his previous role as Chief Financial Officer. Margherita Della Valle joined the Board as Chief Financial Officer on 27 July 2018. In line with the reporting regulations, the single figure for Margherita reflects remuneration received in respect of services rendered as a Board Director (i.e. 2019 single figure reflects the period 27 July 2018 to 31 March 2019). This includes the value of performance share awards granted to her prior to her appointment to the Board which vest based on adjusted free cash flow performance over the three year period to 31 March 2020 (2020 single figure) and 31 March 2019 (2019 single figure).
- Taxable benefits include amounts in respect of: – Private healthcare (2020: Nick Read £2,583; Margherita Della Valle £2,583; 2019: Nick Read £2,612; Margherita Della Valle £1,760); – Cash car allowance £19,200 p.a.; and – Travel (2020: Nick Read £19,759; Margherita Della Valle £325; 2019: Nick Read £6,797; Margherita Della Valle £194).
- The share prices used for both the 2020 and 2019 values, as set out in note 4 below, are lower than the grant prices for both respective awards. As such, no amount of the values shown in either column are attributable to share price appreciation during the performance or vesting periods.
- The value shown in the 2019 column is the award which vested on 30 June 2019 and is valued using the execution share price on 30 June 2019 of 128.70 pence. The value shown in the 2020 column is the award which vests on 4 August 2020 in respect of Nick Read and 26 June 2020 in respect of Margherita Della Valle, and is valued using an average closing share price over the last quarter of the 2020 financial year of 139.99 pence.
- Nick Read receives a cash award, equivalent in value to the dividends that would have been paid during the vesting period on any shares that vest. The dividend value shown in 2020 relates to awards vesting on 4 August 2020. Margherita Della Valle's figure reflects the value of dividend equivalent awards accrued during the performance period in respect of the award vesting on 30 June 2020.
- Reflects the value of the SAYE benefit which is calculated as £375 x 12 months x 20% to reflect the discount applied based on savings made during the year.
- In line with our SEC reporting requirements, total remuneration received by Margherita Della Valle in respect of the period 1 April 2018 to 31 March 2019, inclusive of payments received whilst Deputy Chief Financial Officer, was £1,467k.

2020 annual bonus ('GSTIP') payout

In the table below we disclose our achievement against each of the performance measures and targets in our annual bonus ('GSTIP') and the resulting total annual bonus payout level for the year ended 31 March 2020 of 51.9% of maximum. This is applied to the maximum bonus level of 200% of base salary for each executive. Commentary on our performance against each measure is provided below the table.

Performance measure	Payout at maximum performance (% of salary)	Actual payout (% of salary)	Actual payout (% of overall bonus maximum)	Threshold performance level £bn	Target performance level £bn	Maximum performance level £bn	Actual performance level ¹ £bn
Service revenue	50%	24.2%	12.1%	32.8	34.5	36.3	34.5
Adjusted EBIT	50%	27.1%	13.5%	2.8	3.7	4.6	3.8
Adjusted free cash flow	50%	30.5%	15.3%	4.2	5.0	5.9	5.2
Customer appreciation KPIs	50%	22.0%	11.0%	See below for further details			
Total annual bonus payout level	200%	103.8%	51.9%				

Note:

- These figures are adjusted for the impact of M&A, foreign exchange movements and any changes in accounting treatment.

Annual Report on Remuneration (continued)

Financial metrics

As set out in the table above, free cash flow and EBIT finished above the midpoints of the respective target ranges reflecting strong performance in markets including Germany, the UK, Egypt and Turkey. Service revenue finished slightly below the mid-point of our target range, mainly driven by performance in our largest European markets.

Customer appreciation KPIs

An assessment of performance under the customer appreciation KPIs measure was conducted on a market by market basis. Each market was assessed against a number of different metrics which included:

- Churn is defined as total gross customer disconnections in the period divided by the average total customers in the period.
- Revenue market share is based on our total service revenue and that of our competitors in the markets we operate in.
- Net Promoter Score (NPS) for both Consumer and Vodafone Business – defined as the extent to which our customers would recommend us.

All measures utilise data from our local markets which is collected and validated for quality and consistency by independent third party agencies where possible.

Our overall Customer Appreciation KPI outcome reflects a competitive environment in a number of our markets. Whilst performance remained stable or improved against a number of metrics in certain markets, the Committee agreed that a final payout below the mid-point of the target range was appropriate.

Group churn performance ended the year slightly down, although underlying performance was more favourable. In Europe we saw relatively stable performance in our main European markets of Germany, Italy, Spain, and the UK, with both Italy and Spain improving their relative positioning compared to our peers. Overall this performance was offset by unfavourable performance in Turkey, where price competition negatively impacted churn rates in this market.

Our revenue market share remained relatively stable during the year, with slight increases recorded in Germany, Italy, and the UK accompanied by an improvement in the gap to the market leader, and an improvement in position in Italy and the UK. Less favourable performance was recorded in Spain, where our market position also fell and the gap to the market leader increased. Elsewhere in Europe our operations faced competitive pressure in Romania, Czech Republic and Turkey, all of which recorded a fall in market position, although this was accompanied by positive performance in the form of narrowing the gap to the market leader in the cases of Romania and Czech Republic.

NPS performance during the year saw a number of markets slightly fall in their Consumer NPS market position, including in Italy, the UK and Turkey. Notwithstanding this, we recorded positive performance in our European markets of Portugal and Albania, and African markets of Egypt and Ghana, where our position as market leader was extended. Market position movement was less prevalent in respect of Business NPS where we maintained our market position in the vast majority of markets where this measure is monitored. Notable movements included an extension in our leadership position in Italy and an unfavourable movement in our gap to the market leader in the UK and South Africa.

It is within this context that overall performance against our Customer Appreciation KPIs metrics during the year was judged to be below target. The aggregated performance for the regions and the Group is calculated on a revenue-weighted average to give an overall achievement:

	Customer appreciation KPIs Achievement (% of maximum)
Europe	43.3%
Africa	54.0%
Group	44.0%

2020 annual bonus (GSTIP) amounts	Base salary £'000	Maximum bonus % of base salary	2020 payout % of maximum	Actual payment £'000
Nick Read	1,050	200%	51.9%	1,090
Margherita Della Valle	700	200%	51.9%	727

Voluntary decision to receive short-term incentive in shares

As set out in the Letter from the Remuneration Committee Chairman, both Executive Directors have voluntarily agreed to receive their full 2020 short-term incentive in Vodafone shares as a sign of confidence in our business.

Long-term incentive ('GLTI') award vesting in August 2020**Vesting outcome**

The 2018 long-term incentive ('GLTI') awards which were made to executives in August 2017 will vest at 50.4% of maximum in August 2020. The performance conditions for the three year period ending in the 2020 financial year are as follows:

Adjusted FCF performance – 2/3 of total award (£bn)	TSR outperformance – 1/3 of total award	TSR peer group			
Below threshold	<14.75	Below threshold	Below median	Bharti	Orange
Threshold	14.75	Threshold	Median	BT Group	Telecom Italia
Maximum	18.45	Maximum	10.0% p.a.	Liberty Global	Royal KPN
				Deutsche Telekom	Telefónica
				MTN	

The adjusted free cash flow for the three year period ended on 31 March 2020 was €17.2 billion and equates to vesting under the FCF element of 58.6% of maximum.

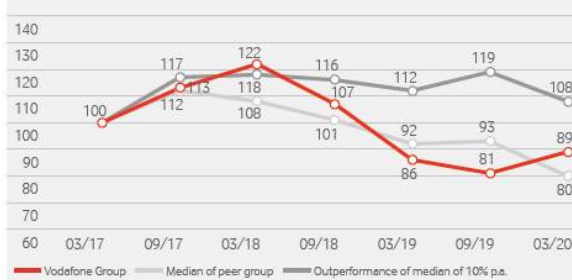
The chart to the right shows that our TSR performance over the three year period ended on 31 March 2020 was above that of the median of our comparator group and equates to vesting under the TSR element of 33.9% of maximum.

When the weighting of each condition is applied to the respective performance outcomes, this results in a calculated payout of 50.4% of overall maximum.

The vesting impact of this outcome when applied to the number of shares granted is set out in the table below.

2018 GLTI award: TSR performance

Growth in the value of a hypothetical US\$100 holding over the performance period, six month averaging



2018 GLTI share awards subject to performance conditions vesting in June/August 2020	Maximum number of shares	Adjusted free cash flow performance payout % of maximum	Relative TSR performance payout % of maximum	Weighted performance payout % of maximum	Number of shares vesting	Value of shares vesting ('000)
Nick Read	1,673,437	58.6%	33.9%	50.4%	843,412	£1,181
Margherita Della Valle ¹	308,050	65.5%	N/A	65.5%	201,895	£282

Note:

1 These share awards subject to performance conditions reflect an award granted to Margherita Della Valle in June 2017 prior to her appointment to the Board (including dividend equivalent shares). The award was subject to adjusted free cash flow performance in line with the ranges outlined above and will vest in June 2020.

Specified procedures are performed by our internal audit team over the adjusted free cash flow to assist with the Committee's assessment of performance. The performance assessment in respect of the TSR measure is undertaken by Willis Towers Watson. Details of how the plan works can be found in the Remuneration Policy that was approved at the 2017 AGM.

Voluntary extension of holding period

These share awards will vest on 4 August 2020 (26 June 2020 in respect of the award made to Margherita Della Valle) and both Executive Directors have committed to voluntarily hold all net vested shares for a full two year period post the vest date.

Long-term incentive ('GLTI') awarded during the year

The independent performance conditions for the 2020 long-term incentive awards made in June 2019, and subject to a three year performance period ending 31 March 2022, are adjusted free cash flow and TSR performance as follows:

Adjusted FCF performance (2/3 of total award)	Adjusted FCF performance (£bn)	Vesting percentage (% of FCF element)
Below threshold	<15.85	0%
Threshold	15.85	18%
Maximum	19.55	100%

TSR performance (1/3 of total award)	TSR outperformance	Vesting percentage (% of TSR element)
Below threshold	Below median	0%
Threshold	Median	18%
Maximum	8.50% p.a. (80th percentile equivalent)	100%

TSR peer group			
BT Group	Deutsche Telekom	Liberty Global	MTN
Orange	Royal KPN	Telecom Italia	Telefónica

The table below sets out the original and revised conditional awards of shares made to the Executive Directors in June 2019.

Annual Report on Remuneration (continued)

Following the decrease in share price between the date of the Remuneration Committee's decision in respect of the grant of the awards and the date of grant itself, Nick Read and Margherita Della Valle voluntarily requested, and the Committee approved, that their 2020 long-term incentive conditional award be reduced by 20%. The impact of this decision is reflected in the table below.

As set out in the Letter from the Remuneration Committee Chairman on page 97, in light of this experience and the current market volatility, the Committee is delaying the grant of the 2021 award until November 2020. This will allow the Committee to set an appropriate FCF target range and ensure the current exceptional market conditions do not inappropriately impact the grant conditions. Prior to the grant the Committee will consider a range of matters including, but not limited to, whether it is appropriate to use an average share price for the purpose of determining the number of shares subject to award granted. Further information will be provided in the market announcement following grant and disclosed in the 2021 Directors' Remuneration Report.

2020 GLTI performance share awards made in June 2019	Original maximum vesting level (number of shares)	Original maximum vesting level (face value) ¹	Shares voluntarily forfeited	Revised maximum vesting level (number of shares)	Maximum vesting level (face value) ¹	Proportion of maximum award vesting at minimum performance	Performance period end
Nick Read	4,859,546	£6,037,500	20%	3,887,636	£4,830,000	1/5th	31 Mar 2022
Margherita Della Valle	2,957,984	£3,675,000	20%	2,366,387	£2,940,000	1/5th	31 Mar 2022

Note:

¹ Face value calculated based on the closing share price on 25 June 2019 (day immediately preceding the date of grant) of 124.2 pence.

Dividend equivalents on the shares that vest are paid in cash after the vesting date.

Outstanding awards

The structure for awards made in August 2018 (vesting August 2021) and June 2019 (vesting June 2022) is set out on the previous page. Further details on the structure of these awards, and relevant targets, can be found in the Annual Report on Remuneration of the relevant year.

All-employee share plans

During the year the Executive Directors were eligible to participate in the Vodafone Group Sharesave Plan which is open to all UK employees.

The Vodafone Sharesave Plan is an HM Revenue & Customs ('HMRC') approved scheme open to all staff permanently employed by a Vodafone company in the UK as of the eligibility date. Options under the plan are granted at up to a 20% discount to market value. Executive Directors' participation is included in the option table on page 114.

Pensions

During the 2020 financial year the Executive Directors received a cash allowance of 10% of base salary.

Margherita Della Valle accrued benefits of £9,999.96 under the defined contribution pension plan in respect of the period she served on the Board during the year. Neither Nick Read or Margherita Della Valle participated in a defined benefit scheme whilst an Executive Director.

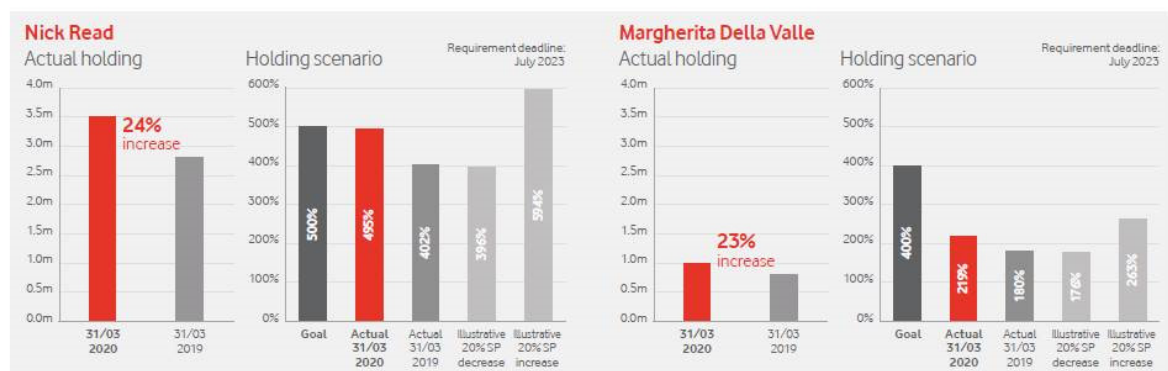
The Executive Directors are provided benefits in the event of death in service. They also have an entitlement under a long-term disability plan from which 2/3 of base salary, up to a maximum benefit determined by the insurer, would be provided until the state pension age. In respect of the Executive Committee members, the Group has made aggregate contributions of £273,771 (2019: £264,818) into defined contribution pension schemes.

Alignment to shareholder interests

Current levels of ownership by the Executive Directors, and the date by which the goal should be or should have been achieved, are shown below. The values are calculated using an average share price over the six months to 31 March 2020 of 147.73 pence.

Based on this valuation price, both Executive Directors are currently below their shareholding requirements. In respect of Nick Read, this reflects an increase in the valuation of his holding from 402% of salary, as stated in the 2019 report, to 495% as stated in the table below. The number of shares Nick has beneficial ownership of has also increased from 2,825,550 to 3,516,841 over the same period. Margherita Della Valle joined the Board on 27 July 2018 and will continue to work towards achieving her goal prior to July 2023.

At 31 March 2020	Requirement as a % of salary	Current % of salary held	% of requirement achieved	Number of shares owned	Value of shareholding	Date for requirement to be achieved
Nick Read	500%	495%	99%	3,516,841	£5.2m	July 2023
Margherita Della Valle	400%	219%	55%	1,039,520	£1.5m	July 2023



The shareholding requirements include a post employment condition whereby the Executive Directors will need to continue to hold shares equivalent to the value of their requirement at the date of departure (or actual holding on departure if the requirement has not been reached during

employment) for a further two years post employment. The Committee has a number of processes in place to ensure this condition is met, including executives agreeing to these terms prior to receiving an award, executives holding the majority of their shares (and at least up to the value of their requirement) in a nominee rather than a personal account, and the Committee having the ability to lapse any unvested GLTI awards if the condition is not met.

Collectively the Executive Committee including the Executive Directors owned 20,595,294 Vodafone shares at 31 March 2020, with a value of over £30.4 million. None of the Executive Committee members' shareholdings amounts to more than 1% of the issued shares in that class of share, excluding treasury shares.

Directors' interests in the shares of the Company

A summary of interests in shares and scheme interests of the Directors who served during the year is given below. Margherita Della Valle's outstanding GLTR share award was granted prior to her appointment to the Board. More details of the outstanding shares subject to award and options are set out in the table below and on page 114.

At 31 March 2020	Total number of interests in shares (at maximum) ¹	Unvested without performance conditions (granted prior to appointment to the Board)	Unvested with performance conditions (at target)	Share Plans	Share options
				Unvested with performance conditions (at maximum)	SAYE (unvested without performance conditions)
Executive Directors					
Nick Read	12,369,249	—	3,535,645	8,839,116	13,292
Margherita Della Valle	5,786,299	77,012	1,898,711	4,669,767	—
Total	18,155,548	77,012	5,434,356	13,508,883	13,292

Note:

1 This includes both owned shares and the maximum number of unvested share awards.

The total number of interests in shares includes interests of connected persons, unvested share awards and share options.

At 31 March 2020	Total number of interests in shares
Non-Executive Directors	
Sanjiv Ahuja	14,000 (ADRs) ¹
Sir Crispin Davis	34,500
Michel Demaré	100,000
Dame Clara Furse	75,000
Valerie Gooding	28,970
Renee James	27,272
Samuel Jonah (position upon retirement)	30,190
Gerard Kleisterlee	220,000
Maria Amparo Moraleda Martinez	30,000
David Nish	107,018
David Thodey	303,653

Note:

1 One ADR is equivalent to ten ordinary shares.

At 30 June 2020, and during the period from 1 April 2020 to 30 June 2020, no Director had any interest in the shares of any subsidiary company. Other than those individuals included in the tables above who were Board members at 31 March 2020, members of the Group's Executive Committee at 31 March 2020 had an aggregate beneficial interest in 16,038,933 ordinary shares of the Company. At 30 June 2020, the Directors had an aggregate beneficial interest in 6,514,697 ordinary shares of the Company and the Executive Committee members had an aggregate beneficial interest in 17,595,240 ordinary shares of the Company. The change in the number of shares held reflects a change in membership in the Executive Committee during this period, as well as share purchases and a vest between the year-end and 30 June 2020. None of the Directors or the Executive Committee members had an individual beneficial interest amounting to greater than 1% of the Company's ordinary shares.

The Directors' total number of interests in shares did not change during the period from 1 April 2020 to 30 June 2020.

Performance share awards

The maximum number of shares subject to outstanding awards that have been granted to Directors under the long-term incentive ('GLTI') plan are currently as follows:

GLTI performance share awards	2018 award	2019 award	2020 award ²
	Awarded: August 2017 ¹ Performance period ending: March 2020 Vesting date: August 2020 ¹ Share price at grant: 224.0 pence ¹	Awarded: June 2018 Performance period ending: March 2021 Vesting date: June 2021 Share price at grant: 184.2 pence	Awarded: June 2019 Performance period ending: March 2022 Vesting date: June 2022 Share price at grant: 124.2 pence
Nick Read	1,673,437	3,278,043	3,887,636
Margherita Della Valle ²	260,764	1,995,330	2,366,387

Notes:

1 Margherita Della Valle's 2018 award was granted in June 2017 at a price of 223.7 pence and will subsequently vest in June 2020.

2 Reflects shares subject to outstanding awards following voluntary reduction as set out on page 112.

Details of the performance conditions for the awards can be found on page 111 or in the Remuneration Report from the relevant year. Margherita Della Valle's 2018 award was granted prior to her appointment to the Board and is subject to adjusted free cash flow only.

Annual Report on Remuneration (continued)

Share options

The following information summarises the Executive Directors' options under the HMRC approved Vodafone Group 2008 Sharesave Plan ('SAYE'). No other Directors have options under any schemes and, other than under the SAYE, no options have been granted since 2007. Options under the SAYE were granted at a discount of 20% to the market value of the shares at the time of the grant. No other options may be granted at a discount.

Grant date	At 1 April 2019 or date of appointment	Options granted during the 2020 financial year	Options exercised during the 2020 financial year	Options lapsed during the 2020 financial year	Options held at 31 March 2020	Option price Pence ¹	Date from which exercisable	Expiry date	Market price on exercise	Gain on exercise
		Number of shares	Number of shares	Number of shares	Number of shares				Number of shares	
Nick Read										
SAYE	Mar 2017	4,854	—	—	4,854	154.51	Apr 2022	Sep 2022	—	—
SAYE	Jul 2017	8,438	—	—	8,438	177.75	Sep 2022	Feb 2023	—	—
Total		13,292	—	—	13,292				—	—

Note:

1 The closing trade share price on 31 March 2020 was 113.00 pence. The highest trade share price during the year was 165.24 pence and the lowest price was 98.02 pence.

At 30 June 2020 there had been no change to the Directors' interests in share options from 31 March 2020. Other than those individuals included in the table above, at 30 June 2020 members of the Group's Executive Committee held options for 52,242 ordinary shares at prices ranging from 102.6 pence to 189.2 pence per ordinary share, with a weighted average exercise price of 140.7 pence per ordinary share exercisable at dates ranging from 1 September 2020 to 1 March 2025.

Margherita Della Valle, Hannes Ametsreiter, Aldo Bisio, António Coimbra, Ahmed Essam, Shameel Joosub, Vinod Kumar, Rosemary Martin, Joakim Reiter, and Serpil Timuray held no options at 30 June 2020.

Loss of office payments

Other than amounts already disclosed in prior year reports, no loss of office payments were made during the year.

Payments to past Directors

During the 2020 financial year Lord MacLaurin received benefit payments in respect of security costs as per his contractual arrangements. These costs exceeded our de minimis threshold of £5,000 p.a. and, including the tax paid, were £23,513 (2019: £23,186).

Fees retained for external non-executive directorships

Executive Directors may hold positions in other companies as non-executive directors and retain the fees.

During the year ended 31 March 2020 Nick Read served as a non-executive director on the board of Booking Holdings Inc. where he retained fees of US\$294,424 (2019: US\$335,000). Margherita Della Valle served as a non-executive director on the board of Centrica plc until 12 May 2019 where she retained fees of £11,270 (2019: £66,651).

Pay in the wider context**Fair pay at Vodafone**

As part of its review of executive remuneration arrangements, the Committee takes account of the pay policies in place across the wider business. This includes considering the structure of remuneration offerings at each level of the business to ensure there is a strong rationale for how packages evolve across the different levels of the organisation.

During the year the Committee was updated on how remuneration arrangements were being reviewed across the business to ensure they fully aligned with our strategy, supported our purpose, and celebrated our spirit. The Committee was also informed of recent steps taken to enhance our global annual fair pay review, including how conditions and pay positions across our operations had been reviewed. The Committee was informed where the key focus areas were and what actions had been agreed locally to implement any required adjustments. In addition to being a core principle of the Committee, there is a clear culture in our business of ensuring we offer competitive and fair pay to all employees. Our approach, across our business, is guided by our six principles which are set out overleaf.

1 Market competitive

The pay of our people is reflective of their skills, role and function and also the market data.

We annually review the pay of each person and actively manage any who fall below the market competitive range.

2 Free from discrimination

Our pay should not be affected by gender, age, disability, gender identity and expression, sexual orientation, race, cultural background or belief.

We annually compare the average position of our males and females against their market benchmark, grade and function to identify and understand the differences.

3 Ensure a good standard of living

We work with the independent organisation, Fair Wage Network, to assess how our pay compares to the "living wage" in each of our markets as we are committed to providing a good standard of living for our people and their family.

4 Share in our successes

All our people should have the opportunity to share in our success by being eligible to receive some form of performance related pay, e.g. a bonus, shares or sales incentive.

5 Provide benefits for all

Our global standard is to offer all our people life insurance and access to either Company or State provided healthcare and pension provision.

Globally, at Vodafone, all new mothers are offered at least 16 weeks fully paid maternity leave and can return to work for four days a week, paid five days for the first six months. All non-birthing partners are offered at least two weeks fully paid parental leave.

6 Open and transparent

With a series of user friendly guides and an annual Reward Statement, which help explain our people's pay packages and outline the value of their core pay package, we ensure that our people understand their pay.

In addition they also receive monthly or weekly payslips and a payment schedule.

Stakeholder engagement

The Committee considers all stakeholder groups when setting executive pay including:

Colleagues

The Committee is fully briefed on pay arrangements across the business to ensure any decisions on executive pay are made within our wider business context. We engage with our employees through a variety of means including Employee Forums, Town Hall meetings (including with our executives), global annual people survey and digital platforms – all of which give our people the chance to voice their opinion on any area of interest – including executive pay.

Shareholders

The Committee values the active participation of our shareholders during our consultations and fully considers all feedback as part of the review process. This year we started our consultation in November 2019 (for the July 2020 AGM) to ensure all parties had adequate time for engagement.

Government

The Committee actively engages with external professional bodies/government departments when they issue consultations on proposed changes to legislation/reporting guidelines.

Wider society

The Committee is fully aware that society has grown increasingly concerned about executive pay in the wider market. The Committee believes that through transparent reporting and active engagement in explaining both the operation of, and rationale for, executive pay decisions, trust in this area can be rebuilt.

UK Gender Pay Gap reporting

For the last three years, we have published our UK Gender Pay Gap in line with the statutory UK methodology. We are aware that the nature of the statutory calculation means our UK Gender Pay Gap will fluctuate year-on-year, influenced by changes in our business structure and the percentage of men and women at all levels and positions.

Notwithstanding this, through our commitment to embed diversity into our culture, with Inclusion for All being a key pillar of our purpose, we aim to reduce the gap over time. Our initiatives aim to support all women across different roles, areas, and geographies of our business and will, over time, reduce our specific UK Gender Pay Gap (which this year was calculated as 10.9% – a decrease from our prior year figure of 16.1%).

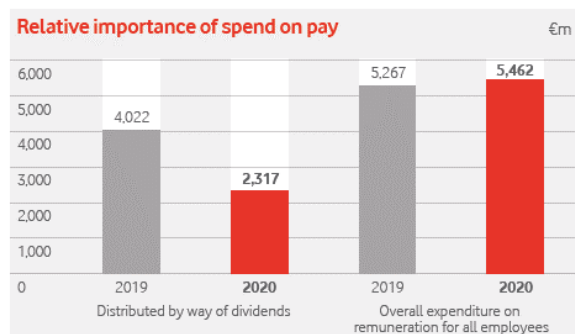
The existence of a UK gender pay gap in our business is primarily a consequence of more men than women holding senior or specialist, and therefore higher-paid, roles. We recognise the progress we are making but appreciate there is more to be done. Further details of our initiatives in this area, case studies from our colleagues, and key statistics can be found on our dedicated UK Gender Pay Gap webpage on www.vodafone.com/uk-gender-pay-gap.

Annual Report on Remuneration (continued)

Relative spend on pay

The chart below shows both the dividends distributed in the year and the total cost of remuneration in the Group.

For more details on dividends and expenditure on remuneration for all employees, please see pages 174 and 204 respectively.



CEO pay ratio

The following table sets out our CEO pay ratio figures in respect of 2020 and 2019:

Year	CEO Single Figure	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	£3,714k	Option B	118:1	73:1	47:1
2019 ¹	£4,359k	Option B	154:1	107:1	56:1

Note:

1 The CEO single figure used in the calculation of the 2019 ratios reflects a blended figure for Vittorio Colao and Nick Read, recognising the change in incumbency for the role during this year.

Year	Supporting information	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	Salary	£28.0k	£42.8k	£65.0k
	Total pay and benefits	£31.3k	£51.1k	£78.6k
2019	Salary	£23.1k	£36.4k	£65.0k
	Total pay and benefits	£28.3k	£40.8k	£78.2k

The calculation methodology used reflects Option B as defined under the relevant regulations. In line with the relevant regulations this utilises the most recently collected and disclosed data analysed within our Gender Pay Gap report, with employees at the three quartiles identified from this analysis and their respective single figure values calculated.

To ensure this data accurately reflects individuals at such quartiles, the single figure values for individuals immediately above and below the identified employee at each quartile within the Gender Pay Gap analysis were also reviewed.

This year our ratios decreased when viewed on a year-on-year basis. This was partly driven by the methodology required for our 2019 ratio, which was a blended figure of our current Chief Executive and his predecessor. In normal years we expect the ratios to be primarily driven by the valuation of the long-term incentive that is included in the Chief Executive's single figure for the year.

Change in the Chief Executive's remuneration between 2019 and 2020

In the table below we show the percentage change in the Chief Executive's remuneration (salary, taxable benefits and annual bonus payment) between the 2019 and 2020 financial years compared to the average for other Vodafone Group employees who are measured on comparable business objectives and who have been employed in the UK since 2019 (per capita). Vodafone has employees based all around the world and some of these individuals work in countries with very high inflation; therefore a comparison to Vodafone's UK-based Group employees is more appropriate than to all employees.

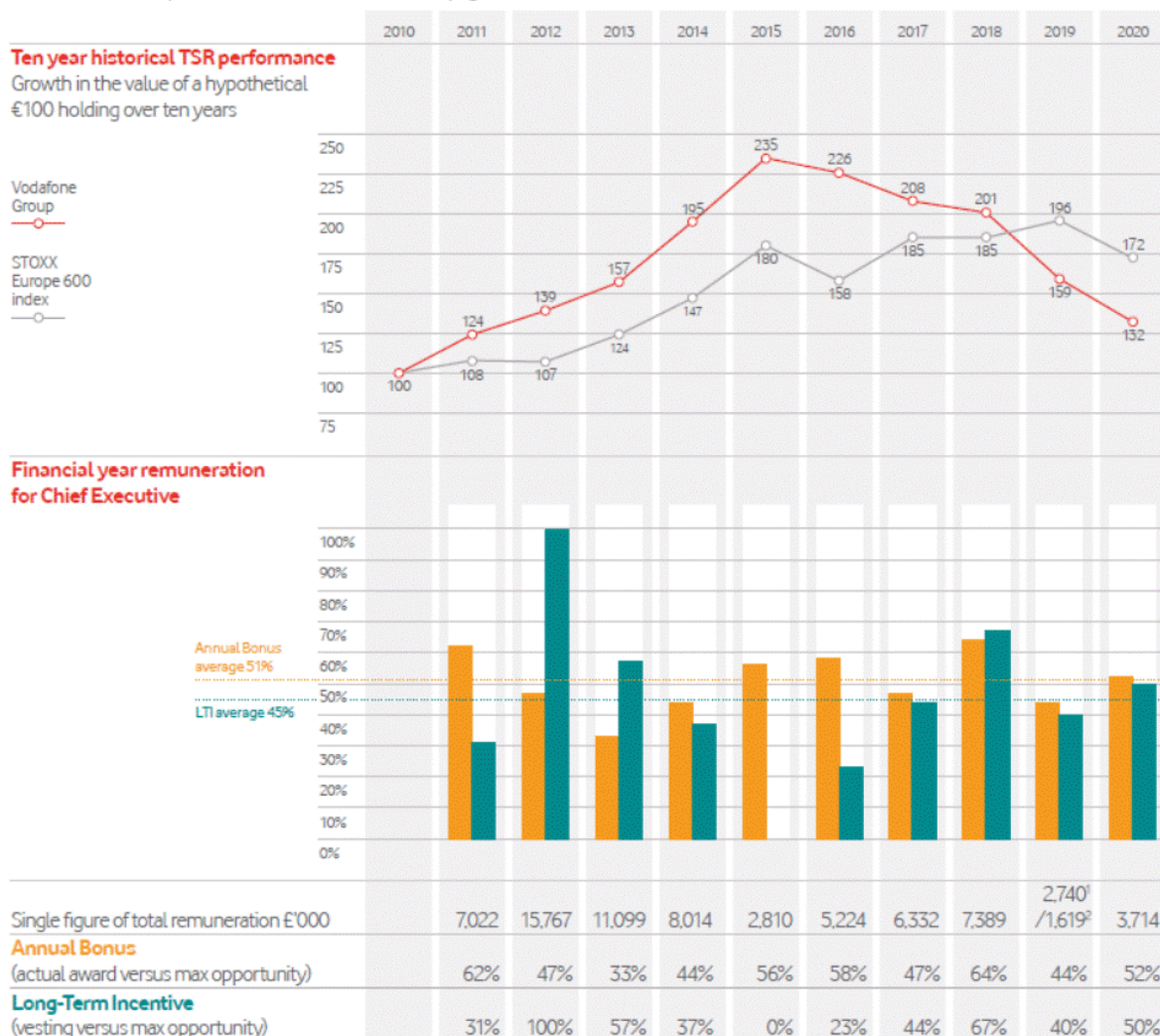
In line with the regulations, the table below calculates the percentage change in the Chief Executive's remuneration by comparing Nick Read's 2020 remuneration with his 2019 remuneration – the latter of which partly reflects his arrangement as Chief Financial Officer prior to his appointment as Chief Executive on 1 October 2018.

Due to the timing of this change in role, this year's figures show higher changes than normal in respect of the role of Chief Executive (as it is not a like-for-like comparison). This is similar to how the 2019 figures showed a significant decrease, due to how Nick's 2019 figure (which as stated above includes an element of pay in respect of his previous role) was being compared to a 2018 figure which reflected a full-year Chief Executive figure in respect of his predecessor. Nick's salary has not changed since his appointment to the role of Chief Executive.

Item	Percentage change from 2019 to 2020	
	Chief Executive	Other Vodafone Group employees employed in the UK
Base salary	10.9%	5.1%
Taxable benefits	44.8%	0.1%
Annual bonus	18.2%	30.8%

Assessing pay and performance

In the table below we summarise the Chief Executive's single figure remuneration over the past ten years, as well as how our variable pay plans have paid out in relation to the maximum opportunity. This can be compared with the historic TSR performance over the same period. The chart below shows the performance of the Company relative to the STOXX Europe 600 Index over a ten year period. The STOXX Europe 600 Index was selected as this is a broad-based index that includes many of our closest competitors. It should be noted that the payout from the long-term incentive plan is based on the TSR performance shown in the chart on page 111 and not this chart.



Notes:

- 1 Reflects the single figure in respect of Vittorio Colao for the period to 30 September 2018.
- 2 Reflects the single figure in respect of Nick Read for the period from 1 October 2018.

Annual Report on Remuneration (continued)

2020 remuneration for the Chairman and Non-Executive Directors

	Salary/fees		Benefits ¹		Total	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Chairman						
Gerard Kleisterlee	650	644	53	86	703	730
Senior Independent Director						
Valerie Gooding	165	165	5	7	170	172
Non-Executive Directors						
Sanjiv Ahuja (appointed 9 November 2018)	115	45	3	–	118	45
Sir Crispin Davis	115	115	23	1	138	116
Michel Demaré (appointed 1 February 2018)	115	115	11	17	126	132
Dame Clara Furse	115	115	3	2	118	117
Renee James ²	133	139	11	17	144	156
Maria Amparo Moraleda Martinez	115	115	14	18	129	133
David Nish	140	140	31	37	171	177
David Thodey (appointed 1 September 2019)	67	–	19	–	86	–
Former Non-Executive Directors						
Sam Jonah ² (retired 23 July 2019)	50	151	6	15	56	166
Total	1,780	1,744	179	200	1,959	1,944

Notes:

1 We have been advised that for Non-Executive Directors, certain travel and accommodation expenses in relation to attending Board meetings should be treated as a taxable benefit. The table above includes these travel expenses and the corresponding tax contribution.

2 Salary/fees include an additional allowance of £6,000 per meeting for Directors based outside of Europe.

2021 remuneration

Details of how the Remuneration Policy will be implemented for the 2021 financial year are set out below.

Prior to reviewing executive remuneration arrangements the Committee was fully briefed on remuneration arrangements elsewhere in the business. This included a detailed discussion on the structure of remuneration offerings at each level of the business and how pay at these levels is determined. The Committee also considered the wider external context in light of the developing COVID-19 situation, and the commitments made to our wider employee population.

The cumulative effect of these discussions was that the Committee was able to make decisions in respect of executive remuneration within the context of how, and appreciating the rationale for why, remuneration arrangements evolve across the different levels within the organisation.

2021 base salaries

In March 2020 the Committee reviewed executive remuneration arrangements against the following comparator groups:

- 1) A EuroTop peer group constituting the top 50 European companies (excluding financial services companies) and a few other select companies relevant to the telco sector; and
- 2) The FTSE 30 (excluding financial services companies).

Following this review, the Committee agreed that the salaries for both the Chief Executive and Chief Financial Officer would remain unchanged at:

- Chief Executive: Nick Read £1,050,000; and
- Chief Financial Officer: Margherita Della Valle £700,000.

The Committee further determined that salaries for Executive Committee members will also remain unchanged.

Pension

Pension arrangements for both the Chief Executive and the Chief Financial Officer will remain unchanged at 10% of salary, in line with the maximum employer contribution level for the wider UK population.

2021 Annual Bonus ('GSTIP')

As set out on page 98 of the Letter from the Remuneration Committee Chairman, the Committee originally agreed at the March 2020 meeting that the annual bonus performance conditions and their respective weightings for 2021 should remain unchanged from 2020.

However, in light of the uncertainty caused by COVID-19 and the subsequent difficulty in setting an appropriate service revenue target, it was agreed at the May 2020 meeting for this condition to be removed from the 2021 plan. The Committee believes this is important in maintaining the integrity of the targets set under the plan. The remaining measures will be retained and weighted as set out below.

- adjusted EBIT (1/3);
- adjusted free cash flow (1/3); and
- customer appreciation KPIs (1/3). This includes an assessment of churn, revenue market share, and Net Promoter Score¹ ('NPS').

Note:

1 The assessment of NPS utilises data collected in our local markets which is validated for quality and consistency by independent third party agencies.

Due to the potential impact on our commercial interests, annual bonus targets are considered commercially sensitive and therefore will be disclosed in the 2021 Remuneration Report following the completion of the financial year.

Long-term incentive ('GLTI') awards for 2021

Awards for 2021 will be made in line with the arrangements described in our policy on pages 104 and 105. Vesting of the 2021 award will be subject to the performance of adjusted free cash flow, relative TSR, and ESG performance.

As set out in the Letter from the Remuneration Committee Chairman, the Committee will approve the 2021 awards prior to the planned November grant taking account of all information at the time. Whilst the normal weightings of our measures will be 60% on FCF, 30% on relative TSR, and 10% on ESG, the Committee will review these prior to the November 2020 grant and assess whether they remain appropriate for this grant in the context of the situation at the time. Notwithstanding this, in-line with feedback received during this year's shareholder consultation, the ESG measure will constitute 10% of the total award, and TSR will have a minimum weighting of 30%.

Further details for the 2021 award targets are provided below.

Adjusted free cash flow

As set out in the Letter from the Remuneration Committee Chairman, due to the difficulty in setting an accurate and appropriate three year adjusted free cash flow target in the current environment prior to the date of this report's publication, the decision on the target range for this measure will be made closer to the time of the November 2020 grant. Details of the final range will be disclosed in the relevant market announcement at the time of grant, and published in the 2021 Directors' Remuneration Report.

Relative TSR

Following the annual review of the performance measures which included a review of analysis provided by the Committee's external advisers, the Committee determined that the TSR outperformance range for the 2021 award should continue to be set at the 80th percentile equivalent for maximum performance. For the 2021 award, this equates to outperformance of 8.50% p.a. at maximum. This is the same outperformance range as used under the 2020 award and remains at the top end of market practice in this area.

The Committee further determined that given the strategic importance of Germany as market to the wider business, the TSR peer group should be expanded to include Telefónica Deutschland.

	TSR outperformance	Vesting (% of Relative TSR element)
Below threshold	Below median	0.0%
Threshold	Median	20.0%
Maximum	8.50% p.a. (80th percentile equivalent)	100.0%

TSR peer group				
BT Group	Deutsche Telekom	Liberty Global	MTN	Orange
Royal KPN	Telecom Italia	Telefónica	Telefónica Deutschland	

Linear interpolation (i.e. straight-line vesting) occurs for performance between threshold and maximum.

Annual Report on Remuneration (continued)

ESG

The Committee is aware of the importance of linking any non-financial measures to quantifiable and robust targets. When consulting with our shareholders, the Committee's proposal to link the new ESG element of the GLTI award directly to our purpose and the associated externally communicated ambitions and targets, received strong support.

The table below sets out how performance under the ESG measure will be assessed against three quantitative ambitions:

Purpose pillar	Metric for 2021 GLTI	Overall ambition	Baseline position for 2021 GLTI	Ambition for 2021 GLTI
Planet	Greenhouse gas reduction	50% reduction from FY17 baseline by 2025	11% reduction from FY17 baseline at 31 March 2020	40% reduction from FY17 baseline by 31 March 2023
Inclusion for All	Women in management	40% of women in management by 2030	31% of women in management at 31 March 2020	34% of women in management by 31 March 2023
Digital Society	M-Pesa connections	Connect >50m people and their families to mobile money by 2025	40.5m connections at 31 March 2020	56m connections by 31 March 2023

Each ambition for the 2021 award has been set by considering both our externally communicated target, and our internal progress as at 31 March 2020. Where we are ahead of our originally communicated external ambition, for example in M-Pesa connections, we have set our target recognising this so as to ensure all ambitions remain stretching against actual current performance.

At the end of the performance period the Committee will assess achievement across the three metrics against the stated ambitions and determine vesting under this element. Full disclosure of the rationale for the final vesting decision will be provided in the relevant Directors' Remuneration Report.

Further details on our initiatives and progress during the year in respect of the three pillars of our purpose can be found on pages 40 to 47.

2021 remuneration for the Chairman and Non-Executive Directors

For the 2020 review the fees for our Chairman and Non-Executive Directors have been benchmarked against the FTSE 30 (excluding financial services companies). Following the review it was agreed that no changes will be made to the current fee levels which are set out in the table below.

Position/role	Fee payable £'000
Chairman ¹	650
Non-Executive Director	115
Additional combined fee for Senior Independent Director and Chairman of the Remuneration Committee	50
Additional fee for Chairmanship of Audit and Risk Committee	25

Note:

¹ The Chairman's fee also includes the fee for the Chairmanship of the Nominations and Governance Committee.

Subject to shareholder approval, Jean-François van Boxmeer will join the Board as a Non-Executive Director following the AGM on 28 July 2020. Jean-François will receive a fee in respect of this role in line with our approach set out above. Upon his appointment as Chairman, the fee paid to Jean-François will change to reflect the fee paid for the role of Chairman (as also set out in the table above). Both fees will be pro-rated to reflect time served in each position during the year.

For 2021 the allowance payable each time a non-Europe-based Non-Executive Director eligible for this legacy arrangement is required to travel to attend Board and Committee meetings to reflect the additional time commitment involved is £6,000.

Further remuneration information**Dilution**

All awards are made under plans that incorporate dilution limits as set out in the guidelines for share incentive schemes published by the Investment Association. The current estimated dilution from subsisting executive awards is approximately 2.6% of the Company's share capital at 31 March 2020 (2.7% at 31 March 2019), whilst from all-employee share awards it is approximately 0.3% (0.3% at 31 March 2019). This gives a total dilution of 2.9% (3.0% at 31 March 2019).

Service contracts

The terms and conditions of appointment of our Directors are available for inspection at the Company's registered office during normal business hours and at the annual general meeting (for 15 minutes prior to the meeting and during the meeting). The Executive Directors have notice periods in their service contracts of 12 months. The Non-Executive Directors' letters of appointment do not contain provision for notice periods or for compensation if their appointments are terminated.

This report on remuneration has been approved by the Board of Directors and signed on its behalf by:

/s/ Valerie Gooding

Valerie Gooding
Chairman of the Remuneration Committee

2 July 2020

Our US listing requirements

As Vodafone's American depositary shares are listed on NASDAQ Stock Market LLC ('NASDAQ'), we are required to disclose a summary of any material differences between the corporate governance practices we follow and those of US companies listed on NASDAQ. Vodafone's corporate governance practices are primarily based on UK requirements but substantially conform to those required of US companies listed on NASDAQ. The material differences are set out in the following table:

Board member independence	Different tests of independence for Board members are applied under the 2018 UK Corporate Governance Code and the NASDAQ listing rules. The Board is not required to take into consideration NASDAQ's detailed definitions of independence as set out in the NASDAQ listing rules. The Board has carried out an assessment based on the independence requirements of the Code and has determined that, in its judgement, each of Vodafone's Non-Executive Directors is independent within the meaning of those requirements.
Committees	<p>The NASDAQ listing rules require US companies to have a nominations committee, an audit committee and a compensation committee, each composed entirely of independent directors, with the nominations committee and the audit committee each required to have a written charter which addresses the committee's purpose and responsibilities, and the compensation committee having sole authority and adequate funding to engage compensation consultants, independent legal counsel and other compensation advisers.</p> <ul style="list-style-type: none"> – Our Nominations and Governance Committee is chaired by the Chairman of the Board and its other members are independent Non-Executive Directors. – Our Remuneration Committee is composed entirely of independent Non-Executive Directors. – Our Audit and Risk Committee is composed entirely of Non-Executive Directors, each of whom (i) the Board has determined to be independent based on the independence requirements of the Code and (ii) meets the independence requirements of the Securities Exchange Act 1934. – We have terms of reference for our Nominations and Governance Committee, Audit and Risk Committee and Remuneration Committee, each of which complies with the requirements of the Code and is available for inspection on our website at vodafone.com/governance. – These terms of reference are generally responsive to the relevant NASDAQ listing rules, but may not address all aspects of these rules.
Code of Ethics and Code of Conduct	<p>Under the NASDAQ listing rules, US companies must adopt a Code of Conduct applicable to all directors, officers and employees that complies with the definition of a "code of ethics" set out in section 406 of the Sarbanes-Oxley Act.</p> <ul style="list-style-type: none"> – We have adopted a Code of Ethics that complies with section 406 of the Sarbanes-Oxley Act which is applicable only to the senior financial and principal executive officers, and which is available on our website at vodafone.com/governance. – We have also adopted a separate Code of Conduct which applies to all employees.
Quorum	The quorum required for shareholder meetings, in accordance with our Articles of Association, is two shareholders, regardless of the level of their aggregate share ownership, while US companies listed on NASDAQ are required by the NASDAQ listing rules to have a minimum quorum of 33.33% of the shareholders of ordinary shares for shareholder meetings.
Related party transactions	<p>In lieu of obtaining an independent review of related party transactions for conflicts of interests in accordance with the NASDAQ listing rules, we seek shareholder approval for related party transactions that (i) meet certain financial thresholds or (ii) have unusual features in accordance with the Listing Rules issued by the FCA in the UK (the 'Listing Rules'), the Companies Act 2006 and our Articles of Association.</p> <p>Further, we use the definition of a transaction with a related party as set out in the Listing Rules, which differs in certain respects from the definition of related party transaction in the NASDAQ listing rules.</p>
Shareholder approval	When determining whether shareholder approval is required for a proposed transaction, we comply with both the NASDAQ listing rules and the Listing Rules. Under the NASDAQ listing rules, whether shareholder approval is required for a transaction depends on, among other things, the percentage of shares to be issued or sold in connection with the transaction. Under the Listing Rules, whether shareholder approval is required for a transaction depends on, among other things, whether the size of a transaction exceeds a certain percentage of the size of the listed company undertaking the transaction.

Directors' report

The Directors of the Company present their report together with the audited consolidated financial statements for the year ended 31 March 2020.

This report has been prepared in accordance with requirements outlined within The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and forms part of the management report as required under Disclosure Guidance and Transparency Rule ('DTR') 4. Certain information that fulfils the requirements of the Directors' report can be found elsewhere in this document and is referred to below. This information is incorporated into this Directors' report by reference.

Responsibility statement

As required under the DTRs, a statement made by the Board regarding the preparation of the financial statements is set out on pages 125 and 126 which also provides details regarding the disclosure of information to the Company's auditor and management's report on internal control over financial information.

Going concern

The going concern statement required by the Listing Rules and the UK Corporate Governance Code (the 'Code') is set out in the "Directors' statement of responsibility" on page 126.

System of risk management and internal control

The Board is responsible for maintaining a risk management and internal control system and for managing principal risks faced by the Group. Such a system is designed to manage rather than eliminate business risks and can only provide reasonable and not absolute assurance against material mistreatment or loss. This is described in more detail in the Audit and Risk Committee Report on pages 90 to 95.

The Board has implemented in full the FRC "Guidance on Risk Management Internal Control and related Financial and Business Reporting" for the year and to the date of this Annual Report. The resulting procedures, which are subject to regular monitoring and review, provide an ongoing process for identifying, evaluating and managing the Company's principal risks (which can be found on pages 62 to 71).

Corporate Governance Statement

The Corporate Governance Statement setting out how the Company complies with the Code and which includes a description of the main features of our internal control and risk management arrangements in relation to the financial reporting process is set out on pages 72 to 120. The information required by DTR 7.2.6R can be found in the "Shareholder information" section on pages 248 to 254. A description of the composition and operation of the Board and its Committees including the Board Diversity Policy is set out on pages 87 to 89. The Code can be viewed in full at frc.org.uk.

Strategic Report

The Strategic Report is set out on pages 6 to 71 and is incorporated into this Directors' report by reference.

Directors and their interests

The Directors of the Company who served during the financial year ended 31 March 2020 and up to the date of signing the financial statements are as follows: Gerard Kleisterlee, Nick Read, Margherita Della Valle, Sanjiv Ahuja, Sir Crispin Davis, Michel Demaré, Dame Clara Furse, Valerie Gooding, Renee James, Amparo Moraleda, David Nish, Samuel Jonah (stepped down on 23 July 2019) and David Thodey (appointed on 1 September 2019). A summary of the rules relating to the appointment and replacement of Directors and Directors' powers can be found on page 250. Details of Directors' interests in the Company's ordinary shares, options held over ordinary shares, interests in share options and long-term incentive plans are set out on pages 96 to 120.

Directors' conflicts of interest

Established within the Company is a procedure for managing and monitoring conflicts of interest for Directors. Details of this procedure are set out on page 88.

Directors' indemnities

In accordance with our Articles of Association and to the extent permitted by law, Directors are granted an indemnity from the Company in respect of liability incurred as a result of their office. In addition, we maintained a Directors' and officers' liability insurance policy throughout the year. Neither our indemnity nor the insurance provides cover in the event that a Director is proven to have acted dishonestly or fraudulently.

Disclosures required under Listing Rule 9.8.4

The information on the amount of interest capitalised and the treatment of tax relief can be found in notes 5 and 6 to the consolidated financial statements respectively. The remaining disclosures required by Listing Rule 9.8.4 are not applicable to Vodafone.

Capital structure and rights attaching to shares

All information relating to the Company's capital structure, rights attaching to shares, dividends, the policy to repurchase the Company's own shares and details of other shareholder information is contained on pages 248 to 254.

Change of control

Details of change of control provisions in the Company's revolving credit facilities are set out in note 22 "Capital and financial risk management".

Information on agreements between the Company and its Directors providing for compensation for loss of office of employment (including details of change of control provisions in share schemes) is set out on pages 106 and 107. Subject to that, there are no agreements between the Company and its employees providing for compensation for loss of office of employment that occurs because of a takeover bid.

Dividends

Full details of the Company's dividend policy and proposed final dividend payment for the year ended 31 March 2020 are set out on page 39 and note 9 to the consolidated financial statements.

Sustainability

Information about the Company's approach to sustainability risks and opportunities is set out on pages 40 to 51. Also included on these pages are details of our greenhouse gas emissions.

Political donations

No political donations or contributions to political parties under the Companies Act 2006 have been made during the financial year. The Group policy is that no political donations be made or political expenditure incurred.

Financial risk management objectives and policies

Disclosures relating to financial risk management objectives and policies, including our policy for hedging are set out in note 22 to the consolidated financial statements and disclosures relating to exposure to price risk, credit risk, liquidity risk and cash flow risk are outlined in note 22.

Important events since the end of the financial year

Details of those important events affecting the Group which have occurred since the end of the financial year are set out in the Strategic Report and note 31 to the consolidated financial statements.

Future developments within the Group

The Strategic Report contains details of likely future developments within the Group.

Group policy compliance

Each Group policy is owned by a member of the Executive Committee so that there is clear accountability and authority for ensuring the associated business risk is adequately managed. Regional Chief Executives and the Senior Leadership Team member responsible for each Group function have primary accountability for ensuring compliance with all Group policies by all our markets and entities.

Our Group compliance team and policy champions support the policy owners and local markets in implementing policies and monitoring compliance. All of the key Group policies have been consolidated into the Vodafone Code of Conduct which applies to all employees and those who work for or on behalf of Vodafone. It sets out the standards of behaviour expected in relation to areas such as insider dealing, bribery and raising concerns through the whistle blowing process (known internally as Speak Up).

Branches

The Group, through various subsidiaries, has branches in a number of different jurisdictions in which the business operates. Further details are included in note 33.

Employee disclosures

Vodafone is an inclusive employer and diversity is important to us. We give full and fair consideration to applications for employment by disabled persons and the continued employment of anyone incurring a disability while employed by us. Training, career development and promotion opportunities are equally applied for all our employees, regardless of disability. Our disclosures relating to the employment of women in senior management roles, diversity, employee engagement and policies are set out on pages 56 to 61.

By Order of the Board

/s/ Rosemary Martin

Rosemary Martin

Group General Counsel and Company Secretary

2 July 2020

Reporting our financial performance

Focus on clear, effective and concise reporting

We continue to review the format of our consolidated financial statements with the aim of making them clearer and easier to follow. To help you navigate to information that might be important to you, three key matters in the year were:



Adoption of IFRS 16

We include detailed disclosures in note 1 "Basis of preparation" relating to the impact of adopting IFRS 16 "Leases" in the current financial year and in note 20 "Leases" which details our lease accounting policy.

145 For more information



Acquisitions and disposals

On 31 July 2019, the Group completed the acquisition of Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania. On the same day, the Group completed the sale of 100% of Vodafone New Zealand Limited. On 31 March 2020, Vodafone Italy merged its passive network infrastructure with Infrastrutture Wireless Italiane S.p.A. See note 27 "Acquisitions and disposals" for further details.

211 For more information

€1.7 billion
of impairment
losses

Impairment

We include details of the €1.7 billion impairment charge recorded in respect of the Group's investments in Spain, Ireland, Romania and Vodafone Automotive in note 4 "Impairment losses".

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Directors' statement of responsibility

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations and keeping proper accounting records. Detailed below are statements made by the Directors in relation to their responsibilities, disclosure of information to the Company's auditor, going concern and management's report on internal control over financial reporting.

Financial statements and accounting records

Company law of England and Wales requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted for use in the EU and Article 4 of the EU IAS Regulations. The Directors also ensure that the consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ('IASB');
- state for the Company's financial statements whether applicable UK accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and for the consolidated financial statements, Article 4 of the EU IAS Regulation. They are also responsible for the system of internal control, for safeguarding the assets of the Company and the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

Each of the Directors, whose names and functions are listed on pages 76 and 77 confirms that, to the best of his or her knowledge:

- the consolidated financial statements, prepared in accordance with IFRS as issued by the IASB and IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group, together with a description and robust assessment of the principal risks and uncertainties that it faces.

The Directors are also responsible under section 172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole and in doing so have regard for the needs of wider society and stakeholders, including customers, consistent with the Group's core and sustainable business objectives.

Having taken advice from the Audit and Risk Committee, the Board considers the report and accounts, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Neither the Company nor the Directors accept any liability to any person in relation to the Annual Report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A and schedule 10A of the Financial Services and Markets Act 2000.

Disclosure of information to the auditors

Having made the requisite enquiries, so far as the Directors are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's auditor is unaware and the Directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

The Group's business activities, performance, position, principal risks and uncertainties and the Directors' assessment of its long-term viability are set out in the Strategic Report on page 71. A range of mitigations for risks faced by the Group are included on pages 127 to 131.

In addition, the funding position of the Group included in "Borrowings" and "Capital and financial risk management" in notes 21 and 22, respectively, to the consolidated financial statements. Notes 21 and 22 include disclosure in relation to the Group's objectives, policies and processes for managing as well as details regarding its capital, its financial risk management objectives; details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk. As noted on page 193, the Group has access to substantial cash and financing facilities.

The Group also believes it adequately manages or mitigates its solvency and liquidity risks through two primary processes, described below.

Business planning process and performance management

The Group's forecasting and planning cycle consists of three in-year forecasts, a budget and a long-range plan. These generate income statement, cash flow and net debt projections for assessment by Group management and the Board. Each forecast is compared with prior forecasts and actual results so as to identify variances and understand the drivers of the changes and their future impact so as to allow management to take action where appropriate. Additional analysis is undertaken to review and sense check the key assumptions underpinning the forecasts.

Directors' statement of responsibility (continued)

Cash flow and liquidity reviews

The business planning process provides outputs for detailed cash flow and liquidity reviews, to ensure that the Group maintains adequate liquidity throughout the forecast periods. The prime output is a one year liquidity forecast which is prepared and updated on a daily basis which highlights the extent of the Group's liquidity based on controlled cash flows and the headroom under the Group's undrawn revolving credit facility ('RCF'). The key inputs into this forecast are:

- free cash flow forecasts, with the first three months' inputs being sourced directly from the operating companies (analysed on a daily basis), with information beyond this taken from the latest forecast/budget cycle;
- bond and other debt maturities; and
- expectations for shareholder returns, spectrum auctions and M&A activity.

The liquidity forecast shows two scenarios assuming either maturing commercial paper is refinanced or no new commercial paper issuance. The liquidity forecast is reviewed by the Group Chief Financial Officer and included in each of her reports to the Board. In addition, the Group continues to manage its foreign exchange and interest rate risks within the framework of policies and guidelines authorised and reviewed by the Board, with oversight provided by the Treasury Risk Committee.

COVID-19

The potential impact of COVID-19 on the Group has been considered as part of the going concern assessment. The Directors have reviewed the liquidity forecasts for the Group, which have been updated for the expected impact of COVID-19 on trading. The Directors have also considered sensitivities in respect of potential downside scenarios in concluding that the Group is able to continue in operation for a period of at least twelve months from the date of approving the consolidated financial statements. Those sensitivities include a downside scenario for COVID-19 on trading performance, exclusion of cash collateral received under the Group's collateral support agreements, and non-refinancing of debt maturities in the assessment period. In addition to the liquidity forecasts prepared, the Director's considered the availability of both the Group's €7.7 billion revolving credit facilities, undrawn as at 31 March 2020, and mitigating actions should they be required.

In reaching its conclusion on the going concern assessment, the Directors also considered the findings of the work performed to support the statement on the long-term viability of the Group. As noted on pages 70 and 71, this included key changes to the principal risks relevant to the sustainability of our operations in light of the COVID-19 pandemic, sensitivity analysis, scenario assessments, and combinations thereof, including that of a longer-term global recession with likely impacts beyond 2020.

Conclusion

Based on the review the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and accounts.

Controls over financial reporting

Disclosure controls and procedures

The Directors, the Chief Executive and the Chief Financial Officer have evaluated the effectiveness of the disclosure controls and procedures, including those defined in the United States Securities Exchange Act of 1934, Rule 13a-15(e), and, based on that evaluation, have concluded that the disclosure controls and procedures were effective at the end of the period covered by this report.

Management's report on internal control over financial reporting

As required by section 404 of the US Sarbanes-Oxley Act, management is responsible for establishing and maintaining adequate internal control over financial reporting for the Group. The Group's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets;
- are designed to provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with IFRS, as adopted by the EU and IFRS as issued by the IASB, and that receipts and expenditures are being made only in accordance with authorisation of management and the Directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Group's assets that could have a material effect on the financial statements.

Any internal control framework, no matter how well designed, has inherent limitations including the possibility of human error and the circumvention or overriding of the controls and procedures, and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of the internal control over financial reporting at 31 March 2020 based on the updated Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') in 2013. Based on management's assessment, management has concluded that internal control over financial reporting was effective at 31 March 2020.

The assessment excluded the internal controls over financial reporting relating to certain subsidiaries in Germany, Czech Republic, Hungary and Romania that were acquired from Liberty Global in the year, as described in note 27 "Acquisitions and disposals". These subsidiaries will be included in the Group's assessment at 31 March 2021. Key amounts consolidated for these acquired companies at 31 March 2020 were total assets of €21,944 million, net assets of €11,786 million and revenue and loss for the financial year of €1,993 million and €209 million, respectively.

During the period covered by this document, there were no changes in the Group's internal control over financial reporting that have materially affected or are reasonably likely to materially affect the effectiveness of the internal controls over financial reporting.

The Group's internal control over financial reporting at 31 March 2020 has been audited by Ernst & Young LLP, an independent registered public accounting firm who also audit the Group's consolidated financial statements. Their audit report on internal control over financial reporting is on page 140.

By Order of the Board

/s/ Rosemary Martin

Rosemary Martin
Group General Counsel and Company Secretary
2 July 2020

Risk mitigation

Mitigations for risks faced by the Group include:

Managing our risks

Each principal risk is assigned an executive owner who is accountable for setting the target tolerance level. The executive owner is responsible for confirming adequate controls are in place and that the necessary action plans are implemented to bring the risk profile within an acceptable tolerance. To provide adequate oversight, we report throughout the year on principal and emerging risks, and hold in-depth reviews of all principal risks at different oversight committees. Figure 1 on page 62 presents an overview of our process and governance structures, including the Audit and Risk Committee and Board.

We develop severe but plausible scenarios for all risks. These scenarios not only provide insights into possible threats and points of failure, allowing us to react and adjust our strategy accordingly, but are also used for the purpose of assessing our viability (page 71).

Strengthening our framework

Over the course of the year, we have:

- Further enhanced and driven adoption of our **global risk tool**, allowing us to have a single source of risk and assurance data;
- Continued to develop the **link between risk and budgeting** to inform the capital allocation reviews in a timely manner;
- Implemented a process for **tracking action plans** to manage our principal risks; and
- Continued with our engagement programme to develop our **global risk community**.

Key improvement projects underway consist of:

- Enhancing our approach to assessing the impact of **emerging risks** by evaluating long-term scenarios;
- Improving the way we collect and treat early signals in the internal and external environment by embedding the use of **risk indicators**;
- Continuing to align with TCFD by assessing the impact of the **climate-related** risks and opportunities to meet future requirements; and
- Further enhancing our risk processes reflecting lessons learned from the COVID-19 pandemic to be better **prepared** in the future.

Risk mitigation (continued)

Global economic disruption	Risk owner: Margherita Della Valle
	How we manage it: We have a long average life of debt which minimises re-financing requirements, and the vast majority of our interests costs are fixed. We maintain sufficient liquidity resources so that we can cope for a prolonged period of time without accessing the capital markets.
Cyber threat and information security	Risk owner: Johan Wibergh
	How we manage it: We protect Vodafone and our customers from cyber threats by continuing to strengthen global and local security controls.
Geo-political risk in supply chain	Risk owner: Joakim Reiter
	How we manage it: We are closely monitoring the political situation around our key suppliers. We are also engaging with governments, experts and suppliers to remain fully informed so that we can respond accordingly and comply with the latest regulations, economic sanctions and trade rulings.
Adverse political and regulatory measures	Risk owners: Joakim Reiter and Margherita Della Valle
	How we manage it: We address issues openly with policy makers and regulatory authorities to find mutually acceptable ways forward.
Technology failure	Risk owner: Johan Wibergh
	How we manage it: Unique recovery targets are set for essential assets to limit the impact of service outages. A global policy supports these targets with requisite controls to provide effective resilience.

<p>Year-on-year risk movement: Increased</p>		<p>Risk category: Financial</p>
<p>Our target tolerance: We need to take a conservative approach to managing financial risks.</p>		
<p>Year-on-year risk movement: Stable</p>		<p>Risk category: Technological</p>
<p>Our target tolerance: Our risk tolerance is to avoid a material cyber breach, loss of data or reputational impact. Security underpins our commitment to protecting our customers with reliable connections and keeping their data safe.</p>		
<p>Year-on-year risk movement: Stable</p>		<p>Risk category: Strategic</p>
<p>Our target tolerance: We have a diverse range of supplier relationships and we manage these closely with our procurement specialists. We have a multi-vendor strategy in place across our markets to mitigate against supply chain disruption.</p>		
<p>Year-on-year risk movement: Stable</p>		<p>Risk category: Strategic</p>
<p>Our target tolerance: We aim to have strategies that are based on common objectives with political, policy and regulatory stakeholders so as to reduce the risk that our business will be undermined by unpredictable and disproportionate political and regulatory environments and interventions.</p>		
<p>Year-on-year risk movement: Stable</p>		<p>Risk category: Technological</p>
<p>Our target tolerance: Our customer promise is based on reliable availability of our network, therefore the recovery of key mobile, fixed and IT services must be fast and robust.</p>		

Risk mitigation (continued)

<h3>Strategic transformation</h3>	<p>Risk owners: Dr Hannes Ametsreiter and Vivek Badrinath</p>
	<p>How we manage it: Integration specialists and local teams are implementing the many projects and activities that constitute the integration plan. We have robust governance in place to manage our joint ventures effectively.</p>
<h3>Market disruption</h3>	<p>Risk owner: Ahmed Essam</p>
	<p>How we manage it: We closely monitor the competitive environment in all markets, and react appropriately.</p>
<h3>Digital transformation</h3>	<p>Risk owners: Ahmed Essam and Johan Wibergh</p>
	<p>How we manage it: We track individual programmes against our clearly defined objectives and target KPIs throughout the lifecycle of our projects. The aim is to identify new threats then manage and mitigate them.</p>
<h3>Disintermediation</h3>	<p>Risk owner: Ahmed Essam</p>
	<p>How we manage it: We continually strive to introduce innovative propositions and services while evolving our customer experience to deepen the relationship with our customers. Our strategy focuses on simplifying our offer portfolios and accelerating our digital transformation, for a better customer experience.</p>
<h3>Legal and regulatory compliance</h3>	<p>Risk owner: Rosemary Martin</p>
	<p>How we manage it: We have subject matter experts in legal teams and a robust policy compliance framework. We train our employees in "Doing what's right". These training and awareness programmes set out our ethical culture across the organisation and assist employees to understand their role in ensuring compliance.</p>

<p>Year-on-year risk movement: Increase</p>		<p>Risk category: Operational</p>
<p>Our target tolerance: Since strategic transformation is critical to our future, our tolerance for this risk is low.</p>		
<p>Year-on-year risk movement: Decreased</p>		<p>Risk category: Strategic</p>
<p>Our target tolerance: We aim to continue to be competitive in our markets. We are evolving our offers and adopting agile commercial models to mitigate competitive risks using simple, targeted offers, smart pricing models and differentiated customer experience.</p>		
<p>Year-on-year risk movement: Decrease</p>		<p>Risk category: Operational</p>
<p>Our target tolerance: We need to deliver these transformations programmes with the correct mix of efficient systems, relevant skills and digital expertise in alignment with the original planned spend and business benefits.</p>		
<p>Year-on-year risk movement: Stable</p>		<p>Risk category: Strategic</p>
<p>Our target tolerance: We offer a superior customer experience and continually improve our offering through a wide set of innovative products and services. We also develop innovative new products and explore new growth areas such as 5G, IoT, convergence, digital services and security so that we continue to meet our customers' needs.</p>		
<p>Year-on-year risk movement: Stable</p>		<p>Risk category: Operational</p>
<p>Our target tolerance: We seek to comply with all applicable laws and regulations in all of our markets.</p>		

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Vodafone Group Plc

Opinion on the Financial Statements

We have audited the Consolidated statement of financial position of Vodafone Group Plc and its subsidiaries (the "Company") as at 31 March 2019 and the related Consolidated income statement and Consolidated statement of comprehensive income, the Consolidated statement of cash flows and the Consolidated statement of changes in equity for each of the two years in the period ended 31 March 2019, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of 31 March 2019 and the results of operations and cash flows of the Company for each of the two years in the period ended 31 March 2019 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and in conformity with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

London, United Kingdom

7 June 2019

We served as the Company's auditor from 2014 to 2019.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Vodafone Group Plc

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of financial position of Vodafone Group Plc (the Group) as of 31 March 2020, the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year ended 31 March 2020 and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group at 31 March 2020, and the results of its operations and its cash flows for the year ended 31 March 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Group's internal control over financial reporting as of 31 March 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated 2 July 2020 expressed an unqualified opinion thereon.

Adoption of New Accounting Standard

As discussed in Note 1 to the consolidated financial statements, the Group changed its method of accounting for leases in 2019 due to the adoption of IFRS 16, Leases.

Basis for Opinion

These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on the Group's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Auditing Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Report of Independent Registered Public Accounting Firm (continued)

Carrying value of goodwill

Description of the matter

As more fully described in Note 4 to the consolidated financial statements, the Group calculates the value in use ("VIU") for cash generating units ("CGU") to determine whether an adjustment to the carrying value of the CGU, and therefore, goodwill, is required. As of 31 March 2020, the Group has recorded €31,271 million of goodwill and recognised impairment losses in the year of €1,685 million, primarily in respect of its Spain and Ireland CGUs.

The Group's assessment of the VIU of its CGUs involves estimation about the future performance of the local market businesses. In particular, the determination of the VIUs was sensitive to the significant assumptions of projected adjusted EBITDA growth, long-term growth rates, and discount rates. The estimation uncertainty increased at the end of the year as a result of the effects of COVID-19 on the macroeconomic factors used in developing the assumptions.

Auditing the Group's annual impairment test was complex, given the significant judgment related to the assumptions described above and data used in the VIU models and the sensitivity of the VIU models to fluctuations in assumptions, particularly as it relates to the Spain and Ireland CGUs.

How we addressed the matter in our audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Group's goodwill impairment review process. This included testing management's controls over their review of the significant assumptions used in determining the VIU of the CGUs, including projected adjusted EBITDA growth, long-term growth rates, and discount rates.

To test the determination of the VIU of the Group's goodwill, we performed audit procedures that included, among others, evaluating the CGUs identified and testing the allocation of assets and liabilities to the carrying value of each CGU.

We also tested the methodology applied in the VIU models, as compared to the requirements of IAS 36, Impairment of Assets, including the mathematical accuracy of management's model. We performed audit procedures to test and assess the significant assumptions used in the VIU models, including projected adjusted EBITDA growth, long-term growth rates, and discount rates, for example by comparing them to external data such as economic and industry forecasts for the relevant markets. For management's assessment of implied recoverable value, we compared CGU EBITDA multiples to market listed peers. We performed an analysis of the significant assumptions to evaluate the sensitivity of the VIU models to fluctuations in the assumptions.

For each CGU, we compared the cash flow projections used in the VIU models to the information approved by the Group's Board of Directors and evaluated the historical accuracy of management's business plans, which underpin the VIU models.

We also assessed the adjustments applied by management to reflect the estimated impact of the COVID-19 pandemic, by reference to the nature of the revenue streams in each market and the COVID-19 related restrictions in place to the economic forecasts for each market and other external data as at 31 March 2020. In addition, we performed downside sensitivity analyses on management's COVID-19 adjustments.

We involved a valuation specialist in our team to assist us with certain of these audit activities.

We also assessed the adequacy of the related disclosures provided in Note 4 of the consolidated financial statements, in particular the sensitivity disclosures and the estimated impact of COVID-19 on the Group's forecast cash flows.

Revenue Recognition

Description of the matter

As more fully described in Note 2 to the consolidated financial statements, the Group reported revenue of €44,974 million, contract assets of €3,563 million and contract liabilities of €2,603 million at 31 March 2020. Management records revenue according to the principles of IFRS 15, Revenue from Contracts with Customers, including following the 5-step model therein. Under IFRS 15, management must determine if there are separate performance obligations for the services and goods it provides to customers and assign values thereto, based on the selling prices of goods or services in separate transactions under similar conditions to similar customers (the "stand-alone selling price").

Determining the stand-alone selling price and therefore the allocation of revenue to the different performance obligations, which impacts timing of the related revenue recognition, is complex and judgmental. In addition, auditing the revenue recorded by the Group is complex due to the multiple IT systems and tools utilised in the initiation, processing and recording of transactions, which includes a high volume of individually low monetary value transactions. Complex auditor judgment and IT professionals were utilised in the design of the audit approach and testing of IT systems, to recognise revenue in accordance with IFRS 15.

How we addressed the matter in our audit

Our audit procedures included, among others, obtaining an understanding of, evaluating the design and testing the operating effectiveness of controls over the Group's revenue recognition process, which includes management's review of contracts, their identification of performance obligations, the estimation of the relative standalone selling price for each performance obligation, and the determination of the timing of revenue recorded. We also evaluated the design and tested the operating effectiveness of controls over the processing of billing data, assisted by our information technology professionals.

We evaluated management's accounting policies and the methodology used by management to determine the standalone selling price, where relevant. In addition, our audit procedures included, testing end-to-end reconciliations between the data records from the billing systems to the general ledger. Also, on a sample basis we tested the accuracy of the billing data used in the IFRS 15 accounting process, assessed the determination of performance obligations, compared the standalone selling price to observable pricing, recalculated the allocation of revenue between performance obligations and the revenue recognised during the period, and tested the associated manual and automated adjustments posted in the general ledger to record revenue.

We also assessed the adequacy of the Group's disclosures in respect to the accounting policies on revenue recognition.

Assessment of contingent liabilities

Description of the matter

As more fully described in Note 29 to the consolidated financial statements, there are a number of ongoing threatened and actual legal, regulatory and taxation claims and disputes across the Group. Provisions are recorded if it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably.

Auditing the Group's recorded provisions and disclosed contingent liabilities at 31 March 2020 required significant auditor judgement in assessing management's expectations of the outcome of matters as it pertains to (i) India withholding taxes on the acquisition of Hutchinson Essar Limited; and (ii) the Group's exposure under a contingent liability mechanism agreed on the formation of Vodafone Idea Limited ("VIL"), both of which constitute a material exposure to the Group.

How we addressed the matter in our audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of management's controls over the identification, estimation, monitoring and disclosure of contingent liabilities and provisions related to claims and disputes.

Our audit procedures included, among others, discussing these matters with the Group litigation team, Group general counsel and Group tax team to understand and assess management's basis for determining the accounting and disclosures made for significant disputes or claims. With respect to the India withholding tax and VIL matters:

India withholding tax:

We inspected underlying source documentation, including the court judgement, arbitration related submissions and third-party analyses of the case to understand and assess the facts of the various claims, counter claims and status of ongoing proceedings. In addition to the discussions with Group personnel, as described above, we held direct discussions with external legal counsel engaged by management to support the Group in defending the India withholding tax claim, to assist us in evaluating management's assessment of the claim and obtained and evaluated audit inquiry letters.

VIL-Contingent liability mechanism ("VIL CLM"):

We inspected written legal advice obtained by management from external legal counsel and held direct discussions with such counsel to understand the contractual terms and operation of the VIL CLM and to assist us in evaluating management's assessment of the likelihood and expected outcome of various scenarios that could impact the accounting for the Group's obligation under the VIL CLM. An EY legal professional assisted us in assessing certain aspects of the VIL CLM.

In addition, we assessed the significant uncertainties in relation to VIL's ability to further settle liabilities in relation to the Adjusted Gross Revenue judgement described in Note 29 of the consolidated financial statements, based on available information and consequently management's assessment whether it was probable, at the balance sheet date, that the Group would be required to settle liabilities under the VIL CLM.

We assessed the adequacy of the disclosures included in Note 12 and Note 29 of the consolidated financial statements for these matters.

Valuation of identifiable intangible assets for acquisition of European Liberty Global assets

Description of the matter

As more fully described in Note 27 to the consolidated financial statements, on 31 July 2019, the Group completed the acquisition of a 100% interest in Unitymedia GmbH ("Unitymedia") and Liberty Global's operations (excluding its "Direct Home" business) in the Czech Republic ("UPC Czech"), Hungary ("UPC Hungary") and Romania ("UPC Romania") (collectively, "the Liberty Business") for an aggregate net cash consideration of €10,513 million. The acquisition was accounted for under the acquisition method of accounting which resulted in the recognition of identifiable intangible assets of €5,818 million and goodwill of €11,504 million.

Auditing the valuation of identifiable intangible assets involved complex auditor judgment, due to the estimation uncertainty and the application of valuation techniques built, in part, on assumptions around the future performance of the Liberty Business, including assumptions impacted by future events, such as revenue growth rates, customer churn rates, EBITDA growth rates (primarily synergies) and capital expenditures. Changes in these assumptions can have a material effect on the valuation of identifiable intangible assets.

How we addressed the matter in our audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of management's controls over its accounting for the acquisition. For example, we tested controls over management's review of the valuation of identifiable intangible assets, including the review of the valuation models and significant assumptions, as described above, used in the valuation.

To test the fair value of these acquired identifiable intangible assets, with the assistance of our valuation specialists, our audit procedures included, amongst others, assessing the competence, capabilities and objectivity of management's specialists, evaluating the prospective financial information used in the valuation models, testing the completeness and accuracy of underlying data and evaluating the Group's use of valuation methodologies.

Our procedures to assess the prospective financial information used in the valuation models, included evaluating the key assumptions discussed above, by comparison to current industry, market and economic trends and historical results of the acquired business. We performed sensitivity analyses to evaluate the impact of changes in key assumptions to the valuation of the acquired identifiable intangible assets.

We assessed the appropriateness of the disclosures in Note 27 in the consolidated financial statements.

/s/ Ernst & Young LLP

We have served as the Group's auditor since April 2019.

London, United Kingdom

2 July 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Vodafone Group Plc

Opinion on Internal Control Over Financial Reporting

We have audited Vodafone Group Plc's (the Group) internal control over financial reporting as of 31 March 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of 31 March 2020, based on the COSO criteria.

As indicated in the accompanying Management's report on Internal control over financial reporting on page 126, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of certain subsidiaries in Germany, Czech Republic, Hungary and Romania that were acquired from Liberty Global in the year (the Liberty Global assets), which are included in the 2020 consolidated financial statements of the Company and constituted 13% and 19% of total and net assets, respectively, as of 31 March 2020 and 4% of revenues, for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of the Liberty Global assets.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statement of financial position of Vodafone Group Plc (the Group) as of 31 March 2020, the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year ended 31 March 2020 and the related notes and our report dated 2 July 2020, expressed an unqualified opinion thereon.

Basis for Opinion

The Group's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in Management's report on internal control over financial reporting on page 126. Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

London, United Kingdom

2 July 2020

Consolidated income statement

for the years ended 31 March

	Note	2020 €m	2019 €m	2018 €m
Revenue	2	44,974	43,666	46,571
Cost of sales		(30,682)	(30,160)	(32,771)
Gross profit		14,292	13,506	13,800
Selling and distribution expenses		(3,814)	(3,891)	(4,011)
Administrative expenses		(5,810)	(5,410)	(5,116)
Net credit losses on financial assets	22	(660)	(575)	(528)
Share of results of equity accounted associates and joint ventures	12	(2,505)	(908)	(59)
Impairment loss	4	(1,685)	(3,525)	–
Other income/(expense)	3	4,281	(148)	213
Operating profit/(loss)	3	4,099	(951)	4,299
Non-operating expense		(3)	(7)	(32)
Investment income	5	248	433	685
Financing costs	5	(3,549)	(2,088)	(1,074)
Profit/(loss) before taxation		795	(2,613)	3,878
Income tax (expense)/credit	6	(1,250)	(1,496)	879
(Loss)/profit for the financial year from continuing operations		(455)	(4,109)	4,757
Loss for the financial year from discontinued operations	7	–	(3,535)	(1,969)
(Loss)/profit for the financial year		(455)	(7,644)	2,788
Attributable to:				
– Owners of the parent		(920)	(8,020)	2,439
– Non-controlling interests		465	376	349
(Loss)/profit for the financial year		(455)	(7,644)	2,788
(Loss)/earnings per share				
From continuing operations:				
– Basic		(3.13)c	(16.25)c	15.87c
– Diluted		(3.13)c	(16.25)c	15.82c
Total Group:				
– Basic	8	(3.13)c	(29.05)c	8.78c
– Diluted	8	(3.13)c	(29.05)c	8.76c

Consolidated statement of comprehensive income

for the years ended 31 March

	Note	2020 €m	2019 €m	2018 €m
(Loss)/profit for the financial year:		(455)	(7,644)	2,788
Other comprehensive income/(expense):				
<i>Items that may be reclassified to the income statement in subsequent years:</i>				
Gains on revaluation of available-for-sale investments, net of tax ²		–	–	9
Foreign exchange translation differences, net of tax		(982)	(533)	(1,909)
Foreign exchange translation differences transferred to the income statement ¹		(36)	2,079	(80)
Other, net of tax ³		3,066	243	(339)
Total items that may be reclassified to the income statement in subsequent years		2,048	1,789	(2,319)
<i>Items that will not be reclassified to the income statement in subsequent years:</i>				
Net actuarial gains/(losses) on defined benefit pension schemes, net of tax	25	526	(33)	(70)
Total items that will not be reclassified to the income statement in subsequent years		526	(33)	(70)
Other comprehensive income/(expense)		2,574	1,756	(2,389)
Total comprehensive income/(expense) for the financial year		2,119	(5,888)	399
Attributable to:				
– Owners of the parent		1,696	(6,333)	187
– Non-controlling interests		423	445	212
		2,119	(5,888)	399

Notes:

1 For further information on the amount for the year ended 31 March 2019 see note 27 "Acquisitions and disposals".

2 Information relating to the year ended 31 March 2018 is presented under the Group's IAS 39 accounting policies.

3 Principally includes the impact of the Group's cash flow hedges deferred to other comprehensive income during the year.

Further details on items in the Consolidated statement of comprehensive income can be found in the consolidated statement of changes in equity on page 143.

Consolidated statement of financial position

at 31 March

	Note	31 March 2020 €m	31 March 2019 ¹ €m
Non-current assets			
Goodwill	10	31,271	23,353
Other intangible assets	10	22,252	17,652
Property, plant and equipment	11	39,197	27,432
Investments in associates and joint ventures	12	5,831	3,952
Other investments	13	792	870
Deferred tax assets	6	23,606	24,753
Post employment benefits	25	590	94
Trade and other receivables	14	10,378	5,170
		133,917	103,276
Current assets			
Inventory		585	714
Taxation recoverable		275	264
Trade and other receivables	14	11,411	12,190
Other investments	13	7,089	13,012
Cash and cash equivalents	19	13,284	13,637
		32,644	39,817
Assets held for sale	7	1,607	(231)
Total assets		168,168	142,862
Equity			
Called up share capital	17	4,797	4,796
Additional paid-in capital		152,629	152,503
Treasury shares		(7,802)	(7,875)
Accumulated losses		(120,349)	(116,725)
Accumulated other comprehensive income		32,135	29,519
Total attributable to owners of the parent		61,410	62,218
Non-controlling interests		1,215	1,227
Total equity		62,625	63,445
Non-current liabilities			
Long-term borrowings	21	62,892	48,685
Deferred tax liabilities	6	2,043	478
Post employment benefits	25	438	551
Provisions	16	1,474	1,242
Trade and other payables	15	5,189	2,938
		72,036	53,894
Current liabilities			
Short-term borrowings	21	11,826	4,270
Financial liabilities under put option arrangements	22	1,850	1,844
Taxation liabilities		671	596
Provisions	16	1,024	1,160
Trade and other payables	15	17,085	17,653
		32,456	25,523
Liabilities held for sale	7	1,051	–
Total equity and liabilities		168,168	142,862

Note:

¹ The comparative period results have not been restated for IFRS 16 "Leases". See note 1.

The consolidated financial statements on pages 141 to 230 were approved by the Board of Directors and authorised for issue on 2 July 2020 and were signed on its behalf by:

/s/ Nick Read

Nick Read
Chief Executive

/s/ Margherita Della Valle

Margherita Della Valle
Chief Financial Officer

Consolidated statement of changes in equity

for the years ended 31 March

	Share capital ¹ €m	Additional paid-in capital ² €m	Treasury shares €m	Retained losses €m	Other comprehensive income				Equity attributable to owners €m	Non-controlling interests €m	Total equity €m
					Currency reserve ³ €m	Pensions reserve €m	Revaluation surplus ⁴ €m	Other ⁵ €m			
1 April 2017	4,796	151,808	(8,610)	(105,851)	29,659	(1,102)	1,227	273	72,200	1,519	73,719
Issue or reissue of shares ⁶	–	(1,741)	1,882	(127)	–	–	–	–	14	–	14
Share-based payments ⁷	–	130	–	–	–	–	–	–	130	–	130
Transactions with non-controlling interests (*NCI*) in subsidiaries	–	–	–	805	–	–	–	–	805	311	1,116
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(769)	(769)
Dividends	–	–	–	(3,961)	–	–	–	–	(3,961)	(306)	(4,267)
Comprehensive income	–	–	–	2,439	(1,852)	(70)	–	(330)	187	212	399
Profit	–	–	–	2,439	–	–	–	–	2,439	349	2,788
OCI - before tax	–	–	–	–	(1,641)	(94)	–	(342)	(2,077)	(140)	(2,217)
OCI - taxes	–	–	–	–	(131)	24	–	12	(95)	3	(92)
Transfer to the income statement	–	–	–	–	(80)	–	–	–	(80)	–	(80)
Purchase of treasury shares ⁸	–	–	(1,735)	–	–	–	–	–	(1,735)	–	(1,735)
31 March 2018 as reported	4,796	150,197	(8,463)	(106,695)	27,807	(1,172)	1,227	(57)	67,640	967	68,607
Adoption of IFRS 9 ⁹	–	–	–	(224)	–	–	–	27	(197)	(5)	(202)
Adoption of IFRS 15 ⁹	–	–	–	2,457	–	–	–	–	2,457	81	2,538
1 April 2018 brought forward	4,796	150,197	(8,463)	(104,462)	27,807	(1,172)	1,227	(30)	69,900	1,043	70,943
Issue or reissue of shares ⁶	–	(1,741)	1,834	(92)	–	–	–	–	1	–	1
Share-based payments ⁷	–	199	–	–	–	–	–	–	199	34	233
Issue of mandatory convertible bonds ¹⁰	–	3,848	–	–	–	–	–	–	3,848	–	3,848
Transactions with NCI in subsidiaries	–	–	–	(129)	–	–	–	–	(129)	307	178
Dividends	–	–	–	(4,022)	–	–	–	–	(4,022)	(602)	(4,624)
Comprehensive expense	–	–	–	(8,020)	1,477	(33)	–	243	(6,333)	445	(5,888)
(Loss)/profit	–	–	–	(8,020)	–	–	–	–	(8,020)	376	(7,644)
OCI - before tax	–	–	–	–	(594)	(33)	–	290	(337)	73	(264)
OCI - taxes	–	–	–	–	(8)	–	–	(47)	(55)	(4)	(59)
Transfer to the income statement	–	–	–	–	2,079	–	–	–	2,079	–	2,079
Purchase of treasury shares ¹¹	–	–	(1,246)	–	–	–	–	–	(1,246)	–	(1,246)
31 March 2019 as reported	4,796	152,503	(7,875)	(116,725)	29,284	(1,205)	1,227	213	62,218	1,227	63,445
Adoption of IFRS 16 ⁹	–	–	–	(261)	–	–	–	–	(261)	4	(257)
1 April 2019 brought forward	4,796	152,503	(7,875)	(116,986)	29,284	(1,205)	1,227	213	61,957	1,231	63,188
Issue or reissue of shares	1	1	73	(68)	–	–	–	–	7	–	7
Share-based payments ⁷	–	125	–	–	–	–	–	–	125	11	136
Transactions with NCI in subsidiaries	–	–	–	(58)	–	–	–	–	(58)	(102)	(160)
Dividends	–	–	–	(2,317)	–	–	–	–	(2,317)	(348)	(2,665)
Comprehensive income	–	–	–	(920)	(976)	526	–	3,066	1,696	423	2,119
(Loss)/profit	–	–	–	(920)	–	–	–	–	(920)	465	(455)
OCI - before tax	–	–	–	–	(951)	640	–	3,771	3,460	(46)	3,414
OCI - taxes	–	–	–	–	19	(114)	–	(705)	(800)	(4)	(804)
Transfer to the income statement	–	–	–	–	(44)	–	–	–	(44)	8	(36)
31 March 2020	4,797	152,629	(7,802)	(120,349)	28,308	(679)	1,227	3,279	61,410	1,215	62,625

Notes:

1 See note 17 "Called up share capital".

2 Includes share premium, capital reserve, capital redemption reserve, merger reserve and share-based payment reserve. The merger reserve was derived from acquisitions made prior to 31 March 2004 and subsequently allocated to additional paid-in capital on adoption of IFRS.

3 The currency reserve is used to record cumulative translation differences on the assets and liabilities of foreign operations. The cumulative translation differences are recycled to the income statement on disposal of the foreign operation.

4 The revaluation surplus derives from acquisitions of subsidiaries made before the Group's adoption of IFRS 3 (Revised) on 1 April 2010 and comprises the amounts arising from recognising the Group's pre-existing equity interest in the acquired subsidiary at fair value.

5 Principally includes the impact of the Group's cash flow hedges with €4,113 million net gain deferred to other comprehensive income during the year (2019: €1,555 million net gain; 2018: €1,811 million net loss) and €408 million net gain (2019: €1,279 million net gain; 2018: €1,460 million net loss) recycled to the income statement. These hedges primarily relate to foreign exchange exposure on fixed borrowings, with interest cash flows unwinding to the income statement over the life of the hedges and any foreign exchange on nominal balances impacting income statement at maturity (up to 2059). See note 22 "Capital and financial risk management" for further details.

6 Movements include the re-issue of 729.1 million shares (€1,742 million) in August 2017 and 799.1 million shares (€1,742 million) in February 2019 to satisfy the two tranches of the Mandatory Convertible Bond issued in February 2016.

7 Includes €nil million tax credit (2019: €4 million credit; 2018: €8 million charge).

8 Represents the irrevocable and non-discretionary share buyback programme announced on 25 August 2017.

9 Impact on adoption of IFRS 9 and IFRS 15 on 1 April 2018 and IFRS 16 on 1 April 2019. See note 1 "Basis of preparation" for details on the impact of IFRS 16.

10 Includes the equity component of the subordinated mandatory convertible bonds which were compound instruments issued in the year ended 31 March 2019.

11 Represents the irrevocable and non-discretionary share buyback programme announced on 28 January 2019.

Consolidated statement of cash flows

for the years ended 31 March

	Note	2020 €m	2019 €m	2018 €m
Inflow from operating activities	18	17,379	12,980	13,600
Cash flows from investing activities				
Purchase of interests in subsidiaries, net of cash acquired	27	(10,295)	(87)	(9)
Purchase of interests in associates and joint ventures	12	(1,424)	–	(33)
Purchase of intangible assets		(2,423)	(3,098)	(3,246)
Purchase of property, plant and equipment		(5,182)	(5,053)	(4,917)
Purchase of investments	13	(1,832)	(3,629)	(3,901)
Disposal of interests in subsidiaries, net of cash disposed	27	4,427	(412)	239
Disposal of interests in associates and joint ventures		–	–	115
Disposal of property, plant and equipment and intangible assets		61	45	41
Disposal of investments		7,792	2,269	1,250
Dividends received from associates and joint ventures		417	498	489
Interest received		371	622	378
Cash flows from discontinued operations		–	(372)	(247)
Outflow from investing activities		(8,088)	(9,217)	(9,841)
Cash flows from financing activities				
Issue of ordinary share capital and reissue of treasury shares	17	7	7	20
Net movement in short-term borrowings		2,586	(541)	(534)
Proceeds from issue of long-term borrowings		9,933	14,681	4,440
Repayment of borrowings		(16,028)	(6,180)	(4,664)
Purchase of treasury shares		(821)	(475)	(1,766)
Issue of subordinated mandatory convertible bonds ¹		–	3,848	–
Equity dividends paid	9	(2,296)	(4,064)	(3,920)
Dividends paid to non-controlling shareholders in subsidiaries		(348)	(584)	(310)
Other transactions with non-controlling shareholders in subsidiaries		(160)	(221)	1,097
Other movements in loans with associates and joint ventures		59	42	(194)
Interest paid ²		(2,284)	(1,297)	(991)
Cash flows from discontinued operations		–	(779)	(302)
Tax on financing activities		–	–	(110)
(Outflow)/inflow from financing activities		(9,352)	4,437	(7,234)
Net cash (outflow)/inflow		(61)	8,200	(3,475)
Cash and cash equivalents at beginning of the financial year	19	13,605	5,394	9,302
Exchange (loss)/gain on cash and cash equivalents		(256)	11	(433)
Cash and cash equivalents at end of the financial year	19	13,288	13,605	5,394

Notes:

1 See note 21 "Borrowings" for further details.

2 Amount for 2020 includes €273 million (2019: €131 million) of cash outflow on derivative financial instruments for the share buyback related to the second tranche of the mandatory convertible bond that matured during the year.

Notes to the consolidated financial statements

1. Basis of preparation

This section describes the critical accounting judgements and estimates that management has identified as having a potentially material impact on the Group's consolidated financial statements and sets out our significant accounting policies that relate to the financial statements as a whole. Where an accounting policy is generally applicable to a specific note to the financial statements, the policy is described within that note. We have also detailed below the new accounting pronouncements that we will adopt in future years and our current view of the impact they will have on our financial reporting.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and are also prepared in accordance with IFRS adopted by the European Union ('EU'), the Companies Act 2006 and Article 4 of the EU IAS Regulations. The consolidated financial statements are prepared on a going concern basis (see page 126).

Vodafone Group Plc is incorporated and domiciled in England and Wales (registration number 1833679). The registered address of the Company is Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.

IFRS requires the Directors to adopt accounting policies that are the most appropriate to the Group's circumstances. These have been applied consistently to all the years presented, unless otherwise stated. In determining and applying accounting policies, Directors and management are required to make judgements and estimates in respect of items where the choice of specific policy, accounting judgement, estimate or assumption to be followed could materially affect the Group's reported financial position, results or cash flows and disclosure of contingent assets or liabilities during the reporting period; it may later be determined that a different choice may have been more appropriate.

The Group's critical accounting judgements and key sources of estimation uncertainty are detailed below. Actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Management regularly reviews, and revises as necessary, the accounting judgements that significantly impact the amounts recognised in the financial statements and the estimates that are considered to be "critical estimates" due to their potential to give rise to material adjustments in the Group's financial statements in the year to 31 March 2021. As at 31 March 2020, management has identified critical judgements in respect of revenue recognition, lease accounting, valuing assets and liabilities acquired in business combinations, the accounting for tax disputes in India, the classification of joint arrangements and whether to recognise provisions or to disclose contingent liabilities. In addition, management has identified critical accounting estimates in relation to the recovery of deferred tax assets, post employment benefits and impairments; estimates have also been identified that are not considered to be critical in respect of the allocation of revenue to goods and services, the useful economic lives of finite lived intangibles and property, plant and equipment.

The majority of the Group's provisions are either long-term in nature (such as asset retirement obligations) or relate to shorter-term liabilities (such as those relating to restructuring and property) where there is not considered to be a significant risk of material adjustment in the next financial year. Critical judgements are exercised in respect of tax disputes in India, including the cases relating to our acquisition of Hutchison Essar Limited (Vodafone India).

These critical accounting judgements, estimates and related disclosures have been discussed with the Group's Audit and Risk Committee.

Critical accounting judgements and key sources of estimation uncertainty

Revenue recognition

Revenue recognition under IFRS 15 necessitates the collation and processing of very large amounts of data, use of management judgements and estimates to produce financial information. The most significant accounting judgements and source of estimation uncertainty are disclosed below.

Gross versus net presentation

If the Group has control of goods or services when they are delivered to a customer, then the Group is the principal in the sale to the customer; otherwise the Group is acting as an agent. Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating expenses (see note 2 "Revenue disaggregation and segmental analysis") but do not impact reported assets, liabilities or cash flows. Scenarios requiring judgement to determine whether the Group is a principal or an agent include, for example, those where the Group delivers third-party branded services (such as premium music or TV content) to customers.

Allocation of revenue to goods and services provided to customers

Revenue is recognised when goods and services are delivered to customers (see note 2). Goods and services may be delivered to a customer at different times under the same contract, hence it is necessary to allocate the amount payable by the customer between goods and services on a 'relative standalone selling price basis'; this requires the identification of performance obligations ('obligations') and the determination of standalone selling prices for the identified obligations. The determination of obligations is, for the primary goods and services sold by the Group, not considered to be a critical accounting judgement; the Group's policy on identifying obligations is disclosed in note 2. The determination of standalone selling prices for identified obligations is discussed below.

Notes to the consolidated financial statements (continued)

1. Basis of preparation (continued)

It is necessary to estimate the standalone price when the Group does not sell equivalent goods or services in similar circumstances on a standalone basis. When estimating the standalone price the Group maximises the use of external inputs; methods for estimating standalone prices include determining the standalone price of similar goods and services sold by the Group, observing the standalone prices for similar goods and services, when sold by third parties or using a cost-plus reasonable margin approach (which is sometimes the case for handsets and other equipment). Where it is not possible to reliably estimate standalone prices due to a lack of observable standalone sales or highly variable pricing, which is sometimes the case for services, the standalone price of an obligation may be determined as the transaction price less the standalone prices of other obligations in the contract. The standalone price determined for obligations materially impacts the allocation of revenue between obligations and impacts the timing of revenue when obligations are provided to customers at different times – for example, the allocation of revenue between handsets, which are usually delivered up-front, and services which are typically delivered over the contract period. However, there is not considered to be a significant risk of material adjustment to the carrying value of contract-related assets or liabilities in the 12 months after the balance sheet date if these estimates were revised.

Lease accounting

Lease accounting under IFRS 16 is significantly more complex than under previous reporting requirements and necessitates the collation and processing of very large amounts of data and the increased use of management judgements and estimates to produce financial information. The most significant accounting judgements are disclosed below.

Lease identification

Whether the arrangement is considered a lease or a service contract depends on the analysis by management of both the legal form and substance of the arrangement between the Group and the counter-party to determine if control of an identified asset has been passed between the parties; if not, the arrangement is a service arrangement. Control exists if the Group obtains substantially all of the economic benefit from the use of the asset, and has the ability to direct its use, for a period of time. An identified asset exists where an agreement explicitly or implicitly identifies an asset or a physically distinct portion of an asset which the lessor has no substantive right to substitute.

The scenarios requiring the greatest judgement include those where the arrangement is for the use of fibre or other fixed telecommunication lines. Generally, where the Group has exclusive use of a physical line it is determined that the Group can also direct the use of the line and therefore leases will be recognised. Where the Group provides access to fibre or other fixed telecommunication lines to another operator on a wholesale basis the arrangement will generally be identified as a lease, whereas when the Group provides fixed line services to an end-user, generally control over such lines is not passed to the end-user and a lease is not identified.

The impact of determining whether an agreement is a lease or a service depends on whether the Group is a potential lessee or lessor in the arrangement and, where the Group is a lessor, whether the arrangement is classified as an operating or finance lease. The impacts for each scenario are described below where the Group is potentially:

- A lessee. The judgement impacts the nature and timing of both costs and reported assets and liabilities. A lease results in an asset and a liability being reported and depreciation and interest being recognised; the interest charge will decrease over the life of the lease. A service contract results in operating expenses being recognised evenly over the life of the contract and no assets or liabilities being recorded (other than trade payables, prepayments and accruals).
- An operating lessor. The judgement impacts the nature of income recognised. An operating lease results in lease income being recognised whilst a service contract results in service revenue. Both are recognised evenly over the life of the contract.
- A finance lessor. The judgement impacts the nature and timing of both income and reported assets. A finance lease results in the lease income being recognised at commencement of the lease and an asset (the net investment in the lease) being recorded.

Lease term

Where leases include additional optional periods after an initial lease term, significant judgement is required in determining whether these optional periods should be included when determining the lease term. The impact of this judgement is significantly greater where the Group is a lessee. As a lessee, optional periods are included in the lease term if the Group is reasonably certain it will exercise an extension option or will not exercise a termination option; this depends on an analysis by management of all relevant facts and circumstances including the leased asset's nature and purpose, the economic and practical potential for replacing the asset and any plans that the Group has in place for the future use of the asset. Where a leased asset is highly customised (either when initially provided or as a result of leasehold improvements) or it is impractical or uneconomic to replace then the Group is more likely to judge that lease extension options are reasonably certain to be exercised. The value of the right-of-use asset and lease liability will be greater when extension options are included in the lease term. The normal approach adopted for lease term by asset class is described below.

The lease terms can vary significantly by type and use of asset and geography. In addition, the exact lease term is subject to the non-cancellable period and rights and options in each contract. Generally, lease terms are judged to be the longer of the minimum lease term and:

- Between 5 and 10 years for land and buildings (excluding retail), with terms at the top end of this range if the lease relates to assets that are considered to be difficult to exit sooner for economic, practical or reputational reasons;
- To the next contractual lease break date for retail premises (excluding breaks within the next 12 months);
- Where leases are used to provide internal connectivity the lease term for the connectivity is aligned to the lease term or useful economic life of the assets connected; and
- The customer service agreement length for leases of local loop connections or other assets required to provide fixed line services to individual customers.

In most instances the Group has options to renew or extend leases for additional periods after the end of the lease term which are assessed using the criteria above.

Taxation

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Group's total tax charge involves estimation and judgement in respect of certain matters, being principally:

Recognition of deferred tax assets

Significant items on which the Group has exercised accounting estimation and judgement include the recognition of deferred tax assets in respect of losses in Luxembourg, Germany and Spain as well as capital allowances in the United Kingdom. The recognition of deferred tax assets, particularly in respect of tax losses, is based upon whether management judge that it is probable that there will be sufficient and suitable taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future. The Group assesses the availability of future taxable profits using the same undiscounted five year forecasts for the Group's operations as are used in the Group's value in use calculations (see note 4 "Impairment losses").

Where tax losses are forecast to be recovered beyond the five year period, the availability of taxable profits is assessed using the cash flows and long-term growth rates used for the value in use calculations.

The estimated cash flows inherent in these forecasts include the unsystematic risks of operating in the telecommunications business including the potential impacts of changes in the market structure, trends in customer pricing, the costs associated with the acquisition and retention of customers, future technological evolutions and potential regulatory changes, such as our ability to acquire and/or renew spectrum licences.

Changes in the estimates which underpin the Group's forecasts could have an impact on the amount of future taxable profits and could have a significant impact on the period over which the deferred tax asset would be recovered.

The Group only considers substantively enacted tax laws when assessing the amount and availability of tax losses to offset against the future taxable profits. See note 6 "Taxation" to the consolidated financial statements.

Uncertain tax positions

The tax impact of a transaction or item can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. The Group uses in-house tax experts when assessing uncertain tax positions and seeks the advice of external professional advisors where appropriate. The most significant judgement in this area relates to the Group's tax disputes in India, including the cases relating to the Group's acquisition of Hutchison Essar Limited (Vodafone India) and the impact of the European Commission's challenge to the UK's Controlled Foreign Company rules. Further details of the tax disputes in India are included in note 29 "Contingent liabilities and legal proceedings" and further information on the European Commission's challenge are included in note 6 "Taxation" to the consolidated financial statements.

Business combinations and goodwill

When the Group completes a business combination, the fair values of the identifiable assets and liabilities acquired, including intangible assets, are recognised. The determination of the fair values of acquired assets and liabilities is based, to a considerable extent, on management's judgement. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the assets acquired then the difference is recorded as a gain in the income statement.

Allocation of the purchase price between finite lived assets (discussed below) and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

See note 27 "Acquisitions and disposals" to the consolidated financial statements for further details.

Notes to the consolidated financial statements (continued)

1. Basis of preparation (continued)

Joint arrangements

The Group participates in a number of joint arrangements where control of the arrangement is shared with one or more other parties. Judgement is required to classify joint arrangements in a separate legal entity as either a joint operation or as a joint venture, which depends on management's assessment of the legal form and substance of the arrangement taking into account relevant facts and circumstances such as whether the owners have rights to substantially all the economic outputs and, in substance, settle the liabilities of the entity.

The classification can have a material impact on the consolidated financial statements. The Group's share of assets, liabilities, revenue, expenses and cash flows of joint operations are included in the consolidated financial statements on a line-by-line basis, whereas the Group's investment and share of results of joint ventures are shown within single line items in the consolidated statement of financial position and consolidated income statement respectively. See note 12 "Investments in associates and joint arrangements" to the consolidated financial statements.

Finite lived intangible assets

Other intangible assets include amounts spent by the Group acquiring licences and spectrum, customer bases and the costs of purchasing and developing computer software.

Where intangible assets are acquired through business combinations and no active market for the assets exists, the fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. Estimates relating to the future cash flows and discount rates used may have a material effect on the reported amounts of finite lived intangible assets.

Estimation of useful life

The useful life over which intangible assets are amortised depends on management's estimate of the period over which economic benefit will be derived from the asset. Useful lives are periodically reviewed to ensure that they remain appropriate. Management's estimates of useful life have a material impact on the amount of amortisation recorded in the year, but there is not considered to be a significant risk of material adjustment to the carrying values of intangible assets in the year to 31 March 2021 if these estimates were revised. The basis for determining the useful life for the most significant categories of intangible assets are discussed below.

Customer bases

The estimated useful life principally reflects management's view of the average economic life of the customer base and is assessed by reference to customer churn rates. An increase in churn rates may lead to a reduction in the estimated useful life and an increase in the amortisation charge.

Capitalised software

For computer software, the estimated useful life is based on management's view, considering historical experience with similar products as well as anticipation of future events which may impact their life such as changes in technology. The useful life will not exceed the duration of a licence.

Property, plant and equipment

Property, plant and equipment represents 23.3% (2019: 19.2%) of the Group's total assets; estimates and assumptions made may have a material impact on their carrying value and related depreciation charge. See note 11 "Property, plant and equipment" to the consolidated financial statements for further details.

Estimation of useful life

The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed annually. Management's estimates of useful life have a material impact on the amount of depreciation recorded in the year, but there is not considered to be a significant risk of material adjustment to the carrying values of property, plant and equipment in the year to 31 March 2021 if these estimates were revised.

Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology.

Post employment benefits

Management uses estimates when determining the Group's liabilities and expenses arising for defined benefit pension schemes. Management is required to estimate the future rates of inflation, salary increases, discount rates and longevity of members, each of which may have a material impact on the defined benefit obligations that are recorded. Further details, including a sensitivity analysis, are included in note 25 "Post employment benefits" to the consolidated financial statements.

Contingent liabilities

The Group exercises judgement to determine whether to recognise provisions and the exposures to contingent liabilities related to pending litigations or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities (see note 29 "Contingent liabilities and legal proceedings" to the consolidated financial statements). Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise.

Impairment reviews

IFRS requires management to perform impairment tests annually for indefinite lived assets, for finite lived assets and for equity accounted investments, if events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Impairment testing requires management to judge whether the carrying value of assets can be supported by the net present value of future cash flows that they generate. Calculating the net present value of the future cash flows requires estimates to be made in respect of highly uncertain matters including management's expectations of:

- growth in adjusted EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- timing and amount of future capital expenditure, licence and spectrum payments;
- long-term growth rates; and
- appropriate discount rates to reflect the risks involved.

Management prepares formal five year forecasts for the Group's operations, which are used to estimate their value in use; a long-term growth rate into perpetuity has been determined as the lower of:

- the nominal GDP growth rates for the country of operation; and
- the long-term compound annual growth rate in adjusted EBITDA in years six to ten, as estimated by management.

Changing the assumptions selected by management, in particular the adjusted EBITDA and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence reported assets and profits or losses. Further details, including a sensitivity analysis, are included in note 4 "Impairment losses" to the consolidated financial statements.

For operations that are classified as held for sale, impairment testing requires management to determine whether the carrying value of the discontinued operation can be supported by the fair value less costs to sell. Where not observable in a quoted market, management have determined fair value less costs to sell by reference to the outcomes from the application of a number of potential valuation techniques, determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Notes to the consolidated financial statements (continued)

1. Basis of preparation (continued)**Significant accounting policies applied in the current reporting period that relate to the financial statements as a whole****Accounting convention**

The consolidated financial statements are prepared on a historical cost basis except for certain financial and equity instruments that have been measured at fair value.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, subsidiaries controlled by the Company (see note 33 "Related undertakings" to the consolidated financial statements) and joint operations that are subject to joint control (see note 12 "Investments in associates and joint arrangements" to the consolidated financial statements).

Significant new accounting pronouncements

IFRS 16 "Leases" was adopted by the Group on 1 April 2019; the key changes to the accounting policies previously applied by the Group are disclosed below within this note. The Group's new leasing policy is disclosed in note 20.

Foreign currencies

The consolidated financial statements are presented in euro, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Changes in the fair value of monetary securities denominated in foreign currency are analysed between translation differences and other changes in the carrying amount of the security. Translation differences are recognised in the consolidated income statement and other changes in carrying amount are recognised in the consolidated statement of comprehensive income.

Translation differences on non-monetary financial assets, such as investments in equity securities classified at fair value through other comprehensive income, are reported as part of the fair value gain or loss and are included in the consolidated statement of comprehensive income.

Share capital, share premium and other capital reserves are initially recorded at the functional currency rate prevailing at the date of the transaction and are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of entities with a functional currency other than euro are expressed in euro using exchange rates prevailing at the reporting period date. Income and expense items and cash flows are translated at the average exchange rates for each month and exchange differences arising are recognised directly in other comprehensive income. On disposal of a foreign entity, the cumulative amount previously recognised in the consolidated statement of comprehensive income relating to that particular foreign operation is recognised in profit or loss in the consolidated income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated accordingly.

The net foreign exchange loss recognised in the consolidated income statement for the year ended 31 March 2020 is €146 million (31 March 2019: €2,277 million loss; 2018: €476 million gain). The net gains and net losses are recorded within operating profit (2020: €24 million credit; 2019: €1 million charge; 2018: €65 million credit), non-operating income and expense (2020: €37 million credit; 2019: €nil; 2018: €80 million credit), investment and financing income (2020: €205 million charge; 2019: €190 million charge; 2018: €322 million credit), income tax expense (2020: €2 million charge; 2019: €7 million charge; 2018: €9 million credit) and loss for the financial year from discontinued operations (2020: €nil, 2019: €2,079 million charge, 2018: €nil). The foreign exchange gains and losses included within other income and expense and non-operating income and expense arise on the disposal of discontinued operations, interests in joint ventures, associates and investments from the recycling of foreign exchange gains previously recognised in the consolidated statement of comprehensive income.

Current or non-current classification

Assets are classified as current in the consolidated statement of financial position where recovery is expected within 12 months of the reporting date. All assets where recovery is expected more than 12 months from the reporting date and all deferred tax assets, goodwill and intangible assets, property, plant and equipment and investments in associates and joint ventures are reported as non-current.

Liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. For provisions, where the timing of settlement is uncertain, amounts are classified as non-current where settlement is expected more than 12 months from the reporting date. In addition, deferred tax liabilities and post-employment benefits are reported as non-current.

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined on the basis of weighted average costs and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

New accounting pronouncements adopted on 1 April 2019

A new accounting standard, IFRS 16 "Leases" was adopted by the Group on 1 April 2019. The impact of adopting this standard on the financial statements at 1 April 2019, and the key changes to the accounting policies previously applied by the Group, are disclosed below within this note. The Group's new IFRS 16 accounting policy and previous lease accounting policy under IAS 17 "Leases" is disclosed in note 20. In addition, the following new accounting pronouncements, none of which were considered by the Group as significant on adoption, were adopted by the Group to comply with amendments to IFRS and have all been endorsed by the EU.

- Amendments to IAS 28 "Long-term interests in Associates and Joint Ventures";
- "Improvements to IFRS: 2015-2017 cycle";
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement";
- Amendments to IFRS 9 "Prepayment Features with Negative Compensation"; and
- IFRIC 23 "Uncertainty over Income Tax Treatments".

New accounting pronouncements to be adopted on 1 April 2020

The following pronouncements, issued by the IASB, are effective for periods commencing on or after 1 January 2020 and have been endorsed by the EU. The Group's financial reporting will be presented in accordance with these new standards, which are not expected to have a material impact on the consolidated income statement, consolidated statement of financial position or consolidated cash flow statement from 1 April 2020.

- Amendments to IFRS 3 "Definition of a Business";
- Amendments to IAS 1 and IAS 8 "Definition of Material"; and
- Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform".

On 28 May 2020, the IASB issued an amendment to IFRS 16 "Covid-19-Related Rent Concessions", which is effective for annual periods beginning on or after 1 June 2020 with earlier adoption permitted. Although not yet endorsed by the EU or the new UK endorsement board, the Group is assessing the impact of this amendment, which may be adopted early (i.e. effective 1 April 2020).

New accounting pronouncements to be adopted on or after 1 April 2021

The IASB has issued Amendments to IAS 1 "Classification of Liabilities as Current or Non-current", effective for annual periods beginning on or after 1 January 2021 and IFRS 17 "Insurance Contracts", which is effective for annual periods beginning on or after 1 January 2023. The IASB has proposed deferring the adoption of the Amendments to IAS 1 but no changes have yet been issued.

Although not yet endorsed by the EU or the new UK endorsement board the Group's financial reporting will be presented in accordance with the above new standards from 1 April 2021 and 1 April 2023 respectively. The Group's work to assess the impact of these accounting changes is continuing; however, the changes are not expected to have a material impact on the consolidated income statement, consolidated statement of financial position or consolidated cash flow statement.

The following narrow-scope amendments were issued by the IASB during May 2020 and are effective for annual periods beginning on or after 1 January 2022, they have not yet been endorsed by the EU or the new UK endorsement board.

- Annual Improvements to IFRS Standards 2018-2020;
- Amendment to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use";
- Amendment to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"; and
- Amendment to IFRS 3 "Reference to the Conceptual Framework".

The Group is assessing the impact of these new standards and the Group's financial reporting will be presented in accordance with these standards from 1 April 2022.

Adoption of new accounting pronouncements

IFRS 16 "Leases"

IFRS 16 "Leases" was adopted by the Group on 1 April 2019 with the cumulative retrospective impact reflected as an adjustment to equity on the date of adoption and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The Group has applied the following expedients in relation to the adoption of IFRS 16:

Notes to the consolidated financial statements (continued)

1. Basis of preparation (continued)

- The right-of-use assets were measured at an amount based on the lease liability at adoption; initial direct costs incurred when obtaining leases were excluded from this measurement. Lease prepayments and accruals previously recognised under IAS 17 at 31 March 2019 were added to and deducted from, respectively, the value of the right-of-use assets on adoption. In determining the cumulative retrospective impact recorded on 1 April 2019, some of the Group's joint ventures have measured right-of-use assets, for certain leases, as if IFRS 16 had been applied since lease commencement but using their incremental borrowing rate at adoption; and
- The Group impaired the right-of-use assets recognised on adoption by the value of the provisions for onerous leases held under IAS 37 at 31 March 2019 instead of performing a new impairment assessment for those assets on adoption.

The Group's right-of-use assets are recorded together with other property, plant and equipment assets (see note 11 "Property, plant and equipment") and lease liabilities are recognised in borrowings (see note 21 "Borrowings").

The key differences between the Group's IAS 17 accounting policy (the 'previous policy' which is disclosed in note 20 "Leases") and the Group's IFRS 16 accounting policy (which is also provided in note 20 "Leases") as well as the primary impacts of applying IFRS 16 in the current financial period are disclosed on page 153 below.

Primary impacts of applying the IFRS 16 accounting policy

The primary impacts on the Group's financial statements, and the key causes of the movements recorded in the consolidated statement of financial position on 1 April 2019 (see page 153), as a result of applying the IFRS 16 ('current') accounting policy in place of the previous policy under IAS 17 are:

- Under IAS 17, lessees classified leases as either operating or finance leases. Operating lease costs were expensed on a straight-line basis over the period of the lease. Finance leases resulted in the recognition, in the statement of financial position, of an asset and a corresponding liability for lease payments, at present value. Under IFRS 16 all lease agreements give rise to the recognition of a 'right-of-use asset' representing the right to use the leased item and a liability for any future lease payments (see page 178) over the 'reasonably certain' period of the lease, which may include future lease periods for which the Group has extension options.
- Lessee accounting under IFRS 16 is similar to finance lease accounting for lessees under IAS 17; lease costs are recognised in the form of depreciation of the right-of-use asset and interest on the lease liability which is generally discounted at the incremental borrowing rate of the relevant Group entity, although the interest rate implicit in the lease is used when it is more readily determinable. Interest charges will typically be higher in the early stages of a lease and will reduce over the term. Lease interest costs are recorded in financing costs and associated cash payments are classified as financing cash flows in the Group's cash flow statement.
- Under IFRS 16 cash inflows from operating activities and payments classified within cash flow from financing activities both increase, as payments made at both lease inception and subsequently are characterised as repayments of lease liabilities and interest. Under IAS 17 operating lease payments were treated as an operating cash outflow. Net cash flow is not impacted by the change in policy.
- Lessor accounting under IFRS 16 is similar to IAS 17. The only substantive change is that when the Group sub-leases assets it classifies the lease out as either operating or finance leases by reference to the terms of the head lease contract whereas under IAS 17 the classification was determined by reference to the underlying asset leased out. This has resulted in additional finance leases out being recognised under IFRS 16 (see net investment in leases in note 14 "Trade and other receivables").
- The expedients applied at adoption, above, have resulted in reclassifications of lease-related prepayments, accruals and provisions at 1 April 2019 (see page 153) to the right-of-use assets. Where certain of the Group's joint ventures have valued right-of-use assets as if IFRS 16 had been applied since lease inception, this has resulted in the reduction in the value of investments in associates and joint arrangements (see note 12 "Investments in associates and joint arrangements").
- During the year ended 31 March 2019 an expense of €3,826 million was charged for operating leases and depreciation and interest of €71 million was charged for finance leases. During the year ended 31 March 2020, depreciation of €3,720 million and interest of €330 million has been charged in relation to leases.

Transition disclosures

The weighted average incremental borrowing rate applied to the Group's lease liabilities recognised in the balance sheet at 1 April 2019 was 3.5%. The Group's undiscounted operating lease commitments at 31 March 2019 were €10.8 billion; the most significant differences between the IAS 17 lease operating lease commitments and the lease liabilities recognised on transition to IFRS 16 are set out below.

	€bn
Operating lease commitments at 31 March 2019	10.8
Less effect of discounting on payments included in the operating lease commitment	(1.6)
Plus lease liabilities in respect of additional 'reasonably certain' lease extensions assumed under IFRS 16	0.8
Plus finance lease liabilities already reported under IAS 17	0.3
Lease liability opening balance reported at 1 April 2019	10.3

The Group applied the lease identification requirements of IFRS 16 at the date of adoption and no material changes to the Group's lease portfolio were identified.

Impact of the adoption of IFRS 16 on the opening balance sheet at 1 April 2019

The impact of the adoption of IFRS 16 on the consolidated statement of financial position at 1 April 2019 is set out below:

	31 March 2019 €m	Impact of adoption of IFRS 16 €m	1 April 2019 €m
Consolidated statement of financial position			
Non-current assets			
Goodwill	23,353	–	23,353
Other intangible assets	17,652	–	17,652
Property, plant and equipment	27,432	10,226	37,658
Investments in associates and joint ventures	3,952	(270)	3,682
Other investments	870	–	870
Deferred tax assets	24,753	–	24,753
Post employment benefits	94	–	94
Trade and other receivables	5,170	21	5,191
<i>Of which: Net investments in leases</i>	<i>3</i>	<i>133</i>	<i>136</i>
	103,276	9,977	113,253
Current assets			
Inventory	714	–	714
Taxation recoverable	264	–	264
Trade and other receivables	12,190	(339)	11,851
<i>Of which: Net investments in leases</i>	<i>1</i>	<i>19</i>	<i>20</i>
Other investments	13,012	–	13,012
Cash and cash equivalents	13,637	–	13,637
	39,817	(339)	39,478
Assets held for sale	(231)	–	(231)
Total assets	142,862	9,638	152,500
Equity			
Called up share capital	4,796	–	4,796
Additional paid-in capital	152,503	–	152,503
Treasury shares	(7,875)	–	(7,875)
Accumulated losses	(116,725)	(261)	(116,986)
Accumulated other comprehensive income	29,519	–	29,519
Total attributable to owners of the parent	62,218	(261)	61,957
Non-controlling interests	1,227	4	1,231
Total non-controlling interests	1,227	4	1,231
Total equity	63,445	(257)	63,188
Non-current liabilities			
Long-term borrowings	48,685	7,394	56,079
Deferred tax liabilities	478	–	478
Post employment benefits	551	–	551
Provisions	1,242	(9)	1,233
Trade and other payables	2,938	(37)	2,901
	53,894	7,348	61,242
Current liabilities			
Short-term borrowings	4,270	2,646	6,916
Financial liabilities under put option arrangements	1,844	–	1,844
Taxation liabilities	596	–	596
Provisions	1,160	(76)	1,084
Trade and other payables	17,653	(23)	17,630
	25,523	2,547	28,070
Total equity and liabilities	142,862	9,638	152,500

Notes to the consolidated financial statements (continued)

2. Revenue disaggregation and segmental analysis

The Group's businesses are managed on a geographical basis. Selected financial data is presented on this basis below.

Accounting policies

Revenue

When the Group enters into an agreement with a customer, goods and services deliverable under the contract are identified as separate performance obligations ('obligations') to the extent that the customer can benefit from the goods or services on their own and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified. The obligations identified will depend on the nature of individual customer contracts, but might typically be separately identified for mobile handsets, other equipment such as set-top boxes and routers provided to customers and services provided to customers such as mobile and fixed line communication services. Where goods and services have a functional dependency (for example, a fixed line router can only be used with the Group's services) this does not, in isolation, prevent those goods or services from being assessed as separate obligations.

The Group determines the transaction price to which it expects to be entitled in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. Where indirect channel dealers, such as retailers, acquire customer contracts on behalf of the Group and receive commission, any commissions that the dealer is compelled to use to fund discounts or other incentives to the customer are treated as payments to the customer when determining the transaction price and consequently are not included in contract acquisition costs.

The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Group would achieve by selling the same goods and/or services included in the obligation to a similar customer on a standalone basis; where standalone selling prices are not directly observable, estimation techniques are used maximising the use of external inputs. See "Critical accounting judgements and key sources of estimation uncertainty" in note 1 for details.

Revenue is recognised when the respective obligations in the contract are delivered to the customer and payment remains probable.

Revenue for the provision of services, such as mobile airtime and fixed line broadband, is recognised when the Group provides the related service during the agreed service period.

Revenue for device sales to end customers is generally recognised when the device is delivered to the end customer. For device sales made to intermediaries such as indirect channel dealers, revenue is recognised if control of the device has transferred to the intermediary and the intermediary has no right to return the device to receive a refund; otherwise revenue recognition is deferred until sale of the device to an end customer by the intermediary or the expiry of any right of return.

Where refunds are issued to customers they are deducted from revenue in the relevant service period.

When the Group has control of goods or services prior to delivery to a customer, then the Group is the principal in the sale to the customer. As a principal, receipts from, and payments to, suppliers are reported on a gross basis in revenue and operating costs. If another party has control of goods or services prior to transfer to a customer, then the Group is acting as an agent for the other party and revenue in respect of the relevant obligations is recognised net of any related payments to the supplier and recognised revenue represents the margin earned by the Group. See "Critical accounting judgements and key sources of estimation uncertainty" in note 1 for details.

Customers typically pay in advance for prepay mobile services and monthly for other communication services. Customers typically pay for handsets and other equipment either up-front at the time of sale or over the term of the related service agreement.

When revenue recognised in respect of a customer contract exceeds amounts received or receivable from a customer at that time a contract asset is recognised; contract assets will typically be recognised for handsets or other equipment provided to customers where payment is recovered by the Group via future service fees. If amounts received or receivable from a customer exceed revenue recognised for a contract, for example if the Group receives an advance payment from a customer, a contract liability is recognised.

When contract assets or liabilities are recognised, a financing component may exist in the contract; this is typically the case when a handset or other equipment is provided to a customer up-front but payment is received over the term of the related service agreement, in which case the customer is deemed to have received financing. If a significant financing component is provided to the customer, the transaction price is reduced and interest revenue is recognised over the customer's payment period using an interest rate reflecting the relevant central bank rates and customer credit risk.

Contract-related costs

When costs directly relating to a specific contract are incurred prior to recognising revenue for a related obligation, and those costs enhance the ability of the Group to deliver an obligation and are expected to be recovered, then those costs are recognised on the statement of financial position as fulfilment costs and are recognised as expenses in line with the recognition of revenue when the related obligation is delivered.

The direct and incremental costs of acquiring a contract including, for example, certain commissions payable to staff or agents for acquiring customers on behalf of the Group, are recognised as contract acquisition cost assets in the statement of financial position when the related payment obligation is recorded. Costs are recognised as an expense in line with the recognition of the related revenue that is expected to be earned by the Group; typically this is over the customer contract period as new commissions are payable on contract renewal. Certain amounts payable to agents are deducted from revenue recognised (see above).

Revenue disaggregation

Revenue reported for the year includes revenue from contracts with customers, comprising service and equipment revenue, as well as other revenue items including revenue from leases and interest revenue arising from transactions with a significant financing component. The table below disaggregates the Group's revenue by reporting segment.

	Service revenue €m	Equipment revenue €m	Revenue from contracts with customers €m	Other revenue ¹ €m	Interest revenue €m	Total segment revenue €m	Adjusted EBITDA €m
31 March 2020							
Germany	10,696	1,055	11,751	300	25	12,076	5,077
Italy	4,833	583	5,416	101	12	5,529	2,068
UK	5,020	1,333	6,353	63	68	6,484	1,500
Spain	3,904	318	4,222	51	23	4,296	1,009
Other Europe	4,890	539	5,429	94	18	5,541	1,738
Eliminations	(130)	(1)	(131)	(2)	–	(133)	–
Europe	29,213	3,827	33,040	607	146	33,793	11,392
Vodacom	4,470	864	5,334	190	7	5,531	2,088
Other Markets	3,796	552	4,348	36	2	4,386	1,400
Rest of the World	8,266	1,416	9,682	226	9	9,917	3,488
Common Functions ²	494	53	547	1,020	–	1,567	1
Eliminations	(102)	(1)	(103)	(200)	–	(303)	–
Group	37,871	5,295	43,166	1,653	155	44,974	14,881
31 March 2019							
Germany	9,145	1,077	10,222	139	29	10,390	4,079
Italy	5,030	722	5,752	97	8	5,857	2,202
UK	4,952	1,207	6,159	56	57	6,272	1,364
Spain	4,203	392	4,595	58	16	4,669	1,038
Other Europe	4,460	529	4,989	61	22	5,072	1,606
Eliminations	(110)	–	(110)	(6)	–	(116)	–
Europe	27,680	3,927	31,607	405	132	32,144	10,289
Vodacom	4,391	873	5,264	171	8	5,443	2,157
Other Markets	4,011	816	4,827	29	8	4,864	1,404
Rest of the World	8,402	1,689	10,091	200	16	10,307	3,561
Common Functions ²	477	37	514	1,003	–	1,517	68
Eliminations	(101)	(1)	(102)	(200)	–	(302)	–
Group	36,458	5,652	42,110	1,408	148	43,666	13,918

Notes:

- 1 Other revenue includes lease revenue recognised under IAS 17 "Leases" for the year ended 31 March 2019 and IFRS 16 "Leases" for the year ended 31 March 2020 (see note 20).
- 2 Comprises central teams and business functions.

The total future revenue from the Group's contracts with customers with performance obligations not satisfied at 31 March 2020 is €20,336 million (2019: €18,447 million); of which €13,456 million (2019: €12,566 million) is expected to be recognised within the next year and the majority of the remaining amount in the following 12 months.

Notes to the consolidated financial statements (continued)

2. Revenue disaggregation and segmental analysis (continued)**Segmental analysis**

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Group has determined the chief operating decision maker to be its Chief Executive Officer. The Group has a single group of similar services and products, being the supply of communications services and products. Revenue is attributed to a country or region based on the location of the Group company reporting the revenue. Transactions between operating segments are charged at arm's-length prices.

Segment information is primarily provided on the basis of geographic areas, with the exception of Vodacom which encompasses South Africa and certain other smaller African markets, being the basis on which the Group manages its worldwide interests.

The aggregation of operating segments into the Europe and Rest of the World regions reflects, in the opinion of management, the similar economic characteristics within each of those regions as well as the similar products and services offered and supplied, classes of customers and the regulatory environment. In the case of the Europe region this largely reflects membership of the European Union, while for the Rest of the World region this largely includes emerging and developing economies that are in the process of rapid growth and industrialisation.

Certain financial information is provided separately within the Europe region for Germany, Italy, the UK and Spain, and within the Rest of the World region for Vodacom, as these operating segments are individually material for the Group. The segmental revenue and profit of India are included in discontinued operations for all years reported until 31 August 2018, the date of disposal, and segmental assets and cash flows are included in assets and liabilities held for sale at 31 March 2018. See note 7 "Discontinued operations and assets and liabilities held for sale" and note 27 "Acquisitions and disposals" for details.

Segmental information used for internal decision making during the years ended 31 March 2018 and 2019 was on an IAS 18 (pre-IFRS 15) basis. In the year ended 31 March 2020 internal decisions were based upon IFRS 15 financial information and accordingly comparative information for the year ended 31 March 2019 was re-presented. Consequently, segmental information for the year ended 31 March 2018 is presented on an IAS 18 (pre-IFRS 15) basis and information for years ended 31 March 2020 and 2019 is presented on an IFRS 15 basis in accordance with the above revenue recognition policy. See note 32 "IAS 18 basis primary statements" for details of the IAS 18 revenue recognition policy.

The Group's measure of segment profit, adjusted EBITDA, excludes depreciation, amortisation, impairment loss, restructuring costs, loss on disposal of fixed assets, the Group's share of results in associates and joint ventures and other income and expense. A reconciliation of adjusted EBITDA to operating profit is shown below. For a reconciliation of operating profit to profit for the financial year, see the Consolidated income statement on page 141.

	2020	2019	2018
	€m	(re-presented) ¹ €m	€m
Adjusted EBITDA	14,881	13,918	14,737
Depreciation, amortisation and loss on disposal of fixed assets	(10,085)	(9,665)	(9,910)
Share of adjusted results in equity accounted associates and joint ventures ²	(241)	(348)	389
Adjusted operating profit	4,555	3,905	5,216
Impairment losses	(1,685)	(3,525)	–
Restructuring costs ²	(720)	(486)	(156)
Amortisation of acquired customer based and brand intangible assets ²	(638)	(583)	(974)
Other income/(expense) ²	2,257	(262)	213
Interest on lease liabilities	330	–	–
Operating profit/(loss)	4,099	(951)	4,299

Notes:

1 The results reflected in this table for the year ended 31 March 2019 were previously disclosed on an IAS 18 basis in the Annual Report for the year ended 31 March 2019 and have been re-presented in the table above on an IFRS 15 basis.

2 Share of results of equity accounted associates and joint ventures presented within the Consolidated income statement includes -€241m (2019: -€348 million, 2018: €389 million) included within Adjusted operating profit, -€25m (2019: -€26 million, 2018: -€9 million) included within Restructuring costs, -€215 million (2019: -€420 million, 2018: -€439 million) included within Amortisation of acquired customer based and brand intangible assets and -€2,024 million which is principally related to Vodafone Idea Limited (2019: -€114 million, 2018: €nil million) included within Other income/(expense).

Segmental assets and cash flow

	Non-current assets ¹ €m	Capital expenditure ² €m	Right-of-use assets €m	Other expenditure on intangible assets €m	Depreciation and amortisation €m	Impairment loss €m	Operating free cash flow ³ €m
31 March 2020							
Germany	48,266	2,278	912	1,613	4,805	–	2,987
Italy	11,119	697	1,645	24	1,958	–	1,355
UK	7,790	753	733	–	2,160	–	930
Spain	7,229	761	386	–	1,763	(840)	324
Other Europe	9,138	823	298	29	1,706	(740)	1,079
Europe	83,542	5,312	3,974	1,666	12,392	(1,580)	6,675
Vodacom	5,400	802	174	55	939	–	1,341
Other Markets	1,561	587	290	55	672	–	812
Rest of the World	6,961	1,389	464	110	1,611	–	2,153
Common Functions	2,217	821	155	–	171	(105)	(1,107)
Group	92,720	7,522	4,593	1,776	14,174	(1,685)	7,721
31 March 2019							
Germany	24,529	1,816	–	2	3,017	–	2,425
Italy	11,031	784	–	2,219	1,337	–	1,552
UK	7,405	804	–	408	1,612	–	689
Spain	7,438	813	–	216	1,318	(2,930)	443
Other Europe	7,093	775	–	42	1,073	(310)	861
Europe	57,496	4,992	–	2,887	8,357	(3,240)	5,970
Vodacom	5,503	810	–	91	758	–	1,379
Other Markets	3,429	626	–	34	673	(255)	769
Rest of the World	8,932	1,436	–	125	1,431	(255)	2,148
Common Functions	2,009	799	–	–	7	(30)	(1,047)
Group	68,437	7,227	–	3,012	9,795	(3,525)	7,071
31 March 2018							
Germany	25,444	1,673	–	24	3,095	–	2,147
Italy	9,232	797	–	629	1,479	–	1,607
UK	7,465	889	–	–	1,600	–	408
Spain	10,576	863	–	–	1,371	–	628
Other Europe	7,441	710	–	93	1,092	–	788
Europe	60,158	4,932	–	746	8,637	–	5,578
Vodacom	5,841	763	–	1	776	–	1,453
Other Markets	3,607	729	–	–	923	–	725
Rest of the World	9,448	1,492	–	1	1,699	–	2,178
Common Functions	1,976	897	–	–	73	–	(755)
Group (IAS 18 basis)	71,582	7,321	–	747	10,409	–	7,001

Notes:

1 Comprises goodwill, other intangible assets and property, plant and equipment.

2 Includes additions to property, plant and equipment (excluding right-of-use assets) and computer software, reported within intangibles. Excludes licences and spectrum additions.

3 The Group's measure of segment cash flow is reconciled to the closest equivalent GAAP measure, cash generated by operations, on page 240.

Notes to the consolidated financial statements (continued)

3. Operating profit/(loss)

Detailed below are the key amounts recognised in arriving at our operating profit/(loss)

	2020 €m	2019 €m	2018 €m
Net foreign exchange losses/(gains) ¹	(24)	1	(65)
Depreciation of property, plant and equipment (note 11):			
Owned assets	5,995	5,795	5,963
Leased assets	3,720	59	47
Amortisation of intangible assets (note 10)	4,459	3,941	4,399
Impairment of goodwill in subsidiaries, associates and joint arrangements (note 4)	1,685	3,525	–
Staff costs (note 24)	5,462	5,267	5,295
Amounts related to inventory included in cost of sales	5,699	5,886	6,045
Operating lease rentals payable	–	3,826	3,788
Loss on disposal of property, plant and equipment and intangible assets	51	33	36
Own costs capitalised attributable to the construction or acquisition of property, plant and equipment	(902)	(844)	(829)
Net gain on disposal of Vodafone New Zealand ² (note 27)	(1,078)	–	–
Net gain on disposal of tower infrastructure in Italy ² (note 27)	(3,356)	–	–
Net gain on disposal of Vodafone Malta ² (note 27)	(170)	–	–

Note:

- 1 The year ended 31 March 2020 included €37 million credit (2019: £nil, 2018: €80 million credit) reported in other income and expense in the Consolidated income statement.
2 Included in Other income and expense in the Consolidated income statement.

The total remuneration of the Group's auditor, Ernst & Young LLP and other member firms of Ernst & Young Global Limited, for services provided to the Group during the year ended 31 March 2020 is analysed below.

Ernst & Young LLP was appointed as the Group's auditor for the year ended 31 March 2020. Accordingly, comparative figures in the table below for the years ended 31 March 2019 and 31 March 2018 are in respect of remuneration paid to the Group's previous auditor, PricewaterhouseCoopers LLP and other member firms of PricewaterhouseCoopers International.

	2020 €m	2019 €m	2018 €m
Parent company	3	2	2
Subsidiaries	16	14	14
Subsidiaries - new accounting standards ¹	1	1	5
Audit fees	20	17	21
Audit-related ²	1	2	5
Corporate finance ³	1	–	–
Other ³	5	–	–
Non-audit fees	7	2	5
Total fees	27	19	26

Notes:

- 1 Fees in relation to the implementation of new accounting standards, notably IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases" which were effective for the first time for the years ended 31 March 2019 and 31 March 2020 respectively.
2 Amounts for the years ended 31 March 2020 and 31 March 2019 relate to fees for the interim review and statutory and regulatory filings during the year. The amount for the year ended 31 March 2018 includes non-recurring fees that were incurred during the preparations for a potential IPO of Vodafone New Zealand and the merger of Vodafone India and Idea Cellular.
3 At the time of the Board decision to recommend Ernst & Young LLP as the statutory auditor for the year ended 31 March 2020 in February 2019, Ernst & Young LLP were providing a range of services to the Group. All services that were prohibited by the Financial Reporting Council ("FRC") or Securities and Exchange Commission ("SEC") for a statutory auditor to provide ceased by 31 March 2019. All engagements that were not prohibited by the FRC or SEC, but were not in accordance with the Group's own internal approval policy for non-audit services, ceased early in the financial year to enable a smooth transition to alternative suppliers, where required. These services had a value of approximately €5.2 million through to completion and are included in the table above.

A description of the work performed by the Audit and Risk Committee in order to safeguard auditor independence when non-audit services are provided is set out in the Audit and Risk Committee report on pages 90 to 95.

4. Impairment losses

Impairment occurs when the carrying value of assets is greater than the present value of the net cash flows they are expected to generate. We review the carrying value of assets for each country in which we operate at least annually. For further details of our impairment review process see “Critical accounting judgements and key sources of estimation uncertainty” in note 1 “Basis of preparation” to the consolidated financial statements.

Accounting policies

Goodwill

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset may be impaired.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. The determination of the Group's cash-generating units is primarily based on the country where the Group supplies communications services and products. If cash flows from assets within one jurisdiction are largely independent of the cash flows from other assets in that same jurisdiction and management monitors performance separately, multiple cash-generating units are identified within that country.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversible in subsequent periods.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Management prepares formal five year management plans for the Group's cash-generating units, which are the basis for the value in use calculations.

Property, plant and equipment and finite lived intangible assets

At each reporting period date, the Group reviews the carrying amounts of its property, plant and equipment, finite lived intangible assets and equity-accounted investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and an impairment loss is recognised immediately in the income statement.

Where there has been a change in the estimates used to determine recoverable amount and an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years and an impairment loss reversal is recognised immediately in the income statement.

Impairment losses

Following our annual impairment review, the impairment charges recognised in the consolidated income statement within operating profit are stated below. Further detail on the events and circumstances that led to the recognition of the impairment charges is included later in this note.

Cash-generating unit	Reportable segment	2020 €m	2019 €m	2018 €m
Spain	Spain	840	2,930	—
Ireland	Other Europe	630	—	—
Romania	Other Europe	110	310	—
Vodafone Automotive	Common Functions	105	30	—
Vodafone Idea	Other Markets	—	255	—
		1,685	3,525	—

For the year ended 31 March 2019, the Group recorded a loss on disposal of Vodafone India of €3,420 million, including a loss on disposal of €1,276 million and a foreign exchange loss of €2,079 million which is included in discontinued operations. See note 27 “Acquisitions and disposals” for further details.

For the year ended 31 March 2018, the Group recorded a non-cash charge of €3,170 million (€2,245 million net of tax), included in discontinued operations, as a result of the re-measurement of Vodafone India's fair value less costs of disposal.

Notes to the consolidated financial statements (continued)

4. Impairment losses (continued)

Goodwill

The remaining carrying value of goodwill at 31 March was as follows:

	2020 €m	2019 €m
Germany	22,900	12,479
Italy	2,480	3,654
	25,380	16,133
Other	5,891	7,220
	31,271	23,353

Key assumptions used in the value in use calculations

The key assumptions used in determining the value in use are:

Assumption	How determined
Projected adjusted EBITDA	<p>Projected adjusted EBITDA has been based on past experience adjusted for the following:</p> <ul style="list-style-type: none"> - In Europe, mobile revenue is expected to benefit from increased usage as customers transition to higher data bundles, and new products and services are introduced. Fixed revenue is expected to continue to grow as penetration is increased and more products and services are sold to customers; - In the Rest of the World, revenue is expected to continue to grow as the penetration of faster data-enabled devices rises along with higher data bundle attachment rates, and new products and services are introduced. The segment is also expected to benefit from increased usage and penetration of M-Pesa in Africa; and - Margins are expected to be impacted by negative factors such as the cost of acquiring and retaining customers in increasingly competitive markets and by positive factors such as the efficiencies expected from the implementation of Group initiatives.
Projected capital expenditure	<p>The cash flow forecasts for capital expenditure are based on past experience and include the ongoing capital expenditure required to increase capacity, meet the population coverage requirements of certain of the Group's licences and facilitate the continued growth in revenue and adjusted EBITDA discussed above. In Europe, capital expenditure is required to roll out capacity-building next generation 5G and gigabit networks. In the Rest of the World, capital expenditure will be required for the continued rollout of current and next generation mobile networks in emerging markets. Capital expenditure includes cash outflows for the purchase of property, plant and equipment and computer software.</p>
Projected licence and spectrum payments	<p>To enable the continued provision of products and services, the cash flow forecasts for licence and spectrum payments for each relevant cash-generating unit include amounts for expected renewals and newly available spectrum. Beyond the five year forecast period, a long-run cost of spectrum is assumed.</p>
Long-term growth rate	<p>For the purposes of the Group's value in use calculations, a long term growth rate into perpetuity is applied immediately at the end of the five year forecast period and is based on the lower of:</p> <ul style="list-style-type: none"> - the nominal GDP growth rate forecasts for the country of operation; and - the long-term compound annual growth rate in adjusted EBITDA as estimated by management. <p>Long-term compound annual growth rates determined by management may be lower than forecast nominal GDP growth rates due to the following market-specific factors: competitive intensity levels, maturity of business, regulatory environment or sector-specific inflation expectations.</p>
Pre-tax risk adjusted discount rate	<p>The discount rate applied to the cash flows of each of the Group's cash-generating units is generally based on the risk free rate for ten year bonds issued by the government in the respective market. Where government bond rates contain a material component of credit risk, high-quality local corporate bond rates may be used. These rates are adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific cash-generating unit. In making this adjustment, inputs required are the equity market risk premium (that is the required return over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the specific cash-generating unit relative to the market as a whole.</p> <p>In determining the risk adjusted discount rate, management has applied an adjustment for the systematic risk to each of the Group's cash-generating companies determined using an average of the betas of comparable listed telecommunications companies and, where available and appropriate, across a specific territory. Management has used a forward-looking equity market risk premium that takes into consideration both studies by independent economists, the long-term average equity market risk premium and the market risk premiums typically used by valuations practitioners.</p> <p>The risk adjusted discount rate is also based on typical leverage ratios of telecommunications companies in each cash-generating unit's respective market or region.</p>

Year ended 31 March 2020

For the year ended 31 March 2020, the Group recorded impairment charges of €0.8 billion, €0.6 billion, €0.1 billion and €0.1 billion with respect to the Group's investments in Spain, Ireland, Romania and Vodafone Automotive respectively. The impairment charges relate solely to goodwill and are recognised in the consolidated income statement within operating profit/(loss). The recoverable amounts for Spain, Ireland, Romania and Vodafone Automotive are €5.6 billion, €1.2 billion, €0.9 billion and €0.0 billion respectively, and based on value in use calculations.

The COVID-19 outbreak has developed rapidly in early 2020. Many countries have required businesses to limit or suspend operations and implemented travel restrictions and quarantine measures. The measures taken to contain the virus have adversely affected economic activity and disrupted many businesses. As the outbreak continues to progress and evolve, it is extremely challenging to predict the full extent and duration of its impact on Vodafone's businesses and the countries where Vodafone operates. Based on information available as at 31 March 2020, management has made additional adjustments to the five year business plans used in the Group's impairment testing in order to reflect the estimated impact. The impairment charges recognised and discussed immediately below, are based on expected cash flows after applying these adjustments.

Challenging trading and economic conditions in Spain materialised in the prior financial year and management recognised an impairment charge following a reduction in projected cash flows. During the year ended 31 March 2020 there has been an observable repositioning towards low-cost brands and competitive intensity within the multi-branded market is expected to remain elevated in the medium term. These factors have led to management projecting lower cash flows and recognising an impairment charge with respect to the Group's investment in Spain.

The impairment charge recognised with respect to Ireland is attributable to increased competition and the aforementioned increased economic uncertainty. As a consequence, growth and ARPU's are expected to be lower. Management has reflected these assumptions in expected cash flows.

The impairment charges recognised with respect to Romania and Vodafone Automotive reflect management's latest assessment of likely trading and economic conditions in the five year business plan. Management's view of the long-term potential in these markets remains unchanged.

The European Liberty Global assets acquired in July 2019 (see note 27) have been subsumed within existing cash-generating units in Germany, Czech Republic, Hungary and Romania. The primary reason for acquiring the businesses was to create a converged national provider of digital infrastructure in Germany, together with creating converged communications operators in the Czech Republic, Hungary and Romania. Following the integration of the acquired businesses, management considers the cash flows within these cash-generating units to be largely interdependent and monitors performance on a country-level basis.

On 31 March 2020, the Group merged its passive tower infrastructure in Italy with INWIT (see note 27). On the date of the merger, management monitored performance of its operations in Italy on a country-wide basis and considered Vodafone Italy, including its passive tower infrastructure, to be one cash-generating unit for the purpose of impairment testing as at 31 March 2020. No impairment in relation to Vodafone Italy would be necessary if impairment testing was performed on a post-merger basis at 31 March 2020.

Value in use assumptions

The table below shows key assumptions used in the value in use calculations.

	Assumptions used in value in use calculation					
	Germany	Italy	Spain	Ireland	Romania	Vodafone Automotive
	%	%	%	%	%	%
Pre-tax risk adjusted discount rate	7.5	10.3	9.2	7.6	10.2	9.1
Long-term growth rate	0.5	0.5	0.5	0.5	1.0	1.9
Projected adjusted EBITDA ¹	3.8	0.2	8.2	3.0	8.0	31.3
Projected capital expenditure ²	20.1-20.7	12.5-13.4	16.2-18.1	10.7-15.2	13.7-18.5	14.1-23.4

Sensitivity analysis

The estimated recoverable amount of the Group's operations in Germany and Italy exceed their carrying values by €6.6 billion and €1.8 billion respectively. If the assumptions used in the impairment review were changed to a greater extent than as presented in the following table, the changes would, in isolation, lead to an impairment loss being recognised for the year ended 31 March 2020.

	Change required for carrying value to equal recoverable amount	
	Germany pps	Italy pps
Pre-tax risk adjusted discount rate	1.1	1.7
Long-term growth rate	(1.0)	(2.0)
Projected adjusted EBITDA ¹	(3.2)	(3.1)
Projected capital expenditure ²	11.4	7.9

Notes to the consolidated financial statements (continued)

4. Impairment losses (continued)

Management considered the following reasonably possible changes in the key adjusted EBITDA¹ and long-term growth rate assumptions, leaving all other assumptions unchanged. Due to increased uncertainty following the COVID-19 outbreak, management has widened the range of reasonably possible changes in the key adjusted EBITDA growth rate assumption to plus or minus 5 percentage points (2019: 2 percentage points). The sensitivity analysis presented is prepared on the basis that the reasonably possible change in each key assumption would not have a consequential impact on other assumptions used in the impairment review. The associated impact on the impairment assessment is presented in the table below, with the exception of Vodafone Automotive, where no reasonably possible change in the key assumptions would materially change the impairment charge recognised.

Management believes that no reasonably possible or foreseeable change in the pre-tax adjusted discount rate or projected capital expenditure² would cause the difference between the carrying value and recoverable amount for any cash-generating unit to be materially different to the base case disclosed below.

	Recoverable amount less carrying value (prior to recognition of impairment charges)				
	Germany €bn	Italy €bn	Spain €bn	Ireland €bn	Romania €bn
Base case as at 31 March 2020	6.6	1.8	(0.8)	(0.6)	(0.1)
Change in projected adjusted EBITDA ¹					
Decrease by 5pps	(3.3)	(1.0)	(2.3)	(1.1)	(0.3)
Increase by 5pps	18.4	5.1	0.9	–	0.1
Change in long-term growth rate					
Decrease by 1pps	0.2	0.8	(1.5)	(0.8)	(0.2)
Increase by 1pps	15.8	3.0	–	(0.4)	–

The carrying values for Vodafone UK, Portugal, Czech Republic and Hungary include goodwill arising from acquisitions and/or the purchase of operating licences or spectrum rights. While the recoverable amounts for these operating companies are not materially greater than their carrying value, each has a lower risk of giving rise to an impairment that would be material to the Group given their relative size or the composition of their carrying value.

If the assumptions used in the impairment review were changed to a greater extent than as presented in the following table, the changes would, in isolation, lead to an impairment loss being recognised in the year ended 31 March 2020.

	Change required for carrying value to equal recoverable amount			
	UK pps	Portugal pps	Czech Republic pps	Hungary pps
Pre-tax risk adjusted discount rate	1.1	1.5	1.7	1.9
Long-term growth rate	(1.3)	(1.6)	(1.8)	(2.2)
Projected adjusted EBITDA ¹	(2.3)	(3.4)	(4.0)	(3.9)
Projected capital expenditure ²	4.5	7.1	12.5	9.1

Notes:

1 Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.

2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

VodafoneZiggo

The recoverable amount for VodafoneZiggo is not materially greater than its carrying value. If adverse impacts of economic, competitive, regulatory or other factors were to cause significant deterioration in the operations of VodafoneZiggo and the entity's expected future cash flows, this may lead to an impairment loss being recognised.

Year ended 31 March 2019

The disclosures below for the year ended 31 March 2019 are as previously disclosed in the 31 March 2019 Annual Report.

For the year ended 31 March 2019, the Group recorded impairment charges of €2.9 billion, €0.3 billion, and €0.3 billion in respect of the Group's investments in Spain, Romania and Vodafone Idea respectively. The impairment charges with respect to Spain and Romania relate solely to goodwill and the impairment charge with respect to Vodafone Idea relates to the joint venture's carrying value. All impairment charges are recognised in the consolidated income statement within operating (loss)/profit. The recoverable amounts for Spain and Romania are €7.1 billion and €0.7 billion respectively and are based on value in use calculations. The recoverable amount for the Group's stake in Vodafone Idea is €1.6 billion and is based on its fair value less costs of disposal.

Following challenging current trading and economic conditions, management has reassessed the expected future business performance in Spain. Following this reassessment, projected cash flows are lower and this has led to an impairment charge with respect to the Group's investment in Spain. The impairment charge with respect to the Group's investment in Romania was driven by an increase in the yield on Romanian government bonds which increased the discount rate and management's reassessment of the long-term growth rate applied beyond the five year business plan.

Vodafone Idea Limited

The Group's investment in Vodafone Idea was tested for impairment at 31 March 2019 in accordance with applicable IFRS. Impairment testing was considered appropriate as a result of market conditions and declines in the quoted share price of the company during the period.

The market environment in India remains highly challenging with significant pricing pressure, which has led to industry consolidation but a significantly lower level of profitability and greater pressure on financing. Management continues to consider it reasonable to assume an overall market and pricing recovery, however the timing and magnitude remains highly uncertain. Accordingly, there are a wide range of potential outcomes in deriving a current view of future business performance, cash flows and debt financing requirements for value in use purposes.

Management has concluded that the fair value less costs of disposal based on an observable share price is the appropriate basis to determine the recoverable amount of the Group's investment in Vodafone Idea for the purpose of impairment testing for the year ended 31 March 2019. Where the recoverable amount is less than the investment's carrying amount, the carrying amount is reduced to the recoverable amount and an impairment is recognised.

The investment in Vodafone Idea was also tested for impairment as at 30 September 2018. The share price of INR38.55 implied a recoverable amount of INR152 billion (€1.8 billion) which was lower than the carrying value of the investment at the same date. An impairment charge of €0.3 billion was recognised to reduce the carrying value of the joint venture in the Group's consolidated statement of financial position.

Following the formal announcement of the terms of Vodafone Idea's rights issue on 20 March 2019, the Vodafone Idea share price went 'ex-rights' on 29 March 2019 and closed at INR18.25. Based on information available to management on 31 March 2019, the recoverable amount of the Group's investment in Vodafone Idea was determined based on key assumptions relating to the number of new shares to which management intended to subscribe (8.8 billion) and the associated cost under the terms of the rights issue (INR12.5 per share). After taking into account these key assumptions and the quoted share price, the recoverable amount of the Group's interest in Vodafone Idea was determined to be INR123 billion (€1.6 billion) as at 31 March 2019.

Vodafone Idea's share price is observable in a quoted market and is considered a level 1 input under the IFRS 13 fair value hierarchy. As management has also considered the observable and unquoted inputs related to the number and cost of the new shares to be issued under the rights issue, the recoverable amount quoted above is considered to be a level 2 valuation under the IFRS 13 fair value hierarchy.

The recoverable amount is €0.2 billion higher than the carrying value of the investment as at 31 March 2019 and no further changes to the carrying value or impairment charge recognised in September 2018 are required.

The carrying value of Vodafone Idea that has been tested for impairment is dependent on a wide range of assumptions, including the level of market pricing and the realisation of anticipated merger-related operating expenses and capital expenditure synergies. Should any of the assumptions not materialise, in whole or in part, these will impact the entity's expected future cash flows and may result in a future impairment. The carrying value is also dependent on the ability of the entity to refinance its liabilities as they fall due. Should this not be achievable, this will impact the liquidity of Vodafone Idea and will result in a future impairment, in whole or in part, of the Group's investment.

Based solely on the closing share price of Vodafone Idea on 13 May 2019, the recoverable amount of the Group's 45.2% interest would be €0.6 billion lower than the recoverable amount as at 31 March 2019. No adjustment has been made to the carrying value of the Vodafone Idea joint venture as this is considered a non-adjusting event.

Value in use assumptions

The table below shows key assumptions used in the value in use calculations.

	Assumptions used in value in use calculation			
	Germany %	Italy %	Spain %	Romania %
Pre-tax adjusted discount rate	8.3	10.5	9.3	11.1
Long-term growth rate	0.5	1.0	0.5	1.0
Projected adjusted EBITDA ¹	2.9	(0.1)	9.2	3.8
Projected capital expenditure ²	16.9–19.9	12.2–12.5	17.1–18.4	12.1–12.7

Notes:

1 Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.

2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

Notes to the consolidated financial statements (continued)

4. Impairment losses (continued)**Sensitivity analysis**

The estimated recoverable amount of the Group's operations in Germany, Italy, Spain and Romania exceed their carrying values by €7.4 billion, €2.7 billion, €0.5 billion and €0.1 billion respectively. If the assumptions used in the impairment review were changed to a greater extent than as presented in the following table, the changes would, in isolation, lead to an impairment loss being recognised for the year ended 31 March 2019.

	Change required for carrying value to equal recoverable amount			
	Germany pps	Italy pps	Spain pps	Romania pps
Pre-tax adjusted discount rate	2.1	2.5	0.5	1.2
Long-term growth rate	(2.2)	(2.9)	(0.7)	(1.5)
Projected adjusted EBITDA ¹	(4.9)	(4.6)	(1.3)	(2.0)
Projected capital expenditure ²	15.4	11.2	2.7	3.3

Notes:

- 1 Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
- 2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

Management considered the following reasonably possible changes in the key adjusted EBITDA¹ assumption while leaving all other assumptions unchanged. The associated impact on the impairment assessment is presented in the table below.

Management believes that no reasonably possible or foreseeable change in any of the other assumptions included in the table above would cause the carrying value of any cash-generating unit to materially exceed its recoverable amount.

	Recoverable amount less carrying value		
	Decrease by 2pps £bn	Base case £bn	Increase by 2pps £bn
Germany	4.2	7.4	10.8
Italy	1.5	2.7	4.1
Spain	(0.3)	0.5	1.4
Romania	—	0.1	0.2

Note:

- 1 Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.

The carrying values for Vodafone UK, Portugal and Ireland include goodwill arising from their acquisition by the Group and/or the purchase of operating licences or spectrum rights. While the recoverable amounts for these operating companies are not materially greater than their carrying value, each has a lower risk of giving rise to impairment that would be material to the Group given their relative size or the composition of their carrying value.

The changes in the following table to assumptions used in the impairment review would have, in isolation, led to an impairment loss being recognised in the year ended 31 March 2019.

	Change required for carrying value to equal recoverable amount		
	UK pps	Ireland pps	Portugal pps
Pre-tax risk adjusted discount rate	0.7	1.2	0.7
Long-term growth rate	(0.9)	(1.4)	(0.7)
Projected adjusted EBITDA ¹	(1.9)	(2.7)	(1.4)
Projected capital expenditure ²	3.3	8.4	3.4

Notes:

- 1 Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
- 2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

VodafoneZiggo

Following the merger, the recoverable amount for VodafoneZiggo is not materially greater than its carrying value. If adverse impacts of economic, competitive, regulatory or other factors were to cause significant deterioration in the operations of VodafoneZiggo and the entity's expected future cash flows, this may lead to an impairment loss being recognised.

Year ended 31 March 2018

The disclosures below for the year ended 31 March 2018 are as previously published in the 31 March 2019 Annual Report.

Value in use assumptions

The table below shows key assumptions used in the value in use calculations.

	Assumptions used in value in use calculation			
	Germany %	Spain %	Italy %	Romania %
Pre-tax adjusted discount rate	8.3	9.7	10.4	9.8
Long-term growth rate	0.5	1.5	1.0	1.5
Projected adjusted EBITDA ¹	3.7	5.9	(2.6)	2.6
Projected capital expenditure ²	16.6–18.8	16.8–17.4	12.1–13.3	11.9–14.6

Notes:

- 1 Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
- 2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

Sensitivity analysis

Other than as disclosed below, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of any cash-generating unit to materially exceed its recoverable amount.

The estimated recoverable amount of the Group's operations in Germany, Spain and Romania exceed their carrying values by €7.7 billion, €0.3 billion and €nil respectively. The changes in the following table to assumptions used in the impairment review would, in isolation, lead to an impairment loss being recognised for the year ended 31 March 2018.

	Change required for carrying value to equal recoverable amount		
	Germany pps	Spain pps	Romania pps
Pre-tax risk adjusted discount rate	2.0	0.2	0.1
Long-term growth rate	(2.3)	(0.2)	(0.1)
Projected adjusted EBITDA ¹	(3.3)	(0.3)	(0.1)
Projected capital expenditure ²	16.3	1.4	0.4

Notes:

- 1 Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
- 2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

The carrying values for Vodafone UK, Portugal, Ireland and Czech Republic include goodwill arising from their acquisition by the Group and/or the purchase of operating licences or spectrum rights. While the recoverable amounts for these operating companies are not materially greater than their carrying value, each has a lower risk of giving rise to impairment that would be material to the Group given their relative size or the composition of their carrying value. The changes in the following table to assumptions used in the impairment review would have, in isolation, led to an impairment loss being recognised in the year ended 31 March 2018.

	Change required for carrying value to equal recoverable amount			
	UK pps	Ireland pps	Portugal pps	Czech Republic pps
Pre-tax adjusted discount rate	0.5	0.6	1.0	3.1
Long-term growth rate	(0.6)	(0.7)	(1.1)	(4.0)
Projected adjusted EBITDA ¹	(0.8)	(1.0)	(1.5)	(4.0)
Projected capital expenditure ²	3.2	4.2	6.4	16.9

Notes:

- 1 Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
- 2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

Notes to the consolidated financial statements (continued)

5. Investment income and financing costs

Investment income comprises interest received from short-term investments and other receivables. Financing costs mainly arise from interest due on bonds and commercial paper issued, bank loans and the results of hedging transactions used to manage foreign exchange and interest rate movements.

	2020 €m	2019 €m	2018 €m
Investment income:			
Amortised cost	157	286	339
Fair value through profit and loss	91	147	24
Foreign exchange	–	–	322
	248	433	685
Financing costs:			
Items in hedge relationships:			
Other loans	–	17	74
Interest rate and cross-currency interest rate swaps	(583)	(414)	(128)
Fair value hedging instrument	(14)	(8)	48
Fair value of hedged item	6	10	(36)
Other financial liabilities held at amortised cost:			
Bank loans and overdrafts	586	336	317
Bonds and other liabilities ¹	1,850	1,567	885
Interest charge/(credit) on settlement of tax issues	40	(1)	(11)
Fair value through profit and loss:			
Derivatives – options, forward starting swaps and futures ²	1,129	391	(75)
Foreign exchange	205	190	–
Interest on lease liabilities	330	–	–
	3,549	2,088	1,074
Net financing costs	3,301	1,655	389

Notes:

1 Includes €269 million (2019: €305 million; 2018: €187 million) of interest on foreign exchange derivatives.

2 Includes mark to market loss on the options relating to the mandatory convertible bonds driven by the lower share price and mark to market losses on certain economic hedging instruments driven by lower long-term yields.

6. Taxation

This note explains how our Group tax charge arises. The deferred tax section of the note also provides information on our expected future tax charges and sets out the tax assets held across the Group together with our view on whether or not we expect to be able to make use of these in the future.

Accounting policies

Income tax expense represents the sum of the current and deferred taxes.

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting period date.

The Group recognises provisions for uncertain tax positions when the Group has a present obligation as a result of a past event and management judge that it is probable that there will be a future outflow of economic benefits from the Group to settle the obligation. Uncertain tax positions are assessed and measured on an issue by issue basis within the jurisdictions that we operate either using management's estimate of the most likely outcome where the issues are binary, or the expected value approach where the issues have a range of possible outcomes. The Group recognises interest on late paid taxes as part of financing costs, and any penalties, if applicable, as part of the income tax expense.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that temporary differences or taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are not recognised to the extent they arise from the initial recognition of non-tax deductible goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting period date and adjusted to reflect changes in the Group's assessment that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting period date.

Tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they either relate to income taxes levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

Tax is charged or credited to the income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the tax is recognised in other comprehensive income or in equity.

	2020 €m	2019 €m	2018 €m
Income tax expense			
United Kingdom corporation tax expense/(credit):			
Current year	42	21	70
Adjustments in respect of prior years	(6)	(9)	(5)
	36	12	65
Overseas current tax expense/(credit):			
Current year	900	1,098	1,055
Adjustments in respect of prior years	80	(48)	(102)
	980	1,050	953
Total current tax expense	1,016	1,062	1,018
Deferred tax on origination and reversal of temporary differences:			
United Kingdom deferred tax	(318)	(232)	39
Overseas deferred tax	552	666	(1,936)
Total deferred tax expense/(credit)	234	434	(1,897)
Total income tax expense/(credit)	1,250	1,496	(879)

UK operating profits are more than offset by statutory allowances for capital investment in the UK network and systems plus ongoing interest costs including those arising from the €10.7 billion of spectrum payments to the UK government in 2000, 2013 and 2018.

Notes to the consolidated financial statements (continued)

6. Taxation (continued)**Tax on discontinued operations**

	2020 €m	2019 €m	2018 €m
Tax credit on profit from ordinary activities of discontinued operations¹	–	(56)	(617)

Note:

1 2018 includes a €925 million credit relating to the impairment of Vodafone India.

Tax charged/(credited) directly to other comprehensive income

	2020 €m	2019 €m	2018 €m
Current tax	(26)	3	22
Deferred tax	830	56	70
Total tax charged/(credited) directly to other comprehensive income	804	59	92

Tax charged/(credited) directly to equity

	2020 €m	2019 €m	2018 €m
Deferred tax	–	4	9
Total tax charged/(credited) directly to equity	–	4	9

Factors affecting the tax expense for the year

The table below explains the differences between the expected tax expense, being the aggregate of the Group's geographical split of profits multiplied by the relevant local tax rates and the Group's total tax expense for each year.

	2020 €m	2019 €m	2018 €m
Continuing profit/(loss) before tax as shown in the consolidated income statement	795	(2,613)	3,878
Aggregated expected income tax expense/(credit)	226	(457)	985
Impairment losses with no tax effect	332	807	–
Disposal of Group investments	(1,113)	–	55
Effect of taxation of associates and joint ventures, reported within profit before tax	728	262	90
(Recognition)/derecognition of deferred tax assets for losses in Luxembourg and Spain ¹	–	1,186	(1,583)
Deferred tax following revaluation of investments in Luxembourg ¹	(348)	(488)	(330)
Previously unrecognised temporary differences we expect to use in the future	(14)	–	–
Previously unrecognised temporary differences utilised in the year	–	–	(29)
Current year temporary differences (including losses) that we currently do not expect to use	352	78	20
Adjustments in respect of prior year tax liabilities ²	(86)	(94)	(244)
Impact of tax credits and irrecoverable taxes	52	79	93
Deferred tax on overseas earnings	3	(39)	24
Effect of current year changes in statutory tax rates on deferred tax balances ³	757	(2)	(44)
Financing costs not deductible for tax purposes	174	67	23
Expenses not deductible (income not taxable) for tax purposes	187	97	61
Income tax expense/(credit)	1,250	1,496	(879)

Notes:

1 See note below regarding deferred tax asset recognition in Luxembourg and Spain on pages 170 and 171.

2 2018 includes the impact of closing tax audits across the Group during the year, including in Germany and Romania.

3 2020 includes the impact of a lower corporate tax rate in Luxembourg and the impact of the retention of the 19% corporate tax rate in the UK

Deferred tax

Analysis of movements in the net deferred tax balance during the year:

	€m
1 April 2019	24,275
Exchange and other movements	17
Charged to the income statement (continuing operations)	(234)
Charged directly to OCI	(830)
Charged directly to equity	—
Reclassification	61
Arising on acquisitions and disposals	(1,726)
31 March 2020¹	21,563

Deferred tax assets and liabilities, before offset of balances within countries, are as follows:

	Amount credited/ (expensed) in income statement €m	Gross deferred tax asset €m	Gross deferred tax liability €m	Less amounts unrecognised €m	Net recognised deferred tax (liability)/ asset €m
Accelerated tax depreciation	964	1,581	(1,807)	13	(213)
Intangible assets	(719)	381	(1,948)	14	(1,553)
Tax losses	(926)	32,121	—	(8,725)	23,396
Treasury related items	144	530	(770)	(301)	(541)
Temporary differences relating to revenue recognition	187	3	(559)	—	(556)
Temporary differences relating to leases	205	261	(41)	—	220
Other temporary differences	(89)	1,183	(302)	(71)	810
31 March 2020¹	(234)	36,060	(5,427)	(9,070)	21,563

Analysed in the balance sheet, after offset of balances within countries, as:

	€m
Deferred tax asset	23,606
Deferred tax liability	(2,043)
31 March 2020¹	21,563

At 31 March 2019, deferred tax assets and liabilities, before offset of balances within countries, were as follows:

	Amount credited/ (expensed) in income statement €m	Gross deferred tax asset €m	Gross deferred tax liability €m	Less amounts unrecognised €m	Net recognised deferred tax (liability)/ asset €m
Accelerated tax depreciation	350	1,495	(1,202)	8	301
Intangible assets	38	406	(754)	15	(333)
Tax losses	(814)	32,397	—	(8,175)	24,222
Treasury related items	(23)	165	(67)	(160)	(62)
Deferred tax on overseas earnings	104	—	—	—	—
Temporary differences relating to revenue recognition	62	—	(766)	—	(766)
Other temporary differences	(151)	1,225	(237)	(75)	913
31 March 2019¹	(434)	35,688	(3,026)	(8,387)	24,275

At 31 March 2019, analysed in the balance sheet, after offset of balances within countries, as:

	€m
Deferred tax asset	24,753
Deferred tax liability	(478)
31 March 2019¹	24,275

Note:

¹ The Group does not discount its deferred tax assets. This is in accordance with the requirements on IAS 12.

Notes to the consolidated financial statements (continued)

6. Taxation (continued)**Factors affecting the tax charge in future years**

The Group's future tax charge, and effective tax rate, could be affected by several factors including: tax reform in countries around the world, including any arising from the OECD's or European Commission's work on the taxation of the digital economy and European Commission initiatives such as the proposed tax and financial reporting directive or as a consequence of state aid investigations, future corporate acquisitions and disposals, any restructuring of our businesses and the resolution of open tax issues (see below).

On 25 April 2019, the European Commission published its full decision in relation to its investigation into the 'group financing exemption' (GFE) in the UK's controlled foreign company rules and whether the GFE constituted unlawful State Aid. They concluded the GFE does not constitute unlawful state aid when the managing of the financing activities is outside the UK. As the Group's Luxembourg financing activities are properly established and operate in accordance with EU and local law as well as the OECD's transfer pricing guidelines, we do not anticipate any significant impact as a result of the Commissions findings.

We do not anticipate any significant impact on our future tax charge, liabilities or assets, as a result of the UK leaving the European Union on 31 January 2020 but cannot rule out the possibility that a failure to reach satisfactory arrangements for the UK's future relationship with the European Union at the end of the transition period on 31 December 2020, could have an impact on such matters. We continue to monitor developments in this area.

The Group is routinely subject to audit by tax authorities in the territories in which it operates. The Group considers each issue on its merits and, where appropriate, holds provisions in respect of the potential tax liability that may arise. As at 31 March 2020, the Group holds provisions for such potential liabilities of €638 million (2019: €460 million). These provisions relate to multiple issues, across the jurisdictions in which the Group operates.

As the tax impact of a transaction can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process, the amount ultimately paid may differ materially from the amount accrued and could therefore affect the Group's overall profitability and cash flows in future periods. See note 29 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

At 31 March 2020, the gross amount and expiry dates of losses available for carry forward are as follows:

	Expiring within 5 years €m	Expiring beyond 6 years €m	Unlimited €m	Total €m
Losses for which a deferred tax asset is recognised	531	143	99,828	100,502
Losses for which no deferred tax is recognised	759	9,404	22,772	32,935
	1,290	9,547	122,600	133,437

At 31 March 2019, the gross amount and expiry dates of losses available for carry forward were as follows:

	Expiring within 5 years €m	Expiring beyond 6 years €m	Unlimited €m	Total €m
Losses for which a deferred tax asset is recognised	207	37	99,967	100,211
Losses for which no deferred tax is recognised	632	7,063	22,659	30,354
	839	7,100	122,626	130,565

Deferred tax assets on losses in Luxembourg

Included in the table above are losses of €82,372 million (2019: €82,372 million) that have arisen in Luxembourg companies, principally as a result of revaluations of those companies' investments for local GAAP purposes.

A deferred tax asset of €20,544 million (2019: €21,425 million) has been recognised in respect of these losses, as we conclude it is probable that the Luxembourg entities will continue to generate taxable profits in the future against which we can utilise these losses. The Luxembourg companies' income is derived from the Group's internal financing and procurement and roaming activities. The Group has reviewed the latest forecasts for the Luxembourg companies, including their ability to continue to generate income beyond the forecast period under the tax laws substantively enacted at the balance sheet date. The assessment also considered whether the structure of the Group would continue to allow the generation of taxable income. Based on this, Group's management concludes that it is probable that the Luxembourg companies will continue to generate taxable income in the future. Any future changes in tax law or the structure of the Group could have a significant effect on the use of losses, including the period over which the losses can be utilised.

Based on the current forecasts the losses will be fully utilised over the next 40 to 45 years. A 5%-10% change in the forecast income in Luxembourg would change the period over which the losses will be fully utilised by 2 to 5 years. The shorter recovery period in the current year is primarily driven by the consequences of the acquisition of Unity Media in Germany and the UPC entities in Central Europe.

The Group's effective tax rate reconciliation includes €348 million (2019: €488 million) as a result of the revaluation of investments based upon the local GAAP financial statements and tax returns at 31 March 2020. These revaluations of investments for local GAAP purposes, which are based on the Group's value in use calculations, can give rise to impairments or the reversal of previous impairments. The reversal of impairments can result in a significant change to our deferred tax assets and the period over which these assets can be utilised. Impairments have a narrower impact as losses incurred in the year expire after 17 years and are used after any pre-existing losses.

In addition to the above, €9,242 million (2019: €7,063 million) of the Group's Luxembourg losses expire after 14 to 17 years and no deferred tax asset is recognised as they will expire before we can use these losses. The remaining losses do not expire. We also have €9,136 million (2019: €9,132 million) of Luxembourg losses in a former Cable & Wireless Worldwide Group company, for which no deferred tax asset has been recognised as it is uncertain whether these losses will be utilised.

Deferred tax assets on losses in Germany

The Group has tax losses of €17,160 million (2019: €17,417 million) in Germany arising on the write down of investments in Germany in 2000. The losses are available to use against both German federal and trade tax liabilities and they do not expire.

A deferred tax asset of €2,662 million (2019: €2,701 million) has been recognised in respect of these losses as we conclude it is probable that the German business will continue to generate taxable profits in the future against which we can utilise these losses. The Group has reviewed the latest forecasts for the German business which incorporate the unsystematic risks of operating in the telecommunications business. In the period beyond the 5 year forecast we have reviewed the profits inherent in the terminal period and based on these and our expectations for the German business we believe it is probable the German losses will be fully utilised.

Based on the current forecasts the losses will be fully utilised over the next 9 to 14 years. A 5%-10% change in the forecast profits of the German business would alter the utilisation period by 1 to 2 years.

Deferred tax assets on losses in Spain

The Group has tax losses of €4,281 million (2019: €3,821 million) in Spain which are available to offset against the future profits of the Grupo Corporativo ONO business. The losses do not expire and no deferred tax asset is recognised for these losses due to the trading environment in Spain.

Other tax losses

The Group has losses amounting to €7,500 million (2019: €7,678 million) in respect of UK subsidiaries which are only available for offset against future capital gains and since it is uncertain whether these losses will be utilised, no deferred tax asset has been recognised, in line with the prior year.

The remaining losses relate to a number of other jurisdictions across the Group. There are also €1,514 million (2019: €798 million) of unrecognised temporary differences relating to treasury items and other items.

No deferred tax liability has been recognised in respect of a further €7,130 million (2019: €10,425 million) of unremitted earnings of subsidiaries, associates and joint ventures because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future. It is not practicable to estimate the amount of unrecognised deferred tax liabilities in respect of these unremitted earnings.

Notes to the consolidated financial statements (continued)

7. Discontinued operations and assets and liabilities held for sale

In the prior financial year, following the agreement to combine our Indian operations with Idea Cellular into a jointly controlled company, in accordance with IFRS accounting standards, the results of Vodafone India were included in discontinued operations until the transaction completed on 31 August 2018.

The Group classifies non-current assets and assets and liabilities within disposal groups ('assets') as held for sale if the assets are available immediately for sale in their present condition, management is committed to a plan to sell the assets under usual terms, it is highly probable that their carrying amounts will be recovered principally through a sale transaction rather than through continuing use and the sale is expected to be completed within one year from the date of the initial classification.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position and are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Where operations constitute a separately reportable segment (see note 2 "Revenue disaggregation and segmental analysis") and have been disposed of, or are classified as held for sale, the Group classifies such operations as discontinued.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Group consolidated income statement. Discontinued operations are also excluded from segment reporting. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Discontinued operations

On 20 March 2017, Vodafone announced the agreement to combine its subsidiary, Vodafone India (excluding its 42% stake in Indus Towers), with Idea Cellular in India. Consequently, Vodafone India has been accounted for as a discontinued operation for all periods up to 31 August 2018, the date the transaction completed, the results of which are detailed below.

Income statement and segment analysis of discontinued operations

	Year ended 31 March 2020 €m	Five months ended 31 August 2018 €m	Year ended 31 March 2018 €m
Revenue	–	1,561	4,648
Cost of sales	–	(1,185)	(2,995)
Gross profit	–	376	1,653
Selling and distribution expenses	–	(92)	(237)
Administrative expenses	–	(134)	(533)
Other income and expense ¹	–	–	416
Operating profit	–	150	1,299
Financing costs	–	(321)	(715)
(Loss)/profit before taxation	–	(171)	584
Income tax credit/(charge)	–	56	(308)
(Loss)/profit after tax of discontinued operations	–	(115)	276
Pre-tax loss on the re-measurement of disposal group	–	–	(3,170)
Income tax credit	–	–	925
After tax loss on the re-measurement of disposal group	–	–	(2,245)
Loss on sale of disposal group	–	(3,420)	–
Loss for the financial year from discontinued operations	–	(3,535)	(1,969)

Loss per share from discontinued operations

	2020 eurocents	2019 eurocents	2018 eurocents
– Basic	–	(12.80)c	(7.09)c
– Diluted	–	(12.80)c	(7.06)c

Total comprehensive expense for the financial year from discontinued operations

	2020 €m	2019 €m	2018 €m
Attributable to owners of the parent	–	(3,535)	(1,969)

Note:

¹ Includes the profit on disposal of Vodafone India's standalone towers business to ATC Telecom.

For the five months ended 31 August 2018, the Group recorded a loss on disposal of Vodafone India of €3,420 million as set out in note 27 "Acquisitions and disposals". This loss is presented within discontinued operations.

For the year ended 31 March 2018, the Group recorded a non-cash charge of €3,170 million (€2,245 million net of tax), included in discontinued operations, as a result of the re-measurement of Vodafone India's fair value less costs of disposal. Fair value of the Group's equity interest at 31 March 2018 was assessed to be INR 223 billion (2017: INR 370 billion), equivalent to €2.8 billion (2017: €5.3 billion) at the foreign exchange rates prevailing at those dates. The fair value of Vodafone India at 31 March 2018 was assessed to be primarily determinable by reference to the Idea Cellular Limited quoted share price as at 31 March 2018 of INR 75.9 per share. This technique was considered to result in a level 2 valuation as per IFRS 13, as while the quoted share price for Idea Cellular Limited was observable, further adjustments, such as an assumption regarding the disposal of Vodafone India with a certain level of debt, were required to estimate fair value less costs of disposal.

Assets and liabilities held for sale

Assets and liabilities held for sale at 31 March 2020 comprise:

- A 24.95% interest in Vodafone Hutchison Australia; and
- The Group's 55% interest in Vodafone Egypt following the announcement on 29 January 2020 that the Group has signed a memorandum of understanding with Saudi Telecom Company for the sale of Vodafone Egypt.

Assets and liabilities held for sale at 31 March 2019 comprise a 24.95% interest in Vodafone Hutchison Australia and a 12.6% interest in Indus Towers. The held for sale classification for 12.6% of Indus Towers was reversed during the year ended 31 March 2020 due to events that occurred during the year. The stake is now equity accounted with the remainder of the Group's interest in Indus Towers (see note 28).

The relevant assets and liabilities are detailed in the table below.

Assets and liabilities held for sale

	2020 €m	2019 €m
Non-current assets		
Goodwill	107	–
Other intangible assets	379	–
Property, plant and equipment	916	–
Investments in associates and joint ventures	(412)	(231)
Trade and other receivables	15	–
	1,005	(231)
Current assets		
Inventory	13	–
Taxation recoverable	3	–
Trade and other receivables	313	–
Cash and cash equivalents	273	–
	602	–
Total assets held for sale	1,607	(231)
Non-current liabilities		
Long-term borrowings	57	–
Deferred tax liabilities	60	–
Provisions	5	–
	122	–
Current liabilities		
Short-term borrowings	150	–
Taxation liabilities	116	–
Provisions	29	–
Trade and other payables	634	–
	929	–
Total liabilities held for sale	1,051	–

Notes to the consolidated financial statements (continued)

8. Earnings per share

Basic earnings per share is the amount of profit generated for the financial year attributable to equity shareholders divided by the weighted average number of shares in issue during the year.

	2020 Millions	2019 Millions	2018 Millions
Weighted average number of shares for basic earnings per share	29,422	27,607	27,770
Effect of dilutive potential shares: restricted shares and share options	–	–	87
Weighted average number of shares for diluted earnings per share	29,422	27,607	27,857
	2020 €m	2019 €m	2018 €m
(Loss)/earnings for earnings per share from continuing operations	(920)	(4,485)	4,408
(Loss) for earnings per share from discontinued operations	–	(3,535)	(1,969)
(Loss)/earnings for basic and diluted earnings per share	(920)	(8,020)	2,439
	eurocents	eurocents	eurocents
Basic (loss)/earnings per share from continuing operations	(3.13)c	(16.25)c	15.87c
(Loss) per share from discontinued operations	–	(12.80)c	(7.09)c
Basic (loss)/earnings per share	(3.13)c	(29.05)c	8.78c
	eurocents	eurocents	eurocents
Diluted (loss)/earnings per share from continuing operations	(3.13)c	(16.25)c	15.82c
Diluted loss per share from discontinued operations	–	(12.80)c	(7.06)c
Diluted (loss)/earnings per share	(3.13)c	(29.05)c	8.76c

9. Equity dividends

Dividends are one type of shareholder return, historically paid to our shareholders in February and August.

	2020 €m	2019 €m	2018 €m
Declared during the financial year:			
Final dividend for the year ended 31 March 2019: 4.16 eurocents per share (2018: 10.23 eurocents per share, 2017: 10.03 eurocents per share)	1,112	2,729	2,670
Interim dividend for the year ended 31 March 2020: 4.50 eurocents per share (2019: 4.84 eurocents per share, 2018: 4.84 eurocents per share)	1,205	1,293	1,291
	2,317	4,022	3,961
Proposed after the end of the year and not recognised as a liability:			
Final dividend for the year ended 31 March 2020: 4.50 eurocents per share (2019: 4.16 eurocents per share, 2018: 10.23 eurocents per share)	1,205	1,112	2,729

10. Intangible assets

The statement of financial position contains significant intangible assets, mainly in relation to goodwill and licences and spectrum. Goodwill, which arises when we acquire a business and pay a higher amount than the fair value of its net assets primarily due to the synergies we expect to create, is not amortised but is subject to annual impairment reviews. Licences and spectrum are amortised over the life of the licence. For further details see “Critical accounting judgements and key sources of estimation uncertainty” in note 1 to the consolidated financial statements.

Accounting policies

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured. Identifiable intangible assets are recognised at fair value when the Group completes a business combination. The determination of the fair values of the separately identified intangibles, is based, to a considerable extent, on management’s judgement.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is evidence that it may be required. Goodwill is denominated in the currency of the acquired entity and revalued to the closing exchange rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

On disposal of a subsidiary or a joint arrangement, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Finite lived intangible assets

Intangible assets with finite lives are stated at acquisition or development cost, less accumulated amortisation. The amortisation period and method is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Licence and spectrum fees

Amortisation periods for licence and spectrum fees are determined primarily by reference to the unexpired licence period, the conditions for licence renewal and whether licences are dependent on specific technologies. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives from the commencement of related network services.

Computer software

Computer software comprises software purchased from third parties as well as the cost of internally developed software. Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and are probable of producing future economic benefits, are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads.

Software integral to an item of hardware equipment is classified as property, plant and equipment.

Costs associated with maintaining software programs are recognised as an expense when they are incurred.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life from the date the software is available for use.

Other intangible assets

Other intangible assets, including brands and customer bases, are recorded at fair value at the date of acquisition. Amortisation is charged to the income statement, over the estimated useful lives of intangible assets from the date they are available for use, on a straight-line basis. The amortisation basis adopted for each class of intangible asset reflects the Group’s consumption of the economic benefit from that asset. From 1 April 2019, the Group revised the method of allocating the amortisation of acquired customer base intangibles over their useful economic lives from a sum of digits calculation to a straight-line basis. Customer base assets at 1 April 2019 related to acquired joint ventures; the revision to the allocation methodology resulted in a €152 million reduction in losses recorded in the Group’s share of results of equity accounted associates and joint ventures for the year ended 31 March 2020.

Estimated useful lives

The estimated useful lives of finite lived intangible assets are as follows:

– Licence and spectrum fees	3 - 25 years
– Computer software	3 - 5 years
– Brands	1 - 10 years
– Customer bases	2 - 18 years

Notes to the consolidated financial statements (continued)

10. Intangible assets (continued)

	Goodwill €m	Licence and spectrum fees €m	Computer software €m	Other €m	Total €m
Cost:					
1 April 2018	89,913	28,797	17,413	7,345	143,468
Exchange movements	(427)	(193)	(93)	(173)	(886)
Arising on acquisition	77	–	10	8	95
Additions	–	3,009	2,232	7	5,248
Disposals	–	(7)	(2,348)	–	(2,355)
Other	–	–	(5)	–	(5)
31 March 2019	89,563	31,606	17,209	7,187	145,565
Exchange movements	(563)	(479)	(196)	(310)	(1,548)
Arising on acquisition	11,752	–	184	5,656	17,592
Disposal of subsidiaries	(1,582)	(129)	(409)	(76)	(2,196)
Additions	–	1,776	2,278	7	4,061
Disposals	–	(83)	(2,383)	(47)	(2,513)
Transfer to assets held for resale	(107)	(679)	(184)	(6)	(976)
Other	–	–	85	–	85
31 March 2020	99,063	32,012	16,584	12,411	160,070
Accumulated impairment losses and amortisation:					
1 April 2018	63,179	17,377	12,541	7,114	100,211
Exchange movements	(239)	(59)	(70)	(163)	(531)
Impairments	3,270	–	–	–	3,270
Amortisation charge for the year	–	1,693	2,085	163	3,941
Disposals	–	(7)	(2,332)	–	(2,339)
Other	–	–	8	–	8
31 March 2019	66,210	19,004	12,232	7,114	104,560
Exchange movements	(103)	(338)	(119)	(265)	(825)
Impairments	1,685	–	–	–	1,685
Disposal of subsidiaries	–	(69)	(305)	(76)	(450)
Amortisation charge for the year	–	1,833	2,203	423	4,459
Disposals	–	(70)	(2,353)	(48)	(2,471)
Transfer to assets held for resale	–	(355)	(127)	(8)	(490)
Other	–	–	79	–	79
31 March 2020	67,792	20,005	11,610	7,140	106,547
Net book value:					
31 March 2019	23,353	12,602	4,977	73	41,005
31 March 2020	31,271	12,007	4,974	5,271	53,523

For licences and spectrum and other intangible assets, amortisation is included within the cost of sales line within the consolidated income statement.

The net book value and expiry dates of the most significant licences are as follows:

	Expiry dates	2020 €m	2019 €m
Germany	2020/2025/2033/2040	4,208	3,346
Italy	2021/2029/2037	3,683	3,922
UK	2022/2023/2033/2038	1,801	2,320

The remaining amortisation period for each of the licences in the table above corresponds to the expiry date of the respective licence. A summary of the Group's most significant spectrum licences can be found on pages 262 and 263.

11. Property, plant and equipment

The Group makes significant investments in network equipment and infrastructure – the base stations and technology required to operate our networks – that form the majority of our tangible assets. All assets are depreciated over their useful economic lives. For further details on the estimation of useful economic lives, see “Critical accounting judgements and key sources of estimation uncertainty” in note 1 to the consolidated financial statements.

Accounting policies

Land and buildings held for use are stated in the statement of financial position at their cost, less any subsequent accumulated depreciation and any accumulated impairment losses.

Amounts for equipment, fixtures and fittings, which includes network infrastructure assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Assets in the course of construction are carried at cost, less any recognised impairment losses. Depreciation of these assets commences when the assets are ready for their intended use.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged so as to write off the cost of assets, other than land, using the straight-line method, over their estimated useful lives, as follows:

Land and buildings

– Freehold buildings	25 - 50 years
– Leasehold premises	the term of the lease

Equipment, fixtures and fittings

– Network infrastructure and other	1 - 35 years
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Depreciation is not provided on freehold land.

Right-of-use assets arising from the Group's lease arrangements are depreciated over their reasonably certain lease term, as determined under the Group's leases policy (see note 20 “Leases” and “Critical accounting judgements and key sources of estimation uncertainty” in note 1 for details).

The gain or loss arising on the disposal, retirement or granting of a finance lease on an item of property, plant and equipment is determined as the difference between any proceeds from sale or receivables arising on a lease and the carrying amount of the asset and is recognised in the income statement.

Notes to the consolidated financial statements (continued)

11. Property, plant and equipment (continued)

	Land and buildings €m	Equipment, fixtures and fittings €m	Total €m
Cost:			
1 April 2018	2,225	68,532	70,757
Exchange movements	(11)	(340)	(351)
Arising on acquisition	–	58	58
Additions	66	4,925	4,991
Disposals	(28)	(1,966)	(1,994)
Other	15	173	188
31 March 2019	2,267	71,382	73,649
Transfers to right-of-use assets ¹	(10)	(1,122)	(1,132)
1 April 2019	2,257	70,260	72,517
Exchange movements	(58)	(1,000)	(1,058)
Arising on acquisition	49	3,642	3,691
Additions	76	5,161	5,237
Disposals	(51)	(3,218)	(3,269)
Disposals of subsidiaries	(22)	(2,851)	(2,873)
Transfer to assets held for resale	(60)	(2,283)	(2,343)
Other	10	311	321
31 March 2020	2,201	70,022	72,223
Accumulated depreciation and impairment:			
1 April 2018	1,165	41,267	42,432
Exchange movements	–	(126)	(126)
Charge for the year	113	5,741	5,854
Disposals	(28)	(1,899)	(1,927)
Other	3	(19)	(16)
31 March 2019	1,253	44,964	46,217
Transfers to right-of-use assets ¹	(9)	(361)	(370)
1 April 2019	1,244	44,603	45,847
Exchange movements	(21)	(498)	(519)
Charge for the year	109	5,886	5,995
Disposals	(42)	(3,145)	(3,187)
Disposals of subsidiaries	(17)	(2,017)	(2,034)
Transfer to assets held for resale	(23)	(1,465)	(1,488)
Other	(4)	104	100
31 March 2020	1,246	43,468	44,714
Net book value:			
31 March 2019	1,014	26,418	27,432
Transfers to right-of-use assets ¹	(1)	(761)	(762)
1 April 2019	1,013	25,657	26,670
31 March 2020	955	26,554	27,509

Note:

1 Property, plant and equipment held under finance leases under IAS 17 have been reclassified to right-of-use assets following the adoption of IFRS 16 on 1 April 2019.

Included in the net book value of land and buildings and equipment, fixtures and fittings are assets in the course of construction, which are not depreciated, with a cost of €34 million and €1,914 million respectively (2019: €23 million and €1,344 million). Also included in the book value of equipment, fixtures and fittings are assets leased out by the Group under operating leases, with a cost of €2,966 million, accumulated depreciation of €1,678 million and net book value of €1,288 million.

Right-of-use assets arising from the Group's lease arrangements are recorded within property, plant and equipment:

	2020 €m	2019 €m
Property, plant and equipment (owned assets)	27,509	27,432
Right-of-use assets ¹	11,688	–
31 March 2020	39,197	27,432

Note:

1 Additions of €4,593 million and a depreciation charge of €3,720 million were recorded in respect of right-of-use assets during the year to 31 March 2020.

12. Investments in associates and joint arrangements

The Group holds interests in an associate in Kenya, where we have significant influence, as well as in a number of joint arrangements in the UK, Italy, the Netherlands, India and Australia, where we share control with one or more third parties. For further details see “Critical accounting judgements and key sources of estimation uncertainty” in note 1 to the consolidated financial statements.

Accounting policies

Interests in joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is, when the relevant activities that significantly affect the investee's returns require the unanimous consent of the parties sharing control. Joint arrangements are either joint operations or joint ventures.

Gains or losses resulting from the contribution or sale of a subsidiary as part of the formation of a joint arrangement are recognised in respect of the Group's entire equity holding in the subsidiary.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control have the rights to the assets, and obligations for the liabilities, relating to the arrangement or that other facts and circumstances indicate that this is the case. The Group's share of assets, liabilities, revenue, expenses and cash flows are combined with the equivalent items in the financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a joint operation is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control have the rights to the net assets of the arrangement.

At the date of acquisition, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

The results and assets and liabilities of joint ventures, other than those joint ventures or part thereof that are held for sale (see note 7 “Discontinued operations and assets and liabilities held for sale”), are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of the investment. The Group's share of post-tax profits or losses are recognised in the consolidated income statement. Losses of a joint venture in excess of the Group's interest in that joint venture are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but where the Group does not have control or joint control over those policies.

At the date of acquisition, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the investment. The Group's share of post-tax profits or losses are recognised in the consolidated income statement. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Joint operations

The Company's principal joint operation has share capital consisting solely of ordinary shares and is indirectly held, and principally operates in the UK. The financial and operating activities of the operation are jointly controlled by the participating shareholders and are primarily designed for all but an insignificant amount of the output to be consumed by the shareholders.

Name of joint operation	Principal activity	Country of incorporation or registration	Percentage shareholdings ¹
Cornerstone Telecommunications Infrastructure Limited	Network infrastructure	UK	50.0

Note:

1 Effective ownership percentages of Vodafone Group Plc at 31 March 2020 rounded to the nearest tenth of one percent.

Notes to the consolidated financial statements (continued)

12. Investments in associates and joint arrangements (continued)

Joint ventures and associates

	2020 €m	2019 €m
Investment in joint ventures	5,323	3,399
Investment in associates	508	553
31 March	5,831	3,952

Joint ventures

The financial and operating activities of the Group's joint ventures are jointly controlled by the participating shareholders. The participating shareholders have rights to the net assets of the joint ventures through their equity shareholdings. Unless otherwise stated, the Company's principal joint ventures all have share capital consisting solely of ordinary shares and are all indirectly held. The country of incorporation or registration of all joint ventures is also their principal place of operation.

Name of joint venture	Principal activity	Country of incorporation or registration	Percentage shareholdings ¹
Vodafone Idea Limited ^{2,4}	Network operator	India	44.4
VodafoneZiggo Group Holding B.V.	Network operator	Netherlands	50.0
Infrastruttura Wireless Italiane (INWIT) S.p.A. ³	Network infrastructure	Italy	37.5
Indus Towers Limited	Network infrastructure	India	42.0
Vodafone Hutchison Australia Pty Limited	Network operator	Australia	50.0

Notes:

- Effective ownership percentages of Vodafone Group Plc at 31 March 2020 rounded to the nearest tenth of one percent.
- At 31 March 2020 the fair value of the Group's interest in Vodafone Idea Limited was INR 40 billion (€476 million) (2019: INR 123 billion (€1,580 million)) based on the quoted share price on the National Stock Exchange of India.
- At 31 March 2020 the fair value of the Group's interest in INWIT S.p.A. was €3,345 million based on the quoted share price on the Milan Stock Exchange.
- Vodafone Idea was formed on 31 August 2018 following the combination of Vodafone India Ltd with Idea Cellular Limited.

Vodafone Idea

The equity accounted results for Vodafone Idea Limited ('VIL') for the period included an estimate for a material charge for amounts due following the recent Supreme Court of India judgement in the case Union of India v Association of Unified Telecom Service Providers of India and Others regarding the definition of adjusted gross revenue ('AGR') used to calculate regulatory fees. Further detail is provided in note 29.

The Group's recorded share of VIL's resulting losses has been restricted to the amount that reduced the Group's carrying value in VIL to €nil at 30 September 2019. The Group's carrying value was €1,392 million at 31 March 2019 and in May 2019, the Group invested €1,410 million via a rights issue. Significant uncertainties exist in relation to VIL's ability to generate the cash flow that it needs to settle, or refinance its liabilities and guarantees as they fall due, including those relating to the AGR judgement.

The value of the Group's 42% shareholding in Indus Towers Limited ('Indus') is, in part, dependent on the income generated by Indus from tower rentals to major customers, including VIL. Any inability of these major customers to pay such amounts in the future may result in an impairment in the carrying value of the Group's investment in Indus (31 March 2020: €0.8 billion).

The following table provides aggregated financial information for the Group's joint ventures as it relates to the amounts recognised in the income statement, statement of comprehensive income and statement of financial position.

	Investment in joint ventures			(Loss)/profit from continuing operations			Other comprehensive income			Total comprehensive (expense)/income		
	2020 €m	2019 €m	2018 €m	2020 €m	2019 €m	2018 €m	2020 €m	2019 €m	2018 €m	2020 €m	2019 €m	2018 €m
Vodafone Idea Limited	–	1,392	–	(2,546)	(903)	–	(8)	(1)	–	(2,554)	(904)	–
VodafoneZiggo Group Holding B.V.	1,630	1,842	2,119	(64)	(239)	(398)	–	4	1	(64)	(235)	(397)
INWIT S.p.A.	3,345	–	–	–	–	–	–	–	–	–	–	–
Indus Towers Limited	766	601	893	19	55	135	7	–	–	26	55	135
Vodafone Hutchison Australia Pty Limited	(466)	(484)	(979)	(35)	(23)	32	–	–	–	(35)	(23)	32
Other	48	48	64	(125)	(14)	(15)	–	–	–	(125)	(14)	(15)
Total	5,323	3,399	2,097	(2,751)	(1,124)	(246)	(1)	3	1	(2,752)	(1,121)	(245)

Summarised financial information for each of the Group's material joint ventures on a 100% ownership basis is set out below.

As disclosed above, the Group's investment in VIL was reduced to €nil at 30 September 2019 and the Group has not recorded any profit or loss in respect of its share of VIL's results since that date.

	Vodafone Idea Limited		INWIT S.p.A.	Vodafone Ziggo Group Holding B.V.			Indus Towers Limited			Vodafone Hutchison Australia Pty Limited		
	2020 €m	2019 €m		2020 €m	2020 €m	2019 €m	2018 €m	2020 €m	2019 €m	2018 €m	2020 €m	2019 €m
Income statement												
Revenue	5,704	3,379	–	3,948	3,868	3,972	2,365	2,227	2,477	2,108	2,290	2,518
Operating expenses	(4,938)	(2,999)	–	(2,163)	(2,169)	(2,285)	(1,336)	(1,438)	(1,478)	(1,489)	(1,634)	(1,745)
Depreciation and amortisation	(2,426)	(1,364)	–	(1,528)	(2,012)	(2,232)	(268)	(305)	(303)	(508)	(494)	(483)
Other expense	(6,627)	(253)	–	–	–	–	(592)	–	–	–	–	–
Operating (loss)/profit	(8,287)	(1,237)	–	257	(313)	(545)	169	484	696	111	162	290
Interest income	147	56	–	–	–	6	32	11	16	4	3	3
Interest expense	(1,740)	(817)	–	(343)	(602)	(543)	(196)	(79)	(74)	(256)	(240)	(230)
(Loss)/profit before tax	(9,880)	(1,998)	–	(86)	(915)	(1,082)	5	416	638	(141)	(75)	63
Income tax	–	1	–	(42)	437	287	39	(238)	(316)	–	–	1
(Loss)/profit from continuing operations	(9,880)	(1,997)	–	(128)	(478)	(795)	44	178	322	(141)	(75)	64

	Vodafone Idea Limited		INWIT S.p.A.	Vodafone Ziggo Group Holding B.V.		Indus Towers Limited		Vodafone Hutchison Australia Pty Limited	
	2020 €m ¹	2019 €m ¹		2020 €m ¹	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m
Statement of financial position									
Non-current assets	21,240	22,577	14,517	17,745	17,665	2,448	1,511	2,965	2,971
Current assets	3,235	3,814	288	752	875	562	749	767	334
Total assets	24,475	26,391	14,805	18,497	18,540	3,010	2,260	3,732	3,305
Equity shareholders' funds	(3,475)	3,696	8,917	3,260	3,684	566	699	(2,047)	(2,144)
Non-current liabilities	15,835	15,137	4,907	12,974	12,489	1,327	465	5,146	4,590
Current liabilities	12,115	7,558	981	2,263	2,367	1,117	1,096	633	859
Cash and cash equivalents within current assets	320	138	40	116	288	16	42	196	243
Non-current liabilities excluding trade and other payables and provisions	15,790	13,828	4,684	12,550	12,009	1,095	133	5,137	4,580
Current liabilities excluding trade and other payables and provisions	2,979	4,289	218	1,108	1,272	658	590	124	203

Notes:

- Includes certain amounts subject to an adjustment mechanism agreed as part of the formation of Vodafone Idea. See note 29 "Contingent liabilities and legal proceedings" for more detail.
- Includes balances which are provisional based on finalisation of a purchase price allocation.

The Group received a dividend from VodafoneZiggo Group Holding B.V. of €148 million (2019: €200 million, 2018: €220 million) and a dividend of €nil from Indus Towers Limited in the year to 31 March 2020 (2019: €141 million, 2018: €138 million).

The reconciliation of summarised financial information presented to the carrying amount of our interest in joint ventures is set out below:

	Vodafone Idea Limited		INWIT S.p.A.	Vodafone Ziggo Group Holding B.V.			Indus Towers Limited			Vodafone Hutchison Australia Pty Limited		
	2020 €m	2019 €m		2020 €m	2020 €m	2019 €m	2018 €m	2020 €m	2019 €m	2018 €m	2020 €m	2019 €m
Equity shareholders' funds	(3,475)	3,696	8,917	3,260	3,684		566	699		(2,047)	(2,144)	
Interest in joint ventures ¹	(1,543)	1,671	3,345	1,630	1,842		238	294		(1,024)	(1,072)	
Impairment	(261)	(279)	–	–	–		–	–		–	–	
Goodwill	–	–	–	–	–		528	564		94	106	
Transferred to assets held for sale	–	–	–	–	–		–	(236)		412	467	
Investment proportion not recognised	1,804	–	–	–	–		–	(21)		52	15	
Carrying value	–	1,392	3,345	1,630	1,842		766	601		(466)	(484)	
(Loss)/profit from continuing operations	(9,880)	(1,997)	–	(128)	(478)	(795)	44	178	322	(141)	(75)	64
Share of (loss)/profit ¹	(4,386)	(903)	–	(64)	(239)	(398)	19	75	135	(70)	(38)	32
(Loss)/profit proportion not recognised	1,840	–	–	–	–	–	–	(20)	–	35	15	–
Share of (loss)/profit	(2,546)	(903)	–	(64)	(239)	(398)	19	55	135	(35)	(23)	32

Note:

- The Group's effective ownership percentage of Vodafone Idea Limited, VodafoneZiggo Group Holding B.V., Inwit S.p.A., Indus Towers Limited and Vodafone Hutchison Australia Pty Limited are 44.4%, 50%, 37.5%, 42% and 50%, respectively, rounded to the nearest tenth of one percent.

Notes to the consolidated financial statements (continued)

12. Investments in associates and joint arrangements (continued)

The Group has provided expanded financial information in respect of Vodafone Idea Limited.

	Vodafone Idea Limited	
	2020 €m	2019 €m
Statement of financial position		
Goodwill	77	82
Other intangible assets	12,466	14,503
Property, plant and equipment	7,351	6,571
Investment in associates and joint ventures	687	734
Trade and other receivables	659	687
Non-current assets	21,240	22,577
Taxation recoverable	1,106	1,443
Trade and other receivables	1,754	1,366
Other investments	55	866
Cash and cash equivalents	320	138
Other	–	1
Current assets	3,235	3,814
Total assets	24,475	26,391
Equity shareholders' funds	(3,475)	3,696
Long-term borrowings	15,757	13,797
Trade and other payables	44	198
Provisions	1	1,111
Other	33	31
Non-current liabilities	15,835	15,137
Short-term borrowings	2,979	4,289
Provisions	698	521
Trade and other payables	8,438	2,748
Current liabilities	12,115	7,558
Total equity and liabilities	24,475	26,391
Statement of cash flows		
Cash flows from operating activities	1,422	378
Cash flows from investing activities	(735)	(637)
Cash flows from financing activities	(475)	(342)
Net cash inflow/(outflow)	212	(601)
Cash and cash equivalents at beginning of the financial year	127	–
Cash and cash equivalents on formation	–	716
Exchange gain	(19)	12
Cash and cash equivalents at the end of the financial year	320	127

Associates

Unless otherwise stated, the Company's principal associates all have share capital consisting solely of ordinary shares and are all indirectly held. The country of incorporation or registration of all associates is also their principal place of operation.

Name of associate	Principal activity	Country of incorporation or registration	Percentage ¹ shareholdings
Safaricom Limited ^{2,3}	Network operator	Kenya	40.0

Notes:

1 Effective ownership percentages of Vodafone Group Plc at 31 March 2020 rounded to the nearest tenth of one percent.

2 The Group also holds two non-voting shares.

3 At 31 March 2020 the fair value of the Group's interest in Safaricom Limited was KES 423 billion (€3,672 million) (2019: KES 441 billion (€3,898 million)) based on the closing quoted share price on the Nairobi Stock Exchange.

The following table provides aggregated financial information for the Group's associates as it relates to the amounts recognised in the income statement, statement of comprehensive income and consolidated statement of financial position.

	Investment in associates		Profit from continuing operations		Other comprehensive expense		Total comprehensive income	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Total	508	553	246	216	–	–	246	216

13. Other investments

The Group holds a number of other listed and unlisted investments, mainly comprising managed funds, deposits and government bonds.

Accounting policies

Other investments comprising debt and equity instruments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, including transaction costs.

Debt securities that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest method, less any impairment. Debt securities that do not meet the criteria for amortised cost are measured at fair value through profit and loss.

Equity securities are classified and measured at fair value through other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following derecognition of the investment.

	2020 €m	2019 €m
Included within non-current assets:		
Equity securities ¹	77	48
Debt securities ²	715	822
	792	870

Debt securities include €0.7 billion (2019: €0.8 billion) of loan notes issued by VodafoneZiggo Holding B.V.

Current other investments comprise the following:

	2020 €m	2019 €m
Included within current assets:		
Short-term investments:		
Bonds and debt securities ³	2,796	4,690
Managed investment funds ⁴	2,451	6,405
	5,247	11,095
Other investments ⁵	1,842	1,917
	7,089	13,012

Notes:

- Items are measured at fair value and the valuation basis is level 2 classification, which comprises items where fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Items are measured at amortised cost and the carrying amount approximates fair value.
- €1,115 million (2019: €1,184 million) is measured at amortised cost and remaining items are measured at fair value. For €1,681 million (2019: €3,011 million) the valuation basis is level 1 classification, which comprises financial instruments where fair value is determined by unadjusted quoted prices in active markets for identical assets or liabilities. The remaining balance is level 2 classification.
- Items measured at fair value and the valuation basis is level 2 classification.
- €1,017 million (2019: €1,097 million) is measured at fair value and the valuation basis is level 1. The remaining items are measured at amortised cost and the carrying amount approximates fair value.

The Group invests surplus cash positions across a portfolio of short-term investments to manage liquidity and credit risk whilst achieving suitable returns. These assets do not meet the definition of cash and cash equivalents, but are included in the Group's net debt based on their liquidity.

Bonds and debt securities includes €194 million (2019: €941 million) of highly liquid Japanese and €nil (2019: €955 million) German government securities; €1,016 million (2019: €nil) of German government backed securities; €471 million (2019: €1,115 million) of UK government bonds and €1,115 million (2019: €1,184 million) of other assets paid as collateral on derivative financial instruments. Managed investment funds of €2,451 million (2019: €5,513 million) are in funds with liquidity of up to 90 days.

Other investments are excluded from net debt based on their liquidity and primarily consist of restricted debt securities including amounts held in qualifying assets by Group insurance companies to meet regulatory requirements.

Notes to the consolidated financial statements (continued)

14. Trade and other receivables

Trade and other receivables mainly consist of amounts owed to us by customers and amounts that we pay to our suppliers in advance. Derivative financial instruments with a positive market value are reported within this note as are contract assets, which represent an asset for accrued revenue in respect of goods or services delivered to customers for which a trade receivable does not yet exist and finance lease receivables, recognised where the Group acts as a lessor. See note 20 "Leases" for more information on the Group's leasing activities.

Accounting policies

Trade receivables represent amounts owed by customers where the right to payment is conditional only on the passage of time. Trade receivables that are recovered in instalments from customers over an extended period are discounted at market rates and interest revenue is accreted over the expected repayment period. Other trade receivables do not carry any interest and are stated at their nominal value. When the Group establishes a practice of selling portfolios of receivables from time to time these portfolios are recorded at fair value through other comprehensive income; all other trade receivables are recorded at amortised cost.

The carrying value of all trade receivables, contract assets and finance lease receivables recorded at amortised cost is reduced by allowances for lifetime estimated credit losses. Estimated future credit losses are first recorded on the initial recognition of a receivable and are based on the ageing of the receivable balances, historical experience and forward looking considerations. Individual balances are written off when management deems them not to be collectible.

	2020 €m	2019 €m
Included within non-current assets:		
Trade receivables	68	197
Trade receivables held at fair value through other comprehensive income	261	179
Net investment in leases ¹	118	–
Contract assets	583	531
Contract-related costs	628	375
Other receivables	84	78
Prepayments	212	371
Derivative financial instruments ²	8,424	3,439
	10,378	5,170
Included within current assets:		
Trade receivables	3,706	4,088
Trade receivables held at fair value through other comprehensive income	556	613
Net investment in leases ¹	32	–
Contract assets	2,980	3,671
Contract-related costs	1,293	1,132
Amounts owed by associates and joint ventures	362	388
Other receivables	871	876
Prepayments	859	1,227
Derivative financial instruments ²	752	195
	11,411	12,190

Notes:

1 Previously disclosed as part of prepayments in the year ended 31 March 2019.

2 Items are measured at fair value and the valuation basis is level 2 classification, which comprises items where fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

The Group's trade receivables and contract assets are classified at amortised cost unless stated otherwise and are measured after allowances for future expected credit losses, see note 22 "Capital and financial risk management" for more information on credit risk.

The carrying amounts of trade and other receivables, which are measured at amortised cost, approximate their fair value and are predominantly non-interest bearing.

The Group's contract-related costs comprise €1,855 million (2019: €1,433 million) relating to costs incurred to obtain customer contracts and €66 million (2019: €74 million) relating to costs incurred to fulfil customer contracts; an amortisation and impairment expense of €1,475 million (2019: €1,506 million) was recognised in operating profit during the year.

In February 2020 €357m (January and February 2019 €57 million and €70 million, respectively) of trade receivables were reclassified from amortised cost to fair value through other comprehensive income following changes to the Group's business model under which the balances may be sold to a third party. The fair values of the derivative financial instruments are calculated by discounting the future cash flows to net present values using appropriate market interest rates and foreign currency rates prevailing at 31 March.

15. Trade and other payables

Trade and other payables mainly consist of amounts owed to suppliers that have been invoiced or are accrued and contract liabilities relating to consideration received from customers in advance. They also include taxes and social security amounts due in relation to the Group's role as an employer. Derivative financial instruments with a negative market value are reported within this note.

Accounting policies

Trade payables are not interest-bearing and are stated at their nominal value.

	2020 €m	2019 €m
Included within non-current liabilities:		
Other payables	340	327
Accruals	60	113
Contract liabilities	612	574
Derivative financial instruments ¹	4,177	1,924
	5,189	2,938
Included within current liabilities:		
Trade payables	6,599	6,541
Amounts owed to associates and joint ventures	51	26
Other taxes and social security payable	1,104	1,218
Other payables	2,037	1,410
Accruals ²	4,713	6,120
Contract liabilities	1,991	1,818
Derivative financial instruments ¹	590	520
	17,085	17,653

Notes:

- Items are measured at fair value and the valuation basis is level 2 classification, which comprises items where fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Includes €nil (2019: €823 million) payable in relation to the irrevocable and non-discretionary share buyback programme announced in January 2019.

The carrying amounts of trade and other payables approximate their fair value.

Materially all of the €1,818 million recorded as current contract liabilities at 1 April 2019 was recognised as revenue during the year.

Other payables included within non-current liabilities include €294 million (2019: €288 million) in respect of the re-insurance of a third party annuity policy related to the Vodafone and CWW Sections of the Vodafone UK Group Pension Scheme.

The fair values of the derivative financial instruments are calculated by discounting the future cash flows to net present values using appropriate market interest rates and foreign currency rates prevailing at 31 March.

Notes to the consolidated financial statements (continued)

16. Provisions

A provision is a liability recorded in the statement of financial position, where there is uncertainty over the timing or amount that will be paid, and is therefore often estimated. The main provisions we hold are in relation to asset retirement obligations, which include the cost of returning network infrastructure sites to their original condition at the end of the lease, and claims for legal and regulatory matters.

Accounting policies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. Where the timing of settlement is uncertain amounts are classified as non-current where settlement is expected more than 12 months from the reporting date.

Asset retirement obligations

In the course of the Group's activities, a number of sites and other assets are utilised which are expected to have costs associated with decommissioning. The associated cash outflows are substantially expected to occur at the dates of decommissioning of the assets to which they relate, and are long term in nature.

Legal and regulatory

The Group is involved in a number of legal and other disputes, including notifications of possible claims. The Directors of the Company, after taking legal advice, have established provisions after taking into account the facts of each case. For a discussion of certain legal issues potentially affecting the Group see note 29 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

Other provisions

Other provisions comprise various amounts including those for restructuring costs and, for the year ended 31 March 2019, unutilised property. The associated cash outflows for restructuring costs are primarily less than one year.

	Asset retirement obligations €m	Legal and regulatory €m	Other ¹ €m	Total €m
31 March 2018	583	522	851	1,956
Exchange movements	(4)	(5)	5	(4)
Amounts capitalised in the year	210	–	–	210
Amounts charged to the income statement	–	91	643	734
Utilised in the year - payments	(32)	(53)	(253)	(338)
Amounts released to the income statement	–	(48)	(108)	(156)
31 March 2019	757	507	1,138	2,402
Adoption of IFRS 16	–	–	(85)	(85)
1 April 2019	757	507	1,053	2,317
Exchange movements	(16)	(2)	3	(15)
Acquisition of subsidiaries	56	18	104	178
Disposal of subsidiaries	(69)	–	(6)	(75)
Amounts capitalised in the year	270	–	–	270
Amounts charged to the income statement	–	122	712	834
Utilised in the year - payments	(34)	(98)	(579)	(711)
Amounts released to the income statement	(9)	(45)	(212)	(266)
Transfer to liabilities held for resale	(5)	(27)	(2)	(34)
31 March 2020	950	475	1,073	2,498

Note:

1 Other includes restructuring provisions of €543 million (2019: €499 million).

Provisions have been analysed between current and non-current as follows:

31 March 2020

	Asset retirement obligations €m	Legal and regulatory €m	Other €m	Total €m
Current liabilities	23	292	709	1,024
Non-current liabilities	927	183	364	1,474
	950	475	1,073	2,498

31 March 2019

	Asset retirement obligations €m	Legal and regulatory €m	Other €m	Total €m
Current liabilities	28	274	858	1,160
Non-current liabilities	729	233	280	1,242
	757	507	1,138	2,402

17. Called up share capital

Called up share capital is the number of shares in issue at their par value. A number of shares were allotted during the year in relation to employee share schemes.

Accounting policies

Equity instruments issued by the Group are recorded at the amount of the proceeds received, net of direct issuance costs.

	2020		2019	
	Number	€m	Number	€m
Ordinary shares of 20²⁰²¹ US cents each allotted, issued and fully paid:^{1,2}				
1 April	28,815,258,178	4,796	28,814,803,308	4,796
Allotted during the year ³	656,800	1	454,870	–
31 March	28,815,914,978	4,797	28,815,258,178	4,796

Notes:

- At 31 March 2020 the Group held 2,043,750,434 (2019: 1,584,882,610) treasury shares with a nominal value of €340 million (2019: €264 million). The market value of shares held was €2,610 million (2019: €2,566 million). During the year, 49,629,851 (2019: 45,657,750) treasury shares were reissued under Group share schemes. On 25 February 2019, 799,067,749 treasury shares were issued in settlement of tranche 2 of the maturing subordinated mandatory convertible bond.
- On 5 March 2019 the Group announced the placing of subordinated mandatory convertible bonds totalling £1.72 billion with a 2 year maturity date in 2021 and £1.72 billion with a 3 year maturity date due in 2022. The bonds are convertible into a total of 2,684,563,759 ordinary shares with a conversion price of £1.2814 per share. For further details see note 21 "Borrowings".
- Represents US share awards and option scheme awards.

Notes to the consolidated financial statements (continued)

18. Reconciliation of net cash flow from operating activities

The table below shows how our (loss)/profit for the year from continuing operations translates into cash flows generated from our operating activities.

	Notes	2020 €m	2019 €m	2018 €m
(Loss)/profit for the financial year		(455)	(7,644)	2,788
Loss for the financial year from discontinued operations	7	–	3,535	1,969
(Loss)/profit for the financial year from continuing operations		(455)	(4,109)	4,757
Non-operating expense		3	7	32
Investment income	5	(248)	(433)	(685)
Financing costs	5	3,549	2,088	1,074
Income tax expense/(credit)	6	1,250	1,496	(879)
Operating profit/(loss)		4,099	(951)	4,299
Adjustments for:				
Share-based payments and other non-cash charges		146	147	128
Depreciation and amortisation	10, 11	14,174	9,795	10,409
Loss on disposal of property, plant and equipment and intangible assets	3	51	33	36
Share of result of equity accounted associates and joint ventures	12	2,505	908	59
Impairment losses	4	1,685	3,525	–
Other (income)/expense		(4,281)	148	(213)
Decrease/(increase) in inventory		68	(131)	(26)
(Increase)/decrease in trade and other receivables	14	(38)	(31)	(1,118)
(Decrease)/increase in trade and other payables	15	(100)	739	286
Cash generated by operations		18,309	14,182	13,860
Net tax paid		(930)	(1,131)	(1,118)
Cash flows from discontinued operations		–	(71)	858
Net cash flow from operating activities		17,379	12,980	13,600

19. Cash and cash equivalents

The majority of the Group's cash is held in bank deposits or money market funds which have a maturity of three months or less to enable us to meet our short-term liquidity requirements.

Accounting policies

Cash and cash equivalents comprise cash in hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Assets in money market funds, whose contractual cash flows do not represent solely payments of interest and principal, are measured at fair value with gains and losses arising from changes in fair value included in net profit or loss for the period. All other cash and cash equivalents are measured at amortised cost.

	2020 €m	2019 €m
Cash at bank and in hand	1,947	2,434
Repurchase agreements and bank deposits	2,202	2,196
Money market funds ¹	9,135	9,007
Cash and cash equivalents as presented in the statement of financial position	13,284	13,637
Bank overdrafts	(269)	(32)
Cash and cash equivalents held for sale	273	–
Cash and cash equivalents as presented in the statement of cash flows	13,288	13,605

Note:

¹ Items are measured at fair value and the valuation basis is level 1 classification, which comprises financial instruments where fair value is determined by unadjusted quoted prices in active markets.

The carrying amount of balances at amortised cost approximates their fair value.

Cash and cash equivalents of €1,460 million (2019: €1,381 million) are held in countries with restrictions on remittances but where the balances could be used to repay subsidiaries' third party liabilities.

20. Leases

As disclosed in note 1, the Group applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately; key differences between IFRS 16 and IAS 17 and IFRIC 4 are described in note 1.

Lease accounting policy under IFRS 16

As a lessee

When the Group leases an asset, a 'right-of-use asset' is recognised for the leased item and a lease liability is recognised for any lease payments to be paid over the lease term at the lease commencement date. The right-of-use asset is initially measured at cost, being the present value of the lease payments paid or payable, plus any initial direct costs incurred in entering the lease and less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Group is 'reasonably certain' to exercise any extension options (see below). The useful life of the asset is determined in a manner consistent to that for owned property, plant and equipment (as described in note 11). If right-of-use assets are considered to be impaired, the carrying value is reduced accordingly.

Lease liabilities are initially measured at the value of the lease payments over the lease term that are not paid at the commencement date and are usually discounted using the incremental borrowing rates of the applicable Group entity (the rate implicit in the lease is used if it is readily determinable). Lease payments included in the lease liability include both fixed payments and in-substance fixed payments during the term of the lease.

After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase) or if the Group's assessment of the lease term changes; any changes in the lease liability as a result of these changes also results in a corresponding change in the recorded right-of-use asset.

As a lessor

Where the Group is a lessor, it determines at inception whether the lease is a finance or an operating lease. When a lease transfers substantially all the risks and rewards of ownership of the underlying asset then the lease is a finance lease; otherwise the lease is an operating lease.

Where the Group is an intermediate lessor, the interests in the head lease and the sub-lease are accounted for separately and the lease classification of a sub-lease is determined by reference to the right-of-use asset arising from the head lease.

Income from operating leases is recognised on a straight-line basis over the lease term. Income from finance leases is recognised at lease commencement with interest income recognised over the lease term.

Lease income is recognised as revenue for transactions that are part of the Group's ordinary activities (primarily leases of handsets or other equipment to customers or leases of wholesale access to the Group's fibre and cable networks). The Group uses IFRS 15 principles to allocate the consideration in contracts between any lease and non-lease components.

Previous accounting policies for comparative periods under IAS 17 and IFRIC 4

As a lessee

Leases were classified as finance leases whenever the terms of the lease transferred substantially all the risks and rewards of ownership of the asset to the lessee; all other leases were classified as operating leases.

Assets held under finance leases were recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as determined at the inception of the lease. The corresponding liability to the lessor was included in the statement of financial position as a finance lease obligation. Lease payments were apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Depreciation and finance charges were recognised in the income statement.

Rentals payable under operating leases were charged, and lease incentives received, were credited to the income statement on a straight-line basis over the term of the relevant lease.

As a lessor

Lessor accounting applied in the comparative period was consistent with that described for IFRS 16 above, except for the lease classification, as a finance or operating lease, of a sub-lease which was determined by reference to the underlying asset.

Notes to the consolidated financial statements (continued)

20. Leases (continued)

The Group's leasing activities

As a lessee

The Group leases buildings for its retail stores, offices and data centres, land on which to construct mobile base stations, space on mobile base stations to place active RAN equipment and network space (primarily rack space or duct space). In addition, the Group leases fibre and other fixed connectivity to provide internal connectivity for the Group's operations and on a wholesale basis from other operators to provide fixed connectivity services to the Group's customers.

The Group's general approach to determining lease term by class of asset is described on page 146 under critical accounting judgements and key sources of estimation uncertainty in note 1.

Most of the Group's leases include future price increases through fixed percentage increases, indexation to inflation measures on a periodic basis or rent review clauses. Other than fixed percentage increases the lease liability does not reflect the impact of these future increases unless the measurement date has passed. The Group's leases contain no material variable payments clauses other than those related to the number of operators sharing space on third party mobile base stations.

The Group sub-leases excess retail and office properties under both operating and finance leases; see disclosure on the Group's leasing activities as a lessor below.

Operational lease periods

Where practicable the Group seeks to include extension or break options in leases to provide operational flexibility, therefore many of the Group's lease contracts contain optional periods. The Group's policy on assessing and reassessing whether it is reasonably certain that the optional period will be included in the lease term is described on page 146 under critical accounting judgements and key sources of estimation uncertainty in note 1.

After initial recognition of a lease, the Group only reassesses the lease term when there is a significant event or a significant change in circumstances, which was not anticipated at the time of the previous assessment. Significant events or significant changes in circumstances could include merger and acquisition or similar activity, significant expenditure on the leased asset not anticipated in the previous assessment, or detailed management plans indicating a different conclusion on optional periods to the previous assessment. Where a significant event or significant change in circumstances does not occur, the lease term and therefore lease liability and right-of-use asset value, will decline over time.

The Group's cash outflow for leases in the year ended 31 March 2020 was €3,902 million and, absent significant future changes in the volume of the Group's activities or strategic changes to use more or fewer owned assets this level of cash outflow from leases would be expected to continue for future periods, subject to contractual price increases. The future cash flows included within lease liabilities are shown in the maturity analysis below on page 191. The maturity analysis only includes the reasonably certain payments to be made; cash outflows in these future periods will likely exceed these amounts as payments will be made on optional periods not considered reasonably certain at present and on new leases entered into in future periods.

The Group's leases for customer connectivity are normally either under regulated access or network sharing or similar preferential access arrangements and as a result the Group normally has significant flexibility over the term it can lease such connections for; generally the notice period required to cancel the lease is less than the notice period included in the service contract with the end customer. As a result, the Group does not have any significant cash exposure to optional periods on customer connectivity as the Group can cancel the lease when the service agreement ends. In some circumstances the Group is committed to minimum spend amounts for connectivity leases, which are included within reported lease liabilities.

Sale and leaseback

The Group sold its Italian mobile base station assets to Infrastrutture Wireless Italiane S.p.A. (INWIT) (see note 27 "Acquisitions and disposals" for additional details), and entered into an agreement to lease back space on these and other INWIT mobile base station towers to locate network equipment for 8 years (see note 30). The Group de-recognised assets related to the mobile base stations with a net book value of €548 million. A total gain on disposal of €4,100 million will be realised as a result of the disposal; €744 million of this gain, reflecting the gain on the proportion of sold towers that has been retained through the leaseback, has been recorded as a reduction in the value of the right-of-use asset recognised for the leaseback of tower space and will be realised as a reduction in depreciation over the lease term.

Other sale and leaseback transactions entered into by the Group were not material, individually or in aggregate.

Amounts recognised in the primary financial statements in relation to lessee transactions**Right-of-use assets**

The carrying value of the Group's right-of-use assets, depreciation charge for the year and additions during the year are disclosed in note 11 "Property, plant and equipment".

Lease liabilities

The Group's lease liabilities are disclosed in note 21 "Borrowings". The maturity profile of the Group's lease liabilities is as follows:

	2020 €m
Within one year	3,172
In more than one year but less than two years	1,998
In more than two years but less than three years	1,523
In more than three years but less than four years	1,328
In more than four years but less than five years	1,127
In more than five years	4,443
	13,591
Effect of discounting	(1,528)
Lease liability (note 21 "Borrowings")	12,063

At 31 March 2020 the Group has entered into lease contracts with payment obligations with an undiscounted value of €67 million that had not commenced at 31 March 2020.

Interest expense on lease liabilities for the year is disclosed in note 5 "Investment income and financing costs".

The Group has no material liabilities under residual value guarantees and makes no material payments for variable payments not included in the lease liability. The Group does not apply either the short term or low value expedient options in IFRS 16.

As a lessor

The Group has a wide range of lessor activities with consumer and enterprise customers, other telecommunication companies and other companies. With consumer and enterprise customers, the Group generates lease income from the provision of handsets, routers and other communications equipment. The Group provides wholesale access to the Group's fibre and cable networks and leases out space on the Group's owned mobile base stations to other telecommunication companies. In addition, the Group sub-leases retail stores to franchise partners in certain markets and leases out surplus assets (e.g. vacant offices and retail stores) to other companies.

Lessor transactions are classified as operating or finance leases based on whether the lease transfers substantially all of the risks and rewards incidental to ownership of the asset. Leases are individually assessed, but generally, the Group's lessor transactions are classified as:

- Operating leases where the Group is lessor of space on owned mobile base stations, provides wholesale access to its fibre and cable networks or provides routers or similar equipment to fixed customers; and
- Finance leases where the Group is sub-lessor of handsets or similar items in back-to-back arrangements or where surplus assets are sublet out for all or substantially all of the remaining head lease term.

The Group's income as a lessor in the year is as follows:

	2020 €m
Operating leases	
Lease revenue (note 2 "Revenue disaggregation and segmental analysis")	502
Income from leases not recognised as revenue	203

The Group's net investments in leases are disclosed in note 14 "Trade and other receivables". The committed amounts to be received from the Group's operating leases are as follows:

	Within one year €m	In one to two years €m	In two to three years €m	Maturity			Total €m
				In three to four years €m	In four to five years €m	In more than five years €m	
Committed operating lease income due to the Group as a lessor	442	211	114	53	44	223	1,087

The Group has no material lease income arising from variable lease payments.

Notes to the consolidated financial statements (continued)

21. Borrowings

The Group's sources of borrowing for funding and liquidity purposes come from a range of committed bank facilities and through short-term and long-term issuances in the capital markets including bond and commercial paper issues and bank loans. Liabilities arising from the Group's lease arrangements are also reported in borrowings; see note 20 "Leases". We manage the basis on which we incur interest on debt between fixed interest rates and floating interest rates depending on market conditions using interest rate derivatives. The Group enters into foreign exchange contracts to mitigate the impact of exchange rate movements on certain monetary items.

Accounting policies

Interest-bearing loans and overdrafts are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method. Where they are identified as a hedged item in a designated fair value hedge relationship, fair value adjustments are recognised in accordance with policy (see note 22 "Capital and financial risk management"). Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing. Where bonds issued with certain conversion rights are identified as compound instruments they are initially measured at fair value with the nominal amounts recognised as a component in equity and the fair value of future coupons included in borrowings. These are subsequently measured at amortised cost using the effective interest rate method.

Borrowings

	2020 €m	2019 €m
Short-term borrowings		
Bonds	(1,912)	(53)
Commercial paper	–	(873)
Bank loans	(1,228)	(1,220)
Lease liabilities	(2,986)	–
Other short-term borrowings ¹	(5,700)	(2,124)
	(11,826)	(4,270)
Long-term borrowings		
Bonds	(47,500)	(44,439)
Bank loans	(1,500)	(1,780)
Lease liabilities	(9,077)	–
Bank borrowings secured against Indian assets	(1,346)	–
Other long-term borrowings ²	(3,469)	(2,466)
	(62,892)	(48,685)
Total borrowings	(74,718)	(52,955)

Notes:

1 At 31 March 2020 the amount includes €5,292 million (2019: €2,011 million) in relation to cash received under collateral support agreements.

2 Includes €3,215 million (2019: €1,919 million) of spectrum licence payables following the completion of recent auctions in Germany of €1,370 million.

The fair value of the Group's financial assets and financial liabilities held at amortised cost approximate to fair value with the exception of long-term bonds with a carrying value of €47,500 million (2019: €44,439 million) which have a fair value of €48,216 million (2019: €43,616 million). Fair value is based on level 1 of the fair value hierarchy using quoted market prices.

The Group's borrowings include certain bonds which have been designated in hedge relationships, which are carried at €1.5 billion higher than their euro equivalent redemption value. In addition, where bonds are issued in currencies other than euros, the Group has entered into foreign currency swaps to fix the euro cash outflows on redemption. The impact of these swaps are not reflected in gross debt and would decrease the euro equivalent redemption value of the bonds by €1.3 billion.

Commercial paper programmes

We currently have US and euro commercial paper programmes of US\$15 billion and €8 billion respectively which are available to be used to meet short-term liquidity requirements. At 31 March 2020 €nil (2019: €873 million) was drawn under the euro commercial paper programme. The US commercial paper programme remained undrawn.

The commercial paper facilities were supported by US\$4.2 billion (€3.8 billion) and €3.9 billion of syndicated committed bank facilities. No amounts had been drawn under these facilities.

Bonds

We have a €30 billion euro medium-term note programme and a US shelf programme which are used to meet medium to long-term funding requirements. At 31 March 2020 the total amounts in issue under these programmes split by currency were US\$25.1 billion, €19.3 billion, €3.4 billion, AUD1.2 billion, HKD2.1 billion, NOK2.2 billion, CHF0.7 billion and JPY10 billion.

At 31 March 2020 the Group had bonds outstanding with a nominal value equivalent to €47.8 billion. During the year ended 31 March 2020, bonds with a nominal value equivalent of US\$3.8 billion were issued under the US shelf programme, €2.5 billion were issued under the euro medium-term note programme and US\$2 billion were issued under stand-alone documentation.

Bonds mature between 2020 and 2059 (2019: 2020 and 2056) and have interest rates between 0.0% and 7.875% (2019: 0.0% and 7.875%).

Mandatory convertible bonds

On 12 March 2019 the Group issued €3.4 billion of subordinated mandatory convertible bonds (MCBs) split into two equal tranches of €1.7 billion, the first maturing on 12 March 2021 and the second on 12 March 2022 with coupons of 1.2% and 1.5% respectively. These were recognised as compound instruments with nominal values of €3.4 billion (€3.8 billion) recognised as a component of shareholders' funds in equity and the fair value of future coupons €0.1 billion (€0.1 billion) recognised as a financial liability in borrowings. At 31 March 2020, the conversion price of the bonds was £1.2814. The Group's strategy is to hedge the equity risk associated with the MCB issuance to any future movement in its share price by an option strategy designed to hedge the economic impact of share price movements during the term of the bonds. Should the Group decide to buy back ordinary shares to mitigate dilution resulting from the conversion the hedging strategy will provide a hedge for the repurchase price.

Treasury shares

The Group held a maximum of 2,091,894,691 (2019: 2,139,038,029) of its own shares during the year which represented 7.3% (2019: 7.4%) of issued share capital at that time.

Notes to the consolidated financial statements (continued)

22. Capital and financial risk management

This note details the treasury management and financial risk management objectives and policies, as well as the exposure and sensitivity of the Group to credit, liquidity, interest and foreign exchange risk, and the policies in place to monitor and manage these risks.

Accounting policies

Financial instruments

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that provides a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities under put option arrangements

The Group has an obligation to pay a fixed rate of return to minority equity shareholders in the Group's subsidiary Kabel Deutschland AG, under the terms of a court imposed domination and profit and loss transfer agreement. This agreement also provides the minority shareholders the option to put their shareholding to Vodafone at a fixed price per share. The obligation to purchase the shares has been recognised as a financial liability and no non-controlling interests are recognised in respect of minority shareholders. Interest costs are accrued at the agreed rate of return and recognised in financing costs.

Derivative financial instruments and hedge accounting

The Group's activities expose it to the financial risks of changes in foreign exchange rates and interest rates which it manages using derivative financial instruments. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

The Group designates certain derivatives as:

- hedges of the change of fair value of recognised assets and liabilities ('fair value hedges'); or
- hedges of highly probable forecast transactions or hedges of foreign currency or interest rate risks of firm commitments ('cash flow hedges'); or
- hedges of net investments in foreign operations.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date. Changes in values of all derivatives of a financing nature are included within investment income and financing costs in the income statement unless designated in an effective cash flow hedge relationship or a hedge of a net investment in foreign operations when the effective portion of changes in value are deferred to other comprehensive income. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. For fair value hedges, the carrying value of the hedged item is also adjusted for changes in fair value for the hedged risk, with gains and losses recognised in the income statement for the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. When hedge accounting is discontinued, any gain or loss recognised in other comprehensive income at that time remains in equity and is recognised in the income statement when the hedged transaction is ultimately recognised in the income statement.

For cash flow hedges, when the hedged item is recognised in the income statement, amounts previously recognised in other comprehensive income and accumulated in equity for the hedging instrument are reclassified to the income statement. However, when the hedged transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. If a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the income statement.

For net investment hedges, gains and losses accumulated in other comprehensive income are included in the income statement when the foreign operation is disposed of.

Capital management

The following table summarises the capital of the Group at 31 March:

	2020 €m	2019 €m
Total borrowings (note 21)	74,718	52,955
Cash and cash equivalents (note 19)	(13,284)	(13,637)
Derivative financial instruments included in trade and other receivables (note 14)	(9,176)	(3,634)
Derivative financial instruments included in trade and other payables (note 15)	4,767	2,444
Short-term investments (note 13)	(5,247)	(11,095)
Financial liabilities under put option arrangements	1,850	1,844
Equity	62,625	63,445
Capital	116,253	92,322

The Group's policy is to borrow centrally using a mixture of long-term and short-term capital market issues and borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries.

Dividends from associates and to non-controlling shareholders

Dividends from our associates are generally paid at the discretion of the Board of Directors or shareholders of the individual operating and holding companies, and we have no rights to receive dividends except where specified within certain of the Group's shareholders' agreements. Similarly, other than ongoing dividend obligations to the Kabel Deutschland A.G. minority shareholders, should they continue to hold their minority stake, we do not have existing obligations under shareholders' agreements to pay dividends to non-controlling interest partners of our subsidiaries or joint ventures. The amount of dividends received and paid in the year are disclosed in the consolidated statement of cash flows.

Potential cash outflows from option agreements and similar arrangements

Put options issued as part of the hedging strategy for the MCBs permit the holders to exercise against the Group at maturity of the option if there is a decrease in our share price. Under the terms of the options, settlement must be made in cash which will equate to the reduced value of shares from the initial conversion price, adjusted for dividends declared, on 2,547 million shares.

Sale of trade receivables

During the year, the Group sold certain trade receivables to a financial institution. Whilst there are no repurchase obligations in respect of these receivables, the Group provided a credit guarantee which would only become payable if default rates were significantly higher than historical rates. The credit guarantee is not considered substantive and substantially all risks and rewards associated with the receivables passed to the purchaser at the date of sale, therefore the receivables were derecognised. The maximum payable under the guarantees at 31 March 2020 was €1,283 million (2019: €757 million). No provision has been made in respect of these guarantees as the likelihood of a cash outflow has been assessed as remote.

Supplier financing arrangements

The Group offers suppliers the opportunity to use supply chain financing ('SCF'). SCF allows suppliers that decide to use it to receive funding earlier than the invoice due date. At 31 March 2020, the financial institutions that run the SCF programmes had purchased €2.4 billion (2019: €2.5 billion) of supplier invoices, principally from larger suppliers. The Group does not provide any financial guarantees to the financial institutions under this programme and continues to cash settle supplier payables in accordance with their contractual terms. As such, the programme does not change the Group's net debt, trade payable balances or cash flows.

The Group evaluates supplier arrangements against a number of indicators to assess if the payable continues to hold the characteristics of a trade payable or should be classified as borrowings; these indicators include whether the payment terms exceed customary payment terms in the industry or 180 days. At 31 March 2020, none of the payables subject to supplier financing arrangements met the criteria to be reclassified as borrowings.

Financial risk management

The Group's treasury function centrally manages the Group's funding requirement, net foreign exchange exposure, interest rate management exposures and counterparty risk arising from investments and derivatives. Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed by the Board, most recently in July 2019. A treasury risk committee comprising of the Group's Chief Financial Officer, Group General Counsel and Company Secretary, Group Financial Controller, Group Treasury Director and Group Director of Financial Controlling and Operations meets three times a year to review treasury activities and its members receive management information relating to treasury activities on a quarterly basis. The Group's accounting function, which does not report to the Group Treasury Director, provides regular update reports of treasury activity to the Board. The Group's Internal Auditor reviews the internal control environment regularly.

The Group uses a number of derivative instruments for currency and interest rate risk management purposes only that are transacted by specialist treasury personnel. The Group mitigates banking sector credit risk by the use of collateral support agreements.

Notes to the consolidated financial statements (continued)

22. Capital and financial risk management (continued)**COVID-19**

The macro economic impact of the COVID-19 pandemic is uncertain, and continues to evolve, with potential disruption to financial markets including to currencies, interest rates, borrowing costs and the availability of debt financing. However, the Group's financial risk management strategies seek to reduce our potential exposure in relation to these risks.

The Group has a combined cash and cash equivalent and short term investments of €18.5 billion, providing significant headroom over short term liquidity requirements. Additionally the Group maintains undrawn committed facilities of €7.7 billion euro equivalent. As at 31 March 2020 and after hedging, substantially all the Group's borrowings are held on a fixed interest basis, mitigating exposure to interest rate risk. The Group has no significant currency exposures other than positions in economic hedging relationships. The Group's credit risk under financing activities is spread across a portfolio of highly rated institutions to reduce counterparty exposures and derivative balances are substantially all collateralised. The Group's operating activities result in customer credit risk, for which provisions for expected credit losses are recognised. This customer related credit risk is generally short term in duration and while COVID-19 impacts on our customers had no material impact on credit loss provisioning at 31 March 2020 there remains a risk in relation to this matter for the year ending 31 March 2021.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial asset leading to a financial loss for the Group. The Group is exposed to credit risk from its operating activities and from its financing activities, the Group considers its maximum exposure to credit risk at 31 March to be:

	2020 €m	2019 €m
Cash at bank and in hand	1,947	2,434
Repurchase agreements and bank deposits	2,202	2,196
Money market funds	9,135	9,007
Managed investment funds	2,451	6,405
Government/government backed securities	1,681	3,011
Long term debt securities	715	822
Cash collateral pledged	1,115	1,184
Restricted debt securities	1,842	1,712
Other investments	–	700
Derivative Financial Instruments	9,176	3,634
Trade receivables	4,591	5,077
Contract assets and other receivables	4,518	5,155
	39,373	41,337

Expected credit loss

The Group has financial assets classified and measured at amortised cost and fair value through other comprehensive income that are subject to the expected credit loss model requirements of IFRS 9. Cash at bank and in hand and certain other investments are both classified and measured at amortised cost and subject to these impairment requirements. However, the identified expected credit loss is considered to be immaterial.

Information about expected credit losses for trade receivables and contract assets can be found under "operating activities" on page 197.

Financing activities

The Group invests in UK, German and Japanese government securities on the basis they generate a fixed rate of return and are amongst the most creditworthy of investments available.

Money market investments are made in accordance with established internal treasury policies which dictate that an investment's long-term credit rating is no lower than mid BBB. Additionally, the Group invests in AAA unsecured money market mutual funds where the investment is limited to 10% of each fund.

The Group has two managed investment funds that hold fixed income euro securities with an average credit quality of AA.

In respect of financial instruments used by the Group's treasury function, the aggregate credit risk the Group may have with one counterparty is limited by (i) reference to the long-term credit ratings assigned for that counterparty by Moody's, Fitch Ratings and Standard & Poor's; (ii) that counterparty's five year credit default swap ('CDS') spread; and (iii) the sovereign credit rating of that counterparty's principal operating jurisdiction. Furthermore, collateral support agreements reduce the Group's exposure to counterparties who must post cash collateral when there is value due to the Group under outstanding derivative contracts that exceeds a contractually agreed threshold amount. When value is due to the counterparty the Group is required to post collateral on identical terms. Such cash collateral is adjusted daily as necessary.

In the event of any default, ownership of the cash collateral would revert to the respective holder at that point. Detailed below is the value of the cash collateral, which is reported within short-term borrowings, held by the Group at 31 March:

	2020 €m	2019 €m
Cash collateral	5,292	2,011

As discussed in note 29 "Contingent liabilities and legal proceedings", the Group has covenanted to provide security in favour of the trustee of the Vodafone Group UK Pension Scheme in respect of the funding deficit in the scheme. The Group has also pledged cash and debt securities as collateral against derivative financial instruments as disclosed in note 13 "Other investments".

Operating activities

Customer credit risk is managed by the Group's business units which each have policies, procedures and controls relating to customer credit risk management. Outstanding trade receivables and contract assets are regularly reviewed to monitor any changes in credit risk with concentrations of credit risk considered to be limited given that the Group's customer base is large and unrelated. The Group applies the simplified approach and records lifetime expected credit losses for trade receivables and contract assets. Expected credit losses are measured using historical cash collection data for periods of at least 24 months wherever possible and grouped into various customer segments based on product or customer type. The historical loss rates are adjusted where macroeconomic factors, for example changes in interest rates or unemployment rates, or other commercial factors are expected to have a significant impact when determining future expected credit loss rates. For trade receivables the expected credit loss provision is calculated using a provision matrix, in which the provision increases as balances age, and for receivables paid in instalments and contract assets a weighted loss rate is calculated to reflect the period over which the amounts become due for payment by the customer. Trade receivables and contract assets are written off when each business unit determines there to be no reasonable expectation of recovery and enforcement activity has ceased.

Movements in the allowance for expected credit losses during the year were as follows:

	Contract assets		Trade receivables held at amortised cost		Trade receivables held at fair value through other comprehensive income	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 ¹ €m
31 March 2018 as previously reported	–	–	–	1,249	–	–
Impact of adoption of IFRS 15	–	78	–	–	–	–
Impact of adoption of IFRS 9	–	56	–	185	–	23
1 April	129	134	1,347	1,434	40	23
Exchange movements	(2)	1	(26)	(19)	–	–
Amounts charged to credit losses on financial assets	73	54	576	504	11	17
Other ²	(63)	(60)	(531)	(572)	–	–
31 March	137	129	1,366	1,347	51	40

Notes:

1 Trade receivables were all held at amortised cost at 31 March 2018 in accordance with IAS 39.

2 Primarily utilisation of the provision.

Expected credit losses are presented as net impairment losses within operating profit and subsequent recoveries of amounts previously written off are credited against the same line item.

Notes to the consolidated financial statements (continued)

22. Capital and financial risk management (continued)

The majority of the Group's trade receivables are due for maturity within 90 days and largely comprise amounts receivable from consumers and business customers.

The following table presents information on trade receivables past due¹ and their associated expected credit losses:

31 March 2020	Trade receivables at amortised cost past due					Total €m
	Current €m	30 days or less €m	31-60 days €m	61-180 days €m	180 days+ €m	
Gross carrying amount	2,448	817	223	473	1,179	5,140
Expected credit loss allowance	(63)	(74)	(55)	(213)	(961)	(1,366)
Net carrying amount	2,385	743	168	260	218	3,774

31 March 2019	Trade receivables at amortised cost past due					Total €m
	Current €m	30 days or less €m	31-60 days €m	61-180 days €m	180 days+ €m	
Gross carrying amount	3,340	448	253	550	1,041	5,632
Expected credit loss allowance	(91)	(94)	(64)	(216)	(882)	(1,347)
Net carrying amount	3,249	354	189	334	159	4,285

Note:

1 Contract assets relate to amounts not yet due to customers. These amounts will be reclassified as trade receivables before they become due. Trade receivables at fair value through other comprehensive income are not materially past due.

Liquidity risk

Liquidity is reviewed daily on at least a 12 month rolling basis and stress tested on the assumption that any commercial paper outstanding matures and is not reissued. The Group maintains substantial cash and cash equivalents which at 31 March 2020 amounted to cash €13,284 million (2019: €13,637 million) and undrawn committed facilities of €7,749 million (2019: €7,880 million), principally euro and US dollar revolving credit facilities of €3.9 billion and US\$4.2 billion (€3.8 billion). All of the euro revolving credit facilities mature in 2025 except for €80 million which mature in 2023 and all of the US dollar revolving credit facilities mature in 2022 except for US\$75 million (€68 million) which mature in 2021.

The Group manages liquidity risk on long-term borrowings by maintaining a varied maturity profile with a cap on the level of debt maturity in any one calendar year, therefore minimising refinancing risk. Long-term borrowings mature between 1 and 39 years.

The maturity profile of the anticipated future cash flows including interest in relation to the Group's non-derivative financial liabilities on an undiscounted basis which, therefore, differs from both the carrying value and fair value, is as follows:

Maturity profile ¹	Bank loans and Commercial paper	Bonds	Lease liabilities	Other borrowings ²	Total borrowings	Trade payables and other financial liabilities ³	Total
	€m	€m	€m	€m	€m	€m	€m
Within one year	1,348	3,617	3,172	5,750	13,887	15,250	29,137
In one to two years	746	4,682	1,998	316	7,742	67	7,809
In two to three years	279	3,852	1,523	3,270	8,924	–	8,924
In three to four years	369	8,242	1,328	390	10,329	–	10,329
In four to five years	181	2,845	1,127	166	4,319	–	4,319
In more than five years	–	47,947	4,443	1,185	53,575	–	53,575
	2,923	71,185	13,591	11,077	98,776	15,317	114,093
Effect of discount/financing rates	(195)	(21,773)	(1,528)	(562)	(24,058)	(6)	(24,064)
31 March 2020	2,728	49,412	12,063	10,515	74,718	15,311	90,029
Within one year	2,371	1,486	–	2,155	6,012	15,941	21,953
In one to two years	714	4,826	–	158	5,698	125	5,823
In two to three years	568	4,917	–	96	5,581	–	5,581
In three to four years	–	4,558	–	1,775	6,333	–	6,333
In four to five years	350	7,878	–	320	8,548	–	8,548
In more than five years	–	37,586	–	336	37,922	–	37,922
	4,003	61,251	–	4,840	70,094	16,066	86,160
Effect of discount/financing rates	(130)	(16,759)	–	(250)	(17,139)	(12)	(17,151)
31 March 2019	3,873	44,492	–	4,590	52,955	16,054	69,009

Notes:

- Maturities reflect contractual cash flows applicable except in the event of a change of control or event of default, upon which lenders have the right, but not the obligation, to request payment within 30 days. This also applies to undrawn committed facilities. It should be noted that a material adverse change clause does not apply with the exception of €81 million of debt in relation to the mandatorily convertible bonds (which would also accelerate conversion of the €3.4 billion principal recognised in equity – see note 21 "Borrowings").
- Includes spectrum licence payables with maturity profile €344 million (2019: €31 million) within one year; €227 million (2019: €122 million) in one to two years; €1,905 million (2019: €67 million) in two to three years; €166 million (2019: €1,751 million) in three to four years; €166 million (2019: €12 million) in four to five years and €1,185 million (2019: €183 million) in more than five years. Also includes €5,292 million (2019: €2,011 million) in relation to cash received under collateral support agreements shown within 1 year.
- Includes financial liabilities under put option arrangements and non-derivative financial liabilities presented within trade and other payables.

The maturity profile of the Group's financial derivatives (which include interest rate swaps, cross-currency interest rate swaps and foreign exchange swaps) using undiscounted cash flows, is as follows:

	2020			2019		
	Payable €m	Receivable €m	Total €m	Payable €m	Receivable €m	Total €m
Within one year	(20,519)	21,239	720	(23,469)	23,672	203
In one to two years	(4,217)	4,582	365	(8,356)	8,752	396
In two to three years	(3,680)	4,143	463	(3,772)	4,386	614
In three to four years	(3,733)	4,429	696	(3,959)	4,624	665
In four to five years	(2,562)	3,102	540	(3,710)	4,285	575
In more than five years	(38,126)	43,933	5,807	(34,987)	39,334	4,347
	(72,837)	81,428	8,591	(78,253)	85,053	6,800
Effect of discount/financing rates			(4,182)			(5,610)
Financial derivative net receivable			4,409			1,190

Payables and receivables are stated separately in the table above as cash settlement is on a gross basis.

Market risk

Interest rate management

Under the Group's interest rate management policy, interest rates on monetary assets and liabilities denominated in euros, US dollars and sterling are maintained on a floating rate basis except for periods up to six years where interest rate fixing has to be undertaken in accordance with treasury policy. The policy also allows euros, US dollars and sterling to be moved to a fixed rate basis if interest rates are statistically low. Where assets and liabilities are denominated in other currencies interest rates may also be fixed. In addition, fixing is undertaken for longer periods when interest rates are statistically low.

At 31 March 2020 and after hedging, substantially all of our outstanding liabilities are held on a fixed interest rate basis in accordance with treasury policy.

For each one hundred basis point rise in market interest rates for all currencies in which the Group had borrowings at 31 March 2020 there would be an increase in profit before tax by €695 million (2019: €399 million) including mark to market revaluations of interest rate and other derivatives and the potential interest on cash and short term investments. There would be no material impact on equity.

Foreign exchange management

As Vodafone's primary listing is on the London Stock Exchange its share price is quoted in sterling. Since the sterling share price represents the value of its future multi-currency cash flows, principally in euro, South African rand and sterling, the Group maintains the currency of debt and interest charges in proportion to its expected future principal cash flows and has a policy to hedge external foreign exchange risks on transactions denominated in other currencies above a certain de minimis level.

At 31 March 2020 14% of net debt was denominated in currencies other than euro (9% sterling, 3% South African rand and 2% other). This allows sterling, South African rand and other debt to be serviced in proportion to expected future cash flows and therefore provides a partial economic hedge against income statement translation exposure, as interest costs will be denominated in foreign currencies.

Under the Group's foreign exchange management policy, foreign exchange transaction exposure in Group companies is generally maintained at the lower of €5 million per currency per month or €15 million per currency over a six month period.

The Group recognises foreign exchange movements in equity for the translation of net investment hedging instruments and balances treated as investments in foreign operations. However, there is no net impact on equity for exchange rate movements on net investment hedging instruments as there would be an offset in the currency translation of the foreign operation. At 31 March 2020 the Group held financial liabilities in a net investment hedge against the Group's South African rand operations. Sensitivity to foreign exchange movements on the hedging liabilities, analysed against a strengthening of the South African rand by 11% (2019: 9%) would result in a decrease in equity of €212 million (2019: €175 million) which would be fully offset by foreign exchange movements on the hedged net assets. In addition, cash flow hedges of principally US dollar borrowings would result in an increase in equity of €713 million (2019: €651 million) against a strengthening of US dollar by 5% (2019: 5%).

The Group profit and loss account is exposed to foreign exchange risk within both operating profit and financing income and expense. The principal operating segment not generating incomes in euro is the Vodacom business, whose functional currency is South African Rand. Financing income and expense includes foreign currency gains/losses incurred on the translation of balance sheet items not held in functional currency. These are principally on certain borrowings, derivatives, and other investments denominated in sterling and US dollar.

Notes to the consolidated financial statements (continued)

22. Capital and financial risk management (continued)

The following table details the Group's sensitivity to foreign exchange risk. The percentage movement applied to the currency is based on the average movements in the previous three annual reporting periods.

	2020 €m	2019 €m
ZAR 11% change (2019: 9%) - Increase in operating profit ¹	126	147
USD 9% change (2019: 10%) - Decrease in profit before taxation	(64)	(81)
GBP 2% change (2019: 4%) - Increase in profit before taxation	63	183

Note:

¹ Operating profit before impairment losses and other income and expense.

Equity risk

There is no material equity risk relating to the Group's equity investments which are detailed in note 13 "Other investments".

The Group has hedged its exposure under the subordinated mandatory convertible bonds to any future movements in its share price by an option strategy designed to hedge the economic impact of share price movements during the term of the bonds. As at 31 March 2020 the Group's sensitivity to a movement of 23% (2019: 8%) in its share price would result in an increase or decrease in profit before tax of €767 million (2019: €319 million).

Risk management strategy of hedge relationships

The risk strategies of the designated cash flow, fair value, and net investment hedges reflect the above market risk strategies.

The objective of the cash flow hedges is principally to convert foreign currency denominated fixed rate borrowings in US dollar, pound sterling, Australian dollar, Swiss Franc, Hong Kong dollar, Japanese yen, Norwegian krona and euro and US dollar floating rate borrowings into euro fixed rate borrowings and hedge the foreign exchange spot rate and interest rate risk. Derivative financial instruments designated in cash flow hedges are cross-currency interest rate swaps and foreign exchange swaps. The swap maturity dates and liquidity profiles of the nominal cash flows match those of the underlying borrowings.

The objective of the net investment hedges is to hedge foreign exchange risk in foreign operations. Derivative financial instruments designated in net investment hedges are cross-currency interest rate swaps and foreign exchange swaps. The hedging instruments are rolled on an ongoing basis as determined by the nature of the business.

The objective of the fair value hedges is to hedge a proportion of the Group's fixed rate euro denominated borrowing to a euro floating rate borrowing. The swap maturity dates match those of the underlying borrowing and the nominal cash flows are converted to quarterly payments.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency denominated borrowings and investments, the Group uses a combination of cross-currency and foreign exchange swaps to hedge its exposure to foreign exchange risk and interest rate risk and enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item. Therefore the Group expects a highly effective hedging relationship with the swap contracts and the value of the corresponding hedged items to change systematically in the opposite direction in response to movements in the underlying exchange rates and interest rates. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

Hedge ineffectiveness may occur due to:

- The fair value of the hedging instrument on the hedge relationship designation date if the fair value is not nil;
- Changes in the contractual terms or timing of the payments on the hedged item; and
- A change in the credit risk of the Group or the counterparty with the hedging instrument.

The hedge ratio for each designation will be established by comparing the quantity of the hedging instrument and the quantity of the hedged item to determine their relative weighting; for all of the Group's existing hedge relationships the hedge ratio has been determined as 1:1.

The fair values of the derivative financial instruments are calculated by discounting the future cash flows to net present values using appropriate market rates and foreign currency rates prevailing at 31 March. The valuation basis is level 2. This classification comprises items where fair value is determined from inputs other than quoted prices that are observable for the asset and liability, either directly or indirectly. Derivative financial assets and liabilities are included within trade and other receivables and trade and other payables in the statement of financial position.

The following table represents the carrying values and nominal amounts of derivatives in a continued hedge relationship as at 31 March 2020.

At 31 March 2020	Nominal amounts €m	Carrying value Assets €m	Carrying value Liabilities €m	Other comprehensive income			Closing balance 31 March 2020 ¹ €m	Weighted average		
				Opening balance 1 April 2019 €m	(Gain)/ Loss deferred to OCI €m	Gain/(Loss) recycled to financing costs €m		Maturity year	FX rate	Euro interest rate %
Cash flow hedges - foreign currency risk²										
Cross-currency and foreign exchange swaps										
US dollar bonds	20,383	5,371	–	(179)	(4,233)	490	(3,922)	2035	1.18	2.67
Australian dollar bonds	736	–	65	(17)	77	(86)	(26)	2024	1.56	0.92
Swiss franc bonds	624	–	17	22	(27)	33	28	2026	1.08	1.26
Pound sterling bonds	3,180	29	186	38	79	(23)	94	2043	0.85	2.04
Hong Kong dollar bonds	233	22	–	13	(25)	8	(4)	2028	9.08	1.48
Japanese yen bonds	78	1	–	2	–	4	6	2037	128.53	2.47
Norwegian krona bonds	241	–	46	1	34	(38)	(3)	2026	9.15	1.12
Cash flow hedges - foreign currency and interest rate risk²										
Cross currency swaps - US dollar bonds	905	46	–	12	(14)	20	18	2023	1.17	1.05
Cash flow hedges - interest rate risk²										
Interest rate swaps - Euro loans	668	–	13	11	(4)	–	7	2021	–	1.21
Fair value hedges - interest rate risk³										
Interest rate swaps - Eurobonds	186	131	–	–	–	–	–	2028	–	–
Net investment hedge - foreign exchange risk⁴										
Cross-currency and foreign exchange swaps - South African rand investment	2,138	314	–	810	(179)	–	631	2,020	17	0.17
	29,372	5,914	327	713	(4,292)	408	(3,171)			
At 31 March 2019										
	Nominal amounts €m	Carrying value Assets €m	Carrying value Liabilities €m	Opening balance 1 April 2018 €m	(Gain)/ Loss deferred to OCI €m	Gain/(Loss) recycled to financing costs €m	Closing balance 31 March 2019 ¹ €m	Maturity year	FX rate	Euro interest rate %
Cash flow hedges - foreign currency risk²										
Cross-currency and foreign exchange swaps										
US dollar bonds	18,444	1,273	83	132	(1,410)	1,099	(179)	2032	1.18	2.56
Australian dollar bonds	736	14	2	(4)	(21)	8	(17)	2024	1.56	0.92
Swiss franc bonds	624	–	43	16	(25)	31	22	2026	1.08	1.26
Pound sterling bonds	2,720	76	112	8	(39)	69	38	2042	0.85	1.95
Hong Kong dollar bonds	233	3	7	15	(23)	21	13	2028	9.08	1.48
Japanese yen bonds	78	1	–	–	(3)	5	2	2037	128.53	2.47
Norwegian krona bonds	241	2	14	(4)	5	–	1	2026	9.15	1.12
Cash flow hedges - foreign currency and interest rate risk²										
Cross-currency swaps - US dollar bonds	905	33	–	1	(40)	51	12	2023	1.17	1.05
Cash flow hedges - interest rate risk²										
Interest rate swaps - Euro loans	668	–	17	15	1	(5)	11	2021	–	1.21
Fair value hedges - interest rate risk³										
Interest rate swaps - Eurobonds	186	117	–	–	–	–	–	2028	–	–
Net investment hedge - foreign exchange risk⁴										
Cross-currency and foreign exchange swaps - South African rand investment	1,952	120	3	918	(108)	–	810	2020	14.92	0.08
	26,787	1,639	281	1,097	(1,663)	1,279	713			

Notes:

- Fair value movement deferred into other comprehensive income includes €1,271 million loss (2019: €754 million loss) and €nil (2019: €1 million gain) of foreign currency basis outside the cash flow and net investment hedge relationships respectively.
- For cash flow hedges, the movement in the hypothetical derivative (hedged item) mirrors that of the hedging instrument. Hedge ineffectiveness of the swaps designated in a cash flow hedge during the period was €nil (2019: €nil).
- The carrying value of the bond includes €85 million loss (2019: €86 million loss) of cumulative fair value adjustment for the hedged interest rate risk. Net ineffectiveness on the fair value hedges, €8 million gain (2019: €2 million loss) is recognised in the income statement. The carrying value of bonds includes an additional €889 million loss (2019: €749 million loss) in relation to fair value of bonds previously designated in fair value hedge relationships.
- Hedge ineffectiveness of swaps designated in a net investment hedge during the period was €nil (2019: €nil).

Notes to the consolidated financial statements (continued)

22. Capital and financial risk management (continued)**Fair value and carrying value information**

The carrying value and valuation basis of the Group's financial assets are set out in notes 13 "Other investments", 14 "Trade and other receivables" and 19 "Cash and cash equivalents". For all financial assets held at amortised cost the carrying values approximate fair value.

The carrying value and valuation basis of the Group's financial liabilities are set out in notes 15 "Trade and other payables" and 21 "Borrowings". The carrying values approximate fair value for the Group's trade payables and other payables categories. For other financial liabilities a comparison of fair value and carrying value is disclosed in note 21 "Borrowings".

Net financial instruments

The table below shows the Group's financial assets and liabilities that are subject to offset in the balance sheet and the impact of enforceable master netting or similar agreements.

At 31 March 2020	Gross amount €m	Amount set off €m	Amounts presented in balance sheet €m	Related amounts not set off in the balance sheet		
				Right of set off with derivative counterparties €m	Cash collateral €m	Net amount €m
Derivative financial assets	9,176	—	9,176	(3,556)	(5,292)	328
Derivative financial liabilities	(4,767)	—	(4,767)	3,556	1,115	(96)
Total	4,409	—	4,409	—	(4,177)	232

At 31 March 2019	Gross amount €m	Amount set off €m	Amounts presented in balance sheet €m	Related amounts not set off in the balance sheet		
				Right of set off with derivative counterparties €m	Cash collateral €m	Net amount €m
Derivative financial assets	3,634	—	3,634	(1,549)	(2,011)	74
Derivative financial liabilities	(2,444)	—	(2,444)	1,549	1,081	186
Total	1,190	—	1,190	—	(930)	260

Financial assets and liabilities are offset and the amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Derivative financial instruments that do not meet the criteria for offset could be settled net in certain circumstances under ISDA ("International Swaps and Derivatives Association") agreements where each party has the option to settle amounts on a net basis in the event of default from the other. Collateral may be offset and net settled against derivative financial instruments in the event of default by either party. The aforementioned collateral balances are recorded in "other short-term investments" or "short-term debt" respectively.

Changes in assets and liabilities arising from financing activities

1 April 2019 €m	Cash flows			Non-cash changes			31 March 2020 €m
	Net proceeds/ (repayments) of borrowings €m	Interest paid €m	Net movement in short- term borrowings €m	Net Financing costs ² €m	Other ³ €m		
Assets and liabilities arising from financing activities¹	53,609	(6,095)	(2,284)	2,586	(594)	24,938	72,160

1 April 2018 €m	Cash flows			Non-cash changes			31 March 2019 €m
	Net proceeds/ (repayments) of borrowings €m	Interest paid €m	Net movement in short- term borrowings €m	Net Financing costs ² €m	Other ³ €m		
Assets and liabilities arising from financing activities¹	43,013	8,501	(1,297)	(541)	1,958	1,975	53,609

Notes:

- This balance comprises gross borrowings of €74,718 million (2019: €52,955 million), net derivative financial assets of €4,409 million (2019: €1,190 million) and financial liabilities under put option arrangements previously included within borrowings of €1,850 million (2019: €1,844 million). This balance excludes €nil of other payables in relation to the share buyback programme (2019: €823 million), with cash outflows of €821 million during the year (2019: €475 million).
- This amount includes interest, fair value and foreign exchange items which impact the income statement or other comprehensive income. Financing costs of €3,549 million (2019: €2,088 million) as disclosed in note 5 "Investment income and financing costs" primarily exclude gains on cash flow hedges of €3,703 million (2019: €276 million) and additionally include foreign exchange and other movements on items such as cash and short-term investments.
- Includes €15,589 million for the recognition of lease borrowings, principally on transition to IFRS16 on 1 April 2020; €8,302 million for borrowings and derivatives recognised during 2020 on the acquisition of European Liberty Global assets in July 2019; €1,389 million (2019: €1,919 million) for long-term spectrum licence payables; and reclassifications between financial liabilities and other investments.

23. Directors and key management compensation

This note details the total amounts earned by the Company's Directors and members of the Executive Committee.

Directors

Aggregate emoluments of the Directors of the Company were as follows:

	2020 €m	2019 €m	2018 €m
Salaries and fees	4	4	4
Incentive schemes ¹	2	2	3
Other benefits ²	1	—	1
	7	6	8

Notes:

1 Excludes gains from long-term incentive plans.

2 Includes the value of the cash allowance taken by some individuals in lieu of pension contributions.

No Directors serving during the year exercised share options in the year ended 31 March 2020 (2019: None; 2018: One Director, gain €0.1 million).

Key management compensation

Aggregate compensation for key management, being the Directors and members of the Executive Committee, was as follows:

	2020 €m	2019 €m	2018 €m
Short-term employee benefits	27	23	27
Share-based payments	30	35	30
	57	58	57

Notes to the consolidated financial statements (continued)

24. Employees

This note shows the average number of people employed by the Group during the year, in which areas of our business our employees work and where they are based. It also shows total employment costs.

	2020 Employees	2019 Employees	2018 Employees
By activity:			
Operations	14,616	15,872	17,094
Selling and distribution	28,133	30,596	35,025
Customer care and administration	52,470	52,528	54,016
	95,219	98,996	106,135
By segment:			
Germany	15,199	13,414	13,718
Italy	5,980	6,536	6,606
Spain	4,316	5,140	5,015
UK	10,295	11,525	12,379
Other Europe	14,646	12,413	11,760
Europe	50,436	49,028	49,478
India (Discontinued operations)	–	4,554	11,086
Vodacom	7,773	7,695	7,524
Other Markets	10,515	12,837	13,606
Rest of the World	18,288	25,086	32,216
Common Functions	26,495	24,882	24,441
Total	95,219	98,996	106,135

The cost incurred in respect of these employees (including Directors) was:

	2020 €m	2019 €m	2018 €m
Wages and salaries	4,571	4,333	4,179
Social security costs	531	579	547
Other pension costs (note 25)	226	223	222
Share-based payments (note 26)	134	132	128
	5,462	5,267	5,076
India (Discontinued operations)	–	84	219
Total	5,462	5,351	5,295

The Group has dialogue with recognised labour unions if required. In particular, there are regular meetings with the Vodafone European Employee Consultative Council (the 'EECC'). The delegates of this body are locally elected Vodafone employee representatives, most of whom are union and works council members. There has been no material disruption to operations as a result of union activity during the financial year.

25. Post employment benefits

The Group operates a number of Defined Benefit and Defined Contribution retirement plans for our employees. The Group's largest defined benefit plan is in the UK. For further details see "Critical accounting judgements and key sources of estimation uncertainty" in note 1 "Basis of preparation".

Accounting policies

For defined benefit retirement plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognised as an asset or liability on the statement of financial position. Defined benefit plan liabilities are assessed using the projected unit funding method and applying the principal actuarial assumptions at the reporting period date. Assets are valued at market value.

Actuarial gains and losses are taken to the statement of comprehensive income as incurred. For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising from differences between the previous actuarial assumptions and what has actually occurred. The return on plan assets, in excess of interest income, and costs incurred for the management of plan assets are also taken to other comprehensive income.

Other movements in the net surplus or deficit are recognised in the income statement, including the current service cost, any past service cost and the effect of any settlements. The interest cost less the expected interest income on assets is also charged to the income statement. The amount charged to the income statement in respect of these plans is included within operating costs or in the Group's share of the results of equity accounted operations, as appropriate.

The Group's contributions to defined contribution pension plans are charged to the income statement as they fall due.

Background

At 31 March 2020 the Group operated a number of retirement plans for the benefit of its employees throughout the world, with varying rights and obligations depending on the conditions and practices in the countries concerned. The Group's retirement plans are provided through both defined benefit and defined contribution arrangements. Defined benefit plans provide benefits based on the employees' length of pensionable service and their final pensionable salary or other criteria. Defined contribution plans offer employees individual funds that are converted into benefits at the time of retirement.

The Group operates defined benefit plans in Germany, India, Ireland, Italy, the UK, the United States and the Group operates defined benefit indemnity plans in Greece and Turkey. Defined Contribution plans are currently provided in Egypt, Germany, Greece, Hungary, India, Ireland, Italy, Portugal, South Africa, Spain and the UK.

Income statement expense

	2020 €m	2019 €m	2018 €m
Defined contribution plans	180	166	178
Defined benefit plans	46	57	44
Total amount charged to income statement (note 24)	226	223	222

Defined benefit plans

The Group's retirement policy is to provide competitive pension provision, in each operating country, in line with the market median for that location. The Group's preferred retirement provision is focused on Defined Contribution (DC) arrangements and/or State provision for future service.

The Group's main defined benefit funding liability is the Vodafone UK Group Pension Scheme ('Vodafone UK plan'). Since June 2014 the Vodafone UK plan has consisted of two segregated sections: the Vodafone Section and the Cable & Wireless Section ('CWW Section'). Both sections are closed to new entrants and to future accrual. The Group also operates smaller funded and unfunded plans in the UK, funded and unfunded plans in Germany and funded plans in Ireland. Defined benefit pension provision exposes the Group to actuarial risks such as longer than expected longevity of participants, lower than expected return on investments and higher than expected inflation, which may increase the liabilities or reduce the value of assets of the plans.

The main defined benefit plans are administered by trustee boards which are legally separate from the Group and consist of representatives who are employees, former employees or are independent from the Group. The trustee boards of the pension plans are required by legislation to act in the best interest of the participants, set the investment strategy and contribution rates and are subject to statutory funding regimes.

The Vodafone UK plan is registered as an occupational pension plan with HM Revenue and Customs ('HMRC') and is subject to UK legislation and operates within the framework outlined by the Pensions Regulator. UK legislation requires that pension plans are funded prudently and that valuations are undertaken at least every three years. Separate valuations are required for the Vodafone Section and CWW Section.

The trustees obtain regular actuarial valuations to check whether the statutory funding objective is met and whether a recovery plan is required to restore funding to the level of the agreed technical provisions. The 31 March 2016 triennial actuarial valuation for the Vodafone Section and CWW Section of the Vodafone UK plan showed a net deficit of £279 million (€317 million) on the funding basis, comprising of a £339 million (€385 million) deficit for the Vodafone Section and a £60 million (€68 million) surplus for the CWW Section.

Notes to the consolidated financial statements (continued)

25. Post employment benefits (continued)

These plan-specific actuarial valuations will differ to the IAS 19 accounting basis, which is used to measure pension assets and liabilities presented in the Group's consolidated statement of financial position.

Following the 2016 triennial valuation, the Group and trustees of the Vodafone UK plan agreed a funding plan to address the valuation deficit in the Vodafone Section over the period to 31 March 2025 and made a cash contribution on 19 October 2017 of £185 million (€209 million) into the Vodafone Section and a further cash payment in accordance with the arrangements set under the previous valuation of £58 million (€66 million) into the CWW Section. These cash payments were invested into annuity policies issued by a third party insurance company which in turn entered into a reinsurance policy covering these risks with the Group's captive insurance company, see note 15 "Trade and other payables". No further contributions are due in respect of the deficit revealed at the 2016 valuation.

The triennial actuarial valuation as at 31 March 2019 is currently in progress and will be completed during 2020. The Group and trustees have agreed the actuarial assumptions in principle and the outcome is expected to show an improvement compared to the 2016 actuarial valuation. As completion of the 2019 triennial valuation is at an advanced stage, the Group has reflected the outcome of the mortality analysis carried out for the 2019 actuarial valuation in its chosen accounting assumptions and update the accounting valuation to reflect experience emerging from the 2019 actuarial valuation.

Funding plans are individually agreed for each of the Group's other defined benefit plans with the respective trustees or governing board, taking into account local regulatory requirements. It is expected that ordinary contributions relating to future service of €46 million will be paid into the Group's defined benefit plans during the year ending 31 March 2021. The Group has also provided certain guarantees in respect of the Vodafone UK plan; further details are provided in note 29 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

The investment strategy for the UK plans is controlled by the trustees in consultation with the Group and the plans have no direct investments in the Group's equity securities or in property or other assets currently used by the Group. The allocation of assets between different classes of investment is reviewed regularly and is a key factor in the trustee investment policy. The trustees aim to achieve the plan's investment objectives through investing partly in a diversified mix of growth assets which, over the long term, are expected to grow in value by more than the low risk assets. The low risk assets include cash and gilts, inflation and interest rate hedging and in substance insured pensioner annuity policies in both the Vodafone Section and CWW Sections of the Vodafone UK plan. A number of investment managers are appointed to promote diversification by assets, organisation and investment style and current market conditions and trends are regularly assessed, which may lead to adjustments in the asset allocation.

Actuarial assumptions

The Group's plan liabilities are measured using the projected unit credit method using the principal actuarial assumptions set out below:

	2020 %	2019 %	2018 %
Weighted average actuarial assumptions used at 31 March¹:			
Rate of inflation ²	2.2	2.9	2.9
Rate of increase in salaries	2.5	2.7	2.7
Discount rate	2.0	2.3	2.5

Notes:

- Figures shown represent a weighted average assumption of the individual plans.
- The rate of increase in pensions in payment and deferred revaluation are dependent on the rate of inflation.

Mortality assumptions used are based on recommendations from the individual local actuaries which include adjustments for the experience of the Group where appropriate. The Group's largest plan is the Vodafone UK plan. Further life expectancies assumed for the UK plans are 23.2/25.2 years (2019: 23.3/26.6 years) for a male/female pensioner currently aged 65 years and 25.1/27.2 (2019: 26.2/29.4 years) from age 65 for a male/female non-pensioner member currently aged 40.

Charges made to the consolidated income statement and consolidated statement of comprehensive income ('SOI') on the basis of the assumptions stated above are:

	2020 €m	2019 €m	2018 €m
Current service cost	37	31	34
Past service costs ¹	–	16	2
Net interest charge	9	10	8
Total included within staff costs	46	57	44
Actuarial gains/(losses) recognised in the SOI	640	(33)	(94)

Note:

- Following a High Court judgement on 21 October 2018 which concluded that affected defined benefit plans should equalise pension benefits for men and women in relation to guaranteed minimum pension (GMP) benefits the Group has recorded a pre-tax past service cost of €16 million (£14 million) in the year ended 31 March 2019.

Duration of the benefit obligations

The weighted average duration of the defined benefit obligation at 31 March 2020 is 21 years (2019: 22.0 years).

Fair value of the assets and present value of the liabilities of the plans

The amount included in the statement of financial position arising from the Group's obligations in respect of its Defined benefit plans is as follows:

	Assets €m	Liabilities €m	Net deficit €m
1 April 2018	6,697	(7,107)	(410)
Service cost	–	(47)	(47)
Interest income/(cost)	167	(177)	(10)
Return on plan assets excluding interest income	269	–	269
Actuarial gains/(losses) arising from changes in demographic assumptions	–	5	5
Actuarial gains/(losses) arising from changes in financial assumptions	–	(253)	(253)
Actuarial gains/(losses) arising from experience adjustments	–	12	12
Employer cash contributions	27	–	27
Member cash contributions	9	(9)	–
Benefits paid	(280)	280	–
Exchange rate movements	87	(87)	–
Other movements	(2)	(48)	(50)
31 March 2019	6,974	(7,431)	(457)
Service cost	–	(37)	(37)
Interest income/(cost)	154	(163)	(9)
Return on plan assets excluding interest income	108	–	108
Actuarial gains arising from changes in demographic assumptions	–	252	252
Actuarial gains arising from changes in financial assumptions	–	383	383
Actuarial losses arising from experience adjustments	–	(103)	(103)
Employer cash contributions	42	–	42
Member cash contributions	10	(10)	–
Benefits paid	(237)	237	–
Exchange rate movements	(143)	156	13
Other movements	(2)	(38)	(40)
31 March 2020	6,906	(6,754)	152

An analysis of the net surplus/(deficit) is provided below for the Group as a whole.

	2020 €m	2019 €m	2018 €m	2017 €m	2016 €m
Analysis of net surplus/(deficit):					
Total fair value of plan assets	6,906	6,974	6,697	6,709	6,229
Present value of funded plan liabilities	(6,641)	(7,315)	(7,028)	(7,222)	(6,487)
Net surplus/(deficit) for funded plans	265	(341)	(331)	(513)	(258)
Present value of unfunded plan liabilities	(113)	(116)	(79)	(81)	(83)
Net surplus/(deficit)	152	(457)	(410)	(594)	(341)
Net surplus/(deficit) is analysed as:					
Assets ¹	590	94	110	57	224
Liabilities	(438)	(551)	(520)	(651)	(565)

Note:

1 Pension assets are deemed to be recoverable and there are no adjustments in respect of minimum funding requirements as economic benefits are available to the Group either in the form of future refunds or, for plans still open to benefit accrual, in the form of possible reductions in future contributions.

Notes to the consolidated financial statements (continued)

25. Post employment benefits (continued)

An analysis of net assets/(deficit) is provided below for the Vodafone UK plan, which is a funded plan. As part of the merger of the Vodafone UK plan and the Cable and Wireless Worldwide Retirement Plan ('CWWRP') plan on 6 June 2014 the assets and liabilities of the CWW Section are segregated from the Vodafone Section and hence are reported separately below.

	CWW Section					Vodafone Section				
	2020 €m	2019 €m	2018 €m	2017 €m	2016 €m	2020 €m	2019 €m	2018 €m	2017 €m	2016 €m
Analysis of net surplus/(deficit):										
Total fair value of plan assets	2,842	2,828	2,760	2,894	2,762	2,873	2,926	2,773	2,654	2,408
Present value of plan liabilities	(2,393)	(2,734)	(2,655)	(2,842)	(2,543)	(2,731)	(3,157)	(2,945)	(2,962)	(2,548)
Net surplus/(deficit)	449	94	105	52	219	142	(231)	(172)	(308)	(140)
Net surplus/(deficit) are analysed										
Assets	449	94	105	52	219	142	–	–	–	–
Liabilities	–	–	–	–	–	–	(231)	(172)	(308)	(140)

Fair value of plan assets

	2020 €m	2019 €m
Cash and cash equivalents	96	65
Equity investments:		
With quoted prices in an active market	1,018	1,469
Without quoted prices in an active market	197	250
Debt instruments:		
With quoted prices in an active market	4,446	3,831
Without quoted prices in an active market	513	620
Property:		
With quoted prices in an active market	18	24
Without quoted prices in an active market	391	282
Derivatives: ¹		
Without quoted prices in an active market	(1,110)	(986)
Investment fund	533	543
Annuity policies		
With quoted prices in an active market	3	14
Without quoted prices	801	862
Total	6,906	6,974

Note:

1 Derivatives include collateral held in the form of cash. Assets are valued using 'level 2' inputs under IFRS 13 "Fair Value Measurement" principles and classified as unquoted accordingly.

The fair value of plan assets, which have been measured in accordance with IFRS 13 "Fair Value Measurement", are analysed by asset category above and are subdivided by assets that have a quoted market price in an active market and those that do not, such as investment funds. Where available, the fair values are quoted prices (e.g. listed equity, sovereign debt and corporate bonds). Unlisted investments without quoted prices in an active market (e.g. private equity) are included at values provided by the fund manager in accordance with relevant guidance. Other significant assets are valued based on observable inputs such as yield curves. The Vodafone UK plan annuity policies fully match the pension obligations of those pensioners insured and therefore are set equal to the present value of the related obligations. Investment funds of €533 million at 31 March 2020 include investments in diversified alternative beta funds held in the Vodafone Section of the Vodafone UK plan.

The actual return on plan assets over the year to 31 March 2020 was a gain of €262 million (2019: €436 million).

Sensitivity analysis

Measurement of the Group's defined benefit retirement obligation is sensitive to changes in certain key assumptions. The sensitivity analysis below shows how a reasonably possible increase or decrease in a particular assumption would, in isolation, result in an increase or decrease in the present value of the defined benefit obligation as at 31 March 2020.

	Rate of inflation		Rate of increase in salaries		Discount rate		Life expectancy	
	Decrease by 0.5% €m	Increase by 0.5% €m	Decrease by 0.5% €m	Increase by 0.5% €m	Decrease by 0.5% €m	Increase by 0.5% €m	Increase by 1 year €m	Decrease by 1 year €m
(Decrease)/increase in present value of defined benefit obligation ¹	(492)	563	(3)	4	717	(617)	205	(206)

1 The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. In presenting this sensitivity analysis, the change in the present value of the defined benefit obligation has been calculated on the same basis as prior years using the projected unit credit method at the end of the year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position. The rate of inflation assumption sensitivity factors in the impact of changes to all assumptions relating to inflation including the rate of increase in salaries, pension increases and deferred revaluations.

26. Share-based payments

The Group has a number of share plans used to award shares to Executive Directors and employees as part of their remuneration package. A charge is recognised over the vesting period in the consolidated income statement to record the cost of these, based on the fair value of the award on the grant date.

Accounting policies

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. A corresponding increase in retained earnings is also recognised.

Some share awards have an attached market condition, based on total shareholder return, which is taken into account when calculating the fair value of the share awards. The valuation for the TSR is based on Vodafone's ranking within the same group of companies, where possible, over the past five years.

The fair value of awards of non-vested shares is an average calculation of the closing price of the Group's shares on the days prior to the grant date, adjusted for the present value of the delay in receiving dividends where appropriate.

The maximum aggregate number of ordinary shares which may be issued in respect of share options or share plans will not (without shareholder approval) exceed:

- 10% of the ordinary share capital of the Company in issue immediately prior to the date of grant, when aggregated with the total number of ordinary shares which have been allocated in the preceding ten year period under all plans; and
- 5% of the ordinary share capital of the Company in issue immediately prior to the date of grant, when aggregated with the total number of ordinary shares which have been allocated in the preceding ten year period under all plans, other than any plans which are operated on an all-employee basis.

Share options

Vodafone Group executive plans

No share options have been granted to any Directors or employees under the Company's discretionary share option plans in the year ended 31 March 2020. There were no options outstanding under the Vodafone Global Incentive Plan at the year-end.

Vodafone Sharesave Plan

Under the Vodafone Sharesave Plan UK staff may acquire shares in the Company through monthly savings of up to £375 over a three and/or five year period, at the end of which they may also receive a tax-free bonus. The savings and bonus may then be used to purchase shares at the option price, which is set at the beginning of the invitation period and usually at a discount of 20% to the then prevailing market price of the Company's shares.

Share plans

Vodafone Group executive plans

Under the Vodafone Global Incentive Plan awards of shares are granted to Directors and certain employees. The release of these shares is conditional upon continued employment and for some awards achievement of certain performance targets measured over a three year period.

Vodafone Share Incentive Plan

Following a review of the UK all-employee plans it was decided that with effect from 1 April 2017 employees would no longer be able to contribute to the Share Incentive Plan and would therefore no longer receive matching shares. Individuals who hold shares in the plan will continue to receive dividend shares.

Notes to the consolidated financial statements (continued)

26. Share-based payments (continued)

Movements in outstanding ordinary share options

	2020 Millions	Ordinary share options	
		2019 Millions	2018 Millions
1 April	46	40	41
Granted during the year	39	33	11
Forfeited during the year	(1)	(2)	(2)
Exercised during the year	–	(2)	(5)
Expired during the year	(31)	(23)	(5)
31 March	53	46	40
Weighted average exercise price:			
1 April	£1.40	£1.64	£1.61
Granted during the year	£1.06	£1.30	£1.72
Forfeited during the year	£1.36	£1.52	£1.65
Exercised during the year	£1.50	£1.67	£1.57
Expired during the year	£1.34	£1.64	£1.65
31 March	£1.19	£1.40	£1.64

Summary of options outstanding

	31 March 2020			31 March 2019		
	Outstanding shares Millions	Weighted average exercise price	Weighted remaining average contractual life Months	Outstanding shares Millions	Weighted average exercise price	Weighted remaining average contractual life Months
Vodafone Group savings related and Sharesave Plan: £1.01–£2.00	53	£1.19	30	46	£1.40	33

Share awards

Movements in non-vested shares are as follows:

	2020		2019		2018	
	Millions	Weighted average fair value at grant date	Millions	Weighted average fair value at grant date	Millions	Weighted average fair value at grant date
1 April	200	£1.92	182	£2.04	178	£1.91
Granted	135	£1.00	88	£1.82	74	£1.95
Vested	(44)	£2.10	(39)	£2.21	(42)	£1.76
Forfeited	(46)	£1.76	(31)	£1.97	(28)	£1.58
31 March	245	£1.41	200	£1.92	182	£2.04

Other information

The total fair value of shares vested during the year ended 31 March 2020 was £92 million (2019: £86 million; 2018: £74 million).

The compensation cost included in the consolidated income statement in respect of share options and share plans was £134 million (2019: £132 million; 2018: £128 million) which is comprised principally of equity-settled transactions.

The average share price for the year ended 31 March 2020 was 135.9 pence (2019: 168.3 pence; 2018: 216.2 pence).

27. Acquisitions and disposals

We completed a number of acquisitions and disposals during the year. The note below provides details of these transactions as well as those in the prior year. For further details see “Critical accounting judgements and key sources of estimation uncertainty” in note 1 “Basis of preparation” to the consolidated financial statements.

Accounting policies

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued by the Group. Acquisition-related costs are recognised in the income statement as incurred. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date, which is the date on which control is transferred to us. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree, if any, over the net amounts of identifiable assets acquired and liabilities assumed at the acquisition date. The interest of the non-controlling shareholders in the acquiree may initially be measured either at fair value or at the non-controlling shareholders' proportion of the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed. The choice of measurement basis is made on an acquisition-by-acquisition basis.

Acquisition of interests from non-controlling shareholders

In transactions with non-controlling parties that do not result in a change in control, the difference between the fair value of the consideration paid or received and the amount by which the non-controlling interest is adjusted is recognised in equity.

The aggregate cash consideration in respect of purchases in subsidiaries, net of cash acquired, is as follows:

	2020 €m	2019 €m
Cash consideration paid		
European Liberty Global Assets	10,313	–
Other acquisitions during the period	108	61
Net cash acquired	(126)	26
	10,295	87

European Liberty Global assets

On 31 July 2019, the Group completed the acquisition of a 100% interest in Unitymedia GmbH ('Unitymedia') and Liberty Global's operations (excluding its 'Direct Home' business) in the Czech Republic ('UPC Czech'), Hungary ('UPC Hungary') and Romania ('UPC Romania') for an aggregate net cash consideration of €10,313 million. The primary reason for acquiring the businesses was to create a converged national provider of digital infrastructure in Germany, together with creating converged communications operators in the Czech Republic, Hungary and Romania.

The purchase price allocation is set out in the table below.

	Fair value €m
Net assets acquired	
Identifiable intangible assets ¹	5,818
Property, plant and equipment ²	4,737
Inventory	2
Trade and other receivables	856
Other investments	2
Cash and cash equivalents	109
Current and deferred taxation	(1,904)
Short and long-term borrowings	(9,527)
Trade and other payables	(1,066)
Post employment benefits	(40)
Provisions	(178)
Net identifiable liabilities acquired	(1,191)
Goodwill ³	11,504
Total consideration⁴	10,313

Notes:

1 Identifiable intangible assets of €5,818 million consisted of customer relationships of €5,569 million, brand of €71 million and software of €178 million.

2 Includes Right-of-Use assets.

3 The goodwill is attributable to future profits expected to be generated from new customers and the synergies expected to arise after the Group's acquisition of the businesses.

4 Transaction costs of €46 million were charged to Other income and expense in the consolidated income statement in the year ended 31 March 2020.

From the date of acquisition, the acquired entities have contributed €1,993 million of revenue and a loss of €247 million towards the profit before tax of the Group. If the acquisition had taken place at the beginning of the financial year, revenue would have been €45,975 million and the profit before tax would have been €822 million.

Notes to the consolidated financial statements (continued)

27. Acquisitions and disposals (continued)**Other acquisitions**

During the year ended 31 March 2020 the Group completed certain acquisitions for an aggregate consideration of €276 million, of which €108 million has been paid in cash. The aggregate provisional fair values of goodwill, identifiable assets and liabilities of the acquired operations were €248 million, €113 million and €85 million, respectively.

Disposals

The difference between the carrying value of the net assets disposed of and the fair value of consideration received is recorded as a gain or loss on disposal. Foreign exchange translation gains or losses relating to subsidiaries that the Group has disposed of, and that have previously recorded in other comprehensive income or expense, are also recognised as part of the gain or loss on disposal.

Vodafone New Zealand

On 31 July 2019, the Group sold its 100% interest in Vodafone New Zealand Limited ('Vodafone New Zealand') for consideration of NZD \$3.4 billion (€2.0 billion). The table below summarises the net assets disposed and the resulting net gain on disposal of €1.1 billion.

	€m
Goodwill	(243)
Other intangible assets	(155)
Property, plant and equipment ¹	(783)
Inventory	(29)
Trade and other receivables	(244)
Investments in associates and joint ventures	(4)
Current and deferred taxation	(11)
Short and long-term borrowings	215
Trade and other payables	261
Provisions	35
Net assets disposed	(958)
Net cash proceeds arising from the transaction	2,023
Other effects ²	13
Net gain on transaction³	1,078

Notes:

1 Includes Right-of-use assets.

2 Includes €59 million of recycled foreign exchange losses.

3 Recorded within Other income and expense in the consolidated income statement.

Tower infrastructure in Italy

On 31 March 2020, the Group merged its passive tower infrastructure in Italy with Infrastrutture Wireless Italiane S.p.A. ('INWIT'), creating the leading tower company in Italy (the 'combination'). As part of the combination, Vodafone received proceeds of €2,140 million and a 37.5% shareholding in the combined entity. As a result of the transaction, we no longer consolidate the tower assets and account for our interest as a joint venture using the equity method. We have also entered into an agreement to lease back space on the mobile base stations to locate network equipment (see note 20 "Leases"). The Group recognised a net gain on the combination of €3,356 million.

	€m
Goodwill	(1,320)
Property, plant and equipment ¹	(548)
Trade and other receivables	(164)
Current and deferred taxation	44
Short and long-term borrowings	270
Trade and other payables	79
Provisions	40
Net assets contributed into INWIT	(1,599)
Fair value of investment in INWIT ²	3,559
Net cash proceeds arising from the transaction	2,140
Restriction of gain (note 20)	(744)
Net gain on formation³	3,356

Notes:

1 Includes Right-of-use assets.

2 The fair value of €3,559 million comprises an investment of €3,345 million recorded within Investments in associates and joint ventures (note 12) and a dividend receivable of €214 million, recorded within Other receivables (note 14).

3 Recorded within Other income and expense in the consolidated income statement.

Vodafone Malta

On 31 March 2020, the Group sold its 100% interest in Vodafone Malta Limited ('Vodafone Malta') for consideration of €242 million. A net gain on disposal of €170 million has been recorded within Other income and expense in the consolidated income statement.

Vodafone Idea

On 31 August 2018, the Group combined the operations of its subsidiary, Vodafone India (excluding its 42% stake in Indus Towers), with Idea Cellular Limited ('Idea'), to create Vodafone Idea Limited ('Vodafone Idea'), a company jointly controlled by Vodafone and the Aditya Birla Group ('ABG').

As a result, the Group no longer consolidates its previous interest in Vodafone India which was presented within discontinued operations in the comparative period (see note 7 "Discontinued operations and assets and liabilities held for sale") and now accounts for its 45.2% interest in Vodafone Idea as a joint venture using the equity method.

On disposal, Vodafone India was valued based on the number of shares the Group held in the merged entity post completion and the Idea share price on 31 August 2018 (INR 51.50). The value was also adjusted for the proceeds from the sale of the 4.8% stake in Vodafone Idea from the Vodafone Group to ABG. As the price per share and proceeds from the sale to ABG are readily observable and no further adjustments were made, the valuation is considered to be a "level 1" valuation as per IFRS 13. As a result of the transaction, the Group recognised a net loss of €3,420 million, including a loss on disposal of €1,276 million and a foreign exchange loss of €2,079 million.

	€m
Other intangible assets	(6,138)
Property, plant and equipment	(3,091)
Trade and other receivables	(1,572)
Other investments	(6)
Cash and cash equivalents ³	(751)
Current and deferred taxation	(2,790)
Short and long-term borrowings	7,896
Trade and other payables	1,669
Provisions	720
Net assets contributed into Vodafone Idea	(4,063)
Fair value of investment in Vodafone Idea ²	2,467
Net cash proceeds arising from the transaction ³	320
Other effects ¹	(2,144)
Net loss on formation of Vodafone Idea²	(3,420)

Notes:

1 Includes €2,079 million of recycled foreign exchange losses.

2 Includes a loss of €603 million related to the re-measurement of our retained interest in Vodafone Idea.

3 Included in Disposal of interests in subsidiaries, net of cash disposed within the consolidated statement of cash flows.

Notes to the consolidated financial statements (continued)

28. Commitments

A commitment is a contractual obligation to make a payment in the future, mainly in relation to agreements to buy assets such as network infrastructure and IT systems and leases that have not commenced. These amounts are not recorded in the consolidated statement of financial position since we have not yet received the goods or services from the supplier. The amounts below are the minimum amounts that we are committed to pay.

Operating lease commitments

In the prior year, the previous lease accounting policy applied and certain leases were classified as operating leases. The minimum lease payments under non-cancellable operating leases previously disclosed in the prior year were as follows:

	2019 €m
Within one year	2,834
In more than one year but less than two years	1,654
In more than two years but less than three years	1,227
In more than three years but less than four years	950
In more than four years but less than five years	739
In more than five years	3,412
	10,816

The total of future minimum sublease payments expected to be received under non-cancellable subleases at 31 March 2019 was €1,027 million.

Capital commitments

	Company and subsidiaries		Share of joint operations		Group	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Contracts placed for future capital expenditure not provided in the financial statements ¹	3,046	2,980	103	32	3,149	3,012

Note:

¹ Commitment includes contracts placed for property, plant and equipment and intangible assets.

Acquisition and disposal commitments**Indus Towers**

On 25 April 2018, Vodafone, Bharti Airtel Limited and Vodafone Idea (previously Idea Cellular Limited) announced the merger of Indus Towers Limited (Indus Towers) into Bharti Infratel Limited (Bharti Infratel), creating a combined company that will own the respective businesses of Bharti Infratel and Indus Towers. Indus Towers is currently jointly owned by Bharti Infratel (42%), Vodafone (42%), Vodafone Idea (11.15%) and Providence (4.85%). Bharti group and Vodafone will jointly control the combined company, in accordance with the terms of a new shareholders' agreement.

Vodafone Idea has the option to either sell its 11.15% shareholding in Indus Towers for cash or receive new shares in the combined company. Providence has the option to elect to receive cash or shares in the combined company for 3.35% of its 4.85% shareholding in Indus Towers, with the balance exchanged for shares.

The final number of shares issued to Vodafone and the cash paid or shares issued to Vodafone Idea and Providence, will be subject to closing adjustments, including but not limited to movements in net debt and working capital for Bharti Infratel and Indus Towers. At the time of entering into the transaction, Vodafone would have been issued with 783.1 million new shares in the combined company, in exchange for its 42% shareholding in Indus Towers. On the basis that (a) Providence decides to sell 3.35% of its 4.85% shareholding in Indus Towers for cash and (b) Vodafone Idea decides to sell its full 11.15% shareholding in Indus Towers for cash, these shares would be equivalent to a 29.4% shareholding in the combined company. Bharti group's shareholding will be diluted from 53.5% in Bharti Infratel today to 37.2% in the combined company.

The Group has extended the long stop date on the merger agreement to 24 June 2020.

Vodafone Hutchison Australia

On 30 August 2018, Vodafone announced that Vodafone Hutchison Australia Pty Limited (VHA) and TPG Telecom Limited (TPG) had agreed to merge. Vodafone and Hutchison Telecommunications (Australia) Limited (HTAL) will each own an economic interest of 25.05% in the new combined company, with TPG shareholders owning the remaining 49.9%. Of the net debt held by VHA prior to completion of the merger, Vodafone will provide a guarantee on approximately US\$ 1.75 billion, which is lower than the guarantees of approximately US\$ 1.75 billion and AUD 0.85 billion currently provided.

On 8 May 2019, the Australian Competition and Consumer Commission (ACCC) opposed the proposed merger. The Group challenged the ACCC's decision in Federal Court. On 13 February 2020, the Federal Court allowed the proposed merger to proceed. This transaction remains subject to TPG shareholder approval.

Vodafone Egypt

The Group signed a memorandum of understanding with Saudi Telecom Company in January 2020 to pursue the sale of the Group's 55% equity holding in Vodafone Egypt Telecommunications S.A.E (Vodafone Egypt) for cash consideration of US\$ 2.4 billion (€2.2 billion).

29. Contingent liabilities and legal proceedings

Contingent liabilities are potential future cash outflows, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably.

	2020 €m	2019 €m
Performance bonds ¹	414	337
Other guarantees ²	2,908	2,943

Notes:

- Performance bonds require the Group to make payments to third parties in the event that the Group does not perform what is expected of it under the terms of any related contracts or commercial arrangements.
- Other guarantees principally comprise Vodafone Group Plc's guarantee of the Group's 50% share of an AUD1.7 billion loan facility and a US\$3.5 billion loan facility of its joint venture, Vodafone Hutchison Australia Pty Limited. The Group's share of these loan balances is included in the net investment in joint venture (see note 12 "Investments in associates and joint arrangements").

UK pension schemes

The Group's main defined benefit plan is the Vodafone UK Group Pension Scheme ('Vodafone UK Plan') which has two segregated sections, the Vodafone Section and the CWW Section, as detailed in note 25 "Post employment benefits".

The Group has covenanted to provide security in favour of both the Vodafone Section and CWW Section whilst a deficit remains. The deficit is measured on a prescribed basis agreed between the Group and trustee. The Group provides surety bonds as the security.

The level of the security has varied since inception in line with the movement in the Vodafone UK Plan deficit. At 31 March 2020 the Vodafone UK Plan retains security over €791 million (notional value) for the Vodafone Section and €198 million (notional value) for the CWW Section. The security may be substituted either on a voluntary or mandatory basis. The Company has also provided two guarantees to the Vodafone Section of the Vodafone UK Plan for a combined value up to €1.41 billion to provide security over the deficit under certain defined circumstances, including insolvency of the employers. The Company has also agreed a similar guarantee of up to €1.41 billion for the CWW Section.

An additional smaller UK defined benefit plan, the THUS Plc Group Scheme, has a guarantee from the Company for up to €113 million.

Legal proceedings

The Company and its subsidiaries are currently, and may from time to time become, involved in a number of legal proceedings, including inquiries from, or discussions with, governmental authorities that are incidental to their operations. However, save as disclosed below, the Company does not believe that it or its subsidiaries are currently involved in (i) any legal or arbitration proceedings (including any governmental proceedings which are pending or known to be contemplated) which may have, or have had in the 12 months preceding the date of this report, a material adverse effect on the financial position or profitability of the Group; or (ii) any material proceedings in which any of the Company's Directors, members of senior management or affiliates are either a party adverse to the Company or its subsidiaries or have a material interest adverse to the Company or its subsidiaries. Due to inherent uncertainties, the Company cannot make any accurate quantification of any cost, or timing of such cost, which may arise from any of the legal proceedings referred to in this Annual Report, however costs in complex litigation can be substantial.

Indian tax cases

In August 2007 and September 2007, Vodafone India Limited ('Vodafone India') and Vodafone International Holdings BV ('VIHBV') respectively received notices from the Indian tax authority alleging potential liability in connection with an alleged failure by VIHBV to deduct withholding tax from consideration paid to the Hutchison Telecommunications International Limited group ('HTIL') in respect of HTIL's gain on its disposal to VIHBV of its interests in a wholly-owned Cayman Island incorporated subsidiary that indirectly held interests in Vodafone India. Following approximately five years of litigation in the Indian courts in which VIHBV sought to set aside the tax demand issued by the Indian tax authority, in January 2012 the Supreme Court of India handed down its judgement, holding that VIHBV's interpretation of the Income Tax Act 1961 was correct, that the HTIL transaction in 2007 was not taxable in India, and that consequently, VIHBV had no obligation to withhold tax from consideration paid to HTIL in respect of the transaction. The Supreme Court of India quashed the relevant notices and demands issued to VIHBV in respect of withholding tax and interest.

On 28 May 2012 the Finance Act 2012 became law. The Finance Act 2012, which amended various provisions of the Income Tax Act 1961 with retrospective effect, contained provisions intended to tax any gain on transfer of shares in a non-Indian company, which derives substantial value from underlying Indian assets, such as VIHBV's transaction with HTIL in 2007. Further, it sought to subject a purchaser, such as VIHBV, to a retrospective obligation to withhold tax. VIHBV received a letter on 3 January 2013 from the Indian tax authority reminding it of the tax demand raised prior to the Supreme Court of India's judgement and purporting to update the interest element of that demand to a total amount of INR142 billion, which included principal and interest as calculated by the Indian tax authority but did not include penalties.

On 10 January 2014, VIHBV served an amended trigger notice on the Indian Government under the Netherlands-India Bilateral Investment Treaty ('Dutch BIT'), supplementing a trigger notice filed on 17 April 2012, immediately prior to the Finance Act 2012 becoming effective, to add claims relating to an attempt by the Indian Government to tax aspects of the transaction with HTIL under transfer pricing rules. A trigger notice announces a party's intention to submit a claim to arbitration and triggers a cooling off period during which both parties may seek to resolve the dispute amicably. Notwithstanding their attempts, the parties were unable to amicably resolve the dispute within the cooling off period stipulated in the Dutch BIT. On 17 April 2014, VIHBV served its notice of arbitration under the Dutch BIT, formally commencing the Dutch BIT arbitration proceedings.

Notes to the consolidated financial statements (continued)

29. Contingent liabilities and legal proceedings (continued)

In June 2016, the tribunal was fully constituted with Sir Franklin Berman KCMG QC appointed as presiding arbitrator. The Indian Government raised objections to the application of the treaty to VIH BV's claims and to the jurisdiction of the tribunal under the Dutch BIT. On 19 June 2017, the tribunal decided to try both these jurisdictional objections along with the merits of VIH BV's claim in February 2019. Further attempts by the Indian Government to have the jurisdiction arguments heard separately also failed. VIH BV filed its response to India's defence in July 2018 and India responded in December 2018. The arbitration hearing took place in February 2019, and a decision is expected mid to late 2020.

Separately, on 15 June 2015, Vodafone Group Plc and Vodafone Consolidated Holdings Limited served a trigger notice on the Indian Government under the United Kingdom-India Bilateral Investment Treaty (UK BIT) in respect of retrospective tax claims under the Income Tax Act 1961 (as amended by the Finance Act 2012). Although relating to the same underlying facts as the claim under the Dutch BIT, the claim brought by Vodafone Group Plc and Vodafone Consolidated Holdings Limited is a separate and distinct claim under a different treaty. On 24 January 2017, Vodafone Group Plc and Vodafone Consolidated Holdings Limited served a Notice of Arbitration on the Indian Government formally commencing the arbitration.

The Indian Government has indicated that it considers the arbitration under the UK BIT to be an abuse of process but this is strongly denied by Vodafone. On 22 August 2017, the Indian Government obtained an injunction from the Delhi High Court preventing Vodafone from progressing the UK BIT arbitration. Vodafone was not present when India obtained this injunction and applied to dismiss it. On 26 October 2017, the Delhi High Court varied its order to permit Vodafone to participate in the formation of the UK BIT tribunal. The UK BIT tribunal now consists of Marcelo Kohen, an Argentinian national and professor of international law in Geneva (appointed by India), Neil Kaplan, a British national (appointed by Vodafone Group Plc) and Professor Campbell McLachlan QC, a New Zealand national (appointed by the parties as presiding arbitrator). On 7 May 2018, the Delhi High Court dismissed the injunction. The Indian Government appealed the decision and hearings took place in 2018 and 2019, with frequent adjournments. The case will be heard once the courts reopen after the COVID-19 lockdown has passed. In the meantime, Vodafone has undertaken to take no steps advancing the UK BIT pending resolution of the Indian Government's appeal.

On 12 February 2016, VIH BV received a notice dated 4 February 2016 of an outstanding tax demand of INR221 billion (which included interest accruing since the date of the original demand) along with a statement that enforcement action, including against VIH BV's indirectly held assets in India, would be taken if the demand was not satisfied. On 29 September 2017, VIH BV received an electronically generated demand in respect of alleged principal, interest and penalties in the amount of INR190.7 billion. This demand does not appear to have included any element for alleged accrued interest liability.

Separate proceedings in the Bombay High Court taken against VIH BV to seek to treat it as an agent of HTIL in respect of its alleged tax on the same transaction, as well as penalties of up to 100% of the assessed withholding tax for the alleged failure to have withheld such taxes, were listed for hearing at the request of the Indian Government on 21 April 2016 despite the issue having been ruled upon by the Supreme Court of India. The hearing has since been periodically listed and then adjourned or not reached hearing. VIH BV and Vodafone Group Plc will continue to defend vigorously any allegation that VIH BV or Vodafone India is liable to pay tax in connection with the transaction with HTIL and will continue to exercise all rights to seek redress including pursuant to the Dutch BIT and the UK BIT. We have not recorded a provision in respect of the retrospective provisions of the Income Tax Act 1961 (as amended by the Finance Act 2012) and any tax demands based upon such provisions.

Other Indian tax cases

Vodafone India Services Private Limited (VISPL) (formerly 3GSPL) is involved in a number of tax cases with total claims exceeding €450 million plus interest, and penalties of up to 300% of the principal.

VISPL tax claims

VISPL has been assessed as owing tax of approximately €258 million (plus interest of €521 million) in respect of (i) a transfer pricing margin charged for the international call centre of HTIL prior to the 2007 transaction with Vodafone for HTIL assets in India; (ii) the sale of the international call centre by VISPL to HTIL; and (iii) the acquisition of and/or the alleged transfer of options held by VISPL for Vodafone India. The first two of the three heads of tax are subject to an indemnity by HTIL. The larger part of the potential claim is not subject to any indemnity. VISPL unsuccessfully challenged the merits of the tax demand in the statutory tax tribunal and the jurisdiction of the tax office to make the demand in the High Court. The Tax Appeal Tribunal heard the appeal and ruled in the Tax Office's favour. VISPL lodged an appeal (and stay application) in the Bombay High Court which was concluded in early May 2015. On 13 July 2015 the tax authorities issued a revised tax assessment reducing the tax VISPL had previously been assessed as owing in respect of (i) and (ii) above. In the meantime, (i) a stay of the tax demand on a deposit of £20 million and (ii) a corporate guarantee by VIH BV for the balance of tax assessed remain in place. On 8 October 2015, the Bombay High Court ruled in favour of Vodafone in relation to the options and the call centre sale. The Tax Office has appealed to the Supreme Court of India. A hearing has been adjourned with no specified date.

Indian regulatory cases

Litigation remains pending in the Telecommunications Dispute Settlement Appellate Tribunal (TDSAT), High Courts and the Supreme Court of India in relation to a number of significant regulatory issues including mobile termination rates, spectrum and licence fees, licence extension and 3G intracircle roaming.

Vodafone Idea

As part of the agreement to merge Vodafone India and Idea Cellular, the parties agreed a mechanism for payments between the Group and Vodafone Idea Limited (VIL) pursuant to the crystallisation of certain identified contingent liabilities in relation to legal, regulatory, tax and other matters, including the AGR case, and refunds relating to Vodafone India and Idea Cellular. Cash payments or cash receipts relating to the aforementioned matters must have been made or received by VIL before any amount becomes due from or owed to the Group. Any future payments by the Group to VIL as a result of this agreement would only be made after satisfaction of this and other contractual conditions.

The Group's potential exposure under this mechanism is capped at INR 84 billion (approximately €1 billion). Having considered the payments made and refunds received by VIL in relation to certain contingent liabilities relating to Vodafone India and Idea Cellular, including those relating to the AGR case, and the significant uncertainties in relation to VIL's ability to settle all liabilities relating to the AGR judgement, the Group has assessed a cash outflow of €235 million under the agreement to be probable at this time. On 22 April 2020, the Group announced that it has made an advance payment of US \$200 million to VIL for amounts likely to be due under the terms of this mechanism.

3G Intra Circle Roaming: Vodafone India and others v Union of India

In April 2013, the Indian Department of Telecommunications ('DoT') issued a stoppage notice to Vodafone India's operating subsidiaries and other mobile operators requiring the immediate stoppage of the provision of 3G services on other operators' mobile networks in an alleged breach of licence claim. The DoT also imposed a fine of approximately €5.5 million. Vodafone India applied to the Delhi High Court for an order quashing the DoT's notice. Interim relief from the notice was granted (but limited to existing customers at the time with the effect that Vodafone India was not able to provide 3G services to new customers on other operators' 3G networks pending a decision on the issue). The dispute was referred to the TDSAT for decision, which ruled on 28 April 2014 that Vodafone India and the other operators were permitted to provide 3G services to their customers (current and future) on other operators' networks. The DoT has appealed the judgement and sought a stay of the tribunal's judgement. The DoT's stay application was rejected by the Supreme Court of India. The matter is pending before the Supreme Court of India.

Other public interest litigation

Three public interest litigations have been initiated in the Supreme Court of India against the Indian Government and private operators on the grounds that the grant of additional spectrum beyond 4.4/6.2MHz was illegal. The cases seek appropriate investigation and compensation for the loss to the exchequer.

One time spectrum charges: Vodafone India v Union of India

The Indian Government has sought to impose one time spectrum charges of approximately €400 million on certain operating subsidiaries of Vodafone India. Vodafone India filed a petition before the TDSAT challenging the one time spectrum charges on the basis that they are illegal, violate Vodafone India's licence terms and are arbitrary, unreasonable and discriminatory. The tribunal stayed enforcement of the Government's spectrum demand pending resolution of the dispute. In July 2019, the TDSAT upheld the demand, in part, and in October VIL filed an appeal which was heard in the Supreme Court in March 2020. The Court rejected VIL's appeal, upholding the TDSAT order. The DoT may now seek payment in accordance with that order.

Adjusted Gross Revenue ('AGR') dispute before the Supreme Court of India: VIL and others v Union of India

The DoT has been in dispute with telecom service providers in India for over a decade concerning the correct interpretation of licence provisions for fees based on AGR, a concept that is used in the calculation of licence and other fees payable by telecom service providers. On an appeal to the Supreme Court from a decision of the TDSAT substantially upholding the telecom service providers' interpretation of AGR, the Supreme Court on 24 October 2019 held against the telecom service providers, including VIL. The Supreme Court's ruling in favour of the DoT rendered the telecom service providers, including VIL, liable for principal, interest, penalties and interest on penalties on demands of the DoT in relation to licence fees. The DoT demands became due and payable within three months of the Supreme Court judgement.

In November 2019, the DoT issued an order for the AGR judgement debt to be determined through self-assessment and paid on or before 23 January 2020. VIL and other operators filed review petitions against the judgement, which were heard and dismissed on 16 January 2020. On 23 January 2020, the DoT announced that it would not take coercive action against telecom service providers which have not repaid their respective AGR judgement debts. Consequently, VIL and others did not pay any amount to the DoT. On 14 February 2020, after hearing applications from VIL and other operators, the Supreme Court ordered the DoT to withdraw its non-coercive order as well as requiring all Directors of VIL and other relevant operators to show cause as to why contempt proceedings should not be brought against them. On 17 February, 20 February and 16 March 2020, the company made payments totalling INR 68.5 billion (€0.8 billion) to the DoT. In another hearing on 18 March 2020, the Supreme Court ordered that no exercise of self-assessment/re-assessment should be performed and that the dues, as calculated by the DoT, should apply as per their original ruling in October 2019. On 18 June 2020, the Supreme Court considered an affidavit filed by VIL within which it was submitted that VIL would require the time period of twenty years, as proposed to the Supreme Court by the DoT, to make good its judgement debt liability and that banks were unable to provide any new guarantees as security. The Supreme Court requested that all telecom service providers provide additional financial and tax information and make further judgement debt re-payments, in good faith, before the next hearing listed for the third week of July 2020.

Based on submissions of the DoT in the Supreme Court proceedings (which the Group is unable to confirm as to their accuracy), VIL's current liability appears to be INR 514 billion (€6.2 billion).

Other cases in the Group

Patent litigation

Germany

The telecoms industry is currently involved in significant levels of patent litigation brought by non-practising entities ('NPEs') which have acquired patent portfolios from current and former industry companies. Vodafone is currently a party to patent litigation cases in Germany brought against Vodafone Germany by ICom and Intellectual Ventures. Vodafone has contractual indemnities from suppliers which have been invoked in relation to the alleged patent infringement liability.

Spain

Vodafone Group Plc has been sued in Spain by TOT Power Control ('TOT'), an affiliate of Top Optimized Technologies. The claim makes a number of allegations including patent infringement, with TOT initially seeking over €500 million from Vodafone Group Plc as well as an injunction against using the technology in question. Vodafone's initial challenge of the appropriateness of Spain as a venue for this dispute was denied. Vodafone Group Plc appealed the denial and was partially successful. In a decision dated 30 October 2017, the court ruled that while it did have jurisdiction to hear the infringement case relating to the Spanish patent, it was not competent to hear TOT's contractual and competition law claims. This decision is subject to appeal. TOT's application for an injunction was unsuccessful and TOT is appealing. The trial took place in September 2018 and in January 2020 judgement was handed down in Vodafone's favour. TOT has appealed but is no longer seeking €500 million from Vodafone Group Plc.

Notes to the consolidated financial statements (continued)

29. Contingent liabilities and legal proceedings (continued)

UK

On 22 February 2019, IPCom sued Vodafone Group Plc and Vodafone Limited for alleged patent infringement of two patents claimed to be essential to UMTS and LTE network standards. If IPCom could have established that one or more of its patents were valid and infringed, it could have sought an injunction against the UK network if a global licence for the patents was not agreed. The Court ordered expedited trials of the infringement and validity issues. The first was in November 2019 and the second in May 2020. However, after the trial in November 2019 the risk of injunction was removed, and IPCom has given up the second trial listed for May 2020. TOT, which had previously sued Vodafone in Spain, in December 2019 brought a similar claim in the English High Court. Vodafone is challenging jurisdiction.

Germany: Kabel Deutschland takeover - class actions

The German courts have been determining the adequacy of the mandatory cash offer made to minority shareholders in Vodafone's takeover of Kabel Deutschland. Hearings took place in May 2019 and a decision was delivered in November 2019 in Vodafone's favour, rejecting all claims by minority shareholders. A number of shareholders have appealed.

Italy: British Telecom (Italy) v Vodafone Italy

The Italian Competition Authority concluded an investigation in 2007 when Vodafone Italy gave certain undertakings in relation to allegations that it had abused its dominant position in the wholesale market for mobile termination. In 2010, British Telecom (Italy) brought a civil damages claim against Vodafone Italy on the basis of the Competition Authority's investigation and Vodafone Italy's undertakings. British Telecom (Italy) sought damages in the amount of €280 million for abuse of dominant position by Vodafone Italy in the wholesale fixed to mobile termination market for the period from 1999 to 2007. A court appointed expert delivered an opinion to the Court that the range of damages in the case should be in the region of €10 million to €25 million which was reduced in a further supplementary report published in September 2014 to a range of €8 million to €11 million. Judgement was handed down by the court in August 2015, awarding €12 million (including interest) to British Telecom (Italy).

British Telecom (Italy) appealed the amount of the damages to the Court of Appeal of Milan. In addition, British Telecom (Italy) has asked again for a reference to the European Court of Justice for an interpretation of the European community law on antitrust damages. Vodafone Italy also filed an appeal which was successful. British Telecom (Italy) was ordered to repay to Vodafone Italy the €12 million with interest and legal costs. British Telecom (Italy) filed an appeal to the Supreme Court in September 2018. A decision is not expected for several years.

Italy: Telecom Italia v Vodafone Italy (TeleTu)

Telecom Italia brought civil claims against Vodafone Italy in relation to TeleTu's alleged anti-competitive retention of customers. Telecom Italia seeks damages in the amount of €101 million. The Court decided on 9 June 2015 to appoint an expert to verify whether TeleTu has put in place anticompetitive retention activities. The expert prepared a draft report with a range of damages from €nil - €9 million. Vodafone filed its defences in December 2019 and a decision is expected during 2020.

Italy: Iliad v Vodafone Italy

In August 2019, Iliad filed a claim for €500 million against Vodafone Italy in the Civil Court of Milan. The claim alleges anti-competitive behaviour in relation to portability and certain advertising campaigns by Vodafone Italy. A number of preliminary hearings have taken place, and in May 2020 the Court rejected Iliad's requests for interim measures. Iliad did not appeal. The next hearing on damages will take place in October 2020.

Italian competition regulator

On 15 February 2018, the Italian competition regulator (AGCM) started proceedings against TIM, Fastweb, Wind/3 and the national telecom industry association (Asstel) as well as Vodafone Italy, alleging that the Italian telecoms operators shared competitively sensitive information and coordinated their initiatives in relation to their responses to a legislative change requiring them to switch from 28-day to monthly billing cycles. The telecom operators submitted their written responses to the AGCM's Statement of Objections, denying all allegations. On 31 January 2020 the AGCM issued its decision, imposing fines totalling €229 million against the operators, including €60 million against Vodafone. Vodafone Italy is appealing this decision.

Greece: Papistas Holdings SA, Mobile Trade Stores (formerly Papistas SA) and Athanasios and Loukia Papistas v Vodafone Greece, Vodafone Group Plc and certain Directors and Officers of Vodafone

In December 2013, Mr. and Mrs. Papistas, and companies owned or controlled by them, brought three claims in the Greek court in Athens against Vodafone Greece, Vodafone Group Plc and certain Directors and officers of Vodafone Greece and Vodafone Group Plc for purported damage caused by the alleged abuse of dominance and wrongful termination of a franchise arrangement with a Papistas company. Approximately €1.0 billion of the claim was directed exclusively at two former Directors of Vodafone. The balance of the claim (approximately €285.5 million) was sought from Vodafone Greece and Vodafone Group Plc on a joint and several basis. Both cases were adjourned to a hearing in September 2018, at which the plaintiffs withdrew all of their claims against Vodafone and its Directors. On 31 December 2018, the plaintiff filed a new, much lower value claim against Vodafone Greece, dropping the individual Directors and Vodafone Group Plc as defendants. On 5 April 2019, Mr Papistas withdrew this latest lawsuit, but in October 2019 filed several new cases against Vodafone Greece with a total value of approximately €330 million. Vodafone filed a counter claim and all claims were heard in February 2020, although Mr Papistas did not make the stamp duty payments required by the Court to have his case considered. In June 2020, the Court issued judgment in respect of the first part of Mr Papistas' claims, dismissing them for non-payment of the court stamp duty.

Netherlands: Consumer credit/handset case

In February 2016, the Dutch Supreme Court ruled on the Dutch implementation of the EU Consumer Credit Directive and "instalment sales agreements" (a Dutch law concept), holding that bundled "all-in" mobile subscription agreements (i.e. device along with mobile services) are considered consumer credit agreements. As a result, VodafoneZiggo, together with the industry, has been working with the Ministry of Finance and the Competition Authority on compliance requirements going forward for such offers. The ruling also has retrospective effect.

A number of small claims were submitted by individual customers in the small claims courts. On 15 February 2018, Consumentenbond (a claims agency) initiated collective claim proceedings against VodafoneZiggo, Tele2, T-Mobile and now KPN. A preliminary understanding has been reached with the claims agency and the Dutch Consumer Federation, to be finalised during 2020. As a result, the collective claim proceedings against VodafoneZiggo have been withdrawn.

UK: Phones 4U in Administration v Vodafone Limited and Vodafone Group Plc and Others

In December 2018 the administrators of former UK indirect seller Phones 4U sued the three main UK mobile network operators (MNOs), including Vodafone, and their parent companies. The administrators allege a conspiracy between the MNOs to pull their business from Phones 4U thereby causing its collapse. The value of the claim is not pleaded but we understand it to be the total value of the business, possibly around £1 billion. Vodafone's alleged share of the liability is also not pleaded. Vodafone filed its defence on 18 April 2019, along with several other defendants, and the Administrators filed their Replies in October 2019. A case management hearing took place in March 2020, with another one scheduled for July 2020.

30. Related party transactions

The Group has a number of related parties including joint arrangements and associates, pension schemes and Directors and Executive Committee members (see note 12 "Investments in associates and joint arrangements", note 25 "Post employment benefits" and note 23 "Directors and key management compensation").

Transactions with joint arrangements and associates

Related party transactions with the Group's joint arrangements and associates primarily comprise fees for the use of products and services including network airtime and access charges, fees for the provision of network infrastructure and cash pooling arrangements. No related party transactions have been entered into during the year which might reasonably affect any decisions made by the users of these consolidated financial statements except as disclosed below.

	2020 €m	2019 €m	2018 €m
Sales of goods and services to associates	32	27	19
Purchase of goods and services from associates	4	3	1
Sales of goods and services to joint arrangements	305	242	194
Purchase of goods and services from joint arrangements	97	192	199
Net interest income receivable from joint arrangements ¹	71	96	120
Trade balances owed:			
by associates	4	1	4
to associates	4	3	2
by joint arrangements	157	193	107
to joint arrangements	37	25	28
Other balances owed by joint arrangements ¹	1,083	997	1,328
Other balances owed to joint arrangements ²	2,017	169	150

Notes:

1 Amounts arise primarily through VodafoneZiggo, Vodafone Hutchison Australia and Inwit Sp.A. Interest is paid in line with market rates.

2 Amounts for the year ended 31 March 2020 are primarily in relation to leases of tower space from INWIT Sp.A.

Dividends received from associates and joint ventures are disclosed in the consolidated statement of cash flows.

Transactions with Directors other than compensation

During the three years ended 31 March 2020, and as of 2 July 2020, no Director nor any other executive officer, nor any associate of any Director or any other executive officer, was indebted to the Company. During the three years ended 31 March 2020 and as of 2 July 2020, the Company has not been a party to any other material transaction, or proposed transactions, in which any member of the key management personnel (including Directors, any other executive officer, senior manager, any spouse or relative of any of the foregoing or any relative of such spouse) had or was to have a direct or indirect material interest.

31. Subsequent events

Accelerated payment to Vodafone Idea

On 22 April 2020, the Group announced that it had accelerated a payment of US \$200 million to Vodafone Idea, which was due in September 2020 under the terms of the contingent liability mechanism (CLM) with Vodafone Idea. See note 29 "Contingent liabilities and legal proceedings" for further details.

INWIT - Sale of shares

On 27 April 2020, the Group completed the sale of equity shares in Infrastruttura Wireless Italiana S.p.A. (INWIT), equivalent to 4.3% of INWIT's share capital, for €400 million. The Group continues to hold 33.2% of INWIT's equity shares and INWIT continues to be a joint venture of the Group.

Notes to the consolidated financial statements (continued)

32. IAS 18 basis primary statements

The Group did not restate comparative periods on adoption of IFRS 15 on 1 April 2018; therefore, this note provides information about the Group's revenue accounting policy under the previous accounting rules as applied in the year ended 31 March 2018.

Revenue accounting policy under IAS 18

Revenue is recognised to the extent the Group has delivered goods or rendered services under an agreement, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group. Revenue is measured at the fair value of the consideration receivable, exclusive of sales taxes and discounts.

The Group principally obtains revenue from providing mobile and fixed telecommunication services including: access charges, voice and video calls, messaging, interconnect fees, fixed and mobile broadband and related services such as providing televisual and music content, connection fees and equipment sales. Products and services may be sold separately or in bundled packages.

Revenue for access charges, voice and video calls, messaging and fixed and mobile broadband provided to contract customers is recognised as services are performed, with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

Revenue from interconnect fees is recognised at the time the services are performed.

Revenue for the provision of televisual and music content is recognised when or as the Group performs the related service and, depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Group as commission for facilitating the service.

Customer connection revenue is recognised together with the related equipment revenue to the extent that the aggregate equipment and connection revenue does not exceed the fair value of the equipment delivered to the customer. Any customer connection revenue not recognised, together with any related excess equipment revenue, is deferred and recognised over the period in which services are expected to be provided to the customer.

Revenue for device sales is recognised when the device is delivered to the end customer and the significant risks and rewards of ownership have transferred. For device sales made to intermediaries, revenue is recognised if the significant risks associated with the device are transferred to the intermediary and the intermediary has no general right to return the device to receive a refund. If the significant risks are not transferred, revenue recognition is deferred until sale of the device to an end customer by the intermediary or the expiry of any right of return.

In revenue arrangements including more than one deliverable, the arrangements are divided into separate units of accounting. Deliverables are considered separate units of accounting if the following two conditions are met: (i) the deliverable has value to the customer on a stand-alone basis and (ii) there is evidence of the fair value of the item. The arrangement consideration is allocated to each separate unit of accounting based on its relative fair value. The Group generally determines the fair value of individual elements based on prices at which the deliverable is regularly sold on a stand-alone basis after considering any appropriate volume discounts. Revenue allocated to deliverables is restricted to the amount that is receivable without the delivery of additional goods or services. This restriction typically applies to revenue recognised for devices provided to customers, including handsets.

Contract-related costs

Intermediaries are given cash incentives by the Group to connect new customers and upgrade existing customers.

For intermediaries who do not purchase products and services from the Group, such cash incentives are accounted for as an expense. Such cash incentives to other intermediaries are also accounted for as an expense if:

- the Group receives an identifiable benefit in exchange for the cash incentive that is separable from sales transactions to that intermediary; and
- the Group can reliably estimate the fair value of that benefit.

Cash incentives that do not meet these criteria are recognised as a reduction of the related revenue.

Critical accounting judgements applied in the recognition of revenue under IAS 18**Gross versus net presentation**

When the Group sells goods or services as a principal, income and payments to suppliers are reported on a gross basis in revenue and operating costs. If the Group sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned. Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities or cash flows.

33. Related undertakings

A full list of all of our subsidiaries, joint arrangements and associated undertakings is detailed below.

A full list of subsidiaries, joint arrangements and associated undertakings (as defined in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008) as at 31 March 2020 is detailed below. No subsidiaries are excluded from the Group consolidation. Unless otherwise stated the Company's subsidiaries all have share capital consisting solely of ordinary shares and are indirectly held. The percentage held by Group companies reflect both the proportion of nominal capital and voting rights unless otherwise stated.

Subsidiaries

Accounting policies

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has existing rights that give it the current ability to direct the activities that affect the Company's returns and exposure or rights to variable returns from the entity. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Company name	% of share class held by Group Companies	Share class	Company name	% of share class held by Group Companies	Share class	Company name	% of share class held by Group Companies	Share class
Albania			Belgium			Cayman Islands		
Autostrada Tirane-Durres, Rruga: "Pavaresia", Nr 61, Kashar, Tirana, Albania			Malta House, rue Archimède 25, 1000 Bruxelles, Belgium			190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands		
Vodafone Albania Sh.A	99.94	Ordinary shares	Vodafone Belgium SA/NV	100.00	Ordinary shares	CGP Investments (Holdings) Limited	100.00	Ordinary shares
Angola			Brazil			Chile		
Rua Fernao de Sousa, Condominio do Benga, 10A, Vila Alice, Luanda, Angola			Avenida Cidade Jardim, 400, 7th and 20th Floors, Jardim Paulistano, São Paulo, Brazil, 01454-000			222 Miraflores, P.28, Santiago, Metrop, 97-763, Chile		
Vodacom Business (Angola) Limitada ³	59.89	Ordinary shares	Vodafone Serviços Empresariais Brasil Ltda.	100.00	Ordinary shares	Vodafone Enterprise Chile S.A.	100.00	Ordinary shares
Argentina			China					
Cerrito 348, 5 to B, C1010AAH, Buenos Aires, Argentina			Av José Rocha Bonfim, 214, Cond Praça Capital – Edifício Toronto, s/s 228/229 13080-900 Jardim Santa Genebra – Campinas, São Paulo, Brazil			Building 21, 11, Kangding St., BDA, Beijing, 100176 – China, China		
CWGNL S.A.	100.00	Ordinary shares	Cobra do Brasil Serviços de Telemática Ltda. (in process of dissolution)	70.00	Ordinary shares	Vodafone Automotive Technologies (Beijing) Co, Ltd	100.00	Ordinary shares
Australia			Bulgaria			Congo, The Democratic Republic of the		
Level 1, 177 Pacific Highway, North Sydney NSW 2060, Australia			Av Paulista 74-4 andar, Sala 427, Bela Vista, CEP, 01311 – 902, São Paulo, Brazil			292 Avenue de La Justice, Commune de la Gombe, Kinshasa, Congo		
Talkland Australia Pty Limited	100.00	Ordinary shares	Vodafone Empresa Brasil Telecomunicações Ltda	100.00	Ordinary shares	Vodacom Congo (RDC) SA ⁴	30.85	Ordinary shares
Austria			Cameroon			Cyprus		
c/o Stolitzka & Partner Rechtsanwälte OG, Kämtner Ring 12, 3. Stock, 1010, Wien, Austria			10 Tsar Osvoboditel Blvd., 3rd Floor, Spredets Region, Sofia, 1000, Bulgaria			Ali Riza Efendi Caddesi No:33/A Ortaköy, Lefkoşa, Cyprus		
Vodafone Enterprise Austria GmbH	100.00	Ordinary shares	Vodafone Enterprise Bulgaria EOOD	100.00	Ordinary shares	Vodafone Mobile Operations Limited	100.00	Ordinary shares
Bahrain			Canada					
RSM Bahrain, 3rd floor Falcon Tower, Diplomatic Area, Manama, PO BOX 11816, Bahrain			3280 Bloor Street West, Suite 1140, 11 Floor, Centre Tower, Toronto ON M8X 2X3, Canada					
Vodafone Enterprise Bahrain W.L.L.	100.00	Ordinary shares	Vodafone Canada Inc.	100.00	Common shares			

Notes to the consolidated financial statements (continued)

33. Related undertakings (continued)

Czech Republic			Rue Champollion, 22300, Lannion, France			KABELCOM Wolfsburg Gesellschaft Für Breitbandkabel-Kommunikation Mit Beschränkter Haftung ³		
náměstí Junkových 2, Prague 5, Czech Republic, 155 00, Czech Republic			Apollo Submarine Cable System Ltd – French Branch ³			76.76 Ordinary shares		
Oskar Mobil S.R.O.	100.00	Ordinary shares	Germany			Telecom House, Nsawam Road, Accra-North, Greater Accra Region, PMB 221, Ghana		
Nadace Vodafone Česká Republika	100.00	Trustee	Aachener Str. 746-750, 50933, Köln, Germany			Ghana Telecommunications Company Limited		
Vodafone Czech Republic A.S.	100.00	Ordinary shares	Arena Sport Rechte Marketing GmbH iL (in liquidation)			70.00 Ordinary shares Preference shares		
Vodafone Enterprise Europe (UK) Limited - Czech Branch ³	100.00	Branch	Vodafone Administration GmbH			70.00 Ordinary shares		
Praha 4, Nusle, Závěšova 502/5, 14000, Czech Republic			Vodafone BW GmbH			70.00 Ordinary shares		
UPC Česká republika s.r.o. (merged with Vodafone Czech Republic A.S. on 1 April 2020)	100.00	Ordinary shares	Vodafone Hessen GmbH & Co. KG			70.00 Ordinary shares		
UPC Infrastructure s.r.o. (merged with Vodafone Czech Republic A.S. on 1 April 2020)	100.00	Ordinary shares	Vodafone Management GmbH			70.00 Ordinary shares		
UPC Real Estate s.r.o.	100.00	Ordinary shares	Vodafone NRW GmbH			70.00 Ordinary shares		
Vodafone Towers Czech Republic 1 s.r.o.	100.00	Ordinary shares	Vodafone West GmbH			70.00 Ordinary shares		
Vodafone Towers Czech Republic 2 s.r.o.	100.00	Ordinary shares	Altes Forsthaus 2, 67661, Kaiserslautern, Germany			Vodafone Ghana Mobile Financial Services Limited		
Denmark			TKS Telepost Kabel-Service Kaiserslautern GmbH ³			70.00 Ordinary shares		
Tuborg Boulevard 12, 2900, Hellerup, Denmark			Betastraße 6-8, 85774 Unterföhring, Germany			Vodafone Innovus S.A.		
Vodafone Enterprise Denmark A/S	100.00	Ordinary (DKK) shares	Kabel Deutschland Holding AG ³			99.87 Ordinary shares		
Egypt			Kabel Deutschland Neunte Beteiligungs GmbH			12,5 km National Road Athens – Lamia, Metamorfoși / Athens, 14452, Greece		
17 Port Said Street, Maadi El Sarayat, Cairo, Egypt			Kabel Deutschland Siebte Beteiligungs GmbH ³			Vodafone Pireos 163 & Ehelidon, Athens, 11854, Greece		
Vodafone For Trading	54.95	Ordinary shares	Vodafone Kabel Deutschland GmbH ³			360 Connect S.A.		
37 Kaser El Nil St, 4th. Floor, Cairo, Egypt			Vodafone Kabel Deutschland Kundenbetreuung GmbH ³			99.87 Ordinary shares		
Starnet	55.00	Ordinary shares	Buschurweg 4, 76870, Kandel, Germany			Guernsey		
54 El Batal Ahmed Abed El Aziz, Mohandseen, Giza, Egypt			Vodafone Automotive Deutschland GmbH			Martello Court, Admiral Park, St. Peter Port, GY1 3HB, Guernsey		
Sarmady Communications	55.00	Ordinary shares	Ferdinand-Braun-Platz 1, 40549, Duesseldorf, Germany			FB Holdings Limited		
Piece No. 1215, Plot of Land No. 1/14a, 6th October City, Egypt			CRVSH GmbH			100.00 Ordinary shares		
Vodafone International Services LLC	100.00	Ordinary shares	Vodafone Enterprise Germany GmbH			100.00 Ordinary shares		
Site No 15/3C, Central Axis, 6th October City, Egypt			Vodafone GmbH			100.00 Ordinary A shares, Ordinary B shares		
Vodafone Egypt Telecommunications S.A.E.	55.00	Ordinary shares	Vodafone Group Services GmbH			100.00 Ordinary shares		
Smart Village C3 Vodafone Building, Egypt			Vodafone Institut für Gesellschaft und Kommunikation GmbH			100.00 Ordinary shares		
Vodafone Data	55.00	Ordinary shares	Vodafone Stiftung Deutschland Gemeinnützige GmbH			100.00 Ordinary shares		
Finland			Vodafone Towers Germany GmbH			100.00 Ordinary shares		
c/o Eversheds Asianajotoimisto Oy, Fabianinkatu 29 B, Helsinki, 00100, Finland			Vodafone Vierte Verwaltungs AG			100.00 Ordinary shares		
Vodafone Enterprise Finland OY	100.00	Ordinary shares	Friedrich-Wilhelm-Strasse 2, 38100, Braunschweig, Germany			KABELCOM Braunschweig Gesellschaft Für Breitbandkabel- Kommunikation Mit Beschränkter Haftung ³		
France			Helmholtzstraße. 2-9, Gerbäude F10587, Berlin, Germany			Vodafone Enterprise Hong Kong Ltd		
1300 route de Cretes, Le WTC, Bat II, 06560, Valbonne Soph, France			Vodafone Service GmbH			100.00 Ordinary shares		
Vodafone Automotive Telematics Development SAS	100.00	Ordinary shares	Holzmarkt 1, 50676, Köln, North Rhine-Westphalia, Germany			Vodafone Hungary Budapest Private Limited Company		
EuroPlaza Tour, 20 Avenue Andre Prothin, La Défense Cedex- France (149153), 92400, Courbevoie, France			Grandcentrix GmbH			100.00 Registered ordinary shares		
Vodafone Automotive France SAS	100.00	Ordinary shares	Nobelstrasse 55, 18059, Rostock, Germany			6 Lechner Ödön fasor, Budapest, 1096, Hungary		
Vodafone Enterprise France SAS	100.00	New euro shares	"Urbana Teleunion" Rostock GmbH & Co.RG ³			Vodafone Magyarország Mobile Távközlési Zártkörűen Működő Részvénytársaság		
			Seilerstrasse 18, 38440, Wolfsburg, Germany			100.00 Series A Registered common shares		

India		
10th Floor, Tower A&B, Global Technology Park, (Maple Tree Building), Marathahalli Outer Ring Road, Devarabeesanahalli Village, Varthur Hobli, Bengaluru, Karnataka, 560103, India		
Cable and Wireless (India) Limited – Branch ?	100.00	Branch
Cable and Wireless Global (India) Private Limited	100.00	Ordinary shares
Cable & Wireless Networks India Private Limited	100.00	Equity shares
201 - 206, Shiv Smriti Chambers, 49/A, Dr. Annie Besant Road, Worli, Mumbai, Maharashtra, 400018, India		
AG Mercantile Company Private Limited	100.00	Equity shares
Jaykey Finholding (India) Private Limited	100.00	Equity shares, Preference shares
MV Healthcare Services Private Limited	100.00	Equity shares, Preference shares
Nadal Trading Company Private Limited	100.00	Equity shares
ND Callus Info Services Private Limited	100.00	Equity shares
Omega Telecom Holdings Private Limited	100.00	Equity shares
Plustech Mercantile Company Private Limited	100.00	Equity shares, Preference shares
Scorpius Beverages Pvt. Ltd	100.00	Equity shares
SMMS Investments Pvt Limited	100.00	Equity shares, and 0.01% Non-convertible, cumulative, redeemable preference shares
Telecom Investments India Private Limited	100.00	Equity shares, Preference shares
UMT Investments Limited	100.00	Equity shares
Business @ Mantri, Tower A, 3rd Floor, S No.197, Wing A1 & A2, Near Hotel Four Points, Lohegaon, Pune, Maharashtra, 411014, India		
Vodafone Global Services Private Ltd	100.00	Equity shares
E-47, Bankra Super Market, Bankra, Howrah, West Bengal, 711403, India		
Usha Martin Telematics	100.00	Equity shares
Indiabulls Finance Center, 1201, 12 Floor, Tower 1, Senapati Bapat Road, Elphinstone (West), Maharashtra, 400013, India		
Vodafone India Services Private Ltd	100.00	Ordinary shares
Ireland		
13 - 18 City Quay, Dublin 2, Ireland		
Cable & Wireless GN Limited (in liquidation)	100.00	Ordinary shares
24 - 26 City Quay, Dublin 2, Ireland		
Stentor Limited (in liquidation)	100.00	Ordinary shares
Mountainview, Leopardstown, Dublin 18, Ireland		
VF Ireland Property Holdings Limited	100.00	Ordinary euro shares
Vodafone Enterprise Global Limited	100.00	Ordinary shares

Vodafone Global Network Limited	100.00	Ordinary shares
Vodafone Group Services Ireland Limited	100.00	Ordinary shares
Vodafone Ireland Distribution Limited	100.00	Ordinary shares
Vodafone Ireland Limited	100.00	Ordinary shares
Vodafone Ireland Marketing Limited	100.00	Ordinary shares
Vodafone Ireland Retail Limited	100.00	Ordinary shares

Italy

Piazzale Luigi Cadorna, 4, 20123, Milano, Italy		
Vodafone Global Enterprise (Italy) S.R.L.	100.00	Ordinary shares
SS 33 del Sempione KM 35, 212, 21052 Busto Arsizio (VA), Italy		
Vodafone Automotive Italia S.p.A	100.00	Ordinary shares
Via Astico 41, 21100 Varese, Italy		
Vodafone Automotive Electronic Systems S.r.L.	100.00	Ordinary shares
Vodafone Automotive SpA	100.00	Ordinary shares
Via Jervis 13, 10015, Irea, Turin, Italy		
VEI S.r.L.	100.00	Partnership interest shares
Vodafone Italia S.p.A.	100.00	Ordinary shares
Via Lorenteggio 240, 20147, Milan, Italy		
Vodafone Enterprise Italy S.r.L.	100.00	Euro shares
Vodafone Gestioni S.p.A.	100.00	Ordinary shares
Vodafone Servizi E Tecnologie S.R.L.	100.00	Equity shares
Via per Carpi 26/B, 42015, Correggio (RE), Italy		
VND S.p.A.	100.00	Ordinary shares

Japan

KAKiYa building, 9F., 2-7-17 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa, 222-0033, Japan		
Vodafone Automotive Japan KK	100.00	Ordinary shares
Marunouchi Trust Tower North 15F, 8-1, Marunouchi 1-chome, level 15, Chiyoda-ku, Tokyo, Japan		
Vodafone Enterprise U.K. – Japanese Branch ?	100.00	Branch
Vodafone Global Enterprise (Japan) KK	100.00	Ordinary shares

Jersey

44 Esplanade, St Helier, JE4 9WG, Jersey		
Aztec Limited	100.00	Ordinary shares
Globe Limited	100.00	Ordinary shares
Plex Limited	100.00	Ordinary shares
Vizzavi Finance Limited	100.00	Ordinary shares
Vodafone International 2 Limited	100.00	Ordinary shares
Vodafone Jersey Dollar Holdings Limited	100.00	Limited Liability shares
Vodafone Jersey Finance	100.00	Ordinary shares, B shares, C shares, D shares, F shares,

		G shares
Vodafone Jersey Yen Holdings Unlimited	100.00	Limited liability shares

Kenya

6th Floor, ABC Towers, ABC Place, Waiyaki Way, Nairobi, 00100, Kenya		
M-PESA Holding Co. Limited	100.00	Equity shares
Vodafone Kenya Limited	65.43	Ordinary voting shares

Korea, Republic of

3rd Floor, 54 Gongse-ro, Gieheung-gu, Yongin-si, Gyeonggi-do, Korea, Republic of		
Vodafone Automotive Korea Limited	100.00	Ordinary shares
ASEM Tower level 37, 517 Yeongdong-daero, Gangnam-gu, Seoul, 135-798, Korea, Republic of		
Vodafone Enterprise Korea Limited	100.00	Ordinary shares

Luxembourg

15 rue Edward Steichen, Luxembourg, 2540, Luxembourg		
Tomorrow Street GP S.à r.L.	100.00	Ordinary shares
Vodafone Asset Management Services S.à r.L.	100.00	Ordinary shares
Vodafone Enterprise Global Businesses S.à r.L.	100.00	Ordinary shares
Vodafone Enterprise Luxembourg S.A.	100.00	Ordinary euro shares
Vodafone International 1 S.à r.L.	100.00	Ordinary shares
Vodafone International M S.à r.L.	100.00	Ordinary shares
Vodafone Investments Luxembourg S.à r.L.	100.00	Ordinary shares
Vodafone Luxembourg 5 S.à r.L.	100.00	Ordinary shares
Vodafone Luxembourg S.à r.L.	100.00	Ordinary shares
Vodafone Procurement Company S.à r.L.	100.00	Ordinary shares
Vodafone Real Estate S.à r.L.	100.00	Ordinary shares
Vodafone Roaming Services S.à r.L.	100.00	Ordinary shares
Vodafone Services Company S.à r.L.	100.00	Ordinary shares

Malaysia

Suite 13.03, 13th Floor, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia		
Vodafone Global Enterprise (Malaysia) Sdn Bhd	100.00	Ordinary shares

Malta

SkyParks Business Centre, Malta International Airport, Luqa, LQA 4000, Malta		
Multi Risk Indemnity Company Limited	100.00	'A' ordinary shares, 'B' ordinary shares
Multi Risk Limited	100.00	'A' ordinary shares, 'B' ordinary shares

Notes to the consolidated financial statements (continued)

33. Related undertakings (continued)

Mauritius			Limited - New Zealand Branch ²			Singapore		
10th Floor, Standard Chartered Towers, 19 Cybercity, Ebene, Mauritius			Norway			Asia Square Tower 2, 12 Marina View, #17-01, Singapore, 018961, Singapore		
Mobile Wallet VM1 ¹	60.50	Ordinary shares	c/o EconPartner AS, Dronning Mauds gate 15, Oslo, 0250, Norway			Vodafone Enterprise Singapore Pte.Ltd	100.00	Ordinary shares
Mobile Wallet VM2 ²	60.50	Ordinary shares	Vodafone Enterprise Norway AS			100.00	Ordinary shares	
VBA (Mauritius) Limited ³	60.50	Ordinary shares, Redeemable preference shares	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, United Kingdom					
Vodacom International Limited ⁴	60.50	Ordinary shares, Non-cumulative preference shares	Vodafone Limited - Norway Branch ²			100.00	Branch	
Fifth Floor, Ebene Esplanade, 24 Cybercity, Ebene, Mauritius			Oman			Slovakia		
Al-Amin Investments Limited	100.00	Ordinary shares	Knowledge Oasis Muscat, Al-seeb, Muscat, Governorate P.O Box 104 135, Oman			Prievozká 6, Bratislava, 821 09		
Array Holdings Limited	100.00	Ordinary shares	Vodafone Services LLC			100.00	Shares	
Asian Telecommunication Investments (Mauritius) Limited	100.00	Ordinary shares	Poland			Vodafone Czech Republic A.S. - Slovakia Branch²		
CCII (Mauritius), Inc.	100.00	Ordinary shares	Ul. Ziota 59, 00-120, Warszawa, Poland			Zochova 6-8, Bratislava, 811 03, Slovakia		
CGP India Investments Ltd.	100.00	Ordinary shares	Vodafone Business Poland sp. z o.o.			100.00	Ordinary shares	
Euro Pacific Securities Ltd.	100.00	Ordinary shares	Portugal			Vodafone Global Network Limited - Slovakia Branch²		
Mobilvest	100.00	Ordinary shares	Av. D. João II, n.º 36 - 8.º Piso, 1998 - 017, Parque das Nações, Lisboa, Portugal					
Prime Metals Ltd.	100.00	Ordinary shares	Oni Way - Infocomunicacoes, SA			100.00	Ordinary shares	
Trans Crystal Ltd.	100.00	Ordinary shares	Vodafone Portugal - Comunicacoes Pessoais, S.A. ¹			100.00	Ordinary shares	
Vodafone Mauritius Ltd.	100.00	Ordinary shares	Av. da República, 50 - 10.º, 1069-211, Lisboa, Portugal			South Africa		
Vodafone Tele-Services (India) Holdings Limited	100.00	Ordinary shares	Vodafone Enterprise Spain, S.L.U. - Portugal Branch ²			100.00	Branch	
Vodafone Telecommunications (India) Limited	100.00	Ordinary shares	Romania			319 Frere Road, Glenwood, 4001, South Africa		
Mexico			1 A Constantin Ghercu Street, Floors 8 - 10, 6th District, Bucharest, Romania			Cable and Wireless Worldwide South Africa (Pty) Ltd		
Insurgentes Sur #1377 8th Floor, Colonia Insurgentes Mixcoac, Mexico City, Mexico 03920			UPC External Services S.R.L.			100.00	Ordinary shares	
Vodafone Empresa México S.de R.L. de C.V.	100.00	Corporate certificate series A shares, Corporate certificate series B shares	UPC Services S.R.L.			100.00	Ordinary shares	
Morocco			201 Barbu Vacarescu, 8th Floor, 2nd District, Bucharest, Romania			9 Kinross Street, Germiston South, 1401, South Africa		
129 Rue du Prince Moulay, Abdellah, Casablanca, Morocco			Vodafone Romania SA			100.00	Ordinary shares	
Vodafone Maroc SARL	79.75	Ordinary shares	Sectorul 2, Strada Barbu Văcărescu, Nr. 201, Etaj 1, București, Romania			Vodafone Holdings (SA) Proprietary Limited		
Mozambique			Vodafone România M - Payments SRL			100.00	Ordinary shares	
Rua dos Desportistas, Numero 649, Cidade de Maputo, Mozambique			Vodafone România Technologies SRL			99.55	Ordinary shares	
VM, SA ⁵	51.42	Ordinary shares	Sectorul 4, Strada Oltenitei, Nr. 2, Etaj 3, București, Romania			Vodafone Investments (SA) Proprietary Limited		
Vodafone M-Pesa, SA ⁵	51.42	Ordinary shares	Vodafone Shared Services Romania SRL			90.48	Ordinary shares	
Netherlands			Șoseaua Vestului no. 1A, West Mall Ploiești, First Floor, Ploiești, Romania			Vodacom Corporate Park, 082 Vodacom Boulevard, Midrand, 1685, South Africa		
Rivium Quadrant 173, 15th Floor, 2909 LC, Capelle aan den IJssel, Netherlands			Evotracking SRL			100.00	Ordinary shares	
Vodafone Enterprise Netherlands B.V.	100.00	Ordinary shares	Russian Federation			GS Telecom (Pty) Limited⁶		
Vodafone Europe B.V.	100.00	Ordinary shares	Build. 2, 14/10, Chayanova str., 125047, Moscow, Russian Federation			Mezzanine Ware Proprietary Limited (RF) ⁵		
Vodafone International Holdings B.V.	100.00	Ordinary shares	Cable & Wireless CIS Svyaz LLC			100.00	Charter capital shares	
Vodafone Panafon International Holdings B.V.	99.87	Ordinary shares	Serbia			Motifprops 1 (Proprietary) Limited⁶		
New Zealand			Vladimira Popovića 38-40, New Belgrade, 11070, Serbia			Scarlet Ibis Investments 23 (Pty) Limited⁵		
74 Taharoto Road, Takapuna, Auckland, 0622, New Zealand			Vodafone Enterprise Equipment Limited Ogranak u Beogradu - Serbia Branch ²			100.00	Branch	
Vodafone Enterprise Hong Kong	100.00	Branch				Vodacom (Pty) Limited⁶		
						Vodacom Business Africa Group (Pty) Limited⁵		
						Vodacom Financial Services (Proprietary) Limited⁶		
						Vodacom Group Limited⁶		
						Vodacom Insurance Administration Company (Proprietary) Limited⁶		
						Vodacom Insurance Company (RF) Limited⁶		
						Vodacom International Holdings (Pty) Limited⁶		
						Vodacom Life Assurance Company (RF) Limited⁶		
						Vodacom Payment Services (Proprietary) Limited⁶		
						Vodacom Properties No 1 (Proprietary) Limited⁶		
						Vodacom Properties No.2 (Pty) Limited⁶		
						Wheatfields Investments 276 (Proprietary) Limited⁶		
						XLink Communications (Proprietary) Limited⁶		

Spain**Antracita, 7 – 28045, Madrid CIF B-91204453, Spain**

Vodafone Automotive Iberia S.L.	100.00	Ordinary shares
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Avenida de América 115, 28042, Madrid, Spain

Vodafone Enabler España, S.L.	100.00	Ordinary shares
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Vodafone Enterprise Spain SLU	100.00	Ordinary shares, Ordinary euro shares
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Vodafone Espana SAU.	100.00	Ordinary shares
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Vodafone Holdings Europe S.L.U.	100.00	Ordinary shares
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Vodafone ONO, SAU.	100.00	Ordinary A shares
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Vodafone Servicios S.L.U.	100.00	Ordinary shares
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Vodafone Towers Spain S.L.U.	100.00	Ordinary shares
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Sweden**c/o Hellström advokatbyrå, Box 7305, 103 90, Stockholm, Sweden**

Vodafone Enterprise Sweden AB	100.00	Ordinary shares, Shareholder's contribution shares
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Switzerland**Schiffbaustrasse 2, 8005, Zurich, Switzerland**

Vodafone Enterprise Switzerland AG	100.00	Ordinary shares
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Via Franscini 10, 6850 Mendrisio, Switzerland

Vodafone Automotive Telematics SA	100.00	Ordinary shares
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World Trade Center, Lia Lugano 13, 6982, Agno, Ticino, Switzerland

Vodafone Enterprise Switzerland AG	100.00	Branch – Agno Branch ²
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Taiwan**22F., No.100, Songren Road., Xinyi District, Taipei City, 11070, Taiwan**

Vodafone Global Enterprise Taiwan Limited	100.00	Ordinary shares
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Tanzania, United Republic of**3rd Floor, Maktaba (Library), ComplexBibi, Titi Mohaned Road, Dar es Salaam, Tanzania, United Republic of**

Gateway Communications Tanzania Limited (in liquidation) ²	59.89	Ordinary shares
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Turkey**Büyükdere Caddesi, No: 251, Maslak, Şişli / İstanbul, Turkey, 34398, Turkey**

Vodafone Bilgi Ve İletişim Hizmetleri AS	100.00	Registered shares
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Vodafone Dağıtım, Servis ve İcerik Hizmetleri A.Ş.	100.00	Ordinary shares
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Vodafone Dijital Yayıncılık Hizmetleri A.Ş.	100.00	Ordinary shares
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Vodafone Elektronik Para Ve Ödeme Hizmetleri A.Ş.	100.00	Registered shares
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Vodafone Holding A.Ş.	100.00	Registered shares
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Vodafone Net İletişim Hizmetleri A.Ş.	100.00	Ordinary shares
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Vodafone Telekomünikasyon AS	100.00	Registered shares
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İTÜ Ayazağa Kampüsü, Koru Yolu, An Teknokent An 3 Binası, Maslak, İstanbul, 586553, Turkey

Vodafone Teknoloji Hizmetleri A.Ş.	100.00	Registered shares
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Ukraine**Bohdana Khmelnytskogo Str. 19-21, Kyiv, Ukraine**

LLC Vodafone Enterprise Ukraine	100.00	Ordinary shares
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United Arab Emirates**Office 101, 1st Floor, DIC Building 1, Dubai Internet City, Dubai, United Arab Emirates**

Vodafone Enterprise Europe (UK) Limited – Dubai Branch ²	100.00	Branch
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United Kingdom**1-2 Berkeley Square, 99 Berkeley Street, Glasgow, G3 7HR, Scotland**

Thus Group Holdings Limited	100.00	Ordinary shares
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Thus Group Limited	100.00	Ordinary shares
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Thus Profit Sharing Trustees Limited	100.00	Ordinary shares
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Edinburgh House, 4 North St. Andrew Street, Edinburgh, EH2 1JH, United Kingdom

Pinnacle Cellular Group Limited	100.00	Ordinary shares
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Pinnacle Cellular Limited	100.00	Ordinary shares
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Vodafone (Scotland) Limited	100.00	Ordinary shares
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Woodend Group Limited	100.00	Ordinary shares
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Imperial House, 4 – 10 Donegall Square East, Belfast, BT1 5HD

Vodafone (NI) Limited	100.00	Ordinary shares
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Quarry Corner, Dundonald, Belfast, BT16 1UD, Northern Ireland

Energis (Ireland) Limited	100.00	A Ordinary shares, B Ordinary shares, C Ordinary shares
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Staple Court, 11 Staple Inn Building, London, WC1V 7QH, United Kingdom

Vodacom Business Africa Group Services Limited ²	60.50	Ordinary shares, Preference shares
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Vodacom UK Limited ²	60.50	Ordinary shares, Non-redeemable ordinary A shares, Ordinary B shares, Non-irredeemable preference shares
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Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, United Kingdom

AAA (Euro) Limited	100.00	Ordinary shares
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Apollo Submarine Cable System Limited	100.00	Ordinary shares
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Aspective Limited	100.00	Ordinary shares, A preference shares, B preference shares, C preference shares
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Astec Communications Limited	100.00	Ordinary shares
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Bluefish Communications Limited	100.00	Ordinary A shares, Ordinary B shares, Ordinary C shares, Ordinary D shares
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Cable & Wireless Aspac Holdings Limited	100.00	Ordinary shares
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Cable & Wireless CIS Services Limited	100.00	Ordinary shares
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Cable & Wireless Communications Data Network Services Limited	100.00	'A' ordinary shares, 'B' ordinary shares
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Cable & Wireless Europe Holdings Limited	100.00	Ordinary shares
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Cable & Wireless Global Business Services Limited	100.00	Ordinary shares
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Cable & Wireless Global Holding Limited	100.00	Ordinary shares
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Cable & Wireless Global Telecommunication Services Limited	100.00	Ordinary shares
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Cable & Wireless UK Holdings Limited	100.00	Ordinary shares
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Cable & Wireless Worldwide Limited	100.00	Ordinary shares, Redeemable preference shares
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Cable & Wireless Worldwide Voice Messaging Limited	100.00	Ordinary shares
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Cable and Wireless (India) Limited	100.00	Ordinary shares
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Cable and Wireless Nominee Limited	100.00	Ordinary shares
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Cellos Limited	100.00	Ordinary shares
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Central Communications Group Limited	100.00	Ordinary shares, Ordinary A shares
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Energis Communications Limited	100.00	Ordinary shares
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Energis Squared Limited	100.00	Ordinary shares
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General Mobile Corporation Limited	100.00	Ordinary shares
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London Hydraulic Power Company	100.00	Ordinary shares, 5% Non-Cumulative preference shares
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MetroHoldings Limited	100.00	Ordinary shares
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ML Integration Group Limited	100.00	Ordinary shares, Redeemable preference shares
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Navtrak Limited	100.00	Ordinary shares
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Project Telecom Holdings Limited ¹	100.00	Ordinary shares
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Rian Mobile Limited	100.00	Ordinary shares
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Singlepoint (4U) Limited	100.00	Ordinary shares
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Talkland International Limited	100.00	Ordinary shares
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Talkmobile Limited	100.00	Ordinary shares
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The Eastern Leasing Company Limited	100.00	Ordinary shares
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Thus Limited	100.00	Ordinary shares
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Vizzavi Limited	100.00	Ordinary shares
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Voda Limited	100.00	Ordinary shares; Zero coupon redeemable preference shares
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Vodafone (New Zealand) Hedging Limited	100.00	Ordinary shares
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Vodafone 2.	100.00	Ordinary shares
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Vodafone 4 UK	100.00	Ordinary shares
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Vodafone 5 Limited	100.00	Ordinary shares
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Vodafone 5 UK	100.00	Ordinary shares
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Vodafone 6 UK	100.00	Ordinary shares
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Vodafone Americas 4	100.00	Ordinary shares
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Notes to the consolidated financial statements (continued)

33. Related undertakings (continued)

Vodafone Automotive UK Limited	100.00	Ordinary shares	Limited	fixed rate non-voting preference shares	Vodafone Overseas Finance Limited	100.00	Ordinary shares	
Vodafone Benelux Limited	100.00	Ordinary shares, Preference shares	Vodafone Global Enterprise Limited	100.00	Ordinary shares, Deferred shares, B deferred shares	Vodafone Overseas Holdings Limited	100.00	Ordinary shares
Vodafone Business Solutions Limited	100.00	Ordinary shares	Vodafone Group (Directors) Trustee Limited ¹	100.00	Ordinary shares	Vodafone Panafon UK	99.87	Ordinary shares
Vodafone Cellular Limited ¹	100.00	Ordinary shares	Vodafone Group Pension Trustee Limited ¹	100.00	Ordinary shares	Vodafone Partner Services Limited	100.00	Ordinary shares, Redeemable preference shares
Vodafone Connect Limited	100.00	Ordinary shares	Vodafone Group Services Limited	100.00	Ordinary shares, Deferred shares	Vodafone Property Investments Limited	100.00	Ordinary shares
Vodafone Consolidated Holdings Limited	100.00	Ordinary shares	Vodafone Group Services No.2 Limited ¹	100.00	Ordinary shares	Vodafone Retail (Holdings) Limited	100.00	Ordinary shares
Vodafone Corporate Limited	100.00	Ordinary shares	Vodafone Group Share Trustee Limited ¹	100.00	Ordinary shares	Vodafone Retail Limited	100.00	Ordinary shares
Vodafone Corporate Secretaries Limited ¹	100.00	Ordinary shares	Vodafone Hire Limited	100.00	Ordinary shares	Vodafone Sales & Services Limited	100.00	Ordinary shares
Vodafone DC Pension Trustee Company Limited ¹	100.00	Ordinary shares	Vodafone Holdings Luxembourg Limited	100.00	Ordinary shares	Vodafone UK Foundation	100.00	Trustee
Vodafone Distribution Holdings Limited	100.00	Ordinary shares	Vodafone Intermediate Enterprises Limited	100.00	Ordinary shares	Vodafone UK Limited ¹	100.00	Ordinary shares
Vodafone Enterprise Corporate Secretaries Limited	100.00	Ordinary shares	Vodafone International Holdings Limited	100.00	Ordinary shares	Vodafone Ventures Limited ¹	100.00	Ordinary shares
Vodafone Enterprise Equipment Limited	100.00	Ordinary shares	Vodafone International Operations Limited	100.00	Ordinary shares	Vodafone Worldwide Holdings Limited	100.00	Ordinary shares, Cumulative preference
Vodafone Enterprise Europe (UK) Limited	100.00	Ordinary shares	Vodafone Investment UK	100.00	Ordinary shares	Vodafone Yen Finance Limited	100.00	Ordinary shares
Vodafone Enterprise U.K.	100.00	Ordinary shares, Fixed rate irredeemable preference shares, Non-voting redeemable participating shares, Voting redeemable fixed rate preference shares	Vodafone Investments Australia Limited	100.00	Ordinary shares	Vodafone-Central Limited	100.00	Ordinary shares
Vodafone Euro Hedging Limited	100.00	Ordinary shares	Vodafone Investments Limited ¹	100.00	Ordinary shares, Zero coupon redeemable shares	Vodaphone Limited	100.00	Ordinary shares
Vodafone Euro Hedging Two	100.00	Ordinary shares	Vodafone IP Licensing Limited ¹	100.00	Ordinary shares	Vodata Limited	100.00	Ordinary shares
Vodafone Europe UK	100.00	Ordinary shares	Vodafone Limited	100.00	Ordinary shares	Your Communications Group Limited	100.00	A ordinary shares, B ordinary shares, Redeemable preference shares
Vodafone European Investments ¹	100.00	Ordinary shares	Vodafone Marketing UK	100.00	Ordinary shares			
Vodafone European Portal Limited ¹	100.00	Ordinary shares	Vodafone Mobile Communications Limited	100.00	Ordinary shares			
Vodafone Finance Limited ¹	100.00	Ordinary shares	Vodafone Mobile Enterprises Limited	100.00	A-ordinary shares, Ordinary one pound shares			
Vodafone Finance Luxembourg Limited	100.00	Ordinary shares	Vodafone Mobile Network Limited	100.00	A-ordinary shares, Ordinary one pound shares			
Vodafone Finance Sweden	100.00	Ordinary shares, Ordinary deferred	Vodafone Nominees Limited ¹	100.00	Ordinary shares			
Vodafone Finance UK Limited	100.00	Ordinary shares	Vodafone Oceania Limited	100.00	Ordinary shares			
Vodafone Financial Operations	100.00	Ordinary shares	Vodafone Old Show Ground Site Management Limited	100.00	Ordinary shares			
Vodafone Global Content Services	100.00	Ordinary shares, 5%						

United States546 5th Avenue, 14th Floor, New York NY 10036, United States

Bluefish Communications Inc.	100.00	Common stock shares
Cable & Wireless Americas Systems, Inc.	100.00	Common stock shares
Vodafone Americas Virginia Inc.	100.00	Common stock shares
Vodafone US Inc.	100.00	Common stock shares, Preference stock shares
Unitymedia Finance LLC	100.00	Sole member

Denver Place, South Tower, 17th Floor, 999 18th Street, Denver 80202, United States

Vodafone Americas Foundation	100.00	Trustee
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Associated undertakings and joint arrangements

Australia

c/- Telstra Corporation, Level 41, 242-282 Exhibition Street, Melbourne VIC 3000, Australia

3gis Properties (No. 1) Pty Ltd	25.00	Ordinary shares
3gis Properties (No. 2) Pty Ltd	25.00	Ordinary shares
3gis Pty Limited	25.00	Ordinary shares
Mondjay Pty Limited	25.00	Ordinary shares
Tovadan Pty Limited	25.00	Ordinary shares

Level 1, 177 Pacific Highway, North Sydney NSW 2060, Australia

H3GA Properties (No.3) Pty Limited	50.00	Ordinary shares
Mobile JV Pty Limited	25.00	Ordinary shares
Mobileworld Communications Pty Limited	50.00	Ordinary shares
Mobileworld Operating Pty Ltd	50.00	Ordinary shares
Vodafone Australia Pty Limited	50.00	Ordinary shares, Class B shares, Redeemable preference shares

Vodafone Foundation Australia Pty Limited	50.00	Ordinary shares
Vodafone Hutchison Australia Pty Limited	50.00	Ordinary shares
Vodafone Hutchison Finance Pty Limited	50.00	Ordinary shares
Vodafone Hutchison Receivables Pty Limited	50.00	Ordinary shares
Vodafone Hutchison Spectrum Pty Limited	50.00	Ordinary shares
Vodafone Network Pty Limited	50.00	Ordinary shares
Vodafone Pty Limited	50.00	Ordinary shares

Congo, The Democratic Republic of the

Building Comimmo II Ground Floor Right, 3157 Boulevard du 30 Juin, Commune de la Gombe, Kinshasa, DRC Congo, The Democratic Republic of the

Vodacash SA ⁸	30.85	Ordinary shares
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Czech Republic

U Rajské zahrady 1912/3, Praha 3, 130 00, Czech Republic

COOP Mobil s.r.o.	33.33	Ordinary shares
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Egypt

23 Kasr El Nil St, Cairo, Egypt, 11211, Egypt

Wataneya Telecommunications S.A.E	50.00	Ordinary shares
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Germany

38 Berliner Allee, 40212, Düsseldorf, Germany

MNP Deutschland Gesellschaft bürgerlichen Rechts	33.33	Partnership share
Nobelstrasse 55, 18059, Rostock, Germany		
Verwaltung "Urbana Teleunion" Rostock GmbH ³	38.38	Ordinary shares

Greece

43-45 Valtetsiou Str., Athens, Greece

Safenet N.P.A	24.97	Ordinary shares
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56 Kifisias Avenue & Delfwn , Marousi, 151 25

Tilegnous IKE	33.29	Ordinary shares
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Marathonos Ave 18 km & Pylou, Pallini, Attica, Pallini, Attica, 15351, Greece

Victus Networks S.A	49.94	Ordinary shares
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India

10th Floor, Birla Centurion, Century Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai, Maharashtra, 400030, India

Vodafone Foundation ⁷	43.72	Equity shares
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Vodafone Idea Technology Solutions Limited ⁷	44.39	Equity shares
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Vodafone Idea Communications Systems Limited ⁷	44.39	Equity shares
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Vodafone Idea Shared Services Limited ⁷	44.39	Equity shares
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Vodafone m-pesa Limited ⁷	44.39	Equity shares
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A-19, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi, New Delhi, Delhi, 110044, India

FireFly Networks Limited ⁷	22.19	Equity shares
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A4, Aditya Birla Centre, S.K. Ahire Marg, Worli, Mumbai, Maharashtra, 400059, India

Aditya Birla Idea Payments Bank Limited (in liquidation) ⁷	21.75	Equity shares
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Building No.10, Tower-A, 4th Floor, DFL Cyber City, Gurgaon – 122002, India

Indus Towers Limited ⁷	46.95	Equity shares
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Plot No 54, Marol Co-op Industrial Area, Makwana, , Off Andheri Kurla Road, Andheri East, Mumbai, Mumbai,

Maharashtra, 400059, India

You Broadband India Limited ⁷	44.39	Equity shares
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You System Integration Private Limited ⁷	44.39	Equity shares
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Skyline Ikon, 1st Floor, 86/92, Andheri Kurla Road, Marol Naka, Andheri East, Mumbai, Maharashtra, 400059, India

Connect (India) Mobile Technologies Private Limited ⁷	44.39	Equity shares
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Suman Tower Plot No. 18, Sector No. 11, Gandhinagar, 382011, Gujarat, India

Vodafone Idea Manpower Services Limited ⁷	44.39	Equity shares
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Vodafone Idea Limited

Vodafone Idea Limited	44.39	Equity shares
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Vodafone House, Corporate Road, Prahladnagar, Off S. G. Highway, Ahmedabad, Gujarat, 380051, India

Vodafone Idea Business Services Limited ⁷	44.39	Equity shares
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Vodafone Idea Telecom Infrastructure Limited ⁷	44.39	Equity shares
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Vodafone Idea Telecom Infrastructure Limited⁷

Vodafone Idea Telecom Infrastructure Limited ⁷	44.39	Equity shares
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Vodafone Idea Telecom Infrastructure Limited⁷

Ireland

Two Gateway, East Wall Road, Dublin 3, Ireland

Siro Limited	50.00	Ordinary shares
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Italy

Via Gaetana Negri 1, 20123, Milano, Italy

Infrastrutture Wireless Italiane S.p.A	37.50	Ordinary shares
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Kenya

LR No. 13263, Safaricom House, Waiyaki Way, PO Box 66827-00800, Nairobi, Kenya

Safaricom PLC ⁶	26.13	Ordinary shares
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The Riverfront, 4th floor, Prof. David Wasawo Drive, Off Riverside Drive, Nairobi, Kenya

Vodacom Business (Kenya) Limited ⁵	48.40	Ordinary shares, Ordinary B shares
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Vodacom Business (Kenya) Limited⁵

Vodacom Business (Kenya) Limited ⁵	48.40	Ordinary shares, Ordinary B shares
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Vodacom Business (Kenya) Limited⁵

Lesotho

585 Mabile Road, Vodacom Park, Maseru, Lesotho

Vodacom Lesotho (Pty) Limited ⁹	48.40	Ordinary shares
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Luxembourg

15 rue Edward Steichen, Luxembourg, 2540, Luxembourg

Tomorrow Street SCA	50.00	Ordinary A shares, Ordinary B shares, Ordinary C shares
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Tomorrow Street SCA

Notes to the consolidated financial statements (continued)

33. Related undertakings (continued)

Netherlands		
Assendorperdijk 2, 8012 EH Zwolle, The Netherlands		
Zoranet Connectivity Services B.V.	50.00	Ordinary shares
Avenue Ceramique 300, 6221 Kx, Maastricht, Netherlands		
Vodafone Libertel B.V.	50.00	Ordinary shares
Boven Vredenburgpassage 128, 3511 WR, Utrecht, Netherlands		
Amsterdamse Beheer- en Consultingmaatschappij B.V.	50.00	Ordinary shares
FinCo Partner 1 B.V.	50.00	Ordinary shares
LGE HoldCo V B.V.	50.00	Ordinary shares
LGE HoldCo VI B.V.	50.00	Ordinary shares
LGE HoldCo VII B.V.	50.00	Ordinary shares
LGE HoldCo VIII B.V.	50.00	Ordinary shares
Vodafone Financial Services B.V.	50.00	Ordinary shares
Vodafone Nederland Holding I B.V.	50.00	Ordinary shares
Vodafone Nederland Holding II B.V.	50.00	Ordinary shares
VodafoneZiggo Group B.V.	50.00	Ordinary shares
VodafoneZiggo Group Holding B.V.	50.00	Ordinary shares
VZ Financing I B.V.	50.00	Ordinary shares
VZ Financing II B.V.	50.00	Ordinary shares
VZ FinCo B.V.	50.00	Ordinary shares
Ziggo B.V.	50.00	Ordinary shares
Ziggo Deelnemingen B.V.	50.00	Ordinary shares
Ziggo Finance 2 B.V.	50.00	Ordinary shares
VodafoneZiggo Employment B.V.	50.00	Ordinary shares
Ziggo Netwerk II B.V.	50.00	Ordinary shares
Ziggo Real Estate B.V.	50.00	Ordinary shares
Ziggo Services B.V.	50.00	Ordinary shares
Ziggo Services Employment B.V.	50.00	Ordinary shares
Ziggo Services Netwerk 2 B.V.	50.00	Ordinary shares
Ziggo Zakelijk Services B.V.	50.00	Ordinary shares
ZUM B.V.	50.00	Ordinary shares
Media Parkboulevard 2, 1217 WE Hilversum, Netherlands		
Liberty Global Content Netherlands B.V.	50.00	Ordinary shares
Monitorweg 1, 1322 BJ Almere, Netherlands		
Esprit Telecom B.V.	50.00	Ordinary shares
XB Facilities B.V.	50.00	Ordinary shares
Winschoterdiep 60, 9723 AB Groningen, Netherlands		
Zesko B.V.	50.00	Ordinary shares
Ziggo Bond Company B.V.	50.00	Ordinary shares
Ziggo Netwerk B.V.	50.00	Ordinary shares
Zuid-hollanden 7, Rode Olifant, Spices, 2596AL, den Haag, Netherlands		
IoT.nxt USA BV ⁶	30.86	Ordinary shares
IOT.NXT BV ⁵	30.86	Ordinary shares
IoT.nxt Europe BV ⁶	30.86	Ordinary shares
Portugal		
Av. D. João II, no. 34, 1998 – 031, Parque das Nações, Lisboa, Portugal		
Celfocus – Solucoes Informaticas Para Telecomunicacoes SA	45.00	Ordinary shares
Rua Pedro e Inês, Lote 2.08.01, 1990-075, Parque das Nações, Lisboa, Portugal		
Sport TV Portugal, S.A.	25.00	Nominative shares
Romania		
Floor 3, Module 2, Connected Buildings III, Nr. 10A, Dimitrie Pompei Boulevard, Bucharest, Sector 2, Romania		
Netgrid Telecom SRL	50.00	Ordinary shares
Russian Federation		
401, Building 3, 11, Promyshlennaya Street, Moscow 115 516		
Autoconnex Limited	35.00	Ordinary shares
South Africa		
76 Maude Street, Sandton, Johannesburg, 2196, South Africa		
Waterberg Lodge (Proprietary) Limited ⁵	30.25	Ordinary shares
Bylsbridge Office Park, Building 14m Block C, 1st Floor, Alexandra Road, Centurion, Highveld Ext 73, 0046, South Africa		
10T Holdings (Proprietary) Limited ⁶	30.86	Ordinary shares
IoT.nxt (Pty) Limited ⁶	30.86	Ordinary shares
IOT.nxt Development (Pty) Limited ⁶	30.86	Ordinary shares
Vodacom Corporate Park, 082 Vodacom Boulevard, Midrand, 1685, South Africa		
Jupicol (Proprietary) Limited ⁵	42.35	Ordinary shares
Storage Technology Services (Pty) Limited ⁵	30.85	Ordinary shares
Tanzania, United Republic of		
15 Floor, Vodacom Tower, Ursino Estate, Plot No. 23, Bagamoyo Road, Dar es Salaam, Tanzania, United Republic of		
Shared Networks Tanzania Limited ⁶	45.37	Ordinary shares
Vodacom Tanzania Public Limited Company⁶		
Plot No. 23, Ursino Estate, Bagamoyo Road, Dar es Salaam, Tanzania, United Republic of		
M-Pesa Limited ⁶	45.37	Ordinary A shares, Ordinary B shares
Vodacom Tanzania Limited Zanzibar⁶		
Vodacom Tanzania Foundation ⁶	45.37	Trustee
Vodacom Trust Limited⁶		
	45.37	Ordinary A shares, Ordinary B shares
United Kingdom		
24/25 The Shard, 32 London Bridge Street, London, SE1 9SG, United Kingdom		
Digital Mobile Spectrum Limited	25.00	Ordinary shares
Griffin House, 161 Hammersmith Road, London, W6 8BS, United Kingdom		
Cable & Wireless Trade Mark Management Limited	50.00	Ordinary B shares
Hive 2, 1530 Arlington Business Park, Theale, Reading, Berkshire, RG7 4SA, United Kingdom		
Cornerstone Telecommunications Infrastructure Limited	50.00	Ordinary shares
United States		
1209 Orange, Orange Street, Wilmington, New Castle DE 19801, United States		
IoT.nxt USA Inc ⁶	30.86	Common stock
2711 Centerville Road, Suite 400, Wilmington, DE 19808 Delaware		
LG Financing Partnership	50.00	Partnership interest
Ziggo Financing Partnership	50.00	Partnership interest

Notes:

- 1 Directly held by Vodafone Group Plc.
- 2 Branches.
- 3 Shareholding is indirect through Vodafone Kabel Deutschland GmbH.
- 4 The Group has rights that enable it to control the strategic and operating decisions of Vodacom Congo (RDC) S.A.
- 5 Shareholding is indirect through Vodacom Group Limited. The indirect shareholding is calculated using the 60.50% ownership interest in Vodacom Group Limited.
- 6 At 31 March 2020 the fair value of Safaricom Plc was KES 1,059.70 billion (€9,194 million) based on the closing quoted share price on the Nairobi Stock Exchange.
- 7 Includes the indirect interest held through Vodafone Idea Limited.

The table below shows selected financial data in respect of subsidiaries that have non-controlling interests that are material to the Group.

	Vodacom Group Limited		Vodafone Egypt Telecommunications S.A.E	
	2020 €m	2019 €m	2020 €m	2019 €m
Summary comprehensive income information				
Revenue	5,531	5,443	1,454	1,116
Profit for the financial year	980	940	287	271
Other comprehensive income	9	14	–	–
Total comprehensive income	989	954	287	271
Other financial information				
Profit/(loss) for the financial year allocated to non-controlling interests	353	331	129	123
Dividends paid to non-controlling interests	322	315	26	269
Summary financial position information				
Non-current assets	6,155	6,294	1,417	1,138
Current assets	2,444	2,426	602	515
Total assets	8,599	8,720	2,019	1,653
Non-current liabilities	(2,807)	(1,904)	(122)	(43)
Current liabilities	(1,866)	(2,320)	(929)	(1,009)
Total assets less total liabilities	3,926	4,496	968	601
Equity shareholders' funds	3,056	3,472	577	370
Non-controlling interests	870	1,024	391	231
Total equity	3,926	4,496	968	601
Statement of cash flows				
Net cash flow from operating activities	1,992	1,758	477	481
Net cash flow from investing activities	(555)	(556)	(239)	(109)
Net cash flow from financing activities	(1,214)	(1,410)	(192)	(314)
Net cash flow	223	(208)	46	58
Cash and cash equivalents brought forward	684	887	226	159
Exchange (loss)/gain on cash and cash equivalents	(81)	5	1	9
Cash and cash equivalents	826	684	273	226

Notes to the consolidated financial statements (continued)

34. Subsidiaries exempt from audit

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 March 2020.

Name	Registration number	Name	Registration number
AAA (Euro) Limited	3056112	Vodafone Finance Luxembourg Limited	5754479
Aspective Limited	3866545	Vodafone Finance Sweden	2139168
Astec Communications Limited	2023193	Vodafone Finance UK Limited	3922620
Bluefish Communications Limited	5142610	Vodafone Financial Operations	4016558
Cable & Wireless Aspac Holdings Limited	4705342	Vodafone Global Content Services Limited	4064873
Cable & Wireless CIS Services Limited	2964774	Vodafone Hire Limited	2936653
Cable & Wireless Europe Holdings Limited	4659719	Vodafone Holdings Luxembourg Limited	4200970
Cable & Wireless Global Business Services Limited	3537591	Vodafone Intermediate Enterprises Limited	3869137
Cable & Wireless Global Holding Limited	3740694	Vodafone International Holdings Limited	2797426
Cable & Wireless UK Holdings Limited	3840888	Vodafone International Operations Limited	2797438
Cable & Wireless Worldwide Limited	7029206	Vodafone Investment UK	5798385
Cable & Wireless Worldwide Voice Messaging	1981417	Vodafone Investments Limited	1530514
Cable & Wireless Nominee Limited	3249884	Vodafone IP Licensing Limited	6846238
Central Communications Group Limited	4625248	Vodafone Marketing UK	6858585
Energis (Ireland) Limited	NI035793	Vodafone Mobile Communications Limited	3942221
Energis Communications Limited	2630471	Vodafone Mobile Enterprises Limited	3961390
Energis Squared Limited	3037442	Vodafone Mobile Network Limited	3961482
London Hydraulic Power Company (The)	ZC000055	Vodafone Nominees Limited	1172051
MetroHoldings Limited	3511122	Vodafone Oceania Limited	3973427
ML Integration Group Limited	3252903	Vodafone Overseas Finance Limited	4171115
Pinnacle Cellular Group Limited	SC123629	Vodafone Overseas Holdings Limited	2809758
Pinnacle Cellular Limited	SC127133	Vodafone Panafon UK	6326918
Project Telecom Holdings Limited	3891879	Vodafone Partner Services Limited	4012582
Singlepoint (4U) Limited	2795597	Vodafone Property Investments Limited	3903420
The Eastern Leasing Company Limited	1672832	Vodafone Retail (Holdings) Limited	3381659
Thus Group Holdings Limited	SC192666	Vodafone Retail Limited	1759785
Thus Group Limited	SC226738	Vodafone UK Foundation	CE019435
Voda Limited	1847509	Vodafone UK Limited	2227940
Vodafone (New Zealand) Hedging Limited	4158469	Vodafone Worldwide Holdings Limited	3294074
Vodafone (Scotland) Limited	SC170238	Vodafone Yen Finance Limited	4373166
Vodafone 2.	4083193	Vodafone Limited	2373469
Vodafone 4 UK	6357658	Vodata Limited	2502373
Vodafone 5 Limited	6688527	Woodend Group Limited	SC140935
Vodafone 5 UK	2960479	Your Communications Group Limited	4171876
Vodafone 6 UK	8809444		
Vodafone Americas 4	6389457		
Vodafone Benelux Limited	4200960		
Vodafone Business Solutions Limited	2186565		
Vodafone Cellular Limited	896318		
Vodafone-Central Limited	1913537		
Vodafone Connect Limited	2225919		
Vodafone Consolidated Holdings Limited	5754561		
Vodafone Corporate Limited	1786055		
Vodafone Corporate Secretaries Limited	2357692		
Vodafone Distribution Holdings Limited	3357115		
Vodafone Enterprise Corporate Secretaries Limited	2303594		
Vodafone Enterprise Equipment Limited	1648524		
Vodafone Enterprise Europe (UK) Limited	3137479		
Vodafone Euro Hedging Limited	3954207		
Vodafone Euro Hedging Two	4055111		
Vodafone Europe UK	5798451		
Vodafone European Investments	3961908		
Vodafone European Portal Limited	3973442		

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Alternative performance measures

Unaudited information

In the discussion of the Group's reported operating results, alternative performance measures are presented to provide readers with additional financial information that is regularly reviewed by management. However, this additional information presented is not uniformly defined by all companies including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted GAAP measure. Such measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

Service revenue

Service revenue comprises all revenue related to the provision of ongoing services including, but not limited to, monthly access charges, airtime usage, roaming, incoming and outgoing network usage by non-Vodafone customers and interconnect charges for incoming calls. We believe that it is both useful and necessary to report this measure for the following reasons:

- It is used for internal performance reporting;
- It is used in setting Director and management remuneration; and
- It is useful in connection with discussion with the investment community.

Adjusted EBITDA

We use adjusted EBITDA, in conjunction with other GAAP and non-GAAP financial measures such as adjusted EBIT, adjusted operating profit, operating profit and net profit, to assess our operating performance. We believe that adjusted EBITDA is an operating performance measure, not a liquidity measure, as it includes non-cash changes in working capital and is reviewed by the Chief Executive to assess internal performance in conjunction with adjusted EBITDA margin, which is an alternative sales margin figure. We believe it is both useful and necessary to report adjusted EBITDA as a performance measure as it enhances the comparability of profit across segments.

Because adjusted EBITDA does not take into account certain items that affect operations and performance, adjusted EBITDA has inherent limitations as a performance measure. To compensate for these limitations, we analyse adjusted EBITDA in conjunction with other GAAP and non-GAAP operating performance measures. Adjusted EBITDA should not be considered in isolation or as a substitute for a GAAP measure of operating performance.

Revised definition of adjusted EBITDA

For the year ended 31 March 2020, a revised definition for adjusted EBITDA has been applied, as follows: operating profit after depreciation on lease-related right of use assets and interest on leases but excluding depreciation, amortisation and gains/losses on disposal for owned fixed assets and excluding share of results in associates and joint ventures, impairment losses, restructuring costs arising from discrete restructuring plans, other operating income and expense and significant items that are not considered by management to be reflective of the underlying performance of the Group.

For the year ended 31 March 2019, adjusted EBITDA is operating profit excluding share of results in associates and joint ventures, depreciation and amortisation, gains/losses on the disposal of fixed assets, impairment losses, restructuring costs arising from discrete restructuring plans, other operating income and expense and significant items that are not considered by management to be reflective of the underlying performance of the Group.

Group adjusted EBIT, adjusted operating profit, adjusted net financing costs and adjusted earnings per share

Group adjusted EBIT and adjusted operating profit exclude impairment losses, restructuring costs arising from discrete restructuring plans, amortisation of customer bases and brand intangible assets, other operating income and expense and other significant one-off items. Adjusted EBIT also excludes the share of results in associates and joint ventures. Adjusted net financing costs exclude mark to market and foreign exchange gains/losses and interest on lease liabilities. Adjusted earnings per share reflects the exclusions of adjusted EBIT and adjusted net financing costs, together with related tax effects.

We believe that it is both useful and necessary to report these measures for the following reasons:

- These measures are used for internal performance reporting;
- These measures are used in setting Director and management remuneration; and
- They are useful in connection with discussion with the investment community and debt rating agencies.

Alternative performance measures (continued)

Unaudited information

Cash flow measures

In presenting and discussing our reported results, free cash flow (pre-spectrum), free cash flow and operating free cash flow are calculated and presented even though these measures are not recognised within IFRS. We believe that it is both useful and necessary to communicate free cash flow to investors and other interested parties, for the following reasons:

- Free cash flow (pre-spectrum) and free cash flow allows us and external parties to evaluate our liquidity and the cash generated by our operations. Free cash flow (pre-spectrum) and capital additions do not include payments for licences and spectrum included within intangible assets, items determined independently of the ongoing business, such as the level of dividends, and items which are deemed discretionary, such as cash flows relating to acquisitions and disposals or financing activities. In addition, it does not necessarily reflect the amounts which we have an obligation to incur. However, it does reflect the cash available for such discretionary activities, to strengthen the consolidated statement of financial position or to provide returns to shareholders in the form of dividends or share purchases;
- Free cash flow facilitates comparability of results with other companies, although our measure of free cash flow may not be directly comparable to similarly titled measures used by other companies;
- These measures are used by management for planning, reporting and incentive purposes; and

These measures are useful in connection with discussion with the investment community and debt rating agencies.

A reconciliation of cash generated by operations, the closest equivalent GAAP measure, to operating free cash flow, free cash flow (pre-spectrum) and free cash flow, is provided below.

	2020 €m	2019 €m	2018 €m
Cash generated by operations (refer to note 18)	18,309	14,182	13,860
Capital additions	(7,411)	(7,227)	(7,321)
Working capital movement in respect of capital additions	(11)	(89)	171
Disposal of property, plant and equipment	41	45	41
Restructuring payments	570	195	250
Other	(3,777)	(35)	–
Operating free cash flow	7,721	7,071	7,001
Taxation	(930)	(1,040)	(1,010)
Dividends received from associates and investments	417	498	489
Dividends paid to non-controlling shareholders in subsidiaries	(348)	(584)	(310)
Interest received and paid	(1,160)	(502)	(753)
Free cash flow (pre-spectrum)	5,700	5,443	5,417
Licence and spectrum payments	(181)	(837)	(1,123)
Restructuring payments	(570)	(195)	(250)
Free cash flow	4,949	4,411	4,044

Other

Certain of the statements within the Strategic Report contains forward-looking alternative performance measures for which at this time there is no comparable GAAP measure and which at this time cannot be quantitatively reconciled to comparable GAAP financial information. Certain of the statements within the section titled "Outlook" on page 29 contain forward-looking non-GAAP financial information which at this time cannot be quantitatively reconciled to comparable GAAP financial information.

Organic growth

All amounts in this document marked with an "*" represent "organic growth", which presents performance on a comparable basis in terms of merger and acquisition activity (notably by excluding the disposal of Vodafone New Zealand and the acquired European Liberty Global assets), movements in foreign exchange rates and the impact of the implementation of IFRS 16 'Leases'.

Whilst this measure is not intended to be a substitute for reported growth, nor is it superior to reported growth, we believe that the measure provides useful and necessary information to investors and other interested parties for the following reasons:

- It provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance;
- It is used for internal performance analysis; and
- It facilitates comparability of underlying growth with other companies (although the term "organic" is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

We have not provided a comparative in respect of organic growth rates as the current rates describe the change between the beginning and end of the current period, with such changes being explained by the commentary in this document. If comparatives were provided, significant sections of the commentary from the document for prior periods would also need to be included, reducing the usefulness and transparency of this document.

Reconciliations of organic growth to reported growth are shown where used or in the tables overleaf.

Reconciliation between alternative performance measures and closest equivalent GAAP measure

The location of the reconciliation between the alternative performance measures in this document and the nearest closest equivalent GAAP measure is shown below.

Alternative performance measure	Closest equivalent GAAP measure	Reconciled on page
Group service revenue	Revenue	"Our financial performance" section (page 30) and note 2 "Revenue disaggregation and segmental analysis"
Organic Group service revenue growth	Revenue	Page 243
Adjusted EBITDA	Operating profit	"Our financial performance" section (page 30) and note 2 "Revenue disaggregation and segmental analysis"
Organic adjusted EBITDA growth	Operating profit	Page 242
Adjusted EBIT	Operating profit	"Our financial performance" section (page 30)
Adjusted operating profit	Operating profit	"Our financial performance" section (page 30) and note 2 "Revenue disaggregation and segmental analysis"
Adjusted net financing costs	Net financing costs	"Our financial performance" section (page 35)
Adjusted income tax expense	Income tax expense	"Our financial performance" section (page 35)
Adjusted profit before tax	Profit before tax	"Our financial performance" section (page 35)
Adjusted profit attributable to owners of the parent	Profit attributable to owners of the parent	"Our financial performance" section (page 36)
Adjusted earnings per share	Basic earnings per share	"Our financial performance" section (page 36)
Adjusted effective tax rate	Profit before tax	"Our financial performance" section (page 35)
Operating free cash flow	Cash inflow from operating activities	Page 240
Free cash flow (pre-spectrum)	Cash inflow from operating activities	Page 240
Free cash flow	Cash inflow from operating activities	Page 240
Net debt	Borrowings	"Our financial performance" section (page 38)
Return on Capital Employed ('ROCE')	-	"Our financial performance" section (page 39)

Alternative performance measures (continued)

Unaudited information

	2020 €m	2019 (re-presented) ¹ €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Year ended 31 March 2020						
Revenue						
Germany	12,076	10,390	16.2	(15.7)	–	0.5
Italy	5,529	5,857	(5.6)	0.1	–	(5.5)
UK	6,484	6,272	3.4	–	(0.9)	2.5
Spain	4,296	4,669	(8.0)	–	–	(8.0)
Other Europe	5,541	5,072	9.2	(6.9)	0.4	2.7
Eliminations	(133)	(116)				
Europe	33,793	32,144	5.1	(6.1)	(0.1)	(1.1)
Vodacom	5,531	5,443	1.6	–	1.8	3.4
Other Markets	4,386	4,864	(9.8)	17.9	1.3	9.4
Rest of the World	9,917	10,307	(3.8)	8.0	1.6	5.8
Other	1,567	1,517				
Eliminations	(303)	(302)				
Group	44,974	43,666	3.0	(2.8)	0.3	0.5
Adjusted EBITDA						
Germany	5,077	4,079	24.5	(22.0)	–	2.5
Italy	2,068	2,202	(6.1)	(0.5)	–	(6.6)
UK	1,500	1,364	10.0	1.3	(0.8)	10.5
Spain	1,009	1,038	(2.8)	1.1	–	(1.7)
Other Europe	1,738	1,606	8.2	(3.6)	0.1	4.7
Europe	11,392	10,289	10.7	(9.0)	(0.1)	1.6
Vodacom	2,088	2,157	(3.2)	2.3	2.0	1.1
Other Markets	1,400	1,404	(0.3)	19.5	(1.7)	17.5
Rest of the World	3,488	3,561	(2.0)	8.3	0.5	6.8
Other	1	68				
Group	14,881	13,918	6.9	(4.4)	0.1	2.6
Percentage point change in adjusted EBITDA margin						
Germany	42.0	39.3	2.7	(1.9)	–	0.8
Italy	37.4	37.6	(0.2)	(0.2)	–	(0.4)
UK	23.1	21.7	1.4	0.2	–	1.6
Spain	23.5	22.2	1.3	0.2	–	1.5
Other Europe	31.4	31.7	(0.3)	1.0	(0.1)	0.6
Europe	33.7	32.0	1.7	(0.9)	–	0.8
Vodacom	37.8	39.6	(1.8)	0.9	0.1	(0.8)
Other Markets	31.9	28.9	3.0	0.2	(0.9)	2.3
Rest of the World	35.2	34.5	0.7	–	(0.4)	0.3
Group	33.1	31.9	1.2	(0.4)	(0.1)	0.7
Adjusted EBIT						
Europe	2,589	2,050	26.3	(21.1)	0.4	5.6
Rest of the World	2,223	2,151	3.3	3.2	0.3	6.8
Other	(16)	52				
Group	4,796	4,253	12.8	(7.7)	0.2	5.3
Adjusted operating profit						
Europe	2,707	2,200	23.0	(19.8)	0.4	3.6
Rest of the World	1,866	1,653	12.9	(3.7)	1.1	10.3
Other	(18)	52				
Group	4,555	3,905	16.6	(10.9)	0.6	6.3

Note:

1 The comparative results were previously disclosed on an IAS 18 basis in the Annual Report for the year ended 31 March 2019. These comparative results have been re-presented in the table above on an IFRS 15 basis.

	2020 €m	2019 (re-presented) ¹ €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Year ended 31 March 2020						
Service revenue						
Germany	10,696	9,145	17.0	(17.0)	–	–
Mobile service revenue	5,084	5,150	(1.3)	(0.5)	–	(1.8)
Fixed service revenue	5,612	3,995	40.5	(38.1)	–	2.4
Italy	4,833	5,030	(3.9)	–	–	(3.9)
Mobile service revenue	3,625	3,914	(7.4)	–	–	(7.4)
Fixed service revenue	1,208	1,116	8.2	–	–	8.2
UK	5,020	4,952	1.4	–	(0.9)	0.5
Mobile service revenue	3,618	3,585	0.9	–	(0.9)	–
Fixed service revenue	1,402	1,367	2.6	–	(0.9)	1.7
Spain	3,904	4,203	(7.1)	0.4	–	(6.7)
Other Europe	4,890	4,460	9.6	(6.9)	0.3	3.0
Of which: Ireland	838	846	(0.9)	–	–	(0.9)
Of which: Portugal	985	933	5.6	(0.1)	–	5.5
Of which: Greece	884	860	2.8	0.2	–	3.0
Eliminations	(130)	(110)				
Europe	29,213	27,680	5.5	(6.6)	(0.1)	(1.2)
Vodacom	4,470	4,391	1.8	–	1.5	3.3
Of which: South Africa	3,212	3,241	(0.9)	–	3.1	2.2
Of which: International operations	1,263	1,146	10.2	–	(2.7)	7.5
Other Markets	3,796	4,011	(5.4)	19.9	0.4	14.9
Of which: Turkey	1,874	1,736	7.9	0.5	9.2	17.6
Of which: Egypt	1,394	1,073	29.9	–	(15.4)	14.5
Eliminations	–	–				
Rest of the World	8,266	8,402	(1.6)	8.8	0.9	8.1
Other	494	477	3.6	1.1	–	4.7
Eliminations	(102)	(101)				
Total service revenue	37,871	36,458	3.9	(3.2)	0.1	0.8
Other revenue	7,103	7,208	(1.5)	(0.5)	1.1	(0.9)
Revenue	44,974	43,666	3.0	(2.8)	0.3	0.5
Other growth metrics						
Germany - Retail revenue	10,315	8,671	19.0	(17.9)	–	1.1
Germany - Mobile retail revenue excluding regulatory impact	4,949	4,886	1.3	(0.6)	–	0.7
Italy - Operating expenses	1,047	1,140	8.2	(0.6)	–	7.6
UK - Operating expenses	1,671	1,824	8.4	0.7	0.8	9.9
Spain - Operating expenses	1,094	1,127	2.9	0.9	–	3.8
Spain - H2 adjusted EBITDA	549	509	7.9	0.3	–	8.2
South Africa - Service revenue excluding one-off benefit in the prior year	3,212	3,223	(0.3)	–	3.1	2.8
Vodafone Business - Fixed line service revenue	3,588	3,452	3.9	(0.5)	(0.1)	3.3

Note:

¹ The comparative results were previously disclosed on an IAS 18 basis in the Annual Report for the year ended 31 March 2019. These comparative results have been re-presented in the table above on an IFRS 15 basis.

Alternative performance measures (continued)

Unaudited information

	2020 €m	2019 (re-presented) ¹ €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Quarter ended 31 March 2020						
Service revenue						
Germany	2,852	2,267	25.8	(25.9)	–	(0.1)
Mobile service revenue	1,262	1,262	–	(1.9)	–	(1.9)
Fixed service revenue	1,590	1,005	58.2	(56.0)	–	2.2
Italy	1,189	1,234	(3.6)	(0.1)	–	(3.7)
Mobile service revenue	870	945	(7.9)	(0.1)	–	(8.0)
Fixed service revenue	319	289	10.4	–	–	10.4
UK	1,287	1,257	2.4	–	(1.2)	1.2
Mobile service revenue	909	895	1.6	–	(1.3)	0.3
Fixed service revenue	378	362	4.4	–	(0.7)	3.7
Spain	972	1,002	(3.0)	0.3	–	(2.7)
Other Europe	1,233	1,103	11.8	(9.3)	0.9	3.4
Of which: Ireland	205	218	(6.0)	2.4	–	(3.6)
Of which: Portugal	245	227	7.9	(0.4)	–	7.5
Of which: Greece	210	214	(1.9)	3.8	–	1.9
Eliminations	(26)	(23)				
Europe	7,507	6,840	9.8	(10.0)	(0.2)	(0.4)
Vodacom	1,091	1,096	(0.5)	–	3.7	3.2
Of which: South Africa	789	807	(2.2)	–	5.9	3.7
Of which: International operations	305	287	6.3	–	(1.9)	4.4
Other Markets	881	1,012	(12.9)	26.3	0.8	14.2
Of which: Turkey	460	432	6.5	(1.2)	10.7	16.0
Of which: Egypt	369	279	32.3	–	(17.5)	14.8
Eliminations	–	–				
Rest of the World	1,972	2,108	(6.5)	12.1	2.3	7.9
Other	137	123	11.4	–	(0.1)	11.3
Eliminations	(22)	(34)				
Total service revenue	9,594	9,037	6.2	(5.0)	0.4	1.6
Other revenue	1,691	1,783	(5.2)	(0.1)	1.6	(3.7)
Revenue	11,285	10,820	4.3	(4.2)	0.7	0.8
Other growth metrics						
Germany - Retail revenue	2,762	2,158	28.0	(27.1)	–	0.9
Germany - Mobile retail revenue excluding regulatory impact	1,231	1,203	2.3	(1.9)	–	0.4

Note:

1 The comparative results were previously disclosed on an IAS 18 basis in the Annual Report for the year ended 31 March 2019. These comparative results have been re-presented in the table above on an IFRS 15 basis.

	2019 €m	2018 (re-presented) ¹ €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Quarter ended 31 December 2019						
Service revenue						
Germany	2,883	2,301	25.3	(25.3)	–	–
Mobile service revenue	1,273	1,299	(2.0)	(0.2)	–	(2.2)
Fixed service revenue	1,610	1,002	60.7	(57.9)	–	2.8
Italy	1,220	1,284	(5.0)	–	–	(5.0)
Mobile service revenue	916	993	(7.8)	0.1	–	(7.7)
Fixed service revenue	304	291	4.5	(0.3)	–	4.2
UK	1,282	1,235	3.8	–	(3.2)	0.6
Mobile service revenue	924	890	3.8	–	(3.2)	0.6
Fixed service revenue	358	345	3.8	–	(3.3)	0.5
Spain	966	1,039	(7.0)	0.5	–	(6.5)
Other Europe	1,265	1,119	13.0	(10.0)	–	3.0
Of which: Ireland	209	209	–	0.1	–	0.1
Of which: Portugal	248	234	6.0	(0.1)	–	5.9
Of which: Greece	219	220	(0.5)	2.4	–	1.9
Eliminations	(30)	(25)				
Europe	7,586	6,953	9.1	(9.9)	(0.6)	(1.4)
Vodacom	1,162	1,096	6.0	–	(0.8)	5.2
Of which: South Africa	834	795	4.9	–	(0.3)	4.6
Of which: International operations	330	301	9.6	–	(2.2)	7.4
Other Markets	891	1,009	(11.7)	28.0	(1.8)	14.5
Of which: Turkey	481	432	11.3	3.1	2.9	17.3
Of which: Egypt	356	274	29.9	–	(16.0)	13.9
Eliminations	–	–				
Rest of the World	2,053	2,105	(2.5)	12.9	(1.3)	9.1
Other	117	109				
Eliminations	(23)	(14)				
Total service revenue	9,733	9,153	6.3	(4.8)	(0.7)	0.8
Other revenue	2,017	1,845	9.3	1.3	(0.4)	10.2
Revenue	11,750	10,998	6.8	(3.7)	(0.7)	2.4
Other growth metrics						
Germany - Mobile retail revenue excluding regulatory impact	1,244	1,236	0.6	(0.2)	–	0.4
Germany - Fixed retail revenue	1,560	951	64.0	(60.9)	–	3.1
Germany - Retail revenue	2,791	2,187	27.6	(26.6)	–	1.0

Note:

1 The comparative results were previously disclosed on an IAS 18 basis in the Annual Report for the year ended 31 March 2019. These comparative results have been re-presented in the table above on an IFRS 15 basis.

Alternative performance measures (continued)

Unaudited information

	2019 €m	2018 €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Year ended 31 March 2019						
Service revenue						
Germany	9,145	9,185	(0.4)	0.1	–	(0.3)
Italy	5,030	5,376	(6.4)	0.2	–	(6.2)
UK	4,952	4,953	–	0.3	–	0.3
Spain	4,203	4,480	(6.2)	0.4	–	(5.8)
Other Europe	4,460	4,312	3.4	(1.1)	0.6	2.9
Eliminations	(110)	(157)				
Europe	27,680	28,149	(1.7)	(0.3)	0.2	(1.8)
Vodacom	4,391	4,379	0.3	3.6	–	3.9
Other Markets	4,011	4,759	(15.7)	36.7	(11.7)	9.3
Of which: Turkey	1,736	2,123	(18.2)	33.5	(0.6)	14.7
Eliminations	–	–				
Rest of the World	8,402	9,138	(8.1)	20.1	(5.6)	6.4
Other	477	897	(46.8)	84.4	(42.0)	(4.4)
Eliminations	(101)	(184)				
Service revenue	36,458	38,000	(4.1)	5.6	(1.7)	(0.2)
Other revenue	7,208	7,140	1.0	(4.8)	4.3	0.5
Group	43,666	45,140	(3.3)	4.0	(0.8)	(0.1)
Adjusted EBITDA						
Germany	4,079	4,176	(2.3)	(0.2)	–	(2.5)
Italy	2,202	2,351	(6.3)	0.1	–	(6.2)
UK	1,364	1,257	8.5	(2.8)	1.9	7.6
Spain	1,038	1,411	(26.4)	0.4	–	(26.0)
Other Europe	1,606	1,499	7.1	0.6	(0.2)	7.5
Europe	10,289	10,694	(3.8)	(0.1)	0.1	(3.8)
Vodacom	2,157	2,225	(3.1)	4.0	–	0.9
Other Markets	1,404	1,568	(10.5)	35.9	(11.4)	14.0
Of which: Turkey	550	664	(17.2)	35.6	(1.2)	17.2
Rest of the World	3,561	3,793	(6.1)	16.0	(4.2)	5.7
Other	68	(55)				
Group	13,918	14,432	(3.6)	5.5	(1.7)	0.2
Adjusted EBIT						
Europe	2,050	2,513	(18.4)	0.1	0.1	(18.2)
Rest of the World	2,151	2,138	0.6	4.9	1.2	6.7
Other	52	(129)				
Group	4,253	4,522	(5.9)	7.5	(2.0)	(0.4)
Adjusted operating profit						
Europe	2,200	2,541	(13.4)	–	0.2	(13.2)
Rest of the World	1,653	2,496	(33.8)	70.4	(33.1)	3.5
Other	52	(133)				
Group	3,905	4,904	(20.4)	40.4	(18.8)	1.2

	2019	2018	Reported	Other activity	Foreign	Organic
	€m	€m	%	(including M&A)	exchange	%
				pps	pps	
Quarter ended 31 March 2019						
Service revenue						
Germany	2,267	2,366	(4.2)	0.2	–	(4.0)
Italy	1,234	1,330	(7.2)	0.2	–	(7.0)
UK	1,257	1,255	0.2	(0.9)	0.5	(0.2)
Spain	1,002	1,092	(8.2)	0.3	–	(7.9)
Other Europe	1,103	1,064	3.7	(2.2)	1.0	2.5
Eliminations	(23)	(35)				
Europe	6,840	7,072	(3.3)	(0.5)	0.3	(3.5)
Vodacom	1,096	1,113	(1.5)	5.0	–	3.5
Other Markets	1,012	1,136	(10.9)	31.0	(11.8)	8.3
Of which: Turkey	432	491	(12.0)	27.5	(0.5)	15.0
Rest of the World	2,108	2,249	(6.3)	17.7	(5.7)	5.7
Other	123	257				
Eliminations	(34)	(58)				
Total service revenue	9,037	9,520	(5.1)	5.1	(1.8)	(1.8)
Other revenue	1,783	1,796	(0.7)	(6.7)	5.1	(2.3)
Revenue	10,820	11,316	(4.4)	3.2	(0.7)	(1.9)

	2018	2017	Reported	Other activity	Foreign	Organic
	€m	€m	%	(including M&A)	exchange	%
				pps	pps	
Quarter ended 31 December 2018						
Service revenue						
Germany	2,301	2,289	0.5	0.1	–	0.6
Italy	1,284	1,342	(4.3)	0.1	–	(4.2)
UK	1,235	1,228	0.6	–	(0.2)	0.4
Spain	1,039	1,117	(7.0)	0.3	–	(6.7)
Other Europe	1,119	1,078	3.8	(1.5)	1.0	3.3
Eliminations	(25)	(36)				
Europe	6,953	7,018	(0.9)	(0.4)	0.2	(1.1)
Vodacom	1,096	1,090	0.6	0.8	–	1.4
Other Markets	1,009	1,176	(14.2)	36.7	(12.3)	10.2
Of which: Turkey	432	522	(17.2)	34.0	(0.5)	16.3
Rest of the World	2,105	2,266	(7.1)	18.2	(5.7)	5.4
Other	109	214				
Eliminations	(14)	(53)				
Total service revenue	9,153	9,445	(3.1)	5.2	(1.8)	0.3
Other revenue	1,845	2,003	(7.9)	(4.3)	3.7	(8.5)
Revenue	10,998	11,448	(3.9)	3.4	(0.8)	(1.3)

Shareholder information

Unaudited information

Investor calendar

Ex-dividend date for final dividend	11 June 2020
Record date for final dividend	12 June 2020
AGM	28 July 2020
Trading update for the quarter ending 30 June 2020	24 July 2020
Final dividend payment	7 August 2020
Half-year financial results for the six months ending 30 September 2020	17 November 2020

Dividends

See pages 39 and 238 for details on dividend amount per share.

Euro dividends

Dividends are declared in euros and paid in euros and pounds sterling according to where the shareholder is resident. Cash dividends to ADS holders are paid by the ADS depository bank in US dollars. This aligns the Group's shareholder returns with the primary currency in which we generate free cash flow. The foreign exchange rates at which dividends declared in euros are converted into pounds sterling and US dollars are calculated based on the average exchange rate of the five business days during the week prior to the payment of the dividend.

Payment of dividends by direct credit

We pay cash dividends directly to shareholders' bank or building society accounts. This ensures secure delivery and means dividend payments are credited to shareholders' designated accounts on the same day as payment. A dividend confirmation covering both the interim and final dividends paid during the financial year is sent to shareholders at the time of the interim dividend in February. ADS holders may choose to have their cash dividends paid by cheque from our ADS depository bank, Deutsche Bank.

Dividend reinvestment plan

We offer a dividend reinvestment plan which allows holders of ordinary shares who choose to participate to use their cash dividends to acquire additional shares in the Company. These are purchased on their behalf by the plan administrator, Computershare Investor Services PLC ('Computershare'), through a low-cost dealing arrangement. For ADS holders, Deutsche Bank, through its transfer agent, American Stock Transfer & Trust Company, LLC ('AST') maintains the DB Global Direct Investor Services Program which is a direct purchase and sale plan for depository receipts with a dividend reinvestment facility.

See vodafone.com/dividends for further information about dividend payments or, alternatively please contact our registrar, Computershare or AST for ADS holders as applicable. See page 249 for their contact information.

Taxation of dividends

See page 253 for details on dividend taxation.

Managing your shares via Investor Centre

Our share Registrar, Computershare, operates a portfolio service, Investor Centre, for investors in ordinary shares. This provides our shareholders with online access to information about their investments as well as a facility to help manage their holdings online, such as being able to:

- update dividend bank mandate instructions and review dividend payment history;
- update personal details and address changes; and
- register to receive Company communications electronically.

Computershare also offers an internet and telephone share dealing service to existing shareholders. The service can be obtained at www.investorcentre.co.uk.

Shareholders with any queries regarding their holding should contact Computershare. See page 249 for their contact details.

Shareholders may also find the investors section of our corporate website, vodafone.com/investor, useful for general queries and information about the Company.

Shareholder communications

A growing number of our shareholders have opted to receive communications from us electronically. The use of electronic communications, rather than printed paper documents, means information about the Company can be accessed through emails or the Company's website, thus reducing our impact on the environment. Shareholders who have elected for electronic communication will be sent an email alert containing a link to the relevant documents.

We encourage all our shareholders to sign up for this service. You can register for this service at www.investorcentre.co.uk or by contacting Computershare by the telephone number provided on page 249. See vodafone.com/investor for further information about this service.

AGM

Our thirty-sixth AGM will be held at The Pavilion, Vodafone House, Newbury RG14 2FN on 28 July 2020 at 11.00 am.

At the time of writing, as a result of the COVID-19 pandemic restrictions there remains considerable uncertainty as to whether meetings of large numbers of people will be permitted over the coming months. Given this uncertainty and the Company's desire to protect the health and safety of shareholders and employees, the AGM this year will be run as a closed meeting and shareholders will not be able to attend in person. The Company will make arrangements such that the legal requirements to hold the meeting can be satisfied through the attendance of a minimum number of shareholders and the format of the meeting will be purely functional.

ShareGift

We support ShareGift, the charity share donation scheme (registered charity number 1052686). Through ShareGift, shareholders who have only a very small number of shares, which might be considered uneconomic to sell, are able to donate them to charity. Donated shares are aggregated and sold by ShareGift with the proceeds being passed on to a wide range of UK charities.

See sharegift.org or call +44 (0)20 7930 3737 for further details.

Landmark Financial Asset Search

We participate in an online service which provides a search facility for solicitors and probate professionals to quickly and easily trace UK shareholdings relating to deceased estates. Visit www.landmarkfas.co.uk or call +44 (0)844 844 9967 for further information.

Warning to shareholders (“boiler room” scams)

Over recent years we have become aware of investors who have received unsolicited calls or correspondence, in some cases purporting to have been issued by us, concerning investment matters. These callers typically make claims of highly profitable investment opportunities which turn out to be worthless or simply do not exist. These approaches are usually made by unauthorised companies and individuals and are commonly known as “boiler room” scams. Investors are advised to be wary of any unsolicited advice or offers to buy shares. If it sounds too good to be true, it often is.

See the FCA website at fca.org.uk/scamsmart for more detailed information about this or similar activities.

Contact details for Computershare and AST

The Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road, Bristol BS99 6ZZ, United Kingdom
Telephone: +44 (0)370 702 0198
www.investorcentre.co.uk/contactus

Holders of ordinary shares resident in Ireland

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PO Box 13042
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ADS holders

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Markets

Ordinary shares of Vodafone Group Plc are traded on the London Stock Exchange and in the form of ADSs on NASDAQ.

ADSs, each representing ten ordinary shares, are traded on NASDAQ under the symbol “VOD”. The ADSs are evidenced by ADRs issued by Deutsche Bank, as depositary, under a deposit agreement, dated 27 February 2017 between the Company, the depositary and the holders from time to time of ADRs issued thereunder.

ADS holders are not shareholders in the Company but may instruct Deutsche Bank on the exercise of voting rights relative to the number of ordinary shares represented by their ADSs. See “Articles of Association and applicable English law” and “Rights attaching to the Company’s shares – Voting rights” on page 250.

Shareholders as at 31 March 2020

Number of ordinary shares held	Number of accounts	% of total issued shares
1–1,000	300,247	0.21
1,001–5,000	41,757	0.31
5,001–50,000	12,213	0.51
50,001–100,000	520	0.13
100,001–500,000	645	0.53
More than 500,000	1,099	98.31

Major shareholders

As at 30 June 2020, Deutsche Bank, as custodian of our ADR programme, held approximately 14.4% of our ordinary shares of 20 20/21 US cents each as nominee. At this date, the total number of ADRs outstanding was 387,449,793 and 1,473 holders of ordinary shares had registered addresses in the United States and held a total of approximately 0.008% of the ordinary shares of the Company.

At 31 March 2020, the following percentage interests in the ordinary share capital of the Company, disclosable under the Disclosure Guidance and Transparency Rules, (DTR 5), have been notified to the Directors.

Shareholder	Shareholding ¹
BlackRock, Inc. ²	6.90%
Norges Bank	3.0004%

Notes:

- The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules.
- On 6 February 2020, BlackRock, Inc. disclosed by way of a Schedule 13G filed with the SEC, beneficial ownership of 2,138,583,085 ordinary shares of the Company as of 31 December 2019, representing 8.0% of that class of shares at that date.

The Company is not aware of any changes in the interests disclosed under DTR 5 between 31 March 2020 and 30 June 2020.

As far as the Company is aware, between 1 April 2016 and 30 June 2020, no shareholder, other than described above, held 3% or more of the voting rights attributable to the ordinary shares of the Company other than (i) Deutsche Bank, as custodian of our ADR programme, (ii) BlackRock, Inc and Norges Bank (as described above) and (iii) Morgan Stanley, which owned 3.6% of the Company’s ordinary shares at 13 February 2018.

The rights attaching to the ordinary shares of the Company held by these shareholders are identical in all respects to the rights attaching to all the ordinary shares of the Company. As at 30 June 2020 the Directors are not aware of any other interest of 3% or more in the ordinary share capital of the Company. The Company is not directly or indirectly owned or controlled by any foreign government or any other legal entity. There are no arrangements known to the Company that could result in a change of control of the Company.

Shareholder information (continued)

Unaudited information

Articles of Association and applicable English law

The following description summarises certain provisions of the Company's Articles of Association and applicable English law. This summary is qualified in its entirety by reference to the Companies Act 2006 and the Company's Articles of Association. See "Documents on display" on page 251 for information on where copies of the Articles of Association can be obtained. The Company is a public limited company under the laws of England and Wales. The Company is registered in England and Wales under the name Vodafone Group Public Limited Company with the registration number 1833679.

All of the Company's ordinary shares are fully paid. Accordingly, no further contribution of capital may be required by the Company from the holders of such shares.

English law specifies that any alteration to the Articles of Association must be approved by a special resolution of the Company's shareholders.

Articles of Association

The Company's Articles of Association do not specifically restrict the objects of the Company.

Directors

The Directors are empowered under the Articles of Association to exercise all the powers of the Company subject to any restrictions in the Articles of Association, the Companies Act 2006 (as defined in the Articles of Association) and any special resolution.

Under the Company's Articles of Association a Director cannot vote in respect of any proposal in which the Director, or any person connected with the Director, has a material interest other than by virtue of the Director's interest in the Company's shares or other securities. However, this restriction on voting does not apply in certain circumstances as set out in the Articles of Association.

The Directors are empowered to exercise all the powers of the Company to borrow money, subject to the limitation that the aggregate amount of all liabilities and obligations of the Group outstanding at any time shall not exceed an amount equal to 1.5 times the aggregate of the Group's share capital and reserves calculated in the manner prescribed in the Articles of Association unless sanctioned by an ordinary resolution of the Company's shareholders.

At each AGM all Directors shall offer themselves for re-election in accordance with the Company's Articles of Association and in the interests of good corporate governance.

Directors are not required under the Company's Articles of Association to hold any shares of the Company as a qualification to act as a Director, although the Executive Directors are required to under the Company's Remuneration Policy. Further details are set out on pages 102 to 107.

Rights attaching to the Company's shares

At 31 March 2020, the issued share capital of the Company was comprised of 50,000 7% cumulative fixed rate shares of £1.00 each and 26,772,164,544 ordinary shares (excluding treasury shares) of 20 20/21 US cents each. As at 31 March 2020, 2,043,750,434 ordinary shares were held in Treasury.

Dividend rights

Holders of 7% cumulative fixed rate shares are entitled to be paid in respect of each financial year, or other accounting period of the Company, a fixed cumulative preferential dividend of 7% p.a. on the nominal value of the fixed rate shares. A fixed cumulative preferential dividend may only be paid out of available distributable profits which the Directors have resolved should be distributed.

The fixed rate shares do not have any other right to share in the Company's profits.

Holders of the Company's ordinary shares may, by ordinary resolution, declare dividends but may not declare dividends in excess of the amount recommended by the Directors. The Board of Directors may also pay interim dividends. No dividend may be paid other than out of profits available for distribution. Dividends on ordinary shares can be paid to shareholders in whatever currency the Directors decide, using an appropriate exchange rate for any currency conversions which are required.

If a dividend has not been claimed for one year after the date of the resolution passed at a general meeting declaring that dividend or the resolution of the Directors providing for payment of that dividend, the Directors may invest the dividend or use it in some other way for the benefit of the Company until the dividend is claimed. If the dividend remains unclaimed for 12 years after the relevant resolution either declaring that dividend or providing for payment of that dividend, it will be forfeited and belong to the Company.

Voting rights

At a general meeting of the Company, when voting on substantive resolutions (i.e. any resolution which is not a procedural resolution) each shareholder who is entitled to vote and is present in person or by proxy has one vote for every share held (a poll vote). Procedural resolutions (such as a resolution to adjourn a general meeting or a resolution on the choice of Chairman of a general meeting) shall be decided on a show of hands, where each shareholder who is present at the meeting has one vote regardless of the number of shares held, unless a poll is demanded. Shareholders entitled to vote at general meetings may appoint proxies who are entitled to vote, attend and speak at general meetings.

Two shareholders present in person or by proxy constitute a quorum for purposes of a general meeting of the Company.

Under English law, shareholders of a public company such as the Company are not permitted to pass resolutions by written consent. Record holders of the Company's ADSs are entitled to attend, speak and vote on a poll or a show of hands at any general meeting of the Company's shareholders by the depositary's appointment of them as corporate representatives or proxies with respect to the underlying ordinary shares represented by their ADSs. Alternatively, holders of ADSs are entitled to vote by supplying their voting instructions to the depositary or its nominee who will vote the ordinary shares underlying their ADSs in accordance with their instructions.

Holders of the Company's ADSs are entitled to receive notices of shareholders' meetings under the terms of the deposit agreement relating to the ADSs.

Employees who hold shares in a vested nominee share account are able to vote through the respective plan's trustees. Note there is now a vested share account with Computershare (in respect of shares arising from a SAYE exercise) and Equatex (MyShareBank).

Holders of the Company's 7% cumulative fixed rate shares are only entitled to vote on any resolution to vary or abrogate the rights attached to the fixed rate shares. Holders have one vote for every fully paid 7% cumulative fixed rate share.

Liquidation rights

In the event of the liquidation of the Company, after payment of all liabilities and deductions in accordance with English law, the holders of the Company's 7% cumulative fixed rate shares would be entitled to a sum equal to the capital paid up on such shares, together with certain dividend payments, in priority to holders of the Company's ordinary shares. The holders of the fixed rate shares do not have any other right to share in the Company's surplus assets.

Pre-emptive rights and new issues of shares

Under section 549 of the Companies Act 2006 Directors are, with certain exceptions, unable to allot the Company's ordinary shares or securities convertible into the Company's ordinary shares without the authority of the shareholders in a general meeting. In addition, section 561 of the Companies Act 2006 imposes further restrictions on the issue of equity securities (as defined in the Companies Act 2006 which include the Company's ordinary shares and securities convertible into ordinary shares) which are, or are to be, paid up wholly in cash and not first offered to existing shareholders. The Company's Articles of Association allow shareholders to authorise Directors for a period specified in the relevant resolution to allot (i) relevant securities generally up to an amount fixed by the shareholders; and (ii) equity securities for cash other than in connection with a pre-emptive offer up to an amount specified by the shareholders and free of the pre-emption restriction in section 561. At the 2019 AGM the amount of relevant securities fixed by shareholders under (i) above and the amount of equity securities specified by shareholders under (ii) above were in line with the Pre-Emption Group's Statement of Principles. Further details of such proposals are provided in the 2020 Notice of AGM.

Disclosure of interests in the Company's shares

There are no provisions in the Articles of Association whereby persons acquiring, holding or disposing of a certain percentage of the Company's shares are required to make disclosure of their ownership percentage although such requirements exist under the Disclosure Guidance and Transparency Rules.

General meetings and notices

Subject to the Articles of Association, AGMs are held at such times and place as determined by the Directors of the Company. The Directors may also, when they think fit, convene other general meetings of the Company. General meetings may also be convened on requisition as provided by the Companies Act 2006.

An AGM is required to be called on not less than 21 days' notice in writing. Subject to obtaining shareholder approval on an annual basis, the Company may call other general meetings on 14 days' notice. The Directors may determine that persons entitled to receive notices of meetings are those persons entered on the register at the close of business on a day determined by the Directors but not later than 21 days before the date the relevant notice is sent. The notice may also specify the record date, the time of which shall be determined in accordance with the Articles of Association and the Companies Act 2006.

Under section 336 of the Companies Act 2006 the AGM must be held each calendar year and within six months of the Company's year end.

Variation of rights

If at any time the Company's share capital is divided into different classes of shares, the rights attached to any class may be varied, subject to the provisions of the Companies Act 2006, either with the consent in writing of the holders of three quarters in nominal value of the shares of that class or at a separate meeting of the holders of the shares of that class.

At every such separate meeting all of the provisions of the Articles of Association relating to proceedings at a general meeting apply, except that (i) the quorum is to be the number of persons (which must be at least two) who hold or represent by proxy not less than one third in nominal value of the issued shares of the class or, if such quorum is not present on an adjourned meeting, one person who holds shares of the class regardless of the number of shares he holds; (ii) any person present in person or by proxy may demand a poll; and (iii) each shareholder will have one vote per share held in that particular class in the event a poll is taken. Class rights are deemed not to have been varied by the creation or issue of new shares ranking equally with or subsequent to that class of shares in sharing in profits or assets of the Company or by a redemption or repurchase of the shares by the Company.

Limitations on transfer, voting and shareholding

As far as the Company is aware there are no limitations imposed on the transfer, holding or voting of the Company's ordinary shares other than those limitations that would generally apply to all of the shareholders, those that apply by law (e.g. due to insider dealing rules) or those that apply as a result of failure to comply with a notice under section 793 of the Companies Act 2006. No shareholder has any securities carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities.

Documents on display

The Company is subject to the information requirements of the Exchange Act applicable to foreign private issuers. In accordance with these requirements the Company files its Annual Report on Form 20-F and other related documents with the SEC. These documents may be inspected at the SEC's public reference rooms located at 100 F Street, NE Washington, DC 20549. Information on the operation of the public reference room can be obtained in the United States by calling the SEC on +1-800-SEC-0330. In addition, some of the Company's SEC filings, including all those filed on or after 4 November 2002, are available on the SEC's website at sec.gov. Shareholders can also obtain copies of the Company's Articles of Association from our website at vodafone.com/governance or from the Company's registered office.

Shareholder information (continued)

Unaudited information

Material contracts

At the date of this Annual Report the Group is not party to any contracts that are considered material to its results or operations except for:

- its €3,860,000,000 and US\$ 3,935,000,000 revolving credit facilities which are discussed in note 21 “Borrowings” to the consolidated statements;
- Contribution and Transfer Agreement dated 31 December 2016, as amended, relating to the contribution and/or transfer of shares in Ziggo Group Holding B.V. and Vodafone Libertel B.V. to Lynx Global Europe II B.V. and the formation of the Netherlands joint venture;
- the Implementation Agreement dated 20 March 2017, as amended, relating to the combination of the Indian mobile telecommunications businesses of Vodafone Group and Idea Group as detailed in note 27 “Acquisitions and disposals” to the consolidated financial statements;
- the Implementation Agreement dated 25 April 2018 relating to the combination of the businesses of Indus Towers and Bharti Infratel;
- the Sale and Purchase Agreement dated 9 May 2018 relating to the purchase of Liberty Global plc’s businesses in Germany, Romania, Hungary and the Czech Republic;
- the Transitional Services Agreement dated 31 July 2019 relating to services and cooperation relating to the sale of Liberty Global plc’s businesses in Germany, Romania, Hungary and the Czech Republic;
- the Sale and Purchase Agreement dated 31 July 2019 relating to the sale of Vodafone New Zealand;
- the Scheme Implementation Deed dated 30 August 2018 relating to the proposed merger between Vodafone Hutchison Australia Pty Limited and TPG Telecom Limited; and
- the Deed of Merger dated 31 March 2020 relating to the combination of Vodafone Italy’s towers with INWIT’s passive network infrastructure.

Exchange controls

There are no UK Government laws, decrees or regulations that restrict or affect the export or import of capital including, but not limited to, foreign exchange controls on remittance of dividends on the ordinary shares or on the conduct of the Group’s operations.

Taxation

As this is a complex area investors should consult their own tax advisor regarding the US federal, state and local, the UK and other tax consequences of owning and disposing of shares and ADSs in their particular circumstances.

This section describes, primarily for a US holder (as defined below), in general terms, the principal US federal income tax and UK tax consequences of owning or disposing of shares or ADSs in the Company held as capital assets (for US and UK tax purposes). This section does not, however, cover the tax consequences for members of certain classes of holders subject to special rules including, for example, US expatriates and former long-term residents of the United States; officers and employees of the Company; holders that, directly, indirectly or by attribution, hold 5% or more of the Company’s stock (by vote or value); financial institutions; insurance companies; individual retirement accounts and other tax-deferred accounts; tax-exempt organisations; dealers in securities or currencies; investors that will hold shares or ADSs as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes; investors holding shares or ADSs in connection with a trade or business conducted outside of the US; or US holders whose functional currency is not the US dollar.

A US holder is a beneficial owner of shares or ADSs that is for US federal income tax purposes:

- an individual citizen or resident of the United States;
- US domestic corporation;
- an estate, the income of which is subject to US federal income tax regardless of its source; or
- a trust, if a US court can exercise primary supervision over the trust’s administration and one or more US persons are authorised to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes.

If an entity or arrangement treated as a partnership for US federal income tax purposes holds the shares or ADSs, the US federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. Holders that are entities or arrangements treated as partnerships for US federal income tax purposes should consult their tax advisors concerning the US federal income tax consequences to them and their partners of the ownership and disposition of shares or ADSs by the partnership.

This section is based on the US Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, and on the tax laws of the UK, the Double Taxation Convention between the United States and the UK (the ‘treaty’) and current HM Revenue and Customs (‘HMRC’) published practice, all as of the date hereof. These laws and such practice are subject to change, possibly on a retroactive basis.

This section is further based in part upon the representations of the depositary and assumes that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms.

For the purposes of the treaty and the US-UK double taxation convention relating to estate and gift taxes (the ‘Estate Tax Convention’), and for US federal income tax and UK tax purposes, this section is based on the assumption that a holder of ADRs evidencing ADSs will generally be treated as the owner of the shares in the Company represented by those ADRs. Investors should note that a ruling by the first-tier tax tribunal in the UK has cast doubt on this view, but HMRC have stated that they will continue to apply their long-standing practice of regarding the holder of such ADRs as holding the beneficial interest in the underlying shares. Similarly, the US Treasury has expressed concern that US holders of depositary receipts (such as holders of ADRs representing our ADSs) may be claiming foreign tax credits in situations where an intermediary in the chain of ownership between such holders and the issuer of the security underlying the depositary receipts, or a party to whom depositary receipts or deposited shares are delivered by the depositary prior to the receipt by the depositary of the corresponding securities, has taken actions inconsistent with the ownership of the underlying security by the person claiming the credit, such as a disposition of such security. Such actions may also be inconsistent with the claiming of the reduced tax rates that may be applicable to certain dividends received by certain non-corporate holders, as described below. Accordingly, (i) the creditability of any UK taxes and (ii) the availability of the reduced tax rates for any dividends received by certain non-corporate US holders, each as described below, could be affected by actions taken by such parties or intermediaries. Generally exchanges of shares for ADRs and ADRs for shares will not be subject to US federal income tax or to UK tax other than stamp duty or stamp duty reserve tax (see the section on these taxes on page 219).

Taxation of dividends**UK taxation**

Under current UK law, there is no requirement to withhold tax from the dividends that we pay. Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on the dividends we pay unless the dividends fall within an exempt class and certain other conditions are met. It is expected that the dividends we pay would generally be exempt.

Individual shareholders in the Company who are resident in the UK will be subject to the income tax on the dividends we pay. Dividends will be taxable in the UK at the dividend rates applicable where the income received is above the dividend allowance (currently £2,000 per tax year) which is taxed at a nil rate. Dividend income is treated as the highest part of an individual shareholder's income and the dividend allowance will count towards the basic or higher rate limits (as applicable) which may affect the rate of tax due on any dividend income in excess of the allowance.

US federal income taxation

Subject to the passive foreign investment company ("PFIC") rules described below, a US holder is subject to US federal income taxation on the gross amount of any dividend we pay out of our current or accumulated earnings and profits (as determined for US federal income tax purposes). Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. holder's basis in the shares or ADSs and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US holders should therefore assume that any distribution by the Company with respect to shares will be reported as ordinary dividend income. Dividends paid to a non-corporate US holder will be taxable to the holder at the reduced rate normally applicable to long-term capital gains provided that certain requirements are met.

Dividends must be included in income when the US holder, in the case of shares, or the depositary, in the case of ADSs, actually or constructively receives the dividend and will not be eligible for the dividends-received deduction generally allowed to US corporations in respect of dividends received from other US corporations.

The amount of the dividend distribution to be included in income will be the US dollar value of the pound sterling or euro payments made determined at the spot pound sterling/US dollar rate or the spot euro/US dollar rate, as applicable, on the date the dividends are received by the US holder, in the case of shares, or the depositary, in the case of ADSs, regardless of whether the payment is in fact converted into US dollars at that time. If dividends received in pounds sterling or euros are converted into US dollars on the day they are received, the US holder generally will not be required to recognise any foreign currency gain or loss in respect of the dividend income.

Where UK tax is payable on any dividends received, a US holder may be entitled, subject to certain limitations, to a foreign tax credit in respect of such taxes.

Taxation of capital gains**UK taxation**

A US holder that is not resident in the UK will generally not be liable for UK tax in respect of any capital gain realised on a disposal of our shares or ADSs.

However, a US holder may be liable for both UK and US tax in respect of a gain on the disposal of our shares or ADSs if the US holder:

- is a citizen of the United States and is resident in the UK;
- is an individual who realises such a gain during a period of "temporary non-residence" (broadly, where the individual becomes resident in the UK, having ceased to be so resident for a period of five years or less, and was resident in the UK for at least four out of the seven tax years immediately preceding the year of departure from the UK);
- is a US domestic corporation resident in the UK by reason of being centrally managed and controlled in the UK; or
- is a citizen or a resident of the United States, or a US domestic corporation, that has used, held or acquired the shares or ADSs in connection with a branch, agency or permanent establishment in the UK through which it carries on a trade, profession or vocation in the UK.

In such circumstances, relief from double taxation may be available under the treaty. Holders who may fall within one of the above categories should consult their professional advisers.

US federal income taxation

Subject to the PFIC rules described below, a US holder that sells or otherwise disposes of our shares or ADSs generally will recognise a capital gain or loss for US federal income tax purposes equal to the difference, if any, between the US dollar value of the amount realised and the holder's adjusted tax basis, determined in US dollars, in the shares or ADSs. This capital gain or loss will be a long-term capital gain or loss if the US holder's holding period in the shares or ADSs exceeds one year.

The gain or loss will generally be income or loss from sources within the US for foreign tax credit limitation purposes. The deductibility of losses is subject to limitations.

Shareholder information (continued)

Unaudited information

Additional tax considerations**UK inheritance tax**

An individual who is domiciled in the United States (for the purposes of the Estate Tax Convention) and is not a UK national will not be subject to UK inheritance tax in respect of our shares or ADSs on the individual's death or on a transfer of the shares or ADSs during the individual's lifetime, provided that any applicable US federal gift or estate tax is paid, unless the shares or ADSs are part of the business property of a UK permanent establishment or pertain to a UK fixed base used for the performance of independent personal services. Where the shares or ADSs have been placed in trust by a settlor they may be subject to UK inheritance tax unless, when the trust was created, the settlor was domiciled in the United States and was not a UK national. Where the shares or ADSs are subject to both UK inheritance tax and to US federal gift or estate tax, the estate tax convention generally provides a credit against US federal tax liabilities for UK inheritance tax paid.

UK stamp duty and stamp duty reserve tax

Stamp duty will, subject to certain exceptions, be payable on any instrument transferring our shares to the custodian of the depository at the rate of 1.5% on the amount or value of the consideration if on sale or on the value of such shares if not on sale. Stamp duty reserve tax ('SDRT'), at the rate of 1.5% of the amount or value of the consideration or the value of the shares, could also be payable in these circumstances but no SDRT will be payable if stamp duty equal to such SDRT liability is paid.

Following rulings of the European Court of Justice and the first-tier tax tribunal in the UK, HMRC have confirmed that the 1.5% SDRT charge will not be levied on an issue of shares to a depository receipt system on the basis that such a charge is contrary to EU law.

No stamp duty should in practice be required to be paid on any transfer of our ADSs provided that the ADSs and any separate instrument of transfer are executed and retained at all times outside the UK.

A transfer of our shares in registered form will attract ad valorem stamp duty generally at the rate of 0.5% of the purchase price of the shares. There is no charge to ad valorem stamp duty on gifts.

SDRT is generally payable on an unconditional agreement to transfer our shares in registered form at 0.5% of the amount or value of the consideration for the transfer, but if, within six years of the date of the agreement, an instrument transferring the shares is executed and stamped, any SDRT which has been paid would be repayable or, if the SDRT has not been paid, the liability to pay the tax (but not necessarily interest and penalties) would be cancelled. However, an agreement to transfer our ADSs will not give rise to SDRT.

PFIC rules

We do not believe that our shares or ADSs will be stock of a PFIC for US federal income tax purposes for our current taxable year or the foreseeable future. This conclusion is a factual determination that is made annually and thus is subject to change. If we are a PFIC, US holders of shares would be required (i) to pay a special US addition to tax on certain distributions and (ii) any gain realised on the sale or other disposition of the shares or ADSs would in general not be treated as a capital gain unless a US holder elects to be taxed annually on a mark-to-market basis with respect to the shares or ADSs.

Otherwise a US holder would be treated as if he or she has realised such gain and certain "excess distributions" ratably over the holding period for the shares or ADSs and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated.

An interest charge in respect of the tax attributable to each such preceding year beginning with the first such year in which our shares or ADSs were treated as stock in a PFIC would also apply. In addition, dividends received from us would not be eligible for the reduced rate of tax described above under "Taxation of Dividends – US federal income taxation".

Back-up withholding and information reporting

Payments of dividends and other proceeds to a US holder with respect to shares or ADSs, by a US paying agent or other US intermediary will be reported to the Internal Revenue Service and to the US holder as may be required under applicable regulations. Back-up withholding may apply to these payments if the US holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements.

Certain US holders are not subject to back-up withholding. US holders should consult their tax advisors about these rules and any other reporting obligations that may apply to the ownership or disposition of shares or ADSs, including requirements related to the holding of certain foreign financial assets.

History and development

Unaudited information

The Company was incorporated under English law in 1984 as Racal Strategic Radio Limited (registered number 1833679). After various name changes, 20% of Racal Telecom Plc share capital was offered to the public in October 1988. The Company was fully demerged from Racal Electronics Plc and became an independent company in September 1991, at which time it changed its name to Vodafone Group Plc.

Since then we have entered into various transactions which significantly impacted on the development of the Group. The most significant of these transactions are summarised below:

- The merger with AirTouch Communications, Inc. which completed on 30 June 1999. The Company changed its name to Vodafone AirTouch Plc in June 1999 but then reverted to its former name, Vodafone Group Plc, on 28 July 2000.
- The completion on 10 July 2000 of the agreement with Bell Atlantic and GTE to combine their US cellular operations to create the largest mobile operator in the United States, Verizon Wireless, resulting in the Group having a 45% interest in the combined entity.
- The acquisition of Mannesmann AG which completed on 12 April 2000. Through this transaction we acquired businesses in Germany and Italy and increased our indirect holding in Société Française u Radiotéléphone S.A. ('SFR').
- On 8 May 2007 we acquired companies with controlling interests in Vodafone India Limited ('Vodafone India'), formerly Vodafone Essar Limited, for US\$ 10.9 billion (€7.7 billion).
- On 20 April 2009 we acquired an additional 15.0% stake in Vodacom for cash consideration of ZAR 20.6 billion (€1.8 billion). On 18 May 2009 Vodacom became a subsidiary.
- Through a series of business transactions on 1 June and 1 July 2011, we acquired an additional 22% stake in Vodafone India from the Essar Group for a cash consideration of US\$ 4.2 billion (€2.9 billion) including withholding tax.
- Through a series of business transactions in 2011 and 2012, Vodafone assigned its rights to purchase approximately 11% of Vodafone India from the Essar Group to Piramal Healthcare Limited ('Piramal'). On 18 August 2011 Piramal purchased 5.5% of Vodafone India from the Essar Group for a cash consideration of INR 28.6 billion (€410 million). On 8 February 2012, it purchased a further 5.5% of Vodafone India from the Essar Group for a cash consideration of approximately INR 30.1 billion (€460 million) taking Piramal's total shareholding in Vodafone India to approximately 11%.
- On 27 July 2012 we acquired the entire share capital of Cable & Wireless Worldwide plc for a cash consideration of €1,050 million (€1,340 million).
- On 31 October 2012 we acquired TelstraClear Limited in New Zealand for a cash consideration of NZ\$840 million (€660 million).
- On 13 September 2013 we acquired a 76.57% interest in Kabel Deutschland Holding AG in Germany for cash consideration of €5.8 billion.
- The completion on 21 February 2014 of the agreement, announced on 2 September 2013, to dispose of our US Group whose principal asset was its 45% interest in Verizon Wireless ('VZW') to Verizon Communications Inc. ('Verizon'), Vodafone's joint venture partner, for a total consideration of US\$ 130 billion (€95 billion) including the remaining 23.1% minority interest in Vodafone Italy. Following completion, Vodafone shareholders received Verizon shares and cash totalling US\$ 85 billion (€37 billion).
- In March 2014 we acquired the indirect equity interests in Vodafone India held by Analjit Singh and Neelu Analjit Singh, taking our stake to 89.03% and then in April 2014 we acquired the remaining 10.97% of Vodafone India from Piramal Enterprises Limited for cash consideration of INR 89.0 billion (€1.0 billion), taking our ownership interest to 100%.
- On 23 July 2014 we acquired the entire share capital of Grupo Corporativo Ono, S.A. ('Ono') in Spain for total consideration, including associated net debt acquired, of €7.2 billion.
- On 31 December 2016 we completed the transaction with Liberty Global plc to combine our Dutch operations in a 50:50 joint venture called VodafoneZiggo Group Holding B.V. ('VodafoneZiggo').
- On 29 March 2018, we completed the transaction with the Qatar Foundation to sell acquire Vodafone Europe BV's 51% stake in the joint venture company, Vodafone and Qatar Foundation LLC, that controls Vodafone Qatar for a total cash consideration of QAR 1,350 million (€301 million).
- On 31 March 2018, Vodafone India completed the sale of its stand-alone tower business in India to ATC Telecom Infrastructure Private Limited ('ATC') for an enterprise value of INR 38.5 billion (€478 million).
- On 25 April 2018, Vodafone, Bharti Airtel Limited ('Bharti Airtel') and Idea announced the merger of Indus Towers Limited ('Indus Towers') into Bharti Infratel Limited ('Bharti Infratel'), creating a combined company that will own the respective businesses of Bharti Infratel and Indus Towers. Upon completion of the transaction Bharti Airtel and Vodafone will jointly control the combined company, in accordance with the terms of a new shareholders' agreement.
- On 9 May 2018, Vodafone announced that it had agreed to acquire Unitymedia GmbH in Germany and Liberty Global's operations (excluding its "Direct Home" business) in the Czech Republic, Hungary and Romania for a total enterprise value of €18.4 billion.
- On 30 August 2018, Vodafone announced that Vodafone Hutchison Australia Pty Limited ('VHA') and TPG Telecom Limited ('TPG') had agreed a merger to establish a new fully integrated telecommunications operator in Australia ('MergeCo'). Vodafone and Hutchison Telecommunications (Australia) Limited ('HTAL') would each own an economic interest of 25.05% in MergeCo, with TPG shareholders owning the remaining 49.9%.
- On 31 August 2018, the Group completed the transaction to combine its subsidiary, Vodafone India (excluding its 42% stake in Indus Towers), with Idea Cellular to form Vodafone Idea, with the combined company being jointly controlled by Vodafone and the Aditya Birla Group.
- On 31 July 2019, the Group completed the acquisition of a 100% interest in Unitymedia GmbH in Germany and Liberty Global's operations (excluding its "Direct Home" business) in the Czech Republic, ('UPC Czech'), Hungary ('UPC Hungary') and Romania ('UPC Romania'). This creates a converged national provider of digital infrastructure in Germany and converged communications operators in the Czech Republic, Hungary and Romania. See note 27 "Acquisitions and disposals".
- On 31 July 2019, the Group sold its 100% interest in Vodafone New Zealand Limited. See note 27 "Acquisitions and disposals".
- On 31 March 2020, the Group merged its passive tower infrastructure in Italy with INWIT S.p.A, creating the leading tower company in Italy. See note 27 "Acquisitions and disposals".
- On 31 March 2020, the Group sold its 100% interest in Vodafone Malta Limited. See note 27 "Acquisitions and disposals".

Regulation

Unaudited information

Our operating companies are generally subject to regulation governing the operation of their business activities. Such regulation typically takes the form of industry specific law and regulation covering telecommunications services and general competition (antitrust) law applicable to all activities. The following section describes the regulatory frameworks and the key regulatory developments at national and regional level and in the European Union ('EU'), in which we had significant interests during the year ended 31 March 2020. Many of the regulatory developments reported in the following section involve ongoing proceedings or consideration of potential proceedings that have not reached a conclusion. Accordingly, we are unable to attach a specific level of financial risk to our performance from such matters.

European Union ('EU')

In June 2018, the European Parliament and the Council reached an overall political agreement on the European Electronic Communications Code ('EECC') and BEREC Regulation, with formal adoption finalised in December 2018. Member States must complete transposition into national law by the end of 2020. Rules capping prices on intra-EU international calls came into force in May 2019 and BEREC issued further Guidelines on implementation. In July 2019, the European Commission launched a public consultation on voice call termination rates in the EU to feed into the implementation of the European Commission's policy on the Eurorates.

In February 2019, The Commission launched a targeted consultation on the review of the Recommendation on relevant markets in the electronic communications sector adopted in 2014 (2014/710/EU). The aim is to gather information on the state of play and developments of wholesale markets and assess current and potential markets susceptible to ex ante regulation in the sector. The results of the targeted consultation will support the Commission's preparations of the new Recommendation to be adopted by December 2020.

In April 2019, the Digital Content and Sales of Goods Directives was adopted, introducing new consumer rights when buying digital and smart products.

In May 2019, the EU Regulation on the free flow of non-personal data became applicable, removing obstacles to the free movement of non-personal data across Member States in the EU.

In May 2019, the Cybersecurity Act entered into force. This includes a permanent mandate, expanded responsibilities and more resources for the EU Cybersecurity Agency and promotion of security by design and by default by implementing a framework for the voluntary cybersecurity certification of information and communications ('ICT') products, services and processes, obtainable in any Member State with validity across the EU.

In May 2019, the EU adopted a revised version of the Cable and Satellite Directive, covering the rights clearance of content retransmitted over the internet, and particularly fixed and mobile broadband.

In July 2019, the first EU regulation specifically addressing the platform economy was adopted, imposing transparency and redress obligations for online platforms operating in the B2C market.

In July 2019, draft legislation proposed by the EC on vehicle connectivity standards was struck down by the EU Council of Ministers.

The EC's legislative proposal for an e-Privacy Regulation, which will update the existing e-Privacy Directive with specific rules applicable to the electronic communications sector, and a proposal for a regulation on the removal of terrorist content online are still in the process of being negotiated. Similarly, the Directive on Collective Redress and the proposals for cross-border access by law enforcement authorities to electronic evidence are also still in discussions. Finally, we expect further discussions on the proposed EU Cybersecurity Competence Centre Regulation.

In February 2020, the EC President von der Leyen presented the EU digital package, under the banner A Europe Fit for the Digital Age. The package is one of the flagship policy initiatives of the new Commission, alongside the Green Deal and Industrial Strategy. A key feature of the digital package is a white paper on Artificial Intelligence, which announces future regulation for high-risk AI applications. The consultation on the white paper is open until May 2020.

Europe region

Germany

In May 2017, the national regulatory authority ('BNetzA') initiated the market review process for wholesale access at fixed locations currently covering both unbundled local loop ('ULL') and virtual unbundled local access ('VULA') as well as bitstream wholesale products. Meanwhile, BNetzA has started market-wide discussions on possible remedies and the future of fibre access regulation in advance of the draft regulatory order, expected in Q2 2020.

In June 2019, Vodafone Germany acquired 2x20MHz of the expiring 2.1GHz spectrum and 1x90MHz of 3.6GHz spectrum in the recent auction for €1.88 billion. The amount due is payable in instalments until 2030. The allocation is valid till end of 2040.

In September 2019, BNetzA's draft decision regarding fixed access market review (Market 3a) indicated Deutsche Telekom has significant market power across all speeds, technologies and regions. Cable operators are not defined as being dominant, taking into account the merger between Vodafone and Unitymedia.

In November 2019, BNetzA published a decision to lower mobile termination rates ('MTRs') in Germany from 0,95€ct/min down to 0,90€ct/min effective December 2019 onwards. The glide path reduces the MTR to 0,78€ct/min in December 2020, and to 0,70€ct/min in December 2021 until December 2022.

Italy

In March 2017, the national regulatory authority ('AGCOM') imposed a minimum billing period of one month for fixed and convergent offers, effective by the end of June 2017. The operators appealed AGCOM's resolution before the Administrative Court, which was rejected in February 2018. Vodafone Italy filed an appeal before the Council of State which is pending.

In January 2019, AGCOM opened a national consultation on the wholesale local and central fixed access market review. The draft proposal modifies the criteria for defining competitive areas and lowers wholesale prices in non-competitive areas. In August 2019, AGCOM issued its final decision, which defined the regulatory framework applicable for access to Telecom Italia ('TIM') fixed network from 2018 to 2021.

In July 2019, TIM and Vodafone Italy reached an agreement for: (i) the creation of an active network sharing partnership for 4G and 5G; and (ii) the expansion of their existing passive sharing agreement. Vodafone Italy has also agreed to merge its passive tower infrastructure in Italy into INWIT SpA, which already holds TIM's towers (the 'Combination'). Vodafone Italy and TIM intend to retain joint control of INWIT, but over time will consider jointly reducing their respective ownership levels from 37.5% to a minimum of 25.0%. In March 2020, the EC cleared this merger. Vodafone Italy and TIM have offered commitments to support access to INWIT's passive infrastructure to all market participants. Under the commitments, INWIT will make space available to third parties in more urbanised areas while committing to preserving existing tenancies.

In August 2019, AGCOM started a sanctioning proceeding against Vodafone Italy based on the non-compliance of AGCOM's order to provide customers with automatic reimbursement/restitutions. In March 2020, AGCOM closed the proceeding, issuing a sanction of €2.5 million.

In January 2020, the NCA ruled that Vodafone Italy, TIM, Fastweb and WindTre would coordinate their commercial strategies relating to the transition from four week billing (28 days) to monthly billing.

AGCOM adopted a decision to impose reimbursements/restitutions for fixed and convergent customers from June 2017 and April 2018. In July 2019, the Council of State rejected Vodafone Italy's appeal of the Administrative Tribunal statement and Vodafone Italy started the reimbursement to their customers, full decision published in February 2020.

United Kingdom

The national regulatory authority ('Ofcom') has paused its consultation on the Fixed Wholesale Telecoms Market Review covering consumer and business connectivity services, a new deadline for responses pending. The new regime is intended to commence in FY22 and run for five years.

In July 2019, the new Ofcom rules on Mobile switching took effect, introducing a text to switch option for consumers to change provider. In February 2020, best Tariff Advice was introduced for consumers.

In March 2020, the Court of Appeal upheld the May 2019 High Court decision which ruled that Ofcom must repay certain spectrum licence fees. These fees had been previously collected under regulations which were subsequently ruled as null and void.

In March 2020, Ofcom confirmed the rules for the forthcoming auction of 700MHz and 3.6GHz spectrum. At the time of publication, it was expected the auction would occur before the end of June 2020.

Vodafone UK has entered into a partnership with Government and other mobile operators to provide a shared rural network solution to deliver connectivity to deep rural communities. The Shared Rural Network sees Vodafone UK and its partners investing in a network of new and existing phone masts (overseen by a jointly owned company).

Spain

Following the dismissal of Vodafone Spain's Supreme Court appeal on the so-called "TV Tax", the National Audience court presented its preliminary ruling before the European Court of Justice ('ECJ') on the compatibility of the TV Tax with the Authorisation Directive in February 2018. In March 2019, ECJ concluded the TV Tax is compatible with the Authorization Directive. However, in February 2020 the National Audience referred the case to the Constitutional Court to resolve on the constitutionality of the tax.

Vodafone Spain has requested the extension and modification of the commitments in relation to the Movistar-DTS merger in 2015. The commitment period will end in April 2020 but is subject to a three year extension period. Vodafone Spain responded in February 2020 to a request for information by the national regulatory authority ('CNMC'), requesting an extension of the commitments on series and movies, and a modification of the economic model of premium sport channels.

In April 2019, Orange and Vodafone Spain reached two agreements to strengthen their existing mobile and fixed network partnership in Spain: (i) a RAN Sharing Agreement that will bring network sharing to municipalities and established conditions to expand current sharing for 2G, 3G, 4G and 5G technologies; (ii) a Fixed broadband network agreement expanding previous FTTH co-investment agreements through new wholesale access or co-investment agreements. CNMC is assessing the compatibility of the Agreements with Competition Law.

In May 2019, the Ministry of Economy and Enterprise ('Ministry') launched a 5G public consultation on 700MHz, 1.5GHz and 26GHz spectrum bands. The 26GHz auction may be delayed and detached from 700MHz auction. In December 2019, the Ministry launched a public consultation to modify the Spanish National Frequencies Plan relative to 700MHz auction: i) proposed maximum spectrum cap for this band: 2x10MHz for any operator, that could be increased to 2x20MHz in case of trading, mutualisation or cession; ii) proposed attribution of guard bands. In March 2020, the Government communicated its intention to delay the auction.

In March 2020, Vodafone Spain renewed its FTTH Contract with Telefónica. The renewal modified the scope of the agreement in order (i) to extend the coverage of the Agreement to include Telefonica's entire FTTH footprint and (ii) to improve the commercial and operational conditions provided by Telefonica in exchange for additional purchase commitments, and (iii) to extend the agreement for five additional years, until the end of 2024.

Netherlands

In April 2018, the EC commenced an investigation in relation to the acquisition of sports rights at several media companies in Europe, including VodafoneZiggo's sports channel, Ziggo Sport. The investigation is ongoing.

In September 2018, the national regulatory authority ('ACM') published the final decision on the Wholesale Fixed Access market analysis and it entered into force in October 2018. VodafoneZiggo appealed the ACM decision in the national court and at the EU level. The national court delivered its verdict in March 2020, annulling the ACM decision; therefore, VodafoneZiggo is no longer required to provide regulated access to its cable network.

Ireland

In April 2019, the national regulatory authority ('ComReg') published its final decision on Universal Service funding applications by eircom Ltd ('eir') for 2010 to 2015. ComReg found that the net cost of the USO did not represent an unfair burden on eir. Subsequently, eir have challenged this decision and the hearing is set for May 2020. Vodafone Ireland is notice parties to these proceedings.

In May 2019, ComReg published its final decision on termination rates which moved the MTR rate to €0.67c. This rate took effect in July 2019 and reduced further to €0.55c in January 2020.

Regulation (continued)

Unaudited information

In October 2019, a settlement agreement was reached in High Court Proceedings between Sky Ireland Limited and ComReg. The appeal challenged aspects of the market review of wholesale broadband services (WLA and WCA). Under the settlement, ComReg confirmed that they would publish a consultation on a revised access network model, a call for input on the market impact of current FTTH pricing and a decision on the review of the WACC.

In December 2019, ComReg's decision that Non-Geographic Numbers (NGNs) should be included in the customer's bundle of call minutes took effect. Separately, in January 2020 ComReg issued a decision to impose a price control on wholesale origination charges for select NGN numbers which will take effect in May 2020.

Portugal

In July 2019, Vodafone Portugal signed a MoU with infrastructure operator DST regarding wholesale access to a new fibre network which DST will roll out. NOS has signed a similar MoU with DST. The parties are negotiating the contract terms.

In July 2019, Vodafone Portugal launched a court action against ANACOM seeking the revocation of Dense Air's spectrum licence. Vodafone Portugal submitted that Dense Air has breached the conditions attached to its spectrum licence by failing to use its allocation.

In December 2019 the Portuguese Competition Authority (AdC) carried out an analysis of the telecom sector and identified competition vulnerabilities, such as higher prices relative to the EU average, low consumer mobility and a high level of consumer complaints. The AdC adopted a set of eight recommendations to the legislator and to the sector regulator aimed at mitigating the concerns.

In February 2020, the Portuguese Government put forward a Resolution setting its 5G Strategy. Following this, ANACOM launched a public consultation on the 5G Auction Regulation, which is currently suspended due to the COVID-19 pandemic crisis.

In February 2020, ANACOM confirmed the new mobile termination price cap of €0.36c will come into force in July 2020 and the new fixed termination price cap of €0.046c will come into force in October 2020.

In February 2020, ANACOM reviewed the prices applicable to circuits connecting Mainland Portugal with the Azores and Madeira Islands (CAM) and circuits connecting the Azores islands. Ethernet CAM circuits were reduced by 10% and inter-island circuits by 6%, effective retroactively from October 2019.

In February 2020, Vodafone Portugal signed a Letter of Intent with NOS, which sets the principles guiding the negotiation of a new mobile network sharing agreement.

Vodafone Portugal continues to challenge payment notices totalling €34.8 million issued by ANACOM regarding 2012-2014 extraordinary compensation of Universal Service net costs.

Vodafone Portugal has successfully appealed, with retroactive effect, an ANACOM dispute resolution decision dated August 2018 relating to pole access and drop cables. The dispute resolution procedure is suspended until ANACOM adopts additional amendments to the poles reference offer.

Romania

In July 2019, the national regulatory authority (ANCOM) consulted on the terms and conditions for the 5G spectrum auction, which is delayed until late 2020.

In November 2019, ANCOM adopted the final decision for MTR decrease to €0.76c, effective January 2020.

Greece

In July 2019, the national regulatory authority's (EETT) issued a decision rejecting the complaint filed by Vodafone Greece's against Cosmote, arguing abuse by Cosmote of its dominant position in the prepaid market. EETT's decision in relation to Wind's complaint against Vodafone Greece and Cosmote alleging abuse of dominance in relation to calls to mobile networks in Albania is pending.

EETT ran a public consultation for the development of a BULRIC+ model for wholesale copper and fibre access pricing and the modelling approach & implementation. The EC reviewed the finalised model and advised further review and requested certain modifications.

Vodafone Greece appealed EETT's decision on the MVNO access dispute resolution between Vodafone and Forthnet; the hearing of the case is pending.

Forthnet has filed a complaint with the Administrative Court requesting the annulment of the Vectoring/FTTH allocation decisions. The hearing date has been postponed to September 2020.

In February 2020, the consultation on the upcoming 5G spectrum auction for 700MHz, 2.1GHz, 3.5GHz and 26GHz was launched, with plans for the auction to take place in late 2020. The 3.5GHz band defragmentation actions are in progress to allow for large blocks of continuous spectrum for the facilitation of 5G deployment.

Czech Republic

In January 2019, the national regulatory authority (CTU) updated their 5G framework position for the 700MHz spectrum. The auction will now include 3.4-3.5GHz spectrum. In June 2019, the CTU consulted on the draft conditions of the 5G spectrum auction. In March 2020, the CTU consulted on the revised conditions, with the 5G spectrum auction expected to take place in the second half of 2020.

In July 2019, the EC issued a decision with comments on the three criteria test establishing a new relevant market, the mobile wholesale access & origination market. The EC urged the CTU to reconsider its conclusions. CTU ignored the comments and added the wholesale mobile market on the list of relevant markets in December 2020.

In August 2019, the EC issued its Statement of Objections to O2 CZ, CETIN and T-Mobile's mobile network sharing agreement in the Czech Republic. The EC reached the preliminary conclusion that agreement restricts competition and thereby harms innovation in breach of EU antitrust rules.

In April 2020, the 900MHz band will be reshuffled to provide one contiguous block to each 900MHz holder.

Hungary

The Economic Competition Office investigation into the network & spectrum sharing and possible collusion in the previous spectrum tender by Magyar Telekom and Telenor is ongoing.

In November 2019, the national regulatory authority (NMHH) published the reference unbundling offer on Layer 2 wholesale access product in Magyar Telekom's network. Magyar Telekom is obliged to launch Layer 2 wholesale access product from June 2020. In March 2020, NMHH published the draft reference unbundling offer on Layer 2 wholesale access product in Invitel's network. Invitel, is obliged to launch Layer 2 wholesale access product from November 2020.

In March 2020, Vodafone Hungary acquired 2x10MHz of 700MHz spectrum and 2x5MHz of 2.1GHz spectrum and 1x50MHz of 3.6GHz spectrum in the recent auction for €108.02 million. The spectrum acquired has a 15 year duration to 2035, with the option of a further five year extension.

Albania

In October 2018, the national regulatory authority ("AKEP") announced that the wholesale market of access and origination in mobile networks, the wholesale international calls market, and the retail market of mobile services would be regulated. However, AKEP withdrew the approved market analysis two weeks later. In April 2019, AKEP launched a new market analysis for public consultation. In July 2019, Vodafone Albania submitted its comments.

In April 2019, Albania, Bosnia & Herzegovina, Kosovo, North Macedonia, Serbia and Montenegro signed the WB6 Regional Roaming Agreement. The Agreement states the RLAH+ regime will be effective starting in July 2019, and RLAH will be effective from July 2021. Following this, AKEP issued decisions that oblige the MNOs to implement regulated roaming tariffs (retail and wholesale), as well as a regulated termination rate only for roaming traffic exchanged between the above mentioned countries.

In July 2019, AKEP announced the tender for the unallocated 800MHz spectrum. In the September 2019 tender, Telekom Albania was the only bidder.

In February 2020, the CA approved the "Decision on the authorization of the concentration with conditions and obligations resulting from the acquisition of the company ABCom SHPK by Vodafone Albania SHA". The conclusion of ABCom acquisition will push Vodafone Albania in the convergence space.

The auction for the remaining block of 800MHz spectrum band and 5G frequencies are expected to happen in 2020.

Malta

Vodafone sold its Malta operations to Monaco Telecom. The Malta Communications Authority ("MCA") issued its approval on the transaction paving the way for the transaction to be completed on 31 March 2020.

Africa, Middle East and Asia-Pacific region**India**

In September 2017, the national regulatory authority ("TRAI") issued its revised Interconnect Usage Charge ("IUC") Regulation, reducing the MTR from INR 0.14 per minute to INR 0.06 per minute. In September 2019, TRAI issued a consultation paper on review of IUC seeking inputs for revision of the applicable date for Bill and Keep ("BAK") regime. In December 2019, TRAI deferred the implementation of zero-IUC regime by a year until January 2021. Vodafone Idea's petition in the Delhi High Court against the February 2015 IUC regulation that reduced the MTR to INR 0.14 is due for a hearing in May 2020. Vodafone Idea's Petition in Gujarat High Court against this Regulation is pending.

Vodafone & Idea's Petition in Bombay High Court challenging TRAI's IUC Regulation reducing International Termination Charges from INR 0.53 to INR 0.30 per minute is pending. In November 2019, TRAI issued a consultation paper for review of International termination charges, and Vodafone Idea recommended an increase to these charges.

In August 2018, TRAI submitted its recommendations on "Auction of Spectrum" including reserve prices, bands and block sizes. DoT issued harmonisation instructions for 900MHz, 1800MHz and 2100MHz bands, making the Vodafone and Idea spectrum contiguous in these bands. Sub-judice blocks of 2100MHz have been excluded. In May 2019, the DoT harmonised the of 1800MHz in Assam, North East, Madhya Pradesh, J&K & Orissa service areas.

In March 2020, the Supreme Court dismissed Vodafone Idea's appeal against TDSAT's judgment upholding the levy of a one-time spectrum charge for administratively assigned spectrum above 6.2MHz.

TDSATs hearing for Vodafone India's challenge against the financial demands by the DoT for approving the transfer of Vodafone India's licences in 2015 is pending.

In October 2019, the Supreme Court in India ruled against the industry in a dispute over the calculation of licence and other regulatory fees. In March 2020, the Supreme Court admitted DoT's application seeking permission to recover the licence fee and spectrum fees due (including interest and penalty) from telecom operators over a period of 20 years. The next date for hearing is awaited.

Vodafone Idea and the DoT separately filed an appeal in Supreme Court against TDSAT's judgment on the Microwave frequency rates dispute, the hearing is pending. In October 2019, the Supreme Court stayed the disputed judgment and directed Vodafone India to submit Bank Guarantees for the disputed amount.

In October 2019, TDSAT issued its judgment disallowing the set-off of INR 4.84 billion in Idea-Spice merger/set-off of entry fee paid for Spice's quashed licenses (in 2012/13).

In November 2019, TRAI reduced the MNP per port transaction fee from INR 19 to INR 6.46.

In February 2020, DoT issued licence amendments allowing mobile operators to make deferred spectrum payments for the years FY21 and FY22.

Vodacom: South Africa

In November 2017, The Competition Commission ("CC") initiated a market inquiry to understand what factors in the market(s) and value chain may lead to high prices for data services. In December 2019, the CC published the final report detailing the recommendations, which require operators to independently reach agreements with the CC. Vodacom and the CC concluded a consent agreement in March 2020.

In September 2018, the national regulatory authority ("ICASA") published Final Call Termination Regulations ("CTR") effective as of October 2018. In October 2019, Vodacom reduced the CTR it charges accordingly.

In November 2018, ICASA commenced a market inquiry into mobile broadband services to assess the state of competition and determine whether there are markets or market segments within the mobile broadband services value chain that may require regulatory intervention. In December 2019, ICASA published a Discussion Document with its preliminary views for comment, which will be followed by public hearings.

In November 2019, ICASA published an Information Memorandum ("IM") on the licensing process for international mobile telecommunications ("IMT") spectrum, for comments on the provisioning of mobile broadband wireless open access services using the complimentary bands. ICASA to publish an Invitation to Apply for the licensing the IMT Spectrum.

Regulation (continued)

Unaudited information

Vodacom: Democratic Republic of Congo

In September 2017, the Public Prosecutor commenced its SIM registration investigation. The outcome of the investigation has not yet been communicated.

The Communications Regulator has set the MTR at US\$ 2 cents for 2020 and has removed the retail price floor from March 2020. The Communications Regulator also intends to finalise the market review started in 2016.

In January 2018, the Minister of Communications and the Communications Regulator put forward a decree to implement a traffic monitoring system. In February 2019, the new President instructed cancellation of the Decree. The Prime Minister subsequently instructed annulment of the third party supplier contract. The Communications Regulator subsequently received funding of about €3 million from World Bank to implement both a quality of service and traffic monitoring system.

In August 2018, the Customs Authority issued a draft infringement report assessing that unpaid duties for alleged smuggled devices bought by Vodacom Congo amounted to US\$ 44 million, to which Vodacom DRC objected. In May 2019, Vodacom DRC filed an administrative appeal at the Council of State, which is yet to be heard. In January 2020, the Customs Authority ordered Vodacom Congo to make payment of US\$ 44 million, to which Vodacom Congo maintained its defence. In February 2020, the Customs Authority attached all Vodacom Congo goods under customs. Vodacom DRC disputed the attachment, which was lifted in March 2020. In parallel, the Public Prosecutor's office has closed the investigation relating to the criminal claim instituted by the Customs Authority, but the final report is pending amidst the COVID-19 crisis. Concurrently, the Federation of Businesses of Congo has filed a claim against the Customs Authority on behalf of the industry, which is pending.

Vodacom: Tanzania

In February 2020, new SIM registration regulations were published, requiring full compliance with new national identification and biometric registration only requirements. Vodacom Tanzania is engaging with the Communications Regulator to ensure compliance with its directives.

In December 2017, the Communications Regulator published a new MTR of TZS15.60 per minute from 1 January 2018. The glide path reduces the MTR to TZS2.00 per minute by January 2022. Vodacom Tanzania filed an appeal with the Fair Competition Commission, which was dismissed in November 2019 with costs.

In October 2019, Vodacom Group concluded a transaction with Mirambo Limited to acquire Mirambo's 588 million shares in Vodacom Tanzania. This resulted in Vodacom Group increasing its total interest in Vodacom Tanzania from 61.6% (direct and indirect) to 75% (direct).

In April 2019, several of Vodacom Tanzania Plc's (Vodacom Tanzania) employees, including the Managing Director, were arrested by the Tanzanian Police in relation to a customer's alleged illegal use of network facilities. Vodacom Tanzania, its parent companies Vodacom Group Limited and Vodafone Group Plc are committed to upholding the highest standards of business integrity, ethics and good corporate governance. The companies retained global law firm, Squire Patton Boggs, to assist it with an internal investigation into the underlying facts in line with the companies' legal and corporate governance principles and to safeguard the companies. An outcome of the investigation has been verbally communicated to the Board, and the matter is now closed.

In February 2016, TCRA issued approval for Vodacom Tanzania's acquisition of Shared Network Tanzania Limited ('SNT') for US\$ 20 million. In June 2017, the TCRA rejected the transfer of SNT's Usage of Radio Frequency Spectrum Resources License to Vodacom Tanzania, on grounds that the law prohibits such transfer. Vodacom Tanzania had to therefore stop the merger and operate SNT as a separate entity. Following engagements, in July 2019, the Communications Regulator approved assignment of SNT's spectrum to Vodacom Tanzania, subject to payment of US\$ 424,000 in annual fees and US\$ 2.1 million in transfer costs.

Vodacom: Mozambique

In May 2019, the Communications Regulator accepted Vodacom Mozambique's offer to acquire a further 2x12.2MHz of 1.8GHz spectrum at a cost of US\$ 23 million. In September 2019, Communications Regulator issued an updated unified licence to Vodacom Mozambique, which included all its spectrum assets and the newly acquired 1.8GHz, valid for 20 years. In December 2019, the Communications Regulator issued Vodacom Mozambique with 1x60MHz of 3.7GHz spectrum.

The Communications Regulator has issued a tender to appoint a consultant for Mobile Termination Rates (MTR) cost modelling ahead of the current MTR expiry in December 2020.

Vodacom: Lesotho

In December 2019, the Communications Regulator issued a notice of enforcement proceedings in which the NRA alleges that Vodacom Lesotho breached its licensing obligation to submit to the NRA its financial statements that are certified with an independent auditor, on the ground that VL's auditing firm is not independent as required under Company Law, to which Vodacom Lesotho made representations. In February 2020, the Communications Regulator issued a determination that Vodacom Lesotho had failed to satisfy the licence condition accordingly and further directed Vodacom Lesotho to respond within 90 days (i.e. by 10 May 2020) showing cause as to why the communications licence should not be withdrawn. In March 2020, Vodacom Lesotho submitted a comprehensive response against the revocation of its licence. The final decision on the matter is pending.

International roaming in Africa

Vodacom has complied with transparency requirements proposed by the SADC Roaming Policy and Guidelines issued by the Communications Regulators Association of Southern Africa ('CRASA') in 2016. In Lesotho and Mozambique, Vodacom has further implemented Phase 1 of the glide path recommended by CRASA based on requests by their respective Communication Regulators. In June 2018, CRASA conducted a consultative workshop and commissioned a cost model to inform regulation of wholesale and retail roaming rates across the region. CRASA issued data requests to all participating regulatory authorities to support this process.

In June 2019, the draft results of the cost modelling exercise were shared, prescribing formulae that will ultimately inform roaming rates. In October 2019, the Communications Regulator in Tanzania issued a letter to comply with the SADC recommendations by December 2019. The Minister of Communications has reissued EAC Roaming Regulations unchanged from 2014. In March 2019, Vodacom Tanzania provided comments on the Regulations and implementation thereof.

Turkey

In December 2019, the national regulatory authority ('ICTA') approved and published its Fixed Broadband Wholesale Market Analysis (Market 3a and Market 3b). As a result of the Market Analysis Document: (i) the Fibre Holiday has ended and Vodafone Turkey will have access to the incumbent's fibre at different network levels based on regulated terms and fees and the incumbent is currently working on draft reference offers, (ii) the incumbent's retail arm tariffs will be subject to ex-ante margin squeeze test.

ICTA's proposed action to broaden the scope of the 3G coverage to include new metropolitan areas was suspended by the Council of State motion, as Vodafone Turkey appealed to the administrative court. In April 2019, the Council of State accepted the case and annulled the ICTA decision. The procedure of appeal is pending.

In August 2019, Vodafone Turkey received the payment order for the administrative penalty of 138 million TL due to the breach of pre-information obligations as per the District Sales Regulation & Consumer Law on Value Added Services. In September 2019, the Administrative Court annulled the penalty, with the procedure of appeal pending.

Australia

In August 2018, Vodafone Hutchison Australia ('VHA') announced plans to merge with TPG Telecom. In May 2019, VHA and TPG launched legal action in the Federal Court of Australia following the Australian Competition and Consumer Commission's ('ACCC') decision to oppose the merger. In February 2020, the Federal Court ruled that the merger would not substantially lessen competition and rejected the opposition from the ACCC. The merger is expected to complete in mid-2020, subject to satisfying the remaining conditions.

Egypt

Vodafone led the settlement in the telecommunication industry between Vodafone, Orange and Etisalat along with the national regulatory authority ('NTRA'). The operators and the NTRA have signed Settlement Agreements, which establish a new norm by re-fixing, in agreement, the interconnection rate (while maintaining the terms of the original interconnection agreements) between all the operators under the approval of the NTRA and the patronage of the Ministry of Communications & Information Technology.

In December 2018, the award for the interconnection arbitration case with Etisalat Misr was issued in favour of Etisalat Misr. Vodafone Egypt filed for an annulment of the award in March 2019. In September 2019, the parties entered in a settlement transaction.

In September 2019, Vodafone Group Europe B.V. (owning 1% of the shares) & Vodafone International Holding (owning 99% of the shares) acquired Vodafone Intelligent Solutions ('VOIS').

In January 2020, Vodafone Group Plc. ('Vodafone') signed a MoU with Saudi Telecom Company ('stc') for the sale of Vodafone's 55% shareholding in Vodafone Egypt to stc. The transaction is expected to close by the end of June 2020, subject to regulatory approval.

Ghana

In January 2018, Vodafone Ghana paid 30% of the judgment debt into court (€4.8 million) in line with a Conditional Stay of Execution in relation to a High Court decision, affirmed by a panel of the Court of Appeal, on a parcel of land located at Afransi in the Central Region of Ghana. The Ghana Lands Commission originally granted this land to Ghana Telecom. The Twidan Royal family of Gomoa Afransi stool contested Vodafone Ghana's title to the land in Court and secured a Judgment Debt equivalent to €13.6 million. In May 2019, the Court of Appeal affirmed the High Court's decision. An appeal is pending before the Supreme Court and another application which seeks to stop the plaintiff from enforcing the judgment is expected in April 2020.

The licences for the International Gateway and Submarine cable were decoupled from the fixed licence and paid for separately to obtain individual licences.

In January 2020, Vodafone Ghana successfully renewed its 900MHz and 1800MHz licences for ten years, until 2029, pending payment of US\$ 25 million. Vodafone entered into negotiations the Ministry of Communications and Ministry of Finance to amend the terms of renewal in relation to: increasing duration of licence, payment terms, re-farming rights, and additional 800MHz spectrum.

New Zealand

Effective August 2019, Vodafone sold its New Zealand operations to a joint venture of Brookfield Asset Management and Infratil Limited. Vodafone New Zealand will continue as a Vodafone partner market.

Safaricom: Kenya

In November 2019, the Kenyan Parliament passed a new Data Protection Bill that came into effect. The new law has adopted the General Data Protection Regulations standards. The Government has indicated that the Data Commissioner, who is the designated Data Protection Authority, will be appointed by July 2020.

In February 2019, Telkom Kenya Ltd and Airtel Networks Kenya Limited announced their intention to merge their respective mobile, enterprise and carrier businesses in Kenya. In December 2019, the transaction received conditional approval from the Kenyan Competition Authority. Following this, Airtel and Telkom filed an application for review of the Authority's decision with the Competition Tribunal that awaits to be heard.

Regulation (continued)

Unaudited information

Overview of spectrum licences at 31 March 2020

Country/region	700MHz Quantity ¹ (Expiry date)	800MHz Quantity ¹ (Expiry date)	900MHz Quantity ¹ (Expiry date)	1400/1500MHz Quantity ¹ (Expiry date)	1800MHz Quantity ¹ (Expiry date)	2.1GHz Quantity ¹ (Expiry date)	2.6GHz Quantity ¹ (Expiry date)	3.5GHz Quantity ¹ (Expiry date)
Europe region								
Germany	2x10 (2033)	2x10 (2025)	2x10 (2033)	20 (2033)	2x25 (2033)	2x10 ² (2020)	2x20+25 (2025)	90 (2040)
						2x5 ² (2025)		
						1x5 ² (2020)		
Italy	2x10 (2037)	2x10 (2029)	2x10 (2029)	20 (2029)	2x15 (2029)	2x15+5 (2021)	2x15 (2029)	80 (2037)
					2x5 ³ (2029)			
UK ⁴	n/a	2x10 (2033)	2x17.4 (2028)	20 (2023)	2x5.8 (2030)	2x14.8 (2022)	2x20+25 (2033)	50 (2038)
Spain	n/a	2x10 (2031)	2x10 (2028)	n/a	2x20 (2030)	2x15+5 (2030)	2x20+20 (2030)	90 (2038)
Netherlands	n/a	2x10 (2029)	2x10 (2030)	n/a	2x20 (2030)	2x20 (2020)	2x30 (2030)	n/a
Ireland	n/a	2x10 (2030)	2x10 (2030)	n/a	2x25 (2030)	2x15 (2022)	n/a	105 ⁵ (2032)
Portugal	n/a	2x10 (2027)	2x5 (2021)	n/a	2x6 (2021)	2x20 (2033)	2x20+25 (2027)	n/a
			2x5 ³ (2027)		2x14 ³ (2027)			
Romania	n/a	2x10 (2029)	2x10 (2029)	n/a	2x30 (2029)	2x15 (2031)	15 (2029)	2x20 (2025)
Greece	n/a	2x10 (2030)	2x15 (2027)	n/a	2x10 (2027)	2x20+5 (2021)	2x20+20 (2030)	n/a
					2x15 ³ (2035)			
Czech Republic	n/a	2x10 (2029)	2x10 (2029)	n/a	2x27 (2029)	2x20 (2025)	2x20 (2029)	40 (2032)
Hungary	2x10 (2035) ⁶	2x10 (2029)	2x10 (2022)	n/a	2x15 (2022)	2x15 (2027)	2x20+25 (2029)	60 (2034)
			2x1 (2029)			2x5 (2035) ⁶		50 (2035) ⁶
Albania	n/a	2x10 (2034)	2x8 (2031)	n/a	2x9 (2031)	2x15+5 (2025)	2x20+20 (2030)	n/a
			2x2 ³ (2030)		2x14 ³ (2030)	2x5 ³ (2029)		
			2x4 ⁷ (2024)		2x5 ⁷ (2024)	2x5 ⁷ (2021)		

Country by region	700MHz	800MHz	900MHz	1400/1500MHz	1800MHz	2.1GHz	2.6GHz	3.5GHz
	Quantity ¹ (Expiry date)	Quantity ¹ (Expiry date)	Quantity ¹ (Expiry date)	Quantity ¹ (Expiry date)	Quantity ¹ (Expiry date)	Quantity ¹ (Expiry date)	Quantity ¹ (Expiry date)	Quantity ¹ (Expiry date)
Africa, Middle East and Asia-Pacific region								
India ⁸	n/a	n/a	(2021–2036)	n/a	(2021–2037)	(2030–2036)	(2036)	n/a
Vodacom: South Africa ⁹	n/a	n/a	2x11	n/a	2x12	2x15+5	n/a	n/a
Vodacom: Democratic Republic of Congo	n/a	2x10 (2037)	2x6 (2028)	n/a	2x18 (2028)	2x10+15 (2032)	n/a	2x15 (2026)
Lesotho	n/a	2x20 ¹⁰	2x22 ¹⁰	n/a	2x30 ¹⁰	2x15 ¹⁰	40 ¹⁰	40 ¹⁰
								81 (2036)
Mozambique	n/a	2x10 (2039)	2x8 (2039)	n/a	2x8 (2039)	2x15+10 (2038)	n/a	60 ¹¹ (2022)
					2x12.2 (2039)			
Tanzania	2x10 (2033)	n/a	2x7.5 (2031)	n/a	2x10 (2031)	2x15 (2031)	n/a	2x7+2x14 (2031)
Turkey	n/a	2x10 (2029)	2x11 (2023)	n/a	2x10 (2029)	2x15+5 (2029)	2x15+10 (2029)	n/a
			2x1.4 ³ (2029)					
Australia ¹²	2x5 (2030)	2x10 (850MHz) (2028)	2x8 (annual)	n/a	2x30 (2028)	2x25+5 (2032)	n/a	30 (2030)
Egypt	n/a	n/a	2x12.5 (2031)	n/a	2x10 (2031)	2x20 (2031)	n/a	n/a
Safaricom: Kenya	n/a	2x10 (2026)	2x17.5 (2024)	n/a	2x20 (2024)	2x10 (2022)	n/a	40 (2024)
Ghana	n/a	2x5 (2033)	2x8 (2029) ¹³	n/a	2x10 (2029) ¹³	2x15 (2023) ¹⁴	n/a	n/a

Notes:

- Single (or unpaired) blocks of spectrum are used for asymmetric data (non-voice) use; block quantity has been rounded to the nearest whole number.
- The allocation of 2.1GHz will change to the following: in January 2021 will have 2x15MHz (2040) and 2x5 (2025); in January 2026 will have 2x20MHz (2040).
- Blocks within the same spectrum band but with different licence expiry dates are separately identified.
- UK – all UK spectrum licences are perpetual so any dates given are the ones from which licence fees become payable, and where no date is given this means that licence fees already apply.
- Ireland – 105MHz in cities, 85MHz in regions.
- Hungary – 700MHz, 2.1GHz and 3.5GHz – conditional options of a further five year extension to 2040.
- Albania – spectrum acquired from PLUS' exit from market.
- India comprises 22 separate service area licences with a variety of expiry dates.
- Vodacom's South African spectrum licences are renewed annually. As part of the migration to a new licensing regime the national regulator has issued Vodacom a service licence and a network licence which will permit Vodacom to offer mobile and fixed services. The service and network licences have a 20 year duration and will expire in 2028.
- Vodacom's Lesotho spectrum licences are renewed annually. N.B. 40MHz in 2.6GHz column is actually 2.3GHz.
- 3.7GHz spectrum for 5G trial, which was launched during December 2019.
- Australia – table refers to Sydney/Melbourne only. In total VHA has:
 - 700MHz band – 2x5MHz across Australia.
 - 850MHz band – 2x10MHz in Sydney/Melbourne/Brisbane/Adelaide/Perth and 2x5MHz across the rest of Australia.
 - 900MHz band – 2x8MHz across Australia.
 - 1800MHz band – 2x30MHz in Sydney/Melbourne, 2x25MHz in Brisbane/Adelaide/Perth/Canberra, 2x15MHz in South-West Western Australia, 2x10MHz in Victoria/North Queensland and 2x5MHz in Darwin/Tasmania/South Queensland.
 - 2.1GHz band (excluding short-term 2.1GHz licences). VHA holds 2x25MHz in Sydney/Melbourne, 2x20MHz in Brisbane/Adelaide/Perth, 2x20MHz Darwin/Hobart, 2x10MHz in Canberra and 2x5MHz in regional Australia.
 - 3.5GHz band – VHA acquired 60MHz as part of a joint venture. VHA only has access to 30MHz at this point in time.
- Ghana – licence renewed for ten years; however, Vodafone Ghana has petitioned the Ministry of Communications and Ministry of Finance to grant the licence for 15 years. This forms part of the ongoing licence renewal negotiations, for which the deadline has been extended.
- Ghana – NCA submitted a provisional licence for comments, to which Vodafone Ghana submitted feedback and final licence is pending.

Regulation (continued)

Unaudited information

Mobile Termination Rates ('MTRs')

National regulators are required to take utmost account of the Commission's existing recommendation on the regulation of fixed and MTRs. This recommendation requires MTRs to be set using a long run incremental cost methodology. Over the last three years MTRs effective for our subsidiaries were as follows:

Country by region	2018 ¹	2019 ¹	2020 ¹	1 April 2020 ²
Europe region				
Germany (€ cents)	1.07	0.95	0.90	0.78
Italy (€ cents)	0.98	0.90	0.76	0.67
UK (GB £ pence)	0.495	0.489	0.479	0.468
Spain (€ cents)	0.70	0.67	0.64	
Netherlands (€ cents)	0.581	0.581	0.581	
Ireland (€ cents)	0.79	0.79	0.55	
Portugal (€ cents)	0.42	0.39	0.39	0.36
Romania (€ cents)	0.96	0.96	0.76	
Greece (€ cents)	0.958	0.946	0.622	
Czech Republic (CZK)	0.248	0.248	0.248	
Hungary (HUF)	1.71	1.71	1.71	
Albania (ALL)	1.48	1.22	1.11	
Africa, Middle East and Asia-Pacific region				
India (rupees) ³	0.06	0.06	0.06	
Vodacom: South Africa (ZAR)	0.13	0.12	0.10	
Vodacom: Democratic Republic of Congo (US\$)	2.40	2.00	2.00	
Lesotho (LSL/ZAR)	0.20	0.15	0.12	9.00
Mozambique (MZN)	0.48	0.39	0.37	
Tanzania (TSH)	15.60	10.40	5.20	2.60
Turkey (lira)	0.03	0.03	0.03	
Australia (AUD cents)	1.70	1.70	1.70	
Egypt (PTS/Piastres)	11.00	11.00	11.00	
Safaricom: Kenya (shilling)	0.99	0.99	0.99	
Ghana (peswas)	4.00	4.00	4.00	

Notes:

1 All MTRs are based on end of financial year values.

2 MTR changes already announced to be implemented after 1 April 2020 are included at the current rate or where a glide-path or a final decision has been determined by the national regulatory authority.

3 IN - 2018 MTR has been challenged in the Bombay High Court for MTR reduction from 0.14 to 0.6, which is pending final hearing. Vodafone and Idea's petition in Delhi High Court and Gujarat High Court respectively against TRAI's previous MTR reduction from 0.20 to 0.14 is pending for final hearing.

Form 20-F cross reference guide

Unaudited information

The information in this document that is referenced in the following table will be included in our Annual Report on Form 20-F for 2020 filed with the SEC (the '2020 Form 20-F'). The information in this document will be updated and supplemented at the time of filing with the SEC or later amended if necessary. No other information in this document is included in the 2020 Form 20-F or incorporated by reference into any filings by us under the Securities Act. Please see "Documents on display" on page 251 for information on how to access the 2020 Form 20-F as filed with the SEC. The 2020 Form 20-F has not been approved or disapproved by the SEC nor has the SEC passed judgement upon the adequacy or accuracy of the 2020 Form 20-F.

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Forward-looking statements

Unaudited information

This document contains “forward-looking statements” within the meaning of the US Private Securities Litigation Reform Act of 1995 with respect to the Group’s financial condition, results of operations and businesses, and certain of the Group’s plans and objectives. In particular, such forward-looking statements include statements with respect to:

- the Group’s expectations and guidance regarding its financial and operating performance, the performance of associates and joint ventures, other investments and newly acquired businesses, preparation for 5G and expectations regarding customers;
- intentions and expectations regarding the development of products, services and initiatives introduced by, or together with, Vodafone or by third parties;
- expectations regarding the global economy and the Group’s operating environment and market position, including future market conditions, growth in the number of worldwide mobile phone users and other trends;
- revenue and growth expected from Vodafone Business’ and total communications strategy;
- mobile penetration and coverage rates, MTR cuts, the Group’s ability to acquire spectrum and licences, including 5G licences, expected growth prospects in the Europe and Rest of the World regions and growth in customers and usage generally;
- anticipated benefits to the Group from cost-efficiency programmes, including their impact on the absolute indirect cost base;
- possible future acquisitions, including increases in ownership in existing investments, the timely completion of pending acquisition transactions and pending offers for investments;
- expectations and assumptions regarding the Group’s future revenue, operating profit, adjusted EBITDA, adjusted EBITDA margin, free cash flow, depreciation and amortisation charges, foreign exchange rates, tax rates and capital expenditure;
- expectations regarding the Group’s access to adequate funding for its working capital requirements and share buyback programmes, and the Group’s future dividends or its existing investments; and
- the impact of regulatory and legal proceedings involving the Group and of scheduled or potential regulatory changes.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “will”, “anticipates”, “aims”, “could”, “may”, “should”, “expects”, “believes”, “intends”, “plans” or “targets”. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following:

- general economic and political conditions in the jurisdictions in which the Group operates and changes to the associated legal, regulatory and tax environments;
- increased competition;
- levels of investment in network capacity and the Group’s ability to deploy new technologies, products and services;
- rapid changes to existing products and services and the inability of new products and services to perform in accordance with expectations;
- the ability of the Group to integrate new technologies, products and services with existing networks, technologies, products and services;

- the Group’s ability to generate and grow revenue;
- a lower than expected impact of new or existing products, services or technologies on the Group’s future revenue, cost structure and capital expenditure outlays;
- slower than expected customer growth, reduced customer retention, reductions or changes in customer spending and increased pricing pressure;
- the Group’s ability to extend and expand its spectrum resources, to support ongoing growth in customer demand for mobile data services;
- the Group’s ability to secure the timely delivery of high-quality products from suppliers;
- loss of suppliers, disruption of supply chains and greater than anticipated prices of new mobile handsets;
- changes in the costs to the Group of, or the rates the Group may charge for, terminations and roaming minutes;
- the impact of a failure or significant interruption to the Group’s telecommunications, networks, IT systems or data protection systems;
- the Group’s ability to realise expected benefits from acquisitions, partnerships, joint ventures, franchises, brand licences, platform sharing or other arrangements with third parties;
- acquisitions and divestments of Group businesses and assets and the pursuit of new, unexpected strategic opportunities;
- the Group’s ability to integrate acquired business or assets;
- the extent of any future write-downs or impairment charges on the Group’s assets, or restructuring charges incurred as a result of an acquisition or disposition;
- developments in the Group’s financial condition, earnings and distributable funds and other factors that the Board takes into account in determining the level of dividends;
- the Group’s ability to satisfy working capital requirements;
- changes in foreign exchange rates;
- changes in the regulatory framework in which the Group operates;
- the impact of legal or other proceedings against the Group or other companies in the communications industry;
- changes in statutory tax rates and profit mix; and
- changes resulting directly or indirectly from the COVID-19 pandemic.

A review of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found under “Principal risk factors and uncertainties” on pages 62 to 71 of this document. All subsequent written or oral forward-looking statements attributable to the Company or any member of the Group or any persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. No assurances can be given that the forward-looking statements in this document will be realised. Subject to compliance with applicable law and regulations, Vodafone does not intend to update these forward-looking statements and does not undertake any obligation to do so.

References in this document to information on websites (and/or social media sites) are included as an aid to their location and such information is not incorporated in, and does not form part of, the 2020 Annual Report on Form 20-F.

Ernst & Young LLP has neither examined, compiled, nor performed any procedures with respect to the forward-looking statements. Accordingly, Ernst & Young LLP does not express an opinion or provide any other form of assurance on such information.

Definition of terms

Unaudited information

2G	2G networks are operated using global system for mobile ('GSM') technology which offers services such as voice, text messaging and low-speed data. In addition, all the Group's controlled networks support general packet radio services ('GPRS'), often referred to as 2.5G. GPRS allows mobile devices to access IP based data services such as the internet and email.
3G	A cellular technology based on wide band code division multiple access delivering voice and faster data services.
4G/LTE	4G or long-term evolution ('LTE') technology offers even faster data transfer speeds than 3G/HSPA.
5G	5G is the fifth-generation wireless broadband technology which provides better speeds and coverage than the current 4G.
Adjusted earnings per share	Adjusted earnings per share reflects the exclusions of adjusted EBIT and adjusted financing costs, together with related tax effects.
Adjusted EBIT	Operating profit excluding share of results in associates and joint ventures, impairment losses, amortisation of customer bases and brand intangible assets, restructuring costs arising from discrete restructuring plans, lease-related interest and other income and expense. The Group's definition of adjusted EBIT may not be comparable with similarly titled measures and disclosures by other companies.
Adjusted EBITDA	For the year ended 31 March 2020, adjusted EBITDA is operating profit after depreciation on lease-related right-of-use assets and interest on leases but excluding depreciation, amortisation and gains/losses on disposal for owned fixed assets and excluding share of results in associates and joint ventures, impairment losses, restructuring costs arising from discrete restructuring plans, other operating income and expense and significant items that are not considered by management to be reflective of the underlying performance of the Group. For the year ended 31 March 2019, adjusted EBITDA is operating profit excluding share of results in associates and joint ventures, depreciation and amortisation, gains/losses on the disposal of fixed assets, impairment losses, restructuring costs arising from discrete restructuring plans, other operating income and expense and significant items that are not considered by management to be reflective of the underlying performance of the Group.
Adjusted income tax expense	Adjusted income tax expense excludes the tax effects of items excluded from adjusted earnings per share, including: impairment losses, amortisation of customer bases and brand intangible assets, restructuring costs arising from discrete restructuring plans, lease-related interest, other income and expense and mark-to-market and foreign exchange movements. It also excludes deferred tax movements relating to losses in Luxembourg as well as other significant one-off items. The Group's definition of adjusted income tax expense may not be comparable with similarly titled measures and disclosures by other companies.
Adjusted net financing costs	Adjusted net financing costs exclude mark-to-market and foreign exchange gains/losses and interest on lease liabilities.
Adjusted operating profit	Group adjusted operating profit excludes impairment losses, restructuring costs arising from discrete restructuring plans, amortisation of customer bases and brand intangible assets and other income and expense.
ADR	American depositary receipts is a mechanism designed to facilitate trading in shares of non-US companies in the US stock markets. The main purpose is to create an instrument which can easily be settled through US stock market clearing systems.
ADS	American depositary shares are shares evidenced by American depositary receipts. ADSs are issued by a depositary bank and represent one or more shares of a non-US issuer held by the depositary bank. The main purpose of ADSs is to facilitate trading in shares of non-US companies in the US markets and, accordingly, ADRs which evidence ADSs are in a form suitable for holding in US clearing systems.
AGM	Annual general meeting.
Applications ('apps')	Apps are software applications usually designed to run on a smartphone or tablet device and provide a convenient means for the user to perform certain tasks. They cover a wide range of activities including banking, ticket purchasing, travel arrangements, social networking and games. For example, the MyVodafone app lets customers check their bill totals on their smartphone and see the minutes, texts and data allowance remaining.
ARPU	Average revenue per user, defined as customer revenue and incoming revenue divided by average customers.
Capital additions ('capex')	Comprises the purchase of property, plant and equipment and intangible assets, other than licence and spectrum payments.
Churn	Total gross customer disconnections in the period divided by the average total customers in the period.
Cloud services	This means the customer has little or no equipment, data and software at their premises. The capability associated with the service is run from the Vodafone network and data centres instead. This removes the need for customers to make capital investments and instead they have an operating cost model with a recurring monthly fee.
Converged customer	A customer who receives both fixed and mobile services (also known as unified communications) on a single bill or who receives a discount across both bills.
Customer costs	Customer costs include acquisition costs, retention costs and expenses related to ongoing commissions.

Definition of terms (continued)

Unaudited information

Customer value management ('CVM')	The delivery of perceived value to identifiable customer segments that results in a profitable return for the Company.
Depreciation and other amortisation	The accounting charge that allocates the cost of a tangible or intangible asset to the income statement over its useful life. This measure includes the profit or loss on disposal of property, plant and equipment and computer software.
Direct costs	Direct costs include interconnect costs and other direct costs of providing services.
Emerging consumer customers	Consumers in our Emerging Markets.
Emerging Markets	Emerging Markets include Turkey, South Africa, Tanzania, the DRC, Mozambique, Lesotho and Egypt.
Enterprise	The Group's customer segment for businesses.
Europe region	The Group's region, Europe, which comprises the European operating segments.
FCA	Financial Conduct Authority.
Fixed broadband customer	A fixed broadband customer is defined as a customer with a connection or access point to a fixed data network.
Fixed service revenue	Service revenue relating to provision of fixed line ('fixed') and carrier services.
FTTC	Fibre-to-the-Cabinet involves running fibre optic cables from the telephone exchange or distribution point to the street cabinets which then connect to a standard phone line to provide broadband.
FTTH	Fibre-to-the-Home provides an end-to-end fibre optic connection the full distance from the exchange to the customer's premises.
FRC	Financial Reporting Council.
Free cash flow	Operating free cash flow after cash flows in relation to taxation, interest, dividends received from associates and investments, dividends paid to non-controlling shareholders in subsidiaries, restructuring costs arising from discrete restructuring plans and licence and spectrum payments.
Free cash flow (pre-spectrum)	Operating free cash flow after cash flows in relation to taxation, interest, dividends received from associates and investments, dividends paid to non-controlling shareholders in subsidiaries, but before restructuring costs arising from discrete restructuring plans and licence and spectrum payments.
Gbps	Gigabits (billions) of bits per second.
GSMA	Global System for Mobile Communications Association
HSPA+	An evolution of high-speed packet access ('HSPA'). An evolution of third generation ('3G') technology that enhances the existing 3G network with higher speeds for the end user.
IAS 17	International Accounting Standard 17 "Leases". The previous lease accounting standard that applied to the Group's statutory results for all reporting periods up to and including the quarter ended 31 March 2019.
IAS 18	International Accounting Standard 18 "Revenue". The previous revenue accounting standard that applied to the Group's statutory results for all reporting periods up to and including the quarter ended 31 March 2018.
ICT	Information and communications technology.
IFRS	International Financial Reporting Standards.
IFRS 15	International Financial Reporting Standard 15 "Revenue from Contracts with Customers". The accounting policy adopted by the Group on 1 April 2018.
IFRS 16	International Financial Reporting Standard 16 "Leases". The accounting policy adopted by the Group on 1 April 2019.
Internet of Things ('IoT')	The network of physical objects embedded with electronics, software, sensors, and network connectivity, including built-in mobile SIM cards, that enables these objects to collect data and exchange communications with one another or a database.
IP	Internet Protocol is the format in which data is sent from one computer to another on the internet.
IP-VPN	A virtual private network ('VPN') is a network that uses a shared telecommunications infrastructure, such as the internet, to provide remote offices or individual users with secure access to their organisation's network.
Mark-to-market	Mark-to-market or fair value accounting refers to accounting for the value of an asset or liability based on the current market price of the asset or liability.
Mbps	Megabits (millions) of bits per second.
Mobile broadband	Mobile broadband allows internet access through a browser or a native application using any portable or mobile device such as smartphone, tablet or laptop connected to a cellular network.
Mobile customer	A mobile customer is defined as a subscriber identity module ('SIM'), or in territories where SIMs do not exist, a unique mobile telephone number, which has access to the network for any purpose, including data only usage.
Mobile customer revenue	Represents revenue from mobile customers from bundles that include a specified number of minutes, messages or megabytes of data that can be used for no additional charge ('in-bundle') and revenues from minutes, messages or megabytes of data which are in excess of the amount included in customer bundles ('out-of-bundle'). Mobile in-bundle and out-of-bundle revenues are combined to simplify presentation.
Mobile service revenue	Service revenue relating to the provision of mobile services.
Mobile termination rate ('MTR')	A per minute charge paid by a telecommunications network operator when a customer makes a call to another mobile or fixed network operator.

MVNO	Mobile virtual network operators, companies that provide mobile phone services under wholesale contracts with a mobile network operator, but do not have their own licence or spectrum or the infrastructure required to operate a network.
Net debt	Long-term borrowings, short-term borrowings, short-term investments, mark-to-market adjustments and cash collateral on derivative financial instruments less cash and cash equivalents and excluding lease liabilities and borrowings specifically secured against Indian assets.
Next-generation networks ('NGN')	Fibre or cable networks typically providing high-speed broadband over 30Mbps.
Net promoter score ('NPS')	Net promoter score is a customer loyalty metric used to monitor customer satisfaction.
Operating expenses ('Opex')	Operating expenses comprise primarily sales and distribution costs, network and IT related expenditure and business support costs.
Operating free cash flow	Cash generated from operations after cash payments for capital additions and lease payments (excludes capital licence and spectrum payments) and cash receipts from the disposal of intangible assets and property, plant and equipment, but before restructuring costs from discrete restructuring plans.
Organic growth	An alternative performance measure which presents performance on a comparable basis, in terms of merger and acquisition activity (notably by excluding Vodafone New Zealand and the acquired European Liberty Global assets), movements in foreign exchange rates and the impact of the implementation of IFRS 16 "Leases".
Other Europe	Other Europe markets include Portugal, Ireland, Greece, Romania, Czech Republic, Hungary, Albania and Malta.
Other Markets	Other Markets include Turkey, Egypt and Ghana.
Other revenue	Other revenue includes connection fees, equipment revenue, interest income and lease revenue.
Partner markets	Markets in which the Group has entered into a partner agreement with a local mobile operator enabling a range of Vodafone's global products and services to be marketed in that operator's territory and extending Vodafone's reach into such markets.
Penetration	Number of SIMs in a country as a percentage of the country's population. Penetration can be in excess of 100% due to customers owning more than one SIM.
Petabyte	A petabyte is a measure of data usage. One petabyte is a million gigabytes.
Pps	Percentage points.
RAN	Radio access network is the part of a mobile telecommunications system which provides cellular coverage to mobile phones via a radio interface, managed by thousands of base stations installed on towers and rooftops across the coverage area, and linked to the core nodes through a backhaul infrastructure which can be owned, leased or a mix of both.
Return on Capital Employed ('ROCE')	See page 39 for a summary of the basis of calculation.
Regulation	Impact of industry specific law and regulations covering telecommunication services. The impact of regulation on service revenue in European markets comprises the effect of changes in European mobile termination rates and changes in out-of-bundle roaming revenues less the increase in visitor revenues.
Reported growth	Reported growth is based on amounts reported in euros as determined under IFRS.
Rest of the World ('RoW') region	The Group's region: Rest of the World, comprising Vodacom, Turkey and Other Markets operating segments.
Restructuring costs	Costs incurred by the Group following the implementation of discrete restructuring plans to improve overall efficiency.
RGUs	Revenue Generating Units describes the average number of fixed line services taken by subscribers.
Roaming	Allows customers to make calls, send and receive texts and data on other operators' mobile networks, usually while travelling abroad.
Service revenue	Service revenue comprises all revenue related to the provision of ongoing services including, but not limited to: monthly access charges, airtime usage, roaming, incoming and outgoing network usage by non-Vodafone customers and interconnect charges for incoming calls.
Smartphone penetration	The number of smartphone devices divided by the number of registered SIMs (excluding data only SIMs) and telemetric applications.
SME	Small and medium sized enterprises.
SoHo	Small-office-Home-office customers.
Spectrum	The radio frequency bands and channels assigned for telecommunication services.
Supranational	An international organisation, or union, whereby Member States go beyond national boundaries or interests to share in the decision-making and vote on issues pertaining to the wider grouping.
Vodafone Business	Vodafone Business is part of the Group and partners with businesses of every size to provide a range of business-related services.
VoIP	Voice over IP is a set of facilities used to manage the delivery of voice information over the internet in digital form via discrete packets rather than by using the traditional public switched telephone network.
VZW	Verizon Wireless, the Group's former associate in the United States.

Selected financial data

Unaudited information

The selected financial data shown below include the results of Vodafone India as discontinued operations up to 31 August 2018, the date the transaction completed in the prior financial year. In the current financial year, the data includes the results of the acquired European Liberty Global assets after the acquisition completed on 31 July 2019. The results of Vodafone New Zealand are included up to 31 July 2019 when the sale completed.

At/for the year ended 31 March	2020 IFRS 15/16	2019 FRS 15/AS 17	2018 WS 18/WS 17	2017 WS 18/WS 17	2016 WS 18/WS 17
Consolidated income statement data (€m)					
Revenue	44,974	43,666	46,571	47,631	49,810
Operating profit/(loss)	4,099	(951)	4,299	3,725	1,320
Profit/(loss) before taxation	795	(2,613)	3,878	2,792	(190)
Profit/(loss) for financial year from continuing operations	(455)	(4,109)	4,757	(1,972)	(5,127)
Loss for the financial year	(455)	(7,644)	2,788	(6,079)	(5,122)
Consolidated statement of financial position data (€m)					
Total assets	168,168	142,862	145,611	154,684	169,107
Total equity	62,625	63,445	68,607	73,719	85,136
Total equity shareholders' funds	61,410	62,218	67,640	72,200	83,325
Earnings per share¹					
Weighted average number of shares (millions)					
– Basic	29,442	27,607	27,770	27,971	26,692
– Diluted	29,442	27,607	27,857	27,971	26,692
Basic (loss)/earnings per ordinary share	(3.13)c	(29.05)c	8.78c	(22.51)c	(20.25)c
Diluted (loss)/earnings per ordinary share	(3.13)c	(29.05)c	8.76c	(22.51)c	(20.25)c
Basic (loss)/earnings per share from continuing operations	(3.13)c	(16.25)c	15.87c	(7.83)c	(20.27)c
Cash dividends^{1,2}					
Amount per ordinary share (eurocents)	9.00c	9.00c	15.07c	14.77c	14.48c
Amount per ADS (eurocents)	90.0c	90.0c	150.7c	147.7c	144.8c
Amount per ordinary share (pence)	79.6p	79.5p	13.33p	13.00p	11.45p
Amount per ADS (pence)	79.6p	79.5p	133.3p	130.0p	114.5p
Amount per ordinary share (US cents)	9.86c	10.10c	17.93c	18.52c	16.49c
Amount per ADS (US cents)	98.6c	101.0c	179.3c	185.2c	164.9c

Notes:

- See note 8 to the consolidated financial statements, "Earnings per share". Earnings and dividends per ADS is calculated by multiplying earnings per ordinary share by ten, the number of ordinary shares per ADS.
- The final dividend for the year ended 31 March 2020 was proposed by the Directors on 12 May 2020 and is payable on 7 August 2020 to holders on record as of 12 June 2020. The total dividends have been translated into pence and US dollars at 31 March 2020 for the purposes of the above disclosure but the dividends are payable in US cents under the terms of the ADS depositary agreement.

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The content of our website (vodafone.com) should not be considered to form part of this Annual Report or our Annual Report on Form 20-F.

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Vodafone Group Plc Annual Report on Form 20-F 2020

Index of Exhibits to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2020

- 1.1 [Articles of Association of the Company, as adopted on June 30, 1999 and including all amendments made on July 25, 2001, July 26, 2005, July 25, 2006, July 24, 2007, July 29, 2008, July 28, 2009, July 27, 2010, January 28, 2014 and July 27, 2018 \(incorporated by reference to Exhibit 3.1 to Form 6-K \(File No. 001-10086\), filed with the Securities and Exchange Commission on March 26, 2019\).](#)
- 2.1 [Indenture, dated as of February 10, 2000, between the Company and Citibank, N.A., as Trustee, including forms of debt securities \(incorporated by reference to Exhibit 2.1 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2018 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 8, 2018\).](#)
- 2.2 [Agreement of Resignation, Appointment and Acceptance dated as of July 24, 2007, among the Company, Citibank N.A. and The Bank of New York Mellon \(incorporated by reference to Exhibit 2.2 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2008 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 9, 2008\).](#)
- 2.3 [Fourteenth Supplemental Trust Deed dated 5 July 2019 between the Company and The Law Debenture Trust Corporation p.l.c. further modifying and restating the provisions of the Trust Deed dated 16 July 1999 relating to a Euro 30,000,000,000 Euro Medium Term Note Programme.](#)
- 2.4 [Trust Deed dated March 12, 2019 between the Company and The Law Debenture Trust Corporation p.l.c. in relation to the Group's £1,720,000,000 1.20 per cent Subordinated Mandatory Convertible Bonds due 2021 \(incorporated by reference to Exhibit 2.4 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2019 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 7, 2019\).](#)
- 2.5 [Trust Deed dated March 12, 2019 between the Company and The Law Debenture Trust Corporation p.l.c. in relation to the Group's £1,720,000,000 1.50 per cent Subordinated Mandatory Convertible Bonds due 2022 \(incorporated by reference to Exhibit 2.5 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2019 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 7, 2019\).](#)
- 2.6 [Deposit Agreement among Vodafone Group Plc, Deutsche Bank Trust Company Americas, as depositary, and the owners and beneficial owners from time to time of American Depositary Receipts, dated as of February 27, 2017 \(incorporated by reference to Exhibit 2.6 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2017 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 9, 2017\).](#)
- 2.7 [Form of American Depositary Receipt \(included in Exhibit 2.6\).](#)
- 2.8 [Description of Securities Registered under Section 12 of the Exchange Act.](#)
- 4.1 [Facility Agreement in relation to the Group's US\\$3,935,000,000 revolving credit facility dated 27 February 2015 among the Company and various lenders \(incorporated by reference to Exhibit 4.9 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2015 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 8, 2015\).](#)

- 4.2 [Lender Accession Agreement between Royal Bank of Canada, the Royal Bank of Scotland plc as agent and Vodafone Group Plc effective as of 15 December 2015 in relation to the Group's US\\$3,935,000,000 Revolving Credit Facility \(incorporated by reference to Exhibit 4.6 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2016 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 10, 2016\).](#)
- 4.3 [Extension letter dated 10 January 2017 in relation to the US\\$3,935,000,000 \(increased to US\\$4.09 billion\) Revolving Credit Facility dated 27 February 2015 \(incorporated by reference to Exhibit 4.7 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2017 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 9, 2017\).](#)
- 4.4 [Amendment letter dated 11 January 2018 in relation to the US\\$4.09 billion Revolving Credit Facility dated 27 February 2015 \(incorporated by reference to Exhibit 4.9 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2018 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 8, 2018\).](#)
- 4.5 [Lender Accession Agreement between Raiffeisen Bank International AG, the Royal Bank of Scotland plc as agent and Vodafone Group Plc, effective as of 12 July 2018 in relation to the Group's US\\$3,935,000,000 \(increased to US\\$4.09 billion\) Revolving Credit Facility.](#)
- 4.6 [Novation Certificate between Lloyds Bank Plc, TD Bank, N.A. and The Royal Bank of Scotland plc as agent and Vodafone Group Plc, effective as of 18 December 2019 in relation to the Group's US\\$3,395,000,000 \(increased to US\\$4.09 billion\) Revolving Credit Facility.](#)
- 4.7 [Novation Certificate between Lloyds Bank Plc, CaixaBank, S.A. and The Royal Bank of Scotland plc as agent and Vodafone Group Plc, effective as of 29 April 2019 in relation to the Group's US\\$3,935,000,000 \(increased to US\\$4.09 billion\) Revolving Credit Facility.](#)
- 4.8 [Agreement for €3,860,000,000 five year Revolving Credit Facility dated March 28, 2014 among the Company and various lenders \(incorporated by reference to Exhibit 4.6 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2014 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 10, 2014\).](#)
- 4.9 [Extension letter dated 6 December 2019 in relation to the €3,860,000,000 \(increased to €4.01 billion\) Revolving Credit Facility dated 28 March 2014.](#)
- 4.10 [Rules of the Vodafone Global Incentive Plan 2014 \(incorporated by reference to Exhibit 4.10 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2019 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 7, 2019\).](#)
- 4.11 [Rules of the Vodafone Sharesave Plan \(incorporated by reference to Exhibit 4.11 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2019 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 7, 2019\).](#)
- 4.12 [Letter of Appointment of Renee James dated 8 October 2010 \(incorporated by reference to Exhibit 4.35 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2011 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 17, 2011\).](#)

- 4.13 [Letter of Appointment of Gerard Kleisterlee dated 25 January 2011 \(incorporated by reference to Exhibit 4.36 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2011 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 17, 2011\).](#)
- 4.14 [Letter of Appointment of Valerie Gooding dated 25 November 2013 \(incorporated by reference to Exhibit 4.30 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2014 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 10, 2014\).](#)
- 4.15 [Letter of Appointment of Sir Crispin Davis dated 14 April 2014 \(incorporated by reference to Exhibit 4.32 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2014 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 10, 2014\).](#)
- 4.16 [Letter of Appointment of Dame Clara Furse dated 13 May 2014 \(incorporated by reference to Exhibit 4.33 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2014 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 10, 2014\).](#)
- 4.17 [Letter of indemnification for Nicholas Read dated 28 October 2014 \(incorporated by reference to Exhibit 4.29 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2015 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 8, 2015\).](#)
- 4.18 [Letter of Appointment for David Nish dated 23 September 2015 \(incorporated by reference to Exhibit 4.32 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2016 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 10, 2016\).](#)
- 4.19 [Letter of Appointment for Maria Amparo Moraleda Martinez dated 24 January 2017 \(incorporated by reference to Exhibit 4.30 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2017 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 9, 2017\).](#)
- 4.20 [Letter of Appointment of Michel Demaré dated 23 January 2018 \(incorporated by reference to Exhibit 4.24 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2018 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 8, 2018\).](#)
- 4.21 [Service Agreement of Nicholas Read dated 26 July 2018 \(incorporated by reference to Exhibit 4.25 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2019 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 7, 2019\).](#)
- 4.22 [Service Agreement of Margherita Della Valle dated July 2018 \(incorporated by reference to Exhibit 4.26 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2019 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 7, 2019\).](#)
- 4.23 [Letter of Appointment of Sanjiv Ahuja dated 8 November 2018 \(incorporated by reference to Exhibit 4.27 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2019 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 7, 2019\).](#)
- 4.24 [Letter of Appointment of David Thodey dated 24 May 2019 \(incorporated by reference to Exhibit 4.28 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2019 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 7, 2019\).](#)

- 4.25 [Amendment and Restatement of a Contribution and Transfer Agreement dated 31 December 2016 by and among the Company, Liberty Global Europe Holding B.V., Liberty Global Plc, Vodafone International Holdings B.V. and Lynx Global Europe II B.V. relating to the contribution and/or transfer of shares in Ziggo Group Holding B.V. and Vodafone Libertel B.V. to Lynx Global Europe II B.V. and the formation of the Netherlands joint venture \(incorporated by reference to Exhibit 4.31 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2017 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 9, 2017\).](#)
- 4.26 [Implementation Agreement dated 20 March 2017 relating to the combination of the Indian mobile telecommunications businesses of Vodafone Group and Idea Group \(incorporated by reference to Exhibit 4.32 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2017 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 9, 2017\).](#)
- 4.27 [First Amendment to the Implementation Agreement dated 20 March 2017, relating to the combination of the Indian mobile telecommunications businesses of Vodafone Group and Idea Group, entered into on 30 August 2018 \(incorporated by reference to Exhibit 4.31 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2019 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 7, 2019\).](#)
- 4.28 [Implementation Agreement dated 25 April 2018 relating to the combination of the businesses of Indus Towers and Bharti Infratel \(incorporated by reference to Exhibit 4.27 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2018 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 8, 2018\).](#)
- 4.29 [Letter Agreement dated 24 October 2019 relating to the extension of the Extended Longstop Date of the Implementation Agreement dated 25 April 2018 relating to the combination of the businesses of Indus Towers and Bharti Infratel.](#)
- 4.30 [Letter Agreement dated 24 December 2019 relating to the extension of the Extended Longstop Date of the Implementation Agreement dated 25 April 2018 relating to the combination of the businesses of Indus Towers and Bharti Infratel.](#)
- 4.31 [Letter Agreement dated 24 February 2020 relating to the extension of the Extended Longstop Date of the Implementation Agreement dated 25 April 2018 relating to the combination of the businesses of Indus Towers and Bharti Infratel.](#)
- 4.32 [Letter Agreement dated 23 April 2020 relating to the extension of the Extended Longstop Date of the Implementation Agreement dated 25 April 2018 relating to the combination of the businesses of Indus Towers and Bharti Infratel.](#)
- 4.33 [Letter Agreement dated 25 June 2020 relating to the extension of the Extended Longstop Date of the Implementation Agreement dated 25 April 2018 relating to the combination of the businesses of Indus Towers and Bharti Infratel.](#)
- 4.34 [Sale and Purchase Agreement dated 9 May 2018 relating to the sale of Liberty Global plc's businesses in Germany, Romania, Hungary and the Czech Republic \(incorporated by reference to Exhibit 4.28 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2018 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 8, 2018\).*](#)

- 4.35 [Transitional Services Agreement dated 31 July 2019 relating to services and co-operation relating to the Share Purchase Agreement dated 9 May 2018 relating to the sale of Liberty Global plc's businesses in Germany, Romania, Hungary and the Czech Republic.**](#)
- 4.36 [Scheme Implementation Deed dated 30 August 2018 by and among Vodafone Hutchison Australia Pty Limited, Vodafone Oceania Limited, Hutchison Telecommunications \(Australia\) Limited, Hutchison Whampoa Limited and TPG Telecom Limited relating to the proposed merger between Vodafone Hutchison Australia Pty Limited and TPG Telecom Limited \(incorporated by reference to Exhibit 4.34 to the Company's Annual Report on Form 20-F for the financial year ended March 31, 2019 \(File No. 001-10086\), filed with the Securities and Exchange Commission on June 7, 2019\).](#)
- 4.37 [Deed of Merger dated 31 March 2020 relating to the combination of Vodafone Italy's towers with INWIT's passive network infrastructure.](#)
- 8. [List of the Company's related undertakings \(incorporated by reference to Note 33 to the Consolidated Financial Statements included in this Annual Report on Form 20-F for the financial year ended March 31, 2020 \(File No. 001-10086\), filed with the Securities and Exchange Commission on 2 July, 2020\).](#)
- 12. [Rule 13a — 14\(a\) Certifications.](#)
- 13. [Rule 13a — 14\(b\) Certifications. These certifications are furnished only and are not filed as part of this Annual Report on Form 20-F for the financial year ended March 31, 2020.](#)
- 15.1 [Consent letter of Ernst & Young LLP.](#)
- 15.2 [Consent letter of PricewaterhouseCoopers LLP.](#)

* The schedules to the Sale and Purchase Agreement have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. Copies of such schedules will be furnished to the SEC upon its request; provided, however, that confidential treatment may be requested pursuant to Rule 24b-2 of the Exchange Act for any schedule so furnished.

** The schedules to the Transitional Services Agreement have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. Copies of such schedules will be furnished to the SEC upon its request; provided, however, that confidential treatment may be requested pursuant to Rule 24b-2 of the Exchange Act for any schedule so furnished. Certain identified confidential portions of this exhibit have been omitted because such identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

VODAFONE GROUP PUBLIC LIMITED COMPANY
(Registrant)

/s/ R E S Martin

Rosemary E S Martin

Group General Counsel and Company Secretary

Date July 2, 2020

EXECUTION

FOURTEENTH SUPPLEMENTAL TRUST DEED

5 JULY 2019

VODAFONE GROUP PLC

and

THE LAW DEBENTURE TRUST CORPORATION p.l.c.

**further modifying and restating the provisions of
the Trust Deed dated 16 July 1999**

**relating to a
€30,000,000,000
Euro Medium Term Note Programme**

ALLEN & OVERY

Allen & Overy LLP

THIS FOURTEENTH SUPPLEMENTAL TRUST DEED is made on 5 July 2019

BETWEEN:

- (1) **VODAFONE GROUP PLC**, a company incorporated with limited liability in England and Wales with registered number 1833679, whose registered office is at Vodafone House, The Connection, Newbury, Berkshire RG14 2FN, England (the **Issuer**); and
- (2) **THE LAW DEBENTURE TRUST CORPORATION p.l.c.**, a company incorporated with limited liability in England and Wales with registered number 1675231, whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX, England (the **Trustee**, which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of these presents) as trustee for the Noteholders and the Couponholders.

WHEREAS:

- (A) This Fourteenth Supplemental Trust Deed is supplemental to:
- (i) the Trust Deed dated 16 July 1999 (hereinafter called the **Principal Trust Deed**) made between the Issuer and the Trustee and relating to the Euro Medium Term Note Programme (the **Programme**) established by the Issuer;
 - (ii) the First Supplemental Trust Deed dated 4 May 2000 (the **First Supplemental Trust Deed**) made between the Issuer and the Trustee modifying and restating the provisions of the Principal Trust Deed;
 - (iii) the Second Supplemental Trust Deed dated 31 May 2001 (the **Second Supplemental Trust Deed**) made between the Issuer and the Trustee further modifying and restating the provisions of the Principal Trust Deed;
 - (iv) the Third Supplemental Trust Deed dated 6 June 2002 (the **Third Supplemental Trust Deed**) made between the Issuer and the Trustee further modifying the provisions of the Principal Trust Deed;
 - (v) the Fourth Supplemental Trust Deed dated 19 July 2005 (the **Fourth Supplemental Trust Deed**) made between the Issuer and the Trustee further modifying and restating the provisions of the Principal Trust Deed;
 - (vi) the Fifth Supplemental Trust Deed dated 19 July 2006 (the **Fifth Supplemental Trust Deed**) made between the Issuer and the Trustee further modifying and restating the provisions of the Principal Trust Deed;
 - (vii) the Sixth Supplemental Trust Deed dated 1 August 2007 (the **Sixth Supplemental Trust Deed**) made between the Issuer and the Trustee further modifying the provisions of the Principal Trust Deed;
 - (viii) the Seventh Supplemental Trust Deed dated 14 July 2008 (the **Seventh Supplemental Trust Deed**) made between the Issuer and the Trustee further modifying the provisions of the Principal Trust Deed;

- (ix) the Eighth Supplemental Trust Deed dated 10 July 2009 (the **Eighth Supplemental Trust Deed**) made between the Issuer and the Trustee further modifying the provisions of the Principal Trust Deed;
- (x) the Ninth Supplemental Trust Deed dated 13 July 2010 (the **Ninth Supplemental Trust Deed**) made between the Issuer and the Trustee further modifying the provisions of the Principal Trust Deed;
- (xi) the Tenth Supplemental Trust Deed dated 8 July 2011 (the **Tenth Supplemental Trust Deed**) made between the Issuer and the Trustee further modifying the provisions of the Principal Trust Deed;
- (xii) the Eleventh Supplemental Trust Deed dated 11 July 2013 (the **Eleventh Supplemental Trust Deed**) made between the Issuer and the Trustee further modifying and restating the provisions of the Principal Trust Deed;
- (xiii) the Twelfth Supplemental Trust Deed dated 4 August 2014 (the **Twelfth Supplemental Trust Deed**) made between the Issuer and the Trustee further modifying and restating the provisions of the Principal Trust Deed; and
- (xiv) the Thirteenth Supplemental Trust Deed dated 12 January 2016 (the **Thirteenth Supplemental Trust Deed**, and together with the Principal Trust Deed, the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed, the Fourth Supplemental Trust Deed, the Fifth Supplemental Trust Deed, the Sixth Supplemental Trust Deed, the Seventh Supplemental Trust Deed, the Eighth Supplemental Trust Deed, the Ninth Supplemental Trust Deed, the Tenth Supplemental Trust Deed, the Eleventh Supplemental Trust Deed and the Twelfth Supplemental Trust Deed, the **Subsisting Trust Deeds**) made between the Issuer and the Trustee further modifying and restating the provisions of the Principal Trust Deed.

(B) On 5 July 2019 the Issuer published a modified and updated Prospectus (the **Prospectus**) relating to the Programme.

NOW THIS FOURTEENTH SUPPLEMENTAL TRUST DEED WITNESSES AND IT IS HEREBY AGREED AND DECLARED as follows:

1. SUBJECT as hereinafter provided and unless there is something in the subject matter or context inconsistent therewith all words and expressions defined in the Principal Trust Deed (as modified and restated as aforesaid) shall have the same meanings in this Fourteenth Supplemental Trust Deed.
2. SAVE:
 - (a) in relation to all Series of Notes the first Tranche of which was issued on or prior to the day last preceding the date of this Fourteenth Supplemental Trust Deed; and
 - (b) for the purpose (where necessary) of construing the provisions of this Fourteenth Supplemental Trust Deed, with effect on and from the date of this Fourteenth Supplemental Trust Deed:
 - (i) the Principal Trust Deed (as modified and/or restated as aforesaid) is further modified in such manner as would result in the Principal Trust Deed as so modified being in the form set out in the Schedule hereto; and

(ii) the provisions of the Principal Trust Deed (as modified and/or restated as aforesaid) insofar as the same still have effect shall cease to have effect and in lieu thereof the provisions of the Principal Trust Deed as so modified and restated (and being in the form set out in the Schedule hereto) shall have effect.

3. FOR the avoidance of doubt, the Principal Trust Deed (without the modifications made hereby but, where applicable, as modified and/or restated as aforesaid) shall continue to have effect in relation to all Series of Notes the first Tranche of which was issued on or prior to the day last preceding the date of this Fourteenth Supplemental Trust Deed.
4. THE Subsisting Trust Deeds shall henceforth be read and construed as one document with this Fourteenth Supplemental Trust Deed.
5. A Memorandum of the Fourteenth Supplemental Trust Deed shall be endorsed by the Trustee on the Principal Trust Deed and by the Issuer on its duplicate thereof.

IN WITNESS whereof this Fourteenth Supplemental Trust Deed has been executed by the Issuer and the Trustee as a deed and delivered on the day and year first above written.

**THE SCHEDULE
FORM OF MODIFIED PRINCIPAL TRUST DEED**

TRUST DEED

**16 JULY 1999
(AS AMENDED AND RESTATED MOST RECENTLY ON 5 JULY 2019)**

VODAFONE GROUP PLC

and

THE LAW DEBENTURE TRUST CORPORATION p.l.c.

**relating to a
€30,000,000,000
Euro Medium Term Note Programme**

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THIS TRUST DEED is made on 16 July 1999 as amended and restated most recently on 5 July 2019

BETWEEN:

- (1) **VODAFONE GROUP PLC**, a company incorporated with limited liability in England and Wales with registered number 1833679, whose registered office is at Vodafone House, The Connection, Newbury, Berkshire RG14 2FN, England (the **Issuer**); and
- (2) **THE LAW DEBENTURE TRUST CORPORATION p.l.c.**, a company incorporated with limited liability in England and Wales with registered number 1675231, whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX, England (the **Trustee**, which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of these presents) as trustee for the Noteholders and the Couponholders (each as defined below).

WHEREAS:

- (1) By a resolution of the Board of Directors of the Issuer passed on 24 May 1999 the Issuer has resolved to establish a Euro Medium Term Note Programme pursuant to which the Issuer may from time to time issue Notes as set out therein and herein. Notes up to a maximum nominal amount (including, for the avoidance of doubt, any Retained Notes) (calculated in accordance with Clause 3.5 of the Programme Agreement (as defined below)) from time to time outstanding of €30,000,000,000 (subject to increase as provided in the Programme Agreement) (the **Programme Limit**) may be issued pursuant to the said Programme.
- (2) The Trustee has agreed to act as trustee of these presents for the benefit of the Noteholders and the Couponholders upon and subject to the terms and conditions of these presents.

NOW THIS TRUST DEED WITNESSES AND IT IS AGREED AND DECLARED as follows:

1. DEFINITIONS

- 1.1 In these presents unless there is anything in the subject or context inconsistent therewith the following expressions shall have the following meanings:

Agents means, in relation to all or any Series of the Notes, the Issuing and Principal Paying Agent, the other Paying Agents, the Calculation Agent, the Registrar, the other Transfer Agents or any of them;

Agency Agreement means the amended and restated agency agreement dated 5 July 2019, as amended and/or supplemented and/or restated from time to time, pursuant to which the Issuer has appointed the Issuing and Principal Paying Agent and the other Agents in relation to all or any Series of the Notes and any other agreement for the time being in force appointing further or other Agents in relation to all or any Series of the Notes, or in connection with their duties, the terms of which have previously been approved in writing by the Trustee, together with any agreement for the time being in force amending or modifying with the prior written approval of the Trustee any of the aforesaid agreements;

Appointee means any attorney, manager, agent, delegate or other person appointed by the Trustee under these presents;

Auditors means the auditors for the time being of the Issuer or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of these

presents, such other firm of accountants as may be nominated or approved by the Trustee for the purposes of these presents;

Bearer Note means a Note that is in bearer form;

Calculation Agency Agreement means in relation to all or any Series of the Notes an agreement in or substantially in the form of Schedule I to the Agency Agreement;

Calculation Agent means, in relation to all or any Series of the Notes, the person appointed as such from time to time pursuant to the provisions of the Calculation Agency Agreement or any Successor calculation agent in relation thereto;

Certificate means a Definitive or Global Certificate representing one or more Registered Notes of the same Series and, save as provided in the Conditions, comprising the entire holding by a Noteholder of his Registered Notes of that Series;

CGN means a Temporary Global Note or a Permanent Global Note and in either case in respect of which the applicable Final Terms do not specify that it is a New Global Note;

Clearstream, Luxembourg means Clearstream Banking S.A.;

CMS Linked Notes means Notes specified as such in the applicable Final Terms;

Conditions means, in relation to the Notes of any Series, the terms and conditions endorsed on or incorporated by reference into the Note or Notes constituting or Certificate or certificates representing such Series, such terms and conditions being in or substantially in the form set out in the First Schedule or in such other form, having regard to the terms of issue of the Notes of the relevant Series, as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Trustee and the relevant Dealer(s) as completed and/or (in the case of Exempt Notes) modified and/or replaced by the Final Terms applicable to the Notes of the relevant Series, in each case as from time to time modified in accordance with the provisions of these presents;

Coupon means an interest coupon appertaining to a Definitive Bearer Note (other than a Zero Coupon Note), such coupon being:

- (a) if appertaining to a Fixed Rate Note, in the form or substantially in the form set out in Part 6 A of the Second Schedule or in such other form, having regard to the terms of issue of the Notes of the relevant Series, as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Trustee and the relevant Dealer(s); or
- (b) if appertaining to a Floating Rate Note, CMS Linked Note or an Inflation Linked Interest Note, in the form or substantially in the form set out in Part 6 B of the Second Schedule or in such other form, having regard to the terms of issue of the Notes of the relevant Series, as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Trustee and the relevant Dealer(s); or
- (c) if appertaining to a Definitive Note which is neither a Fixed Rate Note nor a Floating Rate Note nor a CMS Linked Note nor an Inflation Linked Interest Note, in such form as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Trustee and the relevant Dealer(s),

and includes, where applicable, the Talon(s) appertaining thereto and any replacements for Coupons and Talons issued pursuant to Condition 11;

Couponholders means the several persons who are for the time being holders of the Coupons and includes, where applicable, the holders of the Talons;

Dealers means the entities named as Dealers in the Programme Agreement and any other entity which the Issuer may appoint as a Dealer and notice of whose appointment has been given to the Agent and the Trustee by the Issuer in accordance with the provisions of the Programme Agreement but excluding any entity whose appointment has been terminated in accordance with the provisions of the Programme Agreement and notice of which termination has been given to the Issuing and Principal Paying Agent and the Trustee by the Issuer in accordance with the provisions of the Programme Agreement and references to a **relevant Dealer** or **relevant Dealer(s)** mean, in relation to any Tranche or Series of Notes, the Dealer or Dealers with whom the Issuer has agreed the issue of the Notes of such Tranche or Series and **Dealer** means any one of them;

Definitive Bearer Note means a bearer Note in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and these presents in exchange for either a Temporary Global Note or part thereof or a Permanent Global Note (all as indicated in the applicable Final Terms), such bearer Note in definitive form being in the form or substantially in the form set out in Part 5 of the Second Schedule with such modifications (if any) as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Trustee and the relevant Dealer(s) and having the Conditions endorsed thereon or, if permitted by the relevant Stock Exchange, incorporating the Conditions by reference (where applicable to this Trust Deed) as indicated in the applicable Final Terms and having the relevant information completing the Conditions appearing in the applicable Final Terms endorsed thereon or attached thereto and (except in the case of a Zero Coupon Note in bearer form) having Coupons and, where appropriate, Talons attached thereto on issue;

Definitive Certificate means a definitive Regulation S Certificate or DTC Restricted Certificate in or substantially in the form set out in Parts 8 and 9 of the Second Schedule, respectively with such modifications (if any) as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Trustee, the Registrar and the relevant Dealer(s), representing one or more Regulation S Registered Notes or DTC Restricted Registered Notes, respectively of the same Series;

DTC means The Depository Trust Company;

DTC Restricted Certificate means a Definitive Certificate representing DTC Restricted Registered Notes in or substantially in the form set out in Part 9 of the Second Schedule, with such modifications (if any) as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Trustee, the Registrar and the relevant Dealer(s), bearing the Rule 144A Legend and includes any replacement thereof issued pursuant to the Conditions and any DTC Restricted Global Certificate;

DTC Restricted Global Certificate means a Global Certificate in or substantially in the form set out in Part 4 of the Second Schedule with such modifications (if any) as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Trustee, the Registrar and the relevant Dealer(s), and bearing the Rule 144A Legend and the legends required by DTC;

DTC Restricted Registered Note means a Registered Note represented by a DTC Restricted Global Certificate or DTC Restricted Certificate, as the case may be;

Early Redemption Amount has the meaning set out in Condition 7(f);

Early Termination Event has the meaning set out in Condition 5(i)(ii)(E);

Euroclear means Euroclear Bank SA/NV;

Eurosystem-eligible NGN means a NGN which is intended to be held in a manner which would allow Eurosystem eligibility, as stated in the applicable Final Terms;

Event of Default means any of the conditions, events or acts provided in Condition 10(A) to be Events of Default (being events upon the happening of which the Notes of any Series would, subject only to declaration by the Trustee as therein provided, become immediately due and repayable);

Exchangeable Bearer Note means a Bearer Note that is exchangeable in accordance with its terms for a Registered Note;

Exempt Notes has the meaning set out in the Programme Agreement;

Extraordinary Resolution has the meaning set out in paragraph 20 of the Third Schedule in relation to any Series of Notes;

FCA means the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000;

Final Terms has the meaning set out in the Programme Agreement;

Fixed Rate Note means a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on such other dates as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms);

Floating Rate Note means a Note on which interest is calculated at a floating rate payable one-, two-, three-, six- or twelve-monthly or in respect of such other period or on such date(s) as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms);

Indexation Adviser has the meaning set out in Condition 5(a);

Global Certificate means a Regulation S Global Certificate or a DTC Restricted Global Certificate in or substantially in the forms set out in Part 3 and Part 4 of the Second Schedule, respectively, with such modifications (if any) as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Trustee, the Registrar and the relevant Dealer(s), representing Regulation S Registered Notes or DTC Restricted Registered Notes, respectively, or one or more Tranches of the same Series that are registered in the name of a nominee for Euroclear, Clearstream, Luxembourg and/or DTC and/or any other clearing system;

Global Note means a Temporary Global Note and/or a Permanent Global Note, as the context may require;

Holding Company has the meaning set out in Condition 15;

Inflation Linked Interest Note means a Note in respect of which the amount payable in respect of interest is calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms);

Inflation Linked Note means an Inflation Linked Interest Note and/or an Inflation Linked Redemption Amount Note, as applicable;

Inflation Linked Redemption Amount Note means a Note in respect of which the amount payable in respect of principal is calculated by reference to such index and/or formula or to changes in the

prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms);

Interest Commencement Date means, in the case of interest-bearing Notes, the date specified in the applicable Final Terms from (and including) which such Notes bear interest, which may or may not be the Issue Date;

Interest Payment Date means, in relation to any Floating Rate Note, CMS Linked Note or Inflation Linked Interest Note, either:

- (a) the date which falls the number of months or other period specified as the **Specified Period** in the applicable Final Terms after the preceding Interest Payment Date or the Interest Commencement Date (in the case of the first Interest Payment Date); or
- (b) such date or dates as are indicated in the applicable Final Terms;

ISM means the London Stock Exchange's International Securities Market;

Issue Date means, in respect of any Note, the date of issue and purchase of such Note pursuant to and in accordance with the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s);

Issue Price means the price, generally expressed as a percentage of the nominal amount of the Notes, at which the Notes will be issued;

Issuing and Principal Paying Agent means, in relation to all or any Series of the Notes, HSBC Bank plc at its office at 8 Canada Square, London E14 5HQ, England, or, if applicable, any Successor agent in relation thereto;

Liability means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any amount in respect of value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis;

London Business Day has the meaning set out in Condition 4(b)(vii);

London Stock Exchange means the London Stock Exchange plc or such other body to which its functions have been transferred;

Market means the London Stock Exchange's regulated market which is a regulated market for the purposes of the Markets in Financial Instruments Directive;

Markets in Financial Instruments Directive means Directive 2014/65/EU (as amended);

Maturity Date means the date on which a Note is expressed to be redeemable;

NGN means a Temporary Global Note or a Permanent Global Note and in either case in respect of which the applicable Final Terms specify that the Global Note is a New Global Note;

Note means a note issued pursuant to the Programme and denominated in such currency or currencies as may be agreed between the Issuer and the relevant Dealer(s) which:

- (a) has such maturity as may be agreed between the Issuer and the relevant Dealer(s), subject to such minimum or maximum maturity as may be allowed or required from time to time by

the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant currency; and

- (b) has such denomination as may be agreed between the Issuer and the relevant Dealer(s), subject to such minimum denomination as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant currency,

issued or to be issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and these presents and which may be issued in bearer or registered form. Notes which are issued in bearer form shall initially be represented by, and comprised in, either (i) a Temporary Global Note which may (in accordance with the terms of such Temporary Global Note) be exchanged for Definitive Bearer Notes or Registered Notes or a Permanent Global Note, which Permanent Global Note may (in accordance with the terms of such Permanent Global Note) in turn be exchanged for Definitive Bearer Notes or Registered Notes or (ii) a Permanent Global Note which may (in accordance with the terms of such Permanent Global Note) be exchanged for Definitive Bearer Notes or Registered Notes and which shall, in the case of Registered Notes, initially be represented by, and comprised in, a Regulation S Global Certificate and/or a DTC Restricted Global Certificate each of which may, in accordance with their terms, in turn be exchanged for Definitive Certificates (all as indicated in the applicable Final Terms) and includes any replacements for a Note issued pursuant to Condition 11;

Noteholder and holder have the meanings set out in the Conditions;

notice means, in respect of a notice to be given to Noteholders, a notice validly given pursuant to Condition 14;

NSS means the New Safekeeping Structure for registered global securities which are intended to constitute eligible collateral for Eurosystem monetary policy operations;

Official List has the meaning set out in Section 103 of the Financial Services and Markets Act 2000;

outstanding in relation to the Notes, means all Notes issued other than:

- (a) those Notes which have been redeemed pursuant to these presents or the Conditions;
- (b) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest payable thereon) have been duly paid to the Trustee or have been duly paid to the Issuing and Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relative Noteholders in accordance with Condition 14) and remain available for payment against presentation of the relevant Notes, Certificates and/or Coupons;
- (c) those Notes which have been purchased and cancelled in accordance with Conditions 7(g) and (h);
- (d) those Notes which have become void under Condition 9;
- (e) those mutilated or defaced Bearer Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 11;
- (f) (for the purpose only of ascertaining the nominal amount of the Notes outstanding and without prejudice to the status for any other purpose of the relevant Notes) those Bearer

Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 11;

- (g) those Exchangeable Bearer Notes that have been exchanged for Registered Notes; and
- (h) any Temporary Global Note to the extent that it shall have been exchanged for Definitive Bearer Notes or a Permanent Global Note and any Permanent Global Note to the extent that it shall have been exchanged for Definitive Bearer Notes in each case pursuant to its provisions, the provisions of these presents and the Agency Agreement,

PROVIDED THAT for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the holders of the Notes of any Series;
- (j) the determination of how many and which Notes of any Series are for the time being outstanding for the purposes of Clause 8.1, Conditions 10 and 15 and paragraphs 2, 5, 6 and 9 of the Third Schedule;
- (k) any discretion, power or authority (whether contained in these presents or vested by operation of law) which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the holders of the Notes of any Series; and
- (l) the determination by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the holders of the Notes of any Series,

those Notes of the relevant Series (if any) which are for the time being held by or on behalf of the Issuer, any Subsidiary of the Issuer (including any Retained Notes), any Holding Company of the Issuer or other Subsidiary of such Holding Company, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding. Save for the purposes of the proviso herein, in the case of each NGN, the Trustee shall rely on the records of Euroclear and Clearstream, Luxembourg in relation to any determination of the nominal amount outstanding of each NGN;

Paying Agents means, in relation to all or any Series of the Notes, the several institutions (including, where the context permits, the Issuing and Principal Paying Agent) at their respective specified offices initially appointed as paying agents in relation to such Notes by the Issuer pursuant to the Agency Agreement and/or, if applicable, any Successor paying agents in relation thereto;

Permanent Global Note means a global note in the form or substantially in the form set out in Part 2 of the Second Schedule with such modifications (if any) as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms annexed thereto, comprising some or all of the Notes of the same Series, issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and these presents;

Person means any individual, corporation, partnership, joint venture, trust, unincorporated organisation or government, or any agency or political sub-division thereof;

Potential Event of Default means any condition, event or act which, with the lapse of time and/or the giving of notice and/or the issue of any certificate, would constitute an Event of Default;

Programme means the Euro Medium Term Note Programme established by, or otherwise contemplated in, the Programme Agreement;

Programme Agreement means the agreement of even date herewith between the Issuer and the Dealers named therein concerning the purchase of Notes to be issued pursuant to the Programme together with any agreement for the time being in force amending, replacing, novating or modifying such agreement;

Reference Banks means, in relation to the Notes of any relevant Series, the several banks initially appointed as reference banks and/or, if applicable, any Successor reference banks in relation thereto;

Register means the register maintained by the Registrar;

Registered Notes means those of the Notes which are for the time being in registered form and represented by a Certificate;

Registrar means, in relation to all or any Series of the Notes, HSBC Bank USA National Association at its office at 452 Fifth Avenue, New York, NY 10018-2708, or, if applicable, any Successor Registrar in relation thereto;

Regulation S means Regulation S under the Securities Act;

Regulation S Certificate means a Definitive Certificate representing Regulation S Registered Notes in or substantially in the form set out in Part 8 of the Second Schedule, with such modifications (if any) as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Trustee, the Registrar and the relevant Dealer(s), and includes any replacement thereof issued pursuant to the Conditions and any Regulation S Global Certificate;

Regulation S Global Certificate means a Global Certificate in or substantially in the form set out in Part 3 of the Second Schedule, with such modifications (if any) as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Trustee, the Registrar and the relevant Dealer(s);

Regulation S Registered Note means a Registered Note represented by a Regulation S Certificate or a Regulation S Global Certificate, as the case may be;

Relevant Date has the meaning set out in Condition 8;

Relevant Jurisdiction has the meaning set out in Condition 8;

Renminbi Currency Event has the meaning set out in Condition 6(g);

Reorganisation means the conveyance, transfer or lease of the properties and assets of the Issuer substantially as an entirety to any Person that guarantees the Issuer's obligations under these presents in accordance with this Clause;

repay, redeem and pay shall each include both the others and cognate expressions shall be construed accordingly;

Retained Notes means Notes specified as such in the applicable Final Terms unless and until such Notes have been sold by or on behalf of the Issuer or any Subsidiary to a third party and are no longer held by or on behalf of the Issuer or any such Subsidiary;

Rule 144A Legend means the transfer restriction legend under the Securities Act set out in the form of DTC Restricted Certificate in Part 9 of the Second Schedule and the DTC Restricted Global Certificate in Part 4 of the Second Schedule;

Securities Act means the United States Securities Act of 1933, as amended;

Series means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and the expressions **Notes of the relevant Series**, **holders of Notes of the relevant Series** and related expressions shall be construed accordingly;

Stock Exchange means the London Stock Exchange, the ISM or any other or further stock exchange(s) on which any Notes may from time to time be listed, and references in these presents to the **relevant Stock Exchange** shall, in relation to any Notes, be references to the Stock Exchange on which such Notes are, from time to time, or are intended to be, listed;

Subsidiary means, in relation to any entity, any company which is for the time being a subsidiary (within the meaning of Section 1159 of the Companies Act 2006) of such entity;

Successor means, in relation to the Issuing and Principal Paying Agent, the other Paying Agents, the Reference Banks, the Calculation Agent, the Registrar and the Transfer Agents, any successor to any one or more of them in relation to the Notes which shall become such pursuant to the provisions of these presents and/or the Agency Agreement (as the case may be) and/or such other or further issuing and principal paying agent, paying agents, reference banks, calculation agent, registrar and transfer agents (as the case may be) in relation to the Notes as may (with the prior approval of, and on terms previously approved by, the Trustee in writing) from time to time be appointed as such, and/or, if applicable, such other or further specified offices (in the former case being within the same city as those for which they are substituted) as may from time to time be nominated, in each case by the Issuer and (except in the case of the initial appointments and specified offices made under and specified in the Conditions and/or the Agency Agreement, as the case may be) notice of whose appointment or, as the case may be, nomination has been given to the Noteholders;

Successor in Business means any company which, as the result of any amalgamation, merger or reconstruction the terms of which have previously been approved in writing by the Trustee:

- (a) owns beneficially the whole or substantially the whole of the undertaking, property and assets owned by the Issuer immediately prior thereto; and
- (b) carries on, as successor to the Issuer, the whole or substantially the whole of the business carried on by the Issuer immediately prior thereto;

Talons means the talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Coupons appertaining to, the Definitive Bearer Notes (other than the Zero Coupon Notes), such talons being in the form or substantially in the form set out in Part 7 of the Second Schedule or in such other form as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Trustee and the relevant Dealer(s) and includes any replacements for Talons issued pursuant to Condition 11;

TARGET2 System has the meaning set out in Condition 4(b)(i);

Temporary Global Note means a temporary global note in the form or substantially in the form set out in Part 1 of the Second Schedule with such modifications (if any) as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms annexed thereto, comprising some or all of the Notes of the same Series, issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and these presents;

these presents means this Trust Deed and the Schedules and any trust deed supplemental hereto and the Schedules (if any) thereto and the Notes, the Certificates, the Coupons, the Talons, the

Conditions and, unless the context otherwise requires, the Final Terms, all as from time to time modified in accordance with the provisions herein or therein contained;

Tranche means all Notes which are identical in all respects (including as to listing);

Transfer Agents means, in relation to all or any Series of the Notes, the several institutions at their respective specified offices initially appointed as transfer agents in relation to such Notes by the Issuer pursuant to the Agency Agreement and/or, if applicable, any Successor transfer agents in relation thereto;

Trust Corporation means a corporation entitled by rules made under the Public Trustee Act 1906 of Great Britain or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee;

Trustee Acts means the Trustee Act 1925 and the Trustee Act 2000;

United States has the meaning set out in Condition 8;

Zero Coupon Note means a Note on which no interest is payable;

words denoting the singular shall include the plural and *vice versa*;

words denoting one gender only shall include the other genders; and

words denoting persons only shall include firms and corporations and *vice versa*.

- 1.2
- (a) All references in these presents to principal and/or principal amount and/or interest in respect of the Notes or to any moneys payable by the Issuer under these presents shall, unless the context otherwise requires, be construed in accordance with Condition 6(f).
 - (b) All references in these presents to any statute or any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such modification or re-enactment.
 - (c) All references in these presents to guarantees or to an obligation being guaranteed shall be deemed to include respectively references to indemnities or to an indemnity being given in respect thereof.
 - (d) All references in these presents to any action, remedy or method of proceeding for the enforcement of the rights of creditors shall be deemed to include, in respect of any jurisdiction other than England, references to such action, remedy or method of proceeding for the enforcement of the rights of creditors available or appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of proceeding described or referred to in these presents.
 - (e) All references in these presents to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits (but not in the case of any NGN or any Registered Global Note held under the NSS), be deemed to include references to any additional or alternative clearing system as is approved by the Issuer, the Issuing and Principal Paying Agent and the Trustee.
 - (f) Unless the context otherwise requires words or expressions used in these presents shall bear the same meanings as in the Companies Act 2006 of Great Britain.

- (g) In this Trust Deed references to Schedules, Clauses, subclauses, paragraphs and subparagraphs shall be construed as references to the Schedules to this Trust Deed and to the Clauses, subclauses, paragraphs and subparagraphs of this Trust Deed respectively.
 - (h) In these presents tables of contents and Clause headings are included for ease of reference and shall not affect the construction of these presents.
 - (i) All references in these presents involving compliance by the Trustee with a test of reasonableness shall be deemed to include a reference to a requirement that such reasonableness shall be determined by reference solely to the interests of the holders of the Notes of the relevant one or more series as a class.
 - (j) All references in these presents to the records of Euroclear and Clearstream, Luxembourg shall be to the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customer's interest in the Notes.
- 1.3 Words and expressions defined in these presents or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used herein unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and these presents, these presents shall prevail and, in the event of inconsistency between the Agency Agreement or these presents and the applicable Final Terms, the applicable Final Terms shall prevail.
- 1.4 All references in these presents to the **relevant currency** shall be construed as references to the currency in which payments in respect of the Notes and/or Coupons of the relevant Series are to be made as indicated in the applicable Final Terms.
- 1.5 All references in these presents (i) to Notes (other than Exempt Notes) being "listed" or "having a listing" shall (a) in relation to the London Stock Exchange, be construed to mean that such Notes have been admitted to the Official List by the FCA and to trading on the Market and (b) in relation to any other European Economic Area Stock Exchange, be construed to mean that such Notes have been admitted to trading on a market with that jurisdiction which is a regulated market for the purposes of the Markets in Financial Instruments Directive and (ii) in relation to any Exempt Notes being "listed" or "having a listing" (a) on the London Stock Exchange, "listing" and "listed" shall be construed to mean that such Notes have been admitted to trading on the ISM and (b) all other references shall be construed to mean that such Exempt Notes have been admitted to trading on such other or further stock exchange(s) or markets (other than a stock exchange or market which is a regulated market for the purposes of the Markets in Financial Instruments Directive) as may be agreed between the Issuer and the relevant Dealer and all references in these presents to "listing" or "listed" shall include references to "quotation" and "quoted" respectively.
- 1.6 Wherever in these presents there is a requirement for the consent of, or a request from, the Noteholders, then, for so long as any of the Registered Notes is registered in the name of DTC or its nominee and represented by a DTC Restricted Global Certificate, DTC may send an omnibus proxy to the Issuer in accordance with and in the form used by DTC as part of its usual procedures from time to time. Such omnibus proxy shall assign the right to give such consent or, as the case may be, make such request to DTC's direct participants as of the record date specified therein any such assignee participant may give the relevant consent or, as the case may be, make the relevant request in accordance with these presents.

2. AMOUNT AND ISSUE OF THE NOTES

2.1 Amount of the Notes, Final Terms and Legal Opinions

The Notes will be issued in Series in an aggregate nominal amount from time to time outstanding not exceeding the Programme Limit from time to time and for the purpose of determining such aggregate nominal amount Clause 3.5 of the Programme Agreement shall apply.

By not later than 10.00 a.m. (London time) on the London Business Day preceding each proposed Issue Date, the Issuer shall deliver or cause to be delivered to the Trustee a draft of the applicable Final Terms and drafts of all legal opinions (if any) to be given in relation to the proposed issue and shall notify the Trustee in writing without delay of the relevant Issue Date and the nominal amount of the Notes to be issued and upon the issue of the relevant Notes shall deliver or cause to be delivered to the Trustee a copy of the final form of the applicable Final Terms. Upon the issue of the relevant Notes, such Notes shall become constituted by these presents without further formality.

Before the first issue of Notes occurring after each anniversary of this Trust Deed, and on such other occasions as the Trustee so requests (if (a) the Trustee considers it necessary in view of a change (or proposed change) in applicable law or regulations (or the interpretation or application thereof) affecting the Issuer, these presents, the Programme Agreement or the Agency Agreement, or (b) the Trustee has other reasonable grounds for such request), the Issuer will procure that a further legal opinion or further legal opinions in such form and with such content as the Trustee may require from the legal advisers specified in the Programme Agreement or such other legal advisers as the Trustee may require is/are delivered to the Trustee. Whenever such a request is made with respect to any Notes to be issued, the receipt of such opinion(s) in a form satisfactory to the Trustee shall be a further condition precedent to the issue of those Notes.

2.2 Covenant to repay principal and to pay interest

The Issuer covenants with the Trustee that it will, as and when the Notes of any Series or any of them becomes due to be redeemed in accordance with the Conditions, unconditionally pay or procure to be paid to or to the order of the Trustee, in the case of any relevant currency other than euro, in the principal financial centre for the relevant currency and, in the case of euro, in a city in which banks have access to the TARGET2 System in each case in immediately available funds the principal amount in respect of the Notes of such Series becoming due for redemption on that date and (except in the case of Zero Coupon Notes) shall (subject to the provisions of the Conditions) in the meantime and until redemption in full of the Notes of such Series (both before and after any judgment or other order of a court of competent jurisdiction) unconditionally pay or procure to be paid to or to the order of the Trustee as aforesaid interest (which shall accrue from day to day) on the nominal amount of the Notes outstanding of such Series at rates and/or in amounts calculated from time to time in accordance with, or specified in, and on the dates provided for in, the Conditions (subject to Clause 2.4) PROVIDED THAT:

- (a) every payment of principal or interest or other sum due in respect of the Notes made to or to the order of the Issuing and Principal Paying Agent in the manner provided in the Agency Agreement shall be in satisfaction *pro tanto* of the relative covenant by the Issuer in this Clause contained in relation to the Notes of such Series (including, in the case of Notes represented by a NGN, whether or not the corresponding entries have been made in the records of Euroclear and Clearstream, Luxembourg) except to the extent that there is a default in the subsequent payment thereof in accordance with the Conditions to the relevant Noteholders or Couponholders (as the case may be);
- (b) in the case of any payment of principal made to the Trustee or the Issuing and Principal Paying Agent after the due date or on or after accelerated maturity following an Event of

Default interest shall continue to accrue on the nominal amount of the relevant Notes (except in the case of Zero Coupon Notes to which the provisions of Condition 7(i) shall apply) (both before and after any judgment or other order of a court of competent jurisdiction) at the rates aforesaid (or, if higher, the rate of interest on judgment debts for the time being provided by English law) up to and including the date which the Trustee determines to be the date on and after which payment is to be made in respect thereof as stated in a notice given to the holders of such Notes (such date to be not later than 30 days after the day on which the whole of such principal amount, together with an amount equal to the interest which has accrued and is to accrue pursuant to this proviso up to and including that date, has been received by the Trustee or the Issuing and Principal Paying Agent); and

- (c) in any case where payment of the whole or any part of the principal amount of any Note is improperly withheld or refused upon due presentation thereof or of the Certificate in respect thereof (other than in circumstances contemplated by 2.2(b) above), interest shall accrue on the nominal amount of such Note (except in the case of Zero Coupon Notes to which the provisions of Condition 7(i) shall apply) payment of which has been so withheld or refused (both before and after any judgment or other order of a court of competent jurisdiction) at the rates aforesaid (or, if higher, the rate of interest on judgment debts for the time being provided by English law) from the date of such withholding or refusal until the date on which, upon further presentation of the relevant Note or Certificate, as the case may be, payment of the full amount (including interest as aforesaid) in the relevant currency payable in respect of such Note is made or (if earlier) the seventh day after notice is given to the relevant Noteholder(s) (whether individually or in accordance with Condition 14) that the full amount (including interest as aforesaid) in the relevant currency in respect of such Note is available for payment, provided that, upon further presentation thereof being duly made, such payment is made.

The Trustee will hold the benefit of this covenant on trust for the Noteholders and the Couponholders and itself in accordance with these presents.

2.3 Trustee's requirements regarding Agents etc

At any time after an Event of Default or a Potential Event of Default shall have occurred or the Trustee shall have received any money which it proposes to pay under Clause 9 to the relevant Noteholders and/or Couponholders, the Trustee may:

- (a) by notice in writing to the Issuer and the Agents require the Agents pursuant to the Agency Agreement:
- (i) to act thereafter as Agents of the Trustee in relation to payments to be made by or on behalf of the Trustee under the terms of these presents *mutatis mutandis* on the terms provided in the Agency Agreement (save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Agents shall be limited to the amounts for the time being held by the Trustee on the trusts of these presents relating to the Notes of the relevant Series and the relative Certificates and Coupons and available for such purpose) and thereafter to hold all Notes and Coupons and all sums, documents and records held by them in respect of Notes, Certificates and Coupons on behalf of the Trustee; or
 - (ii) to deliver up all Notes, Certificates and Coupons and all sums, documents and records held by them in respect of Notes, Certificates and Coupons, in each case held by them in their capacity as Agent, to the Trustee or as the Trustee shall direct in such notice provided that such notice shall be deemed not to apply to any

documents or records which the relevant Agent is obliged not to release by any law or regulation; and

- (b) by notice in writing to the Issuer require it to make all subsequent payments in respect of the Notes and Coupons to or to the order of the Trustee and not to the Issuing and Principal Paying Agent and, with effect from the issue of any such notice to the Issuer and until such notice is withdrawn, proviso (i) to subclause 2.2 of this Clause relating to the Notes shall cease to have effect.

2.4 Rate of interest after Notes due and repayable under Condition 10(A)

If the Floating Rate Notes, CMS Linked Notes or Inflation Linked Interest Notes of any Series become immediately due and repayable under Condition 10(A) the rate and/or amount of interest payable in respect of them will be calculated at the same intervals as if such Notes had not become due and repayable, the first of which will commence on the expiry of the Interest Period during which the Notes of the relevant Series become so due and repayable *mutatis mutandis* in accordance with the provisions of Condition 4(b) except that the rates of interest need not be published.

2.5 Currency of payments

All payments in respect of, under and in connection with these presents and the Notes of any Series to the relevant Noteholders and Couponholders shall be made in the relevant currency.

2.6 Further Notes

The Issuer shall be at liberty from time to time (but subject always to the provisions of these presents) without the consent of the Noteholders or Couponholders to create and issue further Notes ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further Notes) and so that the same shall be consolidated and form a single series with the outstanding Notes of a particular Series.

2.7 Separate Series

The Notes of each Series shall form a separate Series of Notes and accordingly, unless for any purpose the Trustee in its absolute discretion shall otherwise determine, the provisions of this Clause and of Clauses 3 to 21 (both inclusive) and 22.2 and the Third Schedule shall apply *mutatis mutandis* separately and independently to the Notes of each Series and in such Clauses and Schedule the expressions **Notes**, **Noteholders**, **Coupons**, **Couponholders** and **Talons** shall be construed accordingly.

3. FORMS OF THE NOTES

3.1 Global Notes

- (a) The Notes of each Tranche will initially be represented by either:
 - (i) in the case of Bearer Notes, a single Temporary Global Note which shall be exchangeable for either Definitive Bearer Notes together with, where applicable, (except in the case of Zero Coupon Notes) Coupons and, where applicable, Talons attached or a Permanent Global Note or (in the case of Exchangeable Bearer Notes) Registered Notes, in each case in accordance with the provisions of such Temporary Global Note. Each Permanent Global Note shall be exchangeable for Definitive Bearer Notes together with, where applicable, (except in the case of Zero Coupon Notes) Coupons and, where applicable, Talons attached or (in the case of

Exchangeable Bearer Notes) Registered Notes, in accordance with the provisions of such Permanent Global Note; or

- (ii) in the case of Bearer Notes, a single Permanent Global Note which shall be exchangeable for Definitive Bearer Notes together with, where applicable, (except in the case of Zero Coupon Notes) Coupons and, where applicable, Talons attached or (in the case of Exchangeable Bearer Notes) Registered Notes, in accordance with provisions of such Permanent Global Note; or
- (iii) in the case of Registered Notes which are sold outside the United States in “offshore transactions” within the meaning of Regulation S, a Regulation S Global Certificate which will be exchangeable for Regulation S Certificates and/or Notes represented by a DTC Restricted Global Certificate in accordance with the provisions of such Regulation S Global Certificates; or
- (iv) in the case of Registered Notes which are sold in the United States, to qualified institutional buyers within the meaning of Rule 144A, a DTC Restricted Global Certificate which will be exchangeable for DTC Restricted Certificates and/or Notes represented by a Regulation S Global Certificate in accordance with the provisions of such DTC Restricted Global Certificate.

All Global Notes shall be prepared, completed and delivered to a common depository (in the case of a CGN) or common safekeeper (in the case of a NGN or Registered Notes held under the NSS) for Euroclear and Clearstream, Luxembourg, each Regulation S Global Certificate shall be prepared, completed and delivered to, and registered in the name of a nominee of, a common depository or common safekeeper for Euroclear and Clearstream, Luxembourg and each DTC Restricted Global Certificate shall be prepared, completed and delivered to a custodian for and registered in the name of a nominee of DTC, in each case in accordance with the provisions of the Programme Agreement or to or with or in the name of another appropriate custodian, nominee or depository in accordance with any other agreement between the Issuer and the relevant Dealer(s) and, in each case, the Agency Agreement.

- (b) Each Temporary Global Note shall be printed or typed in the form or substantially in the form set out in Part 1 of the Second Schedule and may be a facsimile. Each Temporary Global Note shall have annexed thereto a copy of the applicable Final Terms and shall be signed manually or in facsimile by a person duly authorised by the Issuer on behalf of the Issuer and shall be authenticated by or on behalf of the Issuing and Principal Paying Agent and shall, in the case of a Eurosystem-eligible NGN, be effectuated by the common safekeeper acting on the instructions of the Issuing and Principal Paying Agent. Each Temporary Global Note so executed and authenticated (and effectuated, if applicable) shall be a binding and valid obligation of the Issuer and title thereto shall pass by delivery.
- (c) Each Permanent Global Note shall be printed or typed in the form or substantially in the form set out in Part 2 of the Second Schedule and may be a facsimile. Each Permanent Global Note shall have annexed thereto a copy of the applicable Final Terms and shall be signed manually or in facsimile by a person duly authorised by the Issuer on behalf of the Issuer and shall be authenticated by or on behalf of the Issuing and Principal Paying Agent and shall, in the case of a Eurosystem-eligible NGN, be effectuated by the common safekeeper acting on the instructions of the Issuing and Principal Paying Agent. Each Permanent Global Note so executed and authenticated (and effectuated, if applicable) shall be a binding and valid obligation of the Issuer and title thereto shall pass by delivery.
- (d) Each Regulation S Global Certificate shall be printed or typed in the form or substantially in the form set out in Part 3 of the Second Schedule and may be a facsimile. Each Regulation S Global

Certificate shall have annexed thereto a copy of the applicable Final Terms and shall be signed manually or in facsimile by a person duly authorised by the Issuer on behalf of the Issuer and shall be authenticated by or on behalf of the Registrar and shall, in the case of Notes intended to be held under the NSS, be effectuated by the common safekeeper acting on the instructions of the Issuer. Each Regulation S Global Certificate shall be valid evidence of binding and valid obligations of the Issuer and title thereto shall pass upon registration in the Register.

- (e) Each DTC Restricted Global Certificate shall be printed or typed in the form or substantially in the form set out in Part 4 of the Second Schedule and may be a facsimile. Each DTC Restricted Global Certificate shall have annexed thereto a copy of the applicable Final Terms and shall be signed manually or in facsimile by a person duly authorised by the Issuer on behalf of the Issuer and shall be authenticated by or on behalf of the Registrar. Each DTC Restricted Global Certificate shall be valid evidence of binding and valid obligations of the Issuer and title thereto shall pass upon registration in the Register.

3.2 Definitive Bearer Notes

- (a) The Definitive Bearer Notes, the Coupons and the Talons shall be to bearer in the respective forms or substantially in the respective forms set out in Parts 5, 6 and 7 respectively, of the Second Schedule. The Definitive Bearer Notes, the Coupons and the Talons shall be serially numbered and, if listed or quoted, shall be security printed in accordance with the requirements (if any) from time to time of the relevant Stock Exchange and the relevant Conditions shall be incorporated by reference (where applicable to these presents) into such Definitive Bearer Notes if permitted by the relevant Stock Exchange (if any), or, if not so permitted, the Definitive Bearer Notes shall be endorsed with or have attached thereto the relevant Conditions, and, in either such case, the Definitive Bearer Notes shall have endorsed thereon or attached thereto a copy of the applicable Final Terms (or the relevant provisions thereof). Title to the Definitive Bearer Notes, the Coupons and the Talons shall pass by delivery.
- (b) The Definitive Bearer Notes shall be signed manually or in facsimile by a person duly authorised by the Issuer on behalf of the Issuer and shall be authenticated by or on behalf of the Issuing and Principal Paying Agent. The Definitive Bearer Notes so executed and authenticated, and the Coupons and Talons, upon execution and authentication of the relevant Definitive Bearer Notes, shall be binding and valid obligations of the Issuer. The Coupons and the Talons shall not be signed. No Definitive Bearer Note and none of the Coupons or Talons appertaining to such Definitive Bearer Note shall be binding or valid until such Definitive Bearer Note shall have been executed and authenticated as aforesaid.

3.3 Definitive Certificates

- (a) The DTC Restricted Certificates and Regulation S Certificates shall be in the respective forms or substantially in the respective forms set out in Parts 8 and 9, respectively of the Second Schedule and shall be printed in accordance with applicable legal and stock exchange requirements. Title to such certificates shall pass upon registration in the Register.
- (b) The DTC Restricted Certificates and Regulation S Certificates shall be signed manually or in facsimile by a person duly authorised by the Issuer on behalf of the Issuer and shall be authenticated by or on behalf of the Registrar. The DTC Restricted Certificates and Regulation S Certificates so executed and authenticated shall be valid evidence of binding and valid obligations of the Issuer. Title to such Certificates shall pass upon registration in the Register.

3.4 Facsimile signatures

The Issuer may use the facsimile signature of any person who at the date such signature is affixed to a Global Note or a Definitive Bearer Note or a Certificate is duly authorised by the Issuer notwithstanding that at the time of issue of such Note or Certificate he may have ceased for any reason to be so authorised or to hold such office.

4. FEES, DUTIES AND TAXES

The Issuer will pay any stamp, issue, registration, documentary and other fees, duties or taxes (if any), including interest and penalties, payable (a) in the United Kingdom, Belgium, Luxembourg and the United States of America on or in connection with (i) the execution and delivery of these presents and (ii) the constitution and original issue of the Notes, the Certificates and the Coupons and (b) in any jurisdiction on or in connection with any action taken by or on behalf of the Trustee or (where permitted under these presents so to do) any Noteholder or Couponholder to enforce, or to resolve any doubt concerning, or for any other purpose in relation to, these presents.

5. COVENANT OF COMPLIANCE

The Issuer covenants with the Trustee that it will comply with and perform and observe all the provisions of these presents which are expressed to be binding on it. The Notes and the Coupons shall be held subject to the provisions contained in these presents and the Conditions shall be binding on the Issuer, the Trustee, the Noteholders and the Couponholders and all persons claiming through or under them. The Trustee shall be entitled to enforce the obligations of the Issuer under the Notes, the Coupons and the Conditions in the manner therein provided as if the same were set out and contained in this Trust Deed, which shall be read and construed as one document with the Notes and the Coupons. The Trustee shall hold the benefit of this covenant upon trust for itself and the Noteholders and the Couponholders according to its and their respective interests.

6. CANCELLATION OF NOTES AND RECORDS

6.1 The Issuer shall procure that all Notes (other than Retained Notes) issued by it (a) redeemed or (b) purchased for cancellation by or on behalf of the Issuer or any Subsidiary of the Issuer and surrendered for cancellation or (c) which, being Bearer Notes which have been mutilated or defaced, have been surrendered and replaced pursuant to Condition 11 or (d) exchanged as provided in these presents (together in each case, in the case of Definitive Bearer Notes, with all unmatured Coupons attached thereto or delivered therewith) and, in the case of Definitive Bearer Notes, all relative Coupons paid in accordance with the relevant Conditions or which, being mutilated or defaced, have been surrendered and replaced pursuant to Condition 11 shall forthwith be cancelled by or on behalf of the Issuer and a certificate stating:

- (a) the aggregate nominal amount of Notes which have been redeemed and the amounts paid in respect thereof and the aggregate amounts in respect of Coupons which have been paid;
- (b) the serial numbers of such Notes in definitive form or the Certificates representing Registered Notes;
- (c) the total numbers (where applicable, of each denomination) by maturity date of such Coupons;
- (d) the aggregate amount of interest paid (and the due dates of such payments) on Global Notes and Registered Notes;

- (e) the aggregate nominal amount of Notes (if any) which have been purchased by or on behalf of the Issuer or any Subsidiary of the Issuer and cancelled and the serial numbers of such Notes in definitive form or of the Certificates representing Registered Notes and, in the case of Definitive Bearer Notes, the total number (where applicable, of each denomination) by maturity date of the Coupons and Talons attached thereto or surrendered therewith;
- (f) the aggregate nominal amounts of Notes and the aggregate amounts in respect of Coupons which have been so exchanged or surrendered and replaced and the serial numbers of such Notes in definitive form or of the Certificates representing Registered Notes and the total number (where applicable, of each denomination) by maturity date of such Coupons and Talons; and
- (g) the total number (where applicable, of each denomination) by maturity date of Talons which have been exchanged for further Coupons,

shall be given to the Trustee by or on behalf of the Issuer as soon as possible and in any event within four months after the date of such redemption, purchase, payment, exchange or replacement (as the case may be). The Trustee may accept such certificate as conclusive evidence of redemption, purchase, exchange or replacement *pro tanto* of the Notes or payment of interest thereon or exchange of the relative Talons respectively and of cancellation of the relative Notes and Coupons.

- 6.2 The Issuer shall procure (a) that the Issuing and Principal Paying Agent and/or the Registrar shall keep a full and complete record of all Notes, Coupons and Talons issued by it (other than serial numbers of Coupons) and of their redemption or purchase and cancellation and of all replacement notes, coupons or talons issued in substitution for lost, stolen, mutilated, defaced or destroyed Bearer Notes, Coupons or Talons and of all transfers and exchanges of Registered Notes (b) that the Agent and the Registrar shall, in respect of the Coupons of each maturity where the relevant Bearer Note is redeemed prior to its maturity date, retain until the expiry of 10 years from the Relevant Date in respect of such Coupons a list of the Coupons of that maturity still remaining unpaid or unexchanged and (c) that such records shall be made available to the Trustee during normal business hours.

7. ENFORCEMENT

- 7.1 The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other action as it may think fit against or in relation to the Issuer to enforce its obligations under these presents.
- 7.2 Proof that as regards any specified Note or Coupon the Issuer has made default in paying any amount due in respect of such Note or Coupon shall (unless the contrary be proved) be sufficient evidence that the same default has been made as regards all other Notes or Coupons (as the case may be) in respect of which the relevant amount is due and payable.

8. PROCEEDINGS, ACTION AND INDEMNIFICATION

- 8.1 The Trustee shall not be bound to take any proceedings mentioned in Condition 10 or any other action in relation to these presents unless respectively directed or requested to do so (a) by an Extraordinary Resolution or (b) in writing by the holders of at least one-quarter in nominal amount of the Notes (excluding Retained Notes) then outstanding and in either case then only if it shall be indemnified and/or secured and/or prefunded by the relevant Noteholders to its satisfaction against all proceedings, claims and demands to which it may be liable and against all costs, charges, liabilities and expenses which may be incurred by it in connection with such enforcement, including the costs of its managements' time and/or other internal resources, calculated using its normal hourly rates in force from time to time.

8.2 Only the Trustee may enforce the provisions of these presents. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer to enforce the performance of any of the provisions of these presents unless the Trustee having become bound as aforesaid to take proceedings fails or is unable to do so within 60 days and such failure or inability is continuing.

9. APPLICATION OF MONEYS

All moneys received by the Trustee under these presents from the Issuer (including any moneys which represent principal or interest in respect of Notes or Coupons which have become void, or in respect of claims which have become prescribed, under Condition 9) shall, unless and to the extent attributable, in the opinion of the Trustee, to a particular Series of the Notes, be apportioned *pari passu* and rateably between each Series of the Notes, and all moneys received by the Trustee under these presents from the Issuer to the extent attributable in the opinion of the Trustee to a particular Series of the Notes or which are apportioned to such Series as aforesaid, be held by the Trustee upon trust to apply them (subject to Clause 11):

FIRST in payment or satisfaction of all amounts then due and unpaid under Clauses 14 and/or 15(j) to the Trustee and/or any Appointee;

SECONDLY in or towards payment *pari passu* and rateably of all principal and interest then due and unpaid in respect of the Notes of that Series;

THIRDLY in or towards payment *pari passu* and rateably of all principal and interest then due and unpaid in respect of the Notes of each other Series; and

FOURTHLY in payment of the balance (if any) to the Issuer (without prejudice to, or liability in respect of, any question as to how such payment to the Issuer shall be dealt with as between the Issuer and any other person),

PROVIDED ALWAYS that any payment required to be made by the Trustee pursuant to these presents shall only be made subject to any applicable laws and regulations.

10. NOTICE OF PAYMENTS

The Trustee shall give notice to the relevant Noteholders in accordance with Condition 14 of the day fixed for any payment to them under Clause 9. Such payment may be made in accordance with Condition 6 and any payment so made shall be a good discharge to the Trustee.

11. INVESTMENT BY TRUSTEE

11.1 If the amount of the moneys at any time available for the payment of principal and interest in respect of the Notes issued by the Issuer under Clause 9 shall be less than 10% of the nominal amount of the Notes then outstanding the Trustee may at its discretion invest such moneys in some or one of the investments authorised below. The Trustee at its discretion may vary such investments and may accumulate such investments and the resulting income until the accumulations, together with any other funds for the time being under the control of the Trustee and available for such purpose, amount to at least 10% of the nominal amount of the Notes then outstanding and then such accumulations and funds shall be applied under Clause 9.

11.2 Any moneys which under the trusts of these presents ought to or may be invested by the Trustee may be invested in the name or under the control of the Trustee (or, if required to comply with applicable law a custodian, co-trustee or separate trustee appointed by it) in any investments for the time being authorised by law for the investment by trustees of trust moneys or in any other investments whether similar to the aforesaid or not which may be selected by the Trustee or by placing the same on

deposit in the name or under the control of the Trustee (or, if required to comply with applicable law a custodian, co-trustee or separate trustee appointed by it) at such bank or other financial institution and in such currency as the Trustee may think fit. If that bank or institution is the Trustee or a Subsidiary, holding or associated company of the Trustee, it need only account for an amount of interest equal to the amount of interest which would, at then current rates, be payable by it on such a deposit to an independent customer. The Trustee may at any time vary any such investments for or into other investments or convert any moneys so deposited into any other currency and shall not be responsible for any loss resulting from any such investments or deposits, whether due to depreciation in value, fluctuations in exchange rates or otherwise.

12. PARTIAL PAYMENTS

Upon any payment under Clause 9 (other than payment in full against surrender of a Note, Certificate or Coupon) the Note, Certificate or Coupon in respect of which such payment is made shall (except in the case of a NGN or a Registered Global Note held under the NSS) be produced to the Trustee or the Paying Agent by or through whom such payment is made and the Trustee shall or shall cause such Paying Agent to enface thereon a memorandum of the amount and the date of payment but the Trustee may in any particular case dispense with such production and enfacement upon such indemnity being given as it shall think sufficient.

13. COVENANTS

The Issuer covenants with the Trustee that, so long as any of the Notes remains outstanding (or, in the case of paragraphs (f), (g), (i), (k) and (q), so long as any of the Notes or the relative Coupons remains liable to prescription or, in the case of subparagraph (m), until the expiry of a period of 30 days after the Relevant Date) it shall:

- (a) give or procure to be given to the Trustee such opinions, certificates and information as it shall reasonably require and in such form as it shall reasonably require (including without limitation the procurement of all such certificates called for by the Trustee pursuant to Clause 16.3 and advice of the Indexation Adviser pursuant to Condition 5) for the purpose of the discharge or exercise of the duties, trusts, powers, authorities and discretions vested in it under these presents or by operation of law;
- (b) at all times keep and procure its Subsidiaries to keep proper books of account and, following the occurrence of an Event of Default or Potential Event of Default or if the Trustee reasonably considers that any such event is likely to occur, allow and procure its Subsidiaries to allow the Trustee and any person appointed by the Trustee to whom the Issuer or the relevant Subsidiary (as the case may be) shall have no reasonable objection free access to such books of account during normal business hours;
- (c) send to the Trustee (in addition to any copies to which it may be entitled as a holder of any securities of the Issuer) two copies in English of every balance sheet, profit and loss account, report, circular and notice of general meeting and every other document (other than documents of a promotional, advertising or marketing nature only) issued or sent to its shareholders together with any of the foregoing, and every document issued or sent to holders of securities other than its shareholders (including the Noteholders) as soon as practicable after the issue or publication thereof;
- (d) forthwith give notice in writing to the Trustee of the happening of any Event of Default or any Potential Event of Default, Renminbi Currency Event, Early Termination Event or Change of Control Put Event;

- (e) give to the Trustee (i) within 14 days after demand by the Trustee therefor and (ii) (without the necessity for any such demand) promptly after the publication of its audited accounts in respect of each financial year commencing with the financial year ended 31 March 1999 and in any event not later than 180 days after the end of each such financial year a certificate signed by two Directors of the Issuer to the effect that, to the best of the knowledge, information and belief of the persons so certifying, they having made all reasonable enquiries, as at a date not more than seven days before delivering such certificate (the **relevant certification date**) there did not exist and had not existed since the relevant certification date of the previous certificate (or in the case of the first such certificate the date hereof) any Event of Default or any Potential Event of Default (or if such exists or existed specifying the same) and that during the period from and including the relevant certification date of the last such certificate (or in the case of the first such certificate the date hereof) to and including the relevant certification date of such certificate the Issuer has complied with all its obligations contained in these presents or (if such is not the case) specifying the respects in which it has not complied;
- (f) so far as permitted by law, at all times execute all such further documents and do all such acts and things as may in the opinion of the Trustee be necessary at any time or times to give effect to the terms and conditions of these presents;
- (g) at all times maintain an Issuing and Principal Paying Agent, other Paying Agents, a Calculation Agent, Reference Banks, a Registrar and Transfer Agents in accordance with the Conditions;
- (h) use all reasonable endeavours to procure the Issuing and Principal Paying Agent to notify the Trustee forthwith in the event that it does not, on or before the due date for any payment in respect of the Notes or any of them or any of the relative Coupons, receive unconditionally pursuant to the Agency Agreement payment of the full amount in the relevant currency of the moneys payable on such due date on all such Notes or Coupons as the case may be;
- (i) in the event of the unconditional payment to the Issuing and Principal Paying Agent or the Trustee of any sum due in respect of the Notes or any of them or any of the relative Coupons being made after the due date for payment thereof forthwith give or procure to be given notice to the relevant Noteholders in accordance with Condition 14 that such payment has been made;
- (j) if the applicable Final Terms indicates that the Notes are listed, use all reasonable endeavours to maintain the quotation or listing on the relevant Stock Exchange of those of the Notes which are quoted or listed on the relevant Stock Exchange or, if it is unable to do so having used all reasonable endeavours, use all reasonable endeavours to obtain and maintain a quotation or listing of such Notes on such other stock exchange or exchanges or securities market or markets as the Issuer may (with the prior written approval of the Trustee) decide and shall also upon obtaining a quotation or listing of such Notes on such other stock exchange or exchanges or securities market or markets enter into a trust deed supplemental to this Trust Deed to effect such consequential amendments to these presents as the Trustee may require or as shall be requisite to comply with the requirements of any such stock exchange or securities market;
- (k) give notice to the Noteholders in accordance with Condition 14 of any appointment, resignation or removal of any Issuing and Principal Paying Agent, Calculation Agent, Reference Bank, other Paying Agent, Registrar or Transfer Agent (other than the appointment of the initial Issuing and Principal Paying Agent, Calculation Agent, Reference Banks, other Paying Agents, Registrar and Transfer Agents) after having obtained the prior

written approval of the Trustee thereto or any change of any Paying Agent's or Reference Bank's or Registrar's or Transfer Agents' specified office and (except as provided by the Agency Agreement or the Conditions); PROVIDED ALWAYS THAT so long as any of the Notes or Coupons remains liable to prescription in the case of the termination of the appointment of the Issuing and Principal Paying Agent or the Calculation Agent or the Registrar no such termination shall take effect until a new Issuing and Principal Paying Agent or Calculation Agent or the Registrar (as the case may be) has been appointed on terms previously approved in writing by the Trustee;

- (l) obtain the prior written approval of the Trustee to, and promptly give to the Trustee two copies of, the form of every notice given to the holders of any Notes issued by it in accordance with Condition 14 (such approval, unless so expressed, not to constitute approval for the purposes of Section 21 of the Financial Services and Markets Act 2000 of Great Britain (the **FSMA**) of a communication within the meaning of Section 21 of the FSMA);
- (m) if payments of principal or interest in respect of the Notes or the relative Coupons by the Issuer shall become subject generally to the taxing jurisdiction of any territory or any political sub-division or any authority therein or thereof having power to tax other than or in addition to the Relevant Jurisdiction or any political sub-division or any authority therein or thereof having power to tax, immediately upon becoming aware thereof notify the Trustee of such event and (unless the Trustee otherwise agrees) enter forthwith into a trust deed supplemental to this Trust Deed in form and manner satisfactory to the Trustee, such trust deed to modify Condition 8 (but not the proviso thereto) so that, in substitution for (or, as the case may be, addition to) the references therein to the Relevant Jurisdiction or any political sub-division thereof or any authority therein or thereof having power to tax, such Condition makes reference to that other or additional territory or any political sub-division thereof or any authority therein or thereof having power to tax to whose taxing jurisdiction such payments shall have become subject as aforesaid and Condition 7(b) shall be modified accordingly;
- (n) comply with and perform all its obligations under the Agency Agreement and use all reasonable endeavours to procure that the Agents comply with and perform all their respective obligations thereunder and any notice given by the Trustee pursuant to Clause 2.3(a) and that the Calculation Agent complies with and performs all its obligations under the Calculation Agency Agreement and not make any amendment to the Agency Agreement or the Calculation Agency Agreement without the prior written approval of the Trustee;
- (o) in order to enable the Trustee to ascertain the nominal amount of the Notes of each Series for the time being outstanding for any of the purposes referred to in the proviso to the definition of **outstanding** in Clause 1 deliver to the Trustee as soon as practicable upon being so requested in writing by the Trustee a certificate in writing signed by two Directors of the Issuer setting out the total number and aggregate nominal amount of the Notes of each Series issued by it which:
 - (i) up to and including the date of such certificate have been purchased by the Issuer, any Holding Company of the Issuer or any Subsidiary of the Issuer or such Holding Company and cancelled; and
 - (ii) are at the date of such certificate held by, for the benefit of, or on behalf of, the Issuer, any Holding Company of the Issuer or any Subsidiary of the Issuer or such Holding Company;

- (p) if, in accordance with the provisions of the Conditions, interest in respect of the Notes becomes payable at the specified office of any Paying Agent in the United States of America promptly give notice thereof to the relative Noteholders in accordance with Condition 14;
- (q) procure that each of its Subsidiaries observes the restrictions contained in Condition 7(g);
- (r) give prior written notice to the Trustee of any proposed redemption pursuant to Condition 7(b) or (c) and, if it shall have given notice to the Noteholders of its intention to redeem any Notes pursuant to Condition 7(c), duly proceed to make drawings (if appropriate) and to redeem Notes accordingly;
- (s) promptly provide the Trustee with copies of all supplements and/or amendments and/or restatements of the Programme Agreement;
- (t) use all reasonable endeavours to procure that Euroclear and/or Clearstream, Luxembourg (as the case may be) issue (s) any record, certificate or other document requested by the Trustee under Clause 15(w) or otherwise as soon as practicable after such request; and
- (u) upon any sale or disposal of Retained Notes by the Issuer or any Subsidiary to an entity which is neither the Issuer nor a Subsidiary, promptly notify the Trustee of the same in writing.

14. REMUNERATION AND INDEMNIFICATION OF TRUSTEE

- 14.1 The Issuer shall pay to the Trustee remuneration for its services as trustee of these presents at such rate and on such dates as shall be agreed from time to time between the Issuer and the Trustee. Such remuneration shall accrue from day to day and be payable (in priority to payments to Noteholders and Couponholders) up to and including the date when, all the Notes having become due for redemption, the redemption moneys and interest thereon to the date of redemption have been paid to the Issuing and Principal Paying Agent or the Trustee PROVIDED THAT if upon due presentation of any Note or Coupon or any Certificate in respect thereof or any cheque payment of the moneys due in respect thereof is improperly withheld or refused, remuneration will commence again to accrue until payment to such Noteholder or Couponholder is duly made.
- 14.2 In the event of the occurrence of an Event of Default or a Potential Event of Default or the Trustee considering it expedient or necessary or being requested by the Issuer to undertake duties which the Trustee and the Issuer agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under these presents the Issuer shall pay to the Trustee such additional remuneration, which may be calculated at the Trustee's normal hourly rates in force from time to time.
- 14.3 The Issuer shall in addition pay to the Trustee an amount equal to the amount (if any) of any value added tax or similar tax chargeable in respect of its remuneration under these presents.
- 14.4 In the event of the Trustee and the Issuer failing to agree:
- (a) (in a case to which subclause 14.1 above applies) upon the amount of the remuneration; or
 - (b) (in a case to which subclause 14.2 above applies) upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under these presents, or upon such additional remuneration,

such matters shall be determined by an investment bank or other person (acting as an expert and not as an arbitrator) selected by the Trustee and approved by the Issuer or, failing such approval,

nominated (on the application of the Trustee) by the President for the time being of The Law Society of England and Wales (the expenses involved in such nomination and the fees of such investment bank being payable by the Issuer) and the determination of any such investment bank or other person shall be final and binding upon the Trustee and the Issuer.

- 14.5 The Issuer shall also pay or discharge all Liabilities incurred by the Trustee in relation to the preparation and execution of, the exercise of its powers and the performance of its duties under, and in any other manner in relation to, these presents, including but not limited to legal and travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Trustee in connection with any action taken or contemplated by or on behalf of the Trustee for enforcing, or resolving any doubt concerning, or for any other purpose in relation to, these presents.
- 14.6 All amounts due and payable pursuant to subclause 14.5 above and/or Clause 15(j) shall be payable by the Issuer on the date specified in a written demand by the Trustee, such demand to specify the reason for such demand, and in the case of payments actually made by the Trustee prior to such demand shall (if not paid within 10 days after such demand and the Trustee so requires) carry interest from the date such payment was made or such later date as specified in such demand at the rate of one per cent. per annum above the base rate (on the date on which payment was made by the Trustee) of NatWest Bank plc from the date such demand is made, and in all other cases shall (if not paid on the date specified in such demand or, if later, within 10 days after such demand and, in either case, the Trustee so requires) carry interest at such rate from the date specified in such demand. All remuneration payable to the Trustee shall carry interest at such rate from the due date therefor.
- 14.7 Unless otherwise specifically stated in any discharge of these presents the provisions of this Clause and Clause 15(j) shall continue in full force and effect notwithstanding such discharge.
- 14.8 The Trustee shall be entitled in its absolute discretion to determine in respect of which Series of Notes any Liabilities incurred under these presents have been incurred or to allocate any such Liabilities between the Notes of any Series.

15. SUPPLEMENT TO TRUSTEE ACTS

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Trustee in relation to the trusts constituted by these presents. Where there are any inconsistencies between the Trustee Acts and the provisions of these presents, the provisions of these presents shall, to the extent allowed by law, prevail and, in the case of any such inconsistency with the Trustee Act 2000, the provisions of these presents shall constitute a restriction or exclusion for the purposes of that Act. The Trustee shall have all the powers conferred upon trustees by the Trustee Act 1925 of England and Wales and by way of supplement thereto it is expressly declared as follows:

- (a) The Trustee may in relation to these presents act on the advice or opinion of or any information obtained from any lawyer, valuer, accountant, surveyor, banker, broker, auctioneer or other expert (including without limitation, an Indexation Adviser) whether obtained by the Issuer, the Trustee or otherwise and shall not be responsible for any Liability occasioned by so acting.
- (b) Any such advice, opinion or information may be sent or obtained by letter or facsimile transmission and the Trustee shall not be liable for acting on any advice, opinion or information purporting to be conveyed by any such letter or facsimile transmission although the same shall contain some error or shall not be authentic.
- (c) The Trustee may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing a certificate signed by any two Directors of the Issuer, and the Trustee shall not be bound in any such case to call for further evidence

or be responsible for any Liability that may be occasioned by it or any other person acting on such certificate.

- (d) The Trustee shall be at liberty to hold or to place these presents and any other documents relating thereto or to deposit them in any part of the world with any banker or banking company or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Trustee to be of good repute and the Trustee shall not be responsible for or required to insure against any Liability incurred in connection with any such holding or deposit and may pay all sums required to be paid on account of or in respect of any such deposit.
- (e) The Trustee shall not be responsible for the receipt or application of the proceeds of the issue of any of the Notes by the Issuer, the exchange of any Global Note or Certificate for another Global Note or Certificate or Definitive Bearer Notes or the delivery of any Global Note, Certificate or Definitive Notes to the person(s) entitled to it or them.
- (f) The Trustee shall not be bound to give notice to any person of the execution of any documents comprised or referred to in these presents or to take any steps to ascertain whether any Early Termination Event, Renminbi Currency Event, Change of Control Put Event, Event of Default or any Potential Event of Default has occurred and, until it shall have actual knowledge or express notice pursuant to these presents to the contrary, the Trustee shall be entitled to assume that no Early Termination Event, Renminbi Currency Event, Change of Control Put Event, Event of Default or Potential Event of Default has occurred and that the Issuer is observing and performing all its obligations under these presents.
- (g) Save as expressly otherwise provided in these presents, the Trustee shall have absolute and uncontrolled discretion as to the exercise or non-exercise of its trusts, powers, authorities and discretions under these presents (the exercise or non-exercise of which as between the Trustee and the Noteholders and Couponholders shall be conclusive and binding on the Noteholders and Couponholders) and shall not be responsible for any Liability which may result from their exercise or non-exercise.
- (h) The Trustee shall not be liable to any person by reason of having acted upon any Extraordinary Resolution in writing or any Extraordinary Resolution or other resolution purporting to have been passed at any meeting of the holders of Notes of all or any Series in respect whereof minutes have been made and signed even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or the passing of the resolution, (in the case of an Extraordinary Resolution in writing) that not all such holders had signed the Extraordinary Resolution or that for any reason the resolution was not valid or binding upon such holders and the relative Couponholders.
- (i) The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any Note, Certificate or Coupon reasonably believed by it to be such and subsequently found to be forged or not authentic.
- (j) Without prejudice to the right of indemnity by law given to trustees, the Issuer shall indemnify the Trustee and every Appointee and keep it or him indemnified against all Liabilities to which it or he may be or become subject or which may be properly incurred by it or him in the execution of any of its or his trusts, powers, authorities and discretions under these presents or its or his functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to these presents or any such appointment.

- (k) Any consent or approval given by the Trustee for the purposes of these presents may be given on such terms and subject to such conditions (if any) as the Trustee thinks fit and notwithstanding anything to the contrary in these presents may be given retrospectively.
- (l) The Trustee shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be required to disclose to any Noteholder or Couponholder any information (including, without limitation, information of a confidential, financial or price sensitive nature) made available to the Trustee by the Issuer or any other person in connection with the trusts of these presents and no Noteholder or Couponholder shall be entitled to take any action to obtain from the Trustee any such information.
- (m) Where it is necessary or desirable for any purpose in connection with these presents to convert any sum from one currency to another it shall (unless otherwise provided by these presents or required by law) be converted at such rate or rates, in accordance with such method and as at such date for the determination of such rate of exchange, as may be agreed by the Trustee in consultation with the Issuer and any rate, method and date so agreed shall be binding on the Issuer, the Noteholders and the Couponholders.
- (n) The Trustee may certify whether or not any of the conditions, events and acts set out in paragraphs (b), (c), (e) and (f) of Condition 10(A) (each of which conditions, events and acts shall, unless in any case the Trustee in its absolute discretion shall otherwise determine, for all the purposes of these presents be deemed to include the circumstances resulting therein and the consequences resulting therefrom) is in its opinion materially prejudicial to the interests of the Holders and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders and the Couponholders.
- (o) The Trustee as between itself and the Noteholders and the Couponholders may determine all questions and doubts arising in relation to any of the provisions of these presents. Every such determination, whether or not relating in whole or in part to the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Noteholders and the Couponholders.
- (p) In connection with the exercise by it of any of its trusts, powers, authorities or discretions under these presents (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking given in addition thereto or in substitution therefor under these presents.
- (q) The Trustee may whenever it thinks fit delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons (whether being a joint trustee of these presents or not) all or any of its trusts, powers, authorities and discretions vested in the Trustee by these presents. Such delegation may be made upon such terms (including power to sub-delegate) and subject to such conditions and regulations as the Trustee may in the interests of the Noteholders think fit. Provided that the Trustee has taken reasonable care in selecting such delegate, it shall not be under any obligation to supervise the proceedings or

acts of any such delegate or sub-delegate or be in any way responsible for any Liability incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate. The Trustee shall within a reasonable time after any such delegation or any renewal, extension or termination thereof give notice thereof to the Issuer.

- (r) The Trustee may in the conduct of the trusts of these presents instead of acting personally employ and pay an agent (whether being a lawyer or other professional person) to transact or conduct, or concur in transacting or conducting, any business and to do, or concur in doing, all acts required to be done in connection with these presents (including the receipt and payment of money). Provided that the Trustee has taken reasonable care in selecting such agent, it shall not be in any way responsible for any Liability incurred by reason of any misconduct or default on the part of any such agent or be bound to supervise the proceedings or acts of any such agent.
- (s) The Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of these presents or any other document relating or expressed to be supplemental thereto and shall not be liable for any failure to obtain any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of these presents or any other document relating or expressed to be supplemental thereto.
- (t) The Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to any Notes or for checking or commenting upon the content of any such legal opinion.
- (u) Any certificate or report of the Auditors or any other person called for by or provided to the Trustee in accordance with or for the purposes of the Notes may be relied upon by the Trustee as sufficient evidence of the facts stated therein whether or not such certificate or report is addressed to the Trustee and whether or not such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors (or such other expert or other person) in respect thereof.
- (v) So long as any Global Note is, or any Registered Notes represented by a Global Certificate are, held on behalf of a clearing system, in considering the interests of Noteholders, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders or participants with entitlements to any such Global Note or the Registered Notes and may consider such interests on the basis that such accountholders or participants were the holder(s) thereof.
- (w) The Trustee may call for and shall rely on any records, certificate or other document of or to be issued by Euroclear or Clearstream, Luxembourg in relation to any determination of the principal amount of Notes represented by a NGN. Any such records, certificate or other document shall be conclusive and binding for all purposes. The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any such records, certificate or other document to such effect purporting to be issued by Euroclear or Clearstream, Luxembourg and subsequently found to be forged or not authentic.
- (x) No provision of these presents shall require the Trustee to do anything which may in its opinion be illegal or contrary to applicable law or regulation.

- (y) Any trustee being a banker, lawyer, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his partner or firm on matters arising in connection with the trusts of these presents and also his properly incurred charges in addition to disbursements for all other work and business done and all time spent by him or his partner or firm on matters arising in connection with these presents, including matters which might or should have been attended to in person by a trustee not being a banker, lawyer, broker or other professional person.
- (z) Nothing contained in these presents shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not assured to it.
- (aa) The Trustee shall not be bound to take any steps to enforce the performance of any provisions of these presents, the Notes or the Coupons or to appoint an independent financial advisor pursuant to the Conditions unless it shall be indemnified and/or secured and/or prefunded by the relevant Noteholders and/or Couponholders to its satisfaction against all proceedings, claims and demands to which it may be liable and against all costs, charges, liabilities and expenses which may be incurred by it in connection with such enforcement or appointment, including the cost of its managements' time and/or other internal resources, calculated using its normal hourly rates in force from time to time.
- (bb) When determining whether an indemnity or any security is satisfactory to it, the Trustee shall be entitled to evaluate its risk in given circumstances by considering the worst-case scenario and, for this purpose, it may take into account, without limitation, the potential costs of defending or commencing proceedings in England or elsewhere and the risk however remote, of any award of damages against it in England or elsewhere.
- (cc) The Trustee shall be entitled to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

16. TRUSTEE'S LIABILITY

Nothing in these presents shall in any case in which the Trustee has failed to show the degree of care and diligence required of it as trustee having regard to the provisions of these presents conferring on it any trusts, powers, authorities or discretions exempt the Trustee from or indemnify it against any liability for gross negligence, wilful default or fraud of which it may be guilty in relation to its duties under these presents.

17. TRUSTEE CONTRACTING WITH THE ISSUER

Neither the Trustee (which for the purpose of this Clause shall include the Holding Company of any corporation acting as trustee hereof or any Subsidiary of such Holding Company) nor any director or officer or Holding Company, Subsidiary or associated company of a corporation acting as a trustee under these presents shall by reason of its or his fiduciary position be in any way precluded from:

- (a) entering into or being interested in any contract or financial or other transaction or arrangement with the Issuer or any person or body corporate associated with the Issuer (including without limitation any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making of loans or the provision of financial facilities or financial advice to, or the purchase, placing or underwriting of or the subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with, or acting as paying agent in respect of, the Notes or any other notes, bonds, stocks, shares, debenture stock, debentures or other securities of, the Issuer or any person or body corporate associated as aforesaid); or
- (b) accepting or holding the trusteeship of any other trust deed constituting or securing any other securities issued by or relating to the Issuer or any such person or body corporate so associated or any other office of profit under the Issuer or any such person or body corporate so associated,

and each shall be entitled to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such contract, transaction or arrangement as is referred to in 17(a) above or, as the case may be, any such trusteeship or office of profit as is referred to in 17(b) above without regard to the interests of the Noteholders and notwithstanding that the same may be contrary or prejudicial to the interests of the Noteholders and shall not be responsible for any Liability occasioned to the Noteholders thereby and shall be entitled to retain and shall not be in any way liable to account for any profit made or share of brokerage or commission or remuneration or other amount or benefit received thereby or in connection therewith.

Where any Holding Company, Subsidiary or associated company of the Trustee or any director or officer of the Trustee acting other than in his capacity as such a director or officer has any information, the Trustee shall not thereby be deemed also to have knowledge of such information and, unless it shall have actual knowledge of such information, shall not be responsible for any loss suffered by Noteholders resulting from the Trustee's failing to take such information into account in acting or refraining from acting under or in relation to these presents.

18. WAIVER, AUTHORISATION AND DETERMINATION

- 18.1 The Trustee may without the consent or sanction of the Noteholders or the Couponholders and without prejudice to its rights in respect of any subsequent breach, Event of Default or Potential Event of Default from time to time and at any time but only if and in so far as in its opinion the interests of the Noteholders shall not be materially prejudiced thereby waive or authorise any breach or proposed breach by the Issuer of any of the covenants or provisions contained in these presents or any Condition or determine that any Event of Default or Potential Event of Default shall not be treated as such for the purposes of these presents or any Condition PROVIDED ALWAYS THAT the Trustee shall not exercise any powers conferred on it by this Clause in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 10(A) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding on the Noteholders and the Couponholders and, if, but only if, the Trustee shall so require, shall be notified by the Issuer to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

MODIFICATION

- 18.2 The Trustee may without the consent or sanction of the Noteholders or the Couponholders at any time and from time to time concur with the Issuer in making any modification (a) to these presents or any Condition which in the opinion of the Trustee it may be proper to make PROVIDED THAT the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of

the Noteholders or (b) to these presents or any Condition if in the opinion of the Trustee such modification is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of applicable law. In addition, the Trustee shall be obliged to concur with the Issuer in using its reasonable endeavours to effect any Benchmark Amendments in the circumstances as set out in Condition 4(b)(ii)(D) without the consent of the Noteholders or the Couponholders. Any such modification may be made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding upon the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

BREACH

- 18.3 Any breach of or failure to comply with any such terms and conditions as are referred to in subclauses 18.1 and 18.2 of this Clause shall constitute a default by the Issuer in the performance or observance of a covenant or provision binding on it under or pursuant to these presents.

19. HOLDER OF DEFINITIVE BEARER NOTE ASSUMED TO BE COUPONHOLDER

- 19.1 Wherever in these presents the Trustee is required or entitled to exercise a power, trust, authority or discretion under these presents, except as ordered by a court of competent jurisdiction or as required by applicable law, the Trustee shall, notwithstanding that it may have express notice to the contrary, assume that each holder of a Definitive Bearer Note is the holder of all Coupons appertaining to each Definitive Bearer Note of which he is the holder.

NO NOTICE TO COUPONHOLDERS

- 19.2 Neither the Trustee nor the Issuer shall be required to give any notice to the Couponholders for any purpose under these presents and the Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Definitive Bearer Notes in accordance with Condition 14.

20. SUBSTITUTION AND CONSOLIDATION MERGER, CONVEYANCE, TRANSFER OR LEASE

- 20.1 (a) The Trustee may without the consent of the Noteholders or Couponholders at any time agree with the Issuer to the substitution in place of the Issuer (or of the previous substitute under this Clause) as the principal debtor under these presents and the Deed Poll of either (i) a Successor in Business to the Issuer or (ii) a Holding Company of the Issuer or (iii) any Subsidiary of the Issuer (such substituted company being hereinafter called the **New Company**) provided that in each case a trust deed is executed or some other form of undertaking is given by the New Company in form and manner reasonably satisfactory to the Trustee, agreeing to be bound by the provisions of these presents with any consequential amendments which the Trustee may deem appropriate as fully as if the New Company had been named in these presents as the principal debtor in place of the Issuer (or of the previous substitute under the Clause) and provided further that (save in the case of a substitution of a Successor in Business to the Issuer) the Issuer unconditionally and irrevocably guarantees all amounts payable under these presents to the satisfaction of the Trustee.
- (b) The following further conditions shall apply to 20.1(a) above:
- (i) the Issuer and the New Company shall comply with such other requirements as the Trustee may direct in order to ensure that the interests of the Noteholders are not materially prejudiced (and taking into account the proviso in paragraph 20.1(c) below);

- (ii) undertakings or covenants shall be given by the New Company in terms corresponding to the provisions of Condition 8 and Condition 7(b) shall be modified accordingly;
 - (iii) without prejudice to the rights of reliance of the Trustee under the immediately following paragraph (iv), the Trustee is satisfied that the relevant transaction is not materially prejudicial to the interests of the Noteholders, provided that in determining such material prejudice the Trustee shall not take into account any prejudice to the interests of the Noteholders as a result of the New Company not being required pursuant to the undertakings or covenants given pursuant to the preceding paragraph (ii) to pay any additional amounts for or on account of any Taxes imposed by the United States (or any political subdivision or taxing authority thereof or therein); and
 - (iv) if two Directors of the New Company (or other officers acceptable to the Trustee) shall certify that the New Company is solvent at the time at which the relevant transaction is proposed to be effected (which certificate the Trustee may rely upon absolutely) the Trustee shall not be under any duty to have regard to the financial condition, profits or prospects of the New Company or to compare the same with those of the Issuer or any previous substitute under this Clause as applicable.
- (c) Any such trust deed or undertaking shall, if so expressed, operate to release the Issuer or the previous substitute as aforesaid from all of its obligations as principal debtor under these presents. Not later than 14 days after the execution of such documents and compliance with such requirements, the New Company shall give notice thereof in a form previously approved by the Trustee to the Noteholders in the manner provided in Condition 14. Upon the execution of such documents and compliance with such requirements, the New Company shall be deemed to be named in these presents as the principal debtor in place of the Issuer (or in place of the previous substitute under this Clause) under these presents and these presents shall be deemed to be modified in such manner as shall be necessary to give effect to the above provisions and, without limitation, references in these presents to the Issuer shall, unless the context otherwise requires, be deemed to be or include references to the New Company.
- 20.2 (a) The Issuer may consolidate with or merge (which term shall include for the avoidance of doubt a scheme of arrangement) into any other Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, and the Issuer may permit any Person to consolidate with or merge into the Issuer or convey, transfer or lease its properties and assets substantially as an entirety to the Issuer, provided that:
- (i) if the Issuer shall consolidate with or merge into another Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, the Person formed by such consolidation or into which the Issuer is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Issuer substantially as an entirety shall be a corporation, partnership or trust, shall be organised and validly existing under the laws of any applicable jurisdiction and shall expressly assume (including, in the case of a Reorganisation, by way of a full and unconditional guarantee subject to the proviso to this subclause) by a trust deed supplemental hereto executed and delivered to the Trustee on behalf of the Noteholders in form reasonably satisfactory to the Trustee, the due and punctual payment of the principal of and interest on all the Notes and the performance or observance of every covenant of these presents on the part of the Issuer to be performed or observed; provided, however, that in the case of a Reorganisation;

- (A) such assumption shall be effected by means of a supplemental trust deed executed by the guarantor in which:
- I. the guarantor covenants to the Trustee to guarantee irrevocably and unconditionally the due and punctual payment of the principal of and interest on all the Notes, and all other amounts payable by the Issuer under these presents, which guarantee shall (*inter alia*) not be subject to any requirement for presentment or demand and shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation (x) the waiver, surrender, compromise, settlement, release, termination or modification of any or all of the obligations, covenants or agreements of the Issuer under these presents; (y) the bankruptcy or insolvency of the Issuer; and (z) to the extent permitted by law, the release or discharge by operation of law of the Issuer from the performance or observance of any obligation, covenant or agreement contained in these presents; and
 - II. the guarantor covenants to be bound by each and every obligation of the Issuer contained in these presents, including without limitation the obligation to pay additional amounts with respect to any payment made under the guarantee to the extent and subject to the exceptions, *mutatis mutandis*, set out in Condition 8, and to be subject to each Event of Default specified in Condition 10(A) or in any Notes or Certificates in respect thereof and to each Potential Event of Default, as though in each case, each reference to the Issuer in connection with such obligations or Events of Default were to the guarantor; provided, however, that the reference to specific statutes in Condition 10(A)(e) shall be modified, if applicable, to reflect the laws of the jurisdiction of incorporation of the guarantor; and
- (B) the Trustee shall have received an opinion of legal counsel (which may be an employee of the guarantor), in form and substance reasonably satisfactory to the Trustee to the effect that such guarantee is the valid, binding and enforceable obligation of the guarantor;
- (ii) immediately prior to and after giving effect to such transaction and treating any indebtedness which becomes an obligation of the Issuer as a result of such transaction as having been incurred by the Issuer at the time of such transaction, no Event of Default or Potential Event of Default shall have happened and be continuing;
 - (iii) the Person formed by such consolidation or into which the Issuer is merged or to whom the Issuer has conveyed, transferred or leased its properties or assets (if such Person is incorporated or organised and validly existing under the laws of a jurisdiction other than the United States, any State thereof, or the District of Columbia, or England and Wales) agrees to indemnify the Trustee and the holder of each Note and Coupon against (A) any tax, assessment or governmental charge imposed on the Trustee or any such holder or required to be withheld or deducted from any payment to the Trustee or such holder as a consequence of such consolidation, merger, conveyance, transfer or lease; and (B) any costs or expenses of the act of such consolidation, merger, conveyance, transfer or lease;

- (iv) the Issuer (and, in the case of a guarantee as provided above, the guarantor) has delivered to the Trustee a Certificate signed by two of its Directors (or other officers acceptable to the Trustee) and an opinion of legal counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental trust deed is required in connection with such transaction, such supplemental trust deed complies with this Clause, that such supplemental trust deed is valid, binding and enforceable and that all conditions precedent herein provided for relating to such transaction have been complied with;
 - (v) undertakings or covenants shall be given by such Person in terms corresponding to the provisions of Condition 8 and Condition 7(b) shall be modified accordingly;
 - (vi) without prejudice to the rights of reliance of the Trustee under the immediately following paragraph (vii), the Trustee is satisfied that the relevant transaction is not materially prejudicial to the interests of the Noteholders, provided that in determining such material prejudice the Trustee shall not take into account any prejudice to the interests of the Noteholders as a result of the Person pursuant to the undertakings or covenants given pursuant to the preceding paragraph (v) not being required to pay any additional amounts for or on account of any Taxes imposed by the United States (or any political subdivision or taxing authority thereof or therein); and
 - (vii) if two Directors of the Person formed by such consolidation or into which the Issuer is merged or to whom the Issuer has conveyed, transferred or leased its properties or assets (or other officers acceptable to the Trustee) shall certify that such Person is solvent at the time at which the relevant transaction is proposed to be effected (which certificate the Trustee may rely upon absolutely) the Trustee shall not be under any duty to have regard to the financial condition, profits or prospects of such Person or to compare the same with those of the Issuer.
- (b) Upon any consolidation of the Issuer with, or merger of the Issuer into, any other Person or any conveyance, transfer or lease of the properties and assets of the Issuer substantially as an entirety in accordance with paragraph (a) of this subclause 20.2, the successor Person formed by such consolidation or into which the Issuer is merged or to which such conveyance, transfer or lease is made shall succeed to and be substituted for, except in the case of an assumption by way of a full and unconditional guarantee made in accordance with paragraph (a) of this subclause 20.2 (in which event, the Issuer shall remain an obligor under these presents), and may exercise every right and power of, the Issuer under these presents with the same effect as if such successor Person had been named as the Issuer in these presents, as the case may be, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under these presents.
- (c) Not later than 21 days after completion of the relevant transaction as referred to in paragraph (a) of this subclause 20.2 the Issuer or, as the case may be, the Person resulting from any such consolidation or merger shall give notice thereof in a form previously approved by the Trustee to the Noteholders in the manner provided in Condition 14.

21. CURRENCY INDEMNITY

The Issuer shall severally indemnify the Trustee, every Appointee, the Noteholders and the Couponholders and keep them indemnified against:

- (a) any loss or damage incurred by any of them arising from the non-payment by the Issuer of any amount due to the Trustee or the holders of the Notes issued by the Issuer and the

relative Couponholders under these presents by reason of any variation in the rates of exchange between those used for the purposes of calculating the amount due under a judgment or order in respect thereof and those prevailing at the date of actual payment by the Issuer; and

- (b) any deficiency arising or resulting from any variation in rates of exchange between (i) the date as of which the local currency equivalent of the amounts due or contingently due under these presents (other than this Clause) is calculated for the purposes of any bankruptcy, insolvency or liquidation of the Issuer and (ii) the final date for ascertaining the amount of claims in such bankruptcy, insolvency or liquidation. The amount of such deficiency shall be deemed not to be reduced by any variation in rates of exchange occurring between the said final date and the date of any distribution of assets in connection with any such bankruptcy, insolvency or liquidation.

The above indemnities shall constitute obligations of the Issuer and separate and independent from its other obligations under the other provisions of these presents and shall apply irrespective of any indulgence granted by the Trustee or the Noteholders or the Couponholders from time to time and shall continue in full force and effect notwithstanding the judgment or filing of any proof or proofs in any bankruptcy, insolvency or liquidation of the Issuer for a liquidated sum or sums in respect of amounts due under these presents (other than this Clause). Any such deficiency as aforesaid shall be deemed to constitute a loss suffered by the Noteholders and the Couponholders and no proof or evidence of any actual loss shall be required by the Issuer or its liquidator or liquidators.

22. NEW TRUSTEE

- 22.1 The power to appoint a new trustee of these presents shall be vested in the Issuer but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution. One or more persons may hold office as trustee or trustees of these presents but such trustee or trustees shall be or include a Trust Corporation. Whenever there shall be more than two trustees of these presents the majority of such trustees shall be competent to execute and exercise all the duties, powers, trusts, authorities and discretions vested in the Trustee by these presents provided that a Trust Corporation shall be included in such majority. Any appointment of a new trustee of these presents shall as soon as practicable thereafter be notified by the Issuer to the Agent and in accordance with Condition 14 to the Noteholders.

Separate and Co-Trustees

- 22.2 Notwithstanding the provisions of subclause 22.1 above, the Trustee may, upon giving prior notice to the Issuer (but without the consent of the Issuer, the Noteholders or the Couponholders), appoint any person established or resident in any jurisdiction (whether a Trust Corporation or not) to act either as a separate trustee or as a co-trustee jointly with the Trustee:
 - (a) if the Trustee considers such appointment to be in the interests of the Noteholders;
 - (b) for the purposes of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts is or are to be performed; or
 - (c) for the purposes of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction of either a judgment already obtained or any of the provisions of these presents against the Issuer.

The Issuer irrevocably appoints the Trustee to be its attorney in its name and on its behalf to execute any such instrument of appointment. Such a person shall (subject always to the provisions of these presents) have such trusts, powers, authorities and discretions (not exceeding those conferred on the

Trustee by these presents) and such duties and obligations as shall be conferred or imposed by the instrument of appointment. The Trustee shall have power in like manner to remove any such person. Such reasonable remuneration as the Trustee may pay to any such person, together with any attributable costs, charges and expenses incurred by it in performing its function as such separate trustee or co-trustee, shall for the purposes of these presents be treated as costs, charges and expenses incurred by the Trustee.

23. TRUSTEE'S RETIREMENT AND REMOVAL

A trustee of these presents may retire at any time on giving not less than three months' prior written notice to the Issuer without giving any reason and without being responsible for any Liabilities incurred by reason of such retirement. The Noteholders shall have the power exercisable by Extraordinary Resolution to remove any trustee or trustees for the time being of these presents. The Issuer undertakes that in the event of the only trustee of these presents which is a Trust Corporation giving notice under this Clause or being removed by Extraordinary Resolution it will use all reasonable endeavours to procure that a new trustee of these presents being a Trust Corporation is appointed as soon as reasonably practicable thereafter. The retirement or removal of any such trustee shall not become effective until a successor trustee being a Trust Corporation is appointed.

24. TRUSTEE'S POWERS TO BE ADDITIONAL

The powers conferred upon the Trustee by these presents shall be in addition to any powers which may from time to time be vested in the Trustee by the general law or as a holder of any of the Notes or Coupons.

25. NOTICES

Any notice or demand to the Issuer or the Trustee required to be given, made or served for any purposes under these presents shall be given, made or served by sending the same by pre-paid post (first class if inland, first class airmail if overseas), email or facsimile transmission or by delivering it by hand as follows:

to the Issuer: Vodafone House
 The Connection
 Newbury
 Berkshire RG14 2FN
 England

(Attention: Group Treasury Director)
Email: jamie.stead2@vodafone.com
Facsimile No.: 01635 238 080

to the Trustee: Fifth Floor
 100 Wood Street
 London EC2V 7EX
 England

(Attention: the Manager, Commercial Trusts)
Email: trustsupport@lawdeb.com
Facsimile No.: 020 7696 5261

or to such other postal address, email address or facsimile number as shall have been notified (in accordance with this Clause) to the other party hereto and any notice or demand sent by post as aforesaid shall be deemed to have been given, made or served upon receipt. Any notice or demand sent by email as aforesaid shall be deemed to have been given, made or served when sent (provided always that any communication to the Trustee shall only be treated as having been received upon written confirmation of receipt by the Trustee and an automatically generated “read” or “received” receipt shall not constitute such confirmation). Any notice or demand sent by facsimile transmission as aforesaid shall be deemed to have been given, made or served upon receipt provided that in the case of a notice or demand given by facsimile transmission such notice or demand shall forthwith be confirmed by post.

26. GOVERNING LAW

The Trust Deed, the Notes, the Coupons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.

27. COUNTERPARTS

This Trust Deed and any trust deed supplemental hereto may be executed and delivered in counterparts, both of which, taken together, shall constitute one and the same deed and either party to this Trust Deed or any party to any trust deed supplemental hereto may enter into the same by executing and delivering a counterpart.

28. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this Trust Deed or any trust deed supplemental hereto has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Trust Deed or any trust deed supplemental hereto, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

IN WITNESS whereof this Trust Deed has been executed as a deed by the Issuer and the Trustee and delivered on the date stated on page 1.

SCHEDULE 1

TERMS AND CONDITIONS OF THE NOTES

Notes issued by Vodafone Group Plc (formerly called Vodafone AirTouch Plc) (the “**Issuer**”) are constituted by a Trust Deed dated 16 July 1999 (such Trust Deed as modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include any successor as trustee).

The Notes and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement dated 5 July 2019 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) made between the Issuer, HSBC Bank plc as issuing and principal paying agent and agent bank (the “**Issuing and Principal Paying Agent**”, which expression shall include any successor issuing and principal paying agent), the other paying agents named therein (together with the Issuing and Principal Paying Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents), HSBC Bank USA, National Association as exchange agent (the “**Exchange Agent**”, which expression shall include any successor exchange agent) and HSBC Bank USA, National Association as registrar (the “**Registrar**”, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the “**Transfer Agents**”, which expression shall include any additional or successor transfer agent) and the Trustee.

The Noteholders (as defined below) and the holders (the “**Couponholders**”) of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. References in these Terms and Conditions to “**Exempt Notes**” are to Notes for which no prospectus is required to be published under the Prospectus Directive (as defined below).

If this Note is not an Exempt Note, the final terms for this Note (or the relevant provisions thereof) are attached to or endorsed on this Note (the “**Final Terms**”). Part A of the Final Terms completes these Terms and Conditions for the purposes of this Note. References to the “**applicable Final Terms**” are to Part A of the Final Terms (or the relevant provisions thereof). If this Note is an Exempt Note, the pricing supplement for this Note (or the relevant provisions thereof) are attached to or endorsed on this Note (the “**Pricing Supplement**”). Part A of the Pricing Supplement completes these Terms and Conditions for the purposes of this Note and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. In the case of Exempt Notes, any subsequent reference in these Terms and Conditions to “**Final Terms**” shall be deemed to include reference to “**Pricing Supplement**” so far as the context admits.

The Trustee acts for the benefit of the Noteholders and the Couponholders, (which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee (being at Fifth Floor, 100 Wood Street, London EC2V 7EX, England) and at the specified office of each of the Paying Agents. In addition, the applicable Final Terms will be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange plc at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html or otherwise published in accordance with Article 14 of Directive 2003/71/EC (as amended or superseded) (the “**Prospectus Directive**”). If this Note is an Exempt Note, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Paying Agent for the time being in London as to the identity of such holder. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The

statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed. Words and expressions defined in the Trust Deed and/or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed shall prevail and, in the event of inconsistency between the Agency Agreement or the Trust Deed and the applicable Final Terms, the applicable Final Terms will prevail.

References herein to “**RMB Notes**” are to Notes denominated in Renminbi. References herein to “**Renminbi**”, “**RMB**” and “**CNY**” are to the lawful currency of the People’s Republic of China (the “**PRC**”) which, for the purposes of these Terms and Conditions, excludes the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

1. **Form, Denomination and Title**

The Notes are issued in bearer form (“**Bearer Notes**”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“**Registered Notes**”) or in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”) in each case in the Specified Denomination(s) shown hereon.

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

The Notes may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, CMS Linked Notes, Inflation Linked Interest Notes or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

The Notes may be redeemable at par or may be Inflation Linked Redemption Notes, depending on the Redemption Basis shown in the applicable Final Terms.

If this Note is an Exempt Note, this Note may include terms and conditions not contemplated by these Terms and Conditions, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Bearer Notes are serially numbered and are issued with Coupons attached, unless they are Zero Coupon Notes, in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and Coupons will pass by delivery. Title to the Registered Notes will pass by registration in the register that the Issuer will procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). The Issuer, any Paying Agent, the Registrar, the Transfer Agents, the Exchange Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the holder (as defined below) of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon (or on the Certificate representing it) or any notice of previous loss or theft of the Note or Coupon (or that of the related Certificate) or of trust or any interest therein) and shall not be required to obtain any proof thereof or as to the identity of such holder and no person shall be liable for so treating the holder.

In these Terms and Conditions, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note or Coupon) means the bearer of any Bearer Note or Coupon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them in the applicable Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

If so specified in the applicable Final Terms, some or all of the relevant Tranche of Notes may immediately be purchased by or on behalf of the Issuer on the Issue Date thereof. Such Notes are referred to as “**Retained Notes**”. Any Retained Notes may (in each case, together with the related Coupons and Talons, if applicable) be purchased by and held by or for the account of the Issuer or any Subsidiary of it and may be sold or otherwise disposed of in whole

or in part by private treaty at any time, and shall cease to be Retained Notes to the extent of and upon such sale or disposal.

Retained Notes shall, pending sale or disposal by or on behalf of the Issuer, carry the same rights and be subject in all respects to the same terms and conditions as the other Notes of the relevant Series, except that Retained Notes will not be treated as outstanding for the purposes of determining quorum or voting at meetings of Noteholders or of considering the interests of the Noteholders save as otherwise provided in the Trust Deed. Notes which have ceased to be Retained Notes shall carry the same rights and be subject in all respects to the same terms and conditions as the other Notes of the relevant Series.

Retained Notes will be held by a custodian appointed by the Issuer or any Subsidiary of it and specified in the applicable Final Terms (the “**Custodian**”). At the time of such appointment, the Issuer (or a relevant Subsidiary of it, as the case may be), the Trustee and the Custodian will enter into a custody agreement to specify how the Custodian will hold such Retained Notes on behalf of the Issuer.

2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder (in substantially the same form set out in Schedule 4 of the Agency Agreement) and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6(c)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

(c) Partial Redemption in Respect of Registered Notes

In the case of a partial redemption of a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder in respect of the balance of the holding not redeemed. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) above shall only be available for delivery within three business days of receipt of the request for exchange, form of transfer or Change of Control Put Notice (as defined in Condition 7(d)) or Put Notice (as defined in Condition 7(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Change of Control Put Notice, Put Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Change of Control Put Notice, Put Notice or other in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition (d),

“**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) Exchange or Transfer Free of Charge

Exchange and transfer of Notes and Certificates on registration, transfer and exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 7(c), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. Status of the Notes

The Notes and any relative Coupons are direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves, with all other, present and future, outstanding unsecured and unsubordinated obligations of the Issuer (other than obligations preferred by law).

4. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date.

In the case of RMB Notes, if:

- (i) Interest Payment Date Adjustment is specified as applying in the applicable Final Terms; and
- (ii) (x) there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) any Interest Payment Date would otherwise fall on a day which is not a Business Day,

then such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note

in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

(b) Interest on Floating Rate Notes, CMS Linked Notes and Inflation Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note, CMS Linked Note and Inflation Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each an “**Interest Payment Date**”) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B), the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(ii) Rate of Interest for Floating Rate Notes and CMS Linked Notes

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms and, depending on the manner so specified, either Condition 4(b)(ii)(A) or Condition 4(b)(ii)(B) (as applicable) will apply to the Notes. The Rate of Interest payable from time to time in respect of CMS Linked Notes will be determined in accordance with Condition 4(b)(ii)(C).

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Issuing and Principal Paying

Agent under an interest rate swap transaction if the Issuing and Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on LIBOR or on EURIBOR for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), (i) “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions, (ii) the definition of “**Banking Day**” in the ISDA Definitions shall be amended to insert after the words “are open for” in the second line the word “general” and (iii) “**Euro-zone**” means the region comprised of Member States of the European

Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Issuing and Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Issuing and Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 4(b)(ii)(B)(1) above, no such offered quotation appears or, in the case of Condition 4(b)(ii)(B)(2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph above, the Issuing and Principal Paying Agent shall request each of the Reference Banks to provide the Issuing and Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate, at approximately the Relevant Time, on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issuing and Principal Paying Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Issuing and Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Issuing and Principal Paying Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Issuing and Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Issuing and Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time, on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is TIBOR, the Tokyo inter-bank market or, if the Reference Rate is CDOR, the Toronto inter-bank market or, if the Reference Rate is JIBAR, the Johannesburg inter-bank market, as the case may be, plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Issuing and Principal Paying Agent with such offered rates, the offered

rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at approximately the Relevant Time, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Issuing and Principal Paying Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is TIBOR, the Tokyo inter-bank market or, if the Reference Rate is CDOR, the Toronto inter-bank market or, if the Reference Rate is JIBAR, the Johannesburg inter-bank market, as the case may be, plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

(C) Rate of Interest for CMS Linked Notes

The Rate of Interest for each Interest Period will, subject as provided below, be determined by reference to the following formula:

$$[CMS\ Rate + Margin] \times Gearing\ Factor$$

Where:

“**CMS Rate**” means, subject as provided below, the Relevant Swap Rate (expressed as a percentage rate per annum) for swap transactions in the Reference Currency with a maturity of the CMS Designated Maturity which appears on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question, all as determined by the Calculation Agent and as specified in the applicable Final Terms.

“**Gearing Factor**” has the meaning specified in the applicable Final Terms.

“**Margin**” has the meaning specified in the applicable Final Terms.

If (for the purposes of determining the applicable CMS Rate) the Relevant Screen Page is not available, the Calculation Agent shall request each of the CMS Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate (expressed as a percentage rate per annum) at approximately the Relevant Time on the Interest Determination Date in question. If three or more of the CMS Reference Banks provide the Calculation Agent such quotations, the CMS Rate for such Interest Period shall be the arithmetic mean rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the quotations, eliminating the highest (or, if there is more than one highest quotation, one only of such quotations) and the lowest (or, if there is more than one lowest quotation, one only of such quotations).

If on any Interest Determination Date less than three or none of the CMS Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

(D) Benchmark Discontinuation

This Condition 4(b)(ii)(D) applies only to (i) Floating Rate Notes where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and (ii) CMS Linked Notes.

(i) *Issuer Determination and Independent Adviser*

If a Benchmark Discontinuation Event occurs in relation to an Original Reference Rate at any time when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then:

- (a) the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer (acting in good faith and in a commercially reasonable manner) determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(b)(ii)(D)(ii)) and, in either case, an Adjustment Spread (in accordance with Condition 4(b)(ii)(D)(iii)) and any Benchmark Amendments (in accordance with Condition 4(b)(ii)(D)(iv)), by no later than five Business Days prior to the first Interest Determination Date that (A) falls after the Benchmark Replacement Date relating to such Benchmark Discontinuation Event, and (B) relates to an Interest Period for which the Rate of Interest (or any component part thereof) is to be determined by reference to such Original Reference Rate (the “**IA Determination Cut-off Date**”); and
- (b) if the Issuer is unable to appoint an Independent Adviser prior to the relevant IA Determination Cut-off Date in accordance with Condition 4(b)(ii)(D)(i)(a), the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(b)(ii)(D)(ii)) and, in either case, an Adjustment Spread (in accordance with Condition 4(b)(ii)(D)(iii)) and any Benchmark Amendments (in accordance with Condition 4(b)(ii)(D)(iv)), by no later than the first Interest Determination Date that (A) falls after the Benchmark Replacement Date relating to such Benchmark Discontinuation Event, and (B) relates to an Interest Period for which the Rate of Interest (or any component part thereof) is to be determined by reference to such Original Reference Rate.

An Independent Adviser appointed pursuant to this Condition 4(b)(ii)(D)(i) shall act in good faith and in a commercially reasonable manner and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Trustee, the Issuing and Principal Paying Agent, any Calculation Agent, any other agents under the Agency Agreement (together with the Issuing and Principal Paying Agent and any Calculation Agent, the “**Agents**” and each an “**Agent**”), the Noteholders or the Couponholders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4(b)(ii)(D).

(ii) Successor Rate or Alternative Rate

If the Issuer (in accordance with Condition 4(b)(ii)(D)(i)) determines that:

- (a) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes (subject to Condition 4(b)(ii)(D)(v) and to the further operation of this Condition 4(b)(ii)(D)); or
- (b) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4(b)(ii)(D)(iii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes (subject to Condition 4(b)(ii)(D)(v) and the further operation of this Condition 4(b)(ii)(D)).

(iii) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

If the Issuer (in accordance with Condition 4(b)(ii)(D)(i)) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then the Successor Rate or the Alternative Rate (as the case may be) will be used as described in Condition 4(b)(ii)(D)(ii) without application of any Adjustment Spread (subject to Condition 4(b)(ii)(D)(v) and the further operation of this Condition 4(b)(ii)(D)).

(iv) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(b)(ii)(D) and the Issuer (in accordance with Condition 4(b)(ii)(D)(i)) determines (a) that amendments to these Terms and Conditions, the Agency Agreement, (if

applicable) any calculation agency agreement (a “**Calculation Agency Agreement**”) and/or the Trust Deed (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day or Relevant Screen Page) are necessary to follow market practice or to ensure the proper operation of such Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread (or any combination thereof) (such amendments, the “**Benchmark Amendments**”) and (b) the terms of the Benchmark Amendments, then the Issuer shall, subject to (A) Condition 4(b)(ii)(D)(v) and (B) giving notice thereof in accordance with Condition 4(b)(ii)(D)(vi), without any requirement for the consent or approval of the Noteholders or the Couponholders, vary these Terms and Conditions, the Agency Agreement, the relevant Calculation Agency Agreement and/or the Trust Deed (as applicable) to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and each of the Agents of a certificate signed by two Directors of the Issuer pursuant to Condition 4(b)(ii)(D)(vi), the Trustee and/or each relevant Agent (as applicable) shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders or the Couponholders, be obliged to concur with the Issuer in using its reasonable endeavours to effect any Benchmark Amendments (including, *inter alia*, by the execution of a deed or agreement supplemental to or amending the Trust Deed and/or the Agency Agreement and/or the relevant Calculation Agency Agreement, as applicable) and neither the Trustee nor any Agent shall be liable to any party for any consequences thereof, provided that neither the Trustee nor any Agent shall be obliged so to concur if, in the sole opinion of the Trustee or the relevant Agent (as applicable), doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee or the relevant Agent, as applicable, in these Terms and Conditions, the Trust Deed, the Agency Agreement or any Calculation Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed or supplemental agency agreement) in any way.

(v) *Benchmark Replacement Date*

Notwithstanding any other provision of this Condition 4(b)(ii)(D), following the occurrence of any Benchmark Discontinuation Event:

(1) no Successor Rate or Alternative Rate shall be used in place of the relevant Original Reference Rate; and

(2) no Adjustment Spread or Benchmark Amendments shall take effect,

until the first Interest Determination Date that (A) falls after the Benchmark Replacement Date relating to such Benchmark Discontinuation Event and (B) relates to an Interest Period for which the Rate of Interest (or any component part thereof) is to be determined by reference to the Original Reference Rate.

(vi) *Notification of Successor Rate, Alternative Rate, Adjustment Spread and any Benchmark Amendments*

Following a Benchmark Discontinuation Event and the determination of any Successor Rate, Alternative Rate, Adjustment Spread and/or Benchmark Amendments pursuant to the provisions of this Condition 4(b)(ii)(D) (and in any event prior to any Successor Rate, Alternative Rate, Adjustment Spread and/or Benchmark Amendments taking effect), the Issuer will promptly notify the Trustee, the Agents and, in accordance with Condition 14, the Noteholders, of any such Successor Rate, Alternative Rate, Adjustment Spread and/or the specific terms of any Benchmark Amendments so determined under this Condition 4(b)(ii)(D). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments (if any).

Prior to any Successor Rate, Alternative Rate, Adjustment Spread and/or Benchmark Amendments taking effect, the Issuer shall deliver to the Trustee and the Agents a certificate signed by two Directors of the Issuer:

- (i) confirming (a) that a Benchmark Discontinuation Event and the related Benchmark Replacement Date have occurred, (b) the Successor Rate or, as the case may be, the Alternative Rate, (c) the applicable Adjustment Spread and (d) the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4(b)(ii)(D); and
- (ii) certifying that the Benchmark Amendments (if any) are necessary to follow market practice or, as applicable, to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread or any combination thereof (as applicable).

The Trustee and the Agents shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof.

The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's and each Agent's ability to rely on such certificate as aforesaid and subject to Condition 4(b)(ii)(D)(v)) be binding on the Issuer, the Trustee, the Agents, the Noteholders and the Couponholders as of their effective date.

(vii) Fallbacks

Without prejudice to the obligations of the Issuer under this Condition 4(b)(ii)(D), the Original Reference Rate and the fallback provisions provided for in (in the case of Floating Rate Notes) Condition 4(b)(ii)(B) or (in the case of CMS Linked Notes) Condition 4(b)(ii)(C) will continue to apply unless and until both (a) a Benchmark Discontinuation Event in relation to the Original Reference Rate and (b) a related Benchmark Replacement Date have occurred.

If, following the occurrence of a Benchmark Replacement Date and in relation to the determination of the Rate of Interest on the relevant Interest Determination Date, no Successor Rate or Alternative Rate (as applicable) is determined in accordance with this Condition 4(b)(ii)(D) by such Interest Determination Date, the Original Reference Rate will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date, with the effect that the fallback provisions provided for in (in the case of Floating Rate Notes) Condition 4(b)(ii)(B) or (in the case of CMS Linked Notes) Condition 4(b)(ii)(C) will (if applicable) continue to apply to such determination.

For the avoidance of doubt, this Condition 4(b)(ii)(D) shall apply to the determination of the Rate of Interest on the relevant Interest Determination Date only, and the Rate of Interest applicable to any subsequent Interest Period(s) is subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(b)(ii)(D).

(iii) Rate of Interest for Inflation Linked Interest Notes

The Rate of Interest in respect of Inflation Linked Interest Notes for each Interest Period will be as specified in the applicable Final Terms. Amounts of interest payable in respect of Inflation Linked Interest Notes determined by reference to the applicable Rate of Interest shall be subject to adjustment in accordance with Condition 5.

(iv) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of sub-paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of sub-paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(v) *Determination of Rate of Interest and calculation of Interest Amounts*

The Issuing and Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of CMS Linked Notes and Inflation Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of CMS Linked Notes and Inflation Linked Interest Notes, the Calculation Agent will notify the Issuing and Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Issuing and Principal Paying Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes, CMS Linked Notes or Inflation Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes, CMS Linked Notes or Inflation Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes, CMS Linked Notes or Inflation Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note, a CMS Linked Note or an Inflation Linked Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

(vi) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Issuing and Principal Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Issuing and Principal Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Rate. “**Designated Maturity**” means, in relation to Screen Rate Determination, the period of time designated in the Reference

(vii) *Notification of Rate of Interest and Interest Amounts*

The Issuing and Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes, CMS Linked Notes or Inflation Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes, CMS Linked Notes or Inflation Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(ix) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Issuing and Principal Paying Agent or, if applicable, the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Issuing and Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Issuing and Principal Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) **Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

(d) **Definitions**

In these Terms and Conditions:

“**Adjustment Spread**” means either (a) a spread (which may be positive, negative or zero), or (b) a formula or methodology for calculating a spread, in either case, which the Issuer (in accordance with Condition 4(b)(ii)(D)(i)) determines is to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with such Successor Rate by any Relevant Nominating Body;
- (ii) in the case of an Alternative Rate or (where (i) above does not apply) in the case of a Successor Rate, the Issuer determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Rate or such Alternative Rate (as the case may be); or
- (iii) (if the Issuer determines that neither (i) nor (ii) above applies) the Issuer determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (iii) (if the Issuer determines that none of (i), (ii) or (iii) above applies) the Issuer determines to be appropriate in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to the Noteholders and the Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);

“**Alternative Rate**” means an alternative to the Original Reference Rate which the Issuer determines (in accordance with Condition 4(b)(ii)(D)(ii)) has replaced the Original Reference Rate in customary market usage in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof):

- (i) in the case of Floating Rate Notes, for a commensurate interest period and in the same Specified Currency as the Notes; and
- (ii) in the case of CMS Linked Notes, with a commensurate swap rate designated maturity and in the same Reference Currency as the Notes,

or, in any case, if the Issuer determines that there is no such rate, such other rate as the Issuer determines in its sole discretion is most comparable to the Original Reference Rate;

“**Benchmark Amendments**” has the meaning given to it in Condition 4(b)(ii)(D)(iv);

“**Benchmark Discontinuation Event**” means, with respect to an Original Reference Rate:

- (i) such Original Reference Rate ceasing to (a) be published for a period of at least five Business Days or (b) exist or be administered; or
- (ii) the later of (a) the making of a public statement by the administrator of such Original Reference Rate that it will, on or before a specified date, cease publishing such Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Original Reference Rate) and (b) the date falling six months prior to the specified date referred to in (ii)(a); or
- (iii) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that such Original Reference Rate has been permanently or indefinitely discontinued; or
- (iv) the later of (a) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that such Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (b) the date falling six months prior to the specified date referred to in (iv)(a);
- (v) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that means such Original Reference Rate has become prohibited from being used or that its use has become subject to restrictions or adverse consequences;
- (vi) the later of (a) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means such Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (b) the date falling six months prior to the specified date referred to in (vi)(a); or
- (vii) it has or will, prior to the next Interest Determination Date, become unlawful for the Issuer, any Agent or any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest and/or the Interest Amount to calculate any payments due to be made to any Noteholder or Couponholder using such Original Reference Rate; or
- (viii) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used;

“**Benchmark Replacement Date**” means, with respect to any Benchmark Discontinuation Event:

- (i) in the case of an event falling within sub-paragraph (i)(a) of the definition of “Benchmark Discontinuation Event”, the first Business Day immediately following such five-Business Day period;
- (ii) in the case of an event falling within sub-paragraphs (i)(b) or (ii) of the definition of “Benchmark Discontinuation Event”, the date of the relevant cessation of existence, administration or publication, as applicable;
- (iii) in the case of an event falling within sub-paragraphs (iii), (v) or (viii) of the definition of “Benchmark Discontinuation Event”, the date of the relevant public statement;
- (iv) in the case of an event falling within sub-paragraph (iv) of the definition of “Benchmark Discontinuation Event”, the date of the relevant discontinuation; or
- (v) in the case of event falling within sub-paragraphs (vi) or (vii) of the definition of “Benchmark Discontinuation Event”, the date on which the relevant prohibition, restrictions, adverse consequences or unlawfulness become (s) effective;

“**Business Day**” means a day which is both:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Wellington, respectively), (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “**TARGET2 System**”) is open or (3) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets in Hong Kong are generally open for business and settlement for Renminbi payments in Hong Kong;

“**Calculation Agent**” means the person appointed by the Issuer as calculation agent in relation to a Series of CMS Linked Notes and specified in the applicable Final Terms and shall include any successor calculation agent appointed in respect of such Notes;

“**CDOR**” means the Canadian dollar offered rate;

“**CMS Reference Banks**” means:

- (i) where the Reference Currency is euro, the principal office of five leading swap dealers in the Euro-zone inter-bank market;
- (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London inter-bank market;
- (iii) where the Reference Currency is U.S. dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market; and
- (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market,

in each case as selected by the Calculation Agent;

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with Condition 4(b):

- (i) if “**Actual/Actual-ISDA**” or “**Actual/Actual**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Sterling)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iii) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iv) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Interest Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Interest Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

- (vii) if “**30E/360 (ISDA)**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Interest Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

“**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

“**EURIBOR**” means the Euro-zone inter-bank offered rate;

“**Fixed Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with Condition 4 (a):

- (i) if “**Actual/Actual (ICMA)**” is specified in the applicable Final Terms:
 - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year;
- (ii) if “**30/360**” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and
- (iii) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the relevant period divided by 365;

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise in the international debt capital markets appointed by the Issuer at its own expense under Condition 4(b)(ii)(D)(i) and notified in writing to the Trustee;

“**Interest Determination Date**” means:

- (i) if the Notes are Floating Rate Notes and:

- (a) the Reference Rate is LIBOR (other than Sterling or Euro LIBOR), the second London business day prior to the start of each Interest Period;
 - (b) the Reference Rate is Sterling LIBOR, the first day of each Interest Period;
 - (c) the Reference Rate is Euro LIBOR or EURIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period;
 - (d) the Reference Rate is TIBOR, the second Tokyo Business Day prior to the start of each Interest Period;
 - (e) the Reference Rate is CDOR, the first day of each Interest Period; or
 - (f) the Reference Rate is JIBAR, the first day of each Interest Period; or
- (ii) if the Notes are CMS Linked Notes, each date specified in the applicable Final Terms;

“**Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;

“**ISDA Definitions**” means the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and amended and updated as at the Issue Date of the first Tranche of the Notes);

“**JIBAR**” means the Johannesburg inter-bank agreed rate;

“**LIBOR**” means the London inter-bank offered rate;

“**Original Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the relevant Rate of Interest (or any component part thereof) in respect of any Interest Period(s) (provided that if, following one or more Benchmark Replacement Dates, such originally-specified benchmark or screen rate (as applicable) (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (for a further) Successor Rate or Alternative Rate and a Benchmark Discontinuation Event and a related Benchmark Replacement Date subsequently occur in respect of such Successor Rate or Alternative Rate, the term “Original Reference Rate” shall include any such Successor Rate or Alternative Rate);

“**Reference Banks**” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal office of four major banks in the Eurozone inter-bank market, in the case of a determination of TIBOR, the principal Tokyo office of ten major banks in the Tokyo inter-bank market, in the case of a determination of CDOR, four major Canadian Schedule I chartered banks, in the case of a determination of JIBAR, the principal Johannesburg office of four major banks in the Johannesburg inter-bank market, in each case selected by the Issuing and Principal Paying Agent;

“**Reference Rate**” means (i) LIBOR, (ii) EURIBOR, (iii) TIBOR, (iv) CDOR, (v) JIBAR or (vi) CMS Rate, in each case for the relevant period, as specified in the applicable Final Terms;

“**Relevant Financial Centre**” means:

- (i) if the Notes are Floating Rate Notes:
 - (a) London, in the case of a determination of LIBOR;
 - (b) Brussels, in the case of a determination of EURIBOR;
 - (c) Tokyo, in the case of a determination of TIBOR;
 - (d) Toronto, in the case of a determination of CDOR; and
 - (e) Johannesburg, in the case of a determination of JIBAR; or

- (ii) if the Notes are CMS Linked Notes, the city specified in the applicable Final Terms;

“**Relevant Nominating Body**” means, in respect of an Original Reference Rate:

- (i) the central bank for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such Original Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

“**Relevant Swap Rate**” means:

- (i) where the Reference Currency is euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;
- (ii) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;
- (iii) where the Reference Currency is U.S. dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and
- (iv) where the Reference Currency is any other currency, the mid-market swap rate as determined by the Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice;

“**Relevant Time**” means:

- (i) if the Notes are Floating Rate Notes:
 - (a) in the case of LIBOR, 11.00 a.m.;
 - (b) in the case of EURIBOR, 11.00 a.m.;
 - (c) in the case of TIBOR, 11.00 a.m.;
 - (d) in the case of CDOR, 10.00 a.m.; and

- (e) in the case of JIBAR, 11.00 a.m.; or
 - (ii) if the Notes are CMS Linked Notes, the time specified in the applicable Final Terms,
- in each case in the Relevant Financial Centre;

“**Representative Amount**” means an amount that is representative for a single transaction in the relevant market at the relevant time;

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent;

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body; and

“**TIBOR**” means the Tokyo inter-bank offered rate.

5. Inflation Linked Notes

This Condition 5 is applicable only if the applicable Final Terms specifies the Notes as Inflation Linked Interest Notes and/or Inflation Linked Redemption Notes (“**Inflation Linked Notes**”).

(a) U.K. Retail Price Index

Where RPI (as defined below) is specified as the Index in the applicable Final Terms, Conditions 5(a) to 5(f) will apply. For purposes of Conditions 5(a) to 5(f), unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Base Index Figure**” means (subject to Condition 5(c)(i)) the base index figure as specified in the applicable Final Terms;

“**Calculation Agent**” means the person appointed by the Issuer as calculation agent in relation to a Series of Inflation Linked Notes and specified in the applicable Final Terms, and shall include any successor calculation agent appointed in respect of such Notes;

“**Her Majesty’s Treasury**” means Her Majesty’s Treasury or any officially recognised party performing the function of a calculation agent (whatever such party’s title), on its or its successor’s behalf, in respect of the Reference Gilt;

“**Index**” or “**Index Figure**” means, subject as provided in Condition 5(c)(i), the U.K. Retail Price Index (RPI) (for all items published by the Office for National Statistics (January 1987 = 100) or any comparable index which may replace the U.K. Retail Price Index for the purpose of calculating the amount payable on repayment of the Reference Gilt (the “**RPI**”). Any reference to the Index Figure:

- (i) applicable to a particular month, shall, subject as provided in Conditions 5(c) and 5(e), be construed as a reference to the Index Figure published in the seventh month prior to that particular month and relating to the month before that of publication; or
- (ii) applicable to the first calendar day of any month shall, subject as provided in Conditions 5(c) and 5(e), be construed as a reference to the Index Figure published in the second month prior to that particular month and relating to the month before that of publication; or
- (iii) applicable to any other day in any month shall, subject as provided in Conditions 5(c) and 5(e), be calculated by linear interpolation between (x) the Index Figure applicable to the first calendar day of the month in which the day falls, calculated as specified in sub-paragraph (ii) above and (y) the Index Figure applicable to the first calendar day of the month following, calculated as specified in sub-paragraph (ii) above and rounded to the nearest fifth decimal place;

“**Index Ratio**” applicable to any month or date, as the case may be, means the Index Figure applicable to such month or date, as the case may be, divided by the Base Index Figure and rounded to the nearest fifth decimal place;

“**Limited Index Ratio**” means (a) in respect of any month or date, as the case may be, prior to the relevant Issue Date, the Index Ratio for that month or date, as the case may be, (b) in respect of any Limited Indexation Date after the relevant Issue Date, the product of the Limited Indexation Factor for that month or date, as the case may be, and the Limited Index Ratio as previously calculated in respect of the month or date, as the case may be, twelve months prior thereto; and (c) in respect of any other month, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month;

“**Limited Indexation Date**” means any date falling during the period specified in the applicable Final Terms for which a Limited Indexation Factor is to be calculated;

“**Limited Indexation Factor**” means, in respect of a Limited Indexation Month or Limited Indexation Date, as the case may be, the ratio of the Index Figure applicable to that month or date, as the case may be, divided by the Index Figure applicable to the month or date, as the case may be, twelve months prior thereto, provided that (a) if such ratio is greater than the Maximum Indexation Factor specified in the applicable Final Terms, it shall be deemed to be equal to such Maximum Indexation Factor and (b) if such ratio is less than the Minimum Indexation Factor specified in the applicable Final Terms, it shall be deemed to be equal to such Minimum Indexation Factor;

“**Limited Indexation Month**” means any month specified in the applicable Final Terms for which a Limited Indexation Factor is to be calculated;

“**Limited Index Linked Notes**” means Inflation Linked Notes to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the applicable Final Terms) applies; and

“**Reference Gilt**” means the index-linked Treasury Stock or Treasury Gilt specified as such in the applicable Final Terms for so long as such gilt is in issue, and thereafter such issue of index-linked Treasury Stock or Treasury Gilt determined to be appropriate by a gilt-edged market maker or other adviser selected by the Issuer (an “**Indexation Adviser**”).

(b) Application of the Index Ratio

Each payment of interest (in the case of Inflation Linked Interest Notes) and principal (in the case of Inflation Linked Redemption Notes) in respect of the Notes shall be the amount provided in, or determined in accordance with, these Terms and Conditions, multiplied by the Index Ratio or Limited Index Ratio in the case of Limited Index Linked Notes applicable to the month or date, as the case may be, on which such payment falls to be made and rounded in accordance with Condition 4 (b)(v).

(c) Changes in Circumstances Affecting the Index

- (i) Change in base: If at any time and from time to time the Index is changed by the substitution of a new base therefor, then with effect from the month from and including that in which such substitution takes effect or the first date from and including that on which such substitution takes effect, as the case may be, (1) the definition of “**Index**” and “**Index Figure**” in Condition 5(a) shall be deemed to refer to the new date or month in substitution for January 1987 (or, as the case may be, to such other date or month as may have been substituted therefor), and (2) the new Base Index Figure shall be the product of the existing Base Index Figure and the Index Figure for the date on which such substitution takes effect, divided by the Index Figure for the date immediately preceding the date on which such substitution takes effect.
- (ii) Delay in publication of Index if sub-paragraph (i) of the definition of Index Figure is applicable: If the Index Figure which is normally published in the seventh month and which relates to the eighth month (the “**relevant month**”) before the month in which a payment is due to be made is not published on or before the fourteenth business day before the date on which such payment is due (the “**date for payment**”), the Index Figure applicable to the month in which the date for payment falls shall be (1) such substitute index figure (if any) as the Trustee considers (acting solely on the advice of the Indexation Adviser) to have been published by the United Kingdom Debt Management Office or the Bank of England, as the case may be, for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Trustee (acting solely on the advice of the Indexation Adviser)) or (2) if no such determination is made by such Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 5(c)(i)) before the date for payment.

- (iii) Delay in publication of Index if sub-paragraph (ii) and/or (iii) of the definition of Index Figure is applicable: If the Index Figure relating to any month (the “**calculation month**”) which is required to be taken into account for the purposes of the determination of the Index Figure for any date is not published on or before the fourteenth business day before the date on which such payment is due (the “**date for payment**”), the Index Figure applicable for the relevant calculation month shall be (1) such substitute index figure (if any) as the Trustee considers (acting solely on the advice of the Indexation Adviser) to have been published by the United Kingdom Debt Management Office or the Bank of England, as the case may be, for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Trustee (acting solely on the advice of the Indexation Adviser)) or (2) if no such determination is made by such Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 5(c)(i)) before the date for payment.

(d) Application of Changes

Where the provisions of Condition 5(c)(ii) or Condition 5(c)(iii) apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls or the date for payment, as the case may be, shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 5(c)(ii)(2) or Condition 5(c)(iii)(2), the Index Figure relating to the relevant month or relevant calculation month, as the case may be, is subsequently published while a Note is still outstanding, then:

- (i) in relation to a payment of interest (in the case of Inflation Linked Interest Notes) and/or principal (in the case of Inflation Linked Redemption Notes) in respect of such Note other than upon final redemption of such Note, the interest and/or principal (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced, as the case may be, by an amount equal to the shortfall or excess, as the case may be, of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 5(c)(ii)(2) or Condition 5(c)(iii)(2) below or above the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the fourteenth business day before the date for payment; and
- (ii) in relation to a payment of interest (in the case of Inflation Linked Interest Notes) and/or principal (in the case of Inflation Linked Redemption Notes) upon final redemption, no subsequent adjustment to amounts paid will be made.

(e) Material Changes or Cessation of the Index

- (i) Material changes to the Index: If notice is published by Her Majesty’s Treasury, or on its behalf, following a change to the coverage or the basic calculation of the Index, then the Calculation Agent shall make any such adjustments to the Index consistent with any adjustments made to the Index as applied to the Reference Gilt.
- (ii) Cessation of the Index: If the Trustee and the Issuer have been notified by the Calculation Agent that the Index has ceased to be published, or if Her Majesty’s Treasury, or a person acting on its behalf, announces that it will no longer continue to publish the Index, then the Calculation Agent shall determine a successor index in lieu of any previously applicable index (the “**Successor Index**”) by using the following methodology:
- (a) if at any time a successor index has been designated by Her Majesty’s Treasury in respect of the Reference Gilt, such successor index shall be designated the “**Successor Index**” for the purposes of all subsequent Interest Payment Dates, notwithstanding that any other Successor Index may previously have been determined under paragraphs (b) or (c) below; or
- (b) if a Successor Index has not been determined under paragraph (a) above, the Issuer and the Trustee (acting solely on the advice of the Indexation Adviser) together shall seek to agree for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Noteholders in no better and no worse position than they would have been had the Index not ceased to be published; or
- (c) if the Issuer and the Trustee (acting solely on the advice of the Indexation Adviser) fail to reach agreement as mentioned above within 20 business days following the giving of notice as mentioned

in paragraph (ii), a bank or other person in London shall be appointed by the Issuer and the Trustee or, failing agreement on and the making of such appointment within 20 business days following the expiry of the 20 business day period referred to above, by the Trustee (acting solely on the advice of the Indexation Adviser) (in each case, such bank or other person so appointed being referred to as the “**Expert**”), to determine for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Noteholders in no better and no worse position than they would have been had the Index not ceased to be published. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert and of any Indexation Adviser and of any of the Issuer and the Trustee in connection with such appointment shall be borne by the Issuer.

- (iii) Adjustment or replacement: The Index shall be adjusted or replaced by a substitute index pursuant to the foregoing paragraphs, as the case may be, and references in these Terms and Conditions to the Index and to any Index Figure shall be deemed amended in such manner as the Trustee (acting solely on the advice of the Indexation Adviser) and the Issuer agree are appropriate to give effect to such adjustment or replacement. Such amendments shall be effective from the date of such notification and binding upon the Issuer, the Trustee and the Noteholders, and the Issuer shall give notice to the Noteholders in accordance with Condition 14 of such amendments as promptly as practicable following such notification or adjustment.

(f) Redemption for Index Reasons

If either (i) the Index Figure for three consecutive months is required to be determined on the basis of an Index Figure previously published as provided in Condition 5(c)(ii)(2) and the Trustee has been notified by the Calculation Agent that publication of the Index has ceased or (ii) notice is published by Her Majesty’s Treasury, or on its behalf, following a change in relation to the Index, offering a right of redemption to the holders of the Reference Gilt, and (in either case) no amendment or substitution of the Index shall have been designated by Her Majesty’s Treasury in respect of the Reference Gilt and such circumstances are continuing, the Issuer may, upon giving not more than 60 nor less than

30 days’ notice to the Noteholders (or such other notice period as may be specified in the applicable Final Terms) in accordance with Condition 14, redeem all, but not some only, of the Notes at their Early Redemption Amount referred to in Condition 6(f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption (in each case adjusted in accordance with Condition 5(b)).

(g) HICP

Where HICP (as defined below) is specified as the Index in the applicable Final Terms, the Conditions 5(g) to 5(j) will apply. For purposes of Conditions 5(g) to 5(j), unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Base Index Level**” means the base index level as specified in the applicable Final Terms;

“**Calculation Agent**” means the person appointed by the Issuer as calculation agent in relation to a Series of Inflation Linked Notes and specified in the applicable Final Terms, and shall include any successor calculation agent appointed in respect of such Notes;

“**Index**” or “**Index Level**” means (subject as provided in Condition 5(i)) the non-revised Harmonised Index of Consumer Prices excluding tobacco or relevant Successor Index (as defined in Condition 5(i)(ii)), measuring the rate of inflation in the European Monetary Union excluding tobacco, expressed as an index and published by Eurostat (the “**HICP**”). The first publication or announcement of a level of such index for a calculation month (as defined in Condition

5(i)(i)(A)) shall be final and conclusive and later revisions to the level for such calculation month will not be used in any calculations. Any reference to the Index Level which is specified in these Terms and Conditions as applicable to any day (“d”) in any month (“m”) shall, subject as provided in Condition 5(i), be calculated as follows:

$$I_d = HICP_{m-3} + \frac{nb_d}{q_m} \times (HICP_{m-2} - HICP_{m-3})$$

where:

“**I_d**” is the Index Level for the day d

“**HICP**” m-2 is the level of HICP for month m-2

“**HICP**” m-3 is the level of HICP for month m-3

“**nb**d” is the actual number of days from and excluding the first day of month m to but including day d;

and

“**q_m**” is the actual number of days in month m,

provided that if Condition 5(i) applies, the Index Level shall be the Substitute Index Level determined in accordance with such Condition.

“**Index Business Day**” means a day on which the TARGET System is operating;

“**Index Determination Date**” means in respect of any date for which the Index Level is required to be determined, the fifth Index Business Day prior to such date;

“**Index Ratio**” applicable to any date means the Index Level applicable to the relevant Index Determination Date divided by the Base Index Level and rounded to the nearest fifth decimal place, 0.000005 being rounded upwards;

“**Related Instrument**” means an inflation-linked bond selected by the Calculation Agent that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union with a maturity date which falls on (a) the same day as the Maturity Date or (b) the next longest maturity date after the Maturity Date or the next shortest maturity for the Maturity Date at its sole discretion, if there is no such bond maturing on the Maturity Date. The Calculation Agent will select the Related Instrument from such of those inflation-linked bonds issued on or before the relevant Issue Date and, if there is more than one such inflation-linked bond maturing on the same date, the Related Instrument shall be selected by the Calculation Agent from such bonds at its sole discretion. If the Related Instrument is redeemed the Calculation Agent will select a new Related Instrument on the same basis, but selected from all eligible bonds in issue at the time the originally selected Related Instrument is redeemed (including any bond for which the redeemed originally selected Related Instrument is exchanged).

(h) Application of the Index Ratio

Each payment of interest (in the case of Inflation Linked Interest Notes) and principal (in the case of Inflation Linked Redemption Notes) in respect of the Notes shall be the amount provided in, or determined in accordance with, these Terms and Conditions, multiplied by the Index Ratio applicable to the date on which such payment falls to be made and rounded in accordance with Condition 4(b)(v).

(i) Changes in Circumstances Affecting the Index

(i) Delay in publication of Index

(A) If the Index Level relating to any month (the “**calculation month**”) which is required to be taken into account for the purposes of the determination of the Index Level for any date (the “**Relevant Level**”) has not been published or announced by the day that is five Business Days before the date on which such payment is due (the “**Affected Payment Date**”), the Calculation Agent shall determine a Substitute Index Level (as defined below) (in place of such Relevant Level) by using the following methodology:

- (1)** if applicable, the Calculation Agent will take the same action to determine the “**Substitute Index Level**” for the Affected Payment Date as that taken by the calculation agent (or any other party performing the function of a calculation agent (whatever such party’s title)) pursuant to the terms and conditions of the Related Instrument;
- (2)** if (1) above does not result in a Substitute Index Level for the Affected Payment Date for any reason, then the Calculation Agent shall determine the Substitute Index Level as follows:

$$\text{Substitute Index Level} = \text{Base Level} \times (\text{Latest Level} / \text{Reference Level})$$

Where:

“**Base Level**” means the level of the Index (excluding any flash estimates) published or announced by Eurostat (or any successor entity which publishes such index) in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined;

“**Latest Level**” means the latest level of the Index (excluding any flash estimates) published or announced by Eurostat (or any successor entity which publishes such index) prior to the month in respect of which the Substitute Index Level is being calculated; and

“**Reference Level**” means the level of the Index (excluding any flash estimates) published or announced by Eurostat (or any successor entity which publishes such index) in respect of the month that is 12 calendar months prior to the month referred to in “*Latest Level*” above.

- (B) If a Relevant Level is published or announced at any time after the day that is five Business Days prior to the next Interest Payment Date, such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to this Condition 5(i) will be the definitive level for that calculation month.
- (ii) Cessation of publication: If the Index Level has not been published or announced for two consecutive months or Eurostat announces that it will no longer continue to publish or announce the Index then the Calculation Agent shall determine a successor index in lieu of any previously applicable Index (the “**Successor Index**”) by using the following methodology:
- (A) if at any time (other than after an Early Termination Event (as defined below) has been designated by the Calculation Agent pursuant to paragraph (E) below) a successor index has been designated by the calculation agent (or any other party performing the function of a calculation agent (whatever such party’s title)) pursuant to the terms and conditions of the Related Instrument, such successor index shall be designated the “**Successor Index**” for the purposes of all subsequent Interest Payment Dates, notwithstanding that any other Successor Index may previously have been determined under paragraphs (B), (C) or (D) below; or
- (B) if a Successor Index has not been determined under paragraph (A) above (and there has been no designation of an Early Termination Event pursuant to paragraph (E) below), and a notice has been given or an announcement has been made by Eurostat (or any successor entity which publishes such index) specifying that the Index will be superseded by a replacement index specified by Eurostat (or any such successor), and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be the Index from the date that such replacement index comes into effect; or
- (C) if a Successor Index has not been determined under paragraphs (A) or (B) above (and there has been no designation of an Early Termination Event pursuant to paragraph (E) below), the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Index should be. If four or five responses are received, and of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the “**Successor Index**”. If three responses are received, and two or more leading independent dealers state the same index, this index will be deemed the “**Successor Index**”. If fewer than three responses are received, the Calculation Agent will proceed to paragraph (D) below;
- (D) if no Successor Index has been determined under paragraphs (A), (B) or (C) above on or before the fifth Index Business Day prior to the next Affected Payment Date the Calculation Agent will determine an appropriate alternative index for such Affected Payment Date, and such index will be deemed the “**Successor Index**”;
- (E) if the Calculation Agent determines that there is no appropriate alternative index, the Issuer shall, in conjunction with the Calculation Agent, determine in good faith an appropriate alternative index. If the Issuer, in conjunction with the Calculation Agent, does not decide on an appropriate alternative

index within a period of ten Business Days, then an “**Early Termination Event**” will be deemed to have occurred and the Issuer will redeem the Notes pursuant to Condition 5(j).

- (iii) **Rebasing of the Index:** If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the “**Rebased Index**”) will be used for the purposes of determining each relevant Index Level from the date of such rebasing; provided, however, that the Calculation Agent shall make such adjustments as are made by the calculation agent (or any other party performing the function of a calculation agent (whatever such party’s title)) pursuant to the terms and conditions of the Related Instrument to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. Any such rebasing shall not affect any prior payments made.
- (iv) **Material Modification Prior to Interest Payment Date:** If, on or prior to the day that is five Business Days before an Interest Payment Date, Eurostat announces that it will make a material change to the Index then the Calculation Agent shall make any such adjustments to the Index consistent with adjustments made to the Related Instrument.
- (v) **Manifest Error in Publication:** If, within thirty days of publication, the Calculation Agent determines that Eurostat (or any successor entity which publishes such index) has corrected the level of the Index to remedy a manifest error in its original publication, the Calculation Agent will notify the parties of (A) that correction,

(B) the amount that is payable, in respect of interest payments falling after such correction, as a result of that correction and (C) take such other action as it may deem necessary to give effect to such correction.

(j) Redemption for Index Reasons

If an Early Termination Event as described under Condition 5(i)(ii)(E) is deemed to have occurred, the Issuer will, upon giving not more than 60 nor less than 30 days’ notice to the Noteholders (or such other notice period as may be specified in the applicable Final Terms) in accordance with Condition 14, redeem all, but not some only, of the Notes at their Early Redemption Amount referred to in Condition 6(f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption (in each case adjusted in accordance with Condition 5(h)).

6. Payments

(a) Method of payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro or Renminbi will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Wellington, respectively);
- (ii) payments in euro will be made by credit or transfer to a euro account (or to any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (iii) payments in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the payee with a bank in Hong Kong.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

(b) Presentation of Bearer Notes and Coupons

Payments of principal in respect of Bearer Notes will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Bearer Notes, and payments of interest in respect of Bearer Notes will (subject as provided below) be made as aforesaid only

against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in bearer form (other than Fixed Rate Notes which specify Interest Payment Date Adjustment as being applicable in the applicable Final Terms or Inflation Linked Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Fixed Rate Note which specifies Interest Payment Date Adjustment as being applicable in the applicable Final Terms, CMS Linked Note or Inflation Linked Interest Note in bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

(c) Payments in respect of Registered Notes

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in the sub-paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register on the Record Date. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (iii) Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of a nominee for, The Depository Trust Company (“**DTC**”) and denominated in a Specified Currency other than U.S. dollars will be made or procured to be made by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee in accordance with the following provisions. The amounts in such Specified Currency payable by the Registrar or its agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the Issuer by the Registrar who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC Business Day after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 DTC Business Days prior to the relevant payment date, to receive that payment in such Specified Currency. The Registrar, after the Exchange Agent has converted amounts in such Specified Currency into U.S. dollars, will deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made. For the purposes of this Condition 6(c), “**DTC Business Day**” means any day on which DTC is open for business.

(d) General provisions applicable to payments

The holder of a Global Note or a Global Certificate shall be the only person entitled to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note or Global Certificate in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note or Global Certificate.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due; and
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “**Payment Day**” means any day which (subject to Condition 9) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) in the case of Notes in definitive form only, the relevant place of presentation;
 - (B) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Wellington, respectively), (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open or (3) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets in Hong Kong are generally open for business and settlement for Renminbi payments in Hong Kong.

(f) Interpretation of principal and interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7 or under any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;

- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(f)); and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

(g) Renminbi Currency Event

If Renminbi Currency Event is specified as applying in the applicable Final Terms and a Renminbi Currency Event (as defined below) occurs, the Issuer, on giving not less than five nor more than thirty days' irrevocable notice in accordance with Condition 14 to the Noteholders and the Trustee prior to any due date for payment, shall be entitled to satisfy its obligations in respect of such payment (in whole or in part) by making such payment in U.S. dollars on the basis of the Spot Rate for the relevant Determination Date as promptly notified to the Issuer, the Trustee and the Paying Agents by the Calculation Agent.

In such event, any payment of U.S. dollars will be made by transfer to a U.S. dollar denominated account maintained by the payee with, or by a U.S. dollar denominated cheque drawn on, a bank in New York City and the definition of "**Payment Day**" in Condition 6(e) shall mean any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in: (A) in the case of Notes in definitive form only, the relevant place of presentation; and (B) London and New York City.

In these Terms and Conditions:

"**Determination Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and New York City;

"**Determination Date**" means the day which is three Determination Business Days before the due date of the relevant payment under the Notes;

"**Government Authority**" means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

"**Local Time**" means the time of day in the jurisdiction in which the Calculation Agent, appointed in connection with the Notes, is located;

"**Renminbi Currency Event**" means any one of Renminbi Illiquidity, Renminbi Non-Transferability and Renminbi Inconvertibility;

"**Renminbi Dealer**" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong reasonably selected by the Issuer;

"**Renminbi Illiquidity**" means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest or principal (in whole or in part) in respect of the Notes, as determined by the Issuer acting in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers;

"**Renminbi Inconvertibility**" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes into Renminbi in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**Renminbi Non-Transferability**" means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong

Kong (including where the Renminbi clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation); and

“**Spot Rate**” means the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in three Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Local Time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent shall in good faith and in a commercially reasonable manner determine the Spot Rate at or around 11:00 a.m. (Local Time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by the State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Spot Rate, the Trustee shall determine (or, at the expense of the Issuer, appoint an expert to determine) the Spot Rate in such manner as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition), it shall deem fair and reasonable in all the circumstances and each such determination shall be deemed to have been made by the Calculation Agent.

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(g), whether by the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Issuing and Principal Paying Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it if its powers, duties and discretions pursuant to such provision.

7. Redemption and Purchase

(a) Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

(b) Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note, a CMS Linked Note or an Inflation Linked Interest Note) or on any Interest Payment Date (if this Note is a Floating Rate Note, a CMS Linked Note or an Inflation Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Issuing and Principal Paying Agent and, in accordance with Condition 14, the

Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due in respect of the Notes, the Issuer would be required to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in Condition 8) (or any political subdivision or taxing authority thereof or therein), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (ii) such requirement cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be required to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the requirement referred to in sub-paragraph (i) above will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders. Upon the expiry of any such notice as is referred to in this paragraph, the Issuer shall be bound to redeem the Notes in accordance with the provisions of this paragraph.

Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (i) notice within the Issuer Call Period to the Noteholders in accordance with Condition 14; and
- (ii) not less than 10 days before the giving of the notice referred to in sub-paragraph (i) above, notice to the Issuing and Principal Paying Agent and the Trustee,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the relevant Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Higher Redemption Amount. The relevant Optional Redemption Amount will be either, as specified in the applicable Final Terms, (A) if Make Whole Redemption Price is specified in the applicable Final Terms as applying to one or more Optional Redemption Dates, the relevant Make Whole Redemption Price or (B) if Par Call is specified in the applicable Final Terms as applying to one or more Optional Redemption Dates, the specified amount per Calculation Amount stated in the applicable Final Terms.

The Make Whole Redemption Price will be an amount equal to the higher of:

- (A) if Spens Amount is specified as being applicable in the applicable Final Terms, (x) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed or (y) the nominal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer and the Trustee by the Determination Agent, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin; or
- (B) if Make Whole Redemption Amount is specified as applicable in the applicable Final Terms, (x) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (y) the sum of the present values of the nominal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis (assuming a 360-day year consisting of twelve 30-day months or, in the case of an incomplete month, the number of days elapsed) at the Reference Bond Rate, plus the Redemption Margin,

all as determined by the Determination Agent.

In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemed Notes**”) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Selection Date**”). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption.

In these Terms and Conditions:

“**DA Selected Bond**” means a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes, that would be utilised, at the time of

selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term of the Notes;

“**Determination Agent**” means an investment bank or financial institution of international standing selected by the Issuer after consultation with the Trustee;

“**Gross Redemption Yield**” means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields”, page 4, Section One: Price/Yield Formulae “Conventional Gilts”; “Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Trustee may approve;

“**Quotation Time**” shall be as set out in the applicable Final Terms;

“**Redemption Margin**” shall be as set out in the applicable Final Terms;

“**Reference Bond**” shall be as set out in the applicable Final Terms or the DA Selected Bond;

“**Reference Bond Price**” means, with respect to any date of redemption, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

“**Reference Bond Rate**” means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

“**Reference Date**” will be set out in the relevant notice of redemption;

“**Reference Government Bond Dealer**” means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

“**Reference Government Bond Dealer Quotations**” means, with respect to each Reference Government Bond Dealer and any date of redemption, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

“**Remaining Term Interest**” means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition 7(c).

(d) Redemption following a Change of Control

If Change of Control Put Option is specified in the applicable Final Terms and, at any time while any of the Notes remain outstanding, a Change of Control Put Event (as defined below) occurs, then the holder of each such Note will have the option (a “**Change of Control Put Option**”) (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Conditions 7(b) or 7(c) above) to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) that Note on the date which is seven days after the expiration of the Put Period (as defined below) (such date or such other date as may be specified in the applicable Final Terms, the “**Put Date**”) at the Optional Redemption Amount specified in the applicable Final Terms together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Put Date.

A “**Change of Control Put Event**” will be deemed to occur if:

- (i) any person or any persons acting in concert (as defined in the United Kingdom’s City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006 as amended) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer (each such event, a “**Change of Control**”); provided that, no Change of Control shall be deemed to occur if the event which would otherwise have constituted a Change of Control occurs or is carried out for the purposes of a reorganisation on terms previously approved by the Trustee in writing or by an Extraordinary Resolution; and
- (ii) the long-term debt of the Issuer has been assigned:
 - (A) an investment grade credit rating (*Baa3/BBB-*, or their respective equivalents, or better) (an “**Investment Grade Rating**”), by any Rating Agency at the invitation of the Issuer; or
 - (B) where there is *no* rating from any Rating Agency assigned at the invitation of the Issuer, an Investment Grade Rating by any Rating Agency of its own volition,

and;

- (x) such rating is, within the Change of Control Period, either downgraded to a non-investment grade credit rating (*Ba1/BB+*, or their respective equivalents, or worse) (a “**Non-Investment Grade Rating**”) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an Investment Grade Rating by such Rating Agency;
- (y) and there remains no other Investment Grade Rating of the long-term debt of the Issuer from any other Rating Agency; and
- (iii) in making any decision to downgrade or withdraw an Investment Grade Rating pursuant to paragraph (ii) above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the relevant Change of Control.

Further, if at the time of the occurrence of the relevant Change of Control the long-term debt of the Issuer is not assigned an Investment Grade Rating by any Rating Agency, a Change of Control Put Event will be deemed to occur upon the occurrence of a Change of Control alone.

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a “**Change of Control Put Event Notice**”) to the Noteholders in accordance with Condition 14 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of the Note must (in the case of Bearer Notes) deposit such Note with any Paying Agent or (in the case of Registered Notes) deposit the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, in each case at any time during normal business hours of such Paying Agent, Registrar or Transfer Agent, as the case may be, falling within the period (the “**Put Period**”) of 30 days after a Change of Control Put Event Notice is given or such other date as may be specified in the applicable Final Terms, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent, Registrar or Transfer Agent, as the case may be (a “**Change of Control Put Notice**”). No Note or Certificate so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Put Date unless previously redeemed (or purchased) and cancelled.

If 80 per cent. or more in nominal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 7(d), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their Optional Redemption Amount, together with interest (if any) accrued to (but excluding) the date fixed for such redemption or purchase.

If the rating designations employed by either Moody's or S&P are changed from those which are described in paragraph (ii) of the definition of "Change of Control Put Event" above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, with the agreement of the Trustee, the rating designations of Moody's or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or S&P and this Condition 7(d) shall be construed accordingly.

The Trustee is under no obligation to ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control has occurred, and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

In these Terms and Conditions:

"Change of Control Period" means the period commencing upon a Change of Control and ending 90 days after the

Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review, such period not to exceed 60 days after the public announcement of such consideration); and

"Rating Agency" means Moody's Investors Service España S.A. ("**Moody's**") or S&P Global Ratings Europe Limited ("**S&P**") or any of their respective affiliates or successors or any rating agency (a "**Substitute Rating Agency**") substituted for any of them by the Issuer from time to time with the prior written approval of the Trustee.

(e) Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 notice within the Investor Put Period the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise this option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, accompanied by a duly completed and signed notice of exercise (a "**Put Notice**" in the form (for the time being current) obtainable from any specified office of any Paying

Agent, the Registrar or any Transfer Agent (as applicable) within the notice period and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition.

(f) Early Redemption Amounts

For the purpose of paragraph (b) above and Condition 10, each Note will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of a Note (other than a Zero Coupon Note), at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (ii) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

"**RP**" means the Reference Price;

“**AY**” means the Accrual Yield expressed as a decimal; and

“**y**” is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

(g) Purchases

The Issuer or any Subsidiary (as defined in the Trust Deed) of the Issuer may at any time purchase Notes (provided that, in the case of Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise.

The Issuer will purchase (or procure the purchase of) any Retained Notes on the Issue Date.

(h) Cancellation

All Notes (other than Retained Notes) which are (a) redeemed or (b) purchased by or on behalf of the Issuer will forthwith be cancelled (together with all Certificates or unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption) and accordingly may not be reissued or resold. Any Notes which are purchased by or on behalf of any of the Issuer’s Subsidiaries may, at the option of the purchaser, be held or resold or surrendered to a Paying Agent for cancellation.

The Issuer may cancel (or procure the cancellation of) any Retained Notes held by it or on its behalf at any time.

(i) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c), (d) or (e) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph f(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Issuing and Principal Paying Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. Taxation

All payments in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for any present or future taxes, assessments or other governmental charges (“**Taxes**”) of the Issuer’s jurisdiction of incorporation (the “**Relevant Jurisdiction**”) (or any political subdivision or taxing authority thereof or therein), unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amount paid to each holder of any Note or Coupon who, with respect to any such Tax is not resident in the Relevant Jurisdiction, after such withholding or deduction shall be not less than the respective amount to which such holder would have been entitled in respect of such Note or Coupon, as the case may be, in the absence of the withholding or deduction; provided however that the Issuer shall not be required to pay any additional amounts (i) for or on account of any such Tax imposed by the United States (or any political subdivision or taxing authority thereof or therein) or (ii) for or on account of:

- (a) any Tax which would not have been imposed but for (i) the existence of any present or former connection between a holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership or corporation) and the Relevant Jurisdiction or any political subdivision or territory or possession thereof or area subject to its jurisdiction, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a citizen or resident thereof or being or having been present or engaged in trade or business therein or having or having had a permanent establishment therein or (ii) the presentation of such Note or Coupon (x) for payment on a date more than 30 days after the Relevant Date (as defined below) or (y) in the Relevant Jurisdiction;
- (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
- (c) any Tax which is payable otherwise than by withholding or deduction from payments of (or in respect of) principal of, or any interest on, such Note or Coupon;
- (d) any Tax that is imposed or withheld by reason of the failure by the holder or any beneficial owner of such Note or Coupon to comply with a request of the Issuer given to the holder in accordance with Condition 14 (i) to provide information concerning the nationality, residence or identity of the holder or any beneficial owner or (ii) to make any declaration or other similar claim or satisfy any information or reporting requirements, which, in the case of (i) or (ii), is required or imposed by a statute, treaty, regulation or administrative practice of the Relevant Jurisdiction as a precondition to exemption from all or part of such Tax; or
- (e) any combination of items (a), (b), (c) and (d) above,

nor shall the Issuer be required to pay any additional amounts with respect to any payment of the principal of, or any interest on, any Note or Coupon to any holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the Relevant Jurisdiction (or any political subdivision or taxing authority thereof or therein) to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner which would not have been entitled to such additional amounts had it been the holder of such Note or Coupon.

Notwithstanding any other provision of the Terms and Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (and any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used herein:

“**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Issuing and Principal Paying Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14; and

“**United States**” means the United States of America (including the States and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

9. Prescription

The Notes and Coupons will become void unless a claim for payment is made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor (subject to the provisions of Condition 6(b)).

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

10. Events of Default and Enforcement

(A) Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes (excluding Retained Notes) then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount as referred to in Condition 7(f) together (if applicable) with accrued interest as provided in the Trust Deed, in any of the following events (“**Events of Default**”):

- (a) if default is made in the payment of any principal or any interest due in respect of the Notes or any of them and the default continues for a period of 14 days in the case of a payment of principal or 21 days in the case of a payment of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Terms and Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any Indebtedness for Borrowed Money of the Issuer becomes due and repayable prematurely by reason of an event of default (however described) or the Issuer fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment (as extended by any originally applicable grace period) or any security given by the Issuer for any Indebtedness for Borrowed Money becomes enforceable by reason of default in relation thereto and steps are taken to enforce such security or if default is made by the Issuer in making any payment due under any guarantee and/or indemnity (at the expiry of any originally applicable grace period) given by it in relation to any Indebtedness for Borrowed Money of any other person, provided that no event shall constitute an Event of Default unless the Indebtedness for Borrowed Money or other relative liability either alone or when aggregated with other Indebtedness for Borrowed Money and/or other liabilities relative to all (if any) other events which shall have occurred equals or exceeds £150,000,000 (or its equivalent in any other currency); or
- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, save for the purposes of a reorganisation on terms approved in writing by the Trustee; or
- (e) if the Issuer stops payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts (within the meaning of section 123(1)(e) or (2) of the Insolvency Act 1986), or is adjudicated or found bankrupt or insolvent or shall enter into any composition or other similar arrangements with its creditors under section 1 of the Insolvency Act 1986; or
- (f) if (i) an administrative or other receiver, manager, administrator or other similar official is appointed in relation to the Issuer or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of it, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of it, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of it and (ii) in any case (other than the appointment of an administrator) is not discharged, removed or paid within 45 days;

PROVIDED, in the case of any Event of Default other than those described in paragraphs (a) and (d) above, the Trustee shall have certified in writing to the Issuer that the Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders.

For the purposes of this Condition, “**Indebtedness for Borrowed Money**” means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities

under or in respect of any acceptance or acceptance credit or (iii) any bonds, notes, debentures, debenture stock or loan stock.

(B) Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the relevant Noteholders or so requested in writing by the holders of at least one-quarter in nominal amount of the relevant Notes then outstanding (excluding any Retained Notes), and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

Save as otherwise provided herein, no Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails or is unable so to do within 60 days and the failure or inability shall be continuing.

11. Replacement of Notes, Certificates, Coupons and Talons

Should any Note, Certificate, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Principal Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

12. Agents

The names of the initial Issuing and Principal Paying Agent, the other Paying Agents, the Registrar and the Transfer Agents and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of the Issuing and Principal Paying Agent, any other Paying Agent, the Registrar or any Transfer Agent and/or appoint additional or other Paying Agents or Transfer Agents or another Registrar and/or approve any change in the specified office through which any such agent acts, provided that:

- (i) there will at all times be an Issuing and Principal Paying Agent;
- (ii) there will at all times be a Registrar and a Transfer Agent in relation to Registered Notes;
- (iii) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (iv) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee outside the Relevant Jurisdiction.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(d).

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 60 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Issuing and Principal Paying Agent, the Paying Agents, the Registrar and the Transfer Agents act solely as agents of the Issuer and, in certain limited circumstances, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent or Registrar or Transfer Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent, registrar or transfer agent, as the case may be.

13. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing.

Notices to the holders of Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in the United Kingdom. It is expected that such publication will be made in the *Financial Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Issuing and Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

15. Meeting of Noteholders, Modification, Authorisation, Waiver, Determination and Substitution

(a) Meetings

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the provisions of these Terms and Conditions, the Notes, the Coupons or the Trust Deed. Such a meeting may be convened by the Issuer or by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all and Couponholders.

(b) Modification, Authorisation, Waiver, Determination, Substitution etc.

The Trustee may agree, without the consent of the Noteholders or the Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any of the provisions of the Trust Deed or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error. In addition, the Trustee shall be obliged to concur with the Issuer in using its reasonable endeavours to effect any Benchmark Amendments in the circumstances and as otherwise set out in Condition 4(b)(ii)(D) without the consent of the Noteholders or the Couponholders.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon

individual Noteholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as principal debtor in respect of the Notes and the Coupons and under the Trust Deed of either (i) a Successor in Business (as defined in the Trust Deed) to the Issuer or (ii) a Holding Company of the Issuer or (iii) a Subsidiary of the Issuer, in each case subject to the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced thereby provided that in determining such material prejudice the Trustee shall not take into account any prejudice to the interests of the Noteholders as a result of such substituted company not being required pursuant to proviso (i) to Condition 8 to pay any additional amounts for or on account of any Taxes imposed by the United States of America or any political subdivision or taxing authority thereof or therein and certain other conditions set out in the Trust Deed being complied with.

The Trust Deed contains provisions permitting the Issuer to consolidate with or merge into any other person or convey, transfer or lease its properties and assets substantially as an entirety to any person provided that (i) in the case of a consolidation or merger (except where the Issuer is the continuing entity) such person agrees to be bound by the terms of the Notes, the Coupons and the Trust Deed as principal debtor in place of the Issuer; (ii) in the case of a conveyance, transfer or lease, such person guarantees the obligations of the Issuer under the Notes, the Coupons and the Trust Deed and (iii) certain other conditions set out in the Trust Deed are complied with.

Any such modification, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification or substitution shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

For the purposes of this Condition “**Holding Company**” means, in relation to a person, an entity of which that person is a Subsidiary.

16. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other Series in certain circumstances where the Trustee so decides.

17. Indemnification of the Trustee and its Contracting with the Issuer

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its Subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and

(iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

18. Third Party Rights

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. Governing Law

The Trust Deed, the Notes and the Coupons, and any non-contractual obligations arising out of or in connection with any of them, are governed by and shall be construed in accordance with, English law. The Agency Agreement is governed by and shall be construed in accordance with English law.

AGENT
HSBC Bank plc
8 Canada Square
London E14 5HQ

OTHER PAYING AGENTS

Credit Suisse AG
Uetlibergstrasse 231
8070 Zurich

Banque Internationale à Luxembourg,
société anonyme
69 route d'Esch
L-2953 Luxembourg

SCHEDULE 2

FORMS OF GLOBAL AND DEFINITIVE NOTES, CERTIFICATES, COUPONS AND TALONS

PART 1

FORM OF TEMPORARY GLOBAL NOTE

VODAFONE GROUP PLC
(the Issuer)
(incorporated with limited liability in England and Wales)

TEMPORARY GLOBAL NOTE

This Note is a Temporary Global Note in respect of a duly authorised issue of Notes of the Issuer (the **Notes**) of the Nominal Amount, Specified Currency(ies) and Specified Denomination(s) as are specified in the Final Terms or Pricing Supplement, as the case may be, applicable to the Notes (the **Final Terms**), a copy of which is annexed hereto. References herein to the Conditions shall be to the Terms and Conditions of the Notes as set out in Schedule 1 to the Trust Deed (as defined below) as completed and/or (in the case of Exempt Notes) modified and/or replaced by the Final Terms but, in the event of any conflict between the provisions of the Conditions and the information in the Final Terms, the Final Terms will prevail. Words and expressions defined in the Conditions shall bear the same meanings when used in this Global Note. This Global Note is issued subject to, and with the benefit of, the Conditions and a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 16 July 1999 and made between the Issuer (under its then name of Vodafone AirTouch Plc) and The Law Debenture Trust Corporation p.l.c. as trustee for the holders of the Notes.

The Issuer, subject as hereinafter provided and subject to and in accordance with the Conditions and the Trust Deed, promises to pay to the bearer hereof on the Maturity Date and/or on such earlier date(s) as all or any of the Notes represented by this Global Note may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable under the Conditions in respect of such Notes on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Global Note calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed, upon presentation and, at maturity, surrender of this Global Note to or to the order of the Issuing and Principal Paying Agent or any of the other Paying Agents located outside the United States, its territories and possessions (except as provided in the Conditions) from time to time appointed by the Issuer in respect of the Notes.

If the Final Terms indicates that this Global Note is intended to be a New Global Note, the nominal amount of Notes represented by this Global Note shall be the aggregate amount from time to time entered in the records of both Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg** and together with Euroclear, the **relevant Clearing Systems**). The records of the relevant Clearing Systems (which expression in this Global Note means the records that each relevant Clearing System holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the nominal amount of Notes represented by this Global Note and, for these purposes, a statement issued by a relevant Clearing System (which statement shall be made available to the bearer upon request) stating the nominal amount of Notes represented by this Global Note at any time shall be conclusive evidence of the records of the relevant Clearing System at that time.

If the Final Terms indicates that this Global Note is not intended to be a New Global Note, the nominal amount of the Notes represented by this Global Note shall be the amount stated in the applicable Final Terms or, if lower, the nominal amount most recently entered by or on behalf of the Issuer in the relevant column in Part II, or III of Schedule One hereto or in Schedule Two hereto.

On any redemption of, or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note the Issuer shall procure that:

- (a) if the Final Terms indicates that this Global Note is intended to be a New Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered *pro rata* in the records of the relevant Clearing Systems, and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed or purchased and cancelled; or
- (b) if the Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule One hereto and the relevant space in Schedule One hereto recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption or purchase and cancellation, the nominal amount of this Global Note and the Notes represented by this Global Note shall be reduced by the nominal amount of such Notes so redeemed or purchased and cancelled.

Payments due in respect of Notes for the time being represented by this Global Note shall be made to the bearer of this Global Note and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make entries referred to above shall not affect such discharge.

Payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will only be made to the bearer hereof to the extent that there is presented to the Agent by Clearstream, Luxembourg or Euroclear a certificate to the effect that it has received from or in respect of a person entitled to a beneficial interest in a particular nominal amount of the Notes represented by this Global Note (as shown by its records) a certificate of non-US beneficial ownership in the form required by it. The bearer of this Global Note will not (unless upon due presentation of this Global Note for exchange, delivery of the appropriate number of Definitive Bearer Notes (together, if applicable, with the Coupons and Talons appertaining thereto in or substantially in the forms set out in Parts 5, 6 and 7 of Schedule 2 to the Trust Deed) or, as the case may be, issue and delivery (or, as the case may be, endorsement) of the Permanent Global Note is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment hereon due on or after the Exchange Date.

If this Temporary Global Note is an Exchangeable Bearer Note then, subject to Condition 2(f), this Temporary Global Note may be exchanged in whole or from time to time in part for one or more Registered Notes in accordance with the Conditions on or after the Issue Date but before its Exchange Date referred to below by its presentation to any Transfer Agent at its specified office. On or after the Exchange Date, the outstanding nominal amount of this Temporary Global Note may be exchanged for Definitive Bearer Notes and Registered Notes in accordance with the next paragraph.

On or after the date (the **Exchange Date**) which is the 40th day after the Issue Date, this Global Note may be exchanged (free of charge) in whole or in part for, as specified in the Final Terms, either (a) Definitive Bearer Notes and (if applicable) Coupons and/or Talons (on the basis that all the appropriate details have been included on the face of such Definitive Bearer Notes and (if applicable) Coupons and/or Talons and the relevant information completing the Conditions appearing in the Final Terms has been endorsed on or attached to such Definitive Bearer Notes) or (b) either (if the Final Terms indicates that this Global Note is intended to be a New Global Note) interests recorded in the records of the relevant Clearing Systems in a Permanent Global Note or (if the Final Terms indicates that this Global Note is not intended to be a New Global Note) a Permanent Global Note which, in either case, is in or substantially in the form set out in Part 2 of Schedule 2 to the Trust Deed (together with the Final Terms attached thereto) or (if this Global Note is an Exchangeable Bearer Note) for Registered Notes upon notice being given by Euroclear and/or Clearstream, Luxembourg acting on the instructions of any holder of an interest in this Global Note and subject, in the case of Definitive Bearer Notes, to such notice period as is specified in the Final Terms.

If Definitive Bearer Notes and (if applicable) Coupons and/or Talons have already been issued in exchange for all the Notes represented for the time being by the Permanent Global Note, then this Global Note may only thereafter be exchanged for Definitive Bearer Notes and (if applicable) Coupons and/or Talons pursuant to the terms hereof. This Global Note may be exchanged by the bearer hereof on any day (other than a Saturday or Sunday) on which banks are open for general business in London.

The Issuer shall procure that Definitive Bearer Notes or (as the case may be) the Permanent Global Note shall be issued and delivered and (in the case of the Permanent Global Note where the Final Terms indicates that this Global Note is intended to be a New Global Note) interests in the Permanent Global Note shall be recorded in the records of the relevant Clearing Systems in exchange for only that portion of this Global Note in respect of which there shall have been presented to the Principal Paying Agent by Euroclear or Clearstream, Luxembourg a certificate to the effect that it has received from or in respect of a person entitled to a beneficial interest in a particular nominal amount of the Notes represented by this Global Note (as shown by its records) a certificate of non-US beneficial ownership in the form required by it.

On an exchange of the whole of this Global Note, this Global Note shall be surrendered to or to the order of the Principal Paying Agent. The Issuer shall procure that:

- (a) if the Final Terms indicates that this Global Note is intended to be a New Global Note, on an exchange of the whole or part only of this Global Note, details of such exchange shall be entered *pro rata* in the records of the relevant Clearing Systems such that the nominal amount of Notes represented by this Global Note shall be reduced by the nominal amount of this Global Note so exchanged; or
- (b) if the Final Terms indicates that this Global Note is not intended to be a New Global Note, on an exchange of part only of this Global Note details of such exchange shall be entered by or on behalf of the Issuer in Schedule Two hereto and the relevant space in Schedule Two hereto recording such exchange shall be signed by or on behalf of the Issuer, whereupon the nominal amount of this Global Note and the Notes represented by this Global Note shall be reduced by the nominal amount of this Global Note so exchanged. On any exchange of this Global Note for a Permanent Global Note, details of such exchange shall be entered by or on behalf of the Issuer in Schedule Two to the Permanent Global Note and the relevant space in Schedule Two thereto recording such exchange shall be signed by or on behalf of the Issuer.

Until the exchange of the whole of this Global Note as aforesaid, the bearer hereof shall in all respects be entitled to the same benefits as if he were the bearer of Definitive Bearer Notes and the relative Coupons and/or Talons (if any) in the form(s) set out in Part 5, Part 6 and Part 7 (as applicable) of Schedule 2 to the Trust Deed.

The holder of this Global Note shall be treated at any meeting of the Noteholders as having one vote in respect of each Definitive Bearer Note for which this Global Note would be exchangeable.

In considering the interests of Noteholders while this Global Note is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to this Global Note and may consider such interests as if such accountholders were the holder of this Global Note.

This Global Note does not confer on a third party any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

This Global Note, and any non-contractual obligations arising out of or in connection with it, are governed by, and shall be construed in accordance with, English law.

This Global Note shall not be valid unless authenticated by HSBC Bank plc as Issuing and Principal Paying Agent and, if the Final Terms indicates that this Global Note is intended to be held in a manner which would allow Eurosystem eligibility, effectuated by the entity appointed as common safekeeper by the relevant Clearing Systems.

IN WITNESS whereof the Issuer has caused this Global Note to be signed manually or in facsimile by a person duly authorised on its behalf.

Issued as of

VODAFONE GROUP PLC

By: _____
Duly Authorised

Authenticated by
HSBC Bank plc
as Issuing and Principal Paying Agent.

By: _____
Authorised Officer

(1) Effectuated without recourse, warranty or liability by

as common safekeeper

By: _____

(1) This should only be completed where the Final Terms indicates that this Global Note is intended to be held in a manner which would allow Eurosystem eligibility.

Schedule One*

PART I

INTEREST PAYMENTS

Date made	Interest Payment Date	Total amount of interest payable	Amount of interest paid	Confirmation of payment by or on behalf of the Issuer
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* Schedule One should only be completed where the Final Terms indicates that this Global Note is not intended to be a New Global Note.

PART II
REDEMPTIONS

Date made	Total amount of principal payable	Amount of principal paid	Remaining nominal amount of this Global Note following such redemption*	Confirmation of redemption by or on behalf of the Issuer

* See most recent entry in Part II or III of Schedule Two in order to determine this amount.

PART III
PURCHASES AND CANCELLATIONS

Date made	Part of nominal amount of this Global Note purchased and cancelled	Remaining nominal amount of this Global Note following such purchase and cancellation*	Confirmation of purchase and cancellation by or on behalf of the Issuer

* See most recent entry in Part II or III of Schedule Two in order to determine this amount.

Schedule Two*

**EXCHANGES
FOR DEFINITIVE BEARER NOTES, REGISTERED NOTES OR PERMANENT GLOBAL NOTE**

The following exchanges of a part of this Global Note for Definitive Bearer Notes or Registered Notes or a part of a Permanent Global Note have been made:

Date made	Nominal amount of this Global Note exchanged for Definitive Bearer Notes, Registered Notes or a part of a Permanent Global Note (stating which)	Remaining nominal amount of this Global Note following such exchange*	Notation made by or on behalf of the Issuer

* Schedule Two should only be completed where the Final Terms indicates that this Global Note is not intended to be a New Global Note.

* See most recent entry in Part II or III of Schedule One or in this Schedule Two in order to determine this amount.

ANNEX

[attach Final Terms that relate to this Global Note]

PART 2

FORM OF PERMANENT GLOBAL NOTE

[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.](1)

VODAFONE GROUP PLC
(the Issuer)
(incorporated with limited liability in England and Wales)

PERMANENT GLOBAL NOTE

This Note is a Permanent Global Note in respect of a duly authorised issue of Notes of the Issuer (the **Notes**) of the Nominal Amount, Specified Currency(ies) and Specified Denomination(s) as are specified in the Final Terms or Pricing Supplement, as the case may be, applicable to the Notes (the **Final Terms**), a copy of which is annexed hereto. References herein to the Conditions shall be to the Terms and Conditions of the Notes as set out in Schedule 1 to the Trust Deed (as defined below) as completed and/or (in the case of Exempt Notes) modified and/or replaced by the Final Terms but, in the event of any conflict between the provisions of the Conditions and the information in the Final Terms, the Final Terms will prevail. Words and expressions defined in the Conditions shall bear the same meanings when used in this Global Note. This Global Note is issued subject to, and with the benefit of, the Conditions and a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 16 July 1999 and made between the Issuer (under its then name of Vodafone AirTouch Plc) and The Law Debenture Trust Corporation p.l.c. as trustee for the holders of the Notes.

The Issuer, subject to and in accordance with the Conditions and the Trust Deed, promises to pay to the bearer hereof on the Maturity Date and/or on such earlier date(s) as all or any of the Notes represented by this Global Note may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable under the Conditions in respect of such Notes on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Global Note calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed, upon presentation and, at maturity, surrender of this Global Note at the specified office of the Issuing and Principal Paying Agent at 8 Canada Square, London EC2V 7EX, England or such other specified office as may be specified for this purpose in accordance with the Conditions or at the specified office of any of the other Paying Agents located outside the United States, its territories and possessions (except as provided in the Conditions) from time to time appointed by the Issuer in respect of the Notes.

If the Final Terms indicates that this Global Note is intended to be a New Global Note, the nominal amount of Notes represented by this Global Note shall be the aggregate amount from time to time entered in the records of both Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg** and together with Euroclear, the **relevant Clearing Systems**). The records of the relevant Clearing Systems (which expression in this Global Note means the records that each relevant Clearing System holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the nominal amount of Notes represented by this Global Note and, for these purposes, a statement issued by a relevant Clearing System (which statement shall be made available to the bearer upon

(1) Include where the original maturity of the Notes is more than 365 days where TEFRA D is specified in the applicable Final Terms or Pricing Supplement, as the case may be.

request) stating the nominal amount of Notes represented by this Global Note at any time shall be conclusive evidence of the records of the relevant Clearing System at that time.

If the Final Terms indicates that this Global Note is not intended to be a New Global Note, the nominal amount of the Notes represented by this Global Note shall be the amount stated in the applicable Final Terms or, if lower, the nominal amount most recently entered by or on behalf of the Issuer in the relevant column in Part II or Part III of Schedule One hereto or in Schedule Two hereto.

On any redemption of, or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note the Issuer shall procure that:

- (a) if the Final Terms indicates that this Global Note is intended to be a New Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered *pro rata* in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed or purchased and cancelled; or
- (b) if the Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule One hereto and the relevant space in Schedule One hereto recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption or purchase and cancellation, the nominal amount of this Global Note and the Notes represented by this Global Note shall be reduced by the nominal amount of such Notes so redeemed or purchased and cancelled.

Payments due in respect of Notes for the time being represented by this Global Note shall be made to the bearer of this Global Note and each payment so made will discharge the Issuer's obligations in respect thereof and any failure to make entries referred to above shall not affect such discharge.

If the Notes represented by this Global Note were, on issue, represented by a Temporary Global Note then on any exchange of such Temporary Global Note for this Global Note or any part hereof, the Issuer shall procure that:

- (a) if the Final Terms indicates that this Global Note is intended to be a New Global Note, details of such exchange shall be entered in the records of the relevant Clearing Systems such that the nominal amount of Notes represented by this Global Note shall be increased by the nominal amount of the Temporary Global Note so exchanged; or
- (b) if the Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such exchange shall be entered by or on behalf of the Issuer in Schedule Two hereto and the relevant space in Schedule Two hereto recording such exchange shall be signed by or on behalf of the Issuer, whereupon the nominal amount of this Global Note and the Notes represented by this Global Note shall be increased by the nominal amount of the Temporary Global Note so exchanged.

This Global Note may be exchanged (free of charge) in whole, but, except as provided below, not in part, for Definitive Bearer Notes and (if applicable) Coupons and/or Talons in or substantially in the forms set out in Part 5, Part 6 and Part 7 of Schedule 2 to the Trust Deed (on the basis that all the appropriate details have been included on the face of such Definitive Bearer Notes and (if applicable) Coupons and/or Talons and the relevant information completing the Conditions appearing in the Final Terms has been endorsed on or attached to such Definitive Bearer Notes) or (if this Global Note is an Exchangeable Bearer Note) Registered Notes represented by the Certificates described in the Trust Deed:

- (a) if specified in the applicable Final Terms, upon not less than 60 days' written notice being given to the Issuing and Principal Paying Agent by Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in this Global Note); or
- (b) if specified in the applicable Final Terms, only upon the occurrence of an Exchange Event; or
- (c) if this Global Note is an Exchangeable Bearer Note then, subject to Condition 2(f), by the holder hereof giving notice to the Issuing and Principal Paying Agent of its election to exchange the whole or a part of this Global Note for Registered Notes.

An **Exchange Event** means (unless otherwise specified in the applicable Final Terms):

- (i) an Event of Default has occurred and is continuing;
- (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system satisfactory to the Trustee is available; or
- (iii) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Bearer Notes in definitive form.

Upon the occurrence of an Exchange Event:

- (A) the Issuer will promptly give notice to Noteholders in accordance with Condition 14 of the occurrence of such Exchange Event; and
- (B) Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in this Global Note) or the Trustee may give notice to the Issuing and Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Issuing and Principal Paying Agent requesting exchange.

This Global Note is exchangeable in part only if this Global Note is an Exchangeable Bearer Note and the part thereof submitted for exchange is to be exchanged for Registered Notes.

Any such exchange shall occur on a date specified in the notice not later than 60 days (or, in the case of an exchange for Registered Notes, 5 days) after the date of receipt of the first relevant notice by the Issuing and Principal Paying Agent.

The first notice requesting exchange in accordance with the above provisions shall give rise to the issue of Definitive Bearer Notes for the total nominal amount of Notes represented by this Global Note.

Any such exchange as aforesaid will be made upon presentation of this Global Note by the bearer hereof on any day (other than a Saturday or Sunday) on which banks are open for business in London at the office of the Issuing and Principal Paying Agent specified above.

The aggregate nominal amount of Definitive Bearer Notes or Registered Notes issued upon an exchange of this Global Note will be equal to the aggregate nominal amount of this Global Note submitted for exchange. Upon exchange in full of this Global Note, the Issuing and Principal Paying Agent shall cancel it or procure that it is cancelled.

Certificates issued upon exchange for Registered Notes shall not be Global Certificates unless the holder so requests and certifies to the Issuing and Principal Paying Agent that it is, or is acting as, a nominee for Clearstream, Luxembourg or Euroclear.

Until the exchange of the whole of this Global Note as aforesaid, the bearer hereof shall in all respects be entitled to the same benefits as if he were the bearer of Definitive Bearer Notes and the relative Coupons and/or Talons (if any) in the form(s) set out in Part 5, Part 6 and Part 7 (as applicable) of Schedule 2 to the Trust Deed.

The holder of this Global Note shall be treated at any meeting of the Noteholders as having one vote in respect of each Definitive Bearer Note for which this Global Note would be exchangeable.

In considering the interests of Noteholders while this Global Note is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to this Global Note and may consider such interests as if such accountholders were the holder of this Global Note.

This Global Note does not confer on a third party any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

This Global Note, and any non-contractual obligations arising out of or in connection with it, are governed by, and shall be construed in accordance with, English law.

This Global Note shall not be valid unless authenticated by HSBC Bank plc as Issuing and Principal Paying Agent and, if the Final Terms indicates that this Global Note is intended to be held in a manner which would allow Eurosystem eligibility, effectuated by the entity appointed as common safekeeper by the relevant Clearing Systems.

IN WITNESS whereof the Issuer has caused this Global Note to be signed manually or in facsimile by a person duly authorised on its behalf.

Issued as of

VODAFONE GROUP PLC

By: _____
Duly Authorised

Authenticated by
HSBC Bank plc
as Issuing and Principal Paying Agent.

By: _____
Authorised Officer

(1) Effectuated without recourse, warranty or liability by

as common safekeeper

By: _____

(1) This should only be completed where the Final Terms indicates that this Global Note is intended to be held in a manner which would allow Eurosystem eligibility.

Schedule One*

PART I

INTEREST PAYMENTS

Date made	Interest Payment Date	Total amount of interest payable	Amount of interest paid	Confirmation of payment by or on behalf of the Issuer
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* Schedule One should only be completed where the Final Terms indicates that this Global Note is not intended to be a New Global Note.

PART II
REDEMPTION

Date made	Total amount of principal payable	Amount of principal paid	Remaining nominal amount of this Global Note following such redemption*	Confirmation of redemption by or on behalf of the Issuer

* See most recent entry in Part II or III of Schedule Two in order to determine this amount.

PART III
PURCHASES AND CANCELLATIONS

Date made	Part of nominal amount of this Global Note purchased and cancelled	Remaining nominal amount of this Global Note following such purchase and cancellation*	Confirmation of purchase and cancellation by or on behalf of the Issuer

* See most recent entry in Part II or III of Schedule Two in order to determine this amount.

Schedule Two*

EXCHANGES

The following exchanges of a part of this the Temporary Global Note for a part of this Global Note or a part of this Global Note for Registered Notes have been made:

Date made	Nominal amount of Temporary Global Note exchanged for this Global Note or of this Global Note exchanged for Registered Notes	Increased/decreased nominal amount of this Global Note following such exchange*	Notation made by or on behalf of the Issuer

* See most recent entry in Part II or III of Schedule One or in this Schedule Two in order to determine this amount.
* Schedule Two should only be completed where the Final Terms indicates that this Global Note is not intended to be a New Global Note.

ANNEX

[attach the Final Terms that relate to this Global Note]

PART 3

FORM OF REGULATION S GLOBAL CERTIFICATE

THE NOTES REPRESENTED BY THIS REGULATION S GLOBAL CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

VODAFONE GROUP PLC

(the Issuer)

(incorporated with limited liability in England and Wales)

REGULATION S GLOBAL CERTIFICATE

This Regulation S Global Certificate is issued in respect of a duly authorised issue of Notes of the Issuer (the **Notes**) of the Nominal Amount, Specified Currency(ies) and Specified Denomination(s) as are specified in the Final Terms or Pricing Supplement, as the case may be, applicable to the Notes (the **Final Terms**), a copy of which is annexed hereto. This Regulation S Global Certificate certifies that the person whose name is entered in the Register is the registered holder (the **Registered Holder**) of such nominal amount of the Notes specified in the Final Terms at the date hereof.

Interpretation and Definitions

References in this Regulation S Global Certificate to the Conditions are to the Terms and Conditions of the Notes as set out in Schedule 1 to the Trust Deed (as defined below) as completed and/or (in the case of Exempt Notes) modified and/or replaced by the Final Terms but, in the event of any conflict between the provisions of the Conditions and the information in the Final Term; the Final Terms will prevail. Words and expressions defined in the Conditions shall bear the same meanings when used in this Regulation S Global Certificate. This Regulation S Global Certificate is issued subject to, and with the benefit of, the Conditions and a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the Trust Deed) dated 16 July 1999 and made between the Issuer (under its then name of Vodafone AirTouch Plc) and The Law Debenture Trust Corporation p.l.c as Trustee for the holders of the Notes.

Promise to Pay

The Issuer, subject as hereinafter provided and subject to and in accordance with the Conditions and the Trust Deed, promises to pay to the holder of the Notes represented by this Regulation S Global Certificate on the Maturity Date and/or on such earlier date(s) as all or any of the Notes represented by this Regulation S Global Certificate may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable under the Conditions in respect of such Notes on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Regulation S Global Certificate calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed.

For the purposes of this Regulation S Global Certificate, (a) the Issuer certifies that the Registered Holder is, at the date hereof, entered in the Register as the holder of the Notes represented by this Regulation S Global Certificate, (b) this Regulation S Global Certificate is evidence of entitlement only, (c) title to the Notes represented by this Regulation S Global Certificate passes only on due registration on the Register, (d) only the holder of the Notes, as on the immediately preceding Clearing System Business Day, represented by this

Regulation S Global Certificate is entitled to payments in respect of the Notes represented by this Regulation S Global Certificate, and (e) the nominal amount of Notes represented by this Regulation S Global Certificate from time to time shall be that amount shown in the Register as being registered in the name of the Registered Holder hereof at such time.

For the purposes hereof “**Clearing System Business Day**” means any day other than (i) Saturdays or Sundays and (ii) 1 January and 25 December.

Transfer of Notes represented by Regulation S Global Certificates

If the Final Terms state that the Notes are to be represented by a Regulation S Global Certificate on issue, transfers of the holding of Notes represented by this Regulation S Global Certificate pursuant to Condition 2(b) may only be made in part:

- (a) if the Notes represented by this Regulation S Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an **Alternative Clearing System**) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available; or
- (b) an Event of Default has occurred and is continuing; or
- (c) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (a) or (b) above, the holder of the Notes represented by this Regulation S Global Certificate has given the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such transfer. Where the holding of Notes represented by this Regulation S Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Regulation S Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Regulation S Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

Interests in a Regulation S Global Certificate will be exchangeable, free of charge to the holder, for definitive Regulation S Certificates only upon the occurrence of an Exchange Event. An **Exchange Event** means (unless otherwise specified in the applicable Final Terms) that:

- (i) an Event of Default has occurred and is continuing; or
- (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available; or
- (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by definitive Regulation S Certificates.

Upon the occurrence of an Exchange Event:

- (A) the Issuer will promptly give notice to Noteholders in accordance with Condition 14; and
- (B) Euroclear and Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Regulation S Global Certificate) may give notice to the Registrar requesting exchange and, in

the event of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange.

Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Meetings

At any meeting of Noteholders, the holder of the Notes represented by this Regulation S Global Certificate shall be treated as having one vote in respect of each nominal amount of Notes equal to the minimum Specified Denomination of the Notes.

This Regulation S Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar and, if the applicable Final Terms indicates that this Regulation S Global Certificate is intended to be held under the New Safekeeping Structure, effectuated by the entity appointed as common safekeeper by Euroclear or Clearstream, Luxembourg.

This Regulation S Global Certificate, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law.

IN WITNESS whereof the Issuer has caused this Regulation S Global Certificate to be signed manually or in facsimile by a person duly authorised on its behalf.

Dated as of the Issue Date.

VODAFONE GROUP PLC

By:

Duly Authorised

Authenticated
by HSBC Bank USA National Association as Registrar

By:

Authorised Officer

(1) Effectuated without recourse, warranty or liability by

as common safekeeper

By: _____

(1) This should only be completed where the Final Terms indicates that this Regulation S Global Certificate is intended to be held under the NSS.

Form of Transfer

For value received the undersigned transfers to

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

[•] nominal amount of the Notes represented by this Regulation S Global Certificate, and all rights under them.

Dated _____

Signed _____ Certifying Signature

Notes:

- (a) The signature of the person effecting a transfer shall conform to a list of duly authorised specimen signatures supplied by the holder of the Notes represented by this Regulation S Global Certificate or (if such signature corresponds with the name as it appears on the face of this Regulation S Global Certificate) be certified by a notary public or a recognised bank or be supported by such other evidence as a Transfer Agent or the Registrar may reasonably require.
- (b) A representative of the Noteholder should state the capacity in which he signs e.g. executor.

ANNEX

[attach Final Terms that relate to this Global Certificate]

PART 4

FORM OF DTC RESTRICTED GLOBAL CERTIFICATE

THE NOTES REPRESENTED BY THIS DTC RESTRICTED GLOBAL CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (**RULE 144A**) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A **QIB**) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATIONS UNDER THE SECURITIES ACT (**REGULATIONS**) TO A NON-US PERSON (AS DEFINED IN THE REGULATIONS) OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR REALES OF THE NOTES REPRESENTED BY THIS DTC RESTRICTED CERTIFICATE.

Unless this DTC Restricted Global Certificate is presented by an authorised representative of The Depository Trust Company, a corporation incorporated under the laws of the State of New York (**DTC**), to the Issuer or its agent for registration of transfer, exchange or payment, and any definitive Note issued is registered in the name of Cede & Co. or such other name as is requested by an authorised representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorised representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL in as much as the registered owner hereof, Cede & Co., has an interest herein.

VODAFONE GROUP PLC
(the Issuer)
(incorporated with limited liability in England and Wales)

DTC RESTRICTED GLOBAL CERTIFICATE

Registered Holder:

Address of Registered Holder:

Nominal amount of Notes
represented by this DTC Restricted Global
Certificate:

This DTC Restricted Global Certificate is issued in respect of a duly authorised issue of Notes of the Issuer (the **Notes**) of the Nominal Amount, Specified Currency(ies) and Specified Denomination(s) as are specified in the Final Terms or Pricing Supplement, as the case may be, applicable to the Notes (the **Final Terms**), a copy of which is annexed hereto. This DTC Restricted Global Certificate certifies that the Registered Holder (as defined above) is registered as the holder of such nominal amount of the Notes at the date hereof.

Interpretation and Definitions

References in this DTC Restricted Global Certificate to the Conditions are to the Terms and Conditions or the Notes as set out in Schedule 1 to the Trust Deed (as defined below) as completed and/or (in the case of Exempt Notes) modified and/or replaced by the Final Terms but, in the event of any conflict between the provisions of the Conditions and the information in the Final Terms, the Final Terms will prevail. Words and expressions defined in the Conditions shall bear the same meanings when used in this DTC Restricted Global Certificate. This DTC Restricted Global Certificate is issued subject to, and with the benefit of, the Conditions and a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the Trust Deed) dated 16 July 1999 and made between the Issuer (under its then name of Vodafone AirTouch Plc) and The Law Debenture Trust Corporation p.l.c as Trustee for the holders of the Notes.

Promise to Pay

The Issuer, subject as hereinafter provided and subject to and in accordance with the Conditions and the Trust Deed, promises to pay to the holder of the Notes represented by this DTC Restricted Global Certificate on the Maturity Date and/or on such earlier date(s) as all or any of the Notes represented by this DTC Restricted Global Certificate may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable under the Conditions in respect of such Notes on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this DTC Restricted Global Certificate calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed.

For the purposes of this DTC Restricted Global Certificate, (a) the Issuer certifies that the Registered Holder is, at the date hereof, entered in the Register as the holder of the Notes represented by this DTC Restricted Global Certificate, (b) this DTC Restricted Global Certificate is evidence of entitlement only, (c) title to the Notes represented by this DTC Restricted Global Certificate passes only on due registration on the Register,

(d) only the holder of the Notes as on the immediately preceding Clearing System Business Day, represented by this DTC Restricted Global Certificate is entitled to payments in respect of the Notes represented by this DTC Restricted Global Certificate, and (e) the nominal amount of Notes represented by this DTC Restricted Global Certificate from time to time shall be that amount shown in the Register as being registered in the name of the Registered Holder hereof at such time.

For the purposes hereof “**Clearing System Business Day**” means any day other than (i) Saturdays or Sundays and (ii) 1 January and 25 December.

Transfer of Notes represented by DTC Restricted Global Certificates

If the Final Terms state that the Notes are to be represented by a DTC Restricted Global Certificate on issue, transfers of the holding of Notes represented by this DTC Restricted Global Certificate pursuant to Condition 2(b) may only be made in part:

- (a) if the Notes represented by this DTC Restricted Global Certificate are held on behalf of DTC or any other clearing system (an **Alternative Clearing System**) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available; or
- (b) an Event of Default has occurred and is continuing; or
- (c) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (a) or (b) above, the holder of the Notes represented by this DTC Restricted Global Certificate has given the Registrar not less than 30 days’

notice at its specified office of such holder's intention to effect such transfer. Where the holding of Notes represented by this DTC Restricted Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a DTC Restricted Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be DTC Restricted Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, DTC and/or an Alternative Clearing System.

Interests in a DTC Restricted Global Certificate will be exchangeable, free of charge to the holder, for definitive DTC Restricted Certificates only upon the occurrence of an Exchange Event. An **Exchange Event** means (unless otherwise specified in the applicable Final Terms) that:

- (i) an Event of Default has occurred and is continuing; or
- (ii) either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act; or
- (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by definitive DTC Restricted Certificates.

Upon the occurrence of an Exchange Event:

- (A) the Issuer will promptly give notice to Noteholders in accordance with Condition 14; and
- (B) DTC (acting on the instructions of any holder of an interest in such DTC Restricted Global Certificate) may give notice to the Registrar requesting exchange and, in the event of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange.

Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Covenants

The statements set forth in the legend above are an integral part of the Notes in respect of which this DTC Restricted Global Certificate representing DTC Restricted Registered Notes is issued and by acceptance hereof each holder of such Notes agrees to be subject to and bound by the terms and provisions set forth in such legend.

Meetings

At any meeting of Noteholders, the holder of the Notes represented by this DTC Restricted Global Certificate shall be treated as having one vote in respect of each nominal amount of Notes equal to the minimum Specified Denomination of the Notes.

This DTC Restricted Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

This DTC Restricted Global Certificate, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law.

IN WITNESS whereof the Issuer has caused this DTC Restricted Global Certificate to be signed manually or in facsimile by a person duly authorised on its behalf.

Dated as of the Issue Date.

VODAFONE GROUP PLC

By:

Duly Authorised

Authenticated
by HSBC Bank USA National Association as Registrar

By:

Authorised Officer

Form of Transfer

For value received the undersigned transfers to

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

[•] nominal amount of the Notes represented by this DTC Restricted Global Certificate, and all rights under them.

Dated _____

Signed _____ Certifying Signature

Notes:

- (a) The signature of the person effecting a transfer shall conform to a list of duly authorised specimen signatures supplied by the holder of the Notes represented by this DTC Restricted Global Certificate or (if such signature corresponds with the name as it appears on the face of this DTC Restricted Global Certificate) be certified by a notary public or a recognised bank or be supported by such other evidence as a Transfer Agent or the Registrar may reasonably require.
- (b) A representative of the Noteholder should state the capacity in which he signs e.g. executor.

ANNEX

[attach Final Terms that relate to this Global Certificate]

PART 5

FORM OF DEFINITIVE NOTE

[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED.](1)

VODAFONE GROUP PLC
(the Issuer)
(incorporated with limited liability in England and Wales)

[Specified Currency and Nominal Amount of Tranche]
NOTES DUE
[Year of Maturity]

This Note is one of a Series of Notes of [Specified Currency(ies) and Specified Denomination(s)] each of the Issuer (**Notes**). References herein to the Conditions shall be to the Terms and Conditions [endorsed hereon/set out in Schedule 1 to the Trust Deed (as defined below) which shall be incorporated by reference herein and have effect as if set out herein] as completed by and/or (in the case of the Exempt Notes) modified and/or replaced the relevant information (appearing in the Final Terms or Pricing Supplement, as the case may be, (the **Final Terms**)) endorsed hereon but, in the event of any conflict between the provisions of the said Conditions and such information in the Final Terms, such information will prevail. Words and expressions defined in the Conditions shall bear the same meanings when used in this Note. This Note is issued subject to, and with the benefit of, the Conditions and a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 16 July 1999 and made between the Issuer (under its then name of Vodafone AirTouch Plc) and The Law Debenture Trust Corporation p.l.c. as trustee for the holders of the Notes.

The Issuer, subject to and in accordance with the Conditions and the Trust Deed, promises to pay to the bearer hereof on the Maturity Date or on such earlier date as this Note may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable on redemption of this Note and to pay interest (if any) on the nominal amount of this Note calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed.

This Note shall not be valid unless authenticated by HSBC Bank plc as Issuing and Principal Paying Agent.

(1) Include where the original maturity of the Notes is more than 365 days where TEFRA D is specified in the applicable Final Terms or Pricing Supplement, as the case may be.

IN WITNESS whereof this Note has been executed on behalf of the Issuer.

Issued as of _____

VODAFONE GROUP PLC

By: _____
Duly Authorised

Authenticated by
HSBC Bank plc
as Issuing and Principal Paying Agent.

By: _____
Authorised Officer

[Conditions]

[Conditions to be as set out in Schedule 1 to this Trust Deed or such other form as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Trustee and the relevant Dealer(s), but shall not be endorsed if not required by the relevant Stock Exchange]

Final Terms

[Here to be set out the text of the relevant information completing the Conditions which appears in the Final Terms relating to the Notes]

PART 6
FORM OF COUPON

On the front:

VODAFONE GROUP PLC
[Specified Currency and Nominal Amount of Tranche]
NOTES DUE

[Year of Maturity]

Series No. []

[Coupon appertaining to a Note in the denomination of [Specified Currency and Specified Denomination]],(1)

Part A

[For Fixed Rate Notes:

This Coupon is payable to bearer, separately negotiable and subject to the Terms and Conditions of the said Notes.

Coupon for
[]
due on [], []

Part B

[For Floating Rate Notes, CMS Linked Notes or Inflation Linked Interest Notes:

Coupon for the amount due in accordance with the Terms and Conditions endorsed on, attached to or incorporated by reference into the said Notes on [the Interest Payment Date falling in []/[]].

This Coupon is payable to bearer, separately negotiable and subject to such Terms and Conditions, under which it may become void before its due date.]

[ANY UNITED STATES PERSON (WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED.](2)

(1) Delete where the Notes are all of the same denomination.

(2) Include where the original maturity of the Notes is more than 365 days where TEFRA D is specified in the applicable Final Terms or Pricing Supplement, as the case may be.

PART 7
FORM OF TALON

On the front:

VODAFONE GROUP PLC
[Specified Currency and Nominal Amount of Tranche]
NOTES DUE
[Year of Maturity]
Series No. []

[Talon appertaining to a Note in the denomination of [Specified Currency and Specified Denomination]].(1)

On and after [] further Coupons [and a further Talon](2) appertaining to the Note to which this Talon appertains will be issued at the specified office of any of the Paying Agents set out on the reverse hereof (and/or any other or further Paying Agents and/or specified offices as may from time to time be duly appointed and notified to the Noteholders) upon production and surrender of this Talon.

This Talon may, in certain circumstances, become void under the Terms and Conditions endorsed on the Note to which this Talon appertains.

[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED.](3)

-
- (1) Delete where the Notes are all of the same denomination.
(2) Not required on last Coupon sheet.
(3) Include where the original maturity of the Notes is more than 365 days where TEFRA D is specified in the applicable Final Terms or Pricing Supplement, as the case may be.

On the back of Coupons and Talons:

ISSUING AND PRINCIPAL PAYING AGENT

HSBC Bank plc
8 Canada Square
London E14 5HQ

OTHER PAYING AGENTS

Credit Suisse AG
Uetlibergstrasse 231
8070 Zurich

Banque Internationale à Luxembourg *société*
anonyme
69 route d'Esch
L-2953 Luxembourg

PART 8

FORM OF REGULATION S CERTIFICATE

On the front:

THE NOTES REPRESENTED BY THIS REGULATION S GLOBAL CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

VODAFONE GROUP PLC
(the Issuer)
(incorporated with limited liability in England and Wales)

[Specified Currency and Nominal Amount of Tranche]
NOTES DUE
[Year of Maturity]

This Regulation S Certificate certifies that (the **Registered Holder**) is, as at the date hereof, registered as the holder of [nominal amount] of the Notes referred to above (the **Notes**) of the Issuer. References herein to the Conditions shall be to the Terms and Conditions [endorsed hereon/set out in Schedule 1 to the Trust Deed (as defined below) which shall be incorporated by reference herein and have effect as if set out herein] as completed and/or (in the case of Exempt Notes) modified and/or replaced by the relevant information (appearing in the Final Terms or Pricing Supplement, as the case may be, (the **Final Terms**)) endorsed hereon but, in the event of any conflict between the provisions of the said Conditions and such information in the Final Terms, such information will prevail. Words and expressions defined in the Conditions shall bear the same meanings when used in this Certificate. This Certificate is issued subject to, and with the benefit of, the Conditions and a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 16 July 1999 and made between the Issuer (under its then name of Vodafone AirTouch Plc) and The Law Debenture Trust Corporation p.l.c. as trustee for the holders of the Notes.

The Issuer, subject to and in accordance with the Conditions and the Trust Deed, promises to pay to the Registered Holder hereof on the Maturity Date or on such earlier date as the Notes represented by this Certificate may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable on redemption of such Notes and to pay interest (if any) on the nominal amount of such Notes calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed.

For the purposes of this Regulation S Certificate, (a) the Issuer certifies that the Registered Holder is, at the date hereof, entered in the Register as the holder of the Note(s) represented by this Regulation S Certificate,

(b) this Regulation S Certificate is evidence of entitlement only, (c) title to the Note(s) represented by this Regulation S Certificate passes only on due registration on the Register, and (d) only the holder of the Note(s) represented by this Regulation S Certificate is entitled to payments in respect of the Note(s) represented by this Regulation S Certificate.

This Regulation S Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

This Regulation S Certificate, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law.

IN WITNESS whereof this Regulation S Certificate has been executed on behalf of the Issuer.

Dated as of the Issue Date.

VODAFONE GROUP PLC

By: _____
Duly Authorised

Authenticated by HSBC Bank USA National Association as Registrar.

By: _____
Authorised Officer

On the back:

Terms and Conditions of the Notes

[Conditions to be as set out in Schedule 1 to this Trust Deed or such other form as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Registrar, the Trustee and the relevant Dealer(s), but shall not be endorsed if not required by the relevant Stock Exchange.]

Final Terms

[Here to be set out the text of the relevant information completing the Conditions which appears in the Final Terms relating to the Notes.]

Form of Transfer

For value received the undersigned transfers to

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

[•] nominal amount of the Notes represented by this Regulation S Certificate, and all rights under them.

Dated

Certifying Signature

Signed _____

Notes:

(a) The signature of the person effecting a transfer shall conform to a list of duly authorised specimen signatures supplied by the holder of the Notes represented by this Regulation S Certificate or (if such signature corresponds with the name as it appears on the face of this Regulation S Certificate) be certified by a notary public or a recognised bank or be supported by such other evidence as a Transfer Agent or the Registrar may reasonably require.

(b) A representative of the Noteholder should state the capacity in which he signs.

Unless the context otherwise requires capitalised terms used in this Form of Transfer have the same meaning as in the Trust Deed.

[TO BE COMPLETED BY TRANSFEREE:

[INSERT ANY REQUIRED TRANSFEREE REPRESENTATIONS, CERTIFICATIONS, ETC.]]

ISSUING AND PRINCIPAL PAYING AGENT, TRANSFER AGENT AND REGISTRAR

HSBC Bank plc
8 Canada Square
London E14 5HQ

PAYING AGENT AND TRANSFER AGENT

HSBC Bank USA National Association
452 Fifth Avenue
New York
NY 10018-2708

PART 9

FORM OF DTC RESTRICTED CERTIFICATE

On the front:

THE NOTES REPRESENTED BY THIS DEFINITIVE REGISTERED NOTE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (**RULE 144A**) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A **QIB**) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATIONS UNDER THE SECURITIES ACT (**REGULATION S**) TO A NON-U.S. PERSON (AS SUCH TERM IS DEFINED UNDER REGULATION S) OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALE OF THE NOTES REPRESENTED BY THIS DEFINITIVE REGISTERED NOTE.

[FOR PURPOSES OF SECTIONS 1271 ET. SEQ. OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED, THIS NOTE HAS ORIGINAL ISSUE DISCOUNT OF [currency][amount] PER EACH [currency][amount] OF PRINCIPAL AMOUNT OF THIS NOTE; THE ISSUE PRICE OF THIS NOTE IS [currency][amount]; THE ISSUE DATE IS [date]; AND THE YIELD TO MATURITY (COMPOUNDED [semi-annually]) IS [yield].]*

VODAFONE GROUP PLC
(the Issuer)

(incorporated with limited liability in England and Wales)

[Specified Currency and Nominal Amount of Tranche]
NOTES DUE
[Year of Maturity]

This DTC Restricted Certificate certifies that (the **Registered Holder**) is, as at the date hereof, registered as the holder of [nominal amount] of the Notes referred to above (the **Notes**) of the Issuer. References herein to the Conditions shall be to the Terms and Conditions [endorsed hereon/set out in Schedule 1 to the Trust Deed (as defined below) which shall be incorporated by reference herein and have effect as if set out herein] as completed and/or (in the case of Exempt Notes) modified and/or replaced by the relevant information (appearing in the Final Terms or Pricing Supplement, as the case may be, (the **Final Terms**)) endorsed hereon but, in the event of any conflict between the provisions of the said Conditions and such information in the Final Terms, such information will prevail. Words and expressions defined in the Conditions shall bear the same meanings when used in this DTC Restricted Certificate. This DTC Restricted Certificate is issued subject to, and with the benefit of, the Conditions and a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 16 July 1999 and

* Legend to be borne by any Definitive Certificate issued with “original issue discount” for U.S federal income tax purposes.

made between the Issuer (under its then name of Vodafone AirTouch Plc) and The Law Debenture Trust Corporation p.l.c. as trustee for the holders of the Notes.

The Issuer, subject to and in accordance with the Conditions and the Trust Deed, promises to pay to the Registered Holder hereof on the Maturity Date or on such earlier date as the Notes represented by this DTC Restricted Certificate may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable on redemption of such Notes and to pay interest (if any) on the nominal amount of such Notes calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed.

The statements set forth in the legend above are an integral part of the Notes in respect of which this DTC Restricted Certificate is issued and by acceptance hereof each holder of such Notes agrees to be subject to and bound by the terms and provisions set forth in such legend.

For so long as the Notes are outstanding, the Issuer will, during the period in which the Issuer is neither subject to Section 13 or 15 (d) of the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to the holder hereof, or to any prospective purchaser hereof designated by such holder, upon request, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act of 1933, as amended.

For the purposes of this DTC Restricted Certificate, (a) the Issuer certifies that the Registered Holder is, at the date hereof, entered in the Register as the holder of the Note(s) represented by this DTC Restricted Certificate, (b) this DTC Restricted Certificate is evidence of entitlement only, (c) title to the Note(s) represented by this DTC Restricted Certificate passes only on due registration on the Register, and (d) only the holder of the Note(s) represented by this DTC Restricted Certificate is entitled to payments in respect of the Note(s) represented by this DTC Restricted Certificate.

This DTC Restricted Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

This DTC Restricted Certificate, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law.

IN WITNESS whereof this DTC Restricted Certificate has been executed on behalf of the Issuer.

Dated as of the Issue Date.

VODAFONE GROUP PLC

By: _____
Duly Authorised

Authenticated by HSBC Bank USA National Association as Registrar.

By: _____
Authorised Officer

On the back:

Terms and Conditions of the Notes

[Conditions to be as set out in Schedule 1 to this Trust Deed or such other form as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Registrar, the Trustee and the relevant Dealer(s), but shall not be endorsed if not required by the relevant Stock Exchange.]

Final Terms

[Here to be set out the text of the relevant information completing the Conditions which appears in the Final Terms relating to the Notes.]

Form of Transfer

For value received the undersigned transfers to

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

[•] nominal amount of the Notes represented by this Regulation S Certificate, and all rights under them.

Dated

Certifying Signature

Signed _____

Notes:

- (a) The signature of the person effecting a transfer shall conform to a list of duly authorised specimen signatures supplied by the holder of the Notes represented by this DTC Restricted Certificate or (if such signature corresponds with the name as it appears on the face of this DTC Restricted Certificate) be certified by a notary public or a recognised bank or be supported by such other evidence as a Transfer Agent or the Registrar may reasonably require.
- (b) A representative of the Noteholder should state the capacity in which he signs.

Unless the context otherwise requires capitalised terms used in this Form of Transfer have the same meaning as in the Trust Deed.

[TO BE COMPLETED BY TRANSFEREE:

[INSERT ANY REQUIRED TRANSFEREE REPRESENTATIONS, CERTIFICATIONS, ETC.]]

ISSUING AND PRINCIPAL PAYING AGENT, TRANSFER AGENT AND REGISTRAR

HSBC Bank plc
8 Canada Square
London E14 5HQ

PAYING AGENT AND TRANSFER AGENT
HSBC Bank USA National Association
452 Fifth Avenue
New York
NY 10018-2708

SCHEDULE 3

PROVISIONS FOR MEETINGS OF NOTEHOLDERS

1. (a) As used in this Schedule the following expressions shall have the following meanings unless the context otherwise requires:
- (i) **voting certificate** shall mean an English language certificate issued by a Paying Agent and dated in which it is stated:
 - (A) that on the date thereof Bearer Notes (whether in definitive form or represented by a Global Note and not being Bearer Notes in respect of which a block voting instruction has been issued and is outstanding in respect of the meeting specified in such voting certificate or any adjourned such meeting) were deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control or blocked in an account with a clearing system and that no such Bearer Notes will cease to be so deposited or held or blocked until the first to occur of:
 - I. the conclusion of the meeting specified in such certificate or, if later, of any adjourned such meeting; and
 - II. the surrender of the certificate to the Paying Agent who issued the same; and
 - (B) that the bearer thereof is entitled to attend and vote at such meeting and any adjourned such meeting in respect of the Bearer Notes represented by such certificate;
 - (ii) **block voting instruction** shall mean an English language document issued by a Paying Agent and dated in which:
 - (A) it is certified that Bearer Notes (whether in definitive form or represented by a Global Note and not being Bearer Notes in respect of which a voting certificate has been issued and is outstanding in respect of the meeting specified in such block voting instruction and any adjourned such meeting) have been deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control or blocked in an account with a clearing system and that no such Bearer Notes will cease to be so deposited or held or blocked until the first to occur of:
 - I. the conclusion of the meeting specified in such document or, if later, of any adjourned such meeting; and
 - II. the surrender to the Paying Agent not less than 48 hours before the time for which such meeting or any adjourned such meeting is convened of the receipt issued by such Paying Agent in respect of each such deposited Bearer Note which is to be released or (as the case may require) the Bearer Note or Bearer Notes ceasing with the agreement of the Paying Agent to be held to its order or under its control or so blocked and the giving of notice by the Paying Agent to the Issuer in accordance with paragraph 17 hereof of the necessary amendment to the block voting instruction;

- (B) it is certified that each holder of such Bearer Notes has instructed such Paying Agent that the vote (s) attributable to the Bearer Note or Bearer Notes so deposited or held or blocked should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any adjourned such meeting and that all such instructions are during the period commencing 48 hours prior to the time for which such meeting or any adjourned such meeting is convened and ending at the conclusion or adjournment thereof neither revocable nor capable of amendment;
 - (C) the aggregate nominal amount of the Bearer Notes so deposited or held or blocked are listed distinguishing with regard to each such resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
 - (D) one or more persons named in such document (each hereinafter called a **proxy**) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Bearer Notes so listed in accordance with the instructions referred to in (C) above as set out in such document;
- (iii) **24 hours** shall mean a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business in all of the places as aforesaid; and
- (iv) **48 hours** shall mean a period of 48 hours including all or part of two days upon which banks are open for business both in the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of two days upon which banks are open for business in all of the places as aforesaid.
- (b) A holder of a Bearer Note (whether in definitive form or represented by a Global Note) may obtain a voting certificate in respect of such Bearer Note from a Paying Agent or require a Paying Agent to issue a block voting instruction in respect of such Note by depositing such Bearer Note with such Paying Agent or (to the satisfaction of such Paying Agent) by such Bearer Note being held to its order or under its control or being blocked in an account with a clearing system, in each case not less than 48 hours before the time fixed for the relevant meeting and on the terms set out in sub-paragraph (a)(i)(A) or (a)(ii)(A) above (as the case may be), and (in the case of a block voting instruction) instructing such Paying Agent to the effect set out in sub-paragraph (a)(ii)(B) above. The holder of any voting certificate or the proxies named in any block voting instruction shall for all purposes in connection with the relevant meeting or adjourned meeting of Noteholders be deemed to be the holder of the Bearer Notes to which such voting certificate or block voting instruction relates and the Paying Agent with which such Bearer Notes have been deposited or the person holding the same to the order or under the control of such Paying Agent or the clearing system in which such Bearer Notes have been blocked shall be deemed for such purposes not to be the holder of those Bearer Notes.

- (c) (i) A holder of Registered Notes (whether in definitive form or represented by a Global Certificate (other than a Registered Note referred to in (iv) below)) may, by an instrument in writing in the English language (a **form of proxy**) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar not less than 48 hours before the time fixed for the relevant meeting, appoint any person (a **proxy**) to act on his or its behalf in connection with any meeting of the Noteholders and any adjourned such meeting.
- (ii) Any holder of Registered Notes (whether in definitive form or represented by a Global Certificate) which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative (a **representative**) in connection with any meeting of the Noteholders and any adjourned such meeting.
- (iii) Any proxy appointed pursuant to sub-paragraph (i) above or representative appointed pursuant to sub-paragraph (ii) above shall so long as such appointment remains in force be deemed, for all purposes in connection with the relevant meeting or adjourned meeting of the Noteholders, to be the holder of the Registered Notes to which such appointment relates and the holder of the Registered Notes shall be deemed for such purposes not to be the holder.
- (iv) For so long as any of the Registered Notes is represented by a Global Certificate registered in the name of DTC or its nominee, DTC may mail an Omnibus Proxy to the relevant Issuer in accordance with and in the form used by DTC as part of its usual procedures from time to time in relation to meetings of Noteholders. Such Omnibus Proxy shall assign the voting rights in respect of the relevant meeting to DTC's direct participants as of the record date specified therein. Any such assignee participant may, by an instrument in writing in the English language signed by such assignee participant, or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar or any Transfer Agent before the time fixed for the relevant meeting, appoint any person (a **sub-proxy**) to act on his or its behalf in connection with any meeting of Noteholders and any adjourned such meeting. All references to **proxy** or **proxies** in this Schedule other than in this paragraph shall be read so as to include references to "sub-proxy" or "sub-proxies".
2. The Issuer or the Trustee may at any time and the Issuer shall upon a requisition in writing in the English language signed by the holders of not less than one-tenth in nominal amount of the Notes for the time being outstanding convene a meeting of the Noteholders and if the Issuer makes default for a period of seven days in convening such a meeting the same may be convened by the Trustee or the requisitionists. Every such meeting shall be held at such time and place as the Trustee may appoint or approve.
3. At least 21 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is to be held) specifying the place, day and hour of meeting shall be given to the holders of the relevant Notes prior to any meeting of such holders in the manner provided by Condition 14. Such notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting thereby convened but (except for an Extraordinary Resolution) it shall not be necessary to specify in such notice the terms of any resolution to be proposed. Such notice shall include statements, if applicable, to the effect that (i) Bearer Notes may, not less than 48 hours before the time fixed for the meeting, be deposited with Paying Agents or (to their satisfaction) held to their order or under their control or blocked in an account with a clearing system for the purpose of obtaining voting certificates or appointing proxies and (ii) the holders of Registered Notes may appoint proxies by executing and delivering a form of proxy in the English language to the specified

office of the Registrar not less than 48 hours before the time fixed for the meeting or, in the case of corporations, may appoint representatives by resolution of their directors or other governing body and delivering a certified copy thereof to the specified office of the Registrar. A copy of the notice shall be sent by post to the Trustee (unless the meeting is convened by the Trustee) and to the Issuer (unless the meeting is convened by the Issuer) and to each Agent (other than the Calculation Agent).

4. A person (who may but need not be a Noteholder) nominated in writing by the Trustee shall be entitled to take the chair at the relevant meeting or adjourned meeting but if no such nomination is made or if at any meeting or adjourned meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting or adjourned meeting the Noteholders present shall choose one of their number to be Chairman, failing which the Issuer may appoint a Chairman. The Chairman of an adjourned meeting need not be the same person as was Chairman of the meeting from which the adjournment took place.
5. At any such meeting one or more persons present holding Definitive Notes or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than one-twentieth of the nominal amount of the Notes for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of the relevant business. The quorum at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more persons present holding Definitive Notes or voting certificates or being proxies or representatives and holding or representing in the aggregate a clear majority in nominal amount of the Notes for the time being outstanding.
6. If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any such meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall if convened upon the requisition of Noteholders be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period, being not less than 13 clear days nor more than 42 clear days, and to such place as may be appointed by the Chairman either at or subsequent to such meeting and approved by the Trustee). If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either (with the approval of the Trustee) dissolve such meeting or adjourn the same for such period, being not less than 13 clear days (but without any maximum number of clear days), and to such place as may be appointed by the Chairman either at or subsequent to such adjourned meeting and approved by the Trustee, and the provisions of this sentence shall apply to all further adjourned such meetings. At any adjourned meeting one or more persons present holding Definitive Notes or voting certificates or being proxies or representatives (whatever the nominal amount of the Notes so held or represented by them) shall form a quorum and shall have power to pass any resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present.
7. Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in paragraph 3 above and such notice shall state the required quorum. Subject as aforesaid it shall not be necessary to give any notice of an adjourned meeting.

8. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Noteholder or as a holder of a voting certificate or as a proxy or as a representative.
9. At any meeting unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman, the Issuer, the Trustee or any person present holding a Definitive Note of the relevant Series or a voting certificate or being a proxy or representative (whatever the nominal amount of the Notes so held or represented by him) a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
10. Subject to paragraph 12 below, if at any such meeting a poll is so demanded it shall be taken in such manner and subject as hereinafter provided either at once or after an adjournment as the Chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
11. The Chairman may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.
12. Any poll demanded at any such meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.
13. The Trustee and its lawyers and any director, officer or employee of a corporation being a trustee of these presents and any director or officer of the Issuer and its or their lawyers and any other person authorised so to do by the Trustee may attend and speak at any meeting. Save as aforesaid, but without prejudice to the proviso to the definition of "outstanding" in Clause 1, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of Noteholders or join with others in requesting the convening of such a meeting or to exercise the rights conferred on Noteholders by Condition 11 unless he either produces the Definitive Bearer Note or Definitive Bearer Notes of which he is the holder or a voting certificate or is a proxy or a representative or is the holder of a Registered Note or Registered Notes in definitive form. No person shall be entitled to vote at any meeting in respect of Notes held by, for the benefit of, or on behalf of, the Issuer, any Subsidiary of the Issuer (including any Retained Notes), any Holding Company of the Issuer or other Subsidiary of such Holding Company. Nothing herein shall prevent any of the proxies named in any block voting instruction or form of Proxy from being a director, officer or representative of or otherwise connected with the Issuer.
14. Subject as provided in paragraph 13 hereof at any meeting:
 - (a) on a show of hands every person who is present in person and produces a Definitive Bearer Note or voting certificate or is a holder of a Registered Note in definitive form or is a proxy or representative shall have one vote; and
 - (b) on a poll every person who is so present shall have one vote in respect of each €1.00 or such other amount as the Trustee may in its absolute discretion stipulate (or, in the case of meetings of holders of Notes denominated in another currency, such amount in such other currency as the Trustee in its absolute discretion may stipulate) in nominal amount of the Definitive Bearer Notes so produced or represented by the voting certificate so produced or

in respect of which he is a proxy or representative or in respect of which (being a Registered Note in definitive form) he is the registered holder.

Without prejudice to the obligations of the proxies named in any block voting instruction or form of proxy any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

15. The proxies named in any block voting instruction or form of proxy need not be Noteholders.
 16. Each block voting instruction together (if so requested by the Trustee) with proof satisfactory to the Trustee of its due execution on behalf of the relevant Paying Agent and each form of proxy or resolution appointing a representative shall be deposited by the relevant Paying Agent (or as the case may be) by the Registrar or the relevant Transfer Agent at such place as the Trustee shall approve not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the block voting instruction or form of proxy propose to vote and in default the block voting instruction or form of proxy or resolution appointing a representative shall not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting or adjourned meeting proceeds to business. A certified copy of each block voting instruction or form of proxy or resolution appointing a representative shall be deposited with the Trustee before the commencement of the meeting or adjourned meeting but the Trustee shall not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxies named in any such block voting instruction or form of proxy or of the representative named in such resolution.
 17. Any vote given in accordance with the terms of a block voting instruction or form of proxy or resolution appointing a representative shall be valid notwithstanding the previous revocation or amendment of the block voting instruction or form of proxy or of any of the relevant Noteholders' instructions pursuant to which it was executed provided that no intimation in writing of such revocation or amendment shall have been received from the relevant Paying Agent or in the case of Registered Note from the holder thereof by the Issuer at its registered office (or such other place as may have been required or approved by the Trustee for the purpose) by the time being 24 hours before the time appointed for holding the meeting or adjourned meeting at which the block voting instruction or form of proxy is to be used.
 18. A meeting of the Noteholders shall in addition to the powers hereinbefore given have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 5 and 6 above) namely:
 - (a) Power to sanction any compromise or arrangement proposed to be made between the Issuer, the Trustee, any Appointee and the Noteholders and Couponholders or any of them.
 - (b) Power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Trustee, any Appointee, the Noteholders, the Couponholders, the Issuer against any other or others of them or against any of their property whether such rights shall arise under these presents or otherwise.
 - (c) Power to assent to any modification of the provisions of these presents which shall be proposed by the Issuer, the Trustee or any Noteholder.
 - (d) Power to give any authority or sanction which under the provisions of these presents is required to be given by Extraordinary Resolution.
 - (e) Power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees
-

any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution.

- (f) Power to approve of a person to be appointed a trustee and power to remove any trustee or trustees for the time being of these presents.
 - (g) Power to discharge or exonerate the Trustee and/or any Appointee from all liability in respect of any act or omission for which the Trustee and/or such Appointee may have become responsible under these presents.
 - (h) Power to authorise the Trustee and/or any Appointee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution.
 - (i) Power to sanction any scheme or proposal for the exchange or sale of the Notes for or the conversion of the Notes into or the cancellation of the Notes in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash and for the appointment of some person with the power on behalf of the Noteholders to execute an instrument of transfer of the Registered Notes held by them in favour of the persons with or to whom the Notes are to be exchanged or sold respectively.
19. Any resolution passed at a meeting of the Noteholders duly convened and held in accordance with these presents shall be binding upon all the Noteholders whether present or not present at such meeting and whether or not voting and upon all Couponholders and each of them shall be bound to give effect thereto accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any resolution duly considered by the Noteholders shall be published in accordance with Condition 14 by the Issuer within 14 days of such result being known PROVIDED THAT the non-publication of such notice shall not invalidate such result.
20. The expression **Extraordinary Resolution** when used in these presents means (a) a resolution passed at a meeting of the Noteholders duly convened and held in accordance with these presents by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three-fourths of the votes cast on such poll; or (b) a resolution in writing signed by or on behalf of all the Noteholders, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders.
21. Minutes of all resolutions and proceedings at every meeting of the Noteholders shall be made and entered in books to be from time to time provided for that purpose by the Issuer and any such minutes as aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings transacted shall be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted.
22. (a) If and whenever the Issuer shall have issued and have outstanding Notes of more than one Series the foregoing provisions of this Schedule shall have effect subject to the following modifications:

- (i) a resolution which in the opinion of the Trustee affects the Notes of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Notes of that Series;
 - (ii) a resolution which in the opinion of the Trustee affects the Notes of more than one Series but does not give rise to a conflict of interest between the holders of Notes of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Notes of all the Series so affected;
 - (iii) a resolution which in the opinion of the Trustee affects the Notes of more than one Series and gives or may give rise to a conflict of interest between the holders of the Notes of one Series or group of Series so affected and the holders of the Notes of another Series or group of Series so affected shall be deemed to have been duly passed only if passed at separate meetings of the holders of the Notes of each Series or group of Series so affected; and
 - (iv) to all such meetings all the preceding provisions of this Schedule shall *mutatis mutandis* apply as though references therein to Notes and Noteholders were references to the Notes of the Series or group of Series in question or to the holders of such Notes, as the case may be.
- (b) If the Issuer shall have issued and have outstanding Notes which are not denominated in euro, in the case of any meeting of holders of Notes of more than one currency, the nominal amount of such Notes shall (i) for the purposes of paragraph 2 above be the equivalent in euro at the spot rate of a bank nominated by the Trustee for the conversion of the relevant currency or currencies into euro on the seventh dealing day prior to the day on which the requisition in writing is received by the Issuer and (ii) for the purposes of paragraphs 5, 6 and 14 above (whether in respect of the meeting or any adjourned such meeting or any poll resulting therefrom) be the equivalent at such spot rate on the seventh dealing day prior to the day of such meeting. In such circumstances, on any poll each person present shall have one vote for each €1.00 (or such other euro amount as the Trustee may in its absolute discretion stipulate) in nominal amount of the Notes (converted as above) which he holds or represents.

23. Subject to all other provisions of these presents the Trustee may, without the consent of the Issuer, the Noteholders or the Couponholders, prescribe such further regulations regarding the requisitioning and/or the holding of meetings of Noteholders and attendance and voting thereat as the Trustee may in its sole discretion think fit.

SIGNATORIES

THE COMMON SEAL of)
VODAFONE GROUP PLC)
was affixed to this deed in the presence)
of:)

Director

Secretary

THE COMMON SEAL of)
THE LAW DEBENTURE TRUST)
CORPORATION p.l.c. was affixed to this)
deed in the presence of:)

Director

Authorised Signatory

16 July 1999
(as amended and restated most
recently on 5 July 2019)

VODAFONE GROUP PLC
(formerly called Vodafone AirTouch
Plc)

and

THE LAW DEBENTURE TRUST
CORPORATION p.l.c.

relating to a
€30,000,000,000
Euro Medium Term Note Programme

TRUST DEED

ALLEN & OVERY
Allen & Overy LLP

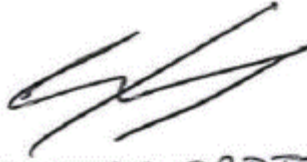
SIGNATORIES TO THE FOURTEENTH SUPPLEMENTAL TRUST DEED

EXECUTED as a DEED by
for and of behalf of
VODAFONE GROUP PLC
in the presence of:

)
)
)
)



Witness:



Name:

CHARLES CROFT

Address:

ONE KILGOM STREET
LONDON

THE COMMON SEAL of
THE LAW DEBENTURE TRUST
CORPORATION p.l.c.
was affixed to this deed
in the presence of:

)
)
)
)

Director

Authorised Signatory

SIGNATORIES TO THE FOURTEENTH SUPPLEMENTAL TRUST DEED

EXECUTED as a DEED by)
for and of behalf of)
VODAFONE GROUP PLC)
in the presence of:)

Witness:

Name:

Address:

THE COMMON SEAL of)
THE LAW DEBENTURE TRUST)
CORPORATION p.l.c.)
was affixed to this deed)
in the presence of:)

Director

Authorised



**5 JULY 2019
VODAFONE GROUP PLC**

and

**THE LAW DEBENTURE TRUST
CORPORATION p.l.c.**

**further modifying and restating the
provisions of
the Trust Deed dated 16 July 1999**

**relating to a
€30,000,000,000
Euro Medium Term Note Programme**

**FOURTEENTH
SUPPLEMENTAL
TRUST DEED**

ALLEN & OVERY
Allen & Overy LLP

Fees payable by ADR Holders

Deutsche Bank, as depositary, collects its fees for delivery and surrender of ADRs directly from investors depositing shares or surrendering ADRs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors, including in connection with the payment of dividends, by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Persons depositing or withdrawing shares must pay:	For:
\$5.00 (or less) per 100 ADRs (or portion of 100 ADRs)	<ul style="list-style-type: none"> - Issuance of ADRs, including issuances resulting from a distribution of shares or rights or other property, and distributions of ADRs pursuant to stock dividends or other free distributions - Surrender of ADRs for withdrawal of deposited securities or ADR cancellation or reduction, including if the deposit agreement terminates
\$5.00 (or less) per 100 ADRs (or portion thereof). The current per ADR fee to be charged for an interim dividend is \$0.0125 per ADR and for a final dividend is \$0.0125 per ADR.	<ul style="list-style-type: none"> - Any cash distribution to ADR registered holders
\$ 5.00 (or less) per 100 ADRs (or portion thereof)	<ul style="list-style-type: none"> - An annual fee for the operation and maintenance of administering the ADRs. This fee is not currently charged.
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADRs	<ul style="list-style-type: none"> - Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADR registered holders
Registration or transfer fees	<ul style="list-style-type: none"> - Transfer and registration of shares on our share register to or from the name of the

depository or its agent when you deposit or withdraw shares

Expenses of the depository

- Cable, telex, facsimile transmissions and delivery expenses (when expressly provided in the deposit agreement)
- Converting foreign currency to US dollars

Taxes and other governmental charges that the depository or the custodian must pay on any ADR or share underlying an ADR, for example, stock transfer taxes, stamp duty or withholding taxes, exchange control regulations or other applicable regulatory requirements.

- As necessary

Any charges incurred by the depository or its agents for servicing shares, deposited securities or ADRs, selling securities, or delivering deposited securities, or otherwise in connection with compliance with applicable law, rule or regulation

- As necessary

Fees Payable by the Depository to the Issuer

We have agreed with the depository that all dividend fees, issuance fees and cancellation fees collected by it will be paid to us, as set out in the table above, net of certain agreed third party expenses relating to the operation of the ADR program and Deutsche Bank's annual management fee.

During the financial year (April 1, 2019 through March 31, 2020), we received approximately \$10.3 million from Deutsche Bank, in respect of dividends and issuance and cancellation of ADRs during the year.

DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT

As of March 31, 2020, Vodafone Group Plc (“Vodafone”, the “Company”) had the following securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (the “Exchange Act”):

<u>Title of each class</u>	<u>Trading symbols</u>	<u>Name of each exchange on which registered</u>
Ordinary shares of 20 20/21 US cents each	VOD	NASDAQ Global Select Market*
American Depositary Shares (evidenced by American Depositary Receipts) each representing ten ordinary shares	VOD	NASDAQ Global Select Market
2.500% Notes due September 2022	VOD22	The NASDAQ Stock Market
2.950% Notes due February 2023	VOD23	The NASDAQ Stock Market
3.750% Notes due 16 January 2024	VOD24	The NASDAQ Stock Market
US\$1,000,000,000 Floating Rate Notes due 16 January 2024	VOD24A	The NASDAQ Stock Market
4.125% Notes due 30 May 2025	VOD25	The NASDAQ Stock Market
4.375% Notes due 30 May 2028	VOD28	The NASDAQ Stock Market
6.250% Notes due February 2032	VOD32	The NASDAQ Stock Market
6.150% Notes due February 2037	VOD37	The NASDAQ Stock Market
5.000% Notes due 30 May 2038	VOD38	The NASDAQ Stock Market
4.375% Notes due February 2043	VOD43	The NASDAQ Stock Market
5.250% Notes due 30 May 2048	VOD48	The NASDAQ Stock Market
4.875% Notes due 19 June 2049	VOD49	The NASDAQ Stock Market
4.250% Notes due 17 September 2050	VOD50	The NASDAQ Stock Market
5.125% Notes due 19 June 2059	VOD59	The NASDAQ Stock Market
Capital Securities due April 2079	VOD79	The NASDAQ Stock Market

* Not for trading, but only in connection with the registration of American Depositary Shares pursuant to the requirements of the Securities and Exchange Commission.

The Company’s ordinary shares, nominal value of 20 20/21 US cents each (“Vodafone Ordinary Shares”), are listed on the premium segment of the main market of the London Stock Exchange plc (the “LSE”). The Company’s American Depositary Shares (“Vodafone ADSs”) are available through an American Depositary Receipt program established pursuant to a deposit agreement (the “Deposit Agreement”) that the Company entered into with Deutsche Bank Trust Company Americas, as depositary (the “Depositary”). Vodafone ADSs, each representing ten Vodafone Ordinary Shares, are listed on the NASDAQ Global Select Market, traded under the symbol VOD, and are registered under Section 12(b) of the Securities Exchange Act of 1934 (the “Exchange Act”). In connection with this listing (but not for trading), the Vodafone Ordinary Shares are registered under Section 12(b) of the Exchange Act. The following contains a description of the rights of (i) holders of the Vodafone Ordinary Shares and (ii) Vodafone ADS holders.

The following summary is subject to and qualified in its entirety by the Company’s Articles of Association and by English law. This is not a summary of all the significant provisions of the Articles of Association or of English law and does not purport to be complete. Capital terms used but not defined herein have the meanings given to them in the Company’s Annual Report on Form 20-F for

the fiscal year ended March 31, 2020 and in the Deposit Agreement, which is an exhibit to the Company's registration statement on Form 20-F filed with the SEC on June 9, 2017.

Vodafone Ordinary Shares

Item 9.A.3 Pre-emptive rights

Under section 549 of the Companies Act 2006, Directors are, with certain exceptions, unable to allot Vodafone Ordinary Shares or securities convertible into Vodafone Ordinary Shares without the authority of Vodafone Shareholders ("Vodafone Shareholders") in a general meeting. In addition, section 561 of the Companies Act 2006 imposes further restrictions on the issue of equity securities (as defined in the Companies Act 2006, which include Vodafone Ordinary Shares and securities convertible into Vodafone Ordinary Shares) which are, or are to be, paid up wholly in cash and not first offered to existing Vodafone Shareholders. The Company's Articles of Association allow Vodafone Shareholders to authorize Directors for a period specified in the relevant resolution to allot (i) relevant securities generally up to an amount fixed by the Vodafone Shareholders; and (ii) equity securities for cash other than in connection with a pre-emptive offer up to an amount specified by the Vodafone Shareholders and free of the pre-emption restriction in section 561. At the 2019 AGM the amount of relevant securities fixed by Vodafone Shareholders under (i) above and the amount of equity securities specified by Vodafone Shareholders under (ii) above were in line with the Pre-Emption Group's Statement of Principles.

Item 9.A.5 Type and class of securities

Vodafone Ordinary Shares are listed on the London Stock Exchange and have a nominal value of 20 20/21 US cents each. All Ordinary Shares are issued in registered form. As at March 31, 2020, the total number of outstanding Vodafone Ordinary Shares was 28,815,914,978.

As far as the Company is aware, there are no limitations imposed on the transfer, holding or voting of Vodafone Ordinary Shares other than those limitations that would generally apply to all of the Vodafone Shareholders, those that apply by law (e.g. due to insider dealing rules) or those that apply as a result of failure to comply with a notice under section 793 of the Companies Act 2006.

Item 9.A.6 Limitations or qualifications

No shareholder has any securities carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities.

Item 9.A.7 Other rights

Not applicable.

Item 10.B.3 Shareholder rights

Dividend rights

Vodafone Shareholders may, by ordinary resolution, declare dividends but may not declare dividends in excess of the amount recommended by the Directors. The Board of Directors may also pay interim dividends. No dividend may be paid other than out of profits available for distribution. Dividends on Vodafone Ordinary Shares can be paid to Vodafone Shareholders in whatever country the Directors decide, using an appropriate exchange rate for any currency conversions which are required.

If a dividend has not been claimed for one year after the date of the resolution passed at a general meeting declaring that dividend or the resolution of the Directors providing for payment of that dividend, the Directors may invest the dividend or use it in some other way for the benefit of the Company until the dividend is claimed. If the dividend remains unclaimed for 12 years after the relevant resolution either declaring that dividend or providing for payment of that dividend it will be forfeited and belong to the Company.

Voting rights

At a general meeting of the Company, when voting on substantive resolutions (i.e. any resolution which is not a procedural resolution) each holder of a Vodafone Ordinary Share who is entitled to vote and is present in person or by proxy has one vote for every Vodafone Ordinary Share held (a poll vote). Procedural resolutions (such as a resolution to adjourn a general meeting or a resolution on the choice of Chairman of a general meeting) are decided on a show of hands, where each holder of Vodafone Ordinary Shares who is present at the meeting has one vote regardless of the number of Vodafone Ordinary Shares held, unless a poll is demanded. Shareholders entitled to vote at general meetings may appoint proxies who are entitled to vote, attend and speak at general meetings.

Two Vodafone Shareholders present in person or by proxy constitute a quorum for purposes of a general meeting of the Company.

Under English law, Vodafone Shareholders of a public company such as the Company are not permitted to pass resolutions by written consent.

Employees who hold Vodafone Ordinary Shares in a vested nominee share account are able to vote through the respective plan's trustees. Note there is now a vested share account with Computershare (in respect of Vodafone Ordinary Shares arising from a SAYE exercise) and Equatex (MyShareBank).

Under the Company's Articles of Association, a Director cannot vote in respect of any proposal in which the Director, or any person connected with the Director, has a material interest other than by virtue of the Director's interest in the Company's shares or other securities.

The voting rights of the Directors (Executive and Non-Executive) and employees of the Company who hold interests in the share capital of the Company are the same as for other holders of the class of share indicated. At each AGM, all Directors must offer themselves for re-election (unless they are retiring) in accordance with the Company's Articles of Association and in the interests of good corporate governance.

Rights to share in the company's profits

See "Item 10.B.3. Shareholder rights—Dividend rights" above.

Rights to share in any surplus in the event of liquidation

In the event of the liquidation of the Company, after payment of all liabilities and deductions in accordance with English law, the holders of the Company's 7% cumulative fixed rate shares would be entitled to a sum equal to the capital paid up on such shares, together with certain dividend payments, in priority to holders of Vodafone Ordinary Shares.

Redemption provisions

Under its Articles of Association, the Company is authorized to reduce (or purchase shares in) its capital of any class or classes. Class rights are deemed not to have been varied by the creation or issue of new shares ranking equally with or subsequent to that class of shares in sharing in profits or assets of the Company or by a redemption or repurchase of the shares by the Company.

Sinking fund provisions

Not applicable.

Liability to further capital calls by the company

Under the Articles of Association, the directors can call on Vodafone Shareholders to pay any money which has not yet been paid to the Company for their Vodafone Ordinary Shares. This includes both the nominal value of the Vodafone Ordinary Shares and any premium which may be payable. The terms of issue of the Vodafone Ordinary Shares govern the procedure related to calls. A call is treated as having been made as soon as the directors pass a resolution authorizing it.

A Vodafone Shareholder who has received at least 14 days' notice giving details of the amount of a capital call, the time (or times) and place or address for payment must pay the call as required by the notice. Joint shareholders are liable jointly and severally to pay any money called for in respect of their Vodafone Ordinary Shares. A Vodafone Shareholder due to pay the amount called shall still have to pay the call even if, after the call was made, they transfer the Vodafone Ordinary Shares to which the call related.

Any provision discriminating against any existing or prospective holder of the Ordinary Shares as a result of such shareholder owning a substantial number of shares

Not applicable.

Item 10.B.4. Changes to shareholder rights

If at any time the Company's share capital is divided into different classes of shares, the rights attached to any class may be varied or abrogated by a special resolution, subject to the provisions of the Companies Act 2006, either with the consent in writing of the holders of three quarters in nominal value of the shares of that class or at a separate meeting of the holders of the shares of that class.

At every such separate meeting all of the provisions of the Articles of Association relating to proceedings at a general meeting apply, except that (i) the quorum is to be the number of persons (which must be at least two) who hold or represent by proxy not less than one third in nominal value of the issued shares of the class or, if such quorum is not present on an adjourned meeting, one person who holds shares of the class regardless of the number of shares he holds; (ii) any person present in person or by proxy may demand a poll; and (iii) each shareholder will have one vote per share held in that particular class in the event a poll is taken. Class rights are deemed not to have been varied by the creation or issue of new shares ranking equally with or subsequent to that class of shares in sharing in profits or assets of the Company or by a redemption or repurchase of the shares by the Company.

Item 10.B.6 Limitations

The Company's constitutional documents place no limitations on the right to hold Vodafone Ordinary Shares. There are no limitations on the right to hold or exercise voting rights on the Vodafone Ordinary Shares under English law.

Item 10.B.7 Change in control

The Company's Articles of Association do not contain any provisions that would have the effect of delaying, deferring or preventing a change in control of the Company and that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company (or any of its subsidiaries).

Item 10.B.8 Disclosure of shareholdings

There are no provisions in the Articles of Association whereby persons acquiring, holding or disposing of a certain percentage of the Company's shares are required to make disclosure of their ownership percentage although such requirements exist under the Disclosure Guidance and Transparency Rules. Under these rules, the Company must disclose the holders of more than 3% of, or 3% of voting rights attributable to, the Company's ordinary share capital of which it is made aware.

Item 10.B.9 Differences in the law

With respect to Items 10.B.2-10.B.8, there are no significant differences between the laws applicable to the Company and English law.

Item 10.B.10 Changes in capital

The requirements imposed by the Company's Articles of Association governing changes in capital are not more stringent than is required by law.

Item 12.A Debt securities

Not applicable.

Item 12.B Warrants and Rights

Not applicable.

Item 12.C Other securities

Not applicable.

Vodafone American Depositary Shares**Item 12.D.1 Name and address of depositary**

Deutsche Bank Trust Company Americas, having its principal office at 60 Wall Street, New York, New York 10005, has been appointed as the Depositary under the Deposit Agreement, dated as of February 27, 2017, among the Company, the Depositary and all holders from time to time of the Vodafone ADSs ("Vodafone ADS Holders") issued thereunder. Deutsche Bank AG, London Branch, having its principal office at Winchester House, 1 Great Winchester Street, London EC2N 2DB, has been appointed as the custodian (the "Custodian") under the Deposit Agreement.

12.D.2 Description of Vodafone ADSs

The following is a summary of the material provisions of the Deposit Agreement. For more complete information, you should read the Deposit Agreement in its entirety.

The Deposit Agreement sets forth the rights and obligations of Holders and Beneficial Owners of Vodafone ADSs and the rights and duties of the Depositary in respect of the Vodafone Ordinary Shares deposited thereunder and any and all other securities, property and cash from time to time received in respect of such Vodafone Ordinary Shares and held thereunder (the "Deposited

Securities”). Each Vodafone ADS represents an ownership interest in ten Vodafone Ordinary Shares and is evidenced by an American depositary receipt (“Vodafone ADR”).

Voting of Vodafone ADSs

As soon as practicable after receipt of notice from the Company of any meeting of, or solicitation of consents or proxies from, Vodafone Shareholders underlying the Vodafone ADSs, and upon written request by the Company received by the Depositary at least 30 days before the vote or meeting, the Depositary will fix a record date for Vodafone ADS Holders and arrange to deliver certain materials to Vodafone ADS Holders relating to the upcoming meeting or solicitation. The materials will contain:

- such information as is contained in the notice of meeting or solicitation of consents or proxies received by the Depositary from the Company;
- a statement that the Vodafone ADS Holders as of the close of business on a specified record date will be entitled, subject to any applicable law and the Company’s Articles of Association, and the provisions of or governing the Vodafone Ordinary Shares (or any other securities, property or cash underlying the Vodafone ADS Holders’ Vodafone ADSs), to give instructions to the Depositary as to the exercise of the voting rights, if any, pertaining to the Vodafone Ordinary Shares underlying the Vodafone ADSs; and
- a statement as to the manner in which such instructions and notification may be given.

In lieu of distributing the materials received from the Company in connection with the meeting of, or solicitation of consents or proxies from, Vodafone Shareholders underlying the Vodafone ADSs, the Depositary may, to the extent not prohibited by applicable law, regulations or stock exchange requirements, distribute to the Vodafone ADS Holders a notice with instructions on how to retrieve or request such materials.

A Vodafone ADS Holder must hold Vodafone ADSs on the record date established by the Depositary in order to be eligible to give instructions for the exercise of voting rights at a meeting of shareholders. It is possible that the record date the Company uses for the exercise of voting rights on the Vodafone Ordinary Shares, on the one hand, and the record date used by the Depositary for the exercise of voting rights relating to the Vodafone Ordinary Shares underlying the Vodafone ADSs, on the other hand, may not be the same.

For voting instructions to be valid, the Depositary must receive them on or before the date specified in the materials delivered to Vodafone ADS Holders. The Depositary will, to the extent practicable, endeavor to vote or cause to be voted the underlying Vodafone Ordinary Shares in accordance with each Vodafone ADS Holder’s instructions. The Depositary will not vote the underlying Vodafone Ordinary Shares other than in accordance with the Vodafone ADS Holder’s instructions.

Persons who hold Vodafone ADSs through a brokerage account or otherwise in “street name” will need to follow the procedures of their broker in order to give voting instructions to the Depositary.

In connection with a Vodafone Shareholders’ meeting, the Company and the Depositary will not be able to assure that Vodafone ADS Holders will receive the voting materials in time to ensure that such holders can either instruct the Depositary to vote the Vodafone Ordinary Shares underlying the Vodafone ADSs or withdraw the underlying Vodafone Ordinary Shares to vote them in person or by

proxy. In addition, except as provided under applicable English law, the Depositary and its agents will not be responsible for failing to carry out voting instructions or for the manner in which any such vote is cast or the effect of any such vote.

The Depositary will have no obligation to take any action with respect to any meeting of, or solicitation of consents or proxies from, Vodafone Shareholders if such action would violate U.S. laws.

Neither the Depositary nor the Custodian will under any circumstances exercise any discretion as to voting, and neither the Depositary nor the Custodian will vote, attempt to exercise the right to vote, or in any way make use of the Vodafone Ordinary Shares (or any other securities, property or cash underlying the Vodafone ADS Holders' Vodafone ADSs) for purposes of establishing a quorum or otherwise, except pursuant to and in accordance with written instructions from Vodafone ADS Holders or the provisions of the Deposit Agreement.

Dividends and Distributions

The Depositary will pay to Vodafone ADS Holders, as of a record date established by the Depositary under the terms of the Deposit Agreement, the cash dividends or other distributions it receives in respect of the Vodafone Ordinary Shares underlying such Vodafone ADS Holders' Vodafone ADSs, after deducting its fees and expenses. Vodafone ADS Holders will receive these distributions in proportion to the number of Vodafone Ordinary Shares represented by the Vodafone ADSs held by each of them.

Distributions in Cash

The Depositary will, as promptly as practicable, convert any cash dividend or distribution the Company pays on the Vodafone Ordinary Shares, other than any dividend or distribution paid in U.S. dollars, into U.S. dollars if it can effect such conversion and transfer the U.S. dollars to the United States on a practicable basis. At any time, the Depositary may, in its discretion, hold the excess amount of foreign currency uninvested as an additional cost of conversion and without liability for interest thereon for the respective accounts of the Vodafone ADS Holders. In the event that the Company or the Depositary is required to withhold and does withhold taxes or other governmental charges from such cash dividend or other cash distribution, the amount to be distributed to the Vodafone ADS Holders will be reduced accordingly. The Depositary will distribute only whole U.S. dollars and cents and will round any fractional amounts to the nearest whole cent.

Distributions in Shares

If any distribution consists of a dividend paid in, or a free distribution of, Vodafone Ordinary Shares, the Depositary may or will, if the Company so requests, distribute additional Vodafone ADSs representing any Vodafone Ordinary Shares that the Company so distributes as a dividend or free distribution, subject to the terms and conditions set forth in the Deposit Agreement. The Depositary will only distribute whole Vodafone ADSs. In lieu of delivering fractional Vodafone ADSs, the Depositary will sell the number of Vodafone Ordinary Shares represented by the aggregate of such fractions and distribute the net proceeds to the Vodafone ADS Holders entitled thereto. The Depositary may withhold the distribution of Vodafone ADSs if it has not received satisfactory assurances from the Company (including a legal opinion) that such distribution does not require

registration under the Securities Act or is exempt from registration under the provisions of the Securities Act. If a distribution of additional Vodafone ADSs is withheld, the Depositary may sell all or part of such distribution in such amounts and in such manner as the Depositary deems necessary and practicable and distribute the net proceeds of any such sale (after deducting applicable taxes and/or governmental charges and fees and charges of, and expenses incurred by, the Depositary) to the Vodafone ADS Holders entitled thereto.

Elective Distributions in Cash or Shares

If the Company intends to make a distribution payable at the election of Vodafone Shareholders in cash or in additional Vodafone Ordinary Shares, the Depositary will, if the Company has timely requested that such elective distribution be made available to Vodafone ADS Holders, and if the Depositary has determined that such distribution is reasonably practicable and has received satisfactory legal opinions relating to such distribution, establish procedures to enable Vodafone ADS Holders to elect to receive the proposed dividend in cash or in additional Vodafone ADSs as described in the Deposit Agreement. If the conditions for an elective distribution are not satisfied, the Depositary will, to the extent permitted by law, distribute to Vodafone ADS Holders, on the basis of the same determination as is made in the local market in respect of Vodafone Ordinary Shares for which no election is made, either cash or additional Vodafone ADSs representing such additional Vodafone Ordinary Shares in the manner described in the Deposit Agreement. The Depositary will have no obligation to make any process available to Vodafone ADS Holders to receive the elective dividend in Vodafone Ordinary Shares rather than Vodafone ADSs. There can be no assurances that Vodafone ADS Holders will have the opportunity to receive elective distributions on the same terms as the holders of Vodafone Ordinary Shares.

Distribution of Rights to Receive Additional Shares

If the Company intends to distribute to Vodafone Shareholders rights to subscribe for additional Vodafone Ordinary Shares, the Depositary will, if the Company has given notice of at least 60 days that such rights be made available to Vodafone ADS Holders, make such rights available to Vodafone ADS Holders if, among other conditions, the Depositary has determined that such distribution of rights is reasonably practicable and has received satisfactory legal opinions relating to such distribution. If the conditions for making such rights available to Vodafone ADS Holders are satisfied, the Depositary will establish procedures to distribute rights to purchase additional Vodafone ADSs, to enable Vodafone ADS Holders to exercise such rights (upon payment of the subscription price and of applicable fees and charges of, and expenses incurred by, the Depositary and applicable taxes) and to deliver Vodafone ADSs upon the valid exercise of such rights. If the conditions for making such rights available to Vodafone ADS Holders are not satisfied or if the Company requests that the rights not be made available to Vodafone ADS Holders, or if any rights are not exercised and appear to be about to lapse, the Depositary will (i) endeavor to sell the rights in the manner described in the Deposit Agreement if it is lawful and reasonably practicable to do so, and distribute the proceeds of such sale (net of applicable fees and charges of, and expenses incurred by, the Depositary and taxes) to the Vodafone ADS Holders or (ii) if timing and market conditions do not permit such sale, if the Depositary determines that it is not lawful and reasonably practicable to sell such rights, or if the Depositary is unable to arrange for such sale, allow such rights to lapse. A liquid market for such rights may not exist, and this may adversely affect the ability of the Depositary to dispose of such rights or the amount the Depositary would realize upon disposal of

rights. The Depositary will have no obligation to make any process available to Vodafone ADS Holders to exercise rights to subscribe for Vodafone Ordinary Shares rather than Vodafone ADSs.

Neither the Depositary nor the Company will be responsible for any failure to determine whether it is lawful or practicable to make rights available to Vodafone ADS Holders (provided that the determination of practicability must have been made without bad faith), and neither the Depositary nor the Company will be responsible for any foreign exchange exposure or loss incurred in connection with the sale or disposal of such rights. The Depositary will not be responsible for the content of any materials forwarded to the Vodafone ADS Holders on behalf of the Company in connection with the rights distribution.

If registration of the rights, or the securities to which any rights relate, may be required under the Securities Act or any other applicable law in order for the Company to offer such rights or such securities to Vodafone ADS Holders and to sell the securities represented by such rights, the Depositary will not distribute such rights to Vodafone ADS Holders (i) unless and until a registration statement under the Securities Act or other applicable law covering such offering is in effect or (ii) unless the Company furnishes the Depositary opinion(s) of counsel in the United States and any other applicable country in which rights would be distributed, in each case reasonably satisfactory to the Depositary, to the effect that the offering and sale of such securities to Vodafone ADS Holders and beneficial owners are exempt from, or do not require registration under, the provisions of the Securities Act or any other applicable law.

If the Company fails to give the Depositary timely notice of a proposed distribution of rights, the Depositary will use commercially reasonable efforts to perform the actions described above, and the Depositary will have no liability for its failure to perform such actions where such notice has not been so timely given, other than its failure to use commercially reasonable efforts.

There can be no assurances that Vodafone ADS Holders will have the opportunity to receive or exercise rights on the same terms and conditions as the Vodafone Shareholders or be able to exercise such rights.

Distributions Other Than Cash, Shares or Rights

If the Company intends to distribute property other than cash, Vodafone Ordinary Shares or rights to purchase additional Vodafone Ordinary Shares, the Depositary will, if the Company has timely requested (at least 30 days' notice) the Depositary to make such distribution to Vodafone ADS Holders, and if the Depositary has, after consultation with the Company, determined that such distribution is reasonably practicable and has received satisfactory legal opinions relating to such distribution, as promptly as reasonably practicable distribute the property to Vodafone ADS Holders in such manner as the Depositary may deem reasonably practicable. The distribution will be made net of applicable fees and charges of, and expenses incurred by, the Depositary, and net of any taxes withheld. The Depositary may dispose of all or a portion of the property in such manner as the Depositary may deem reasonably practicable or necessary to pay its fees, charges and expenses in respect of such distribution and disposal and to satisfy any taxes or other governmental charges applicable to the distribution. If the conditions for a distribution of the property are not satisfied, the Depositary will endeavor to sell the property in a public or private sale, at such place or places and upon such terms as it may deem reasonably practicable. The proceeds of such sale (net of applicable fees and charges of, and expenses incurred by, the

Depository and taxes) will be distributed to Vodafone ADS Holders. If the Depository is unable to sell the property, the Depository may dispose of such property for the account of the Vodafone ADS Holders in any way the Depository deems reasonably practicable under the circumstances, including for nominal or no consideration.

Neither the Depository nor the Company will be responsible for any failure to determine whether it is lawful or practicable to make property available to Vodafone ADS Holders (provided that the determination of practicability must have been made without bad faith), and neither the Depository nor the Company will be responsible for any foreign exchange exposure or loss incurred in connection with the sale or disposal of such property.

Reports and Other Communications

If the Company delivers notice of any meeting of Shareholders or of any action in respect of any cash or other distributions or the offering of any rights relating to Vodafone Ordinary Shares, the Company will deliver a copy of such notice to the Depository and the Custodian. The Company will arrange for translation into English, to the extent required pursuant to any regulations of the SEC, of any notices that are made generally available to the Vodafone Shareholders. At the Company's request and expense, the Depository will, as promptly as practicable, distribute copies of such notices to the Vodafone ADS Holders.

The Depository will also make available for inspection by Vodafone ADS Holders at its principal office any written communications from the Company that are both (i) delivered to the Depository or the Custodian and (ii) made generally available to the Holders of Ordinary Shares. The Company will furnish these communications in English when so required by any rules or regulations of the SEC. The Depository will send copies of such communications when furnished by the Company as described in the immediately preceding paragraph.

Books of Depository

The Depository will maintain at its principal office a register for the registration and transfer of Vodafone ADSs. Vodafone ADS Holders may inspect such records at such office at reasonable times, but solely for the purpose of communicating with other Vodafone ADS Holders in the interest of business matters relating to the Company, the Vodafone ADSs or the Deposit Agreement. Such register may be closed from time to time when deemed expedient by the Depository in connection with the performance of its duties under the Deposit Agreement or at the request of the Company. The Depository will also maintain facilities to record and process the issuance, delivery, registration, transfer and surrender of Vodafone ADSs in accordance with the provisions of the Deposit Agreement.

Reclassifications, Recapitalizations and Mergers

If there is (i) any change in par value, split-up, subdivision cancellation, consolidation or any other reclassification of Vodafone Ordinary Shares underlying the Vodafone ADSs or (ii) any recapitalization, reorganization, merger, amalgamation or consolidation or sale of assets affecting the Company or to which it is a party, then any securities, cash or property received by the Depository or the Custodian in exchange for or in conversion of the underlying Vodafone Ordinary Shares will, to the extent permitted by law, be treated as new underlying deposited securities, cash or property

under the Deposit Agreement, and the Vodafone ADSs will thereafter represent, in addition to the existing underlying Vodafone Ordinary Shares, the right to receive the new deposited securities, cash or property so received in exchange or conversion.

The Depositary may, with the Company's approval and subject to the terms of the Deposit Agreement and the Depositary's receipt of an opinion satisfactory to it that such action is not in violation of any applicable laws or regulations, execute and deliver additional Vodafone ADSs as in the case of a dividend paid in Vodafone Ordinary Shares or call for the surrender of outstanding Vodafone ADSs to be exchanged for new Vodafone ADSs. If the new underlying deposited securities received cannot be lawfully distributed to some or all Vodafone ADS Holders, the Depositary may, subject to receipt of an opinion satisfactory to it that such action is not in violation of any applicable laws or regulations, sell such securities at such place or places and upon such terms as it may deem proper and distribute the proceeds (net of fees and charges of, and expenses incurred by, the Depositary and taxes and/or governmental charges) to the Vodafone ADS Holders on an averaged or other practicable basis. The Depositary is not responsible for (i) any failure to determine that it may be lawful or feasible to make such securities available to Vodafone ADS Holders in general or to any holder particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale or (iii) any liability to the purchaser of such securities.

Amendment and Termination of the Deposit Agreement

Amendments

The Company may agree with the Depositary to amend or restate the Deposit Agreement and the Vodafone ADRs without the consent of Vodafone ADS Holders in any respect which they may deem necessary or desirable. If the amendment or restatement imposes or increases fees or charges (except for taxes and governmental charges, registration fees, cable, telex or fax transmission costs, delivery costs or other such expenses) or otherwise prejudices any substantial existing right of Vodafone ADS Holders, it will only become effective three months after notice of such amendment or restatement has been given to Vodafone ADS Holders. Under the Deposit Agreement, notice of any amendment or restatement to the Deposit Agreement or any Vodafone ADR need not describe in detail the specific amendments effectuated thereby, and failure to describe the specific amendments in any such notice will not render such notice invalid so long as, in each such case, the notice given to the Vodafone ADS Holders identifies a means for such holders to retrieve or receive the text of such amendment or restatement. At the time an amendment or restatement becomes effective, a Vodafone ADS Holder is considered, by continuing to hold Vodafone ADSs, to have agreed to the amendment or restatement and to be bound by the Deposit Agreement as amended. However, if any governmental body adopts new laws, rules or regulations requiring an amendment or restatement of the Deposit Agreement to comply therewith, the Company and the Depositary may amend the Deposit Agreement and any Vodafone ADRs, which amendment or restatement may become effective before a notice of such amendment or restatement is given to Vodafone ADS Holders. However, no amendment or restatement will impair a Vodafone ADS Holder's right to receive the Vodafone Ordinary Shares (or any other securities, property or cash) underlying such holder's Vodafone ADSs in exchange for such holder's Vodafone ADSs, except in order to comply with applicable provisions of any mandatory laws.

Termination

The Deposit Agreement will be terminated by the Depositary if the Company asks it to do so, in which case the Depositary must notify Vodafone ADS Holders at least 90 days before termination. If at any time after 90 days have expired since (y) the Company has delivered a notice of removal to the Depositary or (z) the Depositary has delivered to the Company a written notice of its election to resign and, in either case, a successor depositary has not been appointed by the Company and accepted its appointment, the Depositary may terminate the Deposit Agreement by mailing notice of such termination to the Vodafone ADS Holders then outstanding at least 30 days before termination.

If any Vodafone ADSs remain outstanding after termination, (i) the Vodafone ADS Holders will be entitled to receive the underlying securities upon surrender of the Vodafone ADSs and payment of all fees, expenses, taxes and governmental charges, and (ii) the Depositary will stop registering the transfer of Vodafone ADSs, will stop distributing dividends to Vodafone ADS Holders, and will not give any further notices or do anything else under the Deposit Agreement other than:

- collect dividends and distributions on the Vodafone Ordinary Shares (or any other securities, property or cash) underlying the Vodafone ADSs;
- sell rights and other properties received in respect of Vodafone Ordinary Shares (or any other securities, property or cash) underlying the Vodafone ADSs as provided in the Deposit Agreement; and
- deliver the Vodafone Ordinary Shares (or any other securities, property or cash) underlying the Vodafone ADSs, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for the Vodafone ADSs surrendered to the Depositary (after deducting, in each case, the fee of the Depositary for the surrender of Vodafone ADSs, any expenses for the account of the Vodafone ADS Holder in accordance with the terms of the Deposit Agreement, and any applicable taxes or governmental charges).

At any time after six months from the date of termination of the Deposit Agreement, the Depositary may sell any remaining deposited Vodafone Ordinary Shares (or any other securities, property or cash) underlying Vodafone ADSs. After that, the Depositary will hold the money it received on the sale, as well as any cash it is holding under the Deposit Agreement, unsegregated for the pro rata benefit of the Vodafone ADS Holders that have not surrendered their Vodafone ADSs. The Depositary will not invest the money and has no liability for interest. After making such sale, the Depositary's only obligations to Vodafone ADS Holders will be to account for the money and cash (net of all applicable fees, expenses, taxes and governmental charges payable by Vodafone ADS Holders under the terms of the Deposit Agreement). After termination, the Company's only obligations will be with respect to indemnification of, and to pay specified amounts to, the Depositary. The obligations under the terms of the Deposit Agreement of Vodafone ADS Holders outstanding as of the termination date will survive the termination date and will be discharged only when the applicable Vodafone ADSs are presented by their Vodafone ADS Holders to the Depositary for cancellation and such Vodafone ADS Holder has satisfied all of its obligations under the terms of the Deposit Agreement.

Withdrawal and Cancellation

A Vodafone ADS Holder may withdraw the Vodafone Ordinary Shares (or any other securities, property or cash) underlying such holder's Vodafone ADSs upon surrender of such holder's Vodafone ADSs for such purpose to the Depositary. Upon payment of the Depositary's fees and of any taxes and governmental charges payable in connection with such surrender and withdrawal, and subject to the terms and conditions of the Deposit Agreement, the Company's constituent documents, any other provisions of or governing the Vodafone Ordinary Shares (or any other securities, property or cash underlying the holder's Vodafone ADSs), and other applicable laws, any deposited Vodafone Ordinary Shares (or any other securities, property or cash) underlying such holder's Vodafone ADSs that have been surrendered to the Depositary will be delivered, as promptly as practicable, to such Vodafone ADS Holder at the office of the Custodian or through book-entry delivery of the amount of Vodafone Ordinary Shares represented by the Vodafone ADSs surrendered to the Depositary, except that the Depositary may deliver any dividends or distributions, or the proceeds of any sales of dividends, distributions or rights, at the principal office of the Depositary. The Depositary may, in its discretion, refuse to accept a number of Vodafone ADSs representing a number other than a whole number of Vodafone Ordinary Shares.

A Vodafone ADS Holder generally has the right to surrender Vodafone ADSs and withdraw the underlying Vodafone Ordinary Shares at any time except:

- due to temporary delays caused by the closing of the transfer books of the Depositary or the Company or the deposit of Vodafone Ordinary Shares in connection with voting at a Shareholders' meeting, or the payment of dividends;
- when such Vodafone ADS Holder owes money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to Vodafone ADSs or to the withdrawal of Vodafone Ordinary Shares or any other securities, property or cash underlying such holder's Vodafone ADSs.

Limitations on Obligations and Liability to ADS Holders

The Deposit Agreement expressly limits the obligations and liabilities of the Company, the Depositary and any custodian to the Vodafone ADS Holders. These limitations include, among other things, that the Company and the Depositary:

- are obligated only to take the actions specifically set forth in the Deposit Agreement without gross negligence or willful misconduct;
- have no obligation to become involved in a lawsuit or proceeding related to the Vodafone Ordinary Shares (or any other securities, property or cash) underlying the Vodafone ADSs or the Vodafone ADRs unless they are indemnified to their satisfaction;
- are not liable for any consequential or punitive damages or any action or non-action by it in reliance upon any advice of or information from any legal counsel, accountants, any person depositing Vodafone Ordinary Shares, any Vodafone ADS Holder or any other person whom they believe in good faith is competent to give them that advice or information;

- may rely and will be protected in action upon any written notice, request or other document believed by it to be genuine and to have been signed or presented by the proper party or parties; and
- are not liable to Holders or beneficial owners of Vodafone ADSs or third parties for any special, consequential, indirect or punitive damages for any breach of the terms of the Deposit Agreement or otherwise.

In addition, the Company, the Depositary and their respective directors, officers, employees, agents or affiliates are not liable to any holder or beneficial owner of Vodafone ADSs:

- if the Depositary or the Company is prevented, delayed or forbidden from, or is subject to any civil or criminal penalty on account of, doing or performing any act or thing which by the terms of the Deposit Agreement or the Vodafone Ordinary Shares (or any other securities, property or cash underlying the Vodafone ADSs) it is provided will be done or performed by reason of any provision of any present or future law or regulation of the U.S. or any other country, or of any governmental or regulatory authority or stock exchange or inter-dealer quotation system, or by reason of any provision, present or future, of the Articles of Association, or by reason of any provision of any securities issued or distributed by the Company, or any offering or distribution thereof, or by reason of any act of God or war or other circumstances beyond its control;
- by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement; or
- for the inability of any holder or beneficial owner of Vodafone ADSs to benefit from any distribution, offering, right or other benefit which is made available to Vodafone Shareholders (or of any other securities, property or cash underlying the Vodafone ADSs) but is not, under the terms of the Deposit Agreement, made available to ADS Holders or beneficial owners of Vodafone ADSs.

Additionally, the Depositary will not be liable for, among other things:

- any acts or omissions made by a predecessor or successor depositary, so long as the Depositary performed its obligations without gross negligence or willful misconduct while it acted as the Depositary;
- any acts or omissions of any securities depository, clearing agency or settlement system in connection with book-entry settlement of Vodafone Ordinary Shares or otherwise;
- any failure to carry out any instructions to vote any of the Vodafone Ordinary Shares represented by the Vodafone ADSs, or for the manner in which any such vote is cast, if such action or non-action is in good faith, or for the effect of any such vote;
- the Depositary's failure to determine that any distribution or action is lawful or reasonably practicable if such determination of practicability is made without bad faith;
- the content of any information received from the Company for distribution to the Vodafone ADS Holders or any inaccuracy of any translation thereof;

- any investment risk associated with acquiring an interest in, or the validity of worth of, the Vodafone Ordinary Shares (or any other securities, property or cash underlying Vodafone ADSs);
- any tax consequences that may result from the ownership of Vodafone ADSs, Vodafone Ordinary Shares or any other securities, property or cash underlying Vodafone ADSs;
- the credit-worthiness of any third party;
- allowing any rights to lapse in accordance with the terms of the Deposit Agreement;
- the failure or timeliness of any notice from the Company; or
- any action of or failure to act by, or any information provided or not provided by, the Depository Trust Company (“DTC”) or any DTC participant.

Debt Securities

Each series of notes listed on the NASDAQ Stock Market LLC and set forth on the cover page to Vodafone’s annual report on Form 20-F for the year ended March 31, 2020 has been issued by Vodafone Group Plc (collectively, the “Notes”). Each of these series of Notes were issued pursuant to an effective registration statement and a related prospectus and prospectus supplement (if applicable) setting forth the terms of the relevant series of notes.

The following table sets forth the aggregate principal amount outstanding, date of issuance and file number of the registration statements for each relevant series of Notes.

Series	Aggregate Principal Amount Outstanding	Date of Issuance	Registration Statement File No.
2.500% Notes due September 2022	1,000,000,000	September 26, 2012	333-168347
2.950% Notes due February 2023	1,600,000,000	February 19, 2013	333-168347
3.750% Notes due 16 January 2024	2,000,000,000	May 30, 2018	333-219583
US\$1,000,000,000 Floating Rate Notes due 16 January 2024	1,000,000,000	May 30, 2018	333-219583
4.125% Notes due 30 May 2025	1,500,000,000	May 30, 2018	333-219583
4.375% Notes due 30 May 2028	3,000,000,000	May 30, 2018	333-219583
6.250% Notes due February 2032	495,000,000	November 30, 2002	333-10762
6.150% Notes due February 2037	500,000,000	February 27, 2007	333-144978

5.000% Notes due 30 May 2038	1,000,000,000	May 30, 2018	333-219583
4.375% Notes due February 2043	1,400,000,000	February 19, 2013	333-168347
5.250% Notes due 30 May 2048	3,000,000,000	May 30, 2018	333-219583
4.875% Notes due 19 June 2049	1,750,000,000	June 19, 2019	333-219583
4.250% Notes due 17 September 2050	1,500,000,000	September 17, 2019	333-219583
5.125% Notes due 19 June 2059	500,000,000	June 19, 2019	333-219583
Capital Securities due April 2079	2,000,000,000	April 4, 2019	333-219583

Descriptions of the Notes

The summary set out below of the general terms and provisions of the Notes does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the definitions and provisions of the Indenture (as defined below) and the form of the instrument representing each series of Notes. Certain terms, unless otherwise defined herein, have the meaning given to them in the Indenture. All references to the “Indenture” are to the indenture, dated as of February 10, 2000, between the Company and Citibank, N.A., as Trustee, including forms of debt securities. The Bank of New York Mellon became the successor trustee (the “Trustee”) to Citibank, N.A. pursuant to an Agreement of Resignation, Appointment and Acceptance, dated as of July 24, 2007, by and among the Company, The Bank of New York Mellon and Citibank, N.A.

2.500% Notes due September 2022

The following terms are applicable to the 2.500% Notes due September 2022:

- Title: 2.500% Notes due September 2022.
- Total principal amount outstanding: \$1,000,000,000.
- Issue date: September 26, 2012.
- Maturity date: The Company will repay the 2.500% Notes due September 2022 on September 26, 2022 at 100% of their principal amount plus accrued and unpaid interest.
- Interest rate: 2.50% per annum.
- Interest payment dates: Semi-annually on March 26 and September 26 of each year, commencing March 26, 2013 up to and including the maturity date for the 2.500% Notes due September 2022, subject to the applicable business day convention.
- Optional make-whole redemption: The Company has the right to redeem the 2.500% Notes due September 2022, in whole or in part, at any time and from time to time at a redemption

price equal to the greater of (1) 100% of the principal amount of such 2.500% Notes due September 2022 plus accrued interest to the date of redemption and (2) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on the 2.500% Notes due September 2022 (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 15 basis points.

2.950% Notes due February 2023

The following terms are applicable to the 2.950% Notes due February 2023:

- Title: 2.950% Notes due February 2023.
- Total principal amount outstanding: \$1,600,000,000.
- Issue date: February 19, 2013.
- Maturity date: The Company will repay the 2.950% Notes due February 2023 on February 19, 2023 at 100% of their principal amount plus accrued and unpaid interest.
- Interest rate: 2.950% per annum.
- Interest payment dates: Semi-annually on February 19 and August 19 of each year, commencing August 19, 2013 up to and including the maturity date for the 2.950% Notes due February 2023, subject to the applicable business day convention.
- Optional make-whole redemption: The Company has the right to redeem the 2.950% Notes due February 2023, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (1) 100% of the principal amount of such 2.950% Notes due February 2023 plus accrued interest to the date of redemption and (2) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on the 2.950% Notes due February 2023 (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 15 basis points.

3.750% Notes due January 2024

The following terms are applicable to the 3.750% Notes due January 2024:

- Title: 3.750% Notes due January 2024
- Total principal amount outstanding: \$2,000,000,000.
- Issue date: May 30, 2018.
- Maturity date: The Company will repay the 3.750% Notes due January 2024 on January 16, 2024 at 100% of their principal amount, plus accrued and unpaid interest.
- Interest rate: 3.750% per annum.

- Interest payment dates: Semi-annually on January 16 and July 16 of each year, commencing January 16, 2019 (long first coupon) up to and including the maturity date for the 3.750% Notes due January 2024, subject to the applicable business day convention.
- Optional make-whole redemption: The Company has the right to redeem the 3.750% Notes due January 2024, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (1) 100% of the principal amount of such 3.750% Notes due January 2024 plus accrued interest to the date of redemption and (2) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on such 3.750% Notes due January 2024 (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 20 basis points.
- Redemption or Repurchase Following a Change of Control: If a Change of Control Put Event (as defined below) occurs, then the holder of a 3.750% Note due January 2024 will have the option to require the Company to redeem or, at the Company's option, purchase (or procure the purchase of) such 3.750% Note due January 2024 at an optional redemption amount equal to 101% of the aggregate principal amount of the 3.750% Note due January 2024, plus accrued and unpaid interest on such 3.750% Note due January 2024 to the date of redemption, according to the terms and limitations described in the prospectus.

A "Change of Control Put Event" will be deemed to occur if:

(i) any person or any persons acting in concert (as defined in the United Kingdom's City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing Vodafone Shareholders, shall become interested (within the meaning of Part 22 of the Companies Act 2006 as amended) in (A) more than 50% of the issued or allotted ordinary share capital of the Company or (B) shares in the capital of the Company carrying more than 50% of the voting rights normally exercisable at a general meeting of the Company (each such event, a "Change of Control"); provided that, no Change of Control shall be deemed to occur if the event which would otherwise have constituted a Change of Control occurs or is carried out by an extraordinary resolution; and

(ii) the long-term debt of the Company has been assigned:

(A) an investment grade credit rating (Baa3/BBB—, or their respective equivalents, or better) (an "Investment Grade Rating"), by any Rating Agency (as defined below) at the invitation of the Company; or

(B) where there is no rating from any Rating Agency assigned at the invitation of the Company, an Investment Grade Rating by any Rating Agency of its own volition,

and;

(x) such rating is, within the Change of Control Period (as defined below), either downgraded to a non-investment grade credit rating (Ba1/BB+, or their respective equivalents, or worse) (a “Non-Investment Grade Rating”) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an Investment Grade Rating by such Rating Agency;

(y) and there remains no other Investment Grade Rating of the long-term debt of the Company from any other Rating Agency; and

(iii) in making any decision to downgrade or withdraw an Investment Grade Rating pursuant to paragraph (ii) above, the relevant Rating Agency announces publicly or confirms in writing to the Company that such decision(s) resulted, in whole or in part, from the occurrence of the relevant Change of Control.

Further, if at the time of the occurrence of the relevant Change of Control the long-term debt of the Company is not assigned an Investment Grade Rating by any Rating Agency, a Change of Control Put Event will be deemed to occur upon the occurrence of a Change of Control alone.

Promptly upon the Company becoming aware that a Change of Control Put Event has occurred the Company shall, and the Trustee if so requested by the holders of at least one-quarter in nominal amount of the 3.750% Notes due January 2024 then outstanding or if so directed by an extraordinary resolution of the holders of 3.750% Notes due January 2024, shall (subject in each case to the Trustee being indemnified and/or secured to its satisfaction) give notice (a “Change of Control Put Event Notice”) to the holders of 3.750% Notes due January 2024 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of a 3.750% Note due January 2024 must (in the case of bearer debt securities) deposit such 3.750% Note due January 2024 with any Paying Agent or (in the case of registered 3.750% Notes due January 2024) deposit the certificate representing such 3.750% Note due January 2024 with the security registrar at its specified office, in each case at any time during normal business hours of such Paying Agent or security registrar (all as defined in the 3.750% Note due January 2024), as the case may be, falling within the period (the “Put Period”) of 30 days after a Change of Control Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent or security registrar, as the case may be (a “Change of Control Put Notice”). No 3.750% Note due January 2024 or certificate so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Company. The Company shall redeem or purchase (or procure the purchase of) the relevant 3.750% Notes due January 2024 on the Put Date unless previously redeemed (or purchased) and cancelled.

If 80% or more in nominal amount of the 3.750% Notes due January 2024 then outstanding have been redeemed or purchased, the Company may, on giving not less than 30 nor more

than 60 days' notice to the holders of 3.750% Notes due January 2024 (such notice being given within 30 days after the Put Date), redeem or purchase (or procure the purchase of), at its option, all of the remaining outstanding 3.750% Notes due January 2024 at the optional redemption amount, together with interest (if any) accrued to (but excluding) the date fixed for such redemption or purchase.

If the rating designations employed by either Moody's or S&P are changed from those which are described in paragraph (ii) of the definition of "Change of Control Put Event" above, or if a rating is procured from a Substitute Rating Agency (as defined below), the Company shall determine the rating designations of Moody's or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or S&P and this section shall be construed accordingly.

The Trustee is under no obligation to ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control has occurred, and, until it shall have actual knowledge or notice pursuant to the trust deed to the contrary, the Trustee may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

"Change of Control Period" means the period commencing upon a Change of Control and ending 90 days after the Change of Control (or such longer period for which the 3.750% Notes due January 2024 are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review, such period not to exceed 60 days after the public announcement of such consideration); and

"Rating Agency" means Moody's Investors Service España S.A. ("Moody's") or Standard & Poor's Credit Market Services Europe Limited ("S&P") or any of their respective affiliates or successors or any rating agency (a "Substitute Rating Agency") substituted for any of them by the Company from time to time.

Floating Rate Notes due January 2024

The following terms are applicable to the Floating Rate Notes due January 2024:

- Title: Floating Rate Notes due January 2024.
- Total principal amount outstanding: \$1,000,000,000.
- Issue date: May 30, 2018.
- Maturity date: The Company will repay the Floating Rate Notes due January 2024 on January 16, 2024 at 100% of their principal amount, plus accrued and unpaid interest.
- Interest rate: The interest rate for the period from May 30, 2018 to, but excluding, the first interest reset date will be the initial base rate, as adjusted by adding the spread. Thereafter, the interest rate will be the base rate, as adjusted by adding the spread. The interest rate will be reset quarterly on each interest reset date.
- Initial Base Rate: Three-month U.S. dollar LIBOR, as determined on May 30, 2018.
- Base Rate: Three-month U.S. dollar LIBOR.

- Three-Month U.S. Dollar LIBOR: “Three-month U.S. dollar LIBOR” means the London interbank offered rate for deposits in U.S. dollars for a three-month period, as that rate appears on Reuters screen page “LIBOR01” at approximately 11:00 a.m., London time, on any interest determination date.

If no offered rate appears on Reuters screen page “LIBOR01” on the relevant interest determination date at approximately 11:00 a.m., London time, then the Company will select and identify to the calculation agent four major banks in the London interbank market, and the calculation agent will request the principal London offices of each of such banks to provide a quotation of the rate at which three-month deposits in U.S. dollars in amounts of at least \$1,000,000 are offered by it to prime banks in the London interbank market, on that date and at that time for the applicable interest period. If at least two quotations are provided, three-month U.S. dollar LIBOR will be the arithmetic average (rounded upward if necessary to the nearest .00001 of 1%) of the quotations provided. If less than two quotes are provided, the Company will select and identify to the calculation agent three major banks in New York City, and the calculation agent will request each of such banks to provide a quotation of the rate offered by it at approximately 11:00 a.m., New York City time, on the interest determination date for loans in U.S. dollars to leading European banks for a three month period for the applicable interest period in an amount of at least \$1,000,000. If three quotations are provided, three-month U.S. dollar LIBOR will be the arithmetic average of the quotations provided. Otherwise, the rate of interest for the next succeeding interest period will be equal to the rate of interest last determined in relation to the notes in respect of the preceding interest period, or, in the case of the first interest determination date prior to the first interest reset date, the initial base rate.

Notwithstanding the foregoing, if the Company determines on or prior to the relevant interest determination date, after consultation with an investment bank of national standing selected by us in its sole discretion, that three-month U.S. dollar LIBOR has been discontinued or ceased to be administered, then the Company will appoint in its sole discretion an investment bank of national standing to determine whether there is a substitute or successor base rate to three-month U.S. dollar LIBOR that is consistent with accepted market practice. If such investment bank of national standing determines that there is such a substitute or successor base rate, the calculation agent shall use such substitute or successor base rate. In such case, the calculation agent will implement changes to the business day convention, the definition of business day, the interest determination date and any method for obtaining the substitute or successor base rate if such rate is unavailable on the relevant business day, in a manner that is consistent with industry accepted practices for such substitute or successor base rate, all as determined and directed by such investment bank of national standing; provided, however, that the calculation agent shall not be required to implement any such changes that affects its own rights, duties or immunities under the indenture, the calculation agent agreement or otherwise. If such investment bank of national standing determines that there is no such substitute or successor base rate as so provided above, the rate of interest for the next succeeding interest period will be equal to the rate of interest last determined in relation to the notes in respect of the preceding interest period.

- Spread: Plus 0.990%

- Interest payment dates: Quarterly on January 16, April 16, July 16 and October 16 of each year, commencing July 16, 2018, up to and including the maturity date for the Tranche 6 Notes, subject to the applicable business day convention.
- Interest Reset Dates: Starting with the interest period scheduled to commence on July 16, 2018, the interest reset date for each interest period will be the first day of such interest period, subject to the applicable business day convention.
- Interest Determination Date: The interest determination date relating to a particular interest reset date will be the second London business day preceding such interest reset date.
- Calculation Agent: The Bank of New York Mellon, London Branch, or its successor appointed by us.
- Redemption or Repurchase Following a Change of Control: If a Change of Control Put Event occurs, then the holder of a Floating Rate Note due January 2024 will have the option to require the Company to redeem or, at the Company's option, purchase (or procure the purchase of) such Floating Rate Note due January 2024 at an optional redemption amount equal to 101% of the aggregate principal amount of such Floating Rate Note due January 2024, plus accrued and unpaid interest on such Floating Rate Note due January 2024 to the date of redemption, according to the terms and limitations described above under “—3.750% Notes due January 2024—Redemption or Repurchase Following a Change of Control” as applied to the Floating Rate Notes due January 2024.

4.125% Notes due May 2025

The following terms are applicable to the 4.125% Notes due May 2025.

- Title: 4.125% Notes due May 2025.
- Total principal amount outstanding: \$1,500,000,000.
- Issue date: May 30, 2018.
- Maturity date: The Company will repay the 4.125% Notes due May 2025 on May 30, 2025 at 100% of their principal amount, plus accrued and unpaid interest.
- Interest rate: 4.125% per annum.
- Interest payment dates: Semi-annually on May 30 and November 30 of each year, commencing November 30, 2018 up to and including the maturity date for the 4.125% Notes due May 2025, subject to the applicable business day convention.
- Business day convention: Following, Unadjusted.
- Day count fraction: 30/360
- Optional make-whole redemption: The Company has the right to redeem the 4.125% Notes due May 2025, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (1) 100% of the principal amount of such 4.125% Notes due May 2025 plus accrued interest to the date of redemption and (2) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and

interest on such 4.125% Notes due May 2025 (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 20 basis points.

- Redemption or Repurchase Following a Change of Control: If a Change of Control Put Event occurs, then the holder of a 4.125% Note due May 2025 will have the option to require the Company to redeem or, at the Company's option, purchase (or procure the purchase of) such 4.125% Note due May 2025 at an optional redemption amount equal to 101% of the aggregate principal amount of such 4.125% Note due 2025, plus accrued and unpaid interest on such 4.125% Note due May 2025 to the date of redemption, according to the terms and limitations described above under "—3.750% Notes due January 2024— Redemption or Repurchase Following a Change of Control" as applied to the 4.125% Notes due May 2025.

4.375% Notes due May 2028

The following terms are applicable to the 4.375% Notes due May 2028.

- Title: 4.375% Notes due May 2028.
- Total principal amount outstanding: \$3,000,000,000.
- Issue date: May 30, 2018.
- Maturity date: The Company will repay the 4.375% Notes due May 2028 on May 30, 2028 at 100% of their principal amount, plus accrued and unpaid interest.
- Interest rate: 4.375% per annum.
- Interest payment dates: Semi-annually on May 30 and November 30 of each year, commencing November 30, 2018 up to and including the maturity date for the 4.375% Notes due May 2028, subject to the applicable business day convention.
- Business day convention: Following, Unadjusted.
- Day count fraction: 30/360
- Optional make-whole redemption: The Company has the right to redeem the 4.375% Notes due May 2028, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (1) 100% of the principal amount of such 4.375% Notes due May 2028 plus accrued interest to the date of redemption and (2) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on such 4.375% Notes due May 2028 (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 25 basis points.
- Redemption or Repurchase Following a Change of Control: If a Change of Control Put Event occurs, then the holder of a 4.375% Note due May 2028 will have the option to require the Company to redeem or, at the Company's option, purchase (or procure the purchase of) such Note at an optional redemption amount equal to 101% of the aggregate principal

amount of such 4.375% Note due May 2028, plus accrued and unpaid interest on such Note to the date of redemption, according to the terms and limitations described above under “—3.750% Notes due January 2024—Redemption or Repurchase Following a Change of Control” as applied to the 4.375% Note due May 2028.

6.250% Notes due February 2032

The following terms are applicable to the 6.250% Notes due February 2032.

- Title: 6.250% Notes due February 2032.
- Total principal amount outstanding: \$495,000,000.
- Notes: \$495,000,000 principal amount of 6.25% Notes due 2032.
- Issue Date: November 30, 2002.
- Maturity: The Company will repay the 6.250% Notes due 2032 at 100% of their principal amount plus accrued interest on November 30, 2032.
- Interest payment dates: Semi-annually on May 30 and November 30.
- First interest payment date: May 30, 2003.
- Optional make-whole redemption: The Company has the right to redeem the 6.250% Notes due 2032, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (1) 100% of the principal amount of the 6.250% Notes due February 2032 plus accrued interest to the date of redemption and (2) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on the 6.250% Notes due 2032 (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 20 basis points, plus accrued interest to the date of redemption.

6.150% Notes due February 2037

The following terms are applicable to the 6.150% Notes due February 2037.

- Title: 6.150% Notes due February 2037.
- Total principal amount outstanding: \$500,000,000.
- Issue date: February 27, 2007.
- Maturity date: The Company will repay the 6.150% Notes due February 2037 on February 27, 2037 at 100% of their principal amount plus accrued interest.
- Interest rate: 6.150% per annum.
- Interest payment dates: Semi-annually on February 27 and August 27 of each year, commencing August 27, 2007, up to and including the maturity date for the 6.150% Notes due February 2037, subject to the applicable business day convention.
- Business day convention: Following.

- Day count fraction: 30/360
- Optional make-whole redemption: The Company has the right to redeem the 6.150% Notes due February 2037, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (1) 100% of the principal amount of such 6.150% Notes due February 2037 plus accrued interest to the date of redemption and (2) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on such 6.150% Notes due February 2037 (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 25 basis points, together with accrued interest to the date of redemption.

5.000% Notes due May 2038

The following terms are applicable to the 5.000% Notes due May 2038.

- Title: 5.000% Notes due May 2038.
- Total principal amount outstanding: \$1,000,000,000.
- Issue date: May 30, 2018.
- Maturity date: The Company will repay the 5.000% Notes due May 2038 on May 30, 2038 at 100% of their principal amount, plus accrued and unpaid interest.
- Interest rate: 5.000% per annum.
- Interest payment dates: Semi-annually on May 30 and November 30 of each year, commencing November 30, 2018 up to and including the maturity date for the 5.000% Notes due May 2038, subject to the applicable business day convention.
- Business day convention: Following, Unadjusted.
- Day count fraction: 30/360
- Optional make-whole redemption: The Company has the right to redeem the 5.000% Notes due May 2038, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (1) 100% of the principal amount of such 5.000% Notes due May 2038 plus accrued interest to the date of redemption and (2) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on such 5.000% Notes due May 2038 (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 30 basis points.
- Redemption or Repurchase Following a Change of Control: If a Change of Control Put Event occurs, then the holder of a 5.000% Note due May 2038 will have the option to require the Company to redeem or, at the Company's option, purchase (or procure the purchase of) such 5.000% Note due May 2038 at an optional redemption amount equal to 101% of the aggregate principal amount of such 5.000% Note due May 2038, plus accrued and unpaid

interest on such 5.000% Note due May 2038 to the date of redemption, according to the terms and limitations described above under “—3.750% Notes due January 2024—Redemption or Repurchase Following a Change of Control” as applied to the 5.000% Note due May 2038 series of Notes.

4.375% Notes due February 2043

The following terms are applicable to the 4.375% Notes due February 2043.

- Title: 4.375% Notes due February 2043.
- Total principal amount outstanding: \$1,400,000,000.
- Issue date: February 19, 2013.
- Maturity date: The Company will repay the 4.375% Notes due February 2043 on February 19, 2043 at 100% of their principal amount plus accrued and unpaid interest.
- Interest rate: 4.375% annum.
- Interest payment dates: Semi-annually on February 19 and August 19 of each year, commencing August 19, 2013 up to and including the maturity date for the 4.375% Notes due February 2043, subject to the applicable business day convention.
- Business day convention: Following, Unadjusted.
- Optional make-whole redemption: The Company has the right to redeem the 4.375% Notes due February 2043, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (1) 100% of the principal amount of such 4.375% Notes due February 2043 plus accrued interest to the date of redemption and (2) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on such 4.375% Notes due February 2043 (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 20 basis points.

5.250% Notes due May 2048

The following terms are applicable to the 5.250% Notes due May 2048.

- Title: 5.250% Notes due May 2048.
- Total principal amount outstanding: \$3,000,000,000.
- Issue date: May 30, 2018.
- Maturity date: The Company will repay the 5.250% Notes due May 2048 on May 30, 2048 at 100% of their principal amount, plus accrued and unpaid interest.
- Interest rate: 5.250% per annum.
- Interest payment dates: Semi-annually on May 30 and November 30 of each year, commencing November 30, 2018 up to and including the maturity date for the 5.250% Notes due May 2048, subject to the applicable business day convention.

- Business day convention: Following, Unadjusted.
- Day count fraction: 30/360
- Optional make-whole redemption: The Company has the right to redeem the 5.250% Notes due May 2048, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (1) 100% of the principal amount of such 5.250% Notes due May 2048 plus accrued interest to the date of redemption and (2) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on such 5.250% Notes due May 2048 (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 35 basis points.
- Redemption or Repurchase Following a Change of Control: If a Change of Control Put Event occurs, then the holder of a 5.250% Note due May 2048 will have the option to require the Company to redeem or, at the Company's option, purchase (or procure the purchase of) such 5.250% Note due May 2048 at an optional redemption amount equal to 101% of the aggregate principal amount of such Note, plus accrued and unpaid interest on such Note to the date of redemption, according to the terms and limitations described above under “—3.750% Notes due January 2024—Redemption or Repurchase Following a Change of Control” as applied to the 5.250% Notes due May 2048.

4.875% Notes due June 2049

The following terms are applicable to the 4.875% Notes due June 2049.

- Title: 4.875% Notes due June 2049.
- Total principal amount outstanding: \$1,750,000,000.
- Issue date: June 19, 2019.
- Maturity date: The Company will repay the 4.875% Notes due June 2049 on June 19, 2049 at 100% of their principal amount, plus accrued and unpaid interest.
- Interest rate: 4.875% per annum.
- Interest payment dates: Semi-annually on June 19 and December 19 of each year, commencing December 19, 2019 up to and including the maturity date for the 4.875% Notes due June 2049, subject to the applicable business day convention.
- Business day convention: Following, Unadjusted.
- Day count fraction: 30/360
- Optional make-whole redemption: The Company has the right to redeem the 4.875% Notes due June 2049, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (1) 100% of the principal amount of such 4.875% Notes due June 2049 plus accrued interest to the date of redemption and (2) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on such 4.875% Notes due June 2049 (excluding any portion of such payments of

interest accrued as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 40 basis points.

4.250% Notes due 17 September 2050

The following terms are applicable to the 4.250% Notes due 17 September 2050.

- Title: 4.250% Notes due 17 September 2050.
- Total principal amount outstanding: \$1,500,000,000.
- Issue Date: September 17, 2019.
- Maturity Date: The Company will repay the 4.250% Notes due 17 September 2050 on September 17, 2050 at 100% of their principal amount, plus accrued and unpaid interest.
- Interest Rate: 4.25% per annum.
- Interest Payment Dates: Semi-annually on March 17 and September 17 of each year, commencing March 17, 2020 up to and including the maturity date for the 4.250% Notes due 17 September 2050, subject to the applicable business day convention.
- Optional Make-Whole Redemption: The Company has the right to redeem the 4.250% Notes due 17 September 2050, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (1) 100% of the principal amount of such 4.250% Notes due 17 September 2050, plus accrued interest to the date of redemption and (2) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on such 4.250% Notes due 17 September 2050 (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 35 basis points.
- Redemption or Repurchase Following a Change of Control: If a Change of Control Put Event occurs, then the holder of a 4.250% Note due 17 September 2050 will have the option to require the Company to redeem or, at the Company's option, purchase (or procure the purchase of) such 4.250% Note due 17 September 2050 at an optional redemption amount equal to 101% of the aggregate principal amount of such 4.250% Note due 17 September 2050, plus accrued and unpaid interest on such 4.250% Note due 17 September 2050 to the date of redemption, according to the terms and limitations described above under "—3.750% Notes due January 2024—Redemption or Repurchase Following a Change of Control" as applied to the 4.250% Notes due 17 September 2050.

5.125% Notes due June 2059

The following terms are applicable to the 5.125% Notes due June 2059.

- Title: 5.125% Notes due June 2059.
- Total principal amount outstanding: \$500,000,000.
- Issue date: June 19, 2019.

- Maturity date: The Company will repay the 5.125% Notes due June 2059 on June 19, 2059 at 100% of their principal amount, plus accrued and unpaid interest.
- Interest rate: 5.125% per annum.
- Interest payment dates: Semi-annually on June 19 and December 19 of each year, commencing December 19, 2019 up to and including the maturity date for the 5.125% Notes due June 2059, subject to the applicable business day convention.
- Optional make-whole redemption: The Company has the right to redeem the 5.125% Notes due June 2059, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (1) 100% of the principal amount of such 5.125% Notes due June 2059 plus accrued interest to the date of redemption and (2) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on such 5.125% Notes due June 2059 (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 40 basis points.
- Redemption or Repurchase Following a Change of Control: If a Change of Control Put Event occurs, then the holder of a 5.125% Note due June 2059 will have the option to require the Company to redeem or, at the Company's option, purchase (or procure the purchase of) such 5.125% Note due June 2059 at an optional redemption amount equal to 101% of the aggregate principal amount of such 5.125% Note due June 2059, plus accrued and unpaid interest on such 5.125% Note due June 2059 to the date of redemption, according to the terms and limitations described above under "—3.750% Notes due January 2024—Redemption or Repurchase Following a Change of Control" as applied to the 5.125% Notes due June 2059.

Capital Securities due April 2079

The following terms are applicable to the Capital Securities due April 2079. Within this section, capitalized terms that are not otherwise defined have the meaning given to them in the prospectus supplement dated March 28, 2019 (the "Prospectus Supplement"), to the base prospectus dated July 31, 2017 (File No. 333-219583), filed with the Securities and Exchange Commission pursuant to Rule 424(b)(2) on April 1, 2019, which prospectus supplement is incorporated by reference herein.

- Title: Capital Securities due April 2079.
- Total principal amount outstanding: \$2,000,000,000.
- Issue date: April 4, 2019.
- Maturity date: Unless previously redeemed, purchased, cancelled or substituted, the Capital Securities due April 2079 will mature on April 4, 2079, and holders will be entitled to receive 100% of the principal amount of the Capital Securities due April 2079, together with any accrued and unpaid interest and any outstanding arrears of interest.
- Interest: The Capital Securities due April 2079 bear interest on their principal amount from (and including) the issue date to (but excluding) April 4, 2029 (the "First Reset Date") at a

rate of 7.000% per annum, payable semi-annually in arrears on April 4 and October 4 in each year, commencing on October 4, 2019. Thereafter, unless previously redeemed, the Capital Securities due April 2079 will bear interest from (and including) the First Reset Date to (but excluding) April 4, 2049 at a rate per annum which shall be 4.873% above the 5 year Swap Rate (as defined below) for the relevant reset period, payable semi-annually in arrears on April 4 and October 4 in each year. From (and including) April 4, 2049 up to (but excluding) April 4, 2079 (the “Maturity Date”), unless previously redeemed, the Capital Securities due April 2079 will bear interest at a rate per annum which shall be 5.623% above the 5 year Swap Rate for the relevant Reset Period payable semi-annually in arrears on April 4 and October 4 in each year. See “Description of Securities—Interest Payments” in the Prospectus Supplement.

- Optional interest deferral: The Company may, at its discretion, elect to defer all or part of any Interest Payment (a “Deferred Interest Payment”) which is otherwise scheduled to be paid on an Interest Payment Date by giving a Deferral Notice of such election to the holders Capital Securities due April 2079, the Trustee and the Principal Paying Agent. Other than in connection with a Mandatory Settlement, if the Company elects not to make all or part of any Interest Payment on an Interest Payment Date, then the Company will not have any obligation to pay such interest on the relevant Interest Payment Date and any such non-payment of interest will not constitute an Event of Default of the Issuer or any other breach of its obligations under the Capital Securities due April 2079 or for any other purpose.
- Further Issuances: The Company may, at its option, at any time and without the consent of the then existing noteholders issue additional Notes in one or more transactions (other than the issuance date and, possibly, the first interest payment date) identical to the Capital Securities due April 2079. These additional Notes will be deemed to be part of the same series as the Capital Securities due April 2079 and will provide the holders of these additional Notes the right to vote together with holders of the Capital Securities due April 2079.
- Arrears of Interest in respect of the Capital Securities due April 2079 may be satisfied at the option of the Company in whole or in part at any time (the “Optional Deferred Interest Settlement Date”) following delivery of a notice to such effect given by the Company to the holders of the Capital Securities due April 2079, the Trustee and the Principal Paying Agent informing them of its election to so satisfy such Arrears of Interest (or part thereof) and specifying the Optional Deferred Interest Settlement Date.
- Any Deferred Interest Payment (or part thereof) shall itself bear interest (such further interest together with the Deferred Interest Payment, being “Arrears of Interest”), at the Interest Rate prevailing from time to time, from (and including) the date on which (but for such deferral) the Deferred Interest Payment would otherwise have been due to be made to (but excluding) the Optional Deferred Interest Settlement Date or, as appropriate, such other date on which such Deferred Interest Payment is paid in connection with a Mandatory Settlement, in each case such further interest being compounded on each Interest Payment Date. Non-payment of Arrears of Interest shall not constitute a default by the Company

under the Capital Securities due April 2079 or for any other purpose, unless such payment is required in connection with a Mandatory Settlement.

- **Mandatory Settlement:** Notwithstanding the above and the provisions of “Optional Interest Deferral” in the Prospectus Supplement, the Company will pay any outstanding Arrears of Interest, in whole but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which a Deferred Interest Payment first arose. A “Mandatory Settlement Date” as defined in the terms of the Capital Securities due April 2079 encompasses (i) dividends, other distributions or payments in respect of Parity Obligations and other events that constitute “Compulsory Arrears of Interest Settlement Events,” (ii) payments of interest on the Capital Securities due April 2079 on a scheduled Interest Payment Date following the Interest Payment Date on which a Deferred Interest Payment first arose and (iii) the date of which the Capital Securities due April 2079 are redeemed or repaid in accordance with the conditions set forth under “Description of Securities—Subordination”, “Description of Securities—Redemption” or “Description of Securities—Event of Default” in the Prospectus Supplement.
- **Optional Redemption:** The Company may redeem all, but not less than all, of the Capital Securities due April 2079 on any date in the period commencing on any date from (and including) the First Call Date to (and including) the First Reset Date or on any Interest Payment Date thereafter at their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest in respect of the Capital Securities due April 2079.
- **Special Event Redemption:** If a Capital Event, Tax Event, Accounting Event or Withholding Tax Event (any such, a “Special Event”) has occurred and is continuing, then the Company may redeem at any time all, but not less than all, of the Capital Securities due April 2079 at:
 - in the case of a Capital Event, Tax Event or Accounting Event where the relevant date fixed for redemption falls prior to the First Call Date, 101% of their principal amount;
 - in the case of a Capital Event, Tax Event or Accounting Event where the relevant date fixed for redemption falls on or after the First Call Date, 100% of their principal amount; or
 - in the case of a Withholding Tax Event where any such redemption occurs at any time, 100% of their principal amount,

in each case together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest in respect of the Capital Securities due April 2079.

- **Change of Control:** If a Change of Control Event has occurred and is continuing, the Company may elect to redeem all, but not less than all, of the Capital Securities due April 2079 at any time at 101% of the principal amount of the Capital Securities due April 2079, together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest in respect of the Capital Securities due April 2079.

- If the Company does not elect to redeem the Capital Securities due April 2079 following the occurrence of a Change of Control Event, the then prevailing Interest Rate, and each subsequent Interest Rate, on the Capital Securities due April 2079 shall be increased by 5% per annum with effect from (and including) the date on which the Change of Control Event occurred.
- Substitution or variation instead of special event redemption: If an Accounting Event, a Capital Event, a Tax Event or a Withholding Tax Event has occurred and is continuing, without the consent of the holders of Capital Securities due April 2079, the Company may either, as an alternative to redemption, at any time, (i) substitute all, but not less than all, of the Capital Securities due April 2079 for, or (ii) vary the terms of the Capital Securities due April 2079 with the effect that they remain or become, as the case may be, Qualifying Securities, in each case in accordance with certain conditions and subject, *inter alia*, to the receipt by the Trustee of the Officer's Certificate and an Opinion of Counsel, each as defined in the Indenture.

Other Terms Applicable to All Notes

The following terms are applicable to all Notes.

- Guarantee: None.
- Denomination: The Notes are issued, unless otherwise indicated in the applicable prospectus supplement, in denominations that are even multiples of \$1,000.
- Regular record dates for interest: With respect to each interest payment date, the regular record date for interest on Notes in registered form is the close of business on the Clearing System Business Day prior to the date for payment, where "Clearing System Business Day" means Monday to Friday, inclusive, except December 25 and January 1. The regular record date for interest on Notes that are represented by physical certificates is the date that is 15 calendar days prior to such date, whether or not such date is a business day.
- Payment of additional amounts: The Company intends to make all payments on the Notes without deducting United Kingdom ("U.K.") withholding taxes. If any deduction is required on payments to non-U.K. investors, the Company will pay additional amounts on those payments.
- Optional Tax Redemption: The Company may redeem the Notes before they mature if the Company is obligated to pay additional amounts due to changes on or after the date of the final term sheet in U.K. withholding tax requirements, a merger or consolidation with another entity or a sale or lease of substantially all its assets and other limited circumstances. In that event, the Company may redeem the Notes in whole but not in part on any interest payment date, at a price equal to 100% of their principal amount plus accrued interest to the date fixed for redemption.
- Ranking: The Notes rank equally with all present and future unsecured and unsubordinated indebtedness of the Company. Because the Company is a holding company, the Notes effectively rank junior to any indebtedness or other liabilities of its subsidiaries.

- Business Days: For Notes which are fixed rate notes, New York; for Notes which are floating rate notes, London and New York.
- Business Day Convention:
 - For Notes which are fixed rate notes: Following, Unadjusted.
 - For Notes which are floating rate notes: Modified, Following.
- Day Count Fraction:
 - For Notes which are fixed rate notes: 30/360.
 - For Notes which are floating rate notes: Actual/360 (ISDA).
- Trading through DTC (as defined below), Clearstream, Luxembourg and Euroclear: The Company understands that secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules. Secondary market trading will be settled using procedures applicable to U.S. corporate debt obligations in DTC's Same-Day Funds Settlement System.

If payment is made in U.S. dollars, settlement will be in same-day funds. If payment is made in a currency other than U.S. dollars, settlement will be free of payment. If payment is made other than in U.S. dollars, separate payment arrangements outside of the DTC system must be made between the DTC participants involved.

The Company understands that secondary market trading between Euroclear and/or Clearstream, Luxembourg participants will occur in the ordinary way following the applicable rules and operating procedures of Euroclear and Clearstream, Luxembourg. Secondary market trading will be settled using procedures applicable to conventional Eurobonds in registered form.

- Name of depositary: The Depositary Trust Company, commonly referred to as "DTC".
- Sinking fund: There is no sinking fund.
- Trustee, Calculation Agent and Principal Paying Agent: The Bank of New York Mellon.
- Governing law and jurisdiction: New York law governs the Indenture and the Notes, except for certain events of default described in the Indenture, which are governed by English law.
- Adjusted treasury rate: "Adjusted treasury rate" means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the comparable treasury issue, assuming a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date.
- "Comparable treasury issue" means the U.S. Treasury security selected by the quotation agent as having a maturity comparable to the remaining term of such Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining terms of such Notes.

- “Comparable treasury price” means, with respect to any redemption date, the average of the reference treasury dealer quotations for such redemption date.
- “Quotation agent” means the reference treasury dealer appointed by the Trustee after consultation with the Company.
- “Reference treasury dealer” means any primary U.S. government securities dealer in New York City selected by the Trustee after consultation with the Company.
- “Reference treasury dealer quotations” means with respect to each reference treasury dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the comparable treasury issue (expressed as a percentage of its principal amount) quoted in writing to the Trustee by such reference treasury dealer at 5:00 p.m. Eastern Standard Time on the third business day preceding such redemption date.

Description of Debt Securities

The following terms are applicable to all of the Notes. In the following description “you” means direct holders of the Notes (and not street name or other indirect holders of securities).

As required by U.S. federal law for all bonds and notes of companies that are publicly offered, any debt securities, including the Notes, are governed by an indenture. The Indenture is a contract entered into between the Company and The Bank of New York Mellon, which acts as trustee. The Trustee has two main roles:

- First, the Trustee can enforce your rights against the Company if it defaults, although there are some limitations on the extent to which the Trustee acts on your behalf that are described under “—Default and Related Matters—Events of Default—Remedies If an Event of Default Occurs”; and
- Second, the Trustee performs administrative duties for the Company, such as sending interest payments and notices to you and transferring your Notes to a new buyer if you sell.

The Indenture and its associated documents contain the full legal text of the matters described in this section. New York law governs the Indenture and the Notes, except for certain events of default described in the Indenture, which are governed by English law. The Company has filed a copy of the Indenture with the SEC as an exhibit to its registration statement.

Section references below refer to sections of the Indenture.

Overview of Remainder of This Description

The remainder of this description summarizes:

- Additional mechanics relevant to the Notes under normal circumstances, such as how you transfer ownership and where the Company makes payments.
- Your rights under several special situations, such as if the Company merges with another company or if the Company wants to change a term of the Notes.
- Your rights to receive payment of additional amounts due to changes in U.K. tax withholding or deduction requirements.

- Your rights if the Company defaults or experiences other financial difficulties.
- The Company’s relationship with the Trustee.

Additional Mechanics Exchange and Transfer

You may have your Notes broken into more debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed. This is called an exchange. *(Section 305)*

In the case of registered Notes, you may exchange or transfer your registered Notes at the office of the Trustee. The Trustee acts as its agent for registering Notes in the names of holders and transferring registered Notes. The Company may change this appointment to another entity or perform the service itself. The entity performing the role of maintaining the list of registered holders is called the “security registrar”. It will also register transfers of the registered Notes. However, you may not exchange registered Notes for bearer Notes. *(Section 305)*

You will not be required to pay a service charge to exchange or transfer Notes, but you may be required to pay any tax or other governmental charge associated with the exchange or transfer. The exchange or transfer of a registered Note will only be made if the security registrar is satisfied with your proof of ownership.

If the Company designates additional transfer agents, they will be named in the applicable prospectus supplement. The Company may cancel the designation of any particular transfer agent. The Company may also approve a change in the office through which any transfer agent acts. *(Section 1002)*

If the Notes are redeemable and the Company redeems less than all of the Notes of a particular series, the Company may block the exchange or transfer of the Notes in order to freeze the list of holders to prepare the mailing during the period beginning 15 days before the day the Company mail the notice of redemption and ending on the day of that mailing. The Company may also refuse to register exchanges or transfers of the Notes selected for redemption. However, the Company will continue to permit exchanges and transfers of the unredeemed portion of any Note being partially redeemed. *(Section 305)*

Payment and Paying Agents

If your Notes are in registered form, the Company will pay interest to you if you are a direct holder listed in the Trustee’s records at the close of business on a particular day in advance of each due date for interest, even if you no longer own the security on the interest due date. That particular day, usually the Clearing System Business Day immediately prior to the interest due date, is called the “regular record date” and will be stated in the prospectus supplement. *(Section 307)*

The Company will pay interest, principal and any other money due on the registered Notes at the corporate trust office of the Trustee in New York City. That office is currently located at 101 Barclay Street, 7E, New York, NY 10286.

Interest on global securities will be paid to the holder thereof by wire transfer of same-day funds.

Holders buying and selling the Notes must work out between them how to compensate for the fact that the Company will pay all the interest for an interest period to, in the case of registered Notes, the one who is the registered holder on the regular record date or, in the case of bearer Notes, to the

bearer. The most common manner is to adjust the sales price of the Notes to pro rate interest fairly between buyer and seller. This pro rated interest amount is called “accrued interest”. The paying agent for a particular series will be set forth in the prospectus supplement establishing that series.

Notices

The Company and the Trustee will send notices only to direct holders, using their addresses as listed in the Trustee’s records. *(Sections 101 and 106)*

Regardless of who acts as paying agent, all money that the Company pay to a paying agent that remains unclaimed at the end of two years after the amount is due to direct holders will be repaid to us upon its request. After that two-year period, direct holders may look only to us for payment and not to the Trustee, any other paying agent or anyone else. *(Section 1003)*

Special Situations

Mergers and Similar Events

The Company is generally permitted to consolidate or merge with another entity. The Company is also permitted to sell or lease substantially all of its assets to another entity or to buy or lease substantially all of the assets of another entity. No vote by holders of the Notes approving any of these actions is required, unless as part of the transaction the Company makes changes to the Indenture requiring your approval, as described later under “—Modification and Waiver”. The Company may take these actions as part of a transaction involving outside third parties or as part of an internal corporate reorganization. The Company may take these actions even if they result in:

- a lower credit rating being assigned to the Notes; or
- additional amounts becoming payable in respect of withholding tax, and the Notes thus being subject to redemption at its option, as described below under “—Optional Tax Redemption”.

The Company has no obligation under the Indenture to seek to avoid these results, or any other legal or financial effects that are disadvantageous to you, in connection with a merger, consolidation or sale or lease of assets that is permitted under the Indenture. However, the Company may not take any of these actions unless all the following conditions are met:

- If the Company merges out of existence or sell or lease its assets, the other entity must assume its obligations on the Notes and under the Indenture, including the obligation to pay the additional amounts described under “—Payment of Additional Amounts”. This assumption may be by way of a full and unconditional guarantee in the case of a sale or lease of substantially all of its assets.
- If such other entity is organized under the laws of a country other than the United States or England and Wales, it must indemnify you against any governmental charge or other cost resulting from the transaction.
- The Company must not be in default on the Notes immediately prior to such action and such action must not cause a default. A default for this purpose would also include any event that would be an event of default if the requirements for notice of default or existence of defaults for a specified period of time were disregarded.

- If the Company sells or leases substantially all of its assets and the entity to which the Company sells or leases such assets guarantees its obligations, that entity must execute a supplement to the Indenture, known as a supplemental indenture. In the supplemental indenture, the entity must promise to be bound by every obligation in the Indenture. Furthermore, in this case, the Trustee must receive an opinion of counsel stating that the entity's guarantees are valid, that certain registration requirements applicable to the guarantees have been fulfilled and that the supplemental indenture complies with the Trust Indenture Act of 1939. The entity that guarantees its obligations must also deliver certain certificates and other documents to the Trustee.
- The Company must deliver certain certificates and other documents to the Trustee.
- The Company must satisfy any other requirements specified in the prospectus supplement. *(Section 801)*

It is possible that the United States Internal Revenue Service may deem a merger or other similar transaction to cause for U.S. federal income tax purposes an exchange of debt securities for new securities by the holders of the Notes. This could result in the recognition of taxable gain or loss for U.S. federal income tax purposes and possible other adverse tax consequences.

Modification and Waiver

There are three types of changes the Company can make to the Indenture and the Notes.

Changes Requiring Approval of Each Holder. First, there are changes that cannot be made to the Notes without the approval of each holder. These are the following types of changes:

- change the stated maturity of the principal or interest on a Note;
- reduce any amounts due on a Note;
- change any obligation to pay the additional amounts described under “—Payment of Additional Amounts”;
- reduce the amount of principal payable upon acceleration of the maturity of a Note following a default;
- change the place or currency of payment on a Note;
- impair any of the conversion rights of the Notes;
- impair your right to sue for payment or conversion;
- reduce the percentage of holders of the Notes whose consent is needed to modify or amend the Indenture;
- reduce the percentage of holders of the Notes whose consent is needed to waive compliance with various provisions of the Indenture or to waive specified defaults; and
- modify any other aspect of the provisions dealing with modification and waiver of the Indenture. *(Section 902)*

Changes Requiring a Majority Vote. The second type of change to the Indenture and the Notes is the kind that requires a vote of approval by the holders of the Notes which together represent a majority of the outstanding principal amount of the particular series affected. Most changes fall into this category, except for clarifying changes, amendments, supplements and other changes that would not adversely affect holders of the Notes in any material respect. For example, this vote would be required for us to obtain a waiver of all or part of any covenants described in an applicable prospectus supplement or a waiver of a past default. However, the Company cannot obtain a waiver of a payment default or any other aspect of the Indenture or the Notes listed in the first category described above under “—Changes Requiring Approval of Each Holder” unless the Company obtains your individual consent to the waiver. *(Section 513)*

Changes Not Requiring Approval. The third type of change does not require any vote by holders of the Notes. This type is limited to clarifications, amendments, supplements and other changes that would not adversely affect holders of the Notes in any material respect. *(Section 901)*

Further Details Concerning Voting. When taking a vote, the Company will use the following rules to decide how much principal amount to attribute to a security:

- For original issue discount securities, the Company will use the principal amount that would be due and payable on the voting date if the maturity of the Notes were accelerated to that date because of a default.
- For Notes whose principal amount is not known (for example, because it is based on an index), the Company will use a special rule for that security described in the prospectus supplement for that Note.
- For Notes denominated in one or more foreign currencies, currency units or composite currencies, the Company will use the U.S. dollar equivalent as of the date on which such Notes were originally issued.

The Notes will not be considered outstanding, and therefore will not be eligible to vote, if the Company has deposited or set aside in trust for your money for their payment or redemption. The Notes will also not be eligible to vote if they have been fully defeased as described under “—Defeasance and Discharge”. *(Section 101)*

The Company will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding Notes that are entitled to vote or take other action under the Indenture. In limited circumstances, the Trustee will be entitled to set a record date for action by holders. If the Company or the Trustee set a record date for a vote or other action to be taken by holders of a particular series, that vote or action may be taken only by persons who are holders of outstanding Notes of that series on the record date and must be taken within 180 days following the record date or another period that the Company or, if it sets the record date, the Trustee may specify. The Company may shorten or lengthen (but not beyond 180 days) this period from time to time. *(Section 104)*

Redemption and Repayment

Unless otherwise indicated in your prospectus supplement, your Note will not be entitled to the benefit of any sinking fund - that is, the Company will not deposit money on a regular basis into any separate custodial account to repay your Notes. In addition, the Company will not be entitled to

redeem your Note before its stated maturity unless your prospectus supplement specifies a redemption commencement date. You will not be entitled to require the Company to buy your Note from you, before its stated maturity, unless your prospectus supplement specifies one or more repayment dates.

If your prospectus supplement specifies a redemption commencement date or a repayment date, it will also specify one or more redemption prices or repayment prices, which may be expressed as a percentage of the principal amount of your Note or by reference to one or more formulae used to determine the redemption price(s). It may also specify one or more redemption periods during which the redemption prices relating to a redemption of the Notes during those periods will apply.

If your prospectus supplement specifies a redemption commencement date, the Company may redeem your Note at its option at any time on or after that date. If the Company redeems your Note, the Company will do so at the specified redemption price, together with interest accrued to the redemption date. If different prices are specified for different redemption periods, the price the Company pays will be the price that applies to the redemption period during which your Note is redeemed.

If your prospectus supplement specifies a repayment date, your Note will be repayable by us at your option on the specified repayment date(s) at the specified repayment price(s), together with interest accrued to the repayment date.

In the event that the Company exercise an option to redeem any Note, the Company will give to the holder written notice of the principal amount of the Note to be redeemed, not less than 30 days nor more than 60 days before the applicable redemption date. The Company will give the notice in the manner described under “—Notices”.

If a Note represented by a global security is subject to repayment at the holder’s option, the depositary or its nominee, as the holder, will be the only person that can exercise the right to repayment. Any indirect holders who own beneficial interests in the global security and wish to exercise a repayment right must give proper and timely instructions to their banks or brokers through which they hold their interests, requesting that they notify the depositary to exercise the repayment right on their behalf. Different firms have different deadlines for accepting instructions from their customers, and you should take care to act promptly enough to ensure that your request is given effect by the depositary before the applicable deadline for exercise.

In the event that the option of the holder to elect repayment as described above is deemed to be a “tender offer” within the meaning of Rule 14e-1 under the Securities Exchange Act of 1934, the Company will comply with Rule 14e-1 as then in effect to the extent it is applicable to us and the transaction.

The Company or its affiliates may purchase the Notes from investors who are willing to sell from time to time, either in the open market at prevailing prices or in private transactions at negotiated prices. The Notes that the Company or they purchase may, in its discretion, be held, resold or cancelled.

Payment of Additional Amounts

The government of any jurisdiction in which the Company is incorporated may require it to withhold amounts from payments on the principal or any premium or interest on a Note for taxes or any other

governmental charges. If the jurisdiction requires a withholding of this type, the Company may be required to pay you an additional amount so that the net amount you receive will be the amount specified in the debt security to which you are entitled. However, in order for you to be entitled to receive the additional amount, you must not be resident in the jurisdiction that requires the withholding.

The Company will not have to pay additional amounts under any of the following circumstances:

- The U.S. government or any political subdivision of the U.S. government is the entity that is imposing the tax or governmental charge.
- The withholding is imposed only because the holder was or is connected to the taxing jurisdiction or, if the holder is not an individual, the tax or governmental charge was imposed because a fiduciary, settlor, beneficiary, member or shareholder of the holder or a party possessing a power over a holder that is an estate or trust was or is connected to the taxing jurisdiction. These connections include those where the holder or related party:
 - is or has been a citizen or resident of the jurisdiction;
 - is or has been engaged in trade or business in the jurisdiction; or
 - has or had a permanent establishment in the jurisdiction.
- The withholding is imposed due to the presentation of a Note, if presentation is required, for payment on a date more than 30 days after the security became due or after the payment was provided for.
- The withholding is imposed due to the presentation of a Note for payment in the United Kingdom.
- The withholding is on account of an estate, inheritance, gift, sale, transfer, personal property or similar tax or other governmental charge.
- The withholding is for a tax or governmental charge that is payable in a manner that does not involve withholding.
- The withholding is imposed or withheld because the holder or beneficial owner failed to comply with any of its requests for the following that the statutes, treaties, regulations or administrative practices of the taxing jurisdiction require as a precondition to exemption from all or part of such withholding:
 - to provide information about the nationality, residence or identity of the holder or beneficial owner; or
 - to make a declaration or satisfy any information requirements.
- The holder is a fiduciary or partnership or other entity that is not the sole beneficial owner of the payment in respect of which the withholding is imposed, and the laws of the taxing jurisdiction require the payment to be included in the income of a beneficiary or settlor of such fiduciary or a member of such partnership or another beneficial owner who would not have been entitled to such additional amounts had it been the holder of such debt security.

- With respect to Notes originally issued in bearer form, the payment relates to a Note that is in physical form. However, this exception only applies if:
 - the Note in physical form was issued at the holder's request following an event of default; and
 - the Company have not issued physical certificates for the entire principal amount of such series of Notes.
- The withholding or deduction is imposed pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.
- The withholding or deduction is imposed on a holder or beneficial owner who could have avoided such withholding or deduction by presenting its Notes to another paying agent.

These provisions will also apply to any taxes or governmental charges imposed by any jurisdiction in which a successor to us is organized. The prospectus supplement relating to the Notes may describe additional circumstances in which the Company would not be required to pay additional amounts. (*Sections 205, 802 and 1004*)

Optional Tax Redemption

The Company may have the option to redeem, in whole but not in part, the Notes in the three situations described below. In such cases, the redemption price for Notes (other than original issue discount Notes) will be equal to the principal amount of the Notes being redeemed plus accrued interest and any additional amounts due on the date fixed for redemption. The redemption price for original issue discount Notes will be specified in the prospectus supplement for such securities. Furthermore, the Company must give you between 30- and 60-days' notice before redeeming the Notes.

Defeasance and Discharge

Except for various obligations described below, the Company can legally release itself from any payment or other obligations on the Notes (called "full defeasance") if it, in addition to other actions, put in place the following arrangements for you to be repaid:

- The Company must deposit in trust for your benefit and the benefit of all other direct holders of the Notes a combination of money and U.S. government or U.S. government agency notes or bonds that, in the opinion of a nationally recognized public accounting firm, will generate enough cash to make interest, principal and any other payments on the Notes on their various due dates.
- The Company must deliver to the Trustee a legal opinion of its counsel, based upon a ruling by the United States Internal Revenue Service or upon a change in applicable U.S. federal income tax law, confirming that under then current U.S. federal income tax law the Company may make the above deposit without causing you to be taxed on the Notes any differently than if the Company did not make the deposit and just repaid the Notes itself.

If the Notes are listed on any securities exchange, the Company must deliver to the Trustee a legal opinion of its counsel confirming that the deposit, defeasance and discharge will not cause the Notes to be delisted. (*Sections 1402 and 1404*)

If the Company ever did accomplish full defeasance as described above, you would have to rely solely on the trust deposit for repayment on the Notes. You could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of its lenders and other creditors if the Company ever become bankrupt or insolvent. However, even if the Company take these actions, a number of its obligations relating to the Notes and under the Indenture will remain. These include the following obligations:

- to register the exchange and transfer of the Notes;
- to replace mutilated, destroyed, lost or stolen Notes;
- to maintain paying agencies; and
- to hold money for payment in trust.

Default and Related Matters

Ranking

The Notes are not secured by any of the Company's property or assets. Accordingly, your ownership of the Notes means you are one of its unsecured creditors. The Notes may or may not be subordinated to any of its other debt obligations as indicated in the applicable prospectus supplement. If they are not subordinated, they will rank equally with all its other unsecured and unsubordinated indebtedness.

Events of Default

You will have special rights if an event of default occurs and is not cured, as described later in this subsection.

What Is an Event of Default? The term event of default means any of the following:

- The Company does not pay the principal or any premium on a Note within 14 days of its due date.
- The Company does not pay interest on a Note within 21 days of its due date.
- The Company does not deposit any sinking fund payment within 14 days of its due date, if the Company agreed to maintain a sinking fund for your Notes and the other Notes of the same series.
- The Company remains in breach of any covenant or any other term of the Indenture for 30 days after the Company receives a notice of default stating that the Company is in breach. The notice must be sent by either the Trustee or holders of 25% of the principal amount of Notes of the affected series.
- The Company remains in default in the conversion of any convertible security of a given series for 30 days after the Company receives a notice of default stating that the Company is in default.

The notice must be sent by either the Trustee or the holders of 25% of the principal amount of Notes of the affected series.

- If the total aggregate principal amount of all of its indebtedness for borrowed money, which meets one of the following conditions, together with the amount of any guarantees and indemnities described in the next point, equals or exceeds £50 million or, after August 1, 2014, £150 million:
 - the principal amount of such indebtedness becomes due and payable prematurely as a result of an event of default (however described) under the agreement(s) governing that indebtedness;
 - the Company fails to make any payment in respect of such indebtedness on the date when it is due (as extended by any originally applicable grace period); or
 - any security that the Company has granted securing the payment of any such indebtedness becomes enforceable by reason of any default relating thereto and steps are taken to enforce the security.
- The Company fails to make payment due under any guarantee and/or indemnity (after the expiry of any originally applicable grace period) of another person's indebtedness for borrowed money in an amount that, when added to the indebtedness for borrowed money which meets one of the conditions described in the prior point, equals or exceeds £50 million or, after August 1, 2014, £150 million.
- The Company is ordered by a court or passes a resolution to wind up or dissolve, save for the purposes of a reorganization on terms approved in writing by the Trustee.
- The Company stops paying or is unable to pay its debts as they fall due, or the Company is adjudicated or found bankrupt or insolvent, or the Company enters into any composition or other similar arrangement with its creditors under the U.K. Insolvency Act.
- If a receiver or administrator is appointed in relation to, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against, the whole or a substantial part of its undertakings or assets and (other than the appointment of an administrator) is not discharged or removed within 90 days.
- Any other event of default described in the applicable prospectus supplement occurs. (*Section 501*)

An event of default for a particular series of Notes does not necessarily constitute an event of default for any other series of Notes issued under the Indenture.

For these purposes, "indebtedness for borrowed money" means any present or future indebtedness (whether it is principal, premium, interest or other amounts) for or in respect of:

- money borrowed (including in the form of any bonds, notes, debentures, debenture stock or loan stock); or
- liabilities under or in respect of any acceptance or acceptance credit.

Remedies If an Event of Default Occurs. If an event of default has occurred and has not been cured, the Trustee or the holders of 25% in principal amount of the Notes of the affected series may declare the entire principal amount of all the Notes of that series to be due and immediately payable. This is called a declaration of acceleration of maturity. If an event of default occurs because of certain events in bankruptcy, insolvency or reorganization, the principal amount of all the Notes of that series will be automatically accelerated without any action by the Trustee, any holder or any other person. A declaration of acceleration of maturity may be canceled by the holders of at least a majority in principal amount of the Notes of the affected series. *(Section 502)*

The holders of a majority in principal amount of the outstanding Notes of any series will have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Notes of such series, provided that (a) such direction must not be in conflict with any rule of law or with the Indenture, (b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (c) such holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses, and liabilities which might be incurred by it in compliance with such request or direction. *(Sections 512 and 603)* Before you bypass the Trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the Notes, the following must occur:

- You must give the Trustee written notice that an event of default has occurred and remains uncured.
- The holders of 25% in principal amount of all outstanding Notes of the relevant series must make a written request that the Trustee take action because of the default, and must offer satisfactory indemnity to the Trustee against the cost and other liabilities of taking that action.
- The Trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity.
- The holders of a majority in principal amount of all outstanding Notes of the relevant series must not have given the Trustee a direction that is inconsistent with the above notice. *(Section 507)*

However, you are entitled at any time to bring a lawsuit for the payment of money due on your Note on or after its due date. *(Section 508)*

Regarding the Trustee

The Company and some of its subsidiaries maintain banking relations with the Trustee in the ordinary course of its business.

If an event of default occurs, or an event occurs that would be an event of default if the requirements for giving us notice of the default or its default having to exist for a specified period of time were disregarded, the Trustee may be considered to have a conflicting interest with respect to the Notes or the Indenture for purposes of the Trust Indenture Act of 1939. In that case, the Trustee may be required to resign as trustee under the Indenture and the Company would be required to appoint a successor trustee.

LENDER ACCESSION AGREEMENT

To: The Royal Bank of Scotland plc as Agent

From: Raiffeisen Bank International AG

Vienna, 12 July 2018

Vodafone Group Plc USD 3,935,000,000,- (as increased to USD 4,090,000,000) Revolving Credit Agreement dated 27 February 2015 (the "Credit Agreement")

Terms used herein which are defined in the Credit Agreement shall have the same meaning herein as in the Credit Agreement.

We refer to Clause 2.8 (Additional Lenders).

We, Raiffeisen Bank International AG, Am Stadtpark 9, A-1030 Vienna, agree to become party to and to be bound by the terms of the Credit Agreement as an Additional Lender in accordance with Clause 2.8 (Additional Lenders) with effect on and from 1 August 2018.

Our Revolving Credit Commitment is USD 75.000.000.-.

We confirm to each Finance Party that we:

- (a) have made our own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in the Credit Agreement and have not relied exclusively on any information provided to us by a Finance Party in connection with any Finance Document; and
- (b) will continue to make our own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under the Credit Agreement or any Commitment is in force.

The Facility Office and address for notices of the Additional Lender for the purposes of Clause 33.2 (Addresses for notices) is:

Raiffeisen Bank International AG
Am Stadtpark 9
A-1030 Vienna

attn. Mr. Konstantin Soustal, e-mail: konstantin.soustal@rbinternational.com and
Ms. Ingrid Rosenwirth, e-mail: ingrid.rosenwirth@rbinternational.com

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Raiffeisen Bank International AG

By:


Peter STRAUBINGER


Ingrid ROSENWIRTH

THE ROYAL BANK OF SCOTLAND PLC


By:


JAMIE MILLER

VODAFONE GROUP PLC

By:


MICK READ


Manuel Caseiro

Classification: Confidential

NOVATION CERTIFICATE

To: THE ROYAL BANK OF SCOTLAND PLC as Agent

From: LLOYDS BANK PLC and TD BANK EUROPE LTD

Date: 11 December 2019

Vodafone Group Plc U.S.\$3,395,000,000 (as increased to U.S.\$ 4,090,000,000) Revolving Credit Agreement dated 27 February 2015 (as amended from and /restated from time to time)

We refer to Clause 27.4 (Procedure for novations).

1. We Lloyds Bank plc (the “**Existing Lender**”) and TD Bank Europe Ltd (the “**New Lender**”) agree to the Existing Lender and the New Lender novating all the Existing Lender’s rights and obligations referred to in the Schedule in accordance with Clause 27.4 (Procedure for novations).

2. The specified date for the purposes of Clause 27.4(c) (Procedure for novations) is 11 December 2019.

3. The Facility Office and address for notices of the New Lender for the purposes of Clause 33.2 (Addresses for notices) are set out in the Schedule.

4. The New Lender confirms that it has given notice to Vodafone of the entry into of this Novation Certificate and has obtained Vodafone’s consent in accordance with Clause 27.2(c)(i) (Transfers by Lenders).

5. This Novation Certificate and any non-contractual obligations arising out of or in connection with it are governed by English law.

THE SCHEDULE

Rights and obligations to be novated

Revolving Credit Facility – USD 77,500,000.00

TD **BANK EUROPE LTD**

Facility Office Address for notices – existing lender

Classification: Confidential

LLOYDS BANK PLC

TD BANK EUROPE LTD

THE ROYAL BANK OF
SCOTLAND PLC

By:



By:



Andrew Williams



Date:

Date: 17/12/19

bate. [7/12z//

NOVATION CERTIFICATE

To: THE ROYAL BANK OF SCOTLAND PLC as Agent

From: LLOYDS BANK PLC and CAIXABANK S.A., UK BRANCH

Date 2] April 2019

Vodafone Group Plc — U.S.\$ 3,935,000,000 (as increased to U.S.\$ 4,090,000,000) Revolving Credit Agreement dated 27 February 2015 March 2014 (as amended from and/restated from time to time)

We refer to Clause 27.4 (Procedure for novations).

1. We, Lloyds Bank Plc (the “**Existing Lender**”) and CaixaBank S.A., UK Branch (the “**New Lender**”) agree to the Existing Lender and the New Lender novating all the Existing Lender’s rights and obligations referred to in the Schedule in accordance with Clause 27.4 (Procedure for novations).
 2. The specified date for the purposes of Clause 27.4(c) (Procedure for novations) is 7 April 2019.
 3. The Facility Office and address for notices of the New Lender for the purposes of Clause 33.2 (Addresses for notices) are set out in the Schedule.
 4. The New Lender confirms that it has given notice to Vodafone of the entry into of this Novation Certificate and has obtained Vodafone’s consent in accordance with Clause 27.2(c)(ii) (Transfers by Lenders).
 5. This Novation Certificate and any non-contractual obligations arising out of or in connection with it are governed by English law.
-

THE SCHEDULE

Rights and obligations to be novated

FACILITY	COMMITMENT
Revolving Facility	U.S.\$ 77,500,000

New Lender Details

Facility Office address: CaixaBank S.A., UK Branch, 8th Floor, 63 St Mary's Axe, London, EC3A 8AA

Fax number: +44 (0) 207 621 9777

Attention details for notices:

(i) Administration Matters

Individual(s): Daniel Batista/Marcus Dews

Telephone No: +44(0)207398160

Emails addresses: buzon.uafe@caixabank.com, dabatista@caixabank.com, mdews@icaixabank.com, iosejavier.ruiz@gdscusa.es

(ii) Credit Matters

Individual(s): Sergi Periago

Telephone No: +44 (0) 2073980157 / +44 (0) 2073980143

Emails addresses: buzon.uafe@caixabank.com, speriago@aibank.com,

LLOYDS BANK PLC as Existing Lender

». 4Q4n

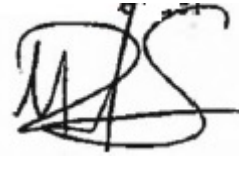
Date:

CAIXABANK S.A., UK BRANCH as New Lender

By:



By: Daniel Batista



Zacharioudakis

Date:

THE ROYAL BANK OF SCOTLAND PLC as Agent

£ 

By:

Dae. 27//0

6 December 2019



Barclays
European Loans Agency
1 Churchill Place
London
E14 5HP

For the attention of Sarah Oldfield, European Loans Agency

Vodafone Group Plc - €3.86bn (as increased to €4.01bn) 5+1+1 Revolving Credit Facility dated on 11 January 2018 ("RCF")

Included within the RCF referenced above is an Extension Option, Section 6. Whereby, Vodafone may give notice to the Facility Agent not more than 60 days and not less than 30 days before the second anniversary that it wishes to request that the Final Maturity Date be extended for a further period of one year i.e. extend the current Maturity Date of 11 January 2024 to 11 January 2025.

Please accept this letter as confirmation that Vodafone wishes to apply for such a one year extension in accordance with Section 6 of the RCF. In your role as Facility Agent please can you communicate this request to all Lenders and collate the Lender responses by Friday 13 December 2019.

If you have any questions or require clarification, please do not hesitate to contact Jamie Stead, Vodafone Group Treasury Director.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'M. Della Valle', is written over a horizontal line.

Margherita Della Valle

Group Chief Financial Officer

A handwritten signature in black ink, appearing to read 'J. Stead', is written over a horizontal line.

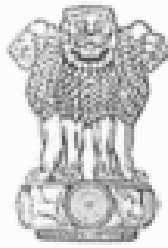
Jamie Stead

Group Treasury Director

Vodafone Group Plc
1 Kingdom Street, Paddington Central
London, W2 6BY, United Kingdom

T +44 (0) 1635 33251
F +44 (0) 1635 238 080
vodafone.com

Registered office: Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, United Kingdom. Registered in England No. 01833679



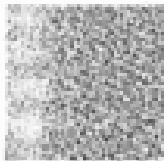
सत्यमेव जयते

INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No.	: IN-DL84613520084832R
Certificate Issued Date	: 08-May-2019 09:53 AM
Account Reference	: IMPACC (IV) d11005503/ DELHI/ DL-DLH
Unique Doc. Reference	: SUBIN-DL DL100550374435409778444R
Purchased by	: BHARTI INFRATEL LIMITED
Description of Document	: Article 5 General Agreement
Property Description	: Not Applicable
Consideration Price (Rs.)	: 0 (Zero)
First Party	: BHARTI INFRATEL LIMITED
Second Party	: Not Applicable
Stamp Duty Paid By	: BHARTI INFRATEL LIMITED
Stamp Duty Amount(Rs.)	: 300 (Three Hundred only)



.....Please write or type below this line.....

This stamp paper forms an integral part of the extension letter dated October 24, 2019 executed inter alia between Bharti Infratel Limited, Bharti Airtel Limited and Indus Towers Limited.

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This is a non-judicial stamp paper issued by the Government of National Capital Territory of Delhi. The responsibility of the validity of the stamp paper is on the user.
The Government of National Capital Territory of Delhi is not responsible for any loss or damage to the stamp paper or the information contained therein.
For more information, please visit the website: www.delhi.gov.in

This Letter Agreement ("Letter") is entered into on this 24th day of October, 2019:

BY AND BETWEEN:

Bharti Infratel Limited, a company incorporated under the laws of India, having its registered office at 901, Park Centra Sector – 30, NH- 8, Gurugram, Haryana - 122001, India (hereinafter referred to as "Infratel", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

Bharti Airtel Limited, a company incorporated under the laws of India, having its registered office at Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, New Delhi – 110070, India (hereinafter referred to as "Airtel", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

Nettle Infrastructure Investments Limited, a company incorporated under the laws of India, having its registered office at 3rd Floor, Worldmark 2 Asset 8, Aerocity, NH-8, New Delhi – 110 037, Delhi, India (hereinafter referred to as "Nettle", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

Indus Towers Limited, a company incorporated under the laws of India, having its registered office at Building No. 10, Tower-A, 4th Floor, DLF Cyber City Gurugram, Haryana- 122002 (hereinafter referred to as "Indus", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

The entities listed in Annexure A hereto (hereinafter referred to as "Vodafone", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include their successors and permitted assigns);

Vodafone International Holdings B.V., a company incorporated in the Netherlands, and having its registered office at Rivium Quadrant 173, 2909 LC Capelle aan den IJssel, the Netherlands ("Vodafone Confirming Party"); and

Vodafone Idea Limited, a company incorporated under the laws of India, having its registered office at Suman Tower, Plot No.18, Sector-11, Gandhinagar Gujarat 382011 (hereinafter referred to as "VIL", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns).

Infratel, Airtel, Nettle, Indus, Vodafone and VIL are hereinafter also referred to individually as "Party" and, collectively, as "Parties".

WHEREAS:

- A. The Parties and the Vodafone Confirming Party executed the Implementation Agreement dated April 25, 2018 ("Implementation Agreement") to give effect to a scheme of amalgamation between Infratel and Indus. Capitalised words and expressions used but not defined herein shall have the same meaning as assigned to them under the Implementation Agreement.
- B. In terms of the Implementation Agreement, several actions were to be completed by the Long Stop Date for the Transaction to become effective, which included but was not limited to seeking requisite approvals from various Governmental Authorities. Until date since all approvals have not been received, the Parties are of the view that the completion of the Transaction is therefore not possible prior to the Long Stop Date.

- C. The Parties are now agreeing to extend the Long Stop Date, subject expressly to the terms set out in this Letter.

Now therefore the Parties hereby agree as follows:

1. The Parties hereby extend the Long Stop Date under the Implementation Agreement and the Merger Scheme to December 24, 2019 (“**Extended Longstop Date**”) on the condition that the Parties shall mutually agree to: (i) execute appropriate amendments to the Implementation Agreement modifying the valuation terms for the Transaction and the pre-closing adjustments to be undertaken prior to giving effect to the Transaction; and (ii) enter into an appropriate arrangement to secure the payment obligations of VIL to the Merged Entity under the various master service agreements entered into by VIL with Infratel and Indus (which would vest with the Merged Entity upon completion of the Transaction) and entering into binding agreements to give effect to such security arrangements, in each case based on the terms set out in **Annexure B** (the amendments under (i) above and the binding agreements under (ii) above referred to as “**Definitive Documents**”). Infratel and Indus shall undertake necessary actions to make corresponding amendment to the definition of Long Stop Date in the Merger Scheme.
2. It is agreed that if the Parties are unable to agree and execute the Definitive Documents or if all conditions to the Transaction as set out in the Implementation Agreement are not completed, in each case, on or prior to the Extended Longstop Date, then: (a) Closing shall not occur; and (b) the Implementation Agreement shall stand terminated as of October 24, 2019 on the terms set out therein. Any Party shall thereafter, at its sole discretion, be at liberty to withdraw the Merger Scheme.
3. This Letter may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument, but shall not be effective until each Party has executed at least one counterpart. Further, the delivery of a PDF format copy of an executed signature page shall have the same force and effect as the delivery of an originally executed signature page.
4. This Letter shall be effective from October 24, 2019.
5. The provisions of Clauses 14 (*Confidentiality*), 15 (*Announcements*), 16.9 (*Arbitration*) and 16.17 (*Governing Law*) of the Implementation Agreement shall apply *mutatis mutandis* to this Letter.

[Remainder of this page has been intentionally left blank]

In witness whereof, this Letter Agreement has been entered into on the date and year first above written.

For and on behalf of **Bharti Infratel Limited**

Sansidhi

Name: *Sansidhi Radhe*
Title: *Company Secretary*

For and on behalf of **Bharti Airtel Limited**

Name:
Title:

For and on behalf of **Nettle Infrastructure Investments Limited**

Name:
Title:

[Signature Page to the Letter Agreement]

In witness whereof, this Letter Agreement has been entered into on the date and year first above written.

For and on behalf of **Bharti Infratel Limited**

Name:
Title:

For and on behalf of **Bharti Airtel Limited**



Name: Ranjiv Tewari
Title: Company Secretary

For and on behalf of **Nettle Infrastructure Investments Limited**

Name:
Title:

[Signature Page to the Letter Agreement]

In witness whereof, this Letter Agreement has been entered into on the date and year first above written.

For and on behalf of **Bharti Infratel Limited**

Name:
Title:

For and on behalf of **Bharti Airtel Limited**

Name:
Title:

For and on behalf of **Nettle Infrastructure Investments Limited**



Name: *Simar Singh*
Title: *Authorized Signatory*

For and on behalf of Al-Amin Investments Limited



Name: Gerhardus A van Niekkerk
Title: Director

For and on behalf of Asian Telecommunication Investments (Mauritius) Limited



Name: Gerhardus A van Niekkerk
Title: Director

For and on behalf of CCII (Mauritius), Inc.



Name: Gerhardus A van Niekkerk
Title: Director

For and on behalf of Euro Pacific Securities Ltd



Name: Gerhardus A van Niekkerk
Title: Director

[Signature Page to the Letter Agreement]


For and on behalf of Vodafone Telecommunications (India) Limited


Name: Gerhardus A van Niekerk
Title: Director


For and on behalf of Mobilvest


Name: Gerhardus A van Niekerk
Title: Director

For and on behalf of Prime Metals Ltd


Name: Gerhardus A van Niekerk
Title: Director

For and on behalf of Trans Crystal Ltd


Name: Gerhardus A van Niekerk
Title: Director

[Signature Page to the Letter Agreement]

For and on behalf of **Omega Telecom Holdings Private Limited**

DocuSigned by:


30E81D18C2D41D
Name: Priyanka Sinha
Title: Authorised Signatory

For and on behalf of **Telecom Investments India Private Limited**

DocuSigned by:

30E81D18C2D41D
Name: Priyanka Sinha
Title: Authorised Signatory

For and on behalf of **Jaykay Finholding (India) Private Limited**

DocuSigned by:

30E81D18C2D41D
Name: Priyanka Sinha
Title: Authorised Signatory

For and on behalf of **Usha Martin Telematics Limited**

DocuSigned by:

30E81D18C2D41D
Name: Priyanka Sinha
Title: Authorised Signatory

[Signature Page to the Letter Agreement]

For and on behalf of
Vodafone Idea Limited



Name: PANKAJ KAPDEO
Title: COMPANY SECRETARY

For and on behalf of **Indus Towers Limited**



Name: **RAJINDER KUMAR**
Title: **CHIEF OF LEGAL & Company Secretary**

[Signature Page to the Letter Agreement]

For and on behalf of Vodafone International Holdings B.V.



Name: N. Bucher
Title: Director



Name: L.R.M. Kraan
Title: Director

[Signature Page to the Letter Agreement]

Annexure A
Vodafone

- (a) Al-Amin Investments Limited, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (b) Asian Telecommunication Investments (Mauritius) Limited, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (c) CCII (Mauritius), Inc., a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (d) Euro Pacific Securities Ltd, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (e) Vodafone Telecommunications (India) Limited, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (f) Mobilvest, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (g) Prime Metals Ltd, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (h) Trans Crystal Ltd, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (i) Omega Telecom Holdings Private Limited, a company incorporated in India under the Companies Act, 1956, and having its registered office at 201-206, Shiv Smriti Chambers, 2nd Floor, 49/A Dr. Annie Besant Road, Worli Naka, Mumbai – 400 018, Maharashtra, India
- (j) Telecom Investments India Private Limited, a company incorporated in India under the Companies Act, 1956, and having its registered office at 201-206, Shiv Smriti Chambers, 2nd Floor, 49/A Dr. Annie Besant Road, Worli Naka, Mumbai – 400 018, Maharashtra, India
- (k) Jaykay Finholding (India) Private Limited, a company incorporated in India under the Companies Act, 1956, and having its registered office at 201-206, Shiv Smriti Chambers, 2nd Floor, 49/A Dr. Annie Besant Road, Worli Naka, Mumbai – 400 018, Maharashtra, India
- (l) Usha Martin Telematics Limited, a company incorporated in India under the Companies Act, 1956, and having its registered office at E-47, Bankra Super Market, Bankra, Howrah – 711 403, West Bengal, India

Annexure B
Closing Adjustments

VIL PREPAYMENT

VIL will make a prepayment to Enlarged Indus of an amount equal to INR 2,400 Cr from the proceeds received from the cash sale of VIL's 11.15% shareholding in Indus in relation to its payment obligations under the Master Services Agreements ("MSAs").

The payments under the MSAs for the payments due post closing will be reduced by 100% (the "Discount"), unless a moratorium on VIL's DOT spectrum payments is granted, in which case the discount will be 50%, until such time that the aggregate Discount equals INR 2,400 Cr. Additionally, all undisputed payments outstanding by Bharti Airtel and VIL to the Enlarged Indus as of the closing date should be paid on the closing date.

VODAFONE AND ABG SECURITY

Security Package: Share Pledge and the Corporate Guarantee as described below.

Description: Subject to the secondary pledge creation below, the Security Package will come into effect when Vodafone has sold an amount of shares in Enlarged Indus equal to or greater than the value of the outstanding loan amount including principal + outstanding interest (the "Loan Amount), allowing the pledge to Vodafone's lenders to be released at the point of completion of such sale (the "Security Effective Date"). The purpose of the Security Package is to guarantee VIL's payment obligations (both past and future) under the MSAs (including Energy). Such payments being made after the date of creation of corporate guarantee.

Corporate Guarantee Amount: The Corporate Guarantee will be for an amount equal to any cash proceeds realised from the sale of shares in Enlarged Indus after the Loan Amount has been repaid, up to a maximum guarantee amount of INR 8,250 Cr ("Maximum Guarantee Amount"). The Corporate Guarantee Amount shall be reduced by 50% of VIL's payments made under the MSAs (including Energy).

The Maximum Guarantee Amount will be reduced by:

- i) 50% of VIL's payments (including Energy) made under the MSAs falling due after the Security Effective Date
- ii) Payments made under the Corporate Guarantee
- iii) Proceeds received pursuant to enforcement of the Share Pledge (see below), provided that any such sale must be done to unrelated 3rd parties with a view to maximise proceeds and in any event the amount deducted from Maximum Guarantee Amount shall be no less than the prevailing market price of the shares less a 5% discount

Share Pledge: After Vodafone has sold enough shares to repay the Loan Amount and the pledge to Vodafone lenders has been released, any remaining shares it holds shall be pledged to Enlarged Indus until the Maximum Guarantee Amount is reduced, as above, to Zero. Vodafone will be free to sell the pledged shares, free from encumbrance, in accordance with the shareholders' agreement, provided the proceeds of such sale shall result in an equivalent value of Corporate Guarantee becoming available as described above. If the Loan Amount has not been repaid within 12 months of D2 closing, Vodafone will create a secondary pledge on the shares in favour of Enlarged Indus that will become effective 12 months after D2 closing.

- Vodafone to start a process for the sale of its shareholding in Enlarged Indus within 3 months of D2 closing. For such purposes, the Board of Enlarged Indus will commit to use commercially reasonable endeavours to assist Vodafone with the sale process (e.g. passing of appropriate resolutions to assist and support a sale, preparation of a business plan, marketing materials for the sale process, host management meetings with potential purchasers and grant the due diligence access including Q&A). Bharti will provide all such assistance as may be required in order for Vodafone to run a value maximising sale process.
- If Vodafone has been unable to enter into definitive agreements to sell a sufficient number of shares to repay the Loan Amount and release the pledge within 18 months of D2 closing and thereafter complete such sale within a reasonable time, it will grant Bharti a drag along right for such number of shares whose sale proceeds will enable the repayment of the Loan Amount. Any such drag can only be done through a sale by Bharti to a non-related 3rd party on arm's length terms, and the minimum price paid for Vodafone's shares will be at the market price with upto 5% discount. The drag will also be subject to consent from Vodafone's lenders.

Default: In the event of default of VIL's payment obligations under the MSAs (including Energy), and after the dispute resolution process under the MSAs has been followed, Enlarged Indus will be able to claim under the Security Package (including enforcement of pledge and/or claim under the corporate guarantee) for the default amount subject to the Maximum Guarantee Amount as at the time of the claim. The Corporate Guarantee will be provided by Vodafone Group Plc. The Corporate Guarantee can be replaced by a bank guarantee or cash collateral provided by VIL.

Definitive Agreements in relation to the above Security Package to be executed and implemented prior to D2 closing.

VALUATION TERMS

The shareholding merger ratio will be determined based on a set of adjustments that capture, a revised VWAP based on 30 day average to 18 October 2019 (INR 254p), the roll-forward of EBITDA to H1FY20 (annualised) and net debt as at 30 September 2019 (adjusted for site exit revenue amounts payable for the outstanding instalments and receivables, from Airtel and VIL, >180 days overdue being provided for, in line with JV partner provisioning policy). Subject to review and verification of all numbers.

The VIL cash election is based on a 60 day VWAP and the other terms set out above.



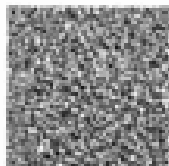
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INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No.	: IN-DL98279009638414R
Certificate Issued Date	: 19-Dec-2019 10:27 AM
Account Reference	: IMPACC (IV)/ d1857503/ DELHI/ DL-DLH
Unique Doc. Reference	: SUBIN-DL85750306303798707962R
Purchased by	: VODAFONE IDEA LTD
Description of Document	: Article 5 General Agreement
Property Description	: Not Applicable
Consideration Price (Rs.)	: 0 (Zero)
First Party	: VODAFONE IDEA LTD
Second Party	: Not Applicable
Stamp Duty Paid By	: VODAFONE IDEA LTD
Stamp Duty Amount(Rs.)	: 100 (One Hundred only)



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THIS STAMP PAPER FORMS AN INTEGRAL PART OF THE
LETTER AGREEMENT DATED 24 DECEMBER 2019 AMONG
INTER-ALIA BHARTI INFRA TEL LIMITED, INDUS TOWERS
LIMITED AND VODAFONE IDEA LIMITED.

Statutory Alert:

1. The authenticity of this Stamp Certificate should be verified at "www.aholstamp.com". Any discrepancy in the details on this Certificate and as available on the website renders it invalid.
2. The user is free to verify the legitimacy of all the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.

This Letter Agreement ("Letter") is entered into on this 24th day of December, 2019 at New Delhi, India:

BY AND BETWEEN:

Bharti Infratel Limited, a company incorporated under the laws of India, having its registered office at 901, Park Centra Sector – 30, NH - 8, Gurugram, Haryana - 122001, India (hereinafter referred to as "Infratel", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

Bharti Airtel Limited, a company incorporated under the laws of India, having its registered office at Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, New Delhi – 110070, India (hereinafter referred to as "Airtel", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

Nettle Infrastructure Investments Limited, a company incorporated under the laws of India, having its registered office at 3rd Floor, Worldmark 2 Asset 8, Aerocity, NH - 8, New Delhi – 110 037, Delhi, India (hereinafter referred to as "Nettle", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

Indus Towers Limited, a company incorporated under the laws of India, having its registered office at Building No. 10, Tower-A, 4th Floor, DLF Cyber City, Gurugram, Haryana- 122002 (hereinafter referred to as "Indus", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

The entities listed in Annexure A hereto (hereinafter referred to as "Vodafone", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include their successors and permitted assigns);

Vodafone International Holdings B.V., a company incorporated in the Netherlands, and having its registered office at Rivium Quadrant 173, 2909 LC Capelle aan den IJssel, the Netherlands ("Vodafone Confirming Party"); and

Vodafone Idea Limited, a company incorporated under the laws of India, having its registered office at Suman Tower, Plot No.18, Sector-11, Gandhinagar Gujarat 382011 and its corporate office at 7th Floor, Konnectus, Tower B, Bhavbhuti Marg, Opposite New Delhi Railway Station (Ajmeri Gate Side), New Delhi 110 002, India (hereinafter referred to as "VIL", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns).

Infratel, Airtel, Nettle, Indus, Vodafone and VIL are hereinafter also referred to individually as "Party" and, collectively, as "Parties".

WHEREAS:

- A. The Parties and the Vodafone Confirming Party executed the Implementation Agreement dated April 25, 2018 ("Implementation Agreement") to give effect to a scheme of amalgamation and arrangement between Infratel and Indus. Capitalised words and expressions used but not defined herein shall have the same meaning as assigned to them under the Implementation Agreement.
- B. In terms of the Implementation Agreement, several actions were to be completed by the Long Stop Date for the Transaction to become effective, which included but was not limited to seeking requisite approvals from various Governmental Authorities. The Long Stop Date was defined as the date falling 18 months after the Execution Date, which was conditionally extended until

December 24, 2019 ("Extended Longstop Date") pursuant to the letter agreement dated October 24, 2019 ("Extension Agreement") since all approvals had not been received and certain other actions had not been completed.

- C. Until date since all approvals have not been received, the Parties are of the view that the completion of the Transaction is therefore not possible prior to the Extended Longstop Date.
- D. The Parties are now agreeing to further extend the Extended Longstop Date, subject expressly to the terms set out in the Extension Agreement.

Now therefore the Parties hereby agree as follows:

1. The term "Extended Longstop Date" in the Extension Agreement shall mean February 24, 2020.
2. In view of recent developments relating to the Judgement of the Hon'ble Supreme Court of India dated October 24, 2019 on the interpretation of 'Adjusted Gross Revenue' in connection with telecommunications licenses entered into with the DoT, the Parties agree that in addition to the conditions stated in: (a) the Extension Agreement; and (b) Clause 7.1 of the Implementation Agreement, the Parties' obligation to effect the Transaction will be conditional upon the mutual agreement of the BIL Group, the Vodafone Group and VIL, on or prior to February 24, 2020, to proceed to Closing, and in the event any of the BIL Group, the Vodafone Group or VIL elects in their sole and absolute discretion without the need to assign any reason whatsoever, not to proceed to Closing, the Closing shall not occur. Further, notwithstanding anything to the contrary in this Letter, the Extension Agreement and the Implementation Agreement, any Party shall have the right, exercisable at any time (including prior to the expiry of the Extended Longstop Date) in its sole and absolute discretion, to terminate the Implementation Agreement and thereafter withdraw the Merger Scheme.
3. The Parties further agree that the condition mentioned in Clause 2 of this Letter shall be deemed to form part of and be included in Clause 7.1 of the Implementation Agreement. Any reference to conditions precedent to Closing in the Transaction Documents (including without limitation the conditions precedent mentioned in paragraph 5 of Part C of the Merger Scheme) shall be deemed to include such additional condition.
4. This Letter shall be read together with, and as a part of, the Implementation Agreement and the Extension Agreement. Except as amended hereby, all of the terms and conditions of the Implementation Agreement and the Extension Agreement shall remain in full force and effect.
5. This Letter may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument, but shall not be effective until each Party has executed at least one counterpart. Further, the delivery of a PDF format copy of an executed signature page shall have the same force and effect as the delivery of an originally executed signature page.
6. This Letter shall be effective from December 24, 2019.
7. The provisions of Clauses 14 (*Confidentiality*), 15 (*Announcements*), 16.9 (*Arbitration*) and 16.17 (*Governing Law*) of the Implementation Agreement shall apply *mutatis mutandis* to this Letter.

[Remainder of this page has been intentionally left blank]

In witness whereof, this Letter Agreement has been entered into on the date and year first above written.

For and on behalf of **Bharti Infratel Limited**



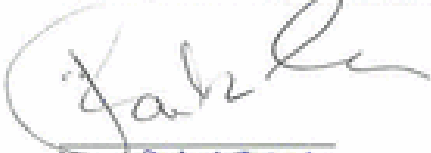
Name: Samridhi Roshni
Title: Company Secretary

For and on behalf of **Bharti Airtel Limited**



Name: Parraj Tewari
Title: Company Secretary

For and on behalf of **Nettle Infrastructure Investments Limited**



Name: Parraj Tewari
Title: Director

For and on behalf of Al-Amin Investments Limited



Name: G.A. van Niekerk
Title: Director

For and on behalf of Asian Telecommunication Investments (Mauritius) Limited



Name: G.A. van Niekerk
Title: Director

For and on behalf of CCH (Mauritius), Inc.



Name: G.A. van Niekerk
Title: Director

For and on behalf of Euro Pacific Securities Ltd



Name: G.A. van Niekerk
Title: Director

For and on behalf of Vodafone Telecommunications (India) Limited



Name: G. A. van Niekerk
Title: Director

For and on behalf of Mobilvest



Name: G. A. van Niekerk
Title: Director

For and on behalf of Prime Metals Ltd



Name: G. A. van Niekerk
Title: Director

For and on behalf of Trans Crystal Ltd



Name: G. A. van Niekerk
Title: Director.

For and on behalf of Omega Telecom Holdings Private Limited


Name: PRIYANKA SINHA
Title: AUTHORISED SIGNATORY

For and on behalf of Telecom Investments India Private Limited


Name: PRIYANKA SINHA
Title: AUTHORISED SIGNATORY

For and on behalf of Jaykay Finholding (India) Private Limited


Name: PRIYANKA SINHA
Title: AUTHORISED SIGNATORY

For and on behalf of Usha Martin Telematics Limited


Name: PRIYANKA SINHA
Title: AUTHORISED SIGNATORY

[Signature Page]

For and on behalf of
Vodafone Idea Limited



Name: PANKAJ KAPDEO
Title: COMPANY SECRETARY

For and on behalf of Indus Towers Limited



Name: RAJINDER KUMAR
Title: Chief of Legal & Company Secretary

[Signature Page]

For and on behalf of Vodafone International Holdings B.V.



Name: P. Buchers
Title: Director



Name: L.R.M. Koon
Title: Director

Annexure A
Vodafone

- (a) Al-Amin Investments Limited, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (b) Asian Telecommunication Investments (Mauritius) Limited, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (c) CCII (Mauritius), Inc., a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (d) Euro Pacific Securities Ltd, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (e) Vodafone Telecommunications (India) Limited, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (f) Mobilvest, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (g) Prime Metals Ltd, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (h) Trans Crystal Ltd, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (i) Omega Telecom Holdings Private Limited, a company incorporated in India under the Companies Act, 1956, and having its registered office at 201-206, Shiv Smriti Chambers, 2nd Floor, 49/A Dr. Annie Besant Road, Worli Naka, Mumbai – 400 018, Maharashtra, India
- (j) Telecom Investments India Private Limited, a company incorporated in India under the Companies Act, 1956, and having its registered office at 201-206, Shiv Smriti Chambers, 2nd Floor, 49/A Dr. Annie Besant Road, Worli Naka, Mumbai – 400 018, Maharashtra, India
- (k) Jaykay Finholding (India) Private Limited, a company incorporated in India under the Companies Act, 1956, and having its registered office at 201-206, Shiv Smriti Chambers, 2nd Floor, 49/A Dr. Annie Besant Road, Worli Naka, Mumbai – 400 018, Maharashtra, India
- (l) Usha Martin Telematics Limited, a company incorporated in India under the Companies Act, 1956, and having its registered office at E-47, Bankra Super Market, Bankra, Howrah – 711 403, West Bengal, India

This Letter Agreement (“Letter”) is entered into on this 24th day of February, 2020 at New Delhi, India:

BY AND BETWEEN:

Bharti Infratel Limited, a company incorporated under the laws of India, having its registered office at 901, Park Centra Sector – 30, NH - 8, Gurugram, Haryana - 122001, India (hereinafter referred to as “Infratel”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

Bharti Airtel Limited, a company incorporated under the laws of India, having its registered office at Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, New Delhi – 110070, India (hereinafter referred to as “Airtel”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

Nettle Infrastructure Investments Limited, a company incorporated under the laws of India, having its registered office at 3rd Floor, Worldmark 2 Asset 8, Aerocity, NH - 8, New Delhi – 110 037, Delhi, India (hereinafter referred to as “Nettle”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

Indus Towers Limited, a company incorporated under the laws of India, having its registered office at Building No. 10, Tower-A, 4th Floor, DLF Cyber City, Gurugram, Haryana- 122002 (hereinafter referred to as “Indus”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

The entities listed in Annexure A hereto (hereinafter referred to as “Vodafone”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include their successors and permitted assigns);

Vodafone International Holdings B.V., a company incorporated in the Netherlands, and having its registered office at Rivium Quadrant 173, 2909 LC Capelle aan den IJssel, the Netherlands (“Vodafone Confirming Party”); and

Vodafone Idea Limited, a company incorporated under the laws of India, having its registered office at Suman Tower, Plot No.18, Sector-11, Gandhinagar Gujarat 382011 and its corporate office at 7th Floor, Konnectus, Tower B, Bhavbhuti Marg, Opposite New Delhi Railway Station (Ajmeri Gate Side), New Delhi 110 002, India (hereinafter referred to as “VIL”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns).

Infratel, Airtel, Nettle, Indus, Vodafone and VIL are hereinafter also referred to individually as “Party” and, collectively, as “Parties”.

WHEREAS:

- A. The Parties and the Vodafone Confirming Party executed the Implementation Agreement dated April 25, 2018 (“Implementation Agreement”) to give effect to a scheme of amalgamation and arrangement between Infratel and Indus. Capitalised words and expressions used but not defined herein shall have the same meaning as assigned to them under the Implementation Agreement.
- B. In terms of the Implementation Agreement, several actions were to be completed by the Long Stop Date for the Transaction to become effective, which included but was not limited to seeking requisite approvals from various Governmental Authorities. The Long Stop Date was defined as the date falling 18 months after the Execution Date, which was conditionally extended until

February 24, 2020 (“Extended Longstop Date”) pursuant to letter agreements dated October 24, 2019 (“First Extension Agreement”) and December 24, 2019 (“Second Extension Agreement”), and together with the First Extension Agreement, the “Extension Agreements”) since all approvals had not been received and certain other actions had not been completed.

- C. Until date since all approvals have not been received, the Parties are of the view that the completion of the Transaction is therefore not possible prior to the Extended Longstop Date.
- D. The Parties are now agreeing to further extend the Extended Longstop Date, subject expressly to the terms set out in the Extension Agreements.

Now therefore the Parties hereby agree as follows:

1. The term “Extended Longstop Date” in the Extension Agreements shall mean April 24, 2020.
2. In Clause 2 of the Second Extension Agreement, reference to “February 24, 2020” shall be, and is hereby replaced with “April 24, 2020”.
3. This Letter shall be read together with, and as a part of, the Implementation Agreement and the Extension Agreements. Except as amended hereby, all of the terms and conditions of the Implementation Agreement and the Extension Agreements shall remain in full force and effect.
4. This Letter may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument, but shall not be effective until each Party has executed at least one counterpart. Further, the delivery of a PDF format copy of an executed signature page shall have the same force and effect as the delivery of an originally executed signature page.
5. This Letter shall be effective from February 24, 2020.
6. The provisions of Clauses 14 (*Confidentiality*), 15 (*Announcements*), 16.9 (*Arbitration*) and 16.17 (*Governing Law*) of the Implementation Agreement shall apply *mutatis mutandis* to this Letter.

[Remainder of this page has been intentionally left blank]

In witness whereof, this Letter Agreement has been entered into on the date and year first above written.

For and on behalf of **Bharti Infratel Limited**

/s/ Samvidhi Rodhe
Name: Samvidhi Rodhe
Title: Company Secretary

For and on behalf of **Bharti Airtel Limited**

/s/ Pankaj Tewasi
Name: Pankaj Tewasi
Title: Company Secretary

For and on behalf of **Nettle Infrastructure Investments Limited**

/s/ Suman Singh
Name: Suman Singh
Title: Authorised Signatory

[Signature Page]

For and on behalf of Al-Amin Investments Limited

/s/ G. A. van Niekerk
Name: G. A. van Niekerk
Title: Director

For and on behalf of Asian Telecommunication Investments (Mauritius) Limited

/s/ G. A. van Niekerk
Name: G. A. van Niekerk
Title: Director

For and on behalf of CCII (Mauritius), Inc.

/s/ G. A. van Niekerk
Name: G. A. van Niekerk
Title: Director

For and on behalf of Euro Pacific Securities Ltd

/s/ G. A. van Niekerk
Name: G. A. van Niekerk
Title: Director

[Signature Page]

For and on behalf of Vodafone Telecommunications (India) Limited

/s/ G. A. van Niekerk
Name: G. A. van Niekerk
Title: Director

For and on behalf of Mobilvest

/s/ G. A. van Niekerk
Name: G. A. van Niekerk
Title: Director

For and on behalf of Prime Metals Ltd

/s/ G. A. van Niekerk
Name: G. A. van Niekerk
Title: Director

For and on behalf of Trans Crystal Ltd

/s/ G. A. van Niekerk
Name: G. A. van Niekerk
Title: Director

[Signature Page]

For and on behalf of Omega Telecom Holdings Private Limited

/s/ Prikanka Singh
Name: Prikanka Singh
Title: Director

For and on behalf of Telecom Investments India Private Limited

/s/ Prikanka Singh
Name: Prikanka Singh
Title: Director

For and on behalf of Jaykay Finholding (India) Private Limited

/s/ Prikanka Singh
Name: Prikanka Singh
Title: Director

For and on behalf of Usha Martin Telematics Limited

/s/ Prikanka Singh
Name: Prikanka Singh
Title: Director

[Signature Page]

For and on behalf of
Vodafone Idea Limited

/s/ Pankaj Kapdeo
Name: Pankaj Kapdeo
Title: Company Secretary

[Signature Page]

For and on behalf of **Indus Towers Limited**

/s/ Rajinder Kumar

Name: Rajinder Kumar

Title: Chief of Legal & Company Secretary

[Signature Page]

For and on behalf of **Vodafone International Holdings B.V.**

/s/ M. Buckers
Name: M. Buckers
Title: Director

/s/ L.R.M. Kraan
Name: L.R.M. Kraan
Title: Director

[Signature Page]

Annexure A
Vodafone

- (a) Al-Amin Investments Limited, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (b) Asian Telecommunication Investments (Mauritius) Limited, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (c) CCII (Mauritius), Inc., a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (d) Euro Pacific Securities Ltd, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (e) Vodafone Telecommunications (India) Limited, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (f) Mobilvest, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (g) Prime Metals Ltd, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
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- (i) Omega Telecom Holdings Private Limited, a company incorporated in India under the Companies Act, 1956, and having its registered office at 201-206, Shiv Smriti Chambers, 2nd Floor, 49/A Dr. Annie Besant Road, Worli Naka, Mumbai – 400 018, Maharashtra, India
- (j) Telecom Investments India Private Limited, a company incorporated in India under the Companies Act, 1956, and having its registered office at 201-206, Shiv Smriti Chambers, 2nd Floor, 49/A Dr. Annie Besant Road, Worli Naka, Mumbai – 400 018, Maharashtra, India
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- (l) Usha Martin Telematics Limited, a company incorporated in India under the Companies Act, 1956, and having its registered office at E-47, Bankra Super Market, Bankra, Howrah – 711 403, West Bengal, India



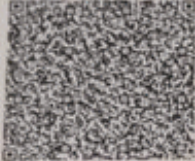
सत्यमेव जयते

INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No.	: IN-DL26436165668859S
Certificate Issued Date	: 20-Feb-2020 03:29 PM
Account Reference	: IMPACC (IV)/ d720603/ DELHI/ DL-DLH
Unique Doc. Reference	: SUBIN-DL72060362143512033241S
Purchased by	: BHARTI INFRATEL LIMITED
Description of Document	: Article 5 General Agreement
Property Description	: LETTER AGREEMENT
Consideration Price (Rs.)	: 0 (Zero)
First Party	: BHARTI INFRATEL LIMITED
Second Party	: BHARTI AIRTEL LIMITED AND OTHERS
Stamp Duty Paid By	: BHARTI INFRATEL LIMITED
Stamp Duty Amount(Rs.)	: 300 (Three Hundred only)



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THIS STAMP PAPER FORMS AN INTEGRAL PART OF THE LETTER AGREEMENT DATED 23 APRIL 2020 AMONG INTER-ALIA BHARTI INFRATEL LIMITED, INDUS TOWERS LIMITED AND VODAFONE IDEA LIMITED

Statutory Alert:

1. The authenticity of this Stamp Certificate should be verified at "www.shcilestamp.com". Any discrepancy in the details on this Certificate and as available on the website renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.

This Letter Agreement ("**Letter**") is entered into on this 23rd day of April, 2020 at New Delhi, India:

BY AND BETWEEN:

Bharti Infratel Limited, a company incorporated under the laws of India, having its registered office at 901, Park Centra Sector – 30, NH - 8, Gurugram, Haryana - 122001, India (hereinafter referred to as "**Infratel**", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

Bharti Airtel Limited, a company incorporated under the laws of India, having its registered office at Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, New Delhi – 110070, India (hereinafter referred to as "**Airtel**", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

Nettle Infrastructure Investments Limited, a company incorporated under the laws of India, having its registered office at 3rd Floor, Worldmark 2 Asset 8, Aerocity, NH - 8, New Delhi – 110 037, Delhi, India (hereinafter referred to as "**Nettle**", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

Indus Towers Limited, a company incorporated under the laws of India, having its registered office at Building No. 10, Tower-A, 4th Floor, DLF Cyber City, Gurugram, Haryana- 122002 (hereinafter referred to as "**Indus**", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

The entities listed in **Annexure A** hereto (hereinafter referred to as "**Vodafone**", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include their successors and permitted assigns);

Vodafone International Holdings B.V., a company incorporated in the Netherlands, and having its registered office at Rivium Quadrant 173, 2909 LC Capelle aan den IJssel, the Netherlands ("**Vodafone Confirming Party**"); and

Vodafone Idea Limited, a company incorporated under the laws of India, having its registered office at Suman Tower, Plot No.18, Sector-11, Gandhinagar Gujarat 382011 and its corporate office at 7th Floor, Konnectus, Tower B, Bhavbhuti Marg, Opposite New Delhi Railway Station (Ajmeri Gate Side), New Delhi 110 002, India (hereinafter referred to as "**VIL**", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns).

*Infratel, Airtel, Nettle, Indus, Vodafone and VIL are hereinafter also referred to individually as "**Party**" and, collectively, as "**Parties**".*

WHEREAS:

- A. The Parties and the Vodafone Confirming Party executed the Implementation Agreement dated April 25, 2018 ("**Implementation Agreement**") to give effect to a scheme of amalgamation and arrangement between Infratel and Indus. Capitalised words and expressions used but not defined herein shall have the same meaning as assigned to them under the Implementation Agreement.
- B. In terms of the Implementation Agreement, several actions were to be completed by the Long Stop Date for the Transaction to become effective, which included but was not limited to seeking requisite approvals from various Governmental Authorities and fulfilment of conditions precedent in terms of the Implementation Agreement. The Long Stop Date was defined as the date falling

18 months after the Execution Date, which was conditionally extended until April 24, 2020 (“**Extended Longstop Date**”) pursuant to letter agreements dated October 24, 2019 (“**First Extension Agreement**”), December 24, 2019 (“**Second Extension Agreement**”) and February 24, 2020 (“**Third Extension Agreement**”, and together with the First Extension Agreement and the Second Extension Agreement, the “**Extension Agreements**”) since all approvals had not been received and certain other actions had not been completed.

- C. Until date since all conditions precedent in terms of the Implementation Agreement have not been fulfilled, the Parties are of the view that the completion of the Transaction is therefore not possible prior to the Extended Longstop Date.
- D. The Parties are now agreeing to further extend the Extended Longstop Date, subject expressly to the terms set out in the Extension Agreements.

Now therefore the Parties hereby agree as follows:

1. The term “Extended Longstop Date” in the Extension Agreements shall mean June 24, 2020.
2. In Clause 2 of the Second Extension Agreement read with the Third Extension Agreement, reference to “April 24, 2020” shall be, and is hereby replaced with “June 24, 2020”.
3. This Letter shall be read together with, and as a part of, the Implementation Agreement and the Extension Agreements. Except as amended hereby, all of the terms and conditions of the Implementation Agreement and the Extension Agreements shall remain in full force and effect.
4. This Letter may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument, but shall not be effective until each Party has executed at least one counterpart. Further, the delivery of a PDF format copy of an executed signature page shall have the same force and effect as the delivery of an originally executed signature page.
5. This Letter shall be effective from April 24, 2020.
6. The provisions of Clauses 14 (*Confidentiality*), 15 (*Announcements*), 16.9 (*Arbitration*) and 16.17 (*Governing Law*) of the Implementation Agreement shall apply *mutatis mutandis* to this Letter.

[Remainder of this page has been intentionally left blank]

In witness whereof, this Letter Agreement has been entered into on the date and year first above written.

For and on behalf of **Bharti Infratel Limited**



Name: Samridhi Rodhe
Title: Company Secretary

For and on behalf of **Bharti Airtel Limited**



Name: Pankaj Tewari
Title: Company Secretary

For and on behalf of **Nettle Infrastructure Investments Limited**



Name: Suman Singh
Title: Authorised Signatory

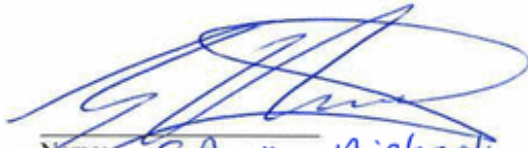
[Signature Page]

For and on behalf of **Al-Amin Investments Limited**



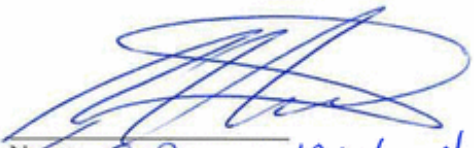
Name: G.A. van Niekerk
Title: Director

For and on behalf of **Asian Telecommunication Investments (Mauritius) Limited**



Name: G.A. van Niekerk
Title: Director

For and on behalf of **CCII (Mauritius), Inc.**



Name: G.A. van Niekerk
Title: Director

For and on behalf of **Euro Pacific Securities Ltd**



Name: G.A. van Niekerk
Title: Director

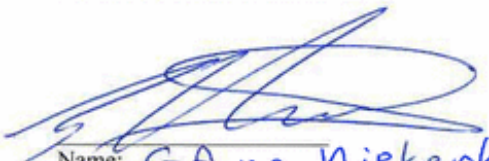
[Signature Page]

For and on behalf of **Vodafone Telecommunications (India) Limited**



Name: G.A. van Niekerk
Title: Director

For and on behalf of **Mobilvest**



Name: G.A. van Niekerk
Title: Director

For and on behalf of **Prime Metals Ltd**



Name: G.A. van Niekerk
Title: Director

For and on behalf of **Trans Crystal Ltd**



Name: G.A. van Niekerk
Title: Director.

For and on behalf of Omega Telecom Holdings Private Limited

DocuSigned by:


3DEB31D15C2D41D...

Name: Priyanka Sinha
Title: Director

For and on behalf of Telecom Investments India Private Limited

DocuSigned by:


3DEB31D15C2D41D...

Name: Priyanka Sinha
Title: Director

For and on behalf of Jaykay Finholding (India) Private Limited

DocuSigned by:


3DEB31D15C2D41D...

Name: Priyanka Sinha
Title: Director

For and on behalf of Usha Martin Telematics Limited

DocuSigned by:


3DEB31D15C2D41D...

Name: Priyanka Sinha
Title: Director

[Signature Page]

For and on behalf of
Vodafone Idea Limited

A handwritten signature in black ink, appearing to read 'Pankaj Kapdeo', with a horizontal line underneath it.

Name: **Pankaj Kapdeo**
Title: **Company Secretary**

[Signature Page]

For and on behalf of **Indus Towers Limited**

RAJINDER
KUMAR

Digitally signed by
RAJINDER KUMAR
Date: 2020.04.23
17:15:46 +05'00'

Name:
Title:

[Signature Page]

For and on behalf of **Vodafone International Holdings B.V.**



Name: M. Buckers
Title: Director



Name: L.R.M. Kraan
Title: Director

[Signature Page]

Annexure A
Vodafone

- (a) Al-Amin Investments Limited, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (b) Asian Telecommunication Investments (Mauritius) Limited, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (c) CCII (Mauritius), Inc., a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (d) Euro Pacific Securities Ltd, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (e) Vodafone Telecommunications (India) Limited, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (f) Mobilvest, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (g) Prime Metals Ltd, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (h) Trans Crystal Ltd, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (i) Omega Telecom Holdings Private Limited, a company incorporated in India under the Companies Act, 1956, and having its registered office at 201-206, Shiv Smriti Chambers, 2nd Floor, 49/A Dr. Annie Besant Road, Worli Naka, Mumbai – 400 018, Maharashtra, India
- (j) Telecom Investments India Private Limited, a company incorporated in India under the Companies Act, 1956, and having its registered office at 201-206, Shiv Smriti Chambers, 2nd Floor, 49/A Dr. Annie Besant Road, Worli Naka, Mumbai – 400 018, Maharashtra, India
- (k) Jaykay Finholding (India) Private Limited, a company incorporated in India under the Companies Act, 1956, and having its registered office at 201-206, Shiv Smriti Chambers, 2nd Floor, 49/A Dr. Annie Besant Road, Worli Naka, Mumbai – 400 018, Maharashtra, India
- (l) Usha Martin Telematics Limited, a company incorporated in India under the Companies Act, 1956, and having its registered office at E-47, Bankra Super Market, Bankra, Howrah – 711 403, West Bengal, India

This Letter Agreement (“**Letter**”) is entered into on this 25 day of June, 2020 at New Delhi, India:

BY AND BETWEEN:

Bharti Infratel Limited, a company incorporated under the laws of India, having its registered office at 901, Park Centra Sector — 30, NH - 8, Gurugram, Haryana - 122001, India (hereinafter referred to as “**Infratel**”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

Bharti Airtel Limited, a company incorporated under the laws of India, having its registered office at Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, New Delhi — 110070, India (hereinafter referred to as “**Airtel**”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

Nettle Infrastructure Investments Limited, a company incorporated under the laws of India, having its registered office at 3rd Floor, Worldmark 2 Asset 8, Aerocity, NH - 8, New Delhi — 110 037, Delhi, India (hereinafter referred to as “**Nettle**”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

Indus Towers Limited, a company incorporated under the laws of India, having its registered office at Building No. 10, Tower-A, 4th Floor, DLF Cyber City, Gurugram, Haryana- 122002 (hereinafter referred to as “**Indus**”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

The entities listed in **Annexure A** hereto (hereinafter referred to as “**Vodafone**”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include their successors and permitted assigns);

Vodafone International Holdings B.V., a company incorporated in the Netherlands, and having its registered office at Rivium Quadrant 173, 2909 LC Capelle aan den IJssel, the Netherlands (“**Vodafone Confirming Party**”); and

Vodafone Idea Limited, a company incorporated under the laws of India, having its registered office at Suman Tower, Plot No.18, Sector-11, Gandhinagar Gujarat 382011 and its corporate office at 7th Floor, Konnectus, Tower B, Bhavbhuti Marg, Opposite New Delhi Railway Station (Ajmeri Gate Side), New Delhi 110 002, India (hereinafter referred to as “**VIL**”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns).

*Infratel, Airtel, Nettle, Indus, Vodafone and VIL are hereinafter also referred to individually as “**Party**” and, collectively, as “**Parties**”.*

WHEREAS:

- A. The Parties and the Vodafone Confirming Party executed the Implementation Agreement dated April 25, 2018 (“**Implementation Agreement**”) to give effect to a scheme of amalgamation and arrangement between Infratel and Indus. Capitalised words and expressions used but not defined herein shall have the same meaning as assigned to them under the Implementation Agreement.
- B. In terms of the Implementation Agreement, several actions were to be completed by the Long Stop Date for the Transaction to become effective, which included but was not limited to seeking requisite approvals from various Governmental Authorities and fulfilment of conditions precedent in terms of the Implementation Agreement. The Long Stop Date was defined as the date falling

18 months after the Execution Date, which was conditionally extended until June 24, 2020 (“**Extended Longstop Date**”) pursuant to letter agreements dated October 24, 2019 (“**First Extension Agreement**”), December 24, 2019 (“**Second Extension Agreement**”), February 24, 2020 (“**Third Extension Agreement**”) and April 23, 2020 (“**Fourth Extension Agreement**”, and together with the First Extension Agreement, the Second Extension Agreement and the Third Extension Agreement, the “**Extension Agreements**”) since all approvals had not been received and certain other actions had not been completed.

- C. Until date since all conditions precedent in terms of the Implementation Agreement have not been fulfilled, the Parties are of the view that the completion of the Transaction is therefore not possible prior to the Extended Longstop Date.
- D. The Parties are now agreeing to further extend the Extended Longstop Date, subject expressly to the terms set out in the Extension Agreements.

Now therefore the Parties hereby agree as follows:

1. The term “Extended Longstop Date” in the Extension Agreements shall mean August 31, 2020.
2. In Clause 2 of the Second Extension Agreement read with the Third Extension Agreement and the Fourth Extension Agreement, reference to “June 24, 2020” shall be, and is hereby replaced with “August 31, 2020”.
3. This Letter shall be read together with, and as a part of, the Implementation Agreement and the Extension Agreements. Except as amended hereby, all of the terms and conditions of the Implementation Agreement and the Extension Agreements shall remain in full force and effect.
4. This Letter may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument, but shall not be effective until each Party has executed at least one counterpart. Further, the delivery of a PDF format copy of an executed signature page shall have the same force and effect as the delivery of an originally executed signature page.
5. This Letter shall be effective from June 24, 2020.
6. The provisions of Clauses 14 (*Confidentiality*), 15 (*Announcements*), 16.9 (*Arbitration*) and 16.17 (*Governing Law*) of the Implementation Agreement shall apply *mutatis mutandis* to this Letter.

[Remainder of this page has been intentionally left blank]

In witness whereof, this Letter Agreement has been entered into on the date and year first above written.

For and on behalf of **Bharti Infratel Limited**

/s/ Samvidhi Rodhe

Name: Samvidhi Rodhe
Title: Company Secretary

For and on behalf of **Bharti Airtel Limited**

/s/ Pankaj Tewasi

Name: Pankaj Tewasi
Title: Company Secretary

For and on behalf of **Nettle Infrastructure Investments Limited**

/s/ Suman Singh

Name: Suman Singh
Title: Authorised Signatory

[Signature Page]

For and on behalf of **Al-Amin Investments Limited**

/s/ G. A. van Niekerk

Name: G. A. van Niekerk

Title: Director

For and on behalf of **Asian Telecommunication Investments (Mauritius) Limited**

/s/ G. A. van Niekerk

Name: G. A. van Niekerk

Title: Director

For and on behalf of **CCII (Mauritius), Inc.**

/s/ G. A. van Niekerk

Name: G. A. van Niekerk

Title: Director

For and on behalf of **Euro Pacific Securities Ltd**

/s/ G. A. van Niekerk

Name: G. A. van Niekerk

Title: Director

[*Signature Page*]

For and on behalf of **Vodafone Telecommunications (India) Limited**

/s/ G. A. van Niekerk

Name: G. A. van Niekerk

Title: Director

For and on behalf of **Mobilvest**

/s/ G. A. van Niekerk

Name: G. A. van Niekerk

Title: Director

For and on behalf of **Prime Metals Ltd**

/s/ G. A. van Niekerk

Name: G. A. van Niekerk

Title: Director

For and on behalf of **Trans Crystal Ltd**

/s/ G. A. van Niekerk

Name: G. A. van Niekerk

Title: Director

[*Signature Page*]

For and on behalf of **Omega Telecom Holdings Private Limited**

/s/ Prikanka Singh

Name: Prikanka Singh

Title: Director

For and on behalf of **Telecom Investments India Private Limited**

/s/ Prikanka Singh

Name: Prikanka Singh

Title: Director

b

For and on behalf of **Jaykay Finholding (India) Private Limited**

/s/ Prikanka Singh

Name: Prikanka Singh

Title: Director

For and on behalf of **Usha Martin Telematics Limited**

/s/ Prikanka Singh

Name: Prikanka Singh

Title: Director

[Signature Page]

For and on behalf of **Indus Towers Limited**

/s/ Rajinder Kumar

Name: Rajinder Kumar

Title: Chief of Legal & Company Secretary

[*Signature Page*]

For and on behalf of **Vodafone Idea Limited**

/s/ Pankaj Kapdeo

Name: Pankaj Kapdeo

Title: Company Secretary

For and on behalf of **Vodafone International Holdings B.V.**

/s/ M. Buckers

Name: M. Buckers

Title: Director

/s/ L.R.M. Kraan

Name: L.R.M. Kraan

Title: Director

[*Signature Page*]

Annexure A
Vodafone

- (a) Al-Amin Investments Limited, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
- (b) Asian Telecommunication Investments (Mauritius) Limited, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius
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- (l) Usha Martin Telematics Limited, a company incorporated in India under the Companies Act, 1956, and having its registered office at E-47, Bankra Super Market, Bankra, Howrah — 711 403, West Bengal, India

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH EXCLUDED INFORMATION HAS BEEN MARKED WITH “[*]”.**

DATED 31 July 2019

LIBERTY GLOBAL B.V.

and

UPC CESKA REPUBLICA S.R.O.

and

UNITYMEDIA GMBH

and

UPC MAGYARORSZAG KFT.

and

UPC ROMANIA S.R.L

and

LIBERTY GLOBAL PLC

and

VODAFONE GROUP PLC

TRANSITIONAL SERVICES AGREEMENT

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH EXCLUDED INFORMATION HAS BEEN MARKED WITH “[*]”.**

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46. Guarantee

67

SCHEDULES

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- Part A — Services Matrix
 - Part B — Entertainment Services
 - Section (i) — Germany
 - Section (ii) — Czech Republic
 - Section (iii) — Hungary
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 - Section (i) — Germany
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 - Section (iv) - Romania
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 - Section (i) — Hungary
 - Part E — German Aorta Services
 - Part F — CEE Aorta Services
 - Section (i) — Czech Republic
 - Section (ii) — Hungary
 - Section (iii) - Romania
 - Part G — German IT Services
 - Part H — CEE IT Services
-

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH EXCLUDED INFORMATION HAS BEEN MARKED WITH “[*]”.**

- Section (i) — Czech Republic
- Section (ii) — Hungary
- Section (iii) - Romania

- Part I — B2B Services
 - Section (i) — Germany
 - Section (ii) - Czech Republic
 - Section (iii) — Hungary
 - Section (iv) - Romania

- Part J — MVNO (Hungary)

- Part K — HR Systems
 - Section (i) — Czech Republic
 - Section (ii) — Hungary
 - Section (iii) - Romania

- Part L — Wizard Support (Hungary)

Schedule 2 — Excluded Services

Schedule 3 — Charges

Schedule 4 — Operational Support Services and Processes

Schedule 5 — Development and Delivery

Schedule 6 —Governance Model

Schedule 7 - Change Management Procedure

Schedule 8 - Data Protection

Schedule 9 - Post-Completion Information Flows Protocol

Schedule 10 - Third Party Suppliers

Schedule 11 — Migration, Integration and Development Projects

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH EXCLUDED INFORMATION HAS BEEN MARKED WITH “[*]”.**

Schedule 12 — Service Levels and Credits

Schedule 13 — IPX Assistance

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH EXCLUDED INFORMATION HAS BEEN MARKED WITH “[*]”.**

THIS AGREEMENT is made on 31 July 2019.

PARTIES:

1. **LIBERTY GLOBAL B.V.**, whose registered office is at Boeing Avenue 53, 1119 PE Schiphol-Rijk, The Netherlands (registered in The Netherlands at the Commercial Registry with registration No. 34168993) (the “**Service Provider**”);
2. **UPC CESKA REPUBLICA S.R.O.**, whose registered office is at Závašova 502/5, Nusle, 140 00 Praha 4, Czech Republic (registered in the Czech Republic with No. 00562262) (the “**CZ Service Recipient**”);
3. **UNITYMEDIA GMBH**, whose registered office is at Aachener Staße 746-750, 50933 Cologne, Germany (registered with the local court of Cologne with No. HRB 68501) (the “**DE Service Recipient**”);
4. **UPC MAGYARORSZAG KFT.**, whose registered office is at 1095 Budapest, Soroksári út 30-34, Haller Gardens Building, Hungary (registered in Hungary with No. Cg.01-09-366290) (the “**HU Service Recipient**”);
5. **UPC ROMANIA S.R.L.**, whose registered office is at Bucharest, District 1, 62D Nordului Road, Romania (registered in Romania with No. J40/5971/2003) (the “**RO Service Recipient**”);
6. **LIBERTY GLOBAL PLC**, whose registered office is at Griffin House, 161 Hammersmith Road, London W6 8BS (registered in England & Wales with No. 08379990) (the “**Service Provider Guarantor**”); and
7. **VODAFONE GROUP PLC**, whose registered office is at Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN (registered in England and Wales with No. 01833679) (the “**Service Recipient Guarantor**”)

BACKGROUND:

- (A) By an agreement dated 9 May 2018 (the “**SPA**”), the Sellers agreed to sell the shares in the Target Companies to the Purchasers.
 - (B) The Service Provider and Service Recipients have agreed: (i) that, on the terms of this Agreement, the Service Provider shall provide, or procure the provision of, the Services to the Service Recipient Group; and (ii) to co-operate to achieve Migration and Integration in accordance with the terms of this Agreement.
 - (C) The Service Provider Guarantor has agreed to guarantee the payment and performance obligations of the Service Provider under this Agreement.
 - (D) The Service Recipient Guarantor has agreed to guarantee the payment obligations of the Service Recipients under this Agreement.
-

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH EXCLUDED INFORMATION HAS BEEN MARKED WITH “[***]”.

THE PARTIES AGREE as follows:

1. Interpretation

1.1 In this Agreement and the Schedules to it (unless the context otherwise requires):

“Achievement”	has the meaning given in Schedule 11 (Migration, Integration and Development Projects);
“Affiliate”	means, in relation to any person, any entity from time to time directly or indirectly (a) Controlling, (b) Controlled by, or (c) under common Control with that person, save that where this Agreement refers to Affiliates of the Service Provider, such reference to Affiliates shall be deemed to exclude, with effect from the Effective Date, the Service Recipient Group, and where this Agreement refers to Affiliates of a Service Recipient, such reference to Affiliates shall be deemed to exclude, with effect from the Effective Date, the Service Provider Group (unless in either case the context requires otherwise);
“Agreement”	means this Transitional Services Agreement;
“Applicable Laws”	means any statute, law, rule, regulation, ordinance, code or rule of law which, in each case, is issued, administered or enforced by any Governmental Entity, and any legally binding judicial or administrative interpretation of any of these and which, in each case, is applicable to the rights and/or obligations of a party (including the provision or receipt (as relevant) of the Services);
“Authorisation Expenses”	has the meaning given in <u>clause 8.2</u> (Third Party Suppliers);
“Authorisations”	has the meaning given in <u>clause 8.2</u> (Third Party Suppliers);
“Business”	means the business of the Target Companies in Germany, Czech Republic, Romania and Hungary from time to time;
“Business Day”	means a day (other than a Saturday or Sunday) on which banks are open for general business in London, except for the purposes of <u>Schedule 4</u> (Operational Services and Processes) and <u>Schedule 7</u> (Change Management Process), where it means Working Hours;
“Business Plan Baseline”	means, for the relevant point in time, the forecasted volume demand for a Service as set out in the relevant long-range plan(s) of the Target Companies, as made available to the Purchaser at documents 3.2.2 of the “Clean Team Germany” section of the Data Room, 3.2.6 of the “Clean Team Hungary” section of the Data Room, 3.2.5 of the “Clean Team Czech Republic” section of the Data Room and 3.2.7 of the “Clean Team Romania” section of the Data Room, in each case prior

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to the date of the SPA;

- “**Cable Access Remedy Requirement**” means the commitment made by the Service Recipient Guarantor to the European Commission in Case M.8664 to provide Telefonica with wholesale access to the Service Recipient Guarantor’s post-merger cable network in Germany, as further set out in the conditions and obligations attached to the clearance decision dated 11 July 2019 in Case M.8864;
- “**Change**” means any change to the scope or duration of a Service, or the terms and conditions of this Agreement;
- “**Change Management Procedure**” means the procedure set out in Schedule 7 (Change Management Procedure);
- “**Charges**” means the charges specified in Schedule 3 (Charges);
- “**Claim**” means any claim under or in connection with this Agreement or any of the Services, or for breach of this Agreement (including claims for breach of contract, tort (including negligence), breach of statutory duty, misrepresentation, restitution or otherwise);
- “**Completion**” has the meaning set out in the SPA;
- “**Completion Date**” means the date on which Completion takes place;
- “**Confidential Information**” has the meaning given in clause 39.2 (Confidentiality);
- “**Connected Persons**” has the meaning given in clause 35.1 (Entire agreement);
- “**Contracting Party**” has the meaning given in clause 16.1 (Losses of Affiliates);
- “**Control**” means, in relation to any undertaking, being:
- (a) entitled to exercise, or control the exercise of (directly or indirectly) 50 per cent. or more of the voting power at any general meeting of the shareholders in respect of all or substantially all matters falling to be decided by resolution or meeting of such persons; or
 - (b) entitled to appoint or remove directors on the board of directors who are able (in the aggregate) to exercise 50 per cent. or more of the voting power at meetings of that board in respect of all or substantially all matters;
- “**Costs**” means losses, damages, costs (including legal costs) and expenses, in each case of any nature whatsoever;

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- “CPE” has the meaning given in clause 8.10;
- “Czech Republic Services” means the services set out in:
- (a) Section (ii) (Czech Republic) of Part B (Entertainment Services) of Schedule 1 (Services);
 - (b) Section (ii) (Czech Republic) of Part C (Connectivity Services) of Schedule 1 (Services);
 - (c) Section (ii) (Czech Republic) of Part D (Fixed Voice Services) of Schedule 1 (Services);
 - (d) Section (i) (Czech Republic) of Part F (CEE Aorta Services) of Schedule 1 (Services);
 - (e) Section (i) (Czech Republic) of Part H (CEE IT Services) of Schedule 1 (Services);
 - (f) Section (ii) (Czech Republic) of Part I (B2B Services) of Schedule 1 (Services); and
 - (g) Section (i) (Czech Republic) of Part K (HR Systems) of Schedule 1 (Services);
- “Data Room” has the meaning set out in the SPA;
- “Default Interest” means interest at the rate of: (i) the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the relevant period displayed on page EURIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate); plus (ii) two per cent (provided that such interest rate shall not be less than zero);
- “Dependencies” means the obligations and responsibilities:
- (a) of the members of the Service Recipient Group that are described as “Dependencies” in this Agreement including the Service Schedules;
 - (b) in relation to a Service provided to a member of the Service Recipient Group, that the Service Provider has demonstrated (to the Relevant Service Recipient’s reasonable satisfaction), prior to the relevant failure or delay in performance from which the Service Provider is seeking to be excused by referring to such

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obligations and responsibilities:

- (i) were performed or procured by the Target Companies at the date of the SPA in order to enable the Service Provider to provide the equivalent service to that member of the Service Recipient Group; or
- (ii) save as described in clause 8.5, were performed or procured by the Target Companies in the ordinary course of its business between the date of the SPA and the Effective Date in order to enable the Service Provider to provide the equivalent service to that member of the Service Recipient Group;
- (c) that the Service Provider and the Relevant Service Recipient agree in writing, acting reasonably and in good faith, are necessary to be performed by a member of the Service Recipient Group in order to enable the Service Provider to provide a Service to the Relevant Service Recipient; or
- (d) of the members of the Service Recipient Group that constitute Migration Dependencies (as this term is defined in Schedule 11 (Migration, Integration and Development Projects));

“Development Mode”

means a platform that receives Updates, Upgrades and Scaling (if applicable);

“Due Date”

has the meaning given in clause 10.4(Invoicing and payment);

“Effective Date”

means the Completion Date;

“Emergency Extension Notice Period” means:

(a) for any Service (or aspect of a Service) except the Aorta Service (as described in Parts E and F of Schedule 1 (Services)), the period commencing on the day after the date which is three months prior to the end of the then-current Service Term (as may have been extended pursuant to clause 4.5) and expiring on the date which is one day before the end of the then-current Service Term; and

(b) for the Aorta Service (as described in Parts E and F of Schedule 1 (Services)), the period commencing on the day after the date which is one month prior to the end of the then-

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current Service Term and expiring on the date which is one day before the end then-current Service Term (as may have been extended pursuant to clause 4.5) and expiring on the date which is one day before the end of the then-current Service Term.

“Exceptional Extension Notice Period”

means:

(a) for any Service (or aspect of a Service) except the Aorta Service (as described in Parts E and F of Schedule 1 (Services)), the period commencing on the date which is 12 months prior to the end of the then-current Service Term (as may have been extended pursuant to clause 4.5) and expiring on the date which is three months prior to the end of the then-current Service Term; and

(b) for the Aorta Service (as described in Parts E and F of Schedule 1 (Services)), the period commencing on the date which is 12 months prior to the end of the then-current Service Term (as may have been extended pursuant to clause 4.5) and expiring on the date which is one month prior to the end of the then-current Service Term.

“Exchange Rate”

means, with respect to a particular currency, the spot rate of exchange (mid-point) for that currency into Euro on the relevant date, as published by Bloomberg on the BFIX service;

“Excluded Services”

means the services which were provided by the Service Provider or a member of the Service Provider Group to the Business immediately prior to the Completion Date but which will not be provided to any member of the Service Recipient Group following the Completion Date, as described in Schedule 2 (Excluded Services) to this Agreement;

“Fixed Charge”

means a Charge calculated on a fixed cost basis in accordance with Schedule 3 (Charges);

“Force Majeure Event”

means any circumstance beyond a party’s reasonable control, including (in each case, to the extent beyond that party’s reasonable control):

- (a) any act of God, flood, earthquake or other natural disaster;
- (b) any act of terrorism, riot, war, sanction, embargo or breaking-off of diplomatic relations;

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- (c) any collapse of buildings, fire, explosion or accident of comparable magnitude;
- (d) any change to Applicable Laws or any action taken by a Governmental Entity, including imposing an export or import restriction, quota or prohibition, or failing to grant, or revoking, a necessary licence or consent (but only to the extent any such circumstances have not been dealt with under the Change Management Procedure by way of a Required Change);
- (e) interruption or failure of any utility service; and
- (f) any labour or trade dispute, strike, industrial action or lockout (other than, in each case, by personnel of the party seeking to rely on this clause or any sub-contractor of that party),

but excluding any acts or omissions of any sub-contractor of the Service Provider;

“Gemini Components”

means those components set out in sections 1.6.2.1 (provisioning of cable modems); 1.7.4.1 (DHCP); and 1.8.6 (monitoring of DOCSIS 3.1 devices) of Part G (German IT Services) of Schedule 1 (Services);

“German Services”

means the services set out in:

- (a) Section (i) (German) of Part B (Entertainment Services) of Schedule 1 (Services);
- (b) Section (i) (German) of Part C (Connectivity Services) of Schedule 1 (Services);
- (c) Part E (German Aorta Services) of Schedule 1 (Services);
- (d) Part G (German IT Services) of Schedule 1 (Services); and
- (e) Section (i) (German) of Part I (B2B Services) of Schedule 1 (Services);

“Governmental Entity”

means any supra-national, national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof) or any quasi-governmental or private body exercising any regulatory, importing or other governmental or quasi-governmental

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- authority, including the European Union and any Tax Authority;
- “Group”** means, in the case of a Service Recipient, the Service Recipient Group, and in the case of the Service Provider, the Service Provider Group, or both as the context requires;
- “Handover”** means the handover of a platform that is the subject of a Handover Project in accordance with that Handover Project;
- “Handover Project”** has the meaning given in Schedule 11 (Migration, Integration and Development Projects);
- “Hungarian Services”** means the services set out in:
- (a) Section (iii) (Hungary) of Part B (Entertainment Services) of Schedule 1 (Services);
 - (b) Section (iii) (Hungary) of Part C (Connectivity Services) of Schedule 1 (Services);
 - (c) Section (iii) (Hungary) of Part D (Fixed Voice Services) of Schedule 1 (Services);
 - (d) Section (ii) (Hungary) of Part F (CEE Aorta Services) of Schedule 1 (Services);
 - (e) Section (ii) (Hungary) of Part H (CEE IT Services) of Schedule 1 (Services);
 - (f) Section (iii) (Hungary) of Part I (B2B Services) of Schedule 1 (Services);
 - (g) Part J (MVNO (Hungary)) of Schedule 1 (Services);
 - (h) Section (ii) (Hungary) of Part K (HR Systems) of Schedule 1 (Services); and
 - (i) Part L (Wizard Support (Hungary)) of Schedule 1 (Services);
- “Incremental Costs”** means all reasonable and demonstrable additional costs properly and reasonably incurred by a party and:
- (a) may include (in each case to the extent reasonably incurred by a party):
 - (i) to the extent that the performance of any obligation pursuant to this Agreement is through either party’s

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personnel, the time spent by that party’s personnel in performing that obligation, which for the Service Provider shall be the Resource Rate Card set out in Annex 3 of Schedule 11; and

(ii) to the extent that the performance of any obligation pursuant to this Agreement is through a third party supplier, the costs of that third party supplier;

(iii) where applicable, the costs and expenses specified in clause 15.5(B); and

(b) excludes:

(i) any indirect or consequential loss or damage, in each case, whether in contract tort or otherwise; and

(ii) any anticipated cost savings or synergies.

“Insolvency Event”

in relation to a party, means any of the following:

- (a) it is unable or admits inability to pay its debts as they fall due;
- (b) it suspends, or threatens to suspend, making payments on any of its debts or, by reason of actual or anticipated financial difficulties, starts negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness; or
- (c) a moratorium is declared in respect of any of its indebtedness (if a moratorium occurs, the ending of the moratorium shall not remedy any Insolvency Event caused by that moratorium);

“Integration”

has the meaning given in Schedule 11 (Migration, Integration and Development Projects);

“Integration Project”

has the meaning given in Schedule 11 (Migration, Integration and Development Projects);

“Intellectual Property Rights”

means:

- (a) patents, utility models and rights in inventions;
- (b) rights in each of: know-how, confidential information and trade secrets;

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- (c) trade marks, service marks, rights in logos, trade names, rights in each of get-up and trade dress, rights to sue for passing off (including trade mark-related goodwill), rights to sue for unfair competition, and domain names;
- (d) copyright, moral rights, database rights, rights in designs, and semiconductor topography rights;
- (e) any other intellectual property rights; and
- (f) all rights or forms of protection, subsisting now or in the future, having equivalent or similar effect to the rights referred to in paragraphs (a) to (e) above,

in each case: (i) anywhere in the world; (ii) whether unregistered or registered (including, for any of them, all applications, rights to apply and rights to claim priority) and (iii) including, in respect of any of them, all divisionals, continuations, continuations-in-part, reissues, extensions, re-examinations and renewals;

“IPX Remedy Requirement”	is defined in <u>Schedule 13</u> (IPX Assistance);
“IT Systems”	means information or communications technologies, particularly including hardware, software, middleware, networks and interfaces;
“Light Touch Plan”	has the meaning given in <u>Schedule 11</u> (Migration, Integration and Development Projects);
“Maintenance Mode”	means a platform that receives Updates and Scaling (if applicable) but does not receive any Upgrades;
“Material Service Provider Operations”	means the operations of the Service Provider Group in a country that have an annual recurring EBITDA of no less than €100 million;
“Maximum Term”	means, in respect of an individual Service, the period identified in <u>Schedule 3</u> (Charges) as the ‘Maximum Term’ for such Service;
“Migration”	has the meaning given in <u>Schedule 11</u> (Migration, Integration and Development Projects);
“Migration Plan”	means the Project Plans, the Light Touch Plans and Annex 1 of

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	<u>Schedule 11</u> (Migration, Integration and Development Projects);
“Migration Project”	has the meaning given in <u>Schedule 11</u> (Migration, Integration and Development Projects);
“Milestone Fund”	has the meaning given in <u>Schedule 11</u> (Migration, Integration and Development Projects);
“Minimum Service Level”	has the meaning given in <u>Schedule 12</u> (Service Levels and Credits);
“Minimum Term”	means: (a) in respect of an individual Service, the period identified in <u>Schedule 3</u> (Charges) as the ‘Minimum Term’ for such Service, unless (b) applies; and (b) in respect of a Project-bound Service: (i) the period specified in <u>Annex 1 of Schedule 11</u> (Migration, Integration and Development Projects) as the “Minimum Term” for that Project; or, (ii) if there is no “Minimum Term” specified (or the Minimum Term is described as “N/A”) in Annex 1 of <u>Schedule 11</u> (Migration, Integration and Development Projects), the period specified in <u>Schedule 3</u> (Charges) as the “Minimum Term” for the Service or aspect of the Service, as may be agreed or adjusted in accordance with <u>clause 4.4</u> ;
“New Offering”	has the meaning given in <u>clause 7.10</u> ;
“Omitted Service”	has the meaning given in <u>clause 5.1</u> (Omitted Service);
“parties”	means the Service Provider and the Service Recipients;
“Post-Completion Information Flows Protocol”	means the document governing the disclosure and handling of information relating to the Services to be provided or received under this Agreement, as set out in <u>Schedule 9</u> (Post-Completion Information Flows Protocol);
“Pre-Completion Plan”	has the meaning given in <u>Schedule 11</u> (Migration, Integration and Development Projects);

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“Project”	has the meaning given in <u>Schedule 11</u> (Migration, Integration and Development Projects);
“Project-bound Services”	means, in respect of each Migration Project and Handover Project those Services (or parts of Services) which are within the scope of a Project which are: (A) for the Full-touch Projects where the Project Plan specifies the in-scope Services (or parts of Services), those specified; and (B) for all other Full-touch Projects and for the Light-touch Projects, those Services (or parts of Services) agreed under <u>clause 4.3</u> , and a “Project-bound Service” means each of these.
“Project Plan”	has the meaning given in <u>Schedule 11</u> (Migration, Integration and Development Projects);
“Purchaser(s)”	has the meaning set out in the SPA;
“Operational Change”	has the meaning given in <u>Schedule 7</u> (Change Management Procedure);
“Reference Period”	means the 12 calendar months immediately before 9 May 2018;
“Regulations”	means the Acquired Rights Directive 2001/23/EC or any local implementing instrument or relevant labour code (as amended from time to time);
“Regulator”	means one or more, as the context requires, of any stock exchange, any data protection or privacy authority, and any other regulatory, governmental or antitrust body (including any Tax Authority) having applicable jurisdiction;
“Regulatory Approvals”	has the meaning given in <u>clause 25.1</u> (Regulatory matters);
“Related Service”	means any Service that is linked to or reliant upon the ongoing provision of another Service, as identified by and agreed between the Service Provider and the Relevant Service Recipient, including under the Migration Plan;
“Relevant Charges”	means: (a) in respect of the DE Service Recipient, the Charges payable for the German Services;

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- (b) in respect of the CZ Service Recipient, the Charges payable for the Czech Republic Services;
- (c) in respect of the HU Service Recipient, the Charges payable for the Hungarian Services; and
- (d) in respect of the RO Service Recipient, the Charges payable for the Romanian Services,

in each case, in accordance with clause 10 (Charges and invoicing) and Schedule 3 (Charges);

“Relevant Service Recipient”

means, in respect of any:

- (a) German Service, the DE Service Recipient;
- (b) Czech Republic Service, the CZ Service Recipient;
- (c) Hungarian Service, the HU Service Recipient; and
- (d) Romanian Service, the RO Service Recipient;

“Replacement Service Provider”

means the person who provides any Service or equivalent service to a member of the Service Recipient Group by way of replacement of the Service Provider;

“Representatives”

means, in relation to a party, its respective Affiliates and the directors, officers, employees, agents, advisers, accountants and consultants of that party and/or of its respective Affiliates;

“Required Change”

has the meaning given in Schedule 7 (Change Management Procedure);

“Reverse Transitional Services Agreement”

means the Reverse Transitional Services Agreement entered into by the Service Provider and the DE Service Recipient on the Effective Date;

“Roadmap”

has the meaning given in Schedule 6 (Governance Model);

“Roadmap Period”

means the period of twelve (12) months to which the relevant Roadmap relates;

“Romanian Services”

means the services set out in:

- (a) Section (iv) (Romania) of Part B (Entertainment Services) of Schedule 1 (Services);
- (b) Section (iv) (Romania) of Part C (Connectivity Services)

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of Schedule 1 (Services);

- (c) Section (iii) (Romania) of Part F (CEE Aorta Services) of Schedule 1 (Services);
- (d) Section (iii) (Romania) of Part H (CEE IT Services) of Schedule 1 (Services);
- (e) Section (iv) (Romania) of Part I (B2B Services) of Schedule 1 (Services); and
- (f) Section (iii) (Romania) of Part K (HR Systems) of Schedule 1 (Services);

“Scaling”	means the volume expansion of hardware, software and infrastructure associated with the components and platforms;
“Seller(s)”	has the meaning set out in the SPA;
“Separation”	has the meaning set out in the SPA;
“Service Credit”	has the meaning given in <u>Schedule 12</u> (Service Levels and Service Credits);
“Service Description”	means the description of a Service set out in the relevant Service Schedule;
“Service Provider’s Bank Account”	means the Service Provider’s bank account at ING Bank; account name Liberty Global B.V.; account number IBAN NL37 INGB 0007 1101 33 (or any other account that the Service Provider notifies to the Service Recipients in writing);
“Service Provider Group”	means the Service Provider and its Affiliates from time to time;
“Service Provider Personnel”	means any employees, sub-contractors, agents or delegates (including for the avoidance of doubt, any Third Party Supplier) from time to time of: (i) the Service Provider; and/or (ii) any member of the Service Provider Group, who in either such case are engaged in the provision of the Services;
“Service Recipient Group”	means: (i) the Service Recipients; (ii) the subsidiaries of each Service Recipient as at the Effective Date; and (iii) UPC Infrastructure s.r.o.;
“Service Recipient Guarantor’s Bank Account”	means the Service Recipient Guarantor’s bank account at JPMorgan Chase Bank N.A. London (CHASGB2L); account number 40869505; IBAN GB94CHAS60924240869505 (or any other account that the Service Recipient Guarantor notifies to

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	the Service Provider in writing);
“Service Recipient’s Bank Account”	means, for each Service Recipient, such bank account as that Service Recipient notifies to the Service Provider in writing from time to time;
“Service Recipients”	means the CZ Service Recipient, the DE Service Recipient, the HU Service Recipient and the RO Service Recipient (and “Service Recipient” shall be construed accordingly);
“Service Schedules”	means <u>Schedule 1</u> (Services), including all Sections thereof, and “Service Schedule” shall be construed as any Part of Schedule 1 (Services), or a Section thereof, as the context requires;
“Service Term”	means, in relation to a Service, the Minimum Term plus any extension referred to in clause 4;
“Services”	means the German Services, the Czech Republic Services, the Hungarian Services and the Romanian Services, including any Omitted Services identified in accordance with <u>clause 5</u> , and excludes the Excluded Services (and “Service” shall be construed accordingly);
“Share Purchase Documents”	has the meaning set out in the SPA;
“SPA”	has the meaning given to it Recital (A);
“Specifications”	has the meaning give in <u>clause 8.10</u> ;
“Supply Agreement”	has the meaning give in <u>clause 8.10</u> ;
“Surviving Provisions”	means <u>clauses 1, 13, 15, 19, 33, 34, 44, 45 and 46</u> any other right, duty or obligation of either party that is expressly stated in this Agreement or reasonably intended to survive termination;
“Target Companies”	has the meaning set out in the SPA;
“Tax” or “Taxation”	has the meaning set out in the Tax Covenant;
“Tax Authority”	has the meaning set out in the Tax Covenant;
“Tax Covenant”	has the meaning set out in the SPA;
“Term”	has the meaning given in <u>clause 4.1</u> (Duration of Agreement);

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“Third Party Suppliers”	has the meaning given in <u>clause 8.1(A)</u> (Third Party Suppliers);
“Third Party Supply Contracts”	has the meaning given in <u>clause 8.1(A)</u> (Third Party Suppliers);
“Threshold”	has the meaning given in <u>clause 3.4</u> ;
“UPC Infrastructure s.r.o.”	means UPC Infrastructure s.r.o, whose registered office is at Závěšova 502/5, Nusle, 140 00 Praha 4, Czech Republic (registered in the Czech Republic with No. 02608634);
“Update”	means, unless otherwise specified in a Service Schedule, platform capacity increases and software updates required: (i) for security reasons; (ii) for minor configuration activities and/or regulatory and/or legal compliance; and/or (iii) as part of general platform performance programmes (including bug fixing);
“Upgrade”	means, unless otherwise specified in a Service Schedule, new product features and product capabilities;
“Variable Charge”	means a Charge calculated on a variable cost basis in accordance with <u>Schedule 3</u> (Charges);
“VAT”	means: <ul style="list-style-type: none">(a) any Tax charged in accordance with the Value Added Tax Act 1994 and legislation and regulations supplemental thereto, as may be amended or substituted from time to time;(b) within the European Union, any Tax imposed by any Member State in conformity with the Directive of the Council of the European Union on the common system of value added tax (2006/112/EC); and(c) outside the European Union, any Tax corresponding to, or substantially similar to, the Tax referred to in <u>paragraphs (a) or (b)</u> of this definition;
“Working Hours”	means 9.00 a.m. to 5.00 p.m. CET on a day (other than a Saturday or Sunday) on which banks are open for general business in the relevant location.

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1.2 In this Agreement, unless otherwise specified or the context otherwise requires:

- (A) references to clauses, paragraphs, sub-paragraphs, Schedules, Parts and Sections are to clauses, paragraphs and sub-paragraphs of, and Schedules, Parts and Sections to, this Agreement;
- (B) the singular shall include the plural and vice versa, and use of any gender includes the other genders;
- (C) except as otherwise expressly provided in this Agreement, any express reference to an enactment (which includes any legislation in any jurisdiction) includes references to: (i) that enactment as amended, consolidated or re-enacted by or under any other enactment before or after the date of this Agreement; (ii) any enactment which that enactment re-enacts (with or without modification); and (iii) any subordinate legislation (including regulations) made before or after the date of this Agreement under that enactment as amended, consolidated or re-enacted as described in paragraph (i) or paragraph (ii) above, except to the extent that any of the matters referred to in paragraph (i) to paragraph (iii) (inclusive) above occurs after the date of this Agreement and increases or alters the liability of any party;
- (D) references to a “**company**” shall be construed so as to include any corporation or other body corporate, wherever and however incorporated or established;
- (E) references to a “**person**” shall be construed so as to include any individual, firm, company, corporation, body corporate (wherever incorporated), limited liability company, government, state or agency of a state, local or municipal authority or government body or any joint venture, association, partnership, works council or employee representative body (whether or not having separate legal personality);
- (F) any reference to a party or person shall be construed so as to include its successors, permitted transferees and permitted assigns;
- (G) references to the “**other party**” shall mean: (i) the Service Provider (in the context of a provision of this Agreement where the first party is a Service Recipient); and (ii) the Service Recipients or any one of them (in the context of a provision of this Agreement where the first party is the Service Provider), as the context requires.
- (H) any reference to a “**day**” (including the phrase “**Business Day**”) shall mean a period of 24 hours running from midnight to midnight;
- (I) references to times are to Central European Time;
- (J) references to “**writing**” shall include any modes of reproducing words in a legible and non-transitory form;
- (K) references to “**including**” or “**includes**” shall mean including or includes without limitation;
- (L) references to “**greater**” shall be construed so that, for example, 10 represents a greater amount than 5, and -5 represents a greater amount than -10;

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- (M) references to “less” shall be construed so that, for example, 5 represents a lesser amount than 10, and -10 represents a lesser amount than -5;
- (N) references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official, or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates in that jurisdiction to the English legal term;
- (O) all headings and titles are inserted for convenience only and are to be ignored in the interpretation of this Agreement;
- (P) the Schedules form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement, and any reference to this Agreement shall include the Schedules;
- (Q) if there is any inconsistency between any definition set out in this clause 1 and a definition set out in any other clause or Schedule, then, for the purposes of construing that clause or Schedule, the definition set out in that clause or Schedule shall prevail;
- (R) references to € or Euro are references to the lawful currency from time to time of the Eurozone;
- (S) if it is necessary to express a monetary sum that is expressed in Euro in a different currency, the amount in the different currency shall be derived by converting the amount in Euro at the Exchange Rate on the relevant date;
- (T) any phrase introduced by the terms including, include, in particular or any similar expression shall be construed as merely illustrative and shall not limit the sense of the words preceding those terms;
- (U) references to “indemnifying” any person against any circumstance shall include indemnifying on an after-Tax basis, from all actions, claims and proceedings from time to time made against him and all loss, damage, payments, costs or expenses suffered made or incurred by him as a consequence of that circumstance;
- (V) any indemnity (the “**Payment Obligation**”) being given or assumed on an after-Tax basis or expressed to be calculated on an after-Tax basis means that the amount payable pursuant to such Payment Obligation (the “**Payment**”) shall be calculated in such a manner as will ensure that, after taking into account:
 - (i) any Tax required to be deducted or withheld from the Payment;
 - (ii) the amount and timing of any additional Tax which becomes payable as a result of the Payment’s being subject to Tax; and
 - (iii) the amount and timing of any Tax benefit which is obtained, to the extent that such Tax benefit is attributable to the matter giving rise to the Payment

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Obligation or to the entitlement to, or receipt of, the Payment, or to any Tax required to be deducted or withheld from the Payment,

the recipient of the Payment is in the same position as that in which it would have been if the matter giving rise to the Payment Obligation had not occurred (or, in the case of a Payment Obligation arising by reference to a matter affecting a person other than the recipient of the Payment, the recipient of the Payment and that other person are, taken together, in the same position as that in which they would have been had the matter giving rise to the Payment Obligation not occurred), provided that the amount of the Payment shall not exceed that which it would have been if it had been regarded for all Tax purposes as received solely by the recipient and not any other person;

- (W) references in this Agreement to any person shall, when construing any provision in relation to VAT or amount in respect of VAT, be deemed at any time when such person is a member of a group for VAT purposes in relation to such VAT or amount in respect of VAT to include a reference, where appropriate, to any other member of such group for VAT purposes at such time; and
- (X) references to “liabilities”, “costs” and/or “expenses” incurred by a person shall not include any amount in respect of VAT included in such liabilities, costs and/or expenses for which that person is entitled to credit or repayment as input tax from any Tax Authority.

2. Provision of Services

- 2.1 In consideration of each Service Recipient paying the Relevant Charges, the Service Provider shall perform its obligations under this Agreement (including providing, or procuring the provision of, the Services to the Relevant Service Recipient and relevant members of the Service Recipient Group) subject to and in accordance with the terms of this Agreement.
- 2.2 The Service Provider acknowledges that each Service Recipient has entered into this Agreement for their own benefit and for the benefit of each of the members of the Service Recipient Group and the Service Provider shall perform its obligations under this Agreement for the benefit of such members of the Service Recipient Group.
- 2.3 The operational processes applicable to the provision and receipt of the Services, and the parties’ respective rights and obligations in respect of such processes, are set out in Schedule 4 (Operational Support Services and Processes).
- 2.4 Subject to clauses 2.5 and 2.6, but notwithstanding any other provision of this Agreement, the Services shall be provided solely for the benefit of and for use within the Business.
- 2.5 In relation to the Cable Access Remedy Requirement:
 - (A) the Service Provider shall make available, and the DE Service Recipient shall be permitted to use, the Gemini Components for the purposes of the DE Service Recipient fulfilling the Cable Access Remedy Requirement;

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- (B) the use of the Gemini Components by Telefonica shall be deemed to be use by the DE Service Recipient for the purposes of this Agreement, and the DE Service Recipient shall be liable for all acts and omissions of Telefonica in its use of the Gemini Components as if they were the acts or omissions of the DE Service Recipient;
- (C) if either the Service Provider or the DE Service Recipient (each acting reasonably and in good faith) identify any additional components provided by the Service Provider as part of the German Services set out in Part G (German IT Services) of Schedule 1 (Services) which are required to be used by the DE Service Recipient for the purposes of fulfilling the Cable Access Remedy Requirement then, provided that the parties (having used their respective reasonable endeavours) are able to obtain any necessary Authorisations, such additional components shall become Gemini Components for the purposes of this Agreement (and the definition of Gemini Components in this Agreement shall be updated accordingly);
- (D) if any additional Authorisation is required by the Service Provider pursuant to clauses 2.5(A) or 2.5(C) above, the costs allocation set out in clause 8.7 shall not apply and the DE Service Recipient shall be solely responsible for all of the costs described in clause 8.7. The Service Provider shall:
 - (i) use reasonable endeavours to minimise such costs;
 - (ii) to the extent not prohibited by Applicable Law or the provisions of any Third Party Supply Contract, use all reasonable endeavours to involve the DE Service Recipient (including by way of clean team arrangements) in negotiations with Third Party Suppliers in respect of any Authorisations; and
 - (iii) not incur any such costs until these have been approved by the DE Service Recipient in advance and, to the extent the DE Service Recipient does not approve such costs, the Service Provider’s obligations pursuant to clause 2.5(A) shall not apply (solely to the extent such obligations are the subject of the Authorisation in respect of which costs have not been approved); and
- (E) in addition to the costs described in clause (D) above, the DE Service Recipient shall be responsible for the Incremental Costs that the Service Provider can demonstrate, to the Service Recipient’s reasonable satisfaction, have been reasonably incurred by the Service Provider in making available the Gemini Components in accordance with this Agreement for the purposes of the DE Service Recipient fulfilling the Cable Access Remedy Requirement.

2.6 In relation to the IPX Remedy Requirement:

- (A) the Service Provider and the DE Service Recipient shall comply with Schedule 13 (IPX Assistance); and
- (B) if any additional Authorisation is required by the Service Provider pursuant to clause 2.6(A) above, the costs allocation set out in clause 8.7 shall not apply and the DE

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Service Recipient shall be solely responsible for all of the costs described in clause 8.7, provided that the Service Provider:

- (i) uses reasonable endeavours to minimise such costs;
- (ii) to the extent not prohibited by Applicable Law or the provisions of any Third Party Supply Contract, uses all reasonable endeavours to involve the DE Service Recipient (including by way of clean team arrangements) in negotiations with Third Party Suppliers in respect of any Authorisations; and
- (iii) not incur any such costs until these have been approved by the DE Service Recipient in advance and, to the extent the DE Service Recipient does not approve such costs, the Service Provider’s obligations pursuant to clause 2.6(A) shall not apply (solely to the extent such obligations are the subject of the Authorisation in respect of which costs have not been approved).

3. Minimum Service Levels and Service Credits

Standard of Service

3.1 Subject to clause 3.5, the Service Provider shall perform its obligations under this Agreement (including providing, or procuring the provision of, the Services to the members of the Service Recipient Group):

- (A) using reasonable care and skill;
- (B) where a Minimum Service Level specifically applies to a standard of Service, such that that Minimum Service Level is met or exceeded; and
- (C) save to the extent an alternative standard is expressly described in this Agreement (including in any Service Schedule and Schedule 3 (Charges)), but without prejudice to any Minimum Service Level, to a standard that meets or exceeds the standard provided by the Service Provider Group to, or procured by the Service Provider Group for, the Business during the Reference Period, including with respect to:
 - (i) the standard of performance in the Reference Period;
 - (ii) the allocation of resource and facilities;
 - (iii) the knowledge, experience and qualifications of personnel; and
 - (iv) the fair and reasonable prioritisation and treatment of the members of the Service Recipient Group relative to other members of the Service Provider Group.

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Service Credits

- 3.2 Each party shall comply with its obligations, and shall have the rights provided to it, under Schedule 12 (Service Levels and Service Credits).
- 3.3 Subject to clause 31 (No double recovery), the parties acknowledge and agree that Service Credits are a non-exclusive remedy, and the availability of, or election to receive, Service Credits does not constitute an election of remedies and shall not be construed to limit any other rights and remedies of any member of the Service Recipient Group under this Agreement.

Growth and development

- 3.4 Subject to clause 3.7, (i) the Service Provider shall notify the Relevant Service Recipient; or (ii) the Relevant Service Recipient shall notify the Service Provider, in each case in writing if, at any point in time the volume of a Service required and received by the Relevant Service Recipient and relevant members of the Service Recipient Group has exceeded (or will, in the notifying party’s reasonable opinion, exceed in the next 30 days) the relevant Business Plan Baseline by more than ten (10) per cent. (the “**Threshold**”). Where the Service Provider makes such notification, it shall also provide a good faith estimate of the Incremental Costs that the Relevant Service Recipient may incur under clause 3.5 (if any).
- 3.5 The Relevant Service Recipient shall, subject to clause 3.7, bear the Incremental Costs that the Service Provider can reasonably demonstrate need to be, or have been, incurred by the Service Provider in order to provide, or have been incurred by the Service Provider as a result of providing, any Service to the Relevant Service Recipient and relevant members of the Service Recipient Group in accordance with the terms of this Agreement (including this clause 3 (Minimum Service Levels and Service Credits)) in excess of the Threshold, provided always that the Service Provider and the Relevant Service Recipient shall use all reasonable endeavours to minimise such Incremental Costs.
- 3.6 If the Service Provider can reasonably demonstrate that the provision of a Service required and received by the Relevant Service Recipient and relevant members of the Service Recipient Group in accordance with the terms of this Agreement (including this clause 3 (Minimum Service Levels and Service Credits)) in excess of the Threshold requires a Change or an Operational Change, the provisions of Schedule 7 (Change Management Procedure) shall apply.
- 3.7 The Service Provider and each Service Recipient acknowledge and agree that clauses 3.4 and 3.5 shall not apply to the extent that the Relevant Service Recipient has forecasted, and the Service Provider has approved as part of the governance process under Schedule 6 (Governance), with the relevant approving persons being aware of the effect of such approval in the context of this clause 3, the volume of a Service required and received by the Relevant Service Recipient and relevant members of the Service Recipient Group that exceeds the Threshold in the relevant period.
- 3.8 The Relevant Service Recipient may from time to time request in writing to the Service Provider that Services are provided for the benefit of the DSL customers, the KDG footprint and/or mobile customers outside of its existing service footprint, in which case the Service Provider and the Relevant Service Recipient shall promptly meet to discuss and seek, acting

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reasonably and in good faith, to agree to the terms of, and a written plan for, such provision, including timing and associated costs (if any). For the avoidance of doubt, nothing in this Agreement shall require the Service Provider to agree to the provision of the foregoing Services outlined in this clause. For the avoidance of doubt, nothing in this Agreement (including this clause) shall prohibit or otherwise prevent any Service Recipient from continuing its existing ordinary course business or migrating DSL customers to the cable network.

4. Duration of Agreement

4.1 This Agreement starts on the Effective Date and, unless terminated earlier in accordance with the terms of this Agreement, expires automatically without notice at 23:59 CET on the day on which the last of the Service Terms expires (the “**Term**”).

4.2 Each Service shall:

- (A) be provided from the Effective Date unless otherwise specified in the relevant Service Schedule; and
- (B) save where extended or terminated earlier in accordance with the terms of this Agreement, terminate automatically without notice at 23:59 CET on the last day of the relevant Minimum Term.

Agreement of mapping of Project-bound Services and respective Minimum Term

4.3 The parties shall, as soon as reasonably practicable following the Effective Date, and the parties acknowledge that it may not be reasonably practicable to do so until the parties are defining the low-level design (or equivalent) of Projects, for each Project agree which Services (or parts of Services) (if any) are within the scope of:

- (A) each Full-touch Project which is a Migration Project or Handover Project where the Project Plan does not specify the in-scope Services (or parts of Services); and
- (B) each Light-touch Project which is a Migration Project or Handover Project,

and those agreed Services or parts of Services shall be the relevant “Project-bound Services” for each such Project.

4.4 The parties shall, acting reasonably and in good faith, as soon as reasonably practicable following the completion of the mapping of Project-bound Services for each Project under clause 4.3, agree the Minimum Term for that Project.

Service Recipient extension trigger — general Service extension right

4.5 The Relevant Service Recipient may:

- (A) for a Project-bound Service, extend the term of that Project-bound Service beyond the end of the then-current Service Term on any number of occasions by a period of

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at least three months in each case, by providing at least 12 months’ notice in writing to the Service Provider in advance of the then-current Service Term; and

- (B) for any other Service (where expressly stated in Schedule 3 (Charges)) extend the term of a Service beyond the relevant Minimum Term by a period of 12 months, on one (or if expressly provided in Schedule 1 (Services) on more than one occasion), by providing at least 12 months’ notice in writing to the Service Provider (or such other minimum notice period as may be described in Schedule 3 (Charges)).

Subject to clauses 4.12, 4.13, and 4.15, no Service may be extended beyond the relevant Maximum Term.

Service Recipient extension trigger — Service extension right in context of Service Recipient-caused delay

4.6 Where, during the Exceptional Extension Notice Period, a Relevant Service Recipient reasonably believes that a Project will not be completed by the end of the current Service Term applicable to any Service(s) (or part(s) of any Services(s)) to which the Project relates, that Relevant Service Recipient may, not more than once for any Project, request an extension of the term of any such Service(s) (or part(s) of any Service(s)) (an “**Exceptional Extension Request**”) provided that:

- (A) the Relevant Service Recipient gives as much notice of such term extension as is reasonably practicable in the circumstances; and
- (B) the duration of such requested term extension shall be:
- (i) for any Service (or part of a Service) other than the Aorta Service (as described in Parts E and F of Schedule 1 (Services)), for a period of not less than three months or, where there is less than three months remaining of the Maximum Term for that Service (or part of a Service), for the period up to the expiry of the Maximum Term;
- (ii) for the Aorta Service (as described in Parts E and F of Schedule 1 (Services)), for a period of not less than one month or, where there is less than one month remaining of the Maximum Term for that Service (or part of a Service), for the period up to the expiry of the Maximum Term,

(each an “**Exceptional Extension Period**”).

4.7 Upon receipt of an Exceptional Extension Request, the Service Provider shall, at the relevant Service Recipient’s cost, as soon as reasonably practicable: (A) carry out an assessment as to the expected impact on the costs (by reference to the costs set out in 4.8(B) and 4.8(D) below) and service standard of the Service(s) (or part(s) of any Service(s)) subject to the Exceptional Extension Request (and the Relevant Service Recipient shall provide such support and input as Service Provider may reasonably require in order to conduct this assessment), and (B) provide the same to the Relevant Service Recipient for review. The Relevant Service Recipient shall respond to the impact assessment as soon as reasonably

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practicable following receipt with a decision as to whether or not to proceed with the Exceptional Extension Request.

- 4.8 Following provision of the impact assessment, where the Relevant Service Recipient makes a decision to proceed with an Exceptional Extension Request, the Service Provider shall continue to provide the relevant Service(s) (or part(s) of any Service(s)) during the relevant Exceptional Extension Period in accordance with the terms of this Agreement, subject to the following:
- (A) during the Exceptional Extension Period:
 - (i) the standard of service set out in clause 3.1 will not apply to the relevant Service(s) (or part(s) of the Service(s)) other than: (i) the obligation to use reasonable skill and care in clause 3.1(A); and
 - (ii) Schedule 12 (Service Levels and Service Credits) will not apply to any Service Platform to which the relevant Service(s) (or part(s) of any Service(s)) relates).
 - (B) the parties shall continue to comply with provisions of clause 8 (Third Party Suppliers) in respect of any Authorisations required for the Service Provider to provide the relevant Service(s) (or part(s) of any Service(s)) during the Recipient Extension Period, save that:
 - (i) the cost allocation in clause 8.7 shall not apply and the relevant Service Recipient shall be solely responsible for all costs described in that clause;
 - (ii) the Service Provider’s obligations in clauses 8.3 and 8.6 shall be on an all reasonable endeavours basis;
 - (iii) the Service Provider shall not incur any costs described in clause 8.7 until these have been approved by the relevant Service Recipient in advance and, to the extent the relevant Service Recipient does not approve such costs, the Service Provider’s obligations to provide the relevant Service (or part of a Service) shall not apply (except to the extent that it is reasonably possible for the Service Provider to provide any part of the Service without the Authorisation in respect of which costs have not been approved);
 - (C) the Service Recipient shall continue to pay the applicable Charges for the relevant Services (or part(s) of any Service(s)) that are provided throughout the Exceptional Extension Period; and
 - (D) the Service Recipient shall reimburse the Service Provider in respect of all Incremental Costs incurred by the Service Provider in connection with any Exceptional Extension Request and the provision of any such Service(s) (or parts of any Service(s)) subject to the Exceptional Extension Request during the Exceptional Extension Period, including all costs of obtaining and maintaining any Authorisation.
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Emergency Extension

- 4.9 Where, during the Emergency Extension Notice Period, a Relevant Service Recipient reasonably believes that a Project will not be completed by the end of the current Service Term applicable to any Service(s) (or part(s) of any Service(s)) to which the Project relates, that Relevant Service Recipient may not more than once for any Project, request an extension of the term of any such Service(s) (or any part of any Service(s)) (an “**Emergency Extension Request**”) provided that:
- (A) the circumstances triggering the Emergency Extension Request were not reasonably apparent to the Relevant Service Recipient prior to the expiry of the Exceptional Extension Notice Period;
 - (B) the Relevant Service Recipient gives as much notice of such term extension as is reasonably practicable in the circumstances; and
 - (C) the duration of such requested term extension shall be:
 - (i) for any Service (or part of a Service) other than the Aorta Service (as described in Parts E and F of Schedule 1 (Services)), for a period of not less than three months or, where there is less than three months remaining of the Maximum Term for that Service (or part of a Service), for the period up to the expiry of the Maximum Term; or
 - (ii) for the Aorta Service (as described in Parts E and F of Schedule 1 (Services)), for a period of not less than one month or, where there is less than one month remaining of the Maximum Term for that Service (or part of a Service), for the period up to the expiry of the Maximum Term,
- (each an “**Emergency Extension Period**”).
- 4.10 Upon receipt of an Emergency Extension Request, the Service Provider shall, at the relevant Service Recipient’s cost, to the extent reasonably practicable: (A) carry out an assessment as to the expected impact on the costs (by reference to the costs set out in 4.11(B) and 4.11(D)) and service standard of the Service(s) (or part(s) of any Service(s)) subject to the Emergency Extension Request (and the Relevant Service Recipient shall provide such support and input as Service Provider may reasonably require in order to conduct this assessment), and (B) provide the same to the Relevant Service Recipient for review. The Relevant Service Recipient shall respond to the impact assessment as soon as reasonably practicable with a decision as to whether or not to proceed with the Emergency Extension Request.
- 4.11 following provision of the impact assessment, where a Relevant Service Recipient makes a decision to proceed with an Emergency Extension Request, the Service Provider shall use reasonable efforts to continue to provide the relevant Service (s) (or part(s) of any Service(s)) during the relevant Emergency Extension Period in accordance with the terms of this Agreement, subject to the following:
- (A) during the Emergency Extension Period:

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- (i) the standard of service set out in clause 3.1 will not apply to the relevant Service(s) (or part(s) of any Service(s)) other than: (i) the obligation to use reasonable skill and care in clause 3.1(A);
 - (ii) Schedule 12 (Service Levels and Service Credits) will not apply to any Service Platform to which the relevant Service(s) (or part(s) of any Service(s)) relates).
- (B) the parties shall continue to comply with provisions of clause 8 (Third Party Suppliers) in respect of any Authorisations required for the Service Provider to provide the relevant Service (or part(s) of any Service(s)) during the Recipient Extension Period, save that:
- (i) the cost allocation in clause 8.7 shall not apply and the relevant Service Recipient shall be solely responsible for all costs described in that clause;
 - (ii) the Service Provider’s obligations in clauses 8.3 and 8.6 shall be on a reasonable endeavours basis;
 - (iii) the Service Provider shall not incur any costs described in clause 8.7 until these have been approved by the relevant Service Recipient in advance and, to the extent the relevant Service Recipient does not approve such costs, the Service Provider’s obligations to provide the relevant Service (or part of a Service) shall not apply (except to the extent that it is reasonably possible for the Service Provider to provide any part of the Service without the Authorisation in respect of which costs have not been approved);
- (C) the Service Recipient shall continue to pay the applicable Charges for the relevant Services (or part(s) of any Service(s)) that is provided throughout the Emergency Extension Period; and
- (D) the Service Recipient shall reimburse the Service Provider in respect of all Incremental Costs incurred by the Service Provider in connection with any Emergency Extension Request and the provision of any such Service(s) (or part(s) of any Service(s)) subject to the Emergency Extension Request during the Emergency Extension Period, including all costs of obtaining and maintaining any Authorisation.

Service Recipient extension trigger — Service extension right in context of Handover Projects

- 4.12 Where a Relevant Service Recipient reasonably believes that a Handover Project will not be completed by the end of the Maximum Term applicable to any Service(s) corresponding to the platform to which the Handover Project relates, that Relevant Service Recipient may extend those Service(s) for a period of 12 months’ beyond the Maximum Term on no less than 12 months’ written notice to the Service Provider. Unless that Relevant Service Recipient believes, acting reasonably and in good faith, that the Service Provider would have been solely responsible for the failure of the Handover Project to be completed by the end of the relevant Maximum Term, the Charges for the extended Service(s) during such additional 12

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month period shall be equal to 130% of the Charges for such Service(s) during the 12 month period immediately preceding the end of the relevant Maximum Term.

Service Provider extension trigger — automatic Service extension in context of Service Provider-caused delay

- 4.13 Where any failure by the Service Provider to comply with its obligations under Schedule 11 (Migration, Integration and Development Projects) is the cause of a failure by the parties to complete a Project relating to a Service (or part of a Service) by the end of the then-current Service Term (as may have been extended pursuant to this clause 4), then, in each case, that Service (or part of a Service) shall automatically extend beyond the then-current Service Term for a period commensurate with the delay caused by the Service Provider’s failure (as agreed between the parties in accordance with Annex 3 to Schedule 11 or defined by the Third Party Expert pursuant to paragraph 16 (Allocation of responsibility) of Schedule 11), (a “**Provider Extension Period**”) which may, for the avoidance of doubt, extend the Service Term beyond the Maximum Term.
- 4.14 Where the term of a Service is automatically extended pursuant to clause 4.13, the Service Provider shall continue to provide the relevant Service(s) (or part of a Service) during the Provider Extension Period in accordance with the terms of this Agreement, subject to the following:
- (A) the parties shall continue to comply with provisions of clause 8 (Third Party Suppliers) in respect of any Authorisations required for the Service Provider to provide the relevant Service(s) (or part(s) of Service(s)) during the Provider Extension Period, save that the cost allocation in clause 8.7 shall not apply and the Service Provider shall be solely responsible for all costs described in that clause 8.7;
 - (B) the Service Recipient shall continue to pay the applicable Charges for the relevant Service(s) (or part(s) of Service (s)) that is provided throughout the Provider Extension Period; and
 - (C) the Service Provider shall reimburse the Service Recipient in respect of all Incremental Costs incurred by the Service Recipient in connection with the relevant Project delay.

‘No fault’ extension trigger - Service extension in context of Force Majeure

- 4.15 Where any failure by the parties to complete a Project relating to a Service (or part of a Service) by the end of the then-current Service Term (as may have been extended pursuant to this clause 4) is caused by a Force Majeure Event, the parties shall work together to discuss and agree in good faith an extension beyond the then-current Service Term for a period commensurate with the delay caused by the Force Majeure Event (which may, for the avoidance of doubt, extend the Service Term beyond the Maximum Term). During such period the Relevant Service Recipient shall continue to pay the Charges for that Service (or part of a Service) and each party shall otherwise continue to bear costs in accordance with the provisions of this Agreement.

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Relationship to Change Management Procedure and Project Change Management Process

- 4.16 The process of the extension to a Service Term for a Service made pursuant to this clause 4 shall not be subject to the requirements or process set out in the Change Management Procedure or the Project Change Management process, but for the avoidance of doubt the consequences of the extensions to Service Terms under this clause 4 may result in one or more parties making a Change Request under the Change Management Procedure or making a request for a Project Change under the Project Change Management process.

Termination of a Service

- 4.17 Save as otherwise provided for in this Agreement, termination of a Service, or part of a Service, shall not relieve the Service Provider from its obligations to provide its remaining Services (or remaining parts of the terminated Service).

5. Omitted Services

- 5.1 If within 18 calendar months from and including the Effective Date any Service Recipient identifies any service which:

- (A) is not included in a Service Schedule;
- (B) is not an Excluded Service or a matter for which responsibility is expressly allocated by this Agreement;
- (C) is not a service that is expressly identified in Appendix 1 to Schedule 14 (Separation) of the SPA as being terminated or otherwise ceasing as a result of the implementation of the Separation;
- (D) does not consist of providing or procuring the benefit of any contract that has been identified to a Purchaser during Separation as a contract to be transferred or split pursuant to Schedule 14 (Separation) of the SPA;
- (E) was provided (either directly or under a Third Party Supply Contract) to the Business during the Reference Period and/or between the date of the SPA and the Effective Date; and
- (F) that Service Recipient, acting reasonably and in good faith, considers to be necessary for the ongoing operation of the Business of the Target Companies,

(any service meeting all of the criteria in paragraph (A) to (F) above being an “**Omitted Service**”), then that Service Recipient may notify the Service Provider in writing, giving a description of the relevant Omitted Service and requesting that it is included in the scope of this Agreement from a specified date.

- 5.2 The Service Provider shall provide, or procure the provision of, each Omitted Service to the relevant members of the Service Recipient Group, at no charge except where clause 5.3 applies, from the relevant date specified in the relevant notice referred to in clause 5.1 for

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such time as those members of the Service Recipient Group so require, not to exceed 4 years.

- 5.3 The Service Provider shall be entitled to charge a fee for a Omitted Service equal to the fee charged to the relevant Service Recipient (or relevant member of the Service Recipient Group) for the equivalent service during the period referred to in clause 5.1(E), provided that the Service Provider can demonstrate (to the relevant Service Recipient’s reasonable satisfaction) that the fee was included as a recurring charge in each of: (a) the 2016 and 2017 historical financials; and (b) the 2018 budget of the Target Companies, in each case as made available to the Purchaser in the Data Room prior to the date of the SPA, and provided that there is no indication in such materials of a plan for termination or cessation of the relevant Omitted Service.
- 5.4 Without prejudice to the Service Provider’s obligations under clause 3 (Minimum Service Levels and Service Credits), each Omitted Service shall, save in respect of charging, be provided to the relevant members of the Service Recipient Group on substantially the same basis as provided to the relevant Business during the Reference Period and the Service Provider and the Relevant Service Recipient shall discuss in good faith any other relevant terms that should apply to the provision of the Omitted Service and document the agreed terms in a manner consistent with the Service descriptions in the relevant Service Schedule.
- 5.5 Except where the context requires otherwise, any Omitted Service to be provided under this clause 5 (Omitted Service) shall be categorised by the parties (or, in the absence of agreement between the parties, escalated for resolution in accordance with Schedule 6 (Governance Model)) as a German Service, Czech Republic Service, Hungarian Service or Romanian Service, and references to the German Services, Czech Republic Services, Hungarian Services and Romanian Service shall include any Omitted Services categorised as such and the standards referred to in clause 3 (Minimum Service Levels and Service Credits) shall apply to all such Omitted Services.

6. Migration, Integration and Development Projects

- 6.1 Each party shall comply with its obligations, and shall have the rights provided to it, under Schedule 11 (Migration, Integration and Development Projects).

7. Updates and Upgrades

Upgrades

- 7.1 Subject to clause 7.2, unless otherwise stated in a Service Schedule, no Upgrades shall be provided under this Agreement.
- 7.2 Subject to any restrictions imposed by antitrust law, the Service Provider shall notify the Relevant Service Recipient in writing of all material Upgrades that are rolled out by or on behalf of the Service Provider in respect of services equivalent to the Services in the territories referred to in Schedule 1 (Services) (and that are not already included in a Service Schedule) as soon as reasonably practicable following such roll out. The Relevant Service

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Recipient may request the implementation of such an Upgrade in respect of a Service by way of Special Request pursuant to paragraph 4.2.3 of Schedule 6 (Governance Model).

Updates

7.3 The Service Provider shall:

- (A) as part of agreeing the Roadmap with the Service Recipients pursuant to Schedule 6 (Governance Model), notify the Relevant Service Recipient of Updates that the Service Provider proposes to roll out in respect of the Services during the relevant Roadmap Period and a reasonable time window in which the Service Provider proposes the roll out to take place; and
- (B) notify the Relevant Service Recipient of ad-hoc Updates that the Service Provider proposes to roll out in respect of the Services, including a reasonable time window in which the Service Provider proposes the roll out to take place, as soon as reasonably practicable following the Service Provider’s decision to effect such roll out.

Notwithstanding the generality of the foregoing, the Service Provider shall ensure that each such notice is issued as far in advance of the start of the proposed time window for the relevant roll out as is reasonably practicable, taking into account the nature of the relevant Update (the Service Recipients acknowledging that certain emergency Updates may be rolled out on very short notice).

7.4 The Service Provider shall ensure that Updates are made available to the Service Recipients in accordance with clause 3.1(C).

7.5 The Relevant Service Recipient shall as soon as reasonably practicable after receiving notice of the proposed roll out of an Update pursuant to clause 7.3 notify the Service Provider in writing as to whether the Relevant Service Recipient, acting reasonably and in good faith:

- (A) rejects the relevant Update;
- (B) accepts the roll out of the relevant Update in the roll out window proposed by the Service Provider; or
- (C) accepts the roll out of the relevant Update but requires the roll out to be postponed until after the proposed roll out window.

7.6 Where an Update is rejected by the Relevant Service Recipient pursuant to clause 7.5(A) or postponed by the Relevant Service Recipient pursuant to clause 7.5(C), the Service Provider and the Relevant Service Recipient shall immediately meet to agree, acting reasonably and in good faith, an alternative roll out arrangement that is acceptable to both the Service Provider and the Relevant Service Recipient. Where the Service Provider and the Relevant Service Recipient fail to agree such an agreement within 10 days following the start of such discussions, the Service Provider shall, to the extent it has not already done so:

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- (A) notify the Relevant Service Recipient in writing of the anticipated effect of the rejection or postponement (as applicable) on the Service(s) to which the relevant Update relates and provide a good faith estimate of Incremental Costs for which the Relevant Service Recipient may be liable under clause 7.8 or 7.9 (if any), and where postponed by the Relevant Service Recipient pursuant to clause 7.5(C), the revised roll out window (acting reasonably and in good faith, and having regard to any requests made by the Relevant Service Recipient during the discussions between the Service Provider and the Relevant Service Recipient regarding alternative roll out arrangements under this clause 7.6); and
- (B) provide the Relevant Service Recipient with a reasonable opportunity to reconsider its rejection or postponement and select an alternative response to the proposed roll-out in accordance with clause 7.5.

7.7 Where an Update is accepted by the Relevant Service Recipient, the Service Provider shall roll out such Update in the proposed window accepted by the Relevant Service Recipient or as agreed under clause 7.6, in each case at no charge to the Relevant Service Recipient.

7.8 Where:

- (A) all of the Service Recipients reject the roll out of an Update pursuant to clause 7.5(A); or
- (B) all of the Service Recipients postpone the roll out of an Update pursuant to clause 7.5(C),

the Relevant Service Recipient shall reimburse the Service Provider in respect of all Incremental Costs reasonably incurred by the Service Provider in continuing to provide the relevant Service without the relevant Update.

7.9 Where one or more but not all of the Service Recipients:

- (A) reject the roll out of an Update pursuant to clause 7.5(A); or
- (B) postpone the roll out of an Update pursuant to clause 7.5(C),

then the Service Provider will continue to provide the relevant Service to a Service Recipient which has rejected or postponed the roll out of the Update subject to the following:

- (i) any Relevant Service Recipient which has rejected or postponed the roll out of the Update shall reimburse the Service Provider in respect of all Incremental Costs reasonably incurred by the Service Provider in continuing to provide the relevant Service to that Relevant Service Recipient without the relevant Update;
- (ii) if and to the extent that the rejection or postponement of the Update adversely impacts the stability/availability of the relevant Service Platform:

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- (a) the standard of service set out in clause 3.1 for the relevant Service (or part of the Service) will be reduced commensurately to the extent of such adverse impact) ; and
- (b) Schedule 12 (Service Levels and Service Credits) will not apply in respect of the Service Platform to which the relevant Service (or part of a Service relates); and
- (iii) the relevant Service shall be provided in the same manner following the rejection or postponement, except to the extent that it is operationally unfeasible (including because any relevant Third Party Supplier refuses to provide any service which the Service Provider is reliant on in providing the relevant Service, with no operationally feasible replacement) for the Service Provider to provide that Service in the same manner.

New Offerings

- 7.10 Without prejudice to clause 5 (Conduct of Business before Completion) of the SPA or any activities agreed between the Service Provider and the Service Recipients as part of the Migration Plan, during the period between the date of the SPA and the Effective Date, if the Service Provider Group launched any new platform, modem or other customer service (including the ‘EOS’ platform, but otherwise excluding those developments identified in the Service Schedules as being planned for implementation between the date of the SPA and the Effective Date) within the Business (each a “**New Offering**”), then with effect from the Effective Date the Service Provider shall continue providing that New Offering as a Service to the Service Recipient Group under this Agreement, subject to and in accordance with the following:
- (A) Sections (i) to (iv) of Part B (Entertainment Services) of Schedule 1 (Services) shall be amended (as applicable) to incorporate a reference to that New Offering;
 - (B) the Service Recipients may not make the New Offering available to any customer not receiving the New Offering as at the Effective Date without reaching a separate commercial agreement with the Service Provider regarding the expansion of that New Offering;
 - (C) subject to (D), the Service Provider shall bear all costs incurred in connection with maintaining and operating that New Offering (including any ongoing licence fees related to the use of that New Offering);
 - (D) where the New Offering is the ‘EOS’ platform, the Service Recipients shall bear all recurring support and third party licence costs on a basis that is no more than the recurring support and third party licence costs for Hzn3 per equivalent set top box unit; and
 - (E) the Service Provider shall provide that New Offering for a period of at least 4 years from the Effective Date (unless that New Offering is terminated earlier in accordance with this Agreement).

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Development and delivery

7.11 Each party shall comply with its obligations, and shall have the rights provided to it, under Schedule 5 (Development and Delivery).

8. Third Party Suppliers

8.1 The parties agree that, subject to clause 32 (Assignment and sub-contracting):

- (A) certain Services may be provided in whole or in part by or through the use of third parties on behalf of the Service Provider (“**Third Party Suppliers**”);
- (B) the provision of Services by the Service Provider in accordance with the terms of this Agreement may require licences or consents granted by Third Party Suppliers; and
- (C) certain equipment, components, software and services necessary for the provision and receipt of the Services (including consumer premises equipment) in accordance with the terms of this Agreement may be supplied to the Service Provider by Third Party Suppliers,

in each case under contracts to which a member of the Service Recipient Group is not a party (“**Third Party Supply Contracts**”).

8.2 The parties further agree that:

- (A) the use of Third Party Supply Contracts in the manner described in clause 8.1 and the supply by the Service Provider to the Service Recipient Group of goods and/or services that are supplied to the Service Provider under a Third Party Supply Contract, may require the Service Provider to obtain additional consents, approvals, permissions or licences from Third Party Suppliers (collectively, “**Authorisations**”); and
- (B) obtaining Authorisations may require the Service Provider to incur additional one-off and/or ongoing third party costs (“**Authorisation Expenses**”).

8.3 Where any Authorisations are necessary to provide the Services or supply goods and/or services to the Service Recipient Group in accordance with the terms of this Agreement, the Service Provider shall, subject to clauses 8.4 and 8.5:

- (A) use best endeavours to, prior to the Effective Date, obtain and, thereafter, maintain such Authorisations, prioritising its efforts to obtain the Authorisations necessary under the most material Third Party Supply Contracts first, with the remaining Authorisations being sought on a phased basis depending on the materiality of the relevant Third Party Supply Contract;
- (B) subject to the provisions of Schedule 9 (Post-Completion Information Flows Protocol) provide the relevant Service Recipients with reasonable notice of any relevant

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obligations owed to, or restrictions put in place by, the relevant Third Party Supplier or under the relevant Third Party Supplier Agreement;

- (C) immediately notify the relevant Service Recipients if the Service Provider fails to obtain or maintain any such Authorisation; and
- (D) use best endeavours to, including by working with the relevant Service Recipients to, minimise any adverse impact resulting from a failure to obtain or maintain any such Authorisation.

8.4 Subject to any restrictions imposed by antitrust law, the Service Provider shall notify the relevant Service Recipients in advance of approaching, and, at the relevant Service Recipients' request, permit the relevant Service Recipients to participate in discussions with, the Third Party Suppliers in respect of the Authorisations. The relevant Service Recipients shall provide, and shall procure that their Affiliates provide, reasonable assistance to the Service Provider in connection with the obtaining and maintaining of any required Authorisations.

8.5 The Service Provider shall not offer any material additional Dependencies to any Third Party Supplier in order to obtain any Authorisation without the relevant Service Recipients' prior written consent.

8.6 Where the Service Provider fails to obtain or maintain any Authorisation for any reason, the Service Provider and the relevant Service Recipients shall discuss in good faith, and the Service Provider shall, based on such discussions, procure, an alternative means of continuing the provision of the relevant Service or facilitating the continued supply of the relevant goods and/or services (as the case may be) in accordance with the terms of this Agreement.

8.7 All:

(A) one-off costs and Incremental Costs paid to the relevant Third Party Supplier in obtaining and maintaining an Authorisation; and

(B) costs of procuring any alternative provision of Services or supply of goods and/or services,

shall (except as described in clauses 2.5 and 2.5(E)) in each case be borne 50:50 as between: (i) the Service Provider; and (ii) the relevant Service Recipient(s) to which the Authorisation and/or alternative provision of Services or supply of goods and/or services relates.

8.8 Where the Service Provider obtains an Authorisation, the relevant Service Recipient(s) shall comply, and shall procure that the members of its or their Group comply, with all obligations owed to, and all restrictions put in place by, the relevant Third Party Supplier, in each case to the extent that the relevant Service Recipient(s) have been provided with reasonable advance notice of such restrictions and obligations in writing by the Service Provider.

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8.9 The Service Recipients shall not act, or omit to act, in a manner which the Service Provider has identified to the Service Recipients in writing in advance, will cause the Service Provider to be in breach of any Third Party Supply Contract. Provided that the Service Provider notifies the Service Recipients in writing promptly after becoming aware of the breach, the Service Recipients shall indemnify and shall hold harmless the Service Provider and any of its Affiliates on demand against all direct and demonstrable Costs that result from a breach of this clause.

Direct supply and CPE

8.10 Where a Service Recipient enters into a direct agreement with a Third Party Supplier for the supply of equipment (including consumer premises equipment (“CPE”)), software, services or licences, that in each case is reasonably required for the receipt of the Services, (each a “**Supply Agreement**”) that Service Recipient shall, subject to the Service Provider’s compliance with clause 8.11, ensure that such equipment, software, services or licences conforms in all material respects to all specifications reasonably required by the Service Provider and notified in advance by the Service Provider to that Service Recipient (the “**Specifications**”).

8.11 In the event that the Service Provider proposes to make any change to any Specification during the Term, the Service Provider shall promptly notify the relevant Service Recipients in writing and work with those Service Recipients and the relevant Third Party Supplier, acting reasonably and in good faith, to enable those Service Recipients and Third Party Supplier to make such changes to the relevant Supply Agreement and/or relevant equipment, software, services or licences as are needed to conform with the proposed change to the Specification before it takes effect.

8.12 Without prejudice to clause 8.10, which shall apply to CPE procured pursuant to this clause 8.12, the Service Recipients shall, throughout the Term, be responsible for procuring all CPE required for the Service Recipient Group to receive the benefit of the Services under this Agreement.

8.13 The Service Provider warrants that, as at the Effective Date, all equipment, software, services and licences owned and/or licensed to any members of the Service Recipient Group for receipt of the Services, and the terms of each Supply Agreement, satisfy the Specifications for the purposes of clause 8.10.

9. Dependencies

9.1 The Service Provider shall promptly notify the relevant Service Recipients in writing of (and, to the extent the Service Provider is reasonably able, promptly notify the relevant Service Recipients in writing prior to) the occurrence of any failure or delay by a Service Recipient and/or any member of its Group to fulfil, or to procure the fulfilment of, any Dependency of which the Service Provider, any member of the Service Provider Group or any of its or their sub-contractors becomes aware which has or is likely to have an adverse effect on the supply of one or more Services and/or on the ability of the Service Provider to perform its obligations under this Agreement (a “**Dependency Failure**”).

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- 9.2 The Service Provider’s liability to the Service Recipients for a failure to perform, or delay in performing, a Service and/or any other obligation under this Agreement shall be proportionally reduced to the extent that the failure or delay was caused by a Dependency Failure, provided that the Service Provider:
- (A) could not have avoided such failure or delay by taking precautions which the Service Provider ought reasonably to have taken;
 - (B) notifies the relevant Service Recipients of the Dependency Failure and its likely effect on the supply of the Services and/or on the ability of the Service Provider to perform its obligations under this Agreement; and
 - (C) uses all reasonable endeavours to minimise and mitigate the impact of such failure or delay and to continue to perform its affected obligations (in addition to continuing to perform those of its obligations under this Agreement that are unaffected by Dependency Failure).
- 9.3 The Service Provider may, in providing or procuring each Service, rely on the provision of data and information to it by or on behalf of the members of the Service Recipient Group in respect of that Service. Except as otherwise agreed in writing, the Service Provider has no obligation to review, verify or otherwise confirm the accuracy, completeness or sufficiency of the data or information provided by or on behalf of the members of the Service Recipient Group, provided that the Service Provider shall notify the providing member of the Service Recipient Group as soon as reasonably practicable following the identification by the Service Provider or any of its sub-contractors of any inaccurate, incomplete or insufficient data or information. Provided such notification obligation is complied with, the Service Provider shall not have any liability under this Agreement, whether in contract, tort (including negligence) or otherwise, to the extent such liability arises as a result of the inaccuracy, insufficiency or incompleteness of the data or information provided by or on behalf of the members of the Service Recipient Group in respect of the relevant Service.

10. Charges and invoicing

- 10.1 Save to the extent expressly provided for in this Agreement, the parties acknowledge and agree that the Charges shall be calculated on the basis set out in Schedule 3 (Charges).

Fixed Charges

- 10.2 Fixed Charges shall be payable in equal monthly instalments in arrears.

Variable Charges

- 10.3 Variable Charges shall be payable monthly in arrears, calculated by reference to the relevant unit costs set out in Schedule 3 (Charges).

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Invoicing and Payment

- 10.4 Each Service Recipient shall pay the Relevant Charges (and such other amounts that are payable by that Service Recipient to the Service Provider under this Agreement) invoiced by the Service Provider under this Agreement in Euros by way of electronic transfer to the Service Provider’s Bank Account within 30 calendar days from the date of receipt of the relevant invoice by that Service Recipient (the “**Due Date**”). Receipt of the amount due shall be an effective discharge of the relevant payment obligation.
- 10.5 If a Service Recipient reasonably and in good faith believes that any invoice or part of an invoice issued to it by the Service Provider is incorrect, it shall within 10 Business Days of receipt of such invoice notify the Service Provider in writing stating the reasons why it believes the invoice to be incorrect. That Service Recipient’s notice will constitute a dispute and will be addressed in accordance with the escalation process through the Governance Structure in Schedule 1 (Governance Model). That Service Recipient shall be entitled to withhold payment of the disputed amount but shall be obliged to pay any undisputed part of the invoice by the Due Date. On settlement of any dispute that Service Recipient shall pay any amount that is properly due and owing under the invoice.
- 10.6 If any sum due for payment by a Service Recipient under this Agreement is not paid by the applicable Due Date, that Service Recipient shall pay Default Interest on that sum from, but excluding, the applicable Due Date to, and including, the date of actual payment, calculated on a daily basis and compounding annually.
- 10.7 If, in respect of an invoice that a Service Recipient has not disputed in accordance with clause 10.5, that Service Recipient has failed to pay the Service Provider by the applicable Due Date:
- (A) if by the date falling 60 calendar days after the Due Date that Service Recipient has failed to pay such undisputed invoice, the Service Provider shall have the right to suspend all or the part of the Services to which the failed payment relates, provided that the Service Provider has issued a notice by email on the date falling:
- (i) 30 days after the Due Date, identifying the relevant non-payment; and
- (ii) 45 days after the Due Date, identifying the relevant non-payment and the Service Provider’s intention to suspend the Services (or part thereof) to which the failed payment relates,
- in each case to pierre.klotz@vodafone.com, and copied to alexander.deacon@vodafone.com; and
- (B) if by the date falling 90 calendar days after the Due Date that Service Recipient has failed to pay such undisputed invoice, the Service Provider shall have the right to terminate this Agreement, provided that the Service Provider has, acting reasonably and in good faith, exhausted the escalation procedure through the process set out in Schedule 6 (Governance Model) and has issued a notice by email on the date falling:

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- (i) 60 days after the Due Date identifying the relevant non-payment; and
- (ii) 75 days after the Due Date, identifying the relevant non-payment and the Service Provider’s intention to terminate the Agreement,

in each case to pierre.klotz@vodafone.com, and copied to alexander.deacon@vodafone.com.

11. Tax

- 11.1 Any payment of the Relevant Charges by a Relevant Service Recipient to the Service Provider under this Agreement will be made without any deduction or withholding for or on account of any Taxes unless such deduction or withholding is required by law. If the Relevant Service Recipient is required by law to make any such deduction or withholding from any such payment of the Relevant Charges, then that Relevant Service Recipient will not be required to pay any additional amount in respect of such deduction or withholding to the Service Provider, and that Relevant Service Recipient shall:
- (A) ensure that the deduction or withholding does not exceed the minimum amount legally required;
 - (B) pay to the relevant Tax Authority within the period permitted for payment the full amount so deducted or withheld; and
 - (C) provide to the Service Provider an appropriate receipt or other evidence of payment to the relevant Tax Authority of the amount so deducted or withheld.
- 11.2 The Service Provider and the Relevant Service Recipient shall use reasonable endeavours to co-operate in completing any statements or documents and making any claims, filings or notifications which may be required in order to avoid the imposition of any such deduction or withholding or to reduce the amount of any such deduction or withholding and, if the imposition of any such deduction or withholding cannot be avoided or reduced in full, in order to enable the Service Provider to make a claim for repayment of, or a tax credit in respect of, the amount deducted or withheld.
- 11.3 Clauses 11.1 and 11.2 above shall apply mutatis mutandis in respect of the payment of the Service Credits by the Service Provider to any Relevant Service Recipient under this Agreement, but: (i) replacing references to the ‘Service Provider’ with ‘Relevant Service Recipient’ and vice versa; and (ii) replacing references to the ‘Relevant Charges’ with ‘relevant Service Credits’.

VAT

- 11.4 All sums payable under this Agreement, including the Charges, which (in whole or in part) constitute the consideration for any supply for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on that supply.

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- 11.5 If, under this Agreement, anything is done which is a supply on which VAT is chargeable, and the maker of the supply is required to account to a Tax Authority for VAT in respect of that supply, the recipient of the supply shall, subject to the receipt of a valid VAT invoice in respect of such supply, pay to the maker of it (in addition to, and at the same time as, any other consideration for that supply) an amount equal to that VAT.
- 11.6 Where, under the terms of this Agreement, any costs which have been included in the calculation of an amount which a Service Recipient is obliged to pay to the Service Provider are treated for VAT purposes as consideration for a supply to that Service Recipient by a person other than the Service Provider, the Service Provider shall use reasonable endeavours to procure the provision to that Service Recipient of a valid VAT invoice in respect of such supply.
- 11.7 Any sum payable under this Agreement by a Service Recipient:
- (A) shall be paid by that Service Recipient:
 - (i) on its own behalf to the extent that the sum relates to a Service which the Service Recipient receives; and
 - (ii) on behalf of the relevant member of the Service Recipient Group to the extent that the sum relates to a Service received by that member of the Service Recipient Group; and
 - (B) shall be received by the Service Provider:
 - (i) on its own behalf to the extent that the sum relates to a Service which the Service Provider supplies; and
 - (ii) on behalf of the relevant Affiliate of the Service Provider to the extent that the sum relates to a Service supplied by that Affiliate.

12. Termination

General Termination of Services

- 12.1 Subject to clauses 12.2 to 12.9 (inclusive), no party has the right to terminate any Service prior to the expiry of the Service Term for that Service.
- 12.2 The Relevant Service Recipient may terminate:
- (A) an individual Service in whole, or in part to the extent such Service is adequately sub-divided as specified in Schedule 3 (Charges)), or otherwise illustrated in the worked example at the Annex to Schedule 3 (Charges), by providing at least 12 calendar months' notice in writing to the Service Provider (or such other minimum notice period as may be described in Schedule 3 (Charges)), provided that such termination shall not take effect before the end of the Minimum Term specified for that Service (or part of the Service); or

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- (B) a Project-bound Service by providing at least 12 calendar months’ notice in writing to the Service Provider provided that such termination shall not take effect before the end of the Minimum Term of that Project.

For the avoidance of doubt, the Relevant Service Recipient need not provide the Service Provider with 12 calendar months’ notice pursuant to clause 12.2(B) where the parties have, through the relevant Governance Committee, agreed in writing a specific date on which the termination of a Project-bound Service shall take effect, which may take effect before the end of the Minimum Term specified for that Service (or part of the Service).

- 12.3 Provided that the Relevant Service Recipient has, acting reasonably and in good faith, first exhausted the escalation procedure through the Governance Structure set out in Schedule 6 (Governance Model), it may terminate a Service (in whole or in part) with immediate effect by giving written notice to the Service Provider if the Service Provider commits a breach of any material obligation (or a combination of obligations that in their entirety is material) under this Agreement relevant to that Service and, in the case of a breach that is capable of remedy, fails to remedy it within 30 calendar days of receipt of a notice giving full particulars of the breach and requiring it to be remedied. The Service Provider shall have no equivalent right of termination.
- 12.4 Prior to the termination of any Service (in whole or in part), the Service Provider and the Relevant Service Recipient shall have undertaken a joint assessment of the impact of the termination of that Service (or part of a Service) on any Related Services.

Termination of this Agreement

- 12.5 If an Insolvency Event occurs in relation to a Service Recipient, the Service Provider may terminate this Agreement, in so far as it relates to that Service Recipient, with immediate effect by written notice to each Service Recipient.
- 12.6 The Service Recipient Guarantor may terminate this Agreement with immediate effect by written notice to the Service Provider if an Insolvency Event occurs in relation to the Service Provider.
- 12.7 The Service Provider may terminate this Agreement with immediate effect by written notice to each Service Recipient if any Service Recipient commits a breach of any obligation under this Agreement that is material in the context of the Agreement as a whole (or a combination of obligations that in their entirety is material in the context of the Agreement as a whole) and:
- (A) if the relevant breach is capable of remedy, the Service Recipient in breach has failed to remedy it within 45 calendar days of receipt of a notice giving full particulars of the breach and requiring it to be remedied; and
- (B) the parties have, each acting reasonably and in good faith, exhausted the escalation procedure through the Governance Structure set out in Schedule 6 (Governance Model); and

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(C) the breach by the Service Recipient is continuing and is having a material adverse impact on any Material Service Provider Operations.

12.8 The Service Recipient Guarantor may terminate this Agreement with immediate effect by written notice to the Service Provider if the Service Provider commits a breach of any material obligation under this Agreement (or a combination of obligations that in their entirety is material) and:

- (A) if the relevant breach is capable of remedy, the Service Provider has failed to remedy it within 45 calendar days of receipt of a notice giving full particulars of the breach and requiring it to be remedied; and
- (B) the parties have, each acting reasonably and in good faith, exhausted the escalation procedure through the Governance Structure set out in Schedule 6 (Governance Model).

12.9 The Service Provider may terminate this Agreement with immediate effect by written notice to each Service Recipient if there is a change of Control of any Service Recipient (other than as part of any intragroup reorganisation of the Service Recipient Group, provided that the relevant Service Recipient remains under the control of the Service Recipient Guarantor).

13. Consequences of termination

13.1 On termination or expiry of a Service, part of a Service, or this Agreement (in accordance with its terms):

- (A) subject to any rights or obligations that have accrued before termination, no party shall have any further obligation to the other party for that Service, part of the Service or this Agreement, as appropriate;
- (B) any Related Service which is reliant on the terminated Service shall be amended, varied or terminated (as appropriate) at the same time, to the extent provided for, and in accordance with, the Migration Plan;
- (C) any licences or sub-licences to the extent granted in relation to that Service, part of the Service or this Agreement, as appropriate, shall terminate with immediate effect, except for those licences referred to in clause 22.6 and those licences that also relate to any remaining Services, or parts of Services;
- (D) except to the extent required for the performance of its remaining obligations under this Agreement, the Service Provider and the Relevant Service Recipient shall each (and shall each procure that its applicable Affiliates shall):
 - (i) return or deliver to the other all records and documents in its possession or control or that of any of its applicable Affiliates; and
 - (ii) expunge all data from any system in its possession or control or that of any of its applicable Affiliates,

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in each case containing Confidential Information of the other (or its applicable Affiliates), or, at that other's direction, shall destroy it, and certify that the destruction has taken place. The party returning, expunging or destroying the Confidential Information may retain a copy of the Confidential Information for the purposes of, and so long as required by, any Applicable Laws, court or Regulator or its internal compliance procedures, and copies of any computer records and files containing any Confidential Information that have been created pursuant to automatic archiving and back-up procedures; and

(E) the Relevant Service Recipient shall pay all amounts accrued for the Relevant Charges and other work performed in relation to that Service, part of the Service or the Agreement, as appropriate, before termination that have not already been paid in accordance with clause 10 (Invoicing and payment).

13.2 On termination of a Service or part of a Service in accordance with the terms of this Agreement, the proportion of the total Relevant Charges payable under this Agreement relating to that Service or part Service shall no longer be payable by the Relevant Service Recipient. If such proportion is unclear to, or otherwise disputed by the Service Provider and the Relevant Service Recipient, the Service Provider and that Relevant Service Recipient shall immediately discuss and seek to agree in good faith, acting reasonably, a commensurate reduction in the total Relevant Charges to reflect the termination of the relevant Service or part Service. The parties have agreed, and attached as an Annex to Schedule 3 (Charges), a worked example of how Charges will reduce in such circumstances.

13.3 Termination or expiry of this Agreement shall not release the any party from any liability that has already accrued to the other party at termination or expiry.

13.4 The Surviving Provisions shall survive termination or expiry of this Agreement. If this Agreement is terminated or expires in respect of a Service or part of a Service (other than the last Service or part Service to expire or be terminated) then, unless the parties agree otherwise, the rest of this Agreement shall continue in force.

14. Representations and warranties

14.1 Each of the Service Provider, the Service Provider Guarantor and the Service Recipient Guarantor represents and warrants that it has obtained all corporate authorisations and all other governmental, statutory and regulatory consents, licenses, authorisations, waivers and exemptions required to empower it or they (as applicable) to enter into and perform its or their (as applicable) obligations under this Agreement (with the exception of the Authorisations).

14.2 The Service Provider Guarantor represents and warrants that the Service Recipients have obtained all corporate authorisations to empower them to enter into and perform their obligations under this Agreement.

14.3 Each party represents and warrants that it complies with Applicable Laws to the extent necessary to fulfil its obligations under this Agreement, including, in the case of the Service Provider, the provision of the Services in the territories referred to in Schedule 1 (Services) in accordance with the terms of this Agreement.

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14.4 Save as otherwise stated in this Agreement, the Service Provider gives no representation, warranty or other term (whether express, implied, statutory or otherwise) as to the condition, quality, performance or fitness for purposes of the Services.

15. Limitation of liability

15.1 The liabilities of the Service Recipients under this Agreement are assumed severally by each of them in relation only to itself, and the liability of them in respect of any breach shall extend only to any loss or damage arising from its own breach provided that, where more than one of them is liable in respect of the same loss or damage, the relevant Service Recipients shall be jointly and severally liable for the total sum recoverable.

15.2 Subject to clauses 15.5 and 15.8, no party shall be liable to the other party or its Affiliates for any indirect or consequential loss or damage, in each case, whether in contract (including under any indemnity or warranty), tort (including negligence) or otherwise, that arise under or in connection with this Agreement.

15.3 The Service Provider shall not be liable to a Service Recipient or its Affiliates for any loss or damage, in each case, whether in contract (including under any indemnity or warranty), tort (including negligence) or otherwise, to the extent that the Service Provider can demonstrate (to that Service Recipient’s reasonable satisfaction) that such loss or damage is caused by an inability of a Third Party Supplier to continue providing the relevant service, support equipment, components or software, where such an inability is due to:

- (A) an Insolvency Event occurring in respect of a Third Party Supplier; or
- (B) the relevant Third Party Supplier being subject to circumstances which would constitute a Force Majeure Event (if the Service Provider were subject to such circumstances),

provided always that the Service Provider:

- (C) has notified that Service Recipient in writing as soon as reasonably practicable of such Third Party Supplier inability and any other relevant circumstances; and
- (D) has used all reasonable endeavours to mitigate the consequences of such Third Party Supplier inability and to continue performing its obligations under this Agreement, which shall include:
 - (i) procuring an alternative supplier of such services, support, equipment, components or software (at no Incremental Cost to any Service Recipient); and
 - (ii) enforcing all contractual rights and claiming all contractual remedies against the Third Party Supplier in respect of such inability, and where the Service Provider recovers any sum from the relevant Third Party Supplier through the exercise of such rights, it shall pass to the relevant Service Recipients an equitable share of that sum (representing the Cost incurred by the Service

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Recipient Group as a proportion of the total Cost incurred by the Service Provider Group).

- 15.4 In the context of the Service Provider’s obligation to pay Service Credits under Schedule 12 (Service Levels and Service Credits), the Service Provider shall not be liable to pay any Service Credits to a Service Recipient to the extent that the payment obligation arises as a direct result of a breach of this Agreement by that Service Recipient.
- 15.5 Notwithstanding clause 15.2, the right of a party (the “**Claiming Party**”) to recover loss or damage arising under or in connection with this Agreement (whether in contract (including under any indemnity or warranty), tort (including negligence), or otherwise) may include the right to recover the following, to the extent that such loss or damage is directly and demonstrably caused by the other party’s breach of this Agreement:
- (A) any direct loss of profits;
 - (B) the incremental costs and expenses reasonably incurred by the Claiming Party of remedying, or mitigating the impact of, a breach, including:
 - (i) where the Claiming Party is a Service Recipient, implementing and performing workarounds following a failure by the Service Provider to satisfy clause 3.1;
 - (ii) the costs and expenses of reconstituting or reloading lost or corrupted data;
 - (iii) any amounts payable to any other supplier by the Claiming Party in respect of any action such other supplier is required to take to mitigate the effect of, or to resolve, a breach for which the other party is responsible;
 - (iv) procuring and implementing alternative or replacement services;
 - (v) legal fees and consultancy costs, and costs of hardware, software and other equipment and materials; and
 - (vi) costs and expenses (including legal fees) incurred by the Claiming Party arising out of or in connection with any claim by any third party against the Claiming Party (including any of its customers); and
 - (C) any fines, levies or other amounts imposed on the Claiming Party by a Regulator or otherwise by Applicable Laws,
- and the parties agree that this clause 15.5 should not be interpreted as a complete, exhaustive, code of what the parties agree is claimable.
- 15.6 [***]

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- 15.7 Subject to clause 15.8, the aggregate amount of the liability of all Service Recipients and all other members of the Service Recipient Group under this Agreement (whether in contract (including under any indemnity or warranty), tort (including negligence), or otherwise) shall, together, not exceed €1 billion.
- 15.8 The exclusions and limitations in clauses 15.2, 15.6 and 15.7, shall not apply to:
- (A) liability for death or personal injury caused by the relevant party’s negligence;
 - (B) liability for fraud or fraudulent misrepresentation;
 - (C) liability for wilful misconduct;
 - (D) each Service Recipient’s liability to pay the Relevant Charges; or
 - (E) any other liability that cannot be excluded by Applicable Laws.
- 15.9 A party bringing a Claim shall take all reasonable steps to avoid or mitigate the loss or damage to which the Claim relates.
- 15.10 Upon a party becoming aware of any claim, action or demand against it or any of its Affiliates by a third party that is reasonably likely to give rise to a claim against the other party under any indemnity in this Agreement:
- (A) such party shall, as soon as reasonably practicable, give written notice thereof to the other party;
 - (B) such party shall provide such reasonable information and access during Working Hours to its (and any of its relevant Affiliates’) personnel, premises, books, records and documents (including in electronic form but excluding access to legally privileged information or which would result in a breach of applicable law) to the other party, any Affiliate of the other party, and their professional advisors, as the other party may reasonably request in connection with such claim, action or demand;
 - (C) subject to other party indemnifying and holding harmless the first party against any liability, cost, damage or expense which may be reasonably incurred thereby, the other party shall be entitled, upon written notice to the first party, to take the sole conduct of such claims, actions or demands, provided that the other party:
 - (i) consults with the first party prior to taking any material decision in relation to such conduct; and
 - (ii) provides such information in relation to the conduct of such claims actions or demands as the first party may reasonably request.

In connection with that, the first party and its Affiliates shall give or cause to be given to the other party all such assistance as it may reasonably require in avoiding,

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disputing, resisting, settling, compromising, defending or appealing any such claim, action or demand;

- (D) neither the first party nor any of its Affiliates shall make any admission of liability, agreement, settlement or compromise with any third party in relation to any such claim, action or demand without the prior written consent of the other party, such consent not to be unreasonably withheld or delayed;
- (E) the other party shall (after reasonable consultation with the first party) be entitled at any stage and at their absolute discretion to settle any such third party assessment or claim provided such settlement is without admission of any wrongdoing or liability and for the avoidance of doubt, the first party is indemnified pursuant to (C) above in relation to such settlement; and
- (F) any failure by the first party to comply with the provisions of this clause 15.10 shall not prevent any claim by the first party or extinguish any liability of the other party under this Agreement but may be taken into account in calculating any such liability to the extent that the other party establishes that such liability is increased or is not reduced by such failure.

16. Losses of Affiliates

- 16.1 Subject to clause 15 (Limitation of liability), any losses that are suffered by the Affiliate(s) of the Service Provider Guarantor (including by the Service Provider) or by the Affiliate(s) of the Service Recipient Guarantor (including any Service Recipient) under, or in connection with, this Agreement shall be recoverable by the Service Provider Guarantor or the Service Recipient Guarantor (as applicable) (the “**Contracting Party**”) against, in the case of the Service Provider Guarantor, the Service Recipient Guarantor or any Service Recipient, and, in the case of the Service Recipient Guarantor, the Service Provider or the Service Provider Guarantor, acting as agent on behalf of the Affiliate(s) of the Contracting Party, to the extent that those losses would be recoverable by the Contracting Party under this Agreement if the Contracting Party had suffered those losses.
- 16.2 Where a Claim cannot, under Applicable Laws, be made by the Contracting Party in its own name as agent for one or more Affiliates, then the Contracting Party shall use all reasonable endeavours to procure that the Claim is assigned to it by the relevant Affiliate(s). Where such assignment cannot, under Applicable Laws, be effected, the parties agree that the relevant Affiliate(s) may bring the Claim directly in its own name(s).
- 16.3 The parties agree, for themselves and as agent for their respective Affiliates, that no party shall raise any defence or objection to any Claim on the basis that it is made: (A) in the name of the Contracting Party acting as agent for an Affiliate under clause 16.1; or (B) by an Affiliate that is not party to this Agreement under clause 16.2.
- 16.4 Any Contracting Party seeking to recover Costs on behalf of an Affiliate shall procure that the relevant Affiliate immediately discontinues and withdraws any Claim against the other party or its Affiliates that is made other than in the name of the Contracting Party, in accordance with this clause.

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17. Damages not an adequate remedy

Notwithstanding any express remedies provided under this Agreement and without prejudice to any other right or remedy which any party may have, each party acknowledges and agrees that damages alone may not be an adequate remedy for any breach by it of the provisions of this Agreement, so that in the event of a breach or anticipated breach of such provisions, the remedies of injunction and/or an order for specific performance may in appropriate circumstances be available.

18. Record keeping and audit

18.1 Each party shall, and each Service Recipient shall procure that each member of its Group shall:

- (A) maintain and keep reasonable records relating to the performance of its obligations under this Agreement; and
- (B) on receipt of reasonable notice and subject to restrictions imposed by antitrust law, provide the other party with copies of these records as reasonably required to enable it to monitor the performance by the first party of its obligations under this Agreement.

18.2 The Service Provider shall, and shall procure that its Affiliates shall, provide the Service Recipient Group with such support as the Service Recipient Group may reasonably request in respect of the adoption of the ‘IFRS 15’ and ‘IFRS 16’ reporting standards.

18.3 Each party acknowledges that the other party and/or members of the Service Provider Group or Service Recipient Group, as relevant, and/or their respective auditors, may need access after the Effective Date to employees and officers of that party who have knowledge of accounting and Tax records and information pertaining to events occurring prior to the Effective Date. Accordingly, each party agrees that it shall, subject to any restrictions imposed by antitrust law and the confidentiality obligations provided under clause 39 (Confidentiality), allow the other party and its respective officers, employees, agents, auditors and representatives, to contact such employees and officers during Working Hours from time to time for purpose of obtaining and discussing such records and information.

18.4 The costs of accessing, inspecting, reviewing and the making of copies (including in each case by any auditor) under this clause 18 shall be borne by the requesting party, save that, where any such access, inspection and/or review reveals:

- (A) any material breach of the Agreement by the other party, that other party shall bear all such costs; and/or
- (B) where the requesting party is a Service Recipient:
 - (i) any failure by the Service Provider to satisfy clause 3.1; and/or
 - (ii) any underpayment of any Service Credits,

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the Service Provider shall bear all such costs.

- 18.5 The Service Provider shall, on reasonable prior written notice and within its audit cycles, allow each Service Recipient, for the purposes set out in clause 18.6, to access the records maintained in accordance with clause 18.1.
- 18.6 The purposes referred to in clause 18.5 are:
- (A) to inspect the records;
 - (B) to assess whether the Service Provider is performing its obligations in this Agreement; and
 - (C) to comply with the requirements of any Regulator.
- 18.7 Any audit shall be subject to the following limitations:
- (A) the Service Recipients may collectively conduct a maximum of one audit in any twelve month period under this clause 18 (Record keeping and audit), save that a total of one further audit may be conducted by one or more Service Recipients in any such period where a Service Recipient believes, acting reasonably and in good faith, that the Service Provider has failed to comply with a material obligations under this Agreement and such audit would enable the Service Recipients to determine the extent of such failure;
 - (B) audits shall be conducted during Working Hours and at a time reasonably acceptable to the Service Provider;
 - (C) audits shall be subject to the restrictions set out in the Post-Completion Information Flows Protocol, clause 39 (Confidentiality) and any restrictions under Applicable Law;
 - (D) audits and access to systems may be supervised by the Service Provider and the Service Provider may impose suitable access restrictions to the extent reasonably required by the Service Provider to ensure access does not compromise the security of the systems or cause any detriment to their operation;
 - (E) information which relates to members of the Service Provider Group and Confidential Information which relates to third parties may be redacted or restricted, in each case to the extent that such information is not reasonably required in the proper performance or conduct of the audit;
 - (F) all audit results and records disclosed solely as a result of the audit shall, to the extent they comprise the Service Provider’s Confidential Information, be held in accordance with and subject to the terms of this Agreement; and
 - (G) each Service Recipient or any auditor conducting any such audit shall at all times comply with any and all reasonable security and confidentiality requirements of the

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Service Provider with respect to the audit and each Service Recipient shall ensure that its auditors are bound by appropriate confidentiality obligations.

19. Governance and dispute resolution

General

Each party shall comply with its obligations, and shall have the rights provided to it, under Schedule 6 (Governance Model).

20. Change management

Each party shall comply with its obligations, and shall have the rights provided to it, under Schedule 7 (Change Management Procedure).

21. Access and information

21.1 Without prejudice to the cost allocation principles set out in clause 18.4, each party shall, and each Service Recipient shall procure that the members of its Group shall:

(A) subject to this clause 21.1:

- (i) give employees or contractors of the other party’s Group access to the facilities, premises or personnel of their own Group during Working Hours; and
- (ii) promptly provide information (including copies of documents and data) and other assistance to the other party,

in each case, to the extent reasonably required by the other party to provide or receive the Services and to the extent not restricted by Applicable Laws;

- (B) take reasonable steps to ensure the safety of any employees or contractors of the other party’s Group who visit their premises;
- (C) not use, or attempt to access or interfere with, any IT Systems or data used by the other party’s Group, unless authorised to do so under this Agreement or the Migration Plan;
- (D) ensure that its employees or contractors, or those of its Affiliates, shall at all times when visiting the premises of the other party’s Group:
 - (i) carry visible and suitable means of identification;
 - (ii) comply with any security and other reasonable directions given by the other party’s Group relating to conduct on their premises; and

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- (iii) not interfere with the employees or contractors of the other party’s Group, or the business operations of the other party’s Group;
 - (E) ensure that any dealings with the other party’s Group’s customers and Third Party Suppliers which are required in connection with this Agreement are conducted in a professional and competent manner;
 - (F) without prejudice to clause 24.2 (Information technology risk control), promptly notify the other party of any event or circumstance (including failure on its part to comply with its obligations under this Agreement) which it reasonably believes may have a material adverse impact on the other party’s ability to provide or receive the Services or otherwise comply with its obligations under this Agreement; and
 - (G) respond promptly to requests by the other party’s Group for any information, documentation, guidance and assistance required (in its opinion) to provide or receive the Services.
- 21.2 Each party’s obligations under clause 21.1 shall be limited to the extent applicable to the provision or receipt of the Services (as relevant) under this Agreement.
- 21.3 Each party shall indemnify and hold harmless the other party and any of its Affiliates on demand against all direct and demonstrable Costs that result from a breach of clauses 21.1(C) or 21.1(D)(iii).
- 22. Intellectual Property**
- 22.1 Nothing in this Agreement shall:
- (A) unless explicitly otherwise provided, operate to transfer or otherwise grant to any party any right or interest in any other party’s or any third party’s Intellectual Property Rights; or
 - (B) affect the ownership by any party or its licensors of Intellectual Property Rights existing at the Completion Date.
- 22.2 The parties acknowledge that, as between the parties, all Intellectual Property Rights licensed by, created or developed by, or on behalf of, the Service Provider Group in connection with this Agreement either vest, or shall vest, in the Service Provider or its licensors automatically. To the extent that these Intellectual Property Rights vest in a member of the Service Recipient Group, the relevant Service Recipient hereby transfers (including by present assignment of future rights), or the Service Recipients shall procure that the relevant member of the Service Recipient Group shall transfer, those Intellectual Property Rights (free from all third party rights) to the Service Provider or, at the Service Provider’s request, to another member of the Service Provider Group.
- 22.3 The Service Provider hereby grants, and/or shall procure that its relevant Affiliates shall grant, to each Service Recipient and its Group, a royalty-free (except to the extent set out in Schedule 3 (Charges)) non-exclusive, non-transferable (except as set out in clause 25

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(Regulatory matters)), non-sub-licensable licence, in each case to use the Intellectual Property Rights owned by the Service Provider (and its Affiliates) and used by the Service Recipient to which the licence is being granted and its Group in the receipt of the Services during the Service Term only to the extent necessary for, and for the sole purpose of, that Service Recipient’s receipt of the Services during the Service Term and only in the territory in which such Services are received in accordance with this Agreement.

- 22.4 Each Service Recipient hereby grants, and shall procure that its relevant Affiliates shall grant, to the Service Provider and its Group a royalty-free, non-exclusive, non-transferable (except as set out in clause 25 (Regulatory matters)), non-sub-licensable licence, in each case to use the Intellectual Property Rights owned by that Service Recipient (and its Affiliates) and used by the Service Provider in, or necessary for, the provision of the Services during the Service Term only to the extent necessary for, and for the sole purpose of, the Service Provider’s provision of the Services in accordance with the terms of this Agreement during the Service Term.
- 22.5 No party shall (and shall not permit any of its Affiliates to) use, access, make copies of, disclose, lend, rent, assign, sub-license, distribute, transfer, modify, alter, make derivative works of, directly or indirectly reverse engineer, decompile, disassemble, or in any way redevelop (in object code or source code format) any software or technology licensed to it under clause 22.3 or clause 22.4 (as applicable) or otherwise provided directly or indirectly by third parties in connection with this Agreement or any Intellectual Property Rights in any of the foregoing, except to the extent expressly approved in writing by the other party or permitted by Applicable Laws, and shall comply with all licence terms and other obligations and restrictions notified to it by the other party in writing in connection with such software and/or technology.
- 22.6 The Service Provider shall grant, and/or shall procure the grant of, with effect from the date of termination or expiry of each Service (in whole or in part), to each Service Recipient and its Group, in each case such licences of Intellectual Property Rights in all materials, assets and other deliverables developed, provided or otherwise made available to the Service Recipient to which the licence is being granted and/or any member of its Group during the relevant Service Term in respect of the relevant Service or part Service, as applicable, as are agreed in accordance with Schedule 11 (Migration, Integration and Development Projects).
- 22.7 Subject to clause 22.8, each party shall indemnify and hold harmless the other party and its Group on demand against all direct and demonstrable Costs that result from any claim brought against that other party or member of its Group that use of any services, materials, assets or deliverables provided by the first party pursuant to this Agreement infringe the Intellectual Property Rights of any third party.
- 22.8 The indemnity in clause 22.7 shall not apply to any claim to the extent that it arises as a result of or in connection with the use of:
- (A) any Intellectual Property Rights owned by any member of the indemnified party’s Group;

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- (B) any materials, assets or deliverables provided to the indemnifying party by or on behalf of the indemnified party’s Group pursuant to this Agreement;
- (C) any modification made by, or on behalf of, any member of the indemnified party’s Group to any materials provided by the indemnifying party (save to the extent such modification is made in accordance with specific instructions of the indemnifying party);
- (D) any materials provided by the indemnifying party:
 - (i) in combination with other materials not so provided, to the extent the alleged infringement relates to use of the other materials not so provided;
 - (ii) in a manner that is inconsistent with the indemnifying party’s reasonable instructions provided to the indemnified party in respect of the use of those materials, provided that such instructions have been provided in advance and compliance with them does not have any adverse impact on the provision or receipt of the Services or would require any member of the indemnified party’s Group to incur any additional cost or expense unless the indemnified party agreed to incur such cost or expense at the time the instructions were provided.

23. Data protection and personnel transfers

Data protection

23.1 Each party shall comply with its obligations, and shall have the rights provided to it, under Schedule 8 (Data Protection).

Personnel transfers

23.2 The parties agree that the Regulations are not intended to apply to the provision or cessation of any Services and/or any of the other matters contemplated by this Agreement or its termination. All employees of any member of the Service Provider Group and of any Service Provider Personnel engaged in the provision of Services shall remain the employees of such member of the Service Provider Group or such Service Provider Personnel. Each party shall avoid taking steps (without the consent of the other party) which shall make it more likely that the Regulations will apply in respect of the provision or termination of the Services under this Agreement and the Service Provider Group.

23.3 In the event that any employee of any member of the Service Provider Group becomes by operation of the Regulations an employee of any member of the Service Recipient Group or any Replacement Service Provider by virtue of his providing or ceasing to provide Services under this Agreement (unless the employee becomes by operation of the Regulations an employee of a member of the Service Recipient Group or any Replacement Service Provider as a result of the lawful termination of this Agreement by the Service Provider in accordance with clauses 10.7(B), 12.5 or 12.7):

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- (A) The Service Provider Group, in consultation with the relevant member of the Service Recipient Group or Replacement Service Provider, will, within 14 days of being so requested by the relevant member of the Service Recipient Group or Replacement Service Provider, make to that person an offer in writing to employ him under a new contract of employment, to take effect upon the release or termination referred to in clause 23.3(B), identical in all respects to that person’s contract of employment immediately before that release or termination date and providing for a full recognition and continuation of that person’s tenure with the Service Provider Group. If requested by the Service Recipient Group or the Replacement Service Provider, the Service Provider undertakes to assist the Service Recipient Group or Replacement Service Provider in the conclusion of a mutual consent termination with that person.
- (B) Once that offer has been made (or after the expiry of 14 days after it has been requested), the relevant member of the Service Recipient Group or Replacement Service Provider may issue a notice of termination of the employment of or enter into a mutual termination agreement with the person concerned and, provided that such notice of termination is made within 3 months of the date the Service Recipient Group or Replacement Service Provider became aware of the alleged transfer of employment, the Service Provider Group will indemnify the Service Recipient Group or any Replacement Service Provider against the reasonable direct costs of that person’s employment up to and including its termination or release, or triggered by such termination or release, and against any other liability arising under the Regulations.

24. Information technology risk control

- 24.1 To prevent unauthorised access or damage to, or use or alteration of, any IT Systems and related Confidential Information (or other data), each party shall:
- (A) comply with Applicable Laws;
 - (B) co-operate in any reasonable security arrangements that the other party considers necessary to prevent that party, or any unauthorised third party, from accessing an IT System or data in a manner prohibited by this Agreement;
 - (C) report to the other party any threats to the IT Systems arising as a result of any access granted under this Agreement that it, its Affiliates and/or, if applicable, its sub-contractors become aware of; and
 - (D) ensure that all users of the other party’s (or its Affiliates’) IT Systems undertake a controlled authorisation process before IT System access is granted, and remove access privileges in a timely manner once they are redundant.
- 24.2 If a party detects, or is informed of, a breach of its protective measures that actually has, will (or is likely to) have a material impact on the Services or the integrity of any Confidential Information (or other data) of the other party on any IT Systems, it shall, at all times in accordance with Applicable Laws:

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- (A) immediately act to prevent or mitigate the effects of the breach;
 - (B) report the breach and any further information required under Applicable Laws to the other party without undue delay after detection; and
 - (C) take the necessary steps to ensure that the breach does not re-occur and report those steps to the other party.
- 24.3 Each party shall use all reasonable endeavours to ensure that it does not introduce into the other party’s IT Systems any software virus or other malicious code that might affect the Services or corrupt any data or applications on those IT Systems.
- 24.4 Each party may, on the provision of reasonable notice, suspend the other party’s (and, where relevant, its Affiliates’ and sub-contractors’) access to the IT Systems used by that party if, in that party’s reasonable opinion, acting in good faith, the integrity or security of the IT Systems, or any data stored on them, is being or is likely to be jeopardised by the activities of the other party. The parties acknowledge and agree that such right of suspension shall be without prejudice to the Service Provider’s obligation to provide or procure the provision of, to the extent practicable, the Services in accordance with the terms of this Agreement.
- 25. Regulatory matters**
- 25.1 Each party shall obtain and maintain in force all regulatory licences, consents and permits and all approvals of Regulators that are necessary in connection with this Agreement (“**Regulatory Approvals**”).
- 25.2 Each party shall notify the other party of any material regulatory or compliance issue arising under this Agreement of which it becomes aware, and the parties shall co-operate in good faith to resolve those issues.
- 25.3 If a party is contacted by a Regulator in connection with this Agreement, it shall, if permitted by Applicable Law and by the Regulator to do so:
- (A) promptly notify the other party and co-ordinate any interaction with the Regulator; and
 - (B) keep the other party informed of all discussions and correspondence with the Regulator,
- unless it reasonably determines that to do so would result in a breach of Applicable Laws.
- 25.4 Subject always to each party’s obligation to comply with a Required Change (as further described in Schedule 7 (Change Management Procedure) no party shall be required to perform any obligation under this Agreement or to allow, take or omit to take any action that it reasonably believes would result in the breach of any Applicable Laws or the breach of any term of any Regulatory Approval.

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26. Force majeure

26.1 Subject to clause 26.2, no party shall be liable for any failure to perform, or delay in performing, any of its obligations under this Agreement to the extent that the failure or delay results from a Force Majeure Event, provided that it:

- (A) could not have avoided such circumstances by taking precautions which it ought reasonably to have taken in accordance with good industry practice, including compliance with any of its business continuity and disaster recovery processes;
- (B) informs the other party as soon as possible of the event, giving full details in writing of its expected effect or duration; and
- (C) takes all reasonable steps to: (i) resume performance of its obligations as soon as possible; and (ii) mitigate the effects of the unforeseen event (including by way of implementing workarounds and temporary fixes), and demonstrates this to the other party on request.

26.2 The time for performing an obligation under this Agreement that has been affected by any Force Majeure Event shall be extended by a period equivalent to the delay caused by the Force Majeure Event.

26.3 For the avoidance of doubt, where the Service Provider fails to perform any of its obligations under this Agreement by reason of a Force Majeure Event, the Service Recipients shall have no liability to the Service Provider in respect of any Charges which would otherwise have been payable but for such failure.

27. Not used

28. Legal relationship

The parties acknowledge and agree that:

- (A) nothing in this Agreement and no action taken by the parties under this Agreement shall constitute a partnership, association or other co-operative entity between any of the parties or constitute any party the agent of any other party for any purpose; and
- (B) no fiduciary relationship or fiduciary duties shall exist between the parties arising out of or in connection with this Agreement.

29. No set-off

Save as otherwise provided in this Agreement, each party shall pay all sums due under this Agreement without set-off or counterclaim.

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30. Remedies and waivers

30.1 Except as expressly provided in this Agreement, no delay or omission by any party to this Agreement in exercising any right, power or remedy provided by law or under this Agreement or any other documents referred to in it shall:

- (A) affect that right, power or remedy; or
- (B) operate as a waiver of it.

30.2 Except as expressly provided in this Agreement, the single or partial exercise of any right, power or remedy provided by law or under this Agreement shall not, unless otherwise expressly stated, preclude any other or further exercise of it or the exercise of any other right, power or remedy.

31. No double recovery

31.1 A party shall be entitled to make more than one claim under this Agreement arising out of the same subject matter, fact, event or circumstance but shall not be entitled to recover under this Agreement otherwise more than once in respect of the same loss (or, in the case of a Service Recipient, in respect of any loss to the extent that loss has been recovered by another Service Recipient on that first Service Recipient’s behalf), regardless of whether more than one claim arises in respect of it.

31.2 Where a Service Credit is payable or due to a Service Recipient under this Agreement:

- (A) each party agrees that each such sum is fair and reasonable in all the circumstances and does not impose a detriment on the Service Provider which is disproportionate to the legitimate interests of the members of the Service Recipient Group in the enforcement of any obligation to pay the Service Credit;
- (B) the Service Provider hereby waives any defence as to the validity of any obligation to pay the Service Credit; and
- (C) the Service Recipient agrees that any sum paid or payable to it by way of a Service Credit shall reduce the amount (if any) recoverable pursuant to any claim under this Agreement arising out of the same subject matter, fact, event or circumstance giving rise to the Service Credit by the amount of that Service Credit, so as to avoid any double-recovery of the sum paid.

32. Assignment and sub-contracting

32.1 No party shall assign, transfer, purport to assign or transfer, or grant any interest in, or declare any trust over, all or any part of the benefit of, or its rights or benefits under this Agreement (together with any causes of action arising in connection with any of them) without the other party’s prior written approval, save that, subject to clause 2.4, each Service Recipient may without the Service Provider’s approval assign the benefit of this Agreement (in

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whole or in part) to any of its Affiliates. Any purported assignment in contravention of this clause 32 (Assignment and sub-contracting) shall be void.

32.2 The Service Provider shall have no right to sub-contract or delegate the performance of any of its obligations under this Agreement, except as set out in clause 32.3.

32.3 The Service Provider may sub-contract the performance of any part (but not the whole) of the Services:

- (A) to: (i) an Affiliate of the Service Provider; or (ii) a third party that is party to an agreement with a member of the Service Provider Group, in each case that provided the equivalent service (or part service) to the Business of the Target Companies in the relevant territories immediately prior to the Effective Date (with the names of such other third parties being set out in Schedule 10 (Third Party Suppliers)); or
- (B) to any other third party, provided that the Relevant Service Recipients have given their prior written consent to such sub-contracting, not to be unreasonably withheld or delayed. The parties acknowledge and agree that it shall only be reasonable for the Relevant Service Recipients to withhold consent to a proposed sub-contractor where they reasonably believe that sub-contracting the performance of the relevant part of the Services to that proposed sub-contractor would have an adverse effect on the provision of that part of the Services.

32.4 The Service Provider shall not be relieved of any of its obligations under this Agreement by entering into any sub-contract for, or delegating, the performance of any part of the Services. The Service Provider shall be liable to each Service Recipient in respect of all acts or omissions of any sub-contractors for which, if such acts or omissions were of the Service Provider, the Service Provider would be liable to that Service Recipient.

33. Further assurance

At its own cost, each party and its Affiliates shall do anything that is required by Applicable Law or that may be reasonably necessary or desirable to implement and give effect to this Agreement.

34. Conflict with other agreements

34.1 If there is any conflict between the terms of this Agreement and any other agreement, the terms of this Agreement shall prevail (as between the parties to this Agreement and as between any members of their respective Groups) to the extent of the inconsistency unless:

- (A) that other agreement is the SPA, in which case the SPA shall override this Agreement to the extent of the inconsistency; or
- (B) the other agreement expressly states that it overrides this Agreement in the relevant respect, and the parties:
 - (i) are also parties to that other agreement; or

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(ii) expressly agree in writing that the other agreement overrides this Agreement in that respect.

34.2 Unless expressly stated otherwise in this Agreement, in the event of any conflict or inconsistency between:

- (A) any of clauses 1 to 46 and the Schedules to this Agreement, the relevant clause of this Agreement shall prevail;
- (B) Schedule 3 (Charges) or the summary in Part A of Schedule 1 (Services) and any other Service Schedule, Schedule 3 (Charges) or the summary in Part A of Schedule 1 (Services) (as applicable) shall prevail; or
- (C) Schedule 3 (Charges) and the summary in Part A of Schedule 1 (Services), Schedule 3 (Charges) shall prevail.

35. Entire agreement

35.1 For the purposes of this clause 35:

- (A) **“Pre-contractual Statement”** means any draft, agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of this Agreement or any Share Purchase Document made or given by any person at any time prior to this Agreement becoming legally binding; and
- (B) **“Connected Persons”** means (in relation to a party) the officers, employees, agents and advisers of that party or of the Service Provider Group or Service Recipient Group (as applicable).

35.2 This Agreement and the other Share Purchase Documents constitute the whole and only agreement between the parties relating to the subject matter of this Agreement.

35.3 Each party agrees that, except in the case of fraud:

- (A) in entering into this Agreement it is not relying upon any Pre-contractual Statement which is not repeated in this Agreement or any Share Purchase Document;
- (B) no party shall have any right of action against any other party to this Agreement arising out of or in connection with any Pre-contractual Statement except to the extent that it is repeated in this Agreement or any Share Purchase Document;
- (C) any terms or conditions implied by law in any jurisdiction are excluded to the fullest extent permitted by law or, if incapable of exclusion, any right or remedies in relation to them are irrevocably waived;

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- (D) the only right or remedy of any party in relation to any provision of this Agreement or any other Share Purchase Document shall be for breach of this Agreement or the relevant Share Purchase Document; and
- (E) except for any liability in respect of a breach of this Agreement or any other Share Purchase Document, no party (or any of its Connected Persons) shall owe any duty of care or have any liability in tort or otherwise to any other party (or its respective Connected Persons) in relation to this Agreement or any ancillary matter.

35.4 Each of the parties agrees to the terms of this clause 35 on its own behalf and as agent for each of its Connected Persons.

36. Variation

Subject to clause 20 (Change management), this Agreement may only be varied in writing signed by each of the parties. For the avoidance of doubt, the parties need not obtain the consent of the Service Recipient Guarantor or Service Provider Guarantor to any variations to this Agreement (other than in respect of the guarantee in clause 46 (Guarantee)).

37. Notices

37.1 A notice under this Agreement shall only be effective if it is in writing and in English. Notice by email shall be effective, provided that such notice is also served in physical hard copy delivered to the relevant address (in which case notice shall be deemed to be duly given by the relevant email and not the physical hard copy).

37.2 Notices under this Agreement shall be sent to the relevant contracting entity at its addresses for the attention of the individuals set out below:

Entity and titles of individuals	Address	E-mail addresses
Service Provider	Ševcenkova 36, 85101 Bratislava, Slovakia	mmiller@upc.sk
For the attention of:	With a copy to:	With a copy to:
For the attention of: The Deputy GC	Liberty Global plc, Griffin House, 161 Hammersmith Road, London, W6 8BS, United Kingdom	jwolfe@libertyglobal.com and sgrujev@libertyglobal.com
With a copy to:		
Justin Wolfe and Suzana Grujev		

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CZ Service Recipient

For the attention of:

Tereza Rychtarikova	Nusle, Závěšova 502/5, Postal Code 14000, Czech Republic	jan.klouda@vodafone.com milan.zika@vodafone.com
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With a copy to Vodafone Czech Republic:	With a copy to:	With a copy to:
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Head of Legal: Jan Klouda CTO: Milan Zika	Vodafone Czech Republic a.s, náměstí Junkových 2 155 00 Praha 5 Czech Republic	jan.klouda@vodafone.com milan.zika@vodafone.com
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DE Service Recipient

For the attention of:	Unitymedia NRW GmbH, Aachener Str. 746-750, 50933 Köln
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Unitymedia NRW GmbH, General Counsel (Lars Ziegenhagen)	Lars.Ziegenhagen@unitymedia.de
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With a copy to Vodafone Germany:	With a copy to:	With a copy to:
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Head of Legal: Christoph Clement CTO: Gerhard Mack	Vodafone GmbH Ferdinand-Braun-Platz 1 40549, Düsseldorf	Christoph.Clement@vodafone.com Gerhard.Mack@vodafone.com
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HU Service Recipient

For the attention of:	1095 Budapest, Soroksári út 30-34, Haller Gardens Building, Hungary	reka.szalai@upc.hu
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Reka Szalai

With a copy to Vodafone Hungary:	With a copy to:	With a copy to:
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Head of legal: Attila Csikai CTO: Ahmed El Sayed	Vodafone Magyarország ZRT. Lechner Ödön fasor 6. Budapest 1096	attila.csikai@vodafone.com ahmed.yehia@vodafone.com
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RO Service Recipient

For the attention of:

The General Counsel	Bucharest, District 1, 62D Nordului Road, Romania	Irina.varlan@upc.ro
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With a copy to Vodafone Romania: With a copy to:

Director Legal & External Affairs: Livia Dumitrescu CTO: Catalin Buliga	Vodafone Romania S.A Vodafone HQ - Globalworth Tower, Strada Barbu Vacarescu 201, sector 2 Bucuresti, Romania	With a copy to: livia.dumitrescu@vodafone.com catalin.buliga@vodafone.com
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Service Provider Guarantor

For the attention of:

The Deputy GC	Liberty Global plc, Griffin House, 161 Hammersmith Road, London, W6 8BS, United Kingdom	jevans@libertyglobal.com
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With a copy to: jwolfe@libertyglobal.com and sgrujev@libertyglobal.com

Justin Wolfe and Suzana Grujev

Service Provider Guarantor

For the attention of:

Company Secretary and General Counsel: Rosemary Martin	Vodafone Group Plc One Kingdom Street Paddington Central London W2 6BY	rosemary.martin@vodafone.com
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With a copy to: With a copy to: With a copy to:

Group Technology Director: Madalina Suceveanu	Vodafone Group Plc One Kingdom Street Paddington Central London W2 6BY	madalina.suceveanu@vodafone.com
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provided that the relevant entity may change its notice details on giving notice to the other contracting entities of the change in accordance with this clause 37.

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37.3 Any notice given under this Agreement shall, in the absence of earlier receipt, be deemed to have been duly given to all individuals set out against the name of the relevant entity in clause 37.2 above, as follows:

- (A) if delivered personally, on delivery;
- (B) if sent by first class inland post, two clear Business Days after the date of posting; and
- (C) if set by airmail, six clear Business Days after the date of posting; and
- (D) if sent by e-mail, when sent.

37.4 Any notice given under this Agreement outside Working Hours in the place to which it is addressed shall be deemed not to have been given until the start of the next period of Working Hours in such place.

37.5 Each entity that is party to this Agreement shall notify the other entities that are party to this Agreement in writing of any change to its details in clause 37.2 above from time to time.

38. Language

38.1 Meetings of the parties, including any meetings of bodies or committees in accordance with Schedule 6 (Governance Model), shall be conducted in English. Notices (including accompanying papers) and minutes of such meetings shall be prepared in English.

38.2 Each other document in connection with this agreement shall be in English or accompanied by an English translation. The receiving party shall be entitled to assume the accuracy of and rely upon any English translation of any document, notice or other communication given or delivered to it pursuant to this clause 38.2.

39. Confidentiality

39.1 In connection with the provision or receipt of the Services, the parties agree to comply with the terms of the Post-Completion Information Flows Protocol. The parties agree that the Post Completion Information Flows Protocol shall include any restrictions and covenants necessary to ensure compliance with applicable antitrust laws.

39.2 For the purposes of this clause 39, “**Confidential Information**” means:

- (A) information relating to the provisions of, and negotiations leading to, this Agreement;
- (B) (in relation to the obligations of the Service Provider) any information received or held by the Service Provider (or any of its Representatives) relating to the members of the Service Recipient Group or any of their respective Affiliates; and

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- (C) (in relation to the obligations of each Service Recipient) any information received or held by that Service Recipient (or any of its Representatives) relating to the Service Provider Group,

and includes written information and information transferred or obtained orally, visually, electronically or by any other means and any information which the party has determined from information it has received including any forecasts or projections.

39.3 During the Term and for a period of three years following termination or expiry of this Agreement, each party and their respective Representatives shall maintain Confidential Information in confidence and not disclose Confidential Information to any person except: (i) as permitted by this clause 39; or (ii) in the case of a disclosure by the Service Provider, as any Service Recipient approve(s) in writing and, in the case of a disclosure by any Service Recipient, as the Service Provider approves in writing.

39.4 Subject to clause 39.5 below, clause 39.3 shall not prevent disclosure by a party or any of its Representatives to the extent it can demonstrate that:

- (A) disclosure is required by Applicable Laws or by any stock exchange or Governmental Entity (including any Tax Authority) having applicable jurisdiction provided that, except in connection with disclosure to a Tax Authority, the disclosing party shall first use its reasonable endeavours (subject to compliance with Applicable Laws or the requirements of any stock exchange or Governmental Entity) to inform the other party of its intention to disclose such information and take into account the reasonable comments of the other party;
- (B) disclosure is made to a Tax Authority in connection with the proper management of the Tax affairs of the disclosing party (including, in the case of the Service Provider, a member of the Service Provider Group and, in the case of the Service Recipients, a member of the Service Recipient Group);
- (C) disclosure is of Confidential Information which was lawfully in the possession of that party or any of its Representatives (in either case as evidenced by written records) without any obligation of secrecy before its being received or held;
- (D) disclosure is of Confidential Information which has previously become publicly available other than through that party's action or failure to act (or that of its Representatives); or
- (E) disclosure is required for the purpose of any arbitral or judicial proceedings arising out of this Agreement (or any other Share Purchase Document).

39.5 For a period of three years following termination of this Agreement, each party undertakes that it (and its Representatives) shall:

- (A) only disclose Confidential Information as permitted by this clause 39 if it is reasonably required and after having informed the recipient of the Confidential Information of its confidential nature; and

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- (B) adequately protect Confidential Information against disclosure, distribution, theft, damage, loss and other unauthorised access and shall exercise in relation to the Confidential Information no lesser security measures and degree of care than it (and its Representatives) actually exercises in relation to its own confidential information.

39.6 If this Agreement terminates, each party shall as soon as practicable on request by the other party:

- (A) return to the other party all Confidential Information which that other party (or its Representatives) has provided to the party (or its Representatives) without keeping any copies thereof;
- (B) destroy all information or other documents derived from such Confidential Information;
- (C) so far as it is practicable to do so, expunge such Confidential Information from any computer, word processor or other device; and
- (D) if the other party so requests in writing, confirm in writing to the other party that the requirements of this clause 39 have been complied with,

provided however that the requirement for the destruction or return of Confidential Information does not apply to Confidential Information:

- (E) stored electronically pursuant to an existing routine data back-up exercise on servers or back-up sources so long as it is deleted from local hard drives and no attempt is made to recover from such servers or back-up sources;
- (F) which is required to be retained for the purposes of complying with any binding regulation or Applicable Laws (including the rules of a professional body or stock exchange); or
- (G) to the extent that the Confidential Information is contained in the minutes or supporting papers relating to any board or committee meeting of the respective party (or its respective Representatives),

provided that the provisions of this clause 39 shall continue to apply to any Confidential Information retained in accordance with this clause 39 for so long as such information is kept.

40. Costs and expenses

40.1 Except as otherwise stated in this Agreement, each party shall pay its own costs and expenses in relation to the negotiation and any ancillary matters and the preparation, execution and carrying into effect of this Agreement (excluding any costs or expenses associated with the performance of each party's obligations under this Agreement). The costs of any notary incurred as a result of any matter provided in this Agreement shall be borne by the Service Provider.

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41. Counterparts

This Agreement may be executed in any number of counterparts, and by on separate counterparts, but shall not be effective until each of the Service Provider, each Service Recipient, the Service Provider Guarantor and the Service Recipient Guarantor has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute but one and the same instrument. Delivery of a counterpart of this Agreement by e-mail attachment shall be an effective mode of delivery.

42. Invalidity

If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair:

- (A) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- (B) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement,

and the parties, and to the extent necessary, the Service Provider Guarantor and Service Recipient Guarantor, shall use all reasonable efforts to replace it with a valid and enforceable substitute provision the effect of which is as close to its intended effect as possible.

43. No third party enforcement

Except as expressly stipulated in this Agreement, in particular the grant of rights to the members of the Service Recipient Group under clause 16.2, this Agreement shall not grant any right to persons who are not a party to this Agreement. To the extent this Agreement expressly grants any right to third parties, the parties to this Agreement shall be permitted to change or exclude such rights at any time without the consent of the relevant third party.

44. Choice of governing law

This Agreement is to be governed by and construed in accordance with English law without reference to or application of any conflict of laws rules, the application of which might result in the application of the laws of any other jurisdiction. Any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual, is to be governed by and determined in accordance with English law.

45. Arbitration

All disputes, controversies or claims arising out of or in connection with this Agreement, including the breach, termination or invalidity thereof, that cannot be resolved in accordance with Schedule 6 (Governance Model) shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with the said Rules. The place of arbitration shall be London and the language to be used in the arbitral proceedings shall be English.

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46. Guarantee

Service Recipient Guarantee

- 46.1 In consideration of the Service Recipients and the Service Provider entering into this Agreement (as applicable), the Service Recipient Guarantor hereby unconditionally and irrevocably guarantees to the Service Provider the due and punctual payment by each Service Recipient of all amounts payable by it under or pursuant to this Agreement and as an independent and primary obligation agrees to indemnify and hold harmless the Service Provider (as applicable) against all liabilities, losses, proceedings, claims, damages, costs and expenses that it may suffer or incur as a result of any failure or delay by any Service Recipient to pay any amount when due. The liability of the Service Recipient Guarantor under this Agreement or any other document referred to in it shall not be prejudiced, released, diminished or otherwise adversely affected by:
- (A) any variation or waiver of the terms of this Agreement (whether or not agreed by the Service Recipient Guarantor);
 - (B) any forbearance, neglect or delay in seeking performance of the obligations hereby imposed or any granting of time for such performance; or
 - (C) any other act, event, neglect or omission (whether or not known to the Service Recipient Guarantor) which would or might (but for this clause) operate to impair or discharge such liability or afford the Service Recipient Guarantor any legal or equitable defence.
- 46.2 If and whenever any Service Recipient defaults for any reason whatsoever on the payment of any amount payable by it under or pursuant to this Agreement, the Service Recipient Guarantor shall forthwith upon demand unconditionally pay (or procure payment of) the amount in regard to which such default has been made in the manner prescribed by this Agreement and so that the same benefits shall be conferred on the Service Provider as would have been received if such payment had been duly and promptly made by that Service Recipient.
- 46.3 The guarantee given by the Service Recipient Guarantor is to be a continuing guarantee and accordingly is to remain in force until all the payment obligations of each Service Recipient shall have been performed or satisfied. The guarantee is in addition to, without limiting and not in substitution for, any rights or security which the Service Provider may now or after the date of this Agreement have or hold for the performance and observance of the obligations, commitments and undertakings of each Service Recipient under or in connection with this Agreement.
- 46.4 As a separate and independent stipulation, the Service Recipient Guarantor agrees that any payment obligation of any Service Recipient which may not be enforceable against or recoverable from that Service Recipient by reason of any legal limitation, disability or incapacity on or of that Service Recipient or any fact or circumstance (other than any relevant limitation imposed by this Agreement) shall nevertheless be enforceable against and recoverable from the Service Recipient Guarantor as though the same had been incurred by

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH EXCLUDED INFORMATION HAS BEEN MARKED WITH “[*]”.**

the Service Recipient Guarantor and the Service Recipient Guarantor was the sole or principal obligor in respect thereof and shall be performed or paid by the Service Recipient Guarantor on demand.

Service Provider Guarantee

- 46.5 Subject to clause 46.6, in consideration of each Service Recipient paying the Relevant Charges on the terms set out in this Agreement, the Service Provider Guarantor hereby:
- (A) unconditionally and irrevocably guarantees to the members of the Service Recipient Group the due and punctual performance and observance by the Service Provider of all of its obligations, commitments and undertakings under or pursuant to this Agreement or any other document referred to in it;
 - (B) covenants with and undertakes to the members of the Service Recipient Group fully to perform and observe (or procure the performance and observance of) all of the Service Provider’s obligations, commitments and undertakings under or pursuant to this Agreement in the manner prescribed this Agreement and so that the same benefits shall be conferred on the members of the Service Recipient Group as would have been received if such obligation commitment or undertaking had been duly performed and satisfied by the Service Provider, or any other document referred to in it if the Service Provider shall fail in any respect to perform and observe (or procure the performance and observance of) the same; and
 - (C) (without prejudice to the generality of the foregoing) covenants with and undertakes to the members of the Service Recipient Group to pay and make good to the members of the Service Recipient Group (and to fully indemnify the members of the Service Recipient Group from and against) any losses, costs, claims, damages, proceedings and expenses occasioned to or suffered by the members of the Service Recipient Group arising directly or indirectly out of or by reason of any default of the Service Provider in respect of its obligations, commitments and undertakings under or pursuant to this Agreement or any other document referred to in it.
- 46.6 The Service Provider Guarantor’s aggregate liability under this clause 46 (Guarantee) shall be no greater than the Service Provider’s aggregate liability under this Agreement.
- 46.7 The liability of the Service Provider Guarantor under this Agreement or any other document referred to in it shall not be prejudiced, released, diminished or otherwise adversely affected by:
- (A) any variation or waiver of the terms of this Agreement or any other document referred to in it (whether or not agreed by the Service Provider Guarantor);
 - (B) any forbearance, neglect or delay in seeking performance of the obligations hereby imposed or any granting of time for such performance; or
 - (C) any other act, event, neglect or omission (whether or not known to the Service Provider Guarantor) which would or might (but for this clause) operate to impair or

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discharge such liability or afford the Service Provider Guarantor any legal or equitable defence.

46.8 The members of the Service Recipient Group shall not be obliged before enforcing any of their rights or remedies conferred upon them by this clause 46 or by law:

- (A) to grant any time or indulgence to the Service Provider;
- (B) to take any legal proceedings or action or obtain any judgment against the Service Provider in any court;
- (C) to make or file any claim in any bankruptcy, liquidation, winding-up or dissolution of the Service Provider; or
- (D) to pursue or exhaust any other right or remedy against the Service Provider,

and the liabilities of the Service Provider Guarantor under this Agreement may be enforced irrespective of whether any legal proceedings are being or have been taken against the Service Provider.

46.9 This guarantee is to be a continuing guarantee and accordingly is to remain in force until all the obligations of the Service Provider shall have been performed or satisfied in their entirety and notwithstanding the winding-up, liquidation, dissolution or other incapacity of the Service Provider or any change in the status, control or ownership of the Service Provider. This guarantee is in addition to, without limiting and not in substitution for, any rights or security which the members of the Service Recipient Group may now or after the date of this Agreement have or hold for the performance and observance of the obligations, commitments and undertakings of the Service Provider under or in connection with this Agreement or any other document referred to in it.

46.10 As a separate and independent stipulation, the Service Provider Guarantor agrees that any obligation, commitment or undertaking expressed to be undertaken by the Service Provider (including, without limitation, any moneys expressed to be payable under this Agreement) which may not be enforceable against or recoverable from the Service Provider by reason of any legal limitation, disability or incapacity on or of the Service Provider or any fact or circumstance (other than any limitation imposed by this Agreement) shall nevertheless be enforceable against and recoverable from the Service Provider Guarantor as though the same had been incurred by the Service Provider Guarantor and the Service Provider Guarantor were the sole or principal obligor in respect thereof and shall be performed or paid by the Service Provider Guarantor on demand.

46.11 If the Service Provider Guarantor transfers all or a substantial part of its assets to another body, the Service Provider Guarantor shall notify the Service Recipients including reasonable details of such transfer and the transferee, and the Service Provider Guarantor shall procure that such transferee enters into a deed of guarantee in favour of the Service Recipients with the effect of guaranteeing the obligations of the Service Provider on the terms set out in this clause 46 (Guarantee) as if it were the Service Provider Guarantor under this Agreement. For

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the avoidance of doubt, this shall not prejudice or limit the guarantee given by the Service Provider Guarantor under this clause 46 (Guarantee) in any way.

N. di rep.

N. di racc.

Atto di fusione

REPUBBLICA ITALIANA

L'anno 2020 (duemilaventi)

il giorno 25 (venticinque)

del mese di marzo

in Milano, via Agnello n. 18.

Avanti a me **Carlo Marchetti**, notaio in Milano, iscritto presso il Collegio Notarile di Milano, sono comparsi i signori:

1.) Rigoni Federico, nato a Roma il 10 giugno 1966, residente a Milano, via Settembrini n. 30, il quale dichiara di intervenire al presente atto in qualità di procuratore speciale e, come tale, in rappresentanza della società per azioni quotata denominata:

Infrastrutture Wireless Italiane S.p.A.,

in forma abbreviata **Inwit S.p.A.**

con sede legale in Milano, via Gaetano Negri n. 1, capitale sociale Euro 600.000.000,00 i.v., codice fiscale e numero di iscrizione presso il Registro delle Imprese di Milano-Monza-Brianza-Lodi: 08936640963, iscritta al R.E.A. di Milano al n. 2057238 (di seguito anche "INWIT" o la "Società Incorporante"),

munito degli occorrenti poteri per quanto *infra* in forza di

procura speciale in data 23 marzo 2020 a rogito notaio Nicola Atlante n. 61018 di rep., che in copia conforme all'originale redatta su supporto analogico si allega al presente atto sotto "A", in esecuzione della delibera dell'assemblea straordinaria in data 19 dicembre 2019 di cui al verbale a mio rogito in data 24 dicembre 2019 n. 15468/8310 di rep., registrato all'Agenzia delle Entrate di Milano DP I UT APSR in data 20 gennaio 2020 al n. 3702 serie 1T, delibera iscritta al competente Registro delle Imprese in data 27 dicembre 2019;

2.) Corda Antonio, nato a Padova il 9 aprile 1973, domiciliato per la carica in Milano, via Lorenteggio n. 240, il quale dichiara di intervenire al presente atto in qualità di Consigliere di Amministrazione e, come tale, in rappresentanza organica della società a responsabilità limitata denominata:

Vodafone Towers S.r.l.,

con sede legale in Milano, via Lorenteggio n. 240, capitale sociale euro 10.000,00 i.v., codice fiscale e numero di iscrizione presso il Registro delle Imprese di Milano-Monza-Brianza-Lodi: 10934930966, R.E.A. n. 2567451 (la "**Società Incorporanda**" o la "**Società Incorporata**"),

in esecuzione della delibera dell'assemblea in data 19 dicembre 2019 di cui al verbale a mio rogito in pari data n. 15446/8297 di rep., registrato all'Agenzia delle Entrate di

Milano DP I UT APSR in data 15 gennaio 2020 al n. 2275 serie 1T, delibera iscritta presso il competente Registro delle Imprese in data 27 dicembre 2019.

(Le due deliberazioni assembleari sopra citate, di seguito anche, collettivamente, le “**Deliberazioni**”).

E, quindi, detti componenti, della cui identità personale io notaio sono certo, nelle sopraindicate rispettive rappresentanze,

premesse che:

a) gli organi amministrativi delle società di cui sopra ebbero a predisporre un progetto di fusione (di seguito, anche, il “**Progetto**”), per l’incorporazione di **Vodafone Towers S.r.l.** in **Inwit S.p.A.**;

b) la fusione si colloca nell’ambito del noto e complessivo progetto volto alla integrazione dei rami aziendali “*Tower*” di Vodafone Italia S.p.A., da un lato, e Telecom Italia S.p.A., dall’altro lato, con la precisazione che il ramo di Vodafone Italia S.p.A. è stato assegnato per scissione, con efficacia dalla data del 4 dicembre 2019, alla Società Incorporanda, e il ramo di Telecom S.p.A. è stato da quest’ultima conferito nel 2015 nella controllata Inwit S.p.A.;

c) il Progetto è stato redatto su base volontaria anche ai sensi dell’art. 2501-*bis* c.c., che disciplina le operazioni di

fusione con indebitamento, per i motivi illustrati nel Progetto medesimo e nelle relazioni degli organi amministrativi;

d) il Progetto, contenente quanto previsto dalla legge, è stato iscritto in data 18 novembre 2019 presso il comune competente Registro delle Imprese di Milano-Monza-Brianza-Lodi per entrambe le società partecipanti alla fusione;

e) con riferimento a quanto disposto dall'art. 2501-*bis* c.c.:

- nel Progetto, ed in particolare al punto 10.) del medesimo, sono state indicate le risorse finanziarie previste per il soddisfacimento delle obbligazioni della società risultante dalla fusione;
- tali indicazioni sono state oggetto dell'attestazione (allegata alle precitate Deliberazioni), richiesta dall'art. 2501-*bis*, quarto comma, c.c., da parte della società di revisione BDO Italia S.p.A., esperto comune indipendente designato con provvedimento del Tribunale di Milano in data 2 ottobre 2019 ai sensi del combinato disposto del predetto art. 2501-*bis*, quarto comma, c.c. e dell'art. 2501-*sexies*, terzo comma, c.c.;
- PricewaterhouseCoopers S.p.A., società incaricata della revisione legale dei conti della Società Incorporante, ha elaborato la relazione allegata sotto la lettera "A" al

Progetto;

• nelle rispettive relazioni degli amministratori ai sensi degli artt. 2501-*quinquies* e 2501-*bis* c.c. (anch'esse allegate alle precitate Deliberazioni) sono state indicate le ragioni che giustificano l'operazione di fusione ed è stato inserito un piano economico e finanziario con indicazione della fonte delle risorse finanziarie e la descrizione degli obiettivi che si intendono raggiungere;

f) con le Deliberazioni, le assemblee delle società partecipanti alla fusione hanno deliberato di approvare il Progetto, come sopra debitamente iscritto ed allegato ai verbali delle delibere stesse (qui nuovamente allegato sotto "**B**");

g) le Deliberazioni sono state iscritte in data 27 dicembre 2019 presso il Registro delle Imprese di Milano-Monza-Brianza-Lodi per entrambe le società partecipanti alla fusione;

h) contro le Deliberazioni, come i comparenti mi dichiarano e confermano, non risultano presentate opposizioni nel termine di cui all'art. 2503, primo comma, c.c. e, pertanto, si può addivenire alla attuazione della fusione;

premesso infine che:

i) come anche previsto nel Progetto, con atto in mia autentica in data odierna n. di rep., in corso di

registrazione, Vodafone Europe B.V. ha ceduto a Inwit la proprietà di una quota di partecipazione pari al 43,4% del capitale sociale di Vodafone Towers S.r.l., subordinatamente alla iscrizione del presente atto di fusione presso il competente Registro delle Imprese entro il 30 marzo 2020, con effetto dalle ore 00:00 del 31 marzo 2020 ovvero, qualora l'iscrizione del presente atto di fusione presso il competente Registro delle Imprese avvenga in data 31 marzo 2020 o successiva data, dalle ore 00:00 del primo giorno lavorativo successivo alla predetta iscrizione (la "**Cessione di Quota**"). A seguito della Cessione di Quota, la cui efficacia è immediatamente antecedente alla efficacia della presente fusione, il capitale della Società Incorporanda sarà così ripartito:

- quota di capitale di euro 4.340,00, rappresentativa del 43,4% del capitale sociale della Società Incorporanda, sarà di titolarità di Inwit;

- quota di capitale di euro 5.660,00, rappresentativa del 56,6% del capitale sociale della Società Incorporanda, sarà di titolarità Vodafone Europe B.V.

Tutto quanto sopra premesso

i comparenti, in attuazione delle Deliberazioni del 19 (diciannove) dicembre 2019 (duemiladiciannove), nelle

sopraindicate rappresentanze, convengono e stipulano quanto segue.

Attuazione della fusione

1.) (Attuazione della fusione) - In attuazione del progetto di fusione (come detto, qui nuovamente allegato in copia sotto “B”), approvato come sopra indicato, le società **Inwit S.p.A.** e **Vodafone Towers S.r.l.** si dichiarano e si riconoscono fuse mediante incorporazione

nella

Inwit S.p.A.

con sede legale in Milano, via Gaetano Negri n. 1

della

Vodafone Towers S.r.l.

con sede legale in Milano, via Lorenteggio n. 240

2.) (Annullamento delle quote rappresentanti l'intero capitale sociale della Società Incorporata) - La fusione viene attuata secondo le modalità tutte indicate nel relativo Progetto e, così, in particolare, con annullamento delle quote rappresentanti l'intero capitale sociale della Società Incorporata e contestuale assegnazione in concambio in favore di Vodafone Europe B.V. di n. 360.200.000 (trecentosessantamilioniduecentomila) azioni di nuova emissione della Società Incorporante secondo il rapporto di

cambio di cui al punto 3 del Progetto, non provvedendosi invece ad alcun concambio per la quota oggetto della Cessione di Quota, in quanto la stessa alla data di efficacia della fusione sarà di titolarità della Società Incorporante.

3.) (Effetti verso i terzi, contabili e fiscali) - Conformemente alle previsioni del progetto di fusione:

a) gli effetti della presente fusione nei confronti dei terzi, ferme le iscrizioni del presente atto prescritte dall'art. 2504-*bis* del codice civile presso il competente ufficio del Registro delle Imprese, decorreranno (i) dalle ore 00:01 (zerozero virgola zerozero) del giorno 31 (trentuno) marzo 2020(duemilaventi) se l'atto di fusione sarà iscritto presso i competenti Registri delle Imprese entro il 30 (trenta) marzo 2020 (duemilaventi); oppure (ii) se l'atto di fusione sarà iscritto presso i competenti Registri delle Imprese il 31 (trentuno) marzo 2020 (duemilaventi) o in qualunque altra data successiva, il primo giorno lavorativo successivo alla predetta iscrizione, alle ore 00:01 (zerozero virgola zerozero), e dunque, in ogni caso, dal momento successivo rispetto alla efficacia della Cessione di Quota;

b) ai fini contabili e fiscali e ai sensi dell'articolo 172 comma 9 del DPR 22/12/1986 n. 917 (TUIR), le operazioni della Società

Incorporata saranno imputate al bilancio della Società Incorporante a far data dalla data di efficacia verso i terzi della presente fusione, e quindi dall'istante successivo rispetto all'inizio della predetta data.

4.) (Cessazione degli organi della Società Incorporata) - Dal momento di efficacia verso i terzi della presente fusione (di cui sopra al precedente punto 3.) lettera a) del presente atto), pertanto, cesseranno con la Società Incorporata anche i relativi organi sociali, ferma comunque la validità ed efficacia di ogni atto, anche di disposizione, sino a tal momento compiuto in nome e per conto della predetta Società Incorporata, anche se posto in essere successivamente alle Deliberazioni.

Successione e prosecuzione dei rapporti

5.) (Prosecurazione nei rapporti da parte della Società Incorporante)

(a) In conseguenza della fusione la Società Incorporante assume di pieno diritto, ai sensi dell'art. 2504-*bis* del codice civile, tutti i beni immobili, mobili, materiali ed immateriali, valori mobiliari e strumenti finanziari, e quote di partecipazione in società ed enti, situazioni possessorie e di fatto, diritti, interessi legittimi, qualifiche, aspettative, privilegi, crediti, ragioni, azioni, contanti e valori bollati, valuta estera, attività in genere, anche in

pendenza e formazione, della Società Incorporata in proprietà, titolarità, disponibilità anche a titolo di deposito per gestione o in fideiussione, od ai quali sia legittimata, verso qualsiasi soggetto anche pubblico e quale che sia la fonte ed anche se acquisiti o sorti in data posteriore alle Deliberazioni.

Tutti i beni e i diritti si intendono assunti dalla Società Incorporante con ogni pertinenza od accessorio, con ogni relativo privilegio e garanzia, anche reale (che manterranno validità e grado esistente), diritto, onere, servitù, vincolo.

(b) Sempre in conseguenza della fusione, e corrispondentemente, la Società Incorporante assume *ipso iure* tutte le passività, debiti, obblighi, impegni, oneri, gravami, garanzie concesse, posizioni passive in genere della Società Incorporata.

(c) La Società Incorporante prosegue altresì in tutti i rapporti giuridici, convenzioni, polizze, depositi, contratti e negozi definitivi o preliminari, compresi i patti parasociali sottoscritti (altresì compresi, ovviamente, anzitutto i contratti e rapporti attivi e passivi inerenti all'esercizio delle proprie attività, i contratti di lavoro, di assicurazione, di locazione, anche finanziaria, di utenza, ecc.), anche in pendenza e in formazione, in corso presso la

Società Incorporata.

(d) La prosecuzione da parte della Società Incorporante dei rapporti contrattuali intrattenuti dalla Società Incorporata ha pure per oggetto i mandati o procure in essere ed i correlati poteri, anche di rappresentanza, conferiti.

(e) La Società Incorporante subentra pure nelle controversie riferibili alla Società Incorporata, di qualunque natura e ovunque radicate, nei confronti di qualsiasi soggetto e quale che sia la loro fonte, ed anche se acquisiti o sorti in data posteriore alle deliberazioni proseguendo pertanto in tutti i relativi rapporti processuali.

(f) La Società Incorporante, ancora, subentra *ipso iure*, anche nei confronti di enti pubblici territoriali e di pubbliche amministrazioni centrali e periferiche in tutte le concessioni, registrazioni, autorizzazioni, permessi, licenze, esoneri, agevolazioni, riconoscimenti di cui siano titolari la Società Incorporata o che siano in corso di rilascio od istruttoria, con ogni conseguente diritto, interesse, aspettativa.

(g) Tutto quanto sopra di guisa che la Società Incorporante possa senz'altro e senza soluzione di continuità proseguire in ogni attività, gestione, situazione, rapporto, come se fin dall'origine di spettanza e riferibili alla Società

Incorporante.

Il tutto, beninteso, sia per l'Italia sia per l'estero. Rimane peraltro in facoltà della Società Incorporante procedere, ai soli fini dell'espletamento delle correlate formalità pubblicitarie, ad uno o più atti di identificazione di beni, diritti, posizioni contrattuali compresi nel patrimonio della Società Incorporata.

6.) (Particolari cespiti del patrimonio della Società)

Incorporata - Si dà, inoltre, espressamente atto, anche ai fini delle formalità necessarie, che, nel compendio del patrimonio della Società Incorporata in cui la Società Incorporante subentra, vi sono in particolare i beni mobili registrati di cui all'elenco allegato sotto "C".

7.) (Personale) Con l'efficacia della presente fusione, il personale della Società Incorporata identificato con i numeri di matricola di cui all'elenco allegato sotto "D", proseguirà il proprio rapporto di lavoro con la Società Incorporante.

Viene dato atto che le procedure sindacali sono state espletate nei termini previsti dalla normativa vigente.

8.) (Autorizzazioni) - Viene sin d'ora espressamente autorizzata l'esecuzione da parte dei rappresentanti ed incaricati della Società Incorporante di tutti gli eventuali occorrenti trapassi, annotamenti, trascrizioni, volture,

intavolazioni, cambi di intestazione a favore della Società Incorporante, presso ogni Ufficio del Territorio, Ufficio Tavolare, Pubblico Registro in genere, libro, ufficio, pubblico e privato, italiano od estero, dipendenti dal presente atto o da successivi atti integrativi o identificativi per qualsiasi bene, anche immobile, diritto, anche reale, licenza, permesso, concessione, autorizzazione, registrazione, contratto, domanda, valore mobiliare e per quanto altro già intestato o riferibile alla Società Incorporata.

Il tutto con esonero dei competenti signori Conservatori o preposti ai rispettivi Uffici da ogni loro responsabilità per l'esecuzione del presente atto.

Statuto della Società Incorporante

9.) (Statuto) - Si dà atto che il testo di statuto sociale della Società Incorporante, con efficacia dal giorno di efficacia della presente fusione, è quello che reca le modifiche approvate nel contesto della citata delibera della Società Incorporante (come aggiornato dal Consiglio di Amministrazione della Società Incorporante in data 6 febbraio 2020 per adeguarlo alle nuove disposizioni di legge in materia di equilibrio tra i generi), e che al presente si allega sotto "E".

Spese

10.) (Spese) - Spese e tasse del presente atto sono a carico della Società Incorporante.

* * *

Ai soli fini dell'iscrizione del presente atto nel repertorio degli atti notarili, si precisa che il capitale sociale della Società Incorporata è pari ad euro 10.000 (diecimila).

Del presente ho dato lettura ai comparenti che lo approvano e con me sottoscrivono alle ore omessa per loro dispensa la lettura degli allegati.

Consta di * fogli scritti con mezzi meccanici da persona di mia fiducia e di mio pugno completati per pagine * e della * sin qui.

Att. 4^a AL N. 15584/8312 DI REP.

Repertorio n. 61018

Procura Speciale

REPUBBLICA ITALIANA

L'anno duemilaventì il giorno ventitre del mese di marzo

(23 marzo 2020)

in Roma, piazzale di Porta Pia 121

avanti a me dr. Nicola Atlante, notaio in Roma iscritto al
collegio notarile di Roma

è comparso il Signor:

Giovanni Ferigo, nato a Udine il 12 luglio 1959, domiciliato
per la carica in Milano, via Gaetano Negri n. 1, in qualità
di Amministratore Delegato e, come tale, in legale
rappresentanza della società per azioni denominata:

"INFRASTRUTTURE WIRELESS ITALIANE S.p.A."

con sede legale in Milano, via Gaetano Negri n. 1, capitale
sociale Euro 600.000.000,00 i.v., codice fiscale e numero di
iscrizione presso il Registro delle Imprese di
Milano-Monza-Brianza-Lodi 08936640963, iscritta al R.E.A. di
Milano al n. 2057238 (di seguito anche "INWIT"),

in esecuzione della delibera dell'assemblea dei soci in data
19 dicembre 2019 di cui al verbale a rogito notaio Carlo
Marchetti in data 24 dicembre 2019 n. 15468/8310 di
rep., iscritto al competente Registro delle Imprese in data
27 dicembre 2019.

Detto comparente, della cui identità personale io notaio



sono certo, con il presente atto dichiara di conferire

procura speciale ai signori:

- Federico Rigoni nato a Roma il 10 giugno 1966,

residente in Via L. Settembrini n.30, 20124 Milano,

CF. RGNFRC66H10H501F;

- Diego Riva nato a Lecco il 25 novembre 1972, residente

in Via Nino Bixio n.10, 20129 Milano, CF.

RVIDGI72S25E507Y;

- Benedetta Ferrarese, nata a Voghera il 5 ottobre 1987,

domiciliata in Milano, via Agnello n. 18,

affinché, disgiuntamente fra loro, in nome e per conto di

INWIT, provvedano a sottoscrivere l'atto di fusione per

incorporazione in INWIT di Vodafone Towers S.r.l., con sede

legale in Milano, via Lorenteggio n. 240, capitale sociale

euro 10.000,00 i.v., codice fiscale e numero di iscrizione

al Registro delle Imprese di Milano-Monza-Brianza-Lodi:

10934930966, R.E.A. n. 2567451.

Ai fini di cui sopra vengono conferiti, sempre in via

disgiunta, tutti i più ampi poteri per l'incarico conferito,

ivi compresi quelli di:

- stipulare e sottoscrivere l'atto di fusione - con

facoltà di stabilirne altresì la data di efficacia ai sensi

dell'articolo 2504-bis, secondo comma, del codice civile,

data che potrà essere anche successiva all'ultima delle

iscrizioni previste dall'art. 2504 del codice civile - da

attuarsi secondo le modalità tutte di cui al progetto di fusione approvato dalla citata delibera assembleare, con ogni eventuale allegato nonché quant'altro allo stesso connesso o conseguente ai fini della completa esecuzione dell'operazione;

- inserire nell'atto di fusione tutti i patti, termini e condizioni ritenuti opportuni, compresi effetti attivi e passivi connessi o derivanti dall'operazione;

- rilasciare dichiarazioni necessarie od opportune, anche di carattere fiscale;

- assumere obblighi ed impegni;

- occorrendo acconsentire a far effettuare volture, trascrizioni ed annotamenti su pubblici registri, provvedere in genere a tutto quanto richiesto per la completa attuazione della fusione, con ogni e qualsiasi potere a tal fine necessario ed opportuno, nessuno escluso ed eccezionato;

- procedere ad ogni eventuale successivo atto di integrazione, precisazione, identificazione di rapporti e cespiti di qualsiasi natura acquistati da INWIT per effetto della fusione;

- compiere quant'altro ritenuto necessario od opportuno in conformità alla deliberazione assunta dall'assemblea straordinaria del 19 dicembre 2019.

Con promessa di rato et valido e sotto gli obblighi legali.



Di questo atto, dattiloscritto da persona di mia fiducia
e completato di mio pugno su tre pagine e fin qui della
quarta di un foglio, prima della firma ho dato lettura al
comparente che lo approva.

Giuseppe Fabiani



Certifico io dr. Nicola ATLANTE, Notaio in Roma, iscritto al
Collegio Notarile di Roma, che la presente è copia
informatica conforme all'originale cartaceo, ai sensi
dell'art. 22 D.Lgs. 7 marzo 2005 n. 82, composta di 4
facciate compresa la presente.

Roma, 23 marzo 2020

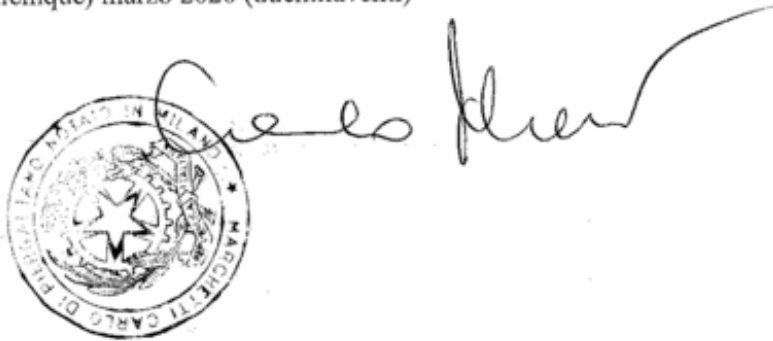
File firmato digitalmente dal Notaio Nicola Atlante

Certificazione di conformità di documento analogico a documento informatico
(art. 23 d. lgs. 7 marzo 2005, n. 82)

Certifico io sottoscritto **Carlo Marchetti**, notaio in Milano, iscritto presso il Collegio Notarile di Milano, che la presente copia redatta su supporto analogico composta di numero due mezzi fogli è conforme al documento firmato digitalmente dal notaio Nicola Atlante in data 23 marzo 2020 la validità del cui certificato di firma digitale è stata da me accertata mediante il sistema di verifica e-Sign ove risulta la vigenza sino al 4 settembre 2020.

Copia formata ai sensi dell'art. 57-bis L.N.

Milano, 25 (venticinque) marzo 2020 (duemilaventi)



The image shows a handwritten signature in black ink, which appears to read "Carlo Marchetti". To the left of the signature is a circular notary seal. The seal features a central five-pointed star surrounded by a wreath. The text around the perimeter of the seal reads "COLLEGIO NOTARILE DI MILANO" at the top and "CARLO DI PIETRO MARCHETTI" at the bottom.

All. "B" AL N. 15584/8372 DI REP.

INWIT



PROGETTO DI FUSIONE PER INCORPORAZIONE

DI

VODAFONE TOWERS S.R.L.

IN

INWIT - INFRASTRUTTURE WIRELESS ITALIANE S.P.A.

(AI SENSI DEGLI ARTT. 2501-TER E 2501-BIS COD. CIV.)



Felice Ruffini

2/10

Il consiglio di amministrazione di INWIT - INFRASTRUTTURE WIRELESS ITALIANE S.p.A. ("Inwit" o la "Società Incorporante") e il consiglio di amministrazione di Vodafone Towers S.r.l. ("VOD Towers" o la "Società Incorporanda" e, insieme con Inwit, le "Società Partecipanti alla Fusione") hanno redatto e approvato il presente progetto di fusione ai sensi dell'art. 2501-*ter* cod. civ. e, su base volontaria come meglio precisato *infra*, ai sensi dell'art. 2501-*bis* cod. civ. (il "Progetto di Fusione") relativo alla fusione per incorporazione di Vodafone Towers in Inwit (la "Fusione").

Premessa

In data 26 luglio 2019, Inwit e il suo socio di controllo TIM S.p.A., società per azioni di diritto italiano, con sede legale in Via Gaetano Negri n. 1, Milano, iscritta al Registro delle Imprese di Milano, Monza, Brianza e Lodi al n. 00488410010, con capitale sociale di Euro 11.677.002.855,10 rappresentato da azioni quotate sul Mercato Telematico Azionario ("MTA") organizzato e gestito da Borsa Italiana S.p.A. ("TIM"), da una parte, e Vodafone Italia S.p.A. società per azioni di diritto italiano, con sede legale in Via Jervis n. 13, Ivrea, iscritta al Registro delle Imprese di Torino al n. 93026890017, con capitale sociale di Euro 2.305.099.887,30 ("VOD") e il suo socio unico Vodafone Europe B.V., società di diritto olandese, con sede legale in Rotterdam, Rivium Quadrant 73 in Capelle aan de IJssel, iscritta alla Camera di Commercio olandese al n. 804794297 ("VOD EU"), previa approvazione dei rispettivi consigli di amministrazione, hanno sottoscritto un accordo quadro (il "Framework Agreement") disciplinante l'operazione unitaria avente ad oggetto la combinazione delle torri di VOD con quelle di Inwit da attuarsi mediante (i) la costituzione di VOD Towers, (ii) la successiva Scissione (come *infra* definita) di VOD a favore di VOD Towers e infine (iii) previa conclusione della compravendita della Partecipazione di Minoranza in VOD Towers (come *infra* definita), la Fusione, nonché il perfezionamento di una *partnership* industriale mediante la sottoscrizione tra Inwit, VOD e TIM dei Contratti Commerciali come *infra* definiti ("Operazione") (*gr.* il comunicato stampa pubblicato da Inwit in data 26 luglio 2019, disponibile sul sito internet www.inwit.it, sezione "Media - Comunicati Stampa" e il comunicato stampa pubblicato da VOD, nella medesima data, disponibile sul sito internet www.vodafone.it, sezione "Comunicati").

Il Framework Agreement regola e disciplina, quindi, le attività propedeutiche o funzionali alla realizzazione dell'Operazione, gli impegni reciproci delle Società Partecipanti alla Fusione e le condizioni a cui l'esecuzione dell'Operazione è subordinata.

L'Operazione si sostanzia, *inter alia*, nelle seguenti attività:

- (i) la costituzione di VOD Towers da parte di VOD EU entro il 31 agosto 2019 ed effettivamente realizzata con atto in data 1 agosto 2019 e iscritto in data 5 agosto 2019;
- (ii) la scissione parziale e proporzionale di VOD *ex* artt. 2506 cod. civ. e conseguente assegnazione a favore di VOD Towers del ramo d'azienda di VOD dedicato all'attività di costruzione e gestione delle infrastrutture passive (es. torri, piloni e pali) e dei sistemi tecnologici volti ad ospitare attrezzature di proprietà di operatori di telefonia mobile e altre attrezzature per emittenti radio, telecomunicazioni, televisioni ed emittenti segnali radio (il "Ramo Towers") entro il 31 dicembre 2019;
- (iii) la compravendita di una partecipazione pari al 43,4% del capitale sociale di VOD Towers (la "Partecipazione di Minoranza in VOD Towers") tra VOD EU, in qualità di venditore, e Inwit, in qualità di acquirente (la "Compravendita"), il cui atto sarà sottoscritto tra VOD EU e Inwit alla Data del Closing (come *infra* definita) e che avrà effetto l'istante immediatamente antecedente rispetto al verificarsi della Data di Efficacia (come *infra* definita), subordinatamente al perfezionamento dell'ultima iscrizione dell'Atto di Fusione (come *infra* definito) nel competente Registro delle Imprese;
- (iv) la Fusione - il cui Atto di Fusione sarà sottoscritto alla Data del Closing e che produrrà i suoi effetti alla data (e ora) che sarà fissata - in accordo con Borsa Italiana tenendo conto che a tale data le Nuove Azioni Inwit (come *infra* definite) dovranno essere quotate su MTA - entro

(fatta eccezione per quanto riguarda il c.d. "active network sharing"), il fatto che il perseguimento di tali obiettivi sia o sarà impedito, gravemente compromesso o significativamente danneggiato);

(h) nel caso in cui la Commissione Europea abbia confermato che l'Operazione non determina la creazione di una "full-function joint venture":

- 1) la Commissione Europea o l'Autorità Garante della Concorrenza e del Mercato abbia adottato una decisione finale ai sensi del Regolamento n. 1/2003 o della Legge n. 287/90 (a seconda del caso) e tale decisione non determini un Impatto Negativo; o
- 2) nel caso in cui un procedimento sia aperto avanti la Commissione Europea o l'Autorità Garante della Concorrenza e del Mercato ai sensi dell'art. 101(1) TFEU o corrispondente normativa nazionale (per esempio nel caso di adozione di una decisione ex articolo 11(6) del Regolamento n. 1/2003 o articolo 14 della Legge n. 287/90) (il "Procedimento Antitrust Pendente"), alla Data del Closing non ci siano obiettive e concrete circostanze che rendano probabile l'adozione di una decisione da parte della Commissione Europea o dell'Autorità Garante della Concorrenza e del Mercato che possa determinare un Impatto Negativo; o
- 3) nel caso in cui sia in corso un Procedimento Antitrust Pendente e le parti abbiano offerto alla predetta Autorità gli impegni, gli obblighi e le misure correttive volte a superare le criticità concorrenziali: (i) tali impegni, obblighi e misure correttive volte a superare le criticità concorrenziali non siano stati rigettati prima o alla Data del Closing; e (ii) e alla Data del Closing non ci siano obiettive e concrete circostanze che rendano probabile il rigetto da tale Autorità dei predetti impegni, obblighi e misure correttive così da determinare un Impatto Negativo;

(i) l'ottenimento delle autorizzazioni da parte delle competenti Autorità al perfezionamento dell'Operazione (ivi inclusa la Scissione) necessarie per legge ivi incluso il D.Lgs. n. 21/2012 convertito nella Legge n. 56/2012 c.d. *golden power*;

(ii) la mancata entrata in vigore di una legge o l'assenza di una sentenza anche non definitiva, ordine, decreto o pronuncia emessa da una competente autorità giudiziaria o da un'autorità di vigilanza che possa rendere invalido, illegittimo o impedire il perfezionamento della Scissione e/o dell'Operazione o l'assenza di una sentenza anche non definitiva, ordine, decreto o pronuncia emessa da una competente autorità giudiziaria o da un'autorità di vigilanza che imponga una significativa sanzione (così da determinare un Impatto Negativo) nel caso di perfezionamento dell'Operazione;

(k) non si sia verificato un evento sostanzialmente pregiudizievole, non prevedibile e fuori dal controllo delle parti che comporti il mancato raggiungimento o la sostanziale modifica degli obiettivi che le parti stesse si sono prefissate con la sottoscrizione del Framework Agreement e dei "Contratti Commerciali" (i.e., il c.d. Active Sharing Agreement, contratto che sarà sottoscritto tra TIM e VOD per disciplinare i reciproci diritti e obblighi in relazione alla condivisione delle relative infrastrutture attive; il c.d. Passive Sharing Agreement, contratto che sarà sottoscritto tra TIM, VOD e Inwit, alla Data di Sottoscrizione dei Contratti Commerciali diversi da TIM MSA e VOD MSA, volto a disciplinare i rispettivi diritti e obblighi relativi alla condivisione delle infrastrutture passive di Inwit e VOD); il c.d. VOD MSA, *Master Service Agreement* che sarà sottoscritto tra Inwit e VOD alla Data del Closing e con efficacia a decorrere dalla Data di Efficacia e che disciplinerà i servizi c.d. di ospitalità sui siti che saranno nella disponibilità di Inwit a seguito della Fusione; e il c.d. TIM MSA, nuovo *Master Service Agreement* che sarà sottoscritto tra Inwit e TIM alla Data del Closing e con efficacia a decorrere dalla Data di Efficacia e che disciplinerà i servizi c.d. di ospitalità sui siti che saranno nella disponibilità di Inwit a seguito della Fusione (con esclusione, ai fini della presente condizione, del citato Active Sharing Agreement);

- (l) esclusione dell'obbligo in capo a TIM e/o a VOD EU (o alle società controllanti o dalle stesse controllate o soggette a comune controllo) di promuovere un'offerta pubblica di acquisto, ai sensi del TUF, sulle azioni ordinarie di Inwit come conseguenza del perfezionamento dell'Operazione;
- (m) il completamento, prima della Data del Closing, di tutte le formalità richieste da Borsa Italiana a Inwit per l'emissione delle Nuove Azioni Inwit e quindi il perfezionamento di tutte le condizioni richieste da Borsa Italiana affinché le Nuove Azioni Inwit di VOD EU siano ammesse alla negoziazione su MTA e negoziabili alla Data di Efficacia, al pari delle azioni Inwit già in circolazione a tale data.

Nel Framework Agreement è poi previsto che, in seguito all'avveramento (o alla rinuncia) di tutte le Condizioni Sospensive (entro il termine ultimo previsto dal Framework Agreement, c.d. *Long Stop Date*, corrispondente al 31 marzo 2020 oppure, nel caso in cui si applichi la Condizione Sospensiva di cui alla precedente lettera (g), al 31 ottobre 2020), salvo diverso accordo, la stipula dell'Atto di Fusione è prevista per il 10° (decimo) giorno lavorativo successivo alla data in cui si verifichi (o sia rinunciata) l'ultima delle Condizioni Sospensive a verificarsi (o a essere rinunciata) (la "Data del Closing"), fermo restando che ove, a tale data, sia pendente un Procedimento Antitrust Pendente (e non sia applicabile la Condizione Sospensiva di cui alla precedente lettera (g)), la data di perfezionamento dell'Operazione potrà essere posticipata (su richiesta congiunta di VOD EU e VOD ovvero su richiesta di Inwit o di TIM in via disgiunta tra loro) alla prima data tra:

- (i) il 10° giorno lavorativo dopo il 30 giugno 2020;
- (ii) il 10° giorno lavorativo dalla conclusione del Procedimento Antitrust Pendente,

essendo altresì stato previsto che, qualora alla scadenza del termine *sub* (i) il Procedimento Antitrust Pendente fosse ancora in corso, le parti procederanno comunque al perfezionamento dell'Operazione il 10° giorno lavorativo decorrente dal 30 giugno 2020 purché si siano avverate (o siano state rinunciate) le Condizioni Sospensive.

In relazione a quanto precede, si precisa che, in data 18 novembre 2019, TIM e VOD EU hanno comunicato, rispettivamente a Inwit e a VOD Towers, che ad esito delle consultazioni svolte con la Commissione Europea, TIM e il Gruppo Vodafone procederanno a notificare l'Operazione ai sensi del Regolamento CE 139/2004. Conseguentemente, la Condizione Sospensiva di cui alla lettera (g) deve ritenersi applicabile e la Long Stop Date risulta fissata (come da relativa definizione) al 31 ottobre 2020.

Si segnala che, qualora le Condizioni Sospensive non risultino verificate (o non siano rinunciate) entro la Long Stop Date, l'Operazione potrebbe non perfezionarsi, salvo che le parti del Framework Agreement non decidano di rinviare la Long Stop Date. Allo stato risulta difficile stimare la tempistica delle Condizioni Sospensive, specie di quella di cui alla lettera (g).

Inoltre, si precisa che nel Framework Agreement è stato previsto che – qualora la Data del Closing non si collochi entro il 30 aprile 2020 – i consigli di amministrazione di Inwit e di VOD Towers valuteranno e, congiuntamente, decideranno se, anche tenuto conto dei doveri degli amministratori e delle applicabili previsioni di legge, ritengano necessario o anche solo opportuno procedere ad un aggiornamento della documentazione relativa alla Fusione (in particolare delle situazioni patrimoniali depositate per le relative assemblee ai sensi dell'art. 2501-*quater* del Codice Civile) e quindi fare sì che si svolgano una nuova Assemblea dei soci di Inwit e una nuova Assemblea dei soci di VOD Towers per confermare l'approvazione della Fusione (sempre col requisito del *whitewash* per quanto concerne Inwit), impregiudicato il Rapporto di Cambio, che non potrà in ogni caso essere modificato.

Con riguardo all'applicazione volontaria della disciplina di cui all'art. 2501-*bis* cod. civ., si segnala che, sulla base della *commitment letter* sottoscritta tra Inwit e un *pool* di banche (le "Banche") in data 26 luglio 2019, è in corso di finalizzazione la negoziazione di un'operazione di finanziamento tra Inwit, in qualità di prenditrice, e le Banche, avente a oggetto la concessione a favore di Inwit di un finanziamento per un

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importo complessivo in linea capitale di Euro 3.000.000.000 (il "Finanziamento"). Più nello specifico, il predetto Finanziamento sarà articolato in tre linee di credito per un importo pari, rispettivamente, a Euro 1.500.000.000 (c.d. bridge facility), Euro 1.000.000.000 (c.d. term loan facility) e a Euro 500.000.000 (c.d. revolving credit facility), volte a finanziare il pagamento del corrispettivo per l'acquisto della Partecipazione di Minoranza in VOD e la Distribuzione Straordinaria, nonché a rifinanziare parte dell'indebitamento finanziato in essere di Inwit, oltre a finanziare le necessità di cassa di Inwit.

Alla luce di quanto sopra, pur non ricorrendo i presupposti di cui all'art. 2501-*bis* cod. civ. con riguardo alla Fusione, Inwit e VOD Towers hanno deciso di applicare su base volontaria la disciplina dell'art. 2501-*bis* cod. civ. tenuto conto della permanenza in capo alla Società Incorporante *post* Fusione del debito contratto per l'acquisto della Partecipazione di Minoranza in VOD Towers e per la Distribuzione Straordinaria. Pertanto,

- (i) ex art. 2501-*bis*, comma 2, cod. civ., il Progetto di Fusione indica le risorse finanziarie previste per il soddisfacimento delle obbligazioni di Inwit *post* Fusione;
- (ii) gli organi amministrativi delle Società Partecipanti alla Fusione, ex art. 2501-*sexties* cod. civ. in data 13 settembre 2019 hanno depositato presso il Tribunale di Milano istanza per la nomina dell'esperto di cui all'art. 2501-*sexties* cod. civ., avvalendosi della facoltà ex art. 2501-*sexties*, comma 4, cod. civ., di richiedere la nomina di un esperto comune, con il compito di attestare, nella propria relazione, la congruità dal Rapporto di Cambio (come *infra* definito) nonché, in forza della predetta applicazione volontaria dell'art. 2501-*bis* cod. civ. e, in particolare, del comma 4 dello stesso, la ragionevolezza delle indicazioni contenute nel Progetto di Fusione circa le risorse finanziarie previste per il soddisfacimento delle obbligazioni della Società Incorporante *post* Fusione. Con provvedimento depositato in data 2 ottobre 2019, il Presidente del Tribunale di Milano ha nominato quale esperto comune BDO Italia S.p.A.;
- (iii) gli organi amministrativi delle Società Partecipanti alla Fusione, ex art. 2501-*bis*, comma 5, cod. civ., hanno affidato a PricewaterhouseCoopers S.p.A. ("PWC"), società di revisione incaricata della revisione legale dei conti di Inwit, l'incarico di rilasciare la relazione da allegare al Progetto di Fusione. La relazione resa da PWC, ex art. 2501-*bis*, comma 5, cod. civ., è allegata al presente Progetto di Fusione sub Allegato "A".



1. Società partecipanti alla Fusione

1.1 Società Incorporante

Inwit - Infrastrutture Wireless Italiane S.p.A. società per azioni di diritto italiano, con sede legale in Via Gaetano Negri n. 1, Milano, iscritta al Registro delle Imprese di Milano, Monza, Brianza e Lodi al n. 08936640963, con capitale sociale di Euro 600 milioni interamente sottoscritto e versato, suddiviso in n. 600.000.000 azioni ordinarie prive di valore nominale quotate su Mercato Telematico Azionario organizzato e gestito da Borsa Italiana S.p.A.

In base a quanto risulta pubblicato alla data del 16 ottobre 2019 sul sito CONSOB⁽¹⁾, gli azionisti che detengono una partecipazione in Inwit superiore alla soglia del 5% ai sensi dell'Articolo 120 del TUF sono i seguenti:

Dichiarante ovvero soggetto posto al vertice della catena partecipativa	Azionista Diretto		Quota % su Capitale Votante				Quota % su Capitale Ordinario				
	Denominazione	Titolo di Possesso	Quota %	di cui Senza Voto				Quota %	di cui Senza Voto		
				Quota %	il Voto Spetta a		Quota %		Quota %	il Voto Spetta a	
					Soggetto	Quota %				Soggetto	Quota %
TIM	TELECOM ITALIA SPA	Proprietà	60.033	0.000			60.033	0.000			
		Tenute	60.033	0.000			60.033	0.000			
	Totale		60.033	0.000			60.033	0.000			

TIM esercita inoltre su Inwit attività di direzione e coordinamento, ai sensi degli artt. 2497 e ss. cod. civ.

1.2 Società Incorporanda

Vodafone Towers S.r.l. società a responsabilità limitata di diritto italiano, con sede legale in Lorenteggio n. 240, Milano, iscritta al Registro delle Imprese di Milano, Monza, Brianza e Lodi al n. 10934930966, con capitale sociale di Euro 10.000,00.

La seguente tabella indica gli azionisti della Società Incorporanda alla data del Progetto di Fusione:

Azionista	% del capitale sociale
VOD EU	100%

Si ricorda che alla Data di Efficacia, a seguito del perfezionamento della Compravendita, gli azionisti della Società Incorporanda saranno i seguenti:

Azionista	% del capitale sociale
VOD EU	56,6%
Inwit	43,4%

2. Nuovo Statuto della Società Incorporante

Con l'approvazione del Progetto di Fusione, l'Assemblea straordinaria di Inwit sarà chiamata a deliberare l'adozione del nuovo Statuto sociale della Società Incorporante nel testo accluso al presente Progetto di

(1) http://www.conso.it/web/area_pubblica/quotare/documenti/assetti_proprietari/semestre2-2019

QAE



Federico
Fahri

Fusione *sub* Allegato "B" (il "Nuovo Statuto"). *Sub* Allegato "C" si allega lo statuto vigente della Società Incorporante (lo "Statuto Vigente"). Il Nuovo Statuto entrerà in vigore alla Data di Efficacia.

Di seguito le principali proposte di modifica da inserire nel testo del Nuovo Statuto che comportano una riformulazione degli articoli dello Statuto Vigente qui di seguito elencati:

- (a) Art. 5 (*Misura del capitale*): si propone di apportare le modifiche necessarie per recepire l'emissione delle Nuove Azioni Inwit al servizio del Rapporto di Cambio (*gr.* paragrafo 3 del presente Progetto di Fusione);
- (b) Paragrafo 11.2: si propone un *quorum* qualificato per talune delibere di competenza assembleare di particolare rilevanza aventi ad oggetto, *inter alia*, operazioni straordinarie, modifiche statutarie ovvero, in talune ipotesi, aumenti e riduzioni di capitale, autorizzazioni a operazioni con parti correlate di "maggiore rilevanza";
- (c) Art. 13 (*Composizione del Consiglio di Amministrazione*): si propone una nuova procedura relativa al meccanismo del voto di lista previsto per la nomina del Consiglio di Amministrazione e conseguentemente per la sostituzione dei membri così nominati nonché un diverso numero complessivo dei membri del Consiglio di Amministrazione;
- (d) Paragrafi 16.3 e 16.4: si propone un *quorum* qualificato per talune delibere di competenza consiliare di particolare rilevanza;
- (e) Art. 22 (*Collegio Sindacale*): si propone una nuova procedura relativa al meccanismo del voto di lista previsto per la nomina del Collegio Sindacale e conseguentemente per la sostituzione dei membri così nominati.

Ciascuna proposta di modifica statutaria all'Assemblea di Inwit è illustrata nella Relazione CdA Inwit.

3. Rapporto di Cambio

La Fusione consiste in una operazione di incorporazione di VOD Towers in Inwit ai sensi e per gli effetti degli artt. 2501 e seguenti cod. civ.

Inwit darà attuazione alla Fusione mediante (i) annullamento senza concambio della partecipazione di Inwit in VOD Towers acquistata mediante la Compravendita, (ii) annullamento della partecipazione di VOD EU in VOD Towers residua dopo il perfezionamento della Compravendita e (iii) assegnazione a VOD EU, alla Data di Efficacia, delle Nuove Azioni Inwit, pari a numero 360.200.000, a servizio del Rapporto di Cambio.

Per "Rapporto di Cambio" deve quindi intendersi il rapporto di cambio per la Fusione corrispondente alle Nuove Azioni Inwit, pari a numero 360.200.000, prive di valore nominale espresso, attribuite a VOD EU a fronte dell'annullamento della quota residua dalla stessa detenuta in VOD Towers dopo il perfezionamento della Compravendita.

Il Progetto di Fusione assume, a norma dell'art. 2501-*quater* cod. civ., quale situazione patrimoniale di riferimento delle Società Partecipanti alla Fusione: (a) per Inwit, la situazione patrimoniale trimestrale al 30 settembre 2019 che è stata approvata dal consiglio di amministrazione di Inwit in data 5 novembre 2019 e (b) per VOD Towers, la situazione patrimoniale al 30 settembre 2019, approvata dal consiglio di amministrazione di VOD Towers in data 13 novembre 2019 e che consta del solo stato patrimoniale di VOD Towers (e non anche del conto economico e della nota integrativa), alla predetta data di riferimento, in coerenza col fatto che VOD Towers, sino alla data di efficacia della Scissione, sarà una società inattiva e, quindi, senza movimentazioni di conto economico.

Si precisa che le predette situazioni patrimoniali sono state assunte quali situazioni patrimoniali di riferimento delle Società Partecipanti alla Fusione a norma dell'art. 2501-*quater* cod. civ., visto il decorso del tempo rispetto a quanto inizialmente previsto nel Framework Agreement che prevedeva originariamente quali situazioni di riferimento per la Fusione ai sensi dell'art. 2501-*quater* del Codice Civile

la situazione patrimoniale di riferimento di Inwit al 30 giugno 2019 e la situazione patrimoniale di riferimento di VOD Towers al 31 agosto 2019.

A corredo delle predette situazioni patrimoniali di riferimento delle Società Partecipanti alla Fusione a norma dell'art. 2501-*quater* cod. civ, inoltre, tenuto conto che la Fusione per incorporazione di VOD Towers in Inwit avverrà solo in seguito al perfezionamento della Scissione, è allegato al presente Progetto di Fusione, sub Allegato "D", lo stato patrimoniale di VOD relativo al Ramo Towers aggiornato anch'esso alla data del 30 settembre 2019, non soggetto a revisione, predisposto in conformità ai principi contabili italiani partendo dalla situazione contabile di VOD al 30 settembre 2019, redatta in conformità ai principi contabili internazionali IAS/IFRS (mentre era stato allegato al Framework Agreement e utilizzato ai fini della Scissione lo stato patrimoniale di VOD relativo al Ramo Towers al 31 marzo 2019, ossia alla data di chiusura dell'ultimo esercizio di VOD, predisposto sulla base del bilancio d'esercizio di VOD redatto in conformità ai principi contabili italiani).

Con riguardo alle modalità e criteri di determinazione del Rapporto di Concambio si rinvia alla Relazione CdA Inwit, nonché alla relazione illustrativa del consiglio di amministrazione di VOD Towers redatta ai sensi dell'art. 2501-*quinquies* cod. civ.

4. Modalità di assegnazione delle azioni della Società Incorporante

Al perfezionamento della Fusione si procederà all'annullamento di tutte le partecipazioni rappresentanti l'intero capitale sociale di VOD Towers.

Nessun onere verrà posto a carico dei soci per le operazioni di concambio.

Non sono previsti conguagli in denaro.

Le Nuove Azioni Inwit assegnate in concambio a VOD EU saranno quotate sul MTA al pari delle azioni ordinarie della medesima Società Incorporante già in circolazione, nonché soggette alla gestione accentrata di Monte Titoli S.p.A. in regime di dematerializzazione ai sensi di legge, a partire dalla Data di Efficacia, compatibilmente con il calendario di Borsa Italiana S.p.A. Tale data sarà resa nota con apposito comunicato stampa pubblicato sul sito *internet* di Inwit (www.inwit.it).

5. Data dalla quale le Nuove Azioni Inwit partecipano agli utili

Le Nuove Azioni Inwit avranno data di godimento identica a quella delle azioni ordinarie Inwit in circolazione alla Data di Efficacia e attribuiranno a VOD EU diritti equivalenti a quelli spettanti ai titolari delle azioni ordinarie della Società Incorporante in circolazione al momento dell'assegnazione.

6. Data di decorrenza degli effetti della Fusione

La Fusione, a fini civilistici, sarà efficace a decorrere dalla Data di Efficacia; da tale data, Inwit subentrerà a VOD Towers in tutti i rapporti nei quali quest'ultima era precedentemente parte, assumendone i diritti e gli obblighi.

La Data di Efficacia, comunque non anteriore rispetto alle iscrizioni presso il Registro delle Imprese prescritte dalla legge, sarà indicata nell'Atto di Fusione, e sarà comunque resa nota con apposito comunicato stampa pubblicato, tra l'altro, sul sito *internet* di Inwit (www.inwit.it).

Anche ai fini contabili (con conseguente imputazione al bilancio della Società Incorporante delle operazioni della Società Incorporanda) e fiscali, la Fusione sarà efficace dalla Data di Efficacia.

7. Trattamento eventualmente riservato a particolari categorie di soci e ai possessori di titoli diversi dalle azioni

Non sussistono categorie di soci con trattamento particolare o privilegiato nel quadro della Fusione.

CAE



Handwritten signature: Felice Ruffini

8. Vantaggi particolari eventualmente proposti a favore dei soggetti cui compete l'amministrazione delle società partecipanti alla Fusione

Non sono previsti vantaggi particolari a favore dei componenti degli organi di amministrazione delle Società Partecipanti alla Fusione.

9. Diritto di Recesso

Si segnala che la Fusione (ivi inclusa l'adozione del Nuovo Statuto) non attribuisce il diritto di recesso in capo ai soci che non dovessero concorrere alla relativa approvazione, non integrando gli estremi di alcuna delle fattispecie di recesso individuate dall'art. 2437 cod. civ.

10. Indicazione delle risorse finanziarie previste per il soddisfacimento delle obbligazioni della Società Incorporante post Fusione

10.1 Il Piano Combined

Come anticipato nella premessa del presente Progetto di Fusione, pur non ricorrendo i presupposti di cui all'art. 2501-bis cod. civ. per l'applicazione delle disposizioni in tema di fusione a seguito di acquisizione con indebitamento, Inwit e VOD Towers hanno deciso di applicare su base volontaria la relativa disciplina dell'art. 2501-bis cod. civ. tenuto conto della permanenza in capo alla Società Incorporante post Fusione del debito contratto per l'acquisto della Partecipazione di Minoranza in VOD Towers e per l'eventuale Distribuzione Straordinaria.

Ai sensi dell'art. 2501-bis cod. civ., è previsto che il Progetto di Fusione indichi le risorse finanziarie previste per il soddisfacimento delle obbligazioni della società post fusione e che la relazione di cui all'art. 2501-quinquies cod. civ. indichi le ragioni che giustificano l'operazione e contenga un piano economico e finanziario con indicazione della fonte delle risorse finanziarie e la descrizione degli obiettivi che si intendono raggiungere.

Pertanto, anche al fine di verificare la sostenibilità dell'indebitamento post Fusione, il *management* di Inwit ha predisposto il piano economico finanziario di Inwit post Fusione relativo al periodo 2019-2027 (il "Piano Combined"), approvato dal consiglio di amministrazione di Inwit in data 18 novembre 2019, contestualmente all'approvazione del Progetto di Fusione.

Il Piano Combined è basato su proiezioni economico-finanziarie 2019-2027 di Inwit e VOD Towers (assumendo il perfezionamento della Scissione) in una prospettiva *stand alone* predisposte dai *management team* di Inwit e VOD.

Il consiglio di amministrazione di VOD Towers, nei limiti dei dati e delle informazioni in proprio possesso nonché delle restrizioni derivanti dalla disciplina antitrust, non avendo svolto, anche in considerazione delle predette restrizioni, verifiche o valutazioni autonome sul Piano Combined e sulle assunzioni elaborate dal *management* di Inwit alla base dello stesso, fermi restando gli impegni assunti da VOD ai sensi dei Contratti Commerciali, in data 18 novembre 2019 ha preso atto del Piano Combined ai fini della predisposizione della documentazione relativa alla Fusione.

Gli organi amministrativi di Inwit e VOD Towers, ciascuno in relazione all'andamento del proprio *business* di riferimento (rispettivamente, quello di Inwit e quello di VOD Towers post Scissione), segnalano che, alla data di approvazione del Progetto di Fusione, non risultano essere occorsi fatti di rilievo o significativi scostamenti rispetto alle attese.

Per la descrizione del Piano Combined si rinvia a quanto illustrato nella Relazione CdA Inwit.

10.2 Debito assunto da Inwit per la realizzazione dell'Operazione

Al fine di realizzare l'Operazione, ivi inclusi l'acquisto della Partecipazione di Minoranza in VOD Towers e l'eventuale Distribuzione Straordinaria, alla Data del Closing, Inwit sottoscriverà con le Banche il contratto relativo al Finanziamento che sarà erogato in pari data e i cui principali termini e condizioni sono riflessi nella *commitment letter* sottoscritta tra Inwit e le predette Banche in data 26 luglio 2019.

Acg

Come accennato, Inwit, sulla base dell'andamento del Piano Combined, ha stimato di ricorrere al Finanziamento per la realizzazione dell'Operazione per un importo pari a complessivi Euro 2.970 milioni (il "Debito"). In particolare, nella sostanza, le risorse finanziarie a servizio dell'Operazione verrebbero così raccolte:

- (i) Euro 1.500 milioni attraverso una linea temporanea, c.d. *Bridge Facility* ("BF"), della durata di 18 mesi, eventualmente estendibile di ulteriori 6 mesi, rimborsabile interamente alla scadenza, ad un tasso pari a Euribor incrementato di uno Spread (90-270 bps in funzione della durata della *facility*, con un valore iniziale di 90 bps);
- (ii) Euro 1.000 milioni attraverso una linea a lungo termine, c.d. *Term Loan Facility* ("TLF"), della durata di 5 anni, rimborsabile interamente alla scadenza, ad un tasso pari a Euribor, incrementato di uno Spread (100-275 bps in funzione del *Leverage Ratio*, con un valore iniziale di 155 bps);
- (iii) ulteriori Euro 470 milioni attraverso una linea c.d. *Revolving Facility* ("RF") di Euro 500 milioni, con durata quinquennale e con un tasso pari all'Euribor incrementato di uno Spread (70 - 245bps in funzione del *Leverage Ratio*, con un valore iniziale di 125bps).

In base a quanto previsto dalla *commitment letter*, i contratti che disciplineranno il Finanziamento prevedranno l'obbligo, in capo a Inwit, a partire dal 31 dicembre 2020, di rispettare un rapporto Total Net Debt/EBITDA non superiore a 7,0x, con verifiche semestrali.

Per quanto concerne i possibili utilizzi delle predette linee di credito le *facility* BF, TLF e RC sono al servizio de: (i) il finanziamento dell'acquisizione della Partecipazione di Minoranza in VOD Towers e ogni relativo costo/fee; (ii) la Distribuzione Straordinaria; (iii) il rifinanziamento di eventuali debiti pregressi di Inwit; e (iv) finanziarie eventuali esigenze di cassa.

Il costo del debito di Inwit post Fusione, a seguito dell'utilizzo sopra descritto delle *facility* bancarie, è atteso essere compreso tra 1,5% e 1,7%, sulla base agli attuali livelli dei tassi d'interesse e a seconda della tempistica di rifinanziamento della BF.

Inwit, come riflesso nel Piano Combined, prevede di avere, alla data del 31 dicembre 2020 (ipotizzando la Data del Closing al 30 giugno 2020), un indebitamento finanziario pari a Euro 4,0 miliardi, come evidenziato dalla tabella che segue (che indica l'indebitamento finanziario sumato a fine 2020, post Fusione). A tal riguardo, si evidenzia che:

- la BF viene rappresentata prudenzialmente in qualità di quota corrente del debito verso le banche e pertanto assumendo il rifinanziamento in una data successiva al 31 dicembre 2020. Tuttavia, come sopra descritto, Inwit intende procedere a rifinanziare, subito dopo la Data del Closing, la BF, per sua natura di durata temporanea, con un finanziamento a medio-lungo termine; analogamente, subito dopo la Data del Closing, Inwit intende rimborsare, in tutto o in parte, l'utilizzo della RC tramite accensione di un finanziamento a medio-lungo termine;
- le passività per locazioni finanziarie, si evidenzia che sono principalmente relative all'adozione del principio contabile IFRS16.

(in miliardi di Euro)	2020E
Debiti verso banche	2,9
- di cui corrente	1,9
- di cui non corrente	1,0
Passività per locazioni finanziarie e altri debiti finanziari	1,1
Indebitamento Finanziario Netto	4,0

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10.3 Risorse finanziarie previste per il soddisfacimento delle obbligazioni della Società Incorporante post Fusione

Il consiglio di amministrazione di Inwit ritiene che la Società Incorporante post Fusione sarà in grado di soddisfare le obbligazioni derivanti dalla Fusione con le risorse che si prevede verranno generate dalla stessa così come previste nel Piano Combined - oggetto tra l'altro di una specifica *independent business review* ("IBR") condotta da Analysys Mason - nonché attraverso il ricorso al mercato obbligazionario e al mercato bancario per rifinanziare la BF e rimborsare la RC.

Con riferimento alle risorse che si prevede verranno generate dalla Società Incorporante post Fusione si rileva che:

- la Società Incorporante post Fusione è attesa generare stabili flussi di reddito e di cassa, flussi che rimarrebbero consistenti, ancorché inferiori, anche in presenza eventuali scenari peggiorativi analizzati nelle Analisi di Sensitività (come *infra* definite);
- le risorse di cassa cumulativamente attese nel Piano Combined, prima della distribuzione di dividendi, decisa dagli amministratori tempo per tempo in carica, arrivano a quasi eguagliare l'ammontare di Debito contratto per realizzare l'Operazione e consentono un drastico ridimensionamento dello stesso anche nelle Analisi di Sensitività (come *infra* definite);
- come noto, tali risorse sono disponibili per impieghi, talvolta complementari, talvolta alternativi, quali il rimborso di eventuali finanziamenti in scadenza, la distribuzione di dividendi, lo sviluppo di operazioni straordinarie, e così via. A questo proposito si anticipa che la verifica è stata condotta nella sola prospettiva *ex ante* assumibile dal consiglio di amministrazione di Inwit del 18 novembre 2019 ossia quella di verificare se tali risorse, prima di un loro futuro ed eventuale diverso utilizzo, siano sufficienti ad assicurare la sostenibilità del debito.

Come descritto in precedenza la BF di Euro 1.500 milioni ha una durata di 18 mesi, eventualmente estendibile di ulteriori 6 mesi, rimborsabile interamente alla scadenza. La Società prevede di rifinanziare la BF ricorrendo direttamente al mercato obbligazionario in modo da diversificare le proprie fonti di finanziamento ed ottenere il miglior *mix* di scadenza e costi. Coerentemente con la natura temporanea della *facility* in questione, Inwit prevede di rifinanziare tale linea di credito nella prima finestra di mercato utile dopo la Data del Closing.

Nella tabella che segue è rappresentata l'evoluzione dei flussi finanziari attesi (sia generati, sia assorbiti) nel Piano Combined, che consente una valutazione sulla prospettata capacità in capo a Inwit post Fusione di adempiere alle obbligazioni risultanti dall'Operazione *ex art.* 2501-bis, comma 2, del Codice Civile, ivi incluse quelle derivanti dal finanziamento, tenuto conto di una ipotesi di politica di remunerazione degli azionisti che si pone l'obiettivo di una distribuzione di dividendi pari a circa l'80% degli utili netti attesi in ciascun esercizio.

(in miliardi di Euro)	2020E 6 mesi ⁽²⁾	2023E ⁽³⁾	2027E ⁽⁴⁾
Flusso di cassa operativo cumulato (al netto delle tasse) ⁽¹⁾	0,2	1,7	4,3
Capex cumulate	(0,1)	(0,7)	(1,1)
Cash Flow cumulato a servizio del debito	0,0	1,0	3,2
Oneri finanziari cumulati	(0,0)	(0,2)	(0,4)
Accensione/(rimborso) finanziamenti cumulati	(0,0)	(0,1)	(0,5)
FCFE cumulato	(0,0)	0,7	2,3
Dividendi ordinari cumulati	--	(0,7)	(2,1)
Cash Flow cumulato	--	--	0,2
Indebitamento Finanziario Netto/EBITDA	5,7x	4,2x	3,0x

essere in grado di generare Euro 2.7 miliardi di *cashflow* cumulato a servizio del debito, raggiungendo un indebitamento di 3,6x EBITDA a fine Piano Combined.

Sono salve le variazioni, le integrazioni e gli aggiornamenti anche numerici al presente Progetto di Fusione così come al Nuovo Statuto, quali consentiti dalla normativa o eventualmente richiesti dalle competenti autorità di vigilanza o dai competenti uffici del registro delle imprese.

La documentazione richiesta dall'art. 2501-*septies* cod. civ. sarà depositata nei termini e con le modalità di legge e resterà depositata fino a che la Fusione sia decisa.

Elenco degli allegati:

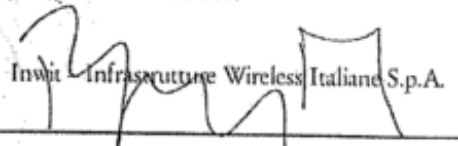
Allegato "A": relazione resa da PWC ex art. 2501-*bis*, comma 5, cod. civ.;

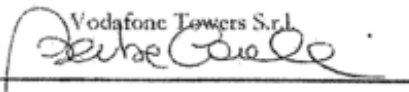
Allegato "B": Nuovo Statuto;

Allegato "C": Statuto Vigente;

Allegato "D": stato patrimoniale Ramo Towers al 30 settembre 2019.

Milano, 18 novembre 2019

Inwit - Infrastrutture Wireless Italiane S.p.A.

Piergiorgio Peluso - Presidente

Vodafone Towers S.r.l.

Barbara Cavaleri - Presidente



ALLEGATO "A"



INFRASTRUTTURE WIRELESS ITALIANE SPA

RELAZIONE DELLA SOCIETA' DI REVISIONE AI SENSI
DELL'ARTICOLO 2501-BIS, QUINTO COMMA,
DEL CODICE CIVILE



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**RELAZIONE DELLA SOCIETA' DI REVISIONE AI SENSI DELL'ARTICOLO 2501-BIS,
QUINTO COMMA, DEL CODICE CIVILE**

Ai soci di

Infrastrutture Wireless Italiane SpA

Vodafone Towers Srl

1. Abbiamo esaminato il piano economico e finanziario, redatto con riferimento al periodo temporale 2019 - 2027 (il "Piano Combined"), contenente i dati previsionali, le ipotesi e gli elementi posti alla base della sua formulazione, tra cui gli obiettivi che si intendono raggiungere mediante la prospettata fusione con indebitamento (la "Fusione") per incorporazione di Vodafone Towers Srl ("Vod Towers" o "Società Incorporanda") in Infrastrutture Wireless Italiane SpA ("Inwit" o "Società Incorporante" e, congiuntamente con la Società Incorporanda, le "Società").

Il Piano Combined è descritto nella relazione, formulata da ciascun consiglio di amministrazione delle Società ai sensi degli articoli 2501-bis e 2501-quinquies del Codice Civile (di seguito la "Relazione") e approvata da ciascun consiglio in data 18 novembre 2019, che illustra e giustifica il progetto di Fusione tra le Società. La responsabilità della redazione del Piano Combined compete agli amministratori della Società Incorporante, mentre il consiglio di amministrazione dell'Incorporanda ha solo preso atto del Piano Combined, come precisato nella Relazione a cura del consiglio stesso.

2. Il Piano Combined assume, quale riferimento di partenza, la situazione economico-patrimoniale della Società Incorporante al 31 dicembre 2018 e la situazione economico-patrimoniale pro forma della Società Incorporanda al 31 dicembre 2018 ed è basato su proiezioni economico-finanziarie per il periodo 2019-2027 di Inwit e Vod Towers in una prospettiva stand alone, predisposte dal management team di Inwit e Vodafone Italia SpA. Si segnala che la situazione economico-patrimoniale pro forma della Società Incorporanda non è stata oggetto di esame completo o limitato. Il Piano Combined simula la Fusione tra le Società a partire dal 1° gennaio 2020.

Come citato nella Relazione, la Fusione prevede, tra gli altri aspetti, la condizione sospensiva legata all'ottenimento delle autorizzazioni da parte della Commissione Europea o dell'Autorità Garante della Concorrenza e del Mercato al perfezionamento della Fusione ai sensi della normativa comunitaria o italiana applicabile alle concentrazioni.

Il Piano Combined è stato predisposto sulla base dei medesimi criteri di rilevazione e misurazione previsti dagli International Financial Reporting Standards ("IFRS") adottati per la redazione del bilancio di Inwit al 31 dicembre 2018 e della situazione economico-

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Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277831 Fax 027783240 Cap. Soc. Euro 6.870.000,00 I.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Rivisori Legali - Altri Uffici: Ancona 60131 Via Sandro Totti 1 Tel. 0712132311 - Bari 70132 Via Abate Gianni 72 Tel. 0805640211 - Bergamo 24121 Largo Beccati 5 Tel. 032259591 - Bologna 40126 Via Angelo Finelli 8 Tel. 0516186211 - Brescia 25121 Viale Duca d'Aosta 28 Tel. 0303697501 - Catania 95129 Corso Italia 302 Tel. 0957322311 - Firenze 50121 Viale Gramsci 15 Tel. 0552482811 - Genova 16121 Piazza Picciopetra 9 Tel. 01029041 - Napoli 80121 Via dei Mille 16 Tel. 08126181 - Padova 35138 Via Venezia 4 Tel. 049872481 - Palermo 90141 Via Marchese Ugo 60 Tel. 091249737 - Parma 43121 Viale Tanina 20/A Tel. 0521275911 - Pescara 66127 Piazza Ettore Troilo 5 Tel. 0854545711 - Roma 00154 Largo Forchetti 29 Tel. 06570251 - Torino 10122 Corso Palestro 16 Tel. 011256771 - Trento 38122 Viale della Costituzione 33 Tel. 0461237004 - Treviso 31100 Viale Fellinetti 90 Tel. 0422696911 - Trieste 34125 Via Cesare Battisti 18 Tel. 0402480781 - Udine 33100 Via Pascolle 43 Tel. 043225789 - Varese 21100 Via Albuzzi 43 Tel. 0322839039 - Verona 37135 Via Francis 21/C Tel. 0458262001 - Vicenza 36100 Piazza Pontelandolfo 9 Tel. 0444399321

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patrimoniale pro forma di Vod Towers al 31 dicembre 2018, a eccezione del trattamento contabile dei costi relativi all'accensione del debito finanziario verso terzi, prevista nell'esercizio 2020. Detti costi sono stati interamente spesi nel conto economico del Piano Combined nell'esercizio in cui si prevede siano sostenuti anziché portati a diretta riduzione del relativo debito finanziario verso terzi in accordo con la metodologia del costo ammortizzato. Si rileva che tale rappresentazione contabile, seppur non coerente con i criteri di rilevazione previsti dagli IFRS, non ha impatto sulla quantificazione dei flussi di cassa futuri attesi della società risultante dalla Fusione. I principi IFRS saranno adottati anche per la redazione del bilancio della società risultante dalla Fusione.

Il Piano Combined riflette il disavanzo risultante dalla Fusione, provvisoriamente allocato interamente ad avviamento, in attesa di puntuali valutazioni sulla sua eventuale allocazione ad altre attività e passività attraverso la procedura di Purchase Price Allocation prevista dall'IFRS3 - Aggregazioni Aziendali, da effettuarsi da parte della Società Incorporante una volta acquisite le relative informazioni di dettaglio. In linea con i principi contabili assunti, l'avviamento non è stato oggetto di ammortamento.

Il Piano Combined riflette, nell'evoluzione attesa dei ricavi, dei costi e degli investimenti, i contratti commerciali previsti nel Framework Agreement sottoscritto in data 26 luglio 2019 e che saranno sottoscritti tra Inwit e Telecom Italia Spa ("TIM") e tra Inwit e Vodafone Italia Spa ("VOD"), relativamente al complesso dei servizi erogati a TIM e VOD.

3. Il Piano Combined è basato su un insieme di ipotesi che includono assunzioni ipotetiche relative a eventi futuri e azioni degli amministratori che non necessariamente si verificheranno. Di seguito si richiamano in sintesi le principali assunzioni ipotetiche utilizzate per la redazione del Piano Combined:

- evoluzione dell'inflazione così come prevista nella proiezione annuale dei ricavi contrattualizzati di Inwit e Vod Towers, indicizzata a tale parametro;
- evoluzione dei segmenti di mercato relativi a Mobile (5G), Fixed Wireless Access (FWA) e Internet of Things (IoT) in termini di dimensione, sviluppo e temporalità così come riflessa nel Piano Combined;
- incremento della quota di ricavi diversi da quelli derivanti dai contratti commerciali (Master Service Agreement) che saranno sottoscritti con TIM e VOD alla data del perfezionamento della Fusione (closing);
- rinegoziazioni dei principali termini e condizioni alla scadenza dei contratti di locazione passiva;
- capacità della società risultante dalla Fusione di procedere a rifinanziare, nell'orizzonte temporale del Piano Combined, il Bridge Facility e il Term Loan Facility con altre forme di finanziamento a medio-lungo termine, coerentemente con l'obiettivo di mantenere una struttura finanziaria considerata efficiente.

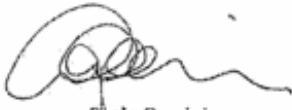


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4. Il nostro esame è stato svolto secondo le procedure internazionali previste per l'analisi delle informazioni prospettiche dall'ISAE 3400 "The Examination of Prospective Financial Information", emesso dall'IFAC - International Federation of Accountants, che rappresenta lo standard internazionale di riferimento per tale tipologia di lavori.
5. Sulla base dell'esame degli elementi probativi a supporto delle ipotesi e degli elementi utilizzati nella formulazione del Piano Combined, come descritti nella Relazione, non siamo venuti a conoscenza di fatti tali da farci ritenere, alla data odierna, che le suddette ipotesi ed elementi non forniscano una base ragionevole per la predisposizione del Piano Combined, assumendo il verificarsi delle azioni dell'organo amministrativo della Società Incorporante e delle assunzioni ipotetiche relative a eventi futuri descritte in sintesi al precedente paragrafo 3. Inoltre, a nostro giudizio, il Piano Combined è stato predisposto utilizzando coerentemente le ipotesi e gli elementi sopraccitati ed è stato elaborato sulla base di principi contabili omogenei rispetto a quelli applicati dalla Società Incorporante ai fini della redazione del bilancio, a eccezione di quanto indicato al precedente paragrafo 2.
6. Va tuttavia evidenziato che, a causa dell'aleatorietà connessa alla realizzazione di qualsiasi evento futuro, sia per quanto concerne il concretizzarsi degli accadimenti sia per quanto riguarda la misura e la tempistica della loro manifestazione, gli scostamenti fra valori consuntivi e valori preventivati nel Piano Combined potrebbero essere significativi. Ciò anche qualora gli eventi previsti nell'ambito delle assunzioni ipotetiche, descritte in sintesi al precedente paragrafo 3, si manifestassero.
7. La presente relazione è stata predisposta ai soli fini di quanto previsto dall'articolo 2501-bis, quinto comma, del Codice Civile, nell'ambito del progetto di Fusione tra le Società e non può essere utilizzata, in tutto o in parte, per altri scopi.
8. Non assumiamo la responsabilità di aggiornare la presente relazione per eventi o circostanze che dovessero manifestarsi dopo la data odierna.

Milano, 18 novembre 2019



Paolo Caccini
(Partner)



Allegato "B"

STATUTO della "Infrastrutture Wireless Italiane S.p.A."

TITOLO I
ELEMENTI IDENTIFICATIVI

ARTICOLO 1 - DENOMINAZIONE

1.1 La Società è denominata "Infrastrutture Wireless Italiane S.p.A." o, in forma abbreviata, "INWIT S.p.A."

ARTICOLO 2 - SEDE

2.1 La Società ha sede in Milano.

2.2 L'organo amministrativo può trasferire la sede sociale all'interno del territorio nazionale o può altresì istituire e/o modificare e/o sopprimere sedi secondarie, filiali succursali, rappresentanze, agenzie e dipendenze di ogni genere in Italia e all'estero.

ARTICOLO 3 - DURATA

3.1 La durata della Società è fissata sino al 31 dicembre 2100.

3.2 La proroga del termine di durata della Società non attribuisce diritto di recesso ai soci che non hanno concorso alla approvazione della relativa delibera.

ARTICOLO 4 - OGGETTO

4.1 La Società ha per oggetto:

- l'installazione e l'esercizio con qualsiasi tecnica, mezzo e sistema, di impianti, infrastrutture, ed attrezzature fissi e mobili, stazioni radioelettriche, collegamenti per le radiocomunicazioni mobili, reti dedicate e/o integrate, per l'espletamento la gestione e la commercializzazione, senza limiti territoriali, dei servizi di comunicazioni elettronica, quali anche risultanti dall'evoluzione delle tecnologie, e per lo svolgimento delle attività ad essi anche indirettamente connesse, comprese quelle di progettazione, sviluppo, realizzazione, ricondizionamento, gestione e manutenzione;
- la progettazione, costruzione e/o gestione di reti e infrastrutture per le telecomunicazioni;
- la fornitura di infrastrutture e relativi servizi ad operatori di servizi di comunicazione elettronica (con qualunque tecnologia esistente o futura).

4.2 La società potrà altresì svolgere in nome e/o per conto proprio o su commessa di terzi, le attività di acquisto di materie prime, di semilavorati e di prodotti necessari per lo svolgimento dell'attività di cui al comma precedente.

Per il conseguimento e nell'ambito di tali finalità e, quindi, con carattere di mera sussidiarietà e strumentalità, la società potrà:

- assumere, in via non prevalente e non nei confronti del pubblico, partecipazioni ed interessenze in società ed imprese di ogni tipo e forma;
- provvedere al finanziamento delle società ed enti di partecipazione ed al coordinamento tecnico, commerciale, finanziario ed amministrativo delle loro attività;



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- compiere, non nei confronti del pubblico, nell'interesse proprio e delle società ed enti di partecipazione, qualsiasi operazione mobiliare, immobiliare, finanziaria, commerciale, compresa l'assunzione di mutui e finanziamenti e la prestazione, anche a favore di terzi, di avalli, fidejussioni e altre garanzie, reali comprese.

4.3 Sono espressamente escluse le attività riservate a soggetti iscritti in albi professionali e le attività di cui all'art. 106 del decreto legislativo n. 385/1993 nei confronti del pubblico.

TITOLO II CAPITALE SOCIALE ED OBBLIGAZIONI

ARTICOLO 5 - MISURA DEL CAPITALE

5.1 Il capitale sociale sottoscritto e versato è pari ad Euro 600.000.000 diviso in numero 960.200.000 azioni ordinarie prive di indicazione del valore nominale.

5.2 Il capitale sociale può essere aumentato anche con conferimenti diversi da denaro nei limiti consentiti dalla legge.

5.3 Nelle deliberazioni di aumento del capitale sociale a pagamento, il diritto di opzione può essere escluso nella misura massima del 10% (dieci per cento) del capitale sociale preesistente, a condizione che il prezzo di emissione corrisponda al valore di mercato delle azioni e ciò sia confermato in apposita relazione da un revisore legale o da una società di revisione legale.

ARTICOLO 6 - AZIONI

6.1 L'Assemblea può deliberare l'emissione di azioni fornite di diritti diversi da quelle ordinarie, in conformità alle prescrizioni di legge.

6.2 Le azioni sono indivisibili. In caso di comproprietà, i diritti dei contitolari sono esercitati da un rappresentante comune.

6.3 L'eventuale introduzione, modificazione o rimozione di vincoli alla circolazione dei titoli azionari non attribuisce diritto di recesso ai soci che non hanno concorso all'approvazione della relativa deliberazione.

6.4 È consentita, nei modi e nelle forme di legge, l'assegnazione di utili e/o di riserve di utili ai prestatori di lavoro dipendenti della Società o di società controllate, mediante l'emissione di azioni ai sensi del primo comma dell'art. 2349 del codice civile.

ARTICOLO 7 - OBBLIGAZIONI

7.1 La Società può emettere obbligazioni, anche convertibili, in conformità alle norme di legge determinandone le modalità e condizioni di collocamento.

7.2 Gli oneri relativi all'organizzazione delle Assemblee degli obbligazionisti sono a carico della Società che, in assenza di determinazione da parte degli obbligazionisti, nelle forme di legge, si fa altresì carico della remunerazione dei rappresentanti comuni, nella misura massima stabilita dal Consiglio di Amministrazione per ciascuna emissione, tenuto conto della relativa dimensione.

TITOLO III
ASSEMBLEA

ARTICOLO 8 - DIRITTO DI INTERVENTO

8.1 Nel rispetto della normativa vigente gli aventi diritto di voto nell'Assemblea possono esercitarlo prima dell'Assemblea in via elettronica, se previsto nell'avviso di convocazione e con le modalità in esso precisate.

8.2 Ogni avente diritto al voto può farsi rappresentare in Assemblea, rilasciando apposita delega a persona fisica o giuridica, nei limiti di legge. La Società ha facoltà di designare per ciascuna Assemblea uno o più soggetti ai quali gli aventi diritto possono conferire delega per la rappresentanza in Assemblea ai sensi della disciplina vigente. Gli eventuali soggetti designati e le necessarie istruzioni operative sono riportati nell'avviso di convocazione della riunione.

8.3 La notifica elettronica della delega potrà essere effettuata mediante utilizzo di apposita sezione del sito internet della Società ovvero mediante trasmissione per posta elettronica, secondo le modalità indicate nell'avviso di convocazione dell'Assemblea.

ARTICOLO 9 - POTERI

9.1 L'Assemblea, ordinaria o straordinaria, delibera sulle materie ad essa espressamente riservate dalla legge e dal presente statuto.

ARTICOLO 10 - CONVOCAZIONE

10.1 L'Assemblea è convocata ogni volta che il Consiglio di Amministrazione lo creda opportuno, o quando ne sia richiesta la convocazione ai sensi di legge, nei termini e con le modalità prescritte dalla disciplina di legge e regolamentare di tempo in tempo vigente.

10.2 In caso di mancata costituzione in seconda convocazione, l'Assemblea straordinaria può riunirsi in terza convocazione. È peraltro facoltà del Consiglio di Amministrazione convocare l'Assemblea ordinaria o straordinaria in unica convocazione, come per legge.

10.3 L'Assemblea ordinaria è convocata alle condizioni di legge almeno una volta all'anno, non oltre 180 giorni dalla chiusura dell'esercizio sociale. Essa delibera sulle materie di legge e autorizza, ai sensi dell'art. 2364, comma 1, numero 5, del codice civile, il compimento di operazioni con parti correlate alla Società, nei casi e con le modalità previsti dall'apposita procedura adottata dal Consiglio di Amministrazione, ai sensi della disciplina in vigore.

10.4 L'Assemblea ordinaria e straordinaria si riunisce, anche in luogo diverso dalla sede legale, purché in Italia.

ARTICOLO 11 - ASSEMBLEA ORDINARIA E STRAORDINARIA

11.1 I quorum costitutivi e deliberativi dell'Assemblea sono previsti dalla legge, fatto salvo quanto previsto al successivo articolo 11.2.

11.2 Ai fini dell'adozione delle deliberazioni sulle seguenti materie, l'Assemblea delibera con il voto favorevole di almeno il 75% del capitale con diritto di voto presente in Assemblea:



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- (a) fusione e scissione (ad eccezione delle delibere di fusione e scissione di cui al successivo articolo 18.2 che rientrano nella competenza del Consiglio di Amministrazione secondo quanto ivi previsto);
- (b) trasferimento della sede legale all'estero e trasformazione;
- (c) scioglimento volontario;
- (d) aumento o riduzione di capitale, ad eccezione (i) degli aumenti di capitale senza limitazione o esclusione del diritto di opzione deliberati in presenza di perdite nei casi di cui all'art. 2447, e (ii) degli aumenti di capitale senza limitazione o esclusione del diritto di opzione, il cui prezzo di sottoscrizione (inclusivo del sovrapprezzo) sia almeno pari al valore della media aritmetica dei prezzi di chiusura del titolo sul mercato MTA nei sei mesi che precedono l'avviso di convocazione dell'assemblea convocata per deliberare l'aumento di capitale) e che (x) siano al servizio di investimenti approvati dal Consiglio di Amministrazione oppure (y) siano necessari a prevenire o rimediare la violazione di *covenant* previsti da contratti di finanziamento di cui la Società sia parte o situazioni di insolvenza della stessa oppure (z) siano deliberati in presenza di perdite nei casi di cui all'art. 2446;
- (e) altre modifiche dello statuto (ivi incluse le modifiche del presente articolo 11 dello Statuto), fatta eccezione per (i) gli aumenti o riduzioni di capitale di cui alla precedente lettera (d) esclusi dall'ambito di applicazione della maggioranza qualificata di cui al presente articolo 11.2, (ii) le delibere rientranti nella competenza del Consiglio di Amministrazione ai sensi di quanto previsto al successivo paragrafo 18.2; restando perciò inteso, per meri fini di chiarezza, che le delibere di cui al precedente punto (i) saranno approvate con i quorum deliberativi previsti da legge;
- (f) le delibere di autorizzazione delle operazioni con parti correlate di maggiore rilevanza, ai sensi dell'articolo 2364, comma 1, numero 5), del codice civile.

ARTICOLO 12 - PRESIDENZA E CONDUZIONE DEI LAVORI

12.1 Il Presidente del Consiglio di Amministrazione o chi ne fa le veci presiede l'Assemblea ordinaria e straordinaria e ne regola lo svolgimento. In mancanza del Presidente del Consiglio di Amministrazione (e di chi ne fa le veci) presiede l'Assemblea la persona eletta con il voto della maggioranza del capitale rappresentato in riunione.

12.2 L'Assemblea, su proposta del Presidente, elegge con il voto della maggioranza dei presenti un Segretario, anche al di fuori degli azionisti.

12.3 Nelle ipotesi previste dalla legge e laddove il Presidente dell'Assemblea ne ravvisi l'esigenza, il verbale viene redatto per atto pubblico da Notaio designato dal Presidente medesimo con funzione di Segretario.

12.4 Il Presidente della riunione - tra l'altro - verifica la regolarità della costituzione dell'adunanza, accerta l'identità e la legittimazione dei presenti, dirige i lavori, anche stabilendo un diverso ordine di discussione degli argomenti indicati nell'avviso di convocazione.

12.5 Il Presidente della riunione adotta le opportune misure ai fini dell'ordinato andamento del dibattito e delle votazioni, definendone le modalità e accertandone i risultati; può scegliere tra gli intervenuti due o più scrutatori.

12.6 Lo svolgimento delle riunioni assembleari dei Soci è disciplinato dalla legge, dal presente Statuto e dal Regolamento delle Assemblee approvato con delibera dell'Assemblea ordinaria della

Società.

TITOLO IV
ORGANI AMMINISTRATIVI E DI CONTROLLO

ARTICOLO 13 – COMPOSIZIONE DEL CONSIGLIO DI AMMINISTRAZIONE

13.1 La Società è amministrata da un Consiglio di Amministrazione composto da un minimo di 10 (dieci) ad un massimo di 13 (tredici) Consiglieri di cui gli esponenti del genere meno rappresentato sono almeno un terzo del totale, con arrotondamento, in caso di numero frazionario, all'unità superiore nella misura in cui ciò sia richiesto inderogabilmente da legge o, se la Società vi abbia aderito, sia raccomandato dal Codice di Autodisciplina di Borsa Italiana S.p.A..

13.2 Il numero dei componenti il Consiglio di Amministrazione è determinato in base all'esito della votazione sulla nomina dello stesso, come specificato ai successivi articoli da 13.9 a 13.13.

13.3 La nomina del Consiglio di Amministrazione avviene nel rispetto della disciplina di legge e regolamentare applicabile (ivi incluso il collegamento con la lista che ottenga in Assemblea il maggior numero dei voti), sulla base di liste presentate dai soci ai sensi dei successivi commi, e nel rispetto del presente Statuto.

13.4 Tra gli amministratori nominati dall'Assemblea, un numero minimo corrispondente al minimo previsto dalla disciplina di legge e regolamentare di tempo in tempo vigente deve possedere i requisiti di indipendenza stabiliti dalla disciplina di legge e regolamentare di tempo in tempo vigente. Il venir meno dei requisiti di indipendenza come sopra previsti in capo ad un amministratore non ne determina la decadenza se i requisiti permangono in capo al numero minimo di amministratori che devono possederli.

13.5 Ogni socio può presentare o concorrere alla presentazione di una sola lista e ogni candidato può presentarsi in una sola lista a pena di ineleggibilità. Le liste che contengano un numero di candidati pari o superiore a tre, nella misura in cui ciò sia richiesto inderogabilmente da legge o, se la Società vi abbia aderito, raccomandato dal Codice di Autodisciplina di Borsa Italiana S.p.A., debbono assicurare la presenza di entrambi i generi, così che i candidati del genere meno rappresentato siano almeno un terzo del totale, con arrotondamento, in caso di numero frazionario, all'unità superiore.

13.6 Hanno diritto di presentare le liste soltanto i soci che, da soli o insieme ad altri soci, siano complessivamente titolari di azioni rappresentanti la misura richiesta dalla disciplina regolamentare emanata dalla Commissione Nazionale per le società e la borsa.

13.7 Unitamente a ciascuna lista, entro i termini previsti dalla normativa di legge e regolamentare di tempo in tempo vigente, debbono depositarsi (i) le informazioni relative all'identità dei soci che hanno presentato la lista, con indicazione della partecipazione complessiva detenuta, (ii) le accettazioni della candidatura da parte dei singoli candidati, (iii) le dichiarazioni con le quali i medesimi attestano, sotto la propria responsabilità, l'inesistenza di cause di ineleggibilità e di incompatibilità, nonché l'esistenza dei requisiti che fossero prescritti per le rispettive cariche nonché (iv) le altre informazioni richieste dalla legge e dalla normativa applicabile. Con le dichiarazioni, viene depositato per ciascun candidato un curriculum vitae riguardante le caratteristiche personali e professionali con l'indicazione degli incarichi di amministrazione e controllo ricoperti presso altre società e dell'idoneità a qualificarsi come indipendente, alla stregua



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dei criteri di legge e di quelli fatti propri dalla Società. Eventuali variazioni che dovessero verificarsi fino al giorno di effettivo svolgimento dell'Assemblea sono tempestivamente comunicate alla Società. Le liste per le quali non sono osservate le predette prescrizioni, sono considerate come non presentate.

13.8 Ogni avente diritto al voto può votare una sola lista e, nell'ambito del presente statuto, per "Lista Qualificata" si intende qualsiasi lista che abbia ottenuto un numero di voti superiore al 25% del capitale della Società con diritto di voto.

13.9 Ai fini dell'elezione del Consiglio di Amministrazione:

- 1) qualora, all'esito delle votazioni, risulti una sola o nessuna Lista Qualificata, si applicherà quanto previsto all'articolo 13.10;
- 2) qualora, all'esito delle votazioni, risultino due Liste Qualificate e nessuna di tali Liste Qualificate abbia ottenuto un numero di voti superiore al 50% del capitale della Società con diritto di voto, si applicherà quanto previsto all'articolo 13.11;
- 3) qualora, all'esito delle votazioni, risultino due Liste Qualificate e una di tali Liste Qualificate abbia ottenuto un numero di voti superiore al 50% del capitale della Società con diritto di voto, si applicherà quanto previsto all'articolo 13.12;
- 4) qualora, all'esito delle votazioni, risultino tre Liste Qualificate, si applicherà quanto previsto all'articolo 13.13.

13.10 Nel caso di cui all'articolo 13.9, punto 1), all'elezione del Consiglio di Amministrazione si procede come segue:

- 1) il numero dei componenti del Consiglio di Amministrazione è pari a 13, salvo quanto previsto al successivo punto 4);
- 2) dalla lista che ha ottenuto il maggior numero di voti sono tratti, nell'ordine progressivo con il quale sono elencati nella lista stessa, 10 amministratori;
- 3) gli altri 3 amministratori sono tratti dalle altre liste votate e a tale fine i voti ottenuti dalle liste vengono divisi successivamente per numeri interi progressivi. I quozienti così ottenuti sono assegnati progressivamente ai candidati di ciascuna di tali liste, secondo l'ordine dalle stesse rispettivamente previsto. I quozienti così attribuiti ai candidati delle varie liste sono disposti in una unica graduatoria decrescente. Risultano eletti coloro che hanno ottenuto i quozienti più elevati. Nel caso in cui più candidati abbiano ottenuto lo stesso quoziente, risulta eletto il candidato della lista che non abbia ancora eletto alcun amministratore. In subordine, si procede a votazione di ballottaggio da parte dell'Assemblea, risultando eletto il candidato (tra quelli a parità di quoziente tra dette liste) che ottenga più voti;
- 4) fatto salvo quanto previsto agli articoli 13.14 e 13.15 che seguono, in caso di assenza di altre liste, il numero dei componenti del Consiglio di Amministrazione è pari a 10 nominati in conformità a quanto previsto al precedente punto 2).

13.11 Nel caso di cui all'articolo 13.9, punto 2), all'elezione del Consiglio di Amministrazione si procede come segue:

- 1) il numero dei componenti del Consiglio di Amministrazione è pari a 13, salvo quanto previsto al successivo punto 3);
- 2) da ciascuna Lista Qualificata sono tratti, nell'ordine progressivo con il quale sono elencati nella lista stessa, 5 amministratori;
- 3) gli altri 3 amministratori sono nominati in base a quanto previsto al punto 3 del precedente punto 13.10;
- 4) fatto salvo quanto previsto agli articoli 13.14 e 13.15 che seguono, nel caso di assenza di altre liste, il numero dei componenti del Consiglio di Amministrazione è pari a 10 nominati in

conformità a quanto previsto al precedente punto 2).

13.12 Nel caso di cui all'articolo 13.9, punto 3), all'elezione del Consiglio di Amministrazione si procede come segue:

- 1) il numero dei componenti del Consiglio di Amministrazione è pari a 13, salvo quanto previsto al successivo punto 5);
- 2) dalla Lista Qualificata che ha ottenuto il maggior numero di voti sono tratti, nell'ordine progressivo con il quale sono elencati nella lista stessa, 10 amministratori;
- 3) dalla seconda Lista Qualificata sono tratti, nell'ordine progressivo con il quale sono elencati nella lista stessa, 2 amministratori;
- 4) l'altro amministratore è il primo candidato della più votata delle altre liste;
- 5) fatto salvo quanto previsto agli articoli 13.14 e 13.15 che seguono, nel caso di assenza di altre liste, il numero dei componenti del Consiglio di Amministrazione è pari a 12 nominati in conformità a quanto previsto ai precedenti punti 2) e 3).

13.13 Nel caso di cui all'articolo 13.9, punto 4), all'elezione del Consiglio di Amministrazione si procede come segue:

- 1) il numero dei componenti del Consiglio di Amministrazione è pari a 13, salvo quanto previsto al successivo punto 4);
- 2) da ciascuna Lista Qualificata sono tratti, nell'ordine progressivo con il quale sono elencati nella lista stessa, 4 amministratori;
- 3) l'altro amministratore è il primo candidato della più votata delle altre liste;
- 4) fatto salvo quanto previsto all'articolo 13.14 che segue, in caso di assenza di altre liste, il numero dei componenti del Consiglio di Amministrazione è pari a 12 nominati in conformità a quanto previsto al precedente punto 2).

13.14 Qualora la composizione dell'organo collegiale che derivi dai precedenti articoli da 13.10 a 13.13 non includa, tra gli amministratori risultati nominati, il numero minimo di amministratori muniti dei requisiti di indipendenza previsti dalla disciplina di legge e regolamentare di tempo in tempo vigente, l'ultimo eletto di ciascuna lista che abbia eletto almeno un amministratore e che non abbia eletto neppure un amministratore munito dei requisiti di indipendenza - a partire dalla lista più votata - è sostituito, tenuto conto dell'ordine di elencazione dei candidati in lista, dal primo candidato non eletto della medesima lista che li possieda. Nel caso in cui dalla lista più votata siano stati tratti dieci amministratori, nessuno dei quali munito dei requisiti di indipendenza, gli ultimi due eletti da tale lista sono sostituiti, tenuto conto dell'ordine di elencazione dei candidati in lista, dai primi due candidati non eletti della medesima lista che li posseggano.

Qualora la previsione che precede sia inapplicabile o comunque non consenta di far sì che risulti rispettato il numero minimo di amministratori muniti dei requisiti di indipendenza, l'Assemblea nominerà con le maggioranze di legge un numero di amministratori dotati dei predetti requisiti per quanto necessario a fare sì che risulti rispettato il numero minimo di amministratori muniti dei requisiti di indipendenza previsto dalla disciplina di legge e regolamentare di tempo in tempo vigente, in sostituzione degli amministratori tratti dalle liste meno votate (diverse da una Lista Qualificata) non indipendenti, ove ve ne siano, a partire dalla lista meno votata. In assenza di liste diverse dalle Liste Qualificate, l'Assemblea nominerà con le maggioranze di legge un numero di amministratori dotati dei predetti requisiti per quanto necessario a fare sì che risulti rispettato il numero minimo di amministratori muniti dei requisiti di indipendenza previsto dalla disciplina di legge e regolamentare di tempo in tempo vigente e i punti 13.10(4), 13.11(4), 13.12(5) e 13.13(4) non troveranno applicazione.

13.15 Nella misura in cui la composizione dell'organo sia soggetta all'obbligo di equilibrio tra



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generi, qualora la composizione dell'organo collegiale che derivi dai precedenti articoli da 13.10 a 13.13 non consenta il rispetto dell'equilibrio tra i generi, tenuto conto dell'ordine di elencazione dei candidati in lista, gli ultimi eletti del genere più rappresentato di ciascuna lista da cui siano stati tratti almeno quattro amministratori sono sostituiti, nel numero necessario ad assicurare l'ottemperanza del rispetto dell'equilibrio di genere, dai primi candidati non eletti della stessa lista del genere meno rappresentato. In mancanza, all'interno delle liste da cui siano stati tratti almeno quattro amministratori, di candidati del genere meno rappresentato in numero sufficiente a procedere alla sostituzione, oppure in mancanza di liste da cui siano stati tratti almeno quattro amministratori, l'Assemblea integra l'organo con le maggioranze di legge, assicurando il soddisfacimento del requisito, eventualmente disapplicando i punti 13.10(4), 13.11(4) e 13.12(5), ovvero - e per l'eventuale residuo - in sostituzione degli ultimi eletti del genere più rappresentato tratti dalla lista più votata.

13.16 Per la nomina degli amministratori, per qualsiasi ragione non nominati ai sensi del procedimento qui previsto, l'Assemblea delibera con le maggioranze di legge, assicurando il rispetto dei requisiti di legge e Statuto in materia di composizione dell'organo collegiale.

13.17 Se nel corso dell'esercizio vengono a mancare uno o più amministratori, fatto salvo quanto previsto al successivo articolo 13.18, si provvede come segue:

1) qualora vengano a mancare uno o più amministratori tratti da una Lista Qualificata da cui sia stato tratto - in sede di nomina del Consiglio di Amministrazione - un numero di amministratori non superiore a cinque, l'amministratore o gli amministratori cessati saranno sostituiti mediante cooptazione da parte del Consiglio di Amministrazione con il primo o i primi candidati della medesima Lista Qualificata che non siano stati eletti in sede di nomina del Consiglio di Amministrazione - se ve ne siano - e che, qualora ciò sia richiesto per il rispetto dei requisiti di indipendenza (e/o di genere) prescritti dalla disciplina di legge e regolamentare (o anche dalle regole di autodisciplina, con riferimento all'equilibrio di genere) di tempo in tempo vigente, abbiano i medesimi requisiti di indipendenza (e/o di genere) degli amministratori cessati. Qualora la prima assemblea utile non confermi nella carica gli amministratori così cooptati, l'intero Consiglio si intenderà dimissionario, con cessazione della carica con effetto dal momento in cui il Consiglio di Amministrazione sarà stato ricostituito per nomina assembleare, e gli amministratori dovranno provvedere a convocare l'assemblea per la nomina del nuovo Consiglio di Amministrazione. Qualora il Consiglio di Amministrazione non possa procedere alla cooptazione del primo o dei primi candidati non eletti tratti dalla medesima Lista Qualificata da cui siano stati tratti gli amministratori cessati dalla carica (in assenza di candidati non eletti in numero sufficiente o aventi i medesimi requisiti di indipendenza (e/o di genere) degli amministratori cessati): (i) il Consiglio di Amministrazione potrà procedere ai sensi del punto 4) che segue qualora si tratti di una Lista Qualificata da cui siano stati tratti - in sede di nomina del Consiglio di Amministrazione - fino a quattro amministratori; (ii) si applicherà il successivo punto 3) qualora si tratti di una Lista Qualificata da cui siano stati tratti - in sede di nomina del Consiglio di Amministrazione - cinque amministratori;

2) qualora vengano a mancare uno o più amministratori tratti da una Lista Qualificata da cui siano stati tratti - in sede di nomina del Consiglio di Amministrazione - dieci amministratori, il Consiglio di Amministrazione potrà provvedere alla cooptazione dei nuovi amministratori ai sensi dell'art. 2386 del codice civile (garantendo all'interno del Consiglio di Amministrazione il rispetto dei requisiti di indipendenza e/o di genere prescritti dalla disciplina di legge e regolamentare di tempo in tempo vigente, ovvero anche dalle regole di autodisciplina con riferimento all'equilibrio di genere), purché la nomina degli stessi sia approvata dal Consiglio di Amministrazione con il voto favorevole di almeno sei amministratori non cessati tratti dalla predetta Lista Qualificata o che abbiano in precedenza sostituito amministratori tratti dalla medesima lista secondo quanto indicato

al presente punto 2). Qualora la prima assemblea utile non confermi nella carica gli amministratori così cooptati ai sensi del presente punto 2), l'intero Consiglio si intenderà dimissionario, con cessazione della carica con effetto dal momento in cui il Consiglio di Amministrazione sarà stato ricostituito per nomina assembleare, e gli amministratori dovranno provvedere a convocare l'assemblea per la nomina del nuovo Consiglio di Amministrazione;

3) qualora vengano a mancare uno o più amministratori tratti da una Lista Qualificata da cui siano stati tratti - in sede di nomina del Consiglio di Amministrazione cinque o dieci amministratori e non si sia potuto dare luogo alla sostituzione ai sensi dei precedenti punti 1) e 2), l'intero Consiglio si intenderà dimissionario, con cessazione della carica con effetto dal momento in cui il Consiglio di Amministrazione sarà stato ricostituito per nomina assembleare, e gli amministratori non cessati dovranno provvedere a convocare l'assemblea per la nomina del nuovo Consiglio di Amministrazione;

4) qualora vengano a mancare uno o più amministratori tratti da una lista diversa da una Lista Qualificata, il Consiglio di Amministrazione potrà provvedere alla sostituzione degli amministratori cessati ai sensi dell'art. 2386 del codice civile, con deliberazione assunta a maggioranza assoluta dei votanti. Qualora la prima assemblea utile non confermi nella carica gli amministratori così cooptati, la stessa assemblea provvederà alla nomina dei sostituti con deliberazione assunta con le maggioranze di legge.

13.18 Resta fermo che, ogniqualvolta vengano a mancare almeno cinque componenti del Consiglio di Amministrazione nominati per deliberazione assembleare (ivi inclusi gli amministratori risultati confermati nella carica per deliberazione assembleare in seguito a sostituzione ai sensi del precedente articolo 13.17), per qualsiasi causa o ragione, l'intero Consiglio si intenderà dimissionario, con cessazione della carica con effetto dal momento in cui il Consiglio di Amministrazione sarà stato ricostituito per nomina assembleare, e gli amministratori non cessati dovranno provvedere a convocare l'assemblea per la nomina del nuovo Consiglio di Amministrazione.

ARTICOLO 14 - PRESIDENTE - VICE PRESIDENTE - SEGRETARIO

14.1 Il Consiglio di Amministrazione elegge fra i propri membri un Presidente - ove l'Assemblea non vi abbia già provveduto - e può nominare uno o più Vice Presidenti.

14.2 In caso di assenza o di impedimento del Presidente lo sostituisce il Vice Presidente più anziano per età, se nominato, o l'Amministratore Delegato se nominato, oppure il consigliere più anziano per età.

14.3 Il Consiglio di Amministrazione può eleggere un Segretario scelto anche all'infuori dei suoi membri.

ARTICOLO 15 - ADUNANZE DEL CONSIGLIO

15.1 Il Presidente, o chi ne fa le veci, convoca il Consiglio di Amministrazione presso la sede della Società o altrove, di propria iniziativa e quando ne riceva domanda scritta, da almeno un quinto dei Consiglieri in carica o dai Sindaci.

15.2 Il Presidente comunica preventivamente gli argomenti oggetto di trattazione nel corso della riunione consiliare e provvede affinché adeguate informazioni sulle materie da esaminare vengano fornite a tutti i consiglieri, tenuto conto delle circostanze del caso.



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15.3 La convocazione viene fatta con mezzi idonei alla luce del tempo di preavviso, di regola almeno 5 (cinque) giorni prima dell'adunanza, salvo i casi d'urgenza nei quali va comunque effettuata con almeno 12 (dodici) ore di anticipo.

Della convocazione viene nello stesso termine dato avviso ai Sindaci.

15.4 La partecipazione alle riunioni consiliari può avvenire - qualora il Presidente o chi ne fa le veci ne accerti la necessità - mediante mezzi di telecomunicazione che consentano la partecipazione al dibattito e la parità informativa di tutti gli intervenuti.

ARTICOLO 16 - VALIDITÀ E VERBALIZZAZIONE DELLE DELIBERAZIONI CONSILIARI

16.1 Per la validità delle deliberazioni del Consiglio di Amministrazione occorreranno la presenza della maggioranza degli Amministratori in carica ed il voto favorevole della maggioranza degli Amministratori intervenuti, fatto salvo quanto previsto ai successivi articoli 16.3 e 16.4.

16.2 Le deliberazioni del Consiglio di Amministrazione saranno verbalizzate nel libro delle deliberazioni del Consiglio da tenere e conservare ai sensi dell'art. 2421, n. 4, del codice civile sottoscritte dal Presidente e dal Segretario o da un Notaio. Quando sia prescritto dalla legge o il Presidente lo ritenga opportuno, le deliberazioni saranno verbalizzate da un Notaio scelto dal Presidente del Consiglio di Amministrazione.

16.3 Per la validità delle deliberazioni del Consiglio di Amministrazione sulle materie di cui al successivo articolo 16.4 occorrerà la presenza e il voto favorevole di:

- (a) almeno 9 amministratori qualora il Consiglio di Amministrazione sia stato nominato ai sensi del punto 13.10 oppure del punto 13.11 oppure del punto 13.12;
- (b) almeno 8 amministratori qualora il Consiglio di Amministrazione sia stato nominato ai sensi del punto 13.13.

16.4 Sono soggette alle maggioranze qualificate di cui al precedente articolo 16.3 le deliberazioni del Consiglio di Amministrazione sulle seguenti materie:

- (a) approvazione e modifiche di budget e piani industriali, ivi inclusi i piani operativi di dettaglio relativi agli investimenti, i listini prezzi nonché i piani di efficientamento annuale per la riduzione dei costi operativi;
- (b) nomina e revoca (ivi inclusa l'attribuzione e la revoca dei relativi poteri) dell'Amministratore Delegato e del Presidente del Consiglio di Amministrazione e determinazione del relativo compenso (impregiudicato il conferimento ai consiglieri di poteri per specifici affari od operazioni) nonché nomina e revoca (e determinazione dei relativi poteri) di un Comitato Esecutivo;
- (c) acquisto o cessione di partecipazioni, aziende o rami d'azienda, diritti reali immobiliari e altri beni costituenti immobilizzazioni di valore superiore a Euro 5 milioni per ciascuna operazione;
- (d) stipulazione di nuovi contratti di finanziamento o comunque assunzione di nuovi debiti di natura finanziaria che determinino un incremento del rapporto debito/patrimonio netto rispetto a quanto indicato nel piano industriale approvato dal Consiglio di Amministrazione ovvero un incremento dell'indebitamento oltre 6 volte l'EBITDA (debito, patrimonio netto ed EBITDA quali oggetto della più recente *disclosure* al mercato);
- (e) approvazione di "capex" o di "opex" per valore complessivo cumulato su base annuale superiore di oltre il 10% rispetto agli importi indicati nei piani industriali e budget approvati;
- (f) approvazione di piani di stock-option o altri meccanismi di incentivazione degli amministratori e/o di dirigenti con responsabilità strategiche;

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- (g) approvazione di proposte all'assemblea dei soci su materie soggette all'applicazione del quorum deliberativo assembleare rafforzato di cui all'articolo 11.2;
- (h) compimento di operazioni, o modifica di contratti, con parti correlate alla Società di importo superiore a Euro 500.000 per singola operazione od operazioni tra loro collegate, con esclusione in ogni caso, a prescindere dall'importo, dell'esercizio, della rinuncia o della transazione di qualunque azione (giudiziale o stragiudiziale) tra la Società e parti correlate alla stessa Società;
- (i) approvazione delle deliberazioni di fusione per incorporazione in INWIT S.p.A. delle società di cui INWIT S.p.A. possiede almeno il 90% delle azioni o quote ed il trasferimento della sede della Società all'interno del territorio nazionale, previste all'articolo 18.2 del presente statuto;
- (j) nomina di CFO e Direttore Generale.

ARTICOLO 17 - COPIE ED ESTRATTI

17.1 Gli estratti dal libro dei verbali delle adunanze consiliari, firmati dal Presidente o da due amministratori e controfirmati dal Segretario, fanno piena prova.

ARTICOLO 18 - POTERI DEL CONSIGLIO - DELEGHE

18.1 Al Consiglio di Amministrazione spetta la gestione della Società, essendo di sua competenza tutto ciò che per legge o per Statuto non è espressamente riservato all'Assemblea.

18.2 Nei limiti di legge, alla competenza del Consiglio di Amministrazione sono attribuite (e pertanto non sono delegabili): (i) le determinazioni di fusione per incorporazione in INWIT S.p.A. o di scissione a favore di INWIT S.p.A. delle società di cui INWIT S.p.A. possiede almeno il 90% delle azioni o quote; (ii) la riduzione del capitale sociale in caso di recesso del socio; (iii) l'adeguamento dello Statuto a disposizioni normative inderogabili; (iv) il trasferimento della sede della Società all'interno del territorio nazionale, nonché l'istituzione o la soppressione di sedi secondarie; (v) l'esercizio, la rinuncia e la transazione di qualunque azione (giudiziale o stragiudiziale) tra la Società e parti correlate alla stessa Società, per importi superiori a Euro 200.000 (per singolo esercizio, rinuncia o transazione, ovvero per operazioni collegate).

18.3 Per l'esecuzione delle proprie deliberazioni e per la gestione sociale il Consiglio, nell'osservanza dei limiti di legge e nel rispetto del presente Statuto (ivi incluso le disposizioni di cui all'articolo 16.4), può:

- istituire un Comitato Esecutivo, determinandone i poteri ed il numero dei componenti;
- delegare gli opportuni poteri, determinando i limiti della delega ad uno o più Amministratori;
- nominare uno o più Direttori Generali, determinandone le attribuzioni e le facoltà;
- nominare mandatari - anche in seno al Consiglio di Amministrazione - per operazioni determinate e per una durata limitata di tempo.

18.4 Il Consiglio può costituire al proprio interno Comitati con funzioni consultive e propositive, determinandone le attribuzioni e le facoltà.

18.5 Il Consiglio di Amministrazione nomina il dirigente preposto alla redazione dei documenti contabili societari, previo parere obbligatorio del Collegio Sindacale, e nel rispetto delle disposizioni del presente Statuto. Salvo revoca per giusta causa, sentito il parere del Collegio Sindacale, il dirigente preposto alla redazione dei documenti contabili societari scade insieme al Consiglio di Amministrazione che lo ha nominato.



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18.6 Il dirigente preposto alla redazione dei documenti contabili societari deve essere esperto in materia di amministrazione, finanza e controllo e possedere i requisiti di onorabilità stabiliti per gli amministratori. La perdita dei requisiti comporta la decadenza dalla carica, che deve essere dichiarata dal Consiglio di Amministrazione entro trenta giorni dalla conoscenza del difetto.

ARTICOLO 19 - INFORMATIVA DEGLI ORGANI DELEGATI

19.1 Gli organi delegati riferiscono al Consiglio di Amministrazione e al Collegio Sindacale sull'attività svolta, sul generale andamento della gestione, sulla sua prevedibile evoluzione e sulle operazioni di maggior rilievo economico, finanziario e patrimoniale, effettuate dalla Società o dalle società controllate; in particolare riferiscono sulle operazioni nelle quali essi abbiano un interesse, per conto proprio o di terzi, o che siano influenzate dal soggetto che esercita l'attività di direzione e coordinamento, ove esistente. La comunicazione viene effettuata tempestivamente e comunque con periodicità almeno trimestrale, in occasione delle riunioni ovvero per iscritto.

ARTICOLO 20 - RAPPRESENTANZA LEGALE DELLA SOCIETÀ

20.1 La rappresentanza della Società, di fronte ai terzi e in giudizio, spetta al Presidente e, in caso di sua assenza o impedimento, al Vice Presidente, se nominato; spettano altresì disgiuntamente a ciascuno degli Amministratori delegati.

20.2 I legali rappresentanti di cui al comma precedente hanno facoltà di conferire poteri di rappresentanza della Società, anche in sede processuale, con facoltà di subdelega.

ARTICOLO 21 - COMPENSI E RIMBORSO SPESE DEI CONSIGLIERI

21.1 I consiglieri hanno diritto al rimborso delle spese incontrate per l'esercizio delle loro funzioni. L'Assemblea ordinaria può deliberare inoltre un compenso annuale a favore del Consiglio di Amministrazione così come determinare un importo complessivo per la remunerazione di tutti gli amministratori, inclusi quelli investiti di particolari cariche. Tale compenso, una volta fissato, rimane invariato fino a diversa decisione dell'Assemblea.

ARTICOLO 22 - COLLEGIO SINDACALE

22.1 Il Collegio Sindacale è composto da 3 (tre) Sindaci effettivi (di cui almeno uno è esponente del genere meno rappresentato, nella misura in cui ciò sia richiesto inderogabilmente da legge o, se la Società vi abbia aderito, sia raccomandato dal Codice di Autodisciplina di Borsa Italiana S.p.A.). L'Assemblea nomina altresì 2 (due) Sindaci supplenti (uno per ciascun genere nella misura in cui ciò sia richiesto inderogabilmente da legge o raccomandato dal Codice di Autodisciplina di Borsa Italiana S.p.A.).

22.2 Ai fini di quanto previsto dal Decreto Ministro di Grazia e Giustizia del 30 marzo 2000 n. 162, art. 1, comma 3, si considerano strettamente attinenti a quelli della Società le materie ed i settori di attività connessi o inerenti all'attività svolta dalla Società e di cui all'oggetto sociale.

22.3 La nomina del Collegio Sindacale avviene nel rispetto della disciplina di legge e regolamentare applicabile, sulla base di liste presentate dai soci.

22.4 Ogni socio può presentare o concorrere alla presentazione di una sola lista e ogni candidato

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può presentarsi in una sola lista a pena di ineleggibilità.

22.5 Hanno diritto di presentare le liste soltanto i soci che, da soli o insieme ad altri soci, siano complessivamente titolari di azioni rappresentanti la misura richiesta dalla disciplina regolamentare emanata dalla Commissione Nazionale per le società e la borsa.

22.6 Unitamente a ciascuna lista, entro i termini previsti dalla normativa di legge e regolamentare di tempo in tempo vigente, debbono altresì depositarsi (i) le informazioni relative all'identità dei soci che hanno presentato la lista, con l'indicazione della partecipazione complessiva detenuta, (ii) le accettazioni della candidatura da parte dei singoli candidati; (iii) le dichiarazioni con le quali i medesimi attestano, sotto la propria responsabilità, l'inesistenza di cause di ineleggibilità e di incompatibilità, nonché l'esistenza dei requisiti prescritti dalla disciplina, anche regolamentare, applicabile e dallo Statuto sociale e (iv) le altre informazioni richieste da legge.

22.7 Con le dichiarazioni viene depositato per ciascun candidato un curriculum vitae riguardante le caratteristiche personali e professionali, con l'indicazione degli incarichi di amministrazione e controllo ricoperti presso altre società. La lista per la quale non sono osservate le statuizioni di cui sopra è considerata come non presentata.

22.8 Eventuali variazioni che dovessero verificarsi fino al giorno di effettivo svolgimento dell'Assemblea sono tempestivamente comunicate alla Società.

22.9 Le liste si articolano in due sezioni: una per i candidati alla carica di Sindaco effettivo e l'altra per i candidati alla carica di Sindaco supplente. Le liste che nell'una, nell'altra o in entrambe le sezioni contengano un numero di candidati pari o superiore a tre debbono assicurare la presenza in detta sezione di entrambi i generi, così che i candidati del genere meno rappresentato siano almeno un terzo del totale, con arrotondamento, in caso di numero frazionario, all'unità superiore.

Il primo dei candidati di ciascuna sezione viene individuato tra i revisori legali iscritti nell'apposito registro che abbiano esercitato l'attività di revisione legale dei conti per un periodo non inferiore a tre anni.

22.10 Ogni avente diritto al voto può votare una sola lista.

22.11 All'elezione del Collegio Sindacale si procede come segue, fermo il rispetto della disciplina di legge e regolamentare in ordine al collegamento con la lista che ottenga in Assemblea il maggior numero dei voti:

1) qualora, all'esito delle votazioni, risulti una sola o nessuna Lista Qualificata, (i) dalla lista che ha ottenuto il maggior numero dei voti sono tratti, nell'ordine progressivo con il quale sono elencati nella lista stessa, due 2 (due) Sindaci effettivi ed 1 (un) Sindaco supplente e (ii) dalla seconda lista più votata, secondo l'ordine dalla stessa previsto, sono tratti 1 (un) Sindaco effettivo ed 1 (un) Sindaco supplente;

2) qualora, all'esito delle votazioni, risultino due Liste Qualificate e nessuna di tali Liste Qualificate abbia ottenuto un numero di voti superiore al 50% del capitale della Società con diritto di voto, (i) da ciascuna Lista Qualificata, secondo l'ordine dalla stessa previsto, sono tratti 1 (un) Sindaco effettivo ed 1 (un) Sindaco supplente e (ii) dalla terza lista più votata, secondo l'ordine dalla stessa previsto, è tratto 1 (un) Sindaco effettivo;

3) qualora, all'esito delle votazioni, risultino due Liste Qualificate e una di tali Liste Qualificate abbia ottenuto un numero di voti superiore al 50% del capitale della Società con diritto di voto, (i) dalla Lista Qualificata che ha ottenuto il maggior numero di voti, secondo l'ordine dalla stessa previsto, sono tratti 2 (due) Sindaci effettivi ed 1 (un) Sindaco supplente e (ii) dalla Lista



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Qualificata che risulta essere la seconda lista più votata, secondo l'ordine dalla stessa previsto, sono tratti 1 (un) Sindaco effettivo ed 1 (un) Sindaco supplente;

4) qualora, all'esito delle votazioni, risultino tre Liste Qualificate, (i) dalla Lista Qualificata più votata sono tratti 1 (un) Sindaco effettivo ed 1 (un) Sindaco supplente, (ii) dalla seconda Lista Qualificata più votata sono tratti 1 (un) Sindaco effettivo ed 1 (un) Sindaco supplente, e (iii) dalla terza Lista Qualificata è tratto 1 (un) Sindaco effettivo.

Nella misura in cui la composizione dell'organo sia soggetta all'obbligo di equilibrio tra generi, qualora la composizione dell'organo collegiale o della categoria dei Sindaci supplenti che ne derivi non consenta il rispetto dell'equilibrio tra i generi, tenuto conto del loro ordine di elencazione nella rispettiva sezione, il secondo del genere più rappresentato eletto dalla lista più votata decade per assicurare l'ottemperanza al requisito, ed è sostituito dal primo candidato non eletto della stessa lista e della stessa sezione del genere meno rappresentato. In assenza di candidati del genere meno rappresentato all'interno della sezione rilevante della predetta lista, l'Assemblea nomina il Sindaco effettivo o Supplente mancante con le maggioranze di legge, assicurando il soddisfacimento del requisito nel rispetto delle disposizioni di legge.

22.12 È nominato Presidente del Collegio Sindacale il componente effettivo tratto dalla lista meno votata da cui è stato tratto un componente effettivo.

22.13 Per la nomina dei Sindaci, per qualsiasi ragione non nominati ai sensi del procedimento qui previsto, l'Assemblea delibera con le maggioranze di legge, assicurando il rispetto dei requisiti di legge e Statuto in materia di composizione dell'organo collegiale e della categoria dei Sindaci supplenti.

22.14 In caso di cessazione di un Sindaco tratto da una lista subentra, per quanto applicabile e fermo il rispetto dei requisiti di legge e di statuto in materia di composizione dell'organo sociale, il supplente tratto dalla medesima lista da cui è stato tratto il Sindaco cessato. La nomina di Sindaci per l'integrazione del Collegio Sindacale ai sensi dell'art. 2401 del codice civile è deliberata dall'Assemblea a maggioranza assoluta dei votanti e comunque nel rispetto dei requisiti di legge e di statuto.

22.15 Previa comunicazione al Presidente del Consiglio di Amministrazione, il Collegio Sindacale può convocare, ai sensi di legge, l'Assemblea e il Consiglio di Amministrazione o il Comitato Esecutivo. Detto potere di convocazione può essere esercitato individualmente da ciascun Sindaco, a eccezione del potere di convocare l'Assemblea, che può essere esercitato da un numero di Sindaci non inferiore a due.

22.16 La partecipazione alle riunioni del Collegio Sindacale può avvenire - qualora il Presidente ne accerti la necessità - mediante mezzi di telecomunicazione che consentano la partecipazione al dibattito e la parità informativa di tutti gli intervenuti.

22.17 In caso di impedimento del Presidente, lo sostituisce il Sindaco effettivo più anziano per età.

22.18 La revisione legale dei conti è esercitata, ai sensi delle applicabili disposizioni di legge, da una società di revisione legale abilitata ai sensi di legge.

TITOLO V BILANCIO

ARTICOLO 23 - CHIUSURA ESERCIZIO SOCIALE - RIPARTO UTILI



23.1 L'esercizio sociale si chiude al 31 dicembre di ogni anno.

23.2 Dagli utili netti risultanti dal bilancio deve essere dedotto il 5% (cinque per cento) degli stessi da accantonare a riserva legale, sinché questa abbia raggiunto l'ammontare pari al quinto del capitale sociale.

23.3 Il Consiglio di Amministrazione può, durante il corso dell'esercizio, distribuire agli azionisti acconti sul dividendo nel rispetto delle disposizioni di legge in materia.

23.4 I dividendi non riscossi nel termine di cinque anni dal giorno della loro esigibilità si intendono prescritti a favore della Società.

TITOLO VI SCIoglimento

ARTICOLO 24 - LIQUIDATORI

24.1 In caso di scioglimento della Società, l'Assemblea determina le modalità della liquidazione e nomina uno o più liquidatori, fissandone poteri e compensi nei limiti di legge.

TITOLO VII DISPOSIZIONI GENERALI

ARTICOLO 25 - DOMICILIAZIONE DEGLI AZIONISTI - FORO CONVENZIONALE

25.1 Il domicilio degli azionisti nei confronti della Società si intende eletto, a tutti gli effetti di legge, presso il domicilio risultante dal Libro Soci.

25.2 Nel rispetto delle disposizioni di legge in materia, tutte le contestazioni fra gli azionisti e la Società sono decise dall'Autorità Giudiziaria nella cui circoscrizione ha sede legale la Società.

ARTICOLO - RINVIO

26.1 Per tutto quanto non è disposto dal presente Statuto si applicano le disposizioni di legge.



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STATUTO della "Infrastrutture Wireless Italiane S.p.A."

**TITOLO I
ELEMENTI IDENTIFICATIVI**

ARTICOLO 1 - DENOMINAZIONE

1.1 La Società è denominata "Infrastrutture Wireless Italiane S.p.A." o, in forma abbreviata, "INWIT S.p.A."

ARTICOLO 2 - SEDE

2.1 La Società ha sede in Milano.

2.2 L'organo amministrativo può trasferire la sede sociale all'interno del territorio nazionale e può altresì istituire e/o modificare e/o sopprimere sedi secondarie, filiali succursali, rappresentanze, agenzie e dipendenze di ogni genere in Italia e all'estero.

ARTICOLO 3 - DURATA

3.1 La durata della Società è fissata sino al 31 dicembre 2100.

3.2 La proroga del termine di durata della Società non attribuisce diritto di recesso ai soci che non hanno concorso alla approvazione della relativa delibera.

ARTICOLO 4 - OGGETTO

4.1 La Società ha per oggetto:

- l'installazione e l'esercizio con qualsiasi tecnica, mezzo e sistema, di impianti, infrastrutture, ed attrezzature fissi e mobili, stazioni radioelettriche, collegamenti per le radiocomunicazioni mobili, reti dedicate e/o integrate, per l'aspletamento, la gestione e la commercializzazione, senza limiti territoriali, dei servizi di comunicazioni elettronica, quali anche risultanti dall'evoluzione delle tecnologie, e per lo svolgimento delle attività ad essi anche indirettamente connesse, comprese quelle di progettazione, sviluppo, realizzazione, ricondizionamento, gestione e manutenzione;
- la progettazione, costruzione e/o gestione di reti e infrastrutture per le telecomunicazioni;
- la fornitura di infrastrutture e relativi servizi ad operatori di servizi di comunicazione elettronica (con qualunque tecnologia esistente o futura).

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4.2 La società potrà altresì svolgere, in nome e/o per conto proprio o su commessa di terzi, le attività di acquisto di materie prime, di semilavorati e di prodotti necessari per lo svolgimento dell'attività di cui al comma precedente.

Per il conseguimento e nell'ambito di tali finalità e, quindi, con carattere di mera sussidiarietà e strumentalità, la società potrà:

- assumere, in via non prevalente e non nei confronti del pubblico, partecipazioni ed interessenze in società ed imprese di ogni tipo e forma;
- provvedere al finanziamento delle società ed enti di partecipazione ed al coordinamento tecnico, commerciale, finanziario ed amministrativo delle loro attività;
- compiere, non nei confronti del pubblico, nell'interesse proprio e delle società ed enti di partecipazione, qualsiasi operazione mobiliare, immobiliare, finanziaria, commerciale, compresa l'assunzione di mutui e finanziamenti e la prestazione, anche a favore di terzi, di avalli, fidejussioni e altre garanzie, reali comprese.

4.3 Sono espressamente escluse le attività riservate a soggetti iscritti in albi professionali e le attività di cui all'art. 106 del decreto legislativo n. 385/1993 nei confronti del pubblico.

TITOLO II CAPITALE SOCIALE ED OBBLIGAZIONI

ARTICOLO 5 - MISURA DEL CAPITALE

5.1 Il capitale sociale sottoscritto e versato è pari ad Euro 600.000.000 diviso in numero 600.000.000 azioni ordinarie prive di indicazione del valore nominale.

5.2 Il capitale sociale può essere aumentato anche con conferimenti diversi da denaro nei limiti consentiti dalla legge.

5.3 Nelle deliberazioni di aumento del capitale sociale a pagamento, il diritto di opzione può essere escluso nella misura massima del 10% (dieci per cento) del capitale sociale preesistente, a condizione che il prezzo di emissione corrisponda al valore di mercato delle azioni e ciò sia confermato in apposita relazione da un revisore legale o da una società di revisione legale.

ARTICOLO 6 - AZIONI

6.1 L'Assemblea può deliberare l'emissione di azioni fornite di diritti diversi da quelle ordinarie, in conformità alle prescrizioni di legge.



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6.2 Le azioni sono indivisibili. In caso di comproprietà, i diritti dei contitolari sono esercitati da un rappresentante comune.

6.3 L'eventuale introduzione, modificazione o rimozione di vincoli alla circolazione dei titoli azionari non attribuisce diritto di recesso ai soci che non hanno concorso all'approvazione della relativa deliberazione.

6.4 È consentita, nei modi e nelle forme di legge, l'assegnazione di utili e/o di riserve di utili ai prestatori di lavoro dipendenti della Società o di società controllate, mediante l'emissione di azioni ai sensi del primo comma dell'art. 2349 del codice civile.

ARTICOLO 7 - OBBLIGAZIONI

7.1 La Società può emettere obbligazioni, anche convertibili, in conformità alle norme di legge determinandone le modalità e condizioni di collocamento.

7.2. Gli oneri relativi all'organizzazione delle Assemblee degli obbligazionisti sono a carico della Società che, in assenza di determinazione da parte degli obbligazionisti, nelle forme di legge, si fa altresì carico della remunerazione dei rappresentanti comuni, nella misura massima stabilita dal Consiglio di Amministrazione per ciascuna emissione, tenuto conto della relativa dimensione.

TITOLO III ASSEMBLEA

ARTICOLO 8 - DIRITTO DI INTERVENTO

8.1 Nel rispetto della normativa vigente gli aventi diritto di voto nell'Assemblea possono esercitarlo prima dell'Assemblea in via elettronica, se previsto nell'avviso di convocazione e con le modalità in esso precisate.

8.2 Ogni avente diritto al voto può farsi rappresentare in Assemblea, rilasciando apposita delega a persona fisica o giuridica, nei limiti di legge. La Società ha facoltà di designare per ciascuna Assemblea uno o più soggetti ai quali gli aventi diritto possono conferire delega per la rappresentanza in Assemblea ai sensi della disciplina vigente. Gli eventuali soggetti designati e le necessarie istruzioni operative sono riportati nell'avviso di convocazione della riunione.

8.3 La notifica elettronica della delega potrà essere effettuata mediante utilizzo di apposita sezione del sito internet della Società ovvero mediante trasmissione per posta elettronica, secondo le modalità indicate nell'avviso di convocazione dell'Assemblea.

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ARTICOLO 9 - POTERI

9.1 L'Assemblea, ordinaria o straordinaria, delibera sulle materie ad essa espressamente riservate dalla legge e dal presente statuto.

ARTICOLO 10 - CONVOCAZIONE

10.1 L'Assemblea è convocata ogni volta che il Consiglio di Amministrazione lo creda opportuno, o quando ne sia richiesta la convocazione ai sensi di legge, nei termini e con le modalità prescritti dalla disciplina di legge e regolamentare di tempo in tempo vigente.

10.2 In caso di mancata costituzione in seconda convocazione, l'Assemblea straordinaria può riunirsi in terza convocazione. E' peraltro facoltà del Consiglio di Amministrazione convocare l'Assemblea ordinaria o straordinaria in unica convocazione, come per legge.

10.3 L'Assemblea ordinaria è convocata alle condizioni di legge almeno una volta all'anno, non oltre 180 giorni dalla chiusura dell'esercizio sociale. Essa delibera sulle materie di legge e autorizza, ai sensi dell'art. 2364, comma 1, numero 5, del codice civile il compimento di operazioni con parti correlate alla Società, nei casi e con le modalità previsti dall'apposita procedura adottata dal Consiglio di Amministrazione, ai sensi della disciplina in vigore.

10.4 L'Assemblea ordinaria e straordinaria si riuniscono, anche in luogo diverso dalla sede legale, purché in Italia.

ARTICOLO 11 - ASSEMBLEA ORDINARIA E STRAORDINARIA

11.1 I quorum costitutivi e deliberativi dell'Assemblea sono previsti dalla legge.

ARTICOLO 12 - PRESIDENZA E CONDUZIONE DEI LAVORI

12.1 Il Presidente del Consiglio di Amministrazione o chi ne fa le voci presiede l'Assemblea ordinaria e straordinaria e ne regola lo svolgimento. In mancanza del Presidente del Consiglio di Amministrazione (o di chi ne fa le voci) presiede l'Assemblea la persona eletta con il voto della maggioranza del capitale rappresentato in riunione.

12.2 L'Assemblea, su proposta del Presidente, elegge con il voto della maggioranza dei presenti un Segretario, anche al di fuori degli azionisti.

12.3 Nelle ipotesi previste dalla legge e laddove il Presidente dell'Assemblea ne ravvisi l'esigenza, il verbale viene redatto per atto pubblico da Notaio designato dal Presidente medesimo con funzione di Segretario.



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12.4 Il Presidente della riunione – tra l'altro – verifica la regolarità della costituzione dell'adunanza, accerta l'identità e la legittimazione dei presenti, dirige i lavori, anche stabilendo un diverso ordine di discussione degli argomenti indicati nell'avviso di convocazione.

12.5 Il Presidente della riunione adotta le opportune misure ai fini dell'ordinato andamento del dibattito e delle votazioni, definendone le modalità e accertandone i risultati; può scegliere tra gli intervenuti due o più scrutatori.

12.6 Lo svolgimento delle riunioni assembleari dei Soci è disciplinato dalla legge, dal presente Statuto e dal Regolamento delle Assemblee approvato con delibera dell'Assemblea ordinaria della Società.

TITOLO IV

ORGANI AMMINISTRATIVI E DI CONTROLLO

ARTICOLO 13 - COMPOSIZIONE DEL CONSIGLIO DI AMMINISTRAZIONE

13.1 La Società è amministrata da un Consiglio di Amministrazione composto da un minimo di 7 (sette) ad un massimo di 15 (quindici) Consiglieri di cui gli esponenti del genere meno rappresentato sono almeno un terzo del totale, con arrotondamento, in caso di numero frazionario, all'unità superiore.

13.2 L'Assemblea, prima di procedere alla nomina, determina il numero dei componenti il Consiglio di Amministrazione, numero che rimane fermo fino a sua diversa deliberazione e la durata della nomina, salvi i limiti massimi di legge.

13.3 Ogni qualvolta la maggioranza dei componenti il Consiglio di Amministrazione venga meno per qualsiasi causa o ragione, i restanti Consiglieri si intendono dimissionari e la loro cessazione ha effetto dal momento in cui il Consiglio di Amministrazione è stato ricostituito per nomina assembleare.

13.4 La nomina del Consiglio di Amministrazione avviene nel rispetto della disciplina di legge e regolamentare applicabile, sulla base di liste presentate dai soci ai sensi dei successivi commi, o dal Consiglio di Amministrazione uscente.

13.5 Tra gli Amministratori nominati dall'Assemblea, un numero minimo corrispondente al minimo previsto dalla disciplina di legge e regolamentare di tempo in tempo vigente deve possedere i requisiti di indipendenza stabiliti dalla disciplina di legge e regolamentare di tempo in tempo vigente.

Il venir meno dei requisiti determina la decadenza dell'amministratore. Il venir meno dei requisiti di indipendenza prescritti dalla disciplina di legge e regolamentare di tempo in tempo vigente in capo ad un amministratore non ne determina la decadenza



se i requisiti permangono in capo al numero minimo di amministratori che secondo la normativa vigente devono possedere tale requisito.

13.6 Ogni socio può presentare o concorrere alla presentazione di una sola lista e ogni candidato può presentarsi in una sola lista a pena di ineleggibilità. Le liste che contengano un numero di candidati pari o superiore a tre debbono assicurare la presenza di entrambi i generi, così che i candidati del genere meno rappresentato siano almeno un terzo del totale, con arrotondamento, in caso di numero frazionario, all'unità superiore.

13.7 Hanno diritto di presentare le liste soltanto i soci che da soli o insieme ad altri soci siano complessivamente titolari di azioni rappresentanti la misura richiesta dalla disciplina regolamentare emanata dalla Commissione Nazionale per le società e la borsa.

13.8 Unitamente a ciascuna lista, entro i termini previsti dalla normativa di legge e regolamentare di tempo in tempo vigente, debbono depositarsi (i) le informazioni relative all'identità dei soci che hanno presentato la lista, con l'indicazione della partecipazione complessiva detenuta, (ii) le accettazioni della candidatura da parte dei singoli candidati e (iii) le dichiarazioni con le quali i medesimi attestano, sotto la propria responsabilità, l'inesistenza di cause di ineleggibilità e di incompatibilità, nonché l'esistenza dei requisiti che fossero prescritti per le rispettive cariche. Con le dichiarazioni, viene depositato per ciascun candidato un curriculum vitae riguardante le caratteristiche personali e professionali con l'indicazione degli incarichi di amministrazione e controllo ricoperti presso altre società e dell'idoneità a qualificarsi come indipendente, alla stregua dei criteri di legge e di quelli fatti propri dalla Società. Eventuali variazioni che dovessero verificarsi fino al giorno di effettivo svolgimento dell'Assemblea sono tempestivamente comunicate alla Società. Le liste per le quali non sono osservate le predette prescrizioni, sono considerate come non presentate.

13.9 Ogni avente diritto al voto può votare una sola lista.

13.10 All'elezione del Consiglio di Amministrazione si procede come segue:

- 1) dalla lista che ha ottenuto in Assemblea il maggior numero di voti (c.d. Lista di Maggioranza) sono tratti nell'ordine progressivo con il quale sono elencati nella lista stessa, i quattro quinti degli amministratori da eleggere, con arrotondamento, in caso di numero frazionario, all'unità inferiore;
- 2) fermo il rispetto della disciplina di legge e regolamentare applicabile in ordine al collegamento con la Lista di Maggioranza, i restanti amministratori sono tratti dalle altre liste; a tal fine i voti ottenuti dalle liste vengono divisi successivamente per numeri interi progressivi da uno fino al numero degli amministratori da eleggere. I

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quozienti così ottenuti sono assegnati progressivamente ai candidati di ciascuna di tali liste, secondo l'ordine dalle stesse rispettivamente previsto. I quozienti così attribuiti ai candidati delle varie liste vengono disposti in una unica graduatoria decrescente. Risultano eletti coloro che hanno ottenuto i quozienti più elevati. Nel caso in cui più candidati abbiano ottenuto lo stesso quoziente, risulta eletto il candidato della lista che non abbia ancora eletto alcun amministratore o che abbia eletto il minor numero di amministratori.

Nel caso in cui nessuna di tali liste abbia ancora eletto un amministratore ovvero tutte abbiano eletto lo stesso numero di amministratori, nell'ambito di tali liste risulta eletto il candidato di quella che abbia ottenuto il maggior numero di voti. In caso di parità di voti di lista e sempre a parità di quoziente, si procede a nuova votazione da parte dell'intera Assemblea, risultando eletto il candidato che ottenga la maggioranza semplice dei voti.

Qualora la composizione dell'organo collegiale che ne derivi non consenta il rispetto dell'equilibrio tra i generi, tenuto conto del loro ordine di elecazione in lista, gli ultimi eletti della Lista di Maggioranza del genere più rappresentato sono sostituiti nel numero necessario ad assicurare l'ottemperanza al requisito dai primi candidati non eletti della stessa lista del genere meno rappresentato. In mancanza di candidati del genere meno rappresentato all'interno della Lista di Maggioranza in numero sufficiente a procedere alla sostituzione, l'Assemblea integra l'organo con le maggioranze di legge, assicurando il soddisfacimento del requisito.

13.11 Per la nomina degli amministratori, per qualsiasi ragione non nominati ai sensi del procedimento qui previsto, l'Assemblea delibera con le maggioranze di legge, assicurando il rispetto dei requisiti di legge e Statuto in materia di composizione dell'organo collegiale.

13.12 Se nel corso dell'esercizio vengono a mancare uno o più amministratori, si provvede ai sensi dell'art. 2386 del codice civile.

13.13 In occasione del primo mandato del Consiglio di Amministrazione successivo alla quotazione della Società, la quota da riservare al genere meno rappresentato (sia nel Consiglio di Amministrazione sia nelle relative liste) è limitata a un quinto del totale, con arrotondamento, in caso di numero frazionario, all'unità superiore.

ARTICOLO 14 - PRESIDENTE - VICE PRESIDENTE - SEGRETARIO

14.1 Il Consiglio di Amministrazione elegge fra i propri membri un Presidente - ove l'Assemblea non vi abbia già provveduto - e può nominare uno o più Vice Presidenti.

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14.2 In caso di assenza o di impedimento del Presidente lo sostituisce il Vice Presidente più anziano per età, se nominato, o l'Amministratore Delegato se nominato, oppure il consigliere più anziano per età.

14.3 Il Consiglio di Amministrazione può eleggere un Segretario scelto anche all'interno dei suoi membri.

ARTICOLO 15 - ADUNANZE DEL CONSIGLIO

15.1 Il Presidente, o chi ne fa le veci convoca il Consiglio di Amministrazione presso la sede della Società o altrove, di propria iniziativa e quando ne riceva domanda scritta, da almeno un quinto dei Consiglieri in carica o dai Sindaci.

15.2 Il Presidente comunica preventivamente gli argomenti oggetto di trattazione nel corso della riunione consiliare e provvede affinché adeguate informazioni sulle materie da esaminare vengano fornite a tutti i consiglieri, tenuto conto delle circostanze del caso.

15.3 La convocazione viene fatta con mezzi idonei alla luce del tempo di preavviso, di regola almeno 5 (cinque) giorni prima dell'adunanza, salvo i casi d'urgenza nei quali va comunque effettuata con almeno 12 (dodici) ore di anticipo.

Della convocazione viene nello stesso termine dato avviso ai Sindaci.

15.4 La partecipazione alle riunioni consiliari può avvenire - qualora il Presidente o chi ne fa le veci ne accerti la necessità - mediante mezzi di telecomunicazione che consentano la partecipazione al dibattito e la parità informativa di tutti gli intervenuti.

ARTICOLO 16 - VALIDITA' E VERBALIZZAZIONE DELLE DELIBERAZIONI CONSILIARI

16.1 Per la validità delle deliberazioni del Consiglio di Amministrazione occorreranno la presenza della maggioranza degli Amministratori in carica ed il voto favorevole della maggioranza degli Amministratori intervenuti.

16.2 Le deliberazioni del Consiglio di Amministrazione saranno verbalizzate nel libro delle deliberazioni del Consiglio da tenere e conservare ai sensi dell'art. 2421, n. 4, del codice civile sottoscritte dal Presidente e dal Segretario o da un Notaio. Quando sia prescritto dalla legge o il Presidente lo ritenga opportuno, le deliberazioni saranno verbalizzate da un Notaio scelto dal Presidente del Consiglio di Amministrazione.

ARTICOLO 17 - COPIE ED ESTRATTI

17.1 Gli estratti dal libro dei verbali delle adunanze consiliari, firmati dal Presidente o da due amministratori e controfirmati dal Segretario, fanno piena prova.

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ARTICOLO 18 - POTERI DEL CONSIGLIO - DELEGHE

18.1 Al Consiglio di Amministrazione spetta la gestione della Società, essendo di sua competenza tutto ciò che per legge o per Statuto non è espressamente riservato all'Assemblea.

18.2 Nei limiti di legge, alla competenza del Consiglio di Amministrazione sono attribuite le determinazioni di incorporazione in INWIT S.p.A. o di scissione a favore di INWIT S.p.A. delle società di cui INWIT S.p.A. possiede almeno il 90% delle azioni o quote, la riduzione del capitale sociale in caso di recesso del socio, l'adeguamento dello Statuto a disposizioni normative, il trasferimento della sede della Società all'interno del territorio nazionale, nonché l'istituzione o la soppressione di sedi secondarie.

18.3 Per l'esecuzione delle proprie deliberazioni e per la gestione sociale il Consiglio, nell'osservanza dei limiti di legge, può:

- istituire un Comitato Esecutivo, determinandone i poteri ed il numero dei componenti;
- delegare gli opportuni poteri, determinando i limiti della delega ad uno o più Amministratori, eventualmente con la qualifica di Amministratori Delegati;
- nominare uno o più Direttori Generali, determinandone le attribuzioni e le facoltà;
- nominare mandatarî - anche in seno al Consiglio di Amministrazione - per operazioni determinate e per una durata limitata di tempo.

18.4 Il Consiglio può costituire al proprio interno Comitati con funzioni consultive e propositive, determinandone le attribuzioni e le facoltà.

18.5 Il Consiglio di Amministrazione nomina il dirigente preposto alla redazione dei documenti contabili societari, previo parere obbligatorio del Collegio Sindacale.

Salvo revoca per giusta causa, sentito il parere del Collegio Sindacale, il dirigente preposto alla redazione dei documenti contabili societari scade insieme al Consiglio di Amministrazione che lo ha nominato.

18.6 Il dirigente preposto alla redazione dei documenti contabili societari deve essere esperto in materia di amministrazione, finanza e controllo e possedere i requisiti di onorabilità stabiliti per gli amministratori. La perdita dei requisiti comporta la decadenza dalla carica, che deve essere dichiarata dal Consiglio di Amministrazione entro trenta giorni dalla conoscenza del difetto.

ARTICOLO 19 - INFORMATIVA DEGLI ORGANI DELEGATI

19.1 Gli organi delegati riferiscono al Consiglio di Amministrazione e al Collegio Sindacale sull'attività svolta, sul generale andamento della gestione, sulla sua

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prevedibile evoluzione e sulle operazioni di maggior rilievo economico, finanziario e patrimoniale, effettuate dalla Società o dalle società controllate; in particolare riferiscono sulle operazioni nelle quali essi abbiano un interesse, per conto proprio o di terzi, o che siano influenzato dal soggetto che esercita l'attività di direzione e coordinamento, ove esistente. La comunicazione viene effettuata tempestivamente e comunque con periodicità almeno trimestrale, in occasione delle riunioni ovvero per iscritto.

ARTICOLO 20 - RAPPRESENTANZA LEGALE DELLA SOCIETÀ'

20.1 La rappresentanza della Società, di fronte ai terzi e in giudizio, spettano al Presidente e, in caso di sua assenza o impedimento, al Vice Presidente, se nominato; spettano altresì disgiuntamente a ciascuno degli Amministratori delegati.

20.2 I legali rappresentanti di cui al comma precedente hanno facoltà di conferire poteri di rappresentanza della Società, anche in sede processuale, con facoltà di subdelega.

ARTICOLO 21 - COMPENSI E RIMBORSO SPESE DEI CONSIGLIERI

21.1 I consiglieri hanno diritto al rimborso delle spese incontrate per l'esercizio delle loro funzioni. L'Assemblea ordinaria può deliberare inoltre un compenso annuale a favore del Consiglio di Amministrazione così come determinare un importo complessivo per la remunerazione di tutti gli amministratori, inclusi quelli investiti di particolari cariche. Tale compenso, una volta fissato, rimane invariato fino a diversa decisione dell'Assemblea.

ARTICOLO 22 - COLLEGIO SINDACALE

22.1 Il Collegio Sindacale è composto da 3 (tre) Sindaci effettivi, di cui almeno uno è esponente del genere meno rappresentato. L'Assemblea nomina altresì 2 (due) Sindaci supplenti, uno per ciascun genere.

22.2 Ai fini di quanto previsto dal Decreto Ministro di Grazia e Giustizia del 30 marzo 2000 n. 162, art. 1, comma 3, si considerano strettamente attinenti a quello della Società le materie ed i settori di attività connessi o inerenti all'attività svolta dalla Società e di cui all'oggetto sociale.

22.3 La nomina del Collegio Sindacale avviene nel rispetto della disciplina di legge e regolamentare applicabile, sulla base di liste presentate dai soci.

22.4 Ogni socio può presentare o concorrere alla presentazione di una sola lista e ogni candidato può presentarsi in una sola lista a pena di ineleggibilità.

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22.5 Hanno diritto di presentare le liste soltanto i soci che, da soli o insieme ad altri soci, siano complessivamente titolari di azioni rappresentanti la misura richiesta dalla disciplina regolamentare emanata dalla Commissione Nazionale per le società e la borsa.

22.6 Unitamente a ciascuna lista, entro i termini previsti dalla normativa di legge e regolamentare di tempo in tempo vigente, debbono altresì depositarsi (i) le informazioni relative all'identità dei soci che hanno presentato la lista, con l'indicazione della partecipazione complessiva detenuta, (ii) le accettazioni della candidatura da parte dei singoli candidati e (iii) le dichiarazioni con le quali i medesimi attestano, sotto la propria responsabilità, l'inesistenza di cause di ineleggibilità e di incompatibilità, nonché l'esistenza dei requisiti prescritti dalla disciplina, anche regolamentare, applicabile e dallo Statuto sociale.

22.7 Con le dichiarazioni viene depositato per ciascun candidato un curriculum vitae riguardante le caratteristiche personali e professionali, con l'indicazione degli incarichi di amministrazione e controllo ricoperti presso altre società. La lista per la quale non sono osservate le statuizioni di cui sopra è considerata come non presentata.

22.8 Eventuali variazioni che dovessero verificarsi fino al giorno di effettivo svolgimento dell'Assemblea sono tempestivamente comunicate alla Società.

22.9 Le liste si articolano in due sezioni: una per i candidati alla carica di Sindaco effettivo e l'altra per i candidati alla carica di Sindaco supplente. Le liste che nell'una, nell'altra o in entrambe le sezioni contengano un numero di candidati pari o superiore a tre debbono assicurare la presenza in detta sezione di entrambi i generi, così che i candidati del genere meno rappresentato siano almeno un terzo del totale, con arrotondamento, in caso di numero frazionario, all'unità superiore.

Il primo dei candidati di ciascuna sezione viene individuato tra i revisori legali iscritti nell'apposito registro che abbiano esercitato l'attività di revisione legale dei conti per un periodo non inferiore a tre anni.

22.10 Ogni avente diritto al voto può votare una sola lista.

22.11 All'elezione del Collegio Sindacale si procede come segue:

- 1) dalla lista che ha ottenuto in Assemblea la maggioranza dei voti (c.d. Lista di Maggioranza) sono tratti, nell'ordine progressivo con il quale sono elencati nella lista stessa, 2 (due) membri effettivi ed 1 (uno) membro supplente;
- 2) dalla seconda lista che ha ottenuto in Assemblea la maggioranza dei voti espressi dai soci e che non sia collegata ai sensi della disciplina di legge e regolamentare con la Lista di Maggioranza (c.d. Lista di Minoranza) sono tratti, nell'ordine progressivo



con il quale sono elencati nella lista stessa, il restante membro effettivo e l'altro membro supplente.

Qualora la composizione dell'organo collegiale o della categoria dei Sindaci supplenti che ne derivi non consenta il rispetto dell'equilibrio tra i generi, tenuto conto del loro ordine di elencazione nella rispettiva sezione, l'ultimo eletto della Lista di Maggioranza del genere più rappresentato decade per assicurare l'ottemperanza al requisito, ed è sostituito dal primo candidato non eletto della stessa lista e della stessa sezione del genere meno rappresentato. In assenza di candidati del genere meno rappresentato all'interno della sezione rilevante della Lista di Maggioranza, l'Assemblea nomina il Sindaco effettivo o Supplente mancante con le maggioranze di legge, assicurando il soddisfacimento del requisito.

22.12 E' nominato Presidente del Collegio Sindacale il componente effettivo tratto dalla Lista di Minoranza.

22.13 Per la nomina dei Sindaci, per qualsiasi ragione non nominati ai sensi del procedimento qui previsto, l'Assemblea delibera con le maggioranze di legge, assicurando il rispetto dei requisiti di legge e Statuto in materia di composizione dell'organo collegiale e della categoria dei Sindaci supplenti.

22.14 In caso di cessazione di un Sindaco tratto rispettivamente dalla Lista di Maggioranza o dalla Lista di Minoranza, subentra, e fermo il rispetto dei requisiti statuari in materia di composizione dell'organo sociale, il supplente tratto dalla Lista di Maggioranza ovvero dalla Lista di Minoranza. La nomina di Sindaci per l'integrazione del Collegio Sindacale ai sensi dell'art. 2401 del codice civile è deliberata dall'Assemblea a maggioranza assoluta dei votanti e comunque nel rispetto del principio di necessaria rappresentanza delle minoranze, oltre che dei requisiti statuari in materia di equilibrio tra i generi. Si intende rispettato il principio di necessaria rappresentanza delle minoranze in caso di nomina del Sindaco supplente tratto dalla Lista di Minoranza che sia subentrato a un Sindaco effettivo tratto dalla medesima lista.

22.15 Previa comunicazione al Presidente del Consiglio di Amministrazione, il Collegio Sindacale può convocare, ai sensi di legge, l'Assemblea e il Consiglio di Amministrazione o il Comitato Esecutivo. Detto potere di convocazione può essere esercitato individualmente da ciascun Sindaco, a eccezione del potere di convocare l'Assemblea, che può essere esercitato da un numero di Sindaci non inferiore a due.

22.16 La partecipazione alle riunioni del Collegio Sindacale può avvenire - qualora il Presidente ne accerti la necessità - mediante mezzi di telecomunicazione che consentano la partecipazione al dibattito e la parità informativa di tutti gli intervenuti.

Autore Col



F. Amadori

Ac

22.17 In caso di impedimento del Presidente, lo sostituisce l'altro Sindaco effettivo più anziano per età.

22.18 La revisione legale dei conti è esercitata, ai sensi delle applicabili disposizioni di legge, da una società di revisione legale abilitata ai sensi di legge.

TITOLO V

BILANCIO

ARTICOLO 23 - CHIUSURA ESERCIZIO SOCIALE - RIPARTO UTILI

23.1 L'esercizio sociale si chiude al 31 dicembre di ogni anno.

23.2 Dagli utili netti risultanti dal bilancio deve essere dedotto il 5% (cinque per cento) degli stessi da accantonare a riserva legale, sinché questa abbia raggiunto l'ammontare pari al quinto del capitale sociale.

23.3 Il residuo viene utilizzato per l'assegnazione del dividendo deliberato dall'Assemblea o/o per quegli altri scopi che l'Assemblea stessa ritenga più opportuni o necessari.

23.4 Il Consiglio di Amministrazione può, durante il corso dell'esercizio, distribuire agli azionisti acconti sul dividendo nel rispetto delle disposizioni di legge in materia.

23.5 I dividendi non riscossi nei termini di cinque anni dal giorno della loro esigibilità si intendono prescritti a favore della Società.

TITOLO VI

SCIoglimento

ARTICOLO 24 - LIQUIDATORI

24.1 In caso di scioglimento della Società, l'Assemblea determina le modalità della liquidazione e nomina uno o più liquidatori, fissandone poteri e compensi nei limiti di legge.

TITOLO VII

DISPOSIZIONI GENERALI

ARTICOLO 25 - DOMICILIAZIONE DEGLI AZIONISTI - FORO CONVENZIONALE

25.1 Il domicilio degli azionisti nei confronti della Società si intende eletto, a tutti gli effetti di legge, presso il domicilio risultante dal Libro Soci.

25.2 Nel rispetto delle disposizioni di legge in materia, tutte le contestazioni fra gli azionisti e la Società sono decise dall'Autorità Giudiziaria nella cui circoscrizione ha sede legale la Società.

ARTICOLO 26 – RINVIO

26.1 Per tutto quanto non è disposto dal presente Statuto si applicano le disposizioni di legge.

F.to Oscar Ciochetti

F.to Carlo Marchetti Notaio

F. Ciochetti

F. Marchetti

AP

Situazione patrimoniale ITA GAAP al 30.09.2019 del Ramo Towers

migliaia di euro	31/03/2019	30/09/2019	Delta 30/09/2019 vs 31/03/2019
ATTIVITA'			
Impianti e macchinari	136.520	120.804	(15.716)
Immobilitazioni in corso	1.759	1.501	(258)
Totale Attivita' non correnti	138.279	122.305	(15.974)
Crediti verso clienti	79.039	101.172	22.133
Crediti per imposte anticipate	3.466	4.536	1.070
Crediti verso altri	24.786	21.126	(3.660)
Rischi e Riscatti attivi	29.679	29.768	89
Totale Attivita' correnti	136.970	156.602	19.632
Totale Attivita'	275.249	278.907	3.658
PASSIVITA'			
Totale Patrimonio Netto	221.542	229.348	7.806
TFR	1.320	1.319	(1)
Fondi per rischi ed oneri	3.282	7.072	3.790
Totale Passivita' non correnti	4.602	8.391	3.789
Debiti verso fornitori	48.643	40.916	(7.727)
Altri debiti	462	252	(210)
Totale Passivita' correnti	49.105	41.168	(7.937)
Totale Passivo	53.707	49.559	(4.148)
Totale Pass e Patrimonio Netto	275.249	278.907	3.658

Allegato "D"

AR P



ALL "C" AL N. 15584/8342 DI REP.

Mezzo	Targa	Modello
Panda Gruppo Elettrogeno 5KVA	AW293JX	FIAT PANDAVAN 4X4
Panda Gruppo Elettrogeno 5KVA	AW351ME	FIAT PANDAVAN 4X4
Panda Gruppo Elettrogeno 5KVA	AW416LV	FIAT PANDAVAN 4X4
Panda Gruppo Elettrogeno 5KVA	AW418LV	FIAT PANDAVAN 4X4
Panda Gruppo Elettrogeno 5KVA	AW743KL	FIAT PANDAVAN 4X4
Panda Gruppo Elettrogeno 5KVA	BE439CP	FIAT PANDAVAN 4X4
Panda Gruppo Elettrogeno 5KVA	BE440CP	FIAT PANDAVAN 4X4
Panda Gruppo Elettrogeno 5KVA	BE441CP	FIAT PANDAVAN 4X4
Panda Gruppo Elettrogeno 5KVA	BP136LT	FIAT PANDAVAN 4X4
Furgone Gruppo Elettrogeno 60KVA	CLO38NW	RENAULT
Furgone Gruppo Elettrogeno 60KVA	CLO68NW	RENAULT
Furgone Gruppo Elettrogeno 60KVA	CL198NW	RENAULT
Furgone Gruppo Elettrogeno 60KVA	CL285NW	RENAULT
Furgone Gruppo Elettrogeno 60KVA	CL310NW	RENAULT
Furgone Gruppo Elettrogeno 60KVA	CL407NX	RENAULT
Furgone Gruppo Elettrogeno 60KVA	CL531NV	RENAULT
Furgone Gruppo Elettrogeno 60KVA	CL708NV	RENAULT
Furgone Gruppo Elettrogeno 60KVA	CL878NV	RENAULT
Furgone Gruppo Elettrogeno 60KVA	CL879NV	RENAULT
Furgone Gruppo Elettrogeno 60KVA	CL924NV	RENAULT
Furgone Gruppo Elettrogeno 60KVA	CS083ZD	RENAULT
Panda Gruppo Elettrogeno 5KVA	EZ019CP	Nuova FIAT PANDAVAN 4X4
Panda Gruppo Elettrogeno 5KVA	EZ020CP	Nuova FIAT PANDAVAN 4X4
Panda Gruppo Elettrogeno 5KVA	EZ023CP	Nuova FIAT PANDAVAN 4X4

Autos Car



F. Amadori

ALL. "D" AL N. 15584/8342 DI REP.

CODICE	LIVELLO	DETTAGLIO
1	6	IMPIEGATO
2	7	IMPIEGATO
3	6	IMPIEGATO
4	5	IMPIEGATO
5	7	IMPIEGATO
6	Q	QUADRO
7	6	IMPIEGATO
8	7	IMPIEGATO
9	7	IMPIEGATO
10	D	DIRIGENTE
11	7	IMPIEGATO
12	7	IMPIEGATO
13	6	IMPIEGATO
14	7	IMPIEGATO
15	Q	QUADRO
16	7	IMPIEGATO
17	Q	QUADRO
18	6	IMPIEGATO
19	7	IMPIEGATO
20	Q	QUADRO
21	7	IMPIEGATO
22	7	IMPIEGATO
23	7	IMPIEGATO
24	7	IMPIEGATO
25	6	IMPIEGATO
26	7	IMPIEGATO
27	6	IMPIEGATO
28	6	IMPIEGATO
29	7	IMPIEGATO
30	Q	QUADRO
31	D	DIRIGENTE
32	7	IMPIEGATO
33	7	IMPIEGATO
34	7	IMPIEGATO
35	7	IMPIEGATO
36	D	DIRIGENTE
37	D	DIRIGENTE
38	7	IMPIEGATO
39	7	IMPIEGATO
40	7	IMPIEGATO
41	6	IMPIEGATO
42	6	IMPIEGATO
43	6	IMPIEGATO
44	7	IMPIEGATO
45	7	IMPIEGATO
46	7	IMPIEGATO
47	7	IMPIEGATO
48	7	IMPIEGATO

Co

Veronesi



F. R.

CODICE	LIVELLO	DETTAGLIO
49	6	IMPIEGATO
50	7	IMPIEGATO
51	Q	QUADRO
52	7	IMPIEGATO
53	7	IMPIEGATO
54	7	IMPIEGATO
55	6	IMPIEGATO
56	7	IMPIEGATO
57	7	IMPIEGATO
58	7	IMPIEGATO
59	6	IMPIEGATO
60	7	IMPIEGATO
61	7	IMPIEGATO
62	6	IMPIEGATO
63	7	IMPIEGATO
64	7	IMPIEGATO

All. "E" al n. 15584/8372 di rep.

STATUTO
di "Infrastrutture Wireless Italiane S.p.A."

TITOLO I
ELEMENTI IDENTIFICATIVI

ARTICOLO 1 - DENOMINAZIONE

1.1 La Società è denominata "Infrastrutture Wireless Italiane S.p.A." o, in forma abbreviata, "INWIT S.p.A."

ARTICOLO 2 - SEDE

2.1 La Società ha sede in Milano.

2.2 L'organo amministrativo può trasferire la sede sociale all'interno del territorio nazionale o può altresì istituire e/o modificare e/o sopprimere sedi secondarie, filiali succursali, rappresentanze, agenzie e dipendenze di ogni genere in Italia e all'estero.

ARTICOLO 3 - DURATA

3.1 La durata della Società è fissata sino al 31 dicembre 2100.

3.2 La proroga del termine di durata della Società non attribuisce diritto di recesso ai soci che non hanno concorso alla approvazione della relativa delibera.

ARTICOLO 4 - OGGETTO

4.1 La Società ha per oggetto:

- l'installazione e l'esercizio con qualsiasi tecnica, mezzo e sistema, di impianti, infrastrutture, ed attrezzature fissi e mobili, stazioni radioelettriche, collegamenti per le radiocomunicazioni mobili, reti dedicate e/o integrate, per l'espletamento la gestione e la commercializzazione, senza limiti territoriali, dei servizi di comunicazioni elettronica, quali anche risultanti dall'evoluzione delle tecnologie, e per lo svolgimento delle attività ad essi anche indirettamente connesse, comprese quelle di progettazione, sviluppo, realizzazione, ricondizionamento, gestione e manutenzione;
- la progettazione, costruzione e/o gestione di reti e infrastrutture per le telecomunicazioni;
- la fornitura di infrastrutture e relativi servizi ad operatori di servizi di comunicazione elettronica (con qualunque tecnologia esistente o futura).

4.2 La società potrà altresì svolgere in nome e/o per conto proprio o su commessa di terzi, le attività di acquisto di materie prime, di semilavorati e di prodotti necessari per lo svolgimento dell'attività di cui al comma precedente.

Per il conseguimento e nell'ambito di tali finalità e, quindi, con carattere di mera sussidiarietà e strumentalità, la società potrà:

- assumere, in via non prevalente e non nei confronti del pubblico, partecipazioni ed interessenze in società ed imprese di ogni tipo e forma;
- provvedere al finanziamento delle società ed enti di partecipazione ed al coordinamento

- tecnico, commerciale, finanziario ed amministrativo delle loro attività;
- compiere, non nei confronti del pubblico, nell'interesse proprio e delle società ed enti di partecipazione, qualsiasi operazione mobiliare, immobiliare, finanziaria, commerciale, compresa l'assunzione di mutui e finanziamenti e la prestazione, anche a favore di terzi, di avalli, fidejussioni e altre garanzie, reali comprese.

4.3 Sono espressamente escluse le attività riservate a soggetti iscritti in albi professionali e le attività di cui all'art. 106 del decreto legislativo n. 385/1993 nei confronti del pubblico.

TITOLO II CAPITALE SOCIALE ED OBBLIGAZIONI

ARTICOLO 5 - MISURA DEL CAPITALE

5.1 Il capitale sociale sottoscritto e versato è pari ad Euro 600.000.000 diviso in numero 960.200.000 azioni ordinarie prive di indicazione del valore nominale.

5.2 Il capitale sociale può essere aumentato anche con conferimenti diversi da denaro nei limiti consentiti dalla legge.

5.3 Nelle deliberazioni di aumento del capitale sociale a pagamento, il diritto di opzione può essere escluso nella misura massima del 10% (dieci per cento) del capitale sociale preesistente, a condizione che il prezzo di emissione corrisponda al valore di mercato delle azioni e ciò sia confermato in apposita relazione da un revisore legale o da una società di revisione legale.

ARTICOLO 6 - AZIONI

6.1 L'Assemblea può deliberare l'emissione di azioni fornite di diritti diversi da quelle ordinarie, in conformità alle prescrizioni di legge.

6.2 Le azioni sono indivisibili. In caso di comproprietà, i diritti dei contitolari sono esercitati da un rappresentante comune.

6.3 L'eventuale introduzione, modificazione o rimozione di vincoli alla circolazione dei titoli azionari non attribuisce diritto di recesso ai soci che non hanno concorso all'approvazione della relativa deliberazione.

6.4 È consentita, nei modi e nelle forme di legge, l'assegnazione di utili e/o di riserve di utili ai prestatori di lavoro dipendenti della Società o di società controllate, mediante l'emissione di azioni ai sensi del primo comma dell'art. 2349 del codice civile.

ARTICOLO 7 - OBBLIGAZIONI

7.1 La Società può emettere obbligazioni, anche convertibili, in conformità alle norme di legge determinandone le modalità e condizioni di collocamento.

7.2 Gli oneri relativi all'organizzazione delle Assemblee degli obbligazionisti sono a carico della Società che, in assenza di determinazione da parte degli obbligazionisti, nelle forme di legge, si fa altresì carico della remunerazione dei rappresentanti comuni, nella misura massima stabilita dal Consiglio di Amministrazione per ciascuna emissione, tenuto conto della relativa dimensione.

TITOLO III ASSEMBLEA

ARTICOLO 8 - DIRITTO DI INTERVENTO

8.1 Nel rispetto della normativa vigente gli aventi diritto di voto nell'Assemblea possono esercitarlo prima dell'Assemblea in via elettronica, se previsto nell'avviso di convocazione e con le modalità in esso precisate.

8.2 Ogni avente diritto al voto può farsi rappresentare in Assemblea, rilasciando apposita delega a persona fisica o giuridica, nei limiti di legge. La Società ha facoltà di designare per ciascuna Assemblea uno o più soggetti ai quali gli aventi diritto possono conferire delega per la rappresentanza in Assemblea ai sensi della disciplina vigente. Gli eventuali soggetti designati e le necessarie istruzioni operative sono riportati nell'avviso di convocazione della riunione.

8.3 La notifica elettronica della delega potrà essere effettuata mediante utilizzo di apposita sezione del sito internet della Società ovvero mediante trasmissione per posta elettronica, secondo le modalità indicate nell'avviso di convocazione dell'Assemblea.

ARTICOLO 9 - POTERI

9.1 L'Assemblea, ordinaria o straordinaria, delibera sulle materie ad essa espressamente riservate dalla legge e dal presente statuto.

ARTICOLO 10 - CONVOCAZIONE

10.1 L'Assemblea è convocata ogni volta che il Consiglio di Amministrazione lo creda opportuno, o quando ne sia richiesta la convocazione ai sensi di legge, nei termini e con le modalità prescritti dalla disciplina di legge e regolamentare di tempo in tempo vigente.

10.2 In caso di mancata costituzione in seconda convocazione, l'Assemblea straordinaria può riunirsi in terza convocazione. È peraltro facoltà del Consiglio di Amministrazione convocare l'Assemblea ordinaria o straordinaria in unica convocazione, come per legge.

10.3 L'Assemblea ordinaria è convocata alle condizioni di legge almeno una volta all'anno, non oltre 180 giorni dalla chiusura dell'esercizio sociale. Essa delibera sulle materie di legge e autorizza, ai sensi dell'art. 2364, comma 1, numero 5, del codice civile, il compimento di operazioni con parti correlate alla Società, nei casi e con le modalità previsti dall'apposita procedura adottata dal Consiglio di Amministrazione, ai sensi della disciplina in vigore.

10.4 L'Assemblea ordinaria e straordinaria si riunisce, anche in luogo diverso dalla sede legale, purché in Italia.

ARTICOLO 11 - ASSEMBLEA ORDINARIA E STRAORDINARIA

11.1 I quorum costitutivi e deliberativi dell'Assemblea sono previsti dalla legge, fatto salvo quanto previsto al successivo articolo 11.2.

11.2 Ai fini dell'adozione delle deliberazioni sulle seguenti materie, l'Assemblea delibera con il voto

favorevole di almeno il 75% del capitale con diritto di voto presente in Assemblea:

- (a) fusione e scissione (ad eccezione delle delibere di fusione e scissione di cui al successivo articolo 18.2 che rientrano nella competenza del Consiglio di Amministrazione secondo quanto ivi previsto);
- (b) trasferimento della sede legale all'estero e trasformazione;
- (c) scioglimento volontario;
- (d) aumento o riduzione di capitale, ad eccezione (i) degli aumenti di capitale senza limitazione o esclusione del diritto di opzione deliberati in presenza di perdite nei casi di cui all'art. 2447, e (ii) degli aumenti di capitale senza limitazione o esclusione del diritto di opzione, il cui prezzo di sottoscrizione (inclusivo del sovrapprezzo) sia almeno pari al valore della media aritmetica dei prezzi di chiusura del titolo sul mercato MTA nei sei mesi che precedono l'avviso di convocazione dell'assemblea convocata per deliberare l'aumento di capitale) e che (x) siano al servizio di investimenti approvati dal Consiglio di Amministrazione oppure (y) siano necessari a prevenire o rimediare la violazione di *covenant* previsti da contratti di finanziamento di cui la Società sia parte o situazioni di insolvenza della stessa oppure (z) siano deliberati in presenza di perdite nei casi di cui all'art. 2446;
- (e) altre modifiche dello statuto (ivi incluse le modifiche del presente articolo 11 dello Statuto), fatta eccezione per (i) gli aumenti o riduzioni di capitale di cui alla precedente lettera (d) esclusi dall'ambito di applicazione della maggioranza qualificata di cui al presente articolo 11.2, (ii) le delibere rientranti nella competenza del Consiglio di Amministrazione ai sensi di quanto previsto al successivo paragrafo 18.2; restando perciò inteso, per meri fini di chiarezza, che le delibere di cui al precedente punto (i) saranno approvate con i quorum deliberativi previsti da legge;
- (f) le delibere di autorizzazione delle operazioni con parti correlate di maggiore rilevanza, ai sensi dell'articolo 2364, comma 1, numero 5), del codice civile.

ARTICOLO 12 - PRESIDENZA E CONDUZIONE DEI LAVORI

12.1 Il Presidente del Consiglio di Amministrazione o chi ne fa le veci presiede l'Assemblea ordinaria e straordinaria e ne regola lo svolgimento. In mancanza del Presidente del Consiglio di Amministrazione (e di chi ne fa le veci) presiede l'Assemblea la persona eletta con il voto della maggioranza del capitale rappresentato in riunione.

12.2 L'Assemblea, su proposta del Presidente, elegge con il voto della maggioranza dei presenti un Segretario, anche al di fuori degli azionisti.

12.3 Nelle ipotesi previste dalla legge e laddove il Presidente dell'Assemblea ne ravvisi l'esigenza, il verbale viene redatto per atto pubblico da Notaio designato dal Presidente medesimo con funzione di Segretario.

12.4 Il Presidente della riunione - tra l'altro - verifica la regolarità della costituzione dell'adunanza, accerta l'identità e la legittimazione dei presenti, dirige i lavori, anche stabilendo un diverso ordine di discussione degli argomenti indicati nell'avviso di convocazione.

12.5 Il Presidente della riunione adotta le opportune misure ai fini dell'ordinato andamento del dibattito e delle votazioni, definendone le modalità e accertandone i risultati; può scegliere tra gli intervenuti due o più scrutatori.

12.6 Lo svolgimento delle riunioni assembleari dei Soci è disciplinato dalla legge, dal presente Statuto e dal Regolamento delle Assemblee approvato con delibera dell'Assemblea ordinaria della

Società.

TITOLO IV ORGANI AMMINISTRATIVI E DI CONTROLLO

ARTICOLO 13 – COMPOSIZIONE DEL CONSIGLIO DI AMMINISTRAZIONE

13.1 La Società è amministrata da un Consiglio di Amministrazione composto da un minimo di 10 (dieci) ad un massimo di 13 (tredici) Consiglieri; i membri del Consiglio di Amministrazione dovranno appartenere ad entrambi i generi nel rispetto della disciplina *pro tempore* vigente relativa all'equilibrio tra generi.

13.2 Il numero dei componenti il Consiglio di Amministrazione è determinato in base all'esito della votazione sulla nomina dello stesso, come specificato ai successivi articoli da 13.9 a 13.13.

13.3 La nomina del Consiglio di Amministrazione avviene nel rispetto della disciplina di legge e regolamentare applicabile (ivi incluso il collegamento con la lista che ottenga in Assemblea il maggior numero dei voti), sulla base di liste presentate dai soci ai sensi dei successivi commi, e nel rispetto del presente Statuto.

13.4 Tra gli amministratori nominati dall'Assemblea, un numero minimo corrispondente al minimo previsto dalla disciplina di legge e regolamentare di tempo in tempo vigente deve possedere i requisiti di indipendenza stabiliti dalla disciplina di legge e regolamentare di tempo in tempo vigente. Il venir meno dei requisiti di indipendenza come sopra previsti in capo ad un amministratore non ne determina la decadenza se i requisiti permangono in capo al numero minimo di amministratori che devono possederli.

13.5 Ogni socio può presentare o concorrere alla presentazione di una sola lista e ogni candidato può presentarsi in una sola lista a pena di ineleggibilità. Le liste che contengano un numero di candidati pari o superiore a tre devono essere composte da candidati appartenenti ad entrambi i generi, in modo tale da consentire la nomina di un Consiglio di Amministrazione, secondo quanto previsto dal presente Statuto, conforme alla disciplina *pro tempore* vigente relativa all'equilibrio tra generi.

13.6 Hanno diritto di presentare le liste soltanto i soci che, da soli o insieme ad altri soci, siano complessivamente titolari di azioni rappresentanti la misura richiesta dalla disciplina regolamentare emanata dalla Commissione Nazionale per le società e la borsa.

13.7 Unitamente a ciascuna lista, entro i termini previsti dalla normativa di legge e regolamentare di tempo in tempo vigente, debbono depositarsi (i) le informazioni relative all'identità dei soci che hanno presentato la lista, con indicazione della partecipazione complessiva detenuta, (ii) le accettazioni della candidatura da parte dei singoli candidati, (iii) le dichiarazioni con le quali i medesimi attestano, sotto la propria responsabilità, l'inesistenza di cause di ineleggibilità e di incompatibilità, nonché l'esistenza dei requisiti che fossero prescritti per le rispettive cariche nonché (iv) le altre informazioni richieste dalla legge e dalla normativa applicabile. Con le dichiarazioni, viene depositato per ciascun candidato un curriculum vitae riguardante le caratteristiche personali e professionali con l'indicazione degli incarichi di amministrazione e controllo ricoperti presso altre società e dell'idoneità a qualificarsi come indipendente, alla stregua dei criteri di legge e di quelli fatti propri dalla Società. Eventuali variazioni che dovessero verificarsi fino al giorno di effettivo svolgimento dell'Assemblea sono tempestivamente comunicate alla Società. Le liste per le quali non sono osservate le predette prescrizioni, sono considerate come non presentate.

13.8 Ogni avente diritto al voto può votare una sola lista e, nell'ambito del presente statuto, per "**Lista Qualificata**" si intende qualsiasi lista che abbia ottenuto un numero di voti superiore al 25% del capitale della Società con diritto di voto.

13.9 Ai fini dell'elezione del Consiglio di Amministrazione:

- 1) qualora, all'esito delle votazioni, risulti una sola o nessuna Lista Qualificata, si applicherà quanto previsto all'articolo 13.10;
- 2) qualora, all'esito delle votazioni, risultino due Liste Qualificate e nessuna di tali Liste Qualificate abbia ottenuto un numero di voti superiore al 50% del capitale della Società con diritto di voto, si applicherà quanto previsto all'articolo 13.11;
- 3) qualora, all'esito delle votazioni, risultino due Liste Qualificate e una di tali Liste Qualificate abbia ottenuto un numero di voti superiore al 50% del capitale della Società con diritto di voto, si applicherà quanto previsto all'articolo 13.12;
- 4) qualora, all'esito delle votazioni, risultino tre Liste Qualificate, si applicherà quanto previsto all'articolo 13.13.

13.10 Nel caso di cui all'articolo 13.9, punto 1), all'elezione del Consiglio di Amministrazione si procede come segue:

- 1) il numero dei componenti del Consiglio di Amministrazione è pari a 13, salvo quanto previsto al successivo punto 4);
- 2) dalla lista che ha ottenuto il maggior numero di voti sono tratti, nell'ordine progressivo con il quale sono elencati nella lista stessa, 10 amministratori;
- 3) gli altri 3 amministratori sono tratti dalle altre liste votate e a tale fine i voti ottenuti dalle liste vengono divisi successivamente per numeri interi progressivi. I quozienti così ottenuti sono assegnati progressivamente ai candidati di ciascuna di tali liste, secondo l'ordine dalle stesse rispettivamente previsto. I quozienti così attribuiti ai candidati delle varie liste sono disposti in una unica graduatoria decrescente. Risultano eletti coloro che hanno ottenuto i quozienti più elevati. Nel caso in cui più candidati abbiano ottenuto lo stesso quoziente, risulta eletto il candidato della lista che non abbia ancora eletto alcun amministratore. In subordine, si procede a votazione di ballottaggio da parte dell'Assemblea, risultando eletto il candidato (tra quelli a parità di quoziente tra dette liste) che ottenga più voti;
- 4) fatto salvo quanto previsto agli articoli 13.14 e 13.15 che seguono, in caso di assenza di altre liste, il numero dei componenti del Consiglio di Amministrazione è pari a 10 nominati in conformità a quanto previsto al precedente punto 2).

13.11 Nel caso di cui all'articolo 13.9, punto 2), all'elezione del Consiglio di Amministrazione si procede come segue:

- 1) il numero dei componenti del Consiglio di Amministrazione è pari a 13, salvo quanto previsto al successivo punto 3);
- 2) da ciascuna Lista Qualificata sono tratti, nell'ordine progressivo con il quale sono elencati nella lista stessa, 5 amministratori;
- 3) gli altri 3 amministratori sono nominati in base a quanto previsto al punto 3 del precedente punto 13.10;
- 4) fatto salvo quanto previsto agli articoli 13.14 e 13.15 che seguono, nel caso di assenza di altre liste, il numero dei componenti del Consiglio di Amministrazione è pari a 10 nominati in conformità a quanto previsto al precedente punto 2).

13.12 Nel caso di cui all'articolo 13.9, punto 3), all'elezione del Consiglio di Amministrazione si procede come segue:

- 1) il numero dei componenti del Consiglio di Amministrazione è pari a 13, salvo quanto previsto al successivo punto 5);
- 2) dalla Lista Qualificata che ha ottenuto il maggior numero di voti sono tratti, nell'ordine progressivo con il quale sono elencati nella lista stessa, 10 amministratori;
- 3) dalla seconda Lista Qualificata sono tratti, nell'ordine progressivo con il quale sono elencati nella lista stessa, 2 amministratori;
- 4) l'altro amministratore è il primo candidato della più votata delle altre liste;
- 5) fatto salvo quanto previsto agli articoli 13.14 e 13.15 che seguono, nel caso di assenza di altre liste, il numero dei componenti del Consiglio di Amministrazione è pari a 12 nominati in conformità a quanto previsto ai precedenti punti 2) e 3).

13.13 Nel caso di cui all'articolo 13.9, punto 4), all'elezione del Consiglio di Amministrazione si procede come segue:

- 1) il numero dei componenti del Consiglio di Amministrazione è pari a 13, salvo quanto previsto al successivo punto 4);
- 2) da ciascuna Lista Qualificata sono tratti, nell'ordine progressivo con il quale sono elencati nella lista stessa, 4 amministratori;
- 3) l'altro amministratore è il primo candidato della più votata delle altre liste;
- 4) fatto salvo quanto previsto all'articolo 13.14 che segue, in caso di assenza di altre liste, il numero dei componenti del Consiglio di Amministrazione è pari a 12 nominati in conformità a quanto previsto al precedente punto 2).

13.14 Qualora la composizione dell'organo collegiale che derivi dai precedenti articoli da 13.10 a 13.13 non includa, tra gli amministratori risultati nominati, il numero minimo di amministratori muniti dei requisiti di indipendenza previsti dalla disciplina di legge e regolamentare di tempo in tempo vigente, l'ultimo eletto di ciascuna lista che abbia eletto almeno un amministratore e che non abbia eletto neppure un amministratore munito dei requisiti di indipendenza – a partire dalla lista più votata – è sostituito, tenuto conto dell'ordine di elencazione dei candidati in lista, dal primo candidato non eletto della medesima lista che li possiede. Nel caso in cui dalla lista più votata siano stati tratti dieci amministratori, nessuno dei quali munito dei requisiti di indipendenza, gli ultimi due eletti da tale lista sono sostituiti, tenuto conto dell'ordine di elencazione dei candidati in lista, dai primi due candidati non eletti della medesima lista che li possiedono.

Qualora la previsione che precede sia inapplicabile o comunque non consenta di far sì che risulti rispettato il numero minimo di amministratori muniti dei requisiti di indipendenza, l'Assemblea nominerà con le maggioranze di legge un numero di amministratori dotati dei predetti requisiti per quanto necessario a fare sì che risulti rispettato il numero minimo di amministratori muniti dei requisiti di indipendenza previsto dalla disciplina di legge e regolamentare di tempo in tempo vigente, in sostituzione degli amministratori tratti dalle liste meno votate (diverse da una Lista Qualificata) non indipendenti, ove ve ne siano, a partire dalla lista meno votata. In assenza di liste diverse dalle Liste Qualificate, l'Assemblea nominerà con le maggioranze di legge un numero di amministratori dotati dei predetti requisiti per quanto necessario a fare sì che risulti rispettato il numero minimo di amministratori muniti dei requisiti di indipendenza previsto dalla disciplina di legge e regolamentare di tempo in tempo vigente e i punti 13.10(4), 13.11(4), 13.12(5) e 13.13(4) non troveranno applicazione.

13.15 Nella misura in cui la composizione dell'organo sia soggetta all'obbligo di equilibrio tra generi, qualora la composizione dell'organo collegiale che derivi dai precedenti articoli da 13.10 a 13.13 non consenta il rispetto dell'equilibrio tra i generi, tenuto conto dell'ordine di elencazione dei candidati in lista, gli ultimi eletti del genere più rappresentato di ciascuna lista da cui siano stati tratti almeno quattro amministratori sono sostituiti, nel numero necessario ad assicurare l'ottemperanza del rispetto

dell'equilibrio di genere, dai primi candidati non eletti della stessa lista del genere meno rappresentato. In mancanza, all'interno delle liste da cui siano stati tratti almeno quattro amministratori, di candidati del genere meno rappresentato in numero sufficiente a procedere alla sostituzione, oppure in mancanza di liste da cui siano stati tratti almeno quattro amministratori, l'Assemblea integra l'organo con le maggioranze di legge, assicurando il soddisfacimento del requisito, eventualmente disapplicando i punti 13.10(4), 13.11(4) e 13.12(5), ovvero – e per l'eventuale residuo – in sostituzione degli ultimi eletti del genere più rappresentato tratti dalla lista più votata.

13.16 Per la nomina degli amministratori, per qualsiasi ragione non nominati ai sensi del procedimento qui previsto, l'Assemblea delibera con le maggioranze di legge, assicurando il rispetto dei requisiti di legge e Statuto in materia di composizione dell'organo collegiale.

13.17 Se nel corso dell'esercizio vengono a mancare uno o più amministratori, fatto salvo quanto previsto al successivo articolo 13.18, si provvede come segue:

1) qualora vengano a mancare uno o più amministratori tratti da una Lista Qualificata da cui sia stato tratto – in sede di nomina del Consiglio di Amministrazione – un numero di amministratori non superiore a cinque, l'amministratore o gli amministratori cessati saranno sostituiti mediante cooptazione da parte del Consiglio di Amministrazione con il primo o i primi candidati della medesima Lista Qualificata che non siano stati eletti in sede di nomina del Consiglio di Amministrazione – se ve ne siano – e che, qualora ciò sia richiesto per il rispetto dei requisiti di indipendenza (e/o di genere) prescritti dalla disciplina di legge e regolamentare (o anche dalle regole di autodisciplina, con riferimento all'equilibrio di genere) di tempo in tempo vigente, abbiano i medesimi requisiti di indipendenza (e/o di genere) degli amministratori cessati. Qualora la prima assemblea utile non confermi nella carica gli amministratori così cooptati, l'intero Consiglio si intenderà dimissionario, con cessazione della carica con effetto dal momento in cui il Consiglio di Amministrazione sarà stato ricostituito per nomina assembleare, e gli amministratori dovranno provvedere a convocare l'assemblea per la nomina del nuovo Consiglio di Amministrazione. Qualora il Consiglio di Amministrazione non possa procedere alla cooptazione del primo o dei primi candidati non eletti tratti dalla medesima Lista Qualificata da cui siano stati tratti gli amministratori cessati dalla carica (in assenza di candidati non eletti in numero sufficiente o aventi i medesimi requisiti di indipendenza (e/o di genere) degli amministratori cessati): (i) il Consiglio di Amministrazione potrà procedere ai sensi del punto 4) che segue qualora si tratti di una Lista Qualificata da cui siano stati tratti – in sede di nomina del Consiglio di Amministrazione – fino a quattro amministratori; (ii) si applicherà il successivo punto 3) qualora si tratti di una Lista Qualificata da cui siano stati tratti – in sede di nomina del Consiglio di Amministrazione – cinque amministratori;

2) qualora vengano a mancare uno o più amministratori tratti da una Lista Qualificata da cui siano stati tratti – in sede di nomina del Consiglio di Amministrazione – dieci amministratori, il Consiglio di Amministrazione potrà provvedere alla cooptazione dei nuovi amministratori ai sensi dell'art. 2386 del codice civile (garantendo all'interno del Consiglio di Amministrazione il rispetto dei requisiti di indipendenza e/o di genere prescritti dalla disciplina di legge e regolamentare di tempo in tempo vigente, ovvero anche dalle regole di autodisciplina con riferimento all'equilibrio di genere), purché la nomina degli stessi sia approvata dal Consiglio di Amministrazione con il voto favorevole di almeno sei amministratori non cessati tratti dalla predetta Lista Qualificata o che abbiano in precedenza sostituito amministratori tratti dalla medesima lista secondo quanto indicato al presente punto 2). Qualora la prima assemblea utile non confermi nella carica gli amministratori così cooptati ai sensi del presente punto 2), l'intero Consiglio si intenderà dimissionario, con cessazione della carica con effetto dal momento in cui il Consiglio di Amministrazione sarà stato ricostituito per nomina assembleare, e gli amministratori dovranno provvedere a convocare

l'assemblea per la nomina del nuovo Consiglio di Amministrazione;

3) qualora vengano a mancare uno o più amministratori tratti da una Lista Qualificata da cui siano stati tratti – in sede di nomina del Consiglio di Amministrazione cinque o dieci amministratori e non si sia potuto dare luogo alla sostituzione ai sensi dei precedenti punti 1) e 2), l'intero Consiglio si intenderà dimissionario, con cessazione della carica con effetto dal momento in cui il Consiglio di Amministrazione sarà stato ricostituito per nomina assembleare, e gli amministratori non cessati dovranno provvedere a convocare l'assemblea per la nomina del nuovo Consiglio di Amministrazione;

4) qualora vengano a mancare uno o più amministratori tratti da una lista diversa da una Lista Qualificata, il Consiglio di Amministrazione potrà provvedere alla sostituzione degli amministratori cessati ai sensi dell'art. 2386 del codice civile, con deliberazione assunta a maggioranza assoluta dei votanti. Qualora la prima assemblea utile non confermi nella carica gli amministratori così cooptati, la stessa assemblea provvederà alla nomina dei sostituti con deliberazione assunta con le maggioranze di legge.

13.18 Resta fermo che, ogniqualvolta vengano a mancare almeno cinque componenti del Consiglio di Amministrazione nominati per deliberazione assembleare (ivi inclusi gli amministratori risultati confermati nella carica per deliberazione assembleare in seguito a sostituzione ai sensi del precedente articolo 13.17), per qualsiasi causa o ragione, l'intero Consiglio si intenderà dimissionario, con cessazione della carica con effetto dal momento in cui il Consiglio di Amministrazione sarà stato ricostituito per nomina assembleare, e gli amministratori non cessati dovranno provvedere a convocare l'assemblea per la nomina del nuovo Consiglio di Amministrazione.

ARTICOLO 14 - PRESIDENTE - VICE PRESIDENTE - SEGRETARIO

14.1 Il Consiglio di Amministrazione elegge fra i propri membri un Presidente - ove l'Assemblea non vi abbia già provveduto - e può nominare uno o più Vice Presidenti.

14.2 In caso di assenza o di impedimento del Presidente lo sostituisce il Vice Presidente più anziano per età, se nominato, o l'Amministratore Delegato se nominato, oppure il consigliere più anziano per età.

14.3 Il Consiglio di Amministrazione può eleggere un Segretario scelto anche all'infuori dei suoi membri.

ARTICOLO 15 - ADUNANZE DEL CONSIGLIO

15.1 Il Presidente, o chi ne fa le veci, convoca il Consiglio di Amministrazione presso la sede della Società o altrove, di propria iniziativa e quando ne riceva domanda scritta, da almeno un quinto dei Consiglieri in carica o dai Sindaci.

15.2 Il Presidente comunica preventivamente gli argomenti oggetto di trattazione nel corso della riunione consiliare e provvede affinché adeguate informazioni sulle materie da esaminare vengano fornite a tutti i consiglieri, tenuto conto delle circostanze del caso.

15.3 La convocazione viene fatta con mezzi idonei alla luce del tempo di preavviso, di regola almeno 5 (cinque) giorni prima dell'adunanza, salvo i casi d'urgenza nei quali va comunque effettuata con almeno 12 (dodici) ore di anticipo.

Della convocazione viene nello stesso termine dato avviso ai Sindaci.

15.4 La partecipazione alle riunioni consiliari può avvenire - qualora il Presidente o chi ne fa le veci ne accerti la necessità - mediante mezzi di telecomunicazione che consentano la partecipazione al dibattito e la parità informativa di tutti gli intervenuti.

ARTICOLO 16 - VALIDITÀ E VERBALIZZAZIONE DELLE DELIBERAZIONI CONSILIARI

16.1 Per la validità delle deliberazioni del Consiglio di Amministrazione occorreranno la presenza della maggioranza degli Amministratori in carica ed il voto favorevole della maggioranza degli Amministratori intervenuti, fatto salvo quanto previsto ai successivi articoli 16.3 e 16.4.

16.2 Le deliberazioni del Consiglio di Amministrazione saranno verbalizzate nel libro delle deliberazioni del Consiglio da tenere e conservare ai sensi dell'art. 2421, n. 4, del codice civile sottoscritte dal Presidente e dal Segretario o da un Notaio. Quando sia prescritto dalla legge o il Presidente lo ritenga opportuno, le deliberazioni saranno verbalizzate da un Notaio scelto dal Presidente del Consiglio di Amministrazione.

16.3 Per la validità delle deliberazioni del Consiglio di Amministrazione sulle materie di cui al successivo articolo 16.4 occorrerà la presenza e il voto favorevole di:

- (a) almeno 9 amministratori qualora il Consiglio di Amministrazione sia stato nominato ai sensi del punto 13.10 oppure del punto 13.11 oppure del punto 13.12;
- (b) almeno 8 amministratori qualora il Consiglio di Amministrazione sia stato nominato ai sensi del punto 13.13.

16.4 Sono soggette alle maggioranze qualificate di cui al precedente articolo 16.3 le deliberazioni del Consiglio di Amministrazione sulle seguenti materie:

- (a) approvazione e modifiche di budget e piani industriali, ivi inclusi i piani operativi di dettaglio relativi agli investimenti, i listini prezzi nonché i piani di efficientamento annuale per la riduzione dei costi operativi;
- (b) nomina e revoca (ivi inclusa l'attribuzione e la revoca dei relativi poteri) dell'Amministratore Delegato e del Presidente del Consiglio di Amministrazione e determinazione del relativo compenso (impregiudicato il conferimento ai consiglieri di poteri per specifici affari od operazioni) nonché nomina e revoca (e determinazione dei relativi poteri) di un Comitato Esecutivo;
- (c) acquisto o cessione di partecipazioni, aziende o rami d'azienda, diritti reali immobiliari e altri beni costituenti immobilizzazioni di valore superiore a Euro 5 milioni per ciascuna operazione;
- (d) stipulazione di nuovi contratti di finanziamento o comunque assunzione di nuovi debiti di natura finanziaria che determinino un incremento del rapporto debito/patrimonio netto rispetto a quanto indicato nel piano industriale approvato dal Consiglio di Amministrazione ovvero un incremento dell'indebitamento oltre 6 volte l'EBITDA (debito, patrimonio netto ed EBITDA quali oggetto della più recente *disclosure* al mercato);
- (e) approvazione di "capex" o di "opex" per valore complessivo cumulato su base annuale superiore di oltre il 10% rispetto agli importi indicati nei piani industriali e budget approvati;
- (f) approvazione di piani di stock-option o altri meccanismi di incentivazione degli amministratori e/o di dirigenti con responsabilità strategiche;
- (g) approvazione di proposte all'assemblea dei soci su materie soggette all'applicazione del quorum deliberativo assembleare rafforzato di cui all'articolo 11.2;
- (h) compimento di operazioni, o modifica di contratti, con parti correlate alla Società di importo superiore a Euro 500.000 per singola operazione od operazioni tra loro collegate, con esclusione in ogni caso, a prescindere dall'importo, dell'esercizio, della rinuncia o della

- transazione di qualunque azione (giudiziale o stragiudiziale) tra la Società e parti correlate alla stessa Società;
- (i) approvazione delle deliberazioni di fusione per incorporazione in INWIT S.p.A. delle società di cui INWIT S.p.A. possiede almeno il 90% delle azioni o quote ed il trasferimento della sede della Società all'interno del territorio nazionale, previste all'articolo 18.2 del presente statuto;
 - (j) nomina di CFO e Direttore Generale.

ARTICOLO 17 - COPIE ED ESTRATTI

17.1 Gli estratti dal libro dei verbali delle adunanze consiliari, firmati dal Presidente o da due amministratori e controfirmati dal Segretario, fanno piena prova.

ARTICOLO 18 - POTERI DEL CONSIGLIO - DELEGHE

18.1 Al Consiglio di Amministrazione spetta la gestione della Società, essendo di sua competenza tutto ciò che per legge o per Statuto non è espressamente riservato all'Assemblea.

18.2 Nei limiti di legge, alla competenza del Consiglio di Amministrazione sono attribuite (e pertanto non sono delegabili): (i) le determinazioni di fusione per incorporazione in INWIT S.p.A. o di scissione a favore di INWIT S.p.A. delle società di cui INWIT S.p.A. possiede almeno il 90% delle azioni o quote; (ii) la riduzione del capitale sociale in caso di recesso del socio; (iii) l'adeguamento dello Statuto a disposizioni normative inderogabili; (iv) il trasferimento della sede della Società all'interno del territorio nazionale, nonché l'istituzione o la soppressione di sedi secondarie; (v) l'esercizio, la rinuncia e la transazione di qualunque azione (giudiziale o stragiudiziale) tra la Società e parti correlate alla stessa Società, per importi superiori a Euro 200.000 (per singolo esercizio, rinuncia o transazione, ovvero per operazioni collegate).

18.3 Per l'esecuzione delle proprie deliberazioni e per la gestione sociale il Consiglio, nell'osservanza dei limiti di legge e nel rispetto del presente Statuto (ivi incluso le disposizioni di cui all'articolo 16.4), può:

- istituire un Comitato Esecutivo, determinandone i poteri ed il numero dei componenti;
- delegare gli opportuni poteri, determinando i limiti della delega ad uno o più Amministratori;
- nominare uno o più Direttori Generali, determinandone le attribuzioni e le facoltà;
- nominare mandatarî - anche in seno al Consiglio di Amministrazione - per operazioni determinate e per una durata limitata di tempo.

18.4 Il Consiglio può costituire al proprio interno Comitati con funzioni consultive e propositive, determinandone le attribuzioni e le facoltà.

18.5 Il Consiglio di Amministrazione nomina il dirigente preposto alla redazione dei documenti contabili societari, previo parere obbligatorio del Collegio Sindacale, e nel rispetto delle disposizioni del presente Statuto. Salvo revoca per giusta causa, sentito il parere del Collegio Sindacale, il dirigente preposto alla redazione dei documenti contabili societari scade insieme al Consiglio di Amministrazione che lo ha nominato.

18.6 Il dirigente preposto alla redazione dei documenti contabili societari deve essere esperto in materia di amministrazione, finanza e controllo e possedere i requisiti di onorabilità stabiliti per gli amministratori. La perdita dei requisiti comporta la decadenza dalla carica, che deve essere dichiarata dal Consiglio di Amministrazione entro trenta giorni dalla conoscenza del difetto.

ARTICOLO 19 - INFORMATIVA DEGLI ORGANI DELEGATI

19.1 Gli organi delegati riferiscono al Consiglio di Amministrazione e al Collegio Sindacale sull'attività svolta, sul generale andamento della gestione, sulla sua prevedibile evoluzione e sulle operazioni di maggior rilievo economico, finanziario e patrimoniale, effettuate dalla Società o dalle società controllate; in particolare riferiscono sulle operazioni nelle quali essi abbiano un interesse, per conto proprio o di terzi, o che siano influenzate dal soggetto che esercita l'attività di direzione e coordinamento, ove esistente. La comunicazione viene effettuata tempestivamente e comunque con periodicità almeno trimestrale, in occasione delle riunioni ovvero per iscritto.

ARTICOLO 20 - RAPPRESENTANZA LEGALE DELLA SOCIETÀ

20.1 La rappresentanza della Società, di fronte ai terzi e in giudizio, spetta al Presidente e, in caso di sua assenza o impedimento, al Vice Presidente, se nominato; spettano altresì disgiuntamente a ciascuno degli Amministratori delegati.

20.2 I legali rappresentanti di cui al comma precedente hanno facoltà di conferire poteri di rappresentanza della Società, anche in sede processuale, con facoltà di subdelega.

ARTICOLO 21 - COMPENSI E RIMBORSO SPESE DEI CONSIGLIERI

21.1 I consiglieri hanno diritto al rimborso delle spese incontrate per l'esercizio delle loro funzioni. L'Assemblea ordinaria può deliberare inoltre un compenso annuale a favore del Consiglio di Amministrazione così come determinare un importo complessivo per la remunerazione di tutti gli amministratori, inclusi quelli investiti di particolari cariche. Tale compenso, una volta fissato, rimane invariato fino a diversa decisione dell'Assemblea.

ARTICOLO 22 - COLLEGIO SINDACALE

22.1 Il Collegio Sindacale è composto da 3 (tre) Sindaci effettivi e 2 (due) Sindaci supplenti; i membri del Collegio Sindacale dovranno appartenere ad entrambi i generi nel rispetto della disciplina *pro tempore* vigente.

22.2 Ai fini di quanto previsto dal Decreto Ministro di Grazia e Giustizia del 30 marzo 2000 n. 162, art. 1, comma 3, si considerano strettamente attinenti a quelli della Società le materie ed i settori di attività connessi o inerenti all'attività svolta dalla Società e di cui all'oggetto sociale.

22.3 La nomina del Collegio Sindacale avviene nel rispetto della disciplina di legge e regolamentare applicabile, sulla base di liste presentate dai soci.

22.4 Ogni socio può presentare o concorrere alla presentazione di una sola lista e ogni candidato può presentarsi in una sola lista a pena di ineleggibilità.

22.5 Hanno diritto di presentare le liste soltanto i soci che, da soli o insieme ad altri soci, siano complessivamente titolari di azioni rappresentanti la misura richiesta dalla disciplina regolamentare emanata dalla Commissione Nazionale per le società e la borsa.

22.6 Unitamente a ciascuna lista, entro i termini previsti dalla normativa di legge e regolamentare di tempo in tempo vigente, debbono altresì depositarsi (i) le informazioni relative all'identità dei soci

che hanno presentato la lista, con l'indicazione della partecipazione complessiva detenuta, (ii) le accettazioni della candidatura da parte dei singoli candidati; (iii) le dichiarazioni con le quali i medesimi attestano, sotto la propria responsabilità, l'inesistenza di cause di ineleggibilità e di incompatibilità, nonché l'esistenza dei requisiti prescritti dalla disciplina, anche regolamentare, applicabile e dallo Statuto sociale e (iv) le altre informazioni richieste da legge.

22.7 Con le dichiarazioni viene depositato per ciascun candidato un curriculum vitae riguardante le caratteristiche personali e professionali, con l'indicazione degli incarichi di amministrazione e controllo ricoperti presso altre società. La lista per la quale non sono osservate le statuizioni di cui sopra è considerata come non presentata.

22.8 Eventuali variazioni che dovessero verificarsi fino al giorno di effettivo svolgimento dell'Assemblea sono tempestivamente comunicate alla Società.

22.9 Le liste si articolano in due sezioni: una per i candidati alla carica di Sindaco effettivo e l'altra per i candidati alla carica di Sindaco supplente. Le liste che nell'una, nell'altra o in entrambe le sezioni contengano un numero di candidati pari o superiore a tre devono essere composte da candidati appartenenti ad entrambi i generi, in modo tale da consentire la nomina di un Collegio Sindacale, secondo quanto previsto dal presente Statuto, conforme alla disciplina *pro tempore* vigente relativa all'equilibrio tra generi.

Il primo dei candidati di ciascuna sezione viene individuato tra i revisori legali iscritti nell'apposito registro che abbiano esercitato l'attività di revisione legale dei conti per un periodo non inferiore a tre anni.

22.10 Ogni avente diritto al voto può votare una sola lista.

22.11 All'elezione del Collegio Sindacale si procede come segue, fermo il rispetto della disciplina di legge e regolamentare in ordine al collegamento con la lista che ottenga in Assemblea il maggior numero dei voti:

1) qualora, all'esito delle votazioni, risulti una sola o nessuna Lista Qualificata, (i) dalla lista che ha ottenuto il maggior numero dei voti sono tratti, nell'ordine progressivo con il quale sono elencati nella lista stessa, due (due) Sindaci effettivi ed 1 (un) Sindaco supplente e (ii) dalla seconda lista più votata, secondo l'ordine dalla stessa previsto, sono tratti 1 (un) Sindaco effettivo ed 1 (un) Sindaco supplente;

2) qualora, all'esito delle votazioni, risultino due Liste Qualificate e nessuna di tali Liste Qualificate abbia ottenuto un numero di voti superiore al 50% del capitale della Società con diritto di voto, (i) da ciascuna Lista Qualificata, secondo l'ordine dalla stessa previsto, sono tratti 1 (un) Sindaco effettivo ed 1 (un) Sindaco supplente e (ii) dalla terza lista più votata, secondo l'ordine dalla stessa previsto, è tratto 1 (un) Sindaco effettivo;

3) qualora, all'esito delle votazioni, risultino due Liste Qualificate e una di tali Liste Qualificate abbia ottenuto un numero di voti superiore al 50% del capitale della Società con diritto di voto, (i) dalla Lista Qualificata che ha ottenuto il maggior numero di voti, secondo l'ordine dalla stessa previsto, sono tratti 2 (due) Sindaci effettivi ed 1 (un) Sindaco supplente e (ii) dalla Lista Qualificata che risulta essere la seconda lista più votata, secondo l'ordine dalla stessa previsto, sono tratti 1 (un) Sindaco effettivo ed 1 (un) Sindaco supplente;

4) qualora, all'esito delle votazioni, risultino tre Liste Qualificate, (i) dalla Lista Qualificata più votata sono tratti 1 (un) Sindaco effettivo ed 1 (un) Sindaco supplente, (ii) dalla seconda Lista Qualificata più votata sono tratti 1 (un) Sindaco effettivo ed 1 (un) Sindaco supplente, e (iii) dalla terza Lista Qualificata è tratto 1 (un) Sindaco effettivo.

Nella misura in cui la composizione dell'organo sia soggetta all'obbligo di equilibrio tra generi,

qualora la composizione dell'organo collegiale o della categoria dei Sindaci supplenti che ne derivi non consenta il rispetto dell'equilibrio tra i generi, tenuto conto del loro ordine di elencazione nella rispettiva sezione, il secondo del genere più rappresentato eletto dalla lista più votata decade per assicurare l'ottemperanza al requisito, ed è sostituito dal primo candidato non eletto della stessa lista e della stessa sezione del genere meno rappresentato. In assenza di candidati del genere meno rappresentato all'interno della sezione rilevante della predetta lista, l'Assemblea nomina il Sindaco effettivo o Supplente mancante con le maggioranze di legge, assicurando il soddisfacimento del requisito nel rispetto delle disposizioni di legge.

22.12 È nominato Presidente del Collegio Sindacale il componente effettivo tratto dalla lista meno votata da cui è stato tratto un componente effettivo.

22.13 Per la nomina dei Sindaci, per qualsiasi ragione non nominati ai sensi del procedimento qui previsto, l'Assemblea delibera con le maggioranze di legge, assicurando il rispetto dei requisiti di legge e Statuto in materia di composizione dell'organo collegiale e della categoria dei Sindaci supplenti.

22.14 In caso di cessazione di un Sindaco tratto da una lista subentra, per quanto applicabile e fermo il rispetto dei requisiti di legge e di statuto in materia di composizione dell'organo sociale, il supplente tratto dalla medesima lista da cui è stato tratto il Sindaco cessato. La nomina di Sindaci per l'integrazione del Collegio Sindacale ai sensi dell'art. 2401 del codice civile è deliberata dall'Assemblea a maggioranza assoluta dei votanti e comunque nel rispetto dei requisiti di legge e di statuto.

22.15 Previa comunicazione al Presidente del Consiglio di Amministrazione, il Collegio Sindacale può convocare, ai sensi di legge, l'Assemblea e il Consiglio di Amministrazione o il Comitato Esecutivo. Detto potere di convocazione può essere esercitato individualmente da ciascun Sindaco, a eccezione del potere di convocare l'Assemblea, che può essere esercitato da un numero di Sindaci non inferiore a due.

22.16 La partecipazione alle riunioni del Collegio Sindacale può avvenire - qualora il Presidente ne accerti la necessità - mediante mezzi di telecomunicazione che consentano la partecipazione al dibattito e la parità informativa di tutti gli intervenuti.

22.17 In caso di impedimento del Presidente, lo sostituisce il Sindaco effettivo più anziano per età.

22.18 La revisione legale dei conti è esercitata, ai sensi delle applicabili disposizioni di legge, da una società di revisione legale abilitata ai sensi di legge.

TITOLO V BILANCIO

ARTICOLO 23 - CHIUSURA ESERCIZIO SOCIALE - RIPARTO UTILI

23.1 L'esercizio sociale si chiude al 31 dicembre di ogni anno.

23.2 Dagli utili netti risultanti dal bilancio deve essere dedotto il 5% (cinque per cento) degli stessi da accantonare a riserva legale, sinché questa abbia raggiunto l'ammontare pari al quinto del capitale sociale.

23.3 Il Consiglio di Amministrazione può, durante il corso dell'esercizio, distribuire agli azionisti acconti sul dividendo nel rispetto delle disposizioni di legge in materia.

23.4 I dividendi non riscossi nel termine di cinque anni dal giorno della loro esigibilità si intendono prescritti a favore della Società.

TITOLO VI SCIOGLIMENTO

ARTICOLO 24 - LIQUIDATORI

24.1 In caso di scioglimento della Società, l'Assemblea determina le modalità della liquidazione e nomina uno o più liquidatori, fissandone poteri e compensi nei limiti di legge.

TITOLO VII DISPOSIZIONI GENERALI

ARTICOLO 25 - DOMICILIAZIONE DEGLI AZIONISTI - FORO CONVENZIONALE

25.1 Il domicilio degli azionisti nei confronti della Società si intende eletto, a tutti gli effetti di legge, presso il domicilio risultante dal Libro Soci.

25.2 Nel rispetto delle disposizioni di legge in materia, tutte le contestazioni fra gli azionisti e la Società sono decise dall'Autorità Giudiziaria nella cui circoscrizione ha sede legale la Società.

ARTICOLO - RINVIO

26.1 Per tutto quanto non è disposto dal presente Statuto si applicano le disposizioni di legge.

F.to Federico Rigoni
F.to Antonio Corda
F.to Carlo Marchetti notaio

Copia su supporto informatico conforme al documento originale su supporto cartaceo a sensi dell'art. 22, comma 2, D.Lgs 7 marzo 2005 n. 82, in termine utile di registrazione per il Registro Imprese di Milano-Monza- Brianza-Lodi

Firmato Carlo Marchetti

Milano 25 marzo 2020

Assolto ai sensi del decreto 22 febbraio 2007 mediante M.U.I.

RULE 13a-14(a) CERTIFICATION

I, Nick read, certify that:

1. I have reviewed this annual report on Form 20-F of Vodafone Group Plc (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

2 July 2020

Date

/s/ Nick Read

Nick Read

Chief Executive

RULE 13a-14(a) CERTIFICATION

I, Margherita Della Valle, certify that:

1. I have reviewed this annual report on Form 20-F of Vodafone Group Plc (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

2 July 2020

Date

/s/ Margherita Della Valle

Margherita Della Valle
Chief Financial Officer

RULE 13a-14(b) CERTIFICATION

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Vodafone Group Plc, a company incorporated under the laws of England and Wales (the “Company”), hereby certifies, to such officer’s knowledge, that:

The Annual Report on Form 20-F for the year ended 31 March 2020 (the “Report”) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

2 July 2020

Date

/s/ Nick Read

Nick Read

Chief Executive

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

RULE 13a-14(b) CERTIFICATION

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Vodafone Group Plc, a company incorporated under the laws of England and Wales (the “Company”), hereby certifies, to such officer’s knowledge, that:

The Annual Report on Form 20-F for the year ended 31 March 2020 (the “Report”) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

2 July 2020

Date

/s/Margherita Della Valle

Margherita Della Valle

Chief Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form F-3 No. 333-219583) of Vodafone Group Plc,
- (2) Registration Statement (Form S-8 No. 333-81825) of Vodafone Group Plc, and
- (3) Registration Statement (Form S-8 No. 333-149634) pertaining to the Vodafone Global Incentive Plan;

of our reports dated 2 July 2020, with respect to the consolidated financial statements of Vodafone Group Plc and the effectiveness of internal control over financial reporting of Vodafone Group Plc included in this Annual Report (Form 20-F) for the year ended 31 March 2020.

/s/ Ernst & Young LLP

London, United Kingdom

2 July 2020



CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form F-3 (No. 333-219583) and Form S-8 (Nos. 333-81825, 333-149634) of Vodafone Group Plc of our report dated 7 June 2019 relating to the consolidated financial statements, which appears in the 2019 Annual Report to Shareholders, which is incorporated by reference in this Form 20-F.

/s/ PricewaterhouseCoopers LLP
London, United Kingdom
2 July 2020

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