

# Sustainability Report

2014/2015



## About this report

### **This report is prepared in accordance with the Global Reporting Initiative (GRI) G4 framework (Core Option) – the global standard for sustainability reporting.**

Our report aims to consider the sustainability issues that were deemed to be significant to Vodafone New Zealand through our stakeholder engagement. The data covers the local operations of Vodafone NZ, including our network, retail stores, offices and all people employed by the Vodafone NZ Ltd business for the two year period 1 April 2013 – 31 March 2015. Vodafone Group publishes an annual Sustainability Report which covers Vodafone's global operations.

For a small market like New Zealand, all disclosures are reported on a New Zealand basis only without regional break down. Data and content for this report has been independently assured by ERM (Environmental Resources Management) as a full, balanced and accurate account of our performance.

There are no significant changes from previous reporting periods in the Scope and Aspect Boundaries. Changes to the 2013 report include:

- we have omitted the section on responsible marketing because this is no longer a material issue for us
- we have added a section on information management because there is increasing concern on this matter
- the 2013 carbon emissions figure now reflects the combined figure for Vodafone NZ and Telstraclear. Previously this was shown separately

**Our last report (2013) and past Sustainability Reports can be found here:**

Please contact us if you have any feedback or require further information at [sustainabilitynz@vodafone.com](mailto:sustainabilitynz@vodafone.com)

### **Designed with sustainability in mind**

The saying 'waste not, want not' has never felt more meaningful. In today's world, it's more important than ever to consider the impact we have on the environment. And as a global business, we're striving towards working in more sustainable ways.

In this report, you'll read about the steps we've taken towards that goal. You'll also notice the artwork in this report looks a little different to what we usually do. That's because it's made entirely from waste materials generated by the Vodafone New Zealand team. You'll find images made from waste paper, cardboard, mobiles, modems, keyboards, cables, coffee cups and more.

And to reduce our carbon footprint even further, this report is a downloadable PDF rather than a printed document. When you consider the fact it takes 10 litres of water to produce one sheet of A4 paper, it's easy to see why small changes like this can make a big difference.



# Assurance statement

## Independent Assurance Statement to Vodafone NZ Limited

ERM New Zealand Limited (ERM) was engaged by Vodafone New Zealand Limited (Vodafone NZ) to provide limited assurance on selected information for 2013-15 presented in its 2013-2015 Sustainability Report (the Report) as set out below.

### Engagement Summary

<b>Scope of our assurance engagement</b>	Whether the information and 2013-15 data marked and specified in the GRI G4 Content Index presented on page 52 of the Report are fairly presented, in all material respects, with the reporting criteria.
<b>Reporting criteria</b>	GRI G4 Reporting Guidelines together with Vodafone indicator clarifications as described on page 52 of the Report.
<b>Assurance Standard</b>	ERM's assurance methodology, based on the International Standard on Assurance Engagements (ISAE 3000)
<b>Assurance level</b>	Limited assurance
<b>Respective responsibilities</b>	Vodafone NZ is responsible for preparing the data and for its correct presentation in the report, including disclosure of the reporting criteria and boundary. ERM's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

### Our conclusions

Based on our activities, nothing has come to our attention to indicate that the information and 2013-15 data marked and specified in the GRI G4 Content Index presented on page 52 of the Report, is not fairly presented, in all material respects, with the reporting criteria.

### Our assurance activities

Our objective was to assess whether the selected information is reported in accordance with the reporting criteria. We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions.

A multi-disciplinary team of EHS and assurance specialists performed the following activities:

- Face-to-face interviews at corporate level to understand and test the processes in place for reporting sustainability data and underlying data management system. This was followed up with a review of relevant documentation and systems.
- Analytical review and consolidation accuracy for specific data, such as greenhouse gas emissions and waste volumes.
- Reporting of our assurance findings to Vodafone NZ as they arose to provide them with the opportunity to correct them prior to finalisation of our work; and
- Review of the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

### The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

### Our observations

Without affecting the conclusions presented above, we have the following key observations:

- **Materiality Assessment** – Vodafone NZ has a good understanding of the key sustainability issues that are material to its operations both internally (e.g. people development and diversity) and externally (e.g. cyber security and connectivity). Vodafone also has a number of mechanisms to engage with external stakeholders. However, there remains an opportunity for Vodafone NZ to draw these two aspects together more cohesively into a transparent materiality assessment.
- **Health and Safety** – A range of health and safety materials, including policies and employee awareness campaigns, have been developed by Vodafone NZ to address this aspect. Improvements to incident reporting systems, including extension of these systems to subcontractors were however identified.
- **Carbon and Waste Data** – Increased traceability of carbon and waste data from primary source to emissions calculation, will facilitate future audit programmes and reduce transposition errors.

### Tracey Ryan

Managing Partner, ERM (Auckland, New Zealand)  
9th December 2015

ERM is an independent global provider of environmental, social and corporate responsibility consulting and assurance services. Over the past 4 years we have worked with over half of the world's 500 largest companies, in addition to numerous governments, international organisations and NGOs.

Our assurance statement provides no assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the information since it was first published. These matters are the responsibility of Vodafone NZ but no control procedures can provide absolute assurance in this area.

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## Letter from Russell Stanners, CEO Vodafone NZ

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I'm pleased to share with you Vodafone's Sustainability Report for 2014 and 2015. Sustainability is important to us, and we've made progress on many of the areas that are most important to us. The last two years have been eventful and transformative for Vodafone. Customer demand, rapidly moving market trends and fierce competition are shaping our business and how we operate. To continue to deliver well for our customers in this environment, it is vital that we respond. To meet the needs of our wider stakeholders, it is imperative we maintain our focus on doing so responsibly.

The purchase and integration of TelstraClear has been one of the most significant milestones for our business. It transformed us from a predominantly consumer-facing mobile business, to a total communications business; focussed on business as well as consumer, delivering fixed services as well as mobile. The integration necessitated a new operating structure, resulting in change for our people. Rapidly increasing demand for smartphones, high speed broadband, content and mobile coverage has shaped the market, and also radically impacted the way consumers and businesses live and work.

In such a fast changing, competitive environment, we have maintained our focus on key sustainability issues. We've made significant progress on our diversity and inclusion initiatives, announcing our world-leading maternity policy earlier this year. Our Rural Broadband roll-out is almost complete, delivering services to thousands of customers previously without access to broadband; we've helped connect more rural areas through our Community Cell Site Scheme, and we've rolled out 4G across more of the country. We maintain the highest standards of privacy and security, so our customers and stakeholders can have confidence in us and our network.

We continue to bring the internet into the heart of people's homes, and we've maintained our focus on developing tools and programmes that help customers – particularly parents and children – to address the challenges that come with that. We've assisted crisis-hit locations and communities by deploying our Instant Network and volunteers, as well as provided compassionate credits to our customers calling those locations. We've nearly doubled the level of investment in New Zealand communities through our Vodafone Foundation, and can see the improvements our partners are making to the lives of the most vulnerable of young people in New Zealand. We continue to assess our environmental impact; successfully achieving government accreditation for the industry mobile phone recycling programme.

These areas will remain priorities for us in the year to come. Looking further ahead, 2020 is a key date – with the Communications Minister reviewing all regulation that applies to the sector, and changes taking place from 2020. As a regulated sector and entity, this is likely to be significant for us and our customers. It's also a key date for New Zealand's carbon targets. We have a critical role to play in helping New Zealand move to a low carbon economy, which is something we expect to be increasingly focussed on.

### **Russell Stanners**

CEO, Vodafone NZ



## Sustainability context

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At the heart of our approach to sustainability is our commitment to doing the right thing. Our understanding of the 'right thing' has to evolve as the environment in which we operate changes, and as we respond to feedback from our stakeholders about the issues they consider material in our operations.

The past two years have been significant for our sector and for Vodafone New Zealand. Mobile prices have decreased in recent years and are lower than the OECD average. Broadband pricing has continued to decrease. At the same time, our customers' appetite for more data, more speed, more content and more coverage has continued to grow, driving our ongoing investment in network and infrastructure, fuelled by competition. This fundamental tension has resulted in two consecutive years where overall sector revenue has shrunk. This context is key for economic sustainability for our business.

Communications technology is already a vital tool in people's lives, helping transform the services we rely on, and the way we live and work. As delivery of services becomes reliant on it, those members of our community without access to it are increasingly disadvantaged. The digital divide, becomes very real. It can be especially acute in rural areas, where geography and distance from major centres make coverage challenging to deliver.

The fact that communications technology is so vital to people means that issues we could hardly imagine five years ago, are now material to our stakeholders. The global dialogue about privacy and security of personal data, concerns about agency access to it, how it gets used and sold, how it is protected, and the vulnerability of younger users have meant that this issue is now one our stakeholders regard as significant.

As a large business in the New Zealand context, our future sustainability is tied directly to the success of New Zealand as a whole. We invest in organisations that work with the most vulnerable young people, because they will be part of New Zealand's future success. We also intentionally work to improve our diversity to reflect the changing demographics of New Zealand.

### What matters?

In a small market like New Zealand, we are usually able to identify key stakeholders through recommendation and monitoring public relations and media. Our stakeholders include customers, community and Iwi, Vodafone Group, media, employees, industry, non-governmental organisations (NGOs), suppliers, Government and regulators.

We have many engagement channels for our stakeholders and use it to inform our material issues. We regularly survey customers and employees on our performance, satisfaction, opinions and concerns. We also survey our suppliers to understand their perspective.

Our Sustainability and Foundation team conduct an annual 'Beyond You' survey on employees so they can share how they feel we are tracking on sustainability. We engage directly with the Government, regulators, the media and interest groups. Vodafone Group surveys our key stakeholders about how we are doing in addressing concerns about electromagnetic frequency and on reputation. We engage directly with communities where we wish to build our infrastructure and with the not-for-profit sector through the Vodafone Foundation.

### Our material issues

- E-waste
- Carbon emissions
- Giving back to the community
- Responsible use of our products and services
- Data privacy and security
- Connecting rural New Zealand
- Electromagnetic frequency
- Diversity and inclusion
- Training and development
- Health and safety
- Competition
- Regulation
- Investment

# Our business



Vodafone New Zealand Ltd is a full service telecommunications company, with mobile and fixed networks across the country. We are a wholly owned subsidiary of Vodafone Group Plc, one of the world's largest telecommunication companies. We began operation in New Zealand in 1998 as a mobile-only telecommunications provider with 138,000 customers. Today, our ISP market share by connection is 32% and we have 41% of the market share in terms of connections in the mobile market.

We are a large team of 2803 energetic and passionate people spread across New Zealand. We have offices in Hamilton, Wellington, Christchurch and Dunedin, with our head-office located in Auckland. Our products and services can be purchased at 75 exclusive Vodafone stores and kiosks, multi-retailer outlets and supermarkets nationwide.



# Governance

Vodafone NZ is governed by its Board of Directors and day-to-day management is delegated to the CEO and Executive Team.



**Russell Stanners**  
Chief Executive Officer



**Ken Tunnicliffe**  
Enterprise Director



**Matt Williams**  
Consumer Director



**Kelly Moore**  
Customer Operations Director



**Antony Welton**  
Human Resources Director



**Tony Baird**  
Technology Director



**Mark Aue**  
Finance Director



**Liesbeth Koomen**  
Legal & External Affairs Director



**Steve Rieger**  
Wholesale Director

**Vodafone New Zealand Limited's Board:**

- Russell Stanners
- Mark Aue
- Antony Welton

**Vodafone Mobile NZ's Board:**

- Russell Stanners
- Mark Aue
- Antony Welton
- Tony Baird

**Vodafone New Zealand Limited's Health & Safety Committee:**

- Mark Aue
- Antony Welton
- Tony Baird

**Vodafone New Zealand Limited's Audit Committee:**

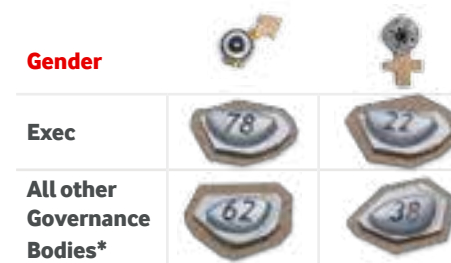
- John Otty (Regional CFO)
- Russell Stanners
- Mark Aue
- Robin Rood (Head of AMEA Audit)

The Board of Vodafone New Zealand Limited has ultimate and overall responsibility for our business and affairs. The Board is actively engaged in directing and approving significant decisions of the company, including the approval of expenditure above the authority limits delegated to management.

The Board of Vodafone Mobile NZ Limited has responsibility for our affairs and, in particular, is responsible for protecting and enhancing the value of our assets in the interests of our company and shareholder.

The Health & Safety Committee determines health and safety strategies and policies that meet or exceed our obligations at law and the standards set by the wider Vodafone Group.

The Audit Committee holds management to account when they discharge their responsibilities. This scrutiny provides internal controls and policy compliance.

















44% of the Exec are aged 30-50 and 56% are 50+. In comparison, 100% of all other Governance Bodies are aged over 50.

*\*As at 31 March 2015. Includes members of the Vodafone Foundation, Health & Safety, Audit and Vodafone Mobile NZ. Note some members are external to Vodafone New Zealand and therefore figures provided are estimates.*



# Our business

						
<p><b>1999</b> <b>Hello TXT!</b></p> <p>Vodafone launches TXT messaging in New Zealand</p>	<p><b>1999</b> <b>Hooray for Prepay</b></p> <p>Vodafone launches New Zealand's first Prepay mobile service.</p>	<p><b>2002</b> <b>A World of Difference</b></p> <p>We make a long standing commitment to New Zealand by setting up the Vodafone NZ Foundation and launching World of Difference</p>	<p><b>2005</b> <b>3G arrives</b></p> <p>Vodafone NZ launches NZ's first 3G network and the possibilities of mobile expand once again</p>	<p><b>2006</b> <b>More than mobile</b></p> <p>Vodafone goes beyond mobile with the purchase of ihug. The door is open for customers to choose us for home phone &amp; broadband as well as mobile</p>	<p><b>2008</b> <b>iLove iPhone</b></p> <p>Vodafone is the first to offer the iPhone in New Zealand</p>	<p><b>2010</b> <b>Beating the bullies</b></p> <p>We say no to TXT bullying by giving our customers Blacklist – the power to decide who can send them TXT and PXT messages</p>
						
<p><b>2011</b> <b>Doing it for rural New Zealand</b></p> <p>Vodafone enters a joint venture with Spark to roll out the government's rural broadband initiative, which aims to bring broadband to rural New Zealanders</p>	<p><b>2011</b> <b>Keeping kids safe</b></p> <p>We introduce a new app, Vodafone Guardian to help parents keep their kids safe from unwanted calls, TXTs and inappropriate use of the internet while using their smartphones</p>	<p><b>2011</b> <b>Vodafone Canterbury Fund</b></p> <p>Vodafone and the Canterbury Earthquake Appeal Trust launch the Vodafone Canterbury Fund – a \$4M fund to rebuild communities and places following the devastating earthquakes</p>	<p><b>2012</b> <b>TXT &amp; drive no more</b></p> <p>Vodafone DriveSafe launches – a free service to help Kiwis stop TXTing while driving</p>	<p><b>2012</b> <b>Vodafone &amp; TelstraClear</b></p> <p>Vodafone announces plans to acquire TelstraClear in New Zealand, in a bid to bring greater choice and competition to New Zealand consumers and businesses</p>	<p><b>2013</b> <b>Vodafone 4G</b></p> <p>4G is LIVE! First on New Zealand's leading network</p>	<p><b>2014</b> <b>Undersea cable</b></p> <p>We confirm our investment on a new 2,200km Tasman Global Access submarine cable which will significantly improve New Zealand's international broadband connectivity and resilience</p>

## Connecting New Zealand and Kiwis to the world

Every day, more than 15 million TXT messages are sent and received on Vodafone's network. On a typical weekday, people make 7 million mobile calls. Over 1,000 TeraBytes of mobile data is consumed every month. Our 1559 cell sites spread across New Zealand, deliver 2G, 3G, dual carrier and 4G service to cover 97.5% of where Kiwis live, work and play. In times of emergency or when there are holiday hotspots or major events around New Zealand, we deploy Cell Sites on Wheels (COWs) that we use to boost capacity for a short time.

Vodafone NZ is also New Zealand's second biggest fixed-line retailer. With almost 10,000 km of fibre around the country our customers are never far from our network. We offer ADSL, VDSL, fibre and cable services. We make extensive use of Unbundled Copper Local Loops (UCLL) and re-sale services to provide fixed-line retail services in locations around New Zealand. Our network extends outside of New Zealand, with five international points of presence across the United States and Australia. This provides access to four of the largest Australian and US internet exchanges.



**2G or EDGE**  
Calling, texting  
and basic surfing



**3G or HSPA**  
Fast mobile internet,  
which allows you to  
share pictures, watch  
videos and download  
mobile apps



**3G Dual Carrier  
or HSPA+**  
A faster version of 3G,  
up to twice as fast as 3G



**4G**  
Ultra-fast mobile internet,  
up to 10 times faster than 3G

## Television

Vodafone NZ has a continued commitment to put the best content and entertainment in front of Kiwis. This year we partnered with Netflix as the exclusive communications launch partner in New Zealand. In October 2013, we unveiled New Zealand's first full TV service – Vodafone TV – using our ultra-fast broadband network. We offer TV on ultra-fast broadband with delivery of 150 channels over HFC from Sky, Freeview, other satellite sources and pay-per-view movies sourced internationally by us.



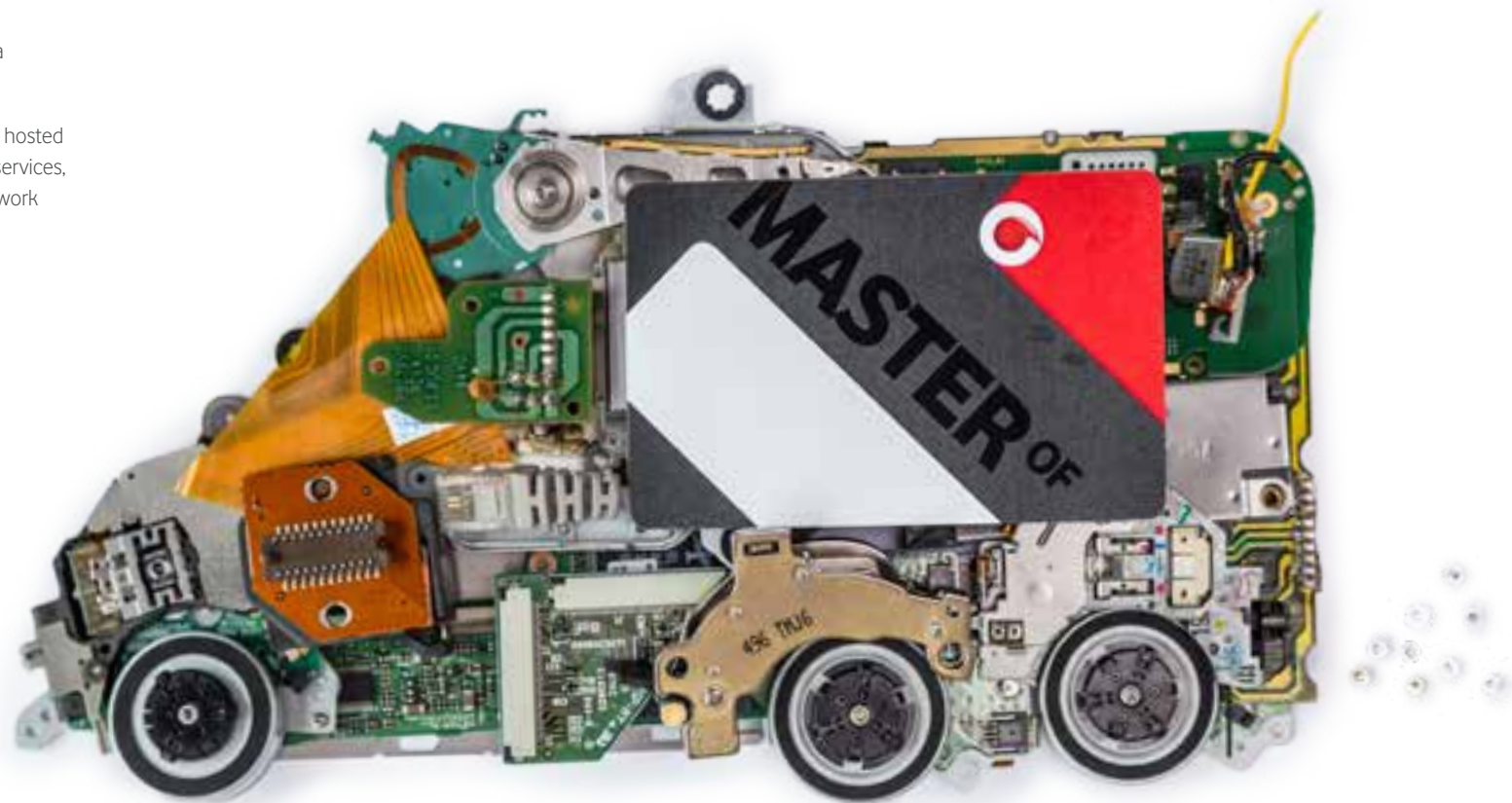
## Ready Business

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The biggest issue facing New Zealand businesses today is predicting how their world will look tomorrow. We believe the answer is to be a 'Ready Business' – intelligently connected and ready for anything. Vodafone NZ works with businesses to provide total telecoms solutions that enable them to become more sustainable, productive and customer focused.

**These services include:**

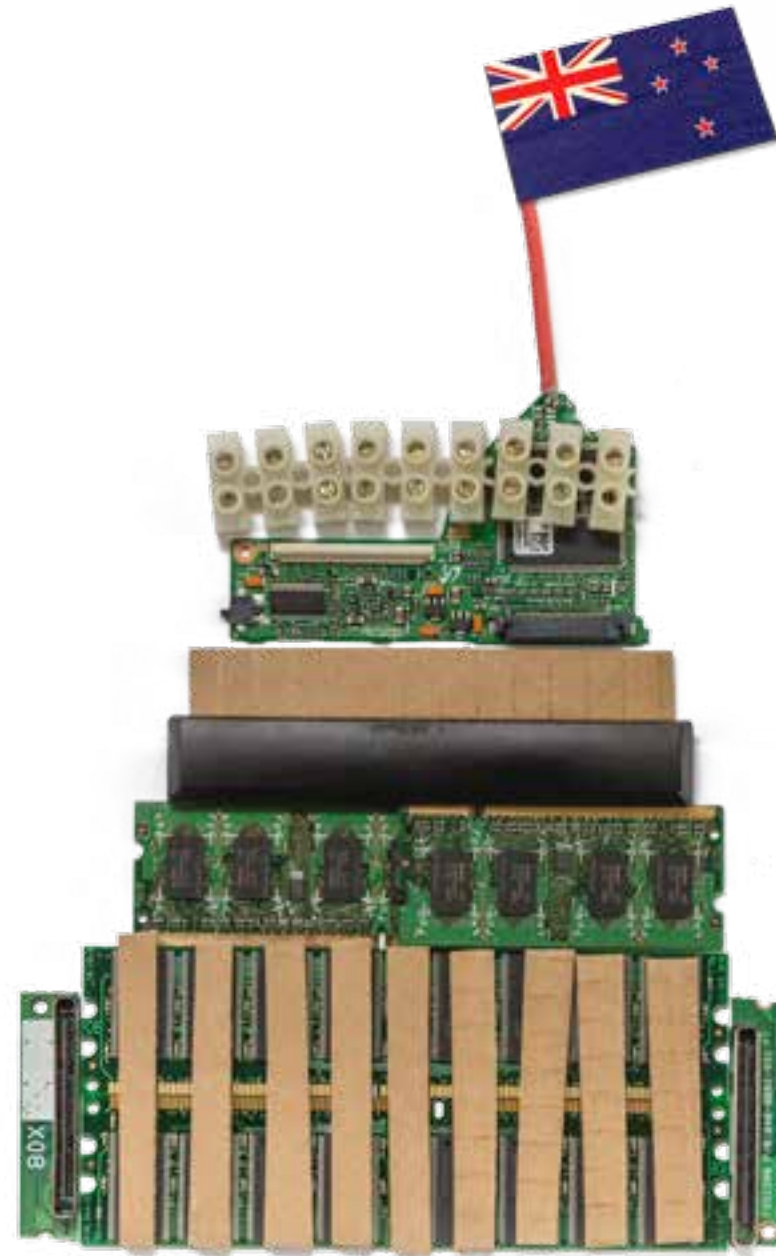
- Network services such as mobile and fixed voice and data
- Smartphone and tablet solutions
- Secure networks and data management services such as hosted private branch exchange (PBX) and apps, contact centre services, security services, local area network (LAN), wide area network (WAN) and data centre services.
- Machine to machine (M2M)



## Working with Government

In 2013, the New Zealand Police chose Vodafone NZ as its partner for mobile communications in a 10 year deal. We are providing mobile services for 6,500 frontline officers including the latest smartphones, no fewer than 3,900 tablets, and apps that allow them to do much of their work from a mobile phone. By mobilising the Police, we have managed to save each officer half an hour a day on paperwork that can be instead used on core policing activities.

In December 2014, with the support of the New Zealand Police, we opened the Mobility Innovation Lab and Experience Centre in Wellington. The Centre is part of the second phase of a successful Policing Excellence programme in which we have worked alongside the Police to introduce mobile technology and systems across their workforce. The Centre, located at a Vodafone building in Newtown, provides an environment that fosters innovation, collaboration and encourages rapid deployment of ideas and tools that support day-to-day operational policing.



## Our supply chain

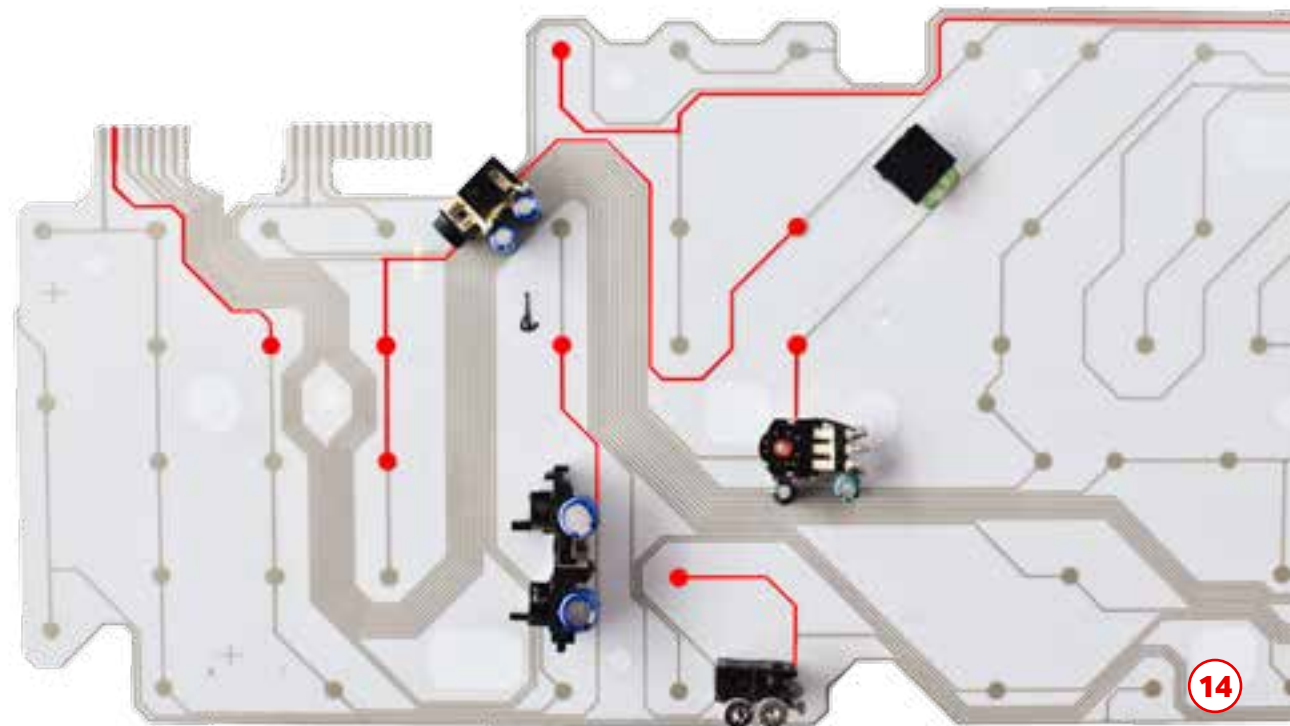
Vodafone NZ is part of a global business, with a global portfolio of tens of thousands of suppliers. This scale gives us the power and responsibility to specify social and environmental expectations for our suppliers to meet. It also allows us to influence other companies in our sector to work together to build consistent standards for ethical supply chain management.

Vodafone does not manufacture anything itself. We source all of our equipment for our networks and the handsets we sell from third-party manufacturers. These suppliers are mainly large, well known multi-nationals, who themselves source components and assembled products from other suppliers. Vodafone's supply chain operates as a global function, ensuring greater efficiency in its spend and consistent standards across all countries. It is supported by global enterprise resource planning systems and processes with a locally based supply chain management team.

Our Code of Ethical Purchasing (CEP) sets out Vodafone's expectations of suppliers. CEP requirements are integrated into our supplier qualification process, to ensure that all suppliers are made aware of our expectations at the first point of contact.

All New Zealand suppliers are subject to a qualification and approval process. This includes acceptance of the CEP and management of sustainability issues in their own supply chain. In line with our global process, should a supplier be identified as medium or high-risk they will be referred for detailed local assessment. In some cases a site assessment may also be necessary. The supplier will only qualify as a Vodafone supplier after all of these requirements have been met.

Vodafone's accounting systems mean that no purchase orders can be raised, or any payments made, to suppliers who have not qualified and been approved. Purchases made using company credit cards do not require supplier approval, but are typically for low-value and low-risk services such as accommodation and meals.



## Our values

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Our Code of Conduct sets out what we expect from every single person working for and with Vodafone. It also underlines our responsibilities to our people, partners and shareholders.

The Code of Conduct helps us make informed decisions and tells us where to go for more information.



# Our planet



Every year, new mobile phones, broadband modems and other customer premise equipment are sold in New Zealand resulting in large numbers becoming surplus to requirements. In a recent survey of our consumer customers, 66% said that sustainability and in particular end of life obsolescence was a concern to them.

Although Vodafone NZ does not manufacture mobiles, modems or other equipment, they are sold through our broad network of retail stores.



# Mobile recycling

We have offered mobile recycling programmes since 2003. Since 2010 we have been a lead member of the New Zealand Telecommunications Forum (TCF) mobile recycling programme **RE:MOBILE**. The programme provides all New Zealanders with an environmentally conscious disposal option for their unwanted mobile handsets. In July 2014, **RE:MOBILE** received government accreditation as a Product Stewardship scheme under the Waste Minimisation Act, the first e-waste scheme to do so.

**RE:MOBILE** is focused first on collecting and selling mobile phones that can still be used, and secondly on deconstructing and recycling of components of end-of-life phones. Unwanted mobile phones and accessories can be dropped off at **RE:MOBILE** collection bins in stores for Vodafone, Spark or 2Degrees or alternatively sent by post through the Starship Mobile Phone Appeal freepost envelopes.

**RE:MOBILE** aims to increase the number of phones collected annually for reuse or recycling to nearly 300,000, reduce the number of mobile phones going to landfill by 2 per cent, and reduce the number of old phones stored at home by 10 per cent by 2020.

An additional benefit of the programme is that a percentage of the profits from the sale of the phones is donated to the Starship Foundation and helps fund the Starship National Air Ambulance Service.



Mobile phones are donated

Mobile phones are assessed and graded

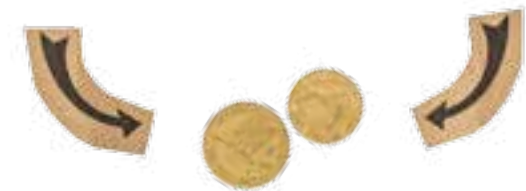


Working phones are on-sold into emerging markets

Non-working phones are recycled in line with NZ environmental standards

Mobile units reclaimed	
2015	<b>118,850</b>
2014	<b>138,180</b>
2013	<b>213,267</b>
2012	<b>238,263</b>

Figures provided by Swapkit NZ Ltd.



A percentage of the profits are given to the Starship Foundation

## Mobile recycling

### Eco Rating

Consumers increasingly want to know the sustainability credentials of their purchases. Vodafone has supported the ambition of one methodology for the whole handset industry – to provide more clarity to the customer and reduce the administrative burden on suppliers.

Every phone we sell receives an Eco Rating with a score between zero (very poor) and five (very good) to indicate its impact on the environment and society. The score is determined by a lifecycle assessment of the phone and assessing its wider sustainability impacts such as longevity, material use, and transport logistics. Corporate sustainability is also covered as it would be misleading to report on the sustainability of a phone without also considering the sustainability of the supply chain and management practices that have created it.

The ratings are displayed where phones are sold – in-store, on the price labels for each phone or on our website listed against each phone.

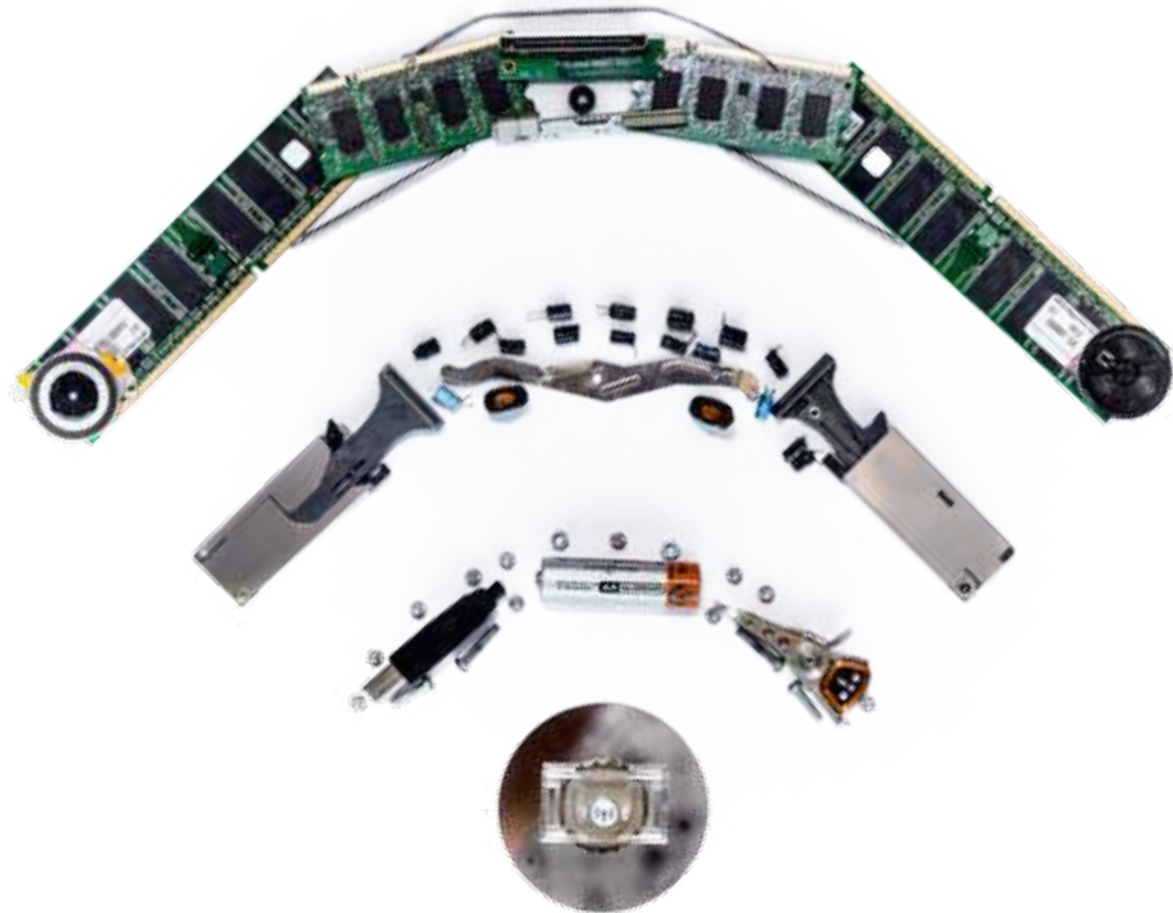




## Modem recycling

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Since the start of 2015, Vodafone has been leading the TCF Electronic Waste Working Party. The group is working towards collective approaches to industry management of electronic waste, specifically modems, network waste and other telecommunications customer premises equipment waste. The group is currently looking at options for recycling of modems.



## Network waste

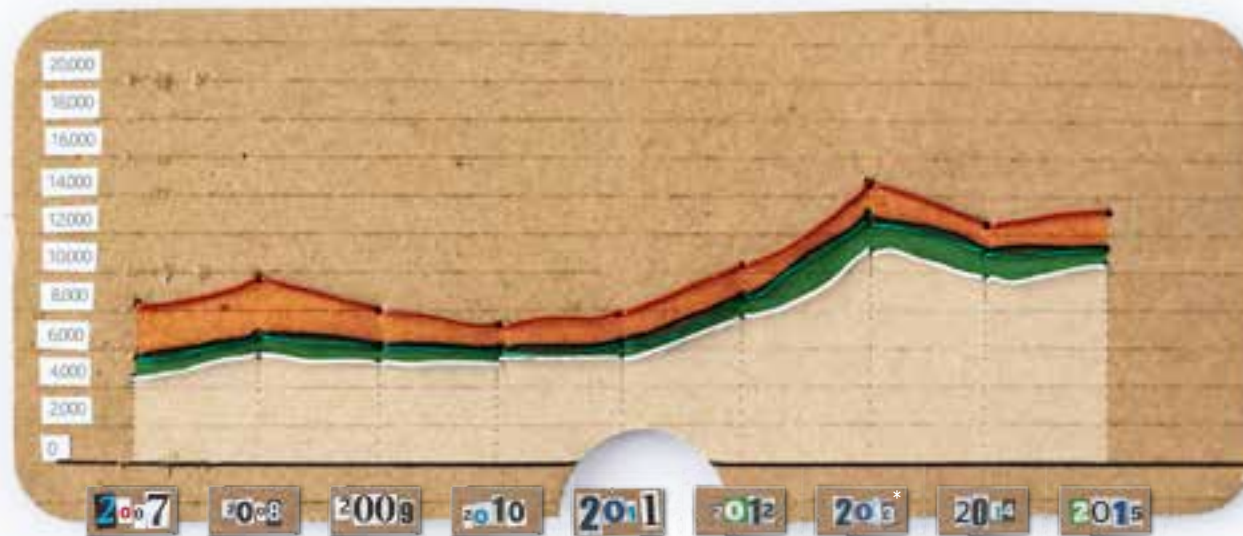
Vodafone NZ has a target to recycle 95% of our network waste. As we have noted in previous years' reports, our network waste data is sourced from a raft of network contractors, suppliers and service providers. We have not met this target since the purchase and integration of TelstraClear for unknown reasons. This year we have started work to improve our understanding of the various waste streams and are working with our contractors to review our processes for data capture.

	Disposed (kg)	Reused or Recycled (kg)	Reused/ Recycled
2015	27,876	91,206	69%
2014	23,869	247,579	90%
2013	21,351	402,965	95%
2012	5,576	138,107	96%



# Carbon emissions

**Vodafone NZ Carbon Emissions (CO<sup>2</sup> tons)**



Opinion leaders around the world are increasingly demanding action by industry to reduce greenhouse gas emissions. Whilst the telecommunications sector is a small producer of carbon emissions and Vodafone NZ is a low carbon business, we still track and aim to minimise the environmental footprint of our operations to enable us to do more with less; less energy, carbon, waste and use of resources.

Telecommunications is also a major enabler of emission reductions and our products and services enable people and business customers to achieve significant reductions in their own carbon footprints. For example, services such as video conferencing, remote monitoring etc, cut energy usage and the need for transportation, reducing carbon footprint in the process. Our main focus this year, is to use energy more efficiently in our network. This is where we can make the largest difference to our carbon footprint.

	Direct emissions	Electricity emissions	Other indirect emissions
<b>2015</b>	<b>176.1</b>	<b>11421.3</b>	<b>1652.7</b>
<b>2014</b>	<b>345.4</b>	<b>10992.9</b>	<b>861.8</b>
<b>2013</b>	<b>314.5</b>	<b>12656.3</b>	<b>1452.5</b>
<b>2012</b>	<b>1488.8</b>	<b>6313.4</b>	<b>307.7</b>

\* Figures from 2013 include both Vodafone and TelstraClear

## Carbon emissions

### How we helped ASB

#### 28% reduction in ASB's energy consumption

#### Carbon emissions cut by around 1,000 tonnes per year

With 150 branches and offices around New Zealand, ASB generates some large power bills every month. Installing smart meters and sending the data to head office every 15 minutes, would help the bank work out how electricity was being used – and where it was being wasted. So ASB sat down with energy consultancy ESP and Vodafone and mapped out a solution.

ASB installed smart meters, delivering a continuous stream of updates across 150 sites. The ASB team were then able to see that many of the bank's controls were not working correctly, with office lights, signage and air conditioning running needlessly through the night. With electricity usage data arriving in real time, ASB controllers can work out the optimum set-up and then roll it out to the other branches in the same category.

Our electricity emissions are calculated using the Greenhouse Gas Emission factors from the New Zealand Energy Quarterly. Aside from electricity, other emission sources we have included in our calculations are petrol and diesel used by our network, offices and retail stores and air travel; this is provided to us by CWT. We believe these sources are our largest contributors to our carbon footprint.

Note that there is a significant increase in carbon dioxide equivalent (CO<sub>2</sub>e) emissions in 2013 because the value reflects the combined figure for Vodafone NZ and TelstraClear business. Our network operations account for 78% of our carbon emissions and have increased by 4.7% or 465 tons since 2014. Our overall emissions have increased by 8.6% or 1050 tons compared to 2014.

We are looking into how we can reduce our carbon footprint and have continued our programmes of work to improve data centre and network efficiency, achieving an average Power Usage Efficiency factor of 1.63 across the data centres in the Vodafone network. This figure is significantly lower than the average. We are also planning to build another hybrid site at Kauaeranga Valley near Thames next summer. We currently have three hybrid powered cell sites on our network. There are two on Great Barrier Island and one at Mt Nick near Queenstown.



# Our communities





## The Vodafone Foundation

The Vodafone New Zealand Foundation is Vodafone's philanthropic arm. It is an independent charitable trust registered with the Charity Commission and funded by Vodafone NZ Ltd and the Vodafone Group Foundation. Since the Foundation was formed in 2002, it has donated over \$18.5 million to charitable organisations in New Zealand and overseas.

The Vodafone NZ Foundation's goal is 'Young people, living lives they value' which is delivered through programmes that get young people (age 12 – 24) engaged in meaningful learning. Its strategy is to deliberately target funding and support in order to have real impact and make a difference for New Zealand's most vulnerable young people. The Foundation does this through its formal grant making programmes – World of Difference, World of Difference Fellowship and Canterbury Fund; its flexible grant making such as extension grants and Alumni projects; and through its catalytic support of its partner organisations.

Over the past two years the Foundation has seen its income increase significantly. This is a direct result of the increased commitment by the Vodafone New Zealand business following the purchase of TelstraClear, and a related increase from the Vodafone Foundation – the Vodafone Group Foundation.

The approach taken by the Foundation has also continued to evolve. Based on feedback from partners, the Foundation embarked on multi-year grants known as 'extension grants' for the high performing partner organisations, to enable them to continue to develop their programmes. The Board has now made three such grants. Based on feedback from World of Difference alumni, the Board provided seed funding for collaboration projects between alumni. Two of these have now been fully supported with three years of funding.



### Vodafone New Zealand Foundation Limited's Board

- Antony Welton
- Liesbeth Koomen
- Alison Taylor
- Hinurewa Poutu
- Roger Ellis
- Tom Chignell
- Mānuka Hēnare
- Sandra Pickering

### World of Difference 2015 recipients

Shana Malio-Satele, Renei Ngawati, Shade Pihema, Adrian Schoone, Tihou Messenger Weepu and Robson Tavita.

## The Vodafone Foundation

Now in its thirteenth year, the World of Difference programme is one of Vodafone’s unique corporate-giving initiatives. It gives recipients the opportunity to work full-time for a charitable organisation involved with young vulnerable New Zealanders by paying a salary and expenses for a full year. The Foundation supports winners on their journey with training, networking opportunities, advocacy and leadership development. Since its inception in 2002, the Foundation has invested upwards of \$18.5 million supporting 80 inspiring individuals with the World of Difference programme. The recipients currently on their World of Difference year are involved in projects ranging from inspiring the young people of Moerewa, to connecting young Māori in Hokitika with culture and land.

The World of Difference Fellowship is a leadership development grant of \$90,000. It’s given to experienced youth health and development practitioners to enable professional or personal development that will enable them to lead change in the sector and in their communities. The fellowship is offered in partnership with SYHPANZ (the Society of Youth Health Professionals Aotearoa New Zealand).

‘Hands Up’ enables our people to lend their specialist skills for two weeks to one of the Foundation’s partner charities or a charity of their choice. Double your \$ supports Vodafone staff raising money for New Zealand charities they’re passionate about. The amount they raise is matched dollar for dollar by the Vodafone NZ Foundation up to a value of \$3,000. In 2014, \$246,054 was raised with an estimate of 427 employees involved and in 2015 \$178,617 was raised with an estimate of 541 employees involved. Vodafone NZ also offers ‘payroll giving’ to enable our people to support charities of their choice direct from their pay. Our World of Difference Business challenge won an award at the 2014 Sustainable 60 Awards and raised \$160,000 with an estimate of 3,700 volunteer hours in 2015.

In October 2014, the Vodafone New Zealand Foundation launched TXT2Give in partnership with FundraiseOnline. TXT2Give enables New Zealand charities to incorporate text donations into their fundraising campaigns to easily and cost-effectively receive donations via text message. As of April 2015, TXT2Give has raised \$2,828 for New Zealand charities.

The Vodafone Foundation Canterbury Fund was established in partnership with the Christchurch Earthquake Appeal Trust in 2011 to support the rebuilding of Christchurch and respond to quake related needs. The Fund aims to make a positive, long term difference within Christchurch communities and be agile and flexible as needs emerge. The fund to date, has invested \$2.67 million in Canterbury since the earthquakes and is a long term commitment to the rebuild. In early 2015, \$299,168 was invested across a range of projects, from supporting vulnerable young parents to find housing;

to alternative education; to supporting young sex workers on the street of Christchurch. Organisations who received funding included 180 Degrees Trust; Agape; Kimihia Adventure Programme; St John of God Trust; Te Kupenga o Aranui (Aranui AE); Te Ora Hou Otautahi; YCD; and Youth Alive Trust.

Detailed information on Vodafone New Zealand Foundation programmes and funding recipients can be viewed below.

Source / Destination	2012	2013	2014	2015
	<b>Foundation Income</b>			
From Vodafone New Zealand	\$2,121,235	\$1,049,752	\$1,000,781	\$1,562,803
From the Vodafone Foundation	\$1,614,251	\$700,000	\$726,810	\$999,975
	<b>Foundation Investments</b>			
Total grants made in the financial year	\$2,184,132	\$1,975,507	\$1,560,904	\$1,599,448

The difference between income and investments over 2012 and 2013 is due to the Canterbury Fund. The full income intended for the Canterbury Fund had been paid to the Foundation so that the Fund could continue to operate into the future.

## The Vodafone Foundation

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### Tuilaepa Youth Mentoring Service

Robson Tavita is a 2015 World of Difference recipient. Robson founded the Tuilaepa Youth Mentoring Service five years ago – a service that picks up, supports and nurtures Pasifika and Maori children and young people who have fallen through the cracks of the educational system. In his World of Difference year, Robson will embed the organisational learning from the first five years and develop the service. TYMS offers holistic academic mentoring programmes for at-risk youth, young dads and children.

### What it takes to reach a young man

Tuileapa Youth Mentoring Services was asked to work with a 15 year old young man who had been excluded from school. His relationship with his parents was troubled. TYMS was his last option.

A TYMS mentor worked hard with the young man for six months, trying to connect and help him – almost impossible when the young man would not listen or speak.

### Then he got into trouble and was arrested

His court date arrived. Little family and no friends had come. But his TYMS mentor was there to support him. And he could suddenly see how much commitment TYMS had to him. It was a breakthrough moment that signalled the beginning of a transformation for this young man.

This was really illustrated for Robson, when the young man drew a beautiful picture for his mentor and in a letter he wrote to TYMS to say how grateful he was to be in the programme. The key to the breakthrough, was consistent positive male role modelling and support of the young man and his family.



Robson Tavita

## Other community support

### ICT donation

In late 2013, Vodafone NZ made a \$40,000 ICT donation to Manurewa Intermediate. The makeover was completed by our staff, who volunteered over 200 hours of time and expertise. The donation included the installation of WiFi at 40 locations around the school, new iPads, computers, and refurbished laptops. Our donation meant that teachers could create a richer learning experience for students, incorporate learning applications into their lessons, and produce and upload footage for the school's daily MiTV show.

"The new WiFi system has pushed our ICT plan forward several years and freed up valuable funds for other important equipment. Additionally, the desktop computers have greatly enhanced the students' library experience – now the biggest problem is keeping the kids out!" said Manurewa Intermediate's Director of e-Learning, Mike Donaldson.

### Starship

Vodafone NZ was a five star sponsor of Starship, the national children's hospital, through the mobile phone appeal. We committed to funding Starship's National Air Ambulance by allowing customers to make donations through bill payments; by making a donation with every phone returned to us through our Trade-In service and by enabling customers to make a further donation during the transaction; and through Payroll giving internally. We also provided free WiFi to five levels of the hospital.

Our five-star sponsorship ended on 31 March 2014 but we continue to provide bill giving, trade-in donations and payroll giving. During the reporting period, \$13,936 was donated to Starship through mobile accounts and the Vodafone NZ Foundation contributed \$426,278.



## Looking after our customers

### **Mobiles and road safety**

In 2014, AA Insurance revealed texting was the number one driver distraction in their annual Drivers Index survey, which asked 1,000 regular Kiwi drivers aged 18 and over to rate different driver distractions. We launched DriveSafe, an AA and NZTA-endorsed service to help people resist using their mobile when driving. It allows our customers to set up an automatic, 'out of office' style reply to TXTs they receive while at the wheel.

### **Malicious behaviour and cyber safety**

Bullying, cyber-crime, viruses and exposure to inappropriate material are the challenges we face in the high-tech world we live in. We bring technology into people's lives and homes, and we take the responsibilities that come with this seriously. As part of our commitment to kiwi families and our work with The Parenting Place, we've created a number of services to help Vodafone customers use technology in a safe and positive way.

### **Blacklist**

Vodafone Blacklist is a free service that allows our customers to self-manage unwanted contact by TXT message. When a customer Blacklists a number it prevents any further TXTs or picture messages (PXTs) coming through from that number to their phone. This includes TXT/PXTs from any other network. 162,539 people have Blacklist activated on their account as at 27 March 2015.



## Looking after our customers

### Young people and technology

Whilst the internet can be empowering for children, Vodafone recognises parents need more help talking to their children about cyber safety and risks. In late 2013, Vodafone commissioned research carried out by YouGov revealed that only 49% of New Zealand children aged between five and ten are aware of the dangers of speaking to online friends. 20% of those would like to meet online friends in real life and only 59% of parents believe they are getting enough support in teaching children about internet safety.

In December 2013 Vodafone NZ launched Digital Facts of Life as a free giveaway from all of our retail stores. At the heart is Web Superskills; Moshi Monster activity cards designed to help children aged five to nine learn the 'digital facts of life' through play. It's packaged with simple tips and tricks for parents as well because parents are telling us that they often feel outclassed by their children in their use and understanding of technology.

Vodafone NZ is proud to support The Parenting Place and Attitude in the creation of tools that educate parents and children about using technology in a healthy and positive way. The Attitude Connected programme, funded and supported by Vodafone NZ, has reached tens of thousands of young people and their parents across New Zealand. Family concerns around cyber or TXT bullying and online privacy are shared by Vodafone and our relationship with The Parenting Place allows us to be involved with providing useful educational tools and services for both young people and parents. These services, including Vodafone Blacklist and Vodafone Guardian help young people and their parents to use technology safely.

	Number of schools presented to	Number of young people presented to
2015	369	49,587
2014	228	35,186



## Looking after our customers

### Complaint and investigation process

Vodafone NZ works with our customers, staff and other providers to provide a standard process for handling nuisance or malicious complaint investigations. A standard comprehensive process has been worked out between providers to ensure that complaints involving different networks and providers are dealt with in the same way as complaints that only involve one provider.

Vodafone NZ welcomed the passing of the Harmful Digital Communications Act with Vodafone External Affairs Director, Liesbeth Koomen, saying the passing of the Act is a positive step towards helping protect New Zealand families online.

Koomen says: "Bullying used to be something that happened in the playground, workplace, or in face to face environments. Cyber-bullying takes place online - anytime, anywhere – and often publicly.

Great things happen when we're connected. However, we've seen the impact of harmful communications – and that's why we've supported the intent of the Bill since its inception."

**"...we've seen the impact of harmful communications – and that's why we've supported the intent of the Bill since its inception."**

– Liesbeth Koomen



Malicious and nuisance complaints	2012	2013	2014	2015
Warning	2421	1075	1208	903
Foward to other telco	333	253	200	120
Temporary service bar	127	103	94	48
TXT removed	3	8	1	0
Account deactivated	7	7	3	1
<b>TOTAL</b>	<b>2891</b>	<b>1446</b>	<b>1506</b>	<b>1072</b>

## Looking after our customers

### Managing information

Data privacy and security is an increasing concern as more of our daily lives go online and the data we share is used in new and innovative ways. The growing volume and sensitivity of information being shared, stored and used is driving demand for greater transparency about how this information is being protected and managed. Privacy and security have become important trust and reputation issues.

### Privacy

Our customers have a right to privacy which is enshrined in international human rights law and stands and is enacted through national laws. We do not monitor the private content of our customers' communications or online activity. We follow extremely strict rules to ensure the protection of our customers' privacy. These are underpinned by national laws which define unauthorised interception of personal information, data or calls as a criminal offence.

We also subscribe to the Department of Internal Affairs' Digital Child Exploitation Filtering System (DCEFS). The DCEFS is focussed solely on blocking access to websites offering illegal, objectionable images of child sexual abuse. The Department of Internal Affairs determine what is objectionable material. As part of this voluntary scheme, the DCEFS is applied to Vodafone's network to help prevent access to this illegal content.

During 2014-2015, we met with the Privacy Commissioner and the Deputy Privacy Commissioner to discuss opportunities for improving consistency and transparency in reporting – and will continue to explore these options with them moving forward.

### Security

The security of our customers is protected on multiple levels:

- We have systems working 24/7 to detect malicious traffic
- Our security team are constantly identifying potential threats and blocking them, as well as staying ahead of hackers by attending and speaking at local and global security conferences
- Major security threats are managed by a dedicated security incident team operating from our Security Incident Response Centre. We are supported by Vodafone's Global Security Operations Centre, operating around the clock and around the globe
- Our network and systems follow ISO-27001 security standards and are regularly audited to ensure we are as secure as possible

In December 2013 The New Zealand Telecommunications Forum (TCF) launched a blacklisting system for lost or stolen mobile devices which Police say will help prevent crime by making mobiles less attractive to thieves. Vodafone, Telecom and 2degrees worked together to develop the blacklisting system, which gives each operator the ability to block the IMEI number (unique identification code) of a mobile device that has been reported as stolen across all three networks, usually within 24 hours. The system is based on international best practice, and uses a central database hosted by the GSMA – the international body representing the mobile industry. If blacklisted, a mobile device will be useless on all three major mobile networks, even if the thief (or whoever receives the goods from the thief) changes the SIM or switches provider.

### Law enforcement disclosure report

This is Vodafone's second annual law enforcement disclosure report. As of July 2015, this report remains the most comprehensive of its kind in the world – with few other operators joining us in publishing an analysis.

Our customers have a right to privacy and respecting that is one of our highest priorities as a business. We have strict controls in place across our business to ensure the protection of our customers' data and communications.

Acting in the best interests of the public, we also abide by national laws that require us to respond to law enforcement requests to disclose customer information. These laws are designed to protect national security or to prevent or investigate crime and terrorism. Vodafone is committed to meeting its obligations to respond to agencies' and authorities lawful demands – but with its customers' privacy at heart, will not go beyond what is mandated in law. We refuse to comply with demands that are unlawful.

We have to balance our duty to respect our customers' human rights against our legal obligation to assist government agencies and authorities when exercising their legal powers.



## Connecting rural New Zealand

### Rural Broadband Initiative

We have been improving and extending our 3G and 4G coverage in country areas so that our rural customers can take advantage of the benefits of mobility, and have better access to important health and educational services available online. In the last quarter, more than 1.8 million individual Vodafone customers accessed mobile services from the new RBI sites built since the start of the programme.

"We're proud of what we've achieved with RBI to date. Our customers have told us the huge difference access to high-speed broadband makes to their everyday lives" said our CEO, Russell Stanners.

"The productivity gains just from completing online activities with a reliable internet connection are significant, and the additional benefit of mobile coverage in rural areas has been particularly well received through RBI."

### Community Cell Site Scheme

The Community Cell Site Scheme is funded by Vodafone NZ and designed specifically for those communities normally deemed too small to expect coverage and which fall outside the RBI. In May 2014 we switched on the first cell site near Haldane in the Catlins. It provided mobile coverage to residents and visitors to the southern scenic route for the first time. The site provides both 2G and 3G mobile services for the local community, as well as housing a communications facility for Catlins Search and Rescue volunteers. The facility is the result of a unique collaboration between Vodafone, Venture Southland, contractors Arrow and Downer, and the local community.

The second site was switched on in Waihou Bay in late 2014 and the third site in May 2015 in Papatowai. "While it provided coverage for the 150,000 estimated visitors to the area, it also allowed local businesses and farms to operate more efficiently and enhanced safety for all", said Bobbi Brown, Community Development team leader of Venture Southland. "A big part of our application was that the area is very isolated and when there were crashes on the local roads, it put pressure on emergency services. The cell coverage area has been better than originally anticipated, reaching Curio Bay."

**"While it provided coverage for the 150,000 estimated visitors to the area, it also allowed local businesses and farms to operate more efficiently and enhanced safety for all."**

– Bobbi Brown



## Community engagement

Where Vodafone needs to build or alter cell-sites, we conduct community engagement in accordance with the Telecommunications Carriers' Forum (TCF) Community Engagement Guidelines launched in 2009. Vodafone NZ was involved in the TCF working party that developed the guidelines which set out engagement practices for the industry to commit to when constructing or altering mobile sites. The creation of the guidelines was in response to requests raised by groups about improving consultation and notification prior to consent applications or site construction, and the reduction in regulated obligations on network builders to consult with councils and local communities, as a result of the 2008 National Environmental Standard for telecommunications facilities.

A suitable location for a new cell site must fulfil the technical network requirements for improved coverage for our customers, while balancing the expectations of the community and impacts on the local environment.

There are a number of criteria to take into account:

### Community / environmental

- Compliance with Resource Management Act
- Compliance with local authority district plan
- Alignment with the Urban Design Protocol
- Compliance with NZS 2772.1:1999 RF exposure levels
- Visual impact on the landscape
- Road safety impacts of roadside cabinets
- Noise emissions
- Community sensitivity around certain sites such as schools
- Environmental impacts and impacts on biodiversity

### Network requirements

- Enhanced network coverage or capacity
- Strong and safe construction
- Any requirements for line of sight with other mobile sites
- Easy access and maintenance
- Available location for lease
- Access to fibre backhaul for high-speed wireless broadband



## Electromagnetic fields and health

We recognise there is public concern about the safety of mobile phones and cell sites. Mobile phones use radio frequency (RF) fields. Many other everyday items such as radios, televisions, walkie talkies, baby monitors and WiFi networks also make use of RF fields to send and receive information. When a mobile phone is used, the body absorbs some of the RF field and some scientists have suggested that this might be harmful.

We take responsibility to safeguard the health and safety of our people, customers and the public. Our approach to managing health issues is based on all available scientific evidence, commissioning of independent RF field monitoring and engaging with stakeholders on this issue. A large number of studies have been performed over the last two decades to assess whether mobile phones pose a potential health risk. The latest World Health Organisation (WHO) fact sheet reviewed in October 2014, concluded that to-date no adverse health effects had been established for mobile phone use.

### Monitoring RF fields in New Zealand

Vodafone commissions independent field monitoring of RF fields around our cell sites. We also commission additional reports on specific sites if requested by the local council or community. The tests are carried out by National Centre for Radiation Science (NCRS), a specialist unit of the Institute for Environmental Health and Research Ltd, a New Zealand Government owned Crown Research Institute providing science advice and services in the field of RF magnetic and electric fields and their health effects.

In 2014, Vodafone NZ commissioned a report on 10 cell sites selected at random by the NCRS, with Vodafone having no input in the choice of cell sites to be tested. 'Measurements of Exposures Around Vodafone New Zealand Limited Cellsites from June 2013 to May 2014' outlines the results from measurements of RF fields around cell sites for the Vodafone New Zealand Limited yearly monitoring project that took place from June 2013 to May 2014.

At the time of measurement, RF exposures in the areas around the 10 cell sites ranged from less than 0.1 to 7.7  $\mu\text{W}/\text{cm}^2$ . With the exception of one cell site, all of the readings were less than 1.0% of the (900 MHz) public limit prescribed by the New Zealand Standard 2772.1:1999 Radiofrequency Fields: Part 1 – Maximum Exposure Levels – 3 kHz to 300 GHz (the Standard). Based on the areas monitored, all of the Vodafone telecommunications cell sites measured in this project complied with the Standard.

### Emissions from mobile handsets

The strength of a radio frequency field's effect on a person can be measured using specific absorption rates (SAR). The SAR value measures the energy absorbed by the body as heat in watts per kilogram. International Commission on Non-Ionizing Radiation Protection (ICNIRP) has guidelines for a recommended maximum SAR value of two watts per kilogram. All handsets sold by Vodafone comply with these guidelines.

Modern mobile phones adjust the power automatically to the minimum required to communicate with the mobile phone site. Generally, the nearer the site, the lower the handset RF output. When switched on but not in use, handsets send only brief infrequent signals to maintain contact with the network. These are made a few times every hour as a short transmission lasting just a couple of seconds. For those people concerned about emissions from handsets, the WHO advises that exposure may be limited by keeping call lengths to a minimum, and by keeping the handset away from the head by using a hands free or speakerphone function.

## Emergency response

Telecommunications capacity and tools are critical during any major emergency response effort. Information made accessible to key decision makers, is paramount in allowing responders to make well-timed, informed decisions that can save lives and ease suffering. For the population directly affected, they may simply want to reassure their friends and family that they are alive.

Vodafone NZ is a leading participant in the Vodafone Group Foundation's Instant Network programme. The Instant Network programme aims to deploy Vodafone volunteers and technology in emergencies to provide free communications and technical support to aid agencies and victims. In 2014 we won a Sustainable60 award for our programme.

The New Zealand team has seven Hostile Environment (HEAT) trained volunteers, primarily engineers. It also has an Instant Network, which is a 2G mobile network packed into three large pelican cases that can be carried on a commercial flight.

- In March 2015, three of our staff went to Port Villa in Vanuatu to help re-establish mobile communications after Cyclone Pam. Dunedin-based engineer, Mark Tynan, Wellington-based service manager, Lise Mackie and Auckland based engineer Rob MacLennan volunteered in response to an invitation by the local mobile operator, TVL and Telecoms Sans Frontieres. This deployment was unique for its innovative use of femtocells backhauled over satellite. The Instant Network operated for 11 days, with 1,487 calls and 188GB of data travelling over it during the deployment.
- In November 2013, we deployed Adrian Bullock and Rob MacLennan in response to Typhoon Haiyan, the deadliest storm to hit the Philippines. The Philippines deployment lasted 29 days, during which time the Instant Network enabled 1.4 million TXT messages and 443,288 calls.

When natural disasters happen which are likely to be of significant concern to New Zealanders, we will consider making calls and TXTs to those destinations free for all Vodafone mobile and fixed customers on compassionate grounds. The total value of mobile credits alone is now in excess of \$200,500.



In 2013

**Philippines  
Typhoon Haiyan**

**\$57,000**



In 2014

**Solomon Islands  
Floods**

**\$7,000**



In 2015

**Vanuatu  
Cyclone Pam**

**\$17,500**



In 2015

**Nepal  
Earthquake**

**\$5,000**



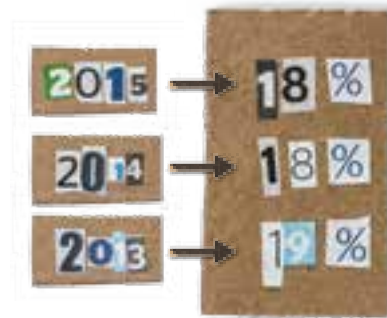
# Our people

A responsible business must also be a responsible employer. It is essential to our ongoing success that we ensure our people feel confident, appreciated and inspired. We also aim to give our people opportunities to develop so they are motivated to excel.

## Total number of permanent and fixed term employees



## Voluntary employee turnover



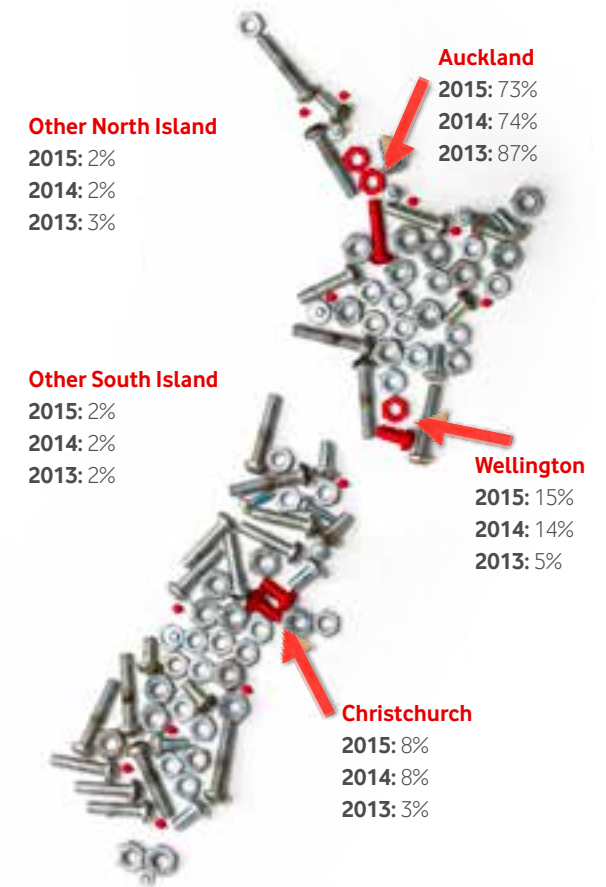
## New employee hires by age (Vodafone)

	Under 30	30-50	Over 50
2015	61%	37%	2%
2014	65%	32%	3%
2013	57%	41%	2%

## Part time vs. full time employees (Vodafone only)

	2013	2014	2015
<b>Part time</b>	7% (65%F, 35%M)	6% (56%F, 44%M)	6% (62%F, 38%M)
<b>Full time</b>	93% (35%F, 65%M)	94% (36%F, 64%M)	94% (34%F, 66%M)

## Location of employees



## Restructuring

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On 12 July 2012 we announced that we were purchasing TelstraClear. On 30 October 2012 the Commerce Commission gave regulatory approval for the purchase and on 1 April 2013, Vodafone became the single brand for the combined business.

The integration of the two businesses was conducted in two phases and has tracked ahead of plan. The first phase saw both businesses operate separately, while each sought to understand more about the other. The second phase was to bring both businesses together under the Vodafone brand and a single organisational structure – ensuring that the new business structure was based on the best of both organisations.

Over the last two years Vodafone NZ has invested in removing systems and process duplication within the new organisation, as well as in improving the way we support and service our customers.

The last 18 months has seen unprecedented levels of competition in both mobile and fixed line services in New Zealand. As a result, in 2014 we started the process of focusing the next phase of our integration programme to transform the business in two strategic areas; producing world class service excellence for both our consumer and enterprise customers, and ensuring we maintain our network leadership in both mobile and fixed.

To help achieve this, we needed to rebalance the resources within our organisation, which resulted in approximately 200-250 redundancies of permanent roles by 31 March 2015. These were primarily across management, back office functions and operations. We were able to minimise the number of impacted permanent roles by not filling current vacancies and attrition. We also reduced a significant number of contractors who had been brought on to support the integration.

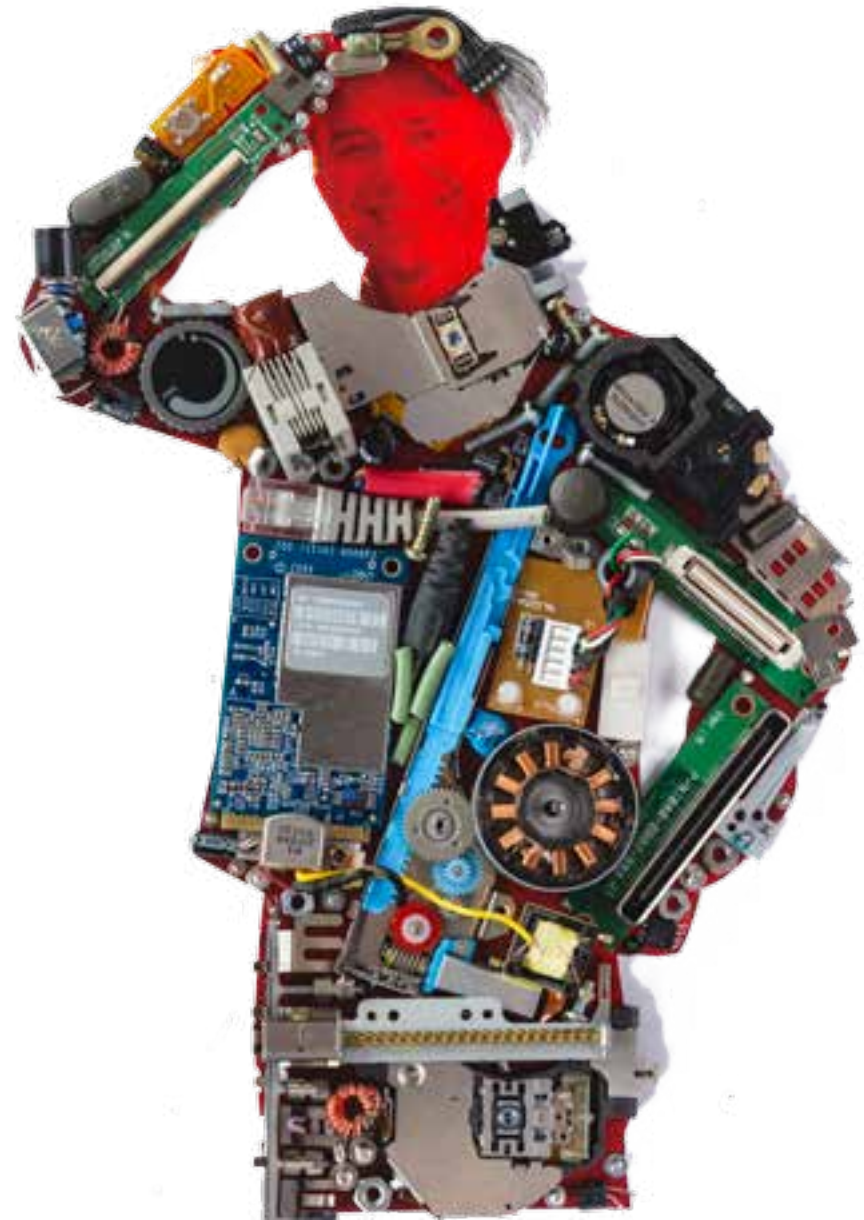


## Diversity and inclusion

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Vodafone believes that work place diversity and creating a culture where everyone's voice is heard is key to being a sustainable business. There are over twenty different ethnicities, numerous religions and sexual orientations represented within our business. Acknowledging and honouring cultural diversity is essential to maximizing and capitalizing on the different skills, styles and sensibilities of our people. We pursue equality of opportunity and inclusion for all employees through our employment policies and practice and aim to create an inclusive environment where everyone feels respected and valued. The priorities for our diversity and inclusion strategy are to improve female representation at senior levels and Māori representation across the organisation.

Each year, questions on diversity and inclusion are measured as part of our annual staff engagement survey. In New Zealand, our diversity scores of the past several years have been 85 (out of 100) or higher, and are at least two points higher than our global market colleagues, making us a high performing team in relation to diversity and inclusion.





# Diversity and inclusion



## Women

To achieve our commitment of reaching a 50:50 balance of men and women, we take gender diversity into account in all the various activities across the business. Examples include our talent management programmes, general recruitment activity and our Graduate & Apprentice programmes where we have a diversity target of 50% females. Our graduate recruitment target for 2016 is 60% female.

We were one of the first companies in New Zealand to become a signatory to the UN Women’s Empowerment Principles. We were a founding sponsor for Global Women through which we are building the capability of our emerging women leaders. We have an active Women in Technology Network which delivers activities and programmes to encourage and empower women and help them be their best.

Our ‘Encouraging Girls into Technology’ programme aims to inspire and inform young women about career pathways and opportunities that exist in the technology field. The programme targets pre-option age girls and girls who are interested in science and technology at high school. In 2014 we ran this programme in Selwyn College, Alfriston College and Kelston Girls’ College – where over 60% of the girls surveyed indicated they would consider a career in technology.

To coincide with International Women’s Day, on March 8th 2015 we launched a new and improved Maternity Policy to encourage retention of our top female talent and to attract more women to join Vodafone. In addition to increasing our maternity leave entitlements from 12 to 16 weeks full pay, we also now pay our people full time for working 30 hours per week for the first six months after returning from maternity leave. We believe this will help the transition back to work at one of the most important times of a new parent’s life.

### Employment fact box

	2013	2014	2015
Women as % of all employees (Vodafone only)	40%	37%	38%
Number of women in senior management roles	37 out of 112* (33%)	8 out of 31 (26%)	13 out of 35 (33%)
Women as % of new employee hires	39%	44%	46%
Women as % of employees turnover	49%	45%	42%

\*Includes Exec & Senior Leadership Forum

## Diversity and inclusion

### Māori

Our Māori leadership network supports us to engage authentically with Māori and provides a support network for colleagues passionate about celebrating Te Ao Māori within Vodafone. Te Pū Whero members have helped lead our ongoing celebrations for Matariki. In 2014 we ran weekly wānanga educating our staff on elements of the Māori world during the Matariki period. During Māori Language Week we piloted a customised Te Reo Māori course for our staff which saw approximately 30 colleagues from all over the country get involved in trying Te Reo.

Vodafone New Zealand was a sponsor of the Māori Language Awards for the third time in 2014, supporting the Mainstream broadcasting category. We were also named as a finalist the Private Sector category.

As part of our CEO's commitment to recruiting Māori graduates, we have developed our Graduate programme to include te reo & tikanga Māori so that our Graduates have a real sense of local roots within our global organisation. These teachings are delivered through our Matariki & Māori Language Week events.



## Training and development

Career progression is important to our people and to our business. Training allows staff to strengthen skills, build confidence, perform better and stay on the cutting edge of industry developments. Investing in training creates a supportive workplace and shows our people they are valued.

Vodafone NZ ensures there is a clear process for performance review for all of our staff. Performance Dialogue is our performance and development programme. People leaders are required to have regular conversations with each team member, to coach, guide and give feedback, and to enable employees to make the most of their careers. Goals and outcomes are tracked.

During the reporting period, we worked with the Tertiary Education Commission, New Zealand Qualifications Authority (NZQA) and industry training organisations (SKILLS) to review and update national certificates in Telecommunications, Contact Centre, Sales and Retail. At the 2015 APEX Awards, Vodafone NZ was named Telecommunications Training Company of the Year and we are one of the first large employers to successfully apply for the Tertiary Education Commission's Direct Funding Scheme (DFS), embracing an innovative approach to workplace learning.

The DFS administered by the Tertiary Education Commission gives Vodafone the opportunity to deliver training recognised by the New Zealand Qualifications Framework NZQA. The programme kicks off from June 2015. Training under the national framework will be contracted to The SKILLS Organisation, a leading government industry training organisation and partner of Vodafone. By the end of 2017, we expect to have supported over 1,000 employees to achieve qualifications as part of the training and development scheme.

The leadership Vodafone NZ shows in skills and qualifications development was recognised when we were invited to be a member of the new 'New Zealand Apprentices' and 'Direct Funding Scheme' industry advisory group reporting to the Minister of Trade and Industry.



## Training and development

### Internship Programme

Vodafone NZ has a strong relationship with AUT and their Bachelor of Business Co-operative Work Placement. Since 2010, we have placed 94 students into full time work during their intern placement. Of those 94 interns, 20 have been extended to continue working for Vodafone in a contractor or permanent capacity. Vodafone have supervised 70 interns to date from 2013.

Co-operative Education (Co-op) is a work placement undertaken by all Bachelor of Business students in their final year of study at Auckland University of Technology (AUT). Co-op is an applied approach to business education where students learn in the workplace as well as undertaking a related programme of academic study. Students apply their classroom knowledge to real situations and challenges. They work towards becoming effective business professionals as they experience the reality of the working environment. Vodafone supervises students who are studying Accounting, Advertising, Business Economics, Business Information Systems, Finance, Human Resource Management & Employment Relations, International Business, Management, Marketing & Sales. There are five intakes across the year and Vodafone participate in all of them where possible. Placements last for nine weeks.



### Apprentice Programme

We are in our second rotation of the Apprentice Programme. Our programme provides the vital link between school and business. To complete their apprenticeship, our people work a full 40hr week, earning an NZQA accredited National Certificate in Telecommunications (Level 3) at the same time. Once their apprenticeship is complete, these fresh faces will join our permanent Technology workforce.

In June 2013 our technology Apprentice Programme was showcased on Just the Job; a national television show dedicated to highlighting careers open to school leavers. Our inclusion marked the first time the telecommunications industry had been represented on the show. Our apprentices have continued to succeed at the annual Apprentice of the Year competition and award hosted by The Electro-Technology Association (ETA) in collaboration with the SKILLS organisation. This year Faleola Faingata'a took home the win and Ruby Dragicevich placed first and Ashley Thompson placed second last year.



### Graduate Programme

We have a graduate programme across Technology, Finance and Marketing. Since starting in 2012, our Graduate Programme has more than tripled the number of graduates it takes on. In 2016 we plan to increase this number again. After a rigorous assessment centre, successful candidates are rotated across different business units, including IT and Networks, as well as cross-functional commercial teams to gain experience, mentoring and on-the-job training as part of our commitment to building a diverse talent pipeline.



## Health, safety and wellbeing



At Vodafone, health and safety is something we take seriously. We believe the future of work is one that also embraces a wellbeing safety culture and we are constantly looking at better ways to achieve a Healthy Workplace and support the Vodafone Way of Working.

An ACC Accredited Partner, at Vodafone we work to ensure employees and contractors know how to identify and manage risks and take responsibility for their safety and the safety of those around them. We believe all accidents and injuries are preventable.

When managing risk, we believe in insight over hindsight. Our local risk management program is aligned to business risks and priorities. This program is underpinned by our critical risk controls – Vodafone's Absolute Rules.

1. Always wear seat belts when travelling in or operating vehicles
2. Always use suitable personal protective equipment, a safety harness and fall protection when working at height
3. Never carry out electrical work on electrical equipment, circuits and gear if you are not qualified
4. Never work under the influence of substances (alcohol or drugs) that are illegal or in excess of legal levels or where this impairs the individual's ability to perform tasks
5. Never exceed speed limits of travel at speeds that are dangerous for the type of vehicle or conditions
6. Never use a hand-held phone while driving and only make calls by pulling over or using hands-free devices when it is safe to do so
7. Never undertake any street or underground activity unless competent to do so

At Vodafone, communication and consultation is essential for us to have reach across the organisation. We have a Safety Committee to assist the Health, Safety & Wellbeing team in their tasks and bringing forth topics that need consideration.

## Health, safety and wellbeing

To encourage a good health and safety culture, we run senior leadership safety tours where members of our Executive team tour key sites. The objective of these tours is for them to meet staff and have a dialogue about health and safety to drive improvements in behaviour and culture. In late 2014 we held a Contractor Health and Safety Conference where we introduced our new driving standards and talked about our Absolute Rules.

In 2015 our absenteeism rate was 0.0037.  
In comparison our 2014 rate was 0.0048.

We see a Healthy Workplace as somewhere that has simple and effective systems and minimal confusion. It's a place with high morale, low turnover and low absenteeism. In a Healthy Workplace, people are empowered.

In 2016 we are looking forward to a step change in our focus on The Vodafone Way of working and our Healthy Workplace. Our strategic 3 year plan has been broken into two themes, EndangeRED and EmpoweRED – representing our focus on risk insight and wellbeing programme deployment.

Under these themes a number of key programmes will be delivered to ensure that Vodafone remain ahead of the curve in both areas, such as:

- Contractor management – process, systems and risk management review
- Wellbeing consolidated single source portal for Vodafone employees
- High Risk Review – Critical risk Controls, including psychosocial safety
- Governance and due diligence framework implementation

### Accident by description 1/4/13 – 31/3/14



	Female	Male	Total
Falls	5	3	8
Hitting objects	3	1	4
Muscle stress	12	7	19
Chemical contact		1	1
<b>Total</b>	<b>20</b>	<b>12</b>	<b>32</b>

### Accident by description 1/4/14 – 31/3/15



	Female	Male	Total
Being bitten/stung – animal/insect/spider		1	1
Being hit or struck by person		1	1
Falls	3	2	5
Hitting objects	2	2	4
Long term exposure to sounds/noise		1	1
Muscle stress	7	11	18
Chemical contact	1	1	2
<b>Total</b>	<b>13</b>	<b>19</b>	<b>32</b>

## Health, safety and wellbeing

### Better ways of working

Since Vodafone NZ moved into its office in the Auckland Viaduct, we have operated a flexible working environment. For many people it means not having to travel into the office every day. No one needs to be tied to a desk; people can move around the office, work with other teams or even find a quiet spot outside.

No-one, not even the leadership team or the Chief Executive, has their own office. We work in 'home zones' and are free to take our laptop to any one of a number of work spaces. When it suits us we can work remotely, either from another office or from home.

Adrian Lane is a Quality & Performance Engineer in our Technology team, a dedicated dad of four, who has been part of the Vodafone family and its predecessors for 18 years. He works from our Lambton House office in Wellington, or our Kapiti site depending on which week of the month it is. Perhaps another thing to mention is that Adrian has Asperger Syndrome, or his "flavour of Autism" as he puts it in an email.

During an organisation-wide restructure in August 2013, Adrian informed his then two-up boss Sharina Nisha (now a member of the Senior Leadership Forum) of his Autism and how it could have the potential to affect the outcome of his interview. Sharina offered Adrian the opportunity to have his interview at a location of his choice, which he would be comfortable in. He opted to have his interview at home, in his bedroom, over a telephone headset. "This allowed me to pace around, close my eyes, and give what turned out to be a good enough interview to retain my job," says Adrian.

"I also have a very understanding line manager, to whom I have explained what works well for me, and what works badly... My manager and my immediate teammates know that I'm most productive when I'm left alone, and given remote-control guidance."

Johnny Huang, Adrian's line manager sees flexible working as a way to retain talented staff. "It was quite simple for me. Adrian is definitely a high performer. Within our team we monitor the network performance and with Adrian's strong analytical skills he has great attention to detail that means he won't stop investigating until he gets to the root cause of an issue. I wanted to keep him in the team so it was about finding a way to make his work fit in with his home life."

Today, Adrian is a shared care parent of four young children. In order to maintain his parental commitments, he required a 0.9 FTE role – working six 10 hour days a fortnight from Lambton House in central Wellington when he doesn't have his children, and four three hour days a fortnight in our Kapiti office when he does. This flexible schedule allows him to be near his children's school and sees him working 72 hours a fortnight.

"Vodafone's agreement to me continuing this odd shift pattern is crucial to me being able to have my children in shared care. It is the most happily diverse working environment that I've ever experienced. I hope we can all keep it that way, and let's not forget that sometimes differences are invisible."

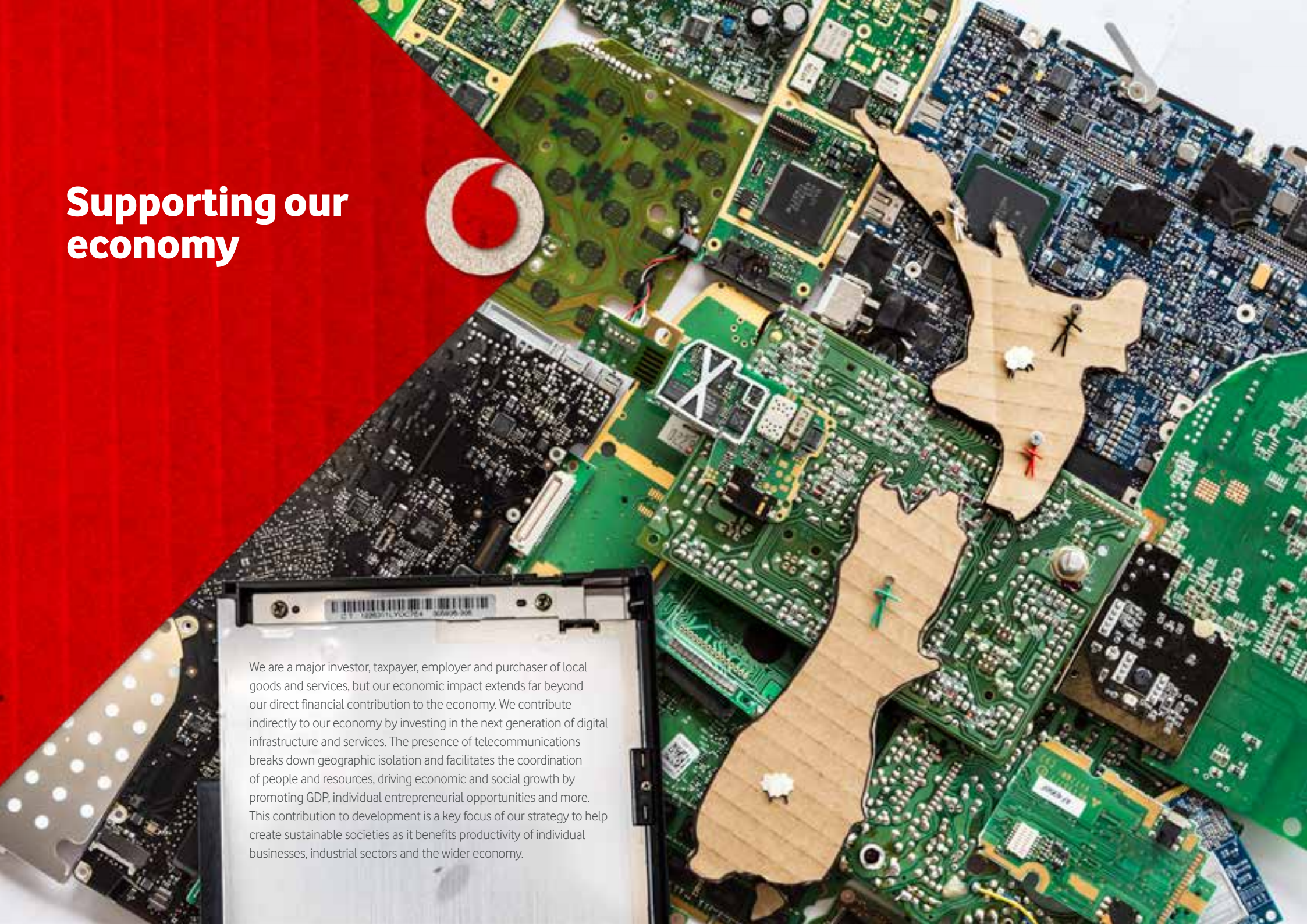


Adrian Lane

# Supporting our economy



We are a major investor, taxpayer, employer and purchaser of local goods and services, but our economic impact extends far beyond our direct financial contribution to the economy. We contribute indirectly to our economy by investing in the next generation of digital infrastructure and services. The presence of telecommunications breaks down geographic isolation and facilitates the coordination of people and resources, driving economic and social growth by promoting GDP, individual entrepreneurial opportunities and more. This contribution to development is a key focus of our strategy to help create sustainable societies as it benefits productivity of individual businesses, industrial sectors and the wider economy.



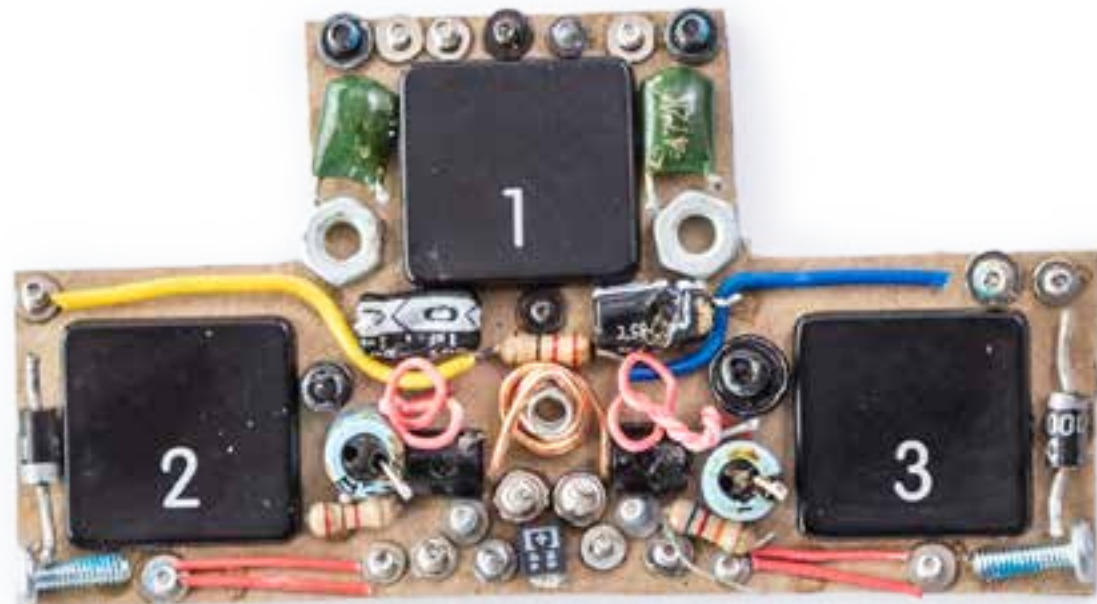


## Competition

The last two years have been busy for the telecommunications industry; with mergers, acquisitions, spectrum sales and the arrival of a slew of content streaming services. According to the Commerce Commission's 2014 Annual Telecommunications Monitoring Report, competition among fixed-line retailers remains strong and the sector is responding positively to consumer demand for better broadband quality and value. Average broadband speeds are increasing and the average data consumed per connection per month has grown strongly from 26GB in the previous year to 32GB.

On the mobile side, growth in data consumption has been even greater rising from around 130MB per mobile connection per month to 229MB. As noted in the 2013 report, data revenues continue to rise while voice-related revenues are in decline, reflecting the importance of fixed and mobile internet access for New Zealand households. Total telecommunications revenues had a further modest decline in 2013/14 to \$5.17 billion from \$5.21 billion in the prior year. While there was a small rise in mobile revenues to \$2.49 billion, fixed line revenues fell to \$2.68 billion.

The 2014 report estimates Vodafone NZ ISP market share by connection is 32%. In terms of connections in the mobile market, we are resuming a slow decline that commenced in 2008/2009 with around 41% of the market share. We have had a 2.6 percent decline in service revenue in the 12 months ended March 31 as a result of aggressive competition. Although revenue is down, we have lifted our mobile base 4.6% in the year and our fixed line assets have benefited from continued uptake of VDSL, TV and unlimited broadband. We added 32,000 connections in the March quarter, reaching 2.36 million customers as at March 31, of which 63.5% are on prepay plans.



## Regulation

### Copper pricing

The key issue over the reporting period has been fair pricing for access to Chorus' copper network. The regulator is expected to reach a conclusion on final prices by the end of 2015. This will mark the end of a four-year process to determine the charge Vodafone, Spark, Call Plus and others pay Chorus for Unbundled Copper Local Loop (UCLL) access to customers and for provision of Unbundled Bitstream Access (UBA) internet services to those customers.

While proposed price increases have put upwards pressure on retail pricing, overall the market is highly competitive and is delivering great value for Kiwis. This is especially the case in the mobile market, where the Commerce Commission has recently reported prices between 8% and 62% below the OECD average for equivalent plans.

The outcome of the copper price review is one of the most important decisions affecting telecommunication and broadband prices for New Zealanders. It is widely expected to be the benchmark for access charges to Chorus's new Ultra-Fast Broadband (UFB) network from 2020 onwards.

### MBIE's 'Post 2020' Telecommunications Act review

The Communications Minister will comprehensively review the Telecommunications regulation applying to the telecommunications sector from 2020 onwards. The Telecommunications Act allows the Commission to regulate access to monopoly infrastructure, approve industry self-regulation codes and carry out industry monitoring.

By 2020 the UFB-1 project for the fibre network deployment by Chorus and Local Fibre Companies will be complete and the wholesale access prices for fibre networks, currently set under Chorus and LFC agreements with the Crown, will expire. Other key infrastructure projects including the first wave of the Rural Broadband Initiative (Fixed Wireless Access in rural areas) and the mobile 700MHz new build and 4G rollout obligations, will also be complete.

The Ministry of Business, Innovation and Employment (MBIE) will provide advice on whether the existing policy framework regulating telecom services in New Zealand is the most effective means to promote competition; promote legitimate commercial interests;

support deregulation; support innovation and encourage efficient investment in the industry. Important considerations will be market structure, technology developments, competitive conditions and the impact of fibre, copper, wireless and other network investment.

We will be encouraging the government to roll back regulation in the demonstrably competitive mobile market, and supporting cost-reflective regulated wholesale access pricing for fixed copper and fibre networks. We will be aiming to ensure proposals for regulatory change do not focus on short run cost savings at the expense of a healthy growing market that rewards investors and supports innovation. We will also be encouraging an all-inclusive regime that ensures all service providers are covered by industry self-regulation and share the responsibilities of security, privacy and network robustness.



## Investment

Vodafone NZ made a significant investment in Dual Carrier (DC) technology which is being deployed on approximately 50% of our cell sites. DC is a network technology that provides faster internet speeds and quicker browsing response time. In late 2013, we invested \$66 million to secure 2x15MHz spectrum for a period of 18 years through the Digital Dividend auction. The acquisition of spectrum in the 700MHz band is an important resource to enable us to continue our nationwide network deployment and leadership. In July 2014, we became the first to launch a commercial 4G service using 700MHz.

### Trans-Tasman telecommunications cable

On December 18, 2014 we confirmed our investment on a new 2,200km submarine cable between New Zealand and Australia. Alongside Spark New Zealand and Telstra, we have invested approximately USD \$70 million on the new Tasman Global Access (TGA) Cable which will significantly improve New Zealand's international broadband connectivity and resilience as well as strengthen links into fast-growing Asian markets.

Our trans-Tasman internet traffic has grown from just 10 percent of total international traffic in 2000 to 40 percent today. This illustrates the shift in the direction of international traffic as trans-Pacific traffic has declined from 90 percent of all traffic in 2000 to 60 percent today. With New Zealand's international capacity requirements growing 60 percent year-on-year, the TGA Cable will support the future needs of consumers and the growth aspirations of New Zealand businesses. The project began early in 2015 and the TGA Cable is expected to be built and providing data traffic by mid-2016.

### Rural Broadband Initiative

Vodafone and Chorus won the bid in 2011 to deliver the Rural Broadband Initiative for the Government. By June 30th 2015 we will have constructed 154 new fibre-connected cell sites and upgraded 387 existing sites. These new and upgraded sites provide fixed wireless broadband access to areas previously not serviced by high-speed data and faster and wider mobile coverage to an additional 4,500km of rural roads.

We expect that having fast and reliable connectivity will lead to better staff retention in rural businesses. It will also make it possible to access internet banking, shopping, hosted business applications and use emerging applications and devices that could help businesses, such as sensors and meters for machine to machine communication and monitoring. President of Waikato Federated Farmers, Chris Lewis, says running the family farm is a totally different experience since having Rural Broadband installed. "It's given me the ability to communicate with our suppliers in central Hamilton and run business applications from the paddock. My phone is just as important as my gumboots these days – I'm contactable anywhere on the farm thanks to Vodafone."



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<b>ORGANISATIONAL PROFILE</b>	
G4-3	Vodafone New Zealand Limited
G4-4	7-13
G4-5	Auckland, New Zealand
G4-6	2
G4-7	Wholly owned subsidiary of Vodafone Group Plc
G4-8	2, 7-13, 25-27
G4-9	7-13, Annual Report for the year ended 31 March 2014 can be found <a href="#">here</a>
G4-10	40-42. Vodafone NZ does not have any significant variations in employment numbers due to aspects such as seasonal workers. We do not have any people recognised as self-employed but we do have outsourced providers
G4-11	2% as at August 2015
G4-12	14
G4-13	38-39
G4-14	34-35
G4-15	Telecommunications Carriers' Forum Community Engagement Guidelines, UN Women's Empowerment Principles, Joint Audit Cooperation, Conflict Free Sourcing Initiative and New Zealand Urban Design Protocol
G4-16	Telecommunications Carriers' Forum, New Zealand Business and Parliament Trust, Business NZ, Sustainable Business Council, New Zealand Initiative, Trans-Tasman Business Circle and Hugo Group, Federated Farmers, Philanthropy New Zealand

All DMA and indicators have been externally assured. Those indicated with \* have not had historic data (2013 or earlier) reassured.

	Page
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>	
G4-17	Annual Report for the year ended 31 March 2014 can be found <a href="#">here</a>
G4-18	2, 6
G4-19	6
G4-20	All reported aspects are material within the business
G4-21	29-30
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G4-27	16-51
<b>REPORT PROFILE</b>	
G4-28	1 April 2013 - 31 March 2015
G4-29	2013
G4-30	Annual
G4-31	sustainabilitynz@vodafone.com
G4-32	Core
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### SPECIFIC STANDARD DISCLOSURES

Material Aspects	DMA and Indicators	Page
Indirect economic impacts	G4-DMA	33, 48
	G4-EC7	33, 51
Emissions	G4-DMA*	22
	G4-EN15*	22
Products and services	G4-DMA*	16-21
	G4-EN28*	17. We have reported the number of mobile units returned rather than reclaimed because 'returned' makes more sense for our business. Our customers do not return packaging materials to us and we do not have processes in place for the recycling of packaging materials.
Occupational health & safety	G4-DMA	45
	G4-LA6	46. Vodafone reporting systems capture personal incidents caused by accident. Reporting this way is aligned with New Zealand current Workers Compensation requirements. We only recorded statistics for major project or serious incidents suffered by contractors. This was acceptable best practice in New Zealand. In line with the Workplace Health and Safety Act reform, we are undertaking a Deep Dive review across contractor recording and reporting to improve this metric to provide consolidated reporting. We follow the International Labour Organization (ILO), Code of Practice on Recording and Notification of Occupational Accidents and Diseases, 1996
Training & education	G4-DMA	43
	G4-LA10	43-44; We do not have formal transitional programs in place, however, our staff all have access to Employee Assistance Program services which include financial planning, transitional advice and counselling.
Diversity & equal opportunity	G4-LA10	100%
	G4-DMA*	40
Customer privacy	G4-LA12*	8, 38, 41.
	G4-DMA	32
	G4-PR8	32. Over the 2 year period 1 April 2013 - 31 March 2015, we received 104 privacy complaints and 3 complaints involving the Privacy Commissioner. Given our customer base of around 2.3 million, that amounts to complaints from less than 0.0001% of our customers. There were no identified leaks, thefts, or losses of customer data.