

we said we have we will

Vodafone Group Plc

Corporate Responsibility Report 2004/05

For the year ended 31 March 2005

You said

“I’m worried about the mast near my house”

You said

“I want to know how to protect my children from inappropriate content”



About this report

Welcome to our fifth Corporate Responsibility (CR) Report covering the year ended 31 March 2005. It is published in print and expanded on our website at www.vodafone.com/responsibility.

We aim to make our report accessible and easy to read. CR reporting information is available in the following Vodafone publications:

- > This printed report is primarily aimed at stakeholders with particular interest or professional involvement in CR. It is a summary focusing on the issues we judge to be most material in the light of extensive stakeholder consultation.
- > Our website www.vodafone.com/responsibility provides further detail than this report and is a complete account of our CR activity catering for a wide range of stakeholder interests.
- > Individual operating companies publish reports focusing on issues relevant to local and national stakeholders and giving details of individual operating company CR programmes. The following operating companies have published CR reports: Germany, Greece, Ireland, Italy, the Netherlands, New Zealand, Portugal, Spain and the UK.
- > A version of our CR report is produced for employees in local languages and is distributed within operating companies.

Selection of the information included in this report

In this report, we aim to provide a balanced account of our performance on the socio-economic, ethical and environmental issues which are most material to Vodafone at Group level. The report aggregates information and data from our 16 operating companies.

We want the report to be objective and credible. We have therefore commissioned an independent assurance process in accordance with the AA1000 assurance standard (AA1000 AS). See page 30 for our interpretation of and alignment with the principles of this standard, together with the independent assurance statement of Deloitte & Touche LLP.

Material issues

We have consulted extensively with our stakeholders and our analysis indicates that the following issues are seen as global priorities for Vodafone: mobiles, masts and health; inappropriate content and content standards; clear pricing; supply chain issues; handset recycling; network rollout and energy use. This report covers these material issues.

Following feedback from stakeholders, this year we are also reporting for the first time on clear pricing, corporate governance, tax and public policy.

We took the Global Reporting Initiative (GRI) sustainability reporting guidelines into account when preparing this report. An index of conformance with the GRI guidelines is provided on our website: www.vodafone.com/responsibility/gri.

Further information on our business and financial performance, corporate governance, regulatory issues and directors' remuneration is in our Annual Report for the year ended 31 March 2005. All references to Vodafone, Vodafone Group, the Group and 'we' within this report mean Vodafone Group Plc and its operating companies.

Scope and data

The data cover our 16 mobile subsidiary undertakings (operating companies).

The Group's non-mobile operating subsidiaries, associated undertakings (affiliates), investments (in China Mobile) and franchised retail operations are not included in the scope of this report, although we work with affiliates in CR. Turnover from non-mobile businesses accounts for 3% of the Group total.

Group guidelines on data collection and reporting define the key CR performance indicators and require all operating companies to document sources of data, check data accuracy and have data signed off by a senior executive. Data is checked and consolidated at Group level. We continue to improve the overall quality of the data, although some data contain estimates. We are pleased to include performance data from Albania for the first time, together with data from Group functions based in Germany and Vodafone Information Systems.

Deloitte & Touche LLP has reviewed our environmental, health and safety, and community data collection and reporting processes. See their independent assurance statement on page 30.

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Feedback

We welcome your feedback on our CR performance and your views on this report

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Individual operating companies' reports are also available online at www.vodafone.com/responsibility



About Vodafone

Vodafone Group Plc is the world's leading mobile telecommunications company, providing a wide range of services including voice and data communications.

Operations

At 31 March 2005, Vodafone had equity interests in 26 countries, through its subsidiary undertakings, affiliates and investments. Partner network arrangements extend to a further 14 countries.

Vodafone Group Plc's ordinary shares are listed on the London Stock Exchange and the Company's American Depositary Shares are listed on the New York Stock Exchange.

Vodafone Group Plc had a total market capitalisation of approximately £94bn at 23 May 2005, making it the third largest company in the Financial Times Stock Exchange 100 index, or FTSE 100, and the eleventh largest company in the world based on market capitalisation at that date.

Vodafone Group Plc is a public limited company incorporated in England and Wales under the registered number 1833679. Its registered office is Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN England. Its principal telephone number is +44 (0)1635 33251.

Services

The Group currently provides a range of voice and data communication services, including text messages, Vodafone live! and other data services. Services are provided to both consumers and corporate customers, through a variety of both prepaid and contract tariff arrangements.

In the majority of the Group's controlled networks, services are offered over a GSM network, on which a GPRS service is also provided. Where licences have been issued, the Group has also secured 3G licences in all jurisdictions in which it operates and continues to roll out mobile 3G network infrastructure.

Customers

At 31 March 2005, based on the registered customers of mobile telecommunications ventures in which it had ownership interests at that date, the Group had approximately 155 million customers, calculated on a proportionate basis in accordance with the Group's percentage interest in these ventures.

Affiliates

Affiliates and investments in which Vodafone has a minority equity stake are located in: Belgium, China, Fiji, France, Kenya, Poland, Romania, South Africa, Switzerland and the US.

Partner networks

The Group has agreements to market certain services through partner networks in which Vodafone has no equity stake in Austria, Bahrain, Croatia, Cyprus, Denmark, Estonia, Finland, Hong Kong, Iceland, Kuwait, Lithuania, Luxembourg, Singapore and Slovenia.

Operations and services

Operating companies	Vodafone live!	Vodafone live! with 3G	Vodafone Mobile Connect data card	Vodafone Mobile Connect 3G/GPRS data card	BlackBerry from Vodafone	Vodafone Wireless Office
Albania						
Australia	●		●		○	
Egypt	●		●		○	
Germany	●	○	●	●	●	○
Greece	●	○	●	○		○
Hungary	●		●	○	○	●
Ireland	●	○	●	○	○	○
Italy	●	○	●	●	●	●
Japan	●	○		●		
Malta	○		●			
Netherlands	●	○	●	●	●	●
New Zealand	●		●		○	
Portugal	●	○	●	●	○	○
Spain	●	○	●	●	●	○
Sweden	●	○	●	●	○	●
UK	●	○	●	●	●	○

● Available throughout the 2004/05 financial year ○ Introduced during the 2004/05 financial year

155
million proportionate
customers globally

57,378
employees worldwide

Key statistics (including affiliates and non-mobile operations)

	2004/05	2003/04	2002/03
Group statutory turnover (£m)	34,133	33,559	30,375
Group operating profit (before goodwill amortisation and exceptional items) (£m)	10,904	10,749	9,181
Free cash flow (£m)	7,847	8,521	5,171
Market capitalisation (at 31 March) (£bn)	90.8	87.0	77.0
Number of proportionate customers (thousands)	154,838	133,421	119,709
Average number of employees (thousands)*	57,378	60,109	66,667



*This does not include affiliates

Letter from the Chief Executive

For me, corporate responsibility is not altruism. Nor is it just a form of risk management. CR will be integral to the future success of business.

We have six strategic goals and CR is one of them. Corporate responsibility is a vehicle for achieving prosperity in society *and* in business. I believe it is about generating win-win business ideas that balance the interests of different stakeholders. In essence, when Vodafone talks about CR we mean sustainable development.

In a world where billions live in poverty, where the population continues to grow and where the earth's resources are being over-exploited, we cannot afford to let things take their course. People and organisations with influence need to step up to the challenge and ask themselves, what can we do to promote a more sustainable way of living? That's the journey Vodafone has embarked on and we intend to harness the potential of mobile technology for the benefit of society and our shareholders.

Sustainable development in the mobile sector combines a complex series of issues and I am grateful to Jonathon Porritt, Allen Hammond and Claudia Kruse for providing us with challenging and enlightening comment (opposite). What excites them and us is the potential for a thriving mobile sector to drive economic development. We are researching the socio-economic impacts of mobile and finding that regardless of location or wealth, mobile technology nearly always brings benefits to people contributing to social development.

The scope of our CR programme is necessarily broad to ensure we manage all the issues of importance to our stakeholders. The most exciting areas are opportunities such as growing our business in developing economies and broadening our existing customer base through products that are accessible to the elderly and disabled.

Our interest in the developing world is not borne out of a philanthropic desire to 'do good', but a recognition of the commercial reality that the next billion mobile users live in developing countries. I invited renowned sustainable development

author CK Prahalad to give a presentation to our top 200 directors. He challenged us to comprehend that doing business in the developing world requires different products and services that make mobile widely accessible to consumers in these countries and in doing so create new benefits for them.

Like any new industry, we have our challenges and we are addressing them. This report provides a balanced account of the work we are doing on radio frequency fields and health, network development, inappropriate content, spam, energy consumption, handset recycling, our supply chain and a host of other subjects that our stakeholders have told us they are concerned about.

In most CR reports, the CEO confirms that CR is one of the company's top priorities. Vodafone can substantiate this with the key objectives in our five-year plan, prepared at my request by Vodafone's Group CR Director, Charlotte Grezo, and recently approved by Vodafone's Executive Committee.

As we continue to learn from our stakeholders, my vision for corporate responsibility is that it becomes fully integrated into everything we do – it becomes instinctive. We are some way from that position and I look forward to reporting progress to you next year.



Arun Sarin
Chief Executive
Vodafone Group Plc
May 2005



Message from Arun Sarin
Chief Executive

Letters from corporate responsibility experts

Vodafone values dialogue with our stakeholders. Here, we present independent comments from three CR opinion leaders about the challenges we face.

Set this report (Vodafone's fifth) against its first in 2001, and you'd see that the improvements in CR performance have been both creative and substantive. Stakeholder concerns are addressed explicitly, corporate waffle is kept well under control, and one gets a clear sense of a company confident about its strategy and pursuing it with real purpose.

True enough, if a global mobile company like Vodafone can't get it right, then who will? But even if it is easier for companies in this sector than in many others, that should be no cause for complacency. For instance, Vodafone itself is making good progress on the reuse and recycling of mobile phones (see page 20), but what can it do to help establish a global system in which all old phones are taken back and refurbished or recycled, with a minimum of new material input and waste?

Quite rightly, there is a strong emphasis in the report on reducing the negative social and economic impacts of the business. But in a world where three billion people are still living in chronic poverty, the positive opportunities for a company like Vodafone for generating prosperity and building social capital are enormous. How can mobile networks become catalysts in delivering lasting solutions to public health problems, climate change and access to education?

Companies like Vodafone have powerful brands, and should be brave in their advocacy of global justice and progressive environmentalism. Strong leadership means there need be no clash between building long-term brand value along such lines, and continuing to meet shareholders' shorter-term expectations.



Jonathon Porritt
Programme Director
Forum for the Future
May 2005

In the space of four years, Vodafone has moved from a standing start to being one of the leading CR performers in the telecommunications sector. From our perspective as shareholders, this is reflected first and foremost in its commitment to strong internal controls and risk management systems, which also rightly includes broad governance areas such as social, environmental and ethical concerns. One area of particular concern as Vodafone and its subsidiaries have expanded in emerging markets has been its ability to manage the dilemmas posed by the high incidence of corruption – where Vodafone has made wise, though difficult, choices.

Looking to the future, Vodafone will face continually evolving demands. One area that is rising up the agenda is corporate political influence, where the role of companies both in making financial donations and in lobbying regulators has begun to raise questions. Vodafone's global policy of not making political donations will spare it much unwanted attention, but its approach to lobbying could be improved through greater transparency, in particular by making public its code of conduct on lobbying and its individual policy positions. Another area is Vodafone's policy with respect to HIV/AIDS, particularly as it expands in key emerging markets where infection rates threaten to follow the tragic path set by Southern Africa. This disease has shown itself to place a real financial burden on company operations, and a proactive response can make a real difference in terms of minimising human and economic costs and safeguarding productivity.



Claudia Kruse
Senior Analyst, F&C, May 2005

Vodafone has been a leader in documenting the beneficial social impact of mobile communications among poor communities. It has learned from the innovative efforts of its affiliate, Vodacom, that has provided affordable access to telecommunications to many low-income South Africans through a franchised, local-entrepreneur model – a universal service effort that turned into a very substantial business activity.

Vodafone is now piloting novel approaches using cell phones as a transaction platform for microfinance in Kenya and to enable customers to share or resell air-time minutes in Egypt. These are excellent, admirable business development efforts providing much needed services to low-income communities that have little in the way of financial services; the Egypt pilot recorded 10,000 transactions a day within six months.

The challenge for Vodafone is now to scale these efforts and broaden their geographic reach, so that it can catch up to the efforts of some smaller telecommunications companies that have built rapidly growing profitable businesses serving tens of millions of poor customers. The opportunity is significant in both business and social terms – some three billion underserved customers in the world's fastest-growing telecommunications markets.

Vodafone needs to invest the dollars and the management talent warranted by these high-need, high-growth markets of the future. As the leader in mobile telecommunications, the company clearly has the ability – and, arguably, the obligation – to address this challenge.



Allen Hammond
Vice President for Innovation and Special Projects
World Resources Institute
May 2005



Jonathon Porritt
Jonathon Porritt is Co-Founder and Programme Director of Forum for the Future, a charity whose mission is to accelerate the building of a sustainable way of life, taking a positive, solutions-orientated approach. Forum for the Future are not auditors or verifiers, and these comments should not be read as verification of the data or comments contained in this report.



Allen Hammond
Allen Hammond is Vice President for Innovation and Special Projects at the World Resources Institute, a non-profit, non-partisan policy research institute located in Washington, DC. He directs WRI's Digital Dividends project and consults on ICT-for-development with foundations, development agencies and major corporations.



Claudia Kruse
Claudia Kruse is a Senior Analyst in Governance and Socially Responsible Investment at F&C Asset Management. In 2004, F&C published a study 'Waste and Workers' which benchmarked 11 global information and communications technology companies on how they manage social and environmental factors in their supply and disposal chains.

Stakeholder engagement: key lessons

Vodafone touches a huge number of people across the markets in which it operates. The nature of these relationships differs. At 31 March 2005, we had over one million shareholders and 60,000 employees who were directly impacted by our business performance. Our 155 million customers relate to us as a service provider. Many more in local communities see our network infrastructure and some have strong views about it.

We want to understand the views of a wide range of stakeholders and to have an opportunity to explain our perspectives. We also aim to build mutual trust in the relationships we have with stakeholders. We know that we will not satisfy everyone's demands and believe that being open, honest and respectful of different views is the right approach.

How we engage

Stakeholder engagement takes many forms, formal and informal. It ranges from one-to-one meetings with an investor or pressure group to quantitative opinion research involving thousands of members of the public. It takes place at Group level and through our operating companies.

Part of our engagement is to be an active member of a range of CR organisations including the World Business Council for Sustainable Development (WBCSD), Forum for the Future, the Global e-Sustainability Initiative (GeSI), International Business Leaders Forum (IBLF) and Business in the Community (BITC).

We record what we have learned from our many different interactions and assess the significance to our business of the various issues raised. Individual issues are prioritised according to their potential impact on the Group and our stakeholders, now and in the future.

Operating company engagement

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

To encourage a consistent approach to local engagement we have produced guidelines and a toolkit for stakeholder engagement to assist operating companies. Thirteen of our 16 operating companies have begun an engagement programme.

Examples include:

- Vodafone Greece implemented a stakeholder engagement programme with about 150 academics, businesses, customers, journalists and NGOs. The engagement included qualitative and quantitative research, and focus groups.
- Vodafone Germany gained valuable insights into stakeholder views by interviewing more than 100 people. These included federal, regional and local politicians, NGO representatives, employees and employee organisations, private and business customers, citizens' action groups and religious organisations, beneficiaries of the Vodafone Foundations, research institutes, universities and suppliers.
- Vodafone Italy surveyed a broad cross-section of opinion leaders in six cities. The engagement was designed to improve understanding of how CR is interpreted in Italy and how Vodafone Italy is perceived.

What we learned...

Below we summarise the main lessons and messages we have gained from our engagement with three of our stakeholder groups (for feedback from employees, see page 26).

...from investors

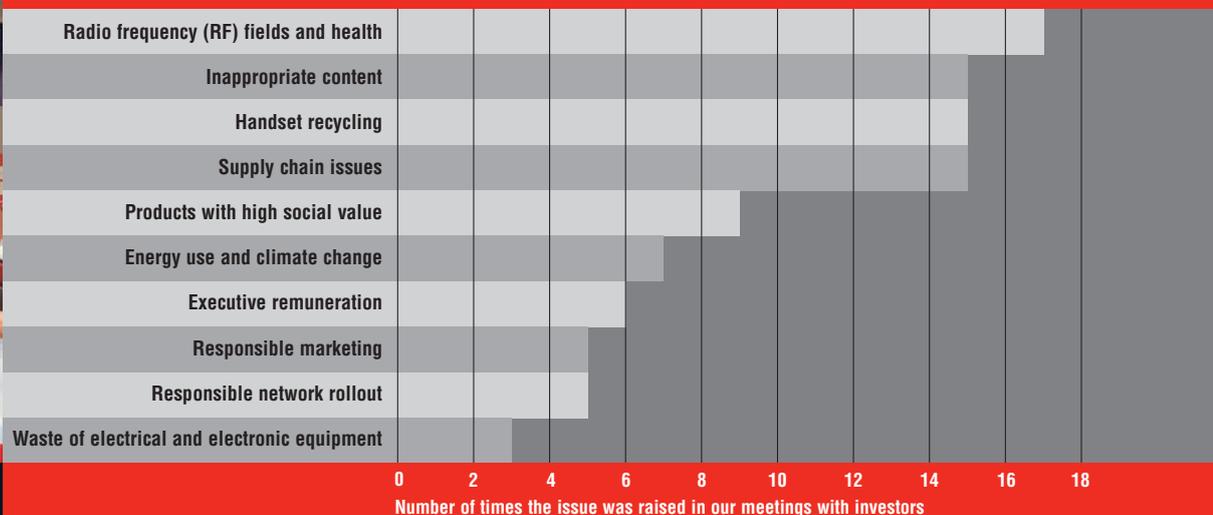
Engagement: We meet regularly with mainstream and Socially Responsible investors on CR issues. In 2004/05, we held meetings with over 20 large institutional investors. We also participate in important investor rating indices. Vodafone is included in the Dow Jones Sustainability Indexes and the FTSE4Good Index.

Feedback: Investors discuss many subjects with us, some prompted by our CR reporting and some by their own agenda or in response to media reports. We keep a record of these meetings and identify the CR issues raised most frequently. In 2004/05, the top five issues were: radio frequency fields, inappropriate content, handset recycling, ethical purchasing, and products and services. The top ten CR issues discussed at our investor meetings are shown in the chart below.



Top 10 CR issues raised most frequently by investors

During 2004, we held meetings with over 20 large institutional investors. The following issues were the most frequently raised.



Customers want straight answers about the issues that affect them



You said

“The report could be improved by adding comments and views from a range of external stakeholders on material issues”

Peter Lacy, European Academy of Business in Society

Level of customer approval for Vodafone's CR performance

Values from the countries with the highest and lowest levels of approval

Issue	Highest	Lowest
Communication on RF fields and health	74%	30%
Encouraging recycling of handsets	91%	31%
Responsible marketing	87%	50%
Ethical purchasing	69%	36%
Minimising environmental impact	73%	33%
Preventing children accessing inappropriate material	59%	21%
Consultation on base station locations	66%	25%
Providing products and services for people with special needs	69%	33%

...from customers and the public

Engagement: We commissioned a survey on how consumers perceive Vodafone's CR performance. The market research organisation MORI interviewed over 12,500 members of the public and customers in Egypt, Germany, Greece, Italy, Japan, the Netherlands, New Zealand, Portugal, Spain and the UK.

Feedback: We learned that there are large differences between countries in the level of concern about specific issues. The survey investigated the levels of approval for Vodafone's performance on a number of key CR issues (see table above). In addition to investigating views on specific CR issues, MORI asked customers if Vodafone is a responsible company. The percentage saying 'yes' varied from 87% to 41% in different markets. The results appear to show big differences between countries in attitudes to companies, with local companies often being trusted more than multinationals.

We engage with customers in many other ways on a day-to-day basis, which helps us understand their concerns on many issues, including CR.

...from CR opinion leaders

Engagement: We commissioned a survey of 30 CR opinion leaders in the EU and US, including academics, investors, journalists, NGOs and policy-makers. The engagement combined face-to-face panel discussions with telephone interviews to gain an insight into their views on our CR programmes, performance and reporting.

Feedback: The opinion leaders told us that our targets could be more challenging. They told us our reporting is weakest on radio frequency fields and health where we should explain the latest scientific evidence and not focus on levels of consumer concern. They also requested more action and transparency about our supply chain and procedures for ensuring ethical purchasing. Our reporting of employment issues was seen as inadequate. Global warming was seen as a key issue and a target is needed. The following issues were seen as missing from last year's CR Report: bribery and corruption, executive remuneration, lobbying, pricing and tax avoidance. They felt that our assurance process should be strengthened.

We engage with stakeholders in many other ways as a routine part of business. For example, we have partnered with the Virtual Global Task Force to make the mobile internet a safer place. We have discussed the social and economic impact of mobile phones in Africa with academics, development organisations, investors, and journalists. And we have engaged with four key suppliers of network equipment to explore the potential for saving energy by improving base station technology. More information is provided in the relevant sections of this report.

Stakeholder input to this report

The AA1000 assurance standard requires stakeholder feedback to be considered in the management of CR and reflected in the content of the company's reporting. For our approach to the AA1000 AS principles, see page 30.

We have selected typical comments from stakeholders to illustrate their perspectives throughout the report. In addition, more detailed comments are included from Jonathon Porritt, Allen Hammond and Claudia Kruse on page 3. Their words have not been edited by Vodafone.

Vodafone's response

We listen to our stakeholders, assess their suggestions, review our CR policies and programmes, and respond accordingly.

On RF fields and health: We recognise our previous reporting and communication on RF could be improved. We have set ourselves the goal of leading the industry in terms of transparency and communication on RF fields and health. Our website now provides links to leading independent review bodies.

On inappropriate content: We are introducing a new service feature that gives parents the ability to control their children's access.

On handset recycling: We have set a target of increasing the number of handsets collected by 50%.

On climate change: We acknowledge the importance of climate change and we will set a carbon dioxide target during 2005/06.

On employment: We accept the criticism of our reporting and are working to streamline the human resources systems of our operating companies. This will enable us to collate and publish better Group-wide information in future.

On network rollout: We have developed a company policy and guidelines that will be implemented in 2005/06.

On clear pricing: We are launching major initiatives to make costs clearer and easier for our customers to understand.

On our targets: We do not entirely agree with the comment that our 2004/05 targets were unchallenging. However, we have set new targets that we believe will be a challenge to achieve.

On new issues: We aim to manage and report all our significant CR issues. This year, for the first time, we are reporting on clear pricing, corporate governance, public policy and tax in response to stakeholder comments.

On assurance: We have extended the assurance process for this report to comply with AA1000 AS and make our reporting process more robust, objective and credible.

Embedding corporate responsibility

Vodafone challenged itself to become a leader in CR. We started by developing our Business Principles and our Values in 2002. Now we are focusing on improving our performance by embedding CR in our business.

This year the reporting line for CR has been transferred from the Group Operational Review Committee (which no longer exists) to the Executive Committee (ExCo). This reflects the Group's view that CR issues are of strategic significance. The Group Corporate Responsibility Director, Charlotte Grezo, reports to the Group Corporate Affairs Director, Simon Lewis, who is the ExCo member with responsibility for CR.

During the year, the focus of our CR management has been:

- Enhancing our issues management and stakeholder engagement processes so that they feed more effectively into business decision-making
- Embedding CR into the day-to-day operations of the business
- Strengthening internal communications
- Developing a CR strategy for the next five years.

Embedding issues management and stakeholder engagement in decision-making

It is in our interest to know how the world views us and what is happening in the social, ethical and environmental agenda that might impact our business. We do this by engaging with stakeholders in a variety of formal and informal ways, both globally and locally within operating companies (see page 4 for our stakeholder engagement programmes). We also track CR issues in the media to help identify trends and emerging issues and signpost future risks and opportunities for our business.

The focus of our CR programme is constantly reviewed to reflect the changing business and CR agenda. Established business practices such as tax and pricing are now viewed from a CR angle and CR subjects such as ethical purchasing are now also viewed as business risks. This dynamic is constantly changing and we aim to follow it closely. Our CR risks are included in the overall business risk assessment process.

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

Introducing CR to core business processes and functions

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

We are currently in the process of defining specific CR performance targets to be embedded in the performance quarterly review (PQR) process, where the senior management of Group and operating companies meet to evaluate performance of local operating companies.

The main operational functions involved in 2004/05 were:

- > **Supply chain** – Group Supply Chain is responsible for embedding CR into supplier performance management processes. CR accounts for 10% of our overall supplier rating.
- > **Marketing** – Group Marketing has embraced its CR responsibilities in a number of functions:
 - The Content Standards team is co-ordinating our implementation of content controls for our customers (see page 14)
 - A new Social Products and Enterprise team has been established to develop products and services with social value (see page 16)
 - Group Marketing has assumed responsibility for ensuring operating companies implement the responsible marketing guidelines (see page 18).
- > **Employment** – Because Vodafone has expanded in part through acquisition, human resources policies in individual operating companies differ. Our Group Human Resources Director is leading initiatives to ensure consistent policies and procedures for equal opportunities, diversity, health and safety, employee appraisal, training and communication (see page 26).
- > **Network rollout** – Operating company chief executives are responsible for implementing our policy and guidelines including our performance in community consultation, energy, ozone-depleting substances and waste (see page 12).

Our Values, Goals and Business Principles

Values – We have four Core Values, described internally as Passions:



for Customers



for Results



for our People



for the World Around Us

Strategic Goals – We have six strategic goals:

- > Delight our customers
- > Build the best global Vodafone team
- > Leverage global scale and scope
- > Expand market boundaries
- > Be a responsible business
- > Provide superior shareholder returns

Business Principles – Our approach to business is underpinned by the Business Principles. They cover ethical issues, including: bribery and corruption, conflicts of interest, data protection, environment, health and safety, human rights, political contributions and lobbying, and transparency.

Creating awareness of CR issues through internal



Our internal CR communications won a Clarion Award in 2004 from the International Visual Communication Association

> **We said**

“The test of Vodafone’s CR programme is not how well the CR team can write reports – but how well Vodafone’s employees and senior managers can explain the importance of CR in marketing, network, retail, product development, etc”

Charlotte Grezo, Group Corporate Responsibility Director

Internal communication and awareness

Awareness of issues is key to our performance. Last year we set a target to ensure enhanced awareness of CR issues among our employees. We measure progress against this target through our bi-annual employee survey. In 2005, this showed that 61% of employees believe their team lives Vodafone’s core CR value, known internally as ‘Passion for the World Around Us’. Given our size and global reach, this is a good baseline for building further awareness. Our internal CR communications won a Clarion Award in 2004 from the International Visual Communication Association. The award recognised Vodafone’s ‘rigorous CR communication strategy, which promotes the understanding of CR to a wide internal audience’.

Our employee CR communications strategy includes:

- > Publishing a CR report specifically for employees alongside this report. The 2004/05 report was translated into seven languages and distributed to more than 60,000 employees across our operating companies.
- > Single-issue campaigns where we select one issue at a time to raise awareness. The campaigns use booklets known as ‘Back Pocket Guides’ supported by intranet content, magazine articles and the Chief Executive’s monthly email. We covered radio frequency fields in 2004/05 and responsible marketing in May 2005.

Ensuring CR is implemented by operating companies

Our operating companies are required to implement Group policies on CR and the chief executive of each company has overall responsibility. Within the framework of the Group policies, chief executives have flexibility to respond to the views of local stakeholders.

The Group CR Director meets senior executives from operating companies on a regular basis to discuss Group priorities, review progress and make recommendations. This year, these meetings were held in Egypt, Germany, Hungary, Japan and the UK. In 2003/04, they were held in Australia, Germany, Greece, Ireland, Italy, the Netherlands, New Zealand, Portugal, Spain and Sweden.

We hold our Global CR workshop every six months for operating company CR Managers and Group Issue Owners to communicate Group policies and initiatives and share best practice. We also hold a monthly teleconference. CR is discussed between Group functions and operating companies in many other forums connected with operational issues.

Measurement and reporting

- > **Internal reporting** – We use a web-based application to collect environmental and community information from operating companies (see inside front cover).

Operating companies report key performance indicators (KPIs) quarterly, alongside their financial and operational performance. Data are analysed to assess the level of commitment, integration and management of issues. The KPIs enable us to benchmark performance, and help identify and share best practice.
- > **External reporting** – We report progress publicly through our Group CR Report and website, and operating companies’ reports.
- > **Internal assurance** – A range of CR questions is included in our internal audit control questionnaire, which is completed by all our operating companies once a year and signed off by their chief executives. The results are reported to the Vodafone Group Plc Board of Directors.
- > **Third party assurance** – This report has been assured by Deloitte & Touche LLP to the AA1000 assurance standard (see the assurance statement on page 30). Our operating companies’ environmental management systems in Greece, Portugal, Spain and the UK are certified to ISO 14001. Network operations in Egypt are also ISO 14001-certified.

communications

Integration of CR in operating companies



	Number of operating companies 2004/05	Number of operating companies 2003/04
Board member responsible for CR	16	12
CR issues reported to the Board at least twice a year	12	6
CR stakeholder perception survey(s) undertaken	12	7
CR Report published	9	4
CR issues included in the performance development review process	13	9

Local operating companies report CR key performance indicators quarterly, alongside financial and operational performance. CR information reported includes: level of commitment, integration and management of issues

The socio-economic value of mobile phones

Throughout this report we explain how we are working to reduce the negative social and environmental impacts of our business, but mobile technology has also brought significant social and economic benefits. We need to understand the social impacts of mobiles in order to fully explain our contribution to sustainable development.

So far, few studies have looked at the economic impacts of mobiles on individuals, businesses and overall economic activity. There has also been little research into the effects of mobile phones on communities and social capital (the strength of social networks, trust and co-operation between individuals).

During the year, Vodafone has commissioned a series of research studies. The areas of research have been decided in conjunction with the experts on the Vodafone Advisory Panel, a group of academics, officials and NGOs. The first phase of research, conducted in 2004, focused on the economic and social impacts of mobile phones in the developing world, particularly Africa.

The findings from this research help to inform policies on mobile telecommunications and international programmes aimed at increasing access to information and communications technology (ICT). We are sharing the results with our stakeholders and making it publicly available on our website, see www.vodafone.com/africa.

This section outlines the findings from our research into the social and economic impacts of mobile phones in Africa. We also report the direct economic value created by Vodafone in 2004/05 through job creation, taxes, payments to suppliers, dividends to shareholders and returns to lenders.

> The value of mobile phones in Africa

Africa is now the fastest-growing mobile market in the world. Vodafone operating and affiliate companies now have networks in seven African countries.

During 2004, we commissioned four research studies into the socio-economic impacts of mobile phones in Africa. Two of these were economic studies assessing the impact of mobiles on economic growth and foreign direct investment. The other two used community surveys to assess the use of mobiles in rural communities in South Africa and Tanzania, and among small businesses in Egypt and South Africa.

Key findings from the research include:

Mobiles are used and owned differently in developing countries from the developed world

- The value of mobile phones to the individual is greater because other forms of communication (such as postal systems, roads and fixed-line phones) are often poor. Mobiles provide a point of contact and enable users to participate in the economic system.
- Many people who cannot afford to own a mobile themselves can access mobile services through informal sharing with family and friends or through community phone shops.
- Use of text messaging in rural communities is much lower due to illiteracy and the many indigenous languages. This has implications for other technologies that use the written word, such as the internet.

Mobiles can improve economic growth, quality of life and social capital

- Mobiles have a positive and significant impact on economic growth. This impact may be twice as large in developing countries as in developed countries¹.
- A developing country with an extra 10 phones per 100 people between 1996 and 2003 would have had GDP growth 0.59% higher than an otherwise identical country¹.
- Fixed and mobile communications networks, in addition to the openness of the economy, the level of GDP and other infrastructure, are positively linked with Foreign Direct Investment, and the impact of mobile telecommunications has grown in recent years².
- Many of the small businesses surveyed use mobiles as their only means of communication. The proportion is highest for black-owned businesses in South Africa and informal sector businesses in Egypt³.
- 62% of the small businesses surveyed in South Africa and 59% in Egypt said they had increased profits as a result of mobile phones, in spite of increased call costs².
- Mobiles are used as a community amenity. Most mobile owners surveyed in South Africa allow family members to use their handset for free and a third do the same for friends.



Far left

A mobile enables tradesman to participate in the economy. Innovative advertising on the outskirts of Johannesburg

Top right

Interviews conducted in rural South Africa as part of the research on the socio-economic impact of mobile phones

Bottom right

In Dar es Salaam, victims of leprosy, have developed innovative business models reselling call time

Advisory panel members for Vodafone's socio-economic impact study

Professor Diane Coyle, of Enlightenment Economics and University of Manchester (chairperson)

Professor Marc Ivaldi, Professor of Economics, University of Toulouse

Mostafa Terrab, Programme manager for the Information for Development Program at the World Bank

Professor Leonard Waverman, Chair of the Department of Economics at the London Business School

Allen Hammond, Chief Information Officer and senior scientist, World Resources Institute

Alan Knott-Craig, Chief Executive Officer of Vodacom

> **You said**

“A challenge for Vodafone is helping new users in developing countries understand how mobiles can increase efficiency and provide benefits. The technology is not just for fun but also for advancing sustainable entrepreneurship”

Cornis van der Lugt, United Nations Environment Programme

- 85% of those surveyed in Tanzania and 79% in South Africa said they had more contact and better relationships with family and friends as a result of mobile phones².

Many factors affect the spread of mobile phones

- Economic factors – such as income per capita and the price of handsets and calls
- Flexible use of appropriate business models – for example, smaller value pre-pay top-up cards help overcome credit barriers and the use of mobiles as public telephones
- Government policy – mobile phone use is higher in countries with liberalised telecommunications markets
- Social and cultural factors – including urbanisation, women’s empowerment and population density (which can affect the cost of deployment in rural areas).

> **Informing the debate on the digital divide**

The findings from this research are relevant to policies aimed at increasing access to mobile telecommunications in developing countries.

The research shows that mobile phones play a significant part in promoting bottom-up socio-economic development, even among the poorest communities. Mobiles do not require the same levels of education and literacy as other new technologies such as computers or the internet. This makes them more accessible. Accessibility is further increased by the lower up-front expenditure required and flexible pricing plans.

The research also shows that government policies favouring liberalisation and competition are directly related to an increase in the spread and usage of mobile phones.

The report was published in March 2005 and received widespread coverage in the business press. We are holding a series of briefings around the world to present the research findings to a wide audience, including academics, development organisations, government officials and investors.

> **Direct economic value**

Our business makes a direct contribution to the global economy through the wealth we generate and the jobs we sustain directly and among our suppliers.

A measure of our economic contribution is ‘cash value added’. This is the value of sales less the cost of bought-in materials, components and services we buy from our suppliers.

The UK Government Department of Trade and Industry (DTI) ranks companies annually according to their value added. The 600 largest European companies and the top 800 UK companies are ranked.

According to figures released in the *DTI Value Added Scoreboard 2005*, Vodafone added £17.5 billion to the global economy in 2003/04. The company ranked third in the UK and seventh in the top European companies in value-added terms.

Vodafone’s value added has increased by 80% over the four years the survey has been running up to 2003/04. Our value added per employee is £292,000, leading the telecommunications sector.

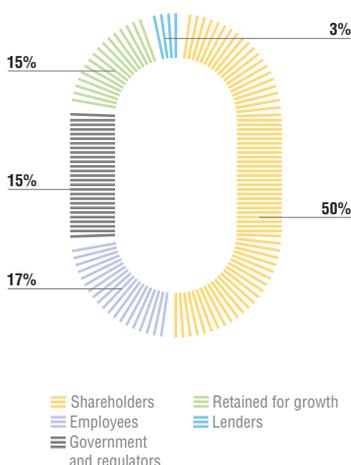
For more information on the DTI Value Added Scoreboard, see www.innovation.gov.uk/value_added.

¹ Waverman, Meschi and Fuss, *The Impact of Telecoms on Economic Growth in Developing Countries, Africa: The Impact of Mobile Phones*, Vodafone Policy Paper Series 2, March 2005.

² Williams, *The Relationship between Mobile Telecommunications Infrastructure and FDI in Africa*, February 2005.

³ Samuel, Shah and Hadingham, *Mobile Communications in South Africa, Tanzania and Egypt: Results from Community and Business Surveys*, February 2005.

Distribution of cash value added*



- Payments to suppliers**
including purchases of mobile phones, capital expenditure (including infrastructure), selling, distribution and administrative costs
- Payments to employees**
including salaries and bonuses paid to employees plus company contributions to pension schemes
- Payments to shareholders**
including the share purchase programme and dividend payments
- Payments to government**
including payments to tax authorities in respect of corporation taxes and social security costs
- Retained for growth**
cash available for acquisitions (and disposals), purchases of licences and other intangible assets

Our value added per employee was

£292,000

leading the telecommunications sector

Vodafone ranked 7th in Europe and 3rd in the UK for value added

*Figures include mobile and non-mobile operations

Mobile phones, masts and health

Vodafone intends to lead the industry in responding to public concerns regarding mobile phones, masts and health. Safeguarding the health and safety of our customers, the public and employees is paramount. We support research to resolve scientific uncertainty and are committed to reducing public concern by making objective information widely available to our stakeholders and by engaging in open, transparent dialogue.

The rapid growth of mobile phones has brought personal, commercial and societal benefits. Some people are concerned about radio frequency (RF) emissions from handsets and base stations. The introduction of 3G technology has led to increased levels of concern.

We recognise the concern and will address this by:

- > Engaging with local communities as part of our responsible network deployment process (see page 12).
- > Offering guidance to those who are concerned about how best to limit their exposure from handsets.
- > Providing easy-to-understand information through a variety of channels including websites and brochures to assist people to reach informed views.
- > Informing customers and the general public of significant new developments in research. We support publication of all peer reviewed research.
- > Supporting independent research at arm's length so that areas identified by the World Health Organisation (WHO) as priorities are properly funded.

The handsets we sell and our network of base stations comply with international standards for limiting human exposure to RF fields. Our website explains how mobile phones work and contains links to independent authoritative research organisations, see www.vodafone.com/responsibility/mpmh.

Vodafone, along with various other carriers and mobile phone manufacturers, is a defendant in four actions in the United States alleging personal injury, including brain cancer, from mobile phone use. These personal injury claims have not been substantiated and we will be vigorously defending them. For further information, see Annual Report for the year ended 31 March 2005.

Here we outline in brief our recent activities and our plans for the future.

We said

- > We would ensure that relevant, clear and concise information about RF and health-related issues is available to all stakeholders including customers and local communities.
- > We would ensure every one of our operating companies will make available up-to-date information regarding RF field strength values from locations that have been selected by an independent body, such as local or national government.
- > We would review funding of independent RF field research to ensure it is adequate to address all the priority areas of the WHO RF field research agenda.
- > We would focus on anticipating new products and new technologies and their RF field outputs prior to these new products and technologies being rolled out and assess compliance with our standards and procedures.

We have

- > **Provided relevant, clear and concise information to stakeholders by:**
 - Reviewing and improving the information we provide to customers, the general public, local community groups, local authorities and NGOs and ensuring that information is available to these groups from all of our local operating companies.
 - Updating the Group website to ensure that information on mobile phones, masts and health is available in an easy to understand way with links provided to major research reviews.
 - Informing employees across the Group so that they can engage better with the public. We invested in an internal communications programme that included a Back Pocket Guide distributed to all employees to help them understand the current information on RF fields and health.
- > **Made information on base station RF field strength values available from independently selected locations**
Fourteen of 16 operating companies published these values on their own website or provided data for publication by an independent organisation.

Current and forthcoming research on RF and health

There has been research into RF fields for over 60 years but the rapid increase in use of mobile phones has caused experts to review the science more closely. None of the international independent expert reviews of the existing science data have found convincing evidence of a health effect provided exposure levels are below internationally recognised guidelines such as ICNIRP. Science reviews also conclude that it is very unlikely that base station emissions cause any health effects since the exposure is normally less than a few percent of the ICNIRP guideline levels.

Scientific experts have identified specific areas where they would like to have more data to improve their health risk assessment. These are children and people with long-term mobile phone usage. These areas are defined in two WHO research 'agendas': a general agenda (2003) and a children's agenda (2004).

On its website, the World Health Organisation (WHO) says:

"None of the recent reviews have concluded that exposure to the RF fields from mobile phones or their base stations causes any adverse health consequence. However, there are gaps in knowledge that have been identified for further research to better assess health risks. It will take about 3-4 years for the required RF research to be completed, evaluated and to publish the final results of any health risks."

More information is available from www.who.int/mediacentre/factsheets

Note: The WHO plans to publish its review in 2007. The Vodafone Group bases its position and policies on the guidance of expert reviews conducted under the auspices of national or international health agencies, such as the WHO, by panels of experts considering peer-reviewed sources.

There have been several national reviews including those of the UK, the Netherlands and Sweden.

UK: In its report 'Mobile Phones and Health 2004' the National Radiological Protection Board (NRPB – now part of the Health Protection Agency) says: "...the widespread development in the use of mobile phones worldwide has not been accompanied by associated, clearly established increases in adverse health effects. Within the UK, there is a lack of hard information showing that the mobile phone systems in use are damaging to health. It is important to emphasise this crucial point... The Board believes that the main conclusions reached in the Stewart Report in 2000 still apply today and that a precautionary approach to the use of mobile phones should continue to be adopted."

The full report is available from www.hpa.org.uk



You said

“Since EMF [electromagnetic fields] is such a big threat for the mobile phone companies, I would like more on the latest research results – not only perceptions”

Edoardo Gai, Sustainability Analyst, Sustainable Asset Management (SAM) Research

All the measurements demonstrate that RF fields in publicly accessible places close to base stations are substantially below the International Commission of Non-Ionizing Radiation Protection (ICNIRP) guideline levels (typically 0.01 to 2%). Two operating companies have not made this information available yet: Hungary will start to make the information available in July 2005 through an independent organisation; and Japan is undertaking a trial. Demand for this information from the public and government in Japan is low and the trial will establish whether this initiative is appropriate.

> Assessed the total global funding for independent scientific research

We conducted a review of our funding levels and continued to liaise with the WHO, governments, manufacturers and operators to provide sufficient funding to address the published WHO priorities. We worked through the GSM Association to ensure that funding is available for research relating to children, an area prioritised by the WHO last year.

We are committed to supporting research programmes which include work to investigate whether differences in frequency and modulation have an impact on health. This work is intended to provide evidence for independent experts to assess whether 2G and 3G are different in their potential effect on health.

> Focused on the SAR measurements relevant to new products

Increasing use of headsets, 3G data cards and PDAs means that typical use of appliances is often close to the body rather than the head. It is therefore becoming relevant to test SAR values against the body as well as the head.

Anticipating this trend, Vodafone now requires manufacturers to test compliance of their handsets when used near to the body. SAR values against the body are currently required in the US and Vodafone used its influence with manufacturers to apply this test to products on sale globally.

> Tracked and appraised all significant research into RF fields and health

Our science monitoring process ensures we are aware of and informed about health studies relating to mobile telecommunications. In line with our commitment to make information widely available, we are providing links to major new research reviews on our website.

We will

- > Directly engage with the public, customers, key opinion formers and employees on mobile phones, masts and health.
- > Provide advice to address the concern of customers who wish to reduce exposure to RF fields from their handsets.

Facts about mobile handsets and health

Mobile phones work on the same principle as television and radio by using radio frequency (RF) fields to communicate information. A mobile phone network requires a large number of base stations that transmit and receive calls. The strength of the RF field from handsets adjusts to the quality of transmission path. Generally, the better the quality of the link, the lower the RF field strength from the handset. When switched on but not in use, handsets make 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.

Guidelines on field strength

When a person is exposed to an RF field it penetrates a few centimetres into the body and is absorbed as heat. This is measured using specific absorption rate (SAR) values.

ICNIRP has issued guidelines for SAR values from handsets (measured in watts per kg). These set a maximum SAR value of two watts per kg. The most popular handsets sold by Vodafone in 2004 have maximum SAR values between around 0.24 and 1.05 watts per kg. The maximum value is only reached at the limits of reception, for example in rural or poor coverage areas and typical levels in use are lower. All handsets sold by Vodafone comply with the ICNIRP guidelines. SAR values for many handsets are available on the Mobile Manufacturers Forum site, see www.mmfa.org/public/sar.cfm.

Forthcoming major studies and scientific reviews

Netherlands: In its report ‘Electromagnetic Fields: Annual Update 2003’ published in 2004, the Health Council of the Netherlands says: “...the Committee concludes that there is no reason to revise its recommendations with regard to exposure limits (36,37)*. Since the strength of the electromagnetic fields generated by mobile phones remains below those limits, the Committee concludes that no health problems can be expected to occur as a direct result of exposure to those fields. Furthermore, the Committee feels that there are no health-based reasons for limiting the use of mobile phones by children...”

The full report is available from www.healthcouncil.nl

* This is ICNIRP 1998 guidelines

Sweden: The 2003 report ‘Recent Research on Mobile Telephony and Cancer and Other Selected Biological Effects’ says: “This first annual report of SSI’s [Swedish Radiation Protection Authority] independent expert group looks at studies on possible biological effects of radio frequency electromagnetic fields. The focus is on epidemiological and experimental cancer research and on blood-brain barrier damage and heat shock proteins. In none of these areas have there been breakthrough results that have warranted firm conclusions in one way or the other. Indeed, while quite a number of new studies have been published within these areas in recent years, the overall scientific assessment has not changed markedly since the Stewart report was published and the conclusions that were formulated at that time are still to a great extent valid...”

The full report is available from www.ssi.se

2005: INTERPHONE, the most important study in the run up to the IARC 2006 review, will analyse the combined data from national studies in 13 countries. These studies examine if there is an association between the use of mobile phones and the incidence of tumours of the head. The report is anticipated in late 2005.

2006: The International Agency for Research on Cancer (IARC) will conduct a review of the science leading in early 2006 to a formal classification of RF fields for their likelihood of causing cancer. IARC routinely conduct reviews of materials in common use to provide scientific advice.

2007: The WHO RF health risk assessment will review the science relevant to health consequences from human exposure to RF fields. The IARC classification will be a key input. The WHO makes assessments on a range of health issues and RF fields have been in the WHO schedule for some considerable time. The WHO currently plan to publish their conclusions as Environmental Health Criteria in 2007.

Network rollout

We continually invest in network development to improve coverage for our customers and deliver new technology such as 3G to the market. We recognise that, in some instances, base stations may cause concern to the local community.

The building blocks of a mobile phone network are base stations that transmit and receive calls. Each base station provides coverage for a specific area, ranging from a five kilometre radius in open country to less than 100 metres in built-up areas or inside buildings.

The number of simultaneous calls that a base station can handle is limited, so areas of high usage require a greater density of base stations.

The majority of base station developments are uncontroversial. When concern arises it usually relates to visual impact or health issues around radio frequency (RF) emissions. Experience has taught us that the quality of our communication with the local community has an impact on the debate. When we communicate poorly, hostility intensifies. When we listen and explain, any hostility often diminishes.

We aim to minimise opposition to base stations by accommodating the views of communities as far as possible. When selecting sites, we have to balance technical and commercial constraints with community concerns on location and design.

Vodafone is adopting consistent standards that apply wherever we operate. These require consultation and communication with communities. The approach we take varies markedly between operating companies reflecting local regulations and cultural differences in our markets.

We said

- > We would complete the development of Vodafone Group guidelines on responsible network deployment.

We have

- > **Developed a Group policy and guidelines on responsible network deployment**

We met our target by developing guidelines and have gone further by adopting a Group policy on responsible network deployment. The policy approved by the Executive Committee in April 2005 sets out consistent standards for all operating companies in six key areas – legal compliance, environmental impact,

RF emissions, site planning and selection, communication and consultation, and landlord relationships. Our operating companies are required to develop action plans to improve their performance on these issues and establish leading practices. The number of objections to base station deployment will be monitored. Stakeholder satisfaction will be assessed through regular surveys.

> Worked to reduce the impact of new and upgraded base stations

We installed nearly 8,000 base stations in 2004/05, increasing the total number by 9% over the year. This is due to the expansion of our business and the rollout of new generation 3G networks. 3G technology uses a higher radio frequency than conventional mobile signals and this is less easily conducted through the atmosphere. This means that the area covered by each base station is smaller so more are required to provide good coverage.

In order to limit the number of new base stations, we co-operate with other network operators to share sites and use the same locations for 2G and 3G. However, the trade-off may involve employing a larger mast to support several operators' equipment.

We also engage with local communities and planning authorities to identify the most suitable design at a particular location. Options include locating antennae on existing structures, painting them to blend into the background, or disguising masts as street lamps or flagpoles. Artificial trees have been specially designed to support antennae in environmentally sensitive locations. Our tools to measure visual impact must consider local concerns to allow for cultural differences on what is acceptable. For example, community stakeholders in some countries express concerns about camouflage solutions.

Best practice example – In December 2004, Vodafone New Zealand received an award from the Department of Conservation for its sensitive treatment of a conservation area, the Tongariro National Park. Following consultation, the five proposed mast sites in this World Heritage Park were designed to minimise visual impact. For example, fibreglass panel antennae mounted on a café were disguised as wood to match the building and a 12.5km underground power supply was installed.

Choosing mast locations – an engineer's dilemma

Mohamed Younis, Base Station Rollout Manager in Cairo, Egypt, faces difficult dilemmas in choosing a new site for a base station. He has to balance the requirements of the network and the concerns of the community.

The network needs a site that: is easily accessible for maintenance; is within sight of another base station for signal transmission; has access to energy to power the station; and is high up for good coverage. Communities concerned about RF field levels, visual impact and disturbance want base stations to be located as far away from them as possible.

Mohamed weighs up these factors to find a compromise solution. He knows consultation and communication are key to a successful outcome, and that compliance with local planning regulations and laws on RF exposure do not guarantee community acceptance.



Engineers balance technical and community needs

> **You said**

“On masts I want to see figures for how many objections are raised and how Vodafone responds to those objections”

Chris Gribben, Ashridge Business School

> **Engaged with local communities**

Community reactions to our network deployment can be greatly influenced by our approach. Our responsible network deployment policy requires all operating companies to communicate with stakeholders and address their concerns. The type of consultation depends on local regulations and public attitudes – what is acceptable in one country may not be in others. These are some examples of how we are addressing this issue in different countries:

Vodafone Netherlands continues to work with the industry and government to engage with communities. Under the Dutch Antennae Policy and Covenant, residents can vote on plans to erect a base station on their residential building. If the majority votes against the planned site, the base station must be built elsewhere.

Vodafone Australia has taken steps to implement the industry code on design, installation and operation of mobile networks. The code requires a precautionary approach to the deployment of base stations and obliges mobile operators to consult councils and communities. After stakeholders have been identified and given the opportunity to raise concerns, the final decision on site selection must be clearly explained and balanced to reflect all views. If the community identifies a potentially viable alternative during the consultation process, this must be evaluated, taking into account service needs and any impact on RF field levels.

Vodafone New Zealand, recognising the importance of community relations, has created a ‘Straight Talk’ toolkit providing employees with training and guidance on how to respond to community questions about base station sites. This emphasises that clear, simple information and an easily accessed point of contact must be provided for people living close to proposed sites.

> **Been found to be in breach of planning regulations relating to mast siting**

This resulted in less than £75,000 of fines. No convictions for criminal offences under environmental law have been reported to the Group.

We will

- > **Implement our responsible network deployment policy and guidelines across the business.**
- > **Have developed local methodologies for assessing visual impact of masts/base stations by March 2007.**

Facts about base stations and health

Masts and the transmitters they support are the most visible part of the installation known as a base station. Base stations emit radio frequency (RF) fields normally covering a 360 degree radius around the mast. The strength of the RF fields emitted depends on the area that the base station is required to cover and therefore varies according to the location.

The transmitter directs the RF field outwards from the base station, so in fact the area immediately underneath receives very low RF field levels. Moving away from under the base station, the strength of RF field received by a person initially increases and then reduces rapidly with distance.

Guidelines on signal strength

Radio frequency (RF) field emissions from base stations are governed by the International Commission on Non-Ionizing Radiation Protection (ICNIRP) guidelines that include a substantial safety margin to take account of differences in both environmental situations and population groups. All of Vodafone’s base stations comply with ICNIRP guidelines, and their field emissions are usually between 1/50 and 1/10,000 of the ICNIRP guideline levels.

Exposure to the public from base stations is at very low levels on a continuous basis. Even people living or working near a base station generally receive exposure levels of less than 1/100 of the ICNIRP guidelines. The exposure received from base stations is lower than from mobile handsets.



Communities often express strong views



Base station showing antenna, lattice mast and cabinet

Our network is made up of 97,787 base stations

Responsible use and content

Mobile phones offer a wide range of features including picture messaging, downloadable pictures and video clips, games and internet access. These new technologies have brought benefits to society but they also raise new concerns about spam, mobile phone etiquette, driver safety, privacy and protecting children from inappropriate content and services.

Vodafone recognises the importance of these issues. We aim to give customers control over how they use their phone and provide a choice about the content they view on it. In collaboration with the industry, we have developed codes of conduct in Ireland, Italy, the Netherlands and the UK. Content standards issues including the implementation of access controls, the monitoring of chat rooms and the responsible delivery of content were of interest to a wide range of stakeholders.

We said

- > We would assess compliance with our Content Standards.

We have

> Assessed compliance with our Content Standards

Our customers can access news, entertainment and downloads on their handset through Vodafone live!, our information portal. Vodafone's Content Standards are designed to protect users – particularly children – from inappropriate content, contact and commercialism. In 2004/05, we commissioned an independent external evaluation of 13 operating companies that provide Vodafone live! to assess the level of implementation of our Content Standards.

We found:

Age-classified content: Operating companies providing such services met the requirement to provide warning screens for age-classified content and restrict certain types of inappropriate content. Four operating companies go further and enable customers to prevent age-classified content being accessed from their phone.

Chat services: Operating companies providing such services met the requirement to publish advice for customers on how to chat safely and operate a profanity filter for chat services. The assessment found that in some operating companies the profanity filter needed to be updated more regularly to include new and alternative spellings of swearwords, which is now being done. Vodafone New Zealand, in response to a journalist enquiry, withdrew a legacy SMS product which was considered a potential risk for younger customers.

Six of our operating companies are piloting human moderation of chat services 24 hours a day. Dating services are available from seven operating companies and are managed locally. A global policy on dating services will be published shortly.

Games: Ten operating companies complied with our Content Standards by providing age ratings and warning screens for games and two more have started to do this since the evaluation. In a few cases, the assessment found that games had been rated incorrectly. We are looking at ways to improve the processes used to rate and monitor games.

Internet browsing: All operating companies provide screens advising users that they are leaving the secure Vodafone domain.

> Developed and launched an internet filtering system for mobile phones

This enables parents to prevent their children accessing inappropriate age-restricted content on the internet via their mobile. The service – the first of its kind in the world – was launched by Vodafone UK in 2004 and will be rolled out to all operating companies by 2007.

> Joined the Virtual Global Task Force

The Task Force aims to make the internet a safer place for children and to prevent online child abuse by offering advice and information through its website www.virtualglobaltaskforce.com. It also provides an easy way for customers to report suspected cases of abuse. The initiative has been pioneered by the UK's National Crime Squad in association with Interpol and law enforcement agencies in Australia, Canada and the US. Vodafone UK helped to develop a WAP-enabled version of the website. Customers who attempt to access a site which is identified as illegal by the UK Internet Watch Foundation will be denied access and receive a warning message from the Virtual Global Task Force. Vodafone will promote this initiative on Vodafone live! in other countries next year.

> Introduced a policy on location services

Location services identify the location of a mobile user's handset to provide them with local information on request. Third parties provide a range of location services based on data provided by Vodafone. Location services enable the location of customers to be tracked via their mobile. The policy is designed to protect customers' privacy and ensure that location services cannot be used



Vodafone Ireland launches safe driving guide

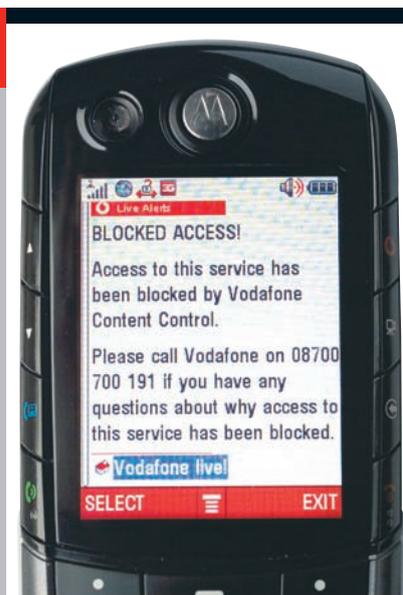
Vodafone Ireland has launched a 'Safe Driving' consumer guide to help customers stay safe and act responsibly while driving. The guide was written in conjunction with Ireland's National Safety Council.

It was prompted by a nationwide research survey, commissioned by Vodafone Ireland. The research showed that 23% of Irish drivers admit to using their mobile phone while driving without using a hands-free kit, headset or earpiece.

The guide urges drivers to limit the use of mobile phones while driving to hands-free use in brief, exceptional or emergency circumstances. It contains a number of key recommendations including:

- > Never use a handheld mobile phone while driving
- > Stop in a safe place to take or make a call
- > Ask a passenger to take care of dialling or answering the phone
- > Avoid stressful calls – call back when the car is safely parked
- > If in doubt, switch off the phone altogether.

Vodafone Ireland distributed 100,000 copies of the guide in 2004/05. It is also available to download from the Vodafone Ireland website, www.vodafone.ie



An example of blocked access by Vodafone Content Controls

> **You said**

“Vodafone has been doing a tremendous job in deploying tools to help parents be sure their children use mobiles safely. I look forward to a time when Vodafone’s stance becomes the industry standard”

John Carr, Children’s Charities Coalition for Internet Safety (CHIS)

without their prior consent. The policy also gives users the ability to turn location services off and on. Services for locating children are only made available to the child’s parent or legal guardian, whose identity must be verified. Compliance with this policy will be assessed in 2005/06.

> **Continued to tackle spam and malicious communications**

Bulk unsolicited communications, or spam, have the potential to become a significant problem for mobile users, particularly those inviting customers to call a premium rate service. They are a major cause of customer complaint. Our Content Standards require all operating companies to withhold payments for such calls and prohibit customers from sending spam.

Vodafone Japan responded to a growing spam problem by launching a spam filtering programme in 2004. The new service is unique in Japan because it gives customers the choice of whether or not they want to receive unsolicited text messages on their phone. Posters and leaflets are displayed in all Vodafone shops to advertise the new service to customers. In the UK, customers can report spam free of charge by forwarding it to 87726 or ‘VSPAM’ from their mobile. Contracts with content service providers are reviewed to give Vodafone greater control over their activities and the power to withhold payments.

Malicious calls between individuals are more difficult to control, but we can provide support for customers who are victims of harassment via their mobiles. All operating companies are required to review their procedures on malicious communications and update their reporting processes to take into account new types of communications including text and video messages, and video calling.

> **Provided tools to manage premium rate services**

Vodafone UK worked with regulators and other mobile operators on an industry response to the problem of terminating subscription services. The STOP initiative allows customers from all networks to terminate any services they no longer wish to subscribe to by texting ‘STOP’ to the content provider.

> **Raised awareness of driver safety and mobiles**

Using a handheld mobile phone while driving is dangerous and illegal in some

countries. We require operating companies to advise customers never to use a handheld mobile while driving and only to use hands-free when it is safe to do so.

Ten operating companies have distributed information on this to customers and five have communicated to employees that they will face disciplinary action for using a mobile phone while driving. For example, every employee at Vodafone Portugal was sent a copy of the policy on mobile phones and driving, and a personal hands-free kit in 2004/05. An information leaflet for customers was distributed at Vodafone Portugal shops during the year. At Vodafone Greece, guidelines on mobile phones and driving were sent to all contract customers in June 2004. The guidelines are available in leaflets distributed through all Vodafone stores and in the connection guide for new customers.

> **Implemented measures to combat mobile theft at 13 operating companies**

Thirteen operating companies have now established equipment identity registers (EIRs) to block mobiles that are reported stolen. We pass on this information to the GSM Association’s Central Equipment Identity Register to help prevent phones being stolen in one country and reused in another. Vodafone Netherlands and Vodafone Albania will establish EIRs in the summer of 2005. Different mobile technology makes an EIR irrelevant in Japan because it does not use SIM cards.

We will

- > Develop and make available a global mobile internet filtering solution to all markets by March 2007.
- > Implement access control solutions which prevent inappropriate access to age-restricted content and services by March 2007.
- > Assess compliance with our anti-spam policy and review our customers’ ability to report spam in all operating companies by March 2006.
- > Issue a policy on premium rate subscription services and recommend an industry-wide Code of Practice to combat abuse by March 2006.

Informing parents and children in the UK



Our UK Parent’s Guide to Mobile Phones, developed with the National Family and Parenting Institute (NFPI), provides clear and comprehensive information for parents about new services which are designed to ensure their children can use their mobiles without putting themselves at risk. Over 22,000 copies were distributed and the booklet is available as a pdf on the Vodafone UK and NFPI websites.

Vodafone UK worked with other mobile operators to produce the ‘B-aware’ educational pack for schools that tackles difficult issues such as bullying and the use of internet chat rooms on mobiles. The pack was distributed to over 1,200 schools.

“Mobile phones have a lot of pluses but some of the new technologies may be a bit bewildering for parents – particularly because it is possible to download and store content onto mobiles. It is important for operators to provide access control solutions which manage the type of content children have access to and that this is supported by clear customer education. Vodafone is to be applauded for showing leadership in this area.”

Mary MacLeod, Chief Executive of NFPI

Products with high social value

Mobile technology has already had a positive impact on millions of people and has untapped potential to benefit many more. Vodafone is developing new products and services to expand our reach and help address social or environmental problems. New products for people who are blind, visually impaired, deaf or hard of hearing are the first step in this initiative.

Vodafone's Social Products and Enterprise Team is co-ordinating our efforts to develop products with social benefits. One of our first priorities is finding ways to make mobile phones easier to use, particularly for customers who are elderly, deaf, hard of hearing, blind, visually impaired or have other disabilities. We call this accessibility. In 2004/05, we have focused on customers with hearing and visual impairments.

We are also exploring mobile services with the ability to accelerate development and wealth creation among communities in developing countries. For example, in Tanzania and Kenya, the mobile phone infrastructure is being used to reach new customers who need convenient and secure access to micro-finance services.

We said

- > We would establish a new team within Group Marketing to focus on social products and services.
- > We would review our current core global products and services against recognised accessibility standards.
- > We would develop a social products and services roadmap that will ensure Vodafone delivers best-in-class products and services Group-wide.

We have

- > **Established a Social Products and Enterprise Team**
This was created in June 2004 within the Group Marketing department. Its role is to carry out market research, develop guidance on accessible design for Vodafone product teams, identify promising new technologies, and co-ordinate the development and launch of socially beneficial products across Vodafone. In 2004/05, a social products and services roadmap was launched. This identifies the key work areas and product launches anticipated over the next 18 months.
- > **Commissioned an accessibility assessment of core global products and services**
The research suggests that 9% of the EU adult population have difficulties using a

mobile phone, particularly if they are elderly or disabled. This finding is based on a study of five handset models, and voice and text services. The products were tested by design specialists and potential users aged 55 or over.

The research found that many older users have difficulty with basic functions such as turning the handset on and off, receiving and making calls. These problems are worse with newer, more complex phones. In addition, a large number were able to use the phone but found the experience difficult and frustrating.

The study suggested that making mainstream products easier to use will have a significant impact on accessibility – improving access for 5% of the EU adult population. A further 4% can benefit from specialist or adapted products designed to address specific aspects of exclusion, such as visual, audio or dexterity issues. Work has begun in all of these areas. Further research has been commissioned to assess accessibility of menus and advanced phone functions. Follow-up assessments will be carried out to track progress in improving accessibility.

> Launched new products and services to increase accessibility

The Social Products and Enterprise Team is working with our product managers to make accessibility part of design specifications for both mainstream and specialist products. Vodafone product managers are responsible for the specifications used by handset manufacturers to develop new Vodafone-branded phones.

Initially we are focusing on:

Making mainstream products easier to use – A range of accessibility criteria have been developed for use in product design and a workshop on inclusive design was held in March 2005 for product managers to look at accessibility for mainstream products.

Products for customers who are blind or visually impaired – The Vodafone Speaking Phone, our screen reader software for the blind and visually impaired, is now available in five countries – Ireland, Italy, Portugal, South Africa and the UK. The Vodafone Speaking Phone converts text messages and screen content

New product for hearing aid users in Spain

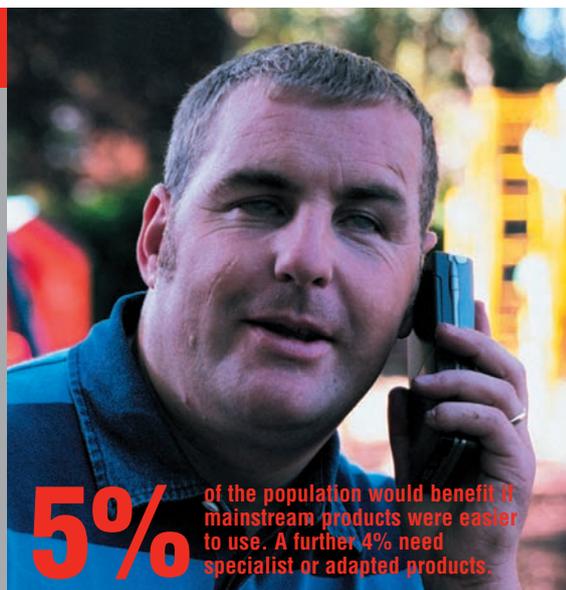


Vodafone Spain and FIAPAS, the Spanish Association of Parents and Friends of People with Hearing Disabilities, have developed T-Loop, a new product enabling people with hearing aids to use mobile phones.

Around one million people in Spain are affected by some kind of hearing disability, and of these around 90% use a hearing aid or a cochlear implant.

T-Loop, works by transforming normal mobile phone signals into magnetic waves that can be interpreted by the hearing aid. This significantly improves the sound quality and volume. It also reduces background noise, often a problem for hearing aid users.

The new product is for sale in Vodafone shops with a Nokia 3510i Accessible Mobile Handset. This is operated like a normal mobile phone, but is particularly easy to hold and use, even with stiff fingers, benefiting elderly customers. It can also be used in hands-free mode and does not require any special attachments.



5% of the population would benefit if mainstream products were easier to use. A further 4% need specialist or adapted products.

Over 3,000 people are already using the Vodafone Speaking Phone in Ireland, Italy, Portugal, South Africa and the UK

> **You said**

“Vodafone is working hard to define new applications for their technology that serve important unmet social needs. But they should assess the potential of this work in the context of their business strategy. What investments should they be making today to effectively deliver these products to the market?”

Elizabeth Cook, World Resources Institute

into speech. During 2004, we negotiated a global contract with Scansoft to produce the software for sale worldwide. So far, approximately 3,000 people have bought handsets with the software (which is free of charge for the customer). Mobile Speak and Mobile Accessibility, similar text-to-speech software is available for customers in France and Spain.

Products for customers who are deaf or hard of hearing – Projects are under way in our operating companies focusing on text-based communication, specialist accessories and mainstream products for customers who are hard of hearing or use sign language. For example, Vodafone Spain is working with Research in Motion (RIM), the manufacturer of the BlackBerry® for Vodafone, to pilot an instant messenger application for their handsets. This will enable deaf users to have a real-time, mobile text conversation. Vodafone Spain is also developing products to allow people with hearing aids to use mobile phones (see below).

> **Piloted services to support microfinance**

Micro-finance can reduce poverty by providing small loans and basic financial services to individuals, small-scale entrepreneurs and local communities who do not have access to banking services. The UN has declared 2005 to be the Year of Microcredit to raise the profile of this important sector.

One of the constraints on micro-finance is the high cost of operating in remote areas. Mobile technology can help overcome this problem. In 2004 Safaricom (our affiliate company in Kenya) and Vodacom Tanzania (a subsidiary of our South African affiliate, Vodacom) were awarded match funding by the UK government’s Department for International Development to develop services for extending the provision of micro-finance in East Africa.

In Kenya, Safaricom has partnered with the Commercial Bank of Africa and a micro-finance company (Faulu) to design and test a micro-payment platform. This allows customers to use their phone like a bank account and debit card. The customer credits their account at their local air-time dealer and can then transfer the value to another person’s phone or use it to make a loan repayment or redeem it as cash. The system will allow customers to pay for a wide range of goods and services without the need for cash.

The banking infrastructure is not well developed in Kenya but there is a large network of air-time dealers, shops and kiosks. The new system will therefore increase the number of locations where cash can be collected and paid in. It also improves efficiency in the delivery of micro-finance services benefiting both the customer and the service provider, for example, by reducing the time needed to make or process loan repayments. The micro-payment platform is being tested in a pilot study of 500 users in a small town close to Nairobi.

> **Launched a call-time transfer service in Egypt**

Vodafone Egypt has developed a system that allows pre-pay customers to transfer call-time value from their phone to that of another customer. This enables them to distribute small amounts of call-time between family, friends and contacts. The new service has proved extremely popular with nearly 10,000 transactions being made per day just six months after launch.

> **Tested solar phone chargers**

We tested two types of solar chargers for handsets in Australia, Greece and the Netherlands. The results are being collated and it is hoped this will provide an environmentally friendly, convenient and cost effective way for customers to recharge their phones.

We will

- > Reduce the level of preventable exclusion by at least a third by 2010.
- > Introduce three significant products with features that reduce exclusion by March 2008.
- > Raise awareness of inclusive design among Vodafone product managers.



- 1 Vodafone solar charger
- 2 Vodafone Simply handset – an example of how inclusive design principles are being used in the development of new products
- 3 Handset with the Vodafone Speaking Phone screen reader software



Wildlive! on Vodafone live!

Wildlive! is an innovative service on Vodafone live! that is raising funds for Flora and Fauna International (FFI), the wildlife conservation organisation. Wildlive! was first launched in the UK and has now been extended to Germany, Hungary, Malta, the Netherlands and Spain.

Photographs supplied by Fauna & Flora International

Responsible marketing

In the long term, the most successful brands are those that are trusted by consumers. Vodafone takes the long-term view, and believes we should always act to build consumer trust in us, even if this sometimes means foregoing short-term marketing opportunities that might sell our services but in a way that erodes the trust of our customers.

Responsible marketing means communicating with customers honestly and clearly, enabling them to make informed choices. Transparent pricing is an important element. Our customers have the right to be clear about the cost of calls, messaging and other services on their mobile. Some of these issues are subject to regulation. See our Annual Report 2004/05 for further information.

Our standards for marketing, including advertising, direct marketing and point-of-sale material, are set out in our Responsible Marketing (RM) Guidelines. These state that our marketing must be legal, decent, fair, honest and sensitive to the views of different groups in society.

We said

- > We would implement our RM Guidelines across the business.
- > We would assess marketing and advertising practices against the RM Guidelines.
- > We would, at Group-level and in each operating company, develop a major RM communications initiative for the benefit of customers.

We have

> Implemented our RM Guidelines

The RM Guidelines were distributed in all our operating companies. We have worked with advertising agency JWT to implement the RM Guidelines. A survey of JWT's Vodafone account teams in 11 countries found that eight were now using the RM Guidelines when developing Vodafone advertising. Most of those surveyed believed that the RM Guidelines reinforced the rules they already apply to their work.

A responsible marketing checklist has been created to help Vodafone marketing teams and our creative agencies identify any potential issues when developing advertising campaigns. A Back Pocket Guide on RM was distributed to employees and retail staff in May 2005.

> Assessed Vodafone marketing against our RM Guidelines

Vodafone operating companies have created review teams and started to assess their communications and advertising material quarterly to confirm that it complies with the RM Guidelines. The assessments are signed by the chief marketing officer of each operating company. The first assessments were carried out in March 2005 and identified a number of infringements of our own guidelines and industry codes.

> Started internal reporting of non-compliances with marketing guidelines and contract regulations

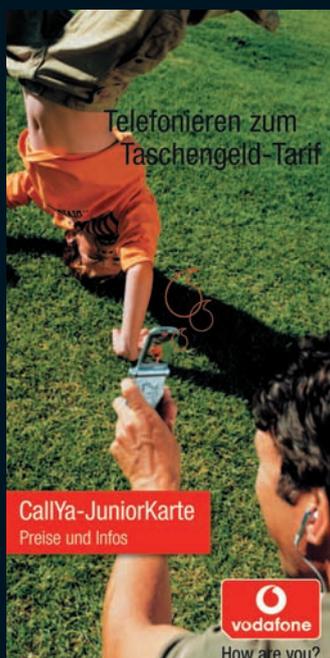
Regulatory systems differ between countries. Complaints about advertisements were received in several countries including Hungary, Greece, Ireland, Italy, the Netherlands, Sweden and the UK. Most complaints are not upheld after investigation by regulatory bodies. We are starting to report cases of complaints upheld as a measure of the responsibility of our marketing. The preliminary data reported by operating companies identified some cases where Vodafone marketing was found to infringe codes by independent regulatory bodies.

The UK Advertising Standards Authority (ASA) made two rulings against Vodafone advertisements, both related to pricing claims. We now require rigorous supporting documents before launching any campaign making price claims. The UK telecoms regulator, Ofcom, ruled on a complaint from Leicestershire County Council (on behalf of a number of individual complainants) alleging unfair contract terms and misleading advertising for a number of Vodafone services. Ofcom found seven potential infringements of regulations. Vodafone agreed to correct the offending contract terms and has already amended the incorrect promotional material.

In Sweden, the Market Court ruled against Vodafone in two cases where information on costs was not prominent enough in advertisements and restrictions for free calls should have been included.

> Responded to customer concerns about unclear pricing

Our research shows that customers find it difficult to understand our price structures. These have become more complex as the functions performed by mobile phones have expanded to include text, video and picture messaging, internet access and international roaming.



Germany supports parents of teenage children

Vodafone Germany bravely tackled the difficult area of parent-teenage relations. The use of premium rate services by children without their parents' permission was causing concern in Germany. Government and customers commented on the high charges being incurred by young teenagers. The company

launched a special pre-pay card, CallYa, that limits the amount spent by teenagers and prevents access to premium rate services.

Parents avoid unwelcome 'surprises' over phone bills and teenagers benefit from transparent prices, no start-up fee, and no monthly subscription. The price tariff is structured to be pocket money friendly and any credit left at the end of a month is rolled over to the next month.

More information from http://www.vodafone.de/callya/preise_tarife/68000.html

Our customers said:

"I don't like using my mobile when I'm abroad because I never know how much it's going to cost"

This is a typical comment made in focus groups and customer research

> **You said**

“From my experience the marketing campaigns of mobile phone companies tend to be quite aggressive. The commitments appear to be good but I don't know if their practices are as good”

Dominique Be, European Commission

We acknowledge the problem, due in part to a legacy of many different price promotions used to attract new customers. We are addressing two areas of particular concern: 3G download charges and international roaming charges.

3G and browsing prices – This year Vodafone responded to customer research by launching a simple price structure for Vodafone live! with 3G. Browsing the Vodafone live! portal is either included in a 3G bundle charged by a fixed monthly fee or by a small connection fee. Some markets, including the UK, offer it free of charge. Content purchases are charged on an event basis, rather than according to volume. Customers will receive one simple line on the bill for all content charges relating to each download, making it simple to check their purchases.

International roaming costs – Research carried out during 2004 showed that customers were frustrated about using mobile voice services abroad. They felt that there was a lack of price clarity and predictability. Following extensive customer research to offer greater price transparency and certainty to roaming customers, we created The Vodafone Travel Promise to offer customers better value voice roaming when using Vodafone subsidiary networks and selected European affiliates.

Our customers will be able to call home at domestic rates, with a connection fee added to each call using Vodafone operating companies and selected affiliate markets (France, Switzerland and Belgium). In addition, when receiving calls abroad, customers will pay a small connection fee, determined by their local operating company, allowing them to talk for at least 30 minutes, and in some countries up to 60 minutes, for no additional charge.

Customers can contact their local operator or visit www.vodafone.com for more details of applicable home rates and connection fees, terms and conditions and information on excluded price plans.

> **Developed a global privacy policy**

Vodafone handles millions of people's communications and personal information. We believe we must continue to foster the trust and confidence of our customers and employees by respecting their privacy.

Vodafone is therefore developing a privacy policy across its operations worldwide. This will streamline existing policies in place in operating companies by establishing minimum standards for managing personal information and establish clear lines of accountability and oversight. In addition, we are developing a programme of education to ensure that all Vodafone employees understand the importance of privacy and Vodafone's policy on the subject.

> **Launched responsible marketing campaigns addressing issues that matter to our customers in several operating companies**

Responsible marketing campaigns by operating companies address mobile phone issues of concern to our customers such as the use of mobiles while driving, handset recycling, charges incurred by children and text bullying. They raise awareness and provide information about what customers can do.

Leaflets on base stations, handsets and health were published in Vodafone shops in Albania, Egypt, Germany, Greece, Japan, the Netherlands, Portugal, Spain and the UK. Italy and New Zealand make similar information available on their websites.

Campaigns focusing on safe use of mobile phones and driving were run in Greece, Ireland, the Netherlands, New Zealand and the UK. Recycling of handsets, batteries and chargers was promoted in Hungary and Italy. Vodafone Spain ran a campaign on mobile etiquette. Text bullying was addressed in New Zealand (see below).

We will

- > Launch two major initiatives that provide clearer and easier-to-understand costs for our customers by March 2006.
- > Be a recognised leader in responsible marketing by March 2007.



If someone is picking on you via your mobile, call NetSafe on 0508 NETSAFE and they'll help you out.

New Zealand's campaign against text bullying

Many young people have been the victim of text-bullying – mean, offensive or threatening text messages – but often they are too embarrassed or frightened to seek help.

In 2004, Vodafone New Zealand launched a campaign with NetSafe to tackle text bullying. NetSafe is an independent non-profit organisation that provides cyber-safety education for New Zealanders.

Posters and brochures were developed, providing information on what children, schools and parents

can do about text bullying, and how Vodafone and NetSafe can help. They encouraged young people to call NetSafe if they were being bullied via their mobile.

The posters and brochures were distributed to schools, libraries, cinemas and swimming pools around New Zealand. The campaign was also featured on national television and radio. The response was overwhelming with calls from 20 schools requesting additional posters and brochures within the first two days. The number of bullying incidents reported to NetSafe decreased by 30% in the three-month period from September to November 2004.

More information from www.vodafone.co.nz/aboutus/VOD2738_responsible_mob_bro.pdf

Reuse and recycling of mobile phones

Phone reuse and recycling prevents waste and enables low-income customers to buy cheaper, refurbished phones. We collect old handsets in 15 markets and are looking for ways to increase reuse and recycling.

Consumers in developed countries replace their mobile phones frequently – once every 18 months on average. In Europe, over 125 million mobile phones are replaced each year. Most of these phones are in good condition and can be refurbished for sale to consumers in developing and middle-income countries. This makes mobiles more affordable, bringing economic benefits (see page 8).

Vodafone does not manufacture phones but we are in a good position to collect old phones from our customers via our network of shops. We are committed to encourage manufacturers to design handsets that are easier to recycle and made from environmentally preferable materials.

We now collect old handsets from customers in all but one of our operating companies, although the number of phones collected in developing or emerging economies is currently low. Phones in good condition are reconditioned for reuse. Phones that cannot be reused are broken down into component parts for recycling.

Consumer awareness is a major barrier to reuse and recycling. Currently only a small proportion of old phones are returned. In Germany, for example, there are more than 60 million handsets lying unused in drawers or cupboards.

We said

- > We would continue to increase the number of handsets returned for reuse or recycling.
- > We would continue to raise awareness about our return programmes and develop incentives to encourage customers to return their phones.
- > We would pilot a programme to support reuse and recycling of mobile phones in one developing country.

We have

- > **Established a handset return programme in Egypt (15 of our 16 local operating companies now have return programmes)**

Our handset return programmes now cover 99% of our customer base. Albania is the only operating company not operating a return programme, because the market is not yet sufficiently mature to generate mobile phones for recycling.

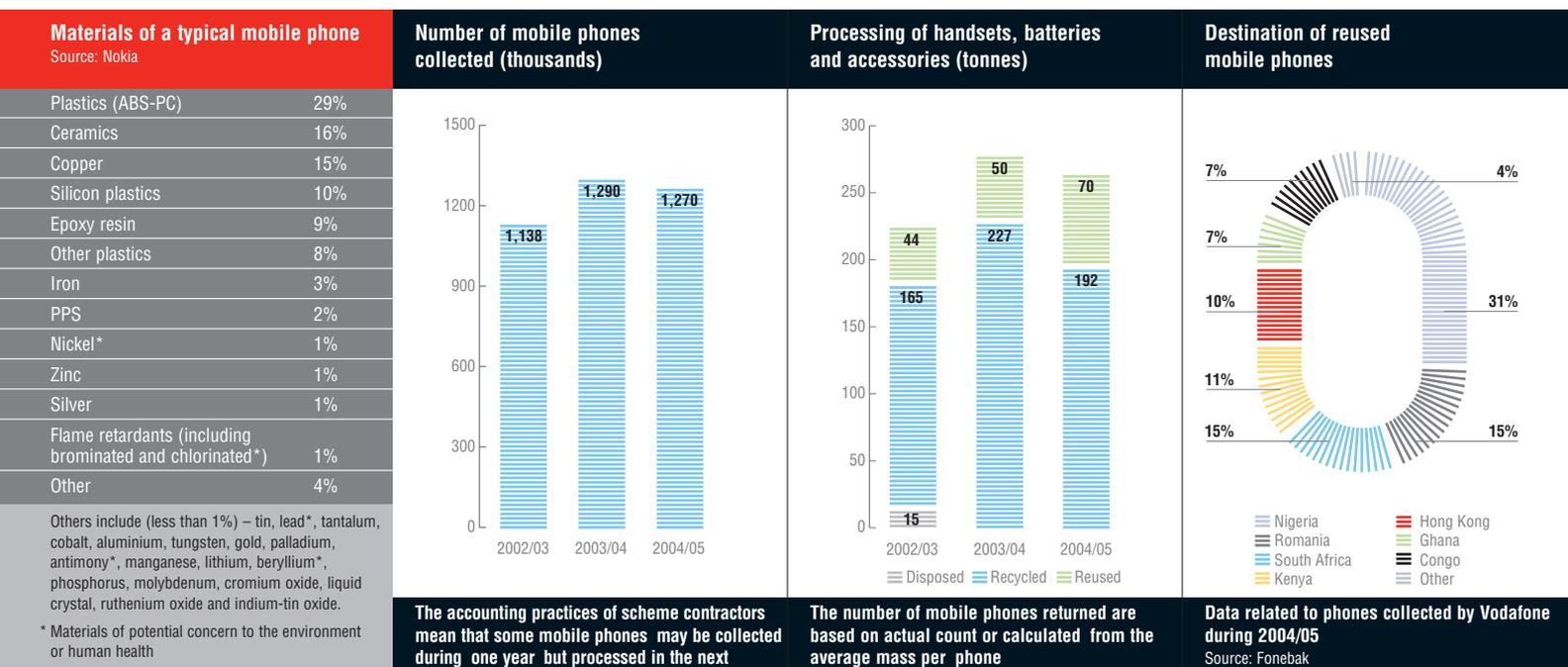
In 2004/05, we collected 1.27 million phones. This is 1% less than in 2003/04 and means we did not meet our commitment to increase the number of handsets returned for recycling by 10% on 2002/03 levels by 2005. We have restated the number of handsets recycled in 2003/04, following an error in our data collection system in Japan.

About 73% (by weight) of the handsets, batteries and accessories collected were recycled and 27% were reused (see chart below).

- > **Encouraged customers to return their handsets**

We are disappointed that the number of phones collected was lower this year. It is difficult to increase consumer take-up of handset return programmes for a number of reasons. These include low consumer awareness, competition from other mobile recycling schemes, and reluctance among customers to part with old phones.

We are researching the factors that encourage or deter consumer handset recycling to identify best practice and improve our efforts in this area. In Australia, a cross-industry study found that handset recycling would increase if it was linked to charity donations. The research also identified a need for more high-profile marketing direct to the consumer as well as promoting recycling in-store.



> **You said**
 “I would like to see higher targets for handset recycling – a 10% increase seems low when the starting point is only 1.5 million recycled”
Joia Shillingford, Freelance telecommunications writer, commenting on our CR Report 2003/04

In 2004/05, we encouraged handset return by:

- Advertising our return programmes. For example, Vodafone Italy doubled the number of phones collected by launching a campaign to encourage customers and the general public to return their phones for recycling.
- Providing incentives to customers to return old handsets. These include direct incentives such as cash or free airtime. For example, in Portugal we encourage costumers to return their old phone with a discount ranging from €10 to €15 when buying a new handset. Seven operating companies make donations to charities for phones returned, generating over £300,000 for charities in 2004/05.
- Making it easy for customers to return their phones through pre-paid envelopes or prominent recycling points in our shops.

> **Supported reuse and recycling in developing countries**

Phones sold to customers in developing or middle-income countries eventually end up as waste. Most of these countries lack the infrastructure and skills to recycle or dispose of old mobile phones safely and may not want to prioritise resources to this task.

We are helping some of these countries to create capabilities for refurbishing and recycling handsets. A new handset return programme was set up by our operating company in Egypt in 2004 and we are working with Fonebak to establish the World Recycling Support Programme to help developing countries with phone recycling.

Vodafone is also participating in the Mobile Phone Partnership Initiative (MPPI), part of the Basel Convention on waste. Draft guidelines have been developed on minimising waste from mobile phones and refurbishing and recycling old phones safely and in an environmentally sound way. These cover: design; refurbishment and reuse; collection and transport; and recycling.

> **Studied the impact of handset recycling in low and middle-income countries**

We commissioned Forum for the Future, the sustainable development charity, to investigate the role of the second-hand mobile phone market in Romania.

The study provided firm evidence for the first time that second-hand mobiles play a significant role in increasing the accessibility of telephony in less affluent countries (see below).

> **Started to engage in Nokia's Integrated Product Policy project**

The project aims to reduce environmental impacts from mobile phones. Nokia has conducted a lifecycle assessment (LCA) which found that the most significant impact is the energy used to manufacture the phone components and to power the phone charger in standby mode. There is also a significant impact from material used if recycling and disposal are not properly managed. The LCA showed that carbon dioxide emissions related to an average 3G mobile phone over a two-year life cycle are equivalent to those from 4-6 litres of petrol. Vodafone is a member of the advisory board and is providing feedback and input for the project.

> **Continued to work towards compliance with WEEE Directive**

Member states of the European Union have started to implement the new Directive on Waste Electrical and Electronic Equipment (WEEE). We are working with other network operators, handset manufacturers and governments to ensure we comply with the Directive. Our existing handset return programmes put us in a good position to do this.

We will

- > Increase the number of phones collected by 50% by March 2007.
- > Have return schemes in all of our operating companies by March 2007.
- > Actively support development of programmes in at least three developing countries to repair, reuse and recycle mobile phones by March 2007.

Impact of reused mobile phones in Romania

We often hear the environmental case for returning unwanted mobile handsets and accessories to retailers, and this is important. But the social case for doing this is just as strong.

Only a minority of returned phones are broken up and recycled. Most are refurbished and sold in eastern Europe, Asia or Africa.

Vodafone asked Forum for the Future to investigate the impact of the second-hand mobile phone market in Romania.

Romania has an average monthly income of only €125, and mobile penetration is much lower than in western Europe. The cost of handsets is a major barrier to increasing access to telephone services.

Our research found that second-hand phones were significantly cheaper than

new ones. Almost a third of mobile phone users in Bucharest used second-hand phones, and this was much higher for lower-income groups.

The report underlines the importance of operating effective return schemes that minimise waste at the same time as helping to narrow the digital divide.

James Goodman, Forum for the Future

www.forumforthefuture.org.uk



Fonebak tests refurbished mobile phone handsets before resale

1.27 million
phones collected

Environmental impacts

Vodafone's environmental impacts are centred on our network operations. Our energy use is the most significant of these and is closely related to business growth. The challenge we face is to break this link.

Our operations fall into three main categories: networks, including the base stations that send and receive radio signals, switching centres and data centres to route calls and capture information; offices and call centres to support customers and run the business; and our retail outlets.

Review of our environmental impacts confirms that our most significant impacts are associated with our network and this is our main focus. The key impacts are energy use and network equipment waste. We also collect data on ozone-depleting substances (ODS), water use, recycling and use of paper, and transport impacts. Information on energy, waste and ODS is reported here while data on the other impacts is provided on the web, see www.vodafone.com/responsibility.

Our impact on global warming is a priority. The outcome of the research described below will be a quantified public commitment on our future global warming impact.

During the year, we developed a new group policy and guidelines on responsible network deployment (see page 12). These require all operating companies to have action plans for minimising environmental impacts from their networks during design, operation and decommissioning.

We said

- > We would complete an assessment of the impact of 3G on energy consumption by June 2004.
- > We would complete an assessment of waste management practices against the Group guidelines in 12 operating companies by June 2004.
- > We would reuse and/or recycle 90% of network equipment waste.

We have

> Used more energy

Business growth and 3G technology are contributing to an increase in Vodafone's energy consumption. We recognise the importance of this issue and are implementing a strategy for limiting our impact on global warming.

In 2004/05, our energy consumption increased by 16% to 2,600 GWh resulting in a 9% increase in carbon dioxide (CO₂) emissions to 1,200 thousand tonnes. Part of the increase is due to more complete reporting systems, including additional data for retail outlets and certain Group functions based in Germany.

Average CO₂ emissions per subscriber from our network were approximately 9kg in 2004/05, maintaining the same level as last year despite increasing usage and network rollout. This is roughly equivalent to a single 60km journey in a modern family car with a 1.6 litre petrol engine.

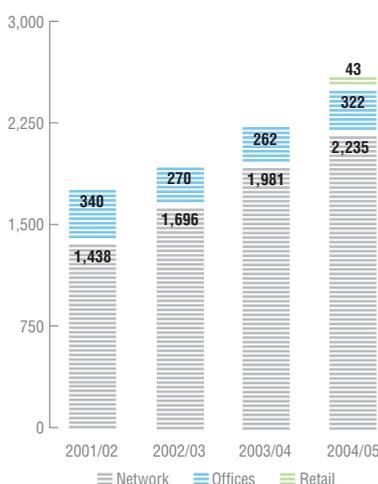
> Completed an assessment of energy use by the 3G network

Our assessment aimed to provide a better picture of our climate change impacts and to identify further opportunities for reducing this impact. The assessment was conducted by meeting key equipment vendors to obtain data, making direct measurements from equipment in the field and developing an energy model to predict our future energy demand.

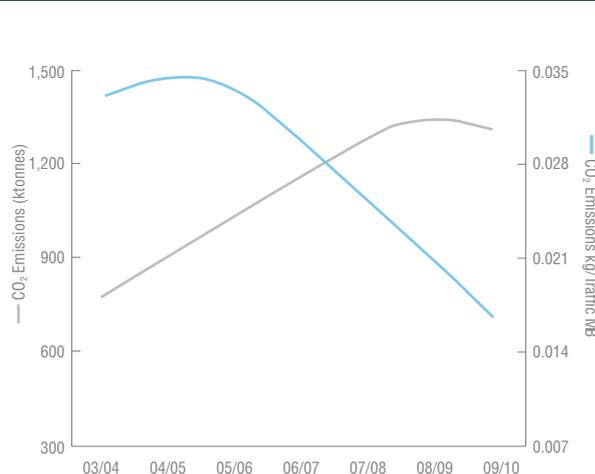
A forecast of the CO₂ emissions due to base stations, which account for 70% of the total network energy consumption, is shown in the graph (see below). Growth of the business will increase overall energy consumption and consequently CO₂ emissions. The energy efficiency of the network will improve as more voice and data traffic is transmitted for each unit of energy used.

Vodafone will use these data to set Group-wide energy efficiency and CO₂ targets during 2005/06.

Energy consumption of network operations, retail and offices (GWh)



Predicted CO₂ emissions for our base stations



A forecast of the CO₂ emissions due to base stations, which account for 70% of the total network energy consumption



5% of Vodafone's base stations in Greece have solar panels, with 111 solar base stations in total

> **You said**

“Running the network is very energy intensive and Vodafone needs to do more with manufacturers of network equipment to contain and reduce energy use. The data trend is going in the wrong direction”

Peter Johnston, DG Information Society, European Commission

> **Worked with network suppliers to increase focus on energy efficiency**

Significant improvements can only be achieved by including energy efficiency into network equipment design. We have focused on building partnerships with major equipment manufacturers and worked with them to assess the energy performance of their current products and discuss plans for introducing more energy efficient equipment.

Our review indicates that substantial efficiency improvements should be possible with advances in 3G equipment design. This is generally the case with any new technology. This work has helped to raise the profile of energy efficiency with our suppliers.

> **Used more renewable energy**

In most countries, renewable energy makes up a very small proportion of overall electricity supply. Although availability is limited, a number of our operating companies purchase electricity from renewable sources such as wind, solar power and energy from waste. For example, Vodafone Netherlands and Vodafone UK sourced significant portions of their energy for networks from renewable sources in 2004/05.

Generally, it is not cost effective to install solar panels at base stations, except in sunny locations, where there is a limited electricity grid. This year, Vodafone Greece fitted solar panels at a further 90 base stations, bringing the total number to 111. Vodafone Egypt has 70 solar-powered base stations.

In total, 11% of our energy came from renewable sources in 2004/05 – a significant increase on the previous year. This figure includes renewable energy specifically sourced via the grid or from company-owned renewable power units.

> **96% of network equipment waste sent for reuse and recycling**

Waste data are notoriously difficult to capture accurately but we believe our data provide a reasonable indication of the total waste stream. We generated 3,480 tonnes of equipment waste in our network in 2004/05.

This includes 2,445 tonnes of non-hazardous waste (such as radio equipment, metal and cables) and 1,035 tonnes of hazardous waste (mostly lead acid batteries). Of this, 3,340 tonnes were sent for reuse or recycling, exceeding our commitment of 90%.

Other waste streams where we do not have reliable data include wood, concrete and some plastics.

> **Completed assessments of waste management practices in 12 operating companies**

We have completed assessments of waste management practices in 12 of our operating companies and developed action plans to reduce the amount of waste generated and increase reuse and recycling. Through these assessments, several operating companies have identified opportunities to generate revenue from waste recovery.

> **Reduced ODS used in cooling systems and fire suppressants**

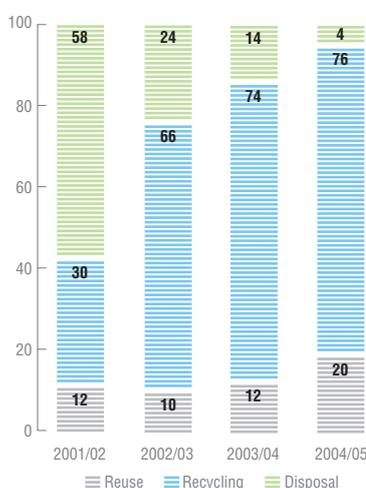
Ozone-depleting substances such as CFCs and HCFCs are mainly used in sealed network cooling systems to prevent over-heating. Approximately 50 tonnes of halons are held in fire protection equipment in Japan, where it is still legally permitted. Opportunities to reduce this holding are being explored.

We estimate that the ozone-depleting potential of CFCs and HCFCs released in 2004/05 was equivalent to approximately 590kg of CFC-11.

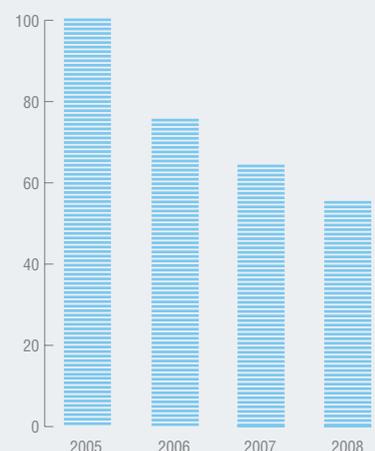
We will

- > Develop and report against Group-wide quantitative targets for network energy efficiency and related carbon dioxide emissions by March 2007.
- > Continue to send for reuse and recycling 95% of network equipment waste during the year from April 2005 to March 2006.

Network equipment waste sent for reuse or recycling (%)



Planned power consumption reduction in Siemens base stations (%)



“Energy reduction is a key element when designing mobile networks products. From 2005 to 2008, we can achieve a 40% reduction in power consumption in our base stations”

Peter Graessle, Siemens Mobile Networks

Product: UTRAN – Node B – Siemens
Source: Siemens Mobile Networks

Supply chain

We want companies in our supply chain to meet acceptable labour and environmental standards but we know some do not. We are assessing our suppliers against our Code of Ethical Purchasing and making CR part of our overall supplier performance management. The ICT sector is also in the early stages of developing a more collaborative approach to tackling this challenge.

Vodafone does not manufacture mobile phones or network equipment – but we are among the largest purchasers of these products. In 2004/05, we made payments of £23 billion¹ to third parties. This includes over £12 billion spent on handsets, network equipment, marketing and IT services. The value of our global contracts enables us to form strategic partnerships with suppliers and work with them to progressively improve performance.

We take our responsibilities in this area seriously. Our Code of Ethical Purchasing (CEP) sets out the standards we expect our suppliers to meet. The CEP is based on Vodafone's values and international standards, including the Universal Declaration of Human Rights and the International Labour Organization (ILO) Conventions on Labour Standards, see www.vodafone.com/responsibility/cep. We recognise that we have a responsibility as a buyer to, for example, run adequate and fair tendering processes, and comply with our Business Principles.

More than half of this £12 billion was spent with 25 global suppliers. Due to this concentration of spend, we have first focused on these top 25 companies. Most of these suppliers are already implementing CR programmes and the risk that they have significant labour or environmental issues within their own operations is relatively low. However, they do hold the key to the relationship with second and third tier suppliers where there is a greater risk of poor labour and environmental standards.

We are now moving to a risk-based approach to supplier engagement. A new system to identify higher risk suppliers will be rolled out in 2005/06. We have also integrated CR into our main supplier performance management programme.

Vodafone partners with suppliers on wider social and environmental issues. For example, we are working with key equipment suppliers to improve the energy efficiency of our network (see page 23).

We said

- > We would incorporate our Code of Ethical Purchasing (CEP) into the contracts of all of our top 25 global suppliers.

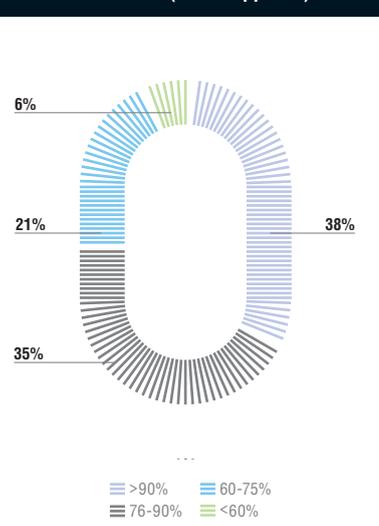
- > We would ensure our top 25 global suppliers complete Vodafone's self-assessment questionnaire to determine compliance with our CEP.
- > We would ensure the top three suppliers to each of our operating companies complete Vodafone's self-assessment questionnaire to determine compliance with our CEP.
- > We would complete assessments of five of our top 25 global suppliers against our CEP.
- > We would develop training for supply chain managers.

We have

- > **Made CR a key part of supplier performance management**
We launched the Vodafone Supplier Performance Management (SPM) programme. CR is one of six criteria used in SPM to select suppliers and monitor their performance (other criteria include cost and quality). A supplier scorecard is used to regularly evaluate existing suppliers. CR accounts for 10% of the overall assessment score. More detailed supplier self-assessments or site visits will be carried out if the scorecard identifies any potential concerns. New suppliers will also be required to complete an in-depth self-assessment, with site visits of selected potential new suppliers to ensure compliance with the CEP.
- > **Incorporated our CEP into supplier contracts**
Our CEP has been incorporated into the contract template for global suppliers and has been included in all new contracts with global suppliers in 2004/05. All future and renegotiated contracts will include a requirement to comply with Vodafone's CEP.
- > **Ensured 25 global and 47 local suppliers completed self-assessments**
The self-assessment questionnaire was completed by our top 25 global suppliers and 47 suppliers to operating companies. This meets our target for global suppliers and just falls short of our target for operating companies. A summary of the self-assessment scores is provided in the pie chart below. In four cases, further investigation and action is required. The self-assessment questionnaire is available at www.vodafone.com/responsibility.



Supplier scores against Vodafone's CEP self-assessment* (% of suppliers)



The electronics supply chain is global and multi-tiered

*Based on 63 self-assessment questionnaires

Stakeholder comment

"Vodafone is clearly committed to working with suppliers to improve standards. It now should put freedom of association and the right to collective bargaining – one of the International Labour Organization's core standards – at the heart of its supply chain work. Experience from other industries shows a top-down approach of codes and audits alone will not deliver lasting changes. Workers must be able to organise to identify abuses and negotiate improvements in working conditions themselves. A full commitment to these rights should be part of any industry or company code."

Anne Lindsay, Private sector policy analyst, Catholic Agency For Overseas Development (CAFOD)

> **You said**

“They should prioritise their assessments by risk, not size. I was surprised that they focused on Panasonic, Motorola and SonyEricsson – who all have their own CR programmes”

Maria Sillanpaa, AccountAbility, commenting on our CR Report 2003/04

> **Completed detailed assessments of five of our top global suppliers**

These included a review of self-assessment responses, discussions with senior managers and a site inspection at one facility for each supplier. We selected sites based on the amount of product that we source from the site, with an emphasis on higher risk countries. Three sites were in lower or middle-income countries. The assessments found that the overall level of compliance with our CEP was good (see table below) but did identify areas for improvement. We have made recommendations to each supplier on ways to further improve their performance and implement best practice (see table below). We will track supplier follow-up on our recommendations through our ongoing performance evaluation (scorecards).

> **Trained supply chain managers in ethical purchasing**

We ran a one-day training course on our CEP for supply chain managers from local operating companies – meeting our target. The course included practical advice and scenarios to help managers understand how the CEP should be implemented in practice. Around 50 supply chain managers completed the training.

> **Started to develop a risk-based approach to supplier assessment**

During 2004/05, Vodafone Australia and Vodafone New Zealand created and piloted a risk-based system to identify priority suppliers for assessment. This looks at factors such as the supplier's size and location, the type of product it produces and whether the products carry Vodafone branding. This system was further developed by Vodafone Italy and will be rolled out to the rest of Vodafone in 2005/06. For example, at operating company level, we will use the results of this risk analysis to identify higher risk suppliers with which to conduct a more detailed CR evaluation. The evaluation will include sharing information on the CEP and SPM process, a self-assessment process, developing a follow-up action plan, and, where necessary, site visits.

> **Continued to participate in the Global eSustainability Initiative (GeSI) Supply Chain Working Group**

Vodafone supports efforts to develop a common sector approach to managing these issues and participates in the GeSI Supply Chain Working Group. In 2004, this group benchmarked supply chain practices of some of its member companies. The results are being used to develop a joint self-assessment questionnaire. This will reduce the time suppliers spend completing multiple assessments, and will be particularly beneficial for small and medium-sized companies.

In April 2005, Vodafone hosted a GeSI Supply Chain Stakeholder Forum. This brought together GeSI member companies, other ICT companies and non-industry stakeholders to discuss the challenges for ethical supply chain management in the sector. GeSI is also sharing information and seeking opportunities to work with the Electronics Industry Code of Conduct (EICC) Implementation Group of companies.

We will

- > Adopt a risk-based approach to identify high risk global and local suppliers.
- > Complete 10 site evaluations of global suppliers (identified on basis of risk) by March 2006.
- > Complete a CR evaluation with five suppliers in each operating company.
- > Deliver CR supply chain training to 80% of purchasing managers in all operating companies.
- > Work with other major ICT companies to develop a common approach to supplier assessments by March 2007.

¹ This figure includes expenditure from both mobile and non-mobile businesses.

Results from five supplier site assessments

Type of supplier	Site assessment score
Network equipment	92%
Software	88%
Handsets/network equipment	100%
Handsets	89%
Handsets/network equipment	93%

Over half of Vodafone's expenditure on handsets, network equipment, marketing and IT services was spent with 25 global suppliers.

Recommendations following site assessments of five of our top global suppliers

	Number of suppliers (out of 5)
Management issues	
Implementation of the supplier's ethical supply chain management programme	5
Documented system for labour and/or environmental management	3
Understanding of Vodafone's CEP	2
Labour issues	
Health and safety	5
Working hours	1
Child labour	1
Discrimination	1
Employee training	1
Environmental issues	
	1

Employees

We employ approximately 60,000 people worldwide. Our strategic goal is to *Build the best global Vodafone team* – which means recruiting and retaining the brightest, most motivated and diverse people. We aim to do this by providing a good working environment, treating people with respect, and offering attractive incentives and opportunities.

Our employment policies are consistent with the UN Universal Declaration of Human Rights and the International Labour Organization's Core Conventions. More information on our approach to human rights is available on our website, www.vodafone.com/responsibility. In 2004/05, the total number of employees in our mobile operations decreased by 1%. This was partly due to a restructuring of our business in Japan.

We said

- > We would measure understanding of Vodafone's Business Principles among our employees and assess the effectiveness of the assurance process.
- > We would implement a job-posting tool on our global intranet for use by all our operating companies.
- > We would introduce three further health and safety standards.

We have

- > **Conducted a survey to understand employee views**
Eighty-nine percent of our employees from 17 countries took part in the survey. Results varied from country to country, but overall employee satisfaction and engagement has increased by 1% since 2003. Our 'Pride in Vodafone score', the percentage of employees who agree with the statement "I am proud to work for Vodafone", was 76%. This is equal to the high performance norm for companies on the Fortune list of 'Most Admired Companies', achieving our target two years early.

Areas that received positive responses included support for the Vodafone values, social responsibility, trust in senior management and respect at work. Areas that received lower scores included people development and change management.

A summary of the results was sent to every employee by the Chief Executive. Action plans are being developed at team, operating company and Group level to respond to the findings.

> Extended our Global People Development Programme

We now advertise all vacancies across Vodafone on the job-posting page of our global intranet, meeting our target. This will increase the efficiency of internal resourcing and encourage people development. In 2004/05, we began to roll out a single global performance management process to ensure a consistent approach to people development throughout the company.

Our Global Leadership and Global Rotation Programmes encourage high potential managers to broaden their international outlook and gain experience by working in a range of functions in different parts of the company. More than 60% of our top managers have experience of working in more than one country. We have standardised our annual Development Board process across all our operations, through which we review performance and potential in order to plan succession and development moves for our senior managers.

> Focused on health and safety performance

We introduced two global policies on Accident Investigation and on the Management of Health and Safety Risks of Radio Frequency Fields for employees and the general public. In addition, we introduced two global standards covering health and safety planning and risk assessment, which together with the new policies indicates we have met our target.

In 2004/05, there were 163 accidents causing lost time, compared with 190 the previous year. This represents a 14% reduction in the lost-time accident rate from 3.4 to 2.9 per 1,000 employees, meeting our target two years early.

It is with deep sadness that we report the death of six subcontractors working on Vodafone's infrastructure. Three of these deaths were caused by falling from height. One subcontractor (an electrician) was hit by a train and two others were electrocuted when their pipe touched a live overhead cable. We have investigated these accidents thoroughly and communicated recommendations throughout the Group to ensure that similar events do not occur.

Employee survey – key findings

	2005 (% that agree)	Difference versus 2003
Vodafone is socially responsible (a good 'corporate' citizen)	76	+7
Vodafone is ethical in its business dealings	71	+2
The Vodafone Business Principles have been communicated to me	66	N/A
I understand the Vodafone Business Principles	63	N/A
My objectives are consistent with the Vodafone Values	74	N/A
My operating company takes a genuine interest in the well-being of its employees	40	N/A
My line manager treats employees with respect	75	+1
My line manager treats all employees fairly and without discrimination	70	+6
Overall, Vodafone is a good place to work compared to other organisations I know about	72	+4

Diversity in senior management

	2004/05	2003/04
Number of nationalities in top senior management roles	23 out of 238	22 out of 215
Number of woman in the top senior management roles	31 out of 238	23 out of 215
% of woman in bands A-E (approx top 1,100)	10%	–

62%
of our top managers have experience of working in more than one country

> **We said**

“I would like to see some actions from the employee survey which will make a real difference to employee well-being and development”

Heiko Timmerkamp, Group Marketing

> **Assessed awareness of our Business Principles**

We measured awareness and understanding of the Business Principles through our employee survey, meeting the first part of our target. This found that 66% of employees were aware of the Business Principles and 63% understand them. This result is too low and we are looking for ways to improve understanding.

We have not yet achieved the second part of our target, to measure the effectiveness of the assurance process. As a first step, Vodafone UK is piloting an e-learning training course on the Business Principles for all UK employees. After the training, employees will be tested on their understanding of the Business Principles, allowing us to measure our progress.

Employees are encouraged to report ethical concerns or suspected breaches of our Business Principles to their line manager or human resources department. There is an email facility for employees to report concerns anonymously to the Group Human Resources Director or Group Audit Director. A small number of items were reported through these routes. All were thoroughly investigated and the outcomes were reported to and reviewed by the audit committee.

> **Tracked diversity in management**

We believe that diversity is an asset to the business and will not tolerate discrimination on any grounds. In 2004, we appointed our first female chief executive officer – at Vodafone Ireland. However, the overall proportion of women in senior management roles is lower than we would wish – 31 of our top 238 senior managers and 10% of our managers in bands A-E (approximately 1,100 employees). We aim to increase the number of women in senior management in 2005/06. Feedback from our survey in 2004/05 showed that 70% of employees feel that they are treated fairly and without discrimination by their line managers, an increase of 6% from 2003.

> **Communicated and consulted with employees**

Good internal communication keeps employees across the Group up to date with company news. Vodafone’s Chief Executive and members of the executive team meet with employees to discuss our strategy through regular Talkabout sessions at our operating companies.

Communication of business strategy was identified as a priority area in 2003 and employee survey results show that we have significantly improved our performance. In 2004/05, 73% of employees said they have a good understanding of Vodafone’s strategic goals and priorities, 10% more than in 2003.

In 2004/05, we consulted with employees on a wide range of business issues and we met regularly with employees in local consultation forums, works councils and team briefings throughout the company. We also met with employee representatives at the annual European Employee Consultative Council to discuss the performance of the Group and significant transnational issues.

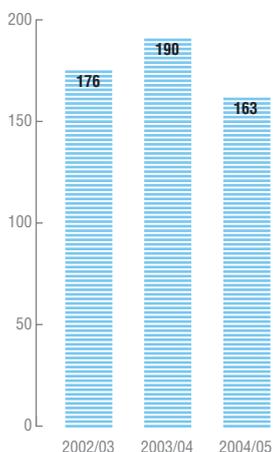
> **Extended employee share ownership**

We operate a range of all-employee share plans to encourage widespread employee share ownership throughout the company. In 2004/05, we granted 350 shares each to over 56,000 eligible employees as part of a new ‘AllShares’ programme. Through our share plans, employees now have interests or options in more than one billion shares. In 2004/05, we won several awards for our share plans including the ProShare award for ‘Best overall performance in fostering employee share ownership – FTSE 100 company’ and the Employee Benefits Award for ‘Most successful new benefits launch’.

We will

- > Take action at global and local level to address the issues arising from the employee survey.
- > Reduce work-related accidents resulting in lost time by a further 10% by March 2008 (from the 2004/05 baseline).
- > Introduce a further two global health and safety standards in 2005/06.

Work-related lost-time accidents (number)



Call centre restructuring at Vodafone Netherlands

Vodafone Netherlands restructured its call centres to improve customer service and reduce costs. This involved consolidating operations into one site and reducing the workforce from 1,500 to 1,100 people. The company handled this sensitively, providing support for employees in excess of legal requirements.

All employees were given the option of relocating. Employees who chose not to relocate received a guaranteed salary for a year while they looked for a new job. Specialist support was provided to assist them with job searches and retraining. There were no redundancies.

The company has quickly recovered its investment through lower operating costs. Employees and managers are now located at the same site, helping to reduce sickness rates and absenteeism from a previous average of 16.5% for the four sites to 6.5% at the new site.



CEO Arun Sarin met with 12,480 employees through Talkabout sessions

We invest in the communities where we operate through donations of cash, equipment, products and services. Many of our employees give their time as volunteers to support good causes.

We give much of our support through the Vodafone Group Foundation and the 'family' of local foundations. This approach enables our social investment programme to respond to local needs. Thirteen of our operating companies and six of our affiliate companies have now established local foundations.

The Vodafone Group Foundation's mission is to make social investments that help people lead fuller lives. For more information on our foundations, see our Foundations Yearbook at www.vodafonefoundation.org.

We have

> Donated £34.6 million to charities directly or through Vodafone Foundations

During the year, Vodafone made a total of £33 million (including the donation to the tsunami relief mentioned below) in cash donations to a range of organisations, including the Vodafone Group Foundation and local Vodafone Foundations. Vodafone and its foundations have made total contributions of £34.6 million to social projects, an increase of 50% over last year. This sum is made up of cash donations, and the value of donated products and services, employee volunteering on company time, donations of redundant IT equipment and the cost of running the foundations.

Our community investment data has been collected and reported using the London Benchmarking Group Model, an international standard for measuring social contributions.

In some countries Vodafone community investment is a condition of our licence¹ to operate a mobile telephone service. This accounted for 9% (£3.1 million) of our direct community investment in 2004/05.

The Vodafone Group Foundation provided direct support to address major world issues by working with global partners. For example, working for young people with UNICEF and protecting the environment for future generations with WWF and Fauna and Flora International.

¹ This figure constitutes funds donated by Vodafone foundations under licence obligations agreed by Vodafone operating companies with their local regulators.

> Encouraged employee volunteering and helped raise additional funds from third parties

Most of our operating companies have programmes to encourage employees to volunteer in working hours. During the year approximately 2,800 employees volunteered on company time, delivering over 11,000 hours of support to charities and other social projects. Our operating companies and foundations have helped partner charities to raise over £11.8 million in additional funds.

> Responded to the tsunami disaster

We were deeply moved by the scale of suffering and devastation caused by the tsunami in Asia. Vodafone Group committed an additional £1 million to the International Federation of Red Cross and Red Crescent Societies, Télécom Sans Frontières/MapAction and the Disasters Emergency Committee, to help their relief work.

Vodafone operating companies and their local foundations contributed over £518,000 and provided over £660,000 worth of free calls to affected areas. Vodafone employees raised more than £330,000 and employee donations were matched by Vodafone in most of our operating companies. Twelve operating companies set up SMS fundraising campaigns to enable customers to make donations by text. Our customers donated more than £10 million through these mechanisms.

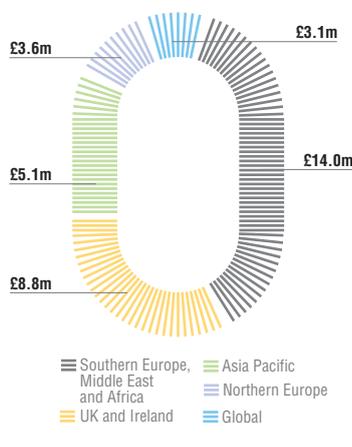
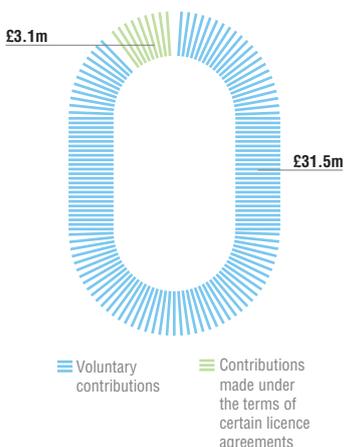
The total contribution of Vodafone, its employees and foundations to the tsunami relief was over £2.5 million, including the provision of free calls to and from the affected region as well as employee matched donations in a number of countries.

We will

> Review our social investment strategy at Group level to ensure that we maintain a clear focus in presenting leading-edge philanthropic and social product development programmes.

Total contributions to social projects 2004/05 (£ million)

Total contributions to social projects by region 2004/05 (£ million)



These charts refer mainly to cash donations but also include donations of products and services, the cost of paid employee time and the cost of managing foundations, following the principles of the London Benchmarking Group Model



"My mission in Sri Lanka consisted in setting up radio and satellite communications systems to support Red Cross workers in the area affected by the tsunami"

Gabriel Perez, Red Cross Volunteer (Vodafone Spain)

Corporate responsibility is not just about our approach to social and environmental issues. It implies conducting all aspects of our business ethically and being open about how we operate. This includes our financial management and political engagement.

Financial and corporate governance

The directors of Vodafone support high standards of corporate governance. This is critical to business integrity and to maintaining investors' trust in Vodafone. Senior financial officers must adhere to our Code of Ethics, available at www.vodafone.com/governance.

In 2004/05, Vodafone has complied with the provisions of the UK Combined Code on Corporate Governance with one exception. The Code provides that a company's Remuneration Committee should be composed entirely of independent non-executive directors. Lord MacLaurin, the chairman of the Board is not treated as being independent by the Code and although the Board concluded that he made important contributions to the Remuneration Committee, his offer to step down in March 2005 as a member to ensure Vodafone's strict compliance with the Code was accepted. Our American Depositary Shares are listed on the New York Stock Exchange. We comply with all the provisions of the US Sarbanes-Oxley Act on corporate governance that are in force and we have begun work to ensure compliance with section 404 of the US Sarbanes-Oxley Act.

At 31 March 2005, there were 15 directors on the Board. These include our Chairman, five executive directors and nine non-executive directors who are fully independent.

The following three board committees have particular relevance to good corporate governance:

- Remuneration Committee which oversees implementation of our Remuneration Policy.
- Nominations and Governance Committee which provides a formal and transparent procedure for the appointment of new directors to the Board as well as oversight and review of general matters of Corporate Governance.
- Audit Committee which reviews Vodafone's results and financial statements, reviews the activity of the internal and external auditors and monitors compliance with statutory and listing requirements.

Our Remuneration Policy was adopted in 2002 following extensive consultation with shareholders and institutional investors. Since the publication of the policy, we have continued to consult extensively with major shareholders and relevant

institutions on remuneration. The level of voting support for the Remuneration Report to shareholders has increased each year since the policy was adopted.

Our corporate governance practices are rated by Governance Metrics International (GMI) who rate 3,220 companies worldwide. Companies are rated on board accountability, financial disclosure and internal controls, executive remuneration, shareholder rights, anti-takeover policies and corporate social responsibility. In 2004, Vodafone was one of 34 companies to score a GMI rating of 10, the maximum possible score.

Public policy

The mobile telecommunications industry is regulated in most countries because we require licences from governments before we can operate. We therefore engage in discussions with politicians, government officials and opinion leaders about licence terms and new legislation and regulations that affect our interests.

In 2004/05, most of our public policy activity was focused on shaping the policy agenda and representing Vodafone's views to governments, regulators and key opinion formers on issues including consumer interests, pricing, licensing, spectrum rights and competition. A summary of regulatory developments in 2004/05 is available in our Annual Report.

As part of our public policy work we put forward views which are closely linked to our CR objectives including RF, content standards and the safe use of mobiles while driving. These are consistent with the positions set out in this report.

We are members of global organisations such as the World Economic Forum, the International Telecommunications Union, the GSM Association and national trade associations in countries where we operate. Vodafone has a policy not to make any political donations and made none in 2004/05.

Business Principles

Our Business Principles define how we intend to conduct our business and our relationships with stakeholders. They require employees to act with honesty, integrity and fairness. The Business Principles are included in induction material, training and team briefings, see our website www.vodafone.com/responsibility/businessprinciples.

Tax

The significance of company tax policy to CR has been highlighted in a number of newspaper articles this year. Vodafone's Tax Code of Conduct sets out our position on tax and is available on our website, www.vodafone.com.

We believe that legally minimising our tax costs is one of our obligations to our shareholders. We accept that some may not share our perspective on tax efficiency and believe that transparency regarding our position is the best policy. We do not support tax evasion (using illegal means to reduce taxes payable).

During the year, a number of non-governmental organisations expressed concerns that Vodafone's approach to tax following the acquisition of Mannesmann in Germany was irresponsible. The concerns related to the write-down of the value of investments in Germany. Vodafone Germany engaged openly and widely to explain the matter.

Independent financial and tax experts have confirmed that, following the fall in the value of our investments, we were required under German law to claim a tax deduction and, furthermore, that other companies have previously been required to make similar claims.

Further information on tax charges and legal issues is available in our Annual Report for the year ended 31 March 2005.

Vodafone's Tax Code of Conduct

These are extracts from our Tax Code of Conduct. The full text is available on our website, www.vodafone.com.

'To maximise shareholder value in relation to the taxation consequences of all aspects of the Group's business activity:

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

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

Independent assurance

We want our reporting to be objective and credible. Following feedback from stakeholders, we have extended the assurance process for our CR reporting to comply with the AA1000 assurance standard. The independent third party statement is provided below.

Independent assurance report to Vodafone Group Plc ('Vodafone' or 'the Company') on the Group Corporate Responsibility 2004/05 Report ('the CR Report')

We have been engaged by the Board of Directors to perform limited assurance* procedures on the following areas of the Group CR Report:

1. Managing and reporting CR performance: The alignment of Vodafone's approach to CR to the principles of completeness, materiality and responsiveness set out in the AccountAbility 1000 Assurance Standard (AA1000 AS). See panel below and inside front cover.

2. Performance data and underlying data systems: The environment, community, and health and safety performance data for the year ended 31 March 2005 and its underlying data systems. See 'Performance and data summary' section on page 35.

3. Progress on targets: The reported progress against the 2004/05 commitments. See 'Objectives and commitments' section on pages 32 and 33.

Engagement assurance standards

> We conducted our work in accordance with:

- The International Standard on Assurance Engagements 3000 (ISAE3000) issued by the International Auditing and Assurance Standard Board (IAASB) for carrying out assurance engagements on non-financial information; and
- The AccountAbility 1000 Assurance Standard (AA1000 AS) issued by AccountAbility as requested by the Company.

> This is a limited assurance engagement, which is designed to give a similar level of assurance to that obtained in a review of interim financial information.

Assurance procedures

> Our limited assurance engagement involved procedures at both the Company head office and at the operating companies. We have visited six operating companies (in Australia, Germany, Hungary, Italy, Japan and the Netherlands) and engaged with the remaining ten using various means of communication.

> Our work consisted primarily of making inquiries of company personnel and carrying out analytical procedures and sample tests as follows:

- Reading and analysing public information relating to Vodafone and industry CR practices and performance during the year.
- Understanding, analysing and testing on a sample basis the key structures, systems, processes, procedures and controls relating to:
 - Stakeholder identification, engagement and responsiveness;
 - Management commitment and the governance structures used for managing CR;
 - Implementation of CR-related policies/strategies/codes of conduct;
 - Relevant management systems to support the implementation of the above mentioned policies;
 - Internal Audit and other internal monitoring activities with regard to CR;
 - CR report development and approval process, including the selection of material CR issues to be reported on, related key performance indicators and other features of the CR report;
 - The collation, aggregation, validation and reporting processes of the environmental, community and employment performance data; and
 - Progress made against 2004/05 commitments.
- Reviewing the content of the report against the findings of our work and, as necessary, make recommendations for improvement.

> A limited assurance engagement excludes procedures such as testing of source data and is substantially less in scope than a reasonable assurance engagement. Accordingly we do not provide reasonable assurance on those matters specified in this report.

AA1000 Assurance Standard

We believe that the management and reporting of our CR practices and performance are aligned with the principles of the AA1000 Assurance Standard.

See our management assertions on alignment to the three principles on the right. Additional information can be found within the report, especially in the sections 'About this report', 'Stakeholder engagement' and 'Embedding CR'.

1. Completeness

Principle: the organisation has an effective process in place for identifying and understanding its activities, CR impacts and performance, and stakeholder views.

Our issues management process requires identifying and understanding our stakeholder views and expectations, the state of the company's CR practices and performance, the relevant CR standards and the CR reporting activities of our peers.

This process is led by our network of CR teams in association with the rest of the business.

We have so far primarily focused on managing CR in our operating companies. We have made good progress in engaging with our suppliers. Certain of our initiatives have been undertaken in association with affiliates. We have started this year to work with partner networks. Franchised retailers will become a focus in the future.

2. Materiality

Principle: the report provides a balanced representation of material CR aspects of the reporting organisation's performance for the period in question.

The extensive list of issues identified through our issues management process is prioritised according to financial and reputational impact on our business and the level of concern of those stakeholders most affected by our operations.

Based on our assessment at the end of March 2005, the priorities at Vodafone Group level are: clear pricing, content standards, energy use, handset recycling, network rollout, radio frequency fields and health, and supply issues.

We have followed a more robust and structured approach to gathering and selecting information to be reported. This report provides a balanced representation of Vodafone's material aspects for 2004/05.

3. Responsiveness

Principle: the reporting organisation has an effective process in place for managing and reporting the way it manages its CR performance and responds to its stakeholders' views.

This report covers our CR practices and performance for 2004/05. It is an account of our response to our stakeholders' main concerns, of which a summary is provided on page 4. The report structure 'we said, we have, we will' highlights the progress made in our practices and performance from last year. We report our progress against our commitments and have set new challenging ones for the coming years.

We are committed to continuous improvements in our practices, performance and the reporting of these. On the basis of our 2004/05 performance and of this report, we will take the feedback from our stakeholders and assurance provider into consideration for improvements in the coming year.

Our conclusions

- > Since its 2003/04 report, Vodafone has continued to strengthen its management and reporting of CR performance. Among others, key areas of improvement have been related to:
 - Further enhancing and articulating processes to better understand and respond to stakeholders’ expectations in respect of CR issues;
 - Embedding its values and business principles further into the business, for example within its supply chain management function;
 - Continuing to enhance senior management commitment evidenced by the development of a new five-year plan;
 - Developing its network of CR teams throughout its operating companies; and
 - Strengthening its reporting and accompanying independent assurance processes.
- > Our conclusions in relation to the work which we have performed are as follows:
 1. **Managing and reporting CR performance:** Nothing has come to our attention that causes us to believe that the management assertions over alignment with the AA1000 AS principles of completeness, materiality and responsiveness are materially misstated (See panel below and the ‘About this Report’ section in the inside front cover).
 2. **Environmental, community and health & safety performance data and underlying data systems:** Nothing has come to our attention that causes us to believe that the CR performance data defined above are materially misstated (See ‘Performance and data summary’ section on page 35).
 3. **Progress on 2004-05 commitments:** Nothing has come to our attention that causes us to believe that the reported progress against the 2004/05 commitments are materially misstated (See ‘Objectives and commitments’ section on pages 32 and 33).
- > On the basis of our work, we have also presented to Vodafone forward-looking recommendations relating to areas for improvement in managing its CR practices and performance. The table below presents the most significant of these recommendations.

Responsibilities of directors and independent accountants

- > Vodafone responsibilities
 - The Directors are responsible for the preparation of the Group CR Report and for the information and statements contained within it. They are responsible for determining Vodafone’s objectives in respect of CR performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.
- > Deloitte responsibilities, independence and team competencies
 - Our responsibility is to independently express a conclusion on the reliability of management’s assertions in the areas listed above.
 - A multi-disciplinary team of CR and assurance specialists performed the engagement in accordance with Deloitte’s independence policies, which address and in certain places exceed the requirements of the International Federation of Accountants (IFAC). We confirm annually to Vodafone whether there have been any events, including the provision of prohibited services that could impair our independence or objectivity. There were no such events or services during the last year.
 - This report is made solely to Vodafone Group Plc in accordance with our letter of engagement. Our limited assurance procedures have been undertaken so that we might state to the Company those matters we are required to state to them in a limited assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Vodafone Group Plc for our work, for this report, or for the conclusions we have formed.

Deloitte & Touche LLP
Chartered Accountants
London
31 May 2005



* The different levels of assurance engagement are defined in the International Standards on Assurance Engagements 3000 (ISAE3000) issued by the International Auditing and Assurance Standard Board (IAASB). Reasonable assurance is similar to the audit of financial statements; Limited assurance is similar to the review of financial information in the interim report. For more information please visit www.ifac.org/IAASB.

Deloitte’s forward-looking recommended areas for improvement

In accordance with the AA1000 Assurance Standard, we report below the key recommendations for future improvement in managing and reporting CR practices and performance, presented to Vodafone in our management letter:

Network rollout	To improve reporting on performance against the recently implemented Responsible Network Deployment policy, and where appropriate the related local codes of conduct, laws and regulations.
Employees	To improve reporting through, for example, using new performance indicators to portray more fully overall human resources practices and performance.
Extending CR to third party organisations	To embed CR processes further by encouraging partner networks, affiliates and franchised retailers, to improve their management and reporting of social, environmental and ethical performance.

Further observations relating to areas of progress made from last year as well as areas for improvement in managing its CR practices and performance have been presented to Vodafone in our management letter

Objectives and commitments

Progress against 2004/05 commitments

We set commitments every year to improve our CR performance. We have fully achieved 16 of our 21 commitments for 2004/05 and partially achieved the remaining five (see below).

Deloitte & Touche LLP has reviewed progress against the commitments we made in 2003/04 (see statement on page 30). A full description of the criteria used to review progress is available on www.vodafone.com/responsibility/assurance.

Our commitments take into account issues raised by our stakeholders and respond to their feedback. We will review our commitments to reflect new issues that may arise in the future and ensure we meet our stakeholders' expectations.

✓ Achieved ✗ Not fully achieved

Issue	We said	We have	Progress
Mobile phones, masts and health	Ensure every one of our operating companies will make available up-to-date information regarding radio frequency (RF) field strength values from locations that have been selected by an independent body, such as local or national government.	Fourteen operating companies provide RF field strengths from locations selected by independent body. Two operating companies have not yet achieved this: Hungary will start to make the information available in July 2005 through an independent organisation; and Japan is undertaking a trial (see page 10).	✓
	Ensure that relevant, clear and concise information about RF and health-related issues is available to all stakeholders including customers and local communities.	All operating companies provide information to various stakeholders through different mechanisms including leaflets in retail outlets, brochures, websites and face-to-face communications.	✓
Network rollout	Complete the development of Vodafone Group guidelines on responsible network development.	Guidelines and a policy on responsible network rollout were developed and approved (see page 12).	✓
Responsible use and content	Assess compliance with our Content Standards.	We commissioned an independent external evaluation of 13 operating companies to assess the implementation of our Content Standards (see page 14).	✓
Products with high social value	Establish a new team within Group Marketing to focus on social products and services.	We established a new Social Products and Enterprise Team within the Group Marketing department in June 2004 (see page 16).	✓
	Develop a social products and services roadmap that will ensure Vodafone delivers best-in-class products and services Group-wide.	A social roadmap was developed identifying key areas of work for the next 18 months (see page 16).	✓
	Review our current core global products and services against recognised accessibility standards.	We commissioned an accessibility review of five handset models, and voice and text services (see page 16).	✓
Responsible marketing	Implement responsible marketing guidelines across the business.	Guidelines were distributed to operating companies and marketing agencies. Marketing agency JWT found that eight operating companies out of the 11 surveyed now use the guidelines (see page 18).	✗ 80%
	Assess marketing and advertising practices against the responsible marketing guidelines.	Our operating companies have created review teams and started to assess advertising material quarterly against the RM Guidelines (see page 18).	✗ 80%
	At Group level and in each operating company, develop a major responsible marketing communications initiative for the benefit of customers.	Campaigns focused on issues that matter to our customers were launched in nine operating companies. Additional operating companies published leaflets about CR issues in retail outlets. No initiative was launched at Group level (see page 19).	✗ 80%

Issue	We said	We have	Progress
Reuse and recycling of mobile phones	Pilot a programme to support reuse and recycling of mobile phones in one developing country.	Vodafone Egypt established a return programme in March 2005 (see page 20).	
Environmental impacts of our companies	Reuse and/or recycle 90% of network equipment waste.	96% of network equipment waste was reused or recycled (see page 23).	
Supply chain	<p>Ensure our top 25 global suppliers complete Vodafone's self-assessment questionnaire to determine compliance with our Code of Ethical Purchasing (CEP).</p> <p>Complete assessments of five of the top 25 global suppliers against our CEP.</p> <p>Ensure the top three suppliers to each of our operating companies complete Vodafone's self-assessment questionnaire to determine compliance with our CEP.</p>	<p>Our top 25 global suppliers completed self-assessment questionnaires (see page 24).</p> <p>Assessments of five of our top 25 suppliers were completed during 2004 (see page 25).</p> <p>47 suppliers to operating companies completed self-assessment questionnaires (just falling short of our target of 48) (see page 24).</p>	   80%
Employees	<p>Measure the understanding of Vodafone's Business Principles among our employees and assess the effectiveness of the assurance process.</p> <p>Ensure an enhanced appreciation among our employees of World Around Us (WAU) issues as they relate to Vodafone's business.</p> <p>Implement a job-posting tool on our global intranet for use by all our operating companies.</p> <p>Introduce three further health and safety standards.</p> <p>Deliver a 'Pride in Vodafone' score (from the Employee Survey) that will at least equal the high performance norm of the 'World's Most Admired Companies' survey by March 2007.</p> <p>Achieve a 10% reduction in work-related accidents causing lost time by March 2007.</p>	<p>We measured awareness and understanding of our Business Principles through our employee survey. An e-learning training course on the Business Principles is being piloted by Vodafone UK (see page 27).</p> <p>An internal version of the CR report and a back pocket guide about radio frequency fields and health was distributed to all employees. Our employee survey showed that 61% of our employees say "they live the Passion for the world around us" and 76% rated Vodafone as good citizen, an increase of 7% from the last survey (see pages 7 and 26).</p> <p>A global job-posting tool available to all operating companies was launched during the year (see page 26).</p> <p>We launched global standards on health and safety planning, risk assessment, radio frequency fields and accident investigation. The last two were reinforced as company policies (see page 26).</p> <p>Target achieved two years early: 76% of employees said they were proud to work for Vodafone, equalling to the high performance norm of the 'World's Most Admired Companies' survey (see page 26).</p> <p>Target achieved two years early: a 14% reduction in work-related accidents causing lost time was achieved in 2004/05 (see page 26).</p>	 60%     

Issue	We will	Deadline
Mobile phones, masts and health	Directly engage with the public, customers, key opinion formers and employees on mobile phones, masts and health.	March 2006
	Provide advice to customers who wish to reduce exposure to RF fields from their handsets.	March 2006
Responsible use and content	Assess compliance with our anti-spam policy and review how easy it is for customers to report spam in all operating companies.	March 2006
	Issue a policy on premium rate subscription services and recommend an industry-wide code of practice to combat abuse.	March 2006
	Develop and make available a global mobile internet filtering solution to all markets.	March 2007
	Implement access control solutions which prevent inappropriate access to adult content and services.	March 2007
Products with high social value	Reduce the level of preventable exclusion by 33% ¹ .	March 2010
	Introduce three significant products with features that reduce exclusion.	March 2008
Responsible marketing	Launch two major initiatives that provide clearer and easier-to-understand costs for our customers.	March 2006
	Be a recognised leader in responsible marketing.	March 2007
Reuse and recycling of mobile phones	Have return schemes in all of our operating companies.	March 2007
	Support development of programmes in at least three developing countries to repair, reuse and recycle mobile phones.	March 2007
	Increase the number of phones collected for reuse and recycling by 50%.	March 2007
Environmental impacts	Send for reuse and recycling 95% of network equipment waste during the year from April 2005 to March 2006.	March 2006
	Develop and report against Group-wide quantitative targets for network energy efficiency and related carbon dioxide emissions.	March 2007
	Develop local methodologies for assessing visual impact of masts/base stations.	March 2007
Supply chain	Complete 10 site evaluations of global suppliers (identified on basis of risk) ² .	March 2006
	Complete a CR evaluation with five suppliers in each operating company.	March 2006
	Work with other major ICT companies to develop a common approach to supplier assessments.	March 2007
Employees	Reduce work-related accidents resulting in lost time by a further 10% by 2008 (from the 2004/05 baseline).	March 2008
	Continue to deliver a 'Pride in Vodafone' score (from the Employee Survey) that will at least equal the high performance norm of the 'World's Most Admired Companies' survey.	March 2007

¹ Preventable exclusion – % of population over the age of 16 that are excluded from using mobile phones as a result of audio, visual, dexterity or cognitive functioning issues and could be included through adapted products or inclusive design.

² This essentially replaces the existing three-year target, 'have conducted assessments of our top 25 global suppliers', with 'have conducted site evaluations of 25 of our global suppliers (identified on the basis of risk)'.

Performance and data summary

	2004/05	2003/04	2002/03
Financial			
Group turnover (£m)	34,133	33,559	30,375
Total group operating profit (before goodwill amortisation and exceptional items) (£m)	10,904	10,749	9,181
Market capitalisation as at 31 March (£bn)	90.8	87.0	77.0
Registered proportionate customers (thousands)	154,838	133,421	119,709
% pre-paid customers	61	56	53
Network infrastructure additions (£m)	3,250	3,299	3,363
Revenue distribution			
Suppliers (£m)	23,417	22,967	22,247
Employees (£m)	2,164	2,230	2,257
Shareholders returns (£m)	6,118	2,390	1,143
Lenders (£m)	336	-31	475
Tax Authorities (corporation taxes and social security only) (£m)	1,859	1,416	1,082
Retained for growth (£m)	1,862	6,252	4,218
Employment			
Total number of employees*	57,378	60,109	66,667
Number of employees in non-mobile business*	3,918	7,111	14,832
Employee turnover rates (%)	12.2	10.3	9.8
Number of lost-time accidents	163	190	176
Number of women in the top senior management roles	31 out of 238	23 out of 215	N/A
Number of nationalities in the top senior management roles	23 out of 238	22 out of 225	N/A
Number of employees participating in share ownership schemes	56,000	48,000	50,000
Social investment			
Number of operating companies that have a local foundation	13	13	9
Total contributions to social projects (£m)	34.6	23.0	14.8
Number of foundations that measure the effectiveness of their programmes	12	9	N/A
Environment			
Number of base stations	97,787	90,000	73,000
Number of mobile phones collected (million)	1.27	1.29	1.14
Proportion of mobile phones reused (%)	37	18	20
CO ₂ emissions from network operations and offices (millions of tonnes) (direct and indirect)	1.2	1.1	1.0
CO ₂ emissions from company vehicles (tonnes)	56,000	49,000	58,000
Proportion of network equipment waste reused and recycled (%)	96	86	76
Paper purchased with a recycled content greater than 70% (%)	50	31	23

*The Group sold its interest in Japan Telecom during the 2003/04 financial year and 2,272 employees were transferred during 2004/05

GRI core performance indicators reported by Vodafone (through CR Report, Annual Report and website)

	Economic	Environment	Labour practices	Human rights	Society	Product responsibility
Fully reported	1, 3, 7	5, 14, 15, 16	11	1, 2, 3, 4	1	1, 3
Partially reported	2, 4, 5, 6, 8, 10	3, 8, 9, 11	1, 7, 10	5, 6, 7	2, 3	2
Non reported	9	1,2,4,6,7,10,12,13	2, 3, 4, 5, 6, 8, 9	–	–	–

More information, see www.vodafone.com/responsibility/gri

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You said

"I want to know where I can go to recycle my mobile phone"

You said

"I don't believe the information contained in CR reports"



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