

# Vodafone Spain Integrated Annual Report



2014-15

**Vodafone**  
Power to you





La Potencia de Estar Juntos  
**¡Bienvenidos!**



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## Vodafone Spain Annual Financial Statements 2014-15

### Vodafone España, S.A.U. 2014-15

### Grupo Corporativo Ono, S.A.U and Subsidiaries 2014

Meaning of symbols included in this report:



This icon refers to information that is on the Internet.



This icon refers to additional information on our website: [www.vodafone.es](http://www.vodafone.es)



This icon refers to supplementary information in the Report.

## Letter from the Chairman



Francisco Román

Once again this year, I am delighted to introduce Vodafone Spain's Integrated Annual Report, which outlines up our company's key financial and non-financial information for the financial year 2014-15 (1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015).

This year represents a major milestone in our company's history, because on 23<sup>rd</sup> July 2014 Vodafone Spain formalized the takeover of Grupo Corporativo Ono S.A.U. and its subsidiaries. The takeover has enabled us to speed up our total communications strategy, by combining the assets and capacities of two organizations that are experts in 4G and in ultra high-speed fixed broadband, respectively. That is why this Report includes information and figures about both organizations.

This year we have stepped up our efforts in terms of ultra high-speed broadband network investment, despite the tough context of the last few years, thus contributing to boost GDP while also helping businesses, local authorities and organizations of all types to be far more efficient and effective, whatever they do, and making other sectors more productive and competitive.

In this context, we remain committed to applying the idea of responsible or sustainable innovation, and in doing so intend to leverage the potential of our technology, products and services to create more sustainable societies both globally and locally. Insofar as Vodafone forms part of the strategic sector in which it operates, we play an important role in our country's sustainable economic growth, this being taken to mean growth that includes social progress and environmental protection.

During financial year 2014-15, our company's direct economic contribution amounted to €5.63 billion, while the indirect economic contribution triggered by the activities performed by our value chain contributed another €1.08 billion.

From a social perspective, Vodafone's and its value chain's activities have provided direct and indirect employment to 36,088 people. On another note, with the aim of contributing to Spain's social development, we have boosted the development of telecommunications products and services that foster accessible, barrier-free communication, to help improve people's quality of life, in particular people with special needs. In this respect, the Vodafone Spain Foundation is another of our resources for furthering our commitment to society, and during 2014-15 it allocated €4.6 million to innovation and social projects.

Furthermore, we are mindful of our responsibility in terms of environmental protection and combating climate change. For that same reason, not only do we strive work to make our network, offices and stores more energy efficient, but we also bring out products and services that help other sectors to cut their own greenhouse gas emissions. Through all these different courses of action, this financial year our contribution environmental led to an direct and indirect reduction of 84,582 Tn of CO<sub>2</sub>.

Last but not least, I would like stress that the milestone that this financial year has represented in our company's history means that we are far better placed to tackle the major challenges that our sector and society in general alike now face. That is why I am sure that, with the combined efforts of our value chain's organizations, we will encourage the modernization of the business sectors and, in doing so, contribute to Spain's digital conversion.

I sincerely hope that you will find this Report interesting.

Francisco Román  
Chairman

## Letter from the CEO



António Coimbra

Financial year 2014-15 saw us achieve a wide range of goals in pursuing our business strategy, the highlight having been Vodafone Spain's takeover of the Ono Corporate Group and its subsidiaries.

The telecommunications industry needs strong companies capable of generating economies of scale and providing a suite of products and services tailored to customer's new expectations, centre stage going to ultra high-speed broadband-based converged solutions.

The Ono takeover not only represents a watershed for Vodafone, but also for Spain's very telecommunications industry. For the first time ever, an operator can start, with certain guarantees, to compete with the incumbent in a market as strategic as ultra high-speed broadband.

Buying Ono has turned us into a leading provider of next generation total communications, capable of offering convergent mobile, fixed, fibre and TV products and services, and made us far stronger to attain our strategic goals.

These goals include being a leading company in total communications, providing the best service with the best customer experience at all points of contact, being the most efficient and flexible company on the market, and the most admired.

To achieve these goals, we have stepped up the level of investment of previous years, and this financial year topped the €1.11 billion mark. Some of these initiatives fall under the Spring investment programme that Vodafone Group announced in autumn 2013 to speed up the roll-out of next generation networks and enhance customer experience. As part of this project, Vodafone promised to invest a further €650 million in two years to keep on speeding up the implementation of our business strategy.

This year has also witnessed a huge upturn in the rollout of telecommunication infrastructures that provide very high transmission speeds, both in next generation fixed networks and 4G mobile networks on LTE technology.

All these courses of action are designed to raise the level of satisfaction and trust of our customers, as the focus and obsession of our work. We want to go beyond their expectations, offering them ground-breaking, competitive products, and an unbeatable service. That is why the facelift plan outlined in our business strategy is underpinned by three pillars of differentiation:


- "Always On". Our telecommunications network is the linchpin of all our business activities. Both fixed and mobile ultra high-speed broadband networks are crucial for achieving this transformation, which is why by 31<sup>st</sup> March 2015, we had already rolled out 4G coverage in 1,278 cities and towns, which account for 75% of the Spanish population. And following the Ono takeover, we have now connected 8.4 million building units with fibre.
- "Worry-Free Solutions". We want to give our customers comprehensive solutions tailored to their specific needs, and that is why we keep on striving to offer convergent products and services, with the clearest and easiest prices and rates.
- Offer the best "Customer Experience". Customer satisfaction depends on their perceiving excellence whenever they come into contact with our company, including all the different channels we provide: in-store face-to-face, online and self-care. One highlight in this regard was the setting up of the "Red Team" programme, to serve as the Vodafone brand ambassadors.

We are in the midst of a veritable technological revolution, and being part of it is a must if we are to enhance our customers' lives and help them to always be connected through our telecommunications solutions, as well as helping organizations to be more efficient, optimize their resources and attain efficiencies with solutions that bolster their own activities.

We hope that this Integrated Annual Report meets your expectations in outlining the activities we perform to implement our business strategy. In this regard, we encourage you and ask you to share their opinions with us, in order to keep on improving with your help.

António Coimbra  
Chief Executive Officer

## Scope of the Report

This Integrated Annual Report addresses the Strategic, Management and Corporate Governance aspects of all the Spain-based Vodafone Group companies during financial year 2014-15 (1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015), and sums up its most significant financial and non-financial information in accordance with the pertinent Materiality Analysis. 

### (GRI:G4-23)

On 23<sup>rd</sup> July 2014, Vodafone España S.A.U. ("Vodafone Spain") completed its purchase of Grupo Corporativo Ono S.A.U. and its subsidiaries ("Ono"). As a result, and so as to include Ono's information and figures in this Report, the following criteria must be borne in mind:

1. Ono's financial information has been consolidated since 23<sup>rd</sup> July 2014 (date of takeover by Vodafone Spain). Accordingly, the **consolidated financial information** includes the information for Vodafone Spain's financial year (1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015), as well as Ono's information since the aforementioned takeover date. As for the **financial information that is presented separately**, each company's reporting period is 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015, which is Vodafone Spain's financial year, and has been prepared for this purpose for Ono because its financial year runs from 1<sup>st</sup> January to 31<sup>st</sup> December.
2. The **non-financial information** refers to Vodafone Spain and Ono, while the general information is reported together (in this respect, all references made from now on in the Report to Vodafone must be construed as being made to Vodafone Spain and Ono). Furthermore, to facilitate appropriate comparisons with previous years, some of this financial year's non-financial information about Vodafone Spain and Ono is disclosed separately. In both cases, Ono's non-financial information is reported in line with Vodafone Spain's financial year (1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015).
3. The **annual financial statements** included in a separate document have been audited externally and therefore refer to each company's financial years (**GRI: G4-17**):
  - Vodafone España, S.A.U.: 1<sup>st</sup> April 2014 - 31<sup>st</sup> March 2015.
  - Grupo Corporativo Ono S.A.U. and its subsidiaries (Ono): 1<sup>st</sup> January 2014 to 31<sup>st</sup> December 2014.

For further non-financial information, visit our web [www.vodafone.es/sostenibilidad](http://www.vodafone.es/sostenibilidad)

## Report Criteria

The following international guidelines and standards have been taken into account in drafting the Report, both in terms of the scope of its content and in terms of the definition and quality of the information:

- The framework defined by the International Integrated Reporting Council in its "<IR> Framework".
- The general guidelines laid down by Global Reporting Initiative (GRI) in its G4 guide.
- The principles of the AccountAbility Standard AA1000APS.
- The 10 Principles established in the United Nations Global Compact.



Compliance with the requirements regarding the principles, content and indicators of the GRI G4 guidelines and the AccountAbility Standard AA1000APS have been assured by an independent auditing firm (EY).



The Independent Assurance Report, the GRI disclosures and the table of progress in compliance with the United Nations Global Compact's ten principles, are available for consultation in the Appendices of this report, under the section: "Report Preparation and Review".

For this report, Vodafone has chosen the **Comprehensive "In accordance"** option according to the GRI G4 guidelines for Material Aspect-related content. This option has been subsequently submitted to external review by EY. Finally, the report has undergone the "GRI Material Content Review" process (page 115) conducted on the General Standard Disclosures of the GRI G4 Guidelines, which are identified with the pertinent numbers throughout the applicable sections of the Report.

This Integrated Annual Report has been approved by the Steering Committee.



For further information, read Chapter 7: "Report Preparation and Review"

**Vodafone Spain  
in 2014-15**

**1**



## Main Indicators

### Economic Contribution

**2014-15**

Total Revenue (€ mn) (*)	4,679
Service Revenue (€ mn) (*)	4,303
EBITDA Margin (%) (*)	21.4%
Investments (€ mn) (*)	1,110
Nº of mobile telephony customers (000's)	14,179
Nº of 4G Customers (000's)	2,906
Nº of Fixed Broadband Customers (000's)	2,810
Nº of Fibre Customers (000's)	1,752
Purchases of Products, Services, PPE and Intangible Fixed Assets (€ mn)	4,878
Local supplier procurement (%)	88%
Direct Economic Contribution to People (€ mn)	369
Direct Economic Contribution to Enterprises (€ mn)	4,898
Direct Economic Contribution to Public Authorities (€ mn)	370

### Social Contribution

**2014-15**
**Vodafone Spain    Ono**

Employees (Nº)	3,723	2,425 (**)
Direct and indirect jobs (FTE's)	36,088 (***)	N.A.
Open-ended contracts (%)	98.8%	100% (**)
Female employees (%)	44.3%	38% (**)
Women in managerial posts (%)	32.3%	33% (**)
Hours' training/employee (Nº)	23.5	18.2
Employee Satisfaction Level	86	83
Absenteeism Rate	1.92	2.16
Amount Invested by the Vodafone Spain Foundation (€ mn)	4.6	N.A.
Senior Citizens trained to use ICT	> 33,000	N.A.
Amount raised for NGOs through Solidarity SMS (€000's)	>540	N.A.

### Environmental Contribution

**2014-15**
**Vodafone Spain    Ono**

M2M-enabled SIM cards (000's)	>750	N.A.
Energy consumed (MWh)	413,244	183,671
Change in energy consumption per network element with respect to 2006-07 (%)	-33.1%	N.A.
Handsets collected for reutilization and recycling (000's)	125	N.A.

(\*) According to the Scope of the Report (see pg. 6). Ono's financial figures are reported for 23<sup>rd</sup> July 2014 to 31<sup>st</sup> March 2015.

(\*\*) Figure as at 31.12.2014 in accordance with the initial correspondence of Vodafone Spain and Ono jobs.

(\*\*\*) Aggregated figure for Vodafone Spain and Ono.

N.B.: To ensure that each indicator can be compared properly to previous years, detailed comparisons are given in the respective Chapters of the Report.



## Vodafone Group

Vodafone Spain is part of the Vodafone Group, one of the largest telecommunications companies in the world by revenue, and provides voice, messaging and data services, offering mobile services in 28 countries, with agreements in another 54, and fixed broadband services in 17 countries.



## Vodafone Group

### Figures as at 31<sup>st</sup> March 2015

	2014-15
Total Revenue (£ mn)	42,227
Service Revenue (£ mn)	38,497
EBITDA (£ mn)	11,915
Free cash flow (£ mn)	1,088
Adjusted EPS (pence)	5.55
N <sup>o</sup> proportionate mobile telephony customers (million)	446
N <sup>o</sup> customers 4G (million)	20.2
N <sup>o</sup> fixed broadband customers (million)	12.0
N <sup>o</sup> building units with fibre (million)	28
N <sup>o</sup> employees	101,443



## Key Milestones and Launches

**April 2014**

Vodafone Spain unveils "**Discover Graduate Programme**", a young talent programme for recruiting new university graduates.



**May 2014**

Vodafone Spain adds a **loyalty card** feature to its "**Vodafone Wallet**", app, so these type of cards can be debited directly.



**July 2014**

The Vodafone Spain **web** ([www.vodafone.es](http://www.vodafone.es)) has its **accessibility certificate renewed** for most users, including disabled people and senior citizens.

**July 2014**

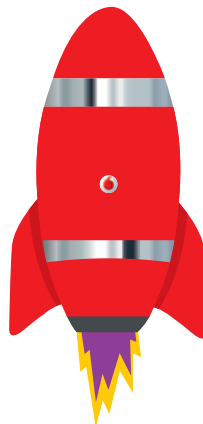
Vodafone Spain **completes the takeover of Ono Corporate Group**. The takeover enables the company us to speed up its total communications strategy, by combining the assets and capacities of two organizations that are experts in 4G and in ultra high-speed fixed broadband, respectively.



**Vodafone and Orange** redefine the scope of their **fibre deployment agreement** for Spain, with both companies guaranteeing each other access and use of their respective infrastructures.

**August 2014**

Vodafone Spain and Ono launch their **first cross-offering** of products and services.

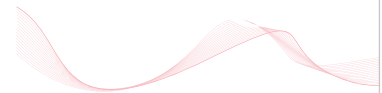


**September 2014**

Vodafone announces it is **deploying "VoLTE"**, technology into its network to facilitate multimedia communication and real-time collaboration.

Vodafone signs an **agreement with the Andalusia Regional Government** under which it is to invest €243 million to encourage the innovation and use of ICTs in Andalusia.

Vodafone announces that its customers now enjoy **4G coverage** in 25 countries, 16 of which are in Europe.



Vodafone announces an **ultra high-speed broadband pilot** designed for enterprise customers, that automatically combines the advantages of Mobile and Fixed Broadband.

## October 2014

Vodafone **announces the launch of 4G+**, which permits download speeds of up to 300 Mbps, in the cities de Madrid, Barcelona and Valencia, and its gradual rollout in other cities.

# 4G+

Vodafone announces that it has updated its entire **3G and HSPA+** network throughout Spain with **HD (high definition) voice technology**, which reduces background noise and so lets its customers enjoy clearer, crisper-sounding calls.

Vodafone launches the **"Share your Data"** service to optimize tariff usage in customers' accounts with various lines.

## November 2014

Vodafone renews the **Universal Accessibility certificate** for its **own stores**.



## January 2015

The Spanish Red Cross and Vodafone Spain announce the launch of **"Red Cross Mobile Telecare with Vodafone Smartphone"**.



## February 2015

Vodafone points of sale start selling Ono fibre.



**Vodafone Spain and Ono** are awarded their **first joint contract** by San Fernando City Council.

## March 2015

**Ono's mobile customers migrate to the Vodafone network.**

Vodafone announces **Call+**, a pioneering service that enriches customers' calling experience, allowing them to share pictures, contacts, maps and even videos in real time.

# Call+

## March 2015

Vodafone announces the launch of **"Secure Net"**, which protects mobile devices from downloading harmful apps and unsafe web pages.



Vodafone unveils **"Vodafone Instant Classroom"**, the digital school in a box that can be set up in just a few minutes to give children and teenagers the opportunity to continue their education in refugee camps.



Vodafone presents **"Vodafone Connected City"**, a platform devised to give public administration customers "smart" services that ensure that cities are managed efficiently and more inhabitable.

## Our Organization



**Chairman**  
**Francisco Román**



**Chief Executive Officer**  
**António Coimbra**



**Enterprise Business Unit**  
**Andrés Vicente**



**Residential Business Unit**  
**Oscar Vilda**



**Ono Residential Business Unit**  
**Patricia Ferruz**



**Chief Financial Officer**  
**Miguel Orúe-Echebarría**



**Chief Technology Officer**  
**Babak Fouladi**



**Business Operations Unit**  
**Paulo Neves**



**Human Resources and Property**  
**Bettina Karsch**



**Legal, Regulation and Corporate Security**  
**Pedro Peña**



**Integration**  
**Denise D'Elia**



**Strategy**  
**Rafael Miranda**



**Corporate Communication and Sustainability**  
**José Romero**

The organization displayed is the structure that existed at end of financial year 2014-15.



Chapter 6: "Ethics and Corporate Governance" provides detailed information on the Corporate Governance Bodies and Mechanisms.

## Our Business

There is no question that this year's highlight has been the completion of Vodafone Spain's takeover of Ono Corporate Group and its subsidiaries, which now lets us offer convergent mobile, fixed, fibre and TV products and services.



First operator to launch the **4G** service

## Experts in High Speed

Ono

First operator to roll out **fibre** networks

More than **50,000** network elements deployed throughout the country



More than **7,000** network elements with 4G Technology



**4G+**

services are available in Madrid, Barcelona, Valencia, Seville, Bilbao, Malaga, Zaragoza and La Coruña

4G services available in **1,278** towns and cities



**32** Own retail outlets

**286** franchises

## Enterprise Business Unit

The Enterprise Business Unit provides services to Enterprises and Public Administrations, offering the best convergent experience based on:

- **State-of-the-art solutions** to meet all their communication needs.
- A **convergent communications network** that optimizes our customers' business.
- The development of a competitive **convergent fixed and mobile offering** targeted at Administrations and Enterprises.
- A **personalized service** that is tailored to each customer's needs.

Our product portfolio is flexible, innovative and devised to adapt to each customer's specific needs, enabling us offer the best service experience and best connectivity, helping them to stand out from their competitors and lead the field, whichever the sector in which they operate.



**8.4 million**  
building units with fibre

**66,618 km**  
of fibre rolled out

More than  
**2,000**  
million GB of data  
carried (by mobile and fixed)

## Residential Business Unit

The Residential Business Unit provides our customers total communications products and services:

- Offering **high-speed solutions at and away from home** (with mobile, fibre and fixed, all in one product).
- With **fixed and mobile rates tailored to each customer's needs** in terms of their talk and surf usage.
- Providing **differential content built into rates**, so that customers can enjoy the best entertainment wherever they are.

More than  
**36,000**  
million

minutes of mobile calls

**11,000**  
million

minutes of fixed calls



## Ono Residential Business Unit

The Ono Residential Business Unit offers bundled services, dovetailing its bespoke solutions to each customer's needs and in particular in their homes:

- **The fastest broadband** in Spain that lets users surf the Internet at real speeds via its fibre network.
- More than **one million WIFI hotspots** distributed throughout the fibre network.
- A **TV strategy underpinned by TiVo®**, the smart TV that tailors the suggestions and recommendations it makes to each customer's tastes.

**219**

destinations in the world  
with 2G/3G roaming  
agreements

**790,000**

customers subscribed to  
the TV service



**52**

destinations in the world  
with 4G roaming agreements



**60%**

of TV customers  
subscribed to TiVo®

## Achievement of Goals 2014-15

Types	Goals for 2014-2015	Achievement	Pg. Report
<b>Economic Contribution</b>	Offer the best fixed and mobile connectivity. March 2015	100%	53-54
	Be a benchmark in the converging home. March 2016	Underway	10-11,13-15
	Set ourselves apart in customer experience. March 2015	100%	45-47
	Tailor our range of services to customers' actual needs, supplementing it with additional services. March 2015	100%	51-52
	In Subscription Services, keep moving forward in the information provided to our Customers. March 2015	100%	53
	Take action to further engage our suppliers in Health and Safety issues. March 2015	100%	60
	3 point improvement in the NPS of screened suppliers. March 2015	100%	60
<b>Social Contribution</b>	Develop services intended for dependent people. March 2015	100%	75-77
	Launch new proposals and solutions of Social Products and Services intended for Senior citizens. March 2015	100%	75-76
	Build accessibility criteria into all the newly-opened or revamped Vodafone stores. March 2015	100%	76
	Stop offering adult content on Vodafone mobile portals (My Web, Vodafone Live!). March 2015	100%	80
	Actively support and contribute to the "Mobile for Good" scheme through the transfer of at least one good practice with other Vodafone group companies. Develop Accessible ICT solutions that improve the quality of life of the members of more than 50 Non-Profit Organisations and with over 500 sponsors in such organizations. March 2015	100%	82-84
	Keep on developing and promoting "Mobile for Good" applications, ensuring a library of at least 30 applications and increasing total downloads by more than 500,000. March 2015	100%	82
	Help at least 25,000 people (senior citizens and disabled people) to learn how to use new technologies, making a total of 100,000-plus people trained in the Vodafone Spain Foundation schemes. March 2015	100%	82
	Implement the "10 initiatives 10" scheme to raise the score achieved in the 2013 employee survey associated to "Speed, Simplicity Trust" by 10 points. March 2015	100%	63-64
	Be identified as one of the best companies to work for. March 2015	100%	62-63
Continue with the policy of hiring and integrating people with disabilities. March 2015	100%	67	
<b>Environmental Contribution</b>	Reduce network energy consumption per network element by 50% by year 2020, with respect to 2006-07. March 2020	Underway	88-89
	Reduce office energy consumption after bringing the main offices together under a single roof. March 2015	100%	90
	Obtain LEED Certification for the new head office. March 2015	80%	90



## Next Goals

Types	Next Goals	Date
<b>Economic Contribution</b>	Offer the best fixed and mobile connectivity.	Ongoing
	Be a benchmark in the converging home.	March 2016
	Boost customer experience differentiation.	March 2016
	Improve the Subscription Services information available in the different corporate media and enhance the information that customers are given about the services they have contracted.	March 2016
	Add Smart solutions to the "Vodafone Connected City" platform to offer services to cities.	March 2016
	Ensure all high risk suppliers have current Health and Safety Plans.	March 2016
<b>Social Contribution</b>	Equip our own stores with systems that make it easier to communicate with our customers who have a hearing disability.	March 2016
	Gives the sales network staff training on how to attend to disabled people.	March 2016
	Develop new tools and educational materials to encourage safe and responsible use of ICTs by minors.	March 2016
	Help elderly people to learn how to use new technologies, with schemes that benefit at least 40,000 senior citizens.	March 2016
	Contribute with accessible ICT solutions –platforms and apps- that improve disabled people's quality of life, that benefit more than 30,000 people.	March 2016
	Bring the former Ono employee job performance assessment processes in line with Vodafone Spain's processes.	March 2016
	As part of Ono's takeover by Vodafone Spain, and now that both organizations' Collective Bargaining Agreements are about to expire, make headway in the process of harmonizing working conditions.	March 2017
	Contribute to the fight against gender violence, organizing actions to advertise both the Ministry of Health, Social Services and Equality's campaigns and our own initiatives, encouraging and promoting awareness in this area.	March 2016
<b>Environmental Contribution</b>	Reduce network energy consumption per network element by 50% by year 2020, with respect to 2006-07.	March 2020
	Obtain LEED certification for the head office	March 2016



# Industry Analysis

## State of the Sector

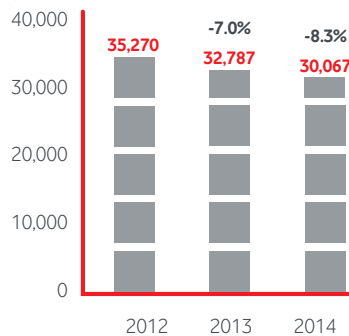
### Revenues and Employment

The sector's total revenues followed the same downward trend as in previous years and in 2014 fell 8.3% in y-o-y terms to €30.07 billion, mainly due to:

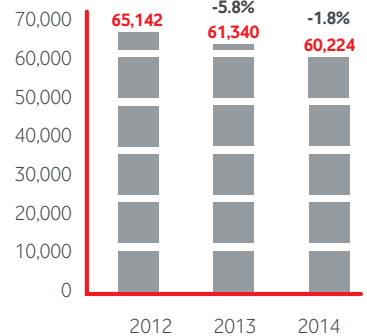
- The slump in usage triggered by the economic context
- The lowering of regulated interconnection and roaming prices
- The price cut prompted by stiffer competition and the fast uptake of bundled services.

The fall in Revenue came hand-in-hand with a 1.8% cutback in jobs in the sector, which employed a total of 60,224 people at the end of 2014, the smallest figure of the historic series published by the CNMC<sup>1</sup>.

Change in Total Revenue (€ million)



Change in Sector Employment

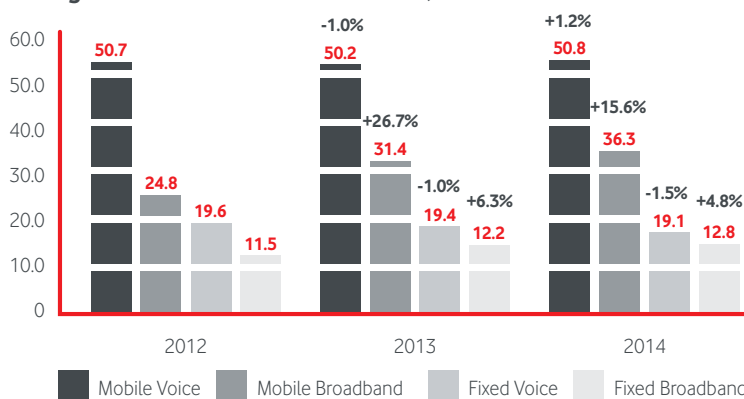


### Line numbers

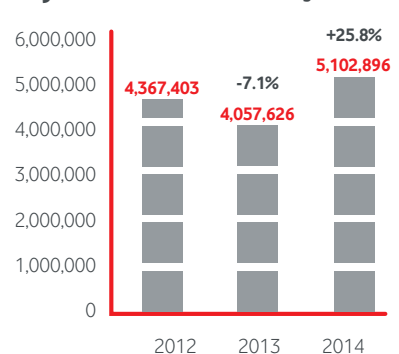
In 2014, the number of **Fixed Voice** (19.1 million) fell slightly (by 1.5%), while in mobile communications the 2013 trend changed and **Mobile Voice** lines ended 1.2% higher than at the end of 2013, at 50.8 million.

As for Broadband, the number of **Mobile Broadband** lines jumped 15.6% to 36.3 million, as more and more smartphones came on the market; and the number of **Fixed Broadband** lines rose 4.8% to 12.8 million lines at the end of 2014. Ultra high-speed broadband connections (30 Mbps or faster), a league in which Vodafone is second to none, account for 3 million of these lines, 64.5% more than in December 2013, and represented 23.4% of all fixed broadband lines.

Change in Voice Lines and Broadband, Fixed and Mobile (million)



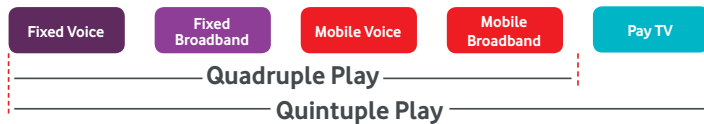
Pay TV Subscribers (including mobile TV)



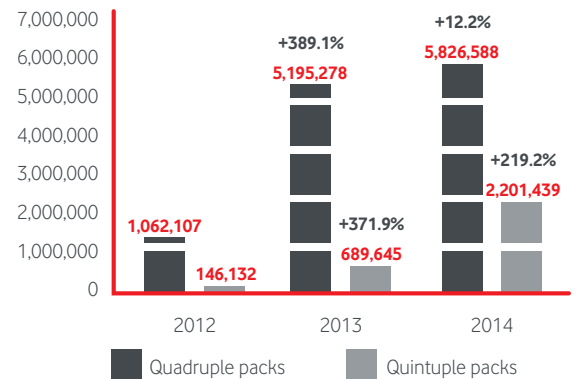
Moving onto audiovisual services, the number of **pay TV** subscribers topped the 5.1 million mark in 2014, ending 25.8% higher than the previous year.

<sup>1</sup> Source: The 2012 and 2013 figures have been drawn from the 2013 Annual Report, the last report published by the CNMC. The 2014 figures have been drawn from the CNMC report for the 4<sup>th</sup> Quarter of 2014. N.B: this same source applies to all the information and figures given in the different sections of Revenues and Employment, Line Trends, Infrastructure and Competition of this Chapter of the Report.

Nowadays, more and more customers are subscribing to bundles of different services. That's why 2.2 million people subscribed to **quintuple packs** (five services - Fixed Voice + Fixed Broadband + Mobile Voice + Mobile Broadband + Pay TV) in 2014, as compared to only 0.7 million the previous year, having soared 219%, and 5.8 million people subscribed to **quadruple packs** (Fixed Voice + Fixed Broadband + Mobile Voice + Mobile Broadband) in 2014, 12% more than the previous year.



### Quadruple and quintuple packs



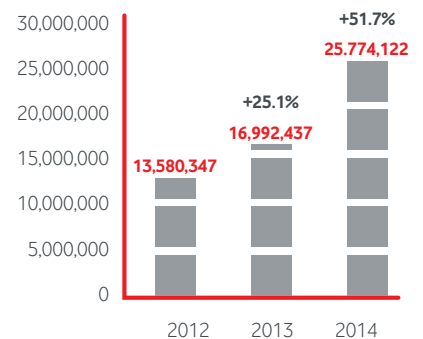
### Infrastructure

Financial year 2014 has marked by a significant increase in the rolling out of infrastructure that provide very high transmission speeds, including:

- **4G Mobile Networks** on LTE (Long Term Evolution) technology, and at the end of 2014 Vodafone provided more coverage than any other operator on the market.
- **NGA (New Generation Access) Fixed Networks** which have kept on growing to total 25.8 million building units at the end of 2014 (51.7% more than the previous year), driven especially by FTTH accesses, which amounted to 15 million, 2.5 times more than the previous year. The other 10.8 million NGA accesses use HFC (Hybrid Fibre Coaxial) and FTTN (Fibre to the Node) technology.

On another note, the Regulatory Authority had to intervene in order settle the complaint that Orange and Vodafone filed against Telefónica, who was accused by the complainants of demanding an unfair price for sharing its vertical infrastructure, as required by regulations. In a resolution issued on 18th June 2014, the CNMC settled the conflict by substantially lowering the price to a more reasonable level, albeit still higher than the incumbent's costs.

### NGA Accesses installed (building units)



### Competition

The trend of previous financial years stayed unchanged in 2014-15, with **ever-stiffer competition** in the mobile and fixed electronic communications markets, particularly so in fixed-mobile convergent offerings, with bundled audiovisual content increasingly taking centre stage.

At the same time, the **consolidation trend** rife European Union's electronic communications markets has been echoed in Spain. In July 2014 the European Commission unconditionally rubber-stamped Vodafone Spain's takeover of Ono, and in October that year Orange notified the European Commission of its acquisition of Jazztel in Spain.

The last highlight was Telefónica's purchase of DTS, a PRISA group subsidiary that exploits audiovisual content. The transaction was approved by the Spanish regulator on 23<sup>rd</sup> April 2015 with commitments subject to monitoring, mainly Telefónica's commitment to give other pay-TV operators access to a wholesale offering of premium channels: channels with exclusive premiere content from the Majors (Sony, Fox, Warner, Paramount Picture, etc) or live sporting events such as the First Division Football League, The King's Cup (Football), Champions Football League, Europa League Football, World Football Championship, World Basketball Championship, Formula 1, Moto GP and the Olympic Games.

## New legislation in Spain and Europe

### The Telecommunications Bill

The General Telecommunications Act 9/2014, enacted on 9<sup>th</sup> May, laid down new electronic communications regulations for the industry for the next few years. The new Act has brought about structural reforms in telecommunications legislation that are designed to achieve four key goals in developing the industry during the next few years:

- Restore market unity.
- Encourage investment in ultra high-speed electronic communications networks.
- Foster competition in the telecommunications market.
- Simplify administrative procedures.

This Act entails the development of certain regulations that are currently at various stages of processing.

### Intellectual Property Act

The Intellectual Property Act reform entered into force on 1<sup>st</sup> January 2015 and its key new features are:

- Recording devices as such as mobiles and set-top boxes are exempt from the private copies regulation.
- It confirmed the procedure for suspending access to webpages with a court order, with fines ranging from €150,001 to €600,000 (if this measure is not applied, the so-called "Google Tax" will apply)
- It has reinforced the transparency, control and monitoring of royalties management entities' activities.

### Radio Spectrum

The key Radio Spectrum-related events in financial year 2014-15 had to do with the release of the **Digital Dividend**.

The Digital Dividend is the set of frequencies now free in the frequency band traditionally used for TV broadcasts, after analogue TV migrated to digital TV.

People can only enjoy this dividend in the form of new wireless broadband services through a set of adjacent frequencies, and in Europe it was decided that this set of frequencies would be the 800 MHz (790-862 MHz) band. In Spain, the Digital Dividend frequencies were scattered, and part of the 800 MHz frequency band was being used by some DTT channels (UHF channels 61 to 69). Releasing the digital dividend involved rearranging the frequencies so that the 800 MHz band would be free throughout Europe. Following its release on 31<sup>st</sup> March 2015, the 800 MHz band stopped being used for DTT broadcasts and Spain's mobile phone operators, Vodafone among them, have been assigned it for providing new 4G broadband services.

In the spectrum auction held in June and July 2011, Vodafone was awarded 10 MHz paired in the 800 MHz band, which must be available before 31<sup>st</sup> December 2014. However, the digital dividend release has been postponed to 1<sup>st</sup> April 2015, so the frequencies will not be freed until then.

### Royal Decree-Law on financial sustainability measures and other economic measures (800 MHz band)

Royal Decree-Law 17/2014, of 26<sup>th</sup> December, on financial sustainability measures for Autonomous Regions and Local Councils and other economic measures, states that the 800 MHz band, from which Vodafone has been awarded the aforementioned 10 MHz paired, will be available from 1<sup>st</sup> April 2015 and that the owners will be compensated for the delay (it was originally scheduled to become available on 1<sup>st</sup> January 2015) by having the term of their concessions extended by 1.27 days from 1<sup>st</sup> January 2031 for each day's delay between 1<sup>st</sup> January and 31<sup>st</sup> March 2015.

Vodafone regards the compensation mechanism as clearly insufficient and has expressed this opinion in different related proceedings.

## Other measures

DTT (Digital Terrestrial Television) receivers could be affected because they are designed to receive signals throughout the UHF band (470 to 862 MHz), which includes the Digital Dividend frequency band (790 to 862 MHz). Ministerial Order IET/329/2015 of 26<sup>th</sup> February, lays down the actions that operators must take to ensure that the commissioning of stations broadcasting in the 800 MHz band does not affect the DTT service.

The obligations laid down in the Order include:

- Operators must provide a free Call Centre to handle any possible incidents.
- Provide information before commissioning the stations with these frequencies.
- The specific actions required to solve any interference, mainly by installing DTT TV reception filters free of charge.

When Vodafone Spain bought Ono, at the same time it acquired Ono's frequencies in the 2,600 MHz band. Under current regulations, no single operator can have more than 135 MHz of frequencies, anywhere in the country, in the 1,800 MHz, 2,100 MHz, and 2,600 MHz frequency bands together, and when it took over Ono and its frequencies, Vodafone exceeded the limit for some parts of the country by 10 MHz paired. Accordingly, during financial year 2014-15 Vodafone returned Ono's 2,600 MHz band frequencies to the State.

## Quality of Service Regulation

Ministerial Order IET/1090/2014, regulating the conditions governing Quality of Service in the provision of electronic communications services, entered into force on 28<sup>th</sup> June 2014.

The new Order has made changes to the previous version (in force since 2006), such as streamlining operators' obligations regarding the measurement and publication of quality of service indicators, focusing on those deemed most important by users and eliminating others that experience has shown not to interest users.

## Audio-visual sector

The draft Royal Decree on the compulsory pre-funding of European works, which will develop section 5 of the General Audiovisual Act, has yet to be passed. The new regulations will affect electronic communications operators that also provide television audiovisual media services. The obligation to fund audiovisual works was already in force and the draft Royal Decree simply develops and clarifies it.

## Recommendation on relevant markets

On 9<sup>th</sup> October 2014, the European Commission adopted the Recommendation of relevant markets that replaces the previous recommendation adopted in 2007. The amendments include:

- The markets for retail access to telephony and wholesale call origination have been removed from the list.
- The markets for wholesale access at a fixed location have been redefined.
- The markets for wholesale call termination from a fixed and mobile location remains unchanged.

Consequently, the number of markets susceptible to ex ante regulation has been cut from seven to five:

- Market 1: Wholesale call termination on individual public telephone networks provided at a fixed location
- Market 2: Wholesale voice call termination on individual mobile networks
- Market 3:
  - a) Wholesale local access provided at a fixed location
  - b) Wholesale central access provided at a fixed location for mass-market products
- Market 4: Wholesale high-quality access provided at a fixed location.

## Proposal for Regulation of Telecommunications Single Market

The European Commission unveiled its Proposal for a telecoms single market in order to achieve a single digital market throughout the European Union, a process that also involves the Parliament and the European Council.

The Proposal suggest regulating issues such as the removal of retail roaming charges or comprehensive regulation of net neutrality.

Vodafone believes that some of these proposals threaten development and innovation in the electronic communications market.

## Main Regulatory Issues

### Wholesale Termination Prices in Fixed Network

In October 2014, the CNMC completed its review of the Market for Fixed Network Termination, and substantially lowered the termination price to €0.0817. This new price is the same for all operators, which means that the levels of interconnection existing to date, the capacity-based interconnection model and 30% asymmetry that alternative operators enjoyed vis-à-vis the incumbent, have disappeared. Short numbers and Intelligent Network numbering have been excluded from this Market, and now operators are under the obligation to provide IP interconnections, in particular the incumbent operator, which must publish a related Reference Offer to list the prices and conditions of the service.

### Universal Service

In 2003, Vodafone Spain began contributing to the funding for the Universal Service, which is provided by the incumbent operator, and by 2011 had paid a cumulative amount of more than €104 million.

Since 1<sup>st</sup> January 2012, the concept of the Universal Service has included, in addition to the fixed telephony service, a broadband connection which enables a data service of 1Mbps.

### Regulation of Wholesale Access to Fixed Broadband

On 19<sup>th</sup> December 2014, the CNMC published a public consultation on the process for defining and analysing the markets for wholesale access to fixed broadband.

The CNMC proposes three changes to current regulations:

- The establishment of geographical areas with different levels of competition for copper and fibre (unlike the current regulation, which applies nationwide) with different "ex-ante" obligations in each area depending on the level of competition in that area. As far as copper is concerned, the proposal defines Area 1 (higher level of competition) as any where there are 3 operators, while Area 2 (lower level of competition) is formed by the other switches. The same Areas apply to fibre, but it also has an NGA Area, formed by the 9 municipalities in Spain where various fibre-optic infrastructures are most likely to be deployed.
- The incumbent must provide access to its fibre, without any speed limit, throughout the country except in 9 municipalities that have a non-cost-oriented wholesale VULA ("Virtual Unbundled Local Access") service.
- Specific obligations for companies throughout the country.

Additionally, copper remains subject to the ULL ("Unbundled Local Loop") obligations, while fibre remains subject to the duct and vertical infrastructure access obligations, and both are still subject to the obligation to provide the NEBA (bitstream) service in the least competitive area (Area 2), no longer limited to 30 Mbps as until now.

Broadly speaking, Vodafone agrees with the proposal's main contents and believes it to be balanced and reasonable for achieving the goals of fostering investment in infrastructure and establishing a system of effective and sustainable competition. In order to reinforce these goals, Vodafone has put forward additional proposals:

- Update the coverage information that existed when the CNMC conducted the Market Analysis, with local switch segmentation criteria in Madrid and Barcelona, which would lead to 20 municipalities, instead of 9, without the need to establish remedies.
- Foster synergies between the current regulated wholesale NEBA (New Broadband Ethernet Service) broadband service and the new one (VULA) to ensure that migrating from the first to the second has less impact in terms of costs and time, thus guaranteeing continued competition and customer service.
- Ensure the effectiveness of the methodology used to determine the replicability of the VULA and NEBA prices, while taking account of the TV service that is sold bundled with Internet access.
- Make improvements to guarantee access to the incumbent's infrastructure and civil works, compliance with established service levels and NEBA access in the enterprise segment.

## Market for access and origination of calls in the public mobile telephony networks

The TRC Resolution of 2<sup>nd</sup> February 2006 approved the analysis of the mobile network access and origination market, which provides for Mobile Virtual Network Operators (MNVOs).

Only three markets in Europe, the Spanish one among them, declare this market to be non-competitive. Vodafone has repeatedly called on the CNMC to review this market urgently because nine years have passed since it was last reviewed, even though the Regulator is supposed to do so every two years. It is also Vodafone's opinion that the market failures identified in 2006 have clearly disappeared.

“ Vodafone isn't just a competitor on the Spanish telecoms market, but a major player that has played and plays a key role in creating this market from the very start of the liberalization process. An intense history and story that, with hindsight, is even more valuable, because its character, ambition and attitude have marked Spanish telecommunications as we know them today. The story of a pioneer. Also the story of a leading player that has demonstrated a huge capacity to compete, adapt, progress technology-wise, generate value and take risks.


We are in the midst of a digital revolution. We must have done something wrong in Europe if we feel nostalgic when we look back at where we were and where we are now. Yet in Spain we still have Vodafone, a daring player that is still leaving its mark and keeps on defining the future. AMETIC is honoured to have Vodafone among its members.”



**Mr. Benigno Lacort**  
General Director of AMETIC



## Our Strategy

Vodafone has set itself certain strategic goals, in line with the Vodafone Group's strategy, that envisage the following courses of action :

### Vodafone Group strategy 2016-2020



#### Supported by:

An Excellent Network Experience.

Simplified, and cost-efficient operations and business model.

**Project Spring** is speeding up and extending our strategic priorities through investments in mobile and fixed networks, products and services, and our retail platform, to further strengthen our network and differentiation in services.

### Vodafone Spain's Goals

In line with the Vodafone Group's strategy, Vodafone Spain has set itself the following Strategic Goals:

**1**

Be a leading Company in **Total Communications**.

**2**

Provide the best service, with the best **Customer Experience** at all points of contact.

**3**

Be the most **Efficient and Flexible** Company on the market, to improve profitability.

**4**

Be the most **Admired Company**.

(\*) Not applicable to Vodafone Spain.



Further information available at: [http://www.vodafone.com/content/index/investors/about\\_us/strategy.html](http://www.vodafone.com/content/index/investors/about_us/strategy.html)

Our Facelift Plan for attaining these Strategic Goals rests on three Pillars of Differentiation:

## Pillars of Differentiation

**Best Customer Experience**

**Worry-Free Solutions**

**Always On**

- A differential Customer Experience built on initiatives such as the Store Facelift Plan, or products such as Vodafone Wallet, Vodafone TV multidevice, etc.
- A fully competitive offering based on simplicity, transparency and convergence
- Better connectivity with a strong commitment to ultra high-speed fixed and mobile broadband.

Vodafone Spain's Strategic Goals make us a benchmark company in convergence, and one that is determined to give our Customers the best Experience so as to "lead the way" on the Spanish market.

## Ethical and Responsible Behaviour

Attaining the Strategic Goal of "Being the most Admired company" also entails other tasks such as engaging in our activities Ethically and Responsibly; by acting this way in each of the areas identified as a priority, we will gain our stakeholders' trust (see figure next).

**Contribution to the Country**

- Economic
- Social
- Environmental



### Value Chain

- Customers
- Suppliers



### Employees

- Corporate Culture
- Codes of Ethics



### Society

- Social Products and Services
- Vodafone Spain Foundation



### Environment

- Responsible Resource Consumption
- Responsible Network Deployment

**Be the most Admired company**

## Relevant Business Matters

### Risk Management

Vodafone's risk management model lets us identify all the risks liable to impact our customers, business and our corporate reputation. Our risk analysis and control procedures are subject to ongoing assessment and improvement, meaning that every so often, Management assesses risks before defining our Strategic Goals, approving Budgets and tracking progress in Business Plans.

All Area Managers carry out risk management to ensure that any potential incident can be tracked by the Executive Committee and appropriate measures can be taken to remove or mitigate these risk scenarios.

#### Risk Assessment

Risks are assessed in terms of:

##### **Likelihood of Occurrence:**

Likelihood of the risk materializing.

**Impact for the Company:** The impact that the risk might have if it materializes.

**Level of Severity:** Determined on the basis of the two previous criteria.



Applying the Risk Management Model has enabled us to identify the following main Potential Risks, as well as the Mitigation Factors associated to each one of them:

## Potential Risks

### Regulatory Decisions and changes in Regulations

We comply with a wide range of requirements that regulate both the licensing, construction and operation of our networks, and the provision of our services. In particular, Regulators' decisions on issues such as spectrum licence awards, wholesale and retail tariffs, etc., can impact our business significantly.

### Mitigation Factors

- We have specialized teams to deal with these issues.
- We participate actively in regulatory and/or legislative changes that affect the sector.
- Access to best practice and international debate procedures through the Vodafone Group.
- From time to time, we carefully plan for potential scenarios.

### Stiffer Competition

Competition on the Spanish mobile communications market is very stiff. Our ability to compete more effectively depends on aspects such as our network quality, price and quality of our services, development and improvement of new products that respond to customers' demands, the scope and quality of our distribution channels, etc.

- Investment in our networks' coverage, capacity and quality.
- We offer an extensive range of products and services at competitive prices.
- We continue offering more value to our customers through promotions and discounts.
- Customer Experience Enhancement schemes at all points of contact.
- We are devising a Facelift Plan for our Distribution Channel.

### Risks stemming from political, economic and legal environments

The value of our investments could be affected by political, economic, tax or legal decisions that are beyond our control.

- We engage in ongoing dialogue with all our Stakeholders.
- We have a specialized tax management team and seek the help of expert advisers whenever necessary.
- We consider taking legal action whenever necessary to ensure that all competitors comply with legislation.
- As part of the Vodafone Group, Vodafone has implemented an Anti-Corruption Scheme to prevent any type of bribe or corruption.

## Potential Risks

### Serious network and/or billing infrastructure faults

We operate highly complex fixed and mobile telecommunications networks. A failure on any of our networks can significantly impact both service provision and revenues, as well as our reputation.

### Mitigation Factors

- Continuous investment in maintaining and improving our networks.
- Availability of our own transmission media on all our network's critical paths to reduce any equipment dependence.
- Availability of Business Continuity Plans and disaster recovery plans.
- Insurance policies to cover serious incidents on our networks.

### Compliance with competition legislation


The Spanish competition authorities, together with the European Commission, devise initiatives to avoid anticompetitive practices in the telecommunications industry. We could face fines, reputational risk or a loss of confidence if we do not comply with Competition requirements.

- New products are reviewed before launch to ensure compliance with applicable laws, including Competition Law.
- New products and services, promotions, campaigns and tariff improvements undergo an impact assessment to ensure they are not in breach of competition laws.
- All our distribution channels are informed promptly so that they can comply with any change in legislation, including Competition law changes.
- Employee-oriented training activities are arranged to explain the requirements and importance of competition law.

### Customer Privacy

Protecting customers' sensitive information is essential for gaining their trust. The Data Protection Act provides the framework for guaranteeing and protecting, insofar as personal data processing is concerned, individuals' public freedoms and fundamental rights, and especially their honour, and personal and family privacy. We may be subject to regulatory intervention and reputational damage if we do not meet the DPA's requirements.

- We continuously make sure that our customers' data are processed correctly, with the proper level of confidentiality.
- We ensure that we comply with our obligations regarding file registration, data quality, duty to secrecy, duty to report and respecting our customers' rights.

After identifying our Capitals according to the IIRC Integrated Reporting Framework  and conducting the Risk Analysis, the report identifies the Business Priorities that, on account of their importance, the Executive Committee has addressed during financial year 2014-15. These Priorities fall into the following categories:

### Network Quality

The services we offer hinge significantly on our Network Quality, because any Network failure or malfunction impacts our customers' experience and satisfaction. During financial year 2014-15, priority was given to network investment so as to strengthen our leadership in this field, focusing on innovation by offering new services, boosting coverage, and ensuring appropriate operation & maintenance. The key issues this financial year have been:

- Project Spring, which will see the Vodafone Group investing an additional €650 million during financial years 2014-15 and 2015-16 and will enable us to:
  - Have a 4G network that offers extensive coverage and high quality.
  - Boost 2G/3G nationwide coverage by deploying nodes.
- Preparing the Network for the new frequencies of the Digital Dividend.
- The fibre network rollout, which has already reached 8.4 million building units.
- The launch of new technologies in the mobile network: LTE Advanced and VoLTE (Voice on LTE).

### Competitiveness

If we wish to be competitive and grow, we have to further penetrate existing markets and segments and seize opportunities in new markets and segments, by bringing out new, profitable products and services that lets us stand apart from our competitors in relations with our customers. This financial year's highlights in this category have been:

- Commercial focus on convergent offers through Vodafone Integral.
- Launch of the Lowi brand.
- Launch of new value-added services for our customers (TV, Yomvi, Message +).
- Point-of-Sale Revamping Plan.
- Focus on Customer Care at all points of contact, giving customers more freedom through the renewed "My Vodafone" app.

### Relations with Public Authorities and the Regulator

Maintaining our investment calls for a stable regulatory framework on which we can rely. Our constant contact with representatives of the Public Administrations and the Regulator lets us understand and adequately address issues that affect our business and that depend on the decisions made by these stakeholders.

This year, the headline issues in this category are those mentioned in the "New legislation in Spain and Europe" and "Main Regulatory Issues" sections of this "Vodafone Spain's Strategy" Chapter.

### Employees

To develop and implement our strategy successfully, we need the best people, with the greatest talent, commitment and motivation.

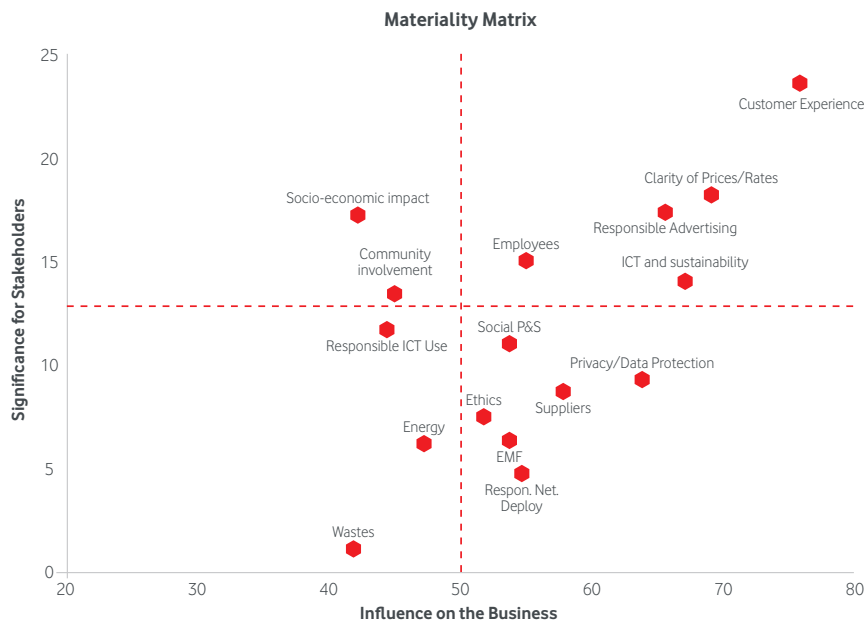
This year, the outstanding issues in this category were:

- The Ono takeover, to build the best teams of experts in mobile and fixed telecommunications.
- Talent recruitment and retention processes, together with commitment and motivation processes.
- The unification of Vodafone Spain's and Ono's offices in the different geographical areas.



See Chapter 7: "Report Preparation and Review"

The Risk Analysis Process referred to earlier is backed up by dialogue and an ongoing relationship with our different Stakeholders, which let us ascertain their needs and expectations. Applying the appropriate internal procedures, we then draw up the following Priority Matrix (or Materiality Analysis) for our Stakeholders  (GRI:G4-27):



Taking into account Vodafone's Business Priorities and those identified through our Stakeholder dialogue and relationship leads to the following **Prioritization of Relevant Matters** that are addressed throughout this Report:

**Issues**

1. Customer Experience
2. Clarity of Prices and Rates
3. Responsible Advertising
4. ICT and sustainability
5. Privacy and data protection
6. Suppliers
7. Employees / Socio-economic impact
8. Community Involvement / Social Products and Services
9. Responsible use of ICT
10. Responsible Network Deployment/ Electromagnetic Emissions (EMF)
11. Energy/ Wastes
12. Ethics

**Reference in the report**



Value Chain



Employees



Society



Environment



Ethics and Corporate Governance



See additional information in Chapter 7: "Report Preparation and Review"



**Financial  
Results**



## Consolidated Information

After Vodafone Spain purchased the Ono Corporate Group and its subsidiaries, a transaction that was formally completed on 23<sup>rd</sup> July 2014, the merged company is currently being integrated both operationally and in financial reporting terms.

This financial year cannot be compared to the previous year, which is why this chapter includes both a summary of the main consolidated financial figures and an analysis of the two companies, separately in comparable financial years for each case, but on a non-consolidated basis.

Main figures (consolidated)	As at 31 <sup>st</sup> March 2015 (*)
Total Revenue (€ mn)	4,679
Service Revenue (€ mn)	4,303
EBITDA (€ mn)	1,005
EBITDA Margin (%)	21.4%
Investments (€ mn)	1,110
Mobile customers (000's)	14,179
Fibre customers (000's)	1,752

(\*) Includes information about Vodafone Spain from 1<sup>st</sup> April 2014 - 31<sup>st</sup> March 2015 and information about Ono from 23<sup>rd</sup> July 2014 to 31<sup>st</sup> March 2015. This financial information has been prepared in line with International Financial Reporting Standards.

## Vodafone Spain

The audited financial information indicated below has been prepared in line with International Financial Reporting Standards, while the annual financial statements attached to this Integrated Report have been prepared in line with the General Chart of Accounts.

### Customer Base

- Vodafone Spain ended financial year 2014-15 with a **mobile customer** base of nearly 12.5 million. Even though the customer base was 7% smaller than the previous year, the company managed to attract more customers and bring down the contract customer churn rate by boosting the uptake of its commercial offering and improving its customer experience.
- At the year-end, 2.9 million customers had **4G** technology, meaning they enjoy the fastest speed in the world, according to an independent study by OpenSignal. 
- In December 2014, the company launched a new low-cost brand called **Lowi**, targeted at younger users. The brand's key features are simplicity and clarity. By the end of the year, the brand had attracted 48,000-plus customers.
- **The fixed services** customer base grew 10.1% compared to financial year 2013-14 (420,000 new customers), ending the year with total of 1.2 million customers. During the year, the company also launched a range of **fibre** products and services, and by the end of the year had reached 8.4 million building units.



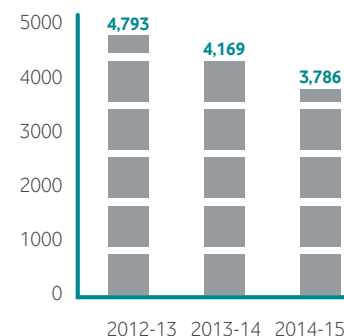
Further information available at: (<http://opensignal.com/reports/2015/02/state-of-lte-q1-2015/>)

## Revenue

Vodafone Spain ended financial year 2014-15 with €3.78 billion of Total Revenue, 9.2% down on the previous year, mainly due to the following factors:

- **Mobile services revenues** fell 12.2% after the customer base shrank and mobile customer ARPU dropped. Revenue from MVNOs and the foreign visitors who use the mobile service also dropped because regulatory prices were lowered and certain MVNO contracts were lost.
- **Fixed service revenues** rose 8.7% in financial year 2014-15, chiefly as a result of the bigger fixed customer base. The enterprise business unit performed very well, in particular the Enterprise Fixed Connectivity service and the Cloud Data Storage service.
- Lastly, **interconnection revenue** dropped 16.9% after regulatory prices were lowered, though this was partially offset against the year's 27.1% increase in incoming voice call minutes per customer.

**Vodafone Spain Total Revenue**  
(€000s)



## Operating Expenses

Strict cost containment remained a priority this year for Vodafone Spain, which cuts its Opex by 3.1%, and contained its customer acquisition and retention costs with a 10% reduction, as explained below:

- Interconnection and access costs have dropped 3% with respect to financial year 2013-14. This change was driven by the fall in mobile interconnection costs, which was partially offset by a rise in fixed access costs (due to the larger number of customers).
- Direct Costs fell 9.3%, partly because Regulatory Costs were lowered after the latest rulings published by the National Markets and Competition Commission (CNMC) regarding the Universal Service, which all operators with a gross annual telecommunications revenue of more than €100 million are required to contribute towards.
- Business Costs, which consider the net effect of revenues and costs associated to acquiring and retaining customers, declined 9.8%, mainly because mobile business costs benefitted from the reduction in handset subsidies.
- The company managed to bring its OPEX down by 3.1% with respect to the previous year, in keeping with the positive trend seen in financial year 2013-14 (9.4% lower than in 2012-13), thanks to the cost containment measures implemented by the company several years ago.

## EBITDA

EBITDA for financial year 2014-15 was down 28.9% in y-o-y terms, while the EBITDA margin dropped 4.8 p.p., as cost savings failed to suffice to offset the downturn in service revenues.

## Investment and Project Spring

This financial year, Vodafone Spain allocated €900 million plus to investments, 49% more than the previous year. This investment drive is partly due to the Spring programme, the Vodafone Group initiative designed to speed up the roll-out of next generation networks and thus ensure Vodafone's leadership in mobile and fixed ultra high-speed broadband.

## Ono

All Ono's figures displayed below refer to a comparable financial year of 1<sup>st</sup> April 2014 - 31<sup>st</sup> March 2015 (though this does not match Ono's financial year of Ono, and therefore they are not audited).

International Financial Reporting Standards have been followed in drawing up the financial information.

### Customer Base

- Ono ended the comparable financial year 2014-15 with more than 2 million fibre and ADSL customers, and a mobile customer base of 1.7 million lines.
- During the year, the fibre customer base swelled by 85,000-plus lines, 5% more than the previous year, due to the highly successful sales campaign, while churn was cut by 4.8 p.p. to 15.7% of residential customers.
- The total number of customers using TiVo, Ono's smart TV, jumped 32% in the last year to 475,000.

### Revenue

Total Revenues amounted to €1.40 billion, and end customer service revenues totalled €1.3 billion, 2% less than the comparable previous year due both to the stiff competitive pressure and the 3% fall in residential ARPU.

### EBITDA

Ono's EBITDA margin as at 31<sup>st</sup> March 2015 was 42%, in line with the previous comparable financial year, as the lower revenues were offset by the cost containment efficiencies.

### Operating Expenses

Despite incurring certain costs this year to facilitate the two companies' integration after it was taken over by Vodafone, Ono managed to contain its costs and even make savings in different areas of the company, maintaining the operating efficiency of previous years.

### Investment

Ono remained committed to investing throughout the year, and its heavy outlays exceeded €350 million, 24% up on the previous comparable year, the lion's share being allocated to boosting the rollout of new technologies and to the WIFI project.

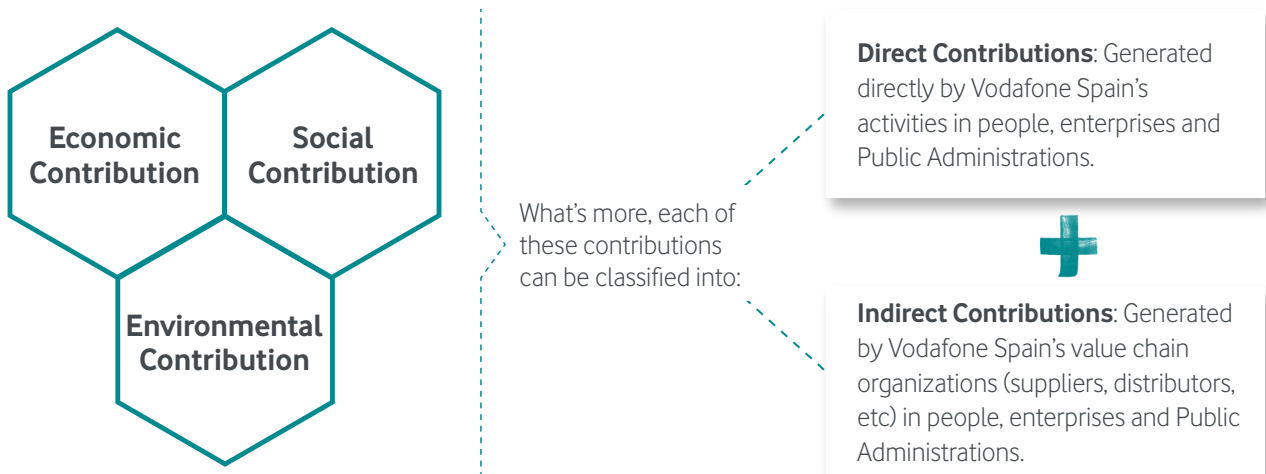
4

**Vodafone Spain's  
contribution to the  
Country 2014-15**



Vodafone, as part of the strategic sector in which it operates, plays an important role not only in the country's economic and social development, but also in its environmental protection.

The company's contributions are classified, in terms of the kind of effect generated, in three general categories (Economic, Social and Environmental) which, in turn, break down into two subcategories (Direct and Indirect):



The Contribution to the Country is calculated with an in-house methodology applied by several Vodafone Group operators, one of which is Vodafone Spain.

## Economic Contribution

Vodafone Spain contributes directly to the national economy with the wealth we generate, the taxes and licence fees we pay, as well as the suppliers from which we purchase and the people we employ.

Furthermore, we contribute indirectly through our value chain's organizations (suppliers, distributors, etc.).

### Direct Economic Contribution

The company's activities contribute financially to its direct stakeholders. Specifically, the value created in Spain is distributed between the employees and their families, the companies which provide goods and services, and the public authorities.

The direct contribution to these Stakeholders during financial year 2014-15 amounted to €5.64 billion, which breaks down into People, Enterprises and Public Administrations as follows.



### People: €369 million

Wages and Salaries of direct employees:  
€293 million

Welfare Benefits: €21 million

Options and Shares: €3 million

Pension Plan Contributions: €5 million

Rentals: €47 million

### Public Administrations: €370 million

Corporate Income Tax and Business Tax:  
€107 million

Social Security: €68 million

Spectrum usage fees: €162 million

Rentals: €33 million

**Economic  
Contribution  
Direct:  
€5.64  
billion**

### Enterprises: €4.89 billion

Acquisition of Products and Services from  
local suppliers: €2.9 billion

Acquisitions of tangible and intangible fixed  
assets: €1.24 Bn

Interest: €552 million

Rentals: €195 million

- The main direct contribution to the Spanish economy is that related to the purchase of products and services from **Companies** based in Spain (€2.91 billion), which represents approximately 88% of the total purchases made by Vodafone Spain. Another major factor was the purchase of software and property, plant and equipment such as equipment, fixtures and fittings and stations (€1.24 billion). Interest paid totalled €552 million (with Ono accounting for the largest part: €549 million). Leases of buildings to businesses amounted to €195 million.
- The direct contribution to **People** was €369 million. Most of this amount is made up of salaries and similar concepts paid by Vodafone Spain (€293 million), pension plan contributions (€5 million), stock options and shares (€3 million), other staff costs derived from social benefits, such as private health insurance, training costs and staff recruitment, luncheon vouchers, etc. (€21 million), and rent paid to the owners of the facilities that we use (€47 million).
- The activities of Vodafone Spain generate direct financial contributions to the **Public Administrations** through the public income derived principally from taxes and other specific contributions, such as Company Tax, Business Tax and VAT (€107 million), taxes for using the spectrum (€162 million), Social Security payments (€68 million) and the rent paid to public authorities (€33 million).

## Indirect Economic Contribution

In addition to its direct contributions, Vodafone's activities generate economic value as a result of the activities performed by our value chain. As such, thanks to the activities of Vodafone Spain, its employees, suppliers, distributors and customers generate economic flows which benefit people and public authorities.



The indirect economic contribution includes:

- The creation of wealth for **People**, through the salaries paid by the local suppliers to their employees involved in activities carried out by Vodafone (€737 million).
- The creation value for the **Public Administrations** by means of the Taxes paid through VAT, Production, Services and Import Tax (€267 million), the Social Security contributions paid by our employees (€14 million) and the income tax paid by Vodafone Employees (€65 million).



## Social Contribution

Vodafone plays a leading role the social contribution to the country, both in terms of employment and in its social development.

### Direct and Indirect employment

Vodafone forms part of a corporate network, and as such can provide direct and indirect jobs (jobs created in its value chain as a result of the activities that it performs).

**36,088**

direct and indirect **jobs**  
in Spain (FTEs)

**Direct Employment:**  
**6,006 FTEs**

**Direct and  
Indirect  
Employment:**

**36,088**  
**FTEs (\*)**

**Indirect Employment:**  
**30,082 FTEs**

External logistics personnel  
External Call Center personnel  
External Sales personnel  
External Technology personnel  
Other outsourced personnel (consultancy, systems, etc.)

(\*) The number of jobs is quantified in terms of FTE, which stands for Full Time Equivalents.

Vodafone's direct contribution to the level of employment is measured according to its number of employees. The company has 6,148 employees in Spain, which represented in terms of full-time employees (FTE) is 6,006.


In order to quantify the company's overall contribution to employment, we must also consider the staff employed by its suppliers which provide products and services, as well as those involved in distribution activities, sales and customer care services. Indirect employment totalled 30,082 in full time employment.



## Contribution to Social Development

### Vodafone Spain Foundation


The Vodafone Spain Foundation is another of the resources that the company has for furthering its commitment to society.  1

The Vodafone Spain Foundation aims to innovate ways of using ICTs to improve the quality of life, personal autonomy, active aging and the labour and social integration of people, especially vulnerable groups. During financial year 2014-15, it allocated €4.6 million to these projects.  1

**€4.6 mn**

Vodafone Spain's **Social**  
Contribution

### Social Products and Services

Vodafone contributes towards the country's social welfare by developing telecommunications products and services which promote accessible, barrier-free communication which helps to improve the quality of life and social and labour integration for people with special needs, including people with different abilities, senior citizens, chronically ill patients, victims of gender-based violence, etc.  2



[www.fundacion.vodafone.es](http://www.fundacion.vodafone.es)



1 See Chapter: 5: "Society. Vodafone Spain Foundation"  
2 See Chapter: 5: "Society. Social Products and Services"


## Environmental Contribution

Vodafone Spain's commitment to sustainable development involves controlling and minimizing the direct impact of its activity on the environment, both in terms of the facilities and equipment making up its telecommunications network, and of its stores and offices, as well as the life cycle of the equipment that it buys and/or sells.

Meanwhile, Vodafone's best opportunity to contribute towards the fight against climate change produces itself through the development of products and services which help other sectors to reduce their own CO<sub>2</sub> emissions.

Direct and Indirect  
Environmental Contribution  
**84,582**  
Tn of CO<sub>2</sub> avoided

### Direct Environmental Contribution

Our direct environmental contribution stems from the courses of action our company takes to improve the energy efficiency of its telecommunications network, offices and stores, and thus cut its CO<sub>2</sub> emissions. The sustainable mobility-related initiatives that help to reduce the environmental impact associated to our employees' travel and trips are also taken into consideration. 

**Energy efficiency:**  
**-656 Tn CO<sub>2</sub> avoided**

Network: -1,349 Tn CO<sub>2</sub> avoided (\*)

Offices: 832 Tn CO<sub>2</sub> avoided

Stores: -139 Tn CO<sub>2</sub> avoided (\*)

**Environmental  
Contribution  
Direct:**  
**1,582**  
**Tn CO<sub>2</sub> avoided**

**Mobility Management:**  
**2,238 Tn CO<sub>2</sub> avoided**

Video conferencing: 1,953 Tn CO<sub>2</sub> avoided


Fleet: 143 Tn CO<sub>2</sub> avoided

Shuttles: 142 Tn CO<sub>2</sub> avoided

(\*) A very large number of facilities were deployed this year, triggering an increase in the CO<sub>2</sub> emissions derived from network and store energy consumption.

### Indirect Environmental Contribution

ICTs represent one of the most important instruments for mitigating climate change, since they help to reduce energy consumption in other sectors and as such to reduce CO<sub>2</sub> and other greenhouse gas emissions. M2M (Machine to Machine) connection-based solutions play a very important role in this indirect contribution.

According to the study carried out by the Vodafone Group in 2009, "Carbon Connections", , it is estimated that the contribution of mobile technologies in 2020 will prevent the emission of 110,000 tonnes of CO<sub>2</sub> equivalent per million M2M wireless connections activated. Vodafone had 752,000 active SIMs in financial year 2014-15, meaning that, based on this study, Vodafone's contribution during 2014-15 to reducing other sectors' CO<sub>2</sub> emissions through the use of its M2M products and services is considered to have amounted to 83,000 Tn of CO<sub>2</sub>.

**Indirect  
Environmental  
Contribution:**  
**83,000**  
**Tn CO<sub>2</sub> avoided**



<http://www.vodafone.es/conocenos/es/vodafone-espana/sostenibilidad/sociedades-sostenibles/telecomunicaciones-y-co2/>



See Chapter 5: "Environment"



**Our Management  
2014-15**

## Value Chain



**Our  
Customers**

**Our  
Suppliers**

## Our Customers

Trust is the foundation upon which to do business, which is why the company-customer relationship is essential for successful results. By understanding the importance of both this relationship and its employees' involvement, in 2014-15 Vodafone managed to top the customer service league, according to regular customer satisfaction and loyalty surveys.

Keeping satisfaction as the focus and obsession of our work during the year set us apart from our competitors in the way we relate to our customers. Exceeding their expectations, devising products and services that meet their needs and providing an effective, responsive and honest service have been the basis of this fiscal year.

Vodafone Spain's strategy is underpinned by three pillars:

### Pillars of Differentiation

**Best Customer Experience**

**Worry-Free Solutions**

**Always On**

### Best Customer Experience

#### Red Team

The Red Team is a key project of Vodafone's strategy that was set in motion during 2014-15 with the aim of enhancing our customers' real experience, creating brand ambassadors. The first of its kind in the Vodafone Group, this scheme revolves around the 37,000-plus people who work for third-party service suppliers who come into direct contact with our customers. People who work for Vodafone's residential and enterprise customer dealers, call centre staff, fibre installers, etc.

Red Team comprises three main courses of action:

- Ensure that anyone who comes into contact with customers at some point of the business process (sales, installation, care) are well acquainted with Vodafone's products and services, and can offer solutions that best meet customers' needs, besides being able to answer and solve any question or issue they may have.
- Devise activities so Red Team members use Vodafone's products and services, and in doing so, leverage on their personal use experience to be the brand's best ambassadors.
- Ensure that all its members feel proud to work for the Vodafone brand, creating a great community that shares knowledge, hobbies, leisure time and passion for customers.



**80.2%**  
are proud to be a  
"Red Team" member

**More than 2,500** people  
have taken part in leisure events  
organized exclusively for the "Red  
Team" or related to Vodafone's  
sponsorship activities

**68%**  
of the "Red Team" members  
uses Vodafone services and  
products

## Customer Care

Our customers can contact Vodafone using various channels:

- 1** Face-to-face in our stores
- 2** By contacting one of our call centres
- 3** Online care / Self-care

### 1 Face-to-face in our stores

Last year Vodafone started a Point-of-Sale Facelift Plan that entailed both redesigning the store space and sales process, bringing in differentiating elements such as:

- **Vodafone one-to-one**: new Premium Customer Care Centres that offer a personalized, face-to-face service. Now we have 5 centres of this kind in Barcelona, Bilbao, Madrid, Seville and Valencia. Four of them also have an in-store smartphone express repair service. Some of the most significant results in the Vodafone one-to-one Stores are listed below.



- **In-store business advisers**: experts on hand to advise professionals and small enterprises.
- **"Aptualizers"**: experts on hand to answer our customers' queries, and get their smartphones ready for immediate use, including their favourite apps.
- **"Never without my mobile"**: smartphone repair service that never takes more than 5 working days. If it is not repaired by then, Vodafone promises to replace it with another cosmetically refurbished mobile (of the same or a higher category); and while it is being repaired, the customer gets a loan handset similar to the one they have handed in.



## 2 By contacting one of our call centres

Our customers can choose to be served in 7 languages: Spanish, Catalan, Galician, Basque, English, Arabic and Romanian.

Anyone who calls our call centres can choose to be attended by a member of staff or the voice recognition system (IVR).

One of our goals is to attend to customers as fast and efficiently as they demand. In order to do this, during the 2014-15 financial year, a series of actions have been carried out which enable us to achieve and maintain the highest standards in our telephone care service. Further efforts have been devoted to the improvement plans set in motion in previous financial years, letting us raise the first-call resolution rate and level of customer satisfaction:

- Reducing times our customers need to contact us, and improving their experience when they do need to contact us.
- Redefining the care procedures focused on increasing the first-call resolution rate and customer experience satisfaction. In this respect, platform capacities have been redimensioned, seeking to find a solution in a single call and improving the systems from a technical point of view, reducing the number of calls cut off at Customer Care Centres.

## 3 Online Customer Care/Self-care

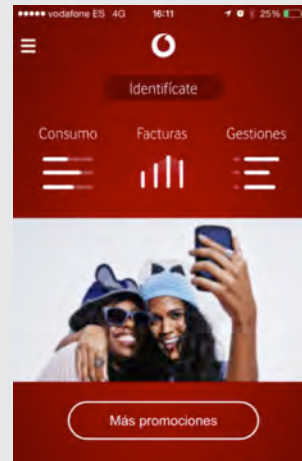
At Vodafone we work tirelessly to ensure that our customers have the best Self-care tools, which we regard as the best way to help them find the information they need about our products and services. That is why we have provided online channels to let them do whatever they need, anytime and anywhere.

### My Vodafone

During the financial year 2014-15, our customers kept on resorting to their mobile as their first online customer care channel, using the **"My Vodafone" app** on their smartphones. The app is available to all contract and prepay residential customers, as well as to self-employed customers and enterprise lines.

This year we have redesigned the app completely, making more user-friendly and more appealing for our customers. We have improved customer information services like the contextual help or the new alerts service, and added new services like free handset unlocking through "My Vodafone".

The number of users who prefer to use our self-care tools on their mobile rose again this year, as did the number of contacts.



**34%**

increase in the number of monthly My Vodafone App users.

**2 million**

customers a month use the private areas of the Vodafone web

## Help

This year we revamped part of the **“Help”** section of our **web**, by:

- Publishing new Q&A sections
- Launching an **“Accessible Help”** section for mobile device users
- Redesigning the **“User Guides for your mobile”** section to help users to set up their handsets.

By making our website easier to move around and simplifying the menus and adding images, customers find it much easier to personalize their smartphones or configure their modem or router. We have also inserted links so they can update their operating system or get information about current deals and promos.

## Vodafone Forum

The **“Vodafone Heroes”** section of the **“Vodafone Forum”** has been improved with new insignias and acknowledgements, further boosting interaction between our customers and as the creation of useful contents. Proof of this was the 32.6% rise in the number of users who registered in the **“Vodafone Forum”**.

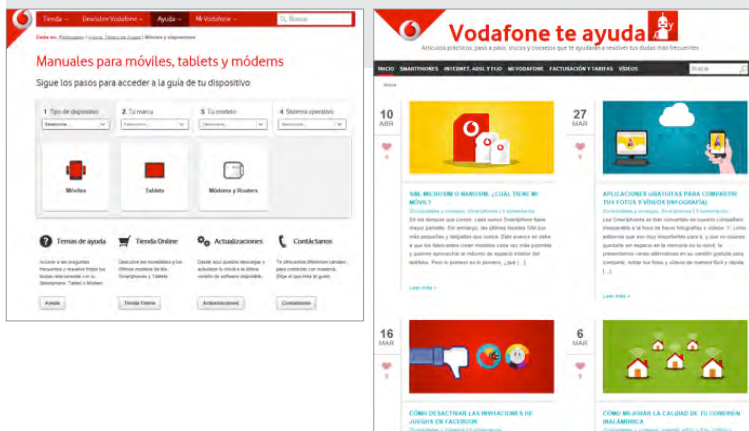
Another purpose of the **“Vodafone Forum”** is to encourage use of our self-care tools and our customers’ awareness of Vodafone products and services.

More than **61,000**  
registered users in  
**“Vodafone Forum”**

## “Vodafone Helps You” Blog


The **“Vodafone Helps You”** blog has been redesigned this year, resulting in a huge 108% increase in the number of visits. Averaging 73,500 visits a month, it is proving to be a great help in supplementing the information we offer our customers through **“Help”**, the **“Vodafone Forum”** and Social Networks.

**73,500**  
average visits a month to  
the **“Vodafone Helps You”**  
blog





## Complaints

During 2014-15 we continued placing special emphasis on improving complaint handling. By improving our processes and procedures, we have helped to reduce the number of complaints that customers filed with official bodies , a fact that has been backed up in the reports published by consumer organizations and other regional bodies.

In this respect, it is worth mentioning that the **In-Store Care Model** has now been consolidated, making it easier for issues to be handled at the point-of-sale.

Vodafone keeps on forging stronger ties with different **Government Agencies**, with which we cooperate fully. For instance, Vodafone is in direct contact with Arbitration Boards and the Municipal Office of Consumer Information. We continually monitor our responses, and propose improvement measures with the feedback received.

We have also consolidated our **Telephone Mediation** service with Government Agencies, boosting complaint resolution in the first stage of the complaint process, and in doing so manage to resolve complaints faster and improve customer satisfaction.

## Responsible Advertising

Vodafone is firmly committed to complying with all the applicable advertising-related rules, laws and policies.

Our advertising seeks to convey our brand message: "Vodafone helps our customers to stay connected reliably".

In line with our commitment to comply with current advertising and general legislation, our Legal Department has devised pre-advertising control mechanisms and checks all campaigns before they are launched in order to minimize any possible adverse rulings.

Worth highlighting is the fact that, despite the large number of advertisements that we place, throughout 2014-15 the authorities only ruled against Vodafone Spain twice on advertising-related issues:

- One fine for proceedings brought by the Catalanian Consumer Affairs Agency (€354,564)
- One fine for proceedings brought by the Andalusian Regional Government (€5,000)

And the authorities only ruled against Ono four times on the same grounds:

- Two fines for proceedings brought by the Catalanian Consumer Affairs Agency (€58,000 and €29,486)
- Two fines for proceedings brought by the Castellon Consumer Affairs Department of the Valencian Regional Government (€12,000 and €11,000)

Finally, the Spanish Association for Self-Regulating Business Communication did not issue any final advertising-related decisions against Vodafone Spain or Ono as a result of third party complaints.



See additional information in: [www.usuarioteleco.es](http://www.usuarioteleco.es)

One example of responsible advertising is that we seek to give women a leading role, by portraying inspiring women in our campaigns. For instance, in the campaign that featured Lisa Casali, who is concerned about the environment and so began to experiment with new cooking methods to make the most of energy, discovering that you can cook with a dishwasher. The campaign sought to her work in order to inspire others to apply new ways to make the most of energy.



## Privacy and data protection

It is essential that we protect our customers' personal information and respect their private life if we are to maintain their trust. That's why we emphasize efficient management of their privacy and security

The increasingly widespread use of communications means that our customers are getting more and more concerned about the privacy and security of their information. The complexity of technology, cyberthreats and the possibility of human errors can lead to information being lost, erased or falling into the wrong hands.

To guarantee our customers' privacy, first of all we have to manage the security of their information and communications. To that end:

- Vodafone Spain has implemented and certified an Information Security Management System conforming to standard UNE ISO 27001.
- We are always training our employees how to deal with our customers' information. To this end and to raise awareness about the importance of the subject, during 2014-15 and to mark the International Computer Security Day (30<sup>th</sup> November), launched the "Vodafone Guide to work safely." Also, all employees attended a refresher course on security issues.

During financial year 2014-15, Vodafone only received two fines for breaches of section 10 of the Data Processing Act (related to duty of secrecy). It should be noted that neither of these cases refers to events that have impacted a large number of customers, nor have they had a significant impact on the company, the environment, nor in terms of the fine amount (€20,000 and €2,000, respectively).



C2 - Restringido Vodafone




## Worry-Free Solutions

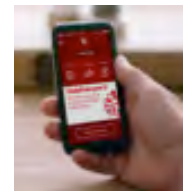
### Clear Prices and Rates

Vodafone remains firmly committed to offering the customers the best experience with their devices, together with the greatest freedom of choice when deciding which rate best suits their needs.

### Contract Rates

There were plenty of changes to contract rates during 2014-15, in particular:

- Launch of new **rates with content included in RED plans**, as well as larger data capacity. This made Vodafone the first operator to offer entertainment services included in its mobile rates, giving its customers the chance to enjoy the favourite content of their choice from 3 months (with the RED M rate) to up to 2 years (with RED L and XL rates).
- Launch of **HD voice**, offering Vodafone's customers far better sound quality in their voice calls, reducing annoying background noise and letting customers enjoy clearer, crisper-sounding calls. To enjoy this service at no extra cost, customers only have to make sure that both parties are Vodafone customers, have a HD voice-enabled smartphone and are somewhere with 3G coverage.
- Launch of **4G+**, at no extra cost, in all the 4G-compatible rates, once again making Vodafone the first to offer high-speed mobile services.
- Launch of the **Top Speed Service** (now called the **+Megas Service**), offering customers the chance to avoid any speed restrictions once they reach their rate data limit, at a reduced price and tailored to each customer's additional needs. Vodafone also updated its range of **Browsing Vouchers**.
- Launch of the **"Unlimited Gigas"** promotion, offering customers with contract rates the chance to enjoy unlimited browsing during the promotion period at a reduced price. Once again, Vodafone surprised the market with a deal that let customers make the most of their smartphone.
- The **Roaming** service has been improved in several different ways:
  - The launch of our Talk and Surf Rate for Portugal.
  - The lowering of the price of the Europe Travel Rate (Region 1). 
  - The inclusion of Roaming in Europe: Region 1 (1,000 min, 1,000 SMS and 1GB a month) as a benefit in the RED XL rate.
- Vodafone has kept on giving its RED rate customers the chance to cover all their communication needs both with **Vodafone Integral** (ADSL, fixed and mobile) and with **second lines** at very competitive prices. It has also offered customers the chance to enjoy all the new features listed above not only on their main line, but also on their second lines.



Further information available at <http://www.vodafone.es/particulares/es/tienda/te-puede-interesar/roaming-en-el-extranjero/>

## Prepay Rates


During 2014-15, we improved the **Vodafone yu** rates purpose-designed for young people, boosting the volume of data and including the 4G+ browsing speed. The rates still include free calls and messages between “yusers” (Vodafone yu customers).

This year the focus remained on innovation and our customers have been offered exclusive promotions through the Vodafone yu app, available for Android and iOS, and Vodafone has led the field in offering these types of promotion through an App.

Further work went into developing the Vodafone yu exclusive content platform as a way of reaching our younger customers and, apart from the radio show that features some of Spain’s top comedians and personalities from the world of culture, we also launched our first TV programme.

The content platform also features a full range of experiences where young people get to enjoy their favourite activities such as sports, trips, parties, etc. 

And to meet the needs of a very large number of people who still use their mobile mainly to talk and be located, in April 2014 we launched the **Vodafone Fácil** (Vodafone Easy) rate. This simple rate, with a price per minute, has no added fees or commitments, and customers can top up whenever they want to, so they only pay for what they use.

This kind of rate is intended especially for older people who want a simple rate and phone, which is why the Vodafone Easy rate is tied to a range of inexpensive, user-friendly handsets that meet different needs .

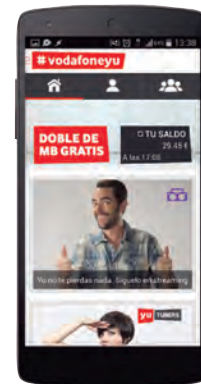
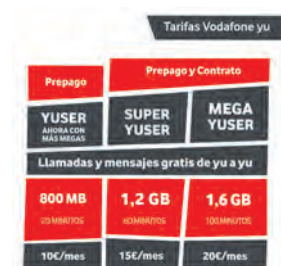
Lastly, in June 2014 we launched **Vodafone in Spain**, targeted at tourists visiting Spain. This offer includes a full range of prepaid products that lets them stay in touch both in Spain and with their countries of origin:

- SIM for talking and surfing with a smartphone
- SIM for surfing with a tablet or modem
- Smartphone ready to go, straight out of the box.

## Billing Quality

Vodafone has a Global Billing Quality Assurance System that is subject to an annual external audit, included within the scope of the ISO 9001 Quality Certificate, and that complies with the obligations set out in Ministerial Order IET/1090/2014, of 16<sup>th</sup> June, regulating conditions governing Quality of Service in the provision of electronic communications services.

One of the obligations listed in the Order refers to price management and chargeable event pricing requirements, and analyses price transparency (information must be concise, unambiguous, easy to find for users, complete and up-to-date, etc.). The Order also states that both the contractual terms and conditions, and the prices charged, must match the preliminary information customers are given.



Further information at [yu.vodafone.es](http://yu.vodafone.es) and [Youtube.com/vodafoneyu](https://www.youtube.com/vodafoneyu)




See additional information in Chapter. 5 “Products and Social Services”

## Premium Text Messaging

Premium Text Messaging Services are services that are generally offered by companies unrelated to Vodafone, and that use the telecommunications network to send content to mobile phones and charge for that service.

These non-Vodafone companies send special text messages offering content such as music, games, contests, news, etc., and that cost more than a normal text message sent from one mobile to another. As such, they are not covered by the texting vouchers included in some rates, and are collected through the Vodafone bill.

Premium messaging features three main kinds of services:

- 1. Subscription services:** Customers subscribe through a text message or a website, and after doing so, the service provider starts sending them content via a text, collecting for each message the customer receives.
- 2. Pay per event:** This is a single-use service that is received when an SMS message is sent to a short number to enter prize draws, receive content information, etc. The customer is billed for each message sent from their phone.
- 3. Chat:** Customers can talk to a provider through a chat app. The customer is billed for each message sent from their phone. This kind of service tends to start invitations to answer a message you receive on your phone. 

During the 2014-15 financial year we took the following courses of Premium SMS-related actions to improve customers' experience with these services:

- Constant checking of content providers' services, which we have to approve before they can be marketed. All content providers' services must comply with the guidelines issued in 2014 concerning "App-based Premium SMS Services and Subscription Services", attached to all content provider contracts (Code of Conduct).
- Since September 2014, the Subscription Service price is shown in the information message that Vodafone sends with the PIN that the customer needs to confirm their subscription.
- Vodafone cuts off the numbers of any content providers who fail to comply with the Code of Conduct for these services, and during 2014-15 it cut off 25 short numbers of 6 different suppliers.



## Always On

### Network Quality

Vodafone's extensive experience in designing telecommunications networks, the high reliability of elements used in network architecture and excellence in operation and maintenance mean we can guarantee our customers' service quality expectations and be leaders in achieving the availability and quality objectives set by international regulations. To achieve this objective, Vodafone has a robust mobile telephone network with redundant routing, diversity and protection against failure.

A key factor in reaching and maintaining the Quality of Service parameters lies in the Continuous Improvement of Quality Process. Basically, by using different sources of information such as in-depth studies of the reasons behind customers' complaints, satisfaction surveys, samples of the customer's actual experience, traffic statistics and measurements generated by network elements, field measurements and customer complaints, our Technology Department analyses the sources of problems and work to resolves them, so as to turn them into opportunities for improvements.



Further information available at <http://www.vodafoneayuda.es/2014/12/sms-premium-que-son-y-como-aparecen-en-mi-factura/>

For instance, it continuously gauges customer satisfaction, focusing on the most important attributes that identify the characteristics of operating a telecommunications network. Specific tools track the real experience of our own and our competitors' customers, to ascertain the strengths and points of improvement that come to light when analyzing how customers normally use the different voice and data services.

### Network Roll-Out (Data as at 31<sup>st</sup> March 2015)

#### 4G coverage in 1,278 cities and towns:

##### 75% of the population covered:

- 100% of cities with more than 50,000 inhabitants and coastal cities
- 95% of towns with a population of between 25,000 and 50,000 inhabitants
- 50% of towns with a population of between 15,000 and 25,000 inhabitants.

##### 4G present in high traffic density areas:

- 12 airports
- 7 railway stations
- 32 mass audience venues
- 20 football stadiums and ski slopes.

**2.9 million 4G customers (with 4G tariff and device)**

**99.8%**  
of the population covered by the 2G network

**99.5%**  
of the population covered by the 3G network

**4G+ services**  
available in Madrid, Barcelona, Valencia, Seville, Bilbao, Malaga, Zaragoza and La Coruña


**8.4 million**  
building units with fibre

Vodafone keeps on pursuing innovation, which is why it has deployed its HD voice services that improve call quality throughout the 3G network, while at the same time offering the 4G+ (LTE-A) services, which double its customers' data downstream speeds, up to 300Mbps.

Meanwhile, buying Ono has let us reach 8.4 million real estate units and develop and offer our customers convergence solutions.

Our fixed network rollout has boosted the number of households with fibre, so now we can provide ultra high-speed Internet and smart TV services.

Throughout financial year 2015-16, we will keep on overhauling the access network and rolling out 4G, and the deployment of LTE800 technology will enable us to improve indoor 4G coverage and increase network capacity.

Vodafone complies with the Technical regulations on rendering an automatic mobile telephony value-added telecommunication service. Consequently, it produces periodic reports on various elements of Quality of Service agreed between the operators and the SETSI (Secretary of State for Telecommunications and for the Information Society) based on different international regulations. Quarterly Service Quality values also undergo external audits which can be checked on the Ministry of Tourism, Trade and Industry's website  in its Telecommunications section.

Vodafone Spain has implemented a Quality Management System based on international standard ISO 9001.

The scope of certification includes processes such as the design, construction, operation and maintenance of fixed and mobile telecommunications networks, together with customer management-related processes.

An accredited external entity certifies that Vodafone Spain tracks its processes by constantly taking measurements and implementing continuous improvements to meet its customers' needs and expectations.

This ensures that Vodafone its deploys its network to meet capacity and coverage requirements, its customers' voice and data traffic demand, makes sure that any network maintenance is planned to prevent incidents and, if any occur, that they have the least possible impact on customers through rapid detection and resolution.




For further information, go to [www.minetur.es](http://www.minetur.es)

## M2M

ICTs can contribute significantly to attaining the sustainable growth goal, by encouraging the development of products and services devised to help other sectors to be more productive and competitive, while facilitating a low carbon emission economy.

M2M, which stands for Machine to Machine communication, is already a reality and every day new applications appear in every field: from domotics and home security to fleet management and logistics, business solutions, customized marketing, telemedicine, energy saving, accessible cities, etc.

Vodafone is the leading provider of M2M solutions that let our customers (enterprises and Public Administrations) cut costs and CO2 emissions carbon by lowering energy consumption and making their operations more efficient. Day after day, M2M solutions demonstrate their potential to reduce impacts not only in businesses, but also in cities.

According to the study carried out by the Vodafone Group and Accenture, "Telecommunications and CO2" , we can estimate how much carbon dioxide customers can prevent from being released by using Vodafone's M2M products and services.

In this respect, we focus primordially on four types of M2M solutions:

- Smart Metering
- Smart logistics
- Smart Cities
- Energy efficiency management.

### Vodafone, leader in the Gartner Magic Quadrant in managed M2M services

Vodafone was named as a leader in Gartner's first ever Magic Quadrant for Managed Machine-to-Machine (M2M) Services, for both ability to execute and completeness of vision, published in October 2014.

Vodafone's M2M solutions have connected many customers globally and power some of the world's most prominent and successful M2M deployments including major operations at BMW and Amazon.

The assessment criteria included evaluating the product or service, overall viability, sales, pricing, market responsiveness and record, business model and strategies, vertical and industry strategy, innovation and geographic strategy, marketing execution, customer experience and operations.



For further information, go to [www.vodafone.es/sostenibilidad](http://www.vodafone.es/sostenibilidad)

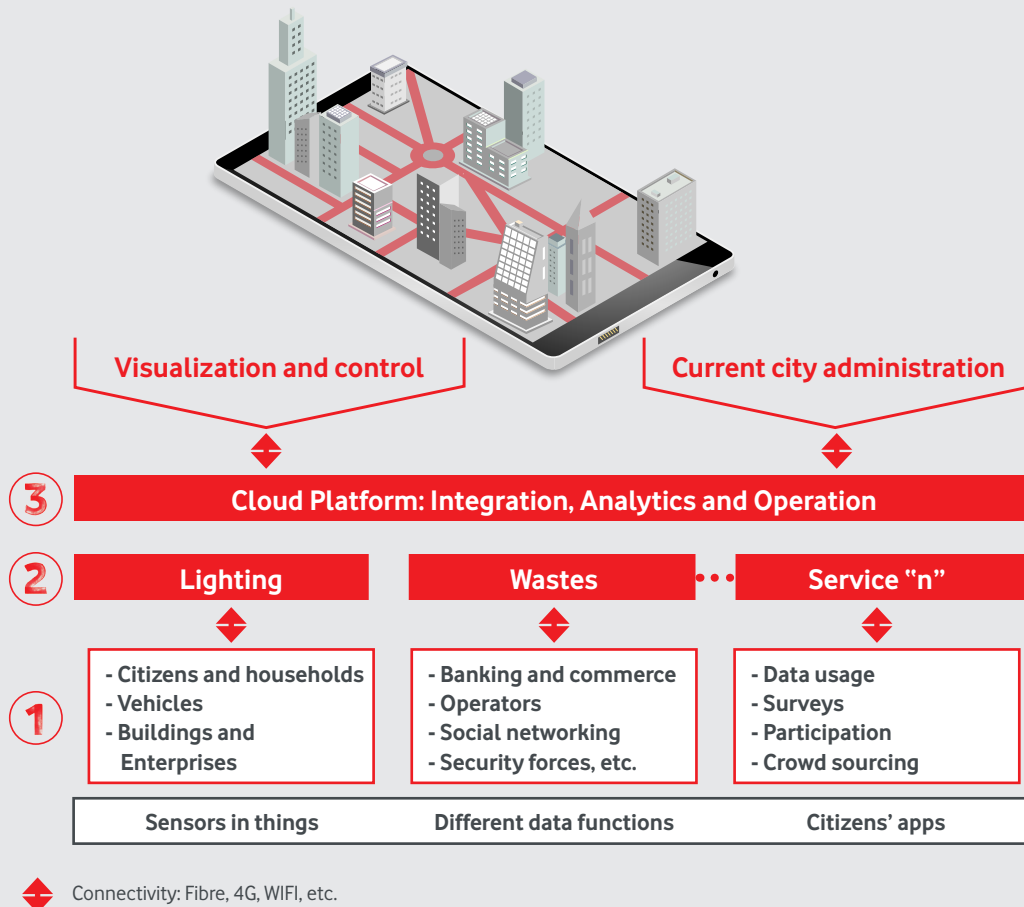
## “Vodafone Connected City”

At the Mobile World Congress in March 2015, Vodafone Spain announced “Vodafone Connected City”, a brand new concept that aims to give its customers intelligent services that make cities more efficient, liveable and better managed.

IBM is providing the technological hardware, software and services infrastructure deployed at Vodafone’s Data Centres to make Spanish cities more efficient in different ways:

mobility, building design, safety, security and emergencies, energy, water, health, education, tourism and smart trade, among others, to name but a few.

The solutions that are devised will be operated from the new “Smart Control and Development Centre” located in Seville, under the partnership agreement that Vodafone Spain and the Andalusia regional government signed in September 2014.



Vodafone and IBM share the commitment to Innovation and Customer Care. This is the context of the “Vodafone Connected City” project, to which our two companies are devoting their best efforts and all their strengths, to place them at citizens’ service with the aim of creating more efficient, more dynamic and liveable cities, through a cloud platform that provides smart services for managing the city more comprehensively.

The fact that it is an outsourced service means that small and medium-sized cities will now enjoy the same services and level of management that until now was only within the largest cities’ reach, meaning that many more people clearly stand to benefit”.



**Ms. Dolores Salcedo Gutiérrez**  
Software Presales Manager for IBM Spain, Portugal, Greece and Israel



## Best Practices with Customers

This section highlights certain best practices carried out in different Autonomous Regions (some of the best practices in the M2M field).

### Santiago de Compostela and Vodafone collaborate in Waste Management

In March 2015, Vodafone and Santiago de Compostela City Council signed a Waste management pilot test agreement, as part of the "Vodafone Connected City" platform.

This specific initiative involves equipping a number of waste containers in the city with measuring devices that are connected via radio to Vodafone's intelligent platform. This platform has an Intelligent Operations Centre (IOC) that can be used to control and manage the city's services and systems with a smarter, single-operation approach that is centralized and has a high analytical capacity.

#### Santiago de Compostela y Vodafone colaboran en la gestión de residuos

La iniciativa consiste en implantar dispositivos de medición de llenado y un sistema de comunicación con el Centro de Operaciones Inteligentes.

Compartir: [Share on Facebook](#) [Share on Twitter](#) [Share on LinkedIn](#) [Share on Google+](#)

Publicado: 08 Apr 2015

El Ayuntamiento de Santiago ha firmado un acuerdo con Vodafone para realizar una prueba piloto en el campo de la gestión de residuos. Este proyecto forma parte de la "Ciudad Conectada" plataforma de Vodafone, que ofrece a las ciudades el desarrollo de servicios inteligentes que aumentan la eficiencia, la gestión y la habitabilidad de la misma. El acuerdo fue firmado por el Alcalde del municipio, Agustín Hernández, y el Director de Vodafone en Galicia, Miguel Fernández Ares.



### Vodafone and Malaga City Council are working together on a pilot project to optimize Waste Collection routes

At the end of 2014, Vodafone teamed up with the Environment and New Technologies Departments of Malaga City Council to work on a scheme to monitor three refuse collection lorries that will send real-time data about the volume and location of each bin that they collect. The difference is that, for the first time, the information will be provided by sensors located in the refuse lorries, instead of in the bins. This is a more cost-efficient system and it will store refuse collection data that can then be extrapolated to study people's patterns of behaviour in this respect.

#### Ponen sensores para mejorar la recogida de basura de Limasa

El Ayuntamiento de Málaga impulsa un proyecto piloto para optimizar las rutas y se centrará en un principio en los envases



Los operarios de Limasa recogen un contenedor de basura.

#### Los envases, los más abundantes en la basura

Si se le hiciera una radiografía a los residuos de las botellas de plástico que se arrojan en algunos de los puntos de contenedores destinados a la recogida y reducir estos residuos, según la información del Ayuntamiento.

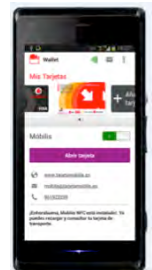
Los tres comités en los que se instalará el sensor tendrán la capacidad de medir el volumen que se vierte de cada contenedor y situar el GPS de localización para poder seguir la evolución de la cantidad de residuos que se vierten y qué zonas son las que arrojan más residuos. Con toda la información recabada se podrá optimizar las rutas de recogida y reducir estos residuos, según la información del Ayuntamiento.

de un almacenamiento "para poder ser utilizado y establecer desde las producciones sobre los residuos". Para esta empresa también se trata de un proyecto piloto que se está llevando a cabo en algunas zonas de la ciudad de Málaga en un proyecto de investigación de estas características. El actual sistema de recogida de residuos que Limasa aplica depende de cada zona. En algunas zonas desde el Ayuntamiento se realiza un control de

### Valencia's inhabitants can now pay for public transport with Vodafone Wallet

In October 2014, our first customers began using the "Vodafone Wallet" app to pay for public transport in Valencia and its metropolitan area, as a result of the work performed by the Valencian Regional Government Infrastructure Agency (Municipal Transport Company), FGV (Valencian Region Railways), and Vodafone Spain.

The Valencia Region's Mobilis travel pass has been built into the Vodafone Wallet app, meaning that now passengers can use their Vodafone smartphone to buy tickets for public transport anywhere in Valencia and its metropolitan area (metropolitan and intercity buses, underground, trams and bikes) with their Vodafone smartphone, just by scanning their mobile with the barcode reader on the bus, underground, etc. They can also check their trips and how many tickets they have used, and get useful information about Valencia's public transport.



## Electronic Prescriptions now in use at village pharmacies in Castilla and Leon

In January 2015, the Board of Professional Associations of Pharmacists of Castilla and Leon (Concy) and Vodafone reached an agreement to connect 1,870 drug dispensing locations (1,631 pharmacies and 246 first-aid posts).

The network connecting the pharmacies should be in place before the summer of 2015, which is when the pharmacies will be able to start dispensing drugs with the new system. Network deployment has begun in the countryside, and will move from smaller areas to larger ones where there are more inhabitants.

The Region is so large that this is a particularly complex project, involving different bespoke solutions, ranging from the ISDN lines to 3G and 4G, and even including satellite solutions that will be used in 17 pharmacies. In other words, each pharmacy will be connected to the network in a different way, depending on the technological solutions available at its location.

### Las farmacias rurales operarán desde este verano con la receta electrónica

El nuevo sistema beneficiará especialmente a los pacientes crónicos, que no tendrán que acudir al médico a por la prescripción

MONTE SERRANO  
VALLEARQUE

La ventaja de tener los servicios es que se pueden dar los servicios y, sobre todo, se corrigen. En un momento a saber con la implementación de la receta electrónica, ya que Castilla y León es la única Comunidad en ponerla en marcha, lo que ha permitido aprender de otras experiencias. Así las cosas, si llegara a



## Vodafone, co-supplier of the Barcelona City Council's bike sharing service, offers free heart check-ups.

To mark the European Cardiology Congress held in Barcelona in September 2014, Vodafone offered free heart check-ups to Barcelona's inhabitants.

With this action, Vodafone is a co-sponsor of Barcelona City Council's BiCiNg (bike sharing) service, and this scheme encouraged the service's users and inhabitants in general to monitor the health of their hearts and stick to a heart-healthy lifestyle.

The 2,000-plus people who took part received a bracelet with a QR code that led to a personal website where they could view their personal data and the results of check-ups carried out at different BiCiNg stations. The check-ups were endorsed by the Spanish Heart Foundation.



## Logroño's inhabitants can now pay for city buses with their Vodafone smartphone

Since December 2014, Logroño's inhabitants can pay for their city bus tickets with their Vodafone smartphone by using the Vodafone Wallet app, which replaces physical tickets with virtual ones on their mobile. This service is available thanks to the collaboration between of City Council Logroño, Indra, and Vodafone.

The Logroño public transport pass has been added to Vodafone Wallet and lets passengers buy different travel tickets (bus pass, cheap rate pass, student bus pass and Logroño university student pass), validate their ticket on the bus, get information (see how many times they have used their pass, etc.), or top up their pass. They can do all this at anytime and anywhere, as long as they have their smartphone on them.

It also saves time because they only have to swipe their mobile over the ticket validator when they get on the bus. Last but not least, all their information is safe and secure because it is stored encrypted on the SIM card.



## Our Suppliers

In order to provide our communications services, we need suppliers to supply us network equipment, handsets, and other products and services.

Vodafone is well aware how important its suppliers are in its value chain, which is why it has devised processes to ensure that suppliers meet all our ethical, OHS, environmental and social requirements. During the year, we have further streamlined our supplier base, which is now 19% smaller than in financial year 2013-14.

**€4.88 billion**  
on buying Products and Services in 2014-15 (\*)

**88%**

of the amount of total purchases made from local suppliers

## Code of Ethical Purchasing

The Vodafone Code of Ethical Purchasing outlines the requirements that suppliers must meet if they want to work with us. That is why all our suppliers must adhere to it, and it forms part of the contract that the two parties sign. It must be stated that this Code applies to all Vodafone Group suppliers, so its requirements are minimum criteria.

Besides, every year all our Supply Chain Management (SCM) department employees must complete an online CEP course to ensure they are fully acquainted with it. The Code requirements are as follows:

<p><b>1 Child Labour</b></p> <ul style="list-style-type: none"> <li>- No person is employed who is below the minimum legal age for employment.</li> <li>- Children (persons under 18 years) are not employed for any hazardous or night work, or work that is inconsistent with the child's personal development.</li> <li>- Where a child is employed, the best interests of the child shall be the primary consideration.</li> <li>- Policies and programmes that assist any child found to be performing child labour are contributed to, supported, or developed.</li> </ul>	<p><b>2 Forced Labour</b></p> <p>Forced, bonded or compulsory labour is not used and employees are free to leave their employment after reasonable notice. Employees are not required to lodge deposits of money or identity papers with the company.</p>	<p><b>3 Health, Safety and Wellbeing</b></p> <ul style="list-style-type: none"> <li>- A healthy and safe working environment is provided for employees, contractors, partners or others who may be affected by company's activities, in accordance with international standards and national laws. Mechanisms are in place to ensure that health and safety obligations are communicated and applied to parties under their control.</li> <li>- Products and services are provided in compliance with the general principles of Occupational Hazard Prevention.</li> <li>- Mechanisms are developed and implemented to ensure that all employees are competent to carry out the health and safety aspects of their responsibilities and duties.</li> <li>- Facilities and amenities, including employee accommodation where provided by the company, shall be hygienic, safe and meet the basic needs of employees.</li> <li>- The company has systems and training to prepare for and respond to accidents, health problems and foreseeable emergency situations. A means for recording, investigating and implementing learning points from accidents and emergency situations is in place.</li> </ul>
<p><b>4 Freedom of Association</b></p> <ul style="list-style-type: none"> <li>- Open communication and direct engagement between employees and management are the most effective ways to build employee relations and resolve issues.</li> <li>- The rights of employees to join or not to join trade unions, or similar representative bodies and their right to collective bargaining in accordance with local laws are respected.</li> </ul>	<p><b>5 Discrimination</b></p> <p>No form of discrimination is engaged in, or supported by, the company in hiring, employment terms, remuneration, access to training, promotion, termination or retirement procedures or decisions.</p>	<p><b>6 Disciplinary Practices</b></p> <p>Employees are treated with respect and dignity. Physical or verbal abuse or other harassment and any threats or other forms of intimidation are prohibited.</p>
<p><b>7 Working Hours</b></p> <ul style="list-style-type: none"> <li>- Employees' working hours shall not exceed the maximum number laid down by local legislation.</li> <li>- Overtime is compensated at a premium rate and workers shall be allowed at least one day off per seven-day week.</li> </ul>	<p><b>8 Payment</b></p> <p>Employees understand their employment conditions and fair and reasonable pay and terms are provided.</p>	<p><b>9 Individual Conduct</b></p> <p>No form of bribery, including improper offers for payments to or from employees, customers, providers, organisations or individuals is tolerated.</p>
<p><b>10 Environment</b></p> <ul style="list-style-type: none"> <li>- Relevant legislation and international standards for managing environmental impacts is complied with. In countries where environmental legislation is not evident or enforced, responsible practices for managing environmental impacts are in place.</li> <li>- Processes are in place to actively optimise the use of finite resources (such as energy, water and raw materials) and appropriate management, operational and technical controls are in place to minimise the release of harmful emissions to the environment.</li> <li>- Appropriate measures are in place to improve the environmental performance of products and services when in use, such as considering energy efficiency and end-of-use of supplied products and/or services at the design stage.</li> <li>- Innovative developments in products and/or services that offer environmental and social benefits are supported.</li> </ul>		

(\*) Vodafone Spain and Ono information for the period 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015. Also includes acquisitions of tangible and intangible fixed assets.

## Supplier Management Process

To ensure that our suppliers meet the requirements of both our Code of Ethical Purchasing and the respective purchase orders, the following Supplier Management Process has been devised:

### 1 Qualification

Suppliers who wish to work with Vodafone must qualify through a specific tool. During financial year 2014-15, 33 new suppliers qualified.

### 3 Audit

As members of the JAC ("Joint Audit Cooperation"), the Vodafone Group has audited the most important network suppliers.

### 2 Assessment

At regular intervals, Vodafone assesses its most significant suppliers, either in terms of the type of products and services supplied, and their levels of turnover. During financial year 2014-15, 20 global suppliers were assessed.

To assess our suppliers' performance in Sustainability-related issues, Vodafone uses a tool called Ecovadis, the sector's leading external platform that covers an extensive array of criteria that include the following:

- The policies that suppliers have enforced to prevent forced and child labour.
- Public information about the supplier's performance in social and environmental issues.
- Environmental Management Systems.
- Evidence of how the supplier handles environmental issues in its supply chain and climate change-related risks.
- Evidence of the measures that the supplier has implemented to prevent corruption and bribery.

Our supplier assessment has resulted in a three-point rise in the NPS ("Net Promoter Score"), pointing to the improvements in the service we receive from our major suppliers.

## Occupational Health and Safety

To ensure that our suppliers are fully committed to OHS issues, different courses of action were taken during financial year 2014-15:

- SCM organized an Occupational Health and Safety forum with the 11 Ono suppliers who are rolling out the fibre network. They received training and information about our OHS policies and procedures, and told how important this issue is for Vodafone, as it is part of the strategic objective to be an Admired Company.

- All the OHS Plans of suppliers regarded to be high risk have been audited satisfactorily by Vodafone.
- Were conducted Four suppliers involved in high-risk activities were visited to make to check on-site that they comply with our OHS policies.

## Management of conflict minerals in the supplier chain

'Conflict minerals' are minerals from mines that directly or indirectly finance or benefit armed groups in conflict regions and, broadly speaking, it refers to the Eastern provinces of the Democratic Republic of Congo

Conflict minerals generally refer to columbite-tantalite (coltan), cassiterite, wolframite and gold. These minerals are refined at smelters or refiners to produce metals – tantalum, tin, tungsten and gold respectively (often referred to collectively as '3TG') – which are used by many industries including in components for electronic products, such as mobile phones.


Vodafone considers that mining activities that fuel conflict are unacceptable and our Global Policy on Conflict Mineral establishes our position on this issue.

Despite the fact that the industry, through initiatives such as the CFSI (Conflict-Free Sourcing Initiative), is making considerable headway in improving mineral supply chain transparency and tackling the human rights abuses connected with mining of conflict minerals, it is likely to take time to establish effective systems to determine the conflict-free status of products.

A product is considered "conflict free" when it does not contain metals from minerals that directly or indirectly finance or benefit armed groups

in the Democratic Republic of the Congo or an adjoining country. This means that metals can be obtained from mines in countries outside the Democratic Republic of Congo or neighbouring countries, or in mines in the Democratic Republic of Congo or neighbouring countries if they have proper certification and traceability.

Considering that Vodafone does not manufacture any products itself and does not purchase 3TG metals directly, we work with suppliers to ensure that conflict minerals originating in the DRC or adjoining countries do not end up in the products we sell or the electronic equipment that we buy and use in our own operations. In this regard, we support industry initiatives that are making this possible.

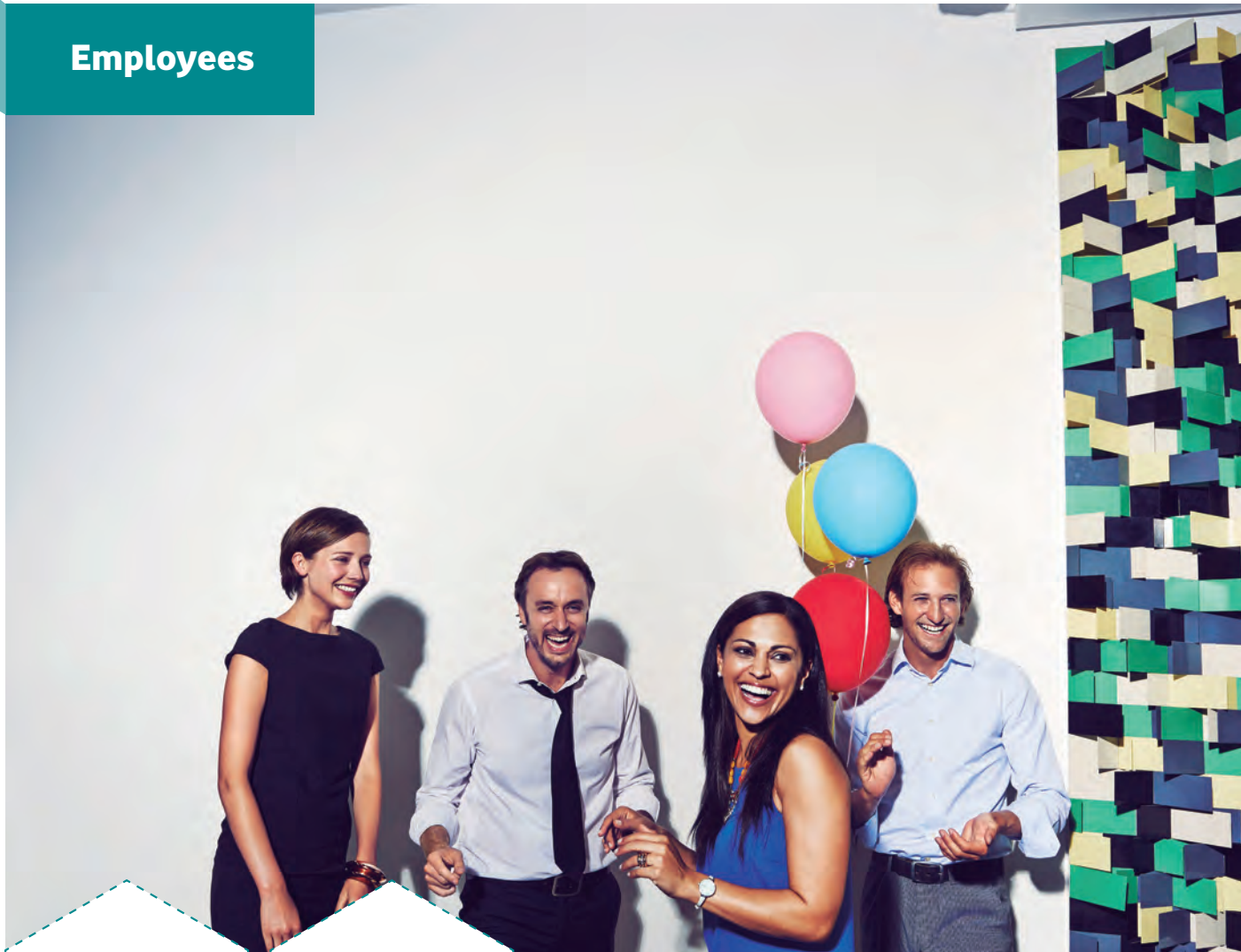
Our Global Conflict Minerals Policy sets out our requirements for suppliers of electronic products. For products where we influence the design and manufacture, we conduct due diligence activities to determine the sources of the 3TG metals they contain, and disclose the results in our Conflict Minerals Report , in line with US legislation.

Our direct (Tier 1) suppliers do not source these minerals straight from the smelters and must therefore conduct due diligence processes with their own suppliers to determine the smelter from which minerals are sourced.



See additional information in: <http://www.vodafone.com/content/sustainabilityreport/2015/index.html>


## Employees



**Corporate  
Culture**

**Employee  
Management**

## Corporate Culture: “The Vodafone Way”

“The Vodafone Way” schemes underpins our corporate culture and explains how our employees must work if we are to offer our customers an exceptional service. It is based on our Code of Ethics, which defines the ethical standards that all employees must meet .

### “The Vodafone Way”

Helps us to strengthen our position as an Admired Company among our stakeholders, and hinges on three values:

#### “Speed”

We need to work as quickly and effectively as we can, giving priority to what really matters.

#### “Simplicity”

Doing things more simply.

#### “Trust”

Acting with honesty, integrity and fairness, to build trust among ourselves and with our customers.

Compliance with “The Vodafone Way” values is one of our employees’ performance targets and is assessed each year. Employees who demonstrate a firm commitment receive an award as part of the “Vodafone Way Heroes” scheme.

### Acknowledgements in the Human Resources field

Vodafone Spain was recognized as one of the **top 10 most desirable companies to work for in 2014** by Job&Talent

Vodafone Spain ranks as one of the companies that top the **Work/Life Balance League in Spain**, according to the 2<sup>nd</sup> Study conducted by the International Institute of Political Science.

Lee Hecht Harrison awarded Vodafone Spain its **Talent Mobility 2014** prize in the “Developing Talent” category.



Society is evolving, showing that businesses need to be increasingly more responsibly committed to their suppliers, customers, employees, shareholders, and their social and environmental surroundings. This commitment to maximize their positive impact on society and the environment must not only be tied to limiting the risks inherent to their business. It must be an element of innovation that helps businesses to market products and services that improve people’s daily lives, open new markets, and are capable of attracting and retaining the best staff. To attain this goal, a company must be properly governed and be transparent in all its dimensions. At Forética we can see that Vodafone’s commitment has been patent for many years, both in Spain and worldwide, as it is a leading company in transparency and in its commitment to sustainability and social responsibility.”

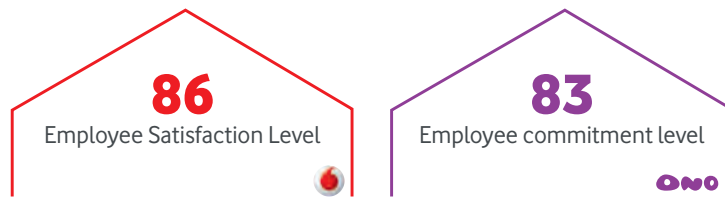


**Mr. Germán Granda**  
General Director of Forética

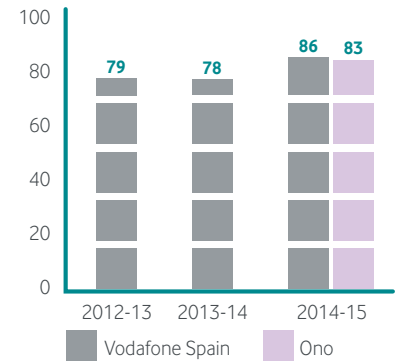


See additional information in Chapter 6: “Ethics and Corporate Governance”.

For Vodafone, listening to our employees and their different points of view is a priority. So each year we arrange a People Survey to keep track of our employees' commitment and motivation. We also use this information to assess team leaders and encourage improvements in how we handle our business.



Employee Satisfaction Level



### 2014 People Survey

After analyzing the results of the 2013 People Survey, we identified the points that required action to be taken: "Speed", "Simplicity", "Trust" and eNPS (which measures the extent to which employees recommend products and services).

For that reason, we devised a Company People Plan to cover the action points, which we presented as "**Score 10 Plan**", in order to improve each of the points of improvement detected by 10 points. Each of the actions described has been spearheaded by an Executive Committee member, ensuring its distribution to all the employees.

The 10 actions are as follows:

### The 10 People Plan Initiatives

<b>1</b> Involving Executive Committee members	Each Committee member spearheads one of the "People Plan "activities.
<b>2</b> RAPID	Implementation of a tool to streamline meetings and the decision-making process.
<b>3</b> Efficiency in Key Processes	Each Department works on simplifying a key process within its area.
<b>4</b> Committee Efficiency	Drafting of proposals on how to hold the main Committee meetings less frequently.
<b>5</b> Leading by example	As an example of efficiency, the Executive Committee modified its own governance.
<b>6</b> Assertiveness	We have encouraged employee empowerment.
<b>7</b> Presentations	We are developing training schemes to help employees make more effective presentations.
<b>8</b> Improvement Ideas through Managers	A process has been established to allow each Manager to collect and pass on its team's suggested improvements.
<b>9</b> Communication	Report the headway made with the People Plan.
<b>10</b> Acknowledgement	Boost acknowledgement of the successes attained.

In addition to this company People Plan and in view of the 2014 People Survey results, since the end of 2014 we have been working along the following lines:

- **Improve the eNPS.**
- **Effectiveness (“Speed & Simplicity”).**
- **Acknowledge and Celebrate (“Engagement”).**
- **Improve Personal Life.**

#### eNPS:

This year saw further headway being made with the Vodafone Ambassador Scheme, designed to make employees feel proud of being part of the company, with the following courses of action:

- Launch of the “Friends & Family” discount, so that all employees can offer their friends and relatives discounts on their Vodafone lines.
- Reorientation of the 485 employee hotline, which now also helps employees to resolve relatives’ and friends’ issues.
- Launch of ADSL and Fibre pilot tests: our employees got the chance to be the first to try out our Products and Services.
- Announcement and support for using Vodafone Wallet

#### Effectiveness (“Speed & Simplicity”):

This year’s efforts to attain the “Speed” and “Simplicity” goals were not only backed up by the People Plan initiatives, but also by another major lever: the move to the new Vodafone Plaza offices, which has helped us to introduce new working methods and encourage teamwork. These are just some of the courses of action:

- Implementation of flexible workstations.
- Improving mobility: Wifi + 4G + less paper.
- New meeting spaces, the informal meeting areas having been enlarged to make them more effective.
- Launch and implementation of a specific Project Management system called RAPID.
- Reinforcement of decision-making and actions at each meeting.
- Survey of 400 employees to analyse and redefine the processes that they consider most complex.
- Information about efficient presentation techniques and tools.

#### Acknowledge and Celebrate (“Engagement”):

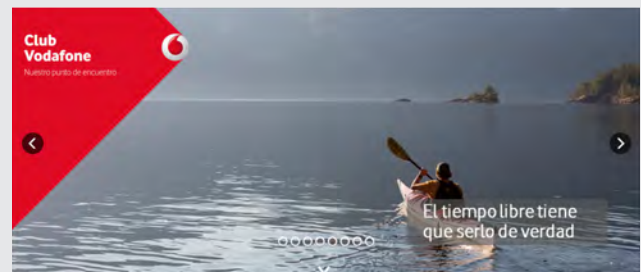
If employees are to feel far more motivated, they must feel that their work is acknowledged, and be offered a working environment that makes them feel prouder of working for Vodafone. This has been achieved this year with a wide range of initiatives, such as:

- Arranging “Delight” actions for employees to mark the office move.
- The Vodafone Club organized a Family Day, to let employees’ families visit our new HQ, while their children enjoyed fun and games.
- Launch events: Vodafone Club, Vodafone Wallet, etc.

#### Improving Personal Life:

This year the company has placed great emphasis on helping to improve employees’ private lives, and brought into play a set of reconciliation measures and time-saving solutions for employees through the Vodafone Club, by:

- Changing working hours to make them more flexible.
- Arranging services to help employees save time in their personal, everyday chores.
- Providing sports facilities.
- Organizing leisure activities to which they can invite their friends and relatives.





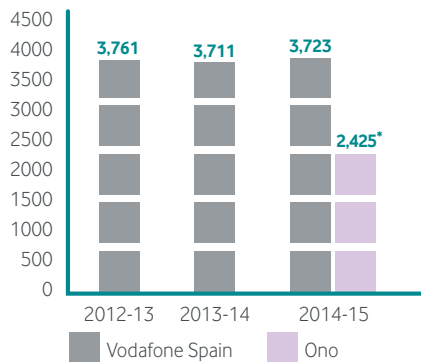
## Employee Management

At Vodafone we support, train and encourage all employees to ensure they have and develop the right skills, commitment and enthusiasm to achieve our business objectives.

Our goal is to attract, develop and retain the best professionals. To do so, we try to provide a good working environment, where their talent is recognized and developed, while promoting their wellbeing.

Vodafone has significant capacity to generate direct and indirect employment .

### N° Employees



(\*) Figure as at 31<sup>st</sup> December 2014 in accordance with the initial correspondence between Vodafone Spain and Ono jobs.

### Types of contract, 2014-15

	Vodafone Spain	Ono
Unlimited	98.8%	100%
Limited	1.2%	0%

### N° and (voluntary) turnover rate by age and gender

	Vodafone Spain			Ono*		
	Women	Men	General Total	Women	Men	General Total
< 30 years	5.7%	10.7%	28	0.1%	0.1%	5
30 - 50 years	3.0%	2.5%	87	0.7%	0.7%	35
> 50 years	0%	0%	0	0.0%	0.0%	2
<b>General Total</b>	<b>3.2%</b>	<b>3.0%</b>	<b>115</b>	<b>0.8%</b>	<b>0.8%</b>	<b>42</b>

(\*) Figure as at 31<sup>st</sup> December 2014 in accordance with the initial correspondence between Vodafone and Ono jobs.

## Diversity and Equal Opportunity Management

Vodafone is a global company operating in an industry that is moving at a dizzy pace, and as such needs employees who adapt easily and quickly to change. It is important to find people who are highly flexible, with the skills to cope with the current market dynamics and be part of a diverse workforce that can work together. For Vodafone, diversity both in terms of gender, physical abilities, age or nationality, brings great value to the company.

To capture and retain the best professionals, we have a fair and competitive remuneration system, with performance-based opportunities.

The responsibilities of the position, candidate's potential, internal equality in the organisation and external competitiveness with positions of the same characteristics based on market data are all taken into account to determine salary.

Vodafone therefore guarantees equal remuneration opportunities, regardless of candidates' gender, physical abilities, age or nationality.

In financial year 2013-14, Vodafone Spain signed an agreement with the Ministry of Health, Social Services and Equality under which it will take steps to increase the number of women in managerial posts and on the Steering Committee. These measures are outlined in the **2<sup>nd</sup> Vodafone Equality Plan and in the Equality Guide**, which has been distributed to all employees, so that they are aware of these initiatives.



See additional information in Chapter 4: "Vodafone Spain's contribution to the country 2014-15".

## Reconciliation Enhancement Measures

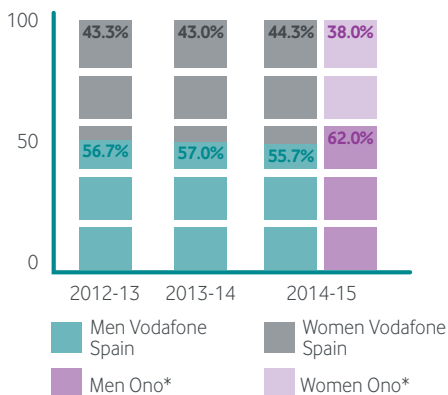
This section lists the main initiatives and actions to foster the reconciliation of employees' professional, personal and family life:

- Rest rooms for pregnant employees and breastfeeding rooms
- Personalized service and medical check-ups during pregnancy
- 15 days' paid leave before childbirth or an adoption
- Possibility of accumulating breast-feeding leave, and taking 26 days' leave after taking maternity leave
- Pregnant women can ask for a parking space from week 26 of their pregnancy
- Financial aid for large families or families with children under 4 years old or disabled
- If an employee's child is seriously ill, a series of measures are applied to make it easier to look after the child
- Social Fund to provide financial assistance to any employees who need it because either the employees or their descendants are in exceptional circumstances due to a serious illness or receiving special medical treatment
- Special measures to improve the situation of female gender violence victims
- Flexible working hours that allows employees of both genders to better reconcile their professional, personal and family life.

## Schemes to foster Gender Diversity in Vodafone

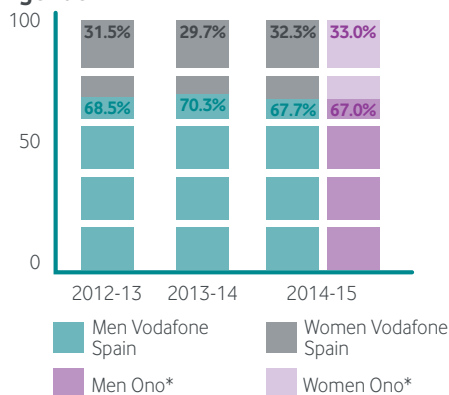
- We have set up a community that shares news about women-oriented initiatives and also a female employee platform that focuses on skill, management and leadership training and professional development, while promoting networking with other organizations.
- "Speed Networking for Women": short face-to-face meetings where Vodafone's female employees can pool professional experiences with our organization's leaders.
- Regular participation in forums designed to promote motivation, innovation and professional development of women in society, the economy and business.
- To mark International Women's Week, Vodafone arranges in-house events that foster women's career development and are masculine-gender inclusive. This year's efforts were geared towards the concept of "how to develop your potential" and the Vodafone Group held a Global Conference that was attended by all of its operators, as well as Local Conferences involving Executive Committee members.

**% Employees by gender**



(\*) Figure as at 31<sup>st</sup> December 2014 in accordance with the initial correspondence between Vodafone Spain and Ono jobs

**Change in % of managerial posts by gender**



(\*) Figure as at 31<sup>st</sup> December 2014 in accordance with the initial correspondence between Vodafone Spain and Ono jobs

Right now, youth unemployment is one of Spain's biggest social challenges. That's why our **"Discover Graduate Program"** gives newly qualified, talented and highly motivated professionals their first chance to join the job market in order to contribute, learn and put their ideas into practice.

The young professionals who join Vodafone through this programme get an open-ended contract from day one, together with a mentor who keeps track of their training and helps them to develop their potential.

Furthermore, Vodafone also has an attractive **Internship Scheme**.



**126**  
Vodafone Trainees in  
2014-15 (yearly average)

The company's **"Barrier-Free Talent" Programme** serves to encourage the integration of disabled people, and Vodafone Spain complies with the Integration of People with Disabilities Act through both direct employment and alternative measures.

On 3<sup>rd</sup> December, Vodafone commemorated the International Day of Persons with Disabilities, with an outstanding commitment from both Management and participating employees.

We also encourage the participation of **different nationalities** through schemes like "Columbus" (international rotations with different countries), our "Summer MBA Internship" or employees who change operator within the Vodafone Group to tackle new professional challenges.

Type of contract	Vodafone Spain		Ono*	
	Women	Men	Women	Men
Unlimited	43.5%	55.3%	38.0%	62.0%
Limited	0.8%	0.4%	0%	0%
<b>General Total</b>	<b>44.3%</b>	<b>55.7%</b>	<b>38.0%</b>	<b>62.0%</b>

	Vodafone Spain		Ono*	
	Women	Men	Women	Men
< 30 years	4.7%	4.5%	1.0%	1.4%
30 - 50 years	58%	47.7%	34.0%	54.8%
> 50 years	1.6%	3.5%	3.0%	5.8%
<b>General Total</b>	<b>44.3%</b>	<b>55.7%</b>	<b>38.0%</b>	<b>62.0%</b>

	Vodafone Spain		Ono*	
	Women	Men	Women	Men
< 30 years	60	45	7	11
30 - 50 years	53	47	24	25
> 50 years	1	3	0	2
<b>General Total</b>	<b>114</b>	<b>95</b>	<b>31</b>	<b>38</b>

	Vodafone Spain		Ono*	
	Women	Men	Women	Men
Director	0.4%	2.0%	0.2%	1.0%
Head of	3.6%	12.7%	2.2%	9.0%
Manager.	28.1%	53.0%	30.6%	57.0%
<b>Total</b>	<b>32.3%</b>	<b>67.7%</b>	<b>33.0%</b>	<b>67.0%</b>

	Nº People entitled		% exercised the right	
	Vodafone Spain	Ono*	Vodafone Spain	Ono*
Women	76	53	100%	100%
Men	98	67	94%	100%
<b>General Total</b>	<b>174</b>	<b>120</b>	<b>92%</b>	<b>100%</b>

	Vodafone Spain	Ono*
Nº employees returning after maternity/paternity leave:	19	118
Nº of employees still at work after returning:	18	117

(\*) Figure as at 31<sup>st</sup> December 2014 in accordance with the initial correspondence between Vodafone Spain and Ono jobs.

## Training and Development

This year our Training and Development **efforts focused on Vodafone Spain's takeover of Ono**, through a wide range of initiatives such as:

- The **"Todosconecta2.com"** communication programme that lets both organizations' employees share news, training, products and services, etc., emphasis being placed on everyone receiving the same information transparently and at the same time.
- **"Welcome Day"**: at this event, Ono's employees found out about our values, goals and strategy, were shown around our new headquarters and learnt about the "power of being together".
- **"Embrace the change"**: specific training for both organizations' management teams so as to tackle the integration process constructively, and empower our managers to lead the transformation in their teams.

To back up these integration initiatives, that we are evolving our training methodology model, in line with the unstoppable digitization of society. There is no question that **online training**, has helped train large and very fragmented population groups; now we have to head towards **"mobile learning"**, so that content moves from computers to mobile phones and tablets. This focus on online training has enabled us to widen the variety of content, adjust the times and attain a greater impact.

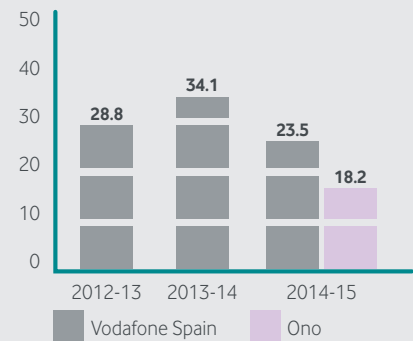
Hours' training per group

Group	2012-13		2013-14		2014-15	
	Vodafone Spain	Ono	Vodafone Spain	Ono	Vodafone Spain	Ono
Director	13.6	13.9	22.9	13.5	13.5	13.9
Middle management	24.6	21.5	31.3	28.3	28.3	21.5
Specialists	29.8	17.4	35.4	23.4	23.4	17.4

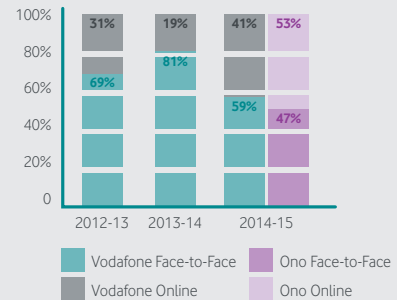
% of students per group and gender 2014-15

Group	2014-15			
	Vodafone Spain		Ono	
	Women	Men	Women	Men
Director	24%	76%	16%	84%
Middle management	29%	71%	39%	61%
Specialists	46%	54%	38%	62%
<b>Total</b>	<b>44%</b>	<b>56%</b>	<b>38%</b>	<b>62%</b>

N° hours' training per employee



Change in online/face-to-face training



Vodafone encourages its employees to be the first **ambassadors** of its products and services, and to recommend them to their friends and relatives. To do so, we have arranged specific sessions to explain our new products and services to them, and thus pushed up our eNPS score (employee loyalty score) by 30 points.

**30 point**  
improvement in the  
eNPS score

As for our **certified training schemes**, throughout the year approximately 150 employees were awarded the prestigious PMP ("Project Management Professional") certificate, as well for Prince2 (project management) and ITIL (Information Technologies Infrastructure Library) process management, at different levels.

Our **Mentoring programme** has been running since 2012. At Vodafone we regard this corporate tool to be the best at leveraging on knowledge, talent and inner experience for growing and strengthening human capital and propelling it into the future. The programme's strategic objective is to promote a culture of learning from what other people experience when developing their leadership and talent. Our in-house community of mentors follow a three-year course, at the end of which they are awarded "International Coach Certification". On average, the "mentees", i.e., the employees supervised by the mentor score this programme 9 out of 10 and highlight that it lets them speed up their career development significantly.

In addition to the joint efforts made to help employees adapt to the new business environment stemming from the two companies' integration during financial year 2014-15, the training given to the former Ono employees has been geared to achieving a cultural change in terms of people management, relying primarily on transforming patterns of behaviour, changing beliefs and expanding positive frames of mind. That is why we set up the **"Understanding People"** scheme, mainly geared towards the company's middle managers.

A need was seen for an ongoing, structured system for sharing internal know-how, so priority was given to the **"Ono in-house instructors"** scheme, and this financial year the model was consolidated and both the number of in-house instructors and of courses that they given increased significantly.

### Job Performance Assessment

At Vodafone, we refer to our ongoing Job performance assessment as "Performance Dialogue", or PD, which involves an open dialogue about employee's current position and his or her future roles in the Company. Under this system, all employees must have concrete, realistic, challenging, achievable and measurable objectives. During the financial year 2014-15, each and every one of Vodafone's employees took part in the performance assessment process.

During this financial year, Vodafone's employees and Ono's employees have had their performance appraisal cycles in different fiscal years. From financial year 2015-16 onwards, both processes will be aligned so that the organization can work at the same pace.



## Industrial Relations

At present, the workers' committee at Vodafone Spain is formed by 116 trade union representatives.

Ono has retained its legal status, and therefore its workers' representatives are the same as when it was taken over by Vodafone Spain, and there are currently 155 members.

The collective bargaining agreements currently in force affect 88.7% of Vodafone Spain's headcount and 91.2% of Ono's. In accordance with current legislation, any organizational change that results in a substantial modification in work conditions and/or functions performed by employees must be communicated at least one month in advance, which is scrupulously respected in either of these circumstances. In any case, reflecting the dialogue that takes place between the Employment Relations Department and workers representation, it is customary to maintain a policy of transparency which means that in general this legal term is comfortably met.

The characteristics and scope of the welfare benefits differ in line with each organization's collective agreements, and are summarized below:

### Vodafone Spain Welfare Benefits

**Pre-maternity leave.** Employees can take maternity leave 15 days before the scheduled delivery date.

**Paternity leave.** Employees can take 5 working days' leave from the date of birth/adoption (as opposed to 2 days' leave by law).

**Leave of absence to look after under 4 year olds.** Vodafone has extended the period stipulated by law by one year.

**Family Allowance.** Employees with children aged between 0 and 4 years old are entitled to a monthly subsidy of €71.59 per child.

**Large Family Allowance.** Employees eligible for the large family allowance (family with more than four children), receive a monthly subsidy of €29.78 per child.

**Disabled children allowance.** Employees are entitled to a monthly subsidy of €143.18 per disabled child until they reach the age of 26.

**Social and Care Fund.** Set up to provide financial aid to employees who, in exceptional circumstances and on account of serious diseases and / or special medical or surgical treatment, request or require such aid.

**Health Insurance.** Vodafone Spain pays the full cost of the employee's policy, and all the expenses of the employees' medical appointments.

**Life and Accident Insurance.** The policies cover three times the annual fixed salary in the case of death or disability.

**Pension Scheme.** Employees make contributions to their Scheme, and the company doubles that amount up to a maximum of 4% of the employees' gross salary.

**Luncheon Vouchers.** The annual maximum amount is now €1,124.64.

**Compressed Summer Working Day.** From 16<sup>th</sup> July to 31<sup>st</sup> August.

**Working hour flexibility.** To allow employees to leave earlier, they can cut their meal time.

### Ono Welfare Benefits

**Working hour flexibility.** Employees can choose to arrive 1 hour earlier or half an hour later than the established time; Maximum meal time: 1 h.

**Compressed working hours.** From 1<sup>st</sup> July to 31<sup>st</sup> August and from 22<sup>nd</sup> December to 7<sup>th</sup> January.

**Compressed working hours** the whole year round for employees with children aged under 8 or who are disabled, employees with chronic illness and gender violence victims.

**Pre-maternity leave.** Employees can take maternity leave 8 days before the scheduled delivery date.

**Breast-feeding.** Employees can accumulate breast-feeding leave (in 2014: 13 workdays, and in 2015: 14 days).

**Paternity leave.** Employees are entitled to 6 calendar days' leave from the date of birth.

Time off to attend employees' or their children's **medical appointments.**

**Health Insurance.** Ono pays 100% of the employee's policy, as well as 60% of the cost of their family members' policy.

**Life and Accident Insurance.** The policies cover two times the annual fixed salary in the case of death or disability.

## Hazard Prevention and Health

Following the Ono takeover, Vodafone embarked on different courses of action to bring in line the two organizations' Health, Safety and Well-Being cultures, as well as the Management Systems in place at both. We set ourselves the goal of designing a **new Management System** underpinned by the Vodafone Group's policies in this regard and, at the same time, the best practices of Ono and Vodafone Spain.

The first phase of this task entailed collecting detailed information about the management systems in order to:

- Define a new people Health, Safety and Well-Being Policy

- Establish a Prevention Plan

- Identify the processes and activities to be performed.

This led to a working plan that will be brought into play progressively in the next financial year.

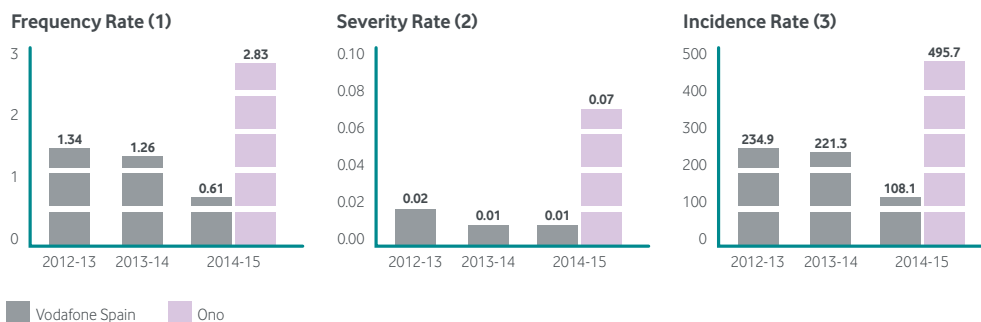
Phase two focused on designing an **Induction Plan** for the former **Ono employees**, so as to show them the Pillars of Vodafone's Preventive Culture. This Induction Plan began with initiatives e-learning, schemes, face-to-face sessions and active participation in the plan to integrate the two organizations' buildings and premises with differential actions.



### Pillars of the Vodafone Preventive Culture

Lastly, work began on creating a new **Combined Hazard Prevention Department**, in which the expertise and know-how of both companies' teams served as a cornerstone.

### Accident rates

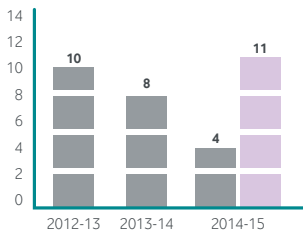


(1) Frequency Rate: LTA X 1,000,000 / N° of employees x Average No. of hours worked per year per employee.

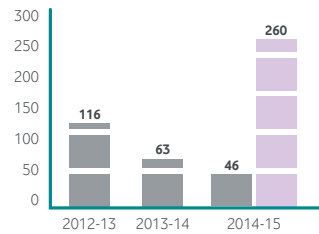
(2) Severity Rate: Lost time from work due to accidents during working hours resulting in LTA x 1,000 / No. employees x Average No. of hours worked per year per employee.

(3) Incidence Rate: LTA's x 100,000 / N° of employees.

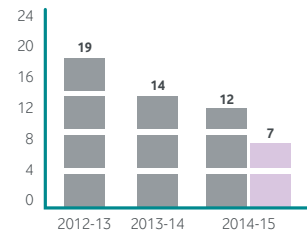
### Accidents in working hours



### Days lost through accidents at work



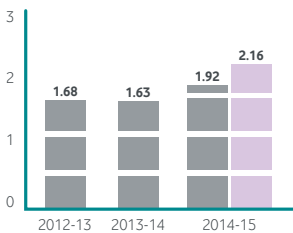
### Traffic accidents on the way to/ from work



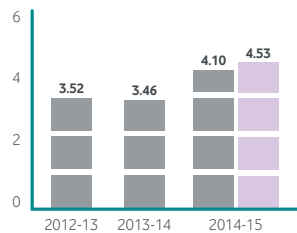
This year there were no fatal accidents, although unfortunately one subcontracted worker suffered a serious accident.

## Absenteeism

### Absenteeism Rate (4)



### Sick-leave days per employee



■ Vodafone Spain ■ Ono

(4) Absenteeism Rate: Percentage of days off work due to sick-leave with respect to actual number of work days.

## Initiatives for promoting Health, Safety and Well-Being

The main initiatives this year were:

- Executive Committee members visited building sites to demonstrate the company's commitment in this regard.
- The mobile phone network base station Health and Safety Improvement Plan has been completed. The scheme has lasted three years and has had an impact on 10,059 sites.
- Working conditions and tools have been improved at all our own stores.
- The Health and Safety Plans applied by contractors involved in high-risk activities (work in heights, electrical hazards, confined spaces and building sites) have been consolidated.
- External audits: Ernst&Young conducted a new audit, and positively highlighted the great extent to which hazard prevention is integrated throughout the company.
- Vodafone launched Project "Power to your Health", which aims to encourage healthy habits and will involve different areas of the company.

### Employee Hazard Prevention and Health Training and Coaching:

- Ono employee Induction Plan: followed by 2,424 people.
- Ergonomics in flexible workstations: available for all employees who move to a flexible workstation as a result of the office integration plan: Vodafone Plaza, Seville, Palma, Valladolid, Barcelona (>3,400 employees).
- Vodafone Spain Employee Induction Plan: 199 new employees have taken part.
- Emergency and First Aid Training (6 hours in classroom + 2 hours of personal time): 351 people have taken part
- Emergency Awareness-Raising Meetings: more than 250 people from the Emergency Teams at the Vodafone Plaza, Barcelona, Seville and Valencia offices took part.
- Occupational Hazard Prevention Officer Training Programme: 40 officers.
- "Absolute Rules" Scheme:
  - Road Safety: Holiday awareness-raising campaigns in the intranet and on Vodafone Plaza screens.
  - Presentation of the new "Absolute Rules" on safe work in fibre conduits.
- Vodafone Spain and Ono employees will be receiving emergency measure training.



### Health Service

- 11,782 medical appointments.
- More than 1,600 Vodafone Spain employees and more than 850 Ono employees have had voluntary medical check-ups
- 72.5% of employees who have direct access to the service at their offices use it.
- At Vodafone Plaza, blood tests are available two days a week and there is a new physiotherapy service.
- The Vodafone Plaza medical service has obtained an NPS of 67, while the other medical services scored 69.

## Encouraging Entrepreneurship

Vodafone is engaged in several initiatives devised to help tackle one of our country's key challenges: unemployment in general and youth unemployment in particular. Of all these initiatives, our participation in the Minerva and Young Business Talents Programme deserves a special mention.

### Minerva Programme

This Technology Entrepreneurship Programme is being coordinated by the Andalusia Regional Government's Department of Economy, Innovation, Science and Employment and Vodafone.

Over the last few years, the Minerva Programme has helped to fund start-ups whose entrepreneurs seek to bring innovation to the mobile communications environment, and as such has become a permanent forum for innovation. As a result, the Programme now has its own structure and can generate highly-skilled technology employment, turn ICT projects into start-ups, build the "Minerva Community" to encourage a culture of technological entrepreneurship and contribute to modernize Andalusia's business fabric.

This Programme is now regarded as a flagship public-private partnership, and Vodafone intends to allocate it €1.7 million over two years, so as to further encourage technological entrepreneurship and start-ups.

### Young Business Talents

Vodafone is committed to young talent, and was one of the sponsors of the fourth "Young Business Talents" competition, which consists in a business simulator that lets 15 to 21 year-old students to gain experience, from the very start of the competition, in running their respective businesses.

The competition aims to encourage entrepreneurship, allowing budding entrepreneurs to run companies and make marketing, sales, production and advertising-related decisions.



**7,632**

students from 457 educational establishments took part

**350**

students from 100 teams reached the final

## Society



**Social Products  
and Services**

**Responsible  
use of ICT**

**Vodafone Spain  
Foundation**

## Social Products and Services

Making communications far more accessible is one of Vodafone's greatest opportunities for contributing positively to society. Technology is changing how people live, regardless of their place of residence, physical capacity and level of income, by giving everyone the opportunity to benefit from accessing communication and information networks.

Telecommunications can become a tool that gives independence to many people that could not previously enjoy the advantages of modern communications. For instance, since a mobile phone can be carried around and used immediately, it's a tool that encourages people to communicate with one another, a device that makes senior citizens feel safer and more independent, and

very often means they no longer need to rely on other people's help.

Vodafone endeavours to use its products and services to meet the needs of anyone and everyone, including people with special needs, who are vulnerable or at risk of being excluded. That's why we forge close ties with lots of associations that we help and that in turn help us to develop products and services that match their members' needs.

An all-inclusive design has to respond to anything and everything that has to do with people's different visual, hearing, physical or intellectual capabilities.

## Solutions for Senior Citizens

This year Vodafone made further headway with its strategy of putting communications within the reach of senior citizens and people with special needs.

In this respect, Vodafone's products and services are devised to support active ageing and help people those looking for a simple, safe and accessible means of communication, offering them phones that meet their specific needs.

The following are just some of this year's main courses of action in this regard:

### Red Cross Mobile Telecare with the Vodafone Smartphone

As far as social products and services go, this was our main product launch this year, and it is designed to make older people and their families feel a great sense of security and peace of mind. It's the first product of its kind because it has universalized the Smartphone Mobile Telecare service, and Vodafone was the first carrier to market it.

Red Cross Mobile Telecare with a Vodafone Smartphone is managed by the Red Cross, which has extensive experience and is a quality and brand benchmark in this sector.

The Mobile Telecare emerged as the natural evolution of a service that the Red Cross started providing 25 years ago, namely Home Telecare, and which now has been built into Vodafone's customers' private lines through their smartphone.

Red Cross Mobile Telecare is designed for senior citizens who have some kind of disability or chronic illness, who go out of the house alone and might need help (via a mobile phone) if a risk arises. The combination of a phone line and specific communications and information equipment means that the people who sign up for this service can ask for help whenever they have a healthcare or social emergency, 24 hours a day and wherever they are, by just pressing a button.



## Vodafone Fácil (Vodafone Easy)

Launched in April 2014, this new deal for prepaid customers looking for simple solutions offers:

- A plain and competitive tariff
- A range of phones tailored to their needs
- User-friendly and fast credit and top-up management services.

Vodafone Easy is meant for prepaid customers whose mainly use their phone to make or receive calls.

Even though lots of different kinds of people fit this profile, broadly speaking around 50% of this population group are aged 65 years old or over.



## Alcatel 20.00

Included in our "Vodafone Easy for Senior Citizens" pack, this ergonomic model has large keys, a large bright display, a simple menu and a dedicated SOS button on the back.

It's especially designed for the hearing impaired, as it can be used by people with hearing aids or cochlear implants.



## Accessibility

### Vodafone Accessible Stores

One of Vodafone's goals is to offer our customers the products and services that best suit their needs. In addition, we work hard to ensure our customers can buy these products and services in standardised environments designed for everyone and that conform to universal accessibility criteria and requirements, in line with our "Accessible Store" model.

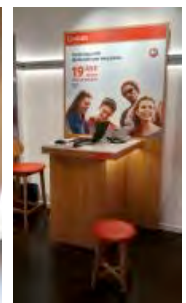
All the accessibility-related limitations identified in our stores in previous years have been tackled and accessibility criteria have been applied. In May 2010, Vodafone Spain became the first company in Spain to be awarded the Universal Accessibility certificate, conforming to standard UNE 170001, for a chain in stores.

Since then, we have maintained our certification and extended it as our store design has changed, and right now 96.9% of our own stores have the accessibility certificate, and 87.1% of these are stores with the new 2.0 image.

This year an external auditor reviewed our certification and the audit report underscores:

- The improvements made in the stores after the 2.0 image change
- The online and face-to-face training courses for our store sales staff, to make sure they are well acquainted with all of Vodafone's social products and services, and they know how to people with special needs.
- All the staff involved in the store audits were committed to accessibility issues.

**96.9%**  
of our own stores are  
accessibility certified



## Accessible Website

This year we renewed our WCAG 2.0, level AA WAI Web Accessibility certification for our website pages ([www.vodafone.es](http://www.vodafone.es)), including the Online Store and Customer's Private Area sections. This certificate has been awarded for satisfying 100% of the 61 evaluated compliance criteria.

Our website is always changing, so throughout financial year 2015-16 we will work hard to ensure it remains certified and continues to comply with standard UNE 139803:2012: "Web content accessibility requirements".




## Partnerships with Non-Profitmaking Entities (NPE)

### Services for NPEs

NPEs can get benefit from different types of services that Vodafone Spain provides, including:

#### Charity Texting

Mobile customers can make donations to NPEs by sending a Charity Text to the number 280AB.

Vodafone has its own charity texting number, 28052, so any customers who want to help out just need to send their text message to that number, together with the word that identifies their chosen NPE. 


This year our efforts made the headlines on account of the fund-raising campaign we organized to help Doctors Without Borders in its fight against Ebola.

We also organized internal and external communication campaigns to ask our customers and employees to help other NGOs:

- "Flag Day", for the Spanish Red Cross
- "Earth Hour", for WWF Spain
- "Leukaemia Week" for the José Carreras Foundation.



#### DONO Programme

Vodafone has set up this programme with the consultancy firm Ilunion Consultoría to donate voice and data services to NPEs.  1

Especially worth noting during 2014-15 was that we helped the Madrid Food Bank in its "Big Food Collection" campaign by making Dono Programme lines available to the Volunteer Coordinators.





More than  
**€540,000**  
raised through Solidarity Messages during financial year 2014-15


More than  
**€335,000**  
donated in voice and data services to non-profit making organizations (cumulative)

### Other Projects

#### Top up with Gifts

In October 2013, Vodafone set up the "Top up with Gifts" scheme, and every month it donates €5,000, which is shared out between three charitable schemes run by the Spanish Red Cross, the Aladina Foundation and WWF Spain. Vodafone prepaid customers can vote for one of the schemes when they who redeem their top-up coupons on the web, and the amount is then distributed accordingly.  2.

 See additional information in: [www.vodafone.es/sostenibilidad](http://www.vodafone.es/sostenibilidad)

 1 [www.dono.discapnet.es](http://www.dono.discapnet.es)  
2 <https://recargatederegalos.com/>

## “You help us, we help you”

Launched in November 2014, under this scheme Vodafone makes a donation for every customer call that helps us to improve our service, and has led us to donate €20,000 to the Spanish Federation of Food Banks.



## Alto Tajo Natural Park Scheme

In February 2013, Vodafone began contributing to a project run by the Madrid Complutense University Department of Geodynamics and the CSIC-UCM Institute of Geosciences in the Alto Tajo Natural Park, and called “Improvement of the Ecological and Economic Efficiency of Mine Restorations through Geomorphological Reconstructions that favour Hydrological Control”. Vodafone is providing the connectivity required to remotely measure the project parameters, and our technology means that the researchers get real-time information about how rivers are impacted by mining activities.

## Vodafone’s Contribution to Sustainable Development Goals (SDG)

2015 is the deadline for complying with the roadmap of the United Nations’ Millennium Development Goals (MDGs), which will then be succeeded by the Sustainable Development Goals (SDG).



Despite the considerable headway made in recent years, much remains to be done in terms of achieving the MDGs. The areas in which Vodafone will step up its efforts and contribution to achieving the United Nations’ goals are listed below:

- The Vodafone Group Foundation is working with several NGOs in countries like Tanzania or Kenya to combat **maternal mortality**, protecting women before and after childbirth, with innovative solutions such as its M-Pesa mobile transfer system, which can be used to send money to local representatives who pay the hospital trip for women who need to undergo corrective surgery for obstetric fistula after childbirth.
- Mobile technology is an important tool for combating **school dropout and low literacy rates**, as it lets teachers reach students in rural areas, who can attend classes remotely; and with software solutions and mobile Internet, teachers can be better trained and engage students with interactive learning materials and multimedia content.
- Vodafone’s mobile services are being used to **combat gender inequality** by making it easier for women to get an education and work opportunities, helping to improve their lives and livelihoods. Our report “Connected Women” suggests that if mobiles were more readily accessible, 8.7 million women could stand to benefit, bringing annual economic benefits of \$28,900 million by 2020 in the markets where Vodafone is present.
- Vodafone believes that **fighting hunger** must be based on economic development, based in turn on increasing productivity and increasing GDP in emerging markets by using mobile telecommunications. We estimate that a 10% rise in mobile penetration represents a 4.2% rise in GDP.
- Vodafone also considers that far more training and awareness-raising, along with innovative distribution and management services, has an important role to play in **combating HIV**. As part of South Africa’s largest nationwide VIH prevention scheme, loveLife, our mobile health platform is supporting more than 1,200 young volunteers working in 880 communities.
- **Environmental** sustainability is a key priority for Vodafone, which is why we offer innovative solutions to help other organizations to cope with climate change, reducing their energy consumption, working more efficiently, and therefore reducing their CO2 emissions. In addition, we are developing solutions to bring renewable energy to remote communities in emerging markets, using our own network infrastructure and bespoke solar-charging solutions.



<http://www.nu.org.bo/objetivos-de-desarrollo-sostenible-ods/>

### Vodafone Instant Classroom

In March 2015, the Vodafone Group Foundation unveiled “Vodafone Instant Classroom”, the digital school in a box that can be set up in just a few minutes to give children and teenagers the opportunity to continue their education in refugee camps

Instant Classroom has been designed for areas where electricity and internet connectivity are unreliable or non-existent.

This digital school in a box comes equipped with a laptop, 25 tablets pre-loaded with educational software, a projector, a speaker and a hotspot modem with 3G connectivity.

The Vodafone foundation in partnership with the UN High Commission for Refugees (UNHCR) will roll out the classroom to 12 schools in refugee settlements in Kenya, Tanzania and in the Democratic Republic of Congo this year, providing up to 15,000 children and young adults with advanced teaching aids that are now available only in a minority of schools in developed nations.



### Corporate volunteer work

Corporate volunteer work is another way of making a positive contribution to society, which is the reason why we encourage and back a range of activities devised to get our employees involved and taking part by devoting their time, skills and talent to non-profit organizations, causes and projects.

Our company gives each employee 8 hours a year to take part in such activities.

In recent years Vodafone has helped several NGOs through corporate volunteer activities, and financial year 2014-15 saw 146 employees involved in such schemes.

This year’s most outstanding initiatives include:

- **Charity Fruit and Vegetable Market.** For the third year running, in June 2014 we organized this event to raise funds for the Rais Foundation and Milhistorias. At this year’s event, held at Vodafone Plaza, our volunteers sold organic fruit and vegetables provided by Rais and Milhistorias, and all the money raised is being used to help the homeless and immigrants at risk of social exclusion.



- **GBI 2014.** From 15<sup>th</sup> to 21<sup>st</sup> June 2014, Vodafone Spain took part in the “Global Biking Initiative”, just as it does every year. This event gives amateur cyclists the opportunity to raise funds for charity by cycling long distances.

This year’s event, which began in Budapest and finished in Munich, attracted 500 cyclists from 20-plus countries, all of whom were employees of Vodafone or of other

telecom companies. The Vodafone Foundation Spain did its part by making a donation to the Moyo 2014 project, for the medical treatment of children with HIV in Lesotho.



- **Xmas Charity Market.** This event was arranged to mark the former Ono employees’ arrival at our Vodafone Plaza HQ. During the event, volunteers helped to raise funds (by selling product and tickets for a charity raffle) for three NGOs:

- Trébol Foundation (which finds jobs for people with intellectual disabilities).
- Mil Historias Foundation (helps people prone to severe social exclusion).
- San Jose Institute Foundation (helps people suffering from neurological illnesses).

**146**  
employees took part in corporate volunteer work schemes

## Responsible use of ICT

### Vodafone Initiatives

Vodafone's vision about encouraging the safe and responsible use of ICTs by minors is based on two pillars:

- Giving parents, tutors, teachers and children themselves the **tools and resources** needed to ensure children use ICTs appropriately.
- Promote **education and awareness** about the safe and responsible use of these technologies, offering information and specific educational materials.

These two courses of action have to be applied together and at the same time to ensure that children can surf the Internet in a secure environment and to do so responsibly.

#### Tools

Vodafone offers its customers a wide range of parental controls and solutions:

- The free mobile app **Vodafone Safety Net**, which lets parents set up Android smartphones so that they can keep a watch on their children's mobiles: block calls from certain numbers, decide what times of day they can use it, or restrict features such as the camera, etc.
- On another note, in May 2014, Vodafone removed all direct links from Vodafone brand portals (My web and Vodafone live!) to third-party adult content and which until then had been protected by parental control mechanisms.



#### Information and Awareness-Raising

Vodafone is working on several initiatives to raise awareness on the safe and responsible use of ICTs by children, one example being its participation in Safer Internet Day 2015, a European Commission scheme to build a better Internet for everyone, especially for children.

To mark the Safer Internet Day, Vodafone unveiled the mobile application "SmartPrivial", an educational game devised to encourage a culture of safety and privacy among children, so that they are not exposed to unnecessary risks, such as cyberbullying, as they grow and socialize in the digital environment. This app has been developed by Pantallas Amigas, with the support of Red.es and the collaboration of Vodafone and other mobile operators in Spain.

This year Vodafone has also contributed to the "Joint Study on the Risks of Internet Use by Children", prepared by the Senate's Joint Committee of the Interior, Education and Sports, and Industry, Energy and Tourism Committees.



### Sector Initiatives

Vodafone, together with other ICT sector companies, is taking part in several initiatives to protect minors in the digital world and raise awareness about the safe and responsible use of new technologies. So as well as being involved in European projects, in Spain we collaborate through the Monitoring Committee of the "Code of Conduct to encourage safe and responsible use of the mobile by children" or in the working parties set up inside "Children and Internet" scheme spearheaded by Red.es.



## Vodafone Spain Foundation

This year the Vodafone Spain Foundation worked on five “Mobile For Good” (M4G), action lines, oriented to the development, promotion and use of ICTs to improve the socio-professional integration and quality of life of the disabled and elderly. The Foundation allocated a total of €4.6 million to these action lines.

**€4.6 million**  
allocated to social projects  
by the Vodafone Spain  
Foundation

### Development and Launch of M4G Solutions


These solutions are based on ICT Innovation through the development of platforms and applications:

#### #ASPACEnet

This project aims to boost the autonomy and quality of life of people with cerebral palsy through technology, specifically Assistive Technology (AT) and Augmentative and Alternative Communication (AAC) systems.

The Vodafone Spain Foundation is backing the ASPACE Confederation’s initiative for carrying out joint innovative activities on accessibility and socio-employment, which will result in improving the living conditions of people with cerebral palsy.



As part of this project, during 2014-15 the 4<sup>th</sup> “Assistive and Communication Technology Projects” competition was completed and the 5<sup>th</sup> was announced.  1

The ASPACE Confederation has contributed to the validation of the **aMiAlcance**. This platform has been built to let people with physical or cognitive disabilities use Android devices (phones, tablets and PCs) and apps (e.g., instant messaging and entertainment solutions, such as television or video games), in a more accessible way and appropriate to their needs and preferences.

#### Mefacilyta

This Vodafone Spain Foundation platform offers a web environment and suite of applications for personalized, user-friendly mobile devices, that help disabled people cope with their usual environments. During 2014-15, the platform was implemented in four main environments:

- **HOLA Vida**, with FEAPS and DOWN Spain, provides a help tool for people with intellectual disabilities in four environments: Home, Leisure, Work, and others Supports.
- **m-Capacit@**, with the @ with the Hospitaller Order St John of God, applies Mefacilyta in decision-making for performing activities in health, economic and job environments, and can also be used to assist people with intellectual disabilities.
- The **Efecto WOW** (WOW Effect) platform, developed with the Sifu Group Foundation, is applied in the field of culture and the intellectually disabled. The dancers of the Elias Lafuente Downs Dance Company used Mefacilyta in their rehearsals, before the premiere of Danza WOW! in Barcelona, in December 2014.  2
- **Mefacilyta Rehabilitation**, developed in collaboration with the Hospital Vall d’Hebron Research Institute (VHIR), has conducted a concept test to help improve the situation of stroke patients during the home follow-up phase.

A total of 80 local branches of ten associations and federations from all Spain worked on these developments, with the help of more than 1,500 users.

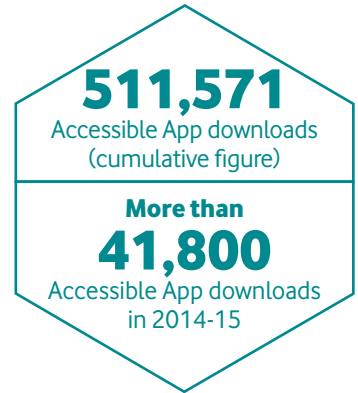


1. <http://aspacenet.aspace.org/>
2. [www.youtube.com/watch?v=KCHu6Zpktol](http://www.youtube.com/watch?v=KCHu6Zpktol)

## Accessible Applications

The Vodafone Spain Foundation develops and encourages the development of Accessible Applications, and to date has brought out 36 Accessible Apps. This year, 17 new apps have been designed, promoted or updated, including: Signame, miMonedero, Hermes Mobile, Quien es quien, Empoweryou, Línea Accesibilidad, SignaUni, Mis primeros signos mini, MIGRappPocket, Accessibility Plus, and Teatro Accesible (Accessible Theatre).

All the apps are free, accessible, developed in partnership with the organizations that represent the population groups for whom they are intended and validated by them. They have been added to the APPScesibles catalogue, the one-stop app portal where disabled people and senior citizens can get Accessible Apps that will help them fast and easily.



## M4G Training

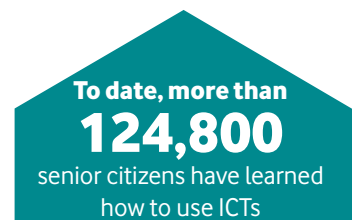
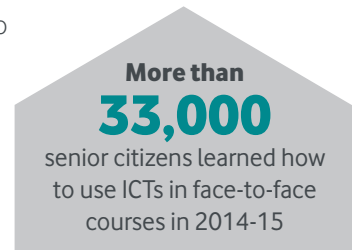
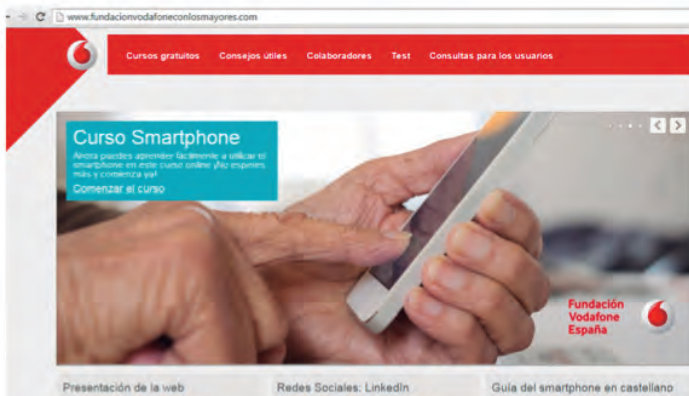
### For Senior Citizens

This programme aims to show senior citizens how to use ICTs, especially advanced mobile devices like smartphones and tablets, as a means of improving their quality of life and their integration into today's technological society.

#### Partner organizations:

<b>CEOMA</b>	<b>FASUNEX</b>	<b>CAUMAS</b>	<b>CONFEMAC</b>
<b>ATEGAL</b>	<b>FUNDACIÓN UPDEA</b>	<b>SPANISH RED CROSS</b>	<b>CEU-SENIORIBUS</b>
<b>UDP</b>	<b>CIBERVOLUNTARIOS</b>	<b>ALMANATURA</b>	<b>FUNDACIÓN PERE TARRES</b>
<b>FUNDACIÓN CIUDAD DE VILADECANS</b>	<b>SECOT</b>	<b>GABINETE LITERARIO</b>	<b>FUNDACIÓN HARENA</b>
<b>JOVESOLIDES</b>			

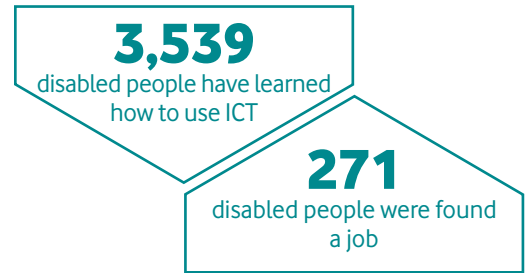
This year the Foundation has started offering online videos with training pills about how to use mobile devices, which can be found at: [www.fundacionvodafoneconlosmayores.com](http://www.fundacionvodafoneconlosmayores.com)



### For disabled people

The Foundation joined forces with disabled peoples' Associations and Foundations in 27 schemes devised to help people with disabilities find employment, working at two different levels:

- Basic New Technologies Training
- Specialized training.



#### Associations involved in the schemes:

<b>PREDIF</b> <b>DOWN ESPAÑA</b>	<b>CNSE</b> <b>FUNDACIÓN AVERHÓ</b>	<b>COCEMFE</b> <b>FUNDACIÓN CARMEN PARDO VALCARCE</b>	<b>FEAPS</b> <b>PSIQUIATRÍA Y VIDA</b>
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## Promoting M4G Awareness

### ICT Research

During the year, the Foundation conducted two new studies into ICTs and their presence in society:

- "Mobility oriented technologies: recycling and trends", in collaboration with Red.es
- "Encouraging the elderly deaf to be independent and participate", with the CNSE.



### Vodafone Telecoms Innovation Award

The Foundation organized its 8<sup>th</sup> Awards this year and the winners were:

- "Mobile for Good App Award": to the "MyEarDroid", project, submitted by Tecnalía
- "TIC Mobile for Good Solution Award": to the "Mind Track" project by Javier Murcia, Enrique Nogués and Alejandro Véliz
- "ICT Social Entrepreneur" prize: to the "Picto Connection" project, created by Meritxell Molina and Jordi Llonch.




1. Downloadable for free from <http://www.fundacionvodafone.es/comunicacion/publicaciones>  
 2. <https://www.youtube.com/watch?v=CP0h1v8Fi3Q>

## M4G Partnerships

### Tecnos Foundation

The Spanish Red Cross and Vodafone Spain Foundation set up Tecnos to resolve social needs and improve the living conditions of people and groups who are socially disadvantaged, through the application of ICTs.

The highlights this year include a pilot scheme called Enred@te, a social network where the elderly can meet and not feel so lonely. This solution will soon be a new service alongside mobile telecare, also already available for the deaf, and videocare.  1

The Foundation continued helping to roll out TecSOS (Mobile Telecare to protect gender violence victims) in other countries. We also participated actively in events with Ghana (Workshop), Qatar (Techshare Middle East) and Germany (Digitising Europe Summit). This year the Vodafone Spain Foundation hosted the annual strategy meeting of the Vodafone Group's foundations.

### MWC 2015

At Vodafone's Mobile World Congress 2015 stand, the Foundation unveiled its Mefacityta, Rehabilitation and aMiAlcance projects (TV, Games and Future Interfaces).



## Other actions

### Vodafone Journalism Prize

The Foundation organized its 14<sup>th</sup> competition this year and the winners were:

- "Professional Communication Award": Rosa Jiménez Cano, from El País.
- "Online Award": Norberto Gallego
- "Special Lifetime Achievement Award": Spanish Red Cross.

 2



### Awards Received by the Vodafone Foundation during 2014-15

- ECCA 2014 Radio Award.
- Andalusian Award to the Best Practices in Caring for Disabled People.
- "Mundo Mayor" awards, for the Enred@te project
- 2014 Ineprodes Group Foundation Prize in the "New Technologies and Assistive Technology Innovation Award" category.



- Fundación Pilares Award for Best Practices, for the Aspacenet project.
- Acknowledgement of the CEAPAT on its 25<sup>th</sup> anniversary.
- "Grada" Award in the "Social Innovation" Category, for the Aspacenet project.
- University of Burgos Award.



1. [www.fundaciontecosos.es](http://www.fundaciontecosos.es)
2. <https://www.youtube.com/watch?v=t8o9o3k6wbs>

## Environment



**Responsible  
Resource  
Consumption**

**Responsible  
Network  
Deployment**

## Responsible Resource Consumption

Our business, like any other business, has a series of positive and negative environmental impacts that occur throughout the life cycle of our telecommunications network (from site selection to its construction, operation and maintenance, to the dismantling of the installations) and also while we deliver services to our customers.

Energy consumption during network operations and the waste produced during the use and maintenance of our network facility equipment are the most significant environmental impacts. We also take into account other, less significant impacts, like office paper and water supplies, ozone-depleting substances, energy consumed by means of transport, or phones that become obsolete (mainly due to fast-changing technology that prompts customers to trade in their devices for other, state-of-the-art devices).

As proof of our environmental commitment, ever since 1997 we apply an Environmental Management System that conforms to the ISO 14001 international standard and has been certified by an authorized body. Vodafone was Spain's first operator to be awarded this certificate and since then we have consolidated and developed our Environmental Management System, passing the different follow-up and renewal audits conducted by the accredited certification body.



According to nearly 80% of the companies that took part in the last Cross-Sectorial Study on Corporate Responsibility in Large Enterprises in Spain, their organizations have defined strategies for reducing or offsetting greenhouse gas emissions and combating climate change. This figure is far higher than in previous years and points to the headway that business practices are making in this respect, in particular in the ICT industry. Besides, all the leading companies efficiently manage the natural resources used in carrying out their business activities. Vodafone's commitment in this regard, and also with its suppliers, is well known and acknowledged, as proven by the fact that it participates in all of the Club's projects."



**Mr. Juan Alfaro**  
Secretary General, Sustainability Excellence Club

## Eco-Rating 2.0

During this financial year, Vodafone signed up for the new Eco-Rating 2.0 system. This rating system lets Vodafone's customers compare the social and environmental impact of different mobile phones, in order to make a more informed and sustainable decision when it comes to choosing a new phone.

Launched worldwide with other operators and NGOs, this industry first provides a score so that consumers can make informed decisions based on comparable sustainability ratings, irrespective of device make or network provider.

Although some manufacturers and operators, including Vodafone, have reported the social and environmental impacts of devices before, the lack of comparability between independent approaches has prevented consumers from comparing one mobile device against another.

Eco Rating 2.0, was collaboratively developed by the NGO Forum for the Future and other network operators, such as Vodafone, and certain existing external tools, such as the EcoVadis "E-TASC", an ICT industry scorecard for conducting supplier sustainability assessments, have been included in it.

Under Eco-Rating 2.0, mobile devices are rated from zero to five based on manufacturers' answers to more than 100 questions, which cover information on the lifecycle of devices, design features and manufacturing choices. Further questions evaluate the material composition of the devices, the efficiency of their transport, their longevity, and the ways they enable more sustainable lifestyles.

The system is rated every year to ensure that the questions are relevant and appropriate, and the intention is to make the criteria even stricter to encourage manufacturers to perform even better and reflect technological advances.

This rating system replaces for other systems that Vodafone used before. Eco Rating 2.0 is free for interested operators and manufacturers from Forum for the Future's website [www.forumforthefuture.org/](http://www.forumforthefuture.org/), where they can also download an introduction to the tool and detailed explanation of the methodology.



## Circular Economy


The Circular Economy is a new concept within the sustainable development framework and it aims to produce goods and services while reducing the consumption and waste of raw materials, water and energy sources, and waste generation. The idea is to create a new, circular (non-linear) economy, based on the principle of «closing the life cycle» of products, services, materials, water, energy and waste.


Our sector is best known for the dizzy pace at which technology is changing, meaning that most of our customers demand and want to benefit from these technological breakthroughs. That is why our customers usually want to trade in their handsets, even if they are in perfect working order, for other, more technologically advanced devices. This is not something that a telecoms operator like Vodafone can easily avoid or keep under control. First of all, because manufacturers renew their range of devices as often as technology advances, and secondly, most customers want to enjoy these advances.

Vodafone's role in the Circular Economy is a facilitator. We are not handset manufacturers, so our opportunity lies in developing business models that boost the Circular Economy, not only to reduce the impact of the products our customers use, but also to drive our business and provide more innovative products and services.



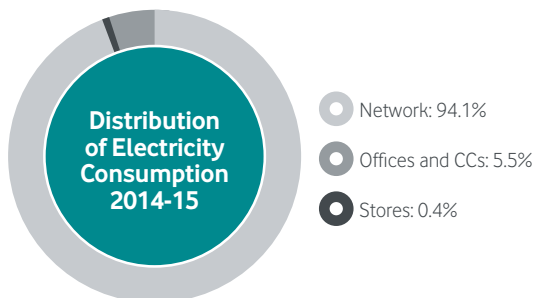
That is why Vodafone has already built aspects of the Circular Economy model into the handsets that we sell, through the following courses of action:

- **Eco-Rating** (see previous section): this rating considers environmental impacts throughout a product's life cycle and integrates them from the drawing-board stage, and show customers how they are quantified. The biggest environmental impact in a handset's life cycle comes during its production, partly because its period of use is relatively shorter in comparison with other devices.
- **The SIM Only service** (no device) lets customers use our services without having to get a new handset. This extends their devices' lifetime and helps to optimize the utilization of the resources needed to manufacture them, avoiding the use of new resources while also reducing waste production.
- **Repairs:** If the handset is damaged, the Vodafone after sales service handles its repair even the handset is out of warranty, as long as it can be fixed.
- **Reusing devices:** If enterprise and residential customers' used devices still work properly, we offer to buy them for a small amount or discount. Our specialized partner companies then put them back in circulation, meaning that devices that no longer meet our customers' initial needs do not go to waste. These devices can be reused in developing or emerging countries, bringing both social benefits (facilitating access to technology at a more affordable price for these markets) and environmental benefits (the equipment's life span is extended without having to mine new raw materials for a new handset).
- **Waste recycling.** If the devices do not work, they can be deposited in the Mobile Muncher containers provided in our stores, ensuring that their components are recycled and recovered in an environment-friendly way.  1

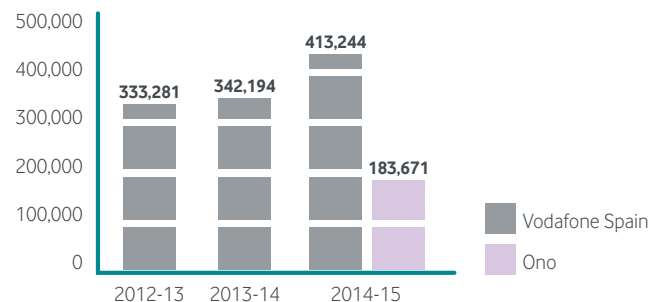
Vodafone is a member of Circular Economy 100, a global platform bringing together leading companies to accelerate the transition to a circular economy  2.

## Energy Consumption

Over 90% of the energy used by Vodafone is used on our telecommunications network.



### Change in absolute Energy consumption by all Operations (Mwh)



The network was extended considerably during 2014-15 (see the "Always On" section on pages 53 and 54), and as a result energy consumption was significantly higher than in previous years.

### Change in Total Energy Consumption by primary energy source (GJ)<sup>1</sup>

	2012-13	2013-14	2014-15	
	Vodafone Spain	Vodafone Spain	Vodafone Spain	Ono
<b>Indirect Energy</b>				
From the grid	1,176,248.4	1,204,755.3	1,460,483.3	659,822.6
<b>Direct Energy</b>				
Wind-Solar	2,237.8	2,209.0	2,385.1	0
Diesel	9,097.5	14,997.4	14,693.8	102
Natural Gas	12,228.1	9,935.6	10,115.4	1,290.1
<b>TOTAL</b>	<b>1,199,812</b>	<b>1,231,897</b>	<b>1,487,678</b>	<b>661,215</b>

<sup>1</sup> 1KWh = 3.6 MJ



1 <http://www.tragamoviles/>

2 <http://economicircular.org/>



## Network energy consumption

Vodafone has kept on deploying the network energy efficiency measures it put in place in previous years, among which are:

- **Retrofit.** Rectifiers, which are needed to supply direct current to telecoms equipment, are one of the most important sources of energy losses at this type of facility, which is why replacing old rectifiers with new, high efficiency rectifiers cuts energy losses by almost 10 p.p.
- **Free Cooling.** Climate control equipment consumes more electricity than any other kind of infrastructure and therefore is one of the linchpins of any efficiency energy improvement; In this regard, free cooling, in other words, using low external air temperatures, is the most effective way in reducing this kind of energy consumption.

Energy audits have been conducted at all our switches in order to measures for further optimizing our climate control equipment. These initiatives will be implemented from next financial year.

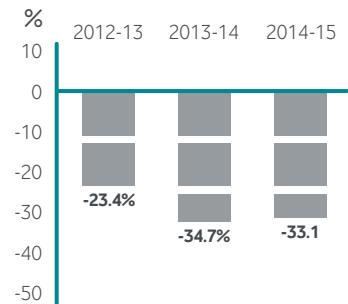
Compared to financial year 2006-07, energy consumption per network element has dropped 33.1%, so we are still moving towards our goal of achieving a 50% reduction in energy consumption per network element by 2020, compared to the figures for 2006-07 that are taken as the point of reference.

The slight setback in the pace at which energy consumption per network element was dropping has been caused by the extensive network deployment during the year, and also by the fact that the majority of the efficiency measures were already in place.

Energy consumption reduction schemes are also in place on the ONO network, the biggest impact coming from the following:

- **UPS overhaul plan:** 400 low-performance Uninterrupted Power Supply systems having been replaced with new generation systems.
- **Project GreenLabel:** This technical site audit plan aims to ensure compliance with a set of minimum requirements levels outlined in the "Greenlabel" scheme. Greenlabel certification entails checking the points with the largest energy consumption impact, such as climate control equipment, lighting, walls and how items are distributed throughout the site. Switches that comply with all the requirements are awarded the GreenLabel label, and this financial year 533 of the total 603 switches were given the label.
- **Replacement of climate control and free cooling equipment:** Switch to new generation machines with more efficient components. Additionally, free cooling has been installed wherever feasible.
- **Decommissioning:** Equipment no longer in use is switched off and removed, leading to two benefits: the equipment no longer consumes electricity, and climate control equipment requirements are reduced
- **Cabin Set-Point Temperature Adjustment:** Street cabins are the end nodes that serve our customers. A plan is underway to adjust the thermostat to 25°C in 2,245 cabins, meaning that the fans are not used during most of the year.

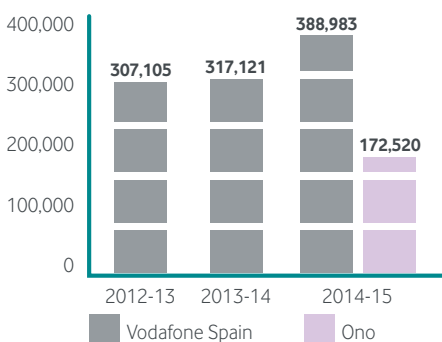
Energy Consumption with respect to 2006-07



**-33.1%**  
change in energy consumption per Vodafone Spain mobile network element as regards 2006-07



Network Energy Consumption (MWh)



Change in network energy consumption (GJ)

	2012-13		2013-14		2014-15	
	Vodafone Spain	Vodafone Spain	Vodafone Spain	Vodafone Spain	Ono	Ono
Indirect Energy	1,094,272	1,124,453	1,383,323	1,383,323	621,070	621,070
Direct Energy	11,308	17,183	17,017	17,017	0	0
<b>TOTAL</b>	<b>1,105,580</b>	<b>1,141,636</b>	<b>1,400,340</b>	<b>1,400,340</b>	<b>621,070</b>	<b>621,070</b>

## Energy consumption in offices and stores

A range of energy-saving measures were applied during financial year, mainly at the Vodafone Plaza HQ. These included:

- Programming climate control equipment start-up and shutdown times, optimizing their use and bringing them in line with employees working hours.
- Adjusting the set-point temperature to 24°C.

- Readjusting the thermal ring temperature to lower cooling requirements.
- Commissioning and rescheduling of the existing capacitor banks for proper reactive power compensation.
- Optimization of the lighting system and reprogramming of how it is used so that it is switched off outside working hours.

### LEED Certification. Vodafone Plaza HQ

Vodafone is in the process of obtaining the LEED-CI certificate (for Interior Refurbishment) for the Vodafone Plaza HQ (Madrid).

LEED-CI is an internationally renowned standard for certifying highly efficient sustainable interiors that serve as healthy and productive workplaces, and that reduce their environmental footprint.

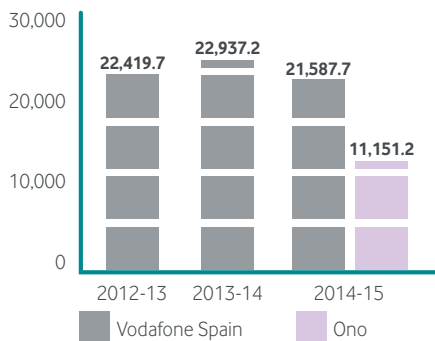
The LEED-CI certification process has given us the opportunity to take several courses of sustainable action at our Vodafone Plaza HQ:

- Optimize our energy efficiency through:
  - More efficient lighting systems
  - Lighting controls.
- Efficient water use.

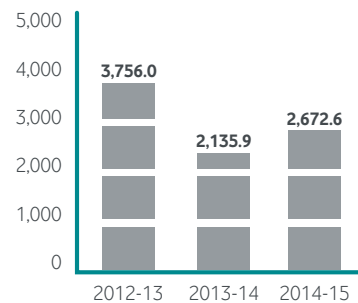
#### Advantages of LEED Certification:

- Lower energy and consumption water.
- Lower harmful greenhouse gas emissions.
- Waste reduction.
- Facilities are healthier and safer for their occupants.

Office electricity consumption (MWh)



Store electricity consumption (MWh)



Change in Office Electricity Consumption (GJ)

	2012-13		2013-14		2014-15	
	Vodafone Spain	Ono	Vodafone Spain	Ono	Vodafone Spain	Ono
Indirect Energy	68,455	72,616	67,539	38,752		
Direct Energy	12,256	9,958	10,177	1,392		
<b>TOTAL</b>	<b>80,711</b>	<b>82,574</b>	<b>77,716</b>	<b>40,144</b>		

Change in Store electricity consumption (GJ)

	2012-13	2013-14	2014-15
Indirect Energy	13,522	7,689	9,621

No direct energy consumption.

At the end of financial year 2014-15, there were no more Ono Stores.

## Sustainable Mobility Plan

In December 2013, Vodafone gave Madrid City Council, through the Pro-Climate Forum, an undertaking to develop and implement a Sustainable Mobility Plan for its employees who commute to work and for its business activities per se.

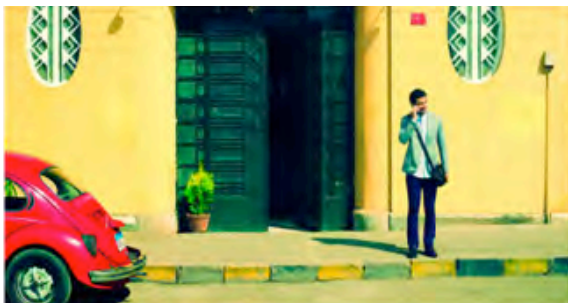
To this end, we have set up a Mobility Committee that gathers information and addresses all the Mobility Plan-related matters, the end goal being to implement measures to make the company more mobile.

### Goals of the Vodafone Sustainable Mobility Plan

- Reduce the environmental impacts caused by employees commuting to work and the commuting derived from the business per se.
- Reduce workplace transport and access-related problems.
- Help to change habits, encouraging an intermodal view of commuting, the use of public transport and mobility.
- Reduce the amount of energy used in commuting.
- Reduce traffic congestion levels.
- Help to cut the number of accidents on the way to/from work and solve safety problems.
- Comply with our environmental policy, with legal obligations and commitments entered into with the Public Administrations.

The following are just some of measures adopted under the Sustainable Mobility Plan:

- Flexible working hour measures. Working hours at Vodafone are flexible, meaning that each employee can arrive and leave at the time that suits their needs, taking into account traffic and public transport timetables, among other aspects.
- Parking spaces are assigned on a weekly basis, meaning that employees share them on an equal, rotational basis.
- A shuttle service is available between our offices and train stations, with several trips a day scheduled in line with working hours, time of day and days of the week.
- Remuneration policies that include CO2 emission reduction targets for any management vehicles that are added to our fleet.
- Car sharing is encouraged via forums that let employees share information.
- Use of tools such as video conferencing and Lync. Vodafone fosters the use of videoconferencing systems as one of our business' greatest potentials and employees are encouraged to use tools such as Office Communicator (Lync) that let them make calls, video calls, use instant messaging, etc. These tools avoid our employees having to go on business trips and so also avoid CO2 emissions (see table on p. 92).
- "New working methods" model. This model lets employees leverage on the benefits of ICTs on the move to work from anywhere, without having to be allocated a specific place.
- Communications campaigns to change mobility habits (eco-driving, road safety and access recommendations, etc.)



Desde Vodafone te proponemos que compartas coche con otro/s compañeros para venir a trabajar y evitar así problemas de aparcamiento.

Aquí encontraras listados los distritos y poblaciones donde más empleados viven.

De todas formas, si estás interesado en compartir coche y tu zona no está en el listado, ponte en contacto con nosotros enviando un mail a [comunica@corp.vodafone.es](mailto:comunica@corp.vodafone.es) y la añadiremos.

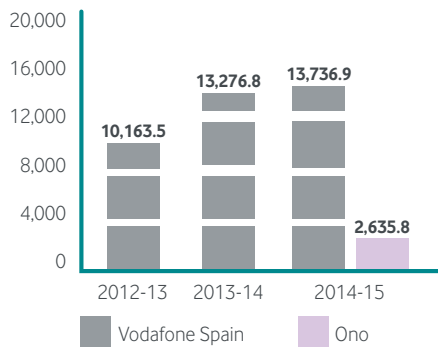
**CO2 emissions avoided by using Video conferencing(\*)**

	2012-13	2013-14	2014-15
Nº of national videoconferences	3,205	2,368	1,582
Nº of international videoconferences	12,597	10,297	13,556
<b>Saving in CO2 emissions (Tn)</b>	<b>1,876</b>	<b>1,524</b>	<b>1,955</b>

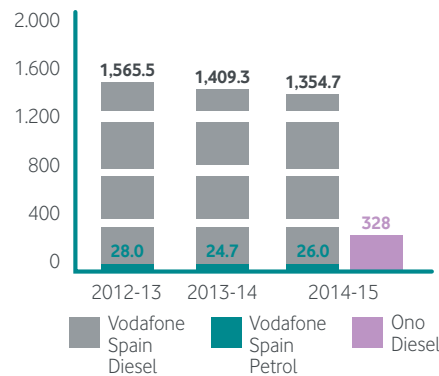
(\*) When calculating avoided CO2 emissions, it is estimated that one in four videoconferencing calls has avoided at least one domestic and international round trip (as appropriate) of one person. Moreover, based on different sources, an average domestic round-trip is taken as a person flying from/ to Madrid-Barcelona, which involves releasing approximately 140 kg of CO2, and that this value can be quadruple (on average) on an international round trip.

Video conferencing is now being used less because tools such as Lync are being used more.

**Km. flown by employees (x1000)**



**Vehicle fleet consumption ((Thousand litres)**



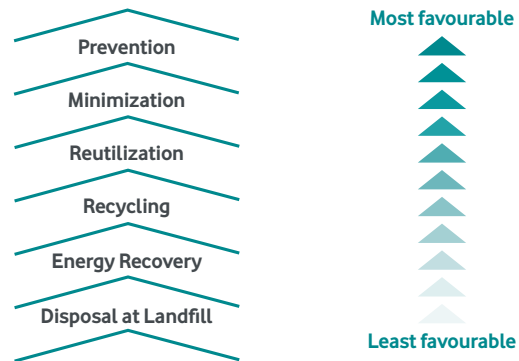
**Wastes**

This year the Vodafone Group launched its new Waste Management Policy, which is specifically devised to encourage people to prevent and minimize wastes, and ensure that both wastes and potential risks are handled efficiently.

The policy defines the processes and procedures required for the efficient management of any type of waste and, in particular, WEEE (Waste Electrical and Electronic Equipment) and hazardous waste generated by Vodafone's operations (including networks, computers and handsets). It complies with international legal requirements and seeks to minimize the health or environmental risks that processing and disposing of Vodafone's waste might cause.

To ensure compliance with this policy, this year a review has been conducted to guarantee that wastes from our business are handled, stored, treated and disposed of properly. We have defined who is responsible for handling each type of waste and identified both the different waste streams produced by each activity and the most suitable processing options for each stream. We have also checked that the waste managers with which we work are suitably authorised to do so.

As part of our Waste Management Policy, whenever possible we endeavour to have our wastes processed in Spain, to avoid the environmental impact involved in their transporting, and apply the Waste Management Hierarchy displayed in the next figure:



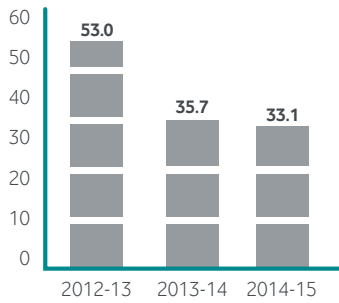
The Waste Management Hierarchy specifies the best processing option, from prevention (most favourable) to disposal (least favourable). To put it another way, it is far better to avoid producing waste, whenever possible (for example, by not buying unnecessary equipment or products, perform all necessary maintenance to extend a product's life span), and landfilling should always be the last option.

During 2014 our phone reuse and recycling systems enabled us to collect over 125,000 phones.

On another note, this year we have consumed 33.1 tons of office paper, all of which was FSC certified paper to contribute to environmental conservation.

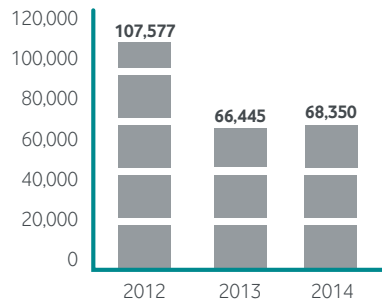
**More than**  
**125,000**  
handsets collected by Vodafone Spain for reutilization and recycling in 2014-15

**Paper used in offices (tn)**



The graph below shows changes in the amounts of packaging placed on the market by Vodafone Spain (according to the Ecoembes declaration).

**Packaging placed on the market (kg)**



All the devices that we sell comply with and are properly labelled and identified in accordance with waste regulations (WEEE and Packaging and Wrapping).

Ono has its own Waste Management Model for tracking any environmental issues stemming from the services it provides, and that lets it minimize any environmental impact. All the different areas involved form part of and take part in this process, which includes interacting with its suppliers. Ono ensures that its suppliers comply with its requirements through the process activities, which range from issuing certificates to making field visits and controlling waste traceability in its specific tool (JUNO) and audits.

## Responsible Network Deployment

At Vodafone we devise brand new technical solutions to expand and improve our networks' capacity, minimizing our facilities' impact on communities and the Environment.

During 2014-15 we kept on expanding our network to enhance our customers' real experience, by boosting our services' coverage and capacity. We have also signed site-sharing agreements with the major operators, and whenever looking for sites we give priority to sites where we can share infrastructure.

Our mobile services are based on a network of more than 50,000 network elements that enable our customers to send and receive calls and data. We have also more than 8.4 mn building units with fibre.

Vodafone's Deployment Policy during 2014-15 was backed up by Project Spring and focused on two projects:

- Deployment of new 4G technology at existing sites in the main cities and tourist resorts.
- Upgrading and modernization of the existing network by continuing with the "RAN Refresh" project, which involves changing current GSM 900 / UMTS 2100 equipment with equipment that performs better with mobile technology.

We backed this up with deployment in more populated areas with other needs, such as capacity and the inclusion of new technologies.

### Landlords' Call Centre:

Site owners can contact Vodafone by calling their hotline: **607 100 101**.

- Average number of calls a monthly received during the year 2014-15: **1.801**.

Our Responsible Network Deployment activities only resulted in Vodafone receiving 3 administrative fines amounting to €1,650, for environmental-related issues, during financial year 2014-15.

## RF Emissions and Health

In accordance with Royal Decree 1066/2001, the annual certification of the Vodafone stations network was conducted during the first quarter of 2015. For this purpose, RF emissions have been measured at more than 8,100 stations, and the emission levels of 100% of our base stations is far below the threshold set by the aforementioned Royal Decree 1066/2001.

The regulatory highlight was the enactment, on 9<sup>th</sup> May 2014, of the General Telecommunications. The Act has introduced significant reforms in the telecommunications legal system, that aim to facilitate network deployment. In particular it has simplified red tape and paperwork, by doing away with the need to apply for licences and permits from the Telecommunications Authority for categories of installations or when upgrading network technology.

According to the General Telecommunications Act 9/2014, there is only one level of RF emissions that applies nationwide, and it must also be applied by all other Regional and Local Administrations.

**100%**  
of base stations have  
emission levels well below  
the legal threshold

The international scientific community continues conducting research into electromagnetic fields, and in March 2015 the independent Scientific Committee on Emerging and Newly Identified Health Risks (SCENIHR) published its report on "The potential risks of Electromagnetic Fields". In its report the Scientific Committee, which is attached to the European Commission, concluded that the most recent results show that there are no apparent adverse health effects at exposure levels below those established by current regulations. On the issue of people who are especially sensitive to electromagnetic fields, the report considers that, although some concerns are legitimate (some people say that exposure to electromagnetic fields is to blame for symptoms such as headaches, sleep disorders and fatigue), for the time being there is no conclusive scientific evidence that exposure to electromagnetic fields causes any of these symptoms.

During 2014-15, Vodafone Spain continued taking part in the international study "Mobikids", which aims to investigate the potential relationships between various environmental risk factors and young people's illnesses. This is related to the agreement signed with the institution responsible for coordinating the Mobikids study in Spain, the Centre for Research in Environmental Epidemiology, which was set up with the mission of fostering and carrying out advanced epidemiological research into environmental factors that affect of health.

All handsets marketed by Vodafone comply with the SAR (Specific Absorption Rate) limits established by the ICNIRP (International Commission on Non-Ionising Radiation Protection).





**Ethics and  
Corporate  
Governance**

## Codes of Ethics

### Code of Conduct

The Code of Conduct is the main document that governs our policies and describes the requirements to be fulfilled by each person who works with and for Vodafone. This Code outlines the company's Business Principles and how they apply in practice to every Vodafone employee.

#### Business Principles





### Speak Up!

We can only achieve our goal of being an Admired Company if we are a reliable and trustworthy company. To do so, we need to ensure we have and provide channels and processes to report any actions that violate the Business Principles of our Code of Conduct.

“Speak Up!” is an in-house tool that lets Vodafone employees report any activity that breaches the Code of Conduct. Any cases that are reported remain strictly confidential: there is a zero retaliation policy whenever a concern has been reported in good faith, so no reprisal will be taken against anyone who has filed a report through “Speak Up!” even if the action reported does not finally represent a breach of our Code.

Employees can report any case of malpractice or unethical behaviour via “Speak Up!”, including issues such as:

- Discrimination, bullying or harassment
- Bad financial practices
- Dishonesty or fraud
- Criminal behaviour
- Bribery
- Price adjustments
- Breach of private data
- Abuse of systems, processes or policies/rules
- Misconduct or unethical behaviour
- Health or security risks
- Environmental conflicts
- Default on obligations legal.

During 2014-15, there were two discrimination-related reports (which were not received through Speak Up!). Both reports were investigated and it was found that there had been no discrimination, but rather problem involving a lack of communication or mutual trust between employees. As a result, no corrective action was taken, and instead solutions were sought to reduce tensions and redress the situations (change of team, follow-up by Human Resources, etc.)

Throughout 2014-15, the company arranged several initiatives to make employees aware of the Code of Conduct and its Business Principles.

On the issue of Competition Law, during financial year 2014-15, Vodafone was not fined for any breaches of Spanish or EU free competition regulations.

### Anti-Fraud and Corruption Actions

Every quarter, the Corporate Security Department informs Vodafone Group of any fraud and corruption incidents and actions that have occurred during the period.

#### Vodafone Security Committee

The Committee is formed by:

- |                       |                             |                      |
|-----------------------|-----------------------------|----------------------|
| - Internal Audit      | - Finances                  | - Human Resources    |
| - Customer Management | - Enterprise Business Unit  | - Technology         |
| - Legal               | - Residential Business Unit | - Corporate Security |

At the meeting held in the last quarter of each financial year, the Security Committee reviews and approves a new version of the Risk Map that identifies any possible fraud and corruption scenarios for the next financial year.

This version is aligned with the Fraud Management Risk controls applied to comply with the Sarbanes-Oxley Act and is reviewed every year to update the envisaged risk scenarios. All the company's areas are analyzed and monitored around the clock to detect any corruption risks and that there are no incidents of corruption in Vodafone.

Throughout financial year 2014-15, all employees received specific Security training, and Ono employees attended a more comprehensive course that addressed issues such as:

- Vodafone Security and Fraud Policies
- The importance of protecting Information (about our customers and the company)
- The process for reporting any act that they consider to be fraud, corruption or any other unlawful or unethical act.

### Transparency in Vodafone

In November 2014, the NGO Transparency International (TI) published a report on how businesses disclose information about their finances and fight against corruption, and Vodafone ranked 2<sup>nd</sup> among the 124 largest companies in 25 countries. Transparency International underscored that Vodafone was the only company to pass in the three categories of the study: Anti-corruption Programmes, Organizational Transparency and country by country Information.



## Other Codes of Ethics

In order to ensure the Company's integrity-related issues Vodafone Spain has voluntarily adhered to different Codes of Conduct like the ones mentioned below:

### Code of Good Fiscal Practices

Our Code contains recommendations for improving the implementation of the tax system by increasing legal certainty, mutual cooperation between the Spanish Tax Office and businesses, and the implementation of responsible fiscal policies by the latter.

### Advertising, Marketing and Telesales Codes

- Vodafone Spain is a member of the Spanish Association for Self-Regulating Business Communication (AUTOCONTROL).
- It also supports Confianza Online (Online Trust), an association that is responsible for protecting both commercial communications and the contractual aspects derived from the commercial transactions which companies and public institutions enter into with consumers via the Internet and other electronic and interactive media.
- Vodafone Spain has signed the Code of Conduct for Telesales Transactions, which contains a series of measures devised to prevent the negative effects caused by the way in which certain telesales practices are carried out.


### Code of Conduct for the provision of messaging-based Premium Line Services (Premium SMS)

This Code aims to establish rules of conduct to ensure the protection of users' interests, transparency and fair competition in the provision of messaging-based Premium Line Services.

### Code of Good Mobile Portability Cancellation Practices

Vodafone Spain adheres to this Code which was drawn up by the Spanish Association of Operators for Mobile Portability and sponsored by the Spanish National Markets and Competition Commission.

### Code of Conduct for Safe Use by Minors in Mobile Access to Content

Vodafone Spain supports this Code of Conduct, under which it undertakes to encourage a safe and responsible use of mobile telephony among minors when they access content over a mobile. 

### Mobile Alliance against Child Sex Abuse Content.

The Vodafone Group is a founding member of this Alliance, which strives to prevent fight child sexual abuse content being sent by mobile phone, and Vodafone Spain applies its recommendations.

### Code of Good Network Deployment Practices (FEMP)

Vodafone Spain, through the industry's association (AMETIC), and the Spanish Federation of Municipalities and Provinces (FEMP) signed a Code of Good Practices, whereby it undertook to deploy its network seeking maximum integration in the surroundings at all times, acting transparently sharing its current and future stations with other mobile telephony operators whenever possible.



See Chapter. 5: "Society: Responsible use of ICT".

## Corporate Governance

### Corporate Governance Structure

In accordance with the provisions of Vodafone Spain's Corporate Governance Manual, approved at the Board meeting held on 7<sup>th</sup> June 2012, the Board of Directors, as the top management and governing body, is very firmly committed to the company complying with the laws and internal policies that apply to it, respecting the sector's good practices and customs, and observing the principles of Social Responsibility.

Therefore the Board's powers include overseeing Vodafone Spain's regulatory compliance model, delegating this power to the Audit Committee, which is the body responsible for its supervision. The Secretary to the Board and Director of Legal, Regulation & Corporate Security, who is also Vodafone Spain's Compliance SPOC, is in charge of coordinating, promoting and overseeing the Company's regulatory compliance schemes.

The Chief Executive Officer and the Chief Financial Officer are also responsible for regulatory compliance in financial matters, including the Internal Control audit (Sarbanes-Oxley).

### Regulatory Compliance

#### "Doing what's right"

Vodafone is governed by the policies, procedures, and courses of action that form the Vodafone Group's regulatory framework. The linchpin of this regulatory framework is the Vodafone Code of Conduct, which contains the core regulations and outlines the Business Principles that all the company's employees must apply. This is what we call "Doing what's right".

#### Policy Compliance Review (PCR)

To develop the Business Principles set out in the Code of Conduct, the Vodafone Group has approved a set of Internal Policies that address the different aspects of the company's activities (Policies on Anti-Corruption, Competition, Privacy, Prevention and Health, Security, etc.) and which all Vodafone employees must apply. These Policies are implemented, tracked and overseen by the people responsible for each of them, under the supervision and coordination of the Compliance SPOC and the company's Compliance-Financial Operations team.

Additionally and to ensure such compliance, once a year Vodafone conducts a review of the company's essential policies by assessing the effectiveness of the main controls associated to each policy. During 2014-15, the review focused on the key controls regarding the policies on Competition, Anti-Corruption, Privacy, Information Security, Radio Emissions (EMF), Health and Prevention, Security and Network Resilience.

#### Vodafone Group Delegation of Authorities

The Vodafone Group has a Delegation of Authorities Policy, also known as the DoA Policy, that lays down expense approval ceilings and limits on third-party commitments on behalf of Vodafone Spain, and guarantees the correct segregation of duties. The Compliance-Financial Operations team conducts a periodic review to ensure full compliance with the Policy.

### **Assuring the independence of external auditors and consultants**

In compliance with current legislation on Independence and our internal policies, to manage and control the various projects undertaken by the current Financial Auditor are closely managed and controlled, ensuring the absence of any influences and interests that might impair its objectivity.

### **Prevention of Criminal Risks**

In 2010 Vodafone Spain set up a robust and exclusively local Corporate Defence Programme that is designed to protect the Company from the commission of any crimes to which it might be potentially exposed. As part of this Criminal Risk Prevention Programme, and on the basis of a risk analysis subject to periodic review, every year Vodafone conducts a review of the effectiveness of the controls in place to mitigate its criminal risks, based on the annual plan approved by the Audit Committee, and action plans are implemented to strengthen existing controls.

### **Sarbanes-Oxley Act**

The Sarbanes-Oxley Act was enacted in the United States in 2002, its main aim being to guarantee corporate internal control mechanisms and strengthen investor confidence in financial information.

The Vodafone Group is quoted on the New York Stock Exchange (NYSE), which is why its subsidiary Vodafone Spain must also comply with the Act. Accordingly, during 2014-15 the Company worked on reviewing documentation, assessing risks and certifying the design and operation of the controls in the Business Processes and in the systems associated to those processes.

Each one of these SOX Processes has been certified by the person in charge, including Vodafone's CFO. The SOX systems were also certified by the Chief Technology Officer, culminating with the local certificate signed by the CEO and the Chief Financial Officer.

Vodafone Spain's external auditor has issued a favourable report which certifies that no defects were found in the Vodafone internal control system.

### **Internal Audit**

Internal Audit assesses the effectiveness of the company's Internal Control Systems based on an Annual Plan that is defined by considering good governance practices and a local and Vodafone Group risk analysis.

The department is also responsible for tracking any opportunities for improvement identified in the audits, until they are implemented, thereby reinforcing Vodafone Spain's control environment.

Last but not least, Internal Audit organizes the Audit Committee, an independent body that oversees internal controls.

## Members of the Board and existing Committees

### Board of Directors

The Board of Directors is the Company's highest governance and representative body, and as such it strives to ensure that the corporate purpose is pursued, the company's general interests are protected and that value is created within the company.

Organized in the same way as other Vodafone Group companies, the Board has the minimum legal number of members to make it more operational and effective in exercising its duties.

The members of the Boards of Directors of the Vodafone Group's two main operators in Spain, Vodafone Spain, S.A.U. and Vodafone Ono, S.A.U. (formerly Cableuropa, S.A.U.), are as follows:

#### Board of Vodafone España, S.A.U.

Member	Post on the Board	Post in the Organization	Date of first appointment	Type of Director
<b>Mr. Francisco Román</b>	Chairman	Chairman	20 <sup>th</sup> March 2003	Non-executive
<b>Mr. António Coimbra</b>	Chief Executive Officer	Chief Executive Officer	27 <sup>th</sup> August 2012	Executive
<b>Mr. Miguel Orúe-Echebarría</b>	Member	Chief Financial Officer	26 <sup>th</sup> March 2009	Non-executive

#### Board of Vodafone Ono, S.A.U.:

Member	Post on the Board	Post in the Organization	Date of first appointment	Type of Director
<b>Mr. António Coimbra</b>	Chairman and CEO	Chief Executive Officer	23 <sup>rd</sup> July 2014	Executive
<b>Mr. Miguel Orúe-Echebarría</b>	Member	Chief Financial Officer	23 <sup>rd</sup> July 2014	Non-executive
<b>Mr. Pedro Peña</b>	Member	Head of Legal, Regulation and Corporate Security	23 <sup>rd</sup> July 2014	Non-executive

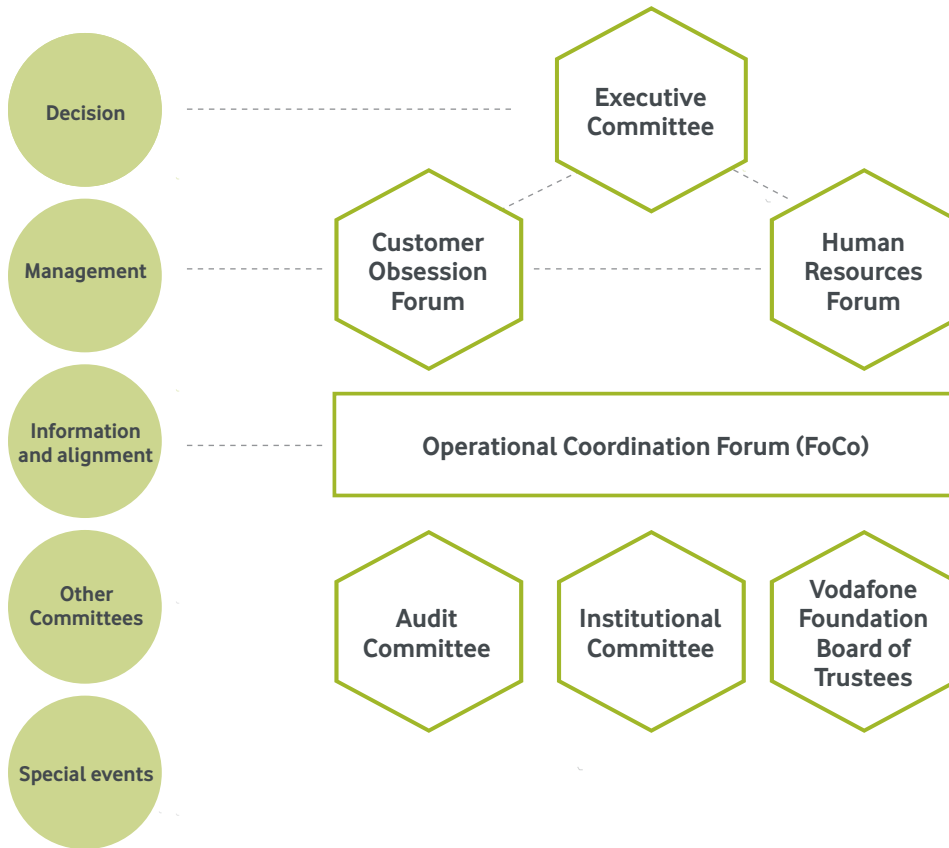
The Chairman of the Board of Vodafone Spain is a non-executive Chairman. Consequently, the Chairman's post is representative, and his duties are to serve as Vodafone Spain's representative before all types of bodies and institutions. He also oversees the company's relations with the Vodafone Foundation Spain.

The Chief Executive Officer has all the powers and duties that both Boards of Directors have delegated to him, except any that cannot be delegated legally or statutorily. His relationship with the Boards is based on the principles of trust and transparency, such that the Boards are kept apprised of the decisions made by the Chief Executive Officer in exercising the powers delegated to him.

None of the members of either Board of Directors is an external director.

The members of the Board of Vodafone Spain meet all the legal and internal organization guidelines laid down to avoid conflicts of interest, and should any conflict of interest arise, have an obligation to disclose it to the Board of Directors through its Chairman or its Secretary. Be that as it may, any members who find themselves in a conflict of interest situation, must refrain from attending and taking part in discussions that deal with matters in which they may have a personal interest. Vodafone has an Internal Conflict of Interest Policy, which applies to Board members, which requires that any potential conflict of interest situation be disclosed to Vodafone and prohibits actual of conflict of interest situations.

## Decision-Making Committees and Forums



### Executive Committee

**Maximum decision-making body**

**Frequency** Weekly

**Participants** CEO, Management

One out of every four Executive Committee meetings is held in the Regions.

### Human Resources Forum

**Follow-up and generation of HR initiatives**

**Sponsor** CEO

**Leader** Human Resources Director

**Frequency** Quarterly

**Other** Head of Communication, 2 Regional

**Participants** Directors, 4 employees

Quarterly report to Executive Committee

### Operational Coordination Forum (FoCo)

**Review of previous month's results and initiatives for the next one**

**Sponsor** CEO

**Leader** Director of Communication and CEO's Office

**Frequency** Monthly

**Other** 1<sup>st</sup> Part: all employees ("streaming")

**Participants** 2<sup>nd</sup> Part: Management and Heads of Dept.

### Customer Obsession Forum

**Review of issues that directly impact Customer Experience and analysis and approval of Brand and Communication initiatives**

**Sponsor** CEO

**Leader** Head of Commercial Operations and Brand Manager

**Frequency** Monthly

**Other Participants** Managing Directors of Business Units, Heads of Marketing, Heads of Customer Value Management, Head of Communication, Head of Customer Experience, Agencies (only Brand).

Monthly report to Executive Committee

### Roadshows

**Review and follow-up of Corporate Objectives**

**Sponsor** CEO

**Leader** Director of Communication

**Frequency** Annual (by Regions)

### Audit Committee

**Independent internal control oversight body**

**Leader** CFO Europe

**Participants** Chairman, CEO, CFO, Head of Legal, Regulation and Corporate Security, Head of Internal Audit, Southern Europe.

**Frequency** 2 a year

**Institutional Committee**

**Coordination of the Company's Institutional Relations and Sustainability issues**

**Participants** Chairman, CEO, Head of Enterprise Business Unit, Head of Communication, Director General of the Foundation, Head of Legal, Head of Network Roll-Out, Brand Manager.

**Frequency** Monthly

**Patronato Fundación Vodafone**

**Committee responsible for running and representing the Foundation**

**Participants** Director General of the Foundation, members of Vodafone Spain (Chairman, CEO, CFO, Head of Communication) and external members (representatives of 4 Ministries and other bodies).

**Frequency** 2-3 a year

**Executive Committee**

Vodafone's Executive Committee has not been delegated any duties by the Board, but instead is an independent body responsible for the daily monitoring of the business, management and decision making. It meets regularly, once a week and exceptionally whenever deemed necessary. It is formed by a total of 10 members who represent each of the Company's areas of activity and business. The Executive Committee members are selected according to Vodafone Group policies and procedures, which include gender equality and diversity criteria.

On 31<sup>st</sup> March 2015, the Executive Committee members were:

<b>Executive Committee members</b>	<b>Post within company organization</b>
António Coimbra	Chief Executive Officer
Andrés Vicente	Head of the Enterprise Business Unit
Oscar Vilda	Head of the Residential Business Unit
Patricia Ferruz	Head of Ono Residential
Paulo Neves	Head of Commercial Operations
Babak Fouladi	Chief Technology Officer
Miguel Orúe-Echebarría	Chief Financial Officer
Bettina Karsch	Head of Human Resources
Denise D'Elia	Head of Integration Processes
Pedro Peña	Head of Legal, Regulation and Corporate Security


**Audit Committee**

The Audit Committee is a regional internal control body. Its main functions are to oversee the internal control systems associated with the Company's major risks, as well as to track and monitor the action plans identified for improving the Company's controls. The Audit Committee meetings are attended regularly by:


- Emanuele Tournon (CFO Europe)
- António Coimbra
- Pedro Peña
- Francisco Román
- Miguel Orúe-Echebarría
- Hana Jalel (Head of Internal Audit, Southern Europe)

Exceptionally, the meetings are attended by other members of management and employees.

**Employee mechanisms for communicating recommendations or indications to governing bodies**

All employees can watch the public meetings of the Operational Coordination Forums (FoCO) to ensure they are up-to-date with the state of the business and the company's strategy. They can also contact their line managers or the Human Resources Department if they want any recommendation or information that passed onto the company's governing bodies. Or they can choose to pass on such recommendations during their annual Performance Dialogue .

Vodafone's employees can also use the "Speak Up!" tool (See page 97) to report any action that does not follow the Vodafone Code of Conduct. This tool lets employees confidentially report any cases of bad practices, so that they can be handled properly by the company.

Lastly, to determine our employees' expectations and perceptions, we conduct an Annual Employee Survey , that addresses different issues regarding Human Resources management, business activities and ethical issues.



See Chapter 5: "Employees"

## Management Remuneration Policy

The fact that Management's remuneration is based on the Company's performance and results is the cornerstone of Vodafone's Remuneration Policy. This ensures that our Officers only receive significant amounts of variable remuneration if the Company's business results have been as expected by our shareholders and other Stakeholders.

The main components of the Vodafone Management Team's pay packet are detailed and explained below.

Component	Objective and alignment with the strategy	Description
Basic pay	Attract and retain the best Managerial talent	<p>Salaries are reviewed each year. The following criteria are taken into account in the pay review process:</p> <ul style="list-style-type: none"> <li>• Manager's level of experience, training and responsibilities, the business results achieved by the Company, the macro-economic environment and market conditions.</li> <li>• Market salary surveys conducted with a representative sample of sector companies similar to Vodafone in size and complexity.</li> </ul>
Welfare benefits	Reinforce the retention of Managerial talent and ensure that our Management's pay packet is competitive with respect to our reference markets.	<ul style="list-style-type: none"> <li>• Participation in the Vodafone Spain Company Pension Scheme.</li> <li>• Participation in a specific Retirement Plan for Steering Committee members.</li> <li>• Company Car</li> <li>• Health Insurance for the Executive and the members of his or her family unit.</li> <li>• Life and Accident Insurance</li> </ul>
Short-term variable pay	<ul style="list-style-type: none"> <li>• Encourage and reward achievement of the targets set for the financial year.</li> <li>• Strengthen communication of the strategic priorities for the financial year.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Bonus levels and the indicators used for assessing the results attained are reviewed each year to ensure they are aligned with our strategy and the best market practices.</li> <li>• Vodafone analyses performance and record of compliance with the indicators used to ensure that the bonus payment-related objectives and goals are challenging.</li> </ul>
Long-term variable pay	<ul style="list-style-type: none"> <li>• Encourage and reward attainment of the targets set out in our multi-year strategic plan.</li> <li>• Further align the management team with our shareholders' interests.</li> <li>• Retain Managerial talent.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual share award plans with a three-year vesting (*) period tied to the Officer's remaining in employment in the Company and the Company's Free Cash Flow performance.</li> <li>• Vodafone analyses performance and record of compliance with the indicators used to ensure that the bonus payment-related objectives and goals are challenging.</li> <li>• Members of the Steering Committee must receive half of their basis pay in shares in the Company.</li> </ul>

(\*) Vesting: Period of time during which the options cannot be exercised and therefore cannot be sold.

During financial year 2014-15, no pay review was conducted with regard to the remuneration of Vodafone's Senior Management.

In line with the Senior Management Severance Payment Policy, the Company applies the current employment legislation applicable in each specific case.



7

**Report  
Preparation  
and Review**



## Reporting Principles

The following international guidelines and standards have been taken into account in drafting the Report:

- a** The guidelines of the **International Integrated Reporting Council (IIRC)** for preparing integrated reports that group both financial and non-financial information regarding:

IIRC Principles	Presented in Vodafone Spain 2014-15 Report
Strategic focus and future orientation	Information about the Company's Strategy
Connectivity of Information	Information about Activities that can create economic, social and environmental value
Stakeholder inclusiveness	Information about Stakeholders and how we respond to their expectations
Conciseness and materiality of information	Information about Material Aspects
Reliability of information	Assurance of information by external auditors
Consistency and comparability	Information presented in comparison with previous years

- b** The guidelines laid down by the **Global Reporting Initiative (GRI)** in its 2013 **G4 Guidelines** regarding the Principles governing the Content and Quality of the information provided (**GRI:G4-18**):

G4 Principles	Presented in Vodafone Spain 2014-15 Report	
Contents	Stakeholder Engagement	Information about Stakeholders and how we respond to their expectations
	Sustainability Context	Information about Activities that can create economic, social and environmental value
	Materiality	Information about Material Aspects
	Completeness	Information about the activities carried out during the fiscal year
Quality	Balance	Information about the results obtained in the Material Aspects
	Comparability	Information presented in comparison with previous years
	Precision	Information collected through the Information Systems
	Punctuality	Annual Publication of the Report
	Clarity	Information that is properly arranged and summarised
	Reliability	Assurance of information by external auditors

- c** The guidelines laid down by **AccountAbility** in **AA1000 APS-2008** regarding the application of its principles in the information provided:

AA1000APS Principles	Presented in Vodafone Spain 2014-15 Report
Inclusiveness	Information about Stakeholders and how we respond to their expectations
Materiality	Information about Material Aspects
Responsiveness	Information about Activities that can create economic, social and environmental value

## Stakeholder Engagement

The Stakeholder list drawn up by the Vodafone Group, specific studies conducted by Vodafone Spain and the recommendations of organizations specializing in this field have been used to identify the Company's Stakeholders.

### Vodafone's Stakeholders (GRI:G4-24)

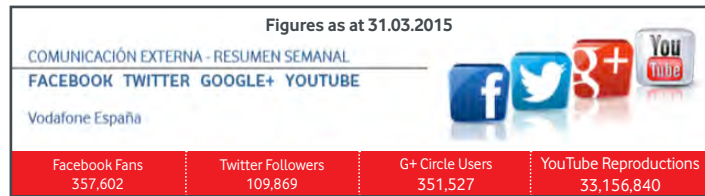
- Customers
- Vodafone Group
- Opinion Makers (Consumers' Organizations, Media, Non-Profit Entities, etc.)
- Employees
- Regulatory Auth./Public Authorities
- General Public/Local Communities
- Landlords' and Residents' Associations
- Suppliers and Strategic Allies
- Knowledge Makers

In identifying the material expectations of our Stakeholders, Vodafone uses different methodologies and channels of communication, in line with each type of Stakeholder, as indicated in the following sections (GRI:G4-25; G4-26):

#### Customers

Every month, the company analyses the results of the surveys conducted to track customers' expectations and perceptions regarding their experience with our products and services; and six-monthly surveys are conducted to identify their expectations and ascertain what they think about the company's performance in Sustainability issues.

We also provide different channels for reporting problems or making complaints, and relies on social networking to maintain smooth and constant dialogue.



#### Opinion-Makers

Their expectations and perceptions are analysed on the whole through different studies and specialized publications.

And specific analysis are performed in terms of the Stakeholder:

- Every year we conduct a survey of Consumer Associations and Third-Sector Institutions.
- All the news published in the Media is monitored closely, and the results are analyzed each year.
- Permanent contact with Third Sector organizations enables us to know their needs and respond to them by releasing different Social Products and Services.

#### Main Organizations of which Vodafone is a member

- **AENOR** (Spanish Association for Standardization and Certification)
- **AMETIC** (Association of ICT, Communications and Digital Content Companies)
- **AUTOCONTROL** (Association for the Self-Regulation of Commercial Communication)
- **AEC** (Spanish Quality Association)
- **Forética**
- **GSMA** (Mobile Operators Association)
- **"Inserta Responsible" Forum**
- **Madrid City Council Pro-Climate Forum**
- **Responsible Procurement Forum**
- **SERES Foundation**
- **Spanish Network of the United Nations' Global Compact**
- **Sustainability Excellence Club**

**(GRI:G4-26)**

**Employees**

Our Annual Employee Survey includes several questions designed to ascertain our employees' opinion about the company's performance in terms of ethical behaviour, corporate responsibility and making them feel proud of working for it.

**General Public/Local Communities**

A six-monthly survey is conducted among the General Public to ascertain its expectations and perceptions, and constant dialogue is maintained through Social Networks.

**Knowledge Makers**

The different Training and Information activities in which we participate at universities, business schools, etc. allow us to find out their expectations and perceptions.


**Public Administrations and Regulatory Authorities**

In addition to our internal managers liaising constantly with the respective authorities, every year a survey is conducted to ascertain their expectations, priorities and perceptions regarding Vodafone's performance.

**Suppliers and Strategic Allies**

An annual survey is carried out to find out their expectations and perceptions. Vodafone also negotiates improvement actions with suppliers in the context of the Supplier Management Process.

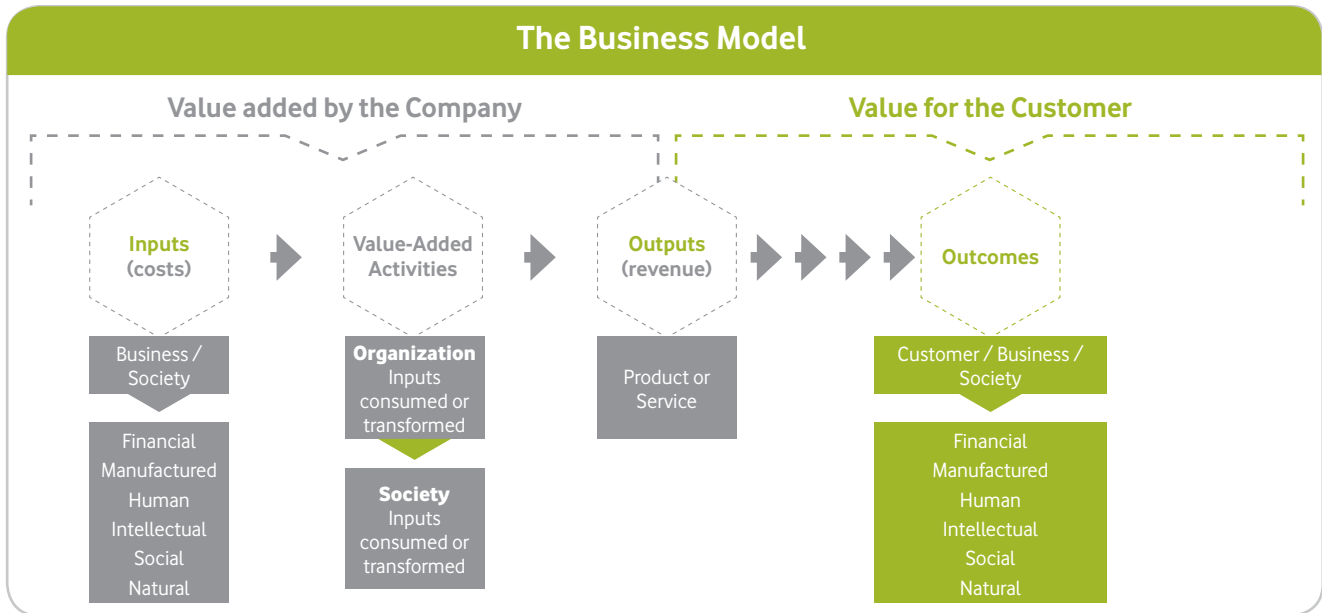
**Landlords' and Residents' Associations**

Their expectations and perceptions are ascertained by analysing the calls received through the Landlords' Call Centre .

## Capitals, Material Aspects and Management Approaches

**1 Identification of Capitals according to the IIRC Framework**

Before identifying our Material aspects, we determine our tangible and intangible "Capitals". The diagram below displays the relationship between the 6 "Capitals" defined in the "IIRC Framework", through which Vodafone contributes to or that are liable to impact, the value-creation process and the long-term viability of its business model.



Source: Adapted from the IIRC



See Chapter 5: "Environment. Responsible Network Deployment"

The table below lists the “Capitals” according to the “<IR> Framework” and the matching Priority Issues for Vodafone’s Business. 

Capitals according to IIRC	Vodafone	Description
Financial Capital and Intellectual Capital	Competitiveness	Vodafone’s resources that let us: - Grow and be competitive - Develop new, profitable products and services that lets us stand apart from our competitors in relations with our customers
Social and Relationship Capital	Relations with Public Authorities and the Regulator	Relations that allow us to understand the Regulatory Framework that affects our sector
Human Capital	Employees	Employees with the greatest talent, commitment and motivation let us create sustainable value
Manufactured Capital and Natural Capital	Network Quality	We are committed to leading the field in our network, innovation and respect for the Environment

**2 Identification of Material Aspects (GRI:G4-18)**

In this phase of the process, information is compiled from the following sources:

- The general list of aspects defined by GRI in G4
- The list of aspects established by the Vodafone Group
- The list of aspects established in previous years by Vodafone Spain
- The Aspects identified in the GRI document “Sustainability Topics for Sectors: What do stakeholders want to know?”
- The Material Aspects for the Telecommunications Sector identified by “Sustainability Accounting Standard”

On the basis of this information, “Material Aspects” are deemed to be any identified in most of the aforementioned lists. The following table shows the correlation between the Material Aspects according to GRI terminology and the Material Aspects according to Vodafone Spain terminology. The respective Management Approaches are described in the different sections of this Annual Report.



See Chapter 2: “Vodafone Spain’s Strategy”

## Material Aspects for Vodafone

Category	Subcategory	GRI-G4	Vodafone	Management Approach
Economic		Economic Performance	Socio-Economic impact of ICT	Chap. 4 Pg. 37 to 42
			ICT and Sustainability (M2M Products & Services)	Chap. 5 Pg. 55 to 58
		Indirect Economic Impact	Socio-Economic impact of ICT	Chap. 4 Pg. 37 to 42
		Procurement practices	Suppliers	Chap. 5 Pg. 59 to 60
Environmental		Materials	Wastes	Chap. 5 Pg. 92
		Energy	Energy	Chap. 5 Pg. 88 to 89
		Compliance	Responsible Network Deployment, Ethics	Chap. 5 Pg. 93 , Chap. 6 Pg. 99 and 100
		Supplier Environmental Assessment	Suppliers	Chap. 5 Pg. 59 and 60
Social	Labour practices & decent work	Employment	Employees	Chap. 5 Pg. 61 to 73
		Industrial Relations		
		Health and Safety		
		Training and Education		
		Diversity and equal opportunities		
		Equal Remuneration for Women and Men		
		Assessment of supplier labour practices		
	Human Rights	Investments	Employees Suppliers	Chap. 5 Pg. 59 to 73
		Non-discrimination		
		Freedom of association and collective bargaining		
Child labour				
Forced labour				
Security Measures				
Supplier human rights assessment				
Society	Local Community	Community Involvement, Social Products & Services	Chap. 5 Pg. 74 to 84	
Product Responsibility		Customer Health and Safety	EMF	Chap. 5 Pg. 94
			Responsible use of ICT	Chap. 5 Pg. 80
		Product and service labelling	Clarity of Prices/Rates	Chap. 5 Pg. 51 and 52
		Marketing Communications	Responsible Advertising/ Customer Experience	Chap. 5 Pg. 45 to 50
		Customer privacy	Privacy/ Data Protection	Chap. 5 Pg. 50
Others		Ethics and Corporate Governance	Ethics	Chap. 6 Pg. 96 to 104

Material aspects (To be disclosed according to GRI-G4)

Material Aspects for Vodafone

### 3

#### Prioritization and Validation of Material Aspects (GRI:G4-18)


When the Material Aspects for Vodafone have been identified, the next step in the process involves their prioritization. To this end, the following analysis is performed for each of the Material Aspects:

- The Stakeholders for whom the aspect in question is relevant or material are identified
- The aspect's percentage importance is determined in terms of the prioritization of Stakeholders and their expectations.
- The (external or internal) coverage of each aspect is established

This process allows us to define the importance and (Internal or External) Coverage of each Material Aspect.

Material Aspects (GRI:G4-19)	Stakeholders	Importance	Coverage (GRI:G4-20; G4-21)
Community involvement	NGO's Media Vodafone Group	48.8%	Internal
Customer Experience	Customers General Public Consumer Assoc. Administration / Regulatory Auth. Suppliers Vodafone Group	71.3%	Internal
EMF	Vodafone Group	37.5%	Internal
Employment	NGO's Administration / Regulatory Auth. Suppliers Media Vodafone Group	61.3%	Internal
Energy	Administration / Regulatory Auth. Vodafone Group	45.0%	Internal
Wastes	Consumer Assoc. Vodafone Group	43.8%	Internal External: Distribution Channel
Socio-Economic impact of ICT	Customers Vodafone Group	46.3%	Internal
ICT and sustainability	Suppliers Media Vodafone Group	47.5%	Internal
Clarity of Prices/Rates	Customers General Public Consumer Assoc. Vodafone Group	48.8%	Internal
Social Products and Services	NGO Media Vodafone Group	48.8%	Internal
Privacy/ Data Protection	Customers General Public Vodafone Group	50.0%	Internal
Suppliers	Suppliers Vodafone Group	41.3%	External: Suppliers
Responsible Network Deployment	Vodafone Group Consumer Assoc.	37.5%	Internal
Responsible use of ICT	Administration Suppliers Vodafone Group	47.5%	Internal
Responsible Advertising	Customers General Public Consumer Assoc. Vodafone Group	48.8%	Internal External: Distribution Channel
Ethics	Suppliers Vodafone Group	41.3%	Internal

**(GRI:G4-18)**

After establishing the importance and coverage of every Material Aspect, and considering the Importance for Stakeholders and impact each Aspect's impact on the business, the Materiality Matrix is built and Material Aspects are prioritized .

The different Material Aspects are addressed through the Sustainability Programme, which is managed and coordinated by the Sustainability and Quality Department, which periodically reports to the Institutional Committee through the Corporate Communications Director, to whom it is answerable.



See Chapter 2: "Vodafone Spain's Strategy"

## Independent Assurance Report



Ernst & Young, S.L.  
Torre Picasso  
Plaza Pablo Ruiz Picasso, 1  
28020 Madrid

Tel.: 902 365 456  
Fax: 915 727 300  
ey.com

### INDEPENDENT REVIEW OF THE SUSTAINABILITY INFORMATION INCLUDED IN VODAFONE SPAIN INTEGRATED ANNUAL REPORT 2014-15

To the Management of Vodafone Spain

#### Scope

We have reviewed the contents of the sustainability information included in the chapters 1 to 7 of the Vodafone Spain Integrated Annual Report 2014-2015, corresponding to the fiscal year ended on 31<sup>st</sup> March 2015, available at [www.vodafone.es/sostenibilidad](http://www.vodafone.es/sostenibilidad) (the Report), which elaboration criteria are described in the section "Business and Strategy - Report Criteria".

The scope of our review includes Vodafone España, S.A.U. and Grupo Corporativo Ono S.A.U. and its subsidiaries.

The preparation of the Report is the responsibility of the administrative bodies and management of Vodafone Spain. They are also responsible for defining, adapting and maintaining the management systems and internal controls from which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in our review.

#### Criteria

Our review was carried out based on:

- The Guidelines for reviewing Corporate Responsibility Reports, issued by the Official Register of Auditors of Accounts (ICJCE).
- Standard ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with a limited scope of assurance.
- AA1000 Assurance Standard (2008) issued by AccountAbility with a high scope of assurance type 1.

#### Applied Procedures

Our review consisted in performing inquiries to the managers of the business units that have participated in the preparation of the Report, and in applying analytical procedures and sampling review tests as described below:

- Interviews with management and Sustainability Management of Vodafone Spain, as well as with a selection of managers and key personnel of

business lines and non-management personnel participating in the information reporting and data included in the Report.

- Review of relevant information, such as minutes of the meetings dealing with sustainability issues.
- Review of the processes and systems through which Vodafone Spain establishes its commitments with stakeholders as well as compliance with the principles of inclusiveness, materiality and responsiveness.
- Analysis of the adaptation of the structure and content of the Report as indicated in Guide GRI-G4.
- Review of the qualitative and quantitative sustainability information included in the Report through analytical tests and other procedures carried out on a sampling basis of the indicators included in the GRI Table of Contents (Chapter 7) and their correct compilation.

The scope of this review is considerably lower than in a reasonable assurance report. Therefore, the degree of assurance is also less extensive. This report in no case should be considered an audit report.

These procedures have been applied for the sustainability information included in the Report, with the perimeter and scope indicated before.

#### Independence

We have carried out our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).

#### Conclusions

As a result of our review of the sustainability information included in the Report, and with the scope described before, we conclude that:

- No matter came to our attention that would indicate that this information has not been prepared, in all its significant aspects, in accordance with The Global Reporting Initiative (GRI) Preparation Guide for Sustainability Reports version 4, as it is indicated in this Guide, having reviewed the information contained in the GRI Table of Contents (Chapter 7).





- The report has been prepared in accordance with the principles stated in the Standard AA1000 APS (2008) issued by AccountAbility, such as:

- **Inclusiveness:** Vodafone Spain has established mechanisms for the identification of stakeholders and has defined the communication channels in order to know and understand their expectations, as described in the section “Stakeholder Engagement”.
- **Relevance:** Vodafone Spain carries out a materiality study annually in order to identify and select the most relevant issues and its improvement opportunities to be included in the Report.
- **Responsiveness:** Vodafone Spain has established mechanisms for the development, assessment and prioritization of the relevant issues, in order to define the actions and new objectives in accordance with the stakeholders’ expectations and relevant issues.

#### Recommendations

Some comments and recommendations have arisen from the review carried out, which are presented to the Management in an internal document. The most important recommendations, which refer to improvements in the implementation of the principles of inclusiveness, relevance and responsiveness, are summarized below. These recommendations do not modify the conclusions stated in this Report.

- **Inclusiveness:** Vodafone Spain has established mechanisms for the stakeholders identification and the management of their needs and expectations. We recommend continuing to participate in the dialogue initiatives with the stakeholders in order to allow their representation in the company’s strategy and objectives.
- **Relevance:** Vodafone Spain identifies the material issues that are included in the Report regularly. We recommend continuing to identify the issues with the most important impact on the stakeholders, in order to facilitate the company’s commitment towards these issues in its Sustainability Programme.

- **Responsiveness:** Vodafone Spain manages a Sustainability Programme where the objectives approved annually are included, as well as their achievement level and the long term objectives. We recommend continuing to incorporate the changing expectations of the local stakeholders in the long term objectives, as well as the modifications of the Vodafone Group’s sustainability strategy in order to obtain a proper alignment of both aspects.

This report has been prepared solely for the Management of Vodafone Spain, in accordance with the terms set out in our engagement letter.

ERNST & YOUNG, S.L.




(Free translation from the Original Report on Independent Review in Spanish dated 24th July 2015. In case of any discrepancy, the Spanish version always prevails.)

## UN Global Compact Principles

Since 2012, Vodafone is a signatory to the U.N. Global Compact. This initiative aims to achieve a voluntary commitment of the organizations in social responsibility issues, through the implementation of 10 Principles in the areas of human rights, labour, the environment and anti-corruption. Through this Report, Vodafone also wants to demonstrate its commitment and the headway achieved in implementing the Ten Global Compact Principles.

Principle	Policy and Actions Annual Report 2014-15	Page	Monitoring and Measurement Annual Report 2014-15	Page
<b>Principle 1:</b> "Businesses should support and respect the protection of internationally proclaimed human rights, within their sphere of influence"	<ul style="list-style-type: none"> <li>- Sustainability Strategy</li> <li>- Code of Conduct</li> <li>- Responsible use of ICT</li> <li>- Privacy</li> <li>- Code of Ethical Purchasing</li> <li>- Supplier assessment</li> <li>- RF Emissions and Health</li> </ul>	31 96 80 50 59 60 94	<ul style="list-style-type: none"> <li>- Materiality Matrix. (relevance</li> <li>- "Speak up" channel"</li> <li>- Code of Conduct Training</li> <li>- Information Protection Awareness Campaigns</li> </ul>	31 97 97 50
<b>Principle 2:</b> "Businesses should make sure they are not complicit in human rights abuses"	<ul style="list-style-type: none"> <li>- Code of Conduct</li> <li>- Code of Ethical Purchasing</li> <li>- Supplier evaluation</li> </ul>	96 59 60	<ul style="list-style-type: none"> <li>- "Speak up" channel"</li> <li>- Supplier assessment and tracking</li> </ul>	97 60
<b>Principle 3:</b> "Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining"	<ul style="list-style-type: none"> <li>- Collective bargaining agreement</li> <li>- Code of Conduct</li> <li>- Code of Ethical Purchasing</li> </ul>	70 96 59	<ul style="list-style-type: none"> <li>- Industrial climate survey</li> </ul>	63-64
<b>Principle 4:</b> "Businesses should uphold the elimination of all forms of forced and compulsory labour"	<ul style="list-style-type: none"> <li>- Collective bargaining agreement</li> <li>- Code of Conduct</li> <li>- Code of Ethical Purchasing</li> </ul>	70 96 59	<ul style="list-style-type: none"> <li>- "Speak up" channel"</li> </ul>	97
<b>Principle 5:</b> "Businesses should uphold the effective abolition of child labour."	<ul style="list-style-type: none"> <li>- Collective bargaining agreement</li> <li>- Code of Conduct</li> <li>- Code of Ethical Purchasing</li> </ul>	70 96 59	<ul style="list-style-type: none"> <li>- "Speak up" channel"</li> <li>- Employees by age and gender</li> </ul>	97 67
<b>Principle 6:</b> "Businesses should uphold the elimination of discrimination in respect of employment and occupation"	<ul style="list-style-type: none"> <li>- Diversity management</li> <li>- Code of Conduct</li> </ul>	65-67 96	<ul style="list-style-type: none"> <li>- Diversity Evolution</li> </ul>	66
<b>Principle 7:</b> "Businesses should support a precautionary approach to environmental challenges."	<ul style="list-style-type: none"> <li>- Code of Conduct</li> <li>- Environmental Management System</li> <li>- Control of environmental impacts</li> </ul>	96 86 86-93	<ul style="list-style-type: none"> <li>- Changes in environmental impacts</li> </ul>	88-90
<b>Principle 8:</b> "Businesses should undertake initiatives to promote greater environmental responsibility"	<ul style="list-style-type: none"> <li>- Environmental Management System</li> <li>- Control of environmental impacts</li> </ul>	86 86-93	<ul style="list-style-type: none"> <li>- Environmental Management System Maintenance</li> </ul>	86
<b>Principle 9:</b> "Businesses should encourage the development and diffusion of environmentally friendly technologies"	<ul style="list-style-type: none"> <li>- M2M Products and Services</li> </ul>	55-58	<ul style="list-style-type: none"> <li>- M2M Products and Services</li> </ul>	55
<b>Principle 10:</b> "Businesses should work against corruption in all its forms, including extortion and bribery"	<ul style="list-style-type: none"> <li>- Code of Conduct</li> <li>- Anti-Corruption and Anti-Bribery Policy</li> <li>- Corporate Governance</li> </ul>	96 97 99-105	<ul style="list-style-type: none"> <li>- Anti-fraud and corruption actions</li> </ul>	97

Vodafone also takes action to achieve the Millennium Development Goals (MDGs) and, to mark the upcoming launch of the Sustainable Development Goals (SDGs), the Vodafone Group will define to which ones it can contribute through its activities, products and services. 



See Chapter 5: "Society"

# GRI Table of Contents



## General Standard Disclosures

		Pg. Report	External Assur.			Pg. Report	External Assur.
<b>STRATEGY AND ANALYSIS</b>							
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	4 and 5	√ 112 and 113	G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	107 and 108	√ 112 and 113
G4-2	Provide a description of key impacts, risks, and opportunities.	27 a 29	√ 112 and 113	G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	31	√ 112 and 113
<b>ORGANIZATIONAL PROFILE</b>							
G4-3	Report the name of the organization.	6	√ 112 and 113	<b>REPORT PROFILE</b>			
G4-4	Report the primary brands, products, and services.	10 and 11 and vodafone.es	√ 112 and 113	G4-28	Reporting period.	6	√ 112 and 113
G4-5	Report the location of the organization's headquarters.	119	√ 112 and 113	G4-29	Date of most recent previous report.	6	√ 112 and 113
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	9 and 15	√ 112 and 113	G4-30	Reporting cycle.	Cover and 6	√ 112 and 113
G4-7	Report the nature of ownership and legal form.	6	√ 112 and 113	G4-31	Provide the contact point for questions regarding the report or its contents.	119	√ 112 and 113
G4-8	Report the markets served.	14 and 15	√ 112 and 113	G4-32	a. Report the 'in accordance' option the organization has chosen b. Report the GRI Content Index for the chosen option c. Report the reference to the External Assurance Report, if the report has been externally assured.	6, 112, 113, 115, 116 and 117	√ 112 and 113
G4-9	Report the scale of the organization.	8	√ 112 and 113	G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	6, 112, 113	√ 112 and 113
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender d. Report the total workforce by region and gender e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.	65, 66 and 67	√ 112 and 113	<b>GOVERNANCE</b>			
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	70	√ 112 and 113	G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	12, 99, 101, 102 and 103	√ 112 and 113
G4-12	Describe the organization's supply chain.	59 and 60	√ 112 and 113	G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	102 and 103	√ 112 and 113
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	6	√ 112 and 113	G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	101	√ 112 and 113
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	27	√ 112 and 113	G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	102 and 103	√ 112 and 113
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	6, 106 and 114	√ 112 and 113	G4-38	Report the composition of the highest governance body and its committees.	101, 102 and 103	√ 112 and 113
G4-16	List memberships of associations and national or international advocacy organizations to which the organization belongs.	107	√ 112 and 113	G4-39	Report whether the Chair of the highest governance body is also an executive officer. (and, if so, his or her function within the organization's management and the reasons for this arrangement.	101	√ 112 and 113
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>							
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	6	√ 112 and 113	G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	101, 102 and 103	√ 112 and 113
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries b. Explain how the organization has implemented the Reporting Principles for Defining Report.	106, 109, 110 and 111	√ 112 and 113	G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	101	√ 112 and 113
G4-19	List all the material Aspects identified in the process for defining report content.	111	√ 112 and 113	G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	101	√ 112 and 113
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	111	√ 112 and 113	<b>STAKEHOLDER ENGAGEMENT</b>			
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	111	√ 112 and 113	G4-24	Provide a list of stakeholder groups engaged by the organization.	107	√ 112 and 113
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Irrelevant <sup>1</sup>	√ 112 and 113	G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	107	√ 112 and 113
G4-23	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	6	√ 112 and 113				

## General Standard Disclosures

		Pg. Report	External Assur.
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	103	√ 112 and 113
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	99 and 100	√ 112 and 113
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	99, 100, 107 and 108	√ 112 and 113
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	27, 28 and 29	√ 112 and 113
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	102	√ 112 and 113
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	6	√ 112 and 113
G4-49	Report the process for communicating critical concerns to the highest governance body.	103	√ 112 and 113
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	103	√ 112 and 113
G4-51	a. Report the remuneration policies for the highest governance body and senior executives. b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	104	√ 112 and 113
G4-52	Report the process for determining remuneration.	104	√ 112 and 113
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	104	√ 112 and 113
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Unavailable <sup>2</sup>	√ 112 and 113
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	104	√ 112 and 113
<b>ETHICS AND INTEGRITY</b>			
G4-56	Describe the organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	96, 97 and 98	√ 112 and 113
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organizational integrity, such as helplines or advice lines.	97 and 98	√ 112 and 113
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	97 and 98	√ 112 and 113

## General Standard Disclosures

<b>Disclosures on Management Approach</b>			
		Pg. Report	External Assur.
G4-DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts c. Report the evaluation of the management approach.	31, 108, 109, 110 and 111	√ 112 and 113
<b>Indicators</b>			
<b>Category: Economy</b>		<b>Pg. Report</b>	<b>External Assur.</b>
<b>ECONOMIC PERFORMANCE</b>			
G4-EC1	Report the direct economic value generated and distributed.	38	√ 112 and 113
G4-EC2	Report risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure.	55, 56, 88, 89 and 90	√ 112 and 113
G4-EC3	Coverage of the organization's defined benefit plan obligations.	38 and 70	√ 112 and 113
G4-EC4	Financial assistance received from Government.	38	√ 112 and 113
<b>MARKET PRESENCE: Non-material aspect</b>			
<b>INDIRECT ECONOMIC IMPACTS</b>			
G4-EC7	Development and impact of infrastructure investments and services.	8, 14 and 15	√ 112 and 113
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	39	√ 112 and 113
<b>PROCUREMENT PRACTICES</b>			
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	59	√ 112 and 113
<b>Category: Environment</b>		<b>Pg. Report</b>	<b>External Assur.</b>
<b>MATERIALS</b>			
G4-EN1	Materials used by weight or volume.	92 and 93	√ 112 and 113
G4-EN2	Percentage of materials used that are recycled input materials.	92 and 93	√ 112 and 113
<b>ENERGY</b>			
G4-EN3	Energy consumption within the organization.	88, 89 and 90	√ 112 and 113
G4-EN4	Energy consumption outside of the organization.	92	√ 112 and 113
G4-EN5	Energy intensity.	88, 89 and 90	√ 112 and 113
G4-EN6	Reduction of energy consumption.	88, 89 and 90	√ 112 and 113
G4-EN7	Reductions in energy requirements of products and services.	89	√ 112 and 113
<b>WATER: Non-material aspect</b>			
<b>BIODIVERSITY: Non-material aspect</b>			
<b>EMISSIONS: Non-material aspect</b>			
<b>EFFLUENTS AND WASTE: Non-material aspect</b>			
<b>PRODUCTS AND SERVICES: Non-material aspect</b>			
<b>COMPLIANCE</b>			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	93	√ 112 and 113
<b>TRANSPORT: Non-material aspect</b>			
<b>OVERALL: Non-material aspect</b>			
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	60	√ 112 and 113
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	59 and 60	√ 112 and 113
<b>ENVIRONMENTAL GRIEVANCE MECHANISMS: Non-material aspect</b>			

1 There have been no significant changes in the information facilitated in previous reports that affect the comparability of the report

2 The information is not available for technical reasons at the time of publishing the report.

Category: Social Performance		Pg. Report	External Assur.	Pg. Report	External Assur.		
<b>Subcategory: Labour Practices and Decent Work</b>				<b>SECURITY PRACTICES</b>			
<b>EMPLOYMENT</b>				G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	97 and 98	√ 112 and 113
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	65 and 67	√ 112 and 113	<b>INDIGENOUS RIGHTS: Non-material aspect</b>			
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	70	√ 112 and 113	<b>ASSESSMENT: Non-material aspect</b>			
G4-LA3	Return to work and retention rates after parental leave, by gender.	67	√ 112 and 113	<b>SUPPLIER HUMAN RIGHTS ASSESSMENT</b>			
<b>LABOUR/MANAGEMENT RELATIONS</b>				G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	59-60	√ 112 and 113
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	70	√ 112 and 113	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	59	√ 112 and 113
<b>OCCUPATIONAL HEALTH AND SAFETY</b>				<b>HUMAN RIGHTS GRIEVANCE MECHANISMS: Non-material aspect</b>			
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	70	√ 112 and 113	<b>Subcategory: Society</b>			
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	71 and 72	√ 112 and 113	<b>LOCAL COMMUNITIES</b>			
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	71,72 and 73	√ 112 and 113	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	81 to 84	√ 112 and 113
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	73	√ 112 and 113	G4-SO2	Operations with significant actual and potential negative impacts on local communities.	81 and 93	√ 112 and 113
<b>TRAINING AND EDUCATION</b>				<b>ANTI-CORRUPTION</b>			
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	68	√ 112 and 113	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	97 and 98	√ 112 and 113
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	68 and 69	√ 112 and 113	G4-SO4	Communication and training on anti-corruption policies and procedures.	97 and 98	√ 112 and 113
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	69	√ 112 and 113	G4-SO5	Confirmed incidents of corruption and actions taken.	97 and 98	√ 112 and 113
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>				<b>PUBLIC POLICY: Non-material aspect</b>			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	12	√ 112 and 113	G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	97	√ 112 and 113
<b>EQUAL REMUNERATION FOR WOMEN AND MEN</b>				<b>ANTI-COMPETITIVE BEHAVIOUR</b>			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	The ratio is 1	√ 112 and 113	<b>COMPLIANCE</b>			
<b>SUPPLIER ASSESSMENT FOR LABOUR PRACTICES</b>				G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	49, 50 and 97	√ 112 and 113
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	60	√ 112 and 113	<b>SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY: Non-material aspect</b>			
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken.	60	√ 112 and 113	<b>GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY: Non-material aspect</b>			
<b>LABOUR PRACTICES GRIEVANCE MECHANISMS: Non-material aspect</b>				<b>Subcategory: Product Responsibility</b>			
<b>Subcategory: Human Rights</b>				<b>CUSTOMER HEALTH AND SAFETY</b>			
<b>INVESTMENT</b>				G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	80 and 94	√ 112 and 113
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	59	√ 112 and 113	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	94	√ 112 and 113
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	97	√ 112 and 113	<b>PRODUCT AND SERVICE LABELLING</b>			
<b>NON-DISCRIMINATION</b>				G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements.	93 and 94	√ 112 and 113
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	97	√ 112 and 113	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	93 and 94	√ 112 and 113
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>				G4-PR5	Results of surveys measuring customer satisfaction.	45	√ 112 and 113
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	59-60	√ 112 and 113	<b>MARKETING COMMUNICATIONS</b>			
<b>CHILD LABOUR</b>				G4-PR6	Sale of banned or disputed products.	80	√ 112 and 113
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	59-60	√ 112 and 113	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	49	√ 112 and 113
<b>FORCED OR COMPULSORY LABOR</b>				<b>CUSTOMER PRIVACY</b>			
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	59 and 97	√ 112 and 113	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	50	√ 112 and 113
				<b>COMPLIANCE</b>			
				G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	49	√ 112 and 113

## Glossary

- 3G:** 3G mobile telephony
- 3TG:** Conflict Minerals (Tantalum, Tin, Tungsten and Gold)
- 4G:** 4G mobile telephony
- ADSL:** Asymmetric Digital Subscriber Line
- AMETIC:** Multisectorial Trade Association for Electronics, Information and Communications Technologies, Telecommunications and Digital Content Industries
- ARPU:** Average Revenue per User
- ATEGAL:** Galicia Senior Citizens Classrooms
- CEP:** Code of Ethical Purchasing
- CEO:** Chief Executive Officer
- CEOMA:** Spanish Confederation of Senior Citizens' Organizations
- CFSI:** Conflict-Free Sourcing Initiative
- CNMC:** National Markets and Competition Commission
- CNSE:** Spanish Confederation of the Deaf
- COCEMFE:** Spanish Coordinator of the Physically Disabled
- DPA:** Data Protection Act
- DRC:** Democratic Republic of Congo
- DTT:** Digital Terrestrial Television
- EBITDA:** Earnings Before Interest, Taxes, Depreciation and Amortization
- EIGE:** Valencian Regional Government Infrastructure Agency
- EMF:** Electro-Magnetic Fields
- EMT:** Municipal Transport Company
- ENPS:** Employee Net Promoter Score
- FEAPS:** Spanish Federation of Organizations in support of Persons with Intellectual Disabilities
- FGV:** Valencian Region Railways
- FTE:** Full Time Equivalents
- FTTH:** Fiber To The Home
- GBI:** Global Biking Initiative
- GRI:** Global Reporting Initiative
- HFC:** Hybrid Fiber Coaxial
- HSPA:** High-Speed Packet Access
- IAE:** Business Tax
- ICT:** Information and Communications Technology
- IGCI:** General Indirect Canary Islands Tax
- IIRC:** International Integrated Reporting Council
- IPSI:** Production, Services and Import Tax (in the Cities of Ceuta and Melilla)
- ISDN:** Integrated Services Digital Network
- IVR:** Interactive Voice Response
- JAC:** Joint Auditing Cooperation
- LEED Certification:** Leadership in Energy & Environmental Design Certification System
- LTE:** Long Term Evolution
- Mbps:** Unit for quantifying data throughput
- MB:** Unit for quantifying a quantity of data
- M2M:** Machine to Machine
- MDG:** Millennium Development Goals
- MVNO:** Mobile Virtual Network Operator
- NEBA:** New Broadband Ethernet Service
- NGA:** New Generation Access
- NPE:** Non-Profit Entity
- NPS:** Net Promoter Score
- OHP:** Occupational Hazard Prevention
- PD:** Performance Dialogue
- PMP:** Project Management Professional
- PREDIF:** The Physically Disabled Representative Platform
- Premium SMS:** Premium Short Message Service
- SCM:** Supply Chain Management
- SCENIHR:** Scientific Committee on Emerging and Newly Identified Health Risks
- SDG:** Sustainable Development Goals
- SECOT:** Spanish Seniors for Technical Co-operation
- SIM:** Subscriber Identity Module
- SETSI:** Secretariat of State for Telecommunications and for the Information Society
- TRC:** Telecommunications Regulatory Commission
- UDP:** Democratic Union of Pensioners
- ULL:** Unbundled Local Loop
- UNHCR:** United Nations High Commissioner for Refugees
- UPS:** Uninterrupted Power Supply systems
- VULA:** Virtual Unbundled Local Access
- WEEE:** Waste Electrical and Electronic Equipment



**Give us your opinion**

We would like to hear your opinion about this report. Please send your comments to:

Vodafone Spain

Sostenibilidad y Calidad

Avenida de América, 115

28042 MADRID

Or email us at: [sostenibilidad@vodafone.com](mailto:sostenibilidad@vodafone.com)



