Vodafone Spain Integrated Report 2015-16

Vodafone
Power to you

Contents

*Separate document

MEANING OF
SYMBOLS INCLUDED
IN THIS REPORT

This icon refers to supplementary information
in the Report

This icon refers to additional information on our website:
www.vodafone.es

This icon refers to information that is on the Internet

LETTER FROM THE CHAIRMAN

Francisco Román

Once again, I am pleased to present Vodafone Spain's Integrated Report, this time for financial year 2015-16, (1st April 2015 to 31st March 2016), which outlines the company's key financial and non-financial information.

This report describes the main areas and business results, as well as the activities covered by the Strategic Sustainable Business Framework, as set forth this year, which seeks to contribute, through our technology and digital services, to economic growth, equal opportunities and the strengthening of individuals and organizations. These activities are undertaken within the context of the Sustainable Development Goals (SDG) and Targets passed by the United Nations General Assembly in September 2015 Here I would like to underline the renewal of our commitment to the UN Global Compact and the initiatives undertaken within the framework of its principles in matters of human rights, employment, the environment and the fight against corruption.

Firstly, it should be mentioned that in the 2015-16 financial year, the integration of the organizational structures of Vodafone Spain and Ono was completed, an essential step toward the transformation of Vodafone Spain from a company that focused mainly on the mobile phone sector with a minor presence in the fixed business, to a full convergent organization that offers integrated fixed, mobile and TV services.

Within this new situation, Vodafone's Spanish business is in much better shape to respond to customer demands and contribute to Spain's sustainable growth. Vodafone's direct financial contribution to individuals, companies and public bodies in Spain rose to € 5.245 billion in the 2015-16 financial year.

I would also like to highlight the initiatives undertaken within the Strategic Sustainable Business Framework, aimed at capitalizing on the potential to transform offered by our technology, products and services, such as the highly successful Minerva Programme, run in conjunction with the Andalusia Regional Government, or the Fast Forward Programme which helps to improve knowledge of SMEs and entrepreneurs regarding the benefits associated with the digitalization of their businesses.

I would also like to point to the work undertaken by the Vodafone Spain Foundation, which in the 2015-16 period dedicated € 5.2 million to social purposes within the "Connecting for Good" programme aimed at the development, promotion of ICTs to improve social and employment market integration and the quality of the lives of people with disabilities and the elderly.

Worthy of special mention here is the Vodafone Group Foundation's decision to move the headquarters of Instant Network to Barcelona in February 2016. The aim of this global program is to bring connectivity to the most disadvantaged places and those most affected by natural catastrophes and humanitarian crises. This scheme has been run since 2011 in places affected by natural disasters in the Philippines, Vanuatu and Nepal. This year, its sister organization Instant Charge has facilitated the recharging of phones at refugee reception and registration centres in Greece, ensuring that people have free access to battery recharging and mobile data, as these recharge points also have WiFi available via satellite.

I also want to draw your attention to our environmental activities. The company has renewed its Environmental Management System certification in line with the latest version of the ISO 14.001:2015 standard. Our commitment to the environment has also allowed us to prevent the direct and indirect release of 104,464 tonnes of CO_2.

This financial year we have defined the broad outline as of our Strategic Sustainable Business Framework, which includes short-, medium and long-term transformational goals that meet the main economic, social and environmental challenges facing society, as we believe the company can make a significant contribution through our technologies, products and services to improve people's quality of life and the productivity of organizations.

I sincerely hope that you will find this Report interesting.

Francisco Román
Chairman

Letter from the CEO

António Coimbra

I would like to take the opportunity of the presentation of this report to share with you our main activities and achievements from the 2015-16 financial year, as well as an outline of our business strategy over the coming years.

2015-16 marks the conclusion of the three-year strategic plan which we launched in April 2013. Our main goal back then was to return to growth, based on market differentiation leverage – offering the best Customer Experience, rolling out the highest quality ultra-fast broadband networks and ensuring we remain highly competitive. At the close of the year, we had met all of the targets we had set ourselves.

In the third and fourth quarters of the financial year, income for services grew in comparable terms by 0.7% and 0.6% respectively, after 27 straight months of contraction. The return to growth has been achieved after a great effort that can be seen in the substantial improvement to the Customer Experience at each of the points of contact that has seen Vodafone Spain close the past tax year with the highest NPS of its main competitors, with a 5% lead over the second-placed company among residential customers and a 3% lead among enterprise customers. The takeover of Ono has meant that Vodafone Spain now has the highest quality fibre optic network in the country, while the heavy investment in the Spring programme has driven our leadership of our 4G network, both in terms of quality and coverage. Finally, the April 2015 launch of the Vodafone One pricing plans has swiftly strengthened our position in the convergent market, especially in the ultra-fast broadband sector – fibre optics, 4G and television. The last financial year closed with over 5 million 4G customers, nearly 2 million fibre optic customers and more than a million Vodafone TV customers.

These good results are largely due to the takeover of the Ono Business Group in July 2014. Last year closed with the integration of the Ono Business Group and Vodafone Spain teams and structures.

In parallel to the development of converged solutions, Vodafone Spain is also committed to continuing to ensure innovation in the areas in which the industry has the greatest future. In the 2015-16 tax year, the company continued to lead the way in terms of digital mobile services (Call+, BackUp+, Vodafone Connect etc.) as well as in the development and adoption of Vodafone Wallet, a service that turns a customer's mobile phone into a virtual wallet in which they can keep their credit and debit cards, the cards used to access urban public transport and leading brand loyalty cards. Vodafone Wallet thus facilitates payment, access to public transport and the application of customer loyalty policies within an intuitive and highly secure mobile phone environment.

Within the context of the business sector, Vodafone is committed to areas of rapid growth, such as the internet of things (IoT) and M2M (Machine to Machine). Our strategy here is one of ensuring that the Vodafone M2M Global platform that centrally manages SIM cards, integrating them within the respective M2M systems.

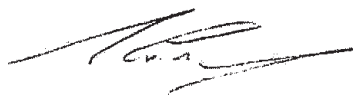Working alongside our partners, we offer solutions that cover fleet management, security, telehealthcare, energy saving, intelligent cities etc. In fact, it is this last area that I would like to draw your attention to. In the 2015-16 financial year we launched the "Vodafone Smart Centre" in Seville, an R+D+i hub in the La Cartuja Technology Park which specializes in Big Data and Smart solutions. The "Vodafone Connected City" initiative offers smart services to local government bodies and has been very well received.

We are now launching the new Vodafone Spain three-year plan, the main aim of which is to consolidate and accelerate the growth we have seen over the past two quarters. To this end, we are basing our strategy on three pillars. The first two, superior Customer Experience and our position at the forefront of ultra-fast broadband, have been carried over from the previous strategic plan. The third, the digital transformation of the telecommunications sector in Spain, is a formidable challenge. This requires a complete redefinition of internal processes, of our culture and the way we relate to Customers.

2015-16 saw an important change in trends in terms of turnover. In just three years we have gone from being a mobile-only business to becoming a convergent company. The aim for the next cycle is to go yet further and become a fully digital and convergent telecommunications company capable of ensuring an optimum customer experience.

I trust that this report responds to your expectations about our strategy and business objectives, and we encourage you to share your opinions with us so as to let us drawn on your contributions to keep on improving.

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 2015-16 (1st April 2015 to 31st March 2016), and sums up its most significant financial and non-financial information in accordance with the pertinent Materiality Analysis. **1**

During the financial year 2015-16, Vodafone España S.A.U. (hereinafter, "Vodafone Spain") and Grupo Corporativo Ono S.A.U. and its controlled companies (hereinafter, "Ono") integrated all their respective teams of people and business activities. As a result, and so as to include both organization's information and figures in this Report, the following criteria must be borne in mind:

1. All the **information and (financial and non-financial) figures** refer to Vodafone Group in Spain Vodafone Spain and Ono). All the references made to Vodafone must be deemed to refer to Vodafone Spain and Ono.

2. **The annual financial statements** included in Chapter 7 are the externally audited financial statements for the financial year 2015-16 (1st April 2015 to 31st March 2016) of the Vodafone Group's two main operating companies in Spain **(GRI: G4-17)**:

   - Vodafone España, S.A.U.
   - Vodafone Ono, S.A.U.

For further non-financial information, visit our web **www.vodafone.es/sostenibilidad**

REPORT CRITERIA

The following criteria 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.

The disclosures and indicators regarding conformity with the GRI G4 and AA1000 APS guidelines have been assured by an independent auditing firm (EY). **2**

For this report, Vodafone has chosen the **Comprehensive "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 conducted on the General Standard Disclosures of the GRI G4 Guidelines. **3**

Since 2012, Vodafone Spain is a signatory to the U.N. Global Compact. The table of progress in compliance with its ten principles is available for consultation in the 6: "Report Preparation and Review" chapter. **4**

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

1. See Materiality Analysis in the 3: "Our Strategy" chapter and GRI Materiality Analysis in the 6: "Report Preparation and Review" chapter.
2. See Independent Assurance Report in the 6: "Report Preparation and Review" chapter.
3. See GRI Table of Contents in the 6: "Report Preparation and Review" chapter.
4. See UN Global Compact Principles in the 6: "Report Preparation and Review" chapter.

KEY INDICATORS 2015-16

CONVERGED GROWTH
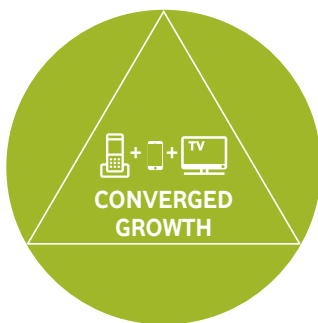
VODAFONE ONE CUSTOMERS (million)

2015-16**	**1.469**

TV CUSTOMERS (million)
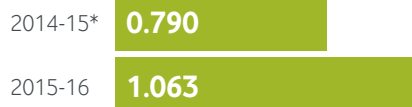
2014-15*	**0.790**
2015-16	**1.063**

INVESTMENTS (€ million)

2013-14	**608**
2014-15	**1,110**
2015-16	**1,178**

Nº BUILDING UNITS WITH FIBRE (million)

2014-15*	**8.4**
2015-16	**8.5**

CUSTOMER EXPERIENCE

MOBILE CUSTOMERS (million)

2013-14	**13.500**
2014-15	**14.179**
2015-16	**14.319**

Nº FIXED BROADBAND CUSTOMERS (million)

2013-14	**1.026**
2014-15	**2.810**
2015-16	**3.022**

4G CUSTOMERS (million)

2013-14	**0.895**
2014-15	**2.906**
2015-16	**5.428**
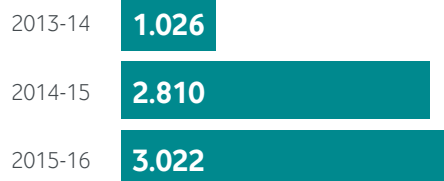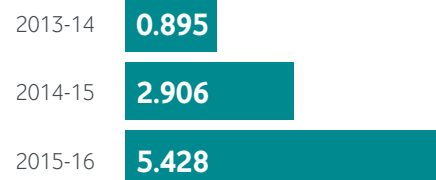
Nº DESTINATIONS WITH ROAMING

	2G/3G	4G***
2013-14	**217**	
2014-15	**219**	**52**
2015-16	**220**	**90**
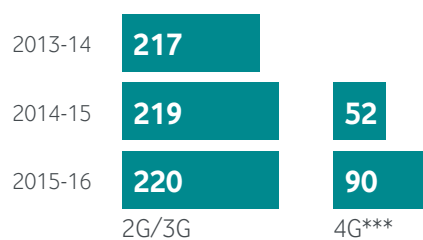
OWN STORES AND FRANCHISES

	Own stores	Franchises
2013-14	**32**	**193**
2014-15	**32**	**286**
2015-16	**32**	**370**
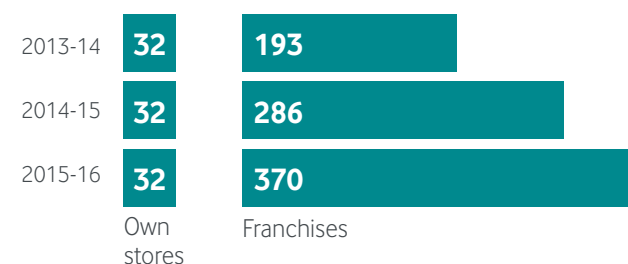
* Figures available since takeover of Ono Corporate Group and its controlled companies.
** Figures available since the launch of the Vodafone One services.
*** Figures available since the launch of the 4G services.

KEY INDICATORS 2015-16

EFFICIENCY AND PROFITABILITY

TOTAL REVENUE (€ million)

2013-14	4,113
2014-15	4,615
2015-16	4,959
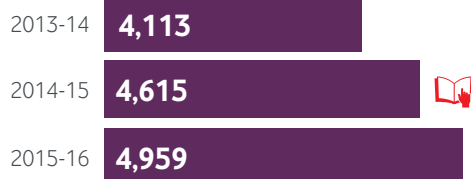
PURCHASES OF PRODUCTS AND SERVICES* (€ million)

2013-14	3,770
2014-15	4,878
2015-16	5,235
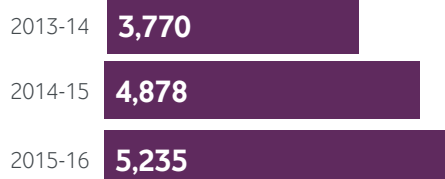
*Includes Tangible & Intangible fixed assets.

LOCAL SUPPLIER PROCUREMENT
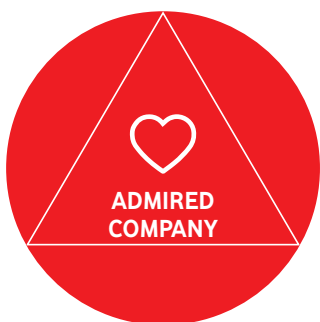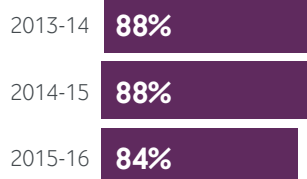
2013-14	88%
2014-15	88%
2015-16	84%

ADMIRED COMPANY

EMPLOYEES

2013-14	3,711		
2014-15	3,723 Vodafone Spain	2,425 Ono	
2015-16	5,182		

FEMALE EMPLOYEES

2013-14	43.4%	
2014-15	44.3% Vodafone Spain	38% Ono
2015-16	41%	

CHANGE IN ENERGY CONSUMPTION PER NETWORK ELEMENT*

-34.7%	2013-14
-33.1%	2014-15
-32.8%	2015-16
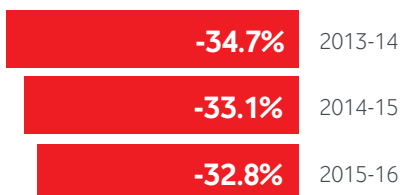
**With respect to 2006-07.

AMOUNT INVESTED BY THE VODAFONE FOUNDATION SPAIN (€ million)

2013-14	5.0
2014-15	4.6
2015-16	5.2

See note (2) on page 35.

Our
Organization

VODAFONE GROUP

On 1st January 1985, Michael Harrison, the son of Vodafone's founding Chairman, made his first mobile call over the company's network. This call was also a milestone for the United Kingdom, as it was the first call in Britain. Since then, the Vodafone Group has become one of the world's largest telecommunications companies by revenue, with voice, messaging, data and fixed communications services.

The Vodafone Group provides mobile services in 26 countries (and has agreements with another 57), and fixed broadband services in 17 countries.

Mobile Services in
26 countries

Agreements with another
57 countries

Fixed Broadband Services in
17 countries
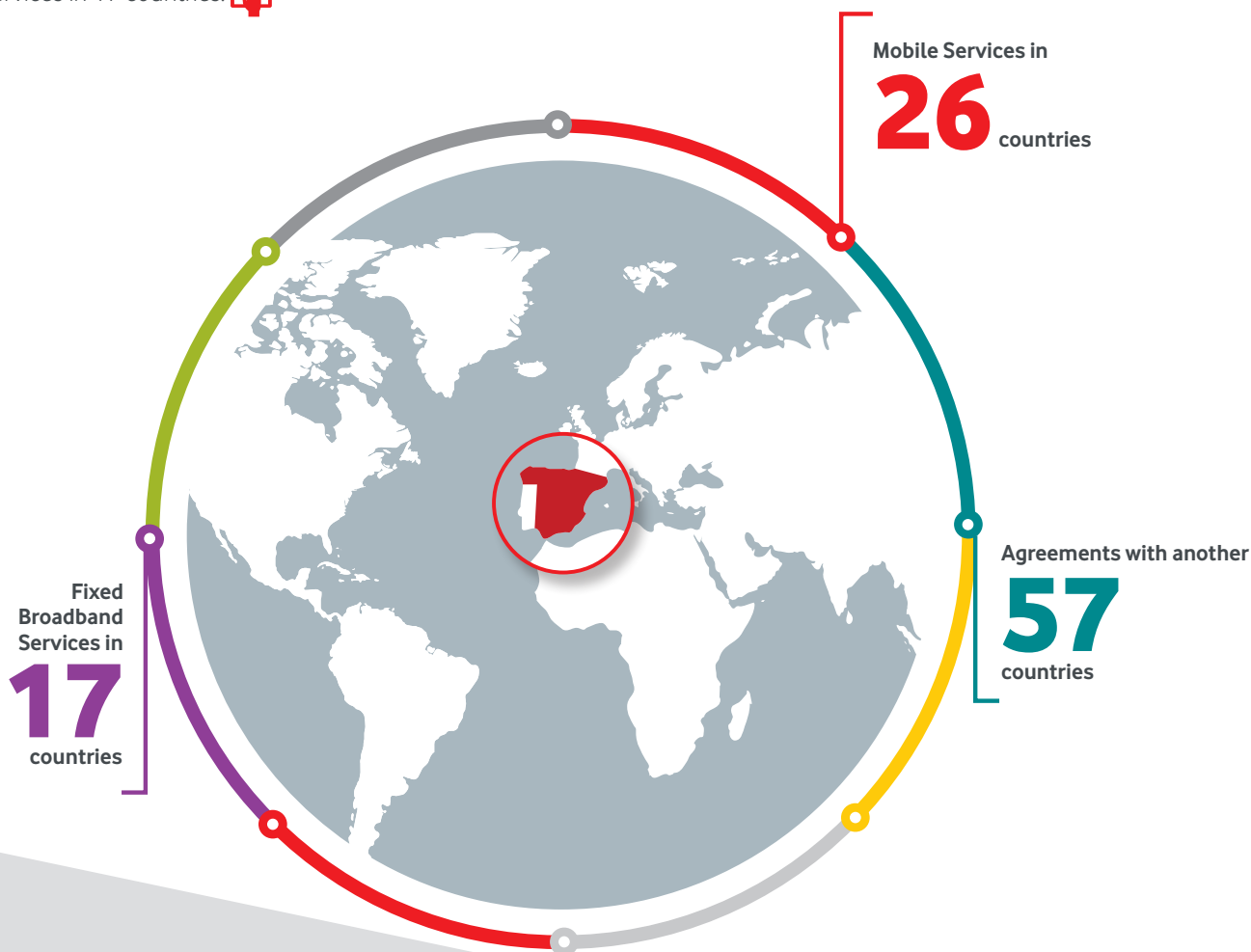
Figures as at 31st March 2016	2015-16	2014-15
Total Revenue (£ mn)	40,973	42,227
Service Revenue (£ mn)	37,159	38,497
EBITDA (£ mn)	11,612	11,915
Free cash flow (£ mn)	1,013	1,088
Adjusted EPS (pence)	5.04	5.55
Nº proportionate mobile telephony customers (million)	462	446
Nº customers 4G (million)	47	20.2
Nº fixed broadband customers (million)	13.4	12.0
Nº households covered with fibre (million)	72	28
Nº Employees	107,667	101,443

Further information at www.vodafone.com

VODAFONE IN SPAIN

ABOUT US > **OUR HISTORY**

1994 - 1999

- In December 1994 The Airtel – Sistelcom – Reditel Consortium won the 2nd GSM mobile telephony licence.
- Airtel began its commercial operations on 3rd October 1995.
- In October 1997 Airtel signed up its one-millionth customer.
- In 1999 the Vodafone Group bought AirTouch, which in turn owned 21.7% of Airtel.

2000 - 2005

- In March 2000 Airtel won a UMTS (3G) licence.
- In December 2000 the European Union authorised the Vodafone Group's takeover of Airtel.
- The Vodafone Group raised its stake in Airtel to 91.6% and in October 2001 it was renamed Vodafone Spain.
- In 2002 Vodafone presented Vodafone live!, a new form of communication using the power of colour, sound and images.
- In 2004 Vodafone announced the launch of the first commercial 3G data (UMTS) services and launched the first 3G flat rate for Internet on the move.

2006 - 2010

- In June 2006 Vodafone launched HSDPA services.
- In October 2007 Vodafone are reached an agreement to take over Tele2 España.
- In 2008 it launched the "Vodafone Office" and "Vodafone in your home" products.
- In 2009 Vodafone Spain made its social networks debut.

2011 - 2015

- In 2011 Vodafone Spain obtained new spectrum to offer latest-generation mobile internet services throughout the country.
- In November 2012 it launched "Vodafone yu".
- In April 2013 it launched "Vodafone Integral" (mobile + ADSL + landline).
- On 27 May 2013, Vodafone announced the availability of 4G services in seven Spanish cities.
- In March 2014, Vodafone Spain began marketing its fibre to the home (FTTH) services.
- In July 2014 Vodafone Spain closed the takeover of the Ono Corporate Group and its controlled companies.
- In October 2014, Vodafone commercially launched its 4G+ services with speeds of up to 300 Mbps.
- In April 2015, it launched "Vodafone One" with mobile, landline, internet and TV.

ABOUT US   OUR 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 supported by our Code of Conduct which sets out the Business Principles that all employees must uphold.

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

"The Vodafone Way"

Customer Obsessed

We want to exceed our customers' expectations.

Innovation Hungry

We devise and provide new products, services and working methods that surprise our customers.

Ambitious and Competitive

We work energetically and passionately to become a leading and competitive company.

Global Business, with Local Roots.

Working to get the best results for our customers, employees and other Stakeholders.

"Simplicity": Making things simpler for our customers, business partners and colleagues

"Speed": Bringing products and services to market quickly and prioritising the things that really matter.

"Trust": We act with honesty, integrity and fairness, to build trust among ourselves and with our customers.

ORGANIZATION

Chairman
Francisco Román

Chief Executive Officer
António Coimbra

Corporate Business Unit
Andrés Vicente

Consumer Business Unit
Óscar Vilda

Chief Financial Officer
Miguel Orúe-Echebarría

Business Operations Unit
Paulo Neves

Brand, Customer Experience
and Transformation
Patricia Ferruz

Human Resources and Property
Remedios Orrantia

Technology
Babak Fouladi*

Legal, Regulation and Corp Security
Pedro Peña

Strategy
David Sola

Corporate Communication
and Sustainability
José Romero

The organization displayed is the structure that existed at end of financial year 2015-16.
(*) In June 2016, Ismael Asenjo was appointed Chief Technology Officer.

Territorial Structure

Vodafone Spain is divided into 6 geographical zones with a Head Office in the following cities:

Zone 1: Madrid   **Zone 4: Bilbao**
Zone 2: Barcelona   **Zone 5: Seville**
Zone 3: Valencia   **Zone 6: Valladolid**

6 North
2 Northeast
4 Cantabrian
1 Centre
5 South
3 East

Canary Islands

The 5: "Ethics and Corporate Governance" section provides detailed information on the Corporate Governance Bodies and Mechanisms.

VODAFONE IN SPAIN 2015-16 — KEY MILESTONES AND LAUNCHES

APRIL 2015

Vodafone presents **Vodafone One**, its latest-generation convergent service offering with mobile, fixed, Internet and TV.

JUNE 2015

Vodafone launches "**Vodafone Professional Solution**", its 24/365 hotline for the self-employed and small enterprises. This service is provided by a team of IT device operation experts that provides immediate responses at anytime and anywhere.

JULY 2015

Vodafone opens its **"Vodafone Smart Center"**. This R&D&i centre located in the "Isla de la Cartuja" Science and Technology Park aims to become a benchmark in the operation and development of Big Data and Smart solutions.

JULY 2015

Vodafone announces that it has already deployed **Voz 4G (VoLTE)** technology across its entire 4G+ network and, in doing so, has become Spain's first mobile operator to offer this technology to its customers.

Vodafone helps to keep watch on Spain's main beaches with a path breaking **lifeguard drone scheme.**

Vodafone announces the availability of **"Secure Net"**, a brand new service developed on its network that protects against in Internet threats such as viruses and unsafe websites, and includes parental control functions.

Vodafone buys the **BBVA League and King's Cup** channels to offer the best football on Vodafone TV.

Vodafone Spain and Vodafone Ono notify their respective workers' representatives of the opening of **collective dismissal**, proceedings, calling on them to start the consultation period on 1ˢᵗ September.

Vodafone launches the **"El Futuro es One" ("The Future is One") audiovisual content platform**. The platform is designed to connect people with the future: help them to understand how technology is changing every single aspect of our lives"

AUGUST 2015

Vodafone reaches an agreement with Mediapro to include the **beIN Sports HD** channel in Vodafone TV, meaning that Vodafone's customers can now enjoy the Champions League, Europa League, Premier League and the best international football competitions.

SEPTEMBER 2015

Vodafone announces a deal that means that **Netflix,** the world's biggest Internet-based television service, can now be seen for the first ever on a TV platform in Spain.

OCTOBER 2015

Vodafone unveils **Fast Forward**, a series of training and motivational sessions targeted at professionals and companies, and designed to make their businesses more competitive and more profitable.

As part of its Distribution Channel facelift plan, Vodafone opens its 400th **2.0 store in Salamanca.**

Vodafone announces its **"Your itemized bill"** service, which extracts real data from customers' bills and turns it into a customized video

NOVEMBER 2015

▼

Vodafone includes **roaming in Europe and the United States** in its Red and Vodafone One Plans.

DECEMBER 2015

▼

According to an independent report from P3 Strategic Consulting, Vodafone has the **best mobile voice and network data in Spain.**

JANUARY 2016

▼

Vodafone announces that more than **one million customers have signed up for its television service.**

▼

Vodafone extends **4G coverage to the Madrid underground**. Now its customers can enjoy 4G in 93 stations.

FEBRUARY 2016

▼

The Vodafone Group Foundation announces that the head office of the **Instant Network** a global initiative devised to take connectivity to anywhere hit by natural catastrophes and humanitarian crises, is to **move to Barcelona.**

MARCH 2016

▼

Vodafone becomes Spain's first telecom company to invest in **eSports** and presents its **G2 Vodafone,** team, a new club that will compete in the country's main eSports competitions.

▼

Vodafone revamps its **pricing plans** with roaming, more data and unlimited land-to-mobile calls and between family members.

▼

Vodafone launches the Spanish market's first **4K decoder**, a standard that reproduces content with the highest quality.

ENTERPRISE BUSINESS UNIT

The Enterprise Business Unit **serves Enterprises and Public Administrations**, offering the best convergent experience based on:

- A **converged communications network** that optimizes our customers' business activities.

- **State-of-the-art solutions** to meet all their communication needs, including a suite of digital solutions that lets our customers boost their effectiveness, efficiency and productivity.

- 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.

Business Experience Center

During the 2015-16 financial year, Vodafone inaugurated the BEC ("Business Experience Center"), a space designed to put the future within the reach of the country's leading companies and public administrations, at its Vodafone Plaza HQ.

More than 100 organizations have already visited the premises, where they have been shown solutions for being more efficient, boosting their productivity and keeping customers more satisfied.

MAIN RECOGNITIONS AWARDED TO VODAFONE IN 2015-16

- ▶ **The Vodafone network offers the best voice and data services in Spain**, according to the independent study conducted by the consultancy firm P3 and the magazine Connect.
- ▶ **Discapnet Prize** awarded by the ONCE Foundation, in its Special Category that recognises companies that stand out for taking into account **accessibility in their products and services.**

- ▶ Vodafone is recognized as a **Top Employers 2015 company.**
- ▶ **Best e-Commerce Support Contact Center Award** to **Vodafone's Online Store** (managed by Unison), awarded by the Platinum Contact Center Awards 2015.
- ▶ Vodafone **scores the highest in innovation, commitment and friendliness of its spokespersons**, according to the media audit carried out by Lewis PR.

14,319,000 mobile customers

more than **5.4** million
4G customers (with 4G tariff and device)

3,022,000 fixed broadband customers

1,468,500 Vodafone One customers

MORE THAN **22,700** MILLION MINUTES FROM MOBILE NETWORKS

MORE THAN **8,600** MILLION MINUTES FROM FIXED NETWORKS

GB MORE THAN **2,180** MILLION GB of data carried (by mobile and fixed)

RESIDENTIAL BUSINESS UNIT

Our Residential Business Unit offers our **residential customers**:

- **High-speed total communication solutions** inside and outside the home and between all the members of the family (with mobile, fibre and fixed, everything in a single product).

- More than **one million WIFI hotspots** distributed throughout the fibre network.

- A **TV** strategy driven by smart TV and the best content (films, series, football, etc.).

- With **landline 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.

All geared towards getting the best customer experience, with a **new generation of converged services** and forming part of our customers' digital lives.

MAIN **ASSOCIATIONS** OF WHICH VODAFONE IS A MEMBER

- ▶ **ADIGITAL** (Spanish Digital Economy Association).
- ▶ **AEC** (Spanish Quality Association).
- ▶ **AENOR** (Spanish Association for Standardisation and Certification).
- ▶ **AMETIC** (Multisectorial Trade Association for Electronics, Information and Communications Technologies, Telecommunications and Digital Content Industries).
- ▶ **AOP** (Association of Operators for Portability).
- ▶ **AOPM** (Association of Operators for Mobile Portability).
- ▶ **AEA (Spanish Advertisers Association).**

- ▶ **AUTOCONTROL** (Association for the Self-Regulation of Commercial Communication).
- ▶ **CABLE EUROPE** (Association of Cable TV Operators).
- ▶ **Sustainability Excellence Club.**
- ▶ **ETSI** (European Telecommunications Standards Institute).
- ▶ **Forética.**
- ▶ **Responsible Procurement Forum.**
- ▶ **Inserta Responsible Forum.**
- ▶ **SERES Foundation.**
- ▶ **GSMA** (Mobile Operators Association).
- ▶ **Spanish Network of the United Nations' Global Compact.**

38.5%
OF VODAFONE ONE CUSTOMERS HAVE SIGNED UP FOR A TV SERVICE

MORE THAN **59,000** MOBILE NETWORK ELEMENTS deployed throughout the country

8.5 MILLION BUILDING UNITS WITH FIBRE

4G SERVICES available in more than **2,750** towns and cities (**94%** of the population)

MORE THAN **10,500 4G** nodes

32 own stores

370 franchises

90 DESTINATIONS IN THE WORLD WITH 4G ROAMING AGREEMENTS

220 DESTINATIONS IN THE WORLD WITH 2G/3G ROAMING AGREEMENTS

OBJECTIVES

OBJECTIVES FOR 2015-16	COMPLIANCE	PG. REPORT
CONVERGED GROWTH Offer the best fixed and mobile connectivity.	**Ongoing**	**7**
Be a benchmark in the converging home. March 2016	**100%**	**7**
CUSTOMER EXPERIENCE Boost customer experience differentiation. March 2016	**100%**	**46 and 47**
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	**100%**	**51**
Add Smart solutions to the "Vodafone Connected City" platform to offer services to cities. March 2016	**100%**	**54**
EFFICIENCY AND PROFITABILITY Ensure all high risk suppliers have current Health and Safety Plans. March 2016	**100%**	**80**
Bring the former Ono employee job performance assessment processes in line with Vodafone Spain's processes. March 2016	**100%**	**75**
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	**Underway**	**70**
ADMIRED COMPANY Equip our own stores with systems that make it easier to communicate with our customers who have a hearing disability. March 2016	**In pilot phase**	**63**
Gives the sales network staff training on how to attend to disabled people. March 2016	**Underway**	**63**
Develop new tools and educational materials to encourage safe and responsible use of ICTs by minors. March 2016	**100%**	**65 and 66**
Help elderly people to learn how to use new technologies, with schemes that benefit at least 40,000 senior citizens. March 2016	**100%**	**59**
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	**100%**	**59**
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	**100%**	**72**
Reduce network energy consumption per network element by 50% by year 2020, with respect to 2006-07. March 2020	**Underway**	**83**
Obtain GOLD LEED certification for the head office. March 2016	**100%**	**84**

NEXT OBJECTIVES

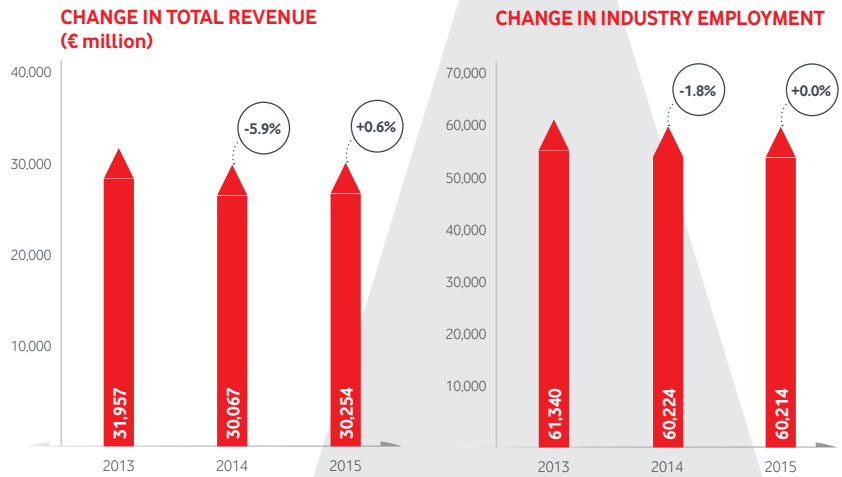|	NEXT OBJECTIVES	DATE
CONVERGED GROWTH	Offer the best fixed and mobile connectivity.	**Ongoing**
	Keep encouraging convergence in the home.	**Ongoing**
	Turn the company into digital Telco.	**March 2019**
CUSTOMER EXPERIENCE	Maintain a differentiated customer experience.	**March 2017**
	Encourage Mediation (agreements between the parties with the help of a mediator) as a form of conflict resolution, optimizing response times.	**March 2017**
EFFICIENCY AND PROFITABILITY	Make headway in harmonizing the working conditions of the Vodafone Spain and Ono employees.	**March 2017**
	Establish courses of action to ensure that Vodafone is an inclusive environment.	**March 2017**
	Actively contribute to bringing down youth unemployment.	**March 2017**
	Organize "Supplier Awards" to reward the best-performing suppliers.	**March 2017**
	Take action to further engage our suppliers in Health and Safety issues.	**March 2017**
ADMIRED COMPANY	Contribute through our Technology, Digital Products and Services, to achieving the transformational goals of the Strategic Sustainable Business Framework.	**March 2025**
	Help elderly people to learn how to use new technologies, with schemes that benefit at least 50,000 senior citizens.	**March 2017**
	Contribute with accessible ICT solutions –platforms and apps- that improve disabled people's quality of life, that benefit more than 35,000 people.	**March 2017**
	Obtain the Universal Accessibility Certificate for 100% of our own stores.	**March 2017**
	Dissemination of the Accessible Vodafone Own Store project via the web and other media.	**March 2017**
	Gives the sales network staff training on how to attend to disabled people.	**March 2017**
	Reduce network energy consumption per network element by 50% by year 2020, with respect to 2006-07.	**March 2020**
	Have LEED GOLD certification at the Vodafone Plaza HQ upgraded to LEED PLATINUM.	**March 2017**

Our Strategy

INDUSTRY ANALYSIS

STATE OF THE INDUSTRY

REVENUES AND EMPLOYMENT

The industry's total turnover in 2015 amounted to € 30,254 million, 0.6% up on 2014, ending the negative trend of recent years, and driven chiefly by the bigger sales of audiovisual and landline and mobile broadband services.

In line with this trend, employment steadied at 60,214 people, practically the same figure as the previous year.

CHANGE IN TOTAL REVENUE (€ million)

	2013	2014	2015
	31,957	30,067 (-5.9%)	30,254 (+0.6%)

CHANGE IN INDUSTRY EMPLOYMENT

	2013	2014	2015
	61,340	60,224 (-1.8%)	60,214 (+0.0%)

INFRASTRUCTURE

The highlight of 2015 was the continued fast pace in rolling out infrastructure that provides high transmission speeds:
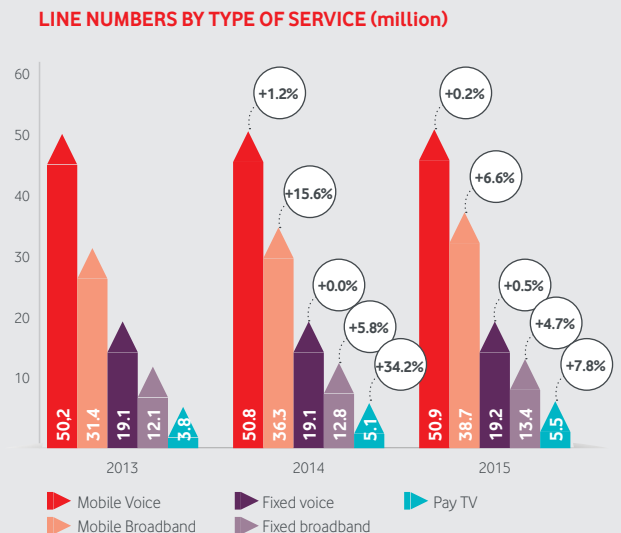
- **4G** mobile networks based on LTE (Long Term Evolution) technology, Vodafone topping the league by having reached 94% of the population on 31st March 2016.

- NGA (Next Generation Access) fixed networks, which have kept on growing to total 33.5 million building units at the end of 2015 (29.9% more than the previous year), driven especially by **FTTH** accesses, which amounted to 22.7 million (15 times more than the previous year). The bulk of the remaining 10.8 million NGA accesses are supplied by **HFC** (Hybrid Fibre Coaxial) technology-based fibre operators, mainly Vodafone.

LINE NUMBERS

In 2015, the telecommunications and audiovisual industry services performed differently in terms of line numbers:

- On the one hand, the number of **Fixed Voice** lines (19.2 million) and **Mobile Voice** lines (50.9 million) remained almost stable with respect to 2014.

- In contrast, there was a significant upturn in the number of **Mobile Broadband** lines (up 6.6% up 38.7 million), in the number of **Fixed Broadband** lines (up 4.7% to 13.4 million), while **Pay TV** services grew even more strongly (7.8% to 5.5 million).

Two main reasons were behind the increase in landline broadband and pay TV lines: the ever-larger roll out of NGA networks and the upturn in numbers of customers signing up for bundled services.

LINE NUMBERS BY TYPE OF SERVICE (million)

	2013	2014	2015
Mobile Voice	50.2	50.8 (+1.2%)	50.9 (+0.2%)
Mobile Broadband	31.4	36.3 (+15.6%)	38.7 (+6.6%)
Fixed voice	19.1	19.1 (+0.0%)	19.2 (+0.5%)
Fixed broadband	12.1	12.8 (+5.8%)	13.4 (+4.7%)
Pay TV	3.8	5.1 (+34.2%)	5.5 (+7.8%)

Legend: Mobile Voice, Mobile Broadband, Fixed voice, Fixed broadband, Pay TV

The increased NGA rollout in 2015 resulted in:

- The number of active landline broadband lines provided over these technologies (FTTH and HFC) rose significantly to 5.6 million, accounting for 42.1% of all broadband lines as opposed to 29.7% the previous year.

- Broadband connections becoming faster and faster. The number of 50 Mbps or faster connections totalled 3.7 million, 1.2 million more than in 2014, and now account for 27.4% of all landline broadband lines.

FIXED BROADBAND LINE NUMBERS PER TECHNOLOGY (million)

	2013	2014	2015
xDSL	9.3	9.0	7.7
NGA (FTTH + HFC)	2.7	3.8	5.6
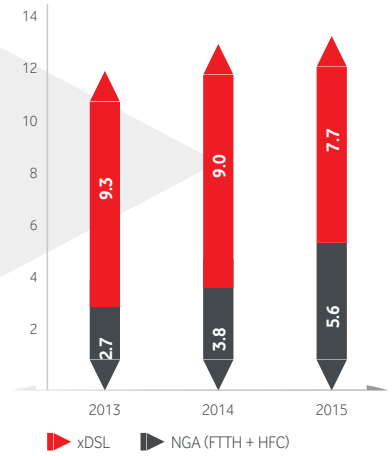
As for bundled products:

- 3.6 million people have now signed up for Five-Play or quintuple packs (Fixed Voice + Fixed Broadband + Mobile Voice + Mobile Broadband + Pay TV), as compared to only 2.2 million the previous year, having soared 63.3%.

- Subscriptions to Four-Play or quadruple packs (Fixed Voice + Fixed Broadband + Mobile Voice + Mobile Broadband) grew more moderately to 6.1 million, 4.7% more than the previous year.

Fixed Voice | Fixed Broadband | Mobile Voice | Mobile Broadband | Pay TV

Four Play

Five Play

FOUR-PLAY AND FIVE-PLAY

	2013	2014	2015
Quadruple packs	4,988,640	5,826,588 (+16.8%)	6,100,557 (+4.7%)
Quintuple packs	699,645	2,201,439 (+214.7%)	3,594,880 (+63.3%)
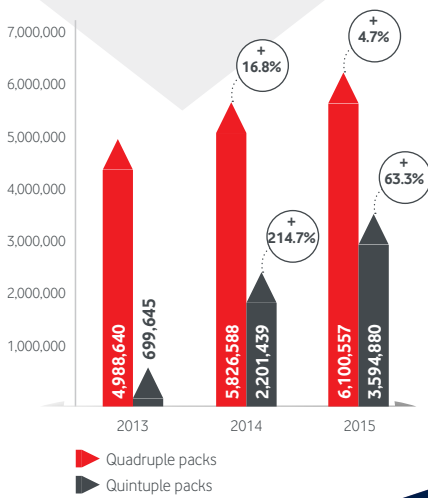
NEW LEGISLATION AND REGULATIONS IN SPAIN AND EUROPE

REGULATION OF WHOLESALE ACCESS TO FIXED BROADBAND

On 24th February, the National Authority for Markets and Competition (CNMC) approved the wholesale regulation of the fixed broadband market, including the regulation of fibre optic next-generation access (NGA) networks.

The most important developments concerning this regulation are as follows:

(i) The establishment of geographic areas with different levels of competence for copper and optical fibre (unlike the previous regulation which operated on a national level).

(ii) The definition, analysis and imposition of different measures for the residential and business sectors, in terms of indirect access services.

In **residential markets**, regulations regarding access to the ducts belonging to the incumbent operator (Telefónica) were maintained, with an unbundling of the copper pair as well as further requirements covering indirect access:

▶ As far as the fibre optic network (NGA) is concerned, the CNMC has identified 66 municipalities in Spain (35% of the population) covered by NGA networks run by at least three operators. In this area, the CNMC excludes access to the incumbent operator's fibre optic network from the regulation. For the rest of Spain's municipalities, the incumbent operator has to offer other operators virtual access to its fibre optic network.

▶ As far as the copper cable network is concerned, in the area where there is greatest competition, all existing obligations on the incumbent operator to facilitate indirect wholesale access have been removed. Where there is less competition, the CNMC has opted to maintain the obligation to offer indirect wholesale access the incumbent operator's copper cable network, without the speed being limited to 30 Mbps.

In the **enterprise market**, the incumbent operator is obliged to offer indirect access to copper cable and fibre optic networks to other operators, which will be available across Spain to all customers.

CLOSURE OF COPPER CABLE NETWORK STATIONS

During the 2015-16 financial year, the incumbent operator began to close copper cable network stations, as a result of the roll-out of the FTTH fibre optic network and the subsequent customer migration. This closure of copper cable network stations is subject to certain rules and requirements imposed by the CNMC in order to protect the investment made by operators for unbundled access to the local loop. Therefore, if there are co-located operators at a station, the incumbent operator has to give five years notice of closure, having migrated all customers to NGA networks before this period concludes. If there are no co-located operators, the notice period is reduced to six months or one year, depending on whether the stations offer other services to wholesaler operators or not.

RADIO SPECTRUM

The roll-out of 4G radio stations in the 800 MHz band (the first digital dividend, prior to its use by digital terrestrial television or DTT) has certain special characteristics. Pursuant to Order IET/329/2015 of 26th February, mobile operators are obliged to resolve all possible infringements which may occur at DTT reception facilities resulting from the start-up of radio stations in this band for the provision of mobile services.

Through the "llega800" initiative, mobile operators, including Vodafone, are striving to resolve infringements via simple, free process for those affected. This has meant that Vodafone's roll-out of radio stations has been undertaken remarkably swiftly.

NUMBERING

Within its remit for the management of numbering resources, the Ministry of Industry, Energy and Tourism published two Ministerial Orders in 2015.

▶ The first such Ministerial Order allowed mobile operators to **show a geographically-based calling number** on incoming calls from mobile phones. Vodafone has been a pioneering company when it comes to offering customers the option to associate a landline number with a mobile terminal, with programmes such as "Oficina Vodafone" (Vodafone Office) and "Vodafone en tu Casa" (Vodafone at Home).

▶ The Ministerial Order which regulates premium rate services to ensure greater transparency in terms of the conditions in which operators offer access to **902 numbers**. The proposal is to include specific information regarding contracts and a special grouping on billing for better identification of the cost of 902-number calls.

NEW LEGISLATION AND REGULATIONS IN SPAIN AND EUROPE

AUDIO-VISUAL SECTOR

On 22nd April 2015, the CNMC Resolution came into force, approving the merger of operations between Telefónica and DTS (Digital Television Distributor – Canal+), on the condition that certain pledges are met by Telefónica.

Vodafone have accessed various channels that make up Telefónica's Wholesale Channel Offer, whose availability has is the result of commitments made by the incumbent operator to the CNMC (the "Abono Fútbol", "Abono Fútbol 1" and "Canal+ Estrenos" football and film channels). Vodafone feels that these commitments highlight certain deficiencies that should be looked at by the National High Court. On 25th June 2015 we therefore filed an administrative appeal against the CNMC resolution, authorizing the purchase of DTS, which was declared admissible.

Aside from the matter of access to premium channels included within Telefónica's Wholesale Channel Offer, Vodafone has reached agreements with other companies to gain access to content of interest to our customers:

▶ On 4th August 2015, Vodafone signed an agreement with Mediapro through which they grant Vodafone the rights to broadcast the Pay TV channel "beIN Sports" for both resident and non-resident customers, covering UEFA Champions League and UEFA Europa League cup competitions, as well as matches from the major European leagues for the 2015-16, 2016-17 and 2017-18 seasons.

▶ In December 2015, the Joint Venture set up between Vodafone and Orange was awarded one of the bundles that were auctioned by the Spanish Professional Football League. It was given an exclusive licence to broadcast "Canal Liga TV3" to non-residential customers, a channel whose football content includes all Spanish First and Second Division games for the 2016-17, 2017-18 and 2018-19 seasons.

▶ In April 2016, Mediapro and Vodafone signed a contract by which Mediapro would grant Vodafone the rights to broadcast the pay TV channel "beIN Sports La Liga" to residential customers, to include the Spanish First Division and Copa del Rey cup matches for the 2016-17, 2017-18 and 2018-19[1] seasons.

1 Even though it does not refer to financial year 2015-16, it is included in this report on account of its relevance.

SINGLE TELECOMS MARKET

The highlights in the European Single Telecoms Market include the following:

▶ **TSM** (**T**elecom **S**ingle **M**arket).

The European Union approved EU Regulation of 25th November 2015 which established measures related to open internet access, implementing new regulations regarding **net neutrality** which have been directly applicable in Spain from 30th April 2016.

This Regulation also amended the current **Roaming** regulation, eliminating roaming surcharges from 15th June 2017 within the European Economic Area, as well as introducing other measures. Since November 2015, Vodafone has been gradually eliminating its roaming surcharges in Europe across all tariffs, anticipating the introduction of the new regulations.

▶ **DSM** (**D**igital **S**ingle **M**arket).

The Digital Single Market (DSM) Strategy is a European Commission overview for the 2015-2020 period. It includes Commission priorities for the review of the EU Regulatory Framework. Draft legislation is expected by mid-2016. The strategy includes 16 areas of action and three "pillars" or policy areas:

- Better access to online goods and services in Europe, for both people and businesses
- An environment where digital networks and services can prosper
- Maximize the growth potential of the European digital economy.

STRATEGY

VODAFONE GROUP STRATEGY

The Vodafone Group is seeking to be the leading convergent communications operator, investing in order to offer its customers differential network access and outstanding service. Capitalizing on economies of scale through its global presence, the Vodafone Group is looking to create an attractive ROI and sustaining investment levels, increasing its network differentiation and meeting its customers' high expectations.

Convergence
Connectivity and content, anywhere.

Data
High-Speed, Worry-Free.

Enterprises

▶ Customers are increasingly more converged and share content between their landline and mobile devices (telephone, tablet, computer or TV).

▶ Television and its content are increasingly important to customers when contracting a broadband-based communications package.

▶ The higher demand for convergent services means a greater use of data.

▶ As smartphone penetration rises, customers demand faster and more reliable data services.

▶ Customers have a range of mobile devices and require simple hassle-free billing.

▶ Customers on the move want high-definition, high-speed video to better enjoy their viewing experience.

▶ Companies are increasingly looking for a single provider which also offers them a fixed and mobile service for their employees.

▶ It is extremely important that telecommunications operators offer companies reliable connectivity for their employees, customers and suppliers.

VODAFONE'S STRATEGIC GOALS IN SPAIN

Based on the Group's strategy Vodafone, Vodafone in Spain has set itself **Strategic Goals**:
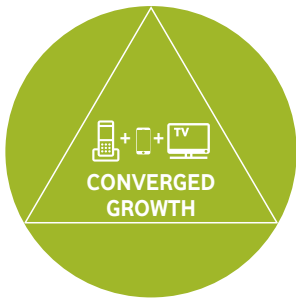
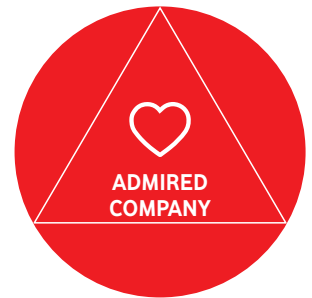| CONVERGED GROWTH	CUSTOMER EXPERIENCE	EFFICIENCY AND PROFITABILITY	ADMIRED COMPANY
Consolidate **growth** and become a **converged digital** telecommunications company.	Provide the best service, with the **best Customer Experience** at all points of contact.	Be the most **Efficient and Flexible** Company on the market, to improve profitability.	Be the **most admired** company of the Spanish telecoms industry and one of the most admired in general.
Follow on the same **growth** path as over the last quarters and lay the groundwork for the company's **digital transformation**.	Offer the **best customer experience** by leveraging on ultra-fast broadband in fixed and mobile services, and also on next-generation smart TV, offering the **best service in all points of contact** with customers.	**Make the company far more efficient and simpler** so as to keep on offering our customers a better value proposition.	Be a company that our main Stakeholders acknowledge as **prestigious, innovative, ethical and socially responsible**, and that our employees believe is **the best company to work at**.

The facelift plan outlined in the Vodafone in Spain Strategy is underpinned by three **Strategic Pillars**:

Strategic Pillars

Always On

The Best Customer Experience

Next generation of Digital Services

RELEVANT BUSINESS MATTERS

In line with these Strategic Goals, during fiscal year 2015-16 Vodafone identified a number of **Relevant Business Matters**, which are addressed by the Executive Committee on account of their importance:

1 Vodafone One

2 Development of smart TV

3 Innovation in Products and Services

4 Network Quality

The next step involves identifying each relevant business matter's ties to:

- The "capitals" according to the IIRC Integrated Reporting Framework.
- The Stakeholders affected by each one of them.
- The associated Key Indicators.

1

Vodafone One

In April 2015 we launched Vodafone One, our converged all-in-one solution that bundles mobile, landline, internet and smart TV.

Related Capitals
- Financial
- Operating
- Social and Relational
- Intellectual

Stakeholders involved
- Customers
- P.A. and Regulator
- Opinion-Makers

Key Indicators associated
- Nº of Vodafone One customers Launching

2

Development of smart TV

The emphasis during 2015-16 was placed on developing smart TV, gaining a market toehold by:
- Deploying smart TV on FTTH technology
- Launching football packages
- Launching the Netflix service as part of our TV platform
- Smart TV on xDSL

Related Capitals
- Financial
- Operating
- Social and Relationship
- Intellectual

Stakeholders involved
- Customers
- P.A. and Regulator
- Opinion-Makers

Key Indicators associated
- Nº of Vodafone One customers Launching

See Chap.5: "Ethics and Corporate Governance".

3

Innovation in Products and Services

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. Highlights include the development of value-added products and services like Call+, Back up+ and Secure Net.

Related Capitals
- Financial
- Intellectual
- Operating
- Social and Relationship

Stakeholders involved
- Customers
- Opinion-Makers
- P.A. and Regulator

Key Indicators associated
- Nº of Customers

4

Network Quality

All the services we offer hinge on our Network Quality, because any Network failure or malfunction impacts our customers' experience and satisfaction. During financial year 2015-16, our top priority was network investment to boost our leadership in this field. That is why the Vodafone mobile network is Spain's best communications network, according to an independent study by P3 Communications.

Related Capitals
- Financial
- Operating
- Natural

Stakeholders involved
- Customers
- P.A. and Regulator
- Suppliers
- Landlords' and Residents' Associations

Key Indicators associated
- Investments made
- Nº of Customers
- % Coverage
- Network Quality Indicators

SUSTAINABLE BUSINESS   **BUSINESS STAKEHOLDER ENGAGEMENT**

ADMIRED
COMPANY

So as to identify and prioritize our Stakeholders and their respective expectations, Vodafone engages in ongoing dialogue with them through different channels of communication and with different frequencies:

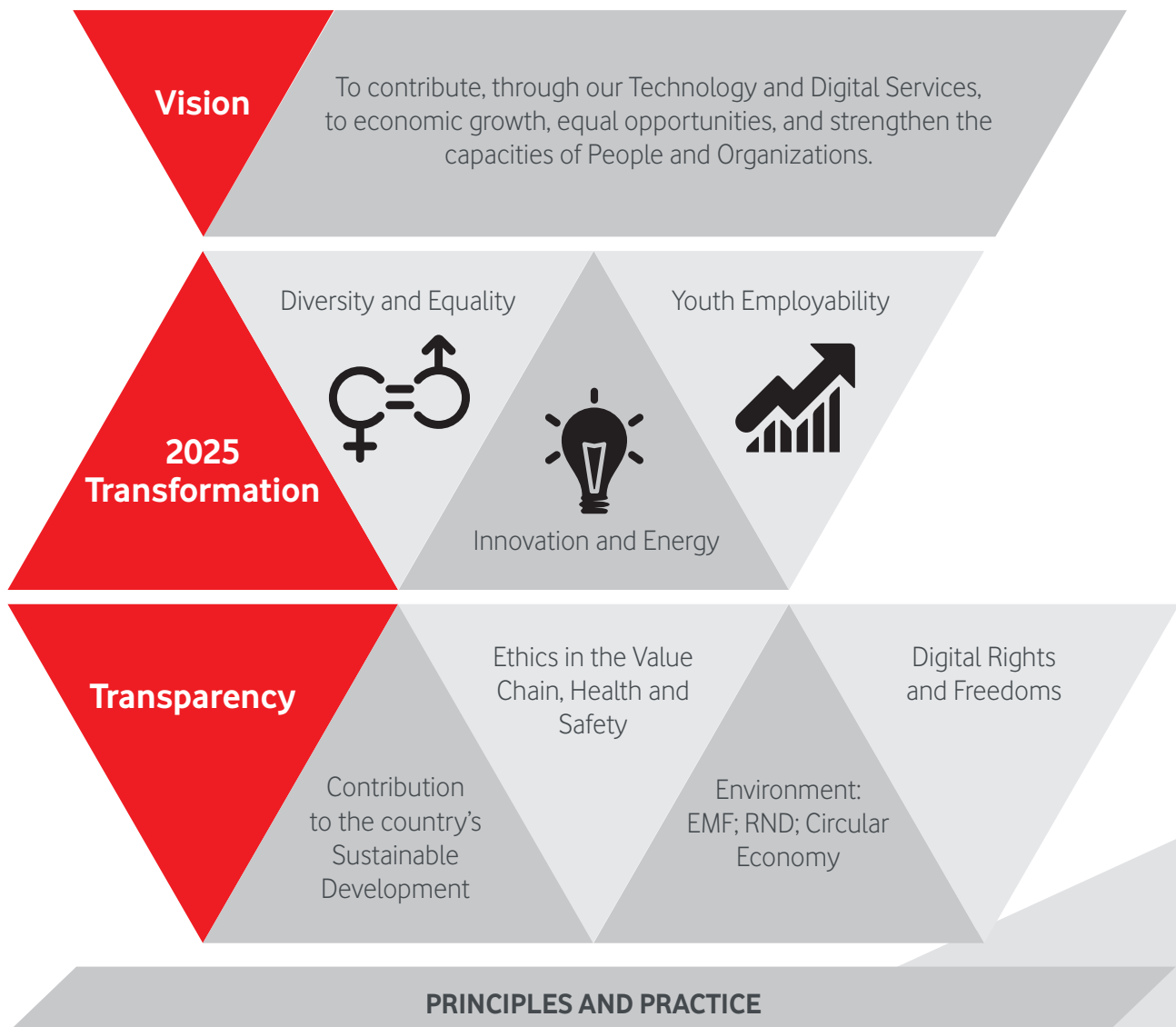| Stakeholder GRI: G4-24	Communication Channel GRI: G4-25	Frequency GRI: G4-26
Customers	Surveys	Six-monthly
	Tracking of incidents and complaints	Ongoing
	Social Networks	Ongoing
Opinion Makers (Consumers' Organizations, Media, Non-Profit Entities, etc.)	Surveys	Annual
	Media Tracking	Daily
	Specific meetings	Ongoing
Employees	People Survey	Annual
	Internal communication Channels	Ongoing
General Public /Local Community	Surveys	Six-monthly
	Social Networks	Ongoing
Knowledge Makers (Universities, Business Schools)	Participation in Workshops/ Seminars	Ongoing
Public Administrations and Regulatory Authorities	Surveys	Annual
	Meetings	Ongoing
Suppliers and Strategic Partners	Surveys	Annual
	Meetings	Ongoing
Landlords' and Residents' Associations	Landlords' Call Centre	Ongoing

STRATEGIC SUSTAINABLE BUSINESS FRAMEWORK

As a result of ongoing Stakeholder dialogue, and so as to build their expectations into the company's decisions, this year Vodafone outlined a new Strategic Sustainable Business Framework, which supports the Business Strategy and is in line with the Vodafone Group Sustainability Strategy.

Our Strategic Framework envisages a set of initiatives grouped into two broad courses of action **(GRI: G4-27)**:

- Initiatives aimed at addressing, through **Transparency**, areas identified as posing potential reputational risk or making society concerned about our activities.

- Initiatives designed to leverage on the **Transforming** potential of our technology, products and services for producing social and economic benefits for our customers and society in general. In this regard, we have set ourselves three long-term (2025) transformational goals.

Our intention is doing so is that our business activities let us offer society in general and our customers alike social and economic benefits closely aligned to our business. At the same time, we will rely on transparency to mitigate the potential risks associated with our activity.

Vision

To contribute, through our Technology and Digital Services, to economic growth, equal opportunities, and strengthen the capacities of People and Organizations.

2025 Transformation

Diversity and Equality

Youth Employability

Innovation and Energy

Transparency

Ethics in the Value Chain, Health and Safety

Digital Rights and Freedoms

Contribution to the country's Sustainable Development

Environment: EMF; RND; Circular Economy

PRINCIPLES AND PRACTICE

STRATEGIC SUSTAINABLE BUSINESS FRAMEWORK COMPARED TO UN SUSTAINABLE DEVELOPMENT GOALS (SDG)

In September 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development, which sets 17 Sustainable Development Goals, calling for the active commitment and action of all nations.

The Agenda not only calls upon governments, but also an extensive range of players, including Businesses, to get involved and take action. In this respect, the ICT sector in general and Vodafone in particular can make a significant contribution to achieving these goals. By devising and implementing the initiatives set out in the Strategic Sustainable Business Framework, we can respond to most of these 17 SDGs, it follows relationship between the three transformational goals and SDGs.

Diversity and Equality

3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 10 REDUCED INEQUALITIES

Innovation and Energy

7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

Youth Employability

4 QUALITY EDUCATION | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

MATERIALITY ANALYSIS

Our ongoing dialogue and relationship with different stakeholders lets us identify and prioritize their needs and expectations. Using our own internal procedures, we draw up a Priority Matrix (also known as a Materiality Analysis), in line with GRI guidelines, that identifies and prioritizes the issues addressed in the Sustainability Programmes that develop the Strategic Sustainable Business Framework. 📖

These Sustainability Programmes are 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.

MATERIALITY MATRIX

📖 See Chap. 6: "Report Preparation and Review".
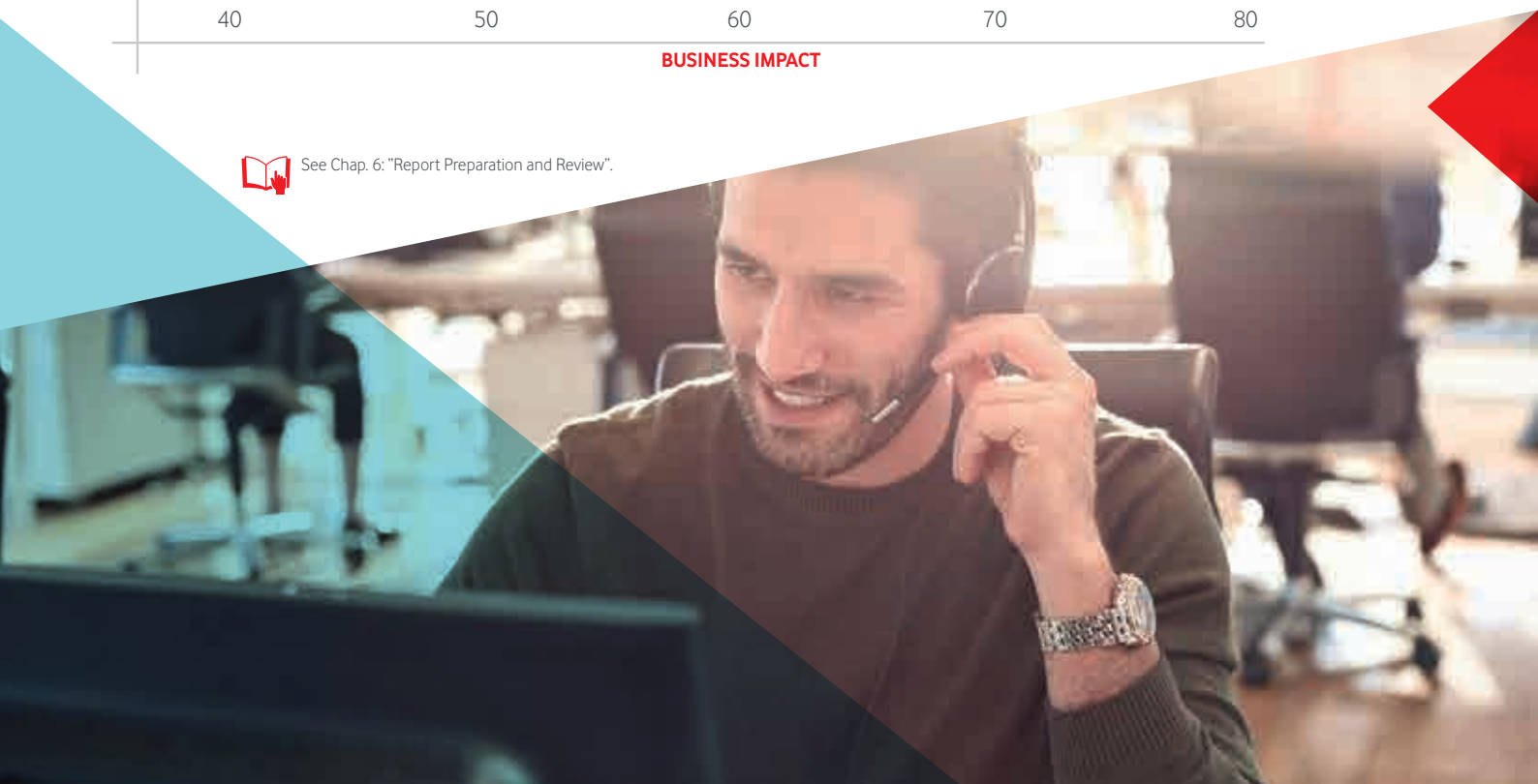
The issues identified through our Stakeholder dialogue and relationships serve to draw up the following **Priorization of Material Issues** that are addressed throughout this Report:

Issues	Main Stakeholders Involved	Report Reference
1. Customer Care /Complaints	Customers P.A. and Regulator	Customers . Pg. 44 to 51
2. Clarity of Prices and Rates	Customers General Public	
3. Generation of Employment and Wealth	Employees P.A. and Regulator	Contribution to the Country. Pg. 38 to 41
4. Community Involvement / Social Products and Services	Customers Opinion-Makers	Society. Pg. 57 to 68
5. Privacy and data protection	Customers P.A. and Regulator Opinion-Makers	
6. ICTs and sustainability	Customers	Customers . Pg. 53 to 56
7. Employees	Employees P.A. and Regulator	Employees. Pg. 69 to 75
8. Responsible Advertising	Customers General Public Opinion-Makers	Customers. Pg. 49
9. Ethics	P.A. and Regulator Opinion-Makers	Codes of ethics. Pg. 88 to 90
10. Responsible Network Deployment/ Electromagnetic Emissions	Landlords' and Residents' Associations General Public	Environment. Pg. 86
11. Responsible use of ICT	Customers P.A. and Regulator Opinion-Makers	Society. Pg. 65 and 66
12. The Environment / Climate Change / Reuse and Recycling	General Public	Environment. Pg. 81 to 85
13. Suppliers	Suppliers Opinion-Makers	Suppliers. Pg. 79 and 80

Activities
and Results

FINANCIAL RESULTS

CONSOLIDATED INFORMATION

EFFICIENCY AND PROFITABILITY

After Vodafone Spain took over Ono in July 2014, both companies have been integrated both operationally and in financial information terms.

Listed below are the main financial[1] and operational figures for the year, compared to the previous financial year

MAIN FIGURES	31st March 2016	31st March 2015 (*)
Total revenue[2] (€ million)	4,959	4,615
Service revenues[2] (€ million)	4,468	4,239
EBITDA Margin[2] (%)	1,250	1,003
EBITDA Margin[2] (%)	25.2%	21.7%
Investments (€ mn)	1,178	1,110
Mobile customers (000's)	14,319	14,179
Fibre customers (000's)	1,995	1,687
Carrier service revenues[2] (€ million)	50	64
Carrier service margin[2] (€ million)	4	2

(*) Includes information about Vodafone Spain from 1st April 2014 - 31st March 2015 and information about Ono from 24rd July 2014 to 31st March 2015.

CUSTOMER BASE

▶ Vodafone ended FY 2015-16 with a **mobile customer** base of 14.3 million, 140,000 more than the previous year. Worth noting are the major upturn in the contract customer base (more than 334,000 net adds in the year) and much lower churn rate, both driven by fast take up of our commercial offering and the enhanced customer experience.

▶ The number of **4G** Vodafone customers at year-end was 5.4 million, 87% higher than the previous year. Driven by the Spring programme, Vodafone has sped up the roll-out of next generation networks during 14/15 and 15/16. These efforts have earned us recognition through the P3 management consultancy, which conducted an independent study that ranked Vodafone's mobile network as the best in Spain. Vodafone's 4G network now covers 94% plus of the population, and has reached more than 2,750 Spanish towns and cities.

▶ In December 2014, Vodafone launched its **Lowi** brand, geared towards its younger customers who want a simple product and plenty of MB. By the end of the year, 140,000-plus customers had signed up for Lowi, 194% up on the previous year, with a very high satisfaction level on account of the simple and reliable digital customer experience.

▶ As for landline services, the **fixed broadband** customer total topped the 3-million mark at the end of the financial year, 212,000 more than the previous year. The number of fibre customers is approaching 2 million, and at year-end 8.5 million building units had access to Vodafone fibre, while our **TV** customers grew 34% last year to end with 1,063,000 customers. Our heavy sales drive is also mirrored by the huge success of the **Vodafone One** converged offering, a mobile, fibre and TV bundle launched in April 2015 and which has already attracted nearly 1.5 million customers.

(1) The financial information given in this chapter has been prepared in line with International Financial Reporting Standards. The Annual Financial Statements (See Chap. 7) have been prepared in line with the Spanish General Chart of Accounts.

(2) **(GRI: G4-22)** The Vodafone Group has changed its reporting standards to reflect changes in its internal management of the Enterprise Business. The main change is that on 1st April 2015 the Group redefined its segments to report international voice traffic revenue and costs within a new internal group (carrier-VCS) instead of broken down by each country. That is why the results presented the previous financial year have been adapted to make them comparable in the Group's results, without impacting them. Locally, it means separating these revenue and costs in a new segment, without impacting local account reporting.

SERVICE REVENUES AND TURNOVER[3]

EFFICIENCY AND
PROFITABILITY

Vodafone Spain ended financial year 2015-16 with €4.959 billion of Total Revenue, 1.1% down on the previous year. Service revenue increased throughout the financial year to €4.468 billion, 3.5% down on the previous year. In comparable terms, and excluding the change in handset financing-model effect, service revenue remained almost flat throughout the year (-0.3%) with respect to the previous year. The main reasons for this change were:

▶ **Mobile service revenue** has fallen 8% over the past financial year, despite the fact that the average revenue per user (ARPU) has begun to stabilize and the strong growth of the customer portfolio. The fall-off in mobile revenue is mainly due to the effect of the credit facilities offered to acquire mobile phones, as well as the loss of certain virtual contracts which has led to the reduced revenue in this area of business. However, revenue from foreign visitors who make use of mobile services in Spain has grown over the past year, as has income from new services such as M2M. In this latter area, Vodafone is committed to achieving its goal of sustainable growth which allows our customers to cut costs and their carbon footprint.

▶ **Fixed service** revenue has increased 7.8%, mainly due to good commercial performance last year in broadband, fibre optic and television, derived from the new Vodafone One convergent package, as well as the positive progress in the corporate business area, especially the Business Fixed Connectivity plan and cloud storage for data services.

COSTS[3]

Over the past financial year, Vodafone kept a tight control on costs, reducing them by 6% compared to the previous year and continuing with the transformation of the company after the Ono takeover.

▶ Interconnection and access costs have dropped significantly compared to 2014-15, mainly by meeting the forecast synergies after the acquisition of Ono. In particular, the migration of all Ono mobile customers to the Vodafone network, six months earlier than initially planned, as well as the use of the ultra-fast broadband network rolled out by both companies has been the key to these savings.

▶ Vodafone's direct costs have grown with respect to the past financial year, mainly due to the cost of football TV rights.

▶ Commercial costs, the net effect of revenue and costs associated with the acquisition and retaining of customers, have fallen, mainly in terms of business mobile costs, favoured by cutting phone subsidies, as a result of the effect of the financing of phones.

▶ Operating costs are also down on last year, thanks to the company taking full advantage of the forecast synergies and the increased efficiency resulting from the integration of the two companies after the Ono takeover.

EBITDA[3]

This year, the EBITDA increased 4.2% on last year, while the EBITDA profit margin was up 1.3. p.p. to 25.2% over the past 12 months. This has been driven by the aforementioned savings and synergies. Despite the overrun caused by football transmission rights in the past financial year, we continue to offer the best content to our customers.

SPRING PROGRAMME[3]

Driven by the Spring programme, Vodafone has sped up the roll-out of next generation networks during 14/15 and 15/16. In March 2016, Vodafone successfully concluded the implementation of this programme, launched in April 2014.

This scheme has led to the operator's total investments topping one billion euros in each one of the financial years 2014-15 and 2015-16.

These investments have made the company the front runner in the 4G rollout race, boosted its fibre network and enhanced its customers' experience.

All the efforts made to enhance our Customer Experience has let Vodafone end the year as clear leader in NPS (*) terms, with a 5 p.p. edge over its main competitors in the residential segment and a 2 p.p. edge in the business sector.

(3) The percentage change with respect to the previous year refers to a comparable financial year of 12 months that combines the data of Vodafone Spain and Ono since 1st April 2015.

* Customer satisfaction is measured by the NPS, Net Promoter Score, an indicator that gauges customer loyalty by asking one single question:

 «Based on your experience with this company, how likely would you be to recommend it to a friend?»

Respondents are asked to answer with a score from 0 to 10, and the final score is expressed as a percentage of respondents who have answered as follows:

- 1 point is added for each respondent who gives a score of 10«10» or a 9. «9». These respondents are classified as "Promoters".
- No points are added or subtracted for respondents who score an 8«8» or a 7 «7». These respondents are classified as "passives" and, as such, are not considered in the NPS calculation.
- 1 point is subtracted for each respondent who gives a score of 0 to «0» 6 «6». These respondents are classified as "detractors".

VODAFONE'S CONTRIBUTION TO THE COUNTRY 2015-16

ADMIRED COMPANY
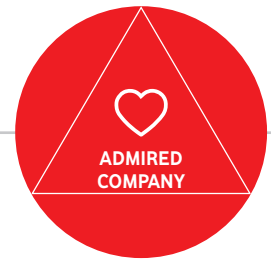
Information and Communication Technologies (ICT) are one of the key strategic sectors for the country's sustainable development. Nowadays, the influence of ICTs in improving business productivity and competitiveness is patently clear in the economic arena. Likewise, and from the perspective of society as a whole, the digitization opens up new spaces for communication and broadcasting information, which translate directly into a better quality of life and well-being for all citizens, thereby helping to reduce the environmental impact and promoting a more sustainable lifestyle.

Vodafone calculates its Contribution to the country with an in-house methodology that is applied by several Vodafone Group operators. Using this methodology, the company's contributions are classified, in terms of the type of effect generated, as Economic, Social and Environmental Contributions.

Economic Contribution

The economic impacts generated by Vodafone's activities in terms of financial resources for people, business and Public Authorities.

€

Social Contribution

The impacts generated by Vodafone's activities in terms of employment created and the country's social development.

Employment

CO_2

Environmental Contribution

The environmental impact generated by Vodafone in terms of lower CO_2 emissions.

What's more, each of these contributions can be classified into:

Direct Contributions: Generated directly by the company's activities in people, businesses and Public Authorities.

Indirect Contributions: Generated by our value chain organizations (suppliers, distributors, etc). in people, businesses and Public Authorities.

ECONOMIC CONTRIBUTION

Vodafone 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.

It also indirectly contributes through its of value chain 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 2015-16 amounted to €5,245 million, which breaks down into People, Businesses and Public Administrations as follows.

€ 5,245 million in **Direct Economic Contribution** to the country's People, Businesses and Public Authorities

People: €440 million

Wages and Salaries of direct employees: €366 million

Welfare Benefits: €17 million

Options and Shares: €4 million

Pension Plan Contributions: €5 million
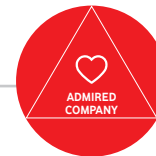
Rentals: €48 million

Public Authorities: €220 million

Corporate Income Tax and Business Tax: €23 million

Social Security: €71 million

Spectrum usage fees: €108 million

Rentals: €18 million

Direct Economic Contribution: €5,245 million

Enterprises: €4,585 million

Acquisition of Products and Services from local suppliers: €2,690 million

Tangible & intangible fixed asset procurement: €1,683 million

Interest: €4 million

Rentals: €208 million

DIRECT ECONOMIC CONTRIBUTION (€ x 1000)

2013-14	2014-15	2015-16
4,362	5,637 (+29%)	5,245 (-7.0%)
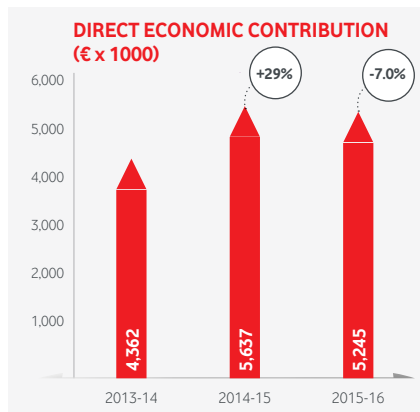
Vodafone has received €1.6 million of subsidies from the Government.

ADMIRED
COMPANY

▶ The main direct contribution to the Spanish economy involves purchases from **Enterprises** based in Spain (€3,077 million), which represents approximately 84% 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 (€1,683 million). Vodafone also paid €4 million of interest, and building rentals amounted to around €208 million.

▶ The direct contribution to **People** was €440 million. Most of this amount is made up of salaries and similar concepts paid by Vodafone Spain (€366 million), pension plan contributions (€5 million), stock options and shares (€4 million), other staff costs derived from social benefits, such as private health insurance, training costs and staff recruitment, luncheon vouchers, etc. (€17 million), and rent paid to the owners of the facilities that we use (€48 million).

▶ Vodafone's activities generate direct financial contributions to the **Public Authorities** through the public income derived principally from taxes and other specific contributions, such as Company Tax, Business Tax and VAT (€23 million), taxes for using the spectrum (€108 million), Social Security payments (€71 million) and the rent paid to public authorities (€18 million).

INDIRECT ECONOMIC CONTRIBUTION

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

€1,032 million in **Indirect Economic Contribution** to the country's People and Public Authorities

People:
€713 million

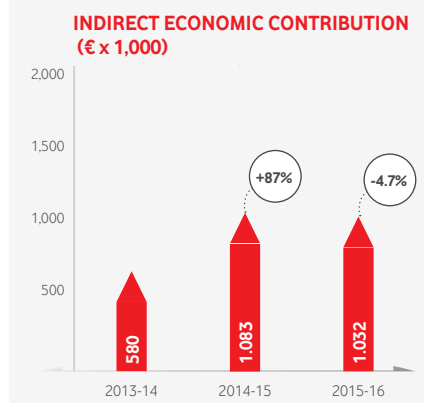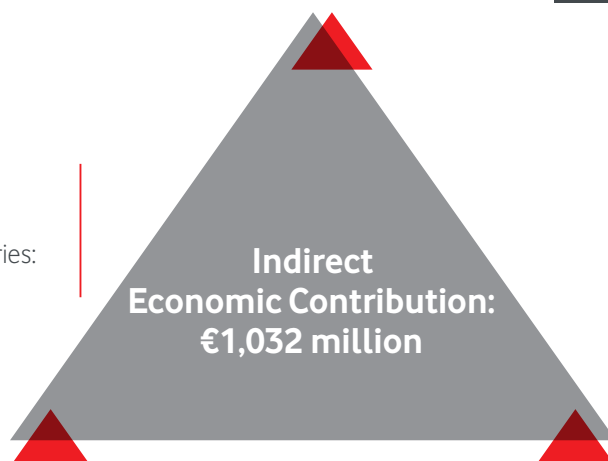Employee Wages and Salaries: €713 million

Public authorities:
€319 million

VAT + IGIC + IPSI TAXES: €251 million

Personal Income Tax paid for direct employees: €59 million

Social Security paid for direct employees: €9 million

Indirect Economic Contribution: €1,032 million

INDIRECT ECONOMIC CONTRIBUTION (€ x 1,000)

2013-14	2014-15	2015-16
580	1,083 (+87%)	1,032 (-4.7%)

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 (€713 million).

▶ The creation of wealth for the **Public Authorities** by means of the Taxes paid through VAT, Production, Services and Import Tax (€251 million), the Social Security contributions paid by our employees (€9 million) and the income tax paid by Vodafone Employees (€59 million).

Vodafone plays a leading role in its 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).

35,032 Direct and **Indirect** jobs in Spain (FTE´s)

Direct Employment: 5,074 FTE

Direct and Indirect Employment: 35,032 FTEs(*)

Indirect Employment: 29,958 FTE

External logistics personnel

External Call Center personnel

External Sales personnel

External Technology personnel

Other outsourced personnel (consultancy, systems, etc.)

CONTRIBUTION TO DIRECT AND INDIRECT EMPLOYMENT (FTE'S)

Year	FTE	Change
2013-14	22,654	
2014-15	36,088	+59%
2015-16	35,032	-2.9%
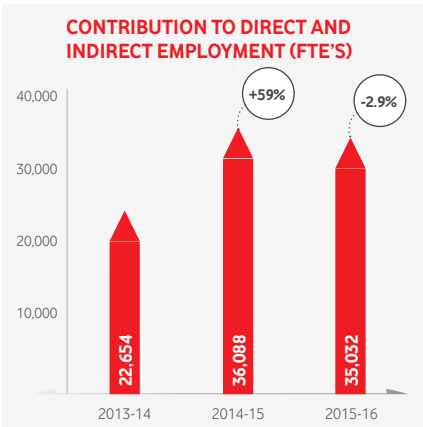
Vodafone's direct contribution to the level of employment is measured according to the number of employees the company has. The company has 5,182 employees in Spain, which represents 5,074 full-time equivalents (FTE).

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 can be quantified as 29,958 people working full-time.

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

CONTRIBUTION TO SOCIAL DEVELOPMENT

▶ VODAFONE FOUNDATION SPAIN

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

The Vodafone Foundation Spain aims to innovate ways of using ICT to improve the quality of life, personal autonomy, active aging and the labour and social integration of people, especially vulnerable groups, which include senior citizens and the disabled. During the financial year, 2015-16 the Vodafone Foundation Spain allocated €5.2 million to these projects.

▶ SOCIAL PRODUCTS AND SERVICES

Vodafone also contributes towards the country's social welfare by developing telecommunications products and services to foster accessible, barrier-free communication which helps to improve the quality of life and social and labour integration for people with special needs.

ADMIRED COMPANY

€5.2 million
Contribution to the country's Social Development

www.fundacion.vodafone.es

See Chap. 4: "Activities and Results: Society"
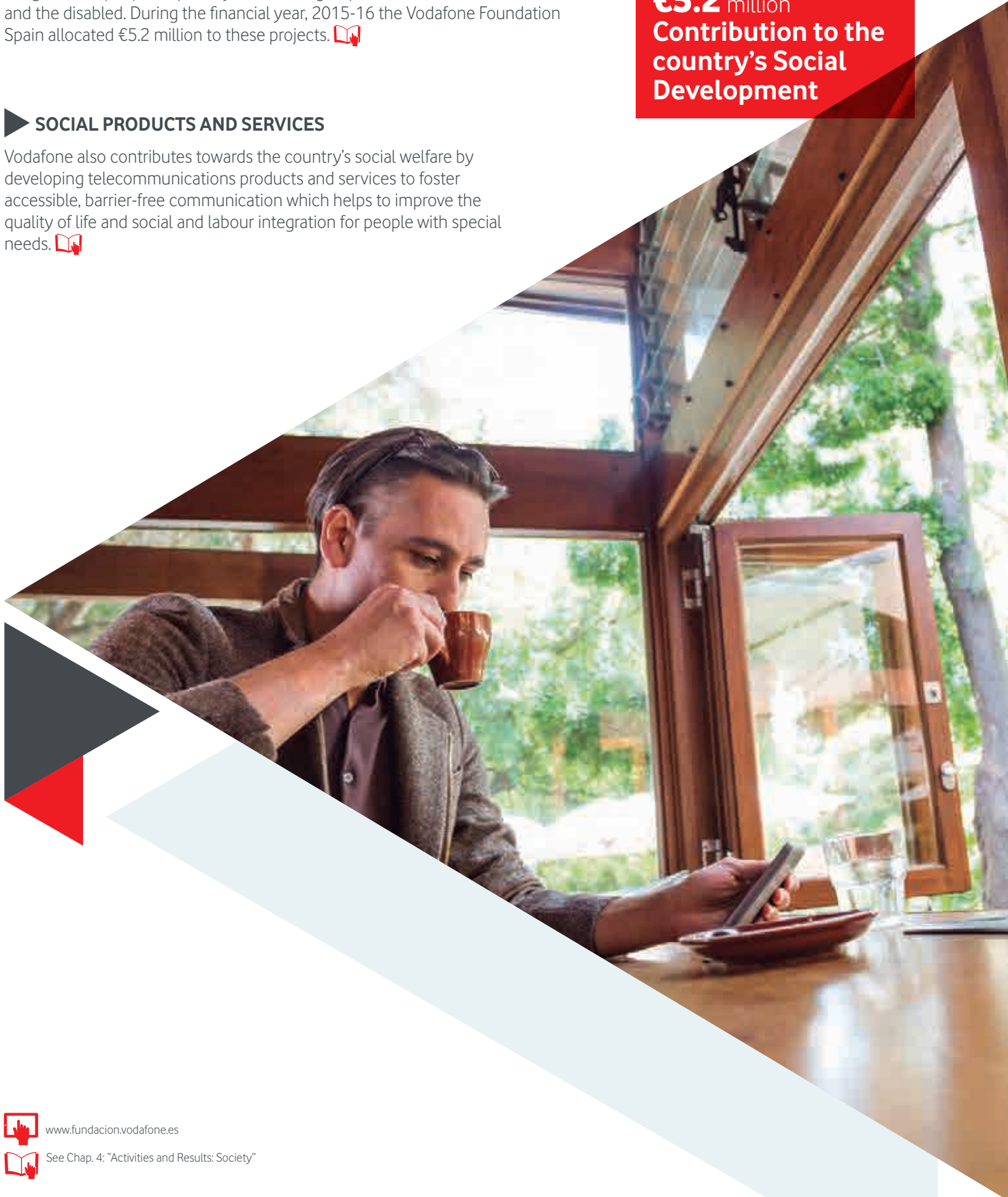
<div style="background:red;color:white">ENVIRONMENTAL CONTRIBUTION</div>

Vodafone'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 shops 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_2 emissions.

Direct and Indirect **Environmental Contribution: 104,464** Tn of CO_2 avoided

DIRECT ENVIRONMENTAL CONTRIBUTION

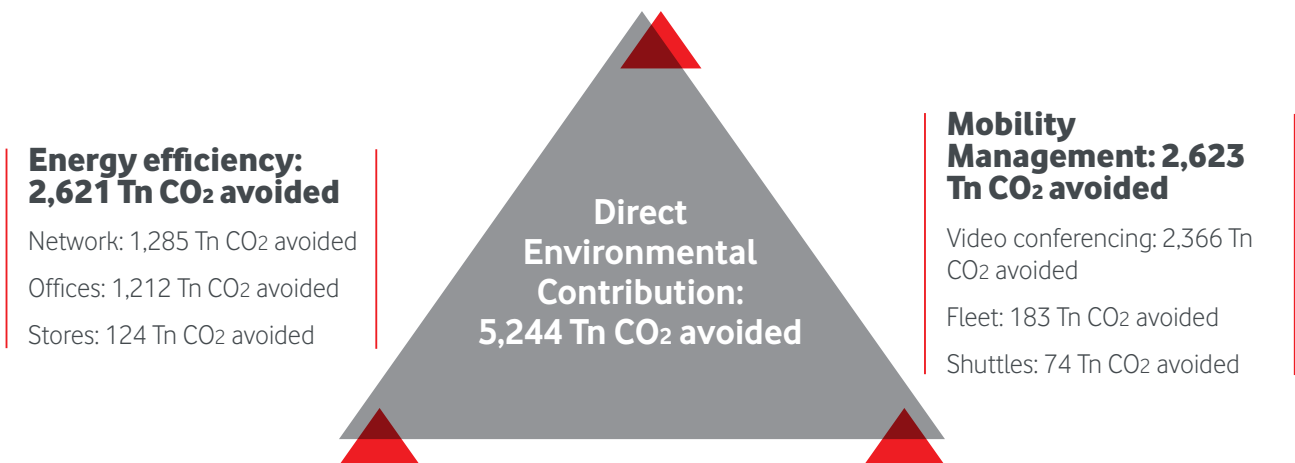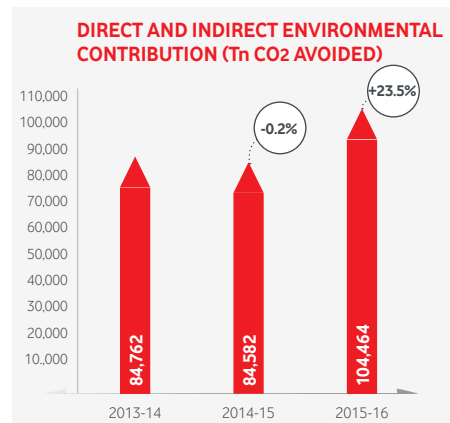Our direct environmental contribution stems from the courses of action our company takes to improve the energy efficiency of its telecommunications network, offices and stores, and thus cut its CO_2 emissions. The sustainable mobility-related initiatives that help to reduce the environmental impact associated to our employees' travel and trips are also taken into consideration.

Energy efficiency: 2,621 Tn CO_2 avoided

Network: 1,285 Tn CO_2 avoided

Offices: 1,212 Tn CO_2 avoided

Stores: 124 Tn CO_2 avoided

Direct Environmental Contribution: 5,244 Tn CO_2 avoided

Mobility Management: 2,623 Tn CO_2 avoided

Video conferencing: 2,366 Tn CO_2 avoided

Fleet: 183 Tn CO_2 avoided

Shuttles: 74 Tn CO_2 avoided

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_2 and other greenhouse gas emissions. M2M (Machine to Machine) connection-based solutions play a very important role in this indirect contribution.

The "Carbon Connections" study carried out by the Vodafone Group, estimates that in 2020, the contribution of mobile technologies will prevent the emission of 110,000 tonnes of CO_2 equivalent per million active M2M wireless connections (Vodafone had 902,000 active SIMs in the financial year 2015-16). Based on this study, during 2015-16 Vodafone is considered to have contributed to reduce other sectors' CO_2 emissions, through the use of its M2M products and services, by 99,220 Tons of CO_2.

DIRECT AND INDIRECT ENVIRONMENTAL CONTRIBUTION (Tn CO2 AVOIDED)

2013-14	2014-15	2015-16
84,762	84,582	104,464

-0.2%   +23.5%

Environmental Contribution Indirect: **99.220** Tn of CO_2 avoided

See Chap. 4: "Activities and Results: Environment"

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

OUR MANAGEMENT 2015-16: Customers

CUSTOMER EXPERIENCE

Offering the best Customer Experience is one of Vodafone's Strategic Goals and attaining it inevitably involves gaining our customers' confidence.

Financial year 2015-16 has been a differential milestone in how we relate to them. Exceeding their expectations, offering products and services that meet their needs and providing an effective, fast and honest service, has been the basis of our actions this year.

WE CARE

Customer Experience Excellence is the cornerstone of Vodafone's differentiation strategy and we are convinced that it is the driving force behind growth.

During financial year 2015-16, the Vodafone Group unveiled the "WE CARE" scheme, devised to spearhead Customer Experience in all the countries where the Group operates. "We CARE" brings together initiatives in place on different markets and lets us share best practices.

The Vodafone "We CARE" scheme is a set of initiatives, grouped into 4 categories represented by each of the letters **C-A-R-E**, and whose commitments and detailed actions are described on the next page.

	VODAFONE COMMITMENT	WHAT WE PROMISE CUSTOMERS
C	Connectivity	A reliable and secure mobile and landline network connection
A	Always in control	Surprise-free spending control
R	Reward Loyalty	We reward our loyalest customers
E	Easy Access	Available for customers through whichever channel they choose

COMMITMENTS

ACTIONS

C Connectivity

- Our customers will always be connected wherever they are.

- We'll detect issues and compensate our customers when they occur. We'll keep them informed all the time about how issues are being handled.

- We'll activate our services as fast as possible.

- We'll give our customers the best tools to protect their connectivity, devices and data.

- Mass and individual credit notes in the event of landline and mobile network incidents.

- Lines installed in the shortest possible time frame. In the case of fibre, we guarantee an appointment for the installation in less than 72 hours.

A Always in control

- We'll give our customers real-time information about what they use, what they spend and their bill details.

- Customers will always what a call will cost before they make it, and what services cost before signing up for them.

- We'll do away with roaming charges.*

- Call customers whose bill has been higher than usual, before it is debited to their account.

- Call customers to report unusual spending or usage.

- Customers can get real-time usage and spending information in the client area of our Web and in "My Vodafone".

R Reward Loyalty

- Reward our customers' loyalty, surprising them and giving them exclusive advantages and deals.

- Offer the most suitable tariffs, cutting-edge phones and offer giveaways for their top-ups.

- Customer care reps are trained to boost their advisory skills.

- Actions to "delight" customers. For instance, Vodafone staff visit enterprise customers on site when a service is being activated.

E Easy Access

- Be available and accessible to our customers, letting them choose how to contact us.

- Respond fast and effectively whenever a customer reports an incident. Offer an alternative solution while we solve it.

- Text message customers so that they can reply if they want us to call them back to clear up any doubts.

- Time-to-resolution commitment if the query is going to take longer, keeping the customer informed of their request status.

*For further information, go to www.usuariosteleco.es

CUSTOMER SERVICE

CUSTOMER EXPERIENCE

Our customers can contact Vodafone using various channels:

1 Telephone support   **2** Face-to-face in our stores   **3** Online Customer Care/Self-care

1   Telephone support

Telephone care (be it through an operator or voice recognition system, VRI).

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

One of Vodafone's goals is to offer our customers the quick and decisive attention they Ask for.

The continuous improvement plans in place in all areas of telephone care have managed to raise the first-call resolution rate and satisfaction with the care received. These improvement plans have included actions such as:

- Training to ensure that the Vodafone Spain and Ono customer care models match one another so that, after

their respective processes have been merged, customers feel they receive the same attention, whichever their company.

- Increasing the capacity of the first level platforms, so that they can resolve customers' request on the first call, without having to transfer them to other specialized platforms, thus improving the Customer Experience.

During financial year 2015-16, the First Call Resolution (FCR) percentage rose by 3.3 p.p. compared to previous year.

77.9% FIRST CALL RESOLUTION (FCR)

2   Face-to-face in our stores

Vodafone stores are designed to offer customers a different kind of attention, thanks to initiatives like:

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

96% FIRST VISIT RESOLUTION
- Customer given solution in the first hour: 84%
- Customer given solution in a maximum of two hours: 91%
- Solution the same day: 98%

CUSTOMERS ATTENDED:
MORE THAN **180,000** visits/year (up 95% on 2014-15)

WAIT TIME:
AVERAGE **4.5** min.

- **In-store business advisers:** Experts on hand to advise professionals and small enterprises.

- **"Apptualizers":** 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.

3   Online Customer Care/Self-care

Vodafone believes that our customers should be able to manage their lines and services for themselves. That is why we make sure they can get all the information they need by just checking the "My Vodafone" app on their mobile or by logging onto our mobile portal.

Vodafone offers its customers a range of online customer care channels that are summarised on the next page:

MiVodafone

Our customers are still committed to using their mobile phones as their preferred online help channel, using "Mi Vodafone" on their smartphones. The app is available to all contract and prepay residential customers, as well as to self-employed customers and enterprise lines.

In the 2015-16 financial year we added more features to "Mi Vodafone", allowing customers to better manage their mobile lines, as well as land lines, fibre optic services and television, through the Vodafone One platform.

Increase
of 54% in number of MiVodafone App users compared to previous year

Help

With the launch of new services, such as fibre optic internet, football and Pay TV, as well as TV Online services, the "Help" area on our corporate website (www.vodafone.es) has been brought full up-to-date.

The Help section has been given a "responsive" format, better adapting it to browsing from a smartphone or tablet, improving accessibility.

There has been a complete re-design that simplifies the menus, including a new video help section and improved "step-by-step" help.

The financial year saw us optimise the semantic search engine, which allows users to answer their questions quickly with the pertinent information.

Vodafone Forum

The "Vodafone Forum" has also been redesigned to make it easier to read and identify areas of interest, as well as the latest special offers, product launches and promotions. The new design has been especially adapted to smartphone browsing.

50% OF USERS BROWSE AND CONTRIBUTE TO THE VODAFONE FORUM FROM THEIR PHONES

RISE OF **24.4%** IN REGISTERED VODAFONE FORUM USERS COMPARED TO PREVIOUS YEAR

Facebook and Twitter

Through our official Facebook and Twitter profiles we can also offer customer care: we handle the solutions to the queries received, facilitating information on or products and services. We also guarantee efficient handling of downtime and technical support. This approach has seen us double the number of queries, making the customer care via social media that we offer a point of reference among online services.

https://www.facebook.com/vodafoneES

@vodafone_es

Vodafone Helps You" Blog

The "Vodafone Helps You" blog has consolidated its position as a help channel which complements the information we offer our customers through our "Help" and "Vodafone Forum" social media platforms.

HITS PER MONTH UP **40%** ON PREVIOUS YEAR

RED TEAM

EXPERIENCIA
DE CLIENTE

In order to ensure customer care excellence, the people in contact with the customer are the first line of promoters of Vodafone products and services. For this reason, in 2014-15 we started the Red Team programme.

In 2015-16 this has been further developed, with a series of new initiatives, including the following:

- Action to promote the use of Vodafone products and services by Red Team members.
- Special "Red Day" activities (Summer, Back to School, Halloween etc.)
- A series of special challenges and activities to mark the launch of the "Red Team Manifesto" (A set of values that identify the Red Team)
- In-person events with monologues based on call centre and installers experiences.

74%
of Red Team members use Vodafone products and services

COMPLAINTS

Vodafone continues to put special emphasis on the management of the complaints process, both those received through official channels and those where the customer as notified the company of their dissatisfaction.

One of the commitments that make up the "We CARE" programme is to try to confirm as soon as possible the reason for the customer's discontent and to a provide them with a possible solution.

In 2015-16 we have continued to work on analysing the root cause of customer complaints, modifying processes and procedures. This has had an influence on the Official Complaints we receive, which have fallen 25% compared to the previous financial year.

Like Vodafone Spain, in November 2015 Ono joined the arbitration scheme.

Government Agency complaints
down 25% on the previous year

Consumer Bodies and Consumer Associations

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 Municipal Consumer Information Offices, and we continually monitor our responses, and propose improvement measures with the feedback received.

One of the cornerstones of this relationship is our **Telephone Mediation** service, devised to help the parties involved reach a voluntary agreement with the help of a mediator. This telephone sector arbitration service has consolidated its position, strengthening problem solving during the first phase of the complaint process, cutting resolution time and improving customer satisfaction. In the fourth quarter of 2015, we began phone arbitration with Ono. This service continues to be very positively received. It is regarded as a factor that differentiates us from other operators, which has meant that other operators have replicated the service.

"You help us, we help you"

Vodafone set up this scheme in financial year 2014-15, and through the Vodafone Foundation Spain it makes a donation for each customer call that helps us to improve our services. During this financial year Vodafone donated €50,000 to the Spanish Federation of Food Banks.

BANCOS DE ALIMENTOS
BANCOS DE ALIMENTOS

www For further information, go to www.usuariosteleco.es

RESPONSIBLE ADVERTISING

Vodafone is firmly committed to complying with all the applicable advertising-related rules, laws and policies. That is why our Legal Department has devised control mechanisms and checks all campaigns before they are launched, to ensure they comply with these regulations.

In Vodafone we strive to offer our customers state-of-the-art technology and all our advertising seeks to convey our brand message: "Vodafone empowers everybody to be confidently connected".

The key campaign this year has been the launch of the converged solution **"Vodafone One"** ("the latest generation all in one"). The campaign starred the astronaut Alan Bean, who achieved his dream of reaching the moon and represents our spirit of excellence. This campaign underscores technology's role in serving people, showing different examples where it plays a key role.

Last summer, Vodafone was involved in a campaign that used **drones** and pilots to help surveillance and rescue efforts on Spain's main beaches.

Drowning is one of the leading causes of death during the summer. As a matter of fact, 400 people drown each year in Spain. A lifeguard takes three times as long as a drone to reach a swimmer in danger.

Whenever someone who might be in danger is seen, drone and lifeguard both head for the sea. Since the drone gets there first, it throws the swimmer a life buoy, giving the lifeguard more time to start the lifesaving manoeuvres.

The scheme once more goes to show just how much people stand to gain from technology, which improves their lives through speed.

Last year Vodafone organized dozens and dozens of advertising campaigns, but only received the following advertising-related warnings and fines:

- Two fines for proceedings brought by the Catalonian Consumer Affairs Agency (€140,000 and €65,000).

- Two inquiries opened by the Self-Regulation Association, with no associated fine.

CLARITY OF PRICES AND RATES

CUSTOMER EXPERIENCE

CONTRACT AND VODAFONE ONE RATES

Vodafone made major changes to its contract rates during the year, adding benefits and adjusting prices to bring in line with what our customers want and expect right now.

These are the highlights:

- In April 2015 we launched **Vodafone One**, our converged latest generation offering with fibre, mobile, smart TV and landline. Vodafone One is highly flexible and lets customers decide what services they want to meet their specific needs. This means that customers can choose between:

  - **Four fibre speeds**: 300, 120 and 50Mbps, which include unlimited calls from your home phone to any national operator's landline and mobile numbers, and free calls between the family: among all the mobile numbers and the landline number of your Vodafone One pack. Also with ADSL up to 30 MB.
  - **Different voice and data volumes in mobile telephony:** From 200 voice minutes to unlimited minutes, as well as data packets from 2 GB to 10GB/month.
  - **TV services** with smart functionalities for both fibre and XDSL networks.
  - The possibility of **second lines (+Lines) and sharing data (+Data Lines).**

- In November 2015 Vodafone included **Roaming** in Europe and the US in the Red and Vodafone One plans at no extra charge[1].

- Launch of exclusive content by integrating **Netflix** in the Vodafone TV service. This service is available also for smartphones and tablets. In addition to the inclusion of the PlayStation Plus service at the Ono Fibre top speed, 300Mb, free for one year.

- Launch of several football bundles, after Vodafone penned an agreement with Mediapro to feature the **beIN Sports** channel in Vodafone TV.

- Launch of the **+Megas** service for all Vodafone customers. This service lets our customers surf at top speed when their pricing plan data runs out, to make sure they always enjoy the best 4G experience. Customer can manage their +Megas service from "My Vodafone", deciding when they want to activate it.

- Converged bundle customers can access **Vodafone WiFi**, and enjoy a free **WiFi** connection at more than 1 million hotspots in Spain.

PREPAY RATES

During 2015-16, we improved the **Prepay Vodafone yu**, tariffs purpose-designed for young people:

- Boosting its data, which range from 1 GB to 2 GB, surfing at 4G+ speed.

- With free calls and messages between "yusers" ("Vodafone yu" customers).

"Vodafone yu" has come to our homes, with the launch of the **+lineasyu** tariff, aimed at younger members of the family. Customers on the One and Red charging plans can sign up for this line fee for young people and take advantage of our special discount offer.

2015-16 has seen us maintain our commitment to the "Vodafone yu" content platform as a way to communicate with young people, becoming the leading Spanish brand on YouTube thanks to the popular radio programmes **Yu no te pierdas nada and Yutubers**.

This content platform is completed by the offer of experiences which allow young people to enjoy their favourite activities, such as music and leisure. Once again, technology plays a key part thanks to wristbands that are connected to social media, allowing young people to share their experiences in real time without the need to use their smartphones.

The **International Smartphone** tariff has also been improved, aimed at customers that need to keep in contact with other countries and make international calls. Improvement have also been introduced to the **Vodafone in Spain** charge plan, aimed at tourists visiting Spain.

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1 Since April 2016, all Vodafone Contract Pricing Plans include roaming in Europe and the US at no extra charge.

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, 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; and that bills must be received promptly, before they are debited to customers' bank account.

Your Itemized Bill

Throughout the year, Vodafone customers got a personalized explanatory video with information about their bill for "Vodafone One" landline and mobile services.

Vodafone wants its customers to know much more about their bill with "Vodafone One" services and to make sure that they better understand each item (limits, usage, period, etc.) and amounts listed on their monthly bill.

PREMIUM SHORT MESSAGE SERVICE

Premium Short Message Services are services that are generally offered by companies unrelated to Vodafone, and that use our 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.

In May 2015, we gave our customers the chance to manage their Premium SMS services and third-party payments themselves through "My Vodafone". Customers can use this tool to:

- See and cancel any Premium SMS and/or Third-Party Payment service that they have signed up for.
- Restrict both services.
- Check their subscriptions by downloading a pdf document that proves what services they have signed up for. This pdf document is also available through our 123 customer service.

On another note, in September 2015 the authorities enforced a new regulation that has changed web-alert subscriptions. Under the new rules, these services can no longer be provided as they have until now, and a new product must be developed and contracted through content providers' websites. Vodafone has been working on these developments to:

- Close all current web alert services on time (20th September).
- Draw up the new contract that regulates this new product.
- In December, close its own alert subscription services built into Vodafone live!
- Cancel the contracts for these alert services with content providers.
- Testing the new product developed during this period (currently underway), and which will come into production during the next financial year 2016-17.
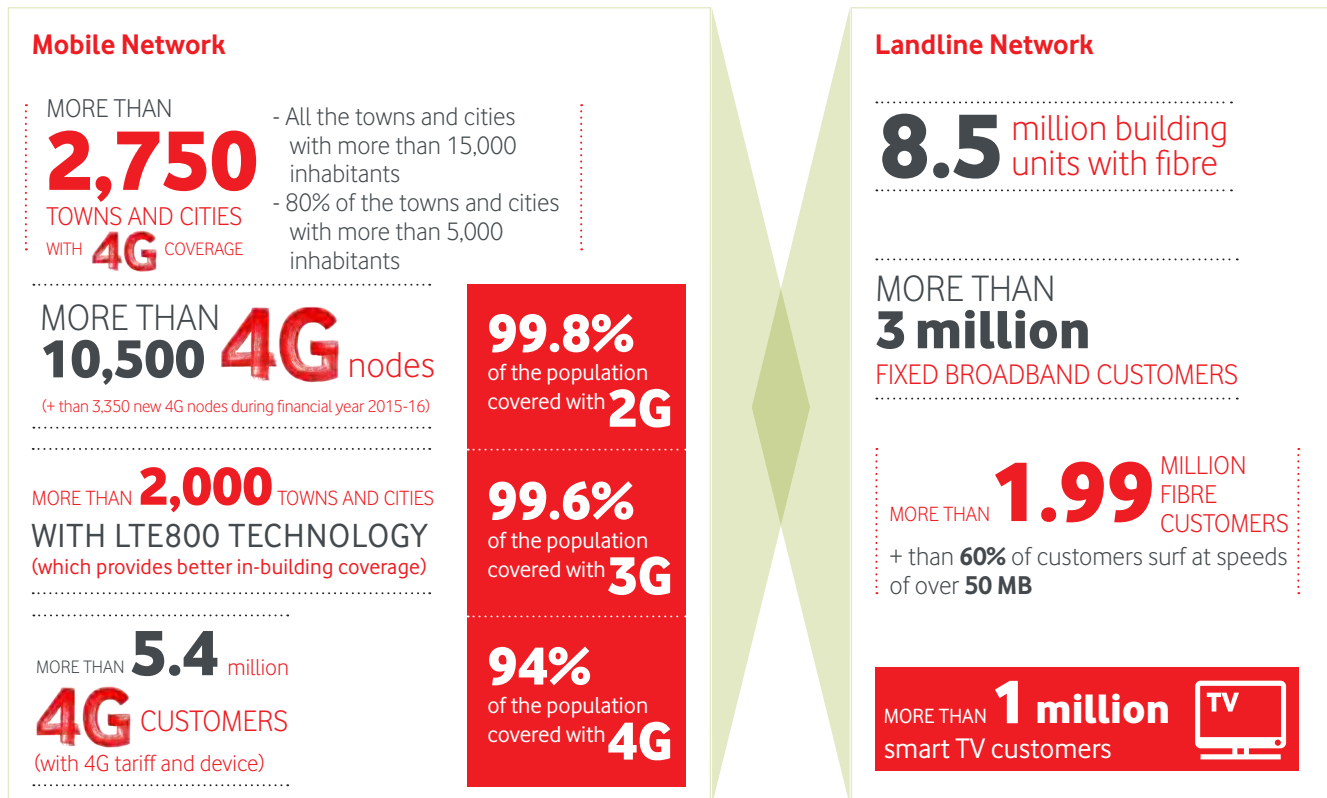
NETWORK QUALITY

CUSTOMER EXPERIENCE

Vodafone uses the NPS -Net Promoter Score- as the main source of information for rolling out and improving its network.

Our experience in designing telecommunications networks, coupled with the highly reliable components used in our network architecture, mean we lead the field in achieving the availability and quality objectives set by international regulations.

To achieve the required Quality of Service parameters, we have set up a Continuous Quality Network Improvement Process that involves conducting Recommendation and Satisfaction Surveys, sampling actual customer experience, statistics, etc., in order to analyze issues in detail and work on resolving them.

Mobile Network

MORE THAN
2,750
TOWNS AND CITIES
WITH **4G** COVERAGE

- All the towns and cities with more than 15,000 inhabitants
- 80% of the towns and cities with more than 5,000 inhabitants

MORE THAN
10,500 4G nodes
(+ than 3,350 new 4G nodes during financial year 2015-16)

MORE THAN **2,000** TOWNS AND CITIES
WITH LTE800 TECHNOLOGY
(which provides better in-building coverage)

MORE THAN **5.4** million
4G CUSTOMERS
(with 4G tariff and device)

99.8%
of the population covered with **2G**

99.6%
of the population covered with **3G**

94%
of the population covered with **4G**

Landline Network

8.5 million building units with fibre

MORE THAN
3 million
FIXED BROADBAND CUSTOMERS

MORE THAN **1.99** MILLION FIBRE CUSTOMERS
+ than **60%** of customers surf at speeds of over **50 MB**

MORE THAN **1 million** smart TV customers **TV**

Financial year 2015-16 has been the second and last year of the **Spring Programme**.

The amounts invested by the Vodafone Group in this programme has enabled us, in just two and half years, roll out a 4G coverage similar to the 3G coverage that took us ten years to roll out.

Our Landline Network Management division has renegotiated agreements with fibre suppliers who have contributed to develop the business and allowed us to leverage on existing network synergies.

As Vodafone remains committed to innovation, in Spain it has deployed the first **CEM (Customer Experience Management)** solution available in the Vodafone Group. This Big Data solution will give us further insight into the service delivered to each individual customer and devise new improvement strategies, let us work more proactively in identifying and resolving issues, improve network operation and take new steps towards personalizing customer care.

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.

www.minetur.gob.es

Vodafone Spain has implemented a Quality Management System in accordance with international standard **ISO 9001**.

The scope of certification includes our voice telecommunications, data (fixed and mobile networks) and TV services, both for residential and enterprise customers.

An officially accredited external entity certifies that Vodafone Spain has properly implemented its System Quality Management according to ISO 9001, and supervises its processes through constant measurements and by implementing continuous improvements, so as to meet its customers' needs and expectations.

This ensures that Vodafone Spain 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 The difference possible impact on customers through rapid detection and resolution.

The difference this year is that it was Vodafone Spain's and Ono's integrated processes that were audited, with a fully satisfactory result.
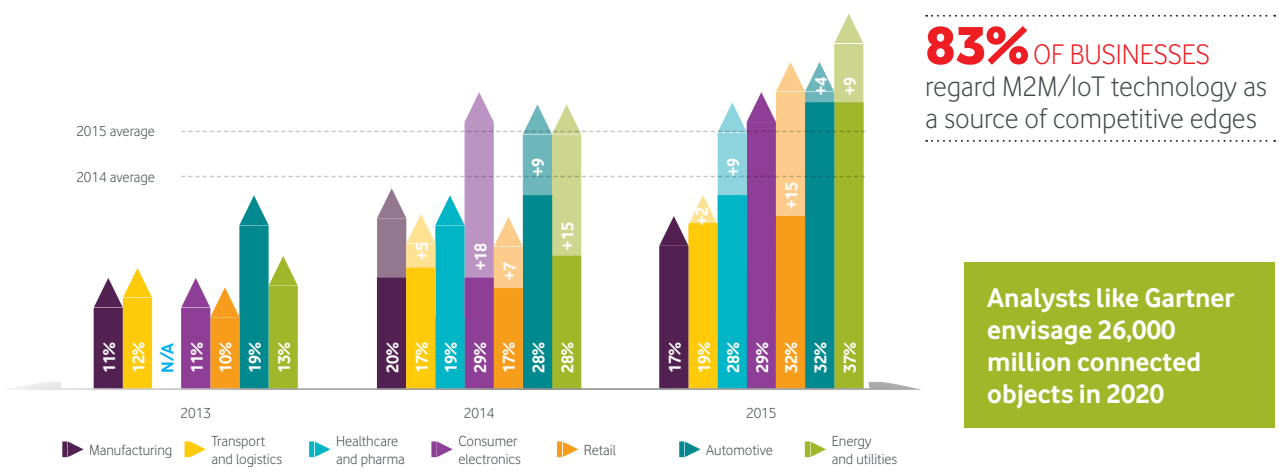
THE INTERNET OF THINGS (IoT)

The Internet of Things (IoT) idea refers to the digital interconnection of everyday objects with the Internet. Its advantages are countless, which is why today IoT plays a crucial role for ordinary people and businesses alike.

Within organizations, the M2M (Machine to Machine) platforms underpinning IoT services can be used to send, receive, analyze and act on data in real time, greatly boosting efficiency, productivity and growth. This leads to faster decision-making, better event prediction, increased automation, quality customer service and better efficiency through optimized business processes.

According to the Vodafone **Barometer M2M** for 2015, more than a quarter of the world's companies already use some type of M2M technology to boost their productivity.

The chart below displays the M2M/IoT solutions used most heavily from 2013 to 2015:

83% OF BUSINESSES regard M2M/IoT technology as a source of competitive edges

Analysts like Gartner envisage 26,000 million connected objects in 2020

The Vodafone M2M Global platform allows central management of SIM cards, integrating them within the respective M2M systems. This focus has lead to a multitude of solutions. Vodafone works in line with the market, offering solutions that make our customers more efficient, such as fleet management, security, telehealthcare, energy saving, intelligent cities etc.

"Vodafone Smart Center"

During 2015-16 Vodafone opened its "Vodafone Smart Center" in Seville. This R&D&i centre located in the "Isla de la Cartuja" Science and Technology Park aims to become a benchmark in the operation and development of Big Data and Smart solutions.

The launch of the Vodafone Smart Center in Seville took place within the framework of the agreement signed in September 2014 by Vodafone and the Andalusia Regional Government, through which the former will invest over €243 million over two years, rolling out telecommunications infrastructures, driving the creation of the technological business fabric, developing projects that overcome cultural and educational barriers and starting up initiatives in strategic growth sectors in the region.

"Vodafone Connected City"

The "Vodafone Connected City" is an initiative that offers smart services to local government bodies, encouraging efficiency, good management and the habitability of our cities.

It is based on open technologies and software, which facilitates interoperability and connection with other systems. This is an integrated solution for local government bodies which includes all the services required to manage, operate and maintain services and update infrastructures and functionality. The initiative evolves as cities do, without the need for additional investment from the Administration.

The "Vodafone Smart Center" carries out operational and supervisory activities in the cities that make up the platform. The solution has been trialled in a number of pilot schemes including La Rinconada, in the province of Seville, and Marbella, in the province of Malaga.

This financial year has seen the development of a horizontal or enabling module and four vertical or specific modules.

The Enabling Module collects and processes the data generated for the city, for its residents, or takes it from other sources of information (big data, open data) in order to turn it into relevant information which assists in decision making. It includes cross-cutting functionality such as inventory management, contract management and service levels, maintenance management, managerial team and event monitoring.

Vertical modules are specific and focus on the administration of municipal services, with a view to reducing costs, improving operations and increasing satisfaction among local people. For the first phase, a set of application modules have been selected for pilot testing, trialling the concept of replicability and standardisation. The 4 selected verticals are:

- Urban solid waste management
- Street lighting Management
- Energy efficiency management in Municipal Buildings
- Citizen, Tourism and Commerce Communication Application.

BEST PRACTICES WITH CUSTOMERS

EDP and Vodafone have joined forces to further the development of smart metering

EDP HC Energía, the energy distribution arm of the EDP group, is a developing Inovgrid, a project which began with the installation of smart metering where the contracted power supply is 15 kW. EDP HC Energía is committed to the use of smart systems. In order to oversee the communications network for this new "smartgrid", EDP HC Energía has chosen Vodafone M2M's "Machine Link 3G" to ensure communications agility and reliability.

"Vodafone Machine Link 3G" offers simplicity of installation, as it comes preset with the SIM card inserted. It is a very reliable system whose national roaming guarantees communications in practically all circumstances.

PayPal and Vodafone launch their mobile phone payment system in Spain

Vodafone and PayPal customers in Spain are the first who can use the "Vodafone Wallet" payment system in shops and stores, with purchases charged to a PayPal account.

The service can be used to make payments in more than 710,000 retail establishments which have Visa point-of-sale terminals for contactless purchases. Customers can pay quickly and easily, by putting their phone on the contactless terminal, Details of transactions appear on the "Vodafone Wallet" app, as well as on the PayPal app and website.

"Vodafone Wallet" meets all PayPal and bank security standards, requiring customers who activate the manual payment option to enter a PIN number each tome the make a payment.

Vodafone and Cisco, the driving force behind Virtual Private Networks (VPNs)

Vodafone and Cisco have signed a partnership agreement to promote the adoption of VPN and data connectivity solutions for companies. Customers will be able to enjoy the most comprehensive range of services which combines Cisco VPN equipment and solutions for VPN and Vodafone's data connectivity services.

Vodafone have reached an agreement with Prepay Technologies and Gemalto to extend access to public transport via a mobile phone to more cities.

Vodafone, Prepay Technologies and Gemalto have created a joint, open platform which allows any public body or transport company to offer access to public transport via their mobile phones.

This service, offering access to city transport through "Vodafone Wallet", is already available in Valencia and on buses in Logroño.

CUSTOMER
EXPERIENCE

Vodafone and Tesa Assa Abloy sign agreement to use "Vodafone Wallet" for electronic access at venues

"Vodafone Wallet" replaces traditional keys and employee pass cards with a virtual mobile phone-based system, allowing real-time flexible access management: the control of staff, permanent and temporary, entering a venue, access timetables, length of stay, turnstile administration, meeting rooms etc.

Vodafone improves connectivity with Matarromera

The project connects the eight facilities run by the winery Bodegas Matarromera, with a guaranteed high-speed symmetric connection in rural locations where cable technology is inaccessible. Vodafone's aim is to facilitate rural connectivity in order to ensure that those working in out-of-the-way places can enjoy the same latest technology in their offices as those working in towns and cities.

Vodafone and Secartys sign agreement to improve business competitiveness

The agreement between Vodafone and Secartys, the Spanish Association for the Internationalization of Electronics, Information Technology and Telecommunications Companies, paves the way for new work streams for the two organizations, including a series of training sessions for 1,200 members from a range of business and self-employed areas, focusing on the most advanced technological services currently available, such as the M2M Global platform.

Vodafone launches "One Profesional", the digital solution for Sohos and small businesses.

In February 2016, Vodafone unveiled a comprehensive converged offering tailored to the professional and small firm segment that lets them exploit the digital revolution's potential to boost their business.

"Vodafone One Profesional" includes online marketing services that will make it easier for customers to boost their Internet and social networking profile, and a technical support and repair service, all to help them drive up their sales and be more productive and efficient.

The main added value services that make "Vodafone One Profesional" different are: "Your Business Online", "Professional Solution", "Google Apps", "WiFi for your Business" and "Landline IP". These professional solutions have been developed to cope with the self-employed's and small businesses' requirements in everything to do with business digitization, security, collaboration tools and improved customer experience.

OUR MANAGEMENT 2015-16: Society

ADMIRED
COMPANY
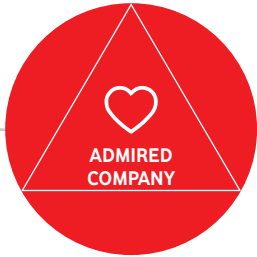
VODAFONE SPAIN FOUNDATION

This year the Vodafone Spain Foundation worked on five action lines as part of **"Connecting for Good"** (C4G), the Vodafone Group Foundations' new slogan, oriented to the development, promotion and use of ICTs to improve the socio-professional integration and quality of life of the disabled and elderly:

1. Development and launch of C4G Solutions

2. C4G Training

3. Promoting C4G Awareness

4. C4G Partnerships

5. Other partnerships and courses of action

€5.2 million allocated to social projects by the Vodafone Spain Foundation during 2015-16

17 framework agreements signed with strategic partners

DEVELOPMENT AND LAUNCH OF C4G SOLUTIONS

These solutions are based on ICT Innovation applied to the development of Accessible Platforms and Applications.

33,000+ beneficiaries of the Platforms and Apps developed or promoted by the Vodafone Spain Foundation during 2015-16

▶ ACCESSIBLE PLATFORMS

Mefacilyta

This accessible, interoperable platform provides a collaborative web environment for developing customized multimedia support that are subsequently made available via mobile, tablet or PC, and adapted to each user's needs.

The platform is being used in the European project "DeskTop", an Erasmus programme and the European Commission-funded project that was launched in January 2016 and aims to make it easier for people with disabilities by to access education by deploying digital technologies. The project, from which 850 people are set to benefit, is being spearheaded by the Hospitaller Order of St John of God and the Hospitaller Sisters of St. Benedict Menni, in partnership with institutions in Spain (Vodafone Spain Foundation), Belgium, France, Portugal, Austria, Germany, Poland and Ireland.

850 BENEFICIARIES of project DeskTop

ADMIRED
COMPANY
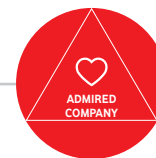
aMiAlcance

This platform is meant for people with major motor and/or cognitive disabilities. It provides augmentative and alternative methods that combine access hardware and software solutions and that eliminate barriers to interacting with mobiles and tablets.

Last year saw the launch of the **"CONNECTING FOR GOOD: Connected for accessibility"** Community, to which members of the Mefacilyta and aMiAlcance platforms (PLENA Inclusión Spain, DOWN Spain, the ASPACE Confederation and Vall D'Hebrón Hospital) are contributing.

It aims to be a meeting point for:

- Connecting and sharing technological challenges
- Co-creating ICT solutions for all
- Co-validating useful results
- Communicating and sharing results within and outside this Community

#conecta2Xaccesibilidad

By March 2016, 42 associations throughout Spain, with more than 850 disabled people and professionals, were taking part. To follow its activities, use the hashtag #conecta2Xaccesibilidad.

#ASPACEnet

This joint ASPACE Confederation-Vodafone Foundation Spain project aims to improve the autonomy and quality of life of people with cerebral palsy through technology.

This year saw the completion of the Fourth National Project Competition, which attracted entries from more than 200 people with cerebral palsy. www [1]

Since it kicked off, 27 companies throughout Spain have participated in #ASPACEnet. www [2]

ASPACEnet
CONECTADOS CON LA PARÁLISIS CELEBRAL #

"Removing Barriers"

This infoaccessibility project is being carried out with the ONCE Foundation and the Barcelona Metropolitan Transport Foundation, with the backing of the Barcelona Mobile World Capital Foundation.

An App for mobile devices and radio beacons are used to make it easier for disabled people to find their way around underground stations and bus stops. www [3]

www
1. www.youtube.com/watch?v=k_Dd_aJkAMg
2. http://aspacenet.aspace.org
3. https://www.youtube.com/watch?v=unhx3l9vF-g

▶ ACCESSIBLE APPS

These apps provide ways of accessing information that is useful for disabled people and senior citizens. The following apps were launched this year:

- **Empoweryou**, launched in partnership with the CERMI, helps people with disabilities to feel stronger when taking decisions about themselves and their environment, like a virtual personal trainer.
- **Accessible Royal Theatre**, in collaboration with the Teatro Real Foundation, offers adapted content to let hearing or visually impaired people attend the plays performed at the Teatro Real.
- **Barcelona Òpera Accés**, in collaboration with the Gran Teatro del Liceo.
- **Total Communication**, in collaboration with DiverTIC, provides a set of videos for learning the Total Communication Programme signs.
- **Accessible Heritage Cities**, in collaboration with PREDIF, offers information about the accessibility of Heritage Cities.
- **SpeedStar**, in collaboration with the ASPACE Confederation. This accessible game for people with reduced mobility is based on a car race.
- **Accessibility Plus**, in collaboration with FAMMA-COCEMFE. This app lets users find and call the closest accessible taxi and find out about other accessible points of interest.
- **Metiqueta**. This app lets you create, store and record relevant information in tags built with NFC technologies.
- **EVA Facial Mouse**. Developed with the ASPACE Confederation, this app provides hands-free access to mobile device functions by just moving your head.

[www 1] [👆 1]

MORE THAN **32,000**
ACCESSIBLE APP DOWNLOADS IN 2015-16

C4G TRAINING

▶ TRAINING FOR SENIOR CITIZENS

The aim of the C4G for senior citizens training programme is to make them better acquainted with ICTs so as to help them boost their social connectivity, make it easier for them to access and find their way around administrative and entertainment services, as well as to reduce their isolation and, therefore, improve self-esteem and cognitive functioning.

MORE THAN **46,000**
SENIOR CITIZENS attended classroom courses in 2015-16

Partner C4G Training organizations

SPANISH RED CROSS	FASUNEX	CAUMAS	CONFEMAC
CEOMA	FUNDACIÓN UPDEA	ATEGAL	CEU-SENIORIBUS
UDP	CIBERVOLUNTARIOS	ALMANATURA	FUNDACIÓN PERE TARRES
JOVESOLIDES	SECOT	GABINETE LITERARIO	FUNDACIÓN HARENA

In the online training category, Vodafone has encouraged the use of training videos. [👆 2] Since December 2015, these videos are available in Spanish Sign Language (SSL). [www 2]

You can follow ICT Training for senior citizens through **#mayoresconecta2**

MORE THAN **52,000**
PEOPLE watched our senior citizen training videos in 2015-16

[www]
1. https://play.google.com/store/apps/details?id=com.crea_si.eviacam.service&hl=es
2. www.youtube.com/watch?v=qiKLH4TOZcA&list=PLYmp78TPQAlNWbf61Qb9EoMQcUKrbMXXA

[👆]
1. http://www.fundacionvodafone.es/apps-accesibles
2. www.fundacionvodafoneconlosmayores.com

ADMIRED COMPANY

▶ TRAINING FOR THE DISABLED

This year Vodafone Spain Foundation was involved in more than 30 disabled people job placement schemes. There are two levels:

- Basic New Technologies Training
- Specialized training.

Organizations that helped to arrange the training schemes in 2015-16

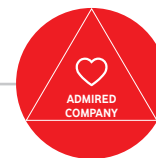|		
PREDIF	PLENA Inclusión	PSIQUIATRÍA Y VIDA
CNSE	ONCE	COCEMFE
DOWN ESPAÑA	RADIO ECCA	CENTRO UNESCO GRAN CANARIA

MORE THAN **3,900**
DISABLED PEOPLE attended
ICT training courses in 2015-16

MORE THAN **500**
DISABLED PEOPLE were found
a job in 2015-16

PROMOTING C4G AWARENESS

The main activities in the C4G Awareness Raising field including the following:

- Publication of the **"Disability, Integration and the role of ICTs"**, report, written in collaboration with COCEMFE Barcelona. 👆

- Vodafone Telecoms Innovation Award. The Foundation organized its 9th Awards this year and the winners were:

    - In the "M4G App" category: project "Lazzus" entered by NeoSenTec

    - In the "M4G M2M category: "Visualfy" by Fusió d'Arts Technology

    - In the "M4G ICT Solution" category: "TeleIctus Móvil" entered by Marc Ribo, a neurologist at the Vall d'Hebron Hospital.

📱 **1**

C4G PARTNERSHIPS

TECSOS FOUNDATION

The Spanish Red Cross and Vodafone Spain Foundation set up Tecsos to resolve social needs and improve the living conditions of people and groups who are socially disadvantaged, through the application of ICTs. Its "Social Outreach-New Technologies" activities in 2015-16 focused on the development and internationalization of fixed-mobile telecare, videocare services and a review and definition of the Strategic Plan 2020.

📱 **2**

MOBILE WORLD CONGRESS 2016

At MWC 2016, the Vodafone Spain Foundation unveiled:

- The three winning projects of its 9th Innovation Awards

- Three projects based on the Mefacilyta and aMiAlcance platforms:

    - **Mefacilyta Ictus**: occupational therapy for Occupational therapy for stroke patients, carried out with the Foundation Hospital Universitari Vall d'Hebron - Institut (VHIR).

    - **Mefacilyta for education and leisure**: adapted games and creative stories, developed with the Hospitaller Order of St John of God and the ASPACE Confederation.

    - Within aMiAlcance: **EVA Facial Mouse**.

▶ VODAFONE INSTANT NETWORK

In February 2016, the Vodafone Group Foundation announced that the head office of the Instant Network, a global initiative devised to take connectivity to anywhere hit by natural catastrophes and humanitarian crises, was to move to Barcelona.

Volunteer employees from all the Vodafone Group's operators, and from all over the world, five of them from Vodafone Spain, are taking part in the Instant Network initiative.

Instant Network Projects

Instant Network is a solution that since 2011 offers immediate mobile connections in disasters and emergencies, and is specifically designed to support the organizations that provide assistance to populations affected by natural disasters. For instance, it has been deployed in the places hardest hit by disasters in the Philippines, Vanuatu and Nepal.

Two other specific solutions have been developed as variations on the Instant Network:

- **Instant Classroom:** the "digital school in a box" can be set up in 20 minutes to offer refugee camp children and teenagers a chance to continue their education. These units can run without an Internet connection or electricity are have already been used in refugee camps in Kenya, Tanzania, the Democratic Republic of Congo and Southern Sudan.

- **Instant Charge:** safe and secure handset charger. A special scheme was launched to deploy them at the main shelters and refugees registration offices in Greece, giving the refugees free access to mobile data and batteries. Vodafone has also deployed satellite WiFi at these charging points.

OTHER PARTNERSHIPS AND COURSES OF ACTION

This year the Foundation held the 15th **Vodafone Journalism Prize** and the winners were:

- "Award to a communication professional": Rebeca Arroyo, of Europa Press.

- "On-line award", ex-aequo: Ignacio del Castillo, of Technoestrategias, and José Manuel Nieves, of ABC digital.

- "Lifetime Achievement Prize: to the Spanish Open University and the UOC-Universitat Oberta de Catalunya. [www]

AWARDS AND PRIZES RECEIVED BY THE VODAFONE SPAIN FOUNDATION DURING THE FINANCIAL YEAR 2015-16

- Universidad Jaime I Prize
- Trébol Award, from the Spanish DOWN Association
- Discapnet Prize, to the @STIC project
- Discapnet Prize to Vodafone and Vodafone Foundation Spain
- COGAMI Prize

- PRODIS Foundation Prize
- SIForAGE Prize to the enred@te project
- "Madrid Accesible" Prize to the Accessibility Plus Eurotaxi app
- Vitales 2016 Prize

SOCIAL PRODUCTS AND SERVICES AND ACCESSIBILITY
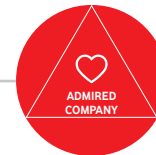
Diversity and Equality

ADMIRED COMPANY

SOCIAL PRODUCTS AND SERVICES

Vodafone is committed to accessible, barrier-free communication that at the same time helps to narrow the digital divide.

Vodafone strives, through its products and services, to meet everyone's needs, including people who have special needs, are vulnerable or at risk of exclusion, to address aspects related to their different physical, visual, auditory and intellectual skills. [1]

SOLUTIONS FOR SENIOR CITIZENS

• Vodafone Fácil (Vodafone Easy)

The Vodafone Fácil (Vodafone Easy) rate was devised to meet the need of a very large number of people who still use their mobile mainly to talk and be located.

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:

- **Doro 508**: This phone is tailored to the needs of senior citizens who have a hearing disability or a slight visual disability. It has large letters, an emergency button and a clear colour display with enhanced sound.

- **Alcatel 20.00**: The technical features of this compact, lightweight terminal means that it responds to elderly people's safety and use-related demands.

• Vodafone Fácil (Vodafone Easy) "Smartphone"

More and more senior citizens are venturing into the Internet world, which is why Vodafone offers the "Vodafone Easy" Smartphone that lets them combine data for surfing and a price per minute in the same rate.

This rate is available on a SIM-only basis or with a specially designed phone to make it far easier for senior citizens to talk and surf. The smartphone Vodafone has chosen is the **Doro Liberto 820 Mini**, which is very easy to use, accessible, has a sharp screen and high definition voice, is hearing aid compatible and has large configurable icons.

• Mobile Telecare

This product is the result of the Red Cross-Vodafone partnership, and is chiefly designed to support the elderly and persons with disabilities who might face social or health emergencies when they are away from home.

The service provides around-the-clock telephone support to its users if they have an emergency, wherever they are, through an app installed by the Red Cross in a Vodafone smartphone.

SERVICES FOR NON-PROFIT ENTITIES (NPE)

Charity Texting

Charity Texting lets mobile customers make donations to NPEs (Non-profit entities) by sending text messages.

Vodafone lets NPEs use its own free charity number, **28052**. This means that any customers who want to can donate money by texting messages to this number with the password that identifies their chosen NPE. [2]

The charity texting campaigns that had the biggest impact in financial year 2015-16 were:

- NEPAL, in favour of Spanish Red Cross, Unicef and Save the Children.
- REFUGEES, in favour of Spanish Red Cross and UNHCR.
- CHILDREN'S DAY, in favour of Unicef.

MORE THAN
€307,000
collected through Charity Texting in 2015-16

DONO Programme

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

Especially worth noting during 2015-16 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 **€33,000**
donated in voice and data services to NPEs in 2015-16

ACCESSIBILITY

In order to standardize environments for everyone, Vodafone has implemented a Universal Accessibility Management System (according to UNE 170.001) in its own stores. In other words, in addition to offering products and services that provide access to available technologies, Vodafone to ensure its customers can get or ask for information about its products and services in accessible environments, including the web and its own stores.

Certification of the Universal Accessibility of Vodafone Spain's store chain ensures that both the abled and disabled can access and enjoy the services provided in Vodafone Spain's stores, including all the activities involved in the sale, information, subscription and after-sales of telecommunications products and services.

Vodafone was the first company in our country to be awarded the certificate for a chain of stores in 2010, and since then the Universal Accessibility certificate of its own stores has been renewed every year, and satisfactorily passed the pertinent audits conducted by an accredited external entity.

The main courses of action that Vodafone took at its own stores to ensure their Universal Accessibility include are:

- Making them easier to access with automatic doors, ramps, stair lifts, signs and doorbells in case a wheelchair user, for example, cannot get into the store on their own.
- Redesigning and improving store interiors so that there is more space for customers to walk and move around. We have also improved the contrast of some store elements to make them easier to identify visually and created slow-selling areas where customers can sit while being served by sales staff. These areas are very useful for senior citizens, pregnant women, people with a disability, etc.
- In the customer service area, access to the counter has been redesigned, so that the counter is at a suitable height for wheelchair users; and for hearing aid users, our stores are new fitted with a magnetic loop to avoid their hearing aids from creating any interferences. To help the visually impaired, signage and informational texts inside the store have been improved with accessibility criteria: attention has been paid to the size and type of letters used, the contrast between text and background where they are located, and the visual range of posters and devices has been enlarged.

Last but not least, our sales staff are always on hand to offer customers personal help.

Specific Universal Accessibility-related actions at our own stores in 2015-16 included:

- The launch of a pilot Video Sign Language Service (SVISUAL) in four own stores.
- The course on Attending to People with Disabilities and Social Products included in the platform business training is being redesigned. We are also preparing a accessibility module that will be included in the classroom courses given to new store staff.
- The list of accessible stores has been added to the Vodafone web. [1]

ACCESSIBLE WEBSITE

Throughout the year, work continued on the renovation and maintenance of the WCAG 2.0 AA/WAI Level Web Accessibility certificate awarded by ILUNION to our webpage. [2]

This certificate has been awarded for satisfying 100% of the evaluated compliance criteria.

Our website is always changing, so throughout financial year 2016-17 we will work hard to ensure it remains certified and continues to comply with standard UNE 139803:2012: "Web content accessibility requirements".

97%
of our own stores have an accessibility certificate

1. http://www.vodafone.es/c/conocenos/es/vodafone-espana/localiza-tu-tienda/tiendas-accesibles/
2. www.vodafone.es

YOUTH EMPLOYABILITY

Youth Employability

As part of Vodafone's Strategic Sustainable Business Framework, actions are set out which are aimed at taking advantage of the transformative potential of our technology, products and services in improving the "Employability of young people".

Amongst the activities carried out in this area during the 2015-16 financial year, the following stand out:

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MINERVA PROGRAMME

Minerva is an entrepreneurship programme, promoted by the regional government of Andalusia and Vodafone, in order to promote technology projects in the Andalusian region.

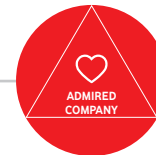The principal objective of Minerva is to support entrepreneurs by converting their ideas into real businesses, as well as companies that need to get their products and services off the ground with greater chances of success. To date, three programmes have been run, as a result of which more than forty start-ups have been given a boost.

Following each call for entries, the applications are analysed and the participants are selected.

Support via the Minerva Programme translates into five areas, as part of a personalized work plan:

- Business training and mentoring.
- Communication and sales in order to define a commercial strategy.
- A Minerva voucher which can be exchanged for resources such as staff recruitment, cloud services, etc.
- A networking area in the "Vodafone Smart Center" or a place in one of over 200 Business Development Support Centres run by Andalucía Emprende.
- Support for raising awareness and visibility of the new companies and the opportunity to obtain funding to develop the activity.

In February 2016, the fourth call for entries was announced and the deadline for applications closed in March 2016, the solution and development of the associated projects being scheduled for the 2016-17 financial year.

"FAST FORWARD"

During the 2015-16 financial year, Vodafone launched the "Fast Forward" initiative, a programme made up of training and motivational sessions aimed at professionals, the self-employed and SMEs, offering tools and working examples to increase their internet performance using new technologies.

"Fast Forward" is a roadshow which has travelled to fourteen Spanish cities and at which prestigious speakers have made their knowledge available to those people attending on topics which are highly important to companies, such as: e-commerce, internationalisation tips, social media presence, web positioning, management systems, customer retention, etc. The aim is to make Internet and advanced connectivity solutions the epicentre of development of the many tools and skills that will be showcased during the roadshow.

MORE THAN
1,500
people attended the 2015-16 "Fast Forward" sessions

Fast Forward Sessions

"DISCOVER GRADUATE PROGRAMME"

This Vodafone Group programme offers the best graduates of each country the opportunity to form part of the Vodafone team.

Vodafone offers those selected a permanent contract and a 24-month development plan which will give candidates the necessary skills to accelerate their professional careers.

Programme objectives:

- To attract the best new graduates

- To identify young talent and develop it by offering professional opportunities and training in the key competences which facilitate success within the organisation.

- To ensure generational succession.

- To position Vodafone as a company that is committed to young talent.

During 2015-16, 30 graduates joined Vodafone Spain.

https://www.programaminerva.es/minerva/

OTHER YOUTH EMPLOYABILITY SCHEMES

In the area of employability of young people, during the 2015-16 financial year, other initiatives have been implemented such as:

- Together with Universia and other companies, Vodafone has joined the **"Employment Club" initiative**. Its objective is to improve the professional competences of our young people and to thereby reduce the youth unemployment rate. As part of the workshops carried out by Vodafone, some 150 young people have been trained.

- For the third consecutive year, Vodafone has participated in **"Jumping Talent"**, a fun way of facilitating young people's access to the job market. This is an annual event organised by Universia and Trabajando.com in which twelve large Spanish companies participate in order to recruit the best university talent (Accenture, Amadeus, Banco Santander, etc.). By means of a fun and enjoyable selection process, the participants have the opportunity to demonstrate their skills in order to succeed in standing out and attracting the recruiters' attention. This year 5,400 CVs were received, 339 passed the screening process and 96 were finalists at the "Jumping Talent" day during which they completed different tests and took part in a competition.

- In order to cater for the youngest group and encourage those with the most entrepreneurial talent, Vodafone has participated in **"Junior Achievement"** with initiatives such as "MiniCompanies". At the tenth National MiniCompanies Competition, 900 mini-companies took part (approximately 5,200 people) of which, 21 mini-companies reached the national final.

- Furthermore, Vodafone regularly participates on stands at Employment Fairs, carrying out Youth **Employability workshops.**

DIGITAL RIGHTS AND FREEDOMS

RESPONSIBLE USE OF ICT BY MINORS

Vodafone's main areas of action with regard to the Safe and Responsible Use of ICT by minors are grouped in two complementary lines of work:

- Offering **tools** to enable minors to communicate and browse within a secure environment.
- Promoting **education and raising awareness about the responsible use of technology.**

Vodafone's focus in this area is based on the belief that the collaboration of the different players involved is necessary in order to ensure the safe and responsible use of ICT by minors: operators, parents, educators, third sector institutions specialising in this field, public administrations, law enforcement agencies, etc.

▶ VODAFONE TOOLS

Secure Net

Secure Net is a tool developed by Vodafone that has a dual objective: on the one hand, it enables users to browse and download Apps securely and on the other hand, it allows minors to enjoy their digital life safely and with the associated parental permission.

As such, Secure Net protects customers' devices and privacy against viruses and unsafe websites and, furthermore, it enables parents to filter content and manage the time spent by children connected to the internet.

Secure Net is characterized by its ease of use and simplicity since:

- It does not require installations, and instead functions on Vodafone's own network.
- It works with all the connected Vodafone devices.
- It is very easy and quick to set up.
- It does not use up battery power or data.

▶ EDUCATION AND AWARENESS

"Be Strong Online" Scheme

During the 2015-16 financial year, Vodafone launched this program with the objective of helping the youngest users to use the digital world safely and responsibly. This program consists of a set of initiatives designed to respond to different issues related to the digital life of children (cyberbullying, privacy, information security, games, digital fingerprinting, social media, apps,...).

The initiatives are aimed both at young people and at their parents, as well as at schools and all kinds of organizations which promote the safe and responsible use of technology by children.

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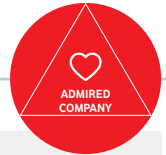
Vodafone has carried out a survey concerning cyberbullying together with the specialist company YouGov, involving 5,000 young people between the ages of 13 and 18 years old, in eleven countries, including the participation of 500 young people in Spain. The survey's main findings indicate that:

- Over 50% of the young people surveyed in the world said that cyberbullying is worse than face-to-face bullying. In particular, 53% in Spain.

- In Spain, 8% of young people stated that they had suffered cyberbullying. This is the lowest percentage amongst all of the countries involved in the study, the average being 18%.

- Meanwhile, 63% of young Spaniards knows or has heard of someone who has been bullied online.

The kinds of cyberbullying which the young people surveyed have suffered (survey as a whole) are of different types: due to appearance/image, due to gender, due to homophobia, due to racism or due to classism.

Meanwhile, in the survey carried out by YouGov, 75% of the young people indicated their willingness to use an emoticon designed to show support/understanding to someone suffering cyberbullying.

For this reason, Vodafone has collaborated with Dacher Keltner, Professor of Psychology at the University of Berkeley, who participated in the creation of the characters and profiles for the Pixar film "Inside Out", and with Matt Jones, the cartoonist of the film's main characters, in designing a series of emoticons which help young people to show support and understanding to victims of cyberbullying.

Vodafone launched a campaign to publicize the emoticons supporting victims of cyberbullying, so that users know about the emoticons and use them as another tool for showing their understanding and empathy with people they know that have been bullied.

The campaign also included a donation of 14 euro cents for every "Retweet" in Twitter and every "Like" in Facebook for the campaign with the image of the Vodafone emoticons chosen by the youngsters surveyed. Each country chose the association to which the amount collected would be donated. In the case of Spain, the money raised through the tweets/emoticons/#BeStrong campaign was donated to the "PantallasAmigas" (friendly screens) organization, which specializes in promoting the safe and responsible use of new technologies by children.

As part of the campaign advertising efforts, Vodafone has collaborated with Public Authorities by taking part in different workshops.

Cybermentors Programme

The Cybermentors Programme, implemented as a pilot in two secondary schools in the Madrid region, forms part of Vodafone's "Be Strong Online" programme that was successfully carried out in the UK, including several educational strategies throughout the four phases of which it is made up:

- A first phase, carried out by PantallasAmigas, in which training is given to year 10 and year 12 students, and the Cybermentors Programme is presented so that interested students can confirm their participation.

- A second phase, in which more specific training is given to the Cybermentors who have confirmed their interest in participating.

- In the third phase, the Cybermentors give theory and practical sessions to year six and seven pupils.

- The project assessment is carried out in the fourth phase.

Safer Internet Day

During the 2015-16 financial year, Vodafone once again collaborated on Safer Internet Day (SID), an event that is held in February each year to promote the safer and more responsible use of technology, smartphones and the internet, particularly by children and young people all over the world.

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. Vodafone ensures that our customers' information and communications remain secure, and have implemented an Information Security Management System that is certified to conform to standard UNE ISO 27001.

General Principles of Privacy

The Vodafone Group has established General Principles of Privacy that represent the values in which we believe and how we undertake to treat our customers' and employees' personal information:

Respect
We value privacy because of its value to people. It's about more than legal compliance – it's about building a culture that respects privacy and justifies the trust placed in us.

Openness and honesty
We communicate clearly about actions we take that may impact privacy, we ensure our actions reflect our words, and we are open to feedback about our actions.

Choice
We give people the ability to make simple and meaningful choices about their privacy.

Privacy by design
Respect for privacy is a key component in the design, development and delivery of our products and services.

Balance
When we are required to balance the right to privacy against other obligations necessary to a free and secure society, we work to minimize privacy impacts.

Laws and standards
We comply with privacy laws, and we will work with governments, regulators, policymakers and opinion formers for better and more meaningful privacy laws and standards.

Accountability
We are accountable for living up to these principles throughout our corporate family, including when working with our partners and suppliers.

Privacy and Big Data

Technological development brings new trends like "Big Data". In this respect, Vodafone undertakes to handle any data collected from our customers with total transparency and caution.

According to the survey carried out by the Vodafone Group between August and September 2015 on more than 8000 European citizens in eight different countries, customers agree that aggregate data use should be shared so long as it is used for a social benefit or purpose. Thus:

- 53% of those surveyed agreed with the fact that the data should be shared with the aim of improving their health or that of third parties.

- 68% indicated that they were in favour of the said data being used to optimize energy consumption in buildings.

- 55% agreed to share the data from their vehicles in order to receive personalized traffic reports.

In general, what the majority of people surveyed do not agree with is the sale of their data to third parties, particularly for advertising and/or commercial purposes.

Furthermore, those surveyed requested simplicity and clarity in the communication of terms and conditions, transparency in the way the data is collected and stored, and that small print should be avoided, enabling each user to configure their own privacy conditions.

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During the 2015-16 financial year, the most relevant fact in the area of privacy, was the Termination of the **Safe Harbour Agreement (SHA):**

The SHA appeared in 1998, when the USA and the EU agreed on a 'safe harbour' framework which enabled the US companies that signed it to transfer data via the Atlantic, so long as they fulfilled a series of privacy principles.

On 6th October 2015, the European Court of Justice, ECJ, delivered a historic judgment, terminating the SHA, basing the decision on three reasons:

- The US public authorities can breach SHA agreements due to national security requirements, public interest and in order to comply with US law.

- In the US, they can store unlimited European data.

- Effective legal protection is violated because data can be neither corrected nor deleted.

The main consequence of the sentence is that all data handling for European users based on the SHA is illegal, with both retroactive effect, and for the future. For this reason, the EU and the USA are currently working to establish a new legal framework to replace the SHA and which covers those deficiencies highlighted by the ECJ.

On 14th April 2016, the **General Data Protection Regulation** was approved, which came into force twenty days after its publication in the Official Journal of the European Union. This Regulation, which will be binding two years after its publication (2018), will apply to all European Union member states and introduces important changes concerning, for example, consent, international transfers, the obligations of data handling controllers and operators, fines and sanctions, design privacy, rights for private individuals, etc. Currently, and given how recently it was published, we are analysing the Regulation in detail in order to devise an action plan with the aim of adapting to the changes it sets out as soon as possible.

During the 2015-16 financial year, no sanctions were received from the Spanish Data Protection Agency where the root cause was a data leak. Nevertheless, eleven sanctions were imposed involving a significant amount (three of €100,000 and eight of €50,000) for the following reasons:

- 3 cases of selling a debt portfolio to a third party where this was considered to be inappropriate.

- 2 for wrongly including customers in solvency files.

- 1 for demanding payment of a debt that no longer existed.

- 4 for not having the contract (in paper or electronic form) which proves the contractual relationship with the customer.

- 1 for a fraudulent registration for internet and telephony services.
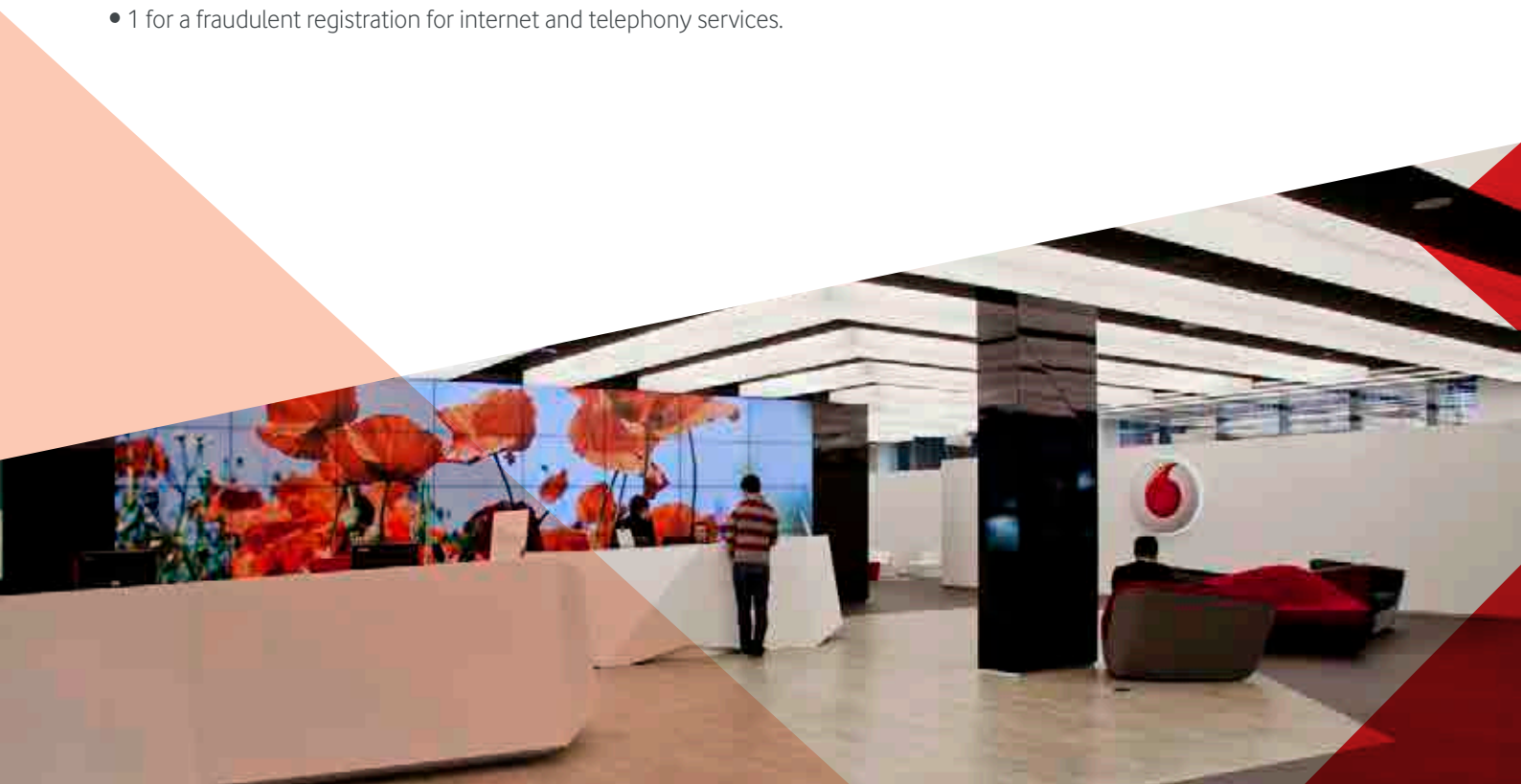
OUR MANAGEMENT 2015-16: Employees

EFFICIENCY AND PROFITABILITY

The 2015-16 financial year has been particularly complex in the area of Human Resources management given that the company agreed an integration plan with the legal representatives of Vodafone Spain and Ono, and two collective redundancy proceedings had to be initiated.

The reasons which justified collective redundancy proceedings included redundancies generated by the integration of processes from both organizations, and the loss of revenue and EBITDA in recent years, together with a strong investment in next generation networks, which required greater levels of efficiency and competitiveness.

The professionalism of our employees and a management commitment to managing processes with the maximum transparency, sensitivity and respect towards the people affected, led to the signing of an agreement with the majority of the employee representatives concerning the collective redundancy conditions and the harmonization measures for the employment terms for the professionals of Vodafone Spain and Ono.

Nº EMPLOYEES

Ono
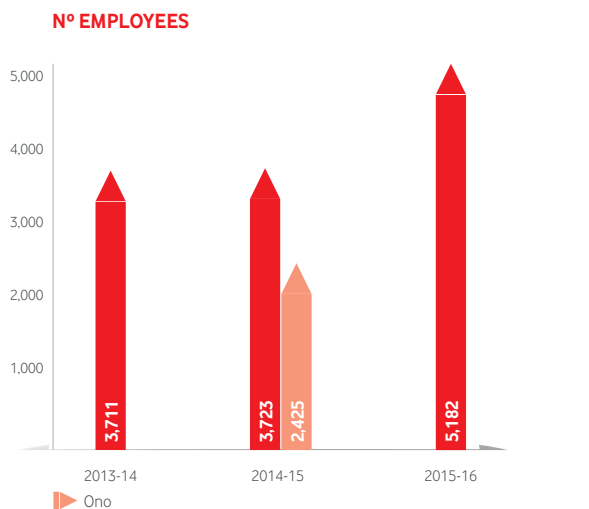
Types of Contracts 2015-16

- Limited-term contract
- Open-ended contract
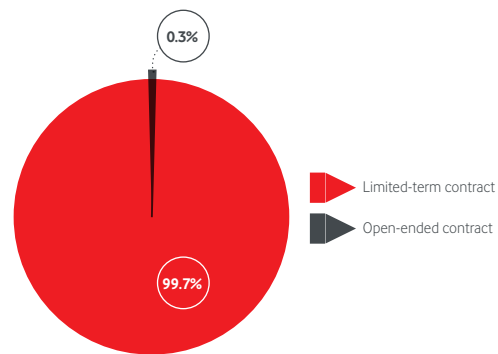
% OF TYPES OF CONTRACTS BY GENDER

Type of contract	Women	Men
Limited-term contract	40.9%	58.8%
Open-ended contract	0.3%	0.0%
General Total	41.2%	58.8%

Nº OF EMPLOYEE HIRES BY AGE AND GENDER (*)

Age	Women	Men	General Total
< 30 YEARS	45	47	92
30-50 YEARS	82	133	215
> 50 YEARS	4	20	24
General Total	131	200	331

(*) Includes returning employees

Nº AND (VOLUNTARY) TURNOVER RATE BY AGE AND GENDER

Age	Women	Men	General Total
< 30 YEARS	8.8%	9.6%	24
30-50 YEARS	5.1%	3.7%	108
> 50 YEARS	2.2%	2.4%	7
General Total	5.4%	3.9%	139

INDUSTRIAL RELATIONS

EFFICIENCY AND PROFITABILITY

As mentioned above, following the integration of Vodafone Sapin's and Ono's organizational structures and processes, during the 2015-16 financial year two collective redundancy proceedings had to be initiated to bring the company's structure in line with the new reality resulting from the acquisition.

Both of the collective redundancy proceedings were based on productive, economic and organizational grounds, and following the appropriate consultation period, both resulted in an agreement with the majority of the employees' legal representatives. Following the agreement reached, both proceedings were challenged before the High Court, the applicant seeking to have them declared null and void.

AROUND **60%** OF THE CONTRACT TERMINATIONS RESULTING FROM THE COLLECTIVE REDUNDANCY PROCEEDINGS WERE VOLUNTARY

On 18th January 2016, the High Court decided that the grounds alleged by the company existed and found that the company decision was substantiated, ruling that both proceedings complied with the law in force.

As well as reaching an agreement in relation to the collective redundancy proceedings, the company and the majority of the employees' legal representatives also agreed on the harmonization and improvement of the employment conditions of both Vodafone Spain and Ono employees concerning very important aspects, such as the family benefits policy, health insurance, working hours, pension plans, and life and accident insurance.

As a result of the agreement to harmonize and improve the working conditions of the Vodafone Spain and Ono employees, from 1st April 2016 both companies' employees will enjoy the following social benefits:

- **Health Insurance**: Vodafone Spain and Ono pay the full cost of the employee's policy, all the expenses of the employee's medical appointments, and 50% of the cost of their family members' policy.

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

- **Pension Scheme**: Employees makes 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 €1,500.

- **Compressed Summer Working Day**: From 1st July to 31st August.

Vodafone Spain's second trade union elections were held in June 2015, and there are now 106 worker's legal representatives in Vodafone Spain, based at the company's different workplaces throughout the country.

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.

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 15 days in advance, which is scrupulously respected in either of these circumstances.

Every year Vodafone conducts an industrial climate survey known as the **"People Survey"**. During this financial year, the "People Survey" coincided with the start of the implementation of the collective dismissal and as such with a context of logical uncertainty, which has affected the results of the survey's primary indicators.

EMPLOYEE SATISFACTION LEVEL (%)

2013-14: 78
2014-15: 86, 83
2015-16: 69

▶ Ono
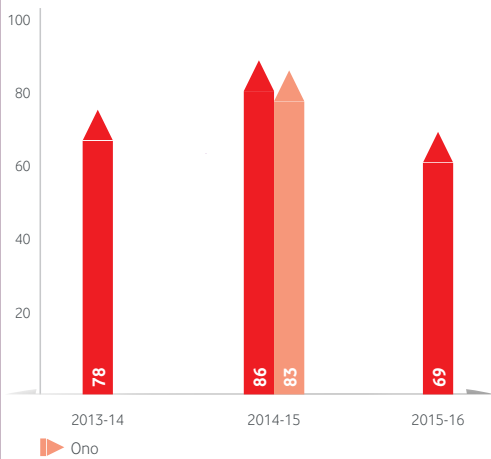
"People Plan"

The "People Plan" is drawn up between all of the Vodafone departments and serves two fundamental functions:

- To respond to the needs identified after the "People Survey" (Simplicity, Collaboration and Efficiency).
- To achieve the company objectives in the new three-year cycle which is beginning.

In this respect, we need our employee **DNA** to be prepared to achieve the company objectives:

- We want to be "**A**gile": We are working to improve the simplicity of our processes, to facilitate collaboration between teams and boost efficiency.
- To enter in the **D**igital world: We think digitally and we are ready for the future. We will train employees in new tools and digital environments, and we will champion the mobile as the principal communication channel.
- To be "e**N**gaged" with Vodafone and by Vodafone: We want to make Vodafone the best organization with the best professionals, a company that goes the extra mile for its professionals, and professionals who are more committed to the company.

To strengthen our DNA (Digital, Agile, eNgaged) putting us in the best conditions to implement our strategy, offering the best Customer Experience and helping them on their "Digital Journey".

DIVERSITY AND EQUAL OPPORTUNITY MANAGEMENT

For Vodafone, diversity, both in terms of gender, physical capabilities, generation and nationality, brings great value, it being important to work with people who are highly flexible, capable of tackling the dynamic nature of the current market and building a heterogeneous staff capable of working as a team.

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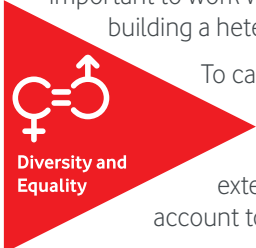
To capture and retain the best professionals, we have a fair and competitive remuneration system, with performance-based opportunities.

The responsibilities of the position, candidate's potential, internal equality in the organization 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.

% EMPLOYEES PER GENDER

2013-14: 43 / 57
2014-15: 44.3, 38 / 55.7, 62
2015-16: 41 / 59

▶ Women Ono
▶ Men Ono
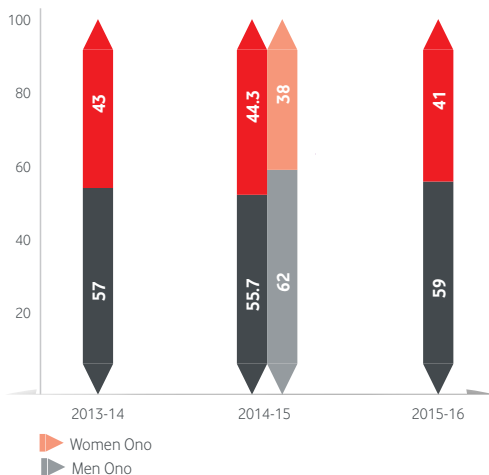
% OF MANAGERIAL POSTS BY GENDER

2013-14: 29.7 / 70.3
2014-15: 32.3, 33 / 67.7, 67
2015-16: 32 / 68

▶ Women Ono
▶ Men Ono

EFFICIENCY AND PROFITABILITY
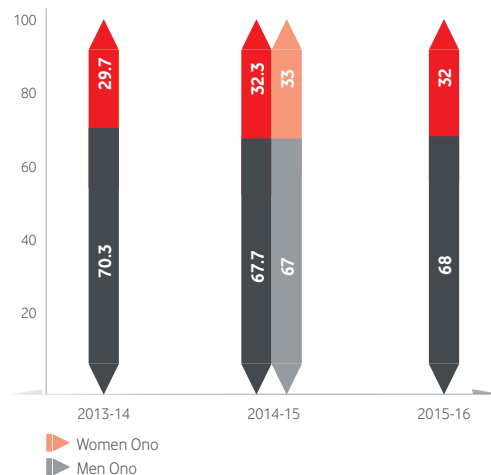
% EMPLOYEES PER GENDER AND AGE

	Women	Men
< 30 YEARS	3%	2%
30-50 YEARS	36%	52%
> 50 YEARS	2%	5%
Total	41%	59%

% MANAGERIAL POSITIONS BY GENDER

	Women	Men
DIRECTOR	0.4%	1.2%
HEAD OF	3.0%	9.7%
MANAGER/TEAM LEADER	28.1%	57.5%
Total	31.5%	68.5%

% MANAGERIAL POSITIONS BY GENDER

	< 30 years	30-50 years	> 50 years
DIRECTOR	0%	1 %	1%
HEAD OF	0%	10%	3%
MANAGER/TEAM LEADER	0%	78%	8%
Total	0%	88%	12%

NUMBER OF EMPLOYEES, BY GENDER, ENTITLED TO TAKE MATERNITY OR PATERNITY LEAVE AND HOW MANY OF THEM EXERCISED THIS RIGHT

	Nº people entitled	% exercised the right
Women	127	100%
Men	135	98%
General Total	262	99%

Nº OF EMPLOYEES, BY GENDER, WHO RETURNED TO WORK AFTER TAKING MATERNITY OR PATERNITY LEAVE AND HOW MANY KEPT THEIR JOB AFTER 12 MONTHS

Nº employees returning after maternity/paternity leave:	29
Nº of employees still at work after returning:	21

Actions against gender violence

In July 2015, Vodafone joined the **"Companies for a Society free of Gender-based Violence"** programme championed by the Department of Health, Social Services and Equality.

At Vodafone we have been working for some time to fight this scourge, in various fields:

Mobile Teleassistance, a service launched more than ten years ago by the Vodafone Foundation Spain and Spanish Red Cross, through the TECSOS Foundation, and which enables the victim to be in permanent contact with the Red Cross alarm response desks, via mobile telephony.

All victims have access to the telephone number **016** for any emergency involving gender-based violence. Vodafone, along with all other operators, does not list these calls on telephone bills. Furthermore, as an action which favours our customers, in the 2015-16 financial year, the fact that 016 calls do not appear in the call records was explicitly stated on Vodafone bills.

The Vodafone Equality Plan, details a protocol for action which offers employees that may be victims of gender-based violence, legal advice, unrecorded absences and late arrivals, the opportunity to reorganise their working hours, a preferential right to a vacancy at another site and the involvement of Human Resources in the search for a solution to a specific case.

Meanwhile, via the Vodafone intranet the company encouraged staff to report cases of gender-based violence by means of the following statement: "If you suspect that someone in your working environment could be suffering this problem, you can ask for help from the company by getting in touch with…"

HeForShe

HeForShe is a United Nations initiative to promote gender equality, which seeks to encourage men to take action against all forms of violence and discrimination faced by women and girls.

Regarding this initiative, the Vodafone Group, through the transformational objective of Diversity and Equality of its Strategic Sustainable Business Framework, commits to:

• Increase the representation of women in leadership positions within the company by 30 % before 2020.

• Expand access to mobile telephones as tools for empowering women.

• Take mobile education to refugee girls in countries where the Vodafone Group operates.

In November 2015, Vodafone launched the "HeForShe" initiative in Spain, by carrying out an internal communication campaign and devoting one day of our Women's Week (7-11 March 2016) to publicizing it more intensely. Furthermore, during that week the "Women in Red" awards were handed out by way of recognising the women who have this year promoted equality the most, and a session was held for all managers concerning "Unconscious bias," in order to boost a more inclusive leadership style.

Meanwhile, as part of the "HeForShe" initiative, Vodafone has launched internal campaigns to raise awareness of gender equality in Spain, it has promoted "SpeedNetwork" sessions amongst women, and it has taken part in training courses promoted by the Department of Health, Social Services and Equality, giving female employees the opportunity to improve their professional skills.

In relation to **physical, sensory and intellectual diversity**, Vodafone complies with the General Disability Act both through direct employment and through alternative measures. Furthermore, during the 2015-16 financial year, a workshop was held with managers in order to eliminate bias when managing and incorporating disabled members of staff.

Where the creation of **jobs for young people** is concerned, 61 recent graduates have joined the company, facilitating their access to the world of work via our **Scholarship Programme**.

73 INTERNS
on average in financial year 2015-16

TRAINING AND DEVELOPMENT

EFFICIENCY AND PROFITABILITY

During the 2015-16 financial year, from a Training and Development point of view, Vodafone has focused upon improving our employees' skills in order to help transform the company and contribute to the business through Excellence in the Customer Experience.

In the field of transformation, numerous training initiatives have been carried out which have assisted the process of change sought by the company, some of the most important of which are summarized below:

Digitization Programme

This programme was created with the objective of improving our organization's digital capability, and thereby promote innovation in the digital environment. The participants on this programme received training focused on the customer life cycle, consisting of global content enabling them to acquire the specific skills required to understand the digital ecosystem. To date, close to 200 employees have taken part in this programme which will continue to run during the coming financial year in order to accompany the digital transformation process.

The **"Leadership Essentials"** programme has been extended to all managers in the organization, thereby enabling an alignment of the leadership culture in Vodafone. Additionally, and with the objective of accompanying our managers during the transformation of the company, the **"Engage your team"** programme has been launched, in which managers will develop "coaching" and team management skills, with the aim of achieving a direct increase in employee commitment to the organisation and an improvement in our managers' leadership skills.

engage your team

"Rapid Gym"

Through this training initiative, employees have had the opportunity to develop those competences which are key to their everyday work: communication, innovation, time management and negotiation. All of this was achieved through a training programme which included classroom sessions, audiovisual resources, master classes, etc...

The **Mentoring** programme has continued for the third consecutive year, the number of employees who have received the support of a mentor in their professional development increasing; as part of this programme, the mentors are in turn trained so that they may obtain "International Coach Certification". This programme continues to be one of the most highly rated, both from the mentor's point of view and from that of the 'mentees'. During the 2015-16 financial year, 88 mentors and 339 'mentees' have participated.

mentoring

The scope of the **PMP (Project Management Professional) Certification Programme** (has been extended, in which 120 employees have participated, and a new training module has been added, taught by internal staff specialising in project methodology, which has enabled us to spread project management knowledge further within the organization.

"Customer Experience" related-training

During the 2015-16 financial year, the following training projects stand out in the field of Customer Experience:

- The launch of the **Vodafone One** convergent offering implied the creation of a brand and a competitive, high-quality product in the telecommunications market. For this reason, the training department contributed towards the design, planning and rollout of the content, and in the dissemination of the new commercial strategy to all of the staff working in and for the Vodafone brand.

- **Sales schools**: different training itineraries have been created depending on the job profile, with the objective of standardizing the knowledge and competences of our sales force.

- Continuity has been given to the conversion of the traditional Vodafone store model, to a **"store 2.0"** model. In order to achieve this, training initiatives have been developed in order to transfer this new concept and way of serving our customers to store employees.

Nº HOURS' TRAINING PER EMPLOYEE

	2013-14	2014-15	2015-16
Vodafone	34.1	23.5	21.8
Ono		15.4	
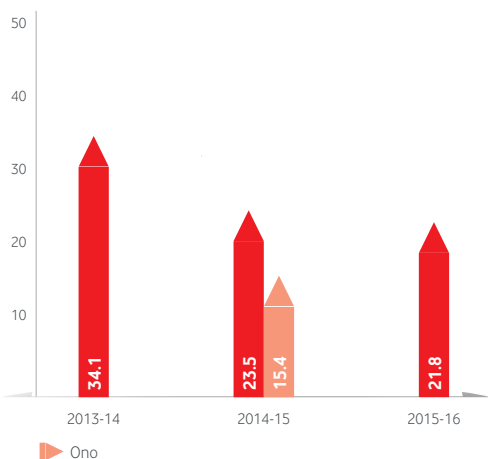
ONLINE VS IN-PERSON TRAINING (%)

	2013-14	2014-15	2015-16
Online Training	19	41	35
In-Person Training	81	59	65
Ono Online Training		49	
Ono In-Person Training		51	

▶ Ono Online Training
▶ Ono In-Person Training
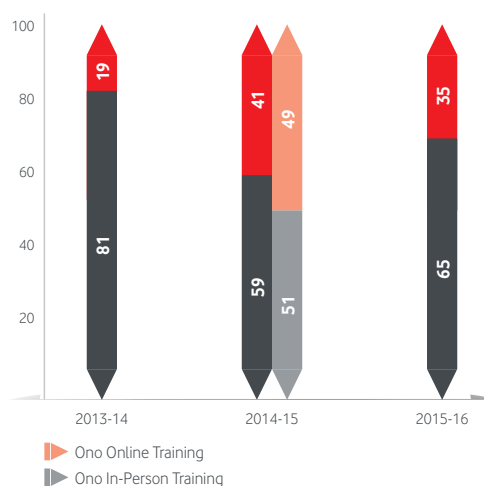
HOURS' TRAINING PER GROUP

	2013-14	2014-15		2015-16
		Vodafone Spain	Ono	
DIRECTOR	22.9	13.5	9.0	21.9
MIDDLE MANAGEMENT	31.3	28.3	16.5	19.1
SPECIALISTS	35.4	23.5	13.7	22.3

STUDENTS PER GROUP AND GENDER

	Women	Men
DIRECTOR	45%	55%
MIDDLE MANAGEMENT	32%	68%
SPECIALISTS	45%	55%
Total	43%	57%

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 be concrete, realistic, challenging, achievable and measurable objectives. During the financial year 2015-16, each and every one of Vodafone's employees took part in the performance assessment process.

During this financial year, we have focused upon simplifying the process in terms of the use of tools for entering information. In parallel, company managers have been trained to identify development potential with the aim of placing more emphasis on the growth of our employees. The same assessment process has been implemented for all Vodafone Spain and Ono staff.

HEALTH AND PREVENTION

EFFICIENCY AND PROFITABILITY

As a consequence of Vodafone Spain's acquisition of Ono, different measures were put in place in order to align the cultures of both companies in the area of staff Health and Risk Prevention, such as the Management Systems which the two companies had to achieve this. As such, during the 2015-16 financial year, in the area of Health and Risk Prevention, progress has been made in both the integration of the risk prevention teams, and in the Management Systems. The project launched in the Technology department in order to align working methods particularly stands out.

During the financial year, the Health and Safety Plans have remained in force for all high-risk suppliers. The 2015-16 financial year ended with 87 services which have associated high-risk activities (work at height, electric risk, underground spaces or construction work). These activities have been identified and 69 of them have been audited. The audits are carried out every six months and enable us to confirm that a significant improvement is taking place in our suppliers' management of Health and Risk Prevention.

Technology Health and Safety Committee

Frequency: Every one and a half months (approx).

Participants: Network Roll-Out, Technology Operations, Purchases, Human Resources, Customer Operations.

Objective: Agree the working schedule, encourage its development and track the courses of actions underway to its execution. The key aim is to bring the projects underway in Vodafone Spain and Ono in line with one another, detecting best practices and contributing improvements wherever there are any weaknesses.

ACCIDENT RATES

Network accident rates have changed trend following the extension of the maintenance services provided by employees.

INCIDENCE RATE

2013-14	2014-15	2015-16
221.3	108.1 / 495.7	372.5

Ono

Incidence Rate: LTA's X 100,000 / Nº of employees.

FREQUENCY RATE

2013-14	2014-15	2015-16
1.26	0.61 / 2.83	2.11

Ono

Frequency Rate: LTA X 1,000,000 / Nº of employees X Average No. of hours worked per year per employee.

SERIOUSNESS RATE

2013-14	2014-15	2015-16
0.01	0.01 / 0.07	0.05

Ono

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.

ACCIDENTS IN WORKING HOURS

2013-14	2014-15	2015-16
8	4 / 11	22

Ono

TRAFFIC ACCIDENTS ON THE WAY TO/FROM WORK

2013-14	2014-15	2015-16
14	12 / 7	17

Ono

DAYS LOST THROUGH ACCIDENTS AT WORK

2013-14	2014-15	2015-16
63	46 / 260	549

Ono

ABSENTEEISM

ABSENTEEISM RATE

	2013-14	2014-15	2015-16
	1.63	1.92 / 2.16	2.17

▶ Ono

SICK-LEAVE DAYS PER EMPLOYEE

	2013-14	2014-15	2015-16
	3.5	4.1 / 4.5	4.6

▶ Ono

HEALTH AND WELLBEING

71.5% OF EMPLOYEES WHO HAVE DIRECT ACCESS TO THE HEALTH SERVICE AT THEIR OFFICES USE IT

12,524 MEDICAL APPOINTMENTS DURING 2015-16

MORE THAN **2,500** VOLUNTARY HEALTH EXAMINATIONS DURING 2015-16

INTERNAL COMMUNICATION

Internal Communication's mission is to give employees information on the company's strategy and offerings, making them feel an important part of the business, and raise their level of commitment. Some of the main channels of internal communication used during financial year 2015-16 were as follows:

▶ ONLINE COMMUNICATION CHANNELS:

- "Vodafone HUB" (Intranet): This encourages daily communication towards and between employees, with a two-way 2.0 environment. Each employee can customize their profile and comment on news.

- "Vodafone Circle" and "Workspace": Discussion forum and working group platforms. 2016 also saw the launch of "Yammer", a tool that lets employees interact closely.

- "Snap Comms": The company uses this to communicate with employees by sending alerts and pop-ups to their PC, as it is highly effective in ensuring that they receive and read the messages.

- Screens on all the floors and cafeterias at the head office with information for employees.

- All our managers are sent a daily newsletter with business performance figures, The main management initiatives and information they need to give to their teams.

- OTHER CHANNELS: Texting, emails, weekly bulletins, posters, videos and an in-house video tool (Vodafone Tube), etc.

▶ IN-PERSON COMMUNICATION CHANNELS:

- Every month the CEO holds a strategy meeting with the organization's top 100 leaders that is streamed for all employees to watch.

- Specific face-to-face and online meetings at which the CEO and Steering Committee members explain Vodafone's strategy and goals objectives and answer any questions and concerns.

- The CEO holds regular meetings at all of the company's regional offices to ascertain the climate within the organization and explain the company's strategy and goals in person.

- Employee motivation-raising events and actions, such as the 2000-member Vodafone Club, Open houses, children's Xmas and New Year parties, sports, communities, specific offers, etc.

- In-house events and campaigns to present new products and services. By way of example, to mark the "Vodafone One" launch, the company staged an event at Vodafone Plaza, and Executive Committee members visited all the regions to announce this major launch in person.

COMMUNITY INVOLVEMENT THROUGH EMPLOYEES

EFFICIENCY AND PROFITABILITY

Social action carried out by our employees (also commonly known as Corporate Volunteering) is a key tool in Vodafone's strategy to invest in the community. It consists of a group of activities which are promoted and backed by the company which seek to attract the voluntary involvement and participation of its employees through them sharing their time, skills and talent for causes, projects and non-profit entities proposed by the company.

Vodafone allocates eight hours per year to all employees for carrying out this kind of activity.

During the 2015-16 financial year, Vodafone participated in the International Corporate Volunteering Week through an activity carried out with the **Global Nature Foundation**, consisting of **the adaptation of a greenhouse and a nursery** for the production of threatened aquatic plants in the Park of the Southeast Region (Madrid).

As in previous years, a **Charity Fruit and Vegetable Market** was organized in Vodafone Plaza, in support of the **Rais Foundation**, which is devoted to the integration of homeless people, at which employees collaborated by selling and/or buying fruit and vegetables.

Furthermore, Vodafone participated in **"The Global Biking Initiative"**, an event that is held annually and in which 400 cyclists from more than 20 countries took part, both Vodafone Group employees and staff from other companies in the sector. This event gives amateur cyclists the opportunity to raise funds for charity by cycling long distances. This year it took place between 7th and 13th June; the route began in Venice and finished in Stuttgart: seven days cycling through Europe, in which Vodafone Spain collaborated by registering twenty employees. The Vodafone Spain Foundation supported the **Castile and León Association for the Deaf-Blind**, with the associated donation towards the provision of and training in technological tools.

OUR MANAGEMENT 2015-16: Suppliers

EFFICIENCY AND PROFITABILITY

Vodafone encourages its suppliers to maintain high ethical, environmental and employment standards, and works with them to help them attain these goals.

We want our suppliers to meet standards similar to the ones that we set ourselves, which is why we ask them to comply with our Code of Ethical Purchasing (CEP), which is part of their terms of contract and therefore is mandatory. All of Vodafone's suppliers have adhered to the CEP.

ASPECTS COVERED BY THE CODE OF ETHICAL PURCHASING

1. Avoid Child Labour
2. Avoid Forced Labour
3. Health, Safety and Wellbeing
4. Freedom of Association
5. Non-discrimination

6. Avoid Disciplinary Practices
7. Working Hours
8. Salaries
9. Individual Conduct
10. The Environment

During 2015-16, all our Supply Chain Management (SCM) department employees successfully completed the online Ethical Purchasing course.

€5,235 million
ON BUYING PRODUCTS AND SERVICES IN 2015-16 (*)

84% of the amount of total purchases MADE FROM LOCAL SUPPLIERS

SUPPLIER MANAGEMENT PROGRAMME

In accordance with the Supplier Management Programme procedures, once suppliers have qualified, Vodafone selects those that are assessed every financial year, both locally and globally:

1. Classification

Suppliers who wish to work with Vodafone must qualify through a specific tool. During financial year 2015-16, 41 new suppliers qualified.

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. There are two levels of assessment:

- **Global Assessments**: 20 suppliers were assessed in the last global supplier assessment round held in October 2015, with an average NPS (Net Promoter Score) of 66 points.

- **Local Assessments**: 46 suppliers were assessed in the last local supplier assessment round held in February 2016, with an average NPS of 73 points, beating the score of the last Global Assessment and putting us just 2 points away from our goal of working with suppliers that have an NPS of more than 75 points.

Local supplier assessment:

73 POINT SCORE IN NPS

3. Audits

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

(*) Includes acquisitions of tangible and intangible fixed assets.

OCCUPATIONAL HEALTH AND SAFETY

EFFICIENCY AND PROFITABILITY

To ensure that our suppliers are fully committed to OHP issues, different courses of action were taken during financial year 2015-16:

- All of Vodafone's high-risk suppliers have a current Occupational Hazard Prevention Plan in order to engage in high-risk activities.

- During the year, SCM organized two Health and Safety forums with suppliers that provide civil engineering and ADSL and fibre installation services to our residential customers. At these forums, they were informed of our Occupational Health and Safety policies and procedures and the importance that Vodafone attaches to Health and Safety in its supply chain.

OTHER COURSES OF ACTION

SYSTEM AND PROCESS INTEGRATION

A major highlight of the year came when Ono's systems and processes were integrated into Vodafone's SCM organization. Even though the two companies' respective SCM departments were organizationally integrated during financial year 2014-15, work on integrating the processes and tools was not completed until this year.

SUPPLIER BASE RATIONALIZATION

The main objective has been to rationalize the Vodafone Spain and Ono supplier base, starting with 72 common suppliers of Vodafone Spain's 723 suppliers and Ono's 629.

By 31st March 2016 the figure had been streamlined to **1,035 suppliers**, of which 189 are finally common suppliers.

COMMERCIAL CONTRACT MANAGEMENT PROGRAMME

During the year Vodafone implemented the Commercial Contract Management Programme in the key contracts with our Network suppliers. This programme aims to maximize the value of each contract from when it is signed until it expires. It involves keeping track not only of the contract service levels, but also both parties' rights and obligations parties and the associated risks, using a defined methodology for comparing the performance of suppliers of the same product/service category.

ELECTRONIC BILLING

A key process simplification and improvement project during the year saw Electronic Billing being implemented on the Vodafone platforms Group, and right now it is being used by 500 Vodafone Spain and Ono suppliers.

E-SIGNATURE IN CONTRACTS

Electronic signatures have been implemented in all global contracts this year.

Management of conflict minerals in the supplier chain

While Vodafone does not manufacture any product, it is aware of the risks that may be associated with extraction, trade, handling and use of certain raw materials and minerals frequently used in the manufacture of electronic products (including mobile phones).

Some minerals that manufacturers use, such as columbite-tantalite (coltan), cassiterite, wolframite and gold, could come from conflict areas and, if so, could be generating revenue for armed groups, human rights abuses, environmental damage, etc. These are what we call "conflict minerals"

Vodafone mining activities that fuel conflict are unacceptable. Our global Conflict Minerals Policy sets out our position on this issue and a series of requirements for our electronic product suppliers, such as implementing due diligence processes in the supplier chain that determine their origin.

In this respect, we also support industry initiatives such as the Conflict-Free Sourcing Initiative (CFSI), which are making considerable progress in improving the transparency of the mineral supply chain and tackling human rights abuses connected with the mining of conflict minerals.

https://www.vodafone.com/content/dam/vodafone-images/sustainability/downloads/conflictminerals2015.pdf

OUR MANAGEMENT 2015-16:
The Environment
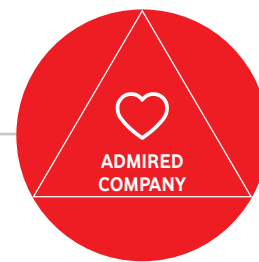
Vodafone Spain has an Environmental Management System, certified according to the latest version of standard ISO 14.001:2015, to minimize our environmental impact and to constantly improve our environmental behaviour.

This Management System is based on the strategic environmental management of our business, taking into account the context in which we move and the risks and opportunities that such a context might pose. Some of the key Environmental Aspects of our Management System are summarized below:

Innovación y Energía

- The swift pace at which technology is moving forward, meaning that we constantly have to upgrade our products and services, and even deploy new telecommunications networks and equipment, which is why we need to quickly adapt our rollout to ensure an Excellent Customer Experience. This fast pace of change also leads mobile manufacturers to bring out new models all the time, and that can trigger an increase of the waste generated by our customers when they trade in their old devices. For all these reasons, Vodafone has devised systems that minimize the generation of such waste, and if any is generated, we ensure it is processed properly under the concept of **Circular Economy**.

- The **specific regulations governing our industry** provide the framework within which we must move and they encourage us, on the one hand, to be more competitive in the telecommunications market, by signing agreements to share our network facility sites, or by seeking to simplify administrative procedures. At the same time, the regulations give us mechanisms for ensuring that the radio spectrum is used properly and assure the quality of our services.

- **Resources used in manufacturing equipment**. Vodafone does not manufacture any kind of equipment, and instead acquires it through suppliers. Some of the materials needed to manufacture telecommunications equipment include finite resources, and access to these valuable, scarce resources can have environmental and social impacts on the organization's environment that are controlled and managed properly to ensure they do not prevent us from engaging in our business as normal.

- **Electricity consumption in network operations**. Electricity is essential for our telecommunications network to work, and we make sure that this resource is used properly and efficiently so as to control and reduce the CO_2 emissions associated with its generation; which is why we have specific plans in place for managing and improving our energy efficiency.

- **Responsible network deployment**. The visual impact of our facilities and potential drawbacks of our network rollout could impact our business expansion, so we take measures to manage the deployment responsibly, encourage site sharing agreements and closely supervise our processes.

- **Electromagnetic Fields**. Electromagnetic emissions are an issue that concerns part of society and in some cases can trigger such social alarm that the proper deployment and operation of our business is impaired. Therefore we ensure that we meet and report transparently on our actions and compliance with national and international standards in this regard.

ADMIRED
COMPANY
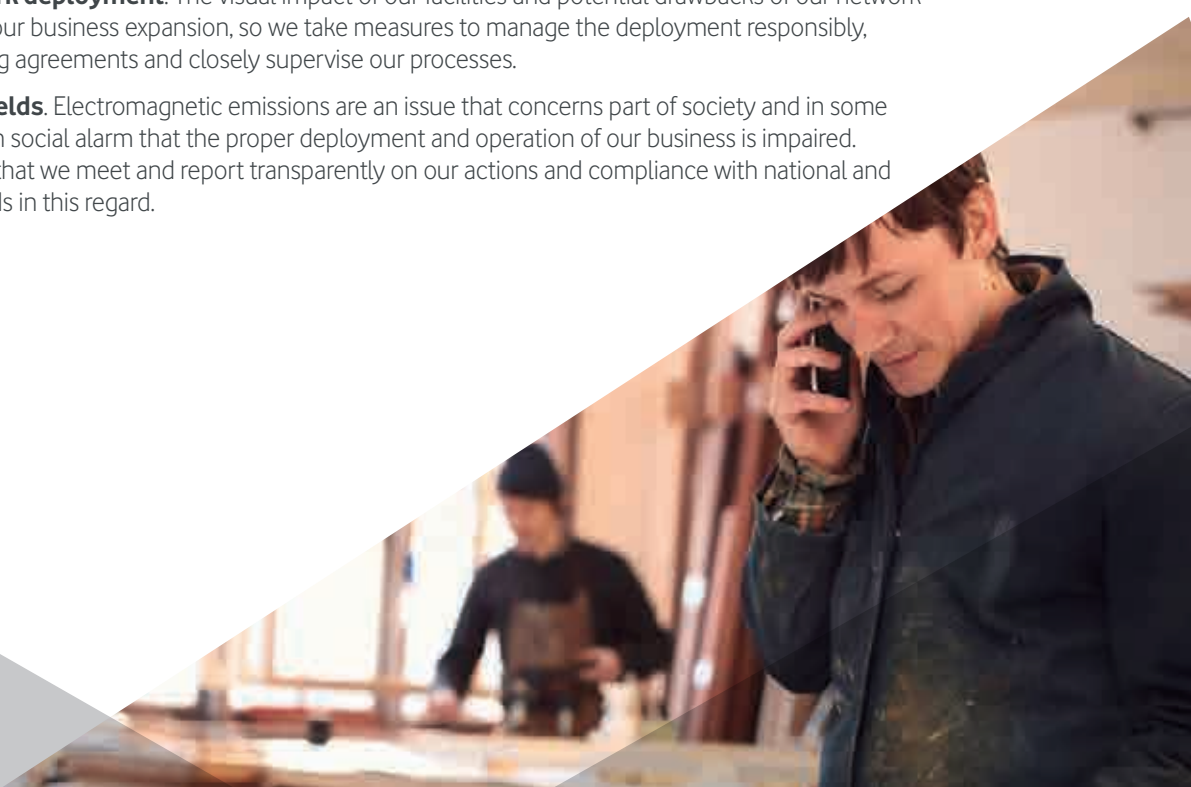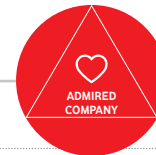
Forética Climate Change Cluster

Climate change is one of the biggest challenges facing Mankind faces today and as it can have major and serious implications, it calls for immediate action and a global response. At the same time, it gives businesses and citizens alike an opportunity to revise our business model and make it more sustainable.

Vodafone, along with 35 of Spain's largest companies, forms part of the "Climate Change Cluster" coordinated by Forética (Spain's Representative of the World Business Council for Sustainable Development, WBCSD).

This Cluster aims to provide more in-depth detail regarding the concept, implementation and implications of carbon pricing; analyze the link between biodiversity and climate change; dialogue with key opinion leaders at both institutional and business level in this field, and promote education on climate change.

The Climate Change Cluster seeks to bring into the Spanish context the major global trends and talks on climate change from a business perspective; contribute to the generation of knowledge; collaborate with government administrations and opinion leaders, and develop a leading position as the Spanish point of reference regarding climate change matters.

ENERGY CONSUMPTION

Over 95% of the energy used by Vodafone is used on our telecommunications network.

DISTRIBUTION OF ELECTRICITY CONSUMPTION 2015/16

0.3%   4.1%

- Network
- Stores
- Offices

95.6%
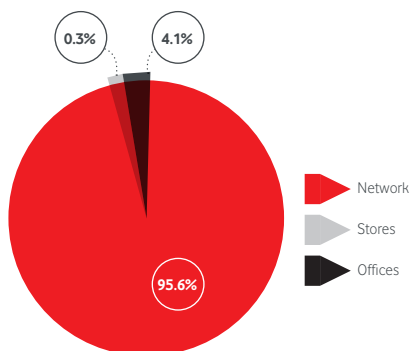
● Change in absolute Energy consumption by all Operations (MWh)

TOTAL ENERGY CONSUMPTION (MWh)

	2013-14	2014-15	2015-16
	342,194	413,244 / 183,671	682,419

Ono
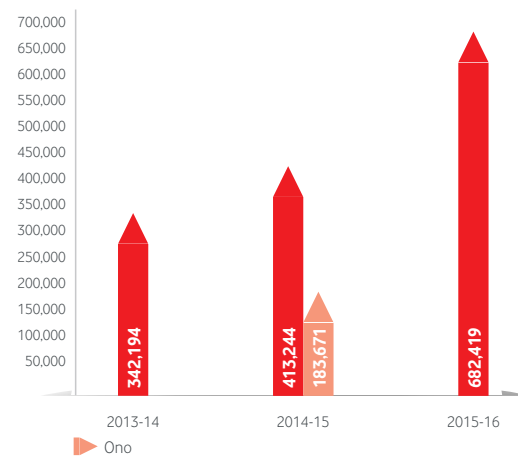
● Change in Total CO_2 Emissions

	2013-14	2014-15	2015-16
Scope 1*	7,830	8,741	7,495
Scope 2	75,297	152,544	175,983
Scope 3	1,495	2,029	1,509
TOTAL	**84,622**	**163,314**	**184,987**

(*) Scopes according the initiative "Green House Gas, GHG, Protocol"

The extensive network rollout over the last two years, as part of the Spring Programme, was the main factor behind the higher energy consumption in 2014-15 and 2015-16.

● Change in Total Energy Consumption by primary energy source (GJ)[1]

	2013-14	2014-15		2015-16
Indirect Energy (Scope 2)				
From the grid	1,204,755	1,460,483	659,823	2,436,688
Direct energy (Scope 1)				
Wind-Solar	2,209	2,385	0	1,653
Diesel	14,997	14,694	102	11,156
Natural Gas	9,936	10,115	1,290	7,210
TOTAL	**1,231,897**	**1,487,677**	**661,215**	**2,456,707**
		Vodafone Spain	Ono	

NETWORK ENERGY CONSUMPTION

Throughout 2015-16, Vodafone kept on bringing energy efficiency measures into play on its network.

Especially worth noting was the "CORE" Centre Network Action Plan to boost climate control equipment efficiency. The project has focused on the mass application of energy efficiency improvements in 67 Data Processing Centres throughout the country and is expected to saving around 80% a year on current climate control equipment consumption. The main steps taken were:

- A rack-by-rack energy study in 67 DPCs that were acted upon subsequently, involving 5,000-plus electronic equipment racks. A standard solution was applied to each one, tailored to its specific environment.

- Building cold aisles by placing flexible PVC walls and sealing openings that caused losses in unnecessary areas and reducing available airflows.

- Design and implementation of direct free cooling equipment integrated into the DPC management system to coordinate its operation the other climate control equipment.

- Replacement of the traditional electrode humidification systems with new equipment designed ad hoc with a 90% reduction in moisture consumption.

Energy consumption per (mobile and fixed) network element dropped by 32.8% with respect to financial year 2006-07. We keep on moving towards the goal of reducing energy consumption per network element by 50% by 2020 relative to the 2006-07 data that are taken for reference purposes. The slight slowdown in the rate at which we are reducing energy consumption per network element is a result of both the significant increase in our mobile network facilities (Spring Project) and fixed network facilities (purchase of Ono Vodafone Spain), and that most efficiency measures were already in place. Therefore new plans will be drawn up over the next years in order to further improve our energy efficiency.

ENERGY CONSUMPTION/NETWORK ELEMENT WITH RESPECT TO 2006-07 (%)

	2013-14	2014-15	2015-16
	-34.7	-33.1	-32.8

-32.8%

CHANGE IN ENERGY CONSUMPTION per Vodafone Spain mobile network element as regards 2006-07

NETWORK ENERGY CONSUMPTION (MWH)

	2013-14	2014-15	2015-16
	317,121	388,983 / 172,520	652,144

Ono
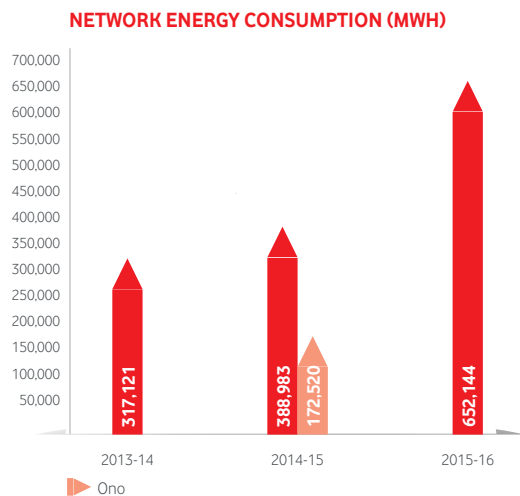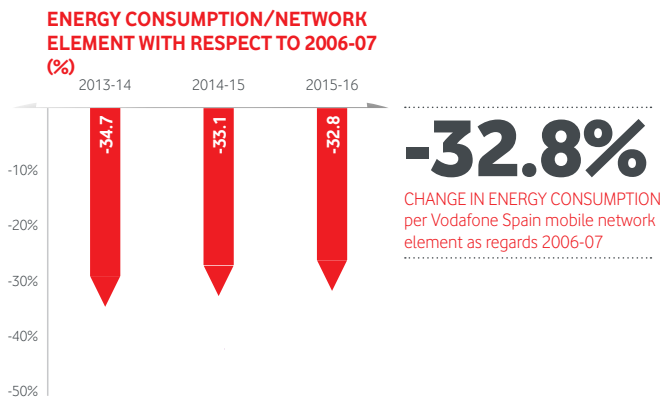
- Change in network energy consumption per primary energy source (GJ)[1]

	2013-14	2014-15		2015-16
		Vodafone Spain	Ono	
Indirect Energy (Scope 2)	1,124,453	1,383,323	621,070	2,335,018
Direct Energy (Scope 1)	17,183	17,017	0	12,699
TOTAL	1,141,636	1,400,340	621,070	2,347,717

[1] 1KWh = 3.6 MJ

https://youtu.be/NVTsRhKY_aM

ENERGY CONSUMPTION IN OFFICES AND STORES

As an outcome of the sustainable design and construction strategy followed from project kick-off to completion, this year Vodafone was awarded **Leed Gold certificate for its "Vodafone Plaza" HQ.**

The following areas have been analyzed:

- Sustainable Site
- Efficient water use
- Energy and atmosphere
- Materials and resources
- Indoor environmental quality
- Innovation in design
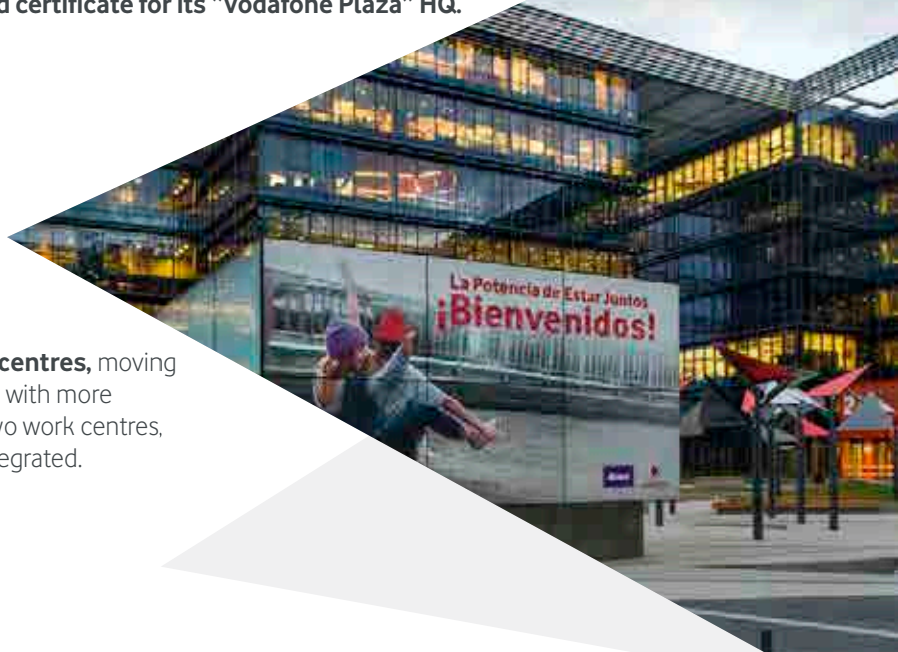
On another note, Vodafone has **refurbished its work centres,** moving towards a flexi-space model, revamping its installations with more efficient equipment and, in some cases, where there two work centres, the Vodafone Spain and Ono workforces have been integrated.

OFFICE ELECTRICITY CONSUMPTION (MWH)

- Ono

2013-14	2014-15	2015-16
22,937	21,588 / 11,151	28,078
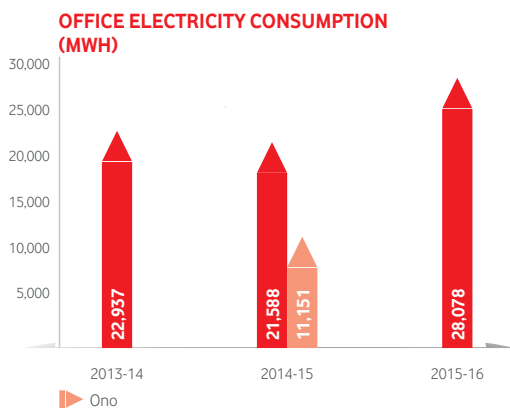
- Change in office energy consumption per primary energy source (GJ)[1]

	2013-14	2014-15		2015-16
Indirect Energy (Scope 2)	72,616	67,539	38,752	93,760
Direct Energy (Scope 1)	9,958	10,177	1,392	7,320
TOTAL	82,574	77,716	40,144	101,080
		Vodafone Spain	Ono	

- Vodafone Plaza sustainable water management plan

In order to comply the Madrid City Council Ordinance on Efficient Water Management and Use, specific courses of action have been drawn up to keep on improving in the environmental issue.

The company has also had an airtight tank cleaning system installed in the Vodafone Plaza kitchens. This system features a variety of different-sized stainless steel tanks that contain an anti-rust, innocuous and environment-friendly cleaning agent.

These courses of action have prompted a significant drop in water consumption, which had risen in financial year 2014-15 after Ono's integration.

WATER CONSUMPTION (m³)

2013-14	2014-15	2015-16
53,341	89,947	63,928

- Store Consumption

STORE ELECTRICITY CONSUMPTION (MWh)
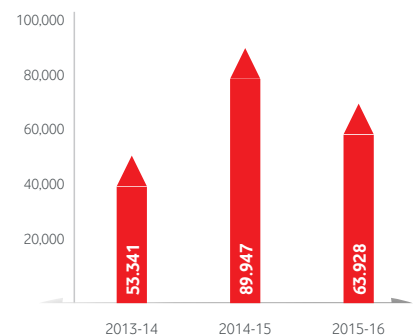
2013-14	2014-15	2015-16
2,136	2,673	2,198
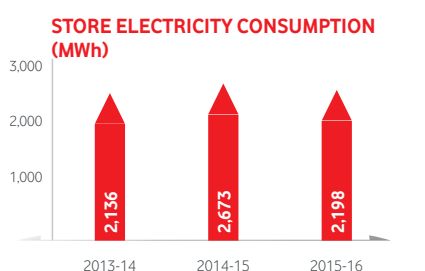
	2013-14	2014-15	2015-16
Indirect Energy (Scope 2) (GJ)[1]	7,689	9,621	7,910

No direct energy consumption (Scope 1)

[1] 1KWh = 3.6 MJ

OTHER SUPPLIES

- CO_2 emissions avoided by using Video conferencing (*)

	2013-14	2014-15	2015-16
Nº Domestic Videoconferences	2,368	1,582	3,568
Nº International Videoconferences	10,297	13,556	16,005
Projected CO2 emission savings	1,524	1,953	2,366

(*) To calculate avoided CO2 emissions, it has been estimated that one out of every four videoconferences has at least avoided a person's national or international return trip. 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 CO2, and that this value can be quadruple (on average) on an international round trip.

KM. FLOWN BY EMPLOYEES (X 1000)

	2013-14	2014-15	2015-16
	13,277	13,737	13,541
Ono		2,636	

VEHICLE FLEET CONSUMPTION (thousand litres)

	2013-14	2014-15	2015-16
Diesel	1,409	1,355	1,663
Petrol	25	26	32
Ono Diesel		328	0
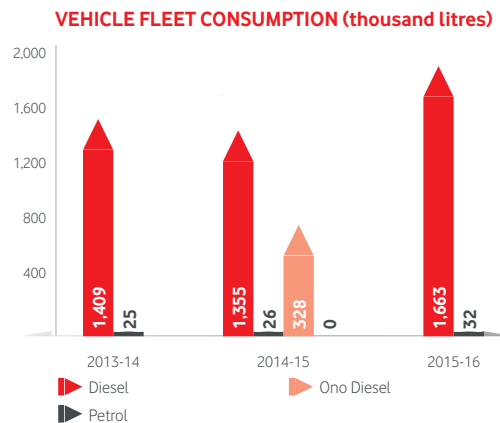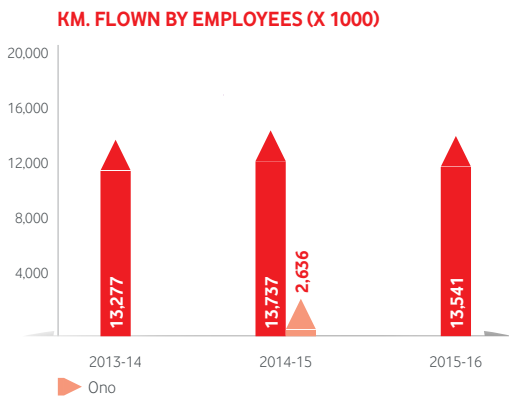
WASTES

Vodafone has systems that let it minimize waste production and, if any is generated, we ensure it is treated properly.

During 2015-16, our phone reuse and recycling systems enabled us to collect over 144,000 phones.

MORE THAN
144,000
handsets collected for
reutilization and recycling in 2015-16

On another note, this year we have consumed 34.4 tons of office paper, all of which was FSC certified paper to contribute to environmental conservation.

PAPER USED IN OFFICES (Tn)

2013-14	2014-15	2015-16
35.7	33.1	34.4
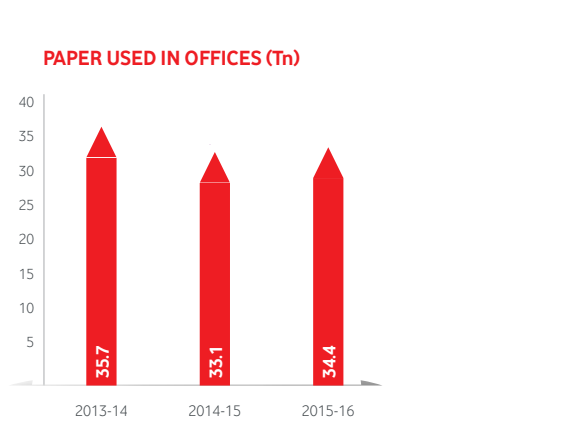
The graph below displays the change in the amounts of packaging placed on the market (according to annual figures declared to Ecoembes).

PACKAGING PLACED ON THE MARKET (Kg)

2013-14	2014-15	2015-16
66,445	68,350	41,344

The significant drop in 2015-16 stemmed from less paper and cardboard being used in packaging.

RESPONSIBLE NETWORK DEPLOYMENT

ADMIRED COMPANY

To expand and improve our network coverage and try to lessen our facilities' environmental impact, Vodafone devises policies and implement actions to ensure a Responsible Network Deployment.

As explained elsewhere in this report, this year we further expanded our network to improve our customers' real experience, leveraging on "Project Spring".

In this respect, and so as to minimize our activities' environmental impact, **infrastructure sharing** played an important role in our 2015-16 deployment. The site-sharing pie chart below shows that of all the installation permits granted in our relationship with other operators, Vodafone has obtained more installation permits (68%) than the ones that other operators have asked us for (32%).

Vodafone's Deployment Policy during 2015-16 has focused on:

- Rolling out new 4G technology at existing sites in the main cities and tourist resorts, with the commissioning of 800 MHz band nodes being of special relevance.

- 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.

Despite such heavy network deployment activities, by the end of FY 2015-16 the company had only received three administrative environmental-issued related fines totalling €13.500.

1,323
(32%)

2,813
(68%)

Incoming

Outgoing
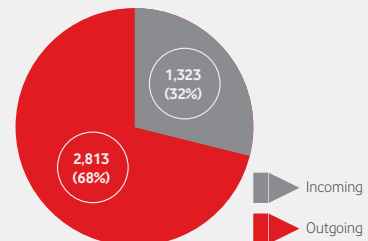
Landlords' Call Centre

Site owners can contact Vodafone by calling their hotline if they want to ask us a question or report an incident:

607 100 101

Average number of calls a monthly received during financial year 2015-16: **1,859**

RF EMISSIONS AND HEALTH

Royal Decree 1066/2001 assumes the criteria regulating health protection against electromagnetic fields from RF emissions set out in the Recommendation of the Council of Health Ministers of the European Union, of 12th July 1999, and applies to the radio stations that provide wireless services. Under these criteria, it establishes the conditions for the protection of the public radio spectrum, radio emission restrictions and measures of health protection against radio emissions.

To comply with this Royal Decree, the annual certification of our network of stations was conducted during the first quarter of 2016. For this purpose, RF emissions have been measured at more than 9,400 stations, and the emission levels of 100% of our base stations is far below the threshold set by the aforementioned Royal Decree 1066/2001.

As far as new regulations go, on 4th November 2015 the Department of State for Telecommunications and for the Information Society (SETSI) issued a Resolution that states

that a Replacement Certificate equivalent to the pre-inspection must be presented in all radio stations operating in the 790-862 MHz (800 MHz band) frequency band for a period of six months, in order to simplify administrative procedures and facilitate deployment.

In this respect, during the year Vodafone deployed 800 MHz band stations at more than 4,000 sites, and all are already on air after it received the pertinent On-Air or Commissioning Authorization with the aforementioned Replacement Certificate.

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

100% OF BASE STATIONS
maintain emission levels below the limits stipulated in Royal Decree 1066/2001

Ethics and Corporate Governance

CODES OF ETHICS
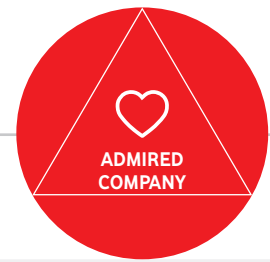
CODE OF CONDUCT
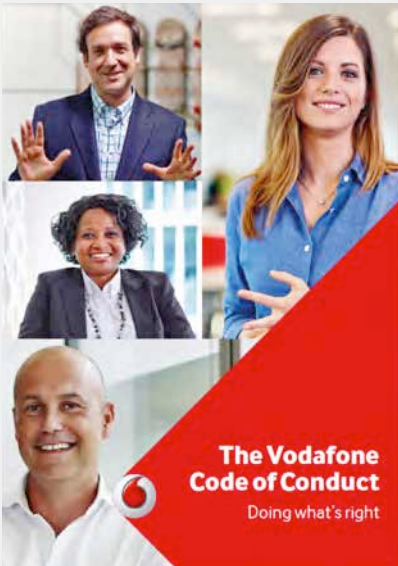
ADMIRED
COMPANY

"Being an admired company is not just about our performance and achievements, it's also about acting in a responsible, ethical and lawful way". (Vittorio Colao. Vodafone Group Chief Executive Officer).

The Code of Conduct is the principal document that governs our company's general 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.

The Vodafone
Code of Conduct
Doing what's right

BUSINESS PRINCIPLES

1   Individual Conduct
We must act with honesty, integrity and fairness in our dealings both internally and externally.

2   Compliance with the Law
We will comply with the provisions of current domestic and international legislation and applicable standards and principles.

3   Health and safety
We will protect the health, safety and wellbeing of our customers, employees, partners and the communities in which we operate.

4   Financial Integrity
We will provide the best possible return for our shareholders over the longer term.

5   Public Communications Policy
We will voice our opinions on government proposals and other matters that may affect Vodafone and our stakeholders.

6   Communications
We will communicate openly and transparently with all of our stakeholders, respecting the bounds of commercial confidentiality.

7   Customers
We value the trust our customers place in us and will safeguard the information provided to us in accordance with relevant laws.

8   Employees
Relationships with and between employees will be based upon respect for individuals and their human rights, and child labour will not be tolerated.

9   Communities and Society
We will engage with local communities so as to understand and respond to any concerns they may have.

10   Environment
We are pledged to safeguarding the environment, minimising our use of finite resources and the release of harmful emissions to the environment.

Speak Up!

In line with our Corporate Values, we need to be a company that conveys trust, which is why we must ensure that it has channels for reporting any unethical or irresponsible actions.

"Speak Up!" is a tool that Vodafone employees can use to report anything that breaches the Code of Conduct, is unethical or illegal. Any cases that are reported are handled as strictly confidential.

"Speak Up!" allows employees to take sides if they notice at any inappropriate behaviour or situation at work, and they can report any potential malpractice through a clear and simple process. This system gives the company the chance to investigate and take action about any kind of situation that is reported this way.

Speak Up!

This means that 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.
- Personal data breaches.
- Abuse of systems, processes or policies/rules.
- Misconduct or unethical behaviour.
- Health or security risks.
- Environmental conflicts.
- Breach of legal obligations.

Throughout year 2015-16, the company worked on a range of initiatives to further awareness about the Code of Conduct and "Speak up!", chiefly through our Intranet.

On the issue of Competition Law, during financial year 2015-16 Vodafone was not fined for any breaches of Spanish or EU free competition regulations, nor were there any discrimination-related reports.

ANTI-FRAUD AND CORRUPTION ACTIONS

Every quarter the company reports to the Vodafone Group on any fraud and corruption incidents and actions that might have occurred during the period.

VODAFONE SECURITY COMMITTEE
Formed by representatives from:
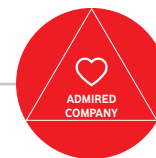
- Internal Audit
- Business Operations
- Legal Department
- Finances
- Enterprise Business Unit
- Residential Business Unit
- Human Resources
- Technology
- Corporate Security

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. No corruption incidents were recorded in Vodafone during 2015-16.

OTHER CODES OF ETHICS

ADMIRED COMPANY

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

In financial year 2011-12, Vodafone became a signatory to the Code of Good Fiscal Practices, sponsored by the Large Businesses Forum. 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 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. [1]

"Mobile Alliance Against Child Sexual Abuse Content"

The Vodafone Group is a founding member of this alliance, which aims to combat child sexual abuse content over the mobile and Vodafone Spain, as a Vodafone Group subsidiary, has put in place the mechanisms necessary to comply with this Code.

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. [2]

1. See Chap.4: "Society: Responsible Use of ICT".
2. See Chap. 4: "Our Management 2015-16. The Environment"

REGULATORY COMPLIANCE

Vodafone is firmly committed to complying with all the rules, laws and policies that apply to its different lines of business.

Transparency in Vodafone

According to the Transparency International (TI) 2015 report on how businesses disclose information about their finances and fight against corruption, Vodafone ranked 3nd among the world's 35 largest companies. Vodafone scored top marks in all three categories: Anti-corruption Programmes, Organizational Transparency and country by country Information.

"DOING WHAT'S RIGHT"

Vodafone Spain is governed by the policies, procedures, and courses of action that form the Vodafone Group's regulatory framework. As mentioned earlier in this chapter, the star of this regulatory framework is the Vodafone Code of Conduct.

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 that apply directly to all the Group's companies, their directors and employees. The company's Regulatory Compliance Unit is tasked with encouraging the dissemination, awareness and adherence to the Vodafone's Code of Conduct and Policies, ensure they are coordinated and applied, and resolving any queries or doubts that arise with regard to their content.

Vodafone Spain also has local rules and procedures that develop and implement the Group's policies.

Our employees' respect for the Law, the Business Principles of our Code of Conduct and Vodafone's set of internal procedures, policies and standards is what we call "Doing What's Right", which also encompasses all the actions taken throughout the year by the Regulatory Compliance Unit, Internal Communication, Human Resources and other areas of the company that aim to foster an understanding and compliance with our internal policies (such as training courses, awareness campaigns, etc.).

▶ FUNCTIONS AND RESPONSIBILITIES

As the Company's highest governance and representative body, the Board of Directors is firmly committed to the company complying with the law, the Code of Conduct and Vodafone's Internal Policies, adhering to the industry's best practices, and observing the principles of Corporate Responsibility.

Accordingly, the Board of Directors is responsible for general oversight and monitoring of the Code of Conduct, the corporate policies and guidelines laid down by the Vodafone Group, while the dissemination and implementation of these policies and guidelines is entrusted to the members of the Executive Committee, the Compliance Department and other managers.

By way of example, the Secretary of the Board and Head of Legal, Regulatory and Corporate Security is responsible for coordinating, driving and overseeing the company's global compliance programme, and as such is also Vodafone's Compliance Officer, to whom the Compliance Unit reports. The Compliance Officer reports periodically to the Audit and Risk Committee on the compliance programme, and in particular on the action plans arising from the annual policy compliance review (PCR). Every year the Compliance Unit submits a report to the Vodafone Spain CEO with the PCR results and the year's most significant regulatory compliance issues.

Vodafone Spain's Regulatory Compliance Unit performs its duties in coordination with the Vodafone Group Compliance team and the people responsible for Internal Policies both at Vodafone Spain and the parent company.

ADMIRED
COMPANY
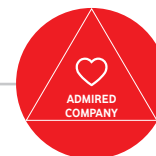
INTERNAL POLICY COMPLIANCE REVIEW

Vodafone's Internal Policies are implemented, tracked and overseen by the people responsible for each of them, under the supervision and coordination of the company's Compliance Officer.

For its part, the Regulatory Compliance Unit conducts an annual review of key policies by evaluating the effectiveness of the key controls associated with each one. These reviews from part of an annual Policy Compliance Review (PCR) and in-depth spot checks of certain policies known as Deep Dives. The PCR's findings are also outlined in an annual report that is submitted to Vodafone Spain's CEO and to the Vodafone Group's Regulatory Compliance Unit. This year the Company reviewed a total of 54 controls associated to its policies regarding Competition, Anti-Corruption, Privacy, Information Security, Technological Security, Crisis Management, Speak Up!, Export Control and Fines, Electromagnetic Fields (EMF), Prevention and Health, and Network Resilience.

In addition to the ongoing reviews carried out throughout the year by the company's policymakers and once a year by the Regulatory Compliance Unit, policy oversight is completed by the audits conducted by the internal audit department in line with the approved audit plan.

PREVENTION OF CRIMINAL RISKS

To supplement the Vodafone Group's general regulatory compliance programme, since 2010 Vodafone Spain has had an exclusively local Corporate Defence Programme that serves to protect the company from the commission of any crimes to which it is potentially exposed. As part of this Criminal Risk Prevention programme, and based on a risk analysis subject to periodic review, Vodafone reviews the effectiveness of existing controls and draws up any measures necessary to reinforce the existing ones.

VODAFONE GROUP DELEGATION OF AUTHORITIES (DOA)

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.

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.

INTERNAL AUDIT

The Internal Audit Department conducts independent assessments of how effective our internal control systems are, in line with a predefined annual plan, considering good governance practices and a local and Vodafone Group risk analysis.

This department is also responsible for tracking any opportunities for improvement identified in the audits, until they are implemented..

SARBANES-OXLEY ACT (SOX)

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.

Accordingly, during 2015-16 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. Vodafone's external auditor has issued a favourable report which certifies that no defects were found in the Vodafone internal control system.

| Processes Defined | + | Risks Identified | + | Controls - Documented - Tested | + | Appropriate Procedures | = | Vodafone 100% SOX Compliant |

RISK MANAGEMENT

Vodafone Spain's risk management model forms part of the methodology devised by the Vodafone Group. In this context, each year Vodafone Spain identifies the main risks liable to impact customers, the business and the corporate reputation. Each identified risk is assigned directly to the appropriate Director or Head.

When the main risks are identified, the following steps are taken to handle and address them:

1 The company and the person responsible for each risk identify, agree and document a series of subrisks and measures for mitigating them.

The verifiers and associated activities that ensure compliance with the mitigation measures are documented. **2**

3 Opportunities and improvement actions for each risk are defined. Each opportunity for improvement is assigned a priority with the following criteria:

a. High: Lead to significant improvements in the Risk Management systems, internal control or assurance systems, or both. Must be implemented as soon as possible.

b. Medium: Represent an improvement in the Risk Management systems, internal control or assurance systems, or in both, but are not critical for them to work properly. Must be implemented within the short/ medium term.

c. Low: Introduce a good practice for the Risk Management systems, internal control or assurance systems, or for both. Must be considered in the long-term.

Each verifier (Internal Audit Dept.) of the pertinent risk is positioned on the basis of the lines of defence model: **4**

a. First line: Risk owner and assurance management. Typically to be found in commercial functions.

b. Second line: Risk monitoring and functional oversight. Typically found in specialized and oversight functions.

c. Third line: Independence and assurance. Typically in Internal Audit, External Audit and in other independent auditors.

5 An assurance map is drawn up for each risk identified.

An external verifier provides input to confirm its degree of participation in the third line of defence. **6**

7 Each risk is classified within one of the following categories: Strategic, Technical / IT, Regulatory and Transactional.

ADMIRED COMPANY

RISKS IDENTIFIED IN VODAFONE

	RISK	TYPE OF RISK
1	**Privacy of customer information**	Strategic / Regulatory
2	**IT or Network infrastructure failure**	Technical / IT
3	**Malicious attacks on IT or Network infrastructure**	Technical / IT

RISK	1 **Privacy of customer information**	2 **IT or Network infrastructure failure**	3 **Malicious attacks on IT or Network infrastructure**
Description	Our ability to protect customers' sensitive information is essential for gaining their trust and for our reputation. 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.	As a telecom carrier, we depend on our networks' stability. Network or IT infrastructure failures (non-malicious, i.e., caused by the end of useful life, natural disasters or weather incidents) may result in a service interruption, damaging our reputation and, therefore, in a loss of income and financial penalties.	A cyber attack against our network infrastructure might result in our customers being left without any service, seriously damaging our reputation and, therefore, a loss of income and the possibility of financial penalties.
Mitigation measures	> 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.	> Availability of Business Continuity Plans and disaster recovery plans. > Ongoing investment in network maintenance and upgrades. > Availability of our own transmission media on all our network's critical paths to reduce any equipment dependence. > Investments to ensure an appropriate redundancy capacity whenever possible. > Insurance policies to cover serious incidents on our networks.	> We have a consolidated global security community, where Vodafone Group security teams work together with Vodafone Spain teams. > We liaise closely with a wide variety of stakeholders, including government organizations, corporate groups and suppliers. > We continually evaluate our security policies, procedures and standards, adapting them and investing in new controls if necessary. > Annually security checks are conducted to identify and carry out additional activities aimed at strengthening our control environment, the goal being to ensure that critical infrastructure is improved by reducing the likelihood of unauthorized access or any other attack. > We minimize the risk of malicious attacks on our infrastructure through our Global Security Operations Center. > We conduct regular audits to analyse vulnerabilities, as well as ethical hacking programmes

RISKS IDENTIFIED IN VODAFONE

	RISK	TYPE OF RISK
4	**Adverse regulation and legislation**	Strategic / Regulatory
5	**Premium content access**	Strategic / Regulatory
6	**Fibre coverage in significant areas**	Strategic / Regulatory

RISK	**4 Adverse regulation and legislation**	**5 Premium content access**	**6 Fibre coverage in significant areas**
Description	The telecommunications market is exposed to possible changes in current legislation or regulations that are likely to impact the business. Furthermore, changes in tax laws or the publication of new stricter laws could expose Vodafone to an additional tax burden or affect the carrying amount of its assets, impacting the company's earnings.	More and more, offering a competitive bundle of converged services involves access to the most popular content, i.e., sports or TV series, and this situation can result in: - Eroded margins because content is expensive to buy but only sells at low prices. - Loss of market share if one does not offer that content.	Not having fibre supply in certain areas could make it difficult to compete effectively or require additional investments to ensure a footprint that is as efficient and profitable as possible.
Mitigation measures	> Participate actively in any regulatory and/or legislative change. > Continuously plan scenarios in detail. > Consider taking legal action whenever necessary to ensure that all competitors comply with legislation. > Regular dialogue with associations that represent telecoms operators and other industry bodies to understand the underlying political situations. > Maintain a constructive and strong commitment to fiscal authorities and relevant government representatives. > Consult advisers and lawyers about their opinion on legislation and tax rules.	> Analysis of the cost of offering premium content. > Daily report with information on the total number of new customers and customer base to monitor television content behaviour. > Identify potential partners in order to obtain new content and avoid market exclusivity.	> Reach agreements with wholesalers in regulated areas. > Analyze under what circumstances it is more profitable to sell through a wholesaler. > Prioritize deployment in non-regulated areas and where Vodafone has no coverage at present. > Make the ADSL offering more attractive to offer this technology in areas where fibre is not available.

CORPORATE GOVERNANCE
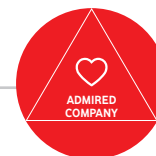
MEMBERS OF THE BOARD AND EXISTING COMMITTEES

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

BOARD OF VODAFONE ESPAÑA, S.A.U.:

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

BOARD OF VODAFONE ONO, S.A.U.:

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

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.

The three-member Board of Vodafone España, S.A.U. is formed by the company's Chairman, Chief Executive Officer and Chief Financial Officer. 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 Chairman is a Non-Executive Chairman and, accordingly, 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 the Board of Directors has delegated to him, except any that cannot be delegated legally or statutorily. His relationship with the Board is based on the principles of trust and transparency, such that the Board is kept apprised of the decisions made by the Chief Executive Officer in exercising the powers delegated to him.

Finally, Mr. Miguel Orúe-Echebarría is the company's Chief Financial Officer, which means that none of the members of the Board of Directors of Vodafone España S.A.U. are external directors.

The Board of Directors of Vodafone Ono S.A.U. also has three members, namely the company's Chief Executive Officer, Chief Financial Officer and Head of Legal, Regulation and Corporate Security. Unlike the Board of Vodafone España, S.A.U., Mr. António Coimbra is both the Chairman and CEO of the Board of Vodafone Ono, S.A.U., so there is no non-executive Chairman. Other than that, both Boards are governed by the same provisions.

By way of example, the Board members of Vodafone España S.A.U. and Vodafone Ono, S.A.U. 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. The company has an Internal Conflict of Interest Policy that applies to Board members, and which requires that any potential conflict of interest situation be disclosed to Vodafone España S.A.U. and/or Vodafone Ono S.A.U.

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 9 members who represent each of the Company's areas of activity and business. The Executive Committee members are appointed in line with Vodafone Group Policies and procedures, which include gender equality and diversity criteria.

The Executive Committee members of Vodafone Spain and Vodafone Ono on 31th March 2016 were:

Executive Committee members	Post within the company
Mr. António Coimbra	Chief Executive Officer
Mr. Andrés Vicente	Head of the Enterprise Business Unit
Mr. Oscar Vilda	Customers Business Unit Director
Mr. Miguel Orúe-Echebarría	Chief Financial Officer
Mr. Babak Fouladi	Chief Technology Officer
Mrs Patricia Ferruz	Brand Manager, Customer Experience and Transformation
Mr. Paulo Neves	Head of Commercial Operations
Mrs Remedios Orrantia	Head of Human Resources
Mr. Pedro Peña	Head of Legal, Regulation and Corporate Security

The Vodafone Spain and Vodafone Ono **Audit and Risks Committee** is a regional body that reports to the Vodafone Group (its always chaired by an independent person from outside the Vodafone Spain Organisation), and its main duty is to oversee the Company's control environment. The Audit and Risk Committee meetings are attended regularly by:

Mrs. Barbara Cavaleri

Mr. António Coimbra

Mr. Miguel Orúe-Echebarría

Mr. Pedro Peña

Exceptionally, the meetings are attended by other members of management and employees.

DECISION-MAKING COMMITTEES AND FORUMS

ADMIRED COMPANY

DECISION

MANAGEMENT

INFORMATION AND ALIGNMENT

OTHER INSTITUTIONAL COMMITTEES

SPECIAL EVENTS

Executive Committee

Customer Obsession Forum

Human Resources Forum

Operational Coordination Forum (FoCO)

Audit Committee

Institutional Committee

Board of Trustees of the Vodafone Spain Foundation
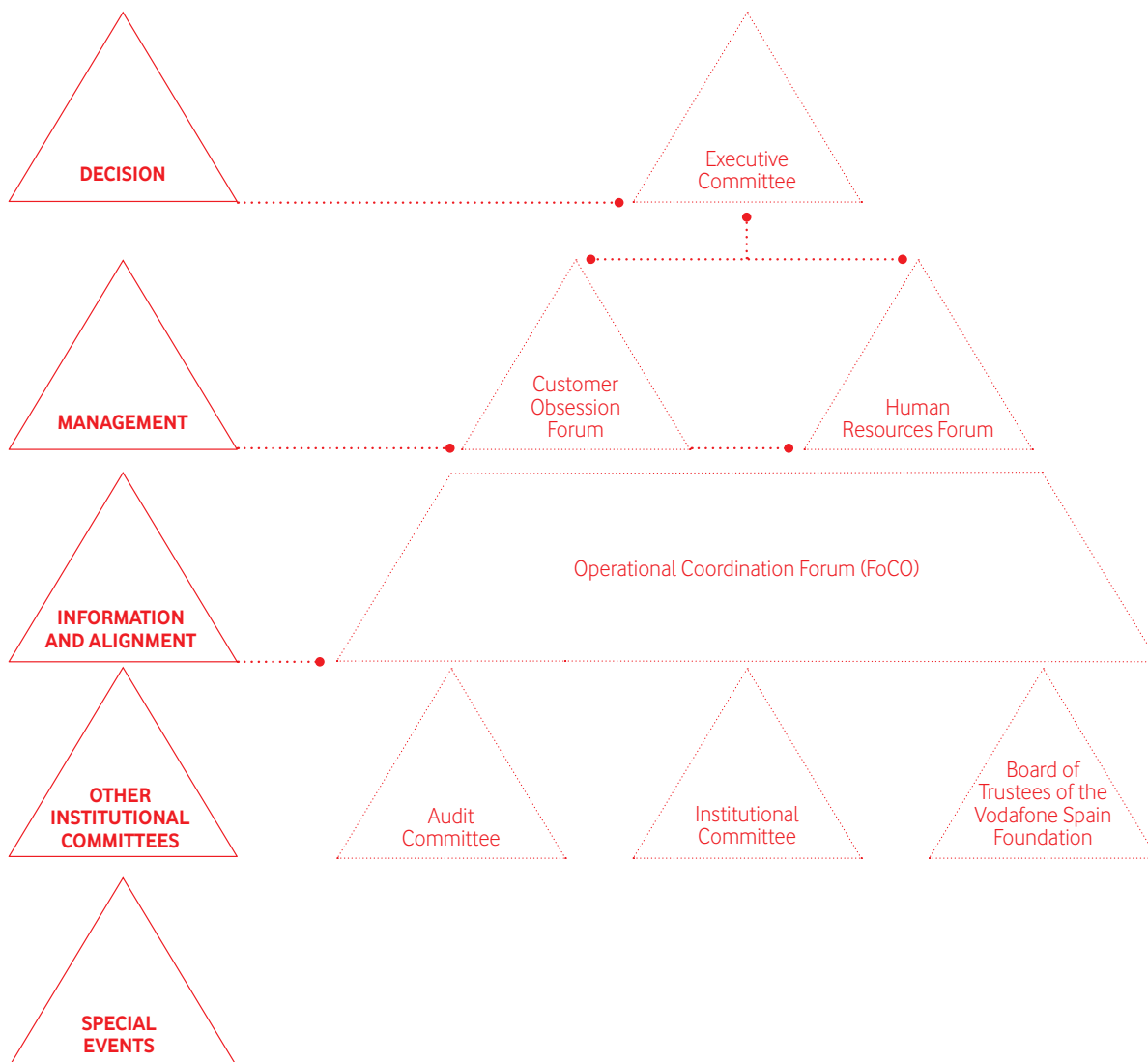
Executive Committee

Maximum decision-making body

Frequency	Weekly
Participants	CEO, Senior Management

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

Human Resources Forum

Generation and Follow-up of HR Initiatives

Sponsor	CEO
Leader	Head of Human Resources
Frequency	Quarterly
Other Participants	Head of Communication, 2 Regional Directors, 4 employees

Quarterly report to Executive Committee

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	Directors General of the business units, Heads of Marketing, Heads of Customer Value Management, Head of Communication, Brand Manager, Manager, Customer Experience and Transformation, Agencies (only Brand)

Monthly report to Executive Committee

Operational Coordination Forum (FoCO)

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

Sponsor	CEO
Leader	Head of Communication and CEO's Office
Frequency	Monthly
Other Participants	1st Part: All employees (web, TV) 2nd part: Senior Management and Heads

Roadshows

Review and follow-up of Corporate Objectives

Sponsor	CEO
Leader	Head of Communication
Frequency	Annual (by Regions)

Audit and Risks Committee

Internal control used to identify areas of improvement within the Company

Participants	Chairman (Finance - Vodafone Group), CEO, CFO, Head of Legal, Regulation and Corporate Security
Frequency	At least two a year

Vodafone Foundation Board of Trustees

Committee responsible for running and representing the Foundation

Participants	Foundation Director, internal members (Chairman, CFO, Head of Communication) and external members (representatives of Ministries and others bodies)
Frequency	3 a year

Institutional Committee

Coordination of all the Company's Institutional Relations

Participants	Chairman, CEO, Head of the Corporate Business Unit, Head of Legal, Regulation and Corporate Security, Head of Communication, Foundation Director, Head of Strategy, Brand Manager
Frequency	Monthly

EMPLOYEE MECHANISMS FOR COMMUNICATING RECOMMENDATIONS OR INDICATIONS TO GOVERNING BODIES

- Every month, Vodafone employees can watch the streamed public meetings of the Operational Coordination Forums (FoCO) to keep up-to-date with the state of the business and the company's strategy.

- To foster a culture of innovation that helps Vodafone to lead the market, the company has set up "Innova", a programme chiefly devised to collect and implement the most innovative ideas from employees.

- Employees can also pass on any recommendation or suggestion to the company's governing bodies through their line management or the Human Resources Department. These recommendations can be passed on, among other systems, during the annual Performance Dialogue process.

- To ensure it is a reputed and admired company, Vodafone has given its employees "Speak Up!", a tool that they can use to report anything that might breach the Code of Conduct. All the cases reported are treated with utmost confidentiality.

- Finally, Vodafone ascertains its employees' expectations and perceptions through the annual People Survey, which addresses different human resources management-related issues.

See Chap. 5: "Employees".

SLT (SENIOR LEADERSHIP TEAM) REMUNERATION POLICY

The Senior Leadership Team (SLT) remuneration policy is on the principle of "performance pay" in terms of the results obtained by our company. 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 table below details and explains the key components of Vodafone Spain's SLT member pay packets.

Component	Objective and alignment with strategy	Description
Basic pay	Attract and retain the best Managerial talent..	Salaries are reviewed each year. The following criteria are taken into account in the pay review process: • Manager's level of experience, training and responsibilities, the business results achieved by the Company, the macro-economic environment and market conditions. • Market salary surveys conducted with a representative sample of sector companies similar to Vodafone in size and complexity.
Welfare benefits	Reinforce the retention of Managerial talent and ensure that our Management's pay packet is competitive with respect to our reference markets.	• Participation in the Vodafone Company Pension Scheme. • Participation in a specific Retirement Plan for Steering Committee members. • Company Car. • Health Insurance for the Executive and the members of his or her family unit. • Life and Accident Insurance.
Short-term variable pay	• Encourage and reward achievement of the targets set for the financial year. • Strengthen communication of the strategic priorities for the financial year.	• 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. • To ensure that the bonus payment-related targets and goals are challenging, the performance and historical compliance of indicators used is analyzed.
Long-term variable pay	• Encourage and reward attainment of the targets set out in our multi-year strategic plan. • Further align the management team with our shareholders' interests. • Retain Managerial talent.	• 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. • To ensure that the bonus payment-related targets and goals are challenging, the performance and historical compliance of indicators used is analyzed. • Members of the Steering Committee must receive half of their basis pay in shares in the Company.

During financial year 2015-16, 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.

(*) Vesting: Period of time during which the options cannot be exercised and therefore cannot be sold.

Report Preparation and Review

REPORTING PRINCIPLES

The following international guidelines have been taken in consideration 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 guidelines	Presented in the Vodafone Spain 2015-16 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 **Global Reporting Initiative (GRI)** in its G4 Guide published in 2013, regarding the Principles of Content and Quality of the information disclosed, as well as the General Standard Disclosures and Specific Standard Disclosures: **(GRI: G4-18)**

	G4 Principles	Presented in the Vodafone Spain 2015-16 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 the Vodafone Spain 2015-16 Report
Inclusivity	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.

CONTENT ACCORDING TO IRC

The list below shows which part of this Report includes each type of content requested by the IIRC:

Content requested	Chapter of the 2015-16 Report	Pg. of 2015-16 Report
Description of the organization and the environment	About Us	12
	Key Indicators	07
	Vodafone Spain's Organization	13
	Industry Analysis	21 to 24
Corporate Governance	Regulatory Compliance	91 and 92
	Corporate Governance	96 to 100
Business Model	Vodafone Spain 2015-16	14 and 15
	Vodafone's contribution to the country	38 to 43
	Sustainable Business	29 and 30
Risks and Opportunities	Risk Management	93 to 95
Resource Strategy and Allocation	Strategy	25 to 28
	Vodafone in Spain 2015-16. Objectives	18 and 19
Performance	Financial Results	35 to 37
	Customers	44 to 56
	Society	57 to 68
	Employees	69 to 78
	Suppliers	79 and 80
	The Environment	81 to 86
Future prospects	Industry Analysis	21 to 24
	Vodafone in Spain 2015-16. Objectives	18 and 19
Basis of preparation and presentation	Report Scope and Criteria	6
	Sustainable Business	29 and 30
	Reporting Principles	102 to 106

GRI MATERIALITY ANALYSIS

The following sources of information are considered when **identifying Material Aspects**: **(GRI: G4-18)**

- The general list of aspects defined by GRI 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".

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:

Category	GRI - G4	Vodafone Material Aspect (GRI: G4-19)	Coverage (GRI: G4-20; G4-21)	Management Approach
Economy	Economic Performance	Socio-Economic impact of ICTs	Internal	Chap.4 Pg. 38 to 43
	Market Presence*	Employees	Internal	Chap.4 Pg. 69 to 78
	Indirect economic impacts	Socio-Economic impact of ICTs	Internal	Chap.4 Pg. 38 to 43
	Procurement practices	Suppliers	External	Chap.4 Pg. 79 and 80
The Environment	Materials	Wastes	Internal - External	Chap.4 Pg. 85
	Energy	The Environment and Climate Change	Internal	Chap.4 Pg. 82 to 85
	Water	Non-Material	--	
	Biodiversity	Non-Material	--	
	Emissions*	The Environment and Climate Change	Internal	Chap.4 Pg. 82 to 85
	Effluents and Waste	Non-Material	--	
	Products and services	Non-Material	--	
	Compliance	Responsible Network Deployment	Internal	Chap.4 Pg. 86
		Ethics	Internal	Chap.4 Pg. 88 to 90
	Transport*	The Environment and Climate Change	Internal	Chap.4 Pg. 82 to 85
	Overall	Non-Material	--	
	Supplier environmental assessment Grievance	Suppliers	External	Chap.4 Pg. 79 and 80
	Mechanisms in environmental issues*	Responsible Network Deployment	Internal	Chap.4 Pg. 86
Labor Practices and Decent Work	Employment	Employees	Internal	Chap.4 Pg. 69 to 78
	Labor/Management Relations	Employees	Internal	Chap.4 Pg. 69 to 78
	Occupational Safety and Health	Employees	Internal	Chap.4 Pg. 69 to 78
	Training and Education	Employees	Internal	Chap.4 Pg. 69 to 78
	Diversity and equal opportunities	Employees	Internal	Chap.4 Pg. 69to 78
	Equal remuneration for men and women	Employees	Internal	Chap.4 Pg. 69 to 78
	Supplier Assessment for Labor Practices	Employees	Internal	Chap.4 Pg. 69 to 78
	Labour practices grievance mechanisms*	Employees	Internal	Chap.4 Pg. 69 to 78
		Suppliers	External	Chap.4 Pg. 79 and 80
		Ethics	Internal	Chap.5 Pg. 88 to 90

See Chap. 3: "Our Strategy".

Category	GRI - G4	Vodafone Material Aspect (GRI: G4-19)	Coverage (GRI: G4-20; G4-21)	Management Approach
Human Rights	Investment	Suppliers	External	Chap.4 Pg. 79 and 80
	Non-discrimination	Employees	Internal	Chap.4 Pg. 69 to78
	Freedom of association and collective bargaining	Employees	Internal	Chap.4 Pg. 69 to 78
		Suppliers	External	Chap.4 Pg. 79 and 80
	Child labour	Employees	Internal	Chap.4 Pg. 69 to 78
		Suppliers	External	Chap.4 Pg. 79 and 80
	Forced Labour	Employees	Internal	Chap.4 Pg. 69 to 78
		Suppliers	External	Chap.4 Pg. 79 and 80
	Security Measures	Employees	Internal	Chap.4 Pg. 69 to 78
		Suppliers	External	Chap.4 Pg. 79 and 80
	Indigenous rights	Non-Material	--	
	Assessment	Non-Material	--	
	Supplier human rights assessment	Suppliers	External	Chap.4 Pg. 79 and 80
	Human rights grievance mechanisms*	Ethics	Internal	Chap.5 Pg. 88 to 90
Society	Local Communities	Community involvement	Internal	Chap.4 Pg. 57 to 68
	Anti-corruption	Ethics	Internal	Chap.5 Pg. 88 to 90
	Public policy*	Ethics	Internal	Chap.5 Pg. 88 to 90
	Anti-competitive behavior	Ethics	Internal	Chap.5 Pg. 88 to 90
	Compliance	Ethics	Internal	Chap.5 Pg. 88 to 90
	Supplier assessment for impacts on society	Suppliers	Internal	Chap.4 Pg. 79 and 80
	Social impact grievance mechanisms*	Ethics	Internal	Chap.5 Pg. 88 and 90
Product responsibility	Customer health and safety	Responsible Network Deployment	Internal	Chap.4 Pg. 86
		Responsible use of ICT	Internal	Chap.4 Pg. 65 and 66
	Product and Service Labelling	Clarity of Prices and Rates	Internal	Chap.4 Pg. 50 and 51
	Marketing Communications	Responsible Advertising	Internal - External	Chap.4 Pg. 49
	Customer privacy	Privacy and data protection	Internal	Chap.4 Pg. 67 and 68
	Compliance	Ethics	Internal	Chap.5 Pg. 88 to 90

In order to **prioritize these Material aspects (GRI: G4-18)** we identify the Stakeholders for whom the aspect in question is relevant or material, and then build the **Materiality Matrix,** which takes into account both the importance of these Aspects for our Stakeholders, and how each one impacts the Business.

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.

(*) This aspect has been considered material in this report for the first time **(GRI: G4-23)**

See Chap. 3: Our Strategy.

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 10 Global Compact Principles.

Principles	Policies Integrated Report 2015-16	Pg.	Monitoring and Measurement Integrated Report 2015-16	Pg.
1 **"Businesses should support and respect the protection of internationally proclaimed human rights, within their sphere of influence"**	- Vodafone sustainable Business - Code of Conduct - Safe and Responsible Use - Privacy - Code of Ethical Purchasing - Supplier assessment - RF Emissions and Health	29 to 33 88 65 and 66 67 and 68 79 79 86	- Materiality Matrix - "Speak up" channel!" - "Doing what's right" Training - Information and Awareness-Raising in the Safe and Responsible Use	32 89 91 65 and 66
2 **"Businesses should make sure they are not complicit in human rights abuses"**	- Code of Conduct - Code of Ethical Purchasing - Policy on non-use of conflict minerals - Supplier Evaluation	88 79 80 79	- "Speak up" channel! - Supplier assessment and tracking	89 79
3 **"Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining"**	- Code of Conduct - Code of Ethical Purchasing - Industrial Relations - Code of Ethical Purchasing	70 88 70 79	- Industrial climate survey	71
4 **"Businesses should uphold the elimination of all forms of forced and compulsory labour"**	- Collective bargaining agreement - Code of Conduct - Code of Ethical Purchasing	70 88 79	- "Speak up" channel!	89
5 **"Businesses should uphold the effective abolition of child labour."**	- Collective bargaining agreement - Code of Conduct -Code of Ethical Purchasing	70 88 79	- "Speak up" channel! - Employees by age and gender	89 69
6 **"Businesses should uphold the elimination of discrimination in respect of employment and occupation"**	- Diversity and Equal Opportunity Management - Code of Conduct - Code of Ethical Purchasing	71 to 73 88 79	- Diversity Evolution	71 and 72
7 **"Businesses should support a precautionary approach to environmental challenges."**	- Code of Conduct - Environmental Management System - Control of environmental impacts	88 81 81 to 85	- Changes in environmental impacts	82 to 85
8 **"Businesses should undertake initiatives to promote greater environmental responsibility"**	- Environmental Management System - Control of environmental impacts	81 81 to 85	- Environmental Management System Maintenance	81
9 **"Businesses should encourage the development and diffusion of environmentally friendly technologies"**	-The Internet of Things	53 and 54	- Best Practices with Customers	55 and 56
10 **"Businesses should work against corruption in all its forms, including extortion and bribery"**	- Code of Conduct - Anti-Corruption and Anti-Bribery Policy - Regulatory Compliance	88 89 91 and 92	- Anti-Fraud and Corruption Actions	89

INDEPENDENT ASSURANCE REPORT

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INDEPENDENT REVIEW OF THE SUSTAINABILITY INFORMATION INCLUDED IN VODAFONE SPAIN INTEGRATED ANNUAL REPORT 2015-16

To the Management of Vodafone Spain, S.A.U. (hereinafter, Vodafone Spain or Vodafone)

Scope

We have reviewed the contents of the sustainability information included in the chapters 1 to 6 of the Vodafone Spain Integrated Annual Report 2015-2016 (hereinafter, the Report), and in the "GRI content index", included in chapter 6 "Elaboration and review of the report".

The scope and criteria considered by Vodafone Spain for the preparation of the attached Report is defined in the section "Scope and criteria of the report", included in the chapter 1 "Introduction".

The preparation of the Report and its content is the responsibility of the management of Vodafone. 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 the Sustainability and Quality Management of Vodafone Spain in order to understand the process for the elaboration of the Report. Interviews with a selection of managers and key personnel of other business lines

participating in the elaboration and definition of its content have also been carried out.
- Review of the reporting systems used, processes for the preparation of the report and monitoring of policies, relations and commitments acquired by Vodafone with its stakeholders.
- Analysis of the adaptation of the structure and content of the Report as indicated in Guide GRI-G4 and the principles of the standard AA1000 APS 2008.
- Review of the qualitative and quantitative information of the indicators included in the "GRI Content Index" of the chapter 6 "Elaboration and review of the report" through analytical tests and other procedures carried out on a sampling basis and its adequate compilation from data supplied by the information sources. Review tests have been defined in other to provide the assurance levels indicated.

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 on the sustainability information contained in Vodafone Spain Integrated Annual Report 2015-16 and in the GRI content index included in Chapter 6, 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).

The work has been carried out by a team of specialists in sustainability with broad experience in the review of this type of information.

Conclusions

As a result of our review of the sustainability information included in the Report, in the GRI content index, included in Chapter 6, 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

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(GRI) Preparation Guide for Sustainability Reports version 4 (G4), as it is indicated in this Guide, having reviewed the information contained in the GRI content index, included in the Chapter 6 "Elaboration and review of the report".

- No matter came to our attention that would lead us to believe that the rest of sustainability information and indicators reviewed contain significant mistakes or have not been prepared in accordance with the principles established in standard AA1000 APS (2008) issued by AccountAbility, such as:

  – Inclusiveness: mechanisms for the identification of stakeholders have been established and the communication channels in order to know and understand their expectations have been defined.
  – Relevance: the key aspects to be included in the report are identified annually through the elaboration of a materiality analysis.
  – Responsiveness: 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 have been established.

Recommendations

We have presented to the Sustainability and Quality Management of Vodafone our recommendations regarding areas of improvement related to the application of the principles of standard AA1000 APS (2008), as well as to actions taken with the main stakeholders identified.

The most significant comments are summarized below:

- Inclusiveness: Vodafone 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 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, that develops its strategic framework of sustainable enterprise.
- Responsiveness: Vodafone manages the annual objectives, the future objectives and their achievement degree in the Sustainability Programme. We recommend continuing to incorporate the changing expectations of the local stakeholders in the long term objectives, focusing efforts in the follow-up of the three objectives transformational to long term in them areas of "Diversity and Equality", "Innovation and Energy" and "Employability Young".

This report has been prepared solely for the Management of Vodafone Spain, S.A.U., in accordance with the terms set out in our engagement letter.

ERNST & YOUNG, S.L.

AA1000
Licensed Assurance Provider
000-59

(Free translation from the Original Report on Independent Review in Spanish dated 26th July 2016. In case of any discrepancy, the Spanish version always prevails.)

GRI TABLE OF CONTENTS

GENERAL STANDARD DISCLOSURES

		Pg. Report	External Assur.
STRATEGY AND ANALYSIS			
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	✓ 107 and 108
G4-2	Provide a description of key impacts, risks and opportunities.	93, 94 and 95	✓ 107 and 108
ORGANIZATIONAL PROFILE			
G4-3	Report the name of the organization.	6	✓ 107 and 108
G4-4	Report the primary brands, products, and services.	14 and 15 and vodafone.es	✓ 107 and 108
G4-5	Report the location of the organization's headquarters.	116	✓ 107 and 108
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.	10 and 17	✓ 107 and 108
G4-7	Report the nature of ownership and legal form.	6	✓ 107 and 108
G4-8	Report the markets served.	16 and 17	✓ 107 and 108
G4-9	Report the scale of the organization.	7 and 8	✓ 107 and 108
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.	69, 71 and 72	✓ 107 and 108
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	70	✓ 107 and 108
G4-12	Describe the organization's supply chain.	79 and 80	✓ 107 and 108
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	6	✓ 107 and 108
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	93	✓ 107 and 108
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	6, 82, 102 and 106	✓ 107 and 108
G4-16	List memberships of associations and national or international advocacy organizations to which the organization belongs	17	✓ 107 and 108

		Pg. Report	External Assur.
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
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	✓ 107 and 108
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.	102, 104 and 105	✓ 107 and 108
G4-19	List all the material Aspects identified in the process for defining report content.	104 and 105	✓ 107 and 108
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	104 and 105	✓ 107 and 108
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	104 and 105	✓ 107 and 108
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	35	✓ 107 and 108
G4-23	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	104 and 105	✓ 107 and 108
STAKEHOLDER PARTICIPATION			
G4-24	Provide a list of stakeholder groups engaged by the organization.	29	✓ 107 and 108
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	29	✓ 107 and 108
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.	29	✓ 107 and 108
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.	30 and 32	✓ 107 and 108
PROFILE OF THE REPORT			
G4-28	Reporting period.	6	✓ 107 and 108
G4-29	Date of most recent previous report.	6	✓ 107 and 108
G4-30	Reporting cycle.	6	✓ 107 and 108
G4-31	Provide the contact point for questions regarding the report or its contents.	116	✓ 107 and 108
G4-32 G4-33	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 and 107, 108, 109, 110, 111, 112, 113 and 114	✓ 107 and 108

		Pg. Report	External Assur.
PROFILE OF THE REPORT			
	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, 107 and 108	✓107 and 108
GOVERNANCE			
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.	13, 96, 97, 98 and 99	✓107 and 108
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.	97, 98 and 99	✓107 and 108
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.	96	✓107 and 108
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.	98 and 99	✓107 and 108
G4-38	Report the composition of the highest governance body and its committees.	96, 97, 98 and 99	✓107 and 108
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.	96 and 97	✓107 and 108
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.	96 and 97	✓107 and 108
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.	96 and 97	✓107 and 108
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.	96 and 97	✓107 and 108

		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.	99	✓107 and 108
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.	91 and 92	✓107 and 108
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.	91 and 92	✓107 and 108
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.	93, 94 and 95	✓107 and 108
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	98 and 99	✓107 and 108
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	✓107 and 108
G4-49	Report the process for communicating critical concerns to the highest governance body.	99	✓107 and 108
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.	89 and 99	✓107 and 108
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.	100	✓107 and 108
G4-52	Report the process for determining remuneration.	100	✓107 and 108

		Pg. Report	External Assur.				Pg. Report	External Assur.
					ETHICS AND INTEGRITY			
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.	100	✓107 and 108		**G4-56**	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	88, 89 and 90	✓107 and 108
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.	Not relevant (1)	✓107 and 108		**G4-57**	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	89	✓107 and 108
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.	100	✓107 and 108		**G4-58**	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	89	✓107 and 108

SPECIFIC STANDARD DISCLOSURES

DISCLOSURES ON MANAGEMENT APPROACH

		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.	32, 104 and 105	✓107 and 108

INDICATORS

		Pg. Report	External Assur.				Pg. Report	External Assur.
CATEGORY: ECONOMIC					**CATEGORY: ECONOMIC**			
ECONOMIC PERFORMANCE					**INDIRECT ECONOMIC IMPACTS**			
G4-EC1	Report the direct economic value generated and distributed.	39	✓107 and 108		**G4-EC7**	Development and impact of infrastructure investments and services.	7, 16 and 17	✓107 and 108
G4-EC2	Report risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure.	53, 54, 82, 83, 84 and 85	✓107 and 108		**G4-EC8**	Significant indirect economic impacts, including the extent of impacts	40	✓107 and 108
G4-EC3	Coverage of the organization's defined benefit plan obligations.	39 and 70	✓107 and 108		**PROCUREMENT PRACTICES**			
G4-EC4	Financial assistance received from Government.	39	✓107 and 108		**G4-EC9**	Proportion of spending on local suppliers at significant locations of operation.	79	✓107 and 108
MARKET PRESENCE								
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	71	✓107 and 108					
G4-EC6	Report the percentage of senior management at significant locations of operation that are hired from the local community.	13	✓107 and 108					

		Pg. Report	External Assur.
Category: The Environment			
MATERIALS			
G4-EN1	Materials used by weight or volume.	85	✓107 and 108
G4-EN2	Percentage of materials used that are recycled input materials.	85	✓107 and 108
ENERGY			
G4-EN3	Energy consumption within the organization.	82,83 and 84	✓107 and 108
G4-EN4	Energy consumption outside of the organization.	85	✓107 and 108
G4-EN5	Energy intensity.	82,83 and 84	✓107 and 108
G4-EN6	Reduction of energy consumption.	82,83 and 84	✓107 and 108
G4-EN7	Reductions in energy requirements of products and services.	83	✓107 and 108
WATER: Non-material aspect			
BIODIVERSITY: Non-material aspect			
EMISSIONS			
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	83	✓107 and 108
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	83	✓107 and 108
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	83 and 85	✓107 and 108
G4-EN18	Greenhouse gas (GHG) emissions intensity	83	✓107 and 108
G4-EN19	Reduction of greenhouse gas (GHG) emissions	83	✓107 and 108
G4-EN20	Emissions of ozone-depleting substances (ODS)	Not relevant (2)	✓107 and 108
G4-EN21	NOx, SOx, and other significant air emissions	Not relevant (2)	✓107 and 108
EFFLUENTS AND WASTE: Non-material aspect			
PRODUCTS AND SERVICES: Non-material aspect			
COMPLIANCE			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	86	✓107 and 108
TRANSPORT			
G4-EN30	Significant environmental impacts of transporting products and transporting members of the workforce.	85	✓107 y 108
GENERAL: Non-material aspect			
SUPPLIER ENVIRONMENTAL ASSESSMENT			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	79	✓107 and 108
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	79 and 80	✓107 and 108
ENVIRONMENTAL GRIEVANCE MECHANISMS			
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	79 and 80	✓107 and 108

		Pg. Report	External Assur.
CATEGORY: SOCIAL PERFORMANCE			
Subcategory: LABOR PRACTICES AND DECENT WORK			
EMPLOYMENT			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	69	✓107 and 108
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	70	✓107 and 108
G4-LA3	Return to work and retention rates after parental leave, by gender.	72	✓107 and 108
LABOUR/MANAGEMENT RELATIONS			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective.	70	✓107 and 108
HEALTH AND SAFETY AT WORK			
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	✓107 and 108
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.	76 and 77	✓107 and 108
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	76	✓107 and 108
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	76	✓107 and 108
TRAINING AND EDUCATION			
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	75	✓107 and 108
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	74 and 75	✓107 and 108
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	75	✓107 and 108
DIVERSITY AND EQUAL OPPORTUNITIES			
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.	71 and 72	✓107 and 108
EQUAL REMUNERATION FOR WOMEN AND MEN			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	The ratio is 1	✓107 and 108

		Pg. Report	External Assur.
CATEGORY: SOCIAL PERFORMANCE			
Subcategory: LABOR PRACTICES AND DECENT WORK			
SUPPLIER ASSESSMENT FOR LABOR PRACTICES			
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	79	✓107 and 108
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	79	✓107 and 108
LABOUR PRACTICES GRIEVANCE MECHANISMS			
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	89	✓107 and 108
Subcategory: HUMAN RIGHTS			
INVESTMENT			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	79	✓107 and 108
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.	79	✓107 and 108
NON-DISCRIMINATION			
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	89	✓107 and 108
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
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.	79	✓107 and 108
CHILD LABOUR			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	79	✓107 and 108
FORCED LABOUR			
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	79	✓107 and 108
SECURITY MEASURES			
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	79	✓107 and 108
INDIGENOUS RIGHTS: Non-material aspect			
EVALUATION: Non-material aspect			

		Pg. Report	External Assur.
CATEGORY: SOCIAL PERFORMANCE			
Subcategory: HUMAN RIGHTS			
SUPPLIER HUMAN RIGHTS ASSESSMENT			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	79	✓107 and 108
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	79	✓107 and 108
HUMAN RIGHTS GRIEVANCE MECHANISMS			
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	89	✓107 and 108
Subcategory: SOCIETY			
LOCAL COMMUNITIES			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	57, 58, 59 and 60	✓107 and 108
G4-SO2	Operations with significant actual and potential negative impacts on local communities.	86	✓107 and 108
ANTI-CORRUPTION			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	89	✓107 and 108
G4-SO4	Communication and training on anti-corruption policies and procedures.	89	✓107 and 108
G4-SO5	Confirmed incidents of corruption and actions taken.	89	✓107 and 108
PUBLIC POLICY			
G4-SO6	Value of political contributions, by country and recipient.	El valor es 1	✓107 and 108
ANTI-COMPETITIVE BEHAVIOR			
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	89	✓107 and 108
COMPLIANCE			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	49, 68 and 86	✓107 and 108
SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY			
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	79	✓107 and 108
G4-SO9	Significant actual and potential negative impacts on society in the supply chain and actions taken	79 and 80	✓107 and 108
SOCIAL IMPACT GRIEVANCE MECHANISMS			
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	89	✓107 and 108

		Pg. Report	External Assur.
CATEGORY: SOCIAL PERFORMANCE			
Subcategory: PRODUCT RESPONSIBILITY			
CUSTOMER HEALTH AND SAFETY			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	65, 66 and 86	✓ 107 and 108
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.	86	✓ 107 and 108
PRODUCT AND SERVICE LABELLING			
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.	86	✓ 107 and 108
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.	86	✓ 107 and 108
G4-PR5	Results of surveys measuring customer satisfaction.	46	✓ 107 and 108
MARKETING COMMUNICATIONS			
G4-PR6	Sale of banned or disputed products	65	✓ 107 and 108
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	✓ 107 and 108
CUSTOMER PRIVACY			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	68	✓ 107 and 108
COMPLIANCE			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	49	✓ 107 and 108

(1) The information is not available for technical reasons at the time of publishing the report

(2) The information is not considered applicable because its relevance is very low.

GLOSSARY

3G/4G: Third and Fourth Generation Mobile Telephony

ADSL: Asymmetric Digital Subscriber Line

AEPD: Spanish Data Protection Agency

AMETIC: Multisectorial Trade Association for Electronics, Information and Communications Technologies, Telecommunications and Digital Content Industries

AOPM: Association of Operators for Mobile Portability

ASPACE: Association of Cerebral Palsy Care

ATEGAL: Galicia Senior Citizens Classrooms

C4G: Connecting for Good

CEOMA: Spanish Confederation of Senior Citizens' Organizations

CERMI: Spanish Committee of Representatives of People with Disabilities

CNSE: Spanish Confederation of the Deaf

CNMC: National Markets and Competition Commission

COCEMFE: Spanish Confederation of People with Physical and Organic Disabilities

COGAMI: Galician Confederation of People with Disabilities

CONFEMAC: State Confederation of Active Senior Citizens

DSM: Digital Single Market

EBITDA: Earning Before Interest, Tax, Depreciation and Amortization

ECJ: European Court of Justice

EMF: Electro Magnetic Fields

FCR: First Call Resolution

FEDACE: Federation of Associations of Acquired Brain Damage

FEMP: Spanish Federation of Municipalities and Provinces

FTE: Full Time Equivalents

FTTH: Fiber to the Home

GRI: Global Reporting Initiative

GSM: Global System for Mobile communications

HFC: Hybrid Fiber Coaxial

HSDPA: High Speed Downlink Packet Access

IAE: Business Tax

ICT: Information and Communication Technologies

IGIC: General Indirect Canary Islands Tax

IIRC: International Integrated Reporting Council

IoT: Internet of Things

IPSI: Production, Services and Import Tax (in the Cities of Ceuta and Melilla)

IVR: Interactive Voice Response

LEED: Leadership in Energy and Environmental Design

LTE: Long Term Evolution

M2M: Machine to Machine

NFC: Near Field Communication

NGA: Next Generation Access

NPE: Non-Profit Entity

NPS: Net Promoter Score

P.A.: Public Authorities

PREDIF: The Physically Disabled Representative Platform

RND: Responsible Network Deployment

SDG: UN's Sustainable Development Goals

SETSI: Secretariat of State for Telecommunications and for the Information Society

SHA: Safe Harbor Agreement

SIM: Subscriber Identity Module

SLT: Senior Leadership Team

SSL: Spanish Sign Language

TSM: Telecom Single Market

UDP: Democratic Union of Pensioners and Retirees of Spain

UMTS: Universal Mobile Telecommunications Systems

UNED: Spanish Open University

VDSL: Very high bit-rate Digital Subscriber Line

Give us your opinion

We would like to hear your opinion about this report.

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