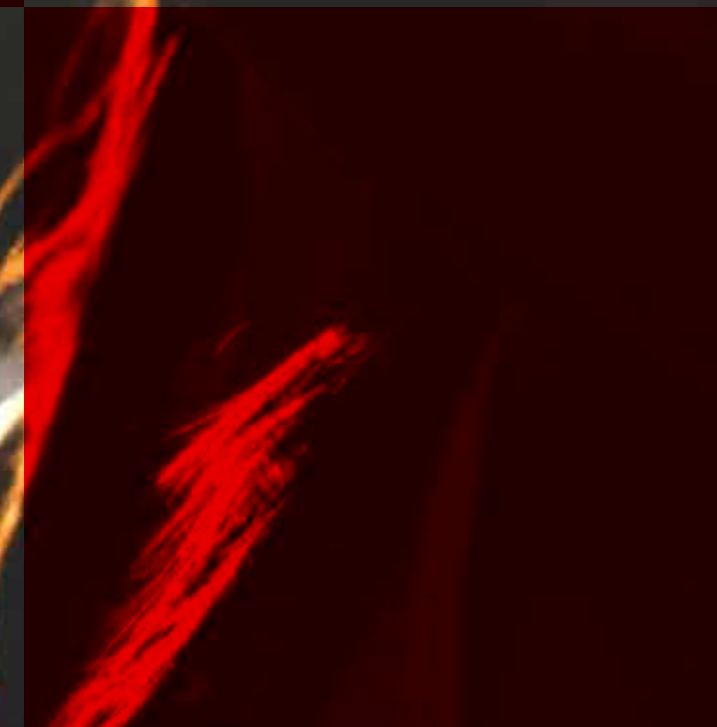
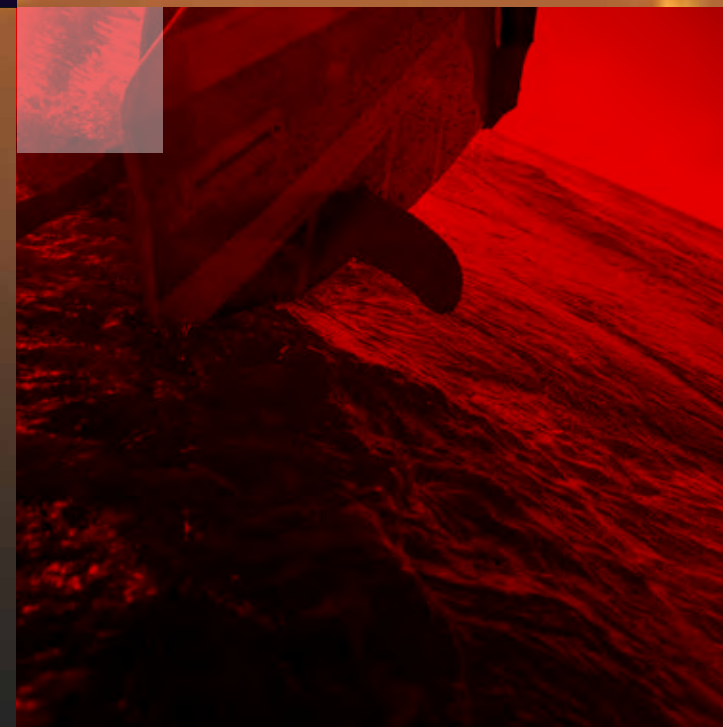
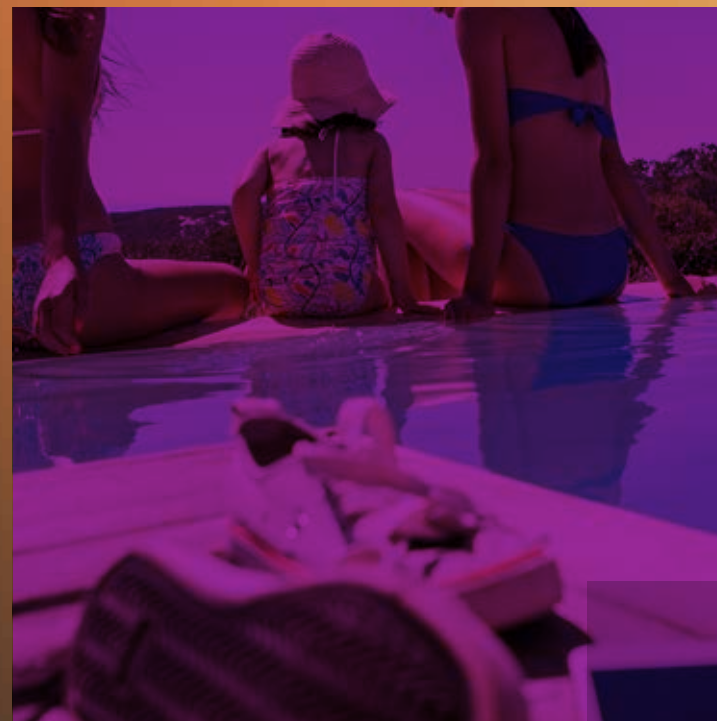


Integrated Report 2016-17 Vodafone Spain

Connecting everybody to live a better
today and build a better tomorrow.

Vodafone
Power to you



Introduction

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Vodafone in Spain

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Analysis of the Environment

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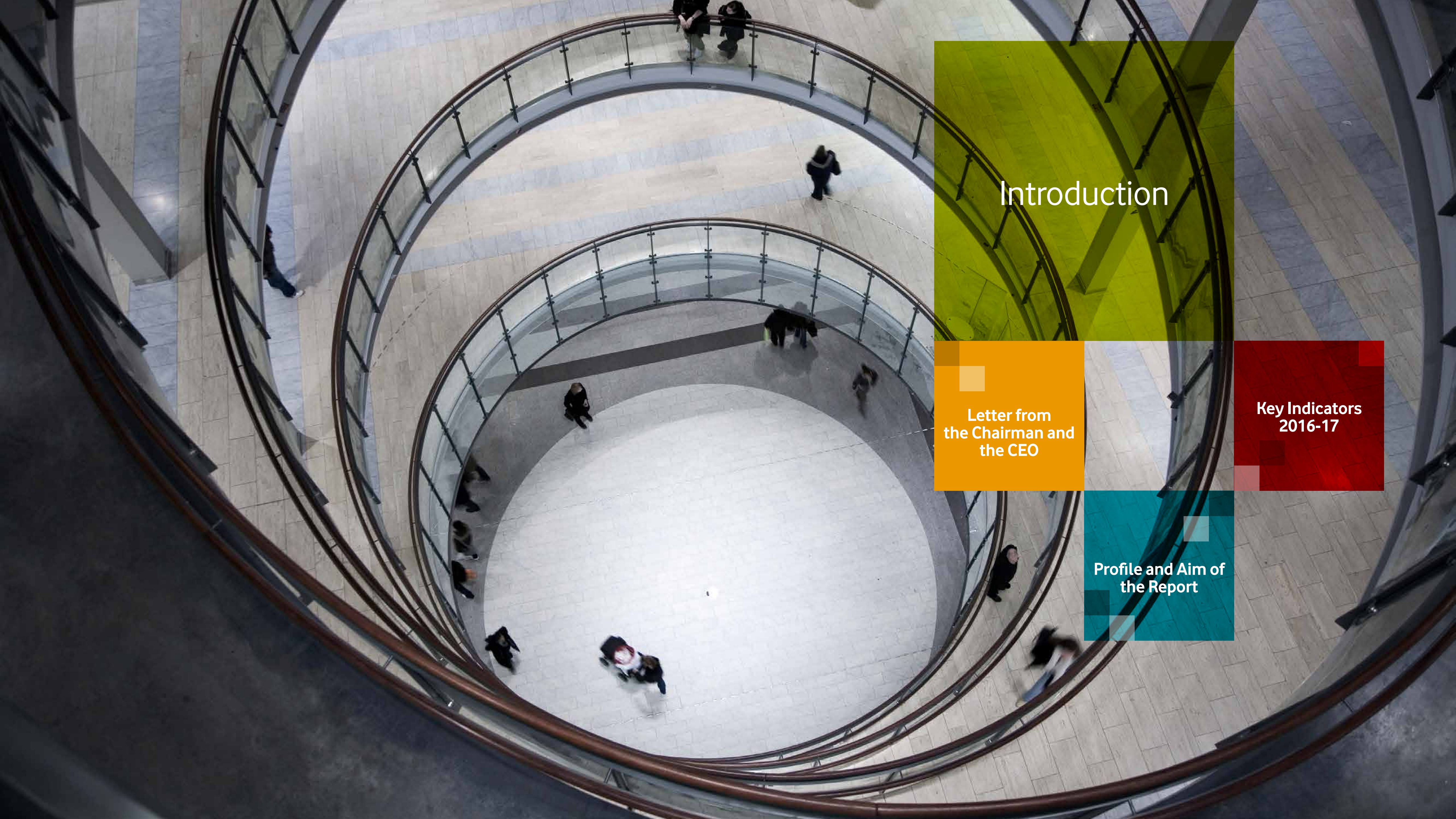
8

Vodafone in Spain
Annual Financial
Statements 2016-17*



Integrated Report
Video

* Available only in Spanish version



Introduction

Letter from
the Chairman and
the CEO

Key Indicators
2016-17

Profile and Aim of
the Report

Message from the Chairman



Francisco Román

Welcome to Vodafone Spain's Integrated Report for our 2016-17 fiscal year (1 April 2016 to 31 March 2017). Like every year, I am pleased to present and briefly introduce our strategy and take advantage of the transforming potential of some of the main initiatives aimed at our technology, products and services for the benefit of society and the Environment.

There is now a broad consensus on the challenges we face as a society in terms of sustainable development. In this regard, it should be recalled that in September 2015, the United Nations General Assembly approved the Sustainable Development Goals (SDGs) for 2030, urging

companies, governments and social partners to work towards the achievement of the 17 sustainable development goals and 169 targets.

Vodafone Spain, as a signatory of the UN Global Compact, continues to work to demonstrate and renew its commitment to the 10 Principles of environmental improvement, labour standards, respect for human rights and the fight against corruption, integrating them into our strategy, culture and daily work. We have therefore defined the Strategic Sustainable Business Framework to develop our Vision: "Connecting everybody to live a better today and build a better tomorrow".

In this way we have identified those Sustainable Development Goals to which, as an ICT sector company, we can make a more significant contribution. We have therefore defined a series of indicators for 2016-17 that show the evolution of our contribution to achieving this, through the three transformational goals of our Strategic Sustainable Business Framework, related to diversity and equality, innovation and energy and the employability of young people.

Moreover, in line with the specific weight of ICTs in the development of our country, this report also reflects the company's economic, social and environmental contribution in our country during

this fiscal year. In this respect, Vodafone made a direct economic contribution to Spain of €4.933 billion.

Just as important as the economic aspect is our social contribution, both in terms of employment and social action. Here, Vodafone Spain contributed 37,388 direct and indirect jobs during 2016-17, while the Vodafone Spain Foundation, another of the resources that the company has for developing its commitment to society, provided 5.1 million to innovation and social projects.

Furthermore, Vodafone's commitment to sustainable development means controlling and minimizing the impact of our activity on the environment and contributing to the fight against climate change. Through various initiatives to improve the energy efficiency of our facilities, improve the mobility management of our employees and, in particular, the development of innovative products and services, we have managed to directly and indirectly avoid the emission of 447,173 tons of CO₂.

These initiatives will be implemented and these figures and results achieved by involving our employees. Each and every one of us in Vodafone Spain gives our commitment and desire to keep contributing to sustainable development. With

the trust of customers, institutions, suppliers and society in general, we will be in the best position to successfully face whatever economic, social and environmental challenges arise in future. I believe that this Report reflects all this effort and hope it is of interest to you.

Francisco Román
Chairman

Letter from the CEO



António Coimbra

We live in an economic and social context marked principally by digital transformation and the reinvention of our society. Companies must create experiences, stand out and anticipate the market; innovation is the best path for achieving this. All this requires work, effort and commitment, and this Report aims to faithfully reflect our main achievements during 2016-17.

Our vision of how the company should be by 2020 and the strategic goals that we have set to achieve this have defined our actions and initiatives this past year: offering the best experience to customers, having a motivated and committed workforce and maximizing shareholder value (Total

Satisfaction); consolidating the growth of the business, promoting the provision of convergent services (Total Convergence); and ensuring a satisfactory and complete customer experience in the digital environment, increasing efficiency each day (Total Digital and Personal). And all of this based on the principles of transparency and sustainable enterprise that guide all our activities.

For this reason, we continue to work to offer our customers the most complete and convergent products and services, with the best mobile and fixed connectivity, best content, and also the best service by maintaining conventional systems and channels and meeting the new self-management and immediacy demands, with simple and flexible digital alternatives that fulfil their needs. A clear example of the priority to us of offering the best customer experience is the "We CARE" programme, launched by Vodafone to guarantee the best satisfaction in using the network, helping to control expenses without surprises, recognize and reward the loyalty of our customers, and always be available to meet their needs.

Improving the infrastructures of our fixed and mobile networks is another key element in developing our strategy and the driving force of this new digital transformation era in which we

live, providing increasingly higher transmission speeds. In addition, for the second year running, Vodafone Spain's mobile network, which our 14.4 million customers benefit from, has been rated once again the best in voice and data according to the Mobile Benchmark independent study from P3 Communications and Connect magazine too. On top of that, the agreement reached in March 2017 for wholesale access to the fibre optic network of the incumbent operator will allow us to considerably expand our footprint, reaching 18.7 million property units and making progress in the Total Convergence goal.

Digital transformation is already an unstoppable phenomenon and companies, organizations and institutions that do not adapt to it will not be able to benefit from the associated efficiency advantages. In Vodafone, we are aware of this situation and want to be an active part in the digitization process of the Spanish company, helping to implement increasingly disruptive and innovative technologies.

Besides this, in recent years we have committed ourselves to offering our customers technologies such as IoT (Internet of Things), cloud services or ultra-fast broadband networks. We live in a hyper-connected world and IoT technology is undoubtedly one of the trends that has had the

biggest impact on our market; indeed, forecasts from analysts such as Gartner estimate that more than 25 billion objects will be connected by 2020.

During the year Vodafone Spain was also a pioneer with the launch of the first commercial NB-IoT network in our country, now being available in six major cities: Madrid, Barcelona, Bilbao, Seville, Malaga and Valencia. This new mobile network technology connects devices to the Internet of Things in a secure, scalable and efficient way.

In short, we are in the midst of a technological revolution and we hope that this Annual Report will serve as a clear indication of the effort we are making to maintain ourselves as a reference for innovation, quality and service to our customers.

A handwritten signature in black ink, appearing to read 'António Coimbra'. The signature is fluid and cursive.

António Coimbra
Chief Executive Officer

Profile and Aim of the Report

This Integrated Annual Report addresses the Strategic, Management and Corporate Governance aspects of all Vodafone in Spain during financial year 2016-17 (1 April 2016 to 31 March 2017), and sums up the Company's most significant financial and non-financial information.



Scope of the Report



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 Standards laid down by Global Reporting Initiative (GRI).
- The principles of the AccountAbility Standard AA1000APS.
- The 10 Principles established in the United Nations Global Compact as well as their relationship with the Sustainable Development Goals (SDG) and with the GRI Standards.

1. This Report includes all the **financial and non-financial information and figures** about the Vodafone Group's business in Spain. All the references to "Vodafone" or "Vodafone Spain" will be construed as referring to the companies that form the Vodafone Group in Spain (mainly Vodafone España, S.A.U., Vodafone Ono, S.A.U. and, since 1 December 2016, Vodafone Servicios, S.L.U.).
2. The annual financial statements included in Chapter 8 are the externally audited financial statements the Vodafone Group's two main operating companies in Spain (**GRI 102-45**):
 - Vodafone España, S.A.U.
 - Vodafone Ono, S.A.U.

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

The disclosures and indicators regarding the Standards laid down by GRI and AA1000 APS guidelines have been assured by an independent auditing firm (KPMG).

This Report has been produced according to the Comprehensive option of the GRI Standards. This option has been subsequently submitted to external review by KPMG. The Report has also undergone the GRI service known as "Materiality Disclosure Service".

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 this report.

As in previous years, Vodafone Spain's Integrated Report has been reviewed by the Global Compact Spanish Network's team of analysts, obtaining satisfactory results by demonstrating compliance with the requirements of the Global Compact Communication on Progress Report (CoP) and with the criteria to obtain the "Advanced Level", assigned to the companies that have implemented and communicated best practices regarding integration of the 10 Global Compact Principles in their management.



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

MEANING OF SYMBOLS INCLUDED IN THIS REPORT



More on internet



More at www.vodafone.es



More in the report

Key Indicators 2016-17



Total Satisfaction

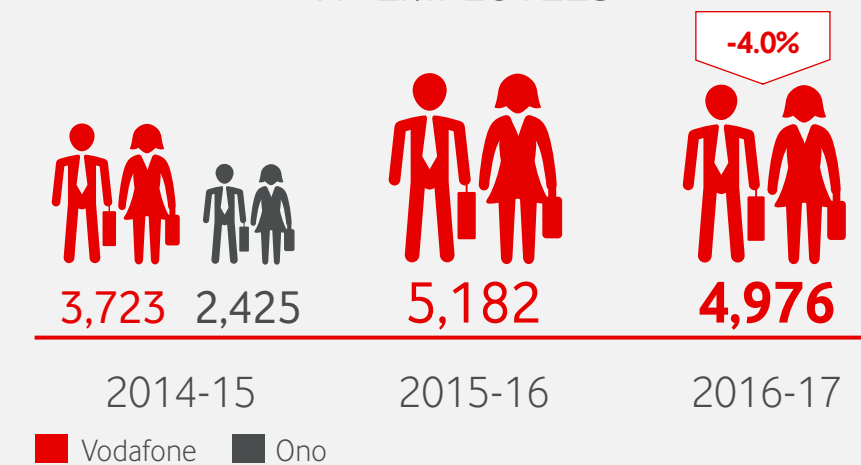
TURNOVER

TOTAL REVENUE (€ bn)

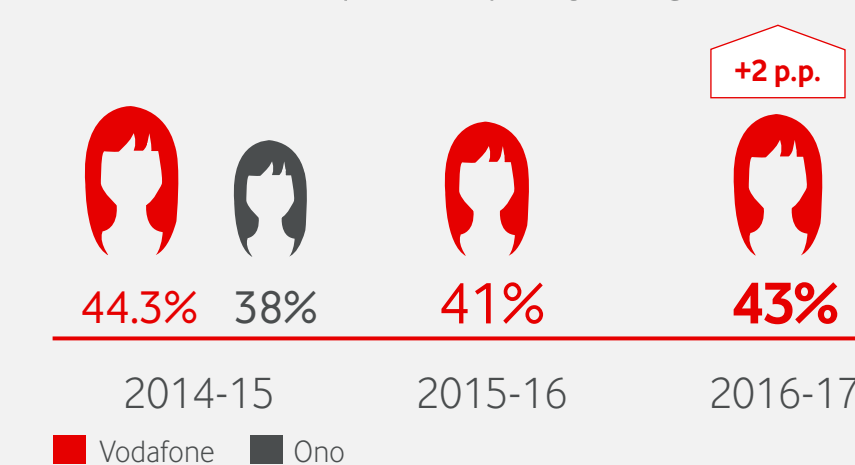


EMPLOYEES

N° EMPLOYEES*



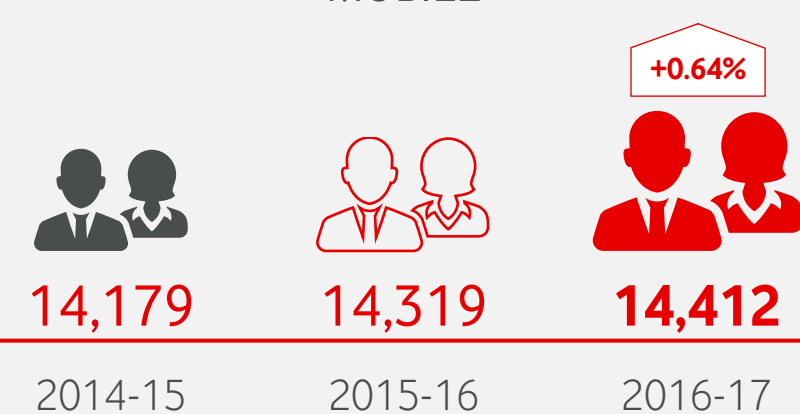
FEMALE EMPLOYEES*



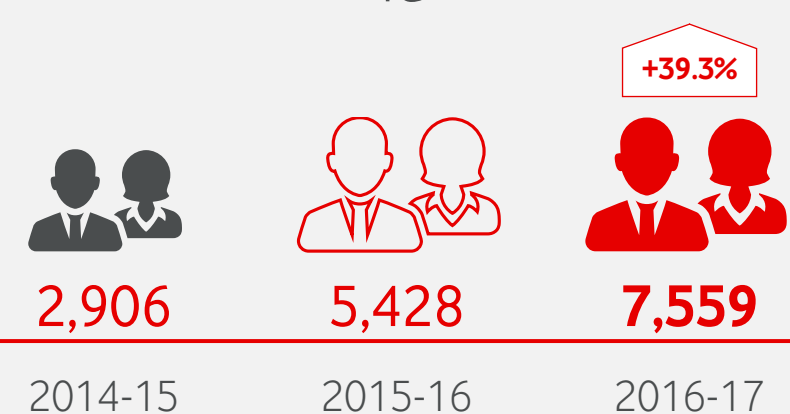
* In 2014-15, Vodafone took over the Ono Corporate Group, which is why the figures in these graphs are broken down.

CUSTOMERS (000's)

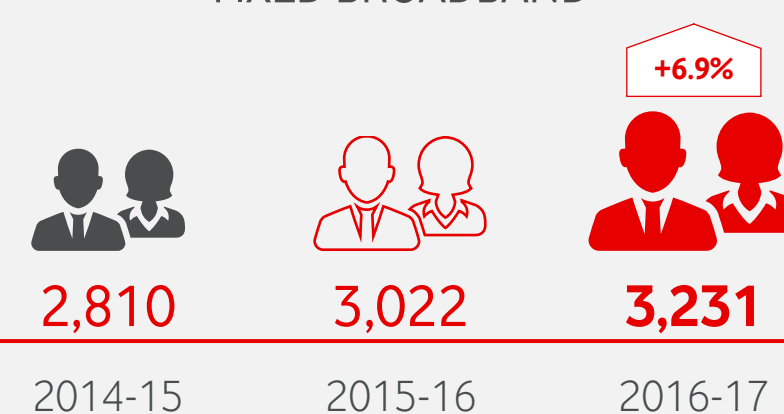
MOBILE



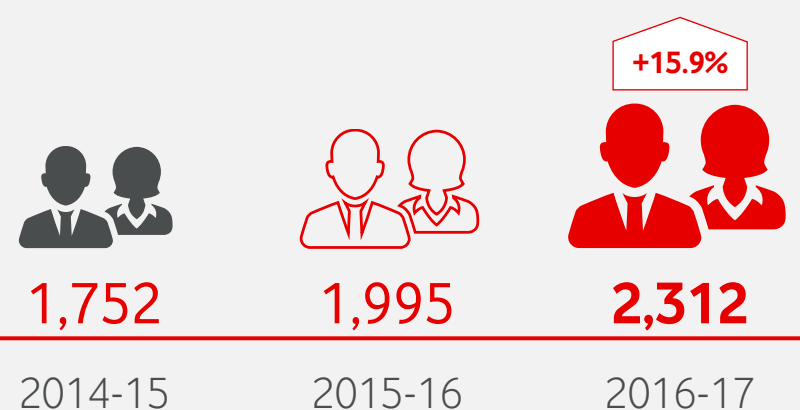
4G



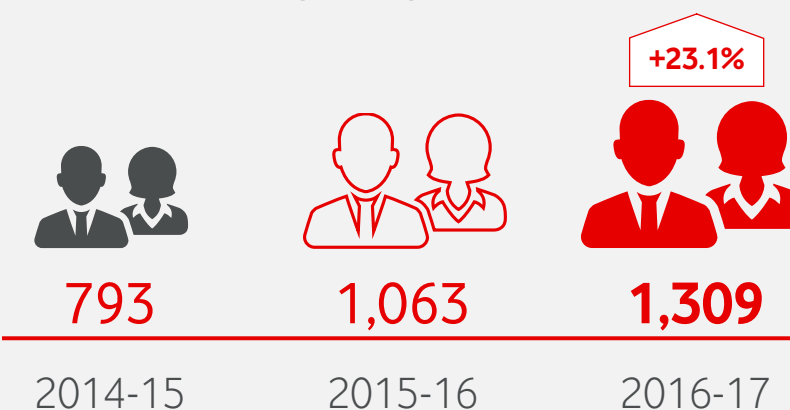
FIXED BROADBAND



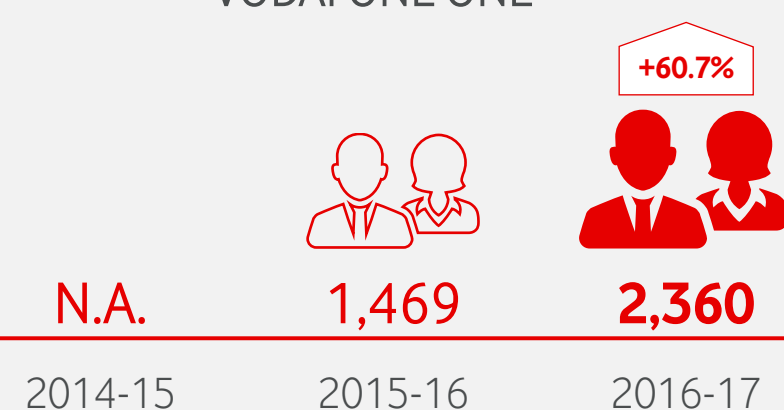
FIBRE



VODAFONE TV



VODAFONE ONE**



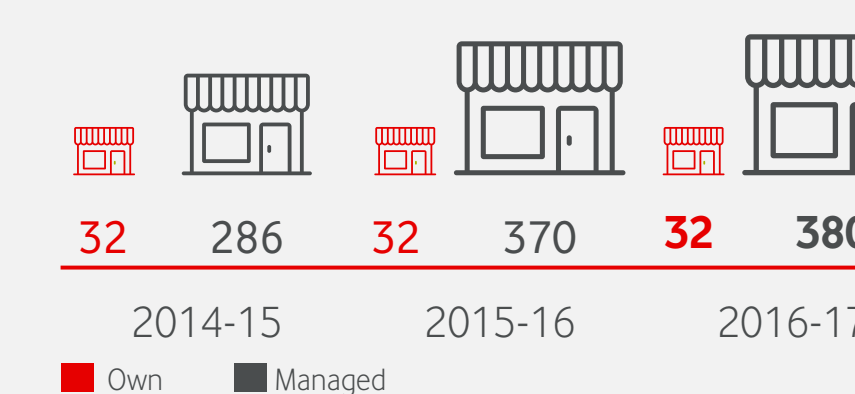
**Vodafone One (our mobile and fixed convergent offering) has been available since financial year 2015-16.

SOCIETY

VODAFONE SPAIN FOUNDATION INVESTMENT (€ mn)

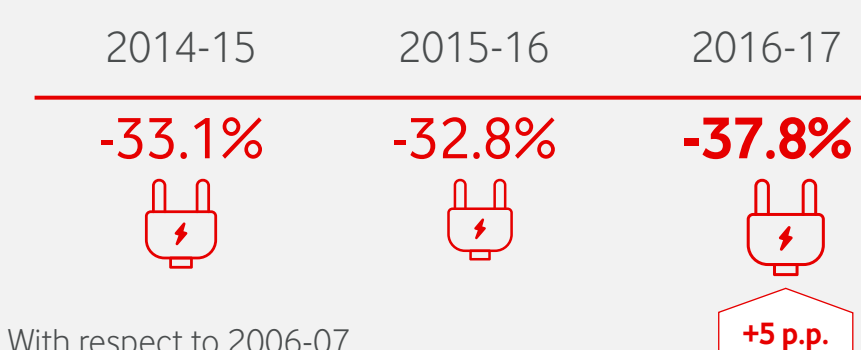


OWN POINTS OF SALE AND 3RD PARTY POINTS OF SALE



ENVIRONMENT

CHANGE IN ENERGY CONSUMPTION PER NETWORK ELEMENT*



* With respect to 2006-07.

SUPPLIERS

LOCAL SUPPLIER PROCUREMENT*



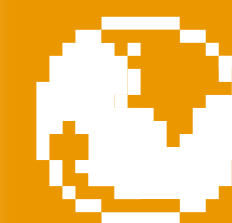
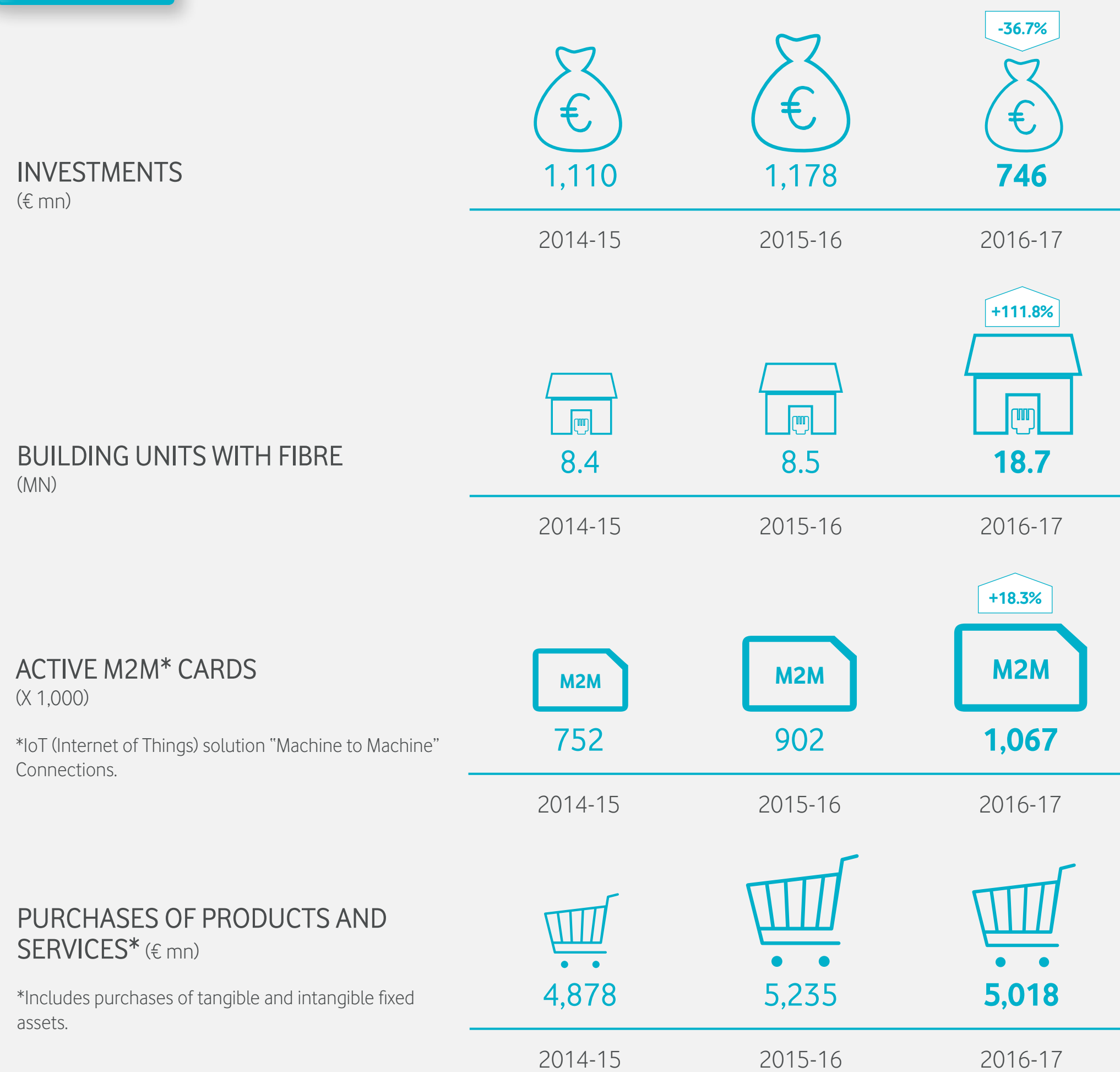
* Percentages with respect to amount of total purchases from suppliers.

* Note: To comply with Spanish accounting and auditing conventions, certain figures are expressed with 3 decimal digits.

Key Indicators 2016-17



Total Convergence



Total Digital and Personal

VIRTUAL STORE: Customers attended*

*First year in operation.



More than 500,000

2016-17

MY VODAFONE:
Online Unique Users ('000s)



1,924

2014-15



2,131

2015-16



2,525

2016-17



1

Vodafone in Spain

1.1

The Company

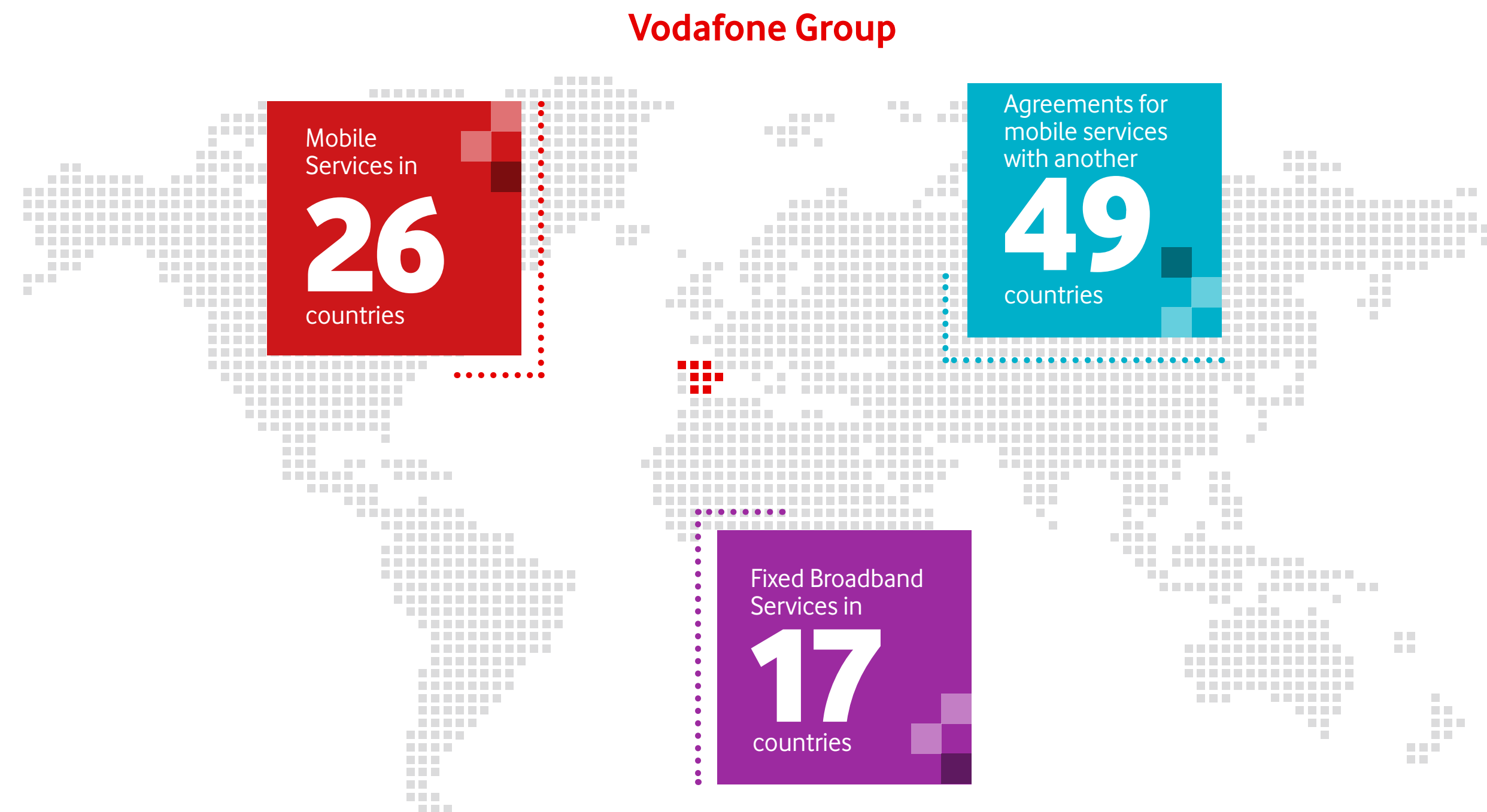
1.2

Contribution to the Country

Vodafone in Spain

The Company / Vodafone Group

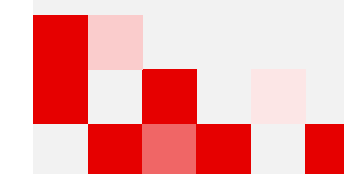
Vodafone Spain is part of the Vodafone Group, one of the world's largest telecommunications companies in revenue terms, and provides voice, messaging, data and fixed communications services. The Vodafone Group provides mobile services in 26 countries (and has agreements with another 49), and fixed broadband services in 17 countries. Vodafone Spain's customers benefit every day from the knowledge and experience of this world leader, which helps its customers - whether private, organizations or public - to be better connected to the mobile world.



Vodafone Group

Main figures as at 31 March 2017

	2016-17	2015-16	△%
Total Revenue (€ mn)	47,631	49,810	-4.4
Service Revenues (€ mn)	42,987	44,618	-3.4
EBITDA (€ mn)	14,149	14,155	-0.04
Free Cash Flow (€ mn)	4,056	1,271	+219.1
Adjusted EPS (€cts)	8.04	6.87	+17.0
Nº mobile telephony customers (million)	516	493	+4.7
Nº of Fixed Broadband Customers (million)	17.9	13.4	+33.6
Nº of Convergent Customers (million)	3.8	3.1	+22.6
Nº of Households with fibre (million)	96	72	+33.3
Average Nº Employees	111,556	111,684	-0.1



Vodafone in Spain

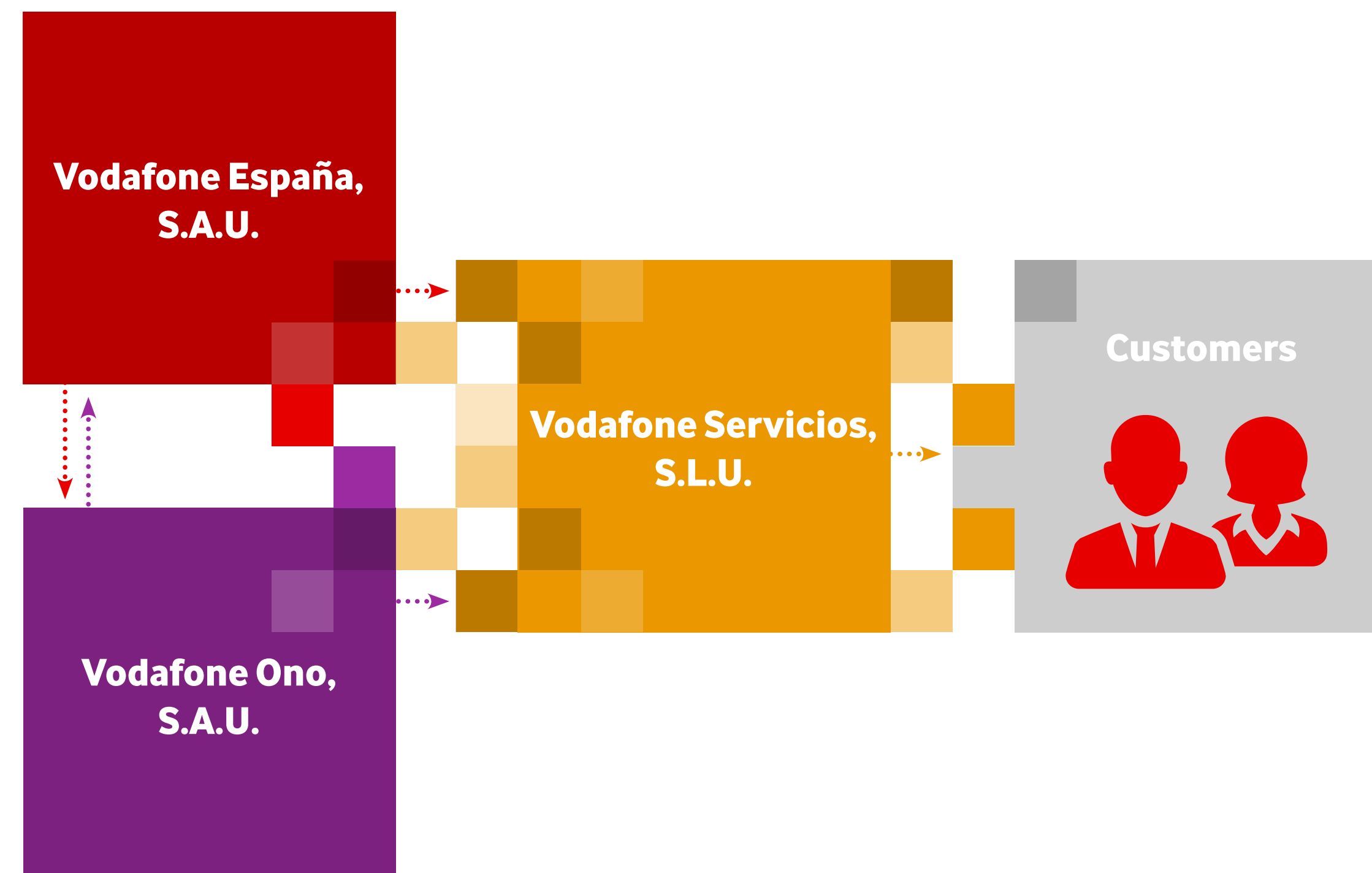
The Company / Shareholding structure of Vodafone in Spain (GRI 102-45)

Since the acquisition on 23 July 2014 of Grupo Corporativo Ono, S.A. and its subsidiaries by Vodafone, the Vodafone Group in Spain has two main operating companies: **Vodafone España, S.A.U.**, with extensive experience and specialization in the electronic mobile phone communications services, and **Vodafone Ono, S.A.U.**, which engages in providing electronic fixed phone communications services, Internet access and of audiovisual communication services.

To facilitate the achievement of the Vodafone Group's in Spain's sales targets by boosting its convergent offer (mainly offered under the Vodafone One brand), since 1 December 2016 the Vodafone Group in Spain includes **Vodafone Servicios, S.L.U.** This newly-incorporated company's main remit is to deliver the Vodafone Group in Spain's communications services to customers, improving customers' experience while at the same time allowing Vodafone España, S.A.U. and Vodafone Ono, S.A.U., to keep on specializing in the mobile and fixed businesses, respectively. Vodafone Servicios, S.L.U. acts as an intermediary with customers for the communications services offered by Vodafone España, S.A.U. and Vodafone Ono, S.A.U., and is now responsible, among others issues, for the billing, collection, debt collection and logistics services, as well as first-level customer care.

This new shareholding structure is designed to:


- Simplify and improve our customers' experience, so that however many services they sign up for, they only receive one bill.
- Adapt the structure to the growing importance of Vodafone Spain's convergent business.
- Fully leverage on the different capacities of the corporate group (formed by Vodafone España S.A.U. and Vodafone Ono S.A.U.).
- Avoid changing the working conditions of Vodafone's employees in Spain.



Vodafone in Spain

The Company / Organizational Structure

The organization shown below is the structure as at 31 March 2017.

The Report  provides further details about the Governance Corporate bodies and mechanisms.



Territorial Structure

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

- Region 1: Madrid
- Region 2: Barcelona
- Region 3: Valencia
- Region 4: Bilbao
- Region 5: Sevilla
- Region 6: Valladolid



Vodafone in Spain

The Company / Business Principles and Corporate Culture

■ Code of Conduct

Vodafone's **Business Principles** establish the basis for carrying out our activities wherever the Company operates and form the essence of our Code of Conduct:

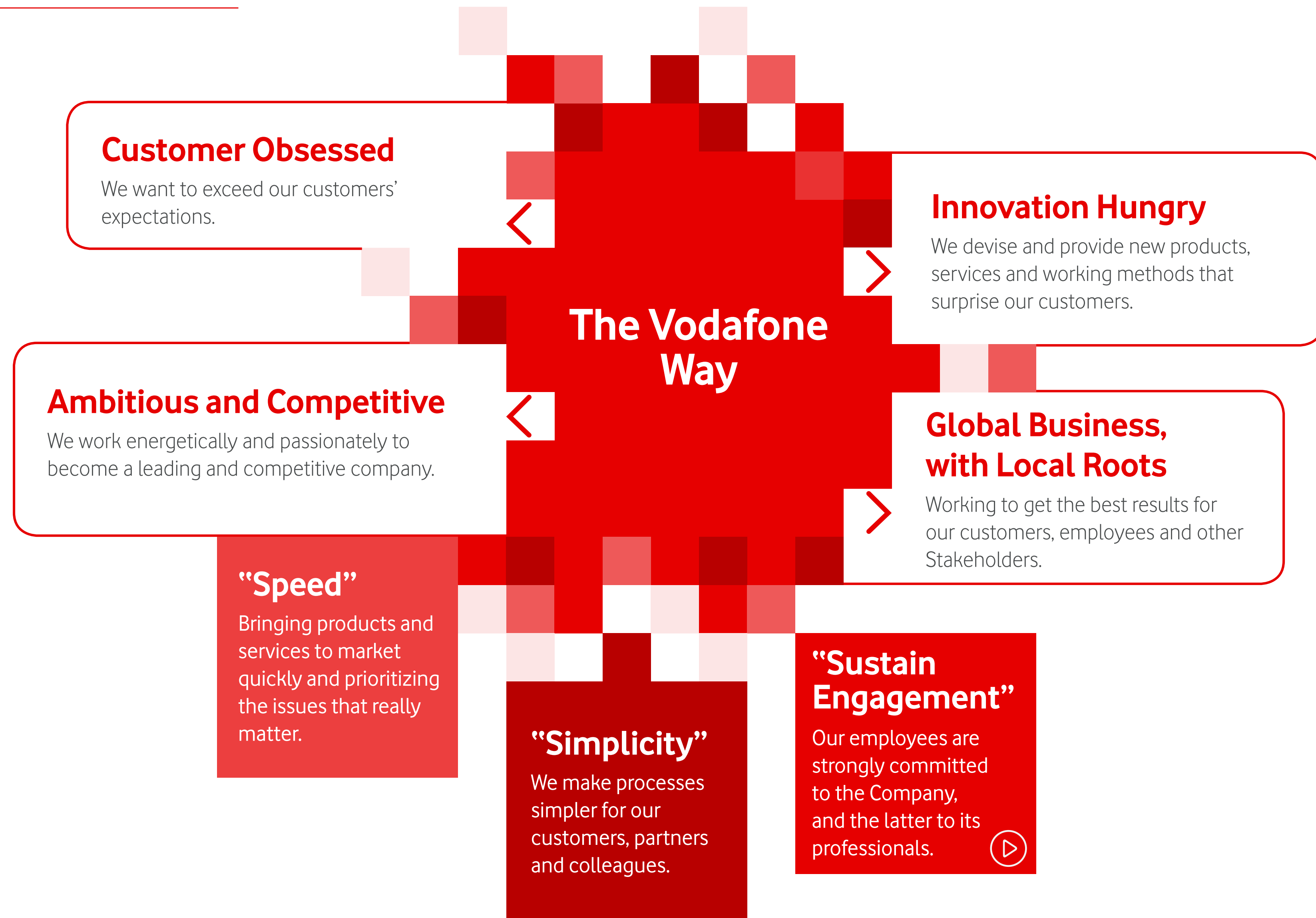
<p>1</p> <p>Individual Conduct</p>	<p>We must act with honesty, integrity and fairness in our activities, both inside and outside the company.</p>	<p>4</p> <p>Financial Integrity</p>	<p>We will provide the best possible return for our shareholders over the longer term, basing our decisions on economic, social and environmental criteria.</p>	<p>7</p> <p>Customers</p>	<p>We value the trust our customers place in us and will safeguard the information provided to us.</p>	<p>10</p> <p>Environment</p>	<p>We are pledged to safeguarding the environment, minimizing our use of finite resources and the release of harmful emissions to the environment.</p>
<p>2</p> <p>Compliance with the Law</p>	<p>We will comply with the provisions of current domestic and international legislation and appropriate standards and principles.</p>	<p>5</p> <p>Public Communications Policy</p>	<p>We will voice our opinions on government proposals and other matters that may affect Vodafone and our stakeholders.</p>	<p>8</p> <p>Employees</p>	<p>Relationships with and between employees will be based upon respect for individuals and their human rights, and child labour will not be tolerated.</p>	<p>Other Codes of Ethics to which Vodafone has adhered:</p> <ul style="list-style-type: none"> • Code of Good Fiscal Practices. • Code of Ethics in Telesales Transactions. • Code of Good Mobile Portability Cancellation Practices. • Alliance to better protect minors online. • Mobile Alliance against Child Sex Abuse Content. • Code of Good Practices for the installation of mobile telephony infrastructure (Spanish Federation of Municipalities and Provinces). 	
<p>3</p> <p>Health and Safety</p>	<p>We will protect the health, safety and wellbeing of our customers, employees, partners and the communities in which we operate.</p>	<p>6</p> <p>Communications</p>	<p>We will communicate openly and transparently with all of our stakeholders, respecting the bounds of commercial confidentiality.</p>	<p>9</p> <p>Communities and Society</p>	<p>We will engage with local communities so as to understand and respond to any concerns they may have.</p>		

Vodafone in Spain

The Company / Business Principles and Corporate Culture

■ Corporate Culture

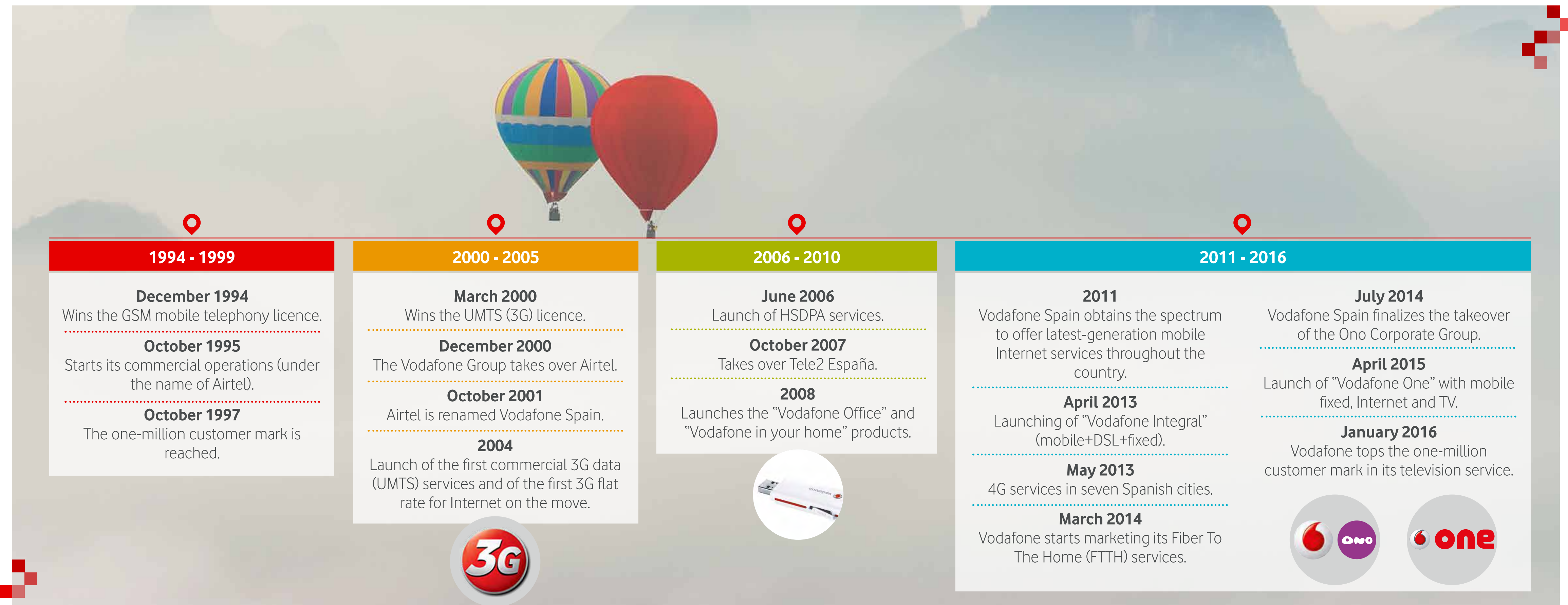
“The Vodafone Way” scheme underpins our Corporate Culture and explains how our employees must work if we are to offer our customers an exceptional service.



Vodafone in Spain

The Company / Milestones and Launches 2016-17

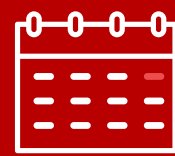

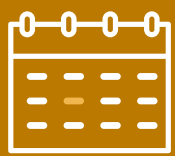

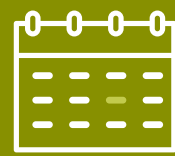



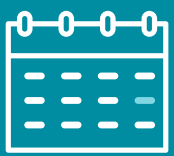

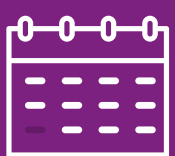

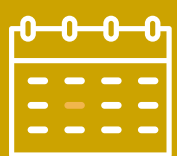
■ History of Vodafone in Spain (1994-2016)



Vodafone in Spain

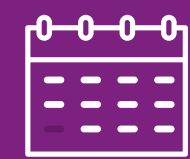
The Company / Milestones and Launches 2016-17

■ 2016-17

 <p>April 2016</p>	<p>Vodafone signs a deal with Mediapro to broadcast the next three seasons of the League and King's Cup, by broadcasting the "beIN Sports LaLiga" channel.</p> 	  <p>May 2016</p>	<p>Vodafone announces an agreement with HBO Spain enabling Vodafone customers to access the streaming service of HBO Spain.</p> <p>Vodafone Spain and Huawei unveil "Madrid Tech City", a joint project aimed at positioning Madrid as one of the world's most advanced cities from a technological point of view.</p> 		
 <p>June 2016</p>	<p>Vodafone launches the "Guaranteed 4G Network" initiative, via which customers can demand compensation (1GB) directly through the mobile application if they are not satisfied with the 4G network quality offered, without having to do anything else.</p> 	<p>Vodafone launches "Vodafone Automotive", a new range of services designed to enhance the 'connected car' ecosystem and security & protection services for vehicle manufacturers, insurance companies and car fleets.</p> 	<p>Vodafone launches "Enterprise Sales School", the sales school for Vodafone distributors which develops commercial talent.</p> 	 <p>July 2016</p>	<p>End of the first edition of "Fast Forward Sessions".</p>  <p>Vodafone launches the "Real Times" service which automatically converts photos and videos into video montages which can be shared.</p>
 <p>August 2016</p>	 <p>EL 70% DE los bares VENDEN MÁS LOS DÍAS de fútbol</p>	<p>The company offers "Vodafone One Restauración", a solution designed to cover the growing demand for digital services and content to be broadcast in public premises. Vodafone is the first operator to offer its "Horeca" (hotels, restaurants and cafeterias) customers football matches with 4K quality (Ultra HD).</p>	 <p>September 2016</p>	<p>Coinciding with the first anniversary of the agreement of the United Nations Sustainable Development Goals (SDGs), Vodafone has made its network available to promote these goals and is carrying out campaigns to raise social awareness of the SDGs amongst its customers.</p>	<p>Vodafone Spain completes the first wireless connection on a commercial network using the NB-IoT (Narrowband Internet of Things) standard. NB-IoT is an industrial level crossing in the creation of "Low Power Wide Area" (LPWA) networks that will connect millions of objects every day, turning the Internet of Things (IoT) into a reality.</p>

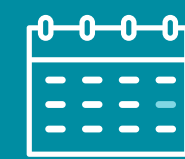
Vodafone in Spain

The Company / Milestones and Launches 2016-17



October 2016

Vodafone announces that it is changing its **shareholding structure** to tailor it to its business strategy: it maintains the companies Vodafone España S.A.U. (which specializes in mobile services) and Vodafone Ono S.A.U. (in fixed services) and sets up a new company called Vodafone Servicios S.L.U.



November 2016

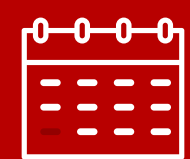
Vodafone **unveils HBO Spain**, integrating the service from different categories of its Vodafone One convergent offering.

The **Vodafone network is named the best network in the Spanish market**, both for voice and data, for the second consecutive year, according to the comparative report on mobile networks carried out by P3 Communications and by Connect magazine.



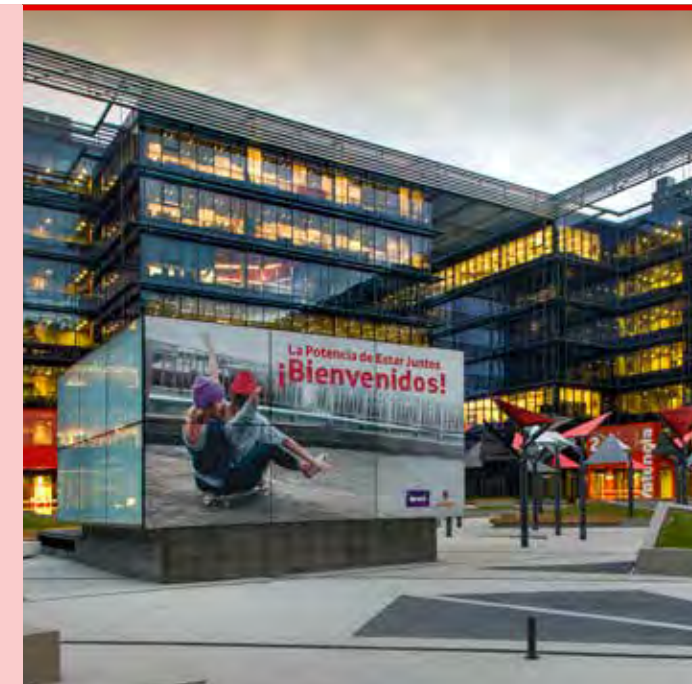
December 2016

"Vodafone Fast Forward" ends the year with over 4000 SMEs and professionals participating in its events.



January 2017

Vodafone Plaza, Vodafone Spain's head office, is awarded the **Leed Platinum certificate** thanks to the sustainability measures in place in the building.

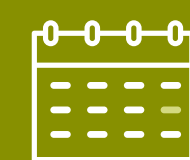


Vodafone Spain announces that it is **upgrading its HFC network** so as to offer its customers symmetrical speeds –i.e., the same uplink and downlink speeds– of more than 1Gbps.

The Andalusia regional government and Vodafone launch the fifth **Minerva Programme** for technological projects.

Vodafone and Huawei

announce an agreement to transfer fixed telecommunication infrastructure and equipment maintenance and renew that for the operator's mobile network. The agreement includes the transfer of the department's activity, as well as the professionals and resources associated to it.



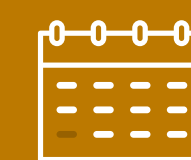
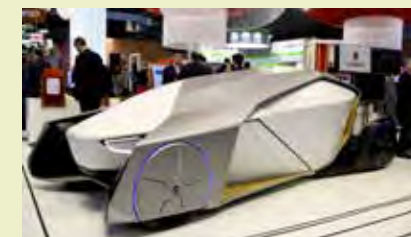
February 2017

Vodafone unveils its new **4K television** service which provides the most advanced user experience, through the comprehensive integration of the best content and features available in the market.

Vodafone unveils **M-MIMO radio technology**, which gives 4G networks 5G-type features, cutting latency fivefold and boosting capacity fivefold.



At the Mobile World Congress 2017, Vodafone unveils the **connected car of the future**: a mode of transport that is connected, autonomous and shared.



March 2017

Vodafone announces the acquisition of the broadcasting rights for the 2017 **Formula One season and the FIM Road Racing World Championship Grand Prix**. It also launches **"Vodafone Sport"**, a package which includes all motorsport, football and the best sports channels.

RECONNECT
by Vodafone

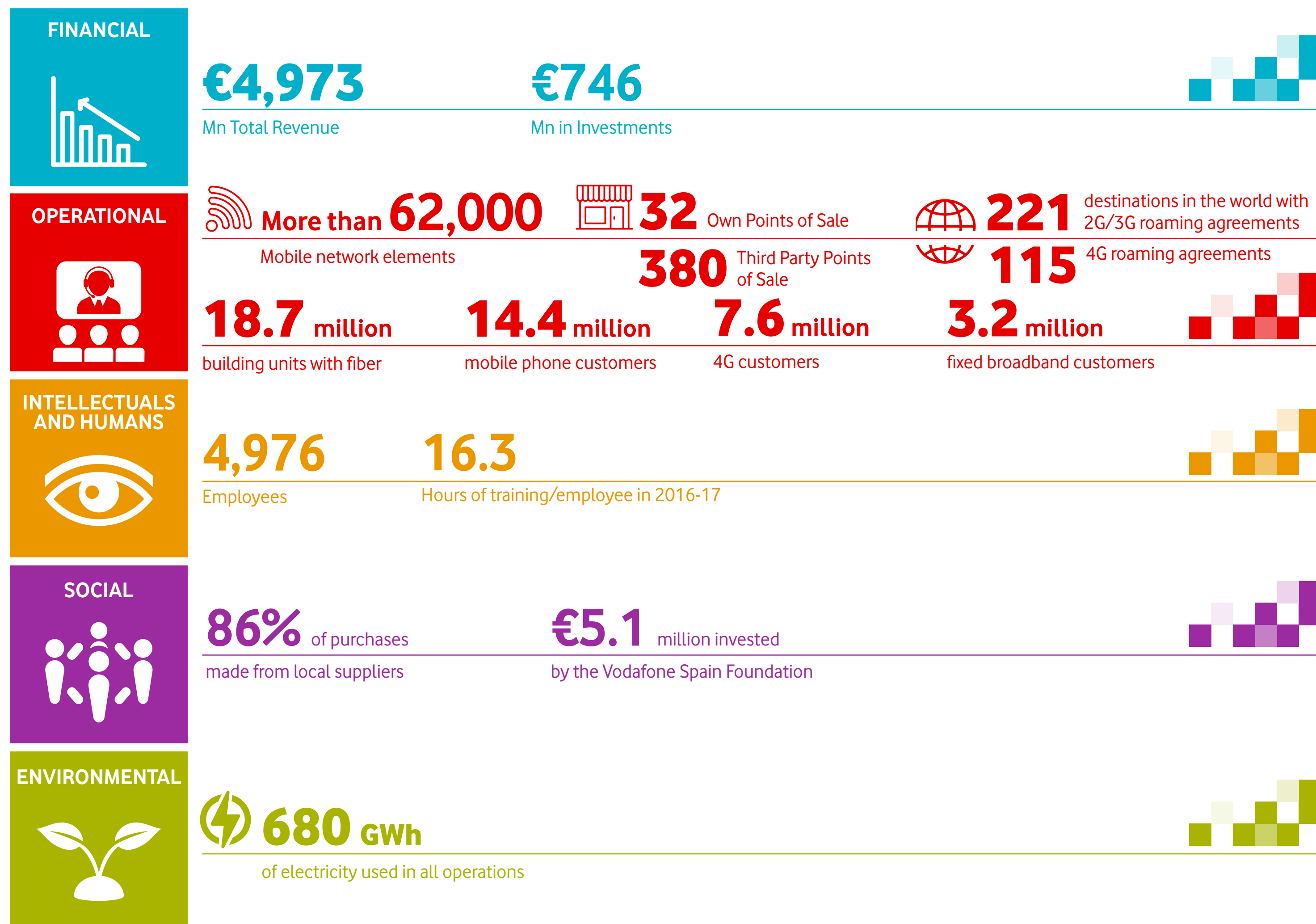
Vodafone reaches a **commercial agreement for wholesale access to the Telefónica fibre-optic network**. This agreement enables Vodafone to extend the area in which it can offer superfast broadband and television services.

Vodafone launches the **"Reconnect"** programme aimed at reincorporating women who have been out of the company world for several years.

Vodafone in Spain

The Company / Business Model

■ How do we create Value? Key Figures 2016-17



Main Associations of which Vodafone is a Member

- **ADIGITAL** (Spanish Digital Economy Association).
- **AEC** (Spanish Quality Association).
- **AENOR** (Spanish Association for Standardization and Certification).
- **AOP** (Association of Operators for Portability).
- **AOPM** (Association of Operators for Mobile Portability).
- **AUTOCONTROL** (Association for the Self-Regulation of Commercial Communication).
- **DIRSE** (Spanish Association of Corporate Social Responsibility Officers).
- **ETSI** (European Telecommunications Standards Institute).
- **Forética**.
- **GSMA** (Mobile Operators Association).
- **"Inserta Responsible" Forum**.
- **SERES Foundation**.
- **Responsible Procurement Forum**.
- **Spanish Advertisers Association**.
- **Spanish Network of the United Nations' Global Compact**.
- **Sustainability Excellence Club**.
- **Trust and Confidence Online**.

Vodafone in Spain

The Company / Business Model

Enterprise Business Unit

The Enterprise Business Unit **provides a service to Enterprises and Administrations** offering the best convergent experience based on:

- A convergent communications network to optimize the activity of customers.
- 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.
- Personalized service adapted to the needs of each customer.

A flexible and innovative product portfolio able to adapt to the specific needs of each customer makes it possible to offer the best service experience and best connectivity, helping them to stand out and lead the sector in which they operate.

Business Experience Center (BEC)

During this year the BEC, with a NPS (Net Promoter Score) of more than 80%, became a reference for companies and institutions that want to discover the opportunities that the new digital area brings them. This innovative space has hosted the visit of more than 200 companies and institutions, represented by CEOs, CIOs and other heads who have been able to experience first-hand how technology linked to a good strategy generates competitive advantages and new business models, at a time when it is essential to be more flexible and unique in order to meet the expectations of the Digital Customer.

In addition, having received visits from corporate customers and institutions has allowed BEC to gather knowledge on the transformation of sectors such as Distribution, Education and Industry, creating specialized seminars on the impact of digital transformation on each of them. Thematic events have also

been organized to provide further insight on key technologies for undertaking this transformation, such as the round table held on IoT and its impact within Industry 4.0.

All this always with a personalized approach for each of the visiting companies and institutions.

The BEC has also become a meeting point for Vodafone employees. Interest in learning about this innovative environment, where strategies are identified for the new digital market and the new technology used for this, have turned it into a source of knowledge for training purposes and knowing in more detail all the digital tools that Vodafone makes available to its employees.



More than 200 enterprises and institutions visited the BEC in 2016-17

Residential Business Unit

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

- **Vodafone One:** the company's "All-in-one", with the best fixed and mobile connection both at and away from home.



- A **"Tailor-made pack"** which is flexible and non-binding, allowing customers to choose the fibre speed, mobile data, TV, add up to 5 mobile lines, all with the option of "Chat included".

With Chat included you can:

- Use the **messaging Apps** as much as you want.
- Send and receive **photos, videos and messages**.
- **Without consuming data** from your tariff.

- **The best connection at and away from home:** with the best network quality and the option to take the connection to a second home, as well as enjoying your tariff when "Roaming" in Europe and the United States.

- **The best connection** without outages or interruptions.
- **Up to 5 devices** connected at once with the same connection quality.
- Free **registration, personalized installation** and Wi-Fi router.

- **The best entertainment:** with over 120 channels on Vodafone One TV offering the chance to enjoy series, recently released films, all of the football and motorsport, HBO and Netflix.



Vodafone in Spain

The Company / Business Model

Quality Management Systems

Vodafone Spain has a Quality Management System in line with the ISO 9001:2015 international standard for its different companies for fixed and mobile voice, data and TV digital telecommunication services, designed for all types of corporate and residential customers, covering the following activities:

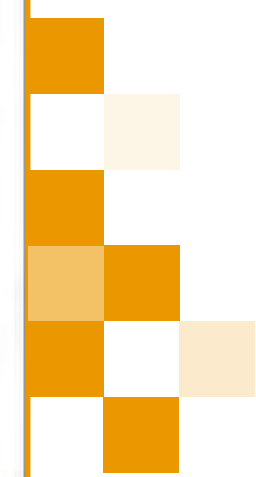
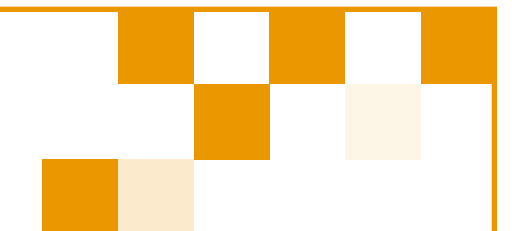
- Planning, deployment, construction, operation and maintenance of telecommunications networks.
- Design and development of telecommunications and value-added services.
- Pre-sale and launch of telecommunications products and services (exclusively for large corporate customers and public administrations).
- Customer service management, as well as registrations, cancellations, portability, account management and debt recovery.
- Customer loyalty-building and retention.
- Customer billing.

Through an authorized external agency, we certify the proper implementation of their Quality Management System, controlling their processes by implementing continuous measures and continuous improvements designed to satisfy customer needs and expectations. This ensures that Vodafone deploys its network to meet capacity and coverage needs and the voice and data traffic demand of its customers, controls the maintenance of its networks to avoid incidents and, in case they occur, ensure that they have the least possible impact on customers, through rapid detection and resolution.



Main Awards/Acknowledgements to Vodafone Spain in 2016-17

- The Vodafone network is the **best voice and data network** for the second year in a row, according to the Mobile Benchmark independent study by P3 Communications and Connect magazine.
- Vodafone, **“Best Telephony Operator”** award-winner at the Computer Hoy Awards.
- **Best 4G operator, Best MVNO (Lowi), Best strategy in SMEs and SOHOs and Best Strategy in Handsets**, awarded by the ADSLZone Group.
- The Vodafone **Virtual Store** has received the **CRC Gold Award** (courtesy of the Contact Centre sector) for the best innovation project, from the AEERC (Spanish Association of Experts in Customer Relations).
- **“Vodafone Smart Center”** receives the **Ingenio Award for the Best Business Initiative** awarded by the COITT-A (Official Association of Technical Telecommunications Engineers of Andalusia) and the AAGIT (Andalusian Association of Graduates and Technical Engineers in Telecommunications).
- Vodafone’s **head office** obtains **Platinum level in the LEED** (Leadership in Energy and Environmental Design) **Certificate**.
- The Basauri **Data Processing Centre** receives the **DPC Innovation Award** in the “Data Center Equipment Renewal” category awarded by Data Center Market.
- The **Vodafone Wallet Accesses** solution has received the award for the **best security product of the year** at the 30th edition of the “Security Trophies” international competition.
- Vodafone certified as **Top Employer Spain 2016**, according to Top Employers Institute.
- **Codespa Award** at its 19th edition in the **Corporate Volunteering** category to the Vodafone Instant Network programme.
- Vodafone ranks 6th among companies in Spain with best practices in **managing sexual and gender diversity**, according to the EMIDIS study of the Federación Estatal LGTB.
- **“The Future is One”**, Vodafone’s content platform, receives the **most successful action of the year** award according to YouTube Ads Leaderboard, which values the highest number of views combined with the longest viewing time.
- The **Vodafone yu** Youtube channel, **leader** in Spain in the **YouTube brand** ranking.
- **GENIO Innovation Digital Award**, promoted by CMVocento, for the “Reach the Moon” campaign.



Vodafone in Spain

Contribution to the Country

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.



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

Direct Contributions

+

Indirect Contributions

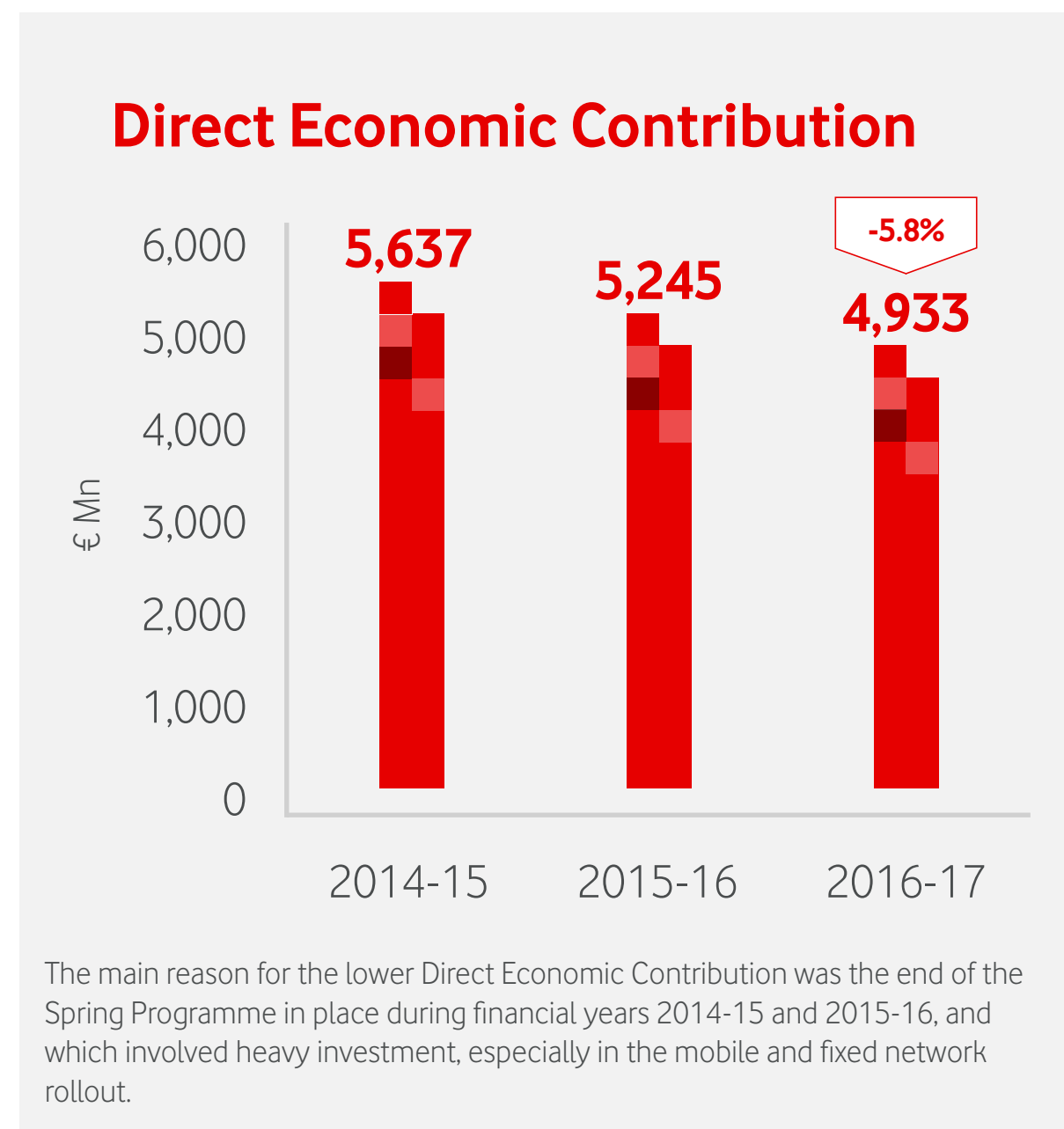
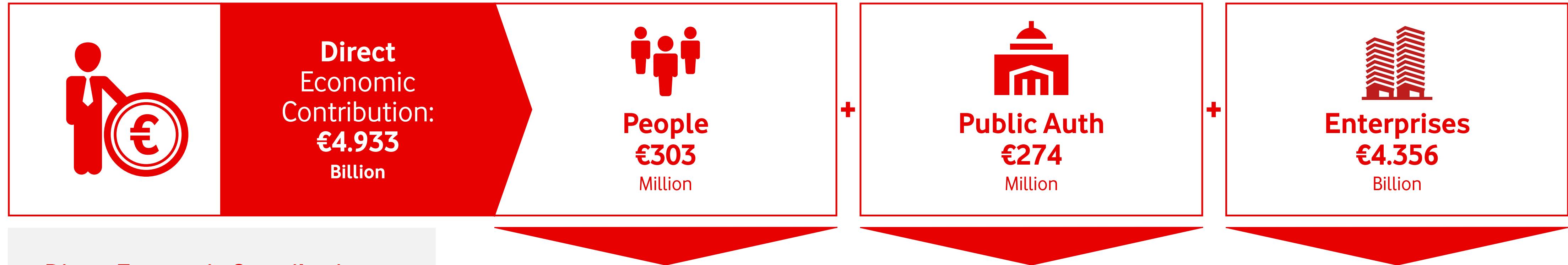
Generated directly by the company's activities in People, Enterprises and Public Authorities.

Generated by our value chain organizations (suppliers, distributors, etc.) in People, Enterprises and Public Authorities.

Vodafone in Spain

Contribution to the Country / 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. This chapter also estimates Vodafone's indirect contribution to the country's economy through its value chain organizations (suppliers, distributors, etc.).



- Wages and Salaries of direct employees: €233 Million
- Social Benefits: €15 Million
- Options and Shares: €3 Million
- Pension Plan Contributions: €6 Million
- Rentals: €46 Million

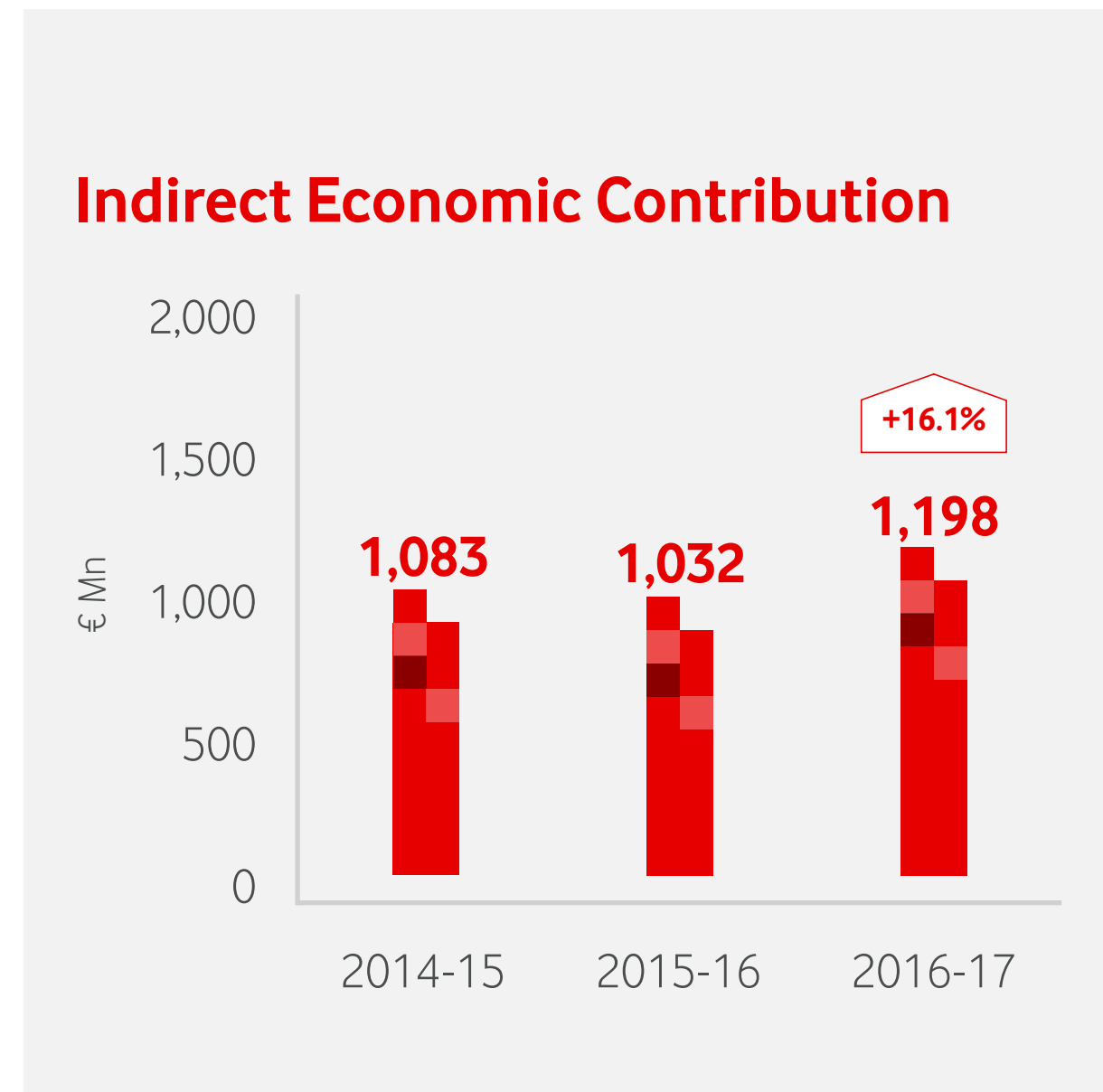
- Fees: €202 Million
- Social Security: €62 Million
- Rentals: €10 Million

- Acquisition of Products and Services from local suppliers: €2.971 Billion
- ATangible & intangible fixed asset procurement: €1.174 Billion
- Interest: €3 Million
- Rentals: €208 Million

Vodafone has received €5.1 million of subsidies from the Government.

Vodafone in Spain

Contribution to the Country / Economic Contribution



- Wages and Salaries of indirect employees
€797 Million

- VAT + IGIC + IPSI taxes
€313 Million

- Personal Income Tax paid for direct and external employees
€79 Million

- Social Security paid for direct employees
€9 Million

Vodafone in Spain

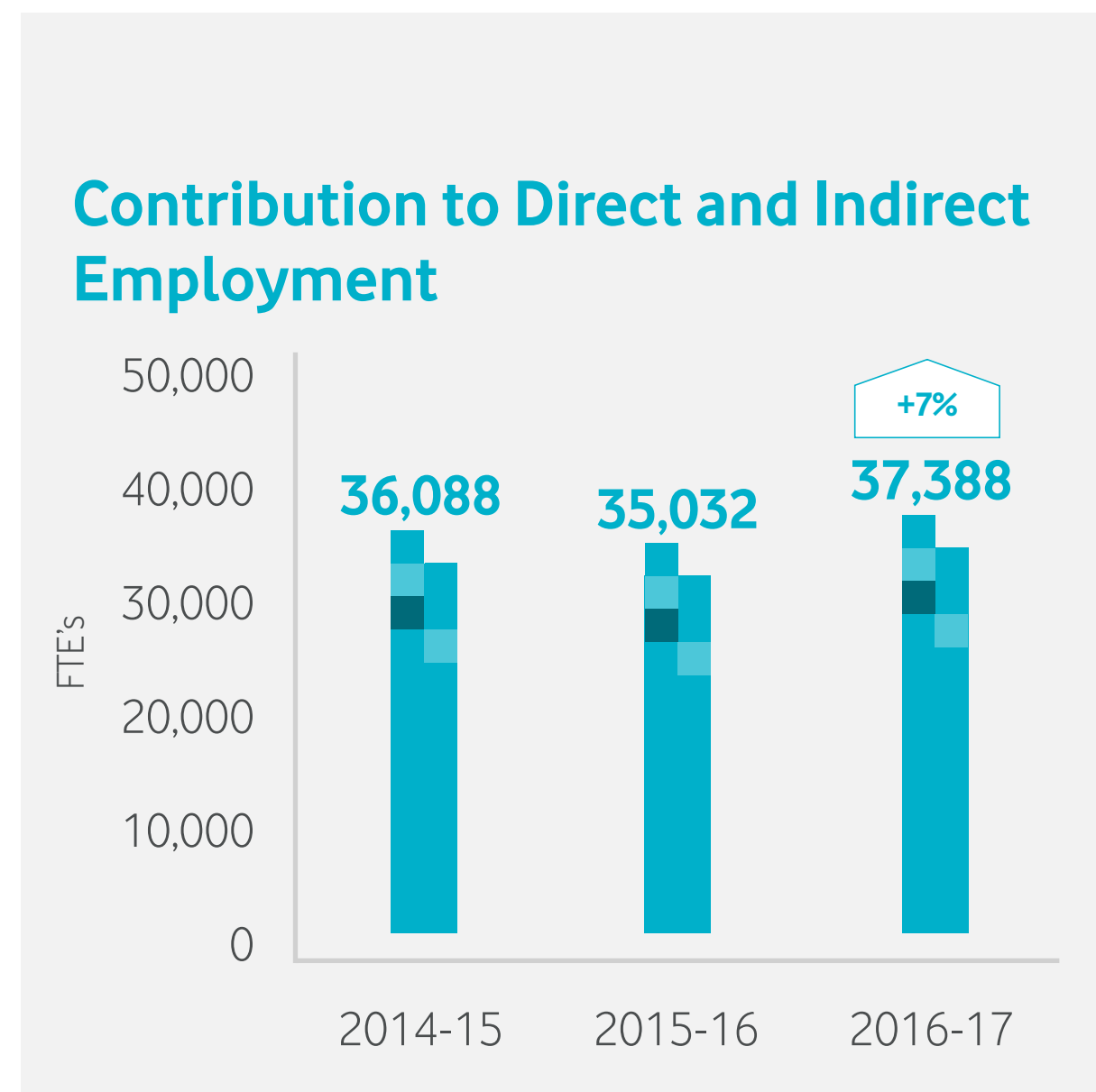
Contribution to the Country / Social Contribution

Vodafone plays a relevant role in the Social Contribution to the country, both in terms of direct and indirect employment (the later is estimated with an in-house methodology), and in its Social Development.

Direct and Indirect Employment



Contribution to Social Development



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

(*) FTE stands for Full Time Equivalents.

Vodafone in Spain

Contribution to the Country / Environmental Contribution

Vodafone's commitment to sustainable development involves controlling and minimizing the direct impact of its activity on the environment, which is why Vodafone takes different courses of action to make its facilities more energy efficient and improve mobility management, through which it estimates the direct reduction of its CO2 emissions.

Meanwhile, Vodafone estimates its contribution towards the fight against climate change indirectly, through the marketing of products and services which help other sectors to reduce their own CO2 emissions.



- Network
11,904 Tn CO2 avoided

- Offices
-320 Tn CO2 avoided
(increase in emissions)

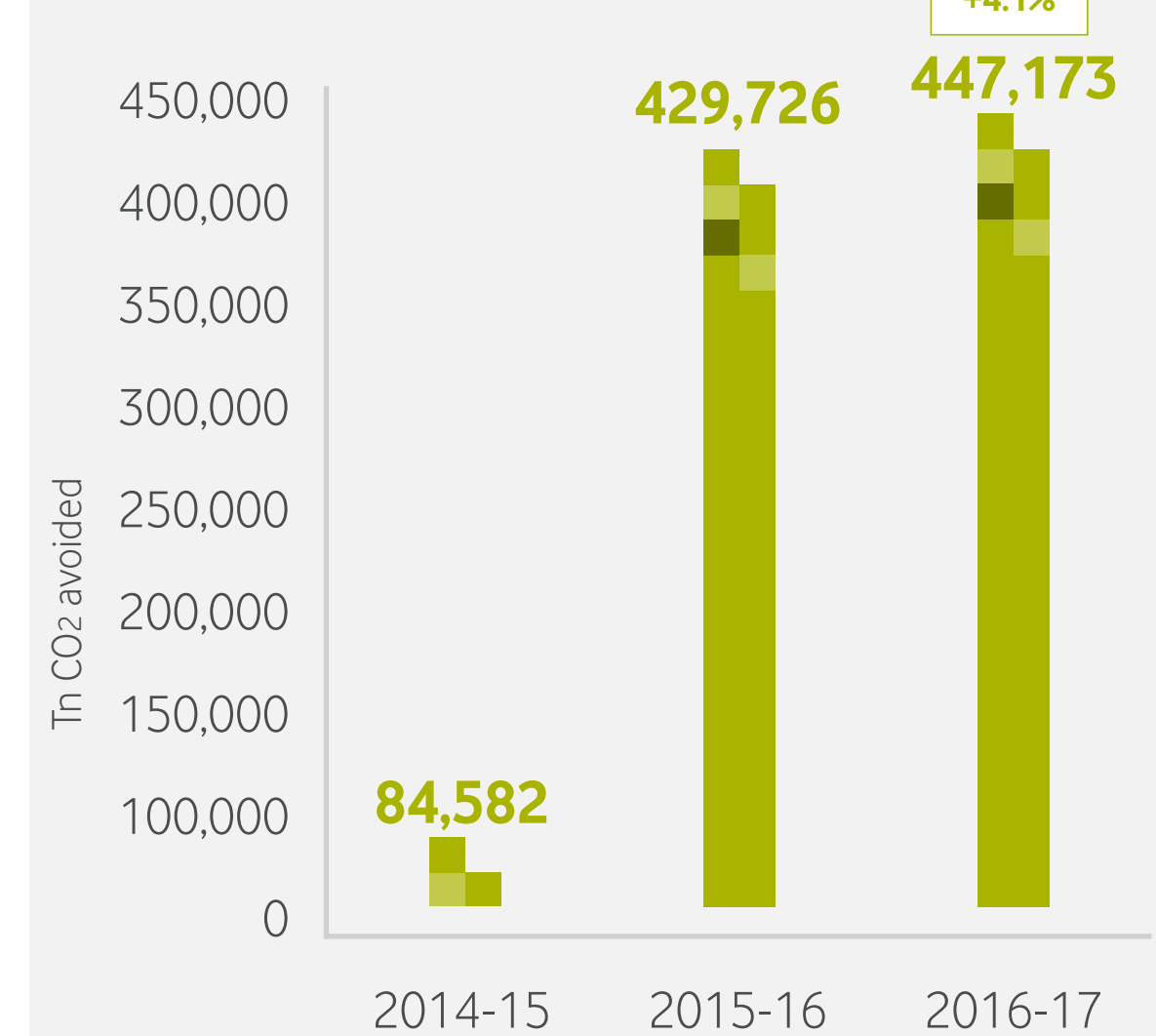
- Stores
-79 Tn CO2 avoided
(increase in emissions)

- Video conferencing
2,272 Tn CO2 avoided

- Vehicle Fleet
915 Tn CO2 avoided

- Shuttles
65 Tn CO2 avoided

Direct and Indirect Environmental Contribution



(*) During 2016-17 the Vodafone Group has used a more exhaustive methodology developed by Coal Trust which, together with the increase in IoT / M2M connections, justifies the change with respect to previous years. The figure for fiscal year 2015-16 (the first available figure) has been recalculated using this new methodology. **(GRI 102-49)**.

2

Analysis of the environment

2.1
State of the Industry and Trends

2.2
New legislation and regulations in Spain and Europe

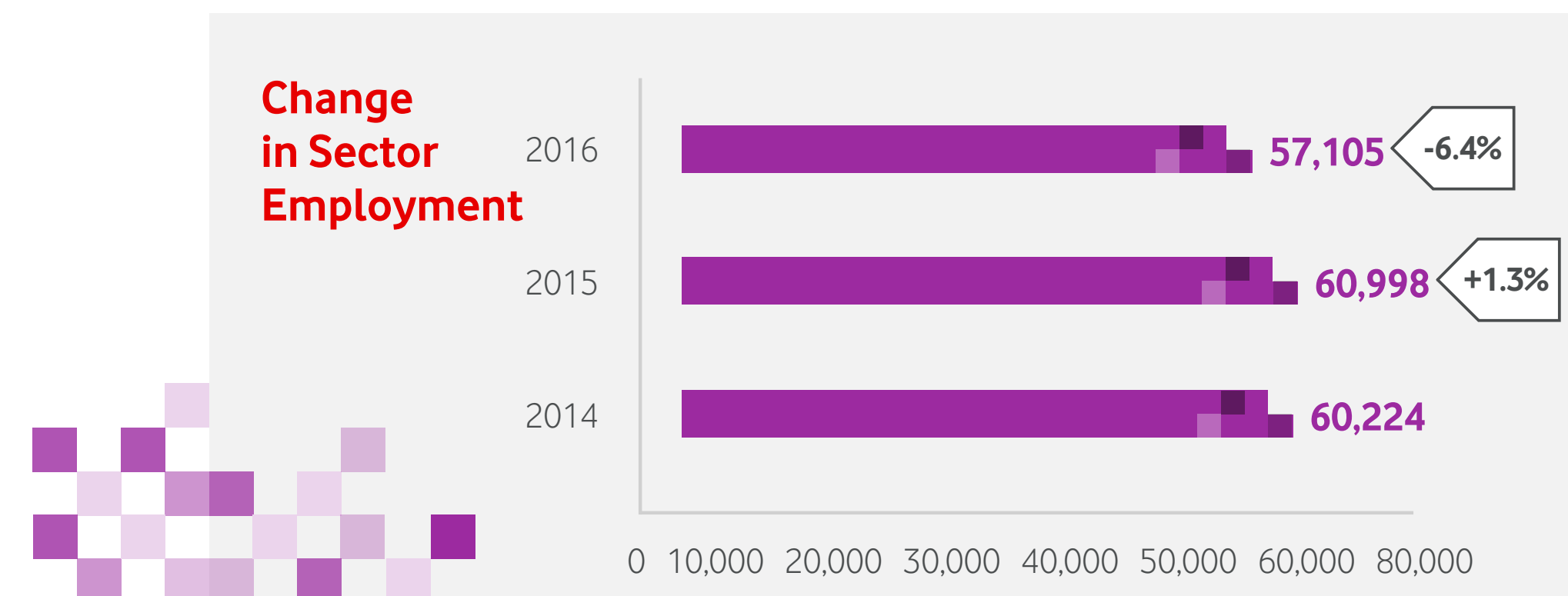
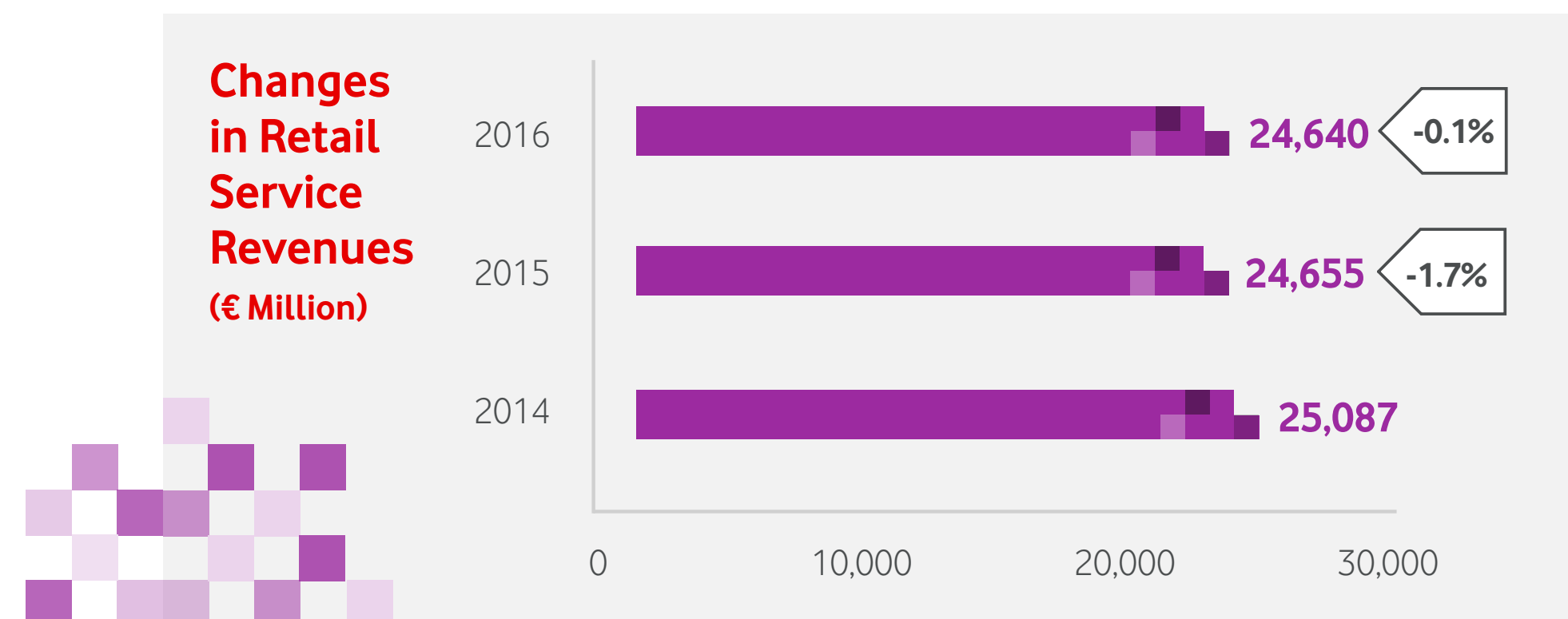
Analysis of the environment

State of the Industry and Trends ⁽¹⁾

■ Revenues and Employment

The sector's retail revenues in 2016 totalled €24.64 billion, practically the same as the previous year. The rise in revenues from audiovisual and broadband services offset the fall in revenues from voice services.

On the other hand, employment in the sector dropped 6.4%, marking the lowest value in the historical series.



■ Infrastructure

The highlight of 2016 was the continued fast pace in rolling out infrastructure that provide high transmission speeds:

- **4G mobile networks** over LTE (Long Term Evolution) technology, with Vodafone having reached 96.5% of the population by 31 March 2017, with 7.6 million customers using the 4G network.
- Next Generation Access (NGA) **fixed networks**, which kept on growing to 42 million real estate units by the end of 2016 (compared to 33.5 million the year before), 31.1 million of which were FTTHs (Fiber To The Home) compared to 22.7 million the previous year.

(1) The figures have been drawn from the CNMC report for the 4th Quarter of 2016.

Analysis of the environment

State of the Industry and Trends

■ Line numbers

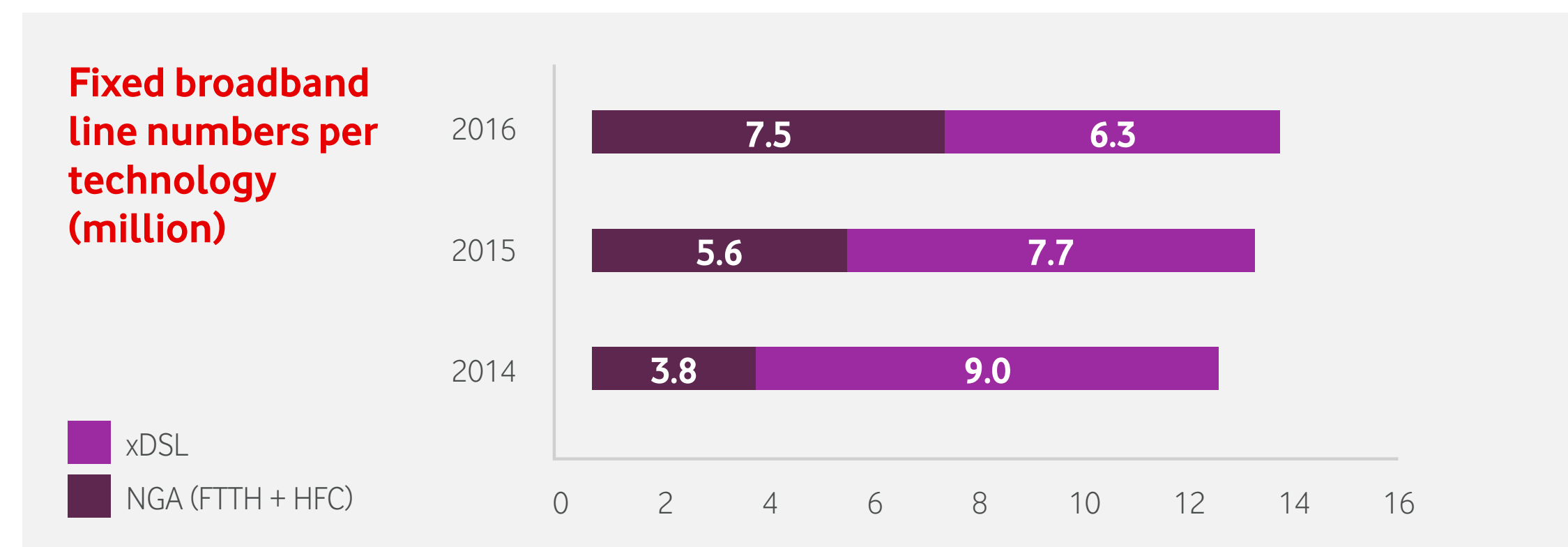
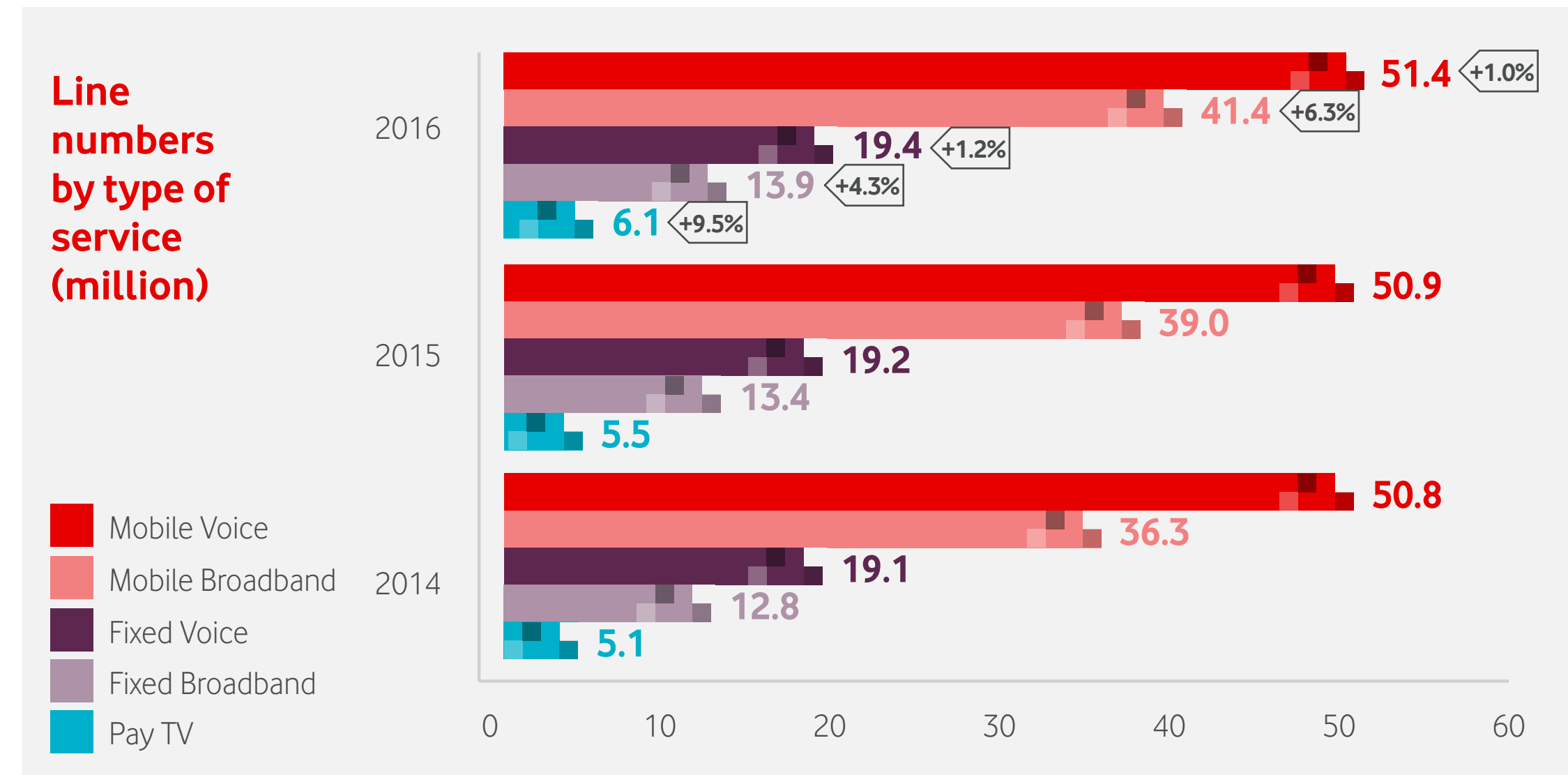
Just like in recent years, in 2016 the different types of lines performed in different ways:

- On the one hand, the number of **fixed voice** lines (19.4 million) and **mobile voice** lines (51.4 million) grew by slightly more than 1%, as regards the previous year.
- In contrast, there was a significant upturn in the number of **Mobile Broadband** lines (up 6.3% to 41.4 million), in the number of **Fixed Broadband** lines (up 4.3% to 13.9 million), while **Pay TV** services grew even more strongly (9.5% to more than 6 million for the first time).

In line with previous years, there were two reasons for the rise in the number of fixed 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.

The increased NGA rollout in 2016 resulted in:

- The number of active fixed broadband lines provided over these technologies (FTTH and HFC) exceeding the number provided on xDSL for the first time.
- Broadband connections becoming faster and faster. By way of example, the number of 30 Mbps or faster connections already represents more than half of the total (7.6 million versus 5.5 million the previous year), 3.4 million of which have signed up for a speed higher than 100 Mbps when the previous year only 2.5 million had done so.



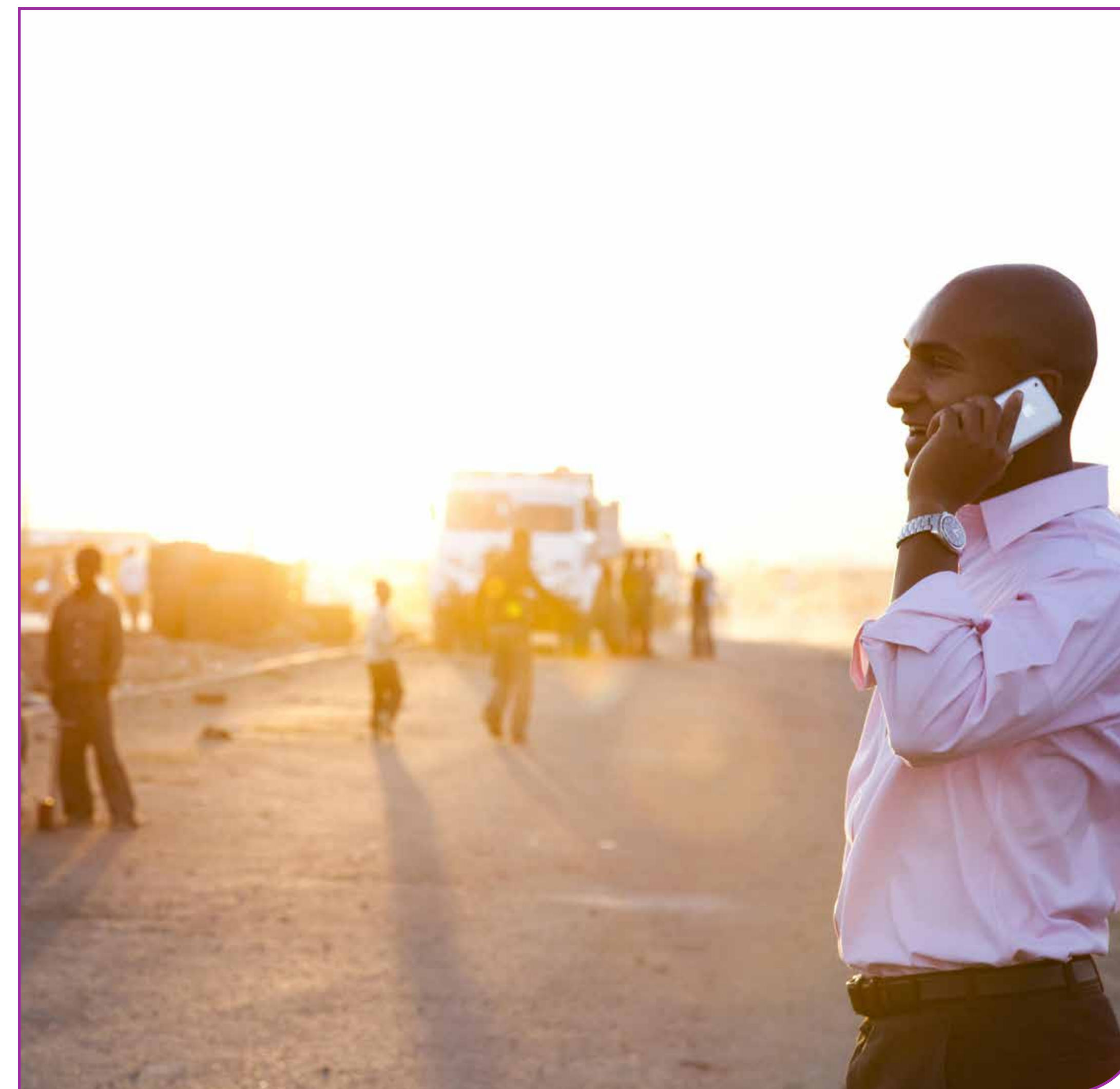
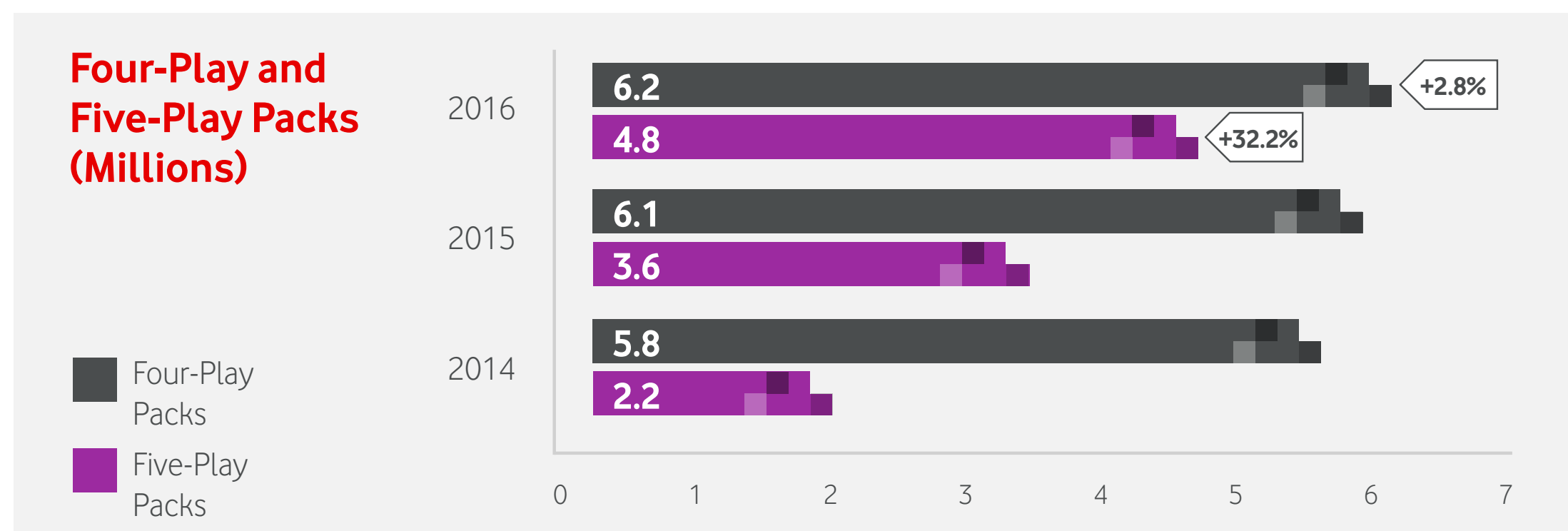
Analysis of the environment

State of the Industry and Trends

As for bundled products:

- 4.8 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 3.6 million the previous year. This rise came as the different operators began adding Pay TV services to an ever-increasing number of market offerings.
- Subscriptions to Four-Play or quadruple packs (Fixed Voice + Fixed Broadband + Mobile Voice + Mobile Broadband) grew more moderately to 6.2 million, 2.8% more than the previous year.

As a result of the ever-increasing bundling and the inclusion of flat rates with unlimited calls inside the pricing plans, mobile network call traffic in Spain reached record highs, with 91.36 billion minutes.



Analysis of the environment

New legislation and regulations in Spain and Europe

■ Market 15/2003 (Wholesale Market of Access and Origination in public mobile telephone networks).

The CNMC analyzed this market in 2006 and imposed a regulation that obliged the three existing network operators (Telefonica, Vodafone and Orange) to provide reasonable access to their mobile infrastructures, favouring the entry into the market of operators that did not have radio spectrum (Mobile Virtual Network Operators, MVNO).

After 11 years, the CNMC, by means of the Resolution of 4 April 2017, has established that this market cannot be regulated due to the existence of a situation of effective competition, therefore the obligations previously imposed on Telefónica, Vodafone and Orange should be eliminated. Likewise, it establishes a period of six months to ensure operators adapt to the new regulatory environment.

Vodafone welcomes the fact that the National Markets and Competition Commission (CNMC) has analysed the market and determined that it should be deregulated given that the conditions which could justify maintaining regulatory obligations no longer exist, since it is a competitive market.

■ Framework Reference Offer (Access to Telefónica's Civil Works Infrastructures)

On 18 October 2016 the CNMC approved a Resolution to modify the conditions for access to this infrastructure of Telefónica, which is essential for the deployment of new fibre optic networks by competitors.

Among the updates that the CNMC has introduced in the new Framework Offer are the elimination of certain restrictions, the simplification of some of the procedures and certain autonomy on the part of the operators in visits to the facilities, without the need for Telefónica's mandatory involvement.

Broadly speaking, the new changes have brought operational and economic improvements for the operators.



Analysis of the environment

New legislation and regulations in Spain and Europe

■ Local NEBA (New Broadband Ethernet Service) Reference Offer

On 18 January 2017, the CNMC resolution of 10 January 2017 was published in the Official State Gazette, which agreed to publish the resolution approving the Reference Offer of the local NEBA wholesale service (this is the fibre equivalent of the copper loop unbundling service, on which competition in ADSL has been based, and is based on the already existing NEBA service, which offers access at provincial level).

The new Regulation requires Telefónica to make available to operators a wholesale offer of virtual access service to its fibre optic network, called local NEBA, for all FTTH (Fiber To The Home) accesses, except those located in the 66 municipalities that constitute the designated competitive zone.

The Resolution approves the technical specification of the service, which must be operational within 12 months and also approves the subsequent inclusion in the Offer of a technical specification of the "multicast" functionality (sending the signal to multiple receivers simultaneously), once a period of tests designed for this purpose has been completed. The approval of service prices is still pending, a milestone expected within the same 12-month period.

■ ORLA (Leased Lines Reference Offer) Reference Offer

On 23 March 2017 the CNMC approved the Resolution reviewing the prices of the "ORLA" (wholesale prices of lines leased from Telefónica). In accordance with that Resolution, the following price reviews are established:

- Terminal lines with traditional interfaces: The weighted average price reduction is 33.6% compared to the last review in 2013.
- Terminal lines with Ethernet interfaces: The average price reduction is 13.9% and the maximum 68% for 1 GB lines.
- Trunk lines: The average price reduction has been set at 35.56% and the new speeds that Telefónica has been providing to its customers have been included in the offer.

Vodafone appreciates the National Markets and Competition Commission's (CNMC) work in effectively fulfilling market obligations where there is still a significant way to go until genuine competition is reached.



Analysis of the environment

New legislation and regulations in Spain and Europe

■ Radio Spectrum

The radio spectrum supports radiocommunications, especially mobile voice and broadband services, and is a very valuable strategic resource. The State is responsible for the administration of the radio spectrum; the regulation on the radio spectrum aims to guarantee efficient and effective use of it, favouring the development of new services and deployment of networks, contributing to the harmonized use of the spectrum across the European Union.

On 8 March 2017, Royal Decree 123/2017, of 24 February, approving the Regulation on the Use of the Radio Spectrum, was published in the Official State Gazette. This new Regulation sets forth the principles and objectives established in Spanish Telecommunications Act 9/2014 of 9 May, on the radio spectrum and replaces the Regulation approved in 2008.

The main novelties of this new Regulation are:

- It favours the deployment of radio stations through the simplification of administrative procedures.
- It has introduced different forms of secondary spectrum market (transfer, assignment and mutualization of rights of use and provision of relevant wholesale services).
- It consolidates the principles of technology and service neutrality.

Vodafone has concessions for the use of the radio spectrum for the provision of mobile services in the following frequency bands: 800 MHz, 900 MHz, 1800 MHz, 2100 MHz and 2600 MHz. Vodafone also has other concessions that are used as fixed connectivity solutions within its network.

Vodafone considers the approval of the implementing regulations for the General Telecommunications Act to be appropriate and necessary and hopes that this will bring regulatory certainty to the administration of the radio spectrum, simplify the administrative procedures for network deployment and provide access to new frequency bands for mobile services in open, transparent and non-discriminatory conditions.



Analysis of the environment

New legislation and regulations in Spain and Europe

■ European Single Telecoms Market

Telecom Single Market (TSM)

Net Neutrality

On 25 November 2015 Regulation EU 2015/2120 of the European Parliament and of the Council laying down measures in relation to access to an open Internet was published. This Regulation established new rules on Net Neutrality that have been directly applicable in Spain since 30 April 2016.

In addition to the above, on 30 August 2016 the Body of European Regulators of Electronic Communications (BEREC) published the "Guidelines on the Implementation by National Regulators of European Net Neutrality Rules", guidelines that provide a harmonized interpretation throughout the European Union of the obligations laid down by EU Regulation 2015/2120.

Vodafone introduced all the changes necessary to comply with all obligations related to open Internet.

Roaming

Regulation EU 2015/2120 also amended the current Roaming Regulation by bringing in measures such as doing away with roaming surcharges from 15 June 2017 in the European Economic Area, subject to the possibility of applying some rules of reasonable use, which have been defined by the European Commission in Implementing Regulation (EU) 2016/2286 of 15 December 2016 and by BEREC through the Guidelines of 27 March 2017.

Since November 2015, Vodafone has been gradually eliminating its roaming surcharges in Europe across all tariffs, anticipating the introduction of the new regulations.

Digital Single Market (DSM)

The European Commission has published a review of the Telecommunications Regulatory Framework since 2009 through the European Electronic Communications Code dated 14 September 2016. The main elements of the proposal are:

- Greater emphasis on fixed access symmetric regulation.
- Review of radio spectrum policy.
- Equivalent treatment of OTT digital platforms (Facebook, Whatsapp, Google, etc.) with electronic communications operators.
- Inclusion of broadband in the universal service.
- Institutional reform of European bodies.





3

Risk Analysis

3.1
Risk Management
Model


3.2
Main Risks
and Mitigation
Measures

Risk Analysis


Risk Management Model

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 which could potentially affect the fulfilment of its strategic objectives which have an impact on customers, on the business or on the corporate reputation. Each identified risk is assigned directly to the appropriate Director or Head.

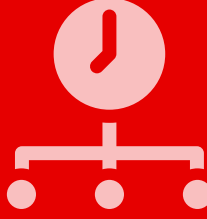
When the main risks have been identified, the following actions are taken in order to manage and handle them, with the objective of enabling company managers to make decisions with greater vision and knowledge of the potential impacts:

1
Identify


The person responsible for managing each risk must define and document the potential consequences or impacts, and break the risk down into sub-risks. Each risk is classified within one of the following Categories: Commercial; Business Resilience and Security, Logistics; Legal and Regulatory; Human Resources; Financial and External Affairs.

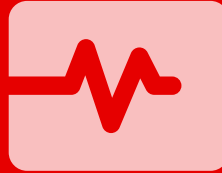
2
Measure


The level of impact and probability of each main risk occurring are measured using standard criteria.

3
Manage


The person responsible for managing the risk and their colleagues identify and document the measures for mitigating it with the person in charge of implementing them.

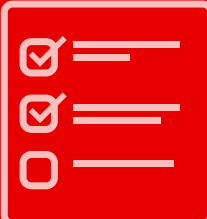
Each risk is assigned a Tolerance Level which determines whether it is being appropriately managed or whether additional measures are required in order to reduce the degree of exposure to the risk. As such, specific action plans are defined for each risk which is not aligned with its tolerance level and which, for this reason, requires further actions. Each action is assigned to someone, has a priority level and an implementation date.

4
Monitor


The activities associated with assuring that the Mitigation Measures implemented are effective are identified and documented for each risk.

Each activity is placed in the 3 Lines of Defense Model:

- a. First Line: Risk owner and assurance management. Typically found in operational functions.
- b. Second line: Risk monitoring and functional oversight. Typically found in specialized and oversight functions.
- c. Third line: Independence and assurance. Typically found in Internal Audit, External Audit and in other independent auditors.

5
Report


A report is produced for the main risks so that the person responsible for them can submit it to the Executive Committee or to another Management/Monitoring Body, demonstrating an efficient level of management in relation to its Tolerance Level, and whether significant modification of the existing actions or further actions are required.

Risk Analysis

Main Risks and Mitigation Measures

In accordance with the methodology described above, the following Main Risks have been identified, whose Category and Mitigation Measures are specified.

Main Risks of Vodafone Spain	
Risk	Risk Category
1. Competitive disruption (new convergent operator and increased aggressiveness on the wholesale market).	Commercial
2. Public Administration Fees.	Financial
3. "One Way" Transformation Programme.	Commercial
4. Malicious attacks on IT or Network infrastructure.	Business Resilience and Security
5. Privacy of customer information.	Business Resilience and Security
6. IT or Network infrastructure failure.	Business Resilience and Security
7. Potential spectrum auction (conditions and outcome).	Regulatory

1 Risk

Competitive disruption (new convergent operator and increased aggressiveness on the wholesale market)

Risk Category

Commercial

Description

Competition in the telecommunications market has substantially increased due to the appearance of a new convergent competitor at the end of 2016 and to the increased aggressiveness in the wholesale market, for both mobile and fixed telephony.

We are going to compete with all of the operators by means of innovative and commercially competitive offers, maintaining and ensuring the high level of quality of our products, services and customer care.

Mitigation Measures

- Ongoing analysis and monitoring of competitors' offers, as well as their impact on our customer base.
- Review of offer prioritization.
- Review of the co-financing, network and infrastructure sharing agreements.

2 Risk

Public Administration Fees

Risk Category

Financial

Description

Public Administration fees charges are becoming an increasingly critical factor for our economic activity in Spain, not only because of their direct economic impact, but also their impact on internal processes and with customers, not to mention their reputational and competitive impact on the market. Everything results in greater internal complexity and a significant increase in dedicated resources and associated costs. The greatest risk lies in the potential legislative changes of the tax regulation in the different levels and competences of Public Administrations: state, regional and municipal.

Mitigation Measures

- Adaptation of the corporate structure to new fiscal requirements.
- Promote legal certainty and stability, and ensure fiscal forecasting at the different levels of Public Administrations.
- Promote clear fiscal requirements, avoiding changes in official interpretations and during inspections.

Risk Analysis

Main Risks and Mitigation Measures

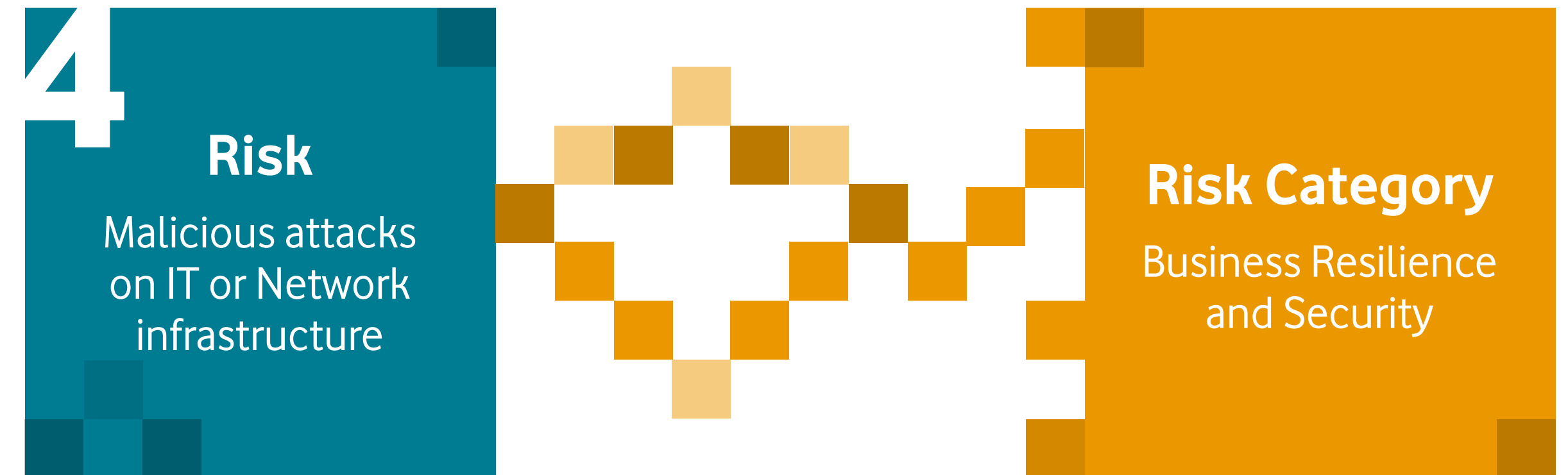


Description

A failure to implement the One Way Programme, transforming computer systems and business processes, could cause a significant loss in the opportunity to make our products and services stand out, in the productivity of sales channels and in customer management too. A delay in this initiative would have a negative impact on cost savings and the digitization of the company. Customer migration will be completed ensuring high levels of quality and resilience.

Mitigation Measures

- The “Agile” methodology has been implemented to optimize the duration of development and implementation, ensuring high quality levels.
- The quality of the deliverables is reaffirmed by applying a specific “Extreme-to-Extreme” testing methodology.
- Continuous review of the priorities of the Programme at management and leadership level concentrates resources on the highest priority tasks at any given moment.
- The changes are analyzed and approved through an official internal process.
- Definition and monitoring of the Strategic Migration Plan.



Description

A cyber attack against our network and/or IT 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 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.

Risk Analysis

Main Risks and Mitigation Measures

5

Risk

Privacy of customer information

Risk Category

Business Resilience and Security

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.

Mitigation Measures

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

6

Risk

IT or Network infrastructure failure

Risk Category

Business Resilience and Security

Description

As a telecommunications operator dependent on the stability of our networks, lengthy downtimes in the network and/or IT infrastructure (non-malicious) can result in a service interruption and subsequent loss of revenue and financial penalties, not to mention damage to our reputation.

Mitigation Measures

- 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 adequate capacity and redundancy wherever justified for their impact in case of unavailability.
- Insurance policies to cover serious incidents on our networks.

7

Risk

Potential spectrum auction (conditions/outcome)

Risk Category

Regulatory

Description

Failure to achieve an adequate spectrum under favourable competitive or economic conditions would have a major negative impact on our innovative strategy towards 5G and significant financial impact too.

Mitigation Measures

- Arrangements with the Ministry of Energy, Tourism and Digital Agenda.
- Coordination with the Vodafone Group's Public Policy department.
- Design and execution of the spectrum tender process strategy.



4
Strategy

4.1
Vodafone Group
Strategy

4.2
Vodafone's
strategic goals in
Spain

4.3
Sustainable
Business

Strategy

Vodafone Group Strategy

Vodafone Spain aligns its strategy with the Vodafone Group strategy, outlined below:



DATA

Provide the best mobile experience

- The growing penetration of smartphones is resulting in a higher demand for mobile data. 63% of our customers have a smartphone in Europe, compared to 59% last year.
- Data use is increasing due to higher high-definition video consumption. Data traffic increased by 65% during the year.
- Customers want to consume data without worrying about unexpected costs due to the use of the mobile at home or abroad.



CONVERGENCE

Combine fixed and mobile

- Increasingly customers are demanding the use of convergent services to share content easily between their mobile phone, tablet, laptop or TV.
- Access to TV programmes packaged with fixed broadband is steadily increasing the demand for convergent services.
- The growing demand for convergent services increases the use of data, which in turn requires both mobile and fixed infrastructure.



ENTERPRISE

Spearhead total communication solutions

- Fully integrated connectivity has become a fundamental pillar of business management today.
- Companies are looking for secure and reliable fixed and mobile solutions that provide efficient and effective support for their operations.
- The increasingly blurred boundaries between mobile, fixed and IT services are not only resulting in the emergence of new business opportunities, but also the creation of a more competitive market.

Strategy

Vodafone's strategic goals in Spain

Vodafone Spain's vision for 2020 is underpinned by the following **Strategic Goals**:

D I G I T A L C O N V E R G E D T E L C O

Offering the **best Customer Experience**, with a **motivated workforce** and ensuring a **profitable business**.



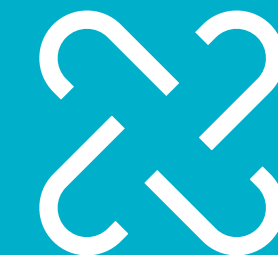
TOTAL SATISFACTION

Total Satisfaction

Meeting the expectations of different stakeholders, such as:

- **Customers:** keeping on working to boost customer experience, making this stand out still further from the competition.
- **Employees and partners:** keeping on improving the satisfaction and pride of belonging of Vodafone employees and collaborators.
- **Shareholders:** ensuring an adequate return on capital invested by our shareholders.

Consolidating the **growth of the business**, promoting the provision of **convergent services**.

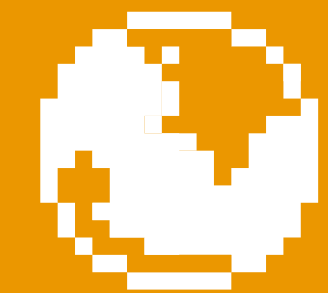


TOTAL CONVERGENCE

Total Convergence

Maintaining the path of growth achieved in recent quarters, and continue to develop our convergent customer base, leveraging the **best mobile and fixed connectivity, Vodafone's smart TV and an extensive offer of the best items of content** (football, motorsport, series, etc.).

Ensuring a satisfactory and full **customer experience** in the **digital world**.



TOTAL DIGITAL AND PERSONAL

Total Digital and Personal

Developing the best customer experience in the digital world, always maintaining the option of personal contact, with a focus on:

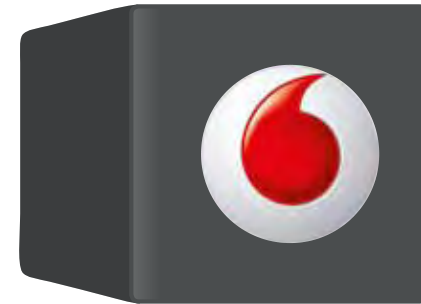
- Increasing **online store** sales:
- Improving **customer self-care** through digital channels (e.g.: My Vodafone).
- Launching **customized real-time campaigns**, so that each customer is offered the right proposal in a timely manner.

Strategy

Vodafone's strategic goals in Spain / Relevant Business Issues

In line with the Strategic Objectives, during 2016-17 the following Relevant Issues for the business were identified, which because of their importance were specifically addressed by the Executive Committee.

The Company



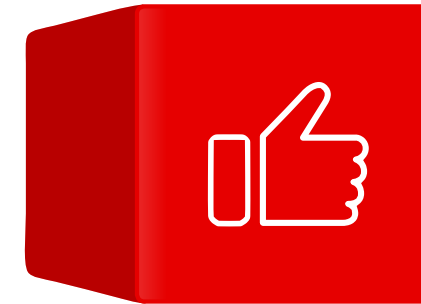
1 New Shareholding structure

- Vodafone has changed its corporate structure in Spain to adapt it to its business strategy.

2 Progress in the integration process

- The integration of Vodafone - Ono processes, technology and systems continues through the "One Way" Programme.

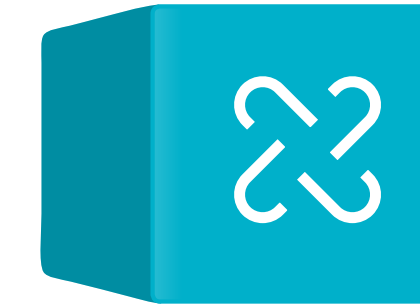
Total Satisfaction



3 New Content for Smart TV

- Launch of a new version of Vodafone TV that provides the most advanced user experience, through the complete integration of the best contents and features available in the market. Vodafone is the first operator in Spain to include channels and content on demand in 4K.
- Integration of the HBO Spain service, being able to access the complete catalogue through Vodafone TV and also in mobile devices, tablets and computers.
- Acquisition of the Formula1® and MotoGP™ World Championship broadcasting rights.

Total Convergence



4 Vodafone-Telefónica Deal

- This deal means that Vodafone can now use Telefónica's network to boost the coverage of its fibre network, ultra-fast broadband services and TV services.

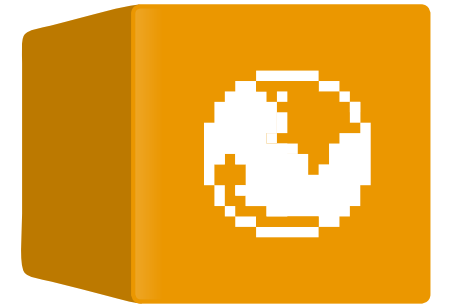
5 Network Quality

- Vodafone's 4G network has reached 4,000-plus municipalities and its 4G+ network, with speeds of up to 350 Mbps, is available in nearly 1,000 municipalities.

6 The Internet of Things (IOT)

- NB-IoT (IoT on Narrow Band) is a mobile network technology that connects devices to the Internet of Things and significantly reduces their energy consumption, increases system capacity and improves spectrum efficiency. The main advantage over other GSM technologies is the connectivity of devices located in poor coverage, underground or difficult to access areas.

Total Digital and Personal



7 My Vodafone App

- Through the new features of the My Vodafone App, Vodafone enables its customers to self-manage their lines and services.

8 Online Store

- Launch of the Virtual Store to boost online sales activity.

Strategy

Sustainable Business / Stakeholder Engagement

Communicating effectively with our stakeholders to understand the issues that most interest us in our business is essential for Vodafone. To this end, we have identified and prioritized the different stakeholders and identified and prioritized their respective expectations in relation to our activities. The following table summarizes the relationship model with the principal stakeholders, while several specific examples of communication channels with some of them are set out below too.

Stakeholders (GRI 102-40)	Customers	Employees	Opinion-Makers (Consumers' Organizations, Media, NGOs...)	General Public/Local Community
Why does it matter to Vodafone? (GRI 102-42)	Our customers are at the heart of our business. We need to build relationships of trust in them.	Our employees are the soul of our business. Their involvement and skills allow us to achieve our strategic objectives.	Opinion makers in general and the media in particular play the role of keeping the rest of the stakeholders informed about the progress of our business and the impact of our operations.	Boosting local economies generates confidence in Vodafone. This results in the long-term viability of our business.
What issues interest them? (GRI 102-44)	<ul style="list-style-type: none"> • Customer Care /Complaints. • Clear prices and rates. • Privacy and data protection. • Community Involvement. • Employees. • Youth employability. • The Environment and Climate Change. • Responsible Network Deployment. 	<ul style="list-style-type: none"> • Employees. • Diversity and Equality. • Youth Employability. • Community Involvement. 	<ul style="list-style-type: none"> • Customer Care /Complaints. • Clear prices and rates. • Privacy and data protection. • Community Involvement. • Employees. • Youth employability. • Responsible Advertising. • ICT and sustainability. • Suppliers. 	<ul style="list-style-type: none"> • Customer Care /Complaints. • Clear prices and rates. • Privacy and data protection. • Employees. • Youth employability. • The Environment and Climate Change. • Responsible Network Deployment. • Responsible Advertising.
How do we communicate? (GRI 102-43)	<ul style="list-style-type: none"> • Half-yearly surveys • Tracking of incidents and complaints. • Social Networks. 	<ul style="list-style-type: none"> • Annual survey ("People Survey"). • Internal communication Channels. 	<ul style="list-style-type: none"> • Annual surveys. • Daily tracking of the Media. • Specific meetings. 	<ul style="list-style-type: none"> • Half-yearly surveys. • Social Networks.

Strategy

Sustainable Business / Stakeholder Engagement

Stakeholders (GRI 102-40)	Knowledge Makers (Universities, Business Schools, etc.)	Public Administrations and Regulatory Authorities	Suppliers and Strategic Allies	Landlords' and Residents' Associations
Why does it matter to Vodafone? (GRI 102-42)	Our relationship with creators of knowledge gives us an understanding of emerging issues and market trends.	Our relationship with Administrations and the Regulator has an impact on our ability to contribute with more ambitious goals.	Our suppliers and strategic partners have a significant impact on our ability to provide products and services. Our commitment to them contributes to the continuity and viability of the business.	Without the collaboration of Owners and Residents' Associations where we locate our network facilities, we could not efficiently deploy the network.
What issues interest them? (GRI 102-44)	<ul style="list-style-type: none"> • Community Involvement. • Employees. • The Environment and Climate Change. • Suppliers. • Ethics. • ICT and sustainability. 	<ul style="list-style-type: none"> • Customer Care /Complaints. • Clear prices and rates. • Privacy and data protection. • The Environment and Climate Change. • Responsible Network Deployment. 	<ul style="list-style-type: none"> • Customer Care /Complaints. • Responsible Advertising. • Suppliers. • Youth Employability. • ICT and sustainability. 	<ul style="list-style-type: none"> • The Environment and Climate Change. • Responsible Network Deployment.
How do we communicate? (GRI 102-43)	<ul style="list-style-type: none"> • Participation in Workshops/ Seminars. • Specific meetings. 	<ul style="list-style-type: none"> • Annual surveys • Specific meetings. 	<ul style="list-style-type: none"> • Annual surveys. • Specific meetings. 	<ul style="list-style-type: none"> • Landlords' Call Centre.

Strategy

Sustainable Business / Stakeholder Engagement


Consumer Information Day

On 26 October 2016, an Information Day was held at the Vodafone Plaza headquarters with the principal stakeholders on electronic communications users' rights and consumer affairs.

During the Seminar, several sessions were held in which Vodafone managers and industry experts took part to report on our performance as a Company and the relationship with our customers in this area.

It was attended by representatives of Consumer Associations and Consumer Organizations, such as the Secretariat of State for the Information Society and the Digital Agenda, the Spanish Consumer, Food Safety and Nutrition Agency; the Madrid Regional Government and several municipalities (Madrid, Getafe, Móstoles, etc.), sharing with them different issues of our strategy and processes.

Visit by SESIAD and Red.es representatives

On 30 March 2017, senior management of Red.es and the Secretariat of State for the Information Society and the Digital Agenda visited Vodafone Plaza to see the Vodafone Business Experience Center. 

The visit included a discussion of the latest enterprise market trends and Vodafone's most innovative business vision with a view to the Public Administrations segment.

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 communication used during financial year 2016-17 were as follows:

Online Communication Channels

- Vodafone HUB (Intranet): 2.0, two-way environment. Each employee can customize their profile and comment on news.
- Vodafone Yammer, the corporate social network lets to all the company's employees, including local and international management, interact with one another.
- 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.
- Snap Comms: The company uses this to communicate with employees by sending alerts and pop-ups to their PC.
- Other channels: Texting, emails, weekly bulletins, pop ups, posters, videos and an in-house video tool (Vodafone Tube), etc.
- Screens on all the floors and cafeterias at the office with information for employees.



In-person Communication Channels

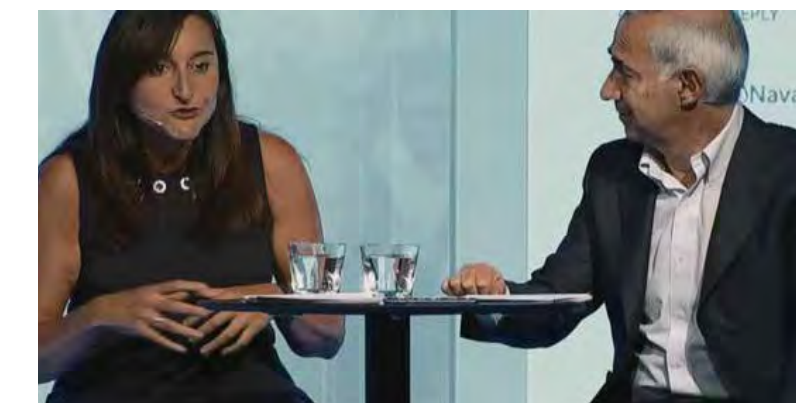
- Every month the CEO meets the organization's top 100 leaders, and the meeting is streamed for all employees.
- Face-to-face and online sessions in which the CEO and Executive Committee members explain the company's strategy and objectives.
- Regular meetings ("Road shows") with the CEO at all the Company's sites.
- Employee motivation-raising events and actions, such as the 2000-member Vodafone Club, Open houses, children's Xmas parties, sports, communities, etc.
- In-house events and campaigns to present new products and services.
- From time to time, the Executive Committee's members visit the different regions' sites to hold business tracking meetings and share the brand's strategy, goals and essence with our employees.
- The CEO and Head of Human Resources have breakfast with teams and visit office floors: a monthly breakfast with a small team; after the breakfast, they both visit one of the office floors and talk to employees about their jobs, the work that they do, and how they contribute to achieving the company's goals, as well as any other aspects that might affect them.

Annual Strategy Presentation Event

The event was held during 2016-17 to communicate to employees the strategy and goals for the fiscal year. The meeting was presented with an online format to give consistency to the Company's digital transformation. There were dynamic and participative live connections with the territories.

It included the presence of members of the Executive Committee in all regions, interactive participation by Yammer, live interviews with employees, etc.

The event stood out for the high level of participation of all employees and the feedback received.



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**

1,700

Average number of calls a monthly received during financial year 2016-17.

Social Networks

We use Social Networks to keep up on ongoing, fluid dialogue with our stakeholders.



Fans:
>400,000



Followers:
>150,000

Strategy

Sustainable Business / Strategic Sustainable Business Framework

In line with the Company's strategy, during 2015-16 the Strategic Sustainable Business Framework was defined and is summarized in the attached figure.

Our Strategic Sustainable Business Framework envisages a set of initiatives grouped into two broad courses of action:

- 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.

Vision

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

Transformational Objectives (2025)

Diversity and Equality



Innovation and Energy



Youth Employability



Transparency

Contribution to the country's Sustainable Development.

Ethics, Health and Safety in the Value Chain.

Environment: EMF; RND; Circular Economy.

Digital Freedoms and Rights.

PRINCIPLES: CODES OF ETHICS AND REGULATORY COMPLIANCE

Strategy

Sustainable Business / Strategic Sustainable Business Framework

Strategic Sustainable Business Framework compared to UN Sustainable Development Goals (SDG).

Vodafone has identified the SDG to which it can contribute most significantly as an ICT sector company.

During financial year 2016-17, we have identified indicators that show the progress in our contribution to the achievement of each one of these SDG.

Listed below are the SDGs related with the three Transformational Goals of the Sustainable Business Strategy, as well as various examples of the indicators identified.

Vodafone contributes to the dissemination of the Sustainable Development Goals (SDG) to raise awareness about their importance.

To mark the first anniversary of the SDG Accord and the fact that the United Nations is holding the Global Goals Week from 17 to 24 September 2016, Vodafone arranged several actions to help publicize it:

- All that week, Vodafone's customers in Spain were able to access content with SDG-related information without sending any pricing plan data.
- Customers were sent texts and emails to disseminate the SDGs.
- Vodafone launched a premium web with interesting links and information.

Our employees were informed about all these actions.



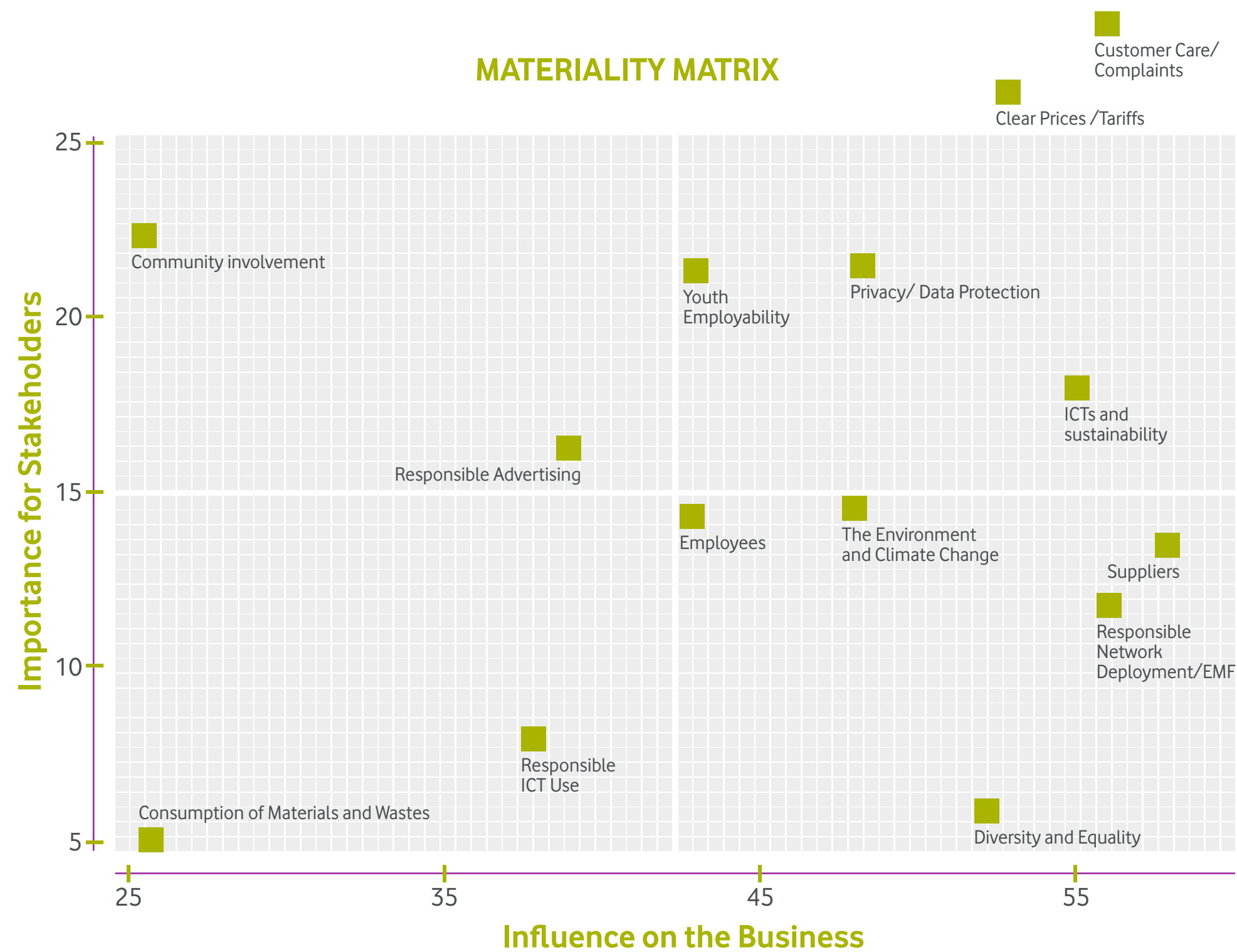
Sustainable Business	SDG	Internal Indicator
Diversity and Equality 	Guarantee a healthy life and promote well-being for all of us.	N° of medical appointments: 2016-17 12,996 2015-16 12,524
	Guarantee an inclusive, equitable and quality education.	Hours' training per employee: 2016-17 16.3 2015-16 21.8
	Achieve the gender equality and empowerment of all women and girls.	% of female employees: 2016-17 43% 2015-16 41%
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Employee satisfaction level: 2016-17 85 2015-16 69
	Reduce inequality in and between countries.	N° of senior citizens who have learned to use ICTs (in face-to-face courses): 2016-17 62,155 2015-16 46,505
Innovation and Energy 	Build resilient infrastructures, promote inclusive and sustainable industrialization and foster innovation.	Infrastructure sharing: 2016-17 60% 2015-16 43.2%
	Ensure that cities and human settlements are inclusive, secure, resilient and sustainable.	N° SIM cards activated for M2M: 2016-17 1,067,000 2015-16 902,000
	Guarantee sustainable usage and production models.	% reduction in energy consumption per network element (with respect to 2006-07): 2016-17 -37.8% 2015-16 -32.8%
	Take urgent measures to fight against Climate Change and its effects	Change in total CO2 emissions (Tn): 2016-17 161,439 2015-16 184,987
Youth Employability 	Guarantee an inclusive, equitable and quality education.	N° of young people hired through the "Discover Graduate" scheme: 2016-17 55 2015-16 30
	Reduce inequality in and between countries.	N° of disabled people who were found a job: 2016-17 650 2015-16 500

Strategy

Sustainable Business / Materiality Analysis

Our ongoing dialogue and relationship with different stakeholders lets us identify and prioritize their needs and expectations. Pertinent internal procedures are used to draw up a Priority Matrix (also known as a Materiality Analysis), that identifies and prioritizes the issues addressed and developed in the Strategic Sustainable Business Framework.

These issues 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.



The issues identified through our Stakeholder dialogue and relationships serve to draw up the following **Priorization of Materials Issue** that are addressed throughout this Report:

Issues (GRI 102-44)	Report Reference
1. Customer Care /Complaints.	Customers. Pg. 53 a 59
2. Clear Prices and Tariffs	
3. Privacy and Data Protection	Digitization with Customers. Pgs. 97 to 101
4. ICT and sustainability	
5. Youth Employability	Employees. Pg. 68
	Society. Pg. 80
6. Suppliers	Suppliers. Pg. 87 and 88
7. The Environment and Climate Change	The Environment. Pgs. 81 to 86
8. Responsible Network Deployment/ Electromagnetic Emissions (EMF)	
9. Responsible Advertising	Customers. Pg. 56
10. Employees	Employees. Pgs. 62 to 72
11. Community Involvement	Society. Pgs. 73 to 80
12. Diversity and Equality	Employees. Pgs. 66 and 67
13. Responsible use of ICT	Digitization with Customers. Pgs. 97 to 101
14. Consumption of Materials and Wastes	The Environment. Pg. 86

5

Performance

5.1
Total
Satisfaction

5.3
Total Digital and
Personal

5.2
Total
Convergence





TOTAL
SATISFACTION

Performance

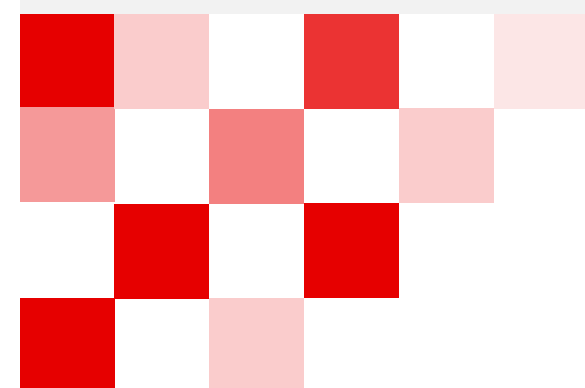
Total Satisfaction / Financial Results



■ Consolidated Information

Listed below are the main financial¹ and operational figures for the year, compared to the previous financial year.

MAIN FIGURES	As at 31 March 2017	As at 31 March 2016
Total Revenue ² (€ mn)	4,973	4,959
Service Revenues ² (€ mn)	4,507	4,468
EBITDA ¹ (€ mn)	1,360	1,250
EBITDA Margin ¹ (%)	27.3%	25.2%
Investments (€ mn) ³	746	1,178
Mobile customers (000's)	14,412	14,319
Fixed broadband customers (000's)	3,231	3,022
TV Customers (000's)	1,309	1,063
Carrier service revenues ² (€ mn)	47	50
Carrier service margin ² (€ mn)	7	4



■ Customer Base

- Vodafone Spain ended the 2016-17 financial year with a **mobile subscriber** base of 14.4 million customers, the significant increase in contract customers standing out (+337,000 net adds for the year), derived from the favourable reception of the commercial offering and the improved customer experience.
- The number of Vodafone customers with device, tariff and use of **4G** services was close to 7.6 million at the end of the year, 40% more than the previous year. The Vodafone Spain 4G network reached 96.5% of the population in March and extended to close to 4,400 towns, of which 985 have 4G+ technology with download speeds reaching 350Mbps. In November 2016, the consultancy firm P3 Communications GmbH listed the Vodafone mobile network as being the best on the Spanish market, both in voice calls and data, for the second year running.
- As for fixed line services, the **fixed broadband** customer total topped the 3.2-million mark at the end of the financial year, 209,000 more than the previous year. The number of **fibre** customers topped 2.3 million, 16% up on the previous year. This rising number of customers is being driven by the extensive coverage provided by the fibre network. On 31 March 2017, the number of building units available with fibre topped 18 million, more than 10 million of which were passed with Vodafone fibre or included in shared rollouts.
- The number of **Vodafone TV** customers exceeded 1.3 million at the end of the financial year, 23% more than the previous year. These numbers are the result of Vodafone's ongoing commitment to offering the best content and the best features on the market. In addition to the existing offering of more than 120 linear channels and over 20,000 on-demand content items with HBO Spain, Netflix and Videoclub, motorsport competitions (MotoGP, Moto2, Moto3 and Formula One) and all of the football have been included in the new "Vodafone Sport" package. During the financial year, Vodafone Spain also unveiled its new Vodafone TV service, with a wide range of 4K content and advanced integration, recommendation, recording and performance features, making it the first Spanish operator to offer 4K quality to its customers.
- The rapid expansion of Vodafone's fibre services, leadership in 4G, the constant evolution of the television platform and the appeal of the commercial offering have enabled Vodafone to progress in its convergent proposal. This progress can be seen in the 2.4 million customers subscribing to **Vodafone One** at the end of the financial year, 892,000 more than twelve months previously. Consequently, by 31 March, the percentage of fixed broadband customers which had a convergent solution reached as much as 86.7% (5.2 percentage points more than in March 2016).

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

(2) **(GRI 102-48)** Since 1 April 2015, Vodafone Group modified its reporting in order to reflect the changes to the internal management of the Enterprise Business. The main change was that 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. Locally, it means separating these revenue and costs in a new segment, without impacting local account reporting.

(3) In March 2016, Vodafone successfully concluded the implementation of the "Spring" Programme which enabled us to champion the introduction of 4G in Spain. For this reason, during the 2016-17 financial year, investments have reduced compared to the previous year.



Performance

Total Satisfaction / Financial Results

■ Total and Service Revenue

Vodafone Spain ended the 2016-17 financial year with €4.973 billion in Total Revenue, which, in comparable terms, excluding the effect of handset financing, represents a 5.3% increase compared to the previous year. During the entire financial year, Service Revenue reached €4.507 billion, a 4% increase on the previous year in comparable terms, due to: The main reasons for this change were:

- A larger subscriber base thanks to the favourable reception of the commercial offering;
- Greater average revenue per user (ARPU);
- The revenue from foreign tourists who make use of the mobile service in Spain; and
- The favourable evolution of the enterprise business, particularly highlighting the Enterprise Connectivity service and the cloud data storage service.

■ Costs

During this financial year, Vodafone Spain has maintained its strict cost control, continuing with the transformation of the company which started following the purchase of the Ono Corporate Group.

- 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 and sales channel efficiency.
- Operating costs have also fallen compared to the previous financial year, following the trend of other financial years, pursuing cost efficiency in all areas of the company.

These savings have offset the rising costs in other areas such as:

- Interconnection and Access Costs, which have grown slightly compared to the 2015-16 financial year, principally due to greater traffic, both from national voice call usage and from voice and data usage by our customers abroad ("roaming").
- Direct Costs, which have grown significantly compared to the previous period, mainly due to the increase in the cost of football rights and to the mobile public spectrum usage levies.

■ EBITDA

This year, the EBITDA increased 8.8% on last year, while the EBITDA profit margin was up 2.1% to 27.3% over the past 12 months. All of this has been driven by the revenue growth and the cost savings mentioned above, and despite the overrun of football content from the last financial year.

■ Agreement with Telefónica

In March 2017, Vodafone and Telefónica reached a commercial agreement for wholesale access to the Telefónica fibre-optic network. Through this agreement, Vodafone can access the Telefónica fibre-optic network immediately, not only in certain towns subject to regulation, but also in others in which Telefónica has been released from its wholesale obligations in relation to fibre-optic access. This agreement enables Vodafone to complete the coverage of its superfast fibre-optic networks and significantly extend the area where it can offer superfast broadband and television services.



Performance

Total Satisfaction / Customers



Vodafone regards our customers' total satisfaction as a strategic goal and to keep on heading towards this goal, during 2016-17 we have boosted their digital experience. By giving them what they ask for, such as our immediate, self-care tools, in parallel to our conventional systems and channels, we offer customers digital, simple and responsive alternative that respond to their needs.



Achievement of the Integrated Report 2015-16 Objectives

- Offer the best fixed and mobile connectivity.
- 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**

Degree of compliance

Ongoing

100%

100%

■ "We CARE"

During 2016-17 we moved ahead with the "We CARE" Programme that the Vodafone Group unveiled the previous financial year, and which is based on these four pillars:



P R O M I S E S T O O U R C U S T O M E R S




Performance

Total Satisfaction / Customers

In order to fulfil our commitments to the “We CARE” programme, different actions have been implemented:



- To ensure that our customers have the best voice and data network in Spain, as certified in reports by independent bodies. 
- We'll detect issues and compensate our customers when they occur.
- Our convergent customers will always have a connection. In the event of incidents or delays, we will offer them connectivity via their mobiles.
- Customer installation in the least possible time: for fibre-optic broadband, commitment to offer installation appointment in less than 72 hours in the main Spanish cities.



- Call customers whose bill has been higher than usual, before it is debited to their account.
- Spending information available in real time through the customer area and in “My Vodafone”.
- Launch of new “All inclusive” tariffs (greater data volume, “roaming”, fixed line to mobile calls, calls between family numbers), ensuring better spending control.



- Launch of various actions to reward our customers' loyalty, including:
 - Free calls on 24 and 31 December
 - Unlimited free data on Valentine's Day
 - X2GB Offer (twice as many GB) for our prepaid customers



- Personalized care for our corporate customers, with a specific agent or ensuring that the agent who takes the call, resolves the enquiry from start to finish.
- Text message customers so that they can reply if they want us to call them back to clear up any doubts.
- If the enquiry requires more time, a commitment is made to a resolution deadline, keeping the customer informed of the status of the request.

Customer Experience Week

The “Customer Experience Week” was held in the last week of May 2016. This was a Vodafone Group initiative, implemented simultaneously by the Group operators, with a dual objective:

- To reveal the progress made in terms of Customer Experience.
- To have the opportunity to gain first-hand knowledge of our customers' perceptions, as well as those of the different teams who have contact with them on a daily basis: with special mention to the **Red Team** (professionals, from the company or from collaborating entities, who are in direct contact with our customers).

Among the different actions carried out, the following stand out:

- Round table with Residential Customers in the Vodafone Plaza Auditorium, featuring the participation of the director of the Residential Customer Business Unit
- Meeting with Corporate Customers in the Auditorium, featuring the participation of the Head of the Corporate Customer Business Unit.
- Speed Dating (short conversations) with members of the Red Team in order to exchange impressions and doubts.





Performance

Total Satisfaction / Customers

Customer Care

Vodafone has different channels for keeping in touch with its customers: **1. Telephone support** **2. Face-to-face in our stores** **3. Online Customer Care/Self-care**

1. Telephone support



T- NPS (Satisfaction with customer care received):
up 15 points
on the previous year

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

The different improvement schemes in the telephone assistance departments, as well as those detailed below, have made it possible to reduce the number of calls by 10% and increase the satisfaction with the care received by 15 points compared to the previous year:

- Continuing with the process integration between Vodafone and Ono, offering our customers a simpler and more comprehensive experience in their dealings with the company.
- Improving the customer experience by increasing the capacity of the first-line support platforms, making it possible to resolve their requests in the first call, without having to transfer them to other specialist platforms.
- Increasing personalization by implementing, in certain segments, customer care models which mean that the agent takes responsibility for following the customer request through to the end, facilitating the concept of contact with a single agent.

2. Face-to-face in our stores



Vodafone "one-to-one": Premium Customer Care Centres that offer a personalized service.

More than
155,000
customers attended
to in 2016-17

95%
first visit
resolution

Average wait time:
5 minutes

Our stores offer Customer Care and an Aftersales service.

Customer Care

The customer care highlights during 2016-17 included the following:

- The customer care service has been revamped, offering a fully-integrated solution, with the same processes and response times.
- "Prior Appointment": So that customers come at a specific time and do not have to waste time waiting.

After-Sales service

Our customers can now get their smartphones repaired.

77%
on-site resolution
of all customers
attended

99%
of repairs not sent
back for subsequent
repairs

85% acceptance of
the swap service

3. Online care / Self-care



Customers want to be able to manage their lines and services by themselves. For Vodafone this is a strategic objective (Total Digital and Personal), working continuously to enable customers to have the highest degree of self-management, free of charge at anytime and anywhere.





Performance

Total Satisfaction / Customers

Complaints

During the financial year, 2016-17 Vodafone has carried on reducing the number of complaints. As such, and taking into account that Ono has been included in the arbitration scheme (November 2015), the relative weight of Vodafone claims has been reduced compared to other operators.

Official consumer organizations

Direct contact is maintained with the Arbitration Boards, Municipal Consumer Information Offices and consumer associations:

- Constantly monitoring our responses.
- Resolving common incidents.
- Proposing measures for improvement using the “feedback” received through our permanent contact.
- Attending talks on the different telephony operators where the feedback received from the attendees has been very positive.

Mediation

The **telephone mediation** service is being continually improved and extended, this being a telephone number exclusively for official consumer bodies, promoting resolution in the mediation phase, shortening the resolution time and improving customer satisfaction. The official bodies rate this service very highly, considering it to be a differentiating factor between Vodafone and other operators, even using us as an example and leading other operators to replicate this service.

Mobile Phone Complaints (*)

1.51 complaints / 10,000 customers

Fixed Phone Complaints (*)

95% of complaints
handled in **2.96** days

(*) According to figures for the last quarter of financial year 2016-17 supplied to the SESIAD (Secretariat of State for The Information Society and the Digital Agenda).

Responsible Advertising

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

Our advertising seeks to convey our brand message: “We connect people to improve their life today and build a better tomorrow”, and its application is approved by the Vodafone Group Brand Manager.

During the 2016-17 financial year, one of the most important campaigns was the inclusion of roaming in contract tariffs so that our customers can enjoy the benefits of their tariffs in Europe and the United States as if they were in Spain.

Other important campaigns were those relating to the content offering, which enable our customers to enjoy a comprehensive offering.



At Vodafone we are committed to complying with the legislation in force, both in terms of advertising and generally, for which our Legal Department establishes control mechanisms on reviewing campaigns prior to their launch, ensuring compliance with the law.

During financial year 2016-17, and taking into account that it is one of the companies that invests most heavily in advertising campaigns, Vodafone only received the following adverse rulings for advertising-related issues:

- Two fines for proceedings brought by the Catalan Consumer Affairs Agency (€88,000 and €70,000).
- 1 fine for proceedings brought by the Andalusian autonomous government (€220,000).
- 5 inquiries opened by the Self-Regulation Association, with no associated fine.



Performance

Total Satisfaction / Customers

■ Clear prices and tariffs

Vodafone One and Contract Tariffs

During the 2016-17 financial year, numerous changes have been made to the benefits included, both in mobile contract tariffs and in Vodafone convergent packages, in order to continue to innovate and to meet our customers' needs and demands. These are the highlights:

- April 2016 saw the launch of the **improvements to the entire Vodafone tariff portfolio** (Vodafone One, Ono Fibre/ADSL, mobile tariffs, fixed telephony, +Líneas, Mobile Internet) for both new and existing customers, with roaming in Europe and the US, more data in mobile tariffs, access to DTT channels through Initial TV Online, unlimited calls to mobiles from fixed lines and free calls between family members (both mobile and fixed lines associated to the same account).



- Furthermore, from October 2016, Vodafone One added a new offering to its portfolio aimed at families. **Vodafone One Family** is the package which includes Fibre, 2 mobile lines, fixed line, Vodafone TV and all football matches.

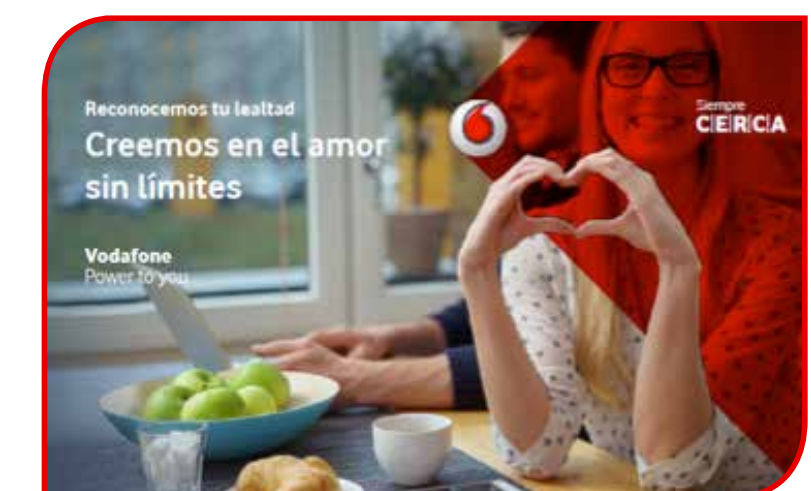
Llega el nuevo Vodafone One Familia


 120Mb Fijo ilimitado
 
 2 líneas 4GB ilimitadas Roaming
 
 Vodafone TV +120 canales
 

 Todo el fútbol LaLiga y Champions

- Where entertainment through the Vodafone TV service is concerned, between August 2016 and March 2017, the offer was improved so that new customers could try out the best **Vodafone One TV** package, **Vodafone TV Total**, which allows customers to access over 20,000 items of content through more than 120 channels and, since December 2016, record-breaking series and all new releases on **HBO Spain**. Likewise, the agreement for all of the football content has been renewed, adding all of the motorsport content, including the **MotoGP™** and **Formula One®** competitions. Vodafone One TV and all of this content have also been available since the summer of 2016 via ADSL broadband technology.
- In the summer of 2016, we completed the convergent offering with **+Líneas Vacaciones** (“+Holiday Lines”), a solution for having an additional Internet connection for second homes or holidays, paying for it only when it is needed.
- Our content offering within our mobile contract tariffs has been improved and completed, adding some LaLiga matches, Spotify Premium, HBO Spain, Moto GP™ and Fórmula One®.
- 2XGB Offer (twice as many GB) over Christmas. Vodafone offered its customers a treat, making unlimited calls available to them on the 24 and 31 December.
- Valentine's Day Offer, unlimited data on 14 February.

Through these actions, and other similar initiatives, Vodafone is characterized by and stands out for a competitive and flexible offering, enabling customers to configure their services in line with their needs.





Performance

Total Satisfaction / Customers

Prepay Tariffs

Vodafone yu

During the 2016-17 financial year, further work was carried out to improve the Vodafone yu offering, especially designed for young people.

Likewise, during this financial year, Vodafone yu launched a tariff aimed at children, the **+líneasyu tariff**, where those customers with the One or Red tariffs can subscribe to this tariff for their children. Vodafone yu has also improved its offering, both in the summer and at Christmas, launching the special offer with Double the Gigas.

During this financial year, Vodafone has maintained its commitment to the **digital content platform** as a way for young people to communicate.

Vodafone yu is establishing itself as the **leading Spanish brand on YouTube** thanks to the content generated by the “Yu no te pierdas nada” and “Youtubers” programmes. Furthermore, it has kept on promoting innovation and live streaming on social networks, and the new formats that these networks have incorporated, such as Facebook Live, Instagram Stories and Boomerang, which have made it possible to offer a great variety of exclusive content to their followers.

This content platform is completed by an offering of unique and exclusive experiences for Vodafone yu customers, through which they have been able to enjoy their favourite activities such as music and entertainment. Furthermore, customers have continued to enjoy the Vodafone yu Music Shows, free concerts by well-known national and international artists.

In the field of music, a further edition of **Vodafone yu Music Talent** has been held, an initiative which gives new bands the opportunity to make a name for themselves.



As far as experiences go, this year, for the first time in Spain, Vodafone yu has offered its customers an **immersive cinema** season called **Vodafone yu “What A Movie”**, a new way of enjoying cinema in which the films are experienced both on and off the screen, experiencing the sensations transmitted by the film not only by seeing them projected but also due to the real experience in the place where they are screened. Vodafone yu has organized three immersive cinema sessions throughout the year, #yuFear, #yuBlood and #yuChicago, where the “yusers” (Vodafone yu customers) have had the opportunity to enjoy films such as Dracula and Chicago with their friends whilst the scenes developed around them.

YUSER	SUPER YUSER	MEGA YUSER
1 GB 20 MIN A TODOS	1,5 GB 50 MIN A TODOS	2 GB 100 MIN A TODOS
LLAMADAS GRATIS DE YU A YU		

The Vodafone yu YouTube channel, a leader in Spain

In May 2016, the Vodafone yu YouTube channel reached over 100 million views and over 187,000 subscribers, consolidating its first place in the YouTube channel ranking in Spain.



Other prepay tariffs

- **International Smartphone:** aimed at those customers who need to be in contact with other countries and make international calls.
- **Vodafone in Spain,** aimed at tourists who visit Spain.

These two tariffs (International Smartphone and Vodafone in Spain) have been improved this financial year with the Double the Gigas offer launched both in the winter and at Christmas.

- **Vodafone Fácil (Vodafone Easy):** In order to meet the need of people who still use their mobile mainly for voice calls and to be reachable. This simple tariff, 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 tariff is intended especially for older people who want a simple rate and phone, which.

- **Vodafone Fácil Smartphone:** Designed for senior citizens who are becoming familiar with the Internet world. It enables them to combine data for surfing the Internet and per-minute billing easily in the same tariff.



Performance

Total Satisfaction / Customers

■ Premium SMS



Premium Text Messaging Services are services that are generally offered by companies unrelated to Vodafone, and that use our telecoms 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.

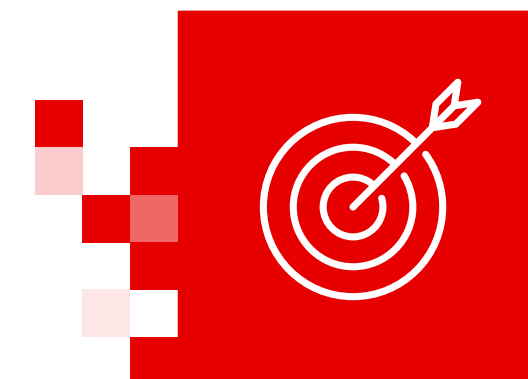
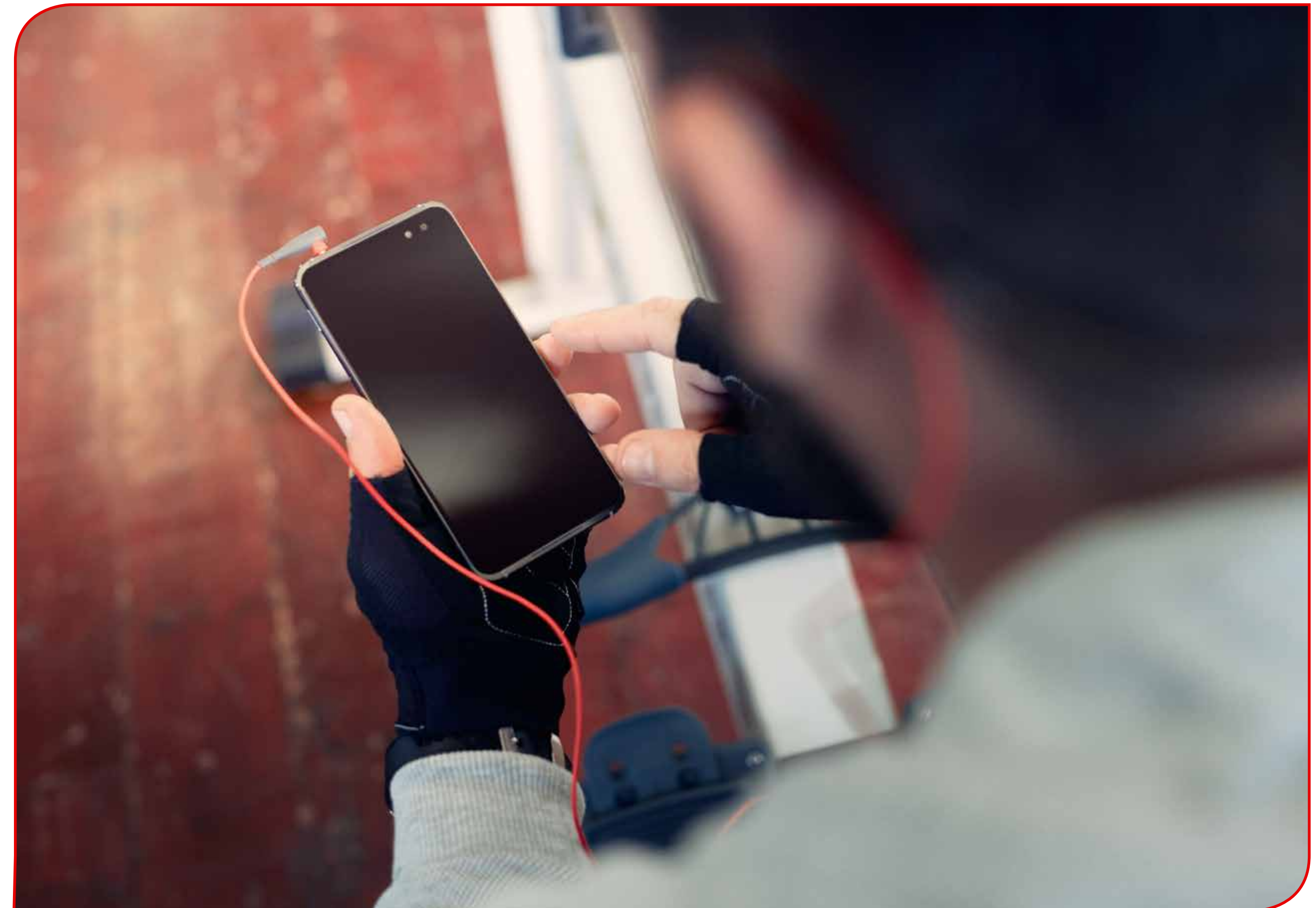
Following the implementation of the Modification of Order TTC/308/2008 of 31 January in September 2015, content providers have not launched subscription services and have limited themselves to maintaining those which they already had.

Charity Subscriptions

In May 2016, the Charity Subscriptions service was launched as a consequence of the Resolution of 19 November 2015, from the Secretary of State for Telecommunications and for the Information Society, allocating public numbering funds in the subscription category to the provision of premium rate services based on sending short and multimedia messages.

This service based on a subscription logic via which those users who subscribe will receive a maximum of 4 SMS messages in one month, the proceeds of which shall be paid entirely to the associated NGO.

Up until 31 March 2017, this service had been launched with UNICEF and discussions were ongoing with other NGOs with regard to further possible launches. 



Next objectives

- Offer the best fixed and mobile connectivity. **Ongoing**
- Maintain a differentiated customer experience. **March 2018**
- Review of the current Premium SMS services to ensure that all of them meet Vodafone's requirements. **March 2018**



Performance

Total Satisfaction / Customers

■ Best Practices with Customers

Casual Hotels with Vodafone

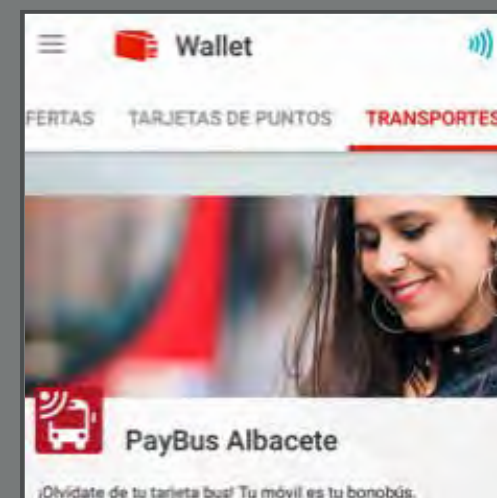


Casual Hotels is the first hotel chain to have implemented the NFC Access solutions of Vodafone Wallet and Tessa Assa Abloy. Customers of the hotel chain can access their rooms, as well as other areas of the hotel, using just their Smartphone, without the need for physical keys or cards, since their key will be available in their Vodafone Wallet.

From today, Albacete's inhabitants can pay on the city's buses with their Vodafone mobile

Albacete's inhabitants only have to swipe their smartphone with Vodafone Wallet over the ticket validator to get on public transport and buy their passes from their smartphone. They can also check their travel log, see how many trips they have left on their ticket or top-up their pass using any bank card. Vodafone Wallet guarantees security, because all the information is

encrypted separately on the SIM card, which acts as a secure element.



Vodafone's customers can use Vodafone Wallet on Malaga's municipal buses

Vodafone Wallet now includes Malaga's city transport system, meaning that passengers can validate their trip on the bus, top up their tickets and check their travel log. They can also use it to borrow a bike from Malaga's municipal bicycle loan service.



Samsonite and Vodafone create a luggage tracking solution

The luggage company, Samsonite, is carrying out NB-IoT tests together with Vodafone to create a solution which will enable travellers to know where their luggage is at all times.

The Track&Go solution, the prototype which was presented at the Mobile World Congress (MWC) in February 2017, will make it possible to provide a solution for the issue of lost luggage.



Quality Espresso and Vodafone

Quality Espresso specializes in the design, manufacturing and marketing of professional coffee-making equipment. It has more than 50 years' experience and exports to more than 60 countries.

They have managed to make their coffee machines smarter by incorporating a module with a built-in Vodafone IoT SIM card. This module reads the data from the machine, making it possible for Quality Espresso customers to save costs. The machine was exhibited at the 2017 MWC.





Performance

Total Satisfaction / Customers

Vodafone is to connect 3,300 pharmacies in Catalonia in order to provide an Electronic Prescription service

The Council of the College of Pharmacists of Catalonia awarded Vodafone this key project which is set to have a high profile in Spain, since it will become the largest Virtual Private Network (VPN) nationwide.



Personalized music on the cloud in Compañía del Trópico establishments



Compañía del Trópico, one of the largest restaurant and casual dining groups in Spain, has launched an innovative cloud-based music system in its own establishments which makes it possible to personalize all the music options, in order to offer customers a more satisfactory experience whilst they are on the premises.

In November 2016, Vodafone implemented the new music system, which is connected to the Internet installed in every establishment. A music directory is managed via a simple platform and it can be personalized depending on the geographical area in which it is located, the time band, etc.

Vodafone and the Entrepreneurs Confederation of Leon sign a collaboration agreement

The agreement, signed on September 2016, enables the companies associated to the Entrepreneurs Confederation of Leon to access Vodafone services with special conditions. In this way, Vodafone has become the technological partner of the entrepreneurs of Leon with the aim of helping them with the digital transformation of their business and the adaptation of digital solutions to their everyday lives.



Vodafone and the Confederation of Entrepreneurs of Navarre (CEN) renew their collaboration agreement

The objective is to facilitate access to Superfast Broadband and the digital solutions that Vodafone has on the market and which are key to boosting the profitability of companies and helping them on the path towards digital transformation.



FENIE



Vodafone and the Spanish Federation of Electrical and Telecommunications Installers (FENIE) sign a collaboration agreement

Convinced that the digital transformation of companies is a solid bet for the future, FENIE has reached an agreement with Vodafone with the objective of making the everyday work of its members easier, as well as helping them to promote new lines of business. This agreement enables companies associated to the Federation to access Vodafone services with special conditions.

Performance

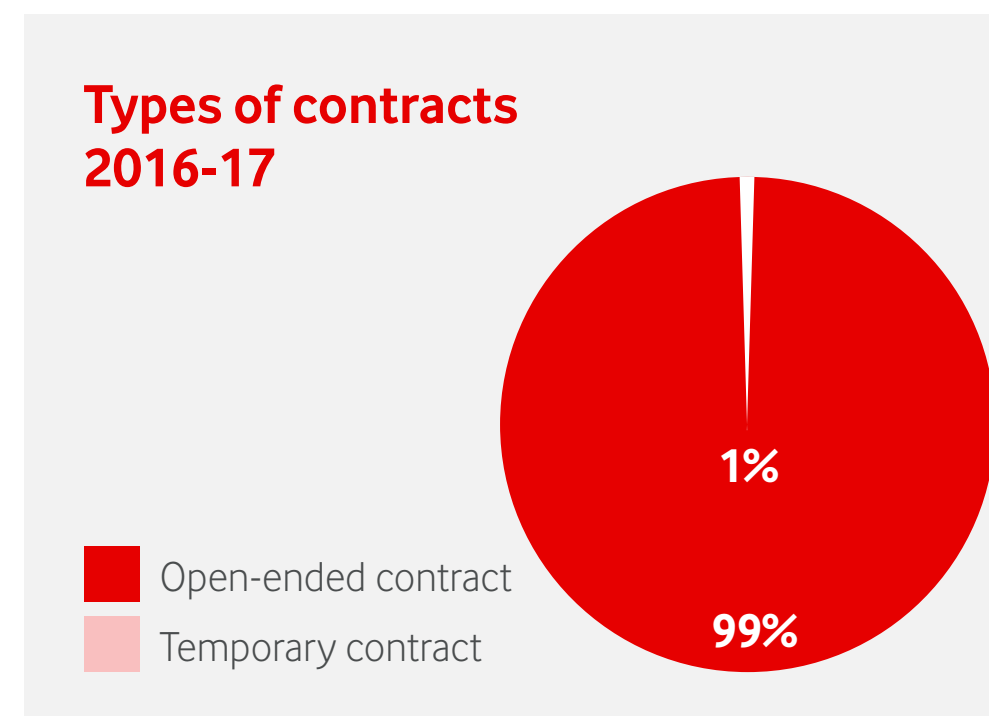
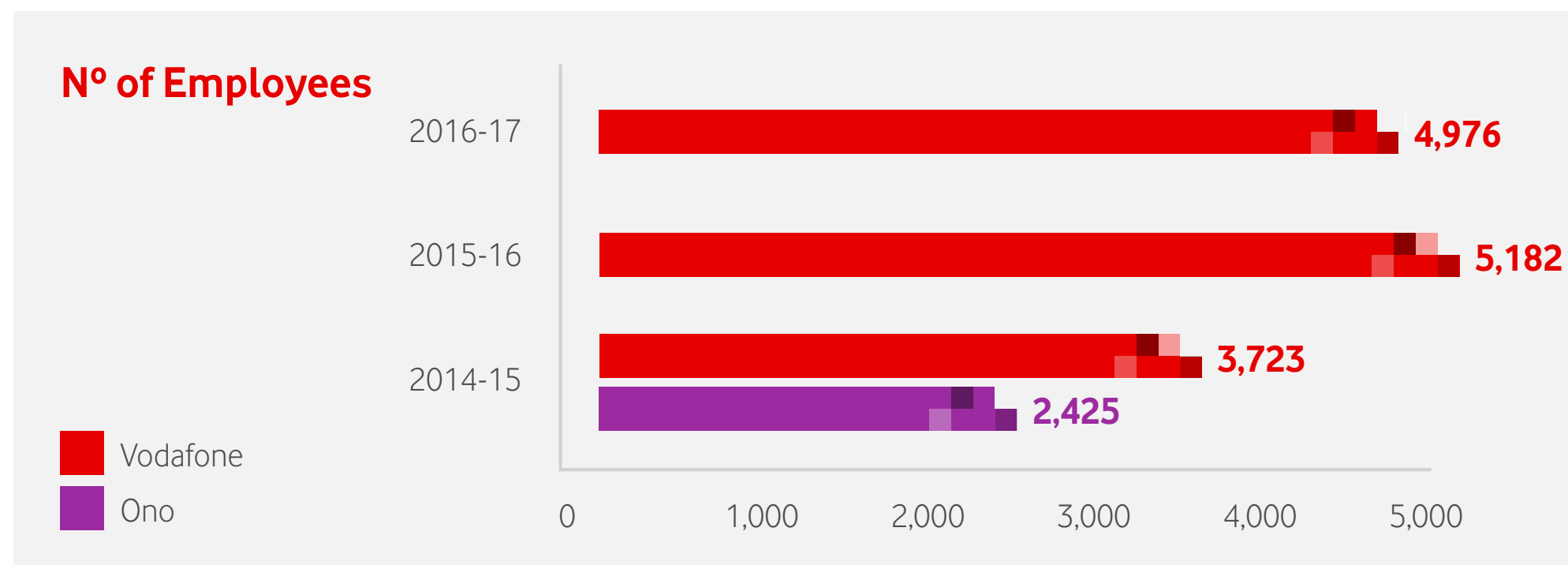
Total Satisfaction / Employees



Achievement of the Integrated Report 2015-16 Objectives

- Make headway in harmonizing the working conditions of the Vodafone Spain and Ono employees. **March 2017** **100%** 😊
- Establish courses of action to ensure that Vodafone is an inclusive environment. **March 2017** **100%** 😊
- Actively contribute to bringing down youth unemployment. **March 2025** **Underway**

We also strive to ensure the “Total Satisfaction” of our employees, which is why we are committed to a good working environment and our staff’s career development.

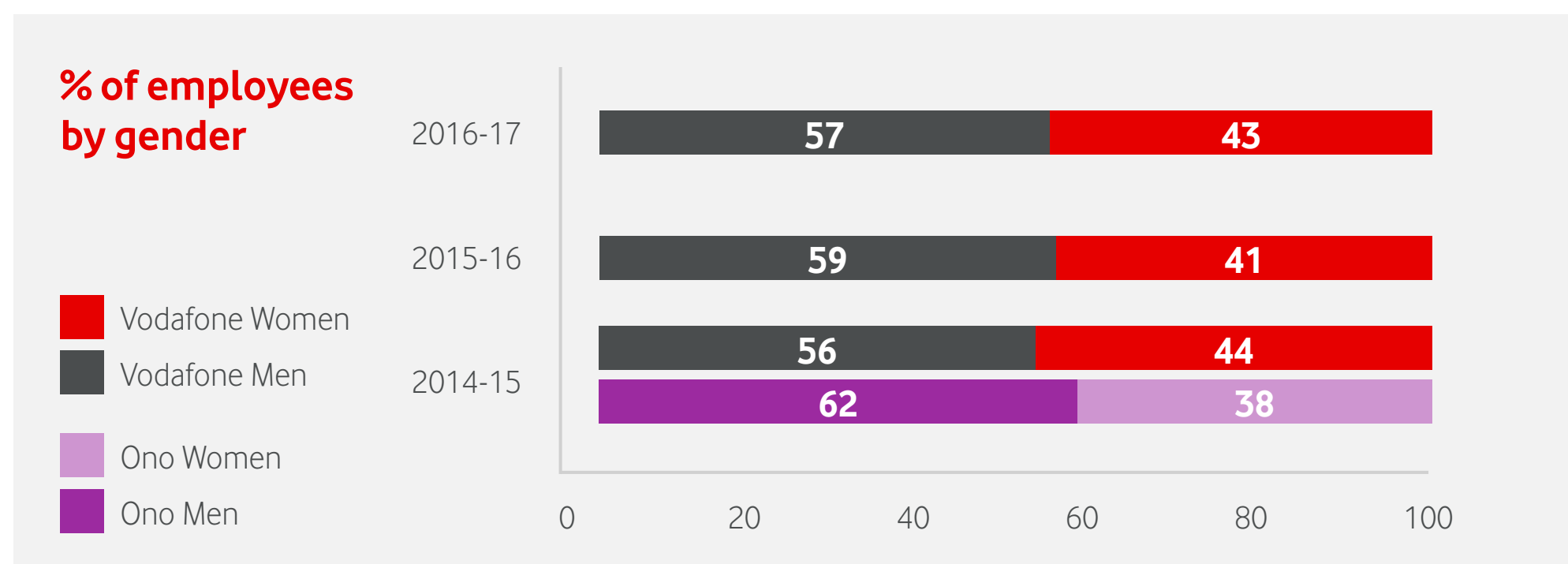


% Types of contracts by gender 2016-17

Type of contract	Women	Men
Temporary contract	2%	1%
Open-ended contract	98%	99%

Nº of employees and % by age and gender 2016-17

Age range	Men	Women	Men %	Women %	% Age range
< 30 years	122	173	4%	8%	6%
30 - 50 years	2,323	1,827	83%	84%	83%
> 50 years	368	163	13%	8%	11%
General total	2,813	2,163			



Voluntary turnover rate by gender 2016-17

Gender	% Turnover
Men	2.7%
Women	3.0%
TOTAL	2.8%

Nº of hires by age and gender 2016-17

Age range	Men	Women	Total
< 30 years	58	95	153
30 - 50 years	134	96	230
> 50 years	4	1	5
General total	196	192	388



Performance

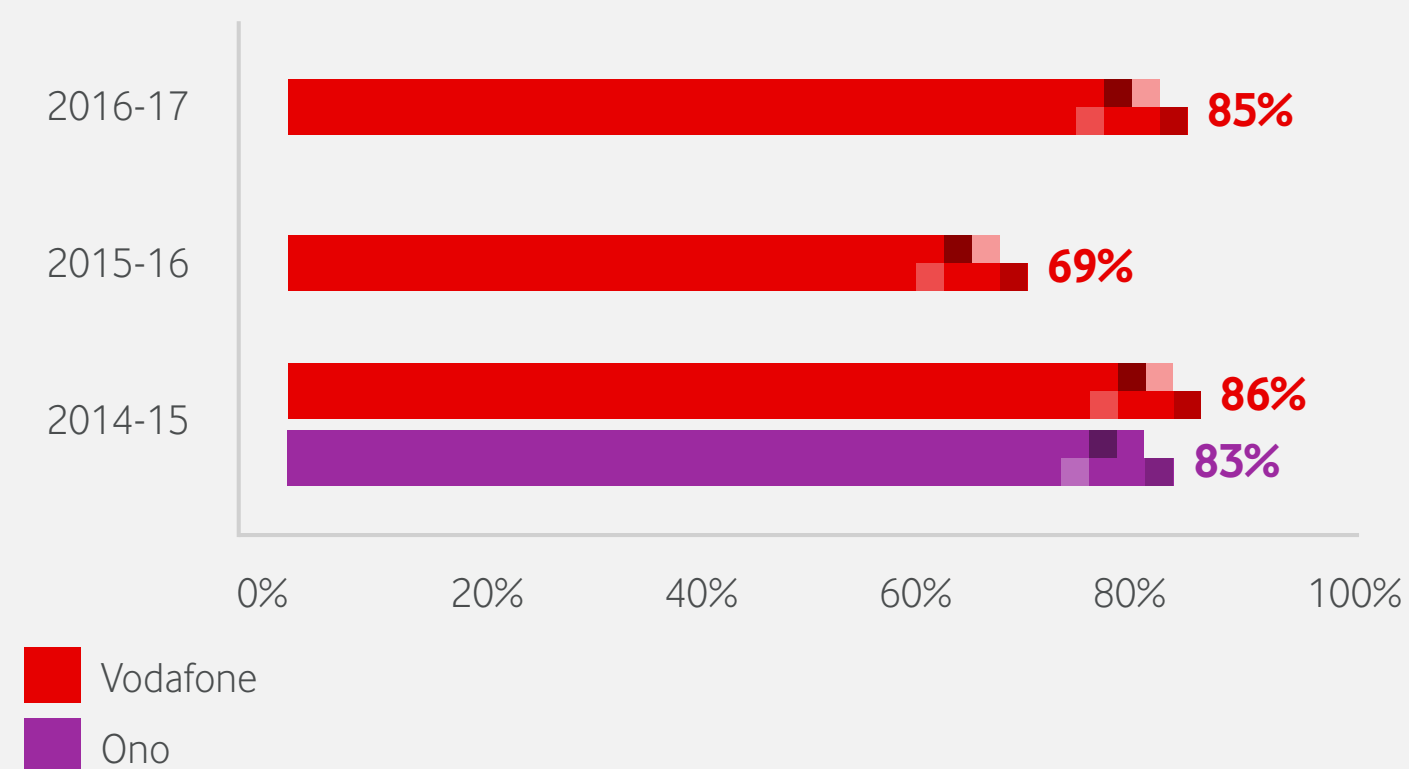
Total Satisfaction / Employees

■ “PEOPLE SURVEY” (Industrial climate survey)

We want to be a company that is admired, both by its customers, and by everyone who works at the company. The “People Survey” that is carried out annually gives employees the opportunity to express what it is like to work at Vodafone. Furthermore, it allows the company to understand what makes its employees proud and which aspects must be improved in order to make Vodafone the best company to work for.

Based on the results of the “People Survey”, actions for improvement and change management are established. The actions (“People Plan”) established as a consequence of the 2015-16 survey (the results of which were significantly affected by the Collective Redundancy process which took place during that financial year) have had the expected impact and have contributed towards ensuring that the Employee Satisfaction Index has recovered and is currently among the highest seen at Vodafone Group.

Employee Satisfaction Index

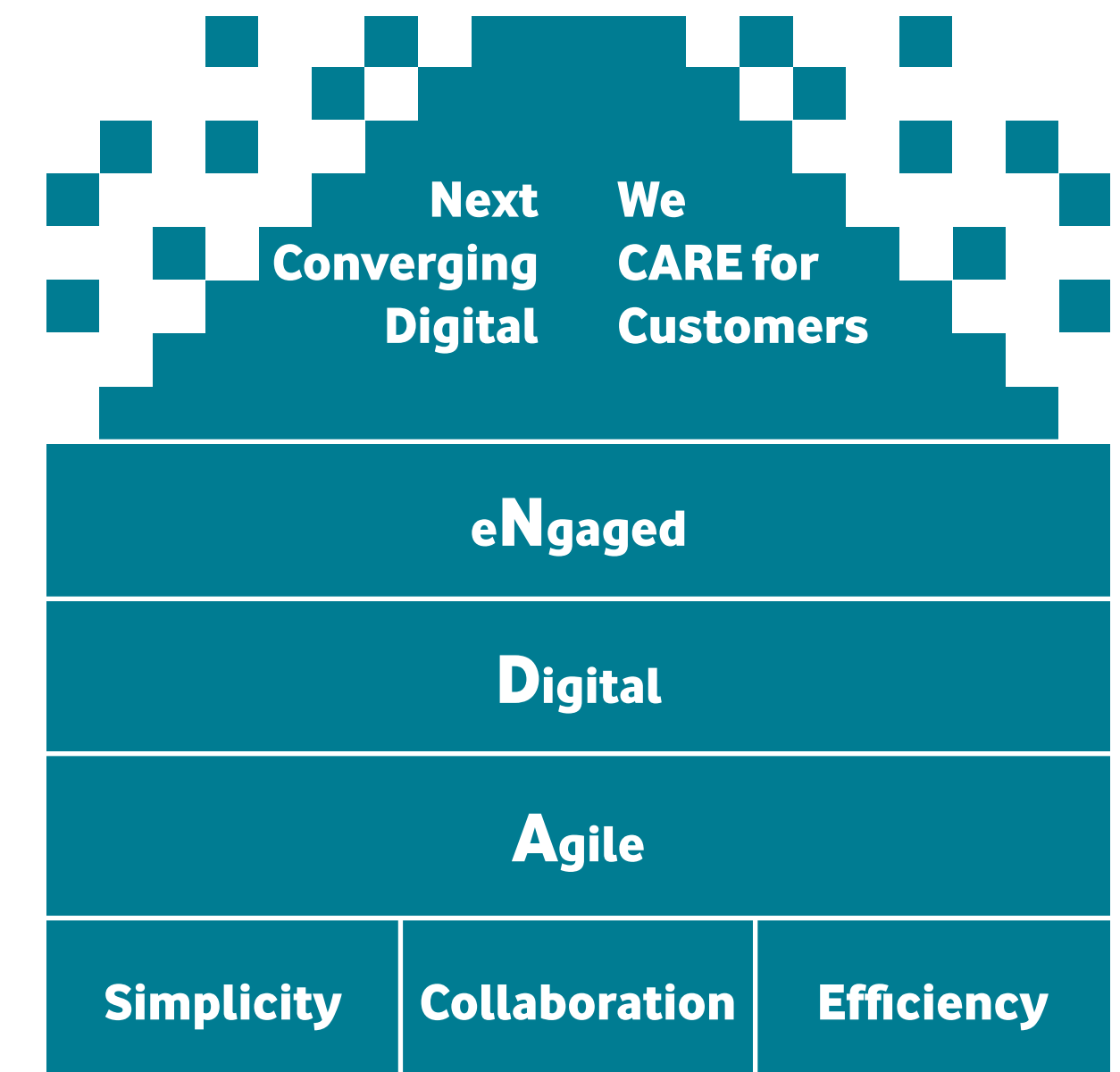


People Plan 2016-17

In order to address the areas for improvement identified in each People Survey, all of the Vodafone departments contribute towards the associated “People Plan”, the success of which depends on the Vodafone employees and on how much they identify with the company values and culture.

The “People Plan” also seeks to help to achieve the company objectives in the given financial year. In order to do this, the DNA (Digital, eNged, Agile) of our employees must be ready to do so:

- In order to be more **“Agile”** work has been done to ensure that processes are marked by their **simplicity**, promoting **teamwork** and **efficiency**. One of the key projects in this area is “One Way” in order to unify the systems and processes of Vodafone and Ono.
- In order to introduce employees to the **“Digital”** world they are being trained in new tools and digital environments.
- In order to strengthen the **“eNged”** aspect and make Vodafone the best company to work for, various programmes have been launched, including:
 - In the work-life balance field, we have brought in a remote working policy known as **“Smart Working”**, which lets employees make better use of their time and work.
 - Vodafone **breastfeeding hours**, which can be requested by both fathers and mothers, benefitting from a 30-hour working week for 6 months on full pay.
 - The **Reconnect** programme to help women with talent re-enter the working world after having been away from it for some time.
 - There is also a commitment to diverse and multi-generational talent, complementing the young talent programmes with the launch of the **Janus Programme**, creating a community of professionals who have been in the company the longest, making it possible to take advantage of their “know-how” and strengthen their commitment to the company.
 - Furthermore, tools and actions have been developed to help employees to be the best ambassadors for the company, such as the **Friends & Family** programme with special discounts for friends and relatives, and the improved **485 service** to support employees and their friends and family in managing and resolving incidents.





Performance

Total Satisfaction / Employees

■ Industrial Relations

The Collective Redundancy process that began in the 2015-16 financial year ended in 2016, the final redundancies taking place on 30 June, with the exception of those people taking early retirement who were let go throughout the rest of 2016, as they reached the age established in the agreement signed with the majority of the employees' legal representatives.

Meanwhile, with the objective of moving towards a unified model of network maintenance and increasing the simplicity of an ever more convergent environment, since, until now, the field maintenance of the mobile and fixed networks was done separately, Vodafone decided to **transfer the maintenance activity of the infrastructure and the fixed telecommunications equipment**. The consultation period ended with the signing of an agreement with the majority of the employees' legal representatives, substantially improving what was set out in the Workers' Statute for this type of situation.

Meanwhile, on 15 July 2016, after reaching an agreement with the employees' legal representatives, the first **Collective Agreement for Vodafone Group in Spain** was signed, coming into force on 1 October 2016. The said Agreement defines a single framework for all Vodafone Group Spain employees, constituting a fundamental step in our integration process. **(GRI 102-41)**

Coinciding with the negotiation of the Agreement, the negotiation of the harmonisation of variable salary payments was undertaken, obtaining a uniform structure per role and in accordance with the model defined by Vodafone Group.

With the signing of these two big agreements, which provide the company with a common employment framework, the harmonization process for the employment conditions of Vodafone Spain and Ono was considered to be finished.

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

The signing of the Collective Agreement seeks to address some of the concerns reflected by employees in the 2015-16 People Survey and contains agreements which represent big steps forward for all Vodafone Group Spain employees, such as, for example:

- Unification of working hours and the on-call/availability, assistance and scheduled work systems.
- Raising of the minimum salary.
- Progress in the area of work-life balance, including the option to increase the number of days of annual leave (paid by the employee) and to improve breastfeeding leave.
- Implementation of the Smart Working scheme.
- Universalization of the Social Fund and a notable increase in the annual amount.
- Universalization of sickness benefits.

Welfare benefits

Following the signing of the 1st Collective Agreement of the Vodafone Group in Spain, our employees enjoy an extensive set of welfare benefits, including:

- **Health Insurance.** Vodafone Spain pays the full cost of the employee's policy, and all the expenses of the employees' medical appointments, and 50% of the cost of their family members' policy.
- **Life and Accident Insurance.** The policies covers 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 1 July to 31 August.
- **Pre-maternity leave.** Possibility of taking maternity leave 15 days before the scheduled delivery date.
- **Paternity leave.** Employees can take 5 working days' leave from the date of birth/adoption (as opposed to 2 days' leave by law).
- **Breast-feeding.** Any employees who take maternity leave for at least 10 weeks and who return to work before the baby reaches the age of 1 can choose to:
 - a) Enjoy the breast-feeding period in a total of 26 calendar days' leave.
 - b) Work fewer hours, working 30 hours a week during the 6 months after returning to work, without any salary reduction.
- **Extended 4-year leave of absence to look after a minor.** Vodafone has extended the period stipulated by law by one year.
- **Large Family Allowance.** Employees eligible for the large family allowance (family with more than four children), receive a monthly subsidy of €29.78 per child.
- **Disabled children allowance.** Employees are entitled to a monthly subsidy of €143.18 per disabled child until they reach the age of 26.
- **Social and Care Fund.** Set up to provide financial aid to employees who, in exceptional circumstances and on account of serious diseases and / or special medical or surgical treatment, request or require such aid.



Performance

Total Satisfaction / Employees

Performance Dialogue

At Vodafone, we refer to our ongoing Job performance assessment as "Performance Dialogue", or PD, which involves an open dialogue about employee's current position and his or her future roles in the Company. Under this system, all employees must have concrete, realistic, challenging, achievable and measurable objectives.

During the financial year 2016-17, each and every one of Vodafone's employees took part in the performance assessment process.

This year we focused on improving the usability of the process' underlying tool (new frontweb) and on simplifying the annual target-setting process, setting 4 to 6 performance targets and 1 to 3 personal development targets, so that all Vodafone employees have their own development plan.

Speak Up

Speak Up! is a tool that Vodafone employees can use to report anything that breaches the Code of Conduct , is unethical or illegal.



Speak up lets employees take action if they notice anything inappropriate at work, and they can report any malpractice through a clear, simple and fully confidential process. This matters to the Company because it provides the opportunity to investigate and act upon employees' concerns.

Speak Up must be used to report issues such as:

- Discrimination, bullying or any harassment based on gender, sexual orientation or gender identity, disability, age, race, culture, beliefs or any other factor.
- Bad financial practices.
- Dishonesty or fraud.
- Criminal behaviour.
- Bribery.

- Price adjustments.
- Personal data breaches.
- Abuse of systems, processes or policies/rules.
- Misconduct or unethical behavior.
- Health or security risks.
- Environmental conflicts.
- Breach of legal obligations.

Speak Up can be used in different ways:

- Internal channels
 - Through the employee's direct Manager, who can escalate the issue to the Human Resources Division
 - Through the Human Resources team
- External channels (specific for this issue)
 - By phone
 - Online

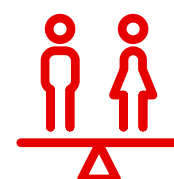
During the year the company did not receive any discrimination-related complaints (according to the requirement of the corresponding GRI indicator).



Performance

Total Satisfaction / Employees

■ Diversity and Equal Opportunity Management

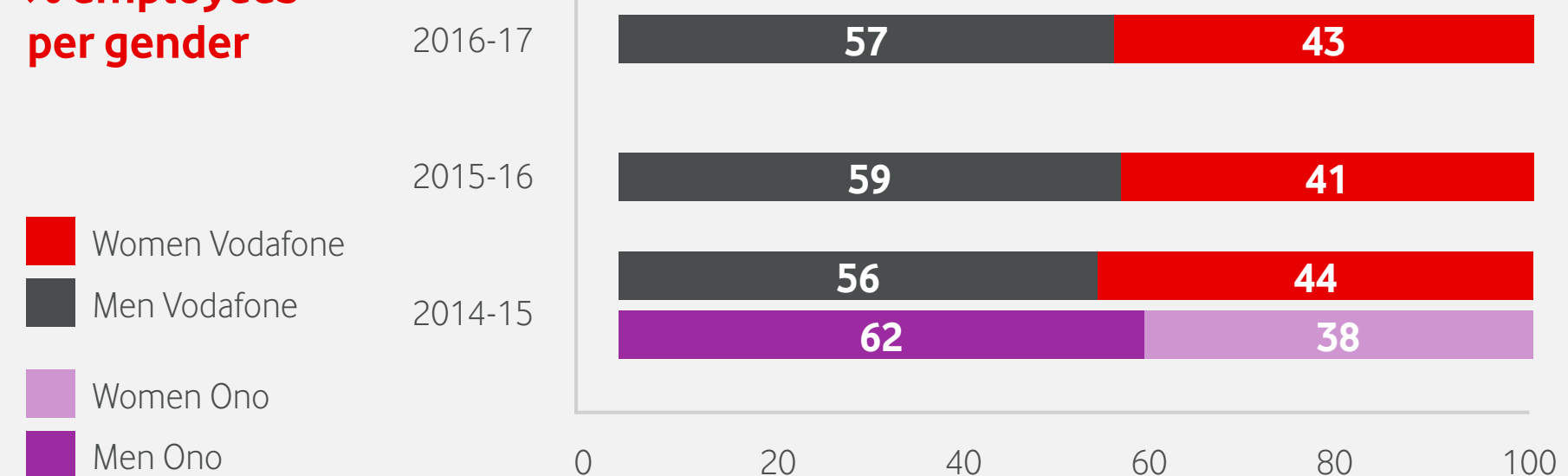


Diversity and Equality are some of the transformational objectives which are considered in our Strategic Sustainable Business Framework. The diversity of our teams ensures greater well-being and commitment. As such, Vodafone is positioning itself as a company that worries about attracting and developing diverse talent.

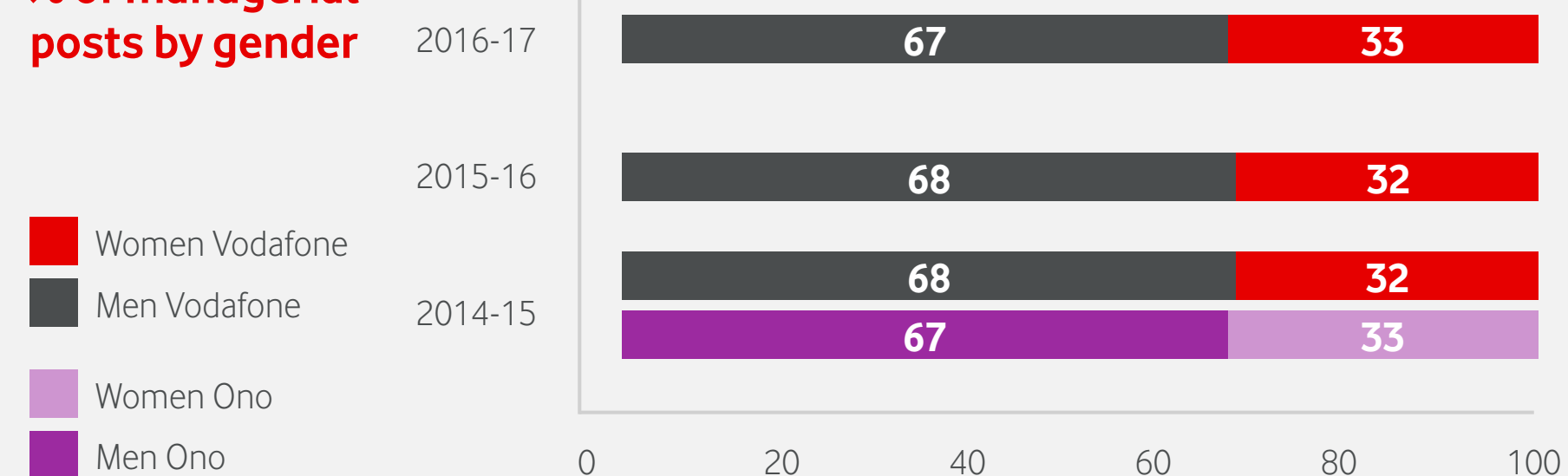
When applying Diversity and Equal Opportunity Policies, Vodafone adopts a broad approach, including gender, generational, functional capacity, sexual orientation and gender identity, cultural diversity, etc.

The responsibilities, 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.

% employees per gender



% of managerial posts by gender



% managerial positions by gender 2016-17

Post	Men	Women
Manager	10%	3%
Middle managers	57%	30%
General total	67%	33%

Parental Leave 2016-17

	Men	Women
Nº of employees entitled to maternity/paternity leave	91	166
Total nº employees who have taken maternity/paternity leave	91	161
Nº of employees who have returned to work (in the Reported period) after finishing parental leave	116	164





Performance

Total Satisfaction / Employees

Diversity Management Actions

- **Diversity Committee.** This committee was formed in the 2016-17 financial year, represented by the different areas of the company, and it meets every two months to ensure the correct implementation of strategy in terms of Diversity and Inclusion. One of the promoters or ambassadors of this committee is a member of the Executive Committee.
- A specific "Diversity and inclusion" group has been set up in "**Yammer**", one of the main internal communication channels, where content related to the topic is updated and shared.
- Specific **training plans** are produced, such as those aimed at working with "Unconscious bias"
- Identification of **Role Models**, both people who belong to a specific group, and allies who help to include them.

Gender

We strive to strike the greatest balance between genders in the different company departments and roles. As such, we have carried out specific actions such as the following:

- Internal forums: Women in Technology, in Enterprise.
- External forums: Throughout the financial year, the participation of professional women from different fields has been encouraged on the networks
- "Speed networking for women" where men and women from the company establish networks to improve and facilitate professional development in women.
- Promociona Programme, where successful women are given support in the form of training that can boost their career.
- Reconnect. A programme that seeks to reintroduce women in the working world following a period of professional inactivity.
- "HeForShe". Vodafone is one of the 10 multinationals heading up this UN programme.

Vodafone equality plan

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 reorganize 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.

Functional Diversity

In terms of functional diversity, the objective is to perform a detailed analysis of the employees belonging to this group with the aim of encouraging their inclusion and ensuring equal opportunities. Amongst the programmes developed it is important to highlight:

- Specific selection programmes. The objective is to ensure that staff recruitment providers and their foundations are aligned with the aim of continuing to recruit employees from this group.
- Prodis Internships. We work with the Prodis Foundation to recruit new employees with intellectual disabilities.

- Specific support to employees, advising them in relation to their queries, obtaining certificates or any other specific need such as:
 - Tax benefits
 - Access to measures to promote employment amongst disabled people, etc.

Vodafone fulfils the quota of jobs reserved for disabled people set out in the General Law on Disabled People and their social inclusion both through direct employment and through its social action commitments with organizations devoted to the training and socio-labour integration of disabled people.

We aim to encourage inclusion and cooperation between the different generations that work alongside one another in our company, as well as to ensure that a large percentage of young talent gradually consolidates and develops at a professional level.

Our schemes to encourage generational balance include:

- Vodafone yu Internships: programme for young people who are in the final year of their degree studies.
- Discover Graduates Programme: for young people who have worked at one of the Vodafone Group operators for less than two years.
- Professional Work Experience Programme in specific channels related to the customer and digitization of the company
- "Digital Ninjas" Programme where an Inverse Mentoring Programme is carried out in order to encourage the development of digital skills amongst the most senior group.

Generational

LGBT (Sexual orientation and gender identity)

Our objective is to recognize this group and integrate them in the company. It is fundamental that anyone belonging to this group feels free to express themselves. Amongst the actions to encourage their inclusion, the following stand out:

- Review of the Human Resources Policy, procedures and work framework, which expressly includes this group.
- Update the image bank including LGBT models to increase the group's visibility.
- Participation in external forums: LGBT conferences, networking with other companies in order to encourage the inclusion of these groups.
- Actions to raise awareness among employees, such as informative talks at specific times such as Spirit Day (day against bullying and harassment, and in support of young LGBT people).
- Informative material with a guide for employees and managers, about what it means "to come out" at work and how to manage it.



Performance

Total Satisfaction / Employees

■ Employability of Young People In Vodafone



One of the transformational goals of the Strategic Sustainable Business Framework is Youth employability. In this regard, our key in-house programmes are:

“Discover Graduates 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 an open-ended contract and a 24-month development plan which will give candidates the necessary skills to accelerate their professional careers. Some of them also get the opportunity to spend two years in another country working in another local Vodafone market, through the **Columbus Programme**.

“Discover Graduates” Programme objectives:

- To identify young talent and develop it by offering professional opportunities and training in the key competences which facilitate success within the organization.
- To ensure generational succession.
- To position Vodafone as a company that is committed to young talent.

55 “Graduates”

joined Vodafone Spain during the 2016-17 financial year

41 of whom are women

5 Spanish Employees

took part in the Columbus Programme

Vodafone yu New Talent Internships

During the 2016-17 financial year, more than 80 students have joined Vodafone for work experience on the Vodafone yu New Talent Internships. In the context of the Vodafone yu brand as a commercial offering for young people, these students have the opportunity to collaborate on business activities for nine months on a part-time basis, combining this experience with their university studies.

More than 80 students

with a Vodafone yu internship

They have joined all areas of the company with the objective of enabling some of them to form part of the “Discover Graduates” group when their work experience is over.



Other Youth employability actions

In the area of employability of young people, during the 2016-17 financial year, other initiatives have been implemented such as:

- Participation, for the fourth consecutive year, in **“Jumping Talent”**, a fun way of facilitating young people’s access to the job market. This is an annual event organized by Universia in which 12 big companies from Spain participate (KPMG, LG, Indra, Amadeus, Banco Santander, etc.) in order to recruit the best university talent.

A fun, enjoyable selection process gives participants the chance to demonstrate their skills in order to succeed in standing out and attracting the recruiters’ attention. At the latest edition, 1700 curriculums were received and 96 candidates were finalists in the “Jumping Talent” event during which different tests and a contest are organized. Some of these finalists join Vodafone as “Discover Graduates”.

- Vodafone regularly has stands at **Employment Fairs** organizing workshops on Youth Employability and receiving lots of CVs from students who have applied to our Internship and Graduate programmes. During this financial year, we have taken part in Employment Fairs at the most prestigious universities in Spain (Polytechnic University of Madrid, Polytechnic University of Valencia, ICADE, etc.), as well as Business Schools (Company Institute, EAE Business School, etc.)

- **Summer MBA.** In order to boost the employability of MBA students, we have awarded 10 summer internships to candidates at the Business Institute and ESADE, to participate in strategic company projects, receiving a competitive salary during the months of July and August 2016.

- Vodafone has joined the **Generation and Talent Observatory**, participating in various activities with the aim of sharing best practices on the recruitment and development of talent from the different generations that coexist in the company between the top Spanish companies, and of achieving greater inclusion and teamwork.





Performance

Total Satisfaction / Employees

■ Training and Development

From the point of view of Training and Development, in the 2016-17 financial year, the focus has been on improving employees' digital capabilities and knowledge, running a further programme concerning specific digital knowledge aimed at people in departments that are most closely related to digitization.

During the forthcoming financial year, we will continue with more specific knowledge and groups, in order to drive the adaptation and optimization of digitization at Vodafone.

Mentoring

The Mentoring Programme has continued for the fourth consecutive year, the number of employees who have received the support of a mentor in their professional development increasing. 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.

The highlight of the Mentoring programme is the Web App which has been added to the Mentors' community, which enables them to find training resources, questions and answers, tips, videos, etc.

Furthermore, various Mentor Days have been organized in order to create a knowledge community.

103 mentors and 106 mentees

in financial year 2016



Janus

Vodafone considers that the development programmes must be aimed at both young people and high flyers, and at developing those people who have been at the company the longest. In this respect, the Janus programme has a twofold objective:

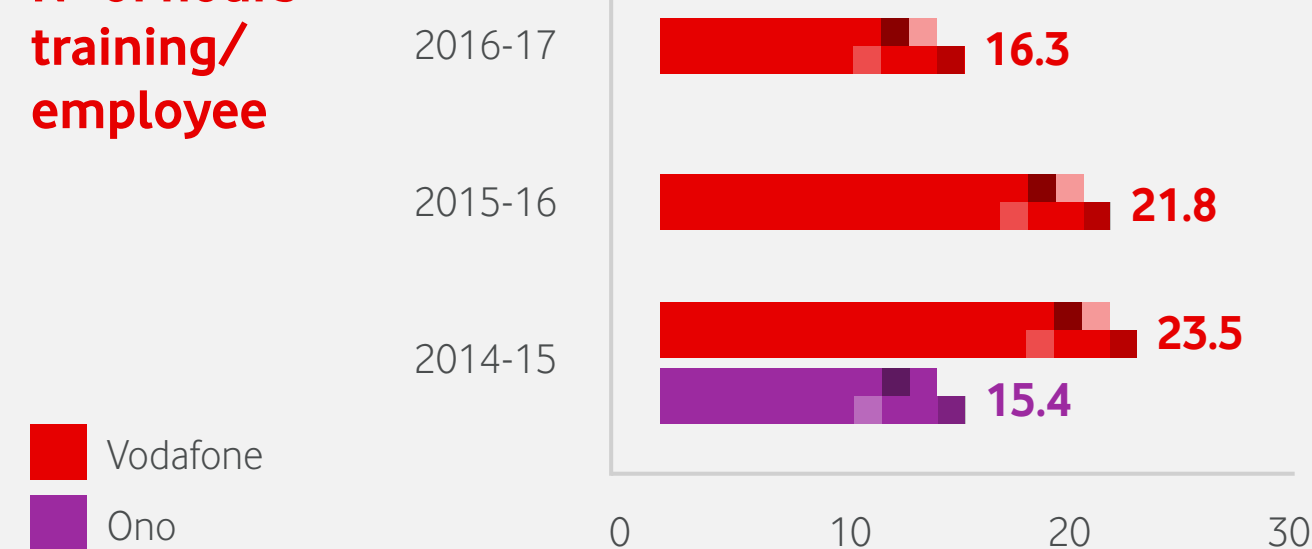
- To recognize and develop our professionals who have been in the organization the longest.
- To facilitate the coexistence between the different generations in our company.

The Janus Programme is aimed at all those Vodafone employees who hold an expert position, who have been at the company for more than 15 years and whose level of performance has been good for at least the last two years. With this programme, Vodafone seeks to recognize the work of these professionals in the past and maintain their level of commitment in the future, empowering them through self-knowledge and recognition and involving them in the development of third parties. In short, ensuring that they contribute the maximum value to the company, by transferring experience, knowledge and capabilities to other employees.

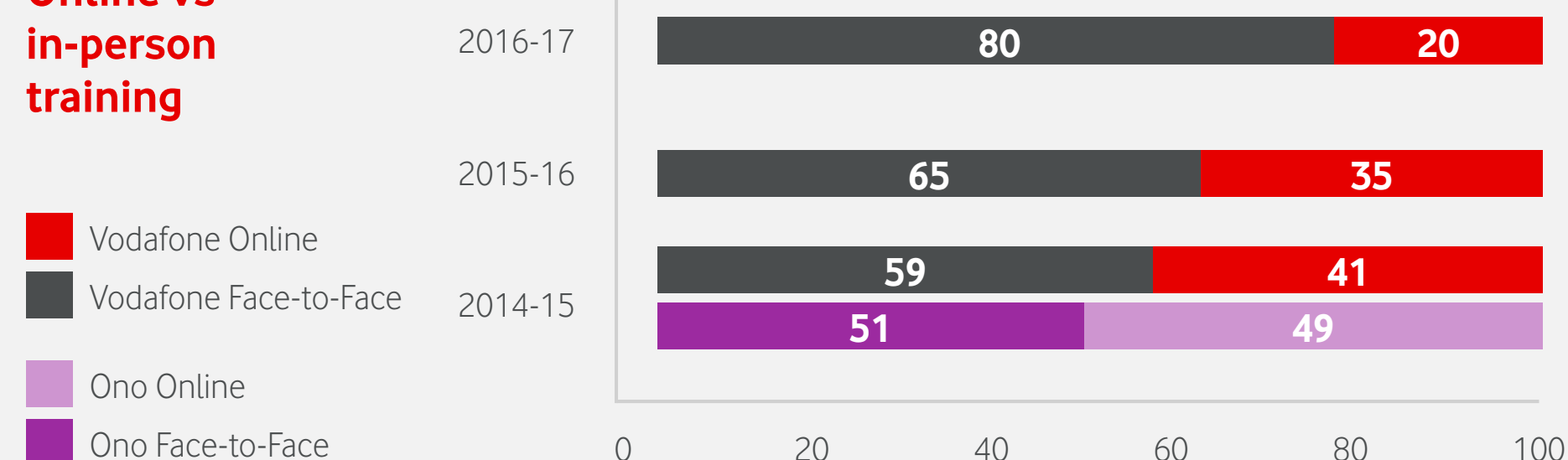
Digitization of the "Discover Graduates Programme"

During the 2016-17 financial year, the "Discover Graduates" talent programme was digitized, by designing a digital "Development Centre" which has given greater flexibility during implementation (as it is digital, it does not require a physical presence), as well as shortening process times. Furthermore, a two-year development programme has been designed, based on a gamification platform with a ranking and 6 classroom-based workshops distributed throughout these two years.

N° of hours training/employee



Online vs in-person training



Hours' training per group

	2014-15	2015-16	2016-17
Manager	13.5	9.0	21.9
Middle management	28.3	16.5	19.1
Specialists	23.5	13.7	22.3
	Vodafone	Ono	

Students per group and gender

Bands	Total	Women	Men
Manager	96	25.0%	75.0%
Middle management	619	34.7%	65.3%
Specialists	4,252	45.1%	54.9%
Total	4,967	43.5%	56.5%



Performance

Total Satisfaction / Employees

Health, Safety and Well-being

Making progress with the plan established in the previous financial year to integrate the Health and Safety Management System of the people contributing to the deployment and operation of fixed and mobile networks, during this financial year the focus has been on ensuring that everyone knows and applies the new processes and work specifications. In order to achieve this, a mixed training plan was applied using e-learning models to learn the necessary content and classroom-based systems to practise the lessons learnt.

More than **5,000** hours of Health and Safety coaching during 2016-17

Health and Safety coaching NPS: **83**

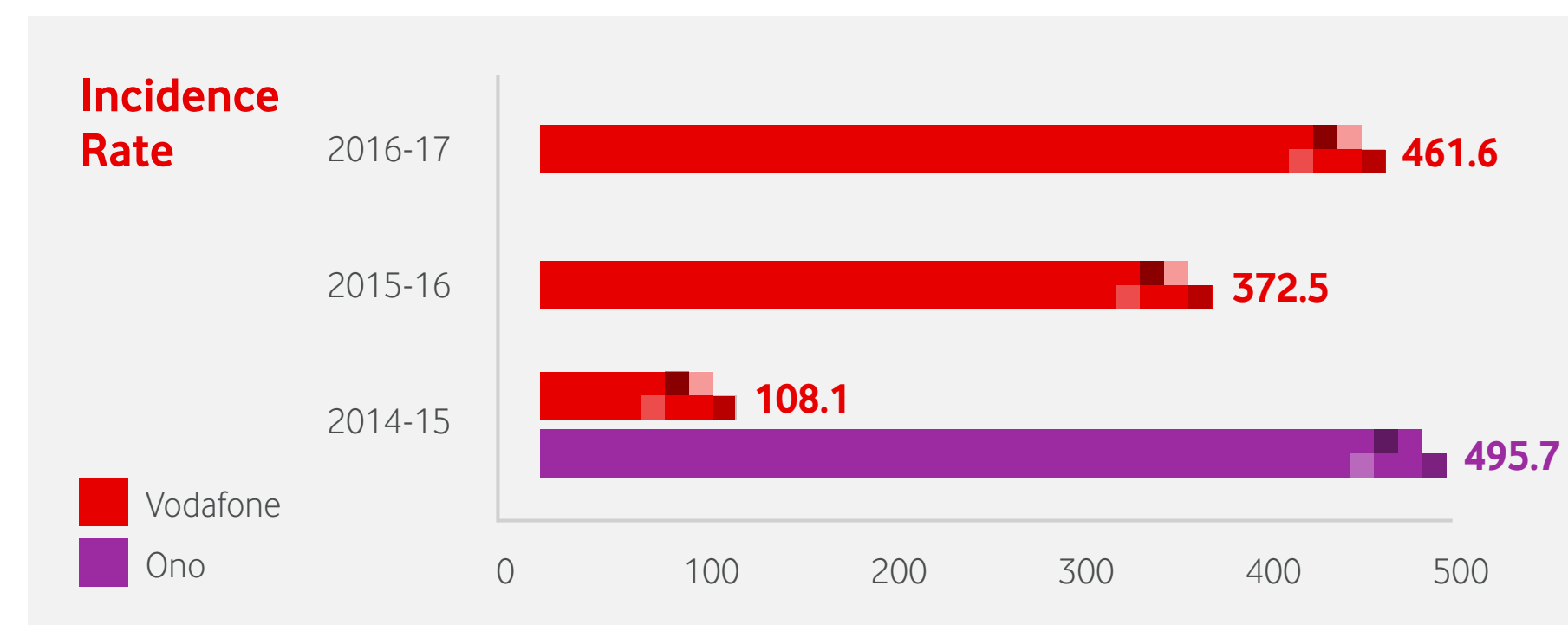
In relation to **risky activities** (work at height, with electrical hazards, in confined spaces or due to construction work), the specific requirements for each job have been audited from an Accident Prevention point of view, with an end result that establishes that Vodafone exceeds the legal requirements in force.

"My HSW" App

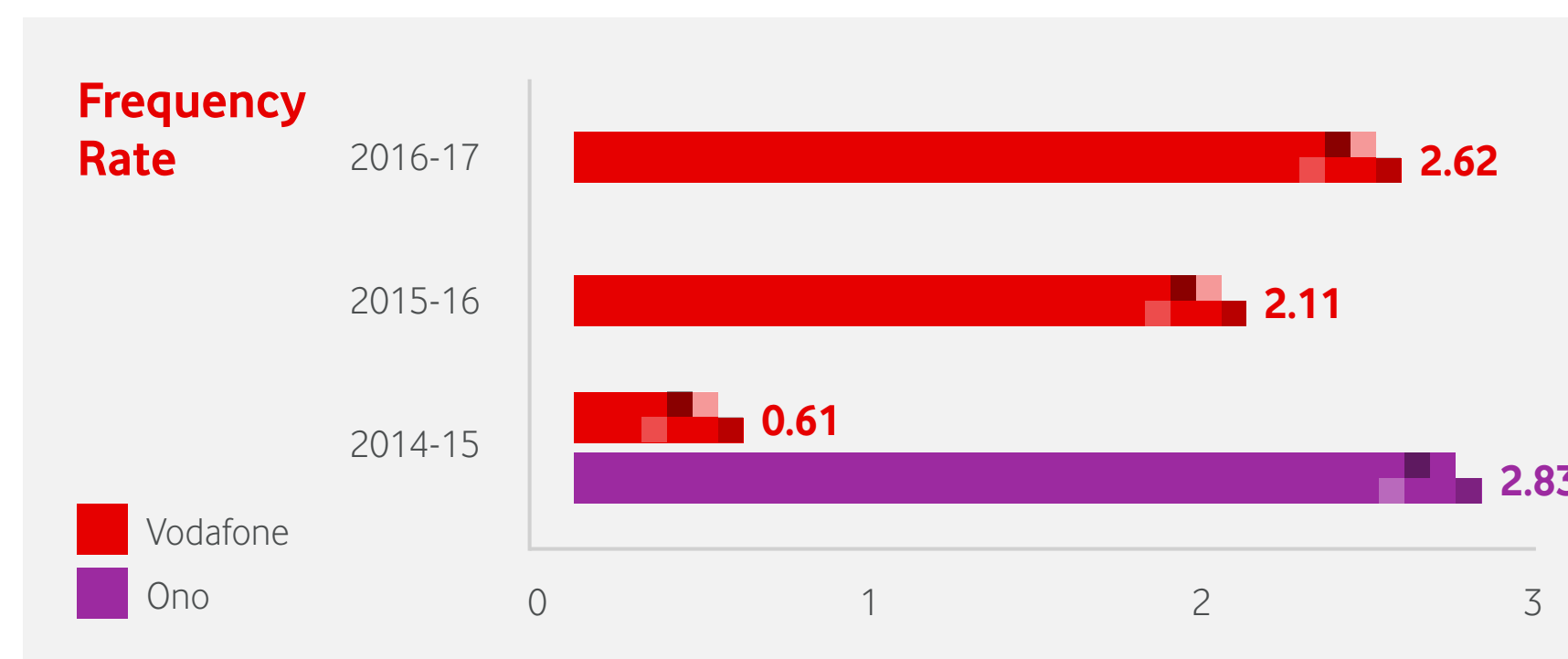
This free app for both Android and iOS devices gives you information about risks, preventive and emergency measures. It is the first app of its kind in the industry and is available for employees, contractors and customers.



Accident rates



Incidence Rate: LTA's x 100,000 / N° employees.



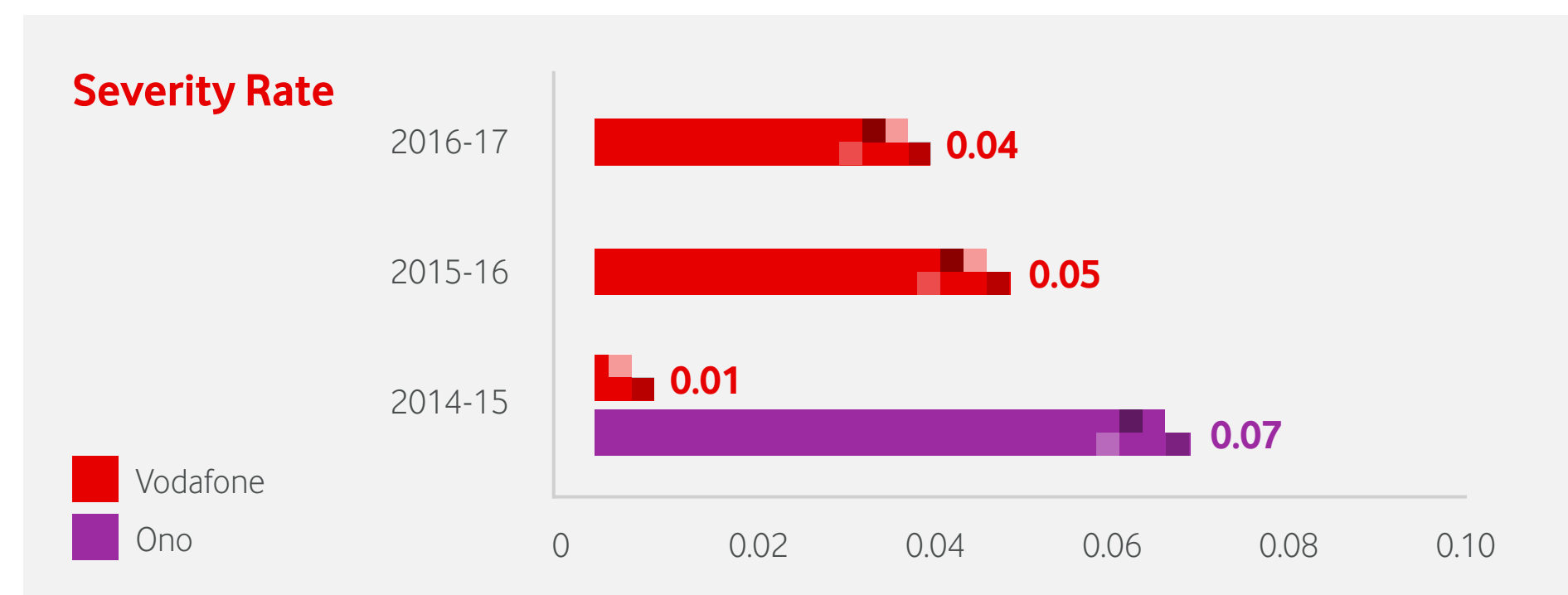
Frequency Rate: LTA X 1,000,000 / N° of employees x Average No. of hours worked per year per employee.



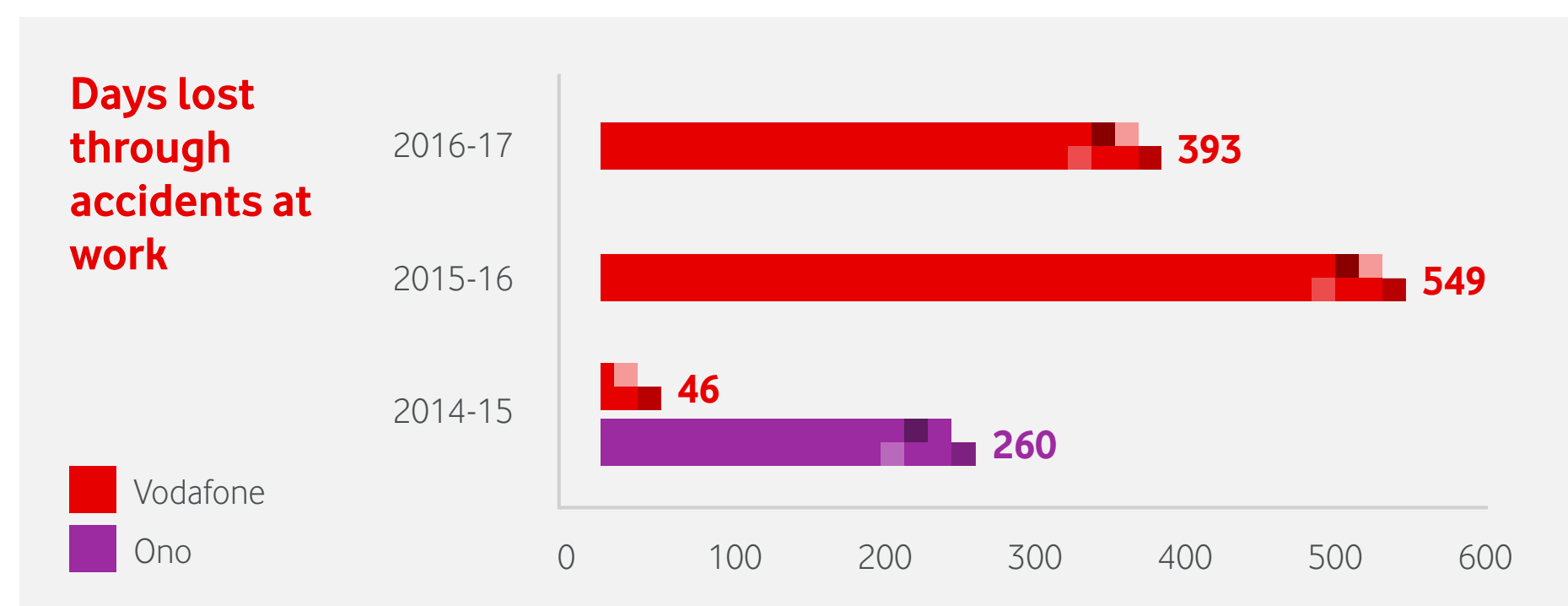
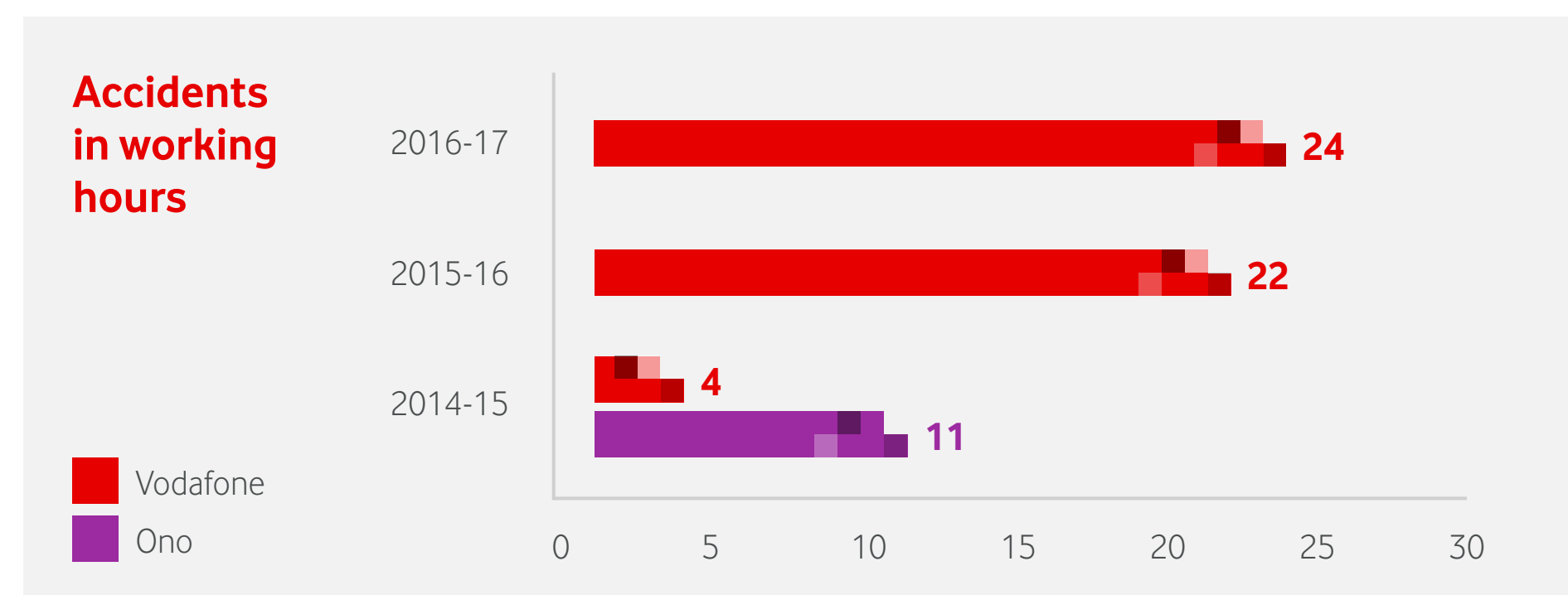
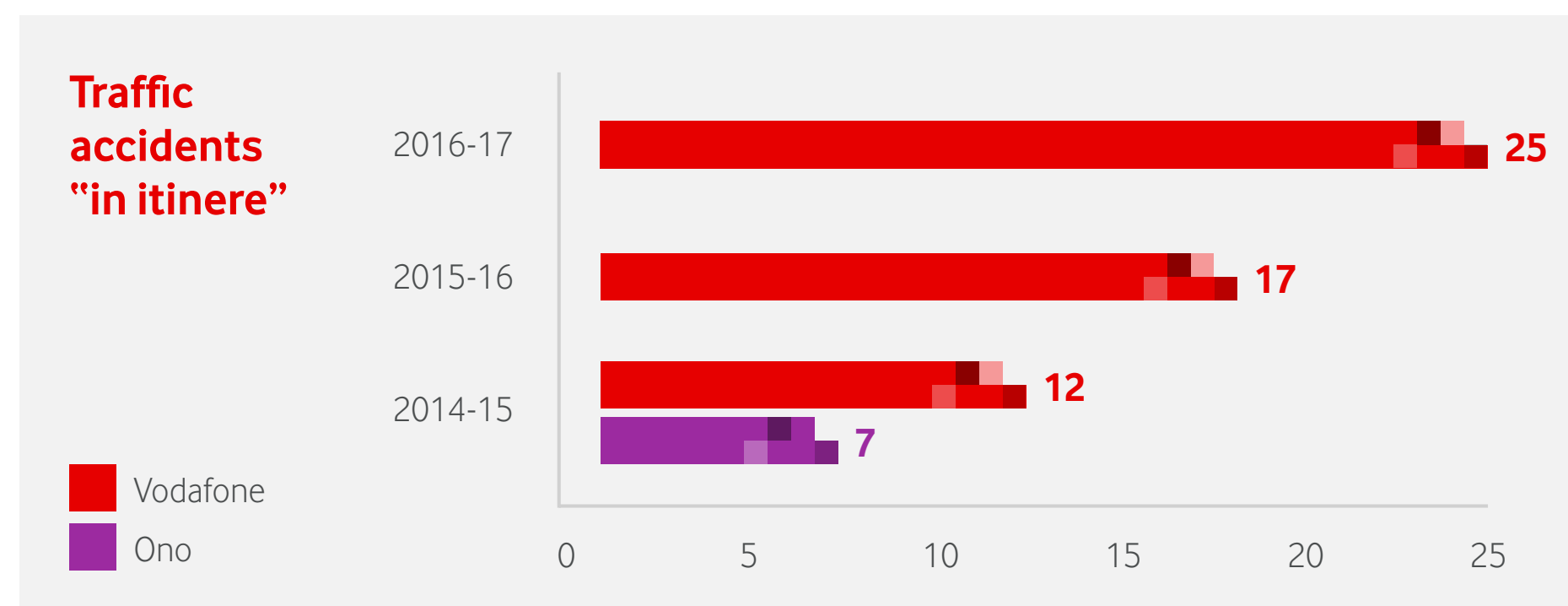
Performance

Total Satisfaction / Employees

Accident rates



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.



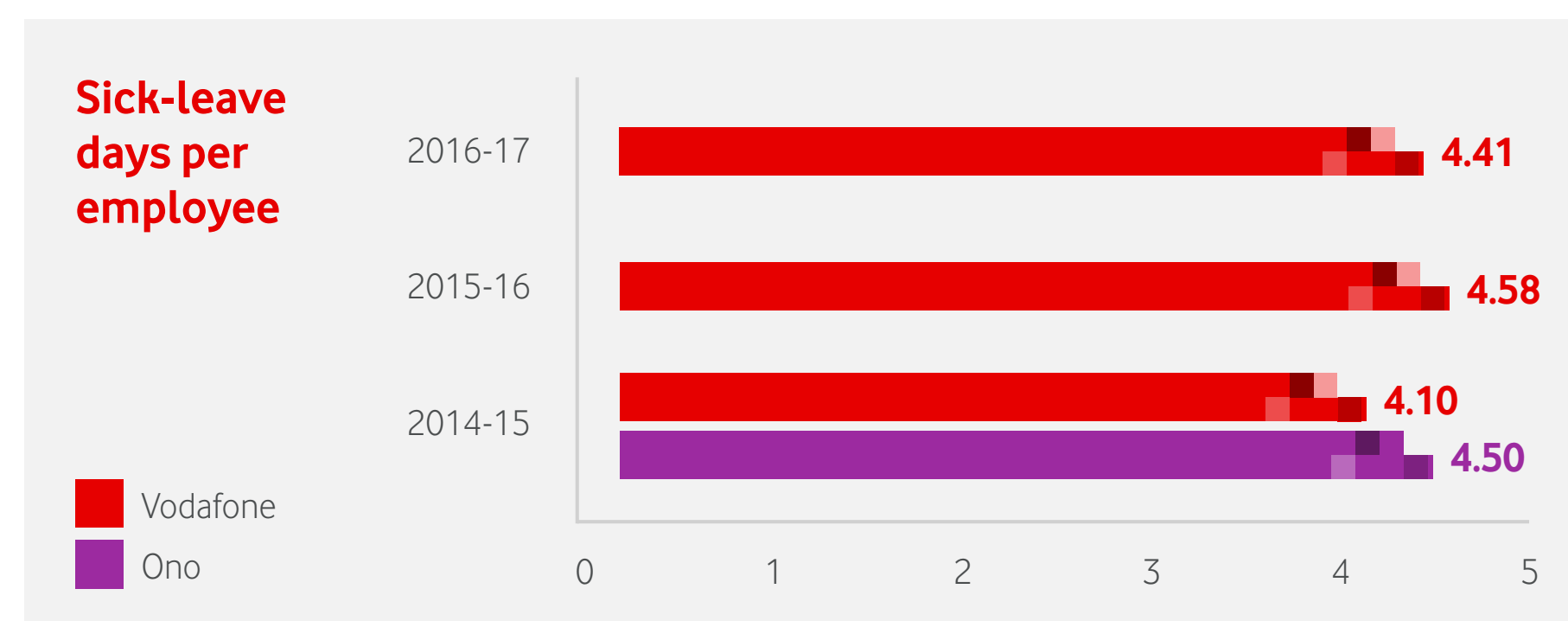
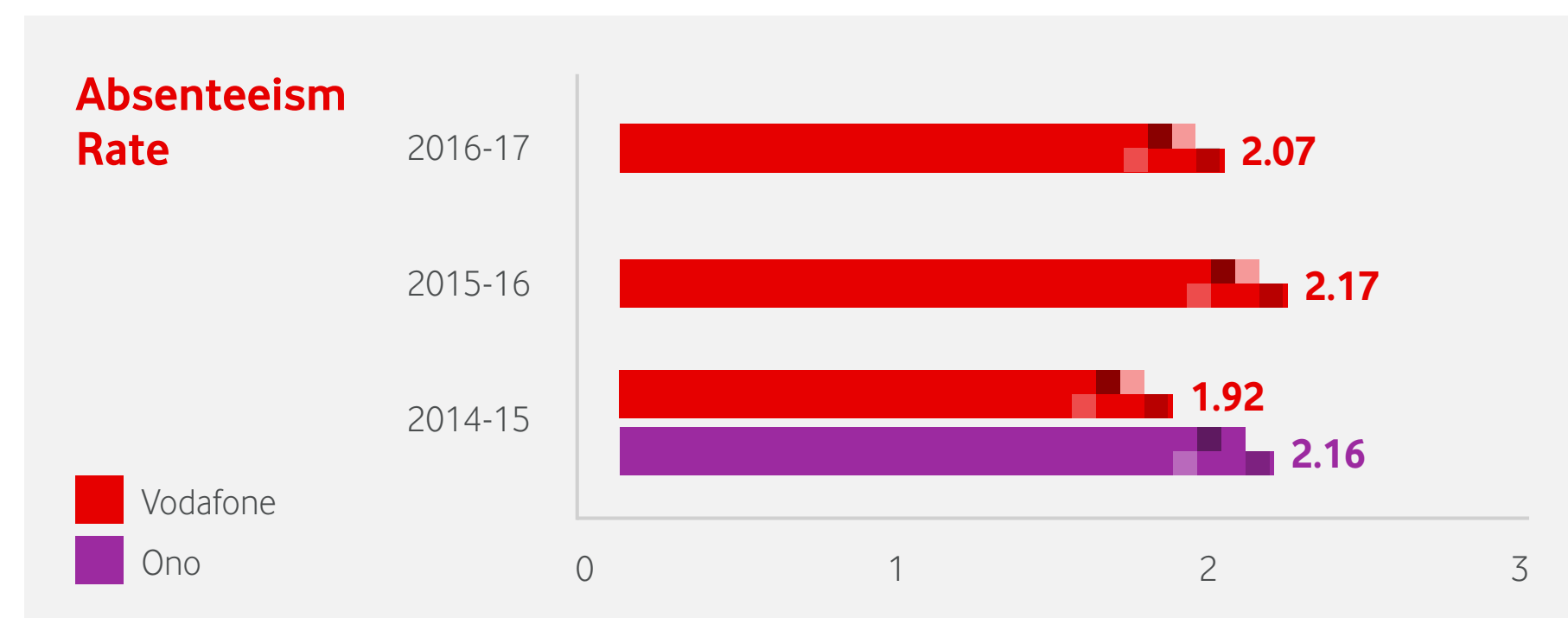
Although some accident rate indicators seem to have worsened, this is because most of the incidents are hardly significant, as proven by the fact that the number of days lost through accidents at work has dropped.



Performance

Total Satisfaction / Employees

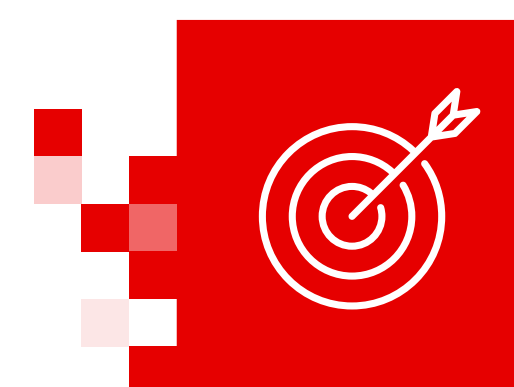
Absenteeism



Health and Wellbeing

2,351
health examinations

12,996
medical consultations



Next Objectives

- Keep on developing disabled people recruitment schemes. **March 2018**
- Promote new forms of partnership and knowledge-sharing, boosting digital media. **March 2018**
- As part of the People Plan, work on developing additional wellness programs for employees that contribute to facilitating the professional-personal life balance. **March 2018**

Performance

Total Satisfaction / Society



Achievement of the Integrated Report 2015-16 Objectives

- 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 to 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.
- 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**

Degree of compliance

Underway

100% 😊

100% 😊

100% 😊

100% 😊

100% 😊

■ Vodafone Spain Foundation

This year the Vodafone Spain Foundation worked on five "Connecting for Good" (C4G) action lines, oriented to the development, promotion and use of ICTs to improve the socio-professional integration and quality of life of the disabled and elderly.

Fundación Vodafone España



"Connecting for Good" Action lines

- 1 Development and launch of C4G Solutions
- 2 C4G Training
- 3 Promoting C4G Awareness
- 4 C4G Partnerships
- 5 Other partnerships and courses of action

€5.1 million

allocated to social projects by the Vodafone Spain Foundation in 2016-17

17 framework agreements

in force with strategic stakeholders

In 2016-17, the Vodafone Spain Foundation has been recognized as the **most transparent technological foundation**

according to the Report of the Commitment and Transparency Foundation





Performance

Total Satisfaction / Society

1 Development and launch of "Connecting for Good" Solutions

These solutions are based on ICT Innovation applied to the development of platforms, in the framework of:

- 1.1** The "Connected by Accessibility" (#conecta2xaccessibilidad) Community.
- 1.2** Accessible Applications.
- 1.3** Other projects like: **ACTIVAGE**, **SmartAssist** and the **1st Vodafone C4G Galicia Entrepreneur Awards**.

1.1 "Connected by Accessibility" Community

This Community is formed by organizations that are involved in the **Mefacilyta** and **aMiAlcance** platforms and the **#ASPACEnet**, programme (members of PLENA Inclusión Spain, DOWN Spain, the Hospitaller Order of St John of God, FEDACE, ASPACE Confederation and Hospital Vall D'Hebrón).

The Community lets its members connect and share technological challenges, co-create ICT solutions for all, co-validate useful results, and communicate and share results inside and outside the Community.

The Community held its 2nd Meeting in February 2017, at which it selected 16 collaborative digital transformation projects that will be carried out in financial year 2017-18.

All its activities can be followed on **#conecta2xaccessibilidad**.

100 organizations are participating in Connected by Accessibility, and there are more than **1,786 promoters and direct users**



aMiAlcance

It provides augmentative and alternative methods that combine access hardware and software solutions and that eliminate barriers to interacting with mobiles and tablets; especially designed for people with major motor and / or cognitive impairment disabilities.



#ASPACEnet



This scheme, which is being carried out in partnership with the ASPACE Confederation, improves the autonomy and quality of life of people with cerebral palsy through technology, and all the winning projects of the 5th National Projects Contest have been completed.

Now the six new projects that won the 6th National Projects Contest are underway in 17 organizations: AMAPPACE Málaga, APACE Toledo, APCA Alicante, APAMP Vigo, AREMI Lleida, ASPACE Asturias, ASPACE Barcelona, ASPACE Cáceres, ASPACE Coruña, ASPACE Gijón, ASPACE Huesca, ASPACE León, ASPACE Navarra, ASPACE Salamanca, ASPACEBA Badajoz, ATENPACE Madrid and UPACE Jerez.

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.

Mefacilyta is being used to develop the European project "Desk Top", a digital technological tool designed to make it easier for disabled people to gain access to education. Part of the European Commission-funded Erasmus Plus programme, the project team, coordinated by the San Juan de Dios Hospital Order, is more than 160-strong, with people from Spain, Belgium, France, Portugal, Austria, Germany, Poland and Ireland, and it has 850 beneficiaries.



More than 1,700 users

from 100 organizations registered with Mefacilyta during 2016-17



Performance

Total Satisfaction / Society

1.2 Accessible Apps

These apps provide ways of accessing information that is useful for disabled people and senior citizens.

More than 945,000 downloads of 

Accessible Apps from Vodafone Spain Foundation in 2016-17

Among others, the following apps were developed during financial year 2016-17:

Ability Connect: developed with Alicante University. This alternative communication tool connects devices for people suffering from hearing loss, poor vision or dyslexia.

aMiAlcance Games Adapter: this in-house developed App makes game-based mobile applications more accessible so that physically disabled people can interact with the games through support products.

Bocciapp, developed with the ASPACE Confederation, is an accessible video game.

ONCE-Vodafone Brain Training, developed with the ONCE, is a set of apps for visually impaired people, with cognitive capacity-training games and exercises.

Feacem Core, developed in collaboration with Feacem and Cermi, is a mobile application that allows users to access the catalogue and information of the Special Employment Centers (SECs).

Pormi, developed with the CERMI Women Foundation, makes it easier to raise awareness and detect gender violence in disabled victims.


SEMAS, developed with the CNSE, offers training, job broking and outreach to deaf people.

Spanish Open University-Play. The Spanish Open University's multimedia repository.

Spanish Open University-Announcements. Informs users about any incidents at their Spanish Open University Associated Establishment.

1.3 Other projects

Activage

This European Project, Horizon 2020, on healthy and active ageing, started in 2017 with the objective of improving the empowerment of senior citizens and increasing their independence. It seeks to respond to the needs of carers, service providers and institutions through nine innovative pilot projects in seven European countries, based on Internet of Things (IoT) technology. One of these pilot projects is to be carried out in Galicia with 700 users and is to feature the participation of the Vodafone Spain Foundation, Televés, Red Cross Spain and the Galician Health Service. The ACTIVAGE project, coordinated by Medtronic, is to last four years, has more than 50 partners and will involve 7200 users and more than 43,000 IoT devices throughout Europe. 

ACTIVAGE
PROJECT

This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement N° 732679



SmartAssist

R&D Project in which Televés (coordinator), the TECSOS Foundation, the Polytechnic University of Valencia and Vodafone Spain Foundation are participating. The objective of the project is to offer, through technology, effective solutions which make everyday life easier for people with disabilities, senior citizens who need care and people with special needs and their carers. It is funded by the Ministry of Economy and Competition, through the Challenges-Collaboration area of the National Research, Development and Innovation Programme aimed at the Challenges of Society. RTC-2016-4878-1. It will run until the end of 2018.

"Vodafone C4G (Connecting for Good) Galicia"

Programme designed to encourage the development of innovative solutions with accessible technologies in the Galicia Region. Six entrepreneurial projects have been selected in this first edition: Insulclock, Robobo, MyKeeper, Phottic, PsicoVR and Xesmar.





Performance

Total Satisfaction / Society

2 "Connecting for Good" Training

2.1 Training for senior citizens (#mayoresconecta2)

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 62,000 senior citizens

attended classroom courses in 2016-17

Partner C4G Training organizations:

CRUZ ROJA ESPAÑOLA, CEOMA, FASUNEX, CAUMAS, CONFEMAC, ATEGAL, FUNDACIÓN UPDEA, CEU-SENIORIBUS, UDP, CIBERVOLUNTARIOS, ALMANATURA, FUNDACIÓN PERE TARRES, SECOT, GABINETE LITERARIO, FUNDACIÓN HARENA and JOVESOLIDES.

3 Promotion of "Connecting for Good" Knowledge

- Production of the **"Big data in digital health" Report**, in collaboration with Red.es 
- **Vodafone Telecoms Innovation rewards:**

The following projects were the winners of the 10th Vodafone Telecoms Innovation Awards:

- "Eyesinth" presented by Eyesynth SL, in the "Sensorial ICT Accessibility" category.
- "App&Town", by Massfactory, in the "Cognitive ICT Accessibility" category.
- "Mouse4all", by Javier Montaner and José Ángel Jiménez, in the "Physical ICT Accessibility" category.
- "Tate's Adventures", by Teresa Puerta, in the "ICT social solution" category.



2.2 Training for the disabled

A total of 39 job-placement schemes were in place during the year, divided into two levels:

- Basic New Technologies Training.
- Specialized training.

Working partnerships were formed with a total of 22 disabled people's organizations, including the ONCE Foundation, Prodis, CSE Foundation, Down Spain, Paraplegics Hospital Foundation and COCEMFE.

More than 4,800 disabled

people trained in 2016-17



More than 650 disabled

people were found a job in 2016-17



Performance

Total Satisfaction / **Society**

4 "Connecting for Good" Partnerships

Tecsos Foundation



In 2017 the TECSOS Foundation is celebrating its 15th anniversary. 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. Tecsos is engaged in innovation, training, dissemination and awareness-raising schemes, the star projects being Orientatech, SOTA, paSOS, enred@te and the internationalization of mobile teleassistance. 

Mobile World Congress 2017

At the MWC 2017, at Vodafone's stand the Vodafone Spain Foundation unveiled the four winning projects of its 10 Innovation Awards, as well as the accessible games Mefacilyta Games and ONCE-Vodafone Brain training, and the accessible App Bocciapp.



5 Other partnerships and courses of action

Last year Vodafone held its 16th **Vodafone Journalism Awards**.

The winners this time were:

- Javier Salas, from "El País", in the "Science" category.
- Marta García Aller, from "El Independiente", in the "Economy" category.
- Antonio García Salas, from "El Norte de Castilla", in the "Social integration" category.
- UNHCR, "Lifetime Achievement Prize to the benefit of vulnerable population groups".





Performance

Total Satisfaction / **Society**

■ Courses of action with disadvantaged groups

- 1 Corporate volunteer work
- 2 Services for Non-Profitmaking Entities (NPE)
- 3 Accessibility

1 Corporate Volunteer Work

The main objective of the volunteering programme is an ethical question concerning social responsibility, offering employees the opportunity to contribute towards improving social reality.

Since the beginning of 2017, Vodafone has increased the number of working hours that each employee can devote to Corporate Volunteering actions per year from 8 to 24. The main focuses of action in **Corporate Volunteering** are:

- Socio-sporting activities.
- Environmental activities.
- Technological-social activities for vulnerable groups.
- Activities related to diversity and Inclusion.

Furthermore, the company supports individual volunteering projects, both within and outside Spain. These are personal volunteering actions lasting between 1 and 4 weeks and Vodafone considers this employee activity to be paid leave.

Our employees spent

more than **700** hours

doing Corporate volunteer work in 2016-17

Some examples of Corporate Volunteering initiatives carried out during the 2016-17 financial year are detailed below.

Instant Network Programme

Instant Network is a Vodafone initiative which aims to take connectivity to both people affected by natural disasters and humanitarian crises, and to the NGOs which collaborate in the field.

Employee volunteers from all Vodafone operators participate in the Instant Network Programme, and it has developed solutions which provide immediate mobile connection in emergency situations, as well as "digital schools in a box" to offer children and young people in refugee camps the opportunity to continue their education. In January 2017, the Instant Network Programme won a prize at the **19th Codespa Foundation Awards in the Corporate Volunteering Category, presented by HRH King Felipe VI.**



GBI 2016

Once again, Vodafone Spain has taken part in "The Global Biking Initiative" with 20 volunteers, an event in which both Vodafone employees and employees from other companies in the sector participate. This event gives amateur cyclists the opportunity to raise funds for charity by cycling long distances.

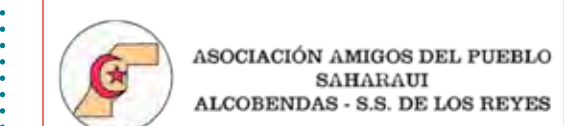
It took place during the 2016-17 financial year, from 29 May until 4 June. The route started in Vienna and finished in Berlin: 7 days by bicycle in which the 20 employees supported, through the Vodafone Spain Foundation, the AENILCE Foundation, an NGO whose mission is to care for, empower and educate children with brain damage.



aenilce
fundación

Charity Market 2016

As in previous years, in December 2016, a Charity Market was organized in which our employees participated as volunteers and the money raised went to the San Juan de Dios Hospital Order, Ande Foundation and Friends of the Sahrawi People Association.





Performance

Total Satisfaction / Society

2 Services for Non-Profitmaking Entities (NPE)

Charity Texting

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

Vodafone lets any NPE use its own charity texting number, **28052** totally free of charge so that any customers who want to can donate money by texting messages to this number with the word that identifies their chosen NPE.

The charity texting campaigns that had the biggest impact in financial year 2016-17 were:

- CHILDREN'S DAY, in favour of UNICEF.
- WORLD CANCER DAY in favour of the AECC.

More than
€288,000

collected through Charity Texting in 2016-17

DONO Programme

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

For instance, in 2016-17 we partnered with the Madrid Food Bank again during its "The Big Collection" campaign, letting Volunteer coordinators use the Dono Programme lines for free.



More than
€26,000

donated in voice and data services to NPEs in 2016-17

3 Accessibility

Vodafone Accessible 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.

The Own Store Universal Accessibility Certificate Renewal Audit (according to UNE 170001-2 standard), took place in November 2016, and we achieved our goal of ensuring that 100% of our own stores with a 2.0 image are Universal Accessibility Certified.

In this field, the main courses of action carried out during 2016-17 have been:

- Dissemination of the project through the Vodafone website: "Get to know our accessible stores".
- Several pilot experiences of the Sign Language Video Service (SVISUAL) have been carried out. This project will remain under study during the 2017-18 financial year, to ensure a more accurate assessment of the benefits and to decide if it is viable to implement it in the other stores.
- Redesign of the course on "Attending to People with Disabilities and Social Products". This course is included in the sales staff training platform.
- Inclusion of an Accessibility Module in the face-to-face courses given as a welcome to sales staff.



100% of our own stores
have the Universal Accessibility Certificate

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 (www.vodafone.es).

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

Our website is always changing, so throughout financial year 2017-18 we will work hard to ensure it remains certified and continues to comply with standard UNE 139803:2012, "Web content accessibility requirements".



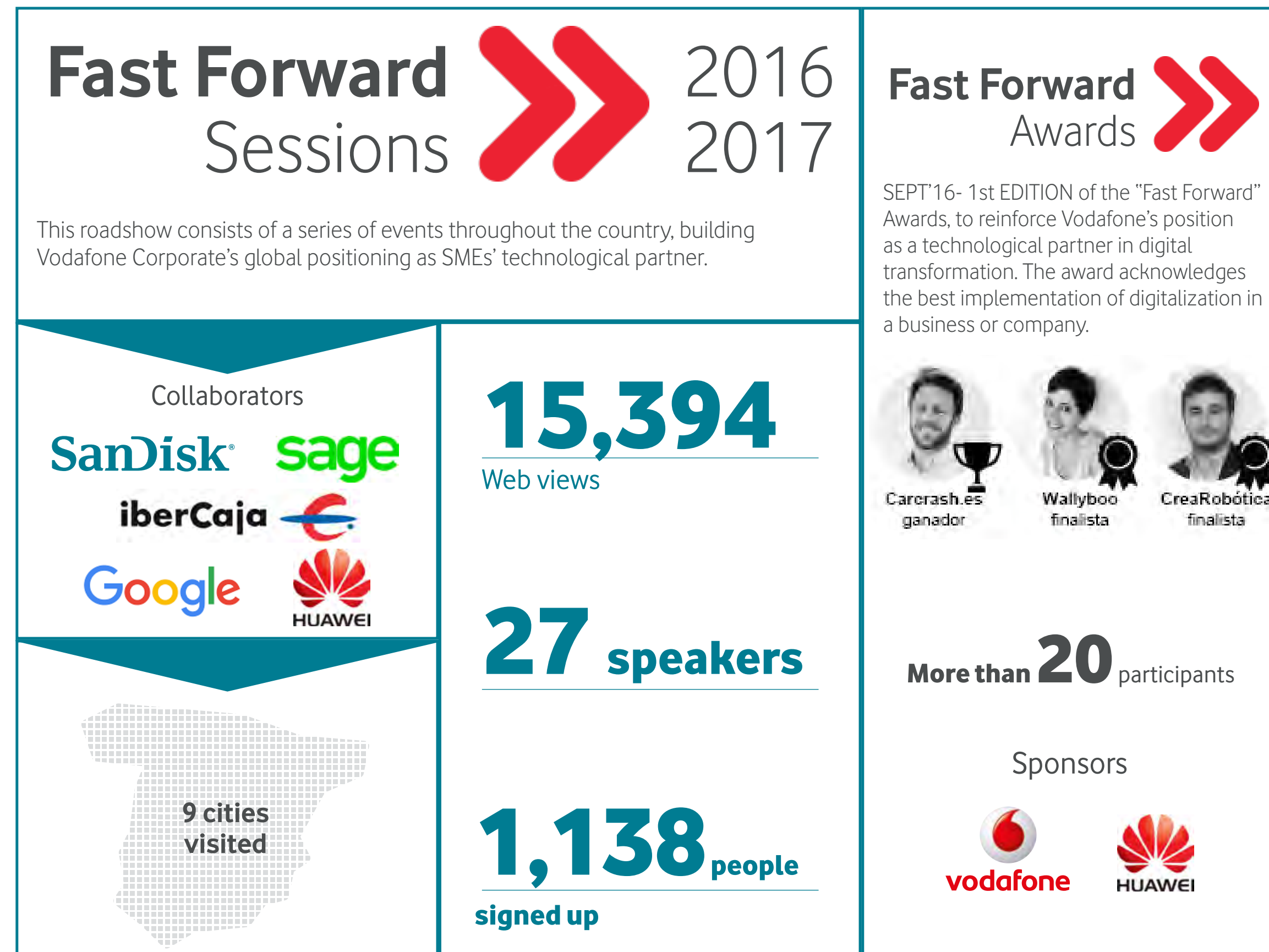


Performance

Total Satisfaction / Society

■ Courses of action for Employability and Entrepreneurship

Fast Forward Sessions



Minerva


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

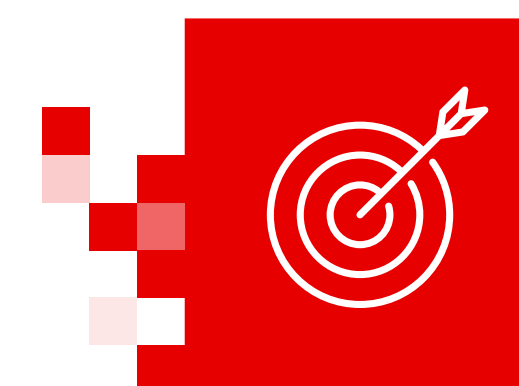
The main objective of Minerva is to support entrepreneurs and help their business projects to grow so that they turn into stable businesses. With this premise, the Minerva Programme firmly supports job creation in Andalusia thanks to the promotion of entrepreneurship and seeks to provide density to the region's business fabric.

Since 2012, four annual acceleration programmes have been launched, in which we have promoted entrepreneurial projects throughout the ICT field. Minerva has contributed towards the creation of

over 230 jobs in Andalusia, having driven a total of 63 projects.

Calls for entries are made annually and each programme offers a **maximum of 20 places to accelerate ICT projects**, which are chosen from all of the applications submitted.

The participants selected each year enter a comprehensive entrepreneurship programme with the objective of accelerating the development of their business project. 



Next Objectives

- Vodafone Spain Foundation: Contribute with accessible ICT solutions –platforms and apps- that improve disabled and elderly people's quality of life, that benefit more than 50,000 people. **March 2018**
- Keep the level of accessibility achieved in 100% of our own stores and ensure that 100% of sales staff and new hire do the training course on how to attend customers with disabilities. **March 2018**
- Build accessibility criteria into the Virtual Store. **March 2018**

Performance

Total Satisfaction / The Environment



Achievement of the Integrated Report 2015-16 Objectives

- Reduce network energy consumption per network element by 50% by 2020, with respect to 2006-07. **March 2020**
- Have LEED GOLD certification at the Vodafone Plaza HQ upgraded to LEED PLATINUM. **March 2017**

Degree of compliance

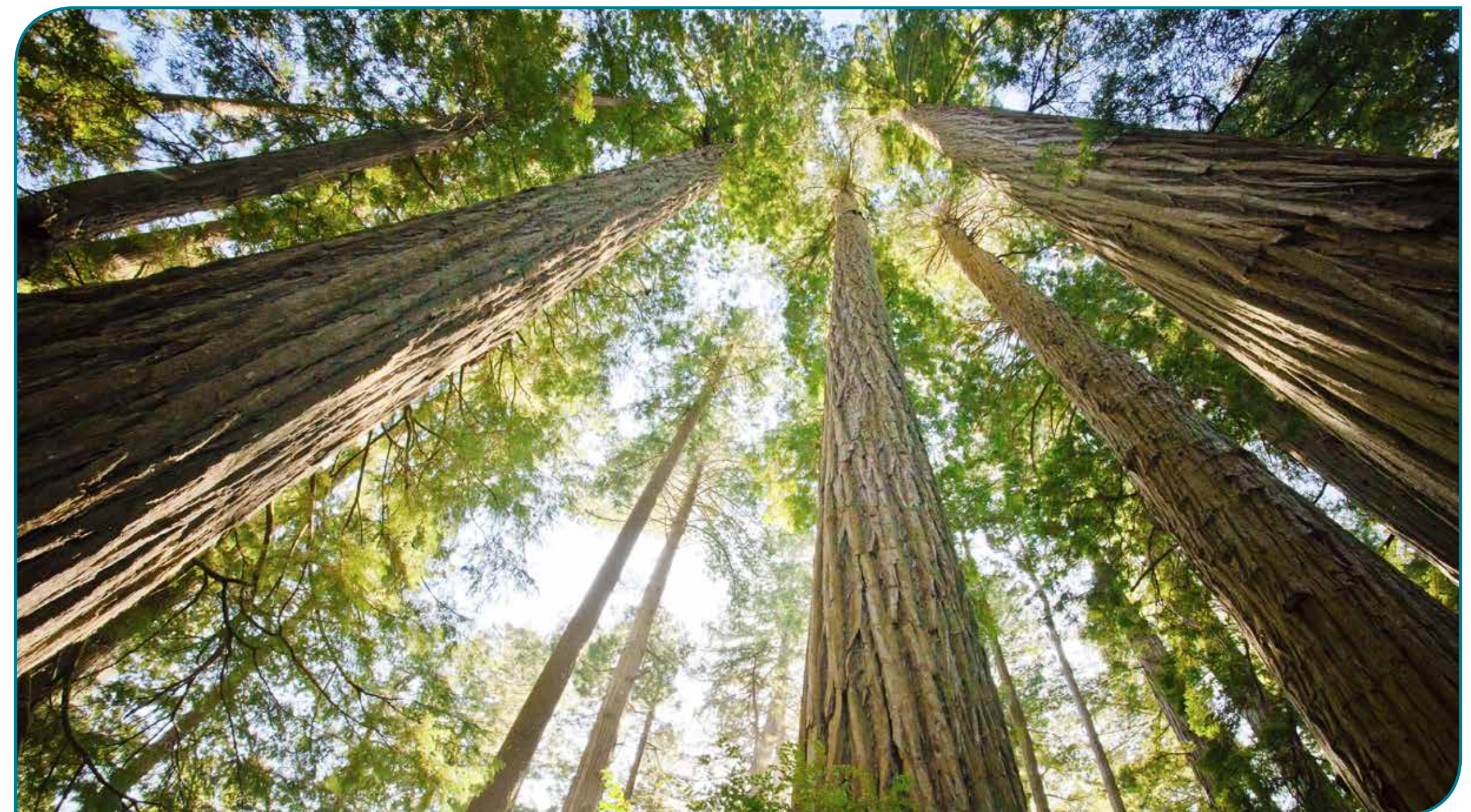
Underway

100% 😊

During their life cycle, our activities, products and telecommunications services are associated to a series of positive and negative environmental impacts. Our commitment is to boost the positive impacts (by reducing travel needs and the consumption of energy, paper and other resources which are associated to the use of our technology by our customers), whilst trying to minimize the potential negative impacts that they involve (energy consumption, end of useful life of the equipment used, visual impact, emission of non-ionizing radiation, etc.).

As such, since 1997, we have had an Environmental Management System which is certified in accordance with the latest version of the **ISO 14.001:2015** international regulation, in order to control and appropriately manage each of these aspects. A system that is constantly being adapted in line with the changing circumstances of our business.

In financial year 2016, we have extended the scope of our certificate to the Groups's three main companies (Vodafone España, S.A.U., Vodafone Ono, S.A.U. and Vodafone Servicios, S.L.U.).





Performance

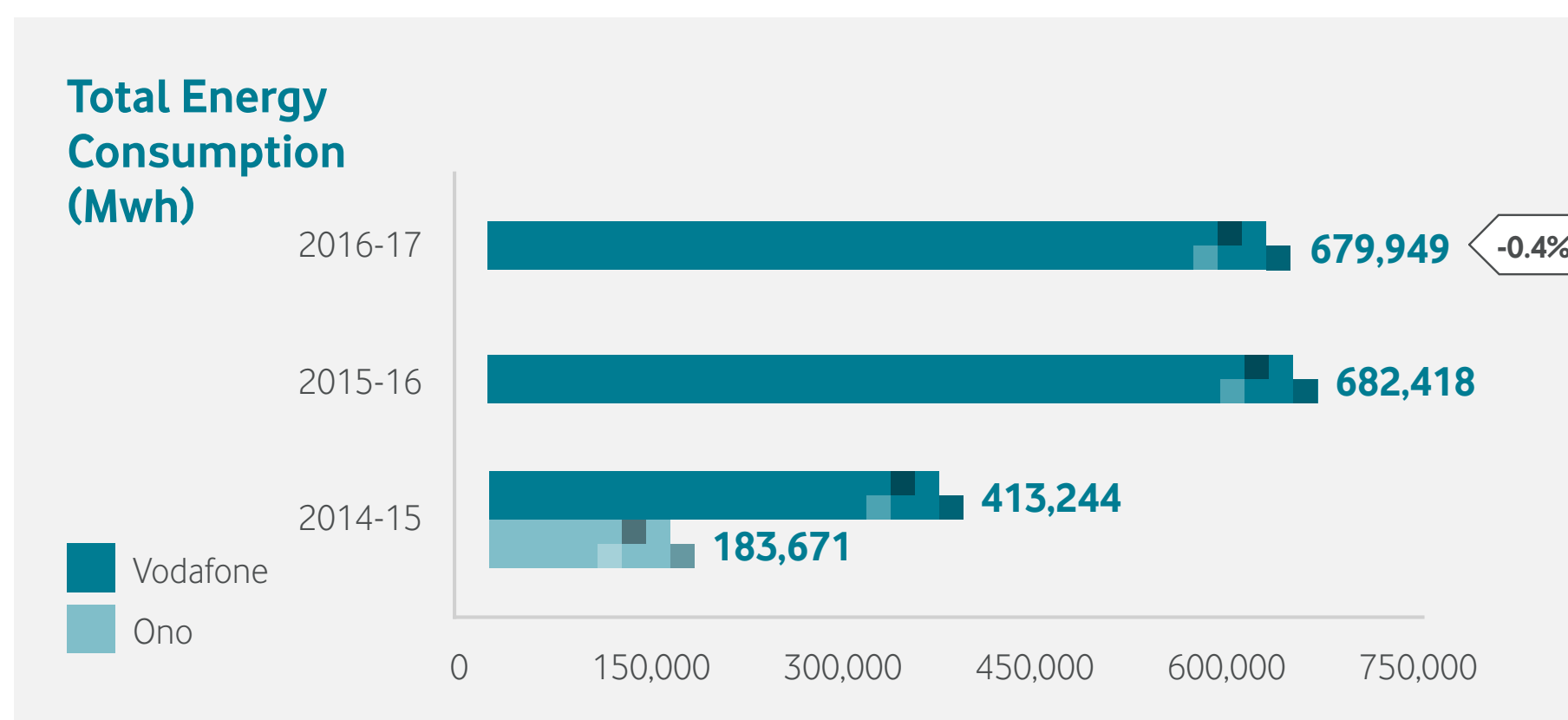
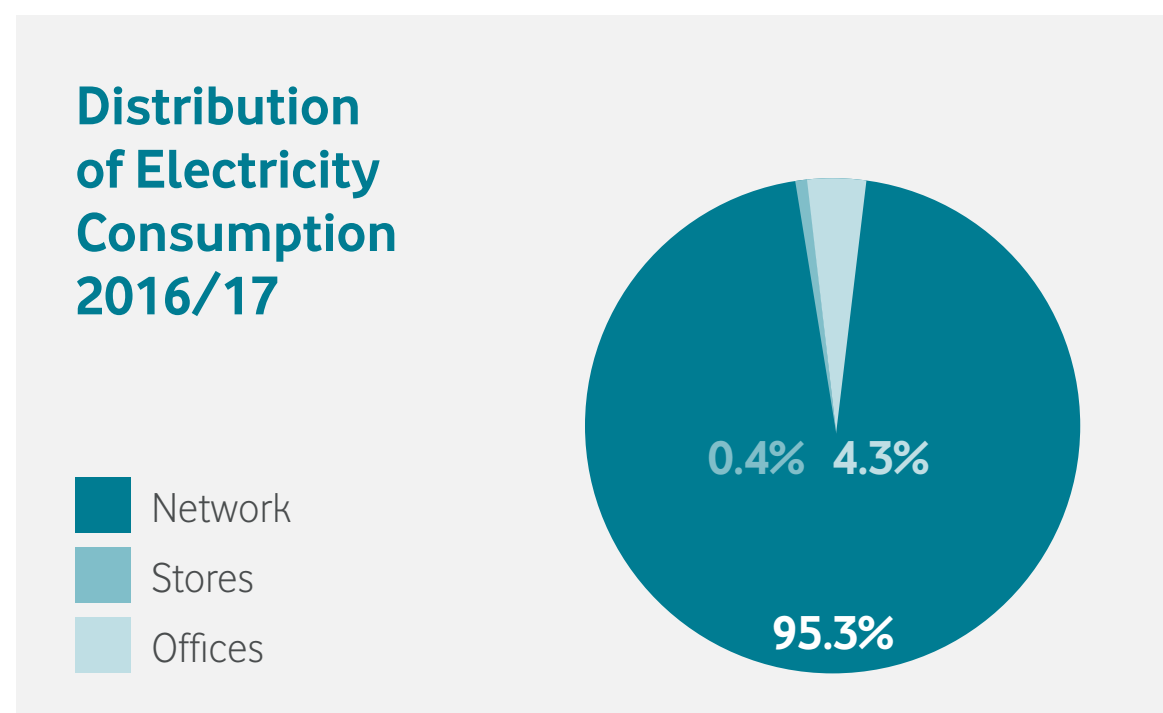
Total Satisfaction / The Environment

■ Energy Consumption

According to the provisions of Royal Decree 56/2016, of 12 February, which transposes Directive 2012/27/EU, Vodafone carried out energy audits during 2016-17 for its different types of facilities:

- Access sites
- Core (Switches, etc.)
- Mixed
- Offices

Audits and models were utilized to measure the energy consumed by each plant and each facility, before analyzing the real possibilities of reducing the necessary energy consumption, the implementation costs and the return on investment period.



The activities performed within the scope of our Energy Efficiency Plan have enabled us to reduce our total energy consumption, even taking into account the continuous deployment of our fixed and mobile telecommunications networks.

Change in total CO2 emissions (Tn)

	2014-15	2015-16	2016-17
Scope 1 (*)	8,741	7,495	6,038
Scope 2 (*)	152,544	175,983	153,997
Scope 3 (*)	2,029	1,509	1,404
TOTAL	163,315	184,987	161,439

(*) Scopes as specified by the "Greenhouse Gas.GHG.Protocol" Initiative.

Change in Total Energy Consumption by primary energy source (GJ) (*)

	2014-15	2015-16	2016-17
Indirect Energy (Scope 2)			
From the grid	2,120,306	2,436,688	2,431,531
Direct energy (Scope 1)			
Wind-Solar	2,385	1,653	552
Diesel	14,796	11,156	8,904
Natural Gas	11,406	7,210	6,829
TOTAL	2,148,892	2,456,707	2,447,816

(*)1MWH=3.6



Performance

Total Satisfaction / The Environment

Network energy consumption

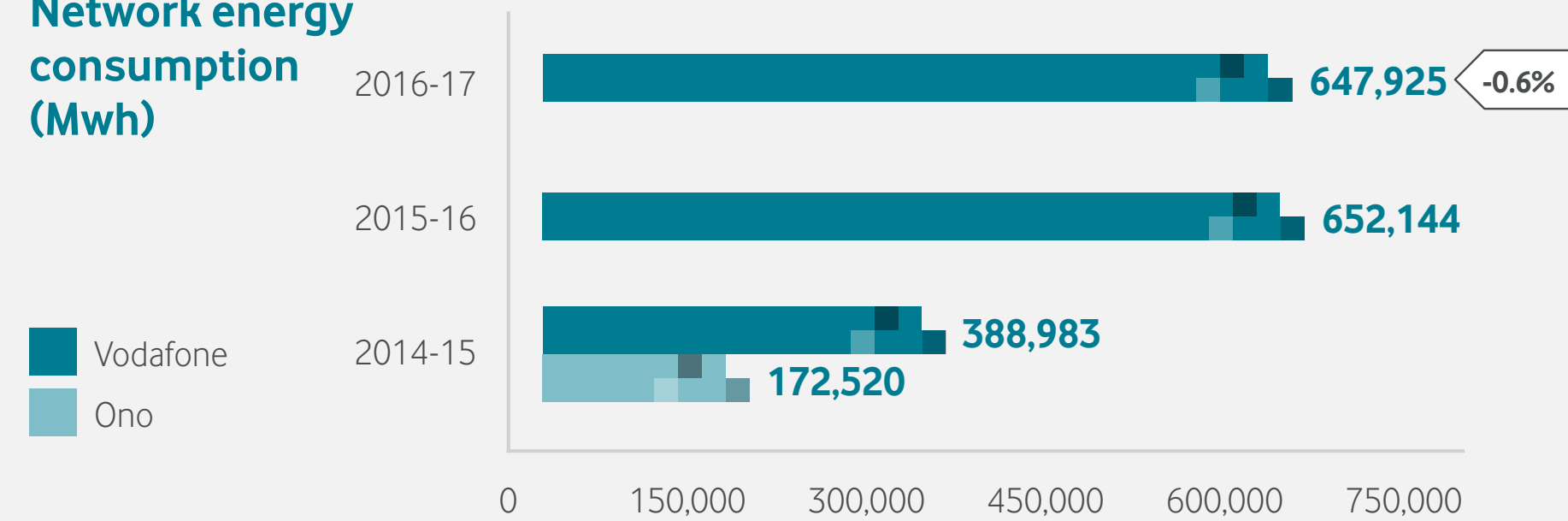
Throughout 2016-17, Vodafone kept on bringing energy efficiency measures into play on its network.

In this sense, all the Access Network generator sets that were running 24/7 have been replaced by hybrid solutions (generator set plus batteries), backed up by renewable energies (mainly photovoltaic) and controlled remotely.

During 2017-18, more than 500 facilities of a new access network solution will be deployed. This facility is a modular extraction system that minimizes the use of conventional air conditioning by more than 90%, optimizing the use of external air and reducing the acoustic impact of our base stations.



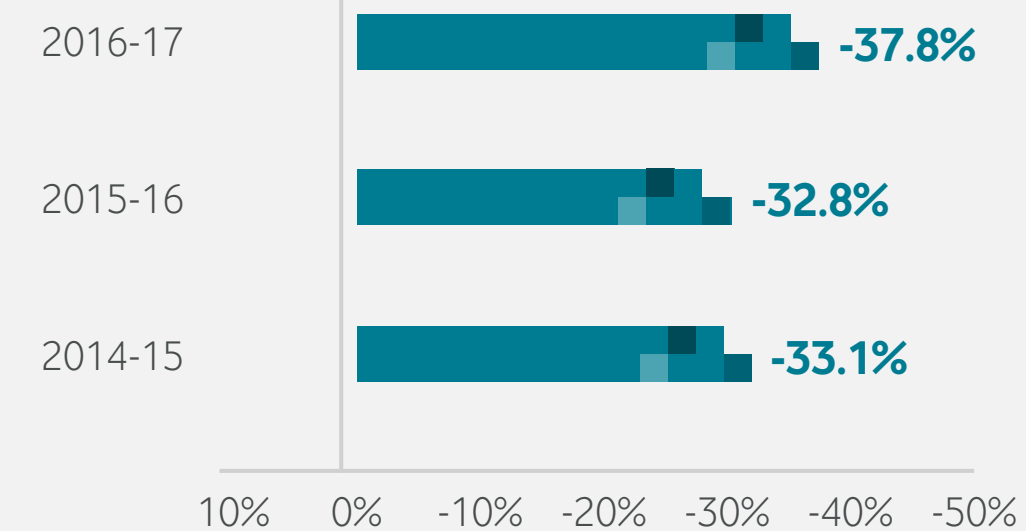
Network energy consumption (Mwh)



Change in network energy consumption per primary energy source (GJ)

	2014-15	2015-16	2016-17
Indirect Energy (Scope 2)	2,004,394	2,335,018	2,323,210
Direct energy (Scope 1)	17,017	12,699	9,320
TOTAL	2,021,411	2,347,717	2,332,531

Energy consumption/ Network element with respect to 2006-07 (%)



Energy consumption per (mobile and fixed) network element dropped by 37.8% 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.

To complement this goal, Vodafone has set itself, for the coming financial year, another goal that aims to relate the direct CO2 emissions derived from our energy consumption to the CO2 emissions that we help our customers avoid by using our Products and Services.

-37.8% change
in energy consumption per mobile and fixed network element as regards 2006-07



Performance

Total Satisfaction / The Environment

Office and Store Energy Consumption

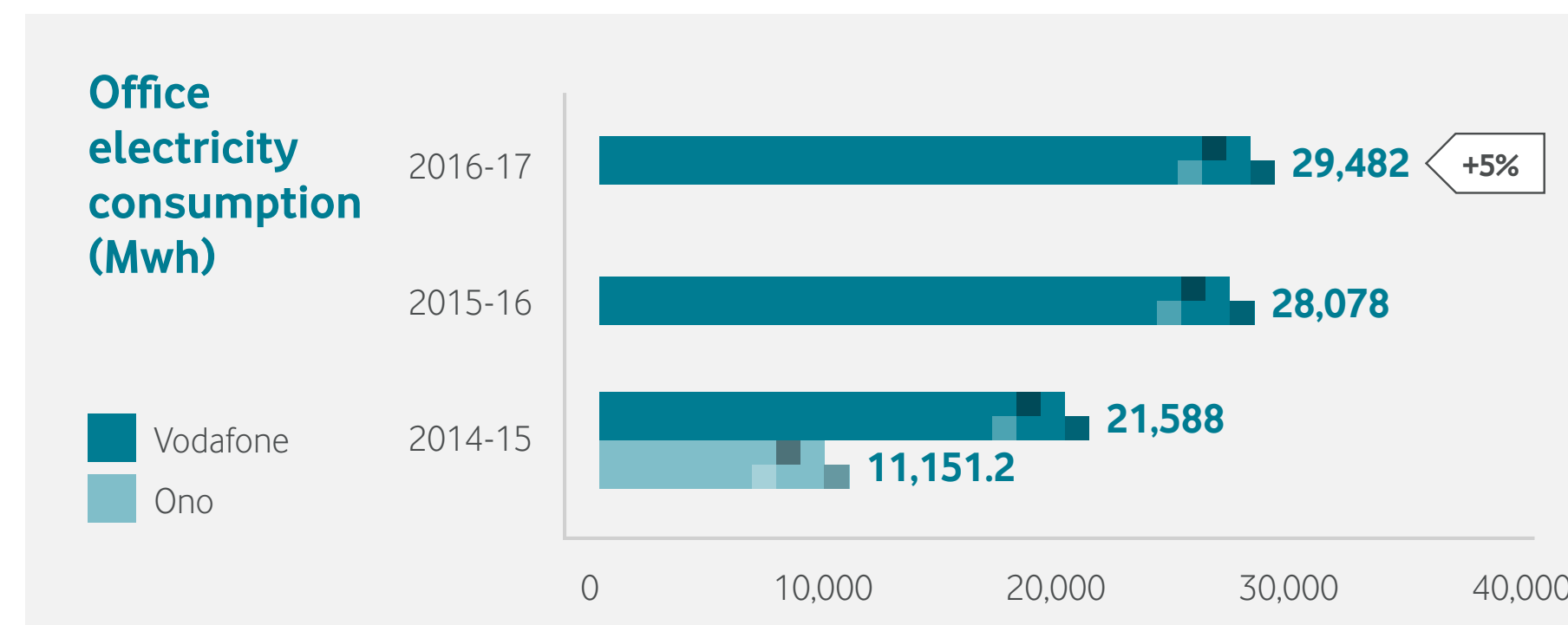
Platinum LEED Certification

During 2016-17, documentary proof was provided that the Vodafone Plaza headquarters complies with 10 new credits in design and construction process issues, so raising the score obtained last year. As a result, the HQ was awarded "LEED for Commercial interiors Level Platinum" Certification.



Office electricity consumption

Office spaces have been adjusted and redesigned to allow a flexible space model, renovating the facilities with more efficient equipment, with LED type lighting and installing new, class A high-efficiency air-conditioning equipment. We have also reduced the number of workplaces, grouping the workforce wherever there were two work places in the same area.



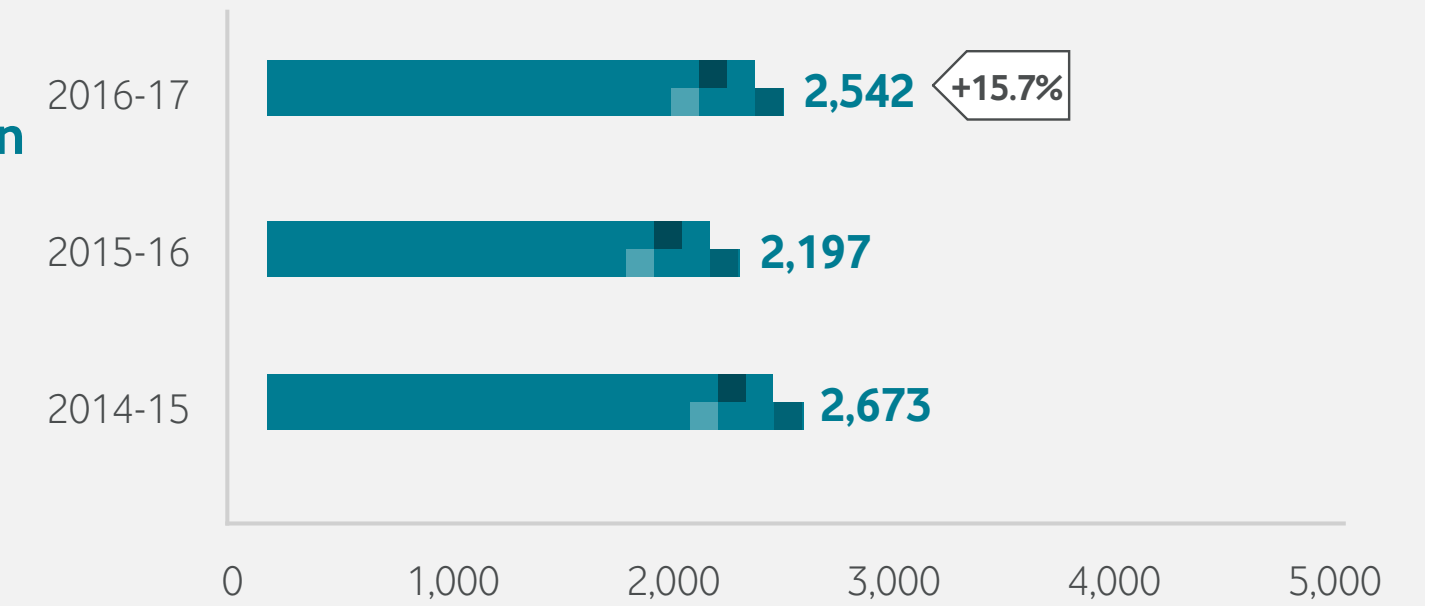
Change in Office Electricity Consumption (GJ) (*)

	2014-15	2015-16	2016-17
Indirect Energy (Scope 2)	106,291	93,760	99,170
Direct energy (Scope 1)	11,569	7,320	6,965
TOTAL	117,860	101,080	106,135

(*) 1Mwh=3.6

Store Consumption

Store Electricity Consumption (Mwh)



Change in Store Electricity Consumption (GJ) (*)

	2014-15	2015-16	2016-17
Indirect Energy (Scope 2)	9,621	7,910	9,150

No direct energy consumption.

(*) 1Mwh = 3.6 GJ

The slight increase in office and store energy consumption was a result of last year's weather conditions.



Performance

Total Satisfaction / The Environment

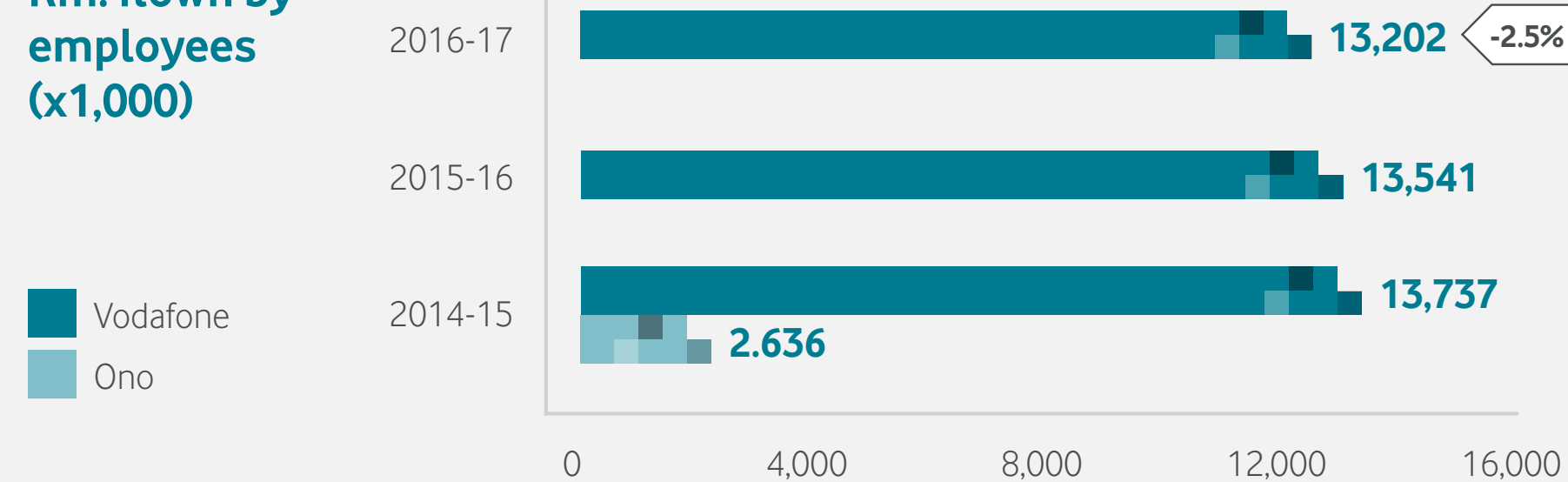
Other Supplies

CO2 emissions avoided by using Video conferencing (*)

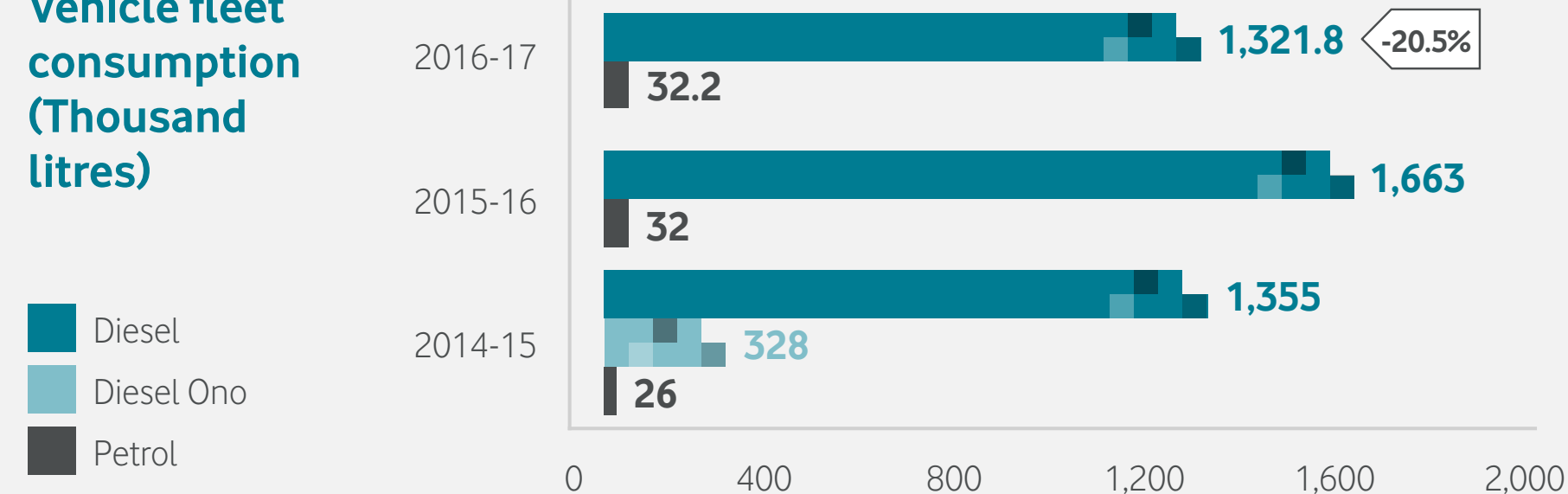
	2014-15	2015-16	2016-17
Nº of national videoconferences	1,582	3,568	4,666
Nº of international videoconferences	13,556	16,005	15,059
Estimated Saving on CO2 emissions (Tn)	1,953	2,366	2,272

(*) 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 of CO2, and that this value can be quadruple (on average) on an international round trip.

Km. flown by employees (x1,000)



Vehicle fleet consumption (Thousand litres)





Performance

Total Satisfaction / The Environment

Consumption of Materials and Wastes

More than
206,000

handsets collected by Vodafone Spain for reutilization and recycling in 2016-17

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

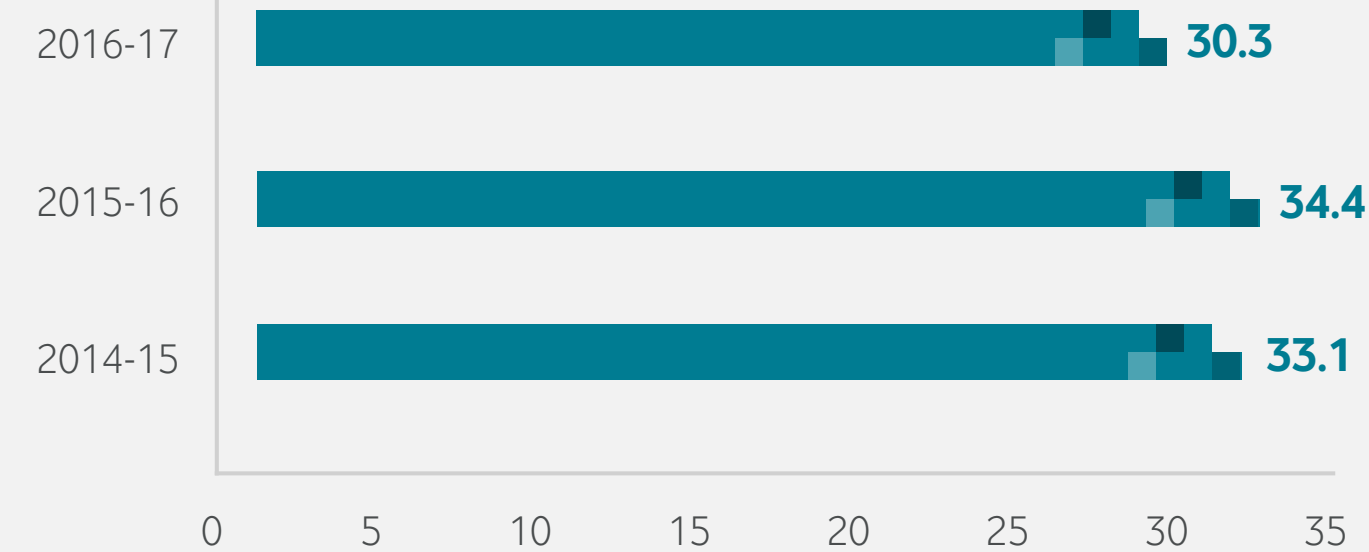
As established in the contracts, responsibility for managing the waste generated in the construction, operation and maintenance of our facilities is passed onto the respective suppliers of those services.

During 2016-17, our phone reuse and recycling systems enabled us to collect over 206,000 phones.

On another note, all the hot drink vending machines now use recyclable paper cups instead of plastic cups.

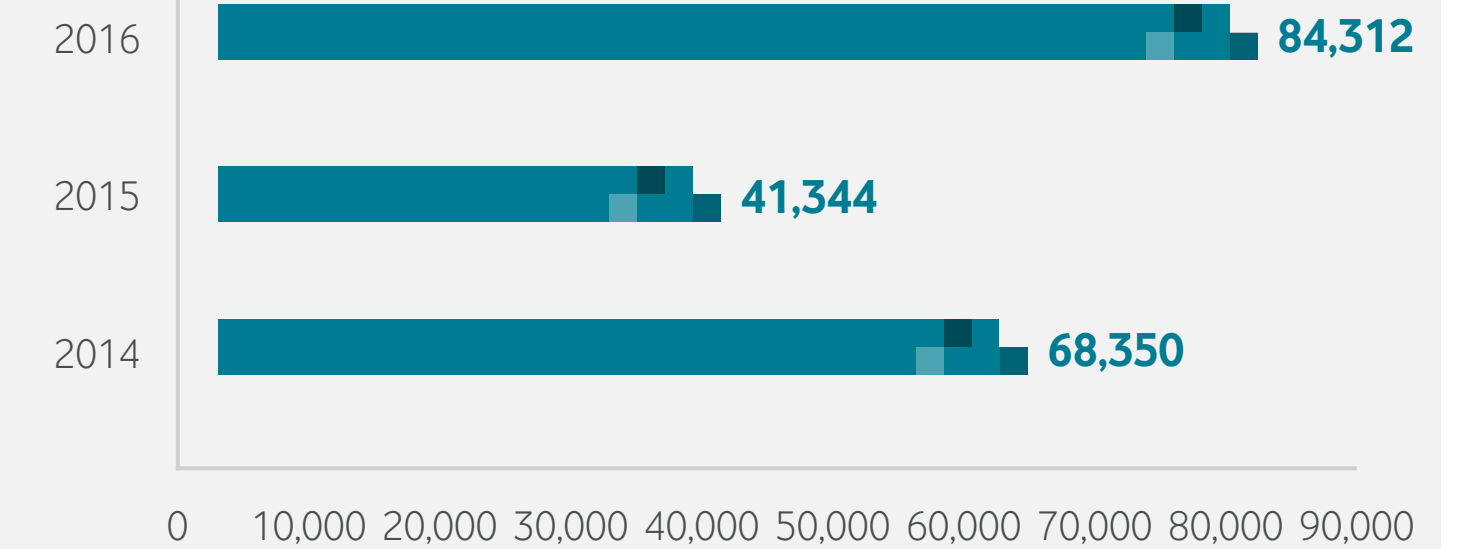
On another note, this year we have used 30.3 tons of office paper, all of which was FSC certified paper to contribute to environmental conservation.

Paper used in offices (Tn)



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.)



The total volume of packaging has risen significantly due to the commercialization of devices associated with Vodafone One TV, which are significantly larger than the packaging of other devices such as smartphones. Regardless of this increase, some types of plastic packaging have been replaced with other, more environment-friendly paper and cardboard packaging.



Next Objectives

- Deploy a new solution to minimize the use of conventional climate control equipment in the access network **March 2018**
- Reduce network energy consumption per network element by 50% with respect to 2006-07. **March 2020**
- Contribute to ensure that the ratio of CO2 emissions avoided to our customers is at least twice the CO2 emissions derived from our energy consumption. **March 2018**
- Implementation of the Smart Building app to manage parking spaces, room bookings, etc. **March 2018**
- Do away with disposable plastic cups in water sources, replacing them by giving staff reusable personal cups. **March 2018**

Performance

Total Satisfaction / Suppliers



Achievement of the Integrated Report 2015-16 Objectives

Degree of compliance

- Organize "Supplier Awards" to reward the best-performing suppliers. **March 2017**
100% 😊
- Take action to further engage our suppliers in Health and Safety issues. **March 2017**
100% 😊

All Vodafone Spain's suppliers have adhered to our Code of Ethical Purchasing.

Aspects covered by the Code of Ethical Purchasing

<ol style="list-style-type: none"> 1. Avoid Child Labour 2. Avoid Forced Labour 3. Health, Safety and Wellbeing 4. Freedom of Association 5. Non-discrimination 	<ol style="list-style-type: none"> 6. Avoid Disciplinary Practices 7. Working Hours 8. Salaries 9. Individual Conduct 10. Environment
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During 2016-17, all our Supply Chain Management (SCM) department employees successfully completed the online Ethical Purchasing course.

€5.018 billion
on purchasing products and services in 2016-17 (*)

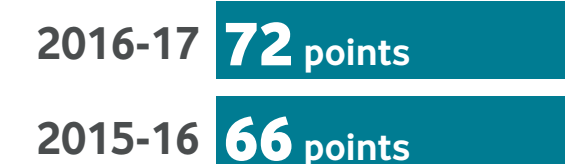
86%
of the amount of total purchases are made from **local suppliers**

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

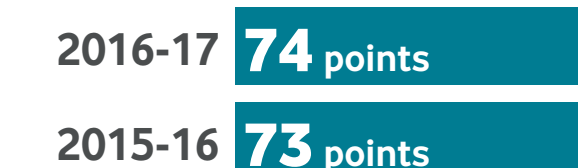
Supplier Assessment

Vodafone's most important suppliers undergo two levels of assessment:

- **Global Assessments:** During the round of assessments held in October 2016, a total of 28 suppliers were assessed and an NPS of 72 points was obtained.



- **Local Assessments:** A total of 64 local supplier assessments were also conducted in October 2016, resulting in an NPS of 74 points, putting us just one point away from our goal of working with suppliers who have an NPS of 75 points or more.



As a result of the new corporate structure (Vodafone España, S.A.U., Vodafone Ono, S.A.U. and Vodafone Servicios, S.L.U.) SCM engaged in the following activities:

- Suppliers: The suppliers identified were registered to be able to operate with them in Vodafone Servicios, S.L.U.
- Contracts: Vodafone Servicios, S.L.U. became party to all the contracts of the suppliers that started working with it.
- Catalogues: All the catalogues necessary for the suppliers and services defined in Vodafone Servicios, S.L.U. were authorized.



Performance

Total Satisfaction / Suppliers

Supplier Awards



In April 2016, Vodafone held the **Supplier Awards** Prize-Giving Ceremony to reward Vodafone Spain's best-performing suppliers. The award-winners were:

- Best Network supplier: ELECNOR
- Best IT supplier: ACCENTURE
- Best brand supplier: WNK
- Best Contact Centers supplier: KONECTA
- Best Logistics and Handsets supplier: ZEDCHAIN
- Best Sustainability supplier: EULEN
- Supplier of the Year: HUAWEI.



Occupational Health and Safety




- During April and May 2016 Vodafone held **"Supplier Forums"**, events to which we invited suppliers regarded to be high risk, due to the type of product or service that they provide us with, with the objective of raising awareness about, circulating information on and looking into Health and Safety topics.
- In June, September and December 2016 and March 2017, Vodafone organized **"Safety Tours"**, consisting of visits to Vodafone network sites to ensure that the Health and Safety Policy was being complied with. These visits were made without prior notice with the aim of ensuring that the facilities were viewed in their usual state.
- In October 2016, the Vodafone Spain Head of Purchasing took part in a Huawei-organized forum, in which all of the subcontractors were present, where the importance of complying with the Vodafone Health and Safety Policy was emphasized.

Management of conflict minerals in the supplier chain

Some time after this report was completed (3 April 2017), the European Commission passed the European Regulations on Conflict Minerals, which affect some of the minerals frequently used to manufacture some of the devices which are used or sold by Vodafone. The minerals regulated by the EU are gold, tungsten, tin and tantalum.

The Regulation will be binding in January 2021 and will force EU companies to verify the origin of these minerals responsibly when importing them and make sure that they do not contribute towards financing armed conflicts.

Although at Vodafone we do not manufacture products and neither do we import minerals, we are aware of such risks, which is why we have a specific policy concerning Conflict Minerals, which is applicable to all of the products that we purchase, that addresses the risk of the potential adverse impact that may be associated with the extraction, sale, use and exportation of minerals which come from areas affected by conflicts. Furthermore, this policy sets out a series of requirements for our suppliers of electronic products (due diligences in its supply chain to determine the origin) and establishes our position in the fight against the violation of human rights related to the extraction of conflict minerals very clearly. In this respect, at Vodafone we support industry initiatives such as the CFSI ("Conflict-Free Sourcing initiative") which are gradually increasing transparency in mineral supply chains.

The application of this policy and of the associated due diligence process enables us to comply with OECD recommendations and with American regulations (Leu Dodd-Frank), through the annual report which we submit to the Securities and Exchange Commission (SEC, the US regulator). 



Next Objectives

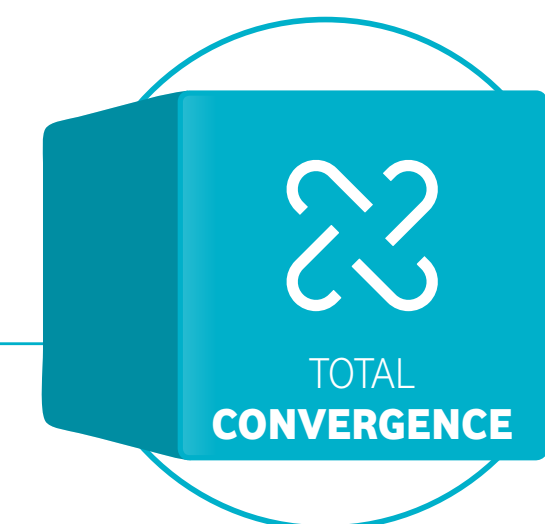
- Conduct a satisfaction survey among our local suppliers. **March 2018**
- Keep on implementing the Health and Safety Policy among our suppliers. **Ongoing**



TOTAL
CONVERGENCE

Performance

Total Convergence / Key Figures

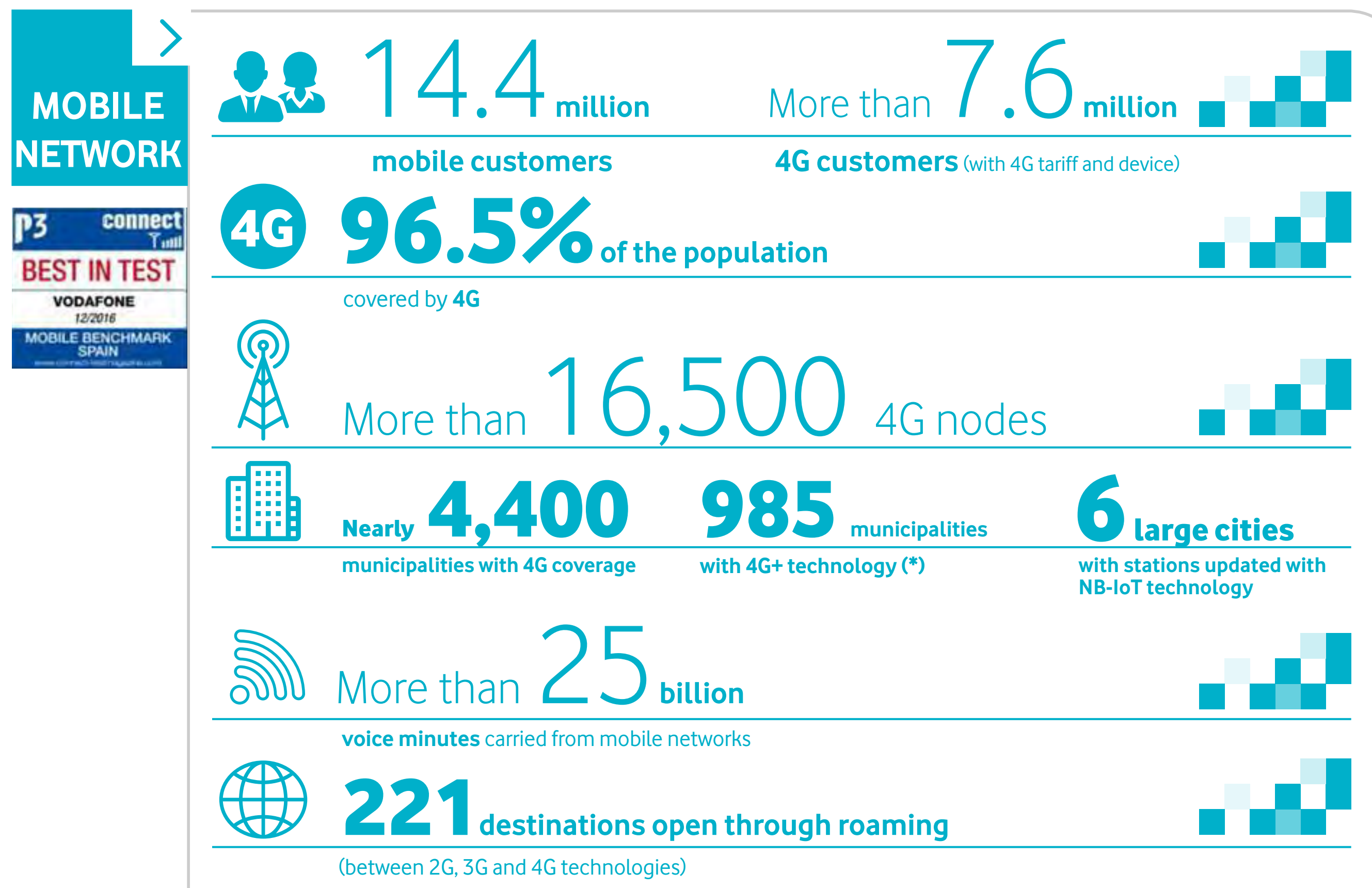


Achievement of the Integrated Report 2015-16 Objectives

■ Keep encouraging convergence in the home.

Degree of compliance: **Ongoing**

Figures at 31/3/2017



(*) 4G technology permits speeds of up to 350 Mbps.

We keep on evolving our 4G services using technologies that are now fully integrated in our network, such as 4G+ (LTE-A), reaching 985 municipalities with 4G+, and VoLTE (Voice over LTE).

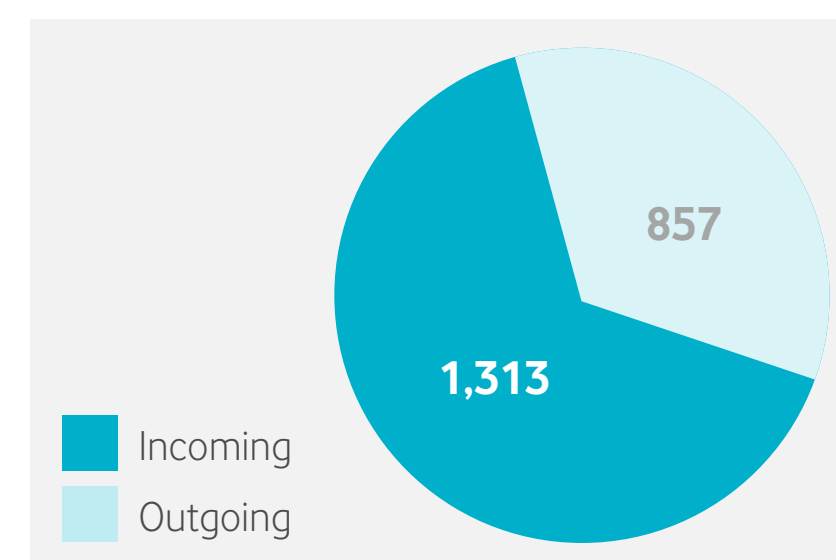
We have pioneered new technologies, such as **NB-IoT**, and were the world's first operator to have a commercial NB-IoT network (activated in January 2017), which extends M2M device battery lifetimes by up to 10 years, and are already present in six big cities with network base stations which have been upgraded using NB-IoT technology.

Every base station of this kind can connect more than 100,000 devices to the Internet of Things, without affecting

either download or upload speeds and reducing latencies, the first step in evolving the network towards 5G.

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.

In this respect, and so as to minimize our activities' environmental impact, **infrastructure sharing** played an important role in our 2016-17 deployment. The graph below shows the number of outgoing site shares (at other sites) and incoming site shares (at our sites).



2.9 billion GB of data carried (by mobile and fixed)

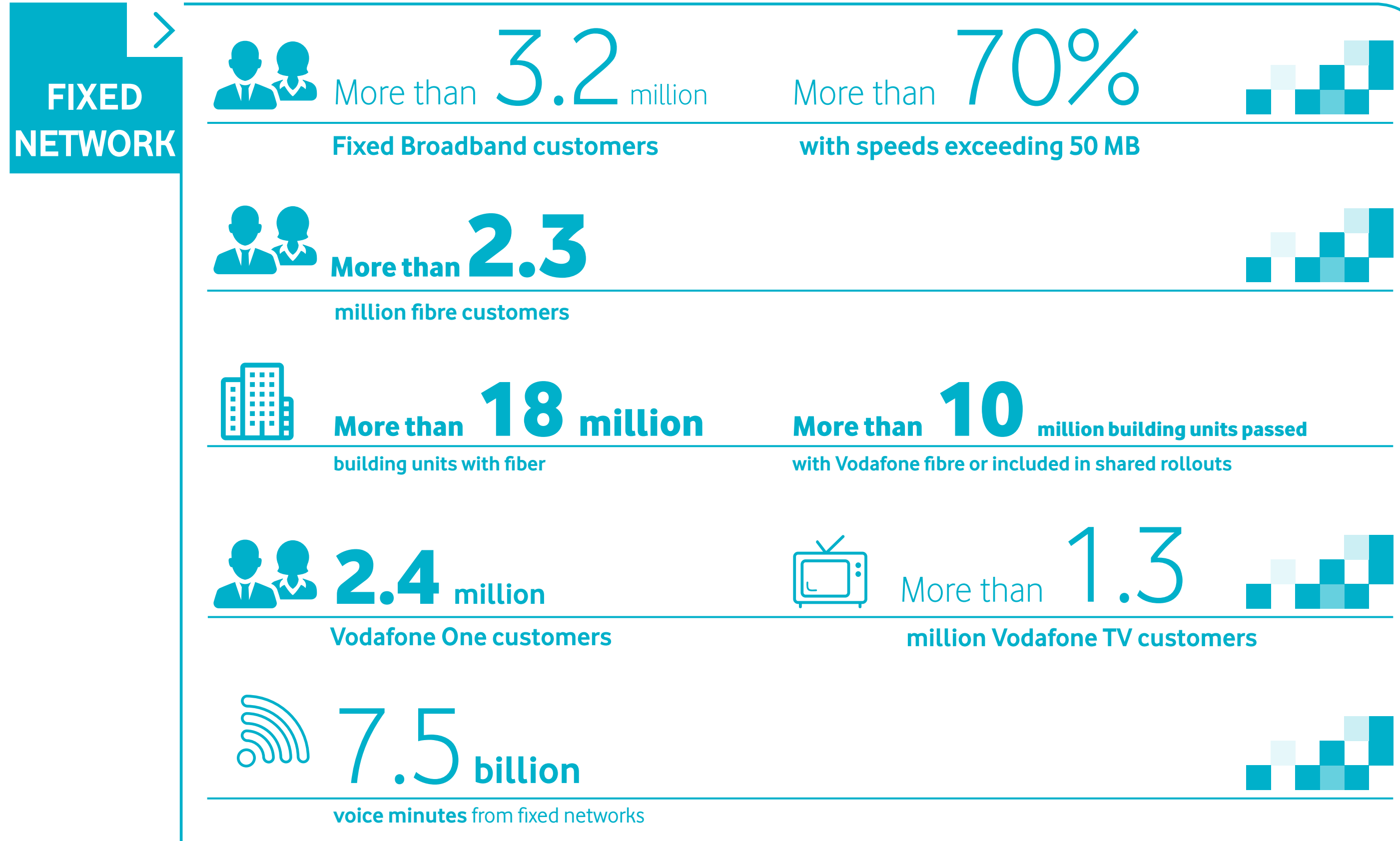
More than 60% of the network rolled out in 2016-17 was deployed on shared infrastructure



Performance

Total Convergence / Key Figures

Figures at 31/3/2017




To boost our access to the market, in March 2017 an agreement was announced for unregulated commercial access to the Telefónica FTTH network. Meanwhile, in our HFC cable network, we are migrating to the latest technology available, DOCSIS 3.1, which will enable us to offer symmetrical speeds of up to 1Gbps.

Furthermore, during the 2016-17 financial year, agreements have been renegotiated with FTTH fibre providers which contribute towards the development of the business and which have made it possible to make use of synergies in existing networks.

Vodafone continues to invest in innovation, deploying the first Vodafone Group Big Data solution in Spain, aimed at improving the customer experience. As such, our CEM (Customer Experience Management) platform is able to generate a set of service indicators in real time, using information provided by the network, which can be enriched using other sources of customer segmentation data, helping us to know their satisfaction with the services used and to improve their experience.

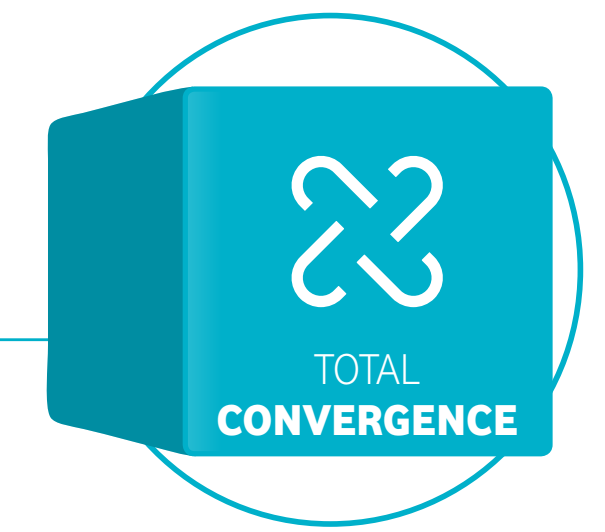
This solution, together with our ongoing commitment to network deployment, capacity and optimization enables us to keep progressing in improving the quality offered and perceived by the customer.

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 Energy, Tourism and Digital Agenda's website  in its Telecommunications section.

Lastly, with regard to the environment, and taking into account the significant network deployment activity, during the 2016-17 financial year, only two administrative fines were imposed for this reason, amounting to a total figure of €20,000.

Performance

Total Convergence / Network Quality

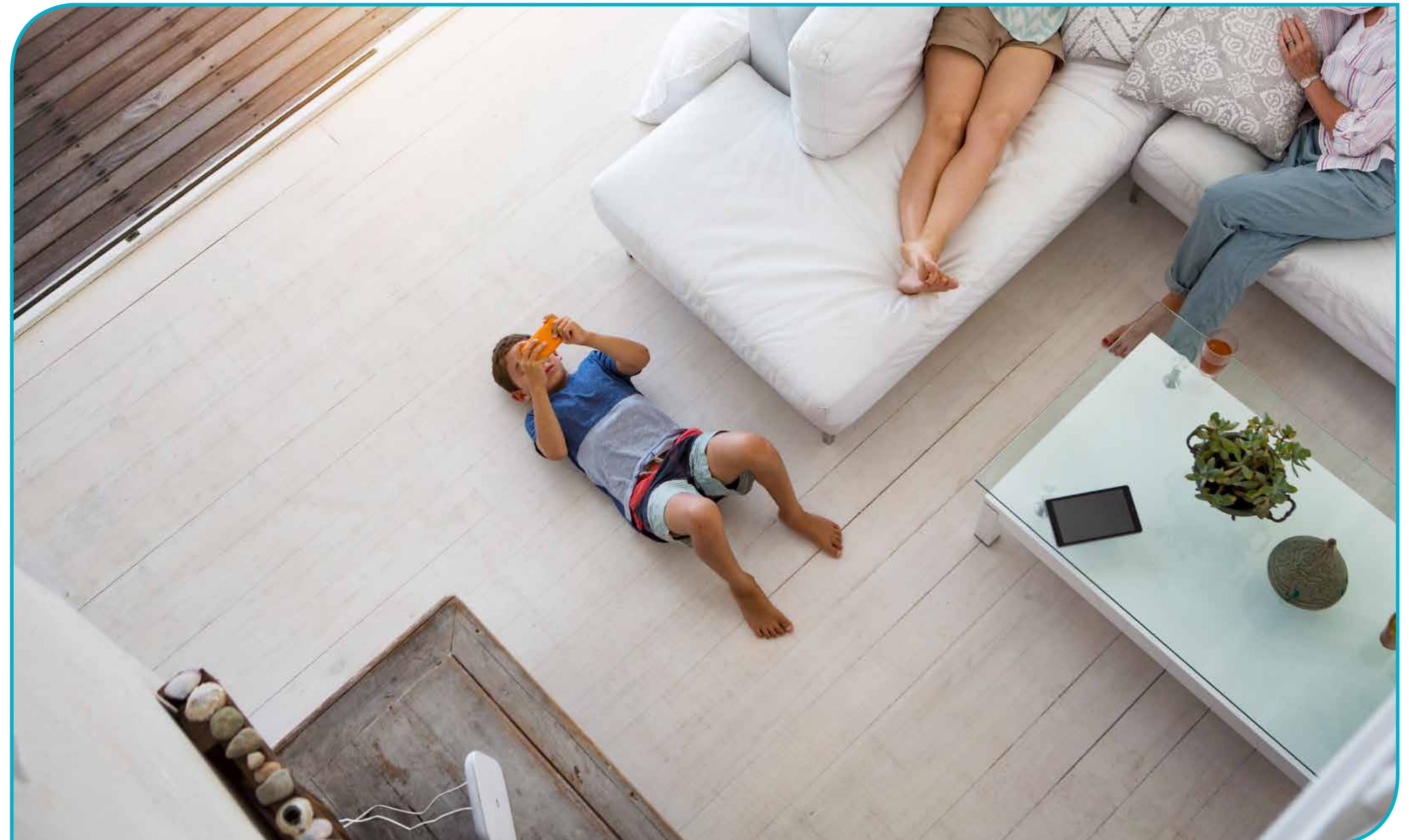


Vodafone's Technology Division uses the **Net Promoter Score** (NPS, a customer recommendation and satisfaction index) as its main source of information for rolling out and improving its network and its products and services.

Vodafone's vast experience in designing telecommunication networks, the high reliability of the elements used in our network architecture, and the level of excellence reached in operation and maintenance enable us to satisfy our customers' Quality of Service expectations and to be leaders in achieving the availability and quality objectives established by international regulations. To achieve this objective, Vodafone has a robust mobile telephone network with redundant routing, diversity and protection against failure.

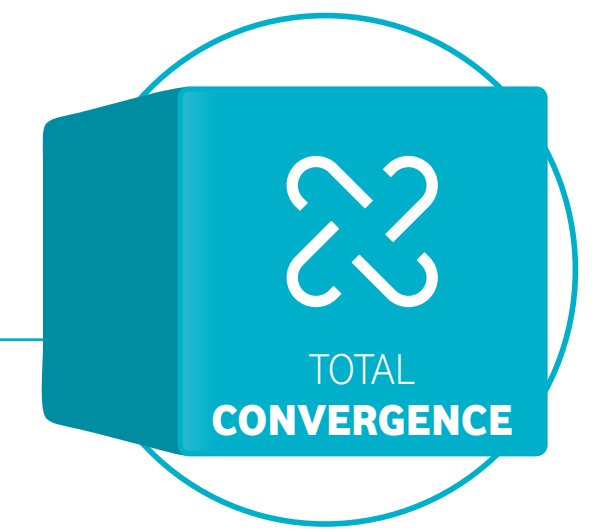
A key factor in reaching and maintaining the Quality of Service parameters lies in the Ongoing Quality Improvement Process. Basically, by using different sources of information such as Recommendation and Satisfaction Surveys, in-depth studies of the reasons behind customers' complaints, satisfaction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

The regular NPS measurements are used to check the results of the improvement actions in place to guarantee the Ongoing Quality Improvement Process.



Performance

Total Convergence / RF Emissions and Health



The exposure limits for health protection and RF emission risk assessment are determined by Royal Decree 1066/2001 and apply the emissions produced by radio stations.

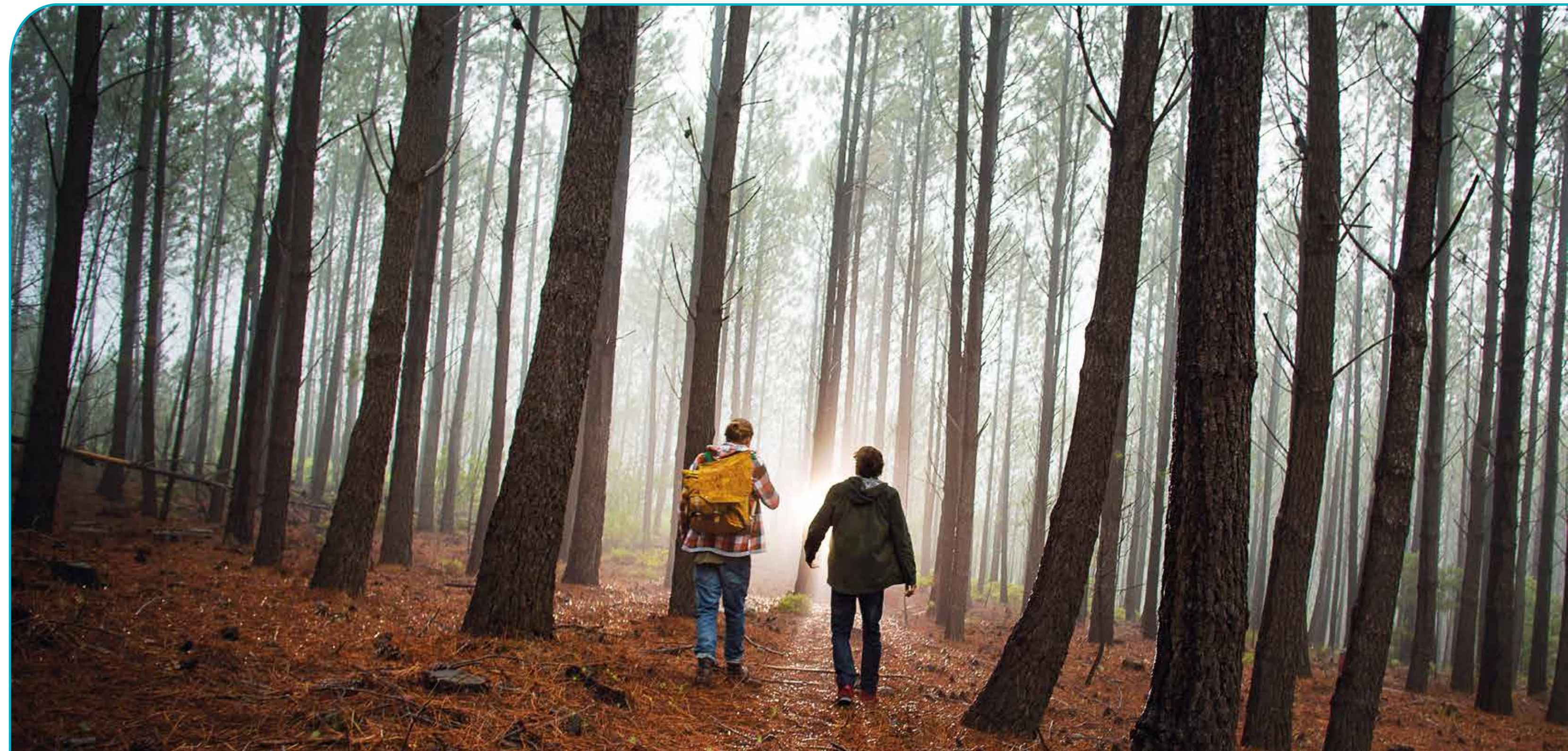
To comply with this Royal Decree and Order CTE/23/2002 which develops it, the annual certification of Vodafone's network of stations was conducted during the first quarter of 2017. For this purpose, RF emissions have been measured at more than 11,000 stations, and the emission levels of 100% of our base stations is far below the threshold set by the aforementioned Royal Decree 1066/2001.

The main new regulation came when the new Royal Decree 123/2017, approving the regulations on the use of the public radio spectrum, entered into force on 28 March 2017. The Regulations normalizes the different administrative procedures according to the type of station and simplifies certain procedures, reinforcing the presentation of Responsible Declarations and Certifications, removing the need for the authorities to conduct the Technical Inspection of Facilities. The Regulations include the procedure for the control and inspection of the sole levels of tolerable radio emissions that do not pose a danger to public health, as well as a section relating to the protection of the public radio spectrum.

More than **11,000**
base stations measured

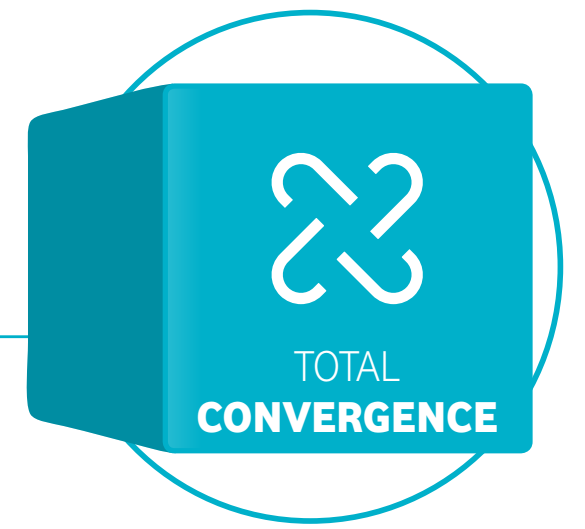
100% of base stations
keep emission levels below the limits stipulated in
Royal Decree 1066/2001

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



Performance

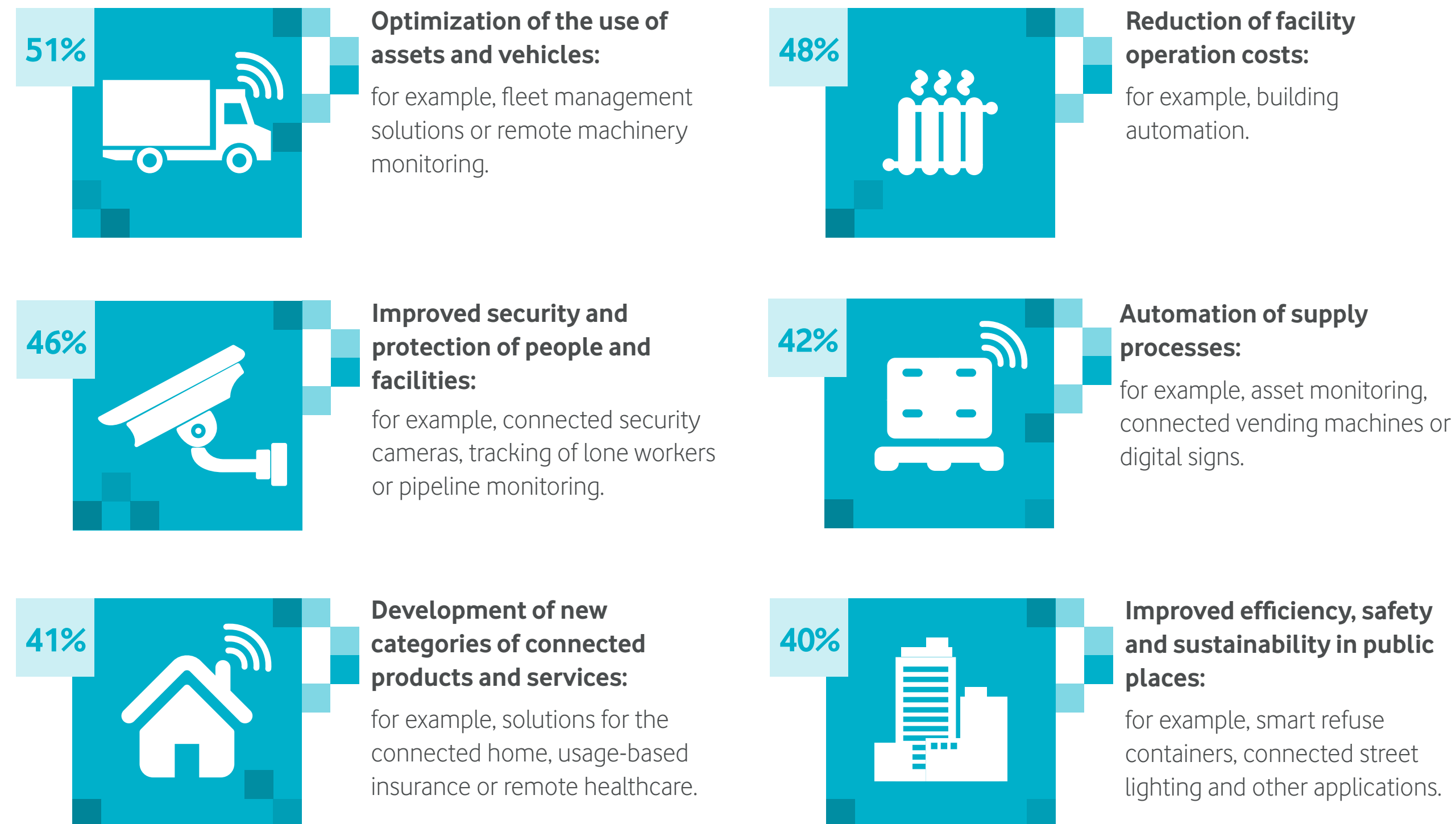
Total Convergence / Internet of Things (IoT)



IoT ("Internet of Things") technology connects everyday objects such as vehicles, buildings and machines to the Internet in order to transform them into smart objects which can communicate with people, applications and between themselves.


Vodafone IoT offers "end-to-end" solutions which contribute towards improving the efficiency of our customers, by means of fleet management, safety, telemedicine, energy saving, smart city and automotive industry solutions, etc. Not only does it provide a cost saving, it also helps to ensure that our customers' activities and businesses are more sustainable.


The interest in the IoT is greater than ever: 28% of companies has projects in progress and a further 35% of companies plans to kick off projects within the year. According to the 2016 Vodafone IoT Barometer,  the sectors in which IoT solutions have had the greatest presence are as follows:




More than **1,067,000** 
local and global SIM cards activated for IoT/M2M

IoT success cases

Quality Espresso: coffee machines connected with Global Vodafone SIM for restaurants. 

Aguas de Valencia: water meters connected with Vodafone's new NB-IoT technology. 

Miele: vans equipped with the Vodafone Automotive vehicle management and tracking solution. 

SOMFY: home, retail, construction and architecture solutions, all connected thanks to Vodafone IoT's connectivity. 



Performance

Total Convergence / Internet of Things (IoT)

Smart Cities - La Rinconada (Seville)

The Sevillian town of La Rinconada is committed to Vodafone's smart solutions, such as the online street furniture inventory (street lamps, containers, municipal buildings, etc.) to keep an advanced record of all of the features of each element, unifying the management that was previously carried out on a more delocalized basis.


This lets the town collect highly valuable data, which ends up forming part of the town's information, which is processed intelligently in order to create reports or generate alarms, which help with the **early detection of anomalies** or issues which can be tackled much more quickly. The data is collected using sensors deployed in different elements of street furniture. This is not the only source of information, since the system can

upload "open data" from open sources such as Aemet (Spanish Meteorology Agency) in order to incorporate meteorology data as criteria for actions such as regulating street lighting or generating citizen warnings.

In this way, anyone in the town can use a mobile App, included in the solution, to open an incident if, for example, they detect any element of street furniture in poor condition. This incident is recorded by the system and processed according to a protocol which can also deliver information to the citizen about the status of the incident.

Likewise, in this Sevillian town, waste sensors have been deployed to collect data that is then used to generate reports for municipal authorities, informing them of the

available capacity and temperature of different types of container and urban waste, for example, in order to achieve much more efficient management of the waste collection services, with the resulting saving of fuel and other resources, because actual data is used.

Where **managing street lighting** is concerned, devices have been deployed in different light fittings in the town, from traditional sodium vapour street lamps to LED lighting or control units for strings of lights. The regulation, according to real environmental lighting criteria, makes considerable savings possible both in energy consumption and economic terms, since it adapts to the town's real needs. 



Alliance between the Spanish Red Cross and Vodafone Spain for the Digital Transformation of Health and Social Care



At the twentieth National Conference on Health Computing (Info@lud2017), which took place in Madrid on 21, 22 and 23 March 2017, Vodafone and the Red Cross presented their strategic Alliance to jointly promote the digitization of health and social care. This Alliance has brought together the capabilities of two organizations which are leaders in their respective sectors. On the one hand, the care and attention of people, and on the other hand, communications and connectivity, both sharing a solid commitment to innovation.

The Spanish Red Cross was a pioneer in introducing patient care services using remote assistance services, firstly home care, from 1989, and then mobile assistance, after 2002. This latter service, Mobile Assistance was developed thanks to the joint Spanish Red Cross and Vodafone Foundation Spain project through the Social Technology Foundation (TECSOS); from which

over 44,000 people have benefited, all of them connected by means of the Vodafone network.

In recent years, progress in Information and Communication Technology (mobile communications, Internet, IoT, etc.) is enabling a revolution in classic remote assistance services, incorporating real time home monitoring, tracking outside the home and video communication. These new remote assistance services, which can be provided thanks to technological advances, seek to cover the needs of all groups of people, be they senior citizens, dependent people or people with disabilities, providing them with comprehensive care in their normal environment, so that they can spend more time at home, being safe and cared for, promoting self-management, improving their health and fostering healthy ageing.

Connected Schools in Murcia



During the 2016-17 financial year, Vodafone has positioned itself as a partner for digital transformation in the education sector, its first big milestone being when it won the Connected Schools in Murcia contract, published by Red.es. This initiative will give superfast broadband access to 642 state schools in the autonomous region of Murcia with the objective of extending and consolidating the use of technology in the education system.

With this starting point, Vodafone is working on added value solutions so that teachers and pupils can enjoy maximum connectivity and are more motivated in their everyday lives to make the best of their abilities. For the first time, Vodafone presented education solutions at the Mobile World Congress in Barcelona, in February 2017. A platform based on cloud technology for managing digital content, a system for managing devices in the classroom and a mobile application for information and communication between schools, teachers, pupils and parents.



Next Objectives

- Keep encouraging convergence in the home. **Ongoing**



TOTAL DIGITAL
AND PERSONAL

Performance

Total Digital and Personal / Digitization with Customers



Achievement of the Integrated Report 2015-16 Objectives

- Turn the Company into a digital telecommunications operator. **March 2019**

Degree of compliance

Underway

Self-care

More and more customers want to be able to handle their lines and services themselves, which is why Vodafone has provided different self-care channels:

My Vodafone

Our customers are still committed to using their mobile phones as their preferred online help channel, using "My 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 2016-17 financial year we added more features to "My Vodafone", allowing customers to better manage their mobile lines, as well as land lines, fibre optic services and television, through the Vodafone One platform.

38% increase
in the number of My Vodafone App users with respect to the previous year

More than 2.6 million
users of the private areas of the Vodafone web



Vodafone Forum

The Vodafone Forum takes care of the queries and doubts of registered users, promoting self-management through the help content and support. In this financial year, the support service has been extended to Fibre and ADSL in the ADSL zone.

18% increase
in monthly visits to the Vodafone Forum compared to the previous financial year

30% rise
in registered Vodafone Forum users compared to previous year



Facebook and Twitter

Through our official Facebook and Twitter accounts, we also provide customer care, manage solutions to the queries and doubts received and provide information concerning our products and services. We also guarantee efficient handling of downtime and technical support.

Users receive the first response to their queries within three and a half hours

Help section of the website

Content is continually updated and optimized in order to respond to customer questions. Priority has been given to making videos and step-by-step guides in order to explain and help with possible solutions in a more visual way.

"Vodafone Helps You" Blog

The "Vodafone helps you" blog is maintained as an additional channel where we offer help, tips and recommendations concerning different topics and current needs for all kinds of customer.

32% more
visits than the previous year



Performance

Total Digital and Personal / Digitization with Customers

■ Online Store

Thanks to its Online Store, Vodafone Spain has become the Vodafone Group operator with the highest level of online sales, and the sales channel with the highest ARPU. Within the online store framework, the launch of the Virtual Store in the financial year 2016-17 is worth a special mention.

Throughout this tax year, website attendance has been noticeably driven by the following differentiating elements:

- **Online Store:** Service where all accessing customers are attended as if they were physically inside a Vodafone store.

More than **500,000** customers were attended by the Virtual Store during 2016-17

- **Virtual Advisor:** This is the first live streaming platform that combines the benefits of real-time high-definition video with text chat (similar to the Periscope App), and is designed for communication between companies and consumers. It is a video chat system capable of attending and advising tens (or even hundreds) of users at once, concurrently, and with just one agent/presenter. Users can ask the presenter questions and he/she will answer by voice, providing a unified message in response the most recurring matters.

More than **35,000** customers used the virtual advisor during 2016-17



- **Chat with co-browsing:** Through this service, customers can gain advice right from the start of the purchasing process. This co-browsing service supports user queries and helps customers to browse during their purchasing process. Customers authorize the sales representative to take control of their session, in order provide guidance and advice on certain steps in the process, to be able to continue onwards by themselves and complete the purchasing process.
- **WhatsApp and SMS:** Vodafone has been the first operator to launch WhatsApp and SMS-based sales help. It is aimed at supporting sales and increasing the channel's activity.



The Vodafone Virtual Store has received the Gold CRC (Customer Relationship Centre) award for best innovation project from the Spanish Customer Relationship Experts Association (AEERC).

- This award recognizes the implementation of differential and innovative operation and management models in Customer Relationship Centres.
- The Vodafone Virtual Store website integrates a live queries and video service to advise customers on products and services, and respond to their questions.
- It makes shopping on their website feel like being at a real Vodafone shop.





Performance

Total Digital and Personal / Digitization with Customers

■ Digital Rights and Freedoms

New technologies are becoming increasingly present in our every-day lives. Although they provide us with many advantages, living in a hyper-connected global world in real time can also involve significant security challenges.

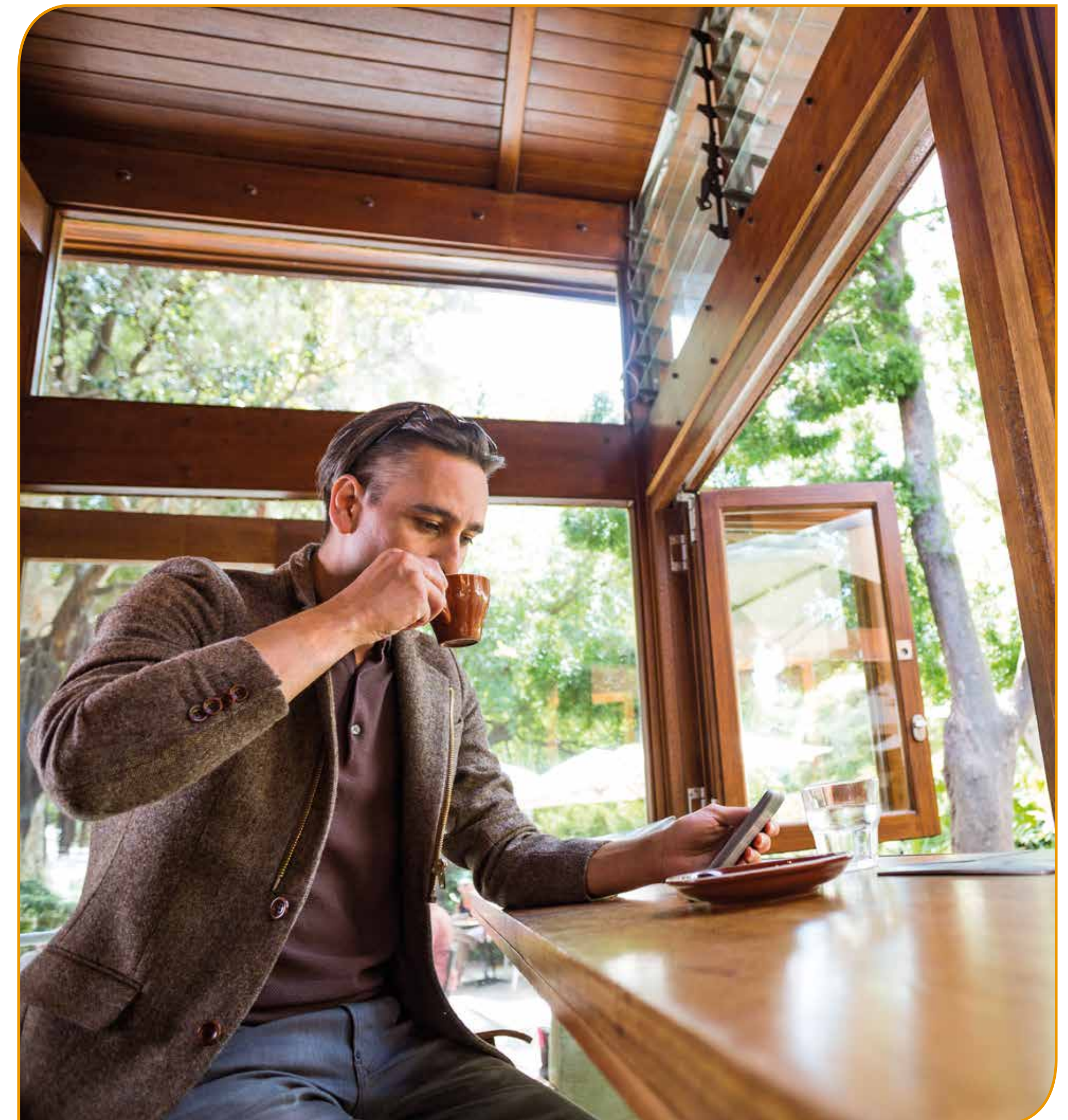
Privacy and Data Protection

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

The new European **Data Protection** Regulation, approved in May 2016, applies directly to all EU countries, who have been given two years (ending in 2018) to comply with the regulation. In this endeavour, Vodafone Group has initiated an implementation project for the new requirements derived from the regulation, and efforts are being made to take all of the necessary action to make us compliant with said standard.

At Vodafone, after first analyzing the regulation, 13 projects were defined in total (with the option to increase this figure) to become compliant with said standard. Meanwhile, meetings are being held with the different areas to specify the impact and cost of this implementation. All of these projects must be fully implemented by May 2018.

During the financial year 2016-17, one single incident where data may have been compromised was reported to the Spanish Data Protection Agency (AEPD). This was a case reported by Vodafone Group as affecting the company CELLEBRITE (company that provided us with self-diagnosis services for terminals, to detect configuration or performance issues with the same). Vodafone Group and CELLEBRITE, carried out an impact analysis for said incident in Spain. The only data affected were emails associated with the mobile telephone numbers of approximately 500 customers. After this analysis, Vodafone reported what had occurred to the AEPD (through the channel enabled for said purpose) and the affected customers by mail. The AEPD has not taken action against Vodafone regarding the incident.





Performance

Total Digital and Personal / Digitization with Customers

Children's Safe and Responsible Enjoyment of ICT

As one of its areas of action, the strategic framework for a sustainable company, considers the promotion of and respect for digital rights and freedom, among which we find the safe and responsible enjoyment of our technology, products and services by children.

With this aim, Vodafone carries out a set of activities which are classified into two complementary lines of work:

- Provide **tools** so that children can enjoy the benefits of our technology, products and services safely.
- Promote **education and awareness** to promote the responsible enjoyment of technology.

As well as these lines of action, Vodafone's approach to this subject is based on its conviction that the collaboration of the different players involved is essential, and these include operators, parents, educators, third sector institutions specializing in this field, public administrations, law enforcement agencies, etc.

During the financial year 2016-17, Vodafone Spain became the 1st telecommunications company in Spain with an active presence in the eSports competition. A good online experience requires access to high-speed internet and constant connection, which highlights the value of our fibre network connected to a constantly increasing audience. In this regard, a content platform was created with the TV program "Gamers" as its main asset. This 13-chapter series broadcast on MTV enabled the world of eSports to be brought closer to the public, showing how our Vodafone G2 team trained, competed and finally became LVP champion, the highest national competition of the League Of Legends (LOL).



Vodafone Tools

Secure Net



Secure Net is a pioneering service developed in the Vodafone network that protects against threats during Internet use. Mobile phone use is exceeding computer use, so we want our customers to feel protected and keep their personal data away from cyber-criminals.

Secure Net identifies dangerous websites and viruses, advising customers about the risks faced while browsing the internet. No download is necessary, and it operates with any device connected to the Vodafone mobile network. Furthermore, it doesn't take up any memory or impact browsing.

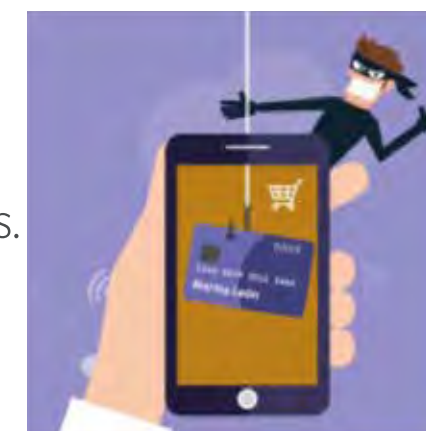
We must be aware of the large variety of dangers that can affect our security and personal data.

A large part of detected threats come from unauthorized advertising or adware, but there are also more serious attacks like phishing which impersonates company sites known to the user, to gain their passwords or personal data; or ransomware that blocks the telephone and requests ransom for its recovery.

Additionally, Secure Net includes functions that enable children to enjoy their digital life safely, making tools available to fathers/mothers/tutors in order to select the most suitable content for their children or oversee how much time they spend connected to the internet..

Secure Net Communication Actions

- Actions on Social Networks, to raise awareness of the different types of threats which can be encountered while browsing the internet.
- Post actions in Cooking Ideas, Smartblog, Vodafone Forum or Vodafone Helps You, to raise customer awareness about issues that can lead to unsuitable protection.
- Actions on the radio (Vodafone yu).
- Actions in the online and conventional press.



More than **4 million**
customers have Secure Net

More than **213 million**
threats blocked while browsing with Secure Net during financial year 2016-17

More than **12 million**
virus-infected files blocked during download during financial year 2016-17




Performance

Total Digital and Personal / Digitization with Customers

Education and Awareness

Be Strong Online Scheme

During the financial year 2016-17, on their website, Vodafone developed and published  the contents of a set of informative modules that are included in the Be Strong Online scheme, aimed at promoting safe and healthy enjoyment of new technologies, as well as promoting responsible digital citizenship among children.

Said modules provide a response to subjects such as: cyberbullying, my digital life, peer pressure online, digital footprint, selfies, critical thinking online, social networks, games, digital disconnection or coding. Furthermore, for each module we have developed:

- Informative documents for children, which display the potential risks of the digital world to be avoided, for each subject.
- Informative documents for fathers/mothers/tutors/schools, providing instructions on how to guide and protect children against the potential risks of the digital world.

Cybermentors Programme

As a continuation of the Cybermentors Programme pilot project carried out in the financial year 2015-16 in two secondary schools in the community of Madrid, and based on the fully satisfactory results of said pilot for all agents involved, in the financial year 2016-17, we decided to continue and strengthen this program's collaboration between the Department of Education of the Madrid Regional Government, the Pantallas Amiga organization, and Vodafone.

The programme aims to provide adolescents with information on how to browse the internet and social networks safely and responsibly, as well as the personal and digital skills needed to be a digital citizen. The subjects broached include issues like cyberbullying, digital image and identity, safety of information or privacy, topped off with a focus on the prevention of gender violence.

The programme is developed integrating a dual methodology:


- Learning-service projects, for students to increase their awareness and skills, preparing themselves to serve others;
- Learning among peers, so that learning is carried out under the concept of camaraderie to strengthen the transmission of knowledge and experience in both directions, creating trusting relationships and generating recognition between students and mentors.

In this new phase, the Cybermentors Programme has increased its spread to 40 public secondary schools in the Madrid Region, providing necessary information to 3rd and 4th year Compulsory Secondary Education (ESO) and 1st year Upper Secondary Education (Bachillerato) students of the participating public centres, so that they can become direct recipients of the program, as well as experts on safe and responsible internet use, and also instructors for their 1st year Compulsory Secondary Education (ESO) classmates who participate in the programme as an indirect audience. This focus on an intergenerational service

has been enriched, according to the dynamics of each centre, with some activity involving families, teachers and other students of the centre.

The programme is carried out in each centre in four phases over a four week period:

- The first phase involves general training for all participating groups, and consists of several sessions dedicated to identifying and selecting voluntary students as Cybermentors.
- The second phase specifically trains the Cybermentors who work on the contents, tools and skills needed to carry out their work, in four sessions.
- In the third phase, the Cybermentors train their 1st year Compulsory Secondary Education (ESO) classmates, providing several theoretical and practical sessions.
- Lastly, in the fourth phase the training tasks carried out are evaluated by the managers of the programme, along with the Cybermentors.

This programme, given its significant innovative component and interest sparked, has been selected as one of Vodafone's initiative videos  entitled "The Future is One", broadcast in collaboration with diverse media.



Performance

Total Digital and Personal / Digitization with employees



Digital transformation begins with the digitization of employees. The availability of quick and dynamic tools, the flexibility to work remotely (“smart working”) and optimal office spaces, help change how we work and are catalysts for cultural change.

At Vodafone we want our employees to have a better digital experience and to achieve this the necessary elements have been established: Tools, Spaces and People.

■ Digital Workplace

Vodafone’s Digital Workspace strategy provides access to work tools from anywhere with internet access, using multi-device environments (laptop, mobile phone, tablet or PC). This combined with collaborative work tools and cloud storage, enables the processes to be transformed, making it simpler and more agile.

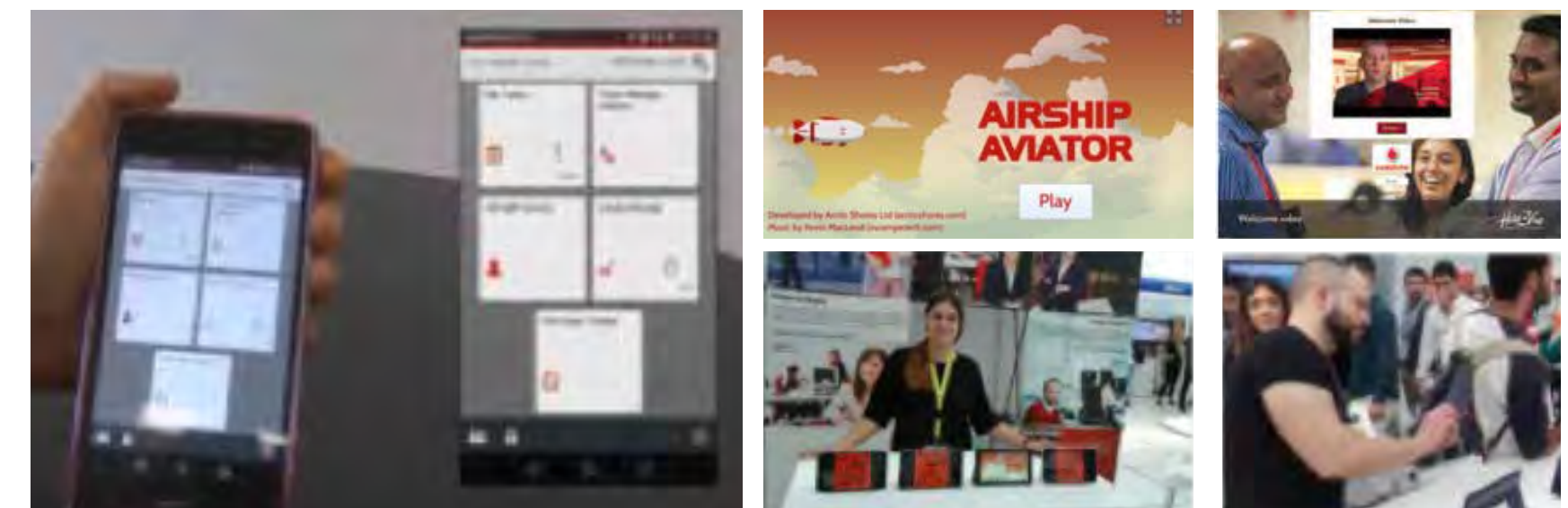
■ Smart Working

During the financial year 2016-17 a Smart Working policy was implemented, enabling employees to get more out of their work and time, while promoting a healthy work-life balance.

■ Digital Processes

Digitization with employees also requires changing the way in which our processes are executed. For example, basic administrative management, such as sending holiday requests or doctors certificates can be carried out using an App.

Furthermore, the staff selection process has been transformed, by improving online application, and incorporating new technologies such as video-interviews or paper-less tests. Additionally, a step further has been taken to include online games in the recruitment process. This has enabled us to be more efficient, reducing recruitment costs and time, and increasing the satisfaction rate of those participating in the process.



■ “Vodafone Yammer”

Vodafone Yammer is our internal social network. During this financial year, direct sessions have been carried out (called YamJam) on this platform, to interact and solve queries in real time.

■ Office 365

To promote collaborative ways of working, in June 2016, Office 365 was launched, providing employees with a work environment in the cloud, which enables them to work more efficiently and collaboratively anywhere, any time and on any device.

More than **90%** of employees have joined one of the Yammer groups





Performance

Total Digital and Personal / Digitization with employees

■ Digital Ninjas

Vodafone has a change ambassador scheme entitled Digital Ninjas, who help to broadcast the advantages of digital transformation and help to integrate digital tools into the daily lives of other employees.

Digital Days are held at the different Vodafone offices, and are events where our digital strategy is explained and new features of the Digital Workplace are displayed practically.



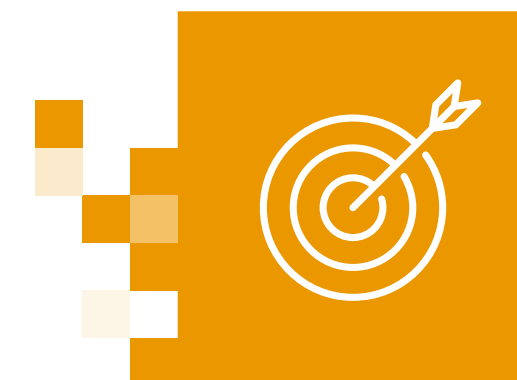
■ Digitization Training

Another large focus area of the digitization project is staff training. We started in July 2015 hand-in-hand with ISDI Digital School, training employees exposed to the digital world, such as those in online sales, digital marketing, etc. These employees are responsible for transferring this knowledge to their colleagues in formats such as TED talks, online courses and YouTube videos, etc.

Furthermore, we consider that our leaders must be pioneers in this transformation. For this reason, not only was a 2-day immersion in digitization held along with ISDI, with the participation of experts in the area, but we can also count on the help of the Digital Ninjas, who through inverse mentoring, have enabled the “millennials” to understand the benefits of the digital transformation, and how they think and work.

Our employees count on relevant digital training located in one place, which can be accessed via laptop, PC, smartphone or tablet.

When face-to-face training or events area carried out, we collect feedback through the BIDI codes, so that attendees can respond right then, quickly, easily and efficiently. Being a fast and immediate evaluation, employees feel motivated to respond and a high response level is obtained.



Next Objectives

- Launch the Smartbuilding App to ensure more efficient office space management. **March 2018**
- Launch the first “Hackathon” for employees, fostering intraentrepreneurship. **March 2018**
- Launch the Vodafone University. **March 2018**
- Launch the Vodafone University. **March 2020**



6

Corporate
Governance

6.1
Regulatory
Compliance

6.2
Boards and
Committees


Corporate Governance

Regulatory Compliance

■ Vodafone Group Regulatory Compliance Programme

As the parent company of the Vodafone Group companies, Vodafone Group, Plc is responsible for designing the Corporate Governance System of all its subsidiaries, which include Vodafone's companies in Spain.

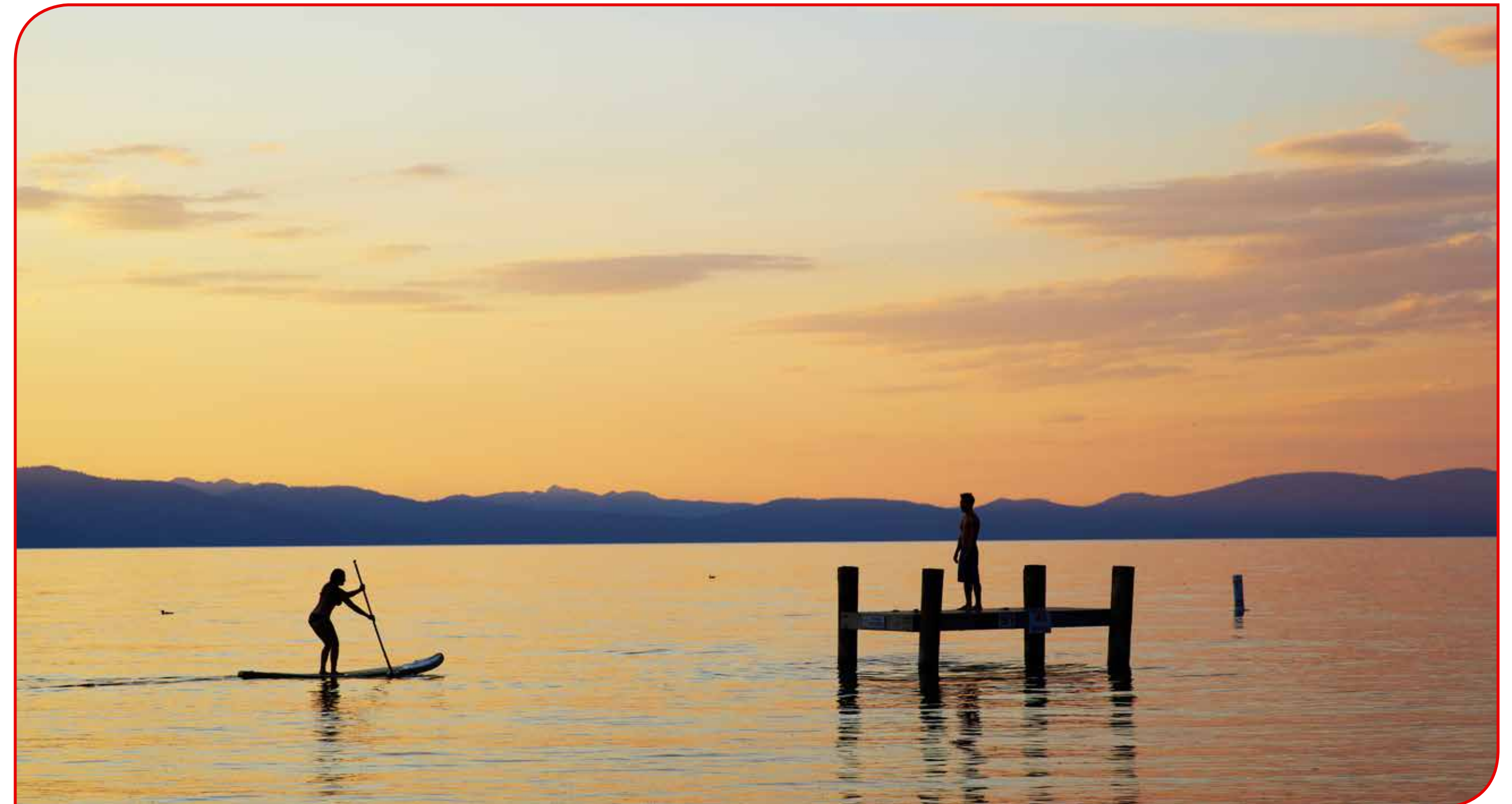
In line with the Vodafone Group Corporate Governance model, each market operator assumes all the decentralized executive responsibilities, and as such has the freedom necessary to manage its business effectively, and is also given responsibility for its day-to-day control.

In this regard, Vodafone Spain is therefore responsible for ensuring compliance with current legislation and disseminating, implementing and ensuring compliance with the Vodafone Group's Code of Conduct , together with its Policies in Spain, taking into account the characteristics and special features of the market in which it operates.

The Board of Directors of Vodafone Spain is committed to compliance with applicable regulations, as well as to the maintenance, development and supervision of the Code of Conduct and Corporate Policies, ensuring that local internal procedures conform to the highest ethical standards, and also the Vodafone Group's Business Principles.

■ Criminal Risk Prevention Programme


To supplement the Vodafone Group's general regulatory compliance programme, since 2010 Vodafone Spain has had an exclusively local Corporate Defense Programme that serves to protect the company from the commission of any crimes to which it is potentially exposed. As part of this 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.



Corporate Governance

Regulatory Compliance

■ Corporate Policies

Vodafone Spain has a wide variety of internal rules that are mandatory for all its directors, managers and employees. The key item of this regulatory framework is the **Vodafone Code of Conduct**, which enshrines the Vodafone Group's commitment to the principles of business ethics and transparency in all spheres of action, and lays down a set of principles and standards of conduct in matters such as legal compliance, health and safety, individual conduct, financial integrity or public communications .

As a development of the Business Principles set out in the Code of Conduct, the Vodafone Group has a set of **Corporate Policies** that establish the framework for action and define the minimum criteria for managing the Company's main areas and risks, such as Human Resources, Occupational Hazard Prevention, Brand, Security, Privacy, Conflicts of Interest, Competition, Anti-Corruption, etc. These Corporate Policies are approved by the pertinent members of the Vodafone Group Executive Committee (the Group ExCo Policy Owner) and apply directly to all the companies in which the Vodafone Group owns a stake of more than 50%, including Vodafone Spain.

Finally, Vodafone Spain also has a set of **Local Procedures** that regulate the Company's own technical and procedural aspects, albeit always in line with to the Group's Corporate Policies.

■ Doing What's Right

The Company knows that the only way to ensure a sustainable prevention model is to have a true Compliance culture in place throughout in the organization, which is why it has drawn up Corporate Policies and Code of Conduct training plans for its employees, as well as information and awareness-raising campaigns, all of which fall under the Doing What's Right (DWR) programme.

In this respect, Vodafone Spain was not fined for any monopolistic or anti-trust practices during the 2016-17 financial year.

The DWR programme is carried out by Vodafone Spain's Internal Communication, Human Resources and Compliance departments, who are responsible for its implementation, execution and tracking, with the support of the Board of Directors and members of the Executive Committee.

■ Internal Policy Compliance Review

Vodafone Spain ensures compliance with its Policies through a series of actions and measures that are established through the following "lines of defence":

- **First Line of Defence.** Vodafone's Internal Policies are implemented, monitored and overseen by their respective "Local Policy Champions", who are responsible for supervising compliance with their respective Policy on a day-to-day basis. This entails ensuring that the associated controls are in place and remain effective throughout the year, in line with the annual programme drawn up for each Policy.
- **Second Line of Defence.** Although certain departments and bodies of the Company have responsibility for other issues, once a year the Compliance department conducts a key policy effectiveness and compliance review, by assessing the effectiveness of the key controls

associated to each of them. These reviews are carried out in the Policy Compliance Review (PCR), as well as annual comprehensive reviews of certain policies known as "deep dives", all in line with an approved annual plan.

The review results are explained in an annual report that is presented to Vodafone Spain's Chief Executive Officer.

This year the Company reviewed a total of 51 controls associated to its policies regarding Competition, Anti-Corruption, Information Security, Crisis Management, Export Control and Fines, Prevention and Health, and Network Resilience.

Apart from the Compliance department's reviews, the Second Line of Defence is reinforced by the reviews conducted by other Vodafone Spain departments such as Fraud, Quality, Revenue Assurance, etc.

- **Third Line of Defence.** The Internal Audit Department conducts independent assessments on 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.

Apart from Internal Audit's reviews, the Company's Third Line of Defense is reinforced by certain external reviews that are carried out by independent third parties for specific issues (external external audits).

Corporate Governance

Regulatory Compliance

■ 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 from time to time the Finance team reviews compliance with this Policy.

■ Assuring the Independence of External Auditors and Consultants

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

■ SOX Compliance

In compliance with the Sarbanes Oxley Act, which aims to ensure internal control of US listed companies and strengthen investor confidence in the financial information they disclose, during 2016-17, our Business Processes and Systems were reviewed to confirm that properly-designed controls to mitigate critical financial risks are in place and they have been audited throughout the financial year to guarantee they are applied correctly.

As part of this process, the key control managers have completed a Self-Assessment, confirming that their controls are operated effectively and in accordance with their audited design, even in periods not reviewed by the auditor.

Likewise, the External Auditor has issued a favourable Report, certifying the effectiveness of the Financial Reporting Internal Control System. This review supplements the Company's statutory audit.



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 Spain Security Committee

Formed by representatives from:

- Internal audit
- Business Operations
- Legal Advisory
- Chief Financial Officer
- 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 Spain during 2016-17.

Corporate Governance

Boards and Committees / Boards of Directors and Committees

■ Boards of Directors

The Board of Directors of each Vodafone Group in Spain company 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 following sections outline the structure of the Boards of Directors of the Vodafone Group's main companies in Spain:

Board of Directors of Vodafone España, S.A.U.

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 of the Board of Directors is a non-executive Chairman. 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.

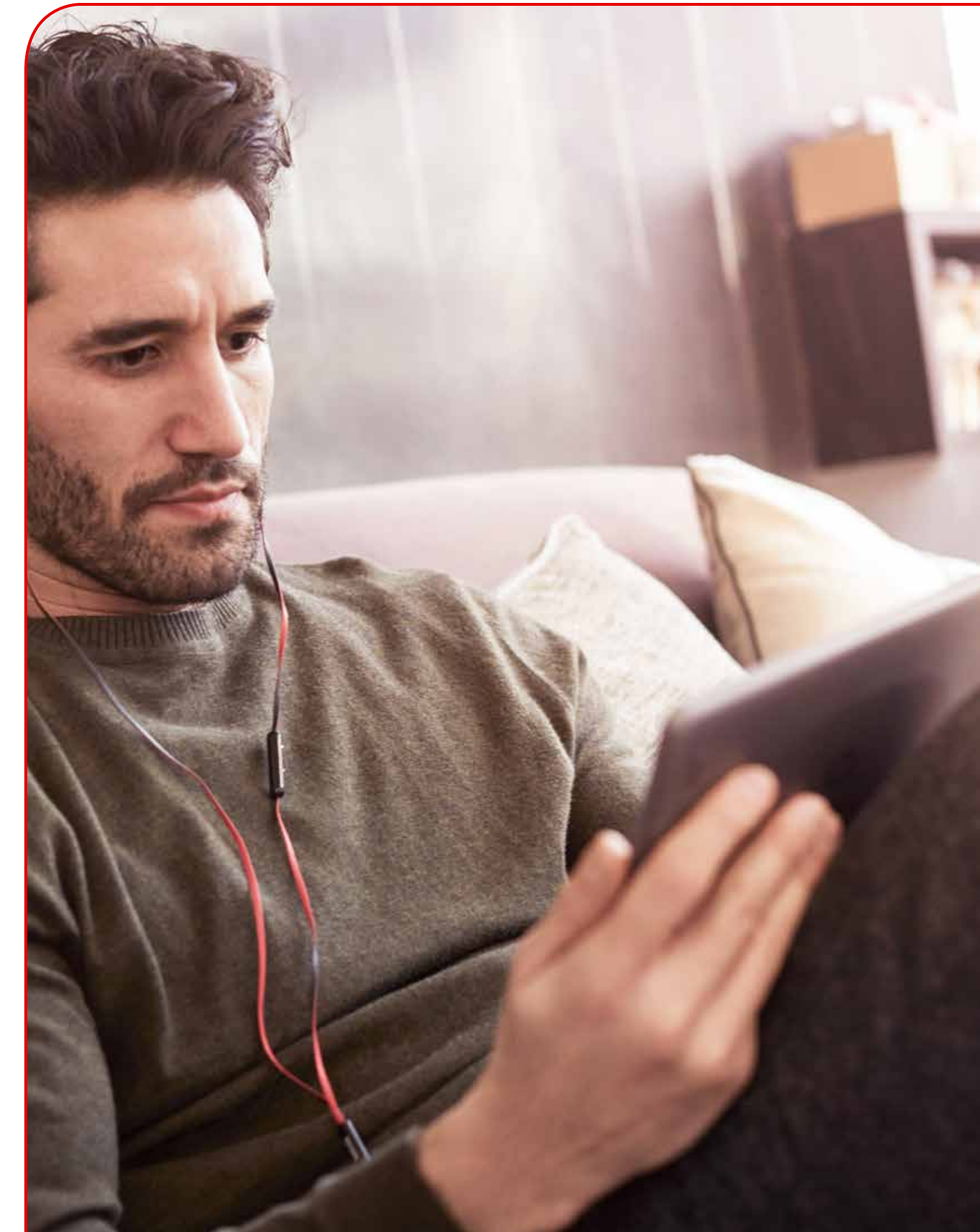
The Chief Executive Officer has all the powers and duties that the Board of Directors has delegated to him, except any that cannot be delegated legally or statutorily. His relationship with the Board is based on the principles of trust and transparency, such that the Board is kept apprised of the decisions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

On another note, the third Member of the Board of Directors is the company's Chief Financial Officer, so none of the members of the Board of Directors of Vodafone Spain are external directors.

Members of the Board of Directors of Vodafone España, S.A.U.

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

Secretary/Non-Director: Mr. Pedro Peña.



Corporate Governance

Boards and Committees / Boards of Directors and Committees

Boards of Directors of Vodafone Ono, S.A.U. and Vodafone Servicios, S.L.U.

The Boards of Directors of Vodafone Ono, S.A.U. and Vodafone Servicios, S.L.U. are also formed by three members, namely the 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. and Vodafone Servicios, S.L.U., so there is no non-executive Chairman.

Members of the Board of Directors of Vodafone Ono, S.A.U.

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

Secretary/Non-Director: Mrs. Ana Pérez Escudero.

Conflict of Interest Policy

The Board members of Vodafone España, S.A.U., Vodafone Ono, S.A.U. and Vodafone Servicios, S.L.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. Vodafone has an Internal Conflict of Interest Policy, which applies to Board members, which requires that any potential conflict of interest situation be disclosed to Vodafone and prohibits actual of conflict of interest situations.

Members of the Board of Directors of Vodafone Servicios, S.L.U.

Member	Post on the Board	Post in the Organization	Date of first appointment	Type of Director
Mr. António Coimbra	Chairman and CEO	Chief Executive Officer	26 July 2016	Executive
Mr. Miguel Orúe-Echebarría	Member	Chief Financial Officer	26 July 2016	Executive
Mr. Pedro Peña	Member	Head of Legal, Regulation and Corporate Security	26 July 2016	Executive

Secretary & Member: Mr. Pedro Peña

Corporate Governance

Boards and Committees / Boards of Directors and Committees

■ Executive Committee

The Executive Committee is an independent body formed by the Heads of the Company's main departments that report directly to the CEO, and is responsible for overseeing the companies' activities on a daily basis, and making decisions involving Vodafone's business in Spain. It meets regularly, once a week and exceptionally whenever deemed necessary.

The Executive Committee members are appointed in line with Vodafone Group Policies and procedures, which include gender equality and diversity criteria.

The Executive Committee or SLT (Senior Leadership Team) members are as follows:

Executive Committee members*	Post within the company
Mr. António Coimbra	Chief Executive Officer
Mr. Andrés Vicente	Enterprise Business Unit Director
Mr. Óscar Vilda	Residential Business Unit Director
Mr. Ismael Asenjo	Chief Technology Officer
Mr. Paulo Neves	Head of Commercial Operations
Mrs. Remedios Orrantia	Head of Human Resources
Mr. Miguel Orúe-Echebarría	Chief Financial Officer
Mr. Pedro Peña	Head of Legal, Regulation and Corporate Security
Mrs. Patricia Ferruz	Brand Manager, Customer Experience and Transformation

*The composition of the Executive Committee is indicated as of 31 March 2017.

■ Audit and Risks Committee

The 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 Organization), and its main duty is to oversee the Company's control environment. The Audit and Risks Committee is governed by its own Terms of reference, meets whenever necessary, at least three times a year, and its main duties are: overseeing the annual audit plan, together with the implementation of any improvement actions, supervising the integrity of the Company's internal control systems, management of the major risks and the compliance with internal policies. The Audit and Risk Committee meetings are attended regularly by:

Mr. John Connors (Chairman)

Mr. António Coimbra

Mr. Miguel Orúe-Echebarría

Mr. Pedro Peña

Depending on the issues to be addressed, other company officers and employees can attend as guests.


Corporate Governance

Boards and Committees / Roles and Responsibilities

The **Board of Directors** of each Vodafone Group company in Spain is responsible for the general supervision and oversight of the Code of Conduct, the Corporate Policies and the Social Responsibility Principles, and entrusts the Executive Committee members, the Compliance department and other persons responsible with the dissemination and implementation of these policies, principles and general guidelines.

The Secretary to the Board of Directors and Head of the Legal, Regulation and Corporate Security Department is the **Compliance Officer**, and is to whom the Compliance Department reports. The Compliance Officer reports to the Board of Directors on Regulatory Compliance issues and has the necessary autonomy, independence, initiative and control powers to carry out his duties, proactively ensuring that the Compliance framework is aligned with Vodafone Spain's specific needs and circumstances. The company's Regulatory Compliance Unit is tasked with encouraging the dissemination, awareness and adherence to the Vodafone's Code of Conduct and Policies, ensuring they are coordinated and applied, and resolving any queries or doubts that arise with regard to their content. All these tasks are conducted in liaison with the Vodafone Group Compliance team and the heads of Internal Policies, both at Vodafone Spain and the parent company.

In addition to the Board of Directors and Compliance Officer, the main bodies within the Company with compliance-related responsibilities are the Executive Committee, the Audit and Risk Committee and the Triage Team:

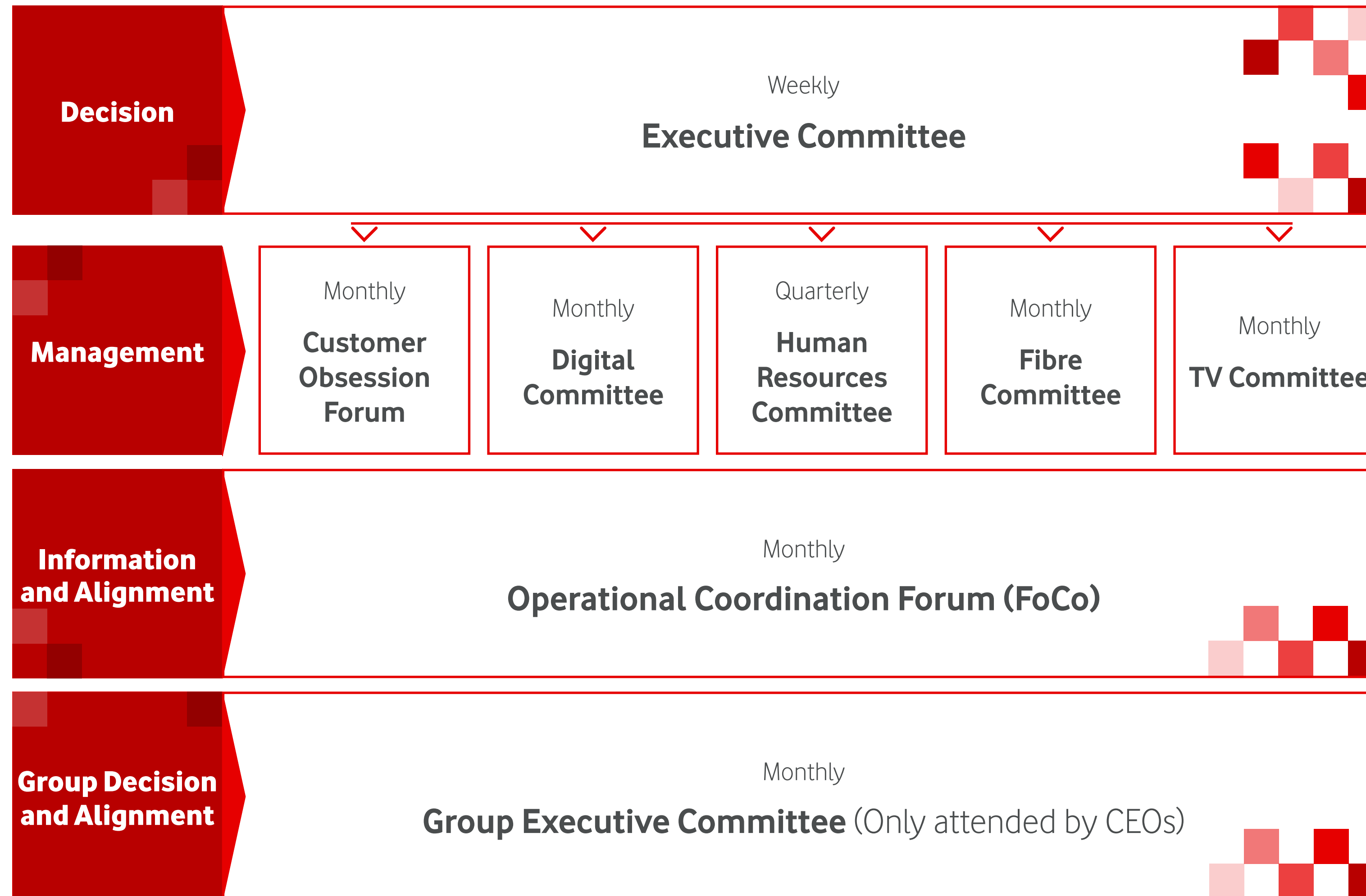
- The **Executive Committee**, as the body responsible for daily business oversight and decision-making, plays an essential role in maintaining and promoting the compliance culture at Vodafone Spain, and in implementing, assuring and publicizing the policies and ethical values underlying Vodafone Spain's performance. That is why all Corporate Policies have an ExCo Owner (Executive Committee member) who acts as the Policy's sponsor and ultimately guarantees its implementation and observation.
- Vodafone Spain's **Audit and Risk Committee's** duties not only involve overseeing the annual audit plan and implementing any improvement actions, but also reviewing management of the Company's key risks and checking compliance with Corporate Policies (in particular, action plans derived from the annual policy review process - PCR).
- Finally, in 2016-17 Vodafone Spain put together a **"Triage Team"**, tasked with advisory and proposal duties, which is formed by the Head of Human Resources and the Security and Compliance officers. This team analyzes any cases reported through "Speak Up"  and defines the steps to follow in investigating and resolving them.



Corporate Governance

Boards and Committees / Roles and Responsibilities

■ Decision-making forums



Corporate Governance

Boards and Committees / Roles and Responsibilities

Executive Committee

Highest decision-making body.

Frequency: Weekly.

Participants: CEO. Senior Management, ad-hoc guests.

One out of every four Executive Committee meetings is held at one of the Company's regional sites.

Customer Obsession Forum

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

Chairman: Head of the Residential Business Unit.

Secretary: Head of Customer Experience and Brand Manager.

Frequency: Monthly.

Other Participants: CEO. Directors General of the Business Units, Heads of Marketing, Heads of Customer Value Management, Head of Communication, Head of IT, ad-hoc guests, Agencies (News and Brand).

Monthly report to Executive Committee.

Digital Committee

Review of the key project Digital Transformation roadmap status.

Chairman: Head of Strategy.

Secretary: Head of Digital Transformation.

Frequency: Monthly.

Other Participants: CEO, Heads of the Business Units, Chief Financial Officer, Chief Technology Officer, Head of Commercial Operations, Head of Human Resources, ad hoc guests.

Monthly report to Executive Committee.

Human Resources Committee

Follow-up and generation of HR initiatives.

Chairman: Head of Human Resources.

Secretary: Head of the Human Resources Office.

Frequency: Quarterly.

Other Participants: CEO, Head of Communication, selected Heads, ad hoc guests.

Monthly report to Executive Committee.

Fibre Committee

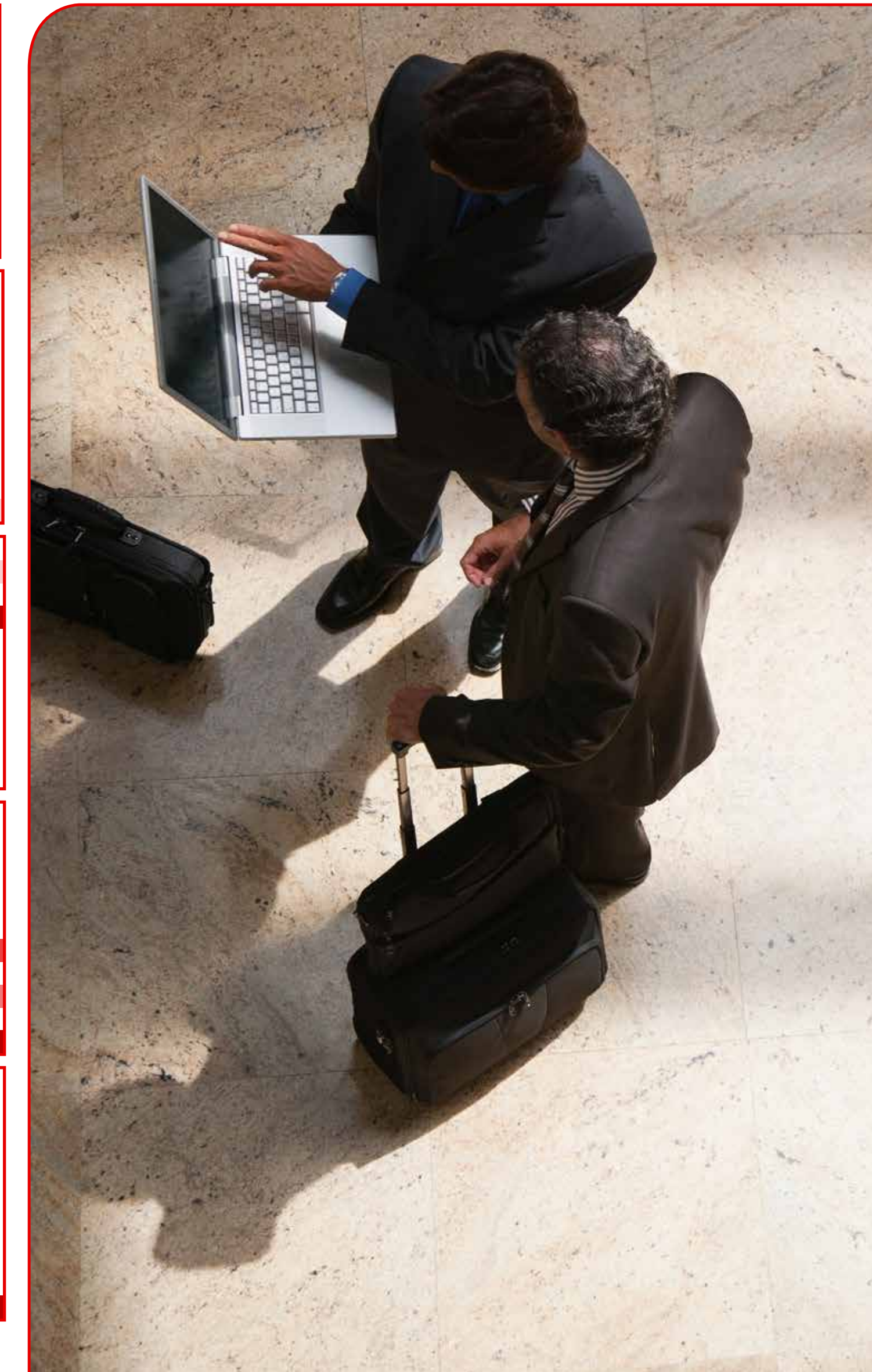
Review of roll out plan, changes in third-party agreements, marketing plan, next steps and key decision-making.

Chairman: Head of Commercial Operations.

Secretary: Head of Transformation and Processes.

Frequency: Monthly.

Other Participants: Chief Financial Officer, Chief Technology Officer, Head of Legal, Regulation and Corporate Security, Heads of the Business Units, Head of Strategy, selected Heads, ad-hoc guests.



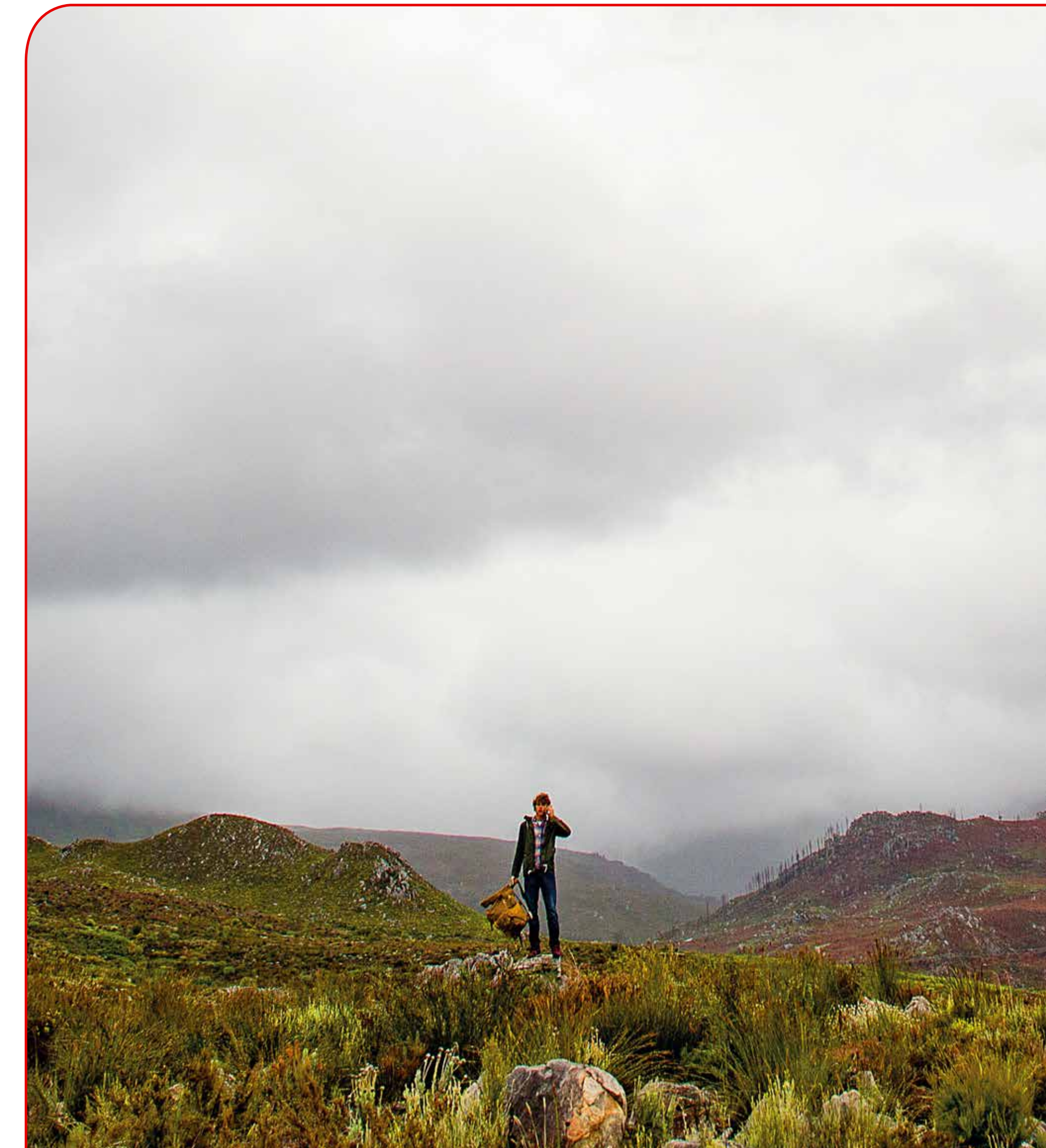
Corporate Governance

Boards and Committees / Roles and Responsibilities

Operational Coordination Forum (FoCo)	<p>Review of previous month's results and initiatives for the next one. Chairman: CEO. Secretary: Head of Communication and Head of CEO's Office. Frequency: Monthly. Other Participants: 1st Part: All employees (web, TV.) 2nd part: Senior Management and Heads.</p>
Group Executive Committee	<p>Discuss and agree on Group-wide issues regarding customers, companies, technology, strategy, mergers and acquisitions, people and corporate governance. Chairman: Group CEO. Secretary: Group Governance Senior Manager. Frequency: Monthly. Other Participants: Group Executive Committee members, Operator CEO and cluster CEO. Considerations: The Operator represented on the Executive Committee will have 15 minutes to give an update on the previous month's performance and/or any changes on the market.</p>

■ Other Decision-Making Forums

Vodafone Foundation Board of Trustees	<p>Functions: The Board is the Vodafone Spain Foundation's highest governance and representative body. Participants: Internal members of Vodafone (Chairman, CEO, Head of Communication) + External members (representatives of Ministries and other bodies).</p>
Institutional Committee	<p>Functions: Coordinating an overview of all Vodafone Spain's institutional relations. Forging and strengthening of the Chairman's external relations. Participants: Chairman, CEO, Head of the Enterprise Business Unit, Head of Legal, Regulation and Corporate Security, Head of Communication, Director General of the Foundation, Head of Strategy.</p>




Corporate Governance

Boards and Committees / Roles and Responsibilities

■ Employee Mechanisms for Communicating Recommendations or Indications to Governing Bodies

The company makes numerous mechanisms available to employees for them to convey recommendations, suggestions or any type of comments to the company's governing bodies, the most representative of which are indicated as follows:

- Vodafone ascertains its employees' expectations and perceptions through the annual **People Survey**,  which addresses different issues regarding human resources management, business activities and Corporate Responsibility/Sustainability issues.
- Vodafone **Yammer** is a corporate social network that enables interaction with all company employees, including local and international management. This year, different Yammer groups were created, where all employees can publish their comments, queries and suggestions. These are interactive groups in which employees and the Executive Committee itself participate and respond to comments, suggestions and queries.
- 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. Furthermore, during the financial year 2016-17, a Yammer group was created associated with FoCO, in which the CEO commented in advance on subjects that would be covered. In this Yammer group employees can send questions or comments that are answered directly.
- Another initiative started up for the exchange of ideas between company management and employees are the **breakfasts** of Executive Committee members with teams, as well as plant visits.
- At the start of the financial year, employees are introduced to the company **strategy** for the year in question. Likewise, this strategy is shared with the different Vodafone headquarters in Spain by means of the Road Shows. At the end of these meetings, a time slot is allocated to questions and answers with management.
- From time to time, the Executive Committee's members visit the different **regions' sites** to hold business tracking meetings and share the brand's strategy, goals and essence with our employees. At the same time, employees can voice their queries, worries, etc.
- During the financial year, different **online conferences** are held on specific subjects, where employees can connect via streaming and participate in the conversation.
- 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.
- Our **Speak Up** scheme lets employees report any situation or activity that does not fall in line with the Company's Code of Conduct. All the cases reported are treated as highly confidential.



Corporate Governance

Boards and Committees / Roles and Responsibilities

■ 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 the 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.

In line with the Senior Management Severance Payment Policy, the Company applies the current employment legislation applicable in each specific case.

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: <ul style="list-style-type: none"> • 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. • Officers' Performance.
Social Benefits	Reinforce the retention of Managerial talent and ensure that our Management's pay packet is competitive with respect to our reference markets.	<ul style="list-style-type: none"> • Participation in the Vodafone Spain 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	<ul style="list-style-type: none"> • Encourage and reward achievement of the targets set for the financial year. • Strengthen communication of the strategic priorities for the financial year. 	<ul style="list-style-type: none"> • Annual Bonds 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. • Annual bonuses are paid in June. Payment of the amounts to which they are entitled takes account of the Company's business results, as well as the Officer's individual performance.
Long-term variable pay	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Annual share award plans with a three-year vesting period tied to the Officer's remaining in employment in the Company. • 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 the indicators used is analyzed. • The final number of shares awarded takes account of Officers' potential and the level of performance. • Members of the Steering Committee must receive half of their basis pay in shares in the Company.

*Vesting: Period of time during which the options cannot be exercised and therefore cannot be sold.

7

Report Preparation and Review

7.1
Reporting Principles

7.2
Independent Assurance Report

7.3
GRI Table of Contents

7.4
Glossary

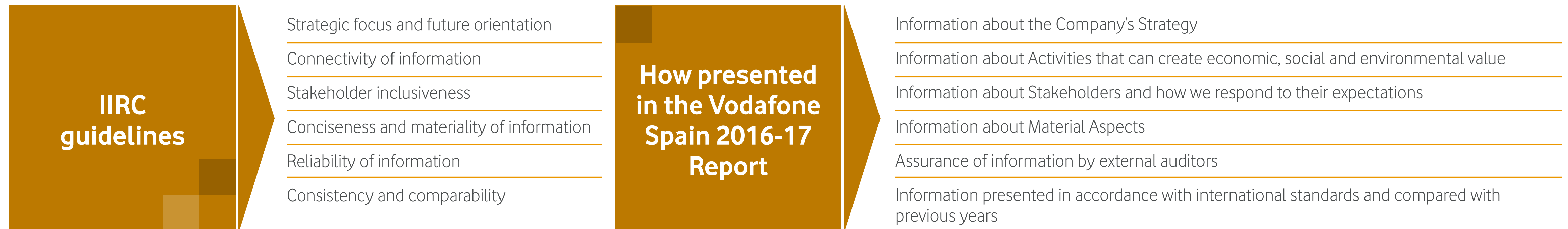


Report Preparation and Review

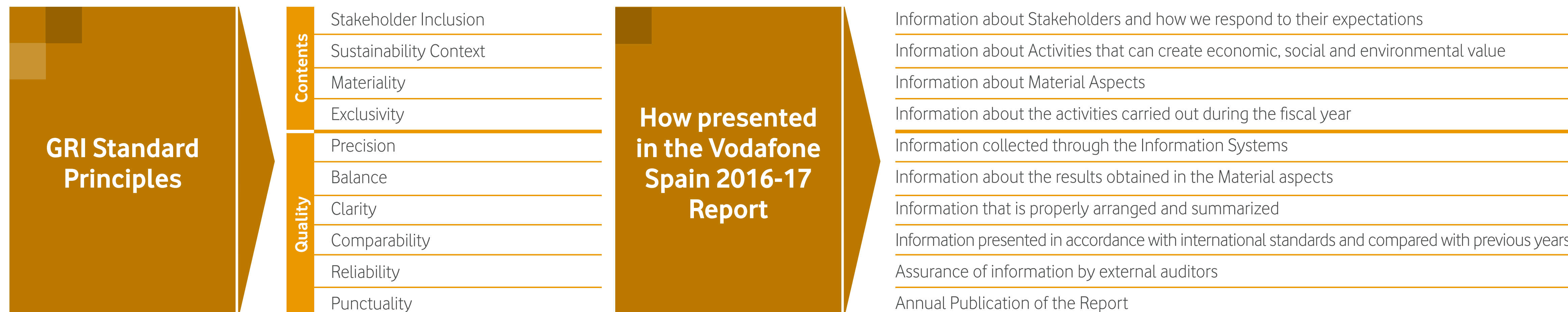
Reporting Principles / International Regulations

The following international guidelines and standards have been taken into account in drafting the Report:

a. The guidelines of the **International Integrated Reporting Council (IIRC)** for preparing integrated reports that group both financial and non-financial information regarding: **(GRI 102-46)**



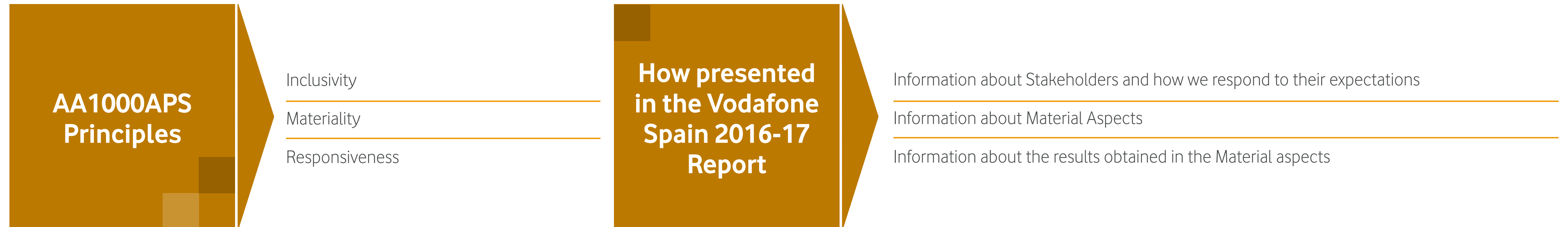
b. The guidelines laid down by **GRI (Global Reporting Initiative) Standards** for preparing Sustainability Reports, in terms of the principles governing the content and quality of the information disclosed, and the General Standard Disclosures and Specific Standard Disclosures: **(GRI 102-46)**



Report Preparation and Review

Reporting Principles/International Regulations

C. The guidelines laid down by **AccountAbility** in **AA1000 APS-2008** regarding the application of its principles in the information provided: **(GRI 102-46)**

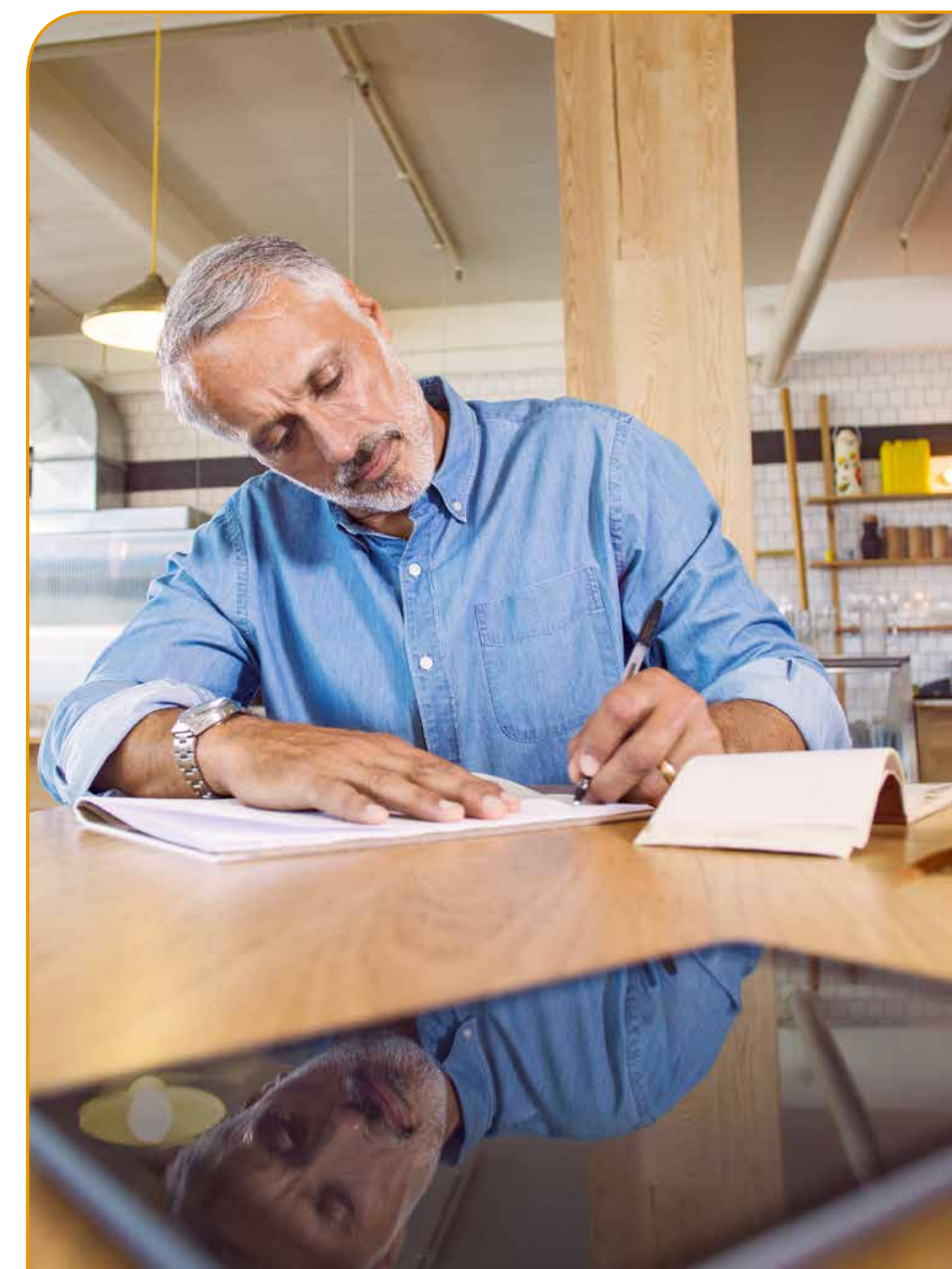


Report Preparation and Review

Reporting Principles / Content according to IIRC

The table below shows where each of the types of content required by IIRC can be found in this report: **(GRI 102-46)**



Content required by IIRC	Chapter of the 2016-17 Report	Pgs. 2016-17 Report
Description of the organization and the environment	Key Indicators 2016-17	7 and 8
	Corporate Culture and Business Principles	13 and 14
	Organizational Structure	12
	Analysis of the Environment	27 to 33
Corporate Governance	Regulatory Compliance	105 to 107
	Boards and Committees	108 to 116
Business Model	Business Model	18 to 20
	Value Creation	21 to 25
	Strategic Sustainable Business Framework	43 to 48
Risks and Opportunities	Risk Management	35 to 38
Resource Strategy and Allocation	Strategy	40 to 42
	Business Model: Key Figures 2016-17	18
Performance	Total Satisfaction	51 to 88
	Total Convergence	90 to 95
	Fully Digital and Personal	97 to 103
Future prospects	Analysis of the Environment	27 to 33
	Objectives	41, 59, 72, 80, 86, 88, 95 and 103
Basis of preparation and presentation	Profile and Aim of the Report	6
	Strategic Sustainable Business Framework	43 to 48
	Reporting Principles	118 to 122




Report Preparation and Review

Reporting Principles / Materiality Analysis according to GRI Standards (GRI: 102-46 and GRI: 102-47)

The following sources of information are considered when **identifying Material Aspects**:

- The general list of aspects defined by the GRI Standards.
- 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, and its (Internal or External) Coverage. The respective Management Approaches are described in the different sections of this Annual Report .

In order to **prioritize these Material Aspects**, 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.

Standard Category	GRI Standards	Vodafone Material aspect	Coverage	Management Approach
Economic GRI-200	201-Economic Performance	Value Creation	Internal	Chap. 1. Pgs. 21 to 25
	202-Market Presence	Employees	Internal	Chap. 5. Pgs. 62 to 72
	203-Indirect Economic Impact	Value Creation	Internal	Chap. 1. Pgs. 21 to 25
	204-Procurement Practices	Suppliers	External	Chap. 5. Pgs. 87 and 88
	205-Anti-corruption	Regulatory Compliance	Internal	Chap. 6. Pgs. 105 to 107
	206-Unfair Competition	Regulatory Compliance	Internal	Chap. 6. Pgs. 105 to 107
Environmental GRI-300	301-Materials	Consumption of Materials and Wastes	Internal - External	Chap. 5. Pg. 86
	302-Energy	The Environment and Climate Change	Internal	Chap. 5. Pgs. 81 to 85
	303-Water	Non-Material	--	
	304-Biodiversity	Non-Material	--	
	305-Emissions	The Environment and Climate Change	Internal	Chap. 5. Pgs. 81 to 85
	306-Effluents and Waste	Non-Material	--	
	307-Environmental compliance	The Environment and Climate Change	Internal	Chap. 5. Pgs. 81 to 85
	308-Supplier environmental assessment	Suppliers	External	Chap. 5. Pgs. 87 and 88
Social GRI-400	401-Employment	Employees	Internal	Chap. 5. Pgs. 62 to 72
	402-Labor/Management Relations	Employees	Internal	Chap. 5. Pgs. 62 to 72
	403-Occupational safety and health	Employees	Internal	Chap. 5. Pgs. 62 to 72
	404-Training and Coaching	Employees	Internal	Chap. 5. Pgs. 62 to 72
	405-Diversity and equal opportunities	Employees	Internal	Chap. 5. Pgs. 62 to 72
	406-Non-discrimination	Employees	Internal	Chap. 5. Pgs. 62 to 72
	407-Freedom of association and collective bargaining	Employees	Internal	Chap. 5. Pgs. 62 to 72
		Suppliers	External	Chap. 5. Pgs. 87 and 88
	408-Child labour	Employees	Internal	Chap. 5. Pgs. 62 to 72
		Suppliers	External	Chap. 5. Pgs. 87 and 88
	409-Forced or Compulsory Labor	Employees	Internal	Chap. 5. Pgs. 62 to 72
		Suppliers	External	Chap. 5. Pgs. 87 and 88
	410-Security Practices	Employees	Internal	Chap. 5. Pgs. 62 to 72
		Suppliers	External	Chap. 5. Pgs. 87 and 88
	411-Rights of Indigenous Peoples	Non-Material	--	
	412-Human Rights Assessment	Suppliers	External	Chap. 5. Pgs. 87 and 88
	413-Local Communities	Community involvement	Internal	Chap. 5. Pgs. 73 to 80
	414-Supplier social assessment	Suppliers	Internal	Chap. 5. Pgs. 87 and 88
	415-Public Policy	Regulatory Compliance	Internal	Chap. 6. Pgs. 105 to 107
416-Customer health and safety	Responsible Network Deployment/EMF	Internal	Chap. 5. Pgs. 90 to 93	
417-Marketing and labelling	Responsible use of ICT	Internal	Chap. 5. Pgs. 100 and 101	
	Clarity of Prices and Rates	Internal	Chap. 5. Pgs. 57 and 58	
418-Customer privacy	Privacy and Data Protection	Internal	Chap. 5. Pgs. 99	
419-Socioeconomic achievement	Regulatory Compliance	Internal	Chap. 6. Pgs. 105 to 107	

Report Preparation and Review

Reporting Principles / UN Global Compact Principles

Since 2012, Vodafone Spain is a signatory to the U.N. Global Compact, which 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.

Furthermore, in September 2015 the United Nations established the 17 Sustainable Development Goals (SDG) as the Global Agenda 2030, affecting governments, companies and third sector organizations. In this respect, Vodafone has analyzed its contribution to the different Sustainable Development Goals. 

Through this Report, Vodafone also wants to demonstrate its commitment and the headway achieved in implementing the Ten Global Compact Principles.

	Principles	Policies				Monitoring and Measurement	
		Integrated Report 2016-17		Integrated Report 2016-17		Integrated Report 2016-17	
			Pg.		Pg.		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	46 to 48 13 100 & 101	- Privacy - Code of Ethical Purchasing - Suppliers Assessments	99 87 87	- Materiality Matrix - "Speak up!" Channel - "Doing what's right" Training - Information & Awareness-Raising in Safe and Responsible Use	48 65 106 100 & 101
2	"Businesses should make sure they are not complicit in human rights abuses".	- Code of Conduct - Code of Ethical Purchasing	13 87	- Policy on non-use of conflict minerals - Supplier Evaluation	88 87	- "Speak Up!" Channel - Supplier assessment and tracking	65 87
3	"Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining".	- Collective Agreement - Code of Conduct	64 13	- Labour Relations - Code of Ethical Purchasing	64 87	- Industrial Climate Survey	63
4	"Businesses should uphold the elimination of all forms of forced and compulsory labour".	- Collective Agreement - Labour Relations	64 64	- Code of Conduct - Code of Ethical Purchasing	13 87	- "Speak Up!" Channel!	65
5	"Businesses should uphold the effective abolition of child labour".	- Collective Agreement - Labour Relations	64 64	- Code of Conduct - Code of Ethical Purchasing	13 87	- "Speak Up!" Channel! - Employees by age and gender	65 62
6	"Businesses should uphold the elimination of discrimination in respect of employment and occupation".	- Diversity and Equal Opportunity Management - Code of Conduct	66 & 67 13	- Collective Agreement - Code of Ethical Purchasing	64 87	- Diversity Evolution	66
7	"Businesses should support a precautionary approach to environmental challenges".	- Code of Conduct - Environmental Management System	13 81	- RF Emissions and Health - Environmental impact control	93 81	- Changes in Environmental Impacts	82 to 86
8	"Businesses should undertake initiatives to promote greater environmental responsibility".	- Environmental Management System	81	- Environmental impact control	81	- Environmental Management System Maintenance	81
9	"Businesses should encourage the development and diffusion of environmentally friendly technologies".	- The Internet of Things (IOT)	94 & 95			- Best Practices with Customers	60 & 61
10	"Businesses should work against corruption in all its forms, including extortion and bribery".	- Code of Conduct 13 - Code of Ethical Purchasing	87	- Anti-Corruption & Anti-Bribery Policy - Regulatory Compliance	13, 65 & 106 105 to 107	- Anti-Fraud and Corruption Actions	107

Report Preparation and Review

Independent Assurance Report



KPMG Asesores, S.L.
Pº. de la Castellana, 259 C
28046 Madrid

Independent Limited and Reasonable Assurance Report to the Management Vodafone Spain

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the Management of Vodafone Spain,

We were engaged by Vodafone Spain (hereinafter Vodafone) to perform an independent review on the non-financial information contained in the Integrated Report 2016-17 Vodafone Spain for the year ended 31 March 2017 (hereinafter the Report), in the form of:

- A reasonable assurance conclusion about whether, based on the work performed and the evidence obtained, the implementation of the AccountAbility Principles Standard AA1000 APS 2008 has been carried out, in all material respects, in accordance with the principles of inclusivity, materiality and responsiveness, as described in sections GRI 102-43, GRI 102-44 and GRI 102-46 of the Report.
- A limited assurance conclusion about whether, based on the work performed and the evidence obtained, nothing has come to our attention that causes us to believe that the indicators contained in section "GRI Content Index" have not, in all material respects, been prepared in accordance with Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards), following the comprehensive option, as described in point 102-54 of the GRI Content Index, and have not been fairly presented, which includes the reliability of data and the absence of significant deviations and omissions.

Management's responsibility

Vodafone Management is responsible for the preparation and presentation of the Report in accordance with Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards), as described in point 102-54 of the GRI Content Index, for limited assurance indicators.

Management is also responsible for the information and assertions contained within the report; for the implementation of processes and procedures which adhere to the principles set out in the AccountAbility Principles Standard AA1000 APS 2008 (AA1000 APS); for determining Vodafone's objectives in respect of the selection and presentation of sustainable development performance information, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

These responsibilities include establishing such controls as management determines are necessary to enable the preparation of limited and reasonable assurance indicators that are free from material misstatement whether due to fraud or error.

KPMG Asesores S.L., a limited liability Spanish company
and a member firm of the KPMG network of independent
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Sec. 8, H. M. 249.480, Inscrp. 1.ª
N.I.F. B-82498650

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Our responsibility

Our responsibility is to carry out a review to provide a reasonable level of assurance on the implementation of processes and procedures which adhere to the principles set out in the AccountAbility Principles Standard AA1000 APS 2008 (AA1000 APS) and a limited level of assurance on the preparation and presentation of the other indicators within the review scope, to express a conclusion based on the work performed, referring exclusively to the information corresponding to the year ending March 2017. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) and with the Performance Guide on the revision of Corporate Responsibility Reports of the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain a significant level of assurance about whether the Report is free from material misstatement.

We have also conducted our engagement in accordance with AccountAbility Assurance Standard AA1000 AS 2008 (Type 2), on the application of the principles set out in Standard AA1000 APS.

We apply International Standard on Quality Control 1 (ISQC1) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Internal Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Reasonable assurance over reasonable assurance indicators

Our reasonable assurance work depends on our professional judgment, and includes the assessment of the risks of material misstatement of the information, whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and implementation of processes and procedures which adhere to the principles set out in the AccountAbility Principles Standard AA1000 APS 2008 (AA1000 APS); in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of Vodafone's internal control over the preparation and presentation of the Report.

Our engagement also includes assessing the alignment of the information included in the Report with the criteria of Standard AA1000 APS, obtaining an understanding of the compilation of the information to the sources from which it was obtained, evaluating the reasonableness of estimates made by Vodafone.

Limited review procedures

Our limited assurance engagement consisted of making enquiries of Management and persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures. These procedures included

- Verification of Vodafone's processes for determining the material issues, and the participation of stakeholder groups therein.

Report Preparation and Review

Independent Assurance Report

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- Interviews with management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies and corporate responsibility for material issues, and the implementation of these across the business.
- Evaluation through interviews concerning the consistency of the description of the application of Vodafone's policies and strategy on sustainability, governance, ethics and integrity.
- Risk analysis, including searching the media to identify material issues during the year covered by the Report.
- Review of the consistency of information comparing General Basic Content with internal systems and documentation.
- Analysis of the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Review of the application of the Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards) requirements in accordance with the comprehensive option for preparing Reports.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Vodafone.

Our multidisciplinary team included specialists in AA1000 APS, stakeholder dialogue and in social, environmental and economic business performance.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement. This report may not be taken as an auditor's report.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this Independent Review Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

- In our opinion, and based on the procedures performed and the evidence obtained, the implementation by Vodafone of the AccountAbility Principles Standard AA1000 APS 2008 has been carried out, in all material respects, in accordance with the principles of inclusivity, materiality and responsiveness defined in that Standard, and as described in sections GRI 102-43, GRI 102-44 and GRI 102-46 of the Report.
- In our opinion, and based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the indicators contained in section "GRI Content Index" have not, in all material respects, been prepared in accordance with Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards), following the comprehensive option, as described in point 102-54 of the GRI Content Index, and have not been fairly presented, which includes the reliability of data and the absence of significant deviations and omissions.

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Under separate cover, we will provide Vodafone's Management with an internal report outlining our complete findings and areas for improvement. Without prejudice to our conclusions presented above, we present some of the key observations and areas for improvement below:

Regarding the principle of INCLUSIVITY

Vodafone has procedures and channels that allow identifying and prioritizing the expectations highlighted by each of its stakeholders. It would be desirable to review the communication channels among those stakeholders for whom a lower response has been obtained, so that their expectations may also have a sufficient presence in the Materiality study.

Regarding the principle of MATERIALITY

The company has a defined process to weigh the relevance of every issue identified by its stakeholders so that they can take into account the influence on the business and the internal and external perception of them. In this regard, it would also be appropriate to review the degree of relevance of material topics and their level of coverage in the contents of the Report to ensure that the company considers and responds to these matters in a proportionate manner.

Regarding the principle of RESPONSIVENESS

Through its Strategic Framework for Sustainable Business, Vodafone responds to the main CSR challenges and links them to the development of programs to improve its performance. In future years, it should continue to develop accountability in a way that allows stakeholders to check the link between program implementation, the progress of performance indicators and achievement of strategic objectives.

Purpose of our report

In accordance with the terms and conditions of our engagement letter, this Independent Review Report has been prepared for Vodafone in relation to its Integrated Report 2016-17 Vodafone Spain and for no other purpose or in any other context.

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez

24 July 2017

Report Preparation and Review

GRI Content Index



GRI Standard	Indicators	Pg. / Direct response	External Verification	
GENERAL CONTENTS (GRI 102: GENERAL CONTENTS 2016)				
Organizational Profile				
	102-1	Name of the organization	6	✓
	102-2	Activities, brands, products and services	16 and 17 and vodafone.es	✓
	102-3	Location of headquarters	133	✓
	102-4	Location of the operations	10 and 20	✓
	102-5	Ownership and legal form	11	✓
	102-6	Markets served	19	✓
	102-7	Scale of the organization	7 and 8	✓
	102-8	Information on employees and other workers	12, 24, 62 and 64	✓
	102-9	Supply chain	87 and 88	✓
	102-10	Significant changes in the organization and its supply chain	11	✓
	102-11	Precautionary Principle or approach	35 and 36	✓
	102-12	External initiatives	6, 118, 119 and 120	✓
	102-13	Membership of associations	18	✓
Strategy				
	102-14	Statement from senior decision-maker	4 and 5	✓
	102-15	Key impacts, risks, and opportunities	36, 37 and 38	✓
Ethics and Integrity				
	102-16	Values, principles, standards, and norms of behavior	13 and 14	✓
	102-17	Mechanisms for advice and concerns about ethics	65 and 115	✓
Governance				
	102-18	Governance structure	12, 108, 109, 110, 111, 112, 113 and 114	✓
	102-19	Delegating authority	112, 113 and 114	✓
	102-20	Executive-level responsibility for economic, environmental, and social topics	108, 109 and 110	✓
	102-21	Consulting stakeholders on economic, environmental, and social topics	112, 113 and 114	✓
	102-22	Composition of the highest governance body and its committees	108, 109, 110 and 111	✓
	102-23	Chair of the highest governance body	108 and 109	✓
	102-24	Nominating and selecting the highest governance body	108 and 109	✓
	102-25	Conflicts of interest	108 and 109	✓
	102-26	Role of highest governance body in setting purpose, values, and strategy	108 and 109	✓
	102-27	Collective knowledge of highest governance body	108 and 109	✓
	102-28	Evaluating the highest governance body's performance	105, 106 and 107	✓
	102-29	Identifying and managing economic, environmental, and social impacts	105, 106 and 107	✓
	102-30	Effectiveness of risk management processes	35, 36, 37 and 38	✓
	102-31	Review of economic, environmental, and social topics	113 and 114	✓
	102-32	Highest governance body's role in sustainability reporting	6	✓

(1) The information is not available for technical reasons at the time of publishing the report. (2) The relevance of the information is very limited.

Corporate Governance

GRI Content Index

GRI Standard	Indicators	Pg. / Direct response	External Verification	
GENERAL CONTENTS (GRI 102: GENERAL CONTENTS 2016)				
	102-33	Communicating critical concerns	115	✓
	102-34	Nature and total number of critical concerns	65 and 115	✓
	102-35	Remuneration policies	116	✓
	102-36	Process for determining remuneration	116	✓
	102-37	Stakeholders' involvement in remuneration	116	✓
	102-38	Annual total compensation ratio	Not available (1)	✓
	102-39	Percentage increase in annual total compensation ratio	Not available (1)	✓
Stakeholder Engagement				
	102-40	List of stakeholder groups	43 and 44	✓
	102-41	Collective bargaining agreements	64	✓
	102-42	Identifying and selecting stakeholders	43 and 44	✓
	102-43	Approach to stakeholder engagement	43 and 44	✓
	102-44	Key topics and concerns raised	43, 44 and 48	✓
Reporting Practices				
	102-45	Entities included in the consolidated financial statements	6 and 11	✓
	102-46	Defining report content and topic Boundaries	118, 119, 120 and 121	✓
	102-47	List of material topics	121	✓
	102-48	Restatements of information	51	✓
	102-49	Changes in reporting	25	✓
	102-50	Reporting period	6	✓
	102-51	Date of most recent report	6	✓
	102-52	Reporting cycle	Annual	✓
	102-53	Contact point for questions regarding the report	130	✓
	102-54	Claims of reporting in accordance with the GRI Standards	6	✓
	102-55	GRI Content Index	125, 126, 127, 128, 129, 130 and 131	✓
	102-56	External assurance	123 and 124	✓
THEMATIC CONTENTS				
Economic Performance				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	22	✓
	201-2	Financial implications and other risks and opportunities due to climate change	25 82, 83, 84, 85 and 94	✓
	201-3	Defined benefit plan obligations and other retirement plans	22 and 64	✓
	201-4	Financial assistance received from government	22	✓

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Corporate Governance

GRI Content Index

GRI Standard	Indicators	Pg. / Direct response	External Verification	
Market Presence				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48, 121	✓
	103-3	Evaluation of the Management Approach	48, 121	✓
GRI 202: 2016 Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	66	✓
	202-2	Proportion of senior management hired from the local community	12	✓
Indirect economic impacts				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48, 121	✓
	103-3	Evaluation of the Management Approach	48, 121	✓
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	8, 90 and 91	✓
	203-2	Significant indirect economic impacts	23	✓
Procurement practices				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	87	✓
Anti-corruption				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	107	✓
	205-2	Communication and training about anti-corruption policies and procedures	106	✓
	205-3	Confirmed incidents of corruption and actions taken	107	✓
Anti-competitive Behavior				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	106	✓
Materials				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 301: Materials 2016	301-1	Materials used by weight or volume	86	✓
	301-2	Recycled input materials used	86	✓
	301-3	Reclaimed products and their packaging materials	86	✓

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Corporate Governance

GRI Content Index

GRI Standard	Indicators	Pg. / Direct response	External Verification	
Energy				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 302: Energy 2016	302-1	Energy consumption within the organization	82, 83 and 84	✓
	302-2	Energy consumption outside of the organization	85	✓
	302-3	Energy intensity	82, 83 and 84	✓
	302-4	Reduction of energy consumption	82, 83 and 84	✓
	302-5	Reductions in energy requirements of products and services	83 and 84	✓
Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 305: 2016 Emissions	305-1	Direct (scope 1) GHG emissions	82, 83 and 84	✓
	305-2	Energy indirect (Scope 2) GHG emissions	82, 83 and 84	✓
	305-3	Other indirect (Scope 3) GHG emissions	82	✓
	305-4	GHG emissions intensity	82, 83 and 84	✓
	305-5	Reduction of GHG emissions	82, 83 and 84	✓
	305-6	Emissions of ozone-depleting substances (ODS)	Not applicable (2)	✓
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not applicable (2)	✓
Environmental compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	91	✓
Supplier Environmental Assessment				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	87	✓
	308-2	Negative environmental impacts in the supply chain and actions taken	87 and 88	✓
Employment				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 401: 2016 Employment	401-1	New employee hires and employee turnover	62	✓
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	64	✓
	401-3	Parental leave	64	✓

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Corporate Governance

GRI Content Index

GRI Standard	Indicators	Pg. / Direct response	External Verification	
Labor/Management Relations				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	64	✓
Occupational safety and health				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 403: Occupational safety and health 2016	403-1	Workers representation in formal joint management-worker health and safety committees	64 and 70	✓
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	70, 71 and 72	✓
	403-3	Workers with high incidence or high risk of diseases related to their occupation	70	✓
	403-4	Health and safety issues addressed in formal agreements with trade unions	70, 71 and 72	✓
Training and Coaching				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 404: Training and Coaching 2016	404-1	Average hours of training per year per employee	69	✓
	404-2	Programs for upgrading employee skills and transition assistance programs	69, 102 and 103	✓
	404-3	Percentage of employees receiving regular performance and career development reviews	65	✓
Diversity and equal opportunities				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 405: Diversity and equal opportunities 2016	405-1	Diversity of governance bodies and employees	12, 66, 108 and 109	✓
	405-2	Ratio of basic salary and remuneration of women to men	The ratio is 1	✓
Non-discrimination				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	65	
Freedom of association and collective bargaining				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 407: Freedom of association and collective bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	87	✓

(1) The information is not available for technical reasons at the time of publishing the report. (2) The relevance of the information is very limited.

Corporate Governance

GRI Content Index

GRI Standard	Indicators	Pg. / Direct response	External Verification	
Child labor				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 408: Child labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	87	✓
Forced or Compulsory Labor				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	87	✓
Security Practices				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	70 and 87	✓
Human rights assessment				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 412: Human rights assessment 2016	412-2	Employee training on human rights policies or procedures	87	✓
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	87	✓
Local communities				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	73, 74, 75, 76, 77, 78 and 79	✓
	413-2	Operations with significant actual and potential negative impacts on local communities	93	✓
Supplier social assessment				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 414: Supplier social assessment 2016	414-1	New suppliers that were screened using social criteria	87	✓
	414-2	Negative social impacts in the supply chain and actions taken	88	✓

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GRI Content Index

GRI Standard	Indicators	Pg. / Direct response	External Verification	
Public policy				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 415: Public policy 2016	415-1	Political contributions	The value is 0	✓
Customer health and safety				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 416: Customer health and safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	93, 100 and 101	✓
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	93	✓
Marketing and labeling				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 417: Marketing and labeling 2016	417-1	Requirements for product and service labeling and information	93	✓
	417-2	Incidents of non-compliance concerning product and service information and labeling	93	✓
	417-3	Incidents of non-compliance concerning marketing communications	56	✓
Customer privacy				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 418: Customer privacy 2016	418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	99	✓
Socioeconomic achievement				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	121	✓
	103-2	Management Approach and its components	48 and 121	✓
	103-3	Evaluation of the Management Approach	48 and 121	✓
GRI 419: Socioeconomic achievement 2016	419-1	Non-compliance with laws and regulations in the social and economic area	99	✓

(1) The information is not available for technical reasons at the time of publishing the report. (2) The relevance of the information is very limited.

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Glossary

AECC	Spanish Cancer Association	IGIC	General Indirect Canary Islands Tax
ARPU	Average Revenue per User	IoT	Internet of Things
ASPACE	Spanish Confederation of Associations Caring for People with Cerebral Palsy	IPSI	Production, Services and Import Tax (in the Cities of Ceuta and Melilla)
BOE	Official State Gazette	LTE	Long Term Evolution
CEO	Chief Executive Officer	M2M	Machine to Machine
CIO	Chief Information Officer	MVNO	Mobile Virtual Network Operator
CNMC	National Markets and Competition Commission	MWC	Mobile World Congress
DPC	Data Processing Centre	NB-IoT	Narrow Band IoT
DSL	Digital Subscriber Line	NGA	Next Generation Access
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	NPS	Net Promoter Score
EMF	Electro Magnetic Fields	OTT	Over the Top
FEDACE	Spanish Brain Damage Federation	RND	Responsible Network Deployment
FTTH	Fiber to the Home	SAU	Single-Member Corporation
GHG	Green House Gases	SDG	Sustainable Development Goals
GRI	Global Reporting Initiative	SESIAD	Secretariat of State for the Information Society and the Digital Agenda
GSM	Global System for Mobile communications	SLU	Single-Member Limited Liability Company
HFC	Hybrid Fiber Coaxial	UMTS	Universal Mobile Telecommunications Systems
HSDPA	High Speed Downlink Packet Access	VAT	Value Added Tax
IAE	Business Tax	VOLTE	Voice on LTE
ICT	Information and Communication Technologies		

Give us your Opinion

We would like to hear your opinion about this report.

To this end, you can write to:

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