

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

Vodafone Spain Integrated Report 2017-18





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* Available only in Spanish version



Introduction

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Message from the Chairman



Francisco Román

Once again this year, I am pleased to welcome you to Vodafone Spain's Integrated Report. This Report for the financial year 2017-18 (1 April 2017 to 31 March 2018) summarizes the key aspects of our strategy, management and financial and non-financial performance, as well as our contribution to our country's sustainable growth and digitization.

Companies play a leading role in the sustainable development of the society in which they do business. In this respect, at Vodafone we are fully committed to our country's sustainable development and to materialize this commitment we work alongside our Stakeholders and build into our business strategies the main national and international agreements that have been signed, such as the Sustainable Development Goals (SDG) presented at the General Assembly of the United Nations in September 2015, involving governments, companies and social agents in their

achievement, and establishing the 2030 Global Agenda, with its 17 objectives and 169 goals, to respond to our society's most significant social and environmental challenges.

Vodafone is also a signatory of the UN Global Compact and in this Report we renew our commitment to comply with its 10 Principles, building the values laid down by these Principles in the fields of human rights, labour standards, the environment and the fight against corruption into our strategy, corporate culture and approach.

In line with these values, during the financial year 2015-16 we defined our Strategic Sustainable Business Framework and established its contribution to the SDGs. This Framework brings together the types of actions to be undertaken so as to take advantage of the potential of our digital technology, products and services to achieve sustained economic growth, promote diversity and equal opportunities, and enhance the capacities of individuals and organizations, contributing at the same time to build a better society and to fight against climate change.

As for the international sustainability reporting regulatory framework, the EU Directive on the disclosure of non-financial and diversity information came into force in January 2017, according to large public-interest entities in the EU must include information on environmental, social, diversity and good governance issues in their Annual Reports. Even though Vodafone's companies in Spain would not be affected by this Directive, in accordance with our commitment to transparency and responsibility, the information required by the aforementioned Directive is included in this Integrated Report.

Taking into account the sector in which we operate, for the first time this Report displays our contribution to digital transformation, due to the essential role it is playing and will play in society's evolution. All kinds of companies and organizations, regardless of their sector and size, are embarking on digitization processes, which bring numerous associated benefits and are also changing the habits of new technologies' users. In this sense, the telecommunications sector in general and Vodafone in particular, are enabling our country's digital transformation, providing ultrafast broadband network infrastructures, contributing to the digitization of companies and public administrations, promoting cybersecurity, or training the general public. A clear example of our effort in this field is the so-called Innovation Ecosystem that we have set up this year.

Vodafone is a key player in its sector of technology and, as such, plays a leading role in the country's economic, social and environmental development, as well as in its digitization. This Report shows the main actions of the company in these areas, reflecting our commitment to sustainable development. Vodafone in Spain's direct economic contribution in financial year 2017-18 totalled €4,396 million and the indirect contribution, generated through our value chain organizations, amounted to €1,128 million.

As far as our social contribution goes, Vodafone generated more than 33,500 direct and indirect jobs during financial year 2017-18 and our Foundation, another great asset that contributes to making more sustainable development a reality and in equal conditions for all, allocated €4 million to its innovation and social projects. The Vodafone Spain Foundation works on its "Connecting for Good" lines of action, aimed at the development, promotion and use of ICT

to improve the social and employment integration and quality of life of people with disabilities and the elderly.

Our commitment to sustainable development also implies adopting a series of measures to make our facilities far more energy-efficient, improve mobility management and market products and services that help other sectors reduce their CO2 emissions. By way of example, during financial year 2017-18, we managed to directly and indirectly avoid the emission of 371,845 tons of CO2.

Each and every one of us at Vodafone are committed to using technological innovation to build a better and fairer society for all, taking advantage of telecommunications' potential to improve people's quality of life and organizations' capabilities.

I sincerely hope that you will find this Report interesting.

Francisco Román
Chairman

Letter from the CEO



António Coimbra

Talking about the digital revolution is talking about everyday life in the telecommunications sector, a cornerstone of economic growth, which is constantly evolving and growing. A revolution that is bringing new business opportunities and making people and organizations alike far more productive and efficient through the advances afforded by process digitization, resource optimization and the new forms of communication.

At Vodafone we strive to become our customers' main allies in this digital revolution. Our company has all the qualities required to become a strategic partner with differential value: in next generation networks, we offer the highest quality mobile broadband network and the largest fibre network, together with an exceptional range of products and services and extensive experience. This Integrated Annual Report for financial year 2017-18 highlights these differential qualities.

On the one hand, we have a very clear vision and ambition: to connect people to improve their lives today and build a better tomorrow. To do so, we are striving to lead the development of convergent communications, facilitating the "Gigabit Society", and gearing our actions towards achieving our three Strategic Goals: Total Satisfaction, because we want to ensure the satisfaction of each and every one of the Stakeholders that help us to grow; Total Convergence, to make sure our customers enjoy the experience of having all their communication needs covered with our products and services; and Total and Personal Digital, because we want to combine technology and personal contact to become a digital company both in how we work and how we interface with our customers.

As far as Total Satisfaction goes, Vodafone ended financial year 2017-18 at the top of Spain's customer satisfaction league, with a +11 points NPS edge in the residential market over its closest rival. Vodafone was also acknowledged as the Best Place to Work in Spain in the 1,000-plus employees category.

As for Total Convergence, in financial year 2017-18 and for the third year running, P3 Connect Mobile Benchmark Spain 2017 chose the Vodafone mobile network as the top network in voice & data services and availability. This accolade is a clear sign of the efforts we are making to attain this goal. By last 31 March, we had already reached 1,100-plus municipalities with 4G+ and we have been the world's first operator with an NB-IoT commercial network. Our company is firmly committed to and involved in developing 5G technology in Spain, and this financial year we made the world's first 5G call. We are just as heavily committed to the fibre network, and we now have the largest network in our country, which serves 20.5

million building units with fibre. All this means that our customers enjoy the best services and the best content, many of them through Vodafone TV and thanks to agreements with Fox, HBO, Netflix, AX or Filmin.

The slogan of this year's brand repositioning, "The future is exciting" underscores that investing in developing the best converging networks will be a key factor for leveraging on the full potential that technological breakthroughs bring us. Innovation will undoubtedly be the distinctive value of the world that awaits us, globally and hyperconnected in real time. And in this new world, the main areas of growth will be Ultrafast Broadband, the boom in content, or the new technological trends associated with Cloud Computing, Big Data or the Internet of Things (IoT).

There is no denying that IoT is one of the most tangible advances of this digital transformation. Analysts' estimates predict that by 2020 more than 370 million electronic devices will be able to connect to mobile IoT networks in the countries where Vodafone operates. The list of how these technologies can be applied is never-ending, ranging from more efficient public resource management, to monitoring health services, waste management, traffic or even more personalized applications, such as the connected car or control of personal objects.

That is the reason why we are so committed to the Internet of Things. We have our NB-IoT network to connect devices, we offer cloud computing solutions for managing and storing our customers' information and we have designed big data tools for and processing it, offering all the necessary security guarantees. In addition, we have contributed significantly to the development of lots of connected object solutions and applications, and even our residential customers now enjoy this technology through our "V by Vodafone" product range, in which we apply our

IoT experience and leadership to let our customers benefit from the advantages of the next phase of the global digital revolution.

Moving onto the last and third pillar, Digital Total, Vodafone Spain is furthering its digital transformation to build a new relationship model with customers, which features the following elements, among others: the commitment to omni channel, a new version of the My Vodafone App, the development of new customer service interfaces based on Artificial Intelligence (TOBi) or further investment in social networks as a Customer relationship window.

Vodafone is also committed to partnering Spanish companies in their digital transformation, which is why we have designed a comprehensive offering that includes connectivity, security, Cloud & Hosting services, Big Data, IoT ... and a framework for innovation with the BEC (Vodafone solutions demo centre for enterprises and public authorities), Vodafone Lab (collaboration and co-creation venue for partners, customers and employees), and the Vodafone Enterprise Observatory (content platform for enterprises and public authorities).



Internet of Things, NB-IoT networks, Big Data, Cloud, convergent communications... At Vodafone we feel a major player in the process that has led to all these advances becoming a reality. We are living a truly exciting moment in our society's digitization and this Integrated Report spotlights Vodafone Spain's efforts to contribute to a more advanced society, improve business competitiveness, enjoy digital entertainment or control our devices.

António Coimbra
Chief Executive Officer

Profile and Aim of the Report

Scope of the Report

This Integrated Annual Report addresses the Strategic, Management and Corporate Governance aspects of Vodafone in Spain during financial year 2017-18 (1 April 2017 to 31 March 2018), and sums up the Company's most significant financial and non-financial information.

- 1 All the **(financial and non-financial) information and figures** of Vodafone's business in Spain shown in this Integrated Report are displayed on an aggregate basis. Accordingly, any reference to "Vodafone" or "Vodafone Spain" will be construed as referring to the companies that form the Vodafone Group in Spain. The Company's shareholding structure is described in Chap. 1: "Vodafone in Spain". 
- 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

Meaning of symbols included in this report:



Supplementary information to be found in Chapter N of the Report



Additional information to be found on the Vodafone web



Information that is available on Internet


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 AA1000 AP.
- ◆ The 10 Principles established in the United Nations Global Compact as well as their relationship with the Sustainable Development Goals (SDG).

The Report's disclosures and indicators regarding the Standards laid down by GRI and AA1000 AP 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. What's more, the report has undergone the GRI **"Materiality Disclosure Service"**. 

Since 2012, Vodafone Spain is a signatory to the U.N. Global Compact. The Communication on Progress of Compliance with its 10 Principles and its relationship with the SDGs and GRI Standards can be consulted in this report. 

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.

Key Indicators 2017-18

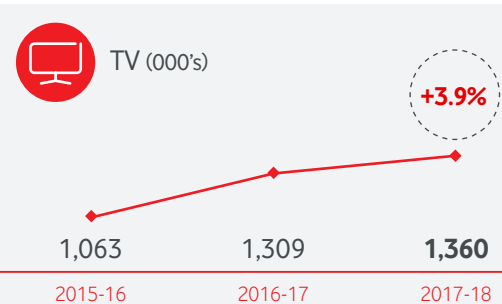
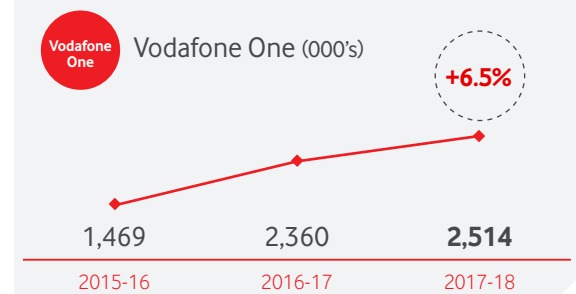
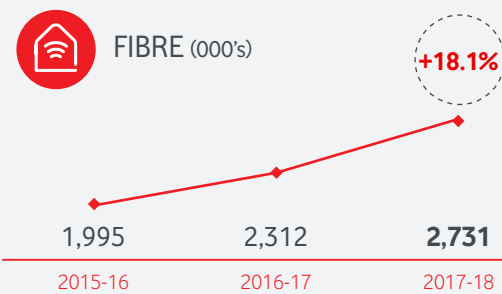
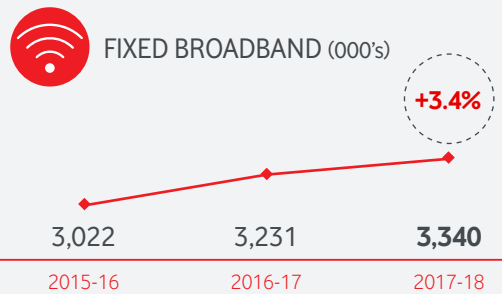
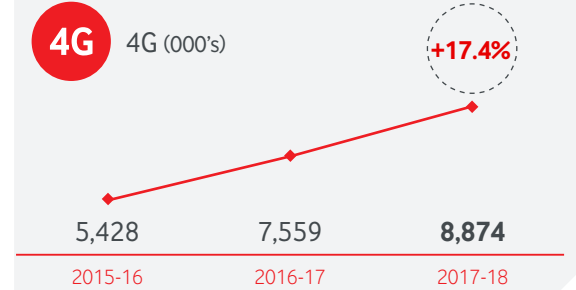
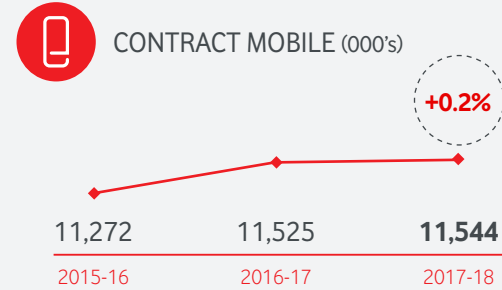
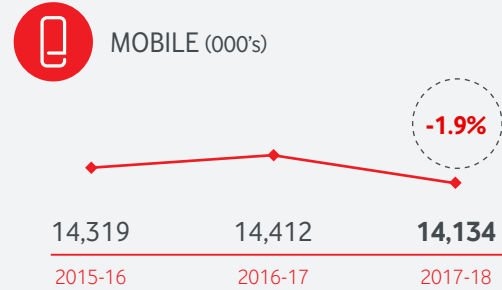


TOTAL SATISFACTION

The Key Indicators displayed below are structured in accordance with the Company's Strategic Goals 



Customers



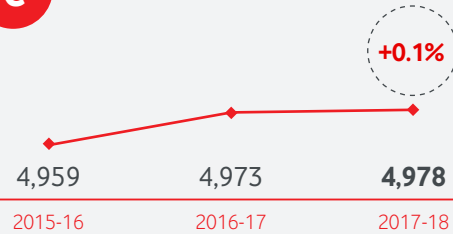
Key Indicators 2017-18

TOTAL
SATISFACTION

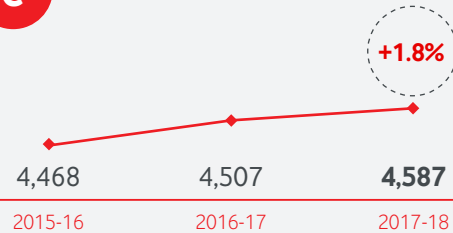
Turnover



TOTAL REVENUE (€ mn)



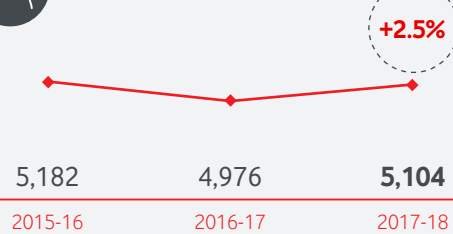
SERVICE REVENUE (€ mn)



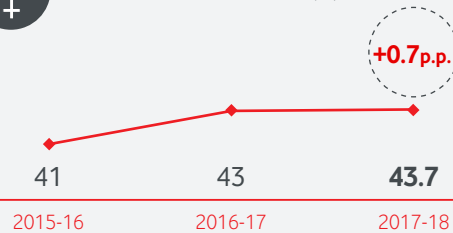
Employees



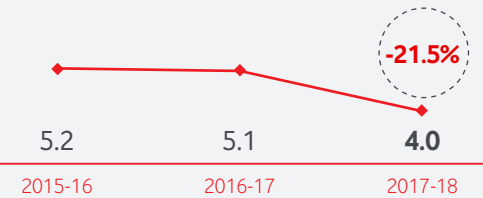
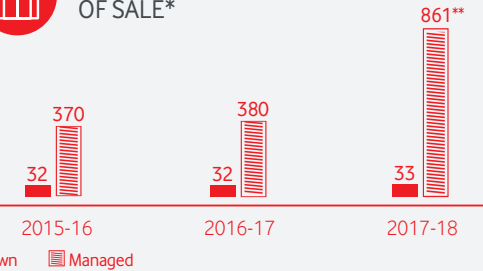
N° EMPLOYEES



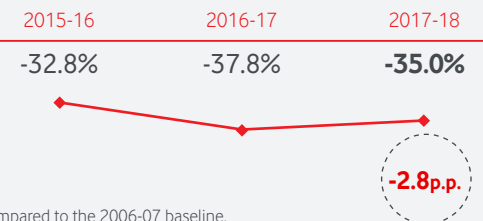
FEMALE EMPLOYEES (%)



Society

VODAFONE SPAIN FOUNDATION
INVESTMENT (€ Mn)OWN AND MANAGED POINTS
OF SALE*

(*) There are also 162 Managed spaces in the Major Retail Outlets and El Corte Inglés.
(**) Managed PoS for financial year 2017-18 includes points of distribution.

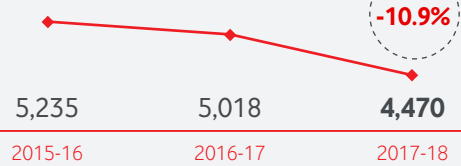
Environ-
mentCHANGE IN ENERGY CONSUMPTION
PER NETWORK ELEMENT*

*Compared to the 2006-07 baseline.

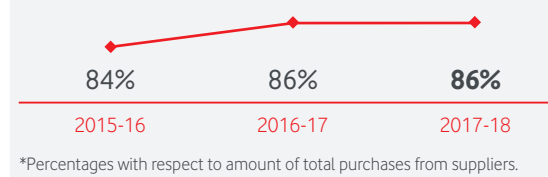
Key Indicators 2017-18

TOTAL
SATISFACTION

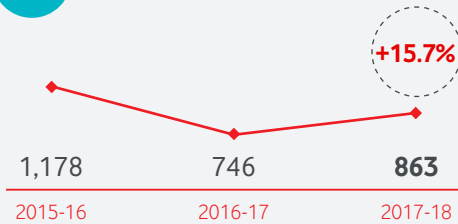
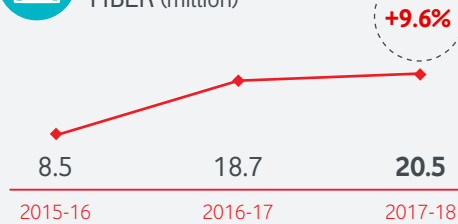
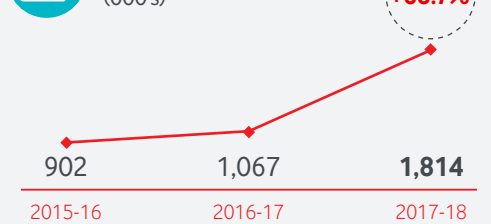
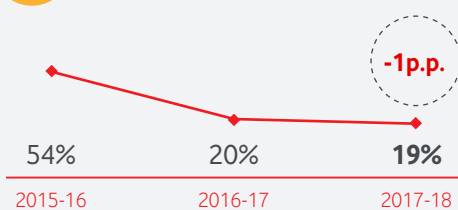
Suppliers

PURCHASES OF PRODUCTS AND
SERVICES (€ million)

LOCAL SUPPLIER PROCUREMENT*

TOTAL
CONVERGENCE

INVESTMENTS (€ mn)

N° BUILDING UNITS WITH
FIBER (million)ACTIVE M2M*CARDS
(000's)TOTAL
DIGITALINCREASE IN My Vodafone APP
USERS*

* With respect to previous year.


A person wearing a red cap is seen from behind, holding a smartphone up to take a photo. The background is a bright sunset or sunrise, with a large, glowing sun partially obscured by a hand. The scene is bathed in warm, orange and red light. A red circular graphic element is overlaid on the image, partially enclosing the person's head and the phone. In the bottom left corner, there are several parallel red lines forming a decorative pattern.

1. Vodafone in Spain

- ◆ 1.1 The Company
- ◆ 1.2 Business Model
- ◆ 1.3 Contribution to the Country

1.1 The Company

◆ Vodafone Group

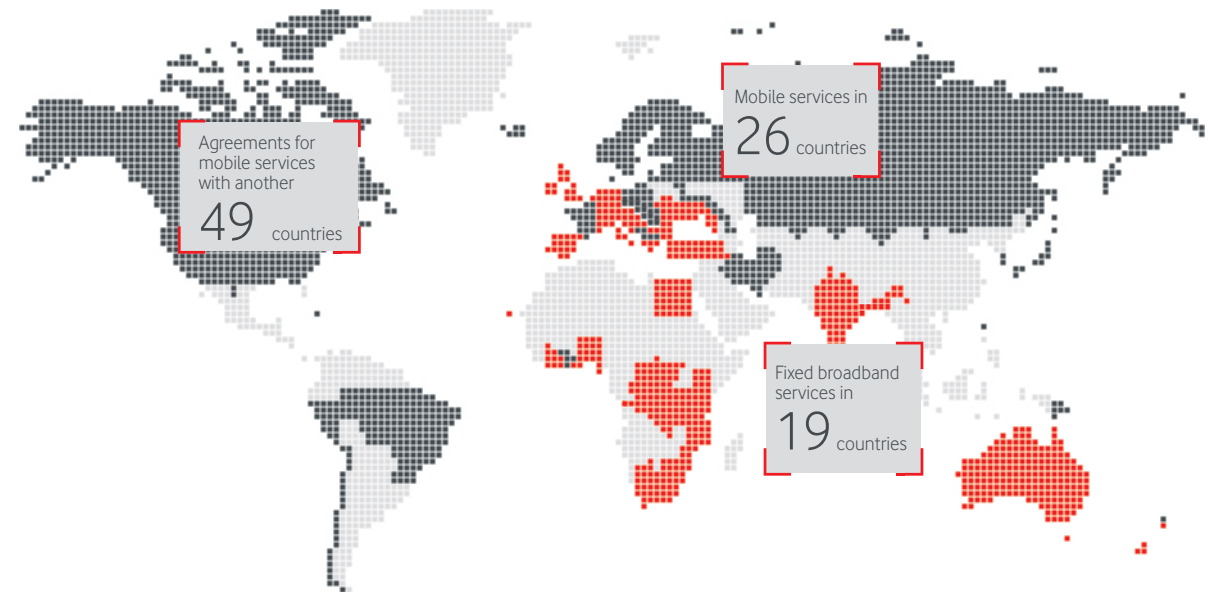
Vodafone Spain is part of the Vodafone Group, one of the world's largest telecommunications operators in revenue terms, and provides voice, messaging, data and fixed communications services. The Vodafone Group provides mobile services in 26 countries (and has agreements with another 49), and fixed broadband services in 19 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 at 31 March 2018			
	2017-18	2016-17	Δ% Reported	
Total Revenue (€ million)	46,571	47,631	-2.2	
Service Revenues (€ million) (*)	41,066	42,987	-4.5	
EBITDA (€ million) (*)	14,737	14,149	+4.2	
Free Cash Flow (€ million)	5,417	4,056	+33.6	
Adjusted EPS (€cts)	11.59	8.04	+44.2	
Nº mobile telephony customers (million)	536	516	+3.8	
Nº Fixed Broadband Customers (million)	19.7	17.9	+10	
Nº of Convergent Customers (millions)	5.5	3.8	+44.7	
Nº Households in Europe covered with Fibre (million)	36.1	36.1	-	
Average Nº Employees (**)	103,564	105,870	-2.1	

(*) Organic growth in service revenues and EBITDA was 1.6% and 11.8% respectively.

(**) Excluding the employees of our joint venture in Holland.

Vodafone Group



1.1 The Company

◆ Shareholding structure of Vodafone in Spain (GRI 102-45)

The Vodafone Group operates in Spain through its subsidiary companies. Ever since the Vodafone Group took over the Ono Corporate Group and its controlled companies, on 23 July 2014, the Group has two main operating companies in Spain:

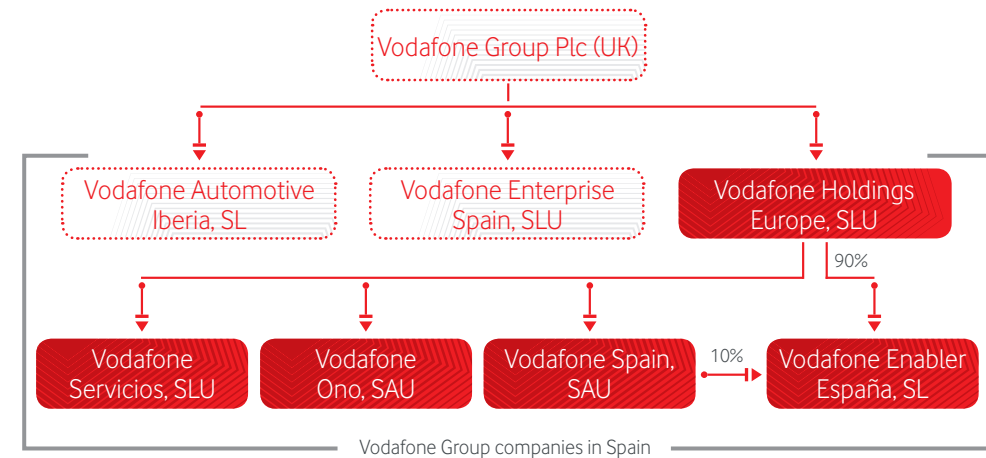
- ◆ **Vodafone Spain, S.A.U.**, with extensive experience and specialization in mobile phone electronic communications services.
- ◆ **Vodafone Ono, S.A.U.**, focused on the provision of electronic communication services for fixed telephony, Internet access and audio-visual communication services.

In addition to these two main operating companies, the Vodafone Group has other companies in Spain with different corporate purposes; in particular:

- ◆ **Vodafone Servicios, S.L.U.** was brought into the Vodafone Group in Spain in December 2016 to help achieve its sales targets, boosting the convergent offering (mainly offered under the "One" brand). This company provides customers with the communications services offered by the two main operating companies, enhancing the Customer Experience, while at the same time allowing Vodafone España, S.A.U. and Vodafone Ono, S.A.U., to specialize in the mobile business and fixed business, respectively.
- ◆ **Vodafone Enabler España, S.L.** also engages in telecommunications, information and communication activities as its corporate purpose. In 2009 it formally began operating as a Mobile Virtual Network Operator (MVNO) and mobile services platform, and in December 2014 it launched a new telephone brand called **Lowi**.

All these Spanish companies are directly or indirectly fully-owned by the Group's parent company in Spain, **Vodafone Holdings Europe, S.L.U.**, whose corporate purpose consists mainly of the management of investments and holdings in subsidiaries and investees and the provision of advisory, administrative and other similar services.

The chart below shows the shareholding structure as at 31st March 2018 of the Vodafone Group companies in Spain:



* The companies **Vodafone Automotive Iberia, S.L.** and **Vodafone Enterprise Spain, S.L.U.** are directly controlled by foreign Vodafone Group companies, which is why their results are not included in this Report.

Pursuant to the provisions of article 43 of the Spanish Commercial Code, the annual financial statements of Vodafone Holdings Europe, S.L.U., as well as those of its four subsidiary companies, are consolidated with the financial statements filed by the Group headed by the foreign controlling company Vodafone Group, Plc, based in Newbury, Berkshire, UK.

The accounts are not consolidated in Spain and, in order to simplify the information in this report, the only annual

financial statements attached hereto are those for the year ended 31 March 2018 of the two main operating companies, **Vodafone Spain, S.A.U.** and **Vodafone Ono, S.A.U.**, which make a larger contribution in absolute terms to the business of the Vodafone Group in Spain.

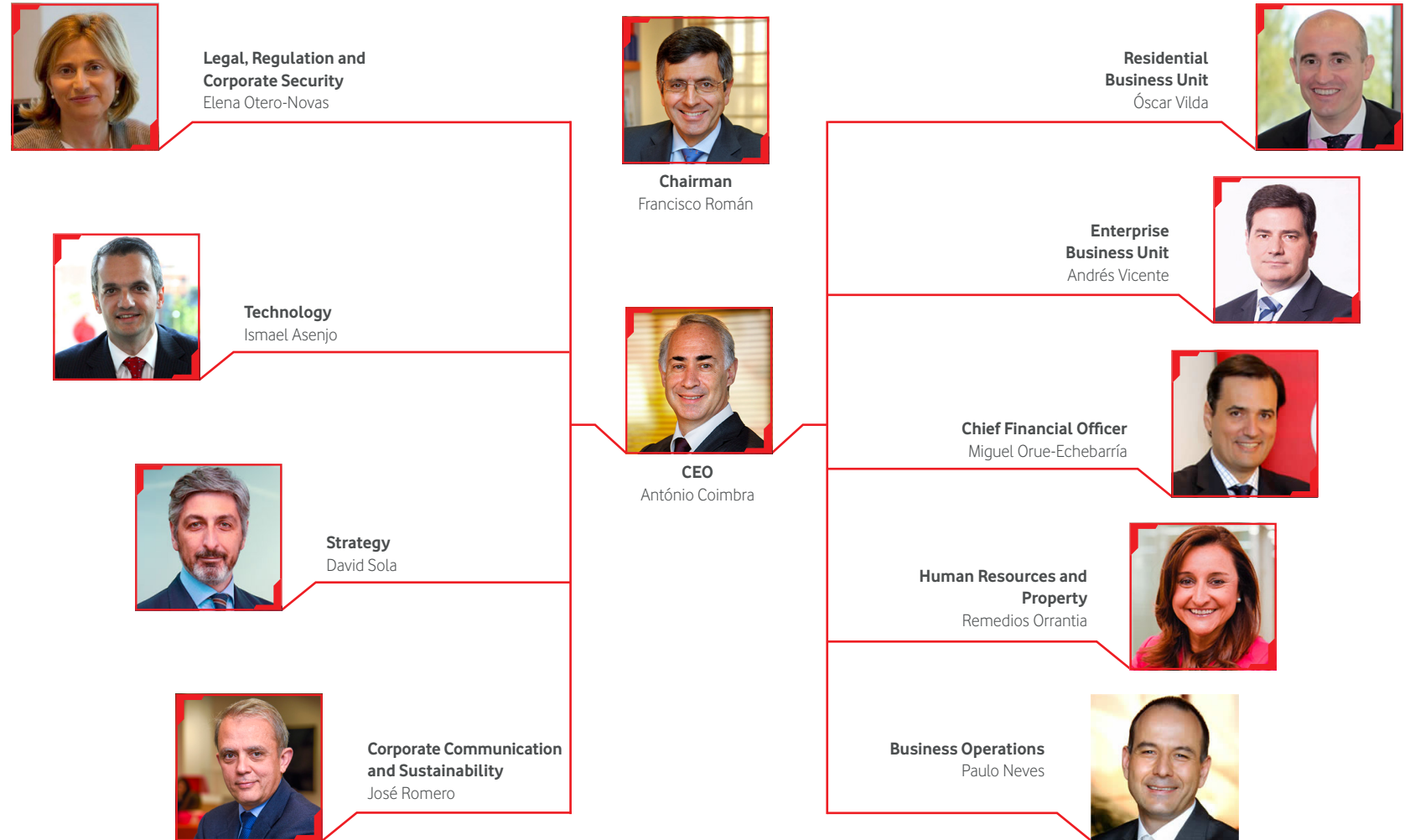
However, all the (financial and non-financial) information and figures of Vodafone's business in Spain shown in this Integrated Report are displayed on an aggregate basis. Accordingly, any reference to "Vodafone" or "Vodafone Spain" will be construed as referring to the aforementioned companies that form the Group in Spain.

1.1 The Company

◆ Organizational Structure

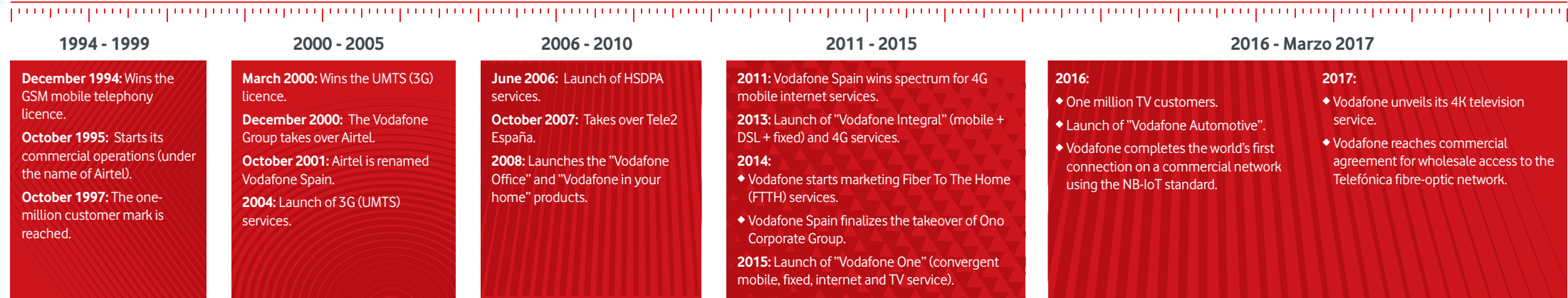
Displayed below is the Organizational Structure as it was at the end of financial year 2017-18.

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

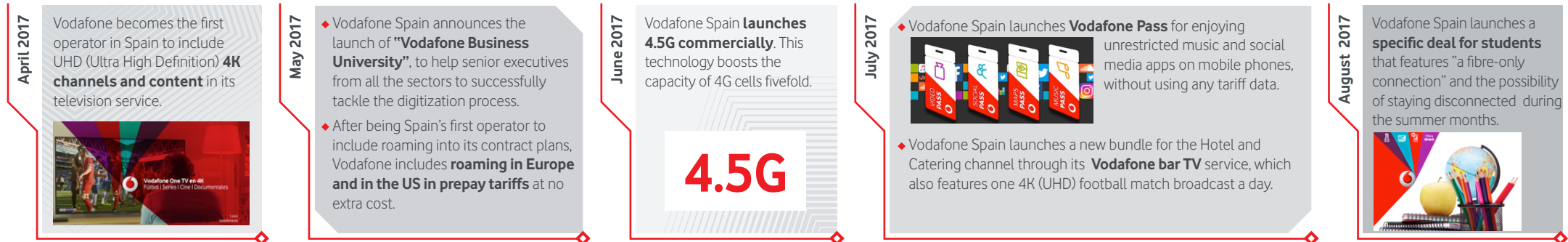


1.1 The Company

History of Vodafone in Spain



◆ Milestones and Launches in 2017-18



1.1 The Company

◆ Milestones and Launches in 2017-18

September 2017

"The Future is One" (now called "**The future is exciting**"), the science, technology and innovation video platform, tops the **100 million page view mark**.



Vodafone becomes the **first operator** on the Spanish market to start marketing fibre services with **download speeds of 1Gbps**.



Vodafone Spain unveils its new platform with content for enterprises and public authorities: "**The Vodafone Enterprise Observatory**".



October 2017

Vodafone announces its worldwide new brand, slogan and visual identity repositioning strategy: "**The future is exciting. Ready?**"



◆ Vodafone opens "**Esports Garage**", a multifunctional, collaborative premises where e-sports fans and the sector's professionals can share their love for video games and e-sports.

November 2017

Vodafone launches "**V by Vodafone**", which lets connect electronic products to the Vodafone Group's IoT global network, the biggest in the world.



Vodafone Spain presents "**Vodafone One Family**", especially devised for families who want to enjoy all kinds of entertainment and communications.

December 2017

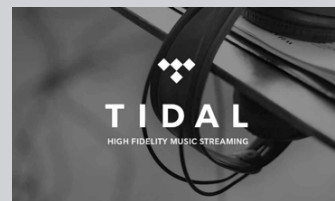
Vodafone Spain successfully tests a **network technology (EC) that cuts latency by 90%+plus** and therefore enhances customers' mobile video-gaming experience.

January 2018

Vodafone Spain has pioneered the use of **artificial intelligence in mobile networks**, getting ready for exponential data growth on networks and optimizing resource management.

February 2018

Vodafone launches the **Tidal** music service exclusively for Spain.



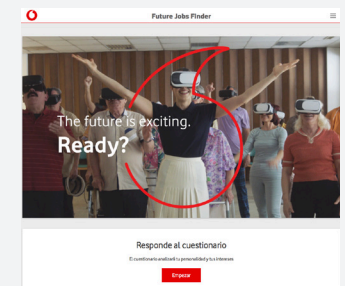
Vodafone and Huawei complete the **world's first 5G call** using the new NSA commercial standard.



Vodafone Spain announces "**Vodafone Analytics**", its geolocation-based big data tool, helping enterprises and public authorities to schedule their activities.

March 2018

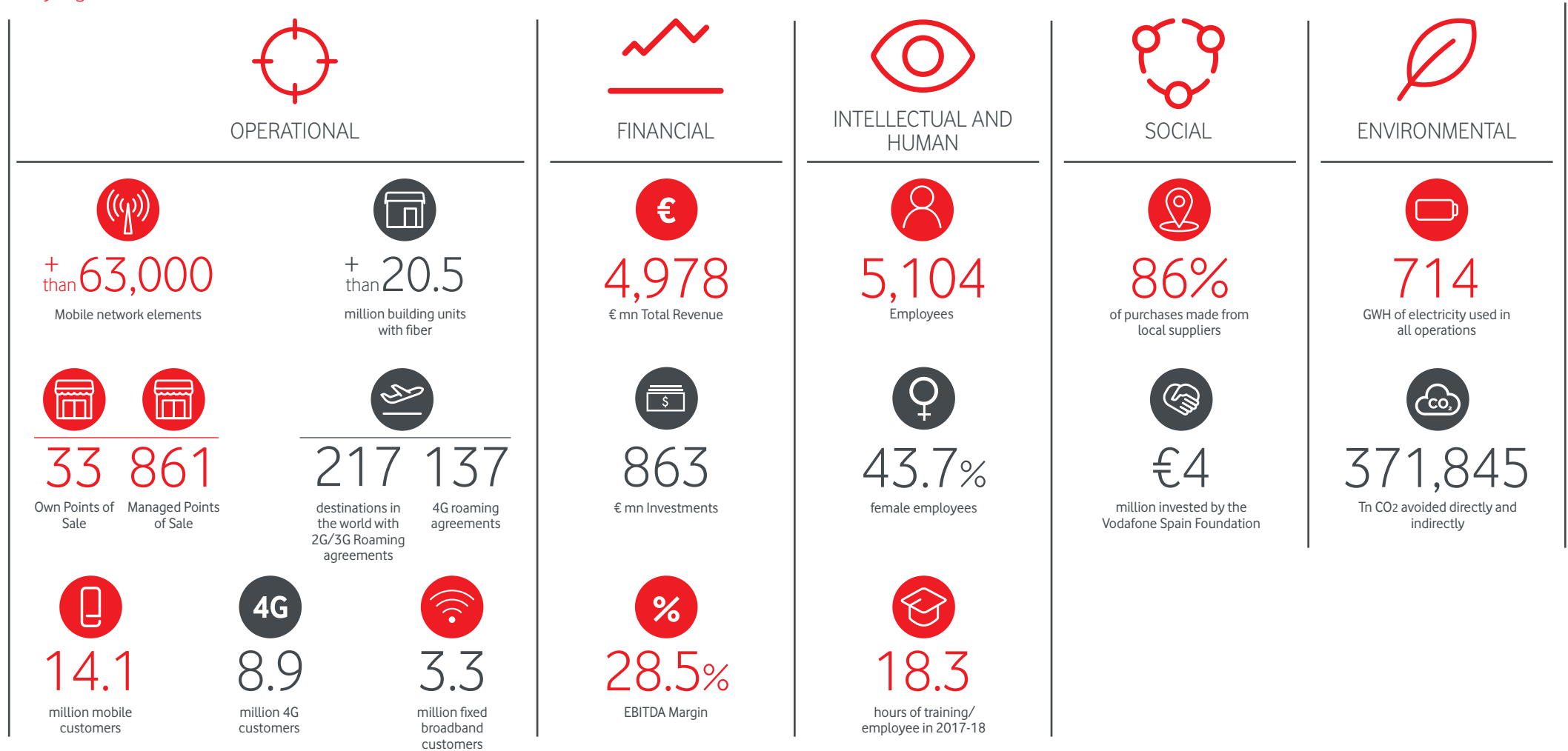
Vodafone presents the global initiative "**Future Jobs Finder**" to offer vocational guidance and educational content access to more than 10 million young people in 18 countries.



1.2 Business Model

◆ Value Creation*

Key Figures 2017-18



* According to "Capitals Model" of the "<NI> Framework" of the IIRC.

1.2 Business Model

Enterprise Business Unit

“The best Digital Partner of Enterprises and Public Authorities”

The Enterprise Business Unit promotes and develops the strategy for digitizing **Enterprises and Public Authorities** by tailoring this strategy to each customer's specific needs, helping them to lead and stand out in whichever sector they operate in, through:



Leadership in mobile technologies, offering Spain's best voice and data network with 4G connectivity and that made the world's first 5G call.



The largest fibre network on the market, letting customers enjoy a landline connection that offers the best convergent experience.



A flexible and out-of-the-box **product portfolio** with cutting-edge **digital solutions** to meet the communication needs of each and every customer - **enterprises, self-employed professionals and public institutions** - based on Cloud & Hosting, Internet of Things or Big Data technologies, always ensuring maximum security.



A **personalized service** tailored to the needs of each customer, enabling us to offer the best service experience.

Innovation Ecosystem

The Enterprise Business Unit has designed a business-focused culture that lets it turn ideas into concrete business opportunities, underpinned by innovation. As such, it offers an extensive Innovation Ecosystem that helps Enterprises and Public Authorities to successfully tackle the digital age. This Innovation Ecosystem is formed by the following elements:

Vodafone Enterprise Observatory

The Observatory is a platform that provides content for enterprises and public authorities, and was set up to find out what professionals and enterprises are concerned about, and pass those concerns onto the best experts, who share their experience in a unique format. The ultimate goal is to explore the digital revolution's full potential, and to guide enterprises and administrations along the digitization path. All the platform's content is backed by leading worldwide reference partners, such as Google, and academic partners, such as the Massachusetts Institute of Technology (MIT) and the Harvard Academy.



+ than **30** million
video views

+ than **3.5** million
views

Vodafone Business University

Vodafone Business University arranges training sessions at which leading experts and companies help executives from their sector to find out how new technologies and trends are likely to impact their business. IDC, Samsung and The Valley are just some of the partners that take part in these seminars.

+ than **600** top executives
have attended the Vodafone
Business University sessions

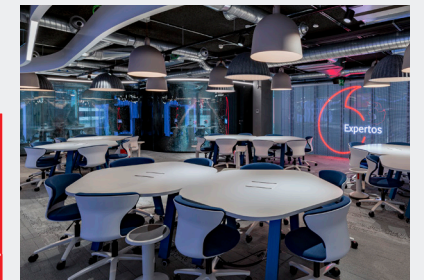
Vodafone Lab

Vodafone Lab is a collaboration, co-creation and innovation community where we research all the potential of technology, alongside partners, customers and employees. Equipped with the best tools, partners holders and methodologies, it ensures that all the know-how and ideas generated are turned into proposals that meet our customers' needs and futures.

+ than **70** events

Communities:

Blockchain, Drones and Robotics, Big data, Artificial Intelligence, IoT, 5G



1.2 Business Model

◆ Enterprise Business Unit

Business Experience Center (BEC)

The Vodafone Business Center is a demonstration center that gives visitors hands-on experience of the technologies and solutions that Vodafone offers enterprises and businesses. The BEC provides information about each sector's key trends, explores new business models with customers and identifies projects that could help customers with their digitization processes.



+ than 100 demos

+ than 400 visits
by undertakings and other companies

NPS: +82

Vodafone Data Center

The Vodafone Data Center, which was opened at the end of March 2018 and is staffed and monitored 24/7, is where customers can safely and securely store all their data. The Center's staff help them to set up a cloud infrastructure that lets them successfully evolve and escalate their IoT and Big Data strategies and other digitization solutions.



450m²
of Data Center

500 kW
of installed capacity

200 racks for
up to 3,000 physical servers

Vodafone Plaza

At Vodafone we have our own environment, the Vodafone Plaza head office, where we have brought in new, innovation-oriented working methods that let all our employees use digital tools and be far more efficient when dealing with work-related issues, such as booking meeting rooms, car park spaces, etc.



3,000
employees

2,530 users
Smart Building App

175
meeting rooms

1.2 Business Model

◆ Residential Business Unit

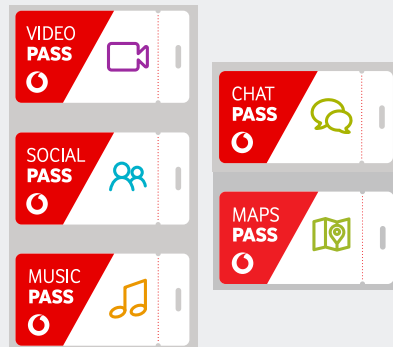
The Residential Business Unit serves total communications products and services to residential customers, as well as the market's latest news, associated with our innovation leadership.

We strive to ensure that our customers get the best service and the best experience, which is why we offer them highly innovative products and services like these:

◆ **Vodafone One Family:** This all-in-one bundle offers the best connection both at and away from home.

- Symmetric fibre
- 2 x 4G+ mobiles
- TV
- Unlimited fixed calls

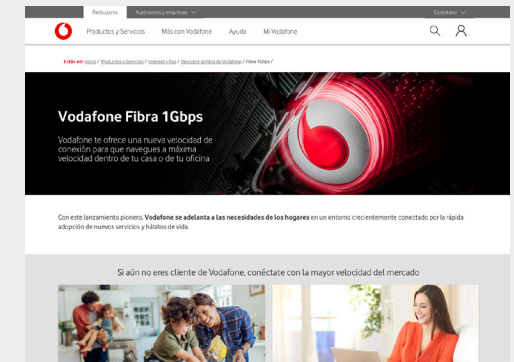
◆ **Vodafone Pass:** for using music, social media, video and map apps without using any of the customer's tariff data.



◆ **V by Vodafone,** to connect everything that matters most to our customers: their child's satchel or backpack, their pets, their car...so that everything that is part of their life, is protected.



◆ **Vodafone One Fibra 1Gbps:** Launch of the fastest browsing speed on the market.



◆ **The best content** for customers:

- **HBO Spain,** the video-on-demand subscription service with an extensive catalogue of exclusive, top-quality content, through Vodafone One TV and mobile devices.



- **TIDAL,** the global music and entertainment platform set up by artists of the likes of JAY Z, Beyoncé, Chris Martin or Madonna, which lets you connect directly with your favourite singers, offering a superior music experience.



- **FILMIN,** the only platform on the market to specialize in independent films and Spanish films.



1.2 Business Model

◆ Associations and Acknowledgements

Main Associations of which Vodafone is a member

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

Main acknowledgments awarded to Vodafone in 2017-18

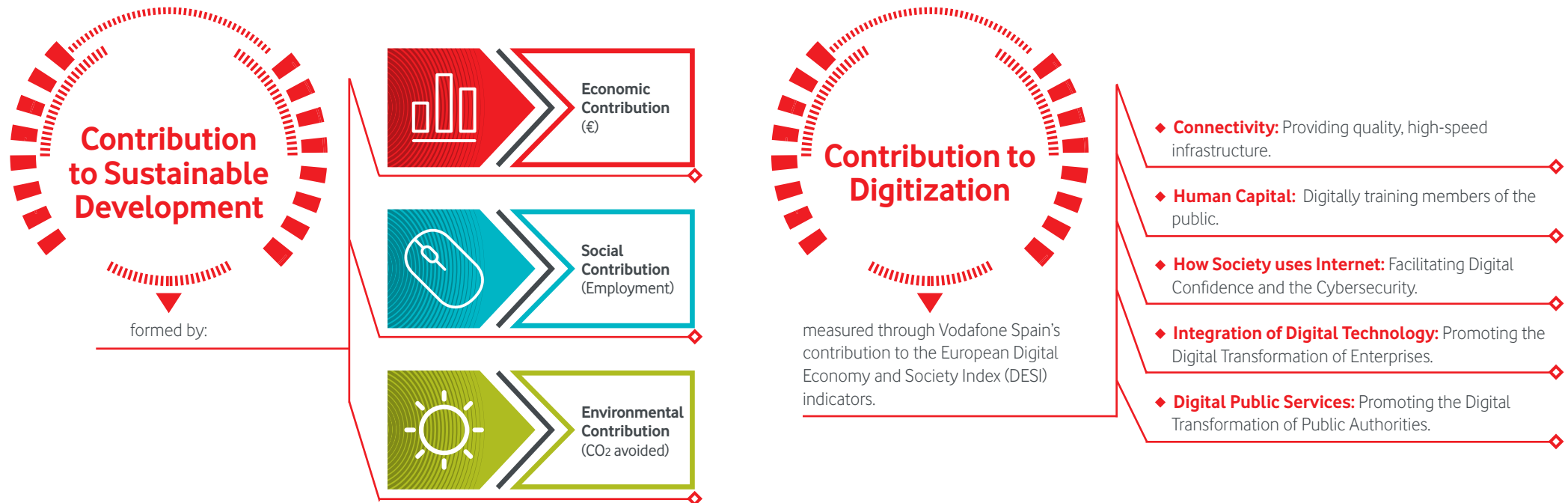
- ◆ Vodafone Spain's network is the **best voice and data network** for the third consecutive year, according to the Mobile Benchmark independent study by P3 Communications and Connect magazine.
- ◆ **First place** in the 2018 Best WorkPlaces list in the over 1,000 employees category, according to the **Great Place to Work Institute**.
- ◆ Acknowledged as a **Top Employers 2017 and Top Employers 2018 company**.
- ◆ Awarded the **Commitment to Accessibility** prize by Ilunion.
- ◆ **ADSLZONE 2017** award to the **Best 4G Operator**.
- ◆ **ADSLZONE 2017** award to **Lowi** in the **Best MVNO category**.
- ◆ **Best Practice en Facility Management** award for the Vodafone **Smart Building App**.
- ◆ **IN 2017 prize** in the "**Best Culture of Learning**" category, awarded by LinkedIn.
- ◆ Small Cell Forum Prize for the **Crowdcell technology applied to Microcells**.
- ◆ **Byte IT 2017 Prize** for the best mobile security solution for "**Vodafone Secure Net**".
- ◆ **Cegos Prize** with Equipos&Talento 2017 for the best practices in the Recruitment and Integration Category for the "**Vodafone Janus**" project.
- ◆ Best "Wellbeing" initiative prize for **Vodafone Spain's "Salúdate"** programme.
- ◆ **Youtube Ads 2017 Prize** to the largest number of advert views.
- ◆ **CONTROL 2017 Prize** to the **Best Communication Campaign** of the year.
- ◆ **19th Effectiveness Prize** from the Spanish Advertisers Association in the "**Branding**" category.
- ◆ **Genio Prize for Innovation** in Marketing, Communication and 2017 Media Use for its "**The Future is One**" campaign with Wink TTD.
- ◆ **FactorW Prize** from Intrama for its **Diversity and Gender commitment**.
- ◆ **International Prize to Human Diversity Management in Business and its Labour Inclusion** from the Diversity Foundation in its 3rd Edition in the "International Enterprise" category.

1.3 Contribution to the Country

Vodafone is a key player in its sector of technology and, as such, plays a leading role in the country's sustainable development, contributing to its economic growth, social progress and respect for the environment.

People and organizations alike stand to benefit from the digital revolution that is boosting growth throughout the country, as it makes organizations more competitive and productive and prompts social progress. In this regard, the telecommunications sector is playing a major role by driving and enabling this digital transformation.

Vodafone has devised an in-house methodology, applied by several Vodafone Group operators, to calculate how much it contributes to the country, both in terms of Sustainable Development and Digitization.



1.3 Contribution to the Country

◆ Contribution to Sustainable Development

Each of the economic, social and environmental contributions to Sustainable Development can in turn be broken down into:

Direct Contributions:

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

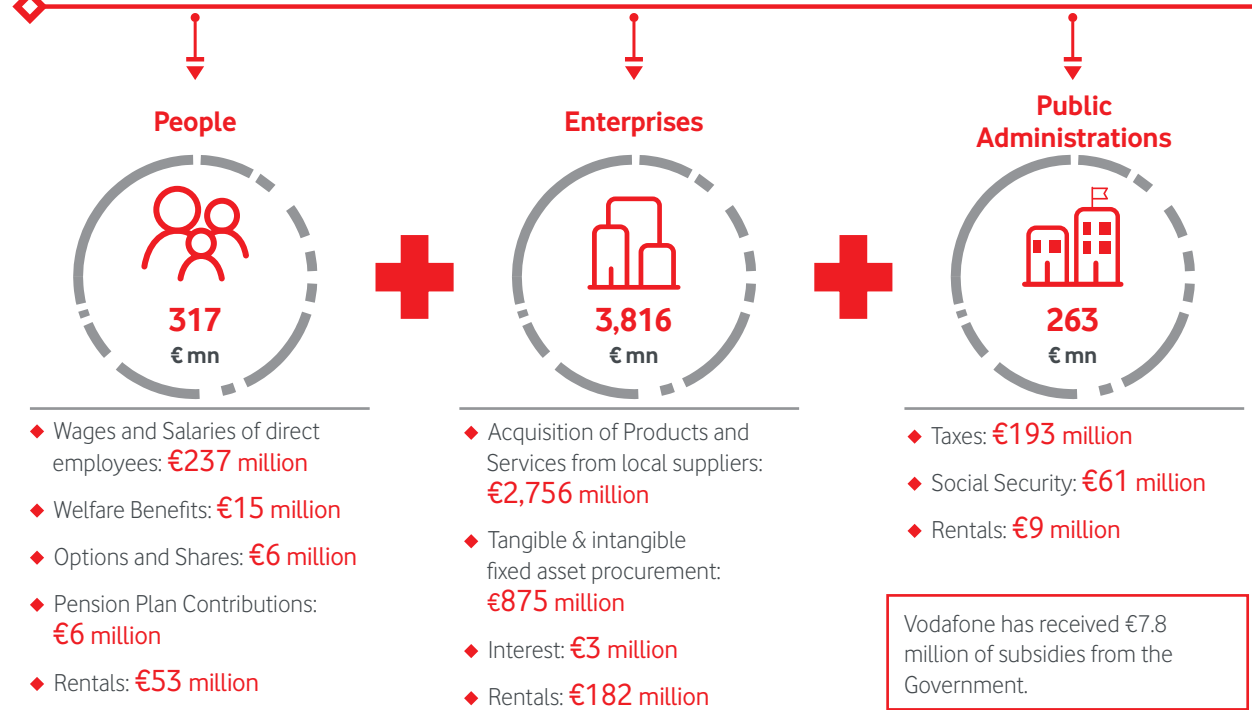


Indirect Contributions:

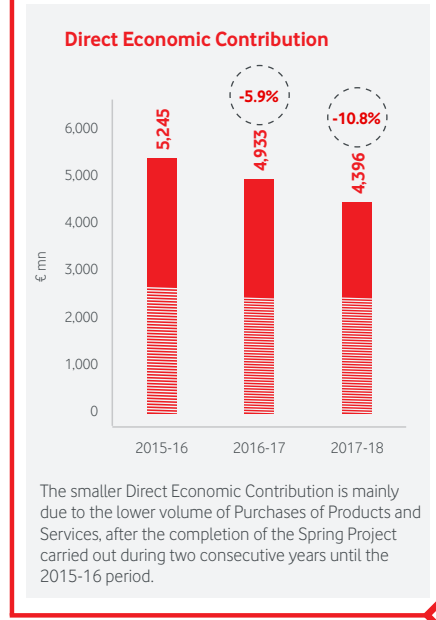
Generated by our value chain organizations (suppliers, distributors, etc). in people, businesses and Public Authorities.



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.



Vodafone has received €7.8 million of subsidies from the Government.



1.3 Contribution to the Country

◆ Contribution to Sustainable Development



Vodafone contributes indirectly to the country's economy through its value chain organizations (suppliers, distributors, etc.).

People



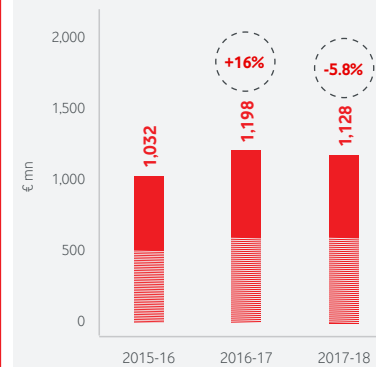
◆ Wages and Salaries of indirect employees: **€704 million**

Public Administrations

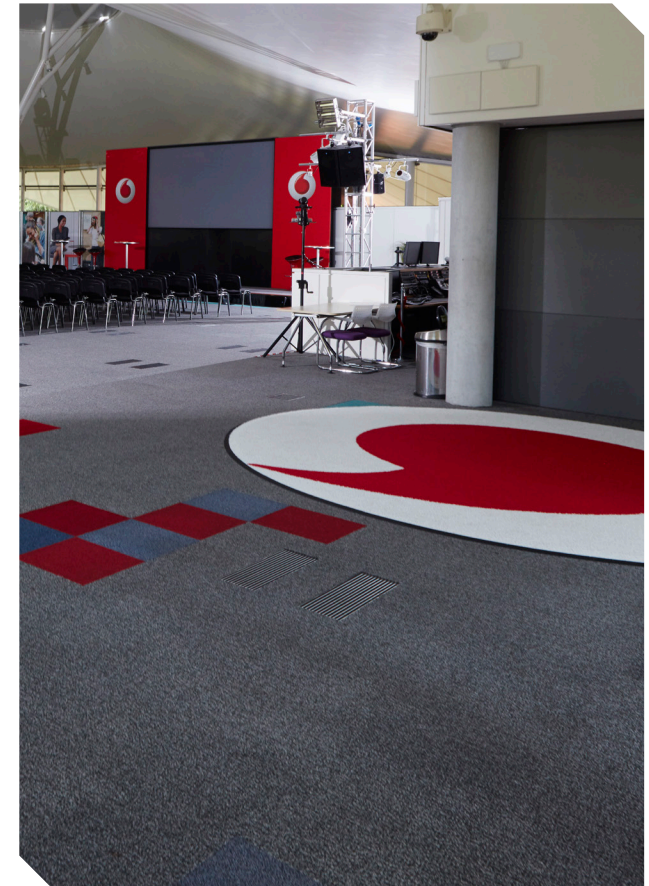


- ◆ Indirect Taxes (VAT, IGIC, Production, Services and Import Tax): **€335 million**
- ◆ Tax withholdings in payments to third parties: **€77 million**
- ◆ Social Security paid for direct employees: **€12 million**

Indirect Economic Contribution



The volume of Product and Service Purchases has dropped, following the end of Project Spring, which was carried out until financial year 2015-16, so our contribution to the wages of indirect employees has been smaller.



1.3 Contribution to the Country

Contribution to Sustainable Development



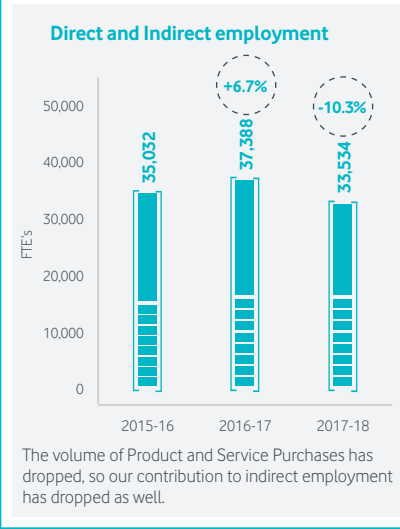
Social Contribution
Direct and Indirect Employment:
33,534 FTEs(*)

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

Social Contribution
Social Development



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



Vodafone Spain Foundation

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

4 € mn invested by the Vodafone Spain Foundation in social development



(*) FTE = Full Time Equivalents.


1.3 Contribution to the Country

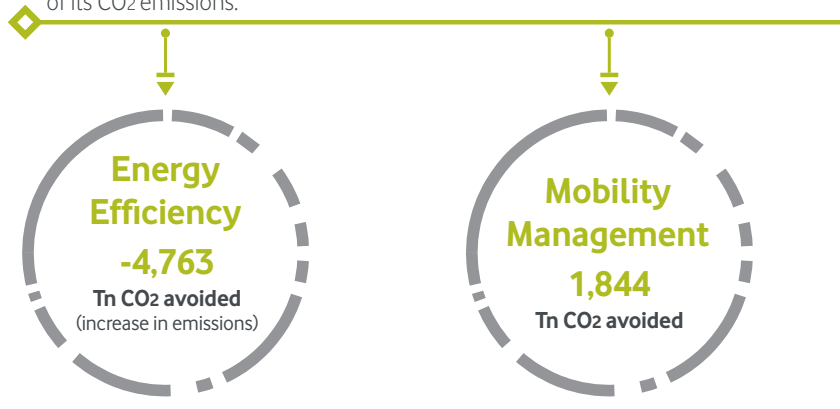
Contribution to Sustainable Development




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.

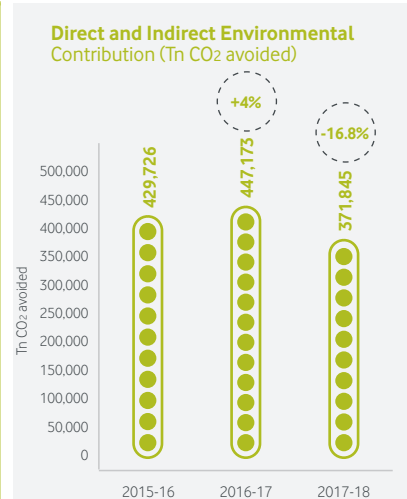


Vodafone also contributes towards the fight against climate change indirectly, by bringing out products and services which help other sectors to reduce their own CO₂ emissions. Not to mention our contribution through IoT solutions. 



- ◆ Network: **-8,509 Tn CO₂** avoided (increase in emissions)
- ◆ Video conferencing: **1,873 Tn CO₂** avoided
- ◆ Offices: **3,758 Tn CO₂** avoided
- ◆ Fleet: **-96 Tn CO₂** avoided (increase in emissions)
- ◆ Stores: **-12 Tn CO₂** avoided (increase in emissions)
- ◆ Shuttles: **67 Tn CO₂** avoided

The level of emissions has risen slightly, mainly due to the higher network energy consumption, associated to the significant upturn in voice and data traffic. 



This financial year it dropped as a result of the higher network emissions and the changes in the types of Products and Services with CO₂ emission savings marketed. These have been included in the Carbon Trust study, used as the basis for calculating the CO₂ emissions avoided as a result of the IoT solutions used by our Customers.



1.3 Contribution to the Country

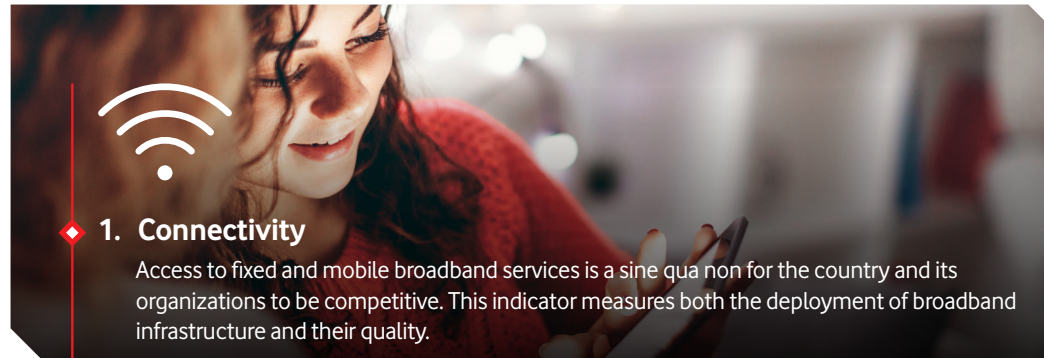
◆ Contribution to Digitization

The **Digital Economy and Society Index** is the benchmark index for measuring how the EU's digital economies are faring.

In this respect, Vodafone uses the DESI indicators and subindicators as the benchmark for displaying its contribution to the country's digitization.

DESI indicators:

- ◆ 1. Connectivity
- ◆ 2. Human Capital
- ◆ 3. How Society uses Internet
- ◆ 4. Integration of Digital Technology
- ◆ 5. Digital Public Services



◆ 1. Connectivity

Access to fixed and mobile broadband services is a sine qua non for the country and its organizations to be competitive. This indicator measures both the deployment of broadband infrastructure and their quality.

DESI subindicators

DESI subindicators	Vodafone's Contribution in 2017
Fixed Broadband (FBB) Coverage (% households)	96% of households*
FBB Implementation (% of households)	3.3 million FBB accesses
NGA Coverage (% of households)	85% of households*
Subscriptions to Fast Broadband (% subscriptions >= 30 Mbps)	82.5%
Mobile broadband (MBB) deployment (Subscriptions per every 100 people)	11.8 million MBB users
4G coverage (% of households, operator average)	97.5% (and with 4G+ in more than 1,100 towns)

* Through Vodafone's own infrastructures and roaming agreements.

Vodafone offers connectivity by high-speed fixed networks in 20.5 million households, 10.3 million of which it serves with its own infrastructure and the rest through commercial agreements with other operators.



Vodafone Spain, the world's first operator with an NB-IoT commercial network.

Vodafone is also evolving its Mobile Network to 4G+ by adding more than one LTE band to obtain speeds of up to 350 Mbps.



Vodafone completed the world's first 5G call using the new NSA commercial standard.

Vodafone is upgrading its HFC own network to the Docsis 3.1 standard to offer speeds of 1 Gbps symmetrical. Right now, 77% of the 7.6 million households with HFC have Docsis 3.1.

1.3 Contribution to the Country

Contribution to Digitization



2. Human Capital

The Human Capital dimension measures the skills necessary to leverage on the opportunities that a Digital Society affords us, and which range from basic user skills that let people interact online and use digital goods and services, to more advanced skills for harnessing technology to boost productivity and economic growth.

DESI subindicators

Basic Skills

- Internet Users (% individuals).
- Basic Digital Skills (% individuals).

Advanced Skills

- ICT specialists (% individuals employed).
- Science, Technology, Engineering & Mathematics (STEM) graduates (between 22-29 years old, per every 1,000 people).



Vodafone's Contribution

- **ICT Training** for Senior Citizens: **>194,000 senior citizens** trained since 2014-15.
- ICT Training for disabled **people: >16,100** (since 2014-15). More than **1,780** of them have found employment.
- Vodafone **Youth Experience Week: >400 young people** took part in financial year 2017-18. (5.1⁺)
- Vodafone **Youth Festival: >700 young people** in the financial year 2017-18. (5.1⁺)
- **"Code like a girl!":** Programming for girls. **35 girls** trained in financial year 2017-18. (5.1⁺)
- **"Fast Forward"** training sessions: **1,788 people attended** in financial year 2017-18. (5.1⁺)
- **Employee Digitization: 100%** of employees now use digital tools. (5.3⁺)
- Promoting Safe and Responsible Enjoyment of technology by minors: **BeStrong Online**, (more than 9,000 pupils took part in the **Cybermentors Programme**). (5.3⁺)



3. How Society uses Internet

The dimension of Internet Use by Society measures the different activities carried out by people who are already online. These activities range from the consumption of online content (videos, music, games, etc.) to communication, shopping and online banking activities.

DESI subindicators

Online Content

- Online News (% people who have used Internet in the 3 last months).
- Gaming or downloading games, music, pictures or films (% of people who have used Internet in the 3 last months).
- Video on Demand (% of people who have used Internet in the 3 last months).

Communication

- Video calls (% of people who have used Internet in the 3 last months).
- Social Media (% people who have used Internet in the 3 last months).

Online shopping

- Banking services (% of people who have used Internet in the 3 last months).
- Online shopping (% of Internet users in last year).



Vodafone's Contribution

- Online Store: **> 1.2 million users** (in financial year 2017-18).
- My Vodafone: **>3.2 million users**.
- Vodafone TV (Video on Demand, NETFLIX, HBO): **1.4 million Customers**.
- Vodafone Pass (music, video, social media, maps): **available for all tariffs**.
- Residential customers with an **e-bill: 82.7%**.
- More than **479,000 Facebook** fans and more than **168,000** followers in **Twitter**.
- Solutions to boost accessibility in vulnerable population groups (senior citizens, disabled people): **Mefacilyta, a MiAlcance, #ASPACenet, Accessible App** downloads (>1 million downloads). (5.1⁺)
- **IoT** spending (V by Vodafone)

1.3 Contribution to the Country

◆ Contribution to Digitization



◆ 4. Integration of Digital Technology

The Digital Technology Integration dimension measures enterprises' level of digitization and the operation of online sales channels. By adopting Digital Technology, enterprises get more efficient, cut costs and appeal better to customers, stakeholders and business partners.

DESI subindicators

- Business Digitization**
- Electronic information exchange (% of enterprises).
 - Radio Frequency Identification - RFID (% enterprises).
 - Social media (% enterprises).
 - Electronic invoices (% enterprises).
 - "Cloud" (% enterprises).

eCommerce

- SMEs that conduct sales online (% SMEs).
- E-commerce business volume (% of SMEs business volume).
- Online cross-border sales (% SMEs).



Vodafone's Contribution

- SIM Cards for **IoT: >1.8 million.**
- Corporate Customers with an **e-bill: 72.4%.**
- **Video conferencing** in Vodafone: **>72,000** (since 2014-15).
- "Minerva" **Programme: 63 projects underway and 280 jobs** generated. (5.1)
- **"Connecting for Good Galicia" Programme: 12 projects** promoted. (5.1)
- **CIO Forum: 150** people from enterprises and PAs attended. (5.1)
- **Vodafone Enterprise Observatory:** (1.2)
 - Digitization Test.
 - 1st Study of the **State of Digitization of Enterprises** in the country.
 - **Content:** success case videos and expert interviews.
 - **Blogs, Social Media.**
- **Digital Transformation Solutions:** (5.2)
 - **IoT:** for business use (Smart Meters, etc.).
 - **Big Data:** Vodafone (Big data solution for Corporate customers).
 - **NFC:** for use in logistics and facility access passes.



◆ 5. Digital Public Services

The Digital Public Services dimension measures the digitization of public services, focusing on e-government. Modernizing and digitizing public services can improve the efficiency of public administration, citizens and companies, and lead to the provision of better services for citizens.

DESI subindicators

- e-Administration users (% of Internet users in the year).
- Precompleted forms (according to benchmark, result from 0 to 100).
- Administrative services that can be done online (according to benchmark, result from 0 to 100).
- Open data (policies, impacts, characteristics) (% of maximum score).



Vodafone's Contribution

- **Solutions and services** for Public Authorities. (5.2)
- Big Data: **Vodafone Analytics** for PA. (5.2)
- **Vodafone Smart Cities.** (5.2)

A satellite in space with solar panels and a red-tinted section on the right. The satellite is shown from a low angle, with its solar panels extending across the frame. The background is a deep blue sky with a bright light source. The right side of the image is tinted red and shows a close-up of the satellite's structure. A large red circle highlights the main title area.

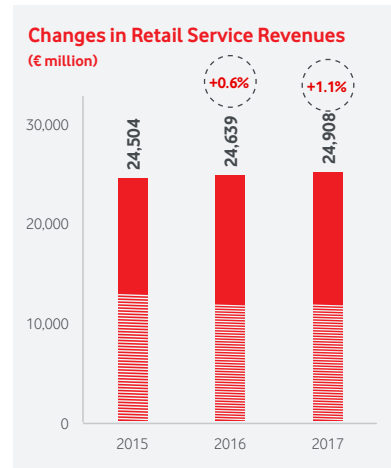
2. Analysis of the Environment

- ◆ 2.1 State of the Industry and Trends
- ◆ 2.2 New legislation and regulations in Spain
- ◆ 2.3 New legislation and regulations in Spain

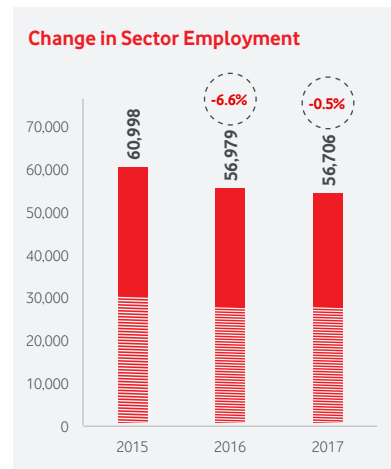
2.1 State of the Industry and Trends

◆ Revenues and Employment*

The sector's retail revenues for 2017 (€24.91 billion) were very similar to two previous years' figures, and the rise in audiovisual and broadband services revenue offset the drop in voice services revenue.



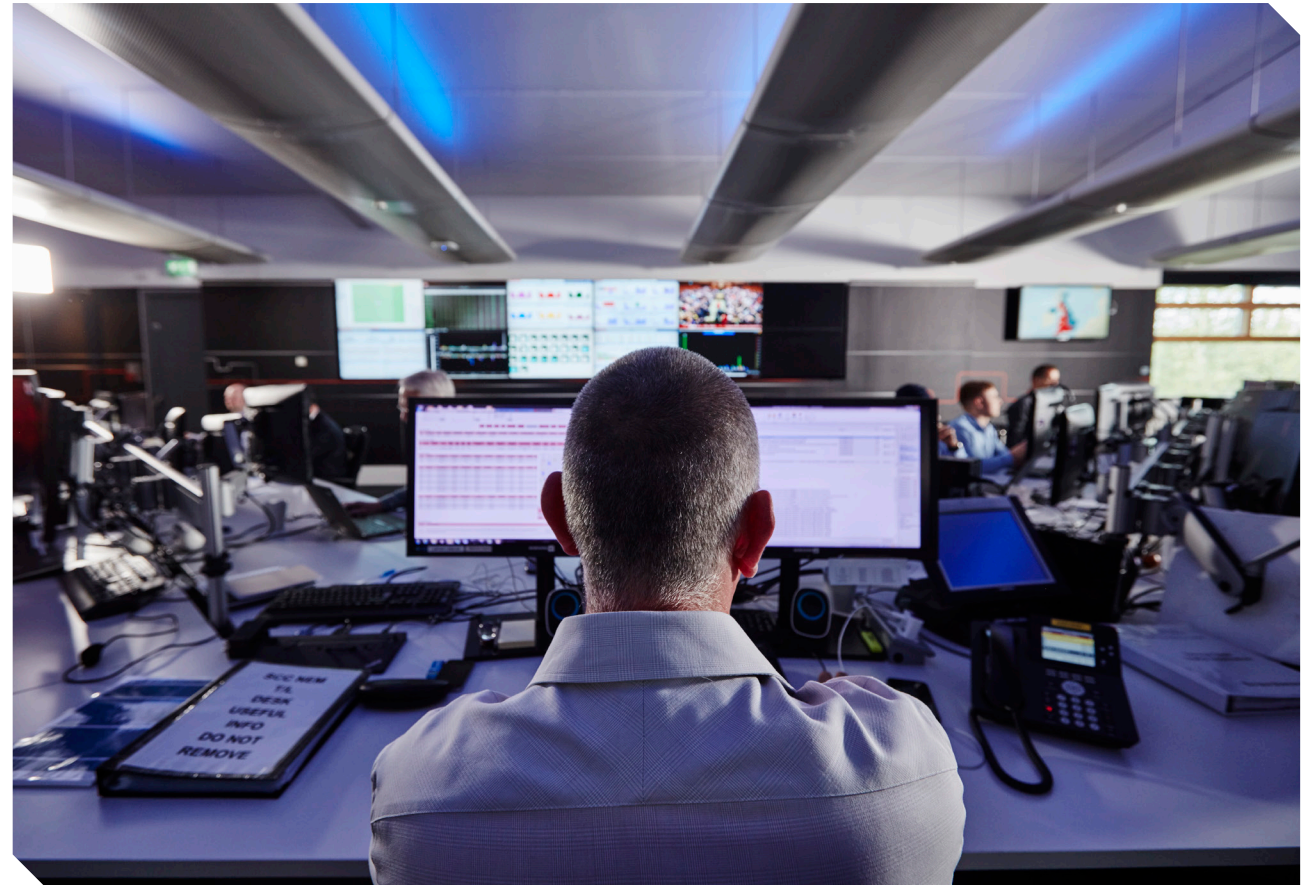
Employment in the sector has steadied at around 57,000 jobs, after the significant 6.6% drop seen the previous year.



* Figures from the CNMC Report for 4th Quarter 2017.

◆ Infrastructures*

In 2017, the deployment of **NGA** (New Generation Access) fixed networks nearly topped the 48 million building unit mark, compared to 42 million in 2016. Of these, 37 million were **FTTHs** (Fiber To The Home) compared to 31.1 million the previous year.

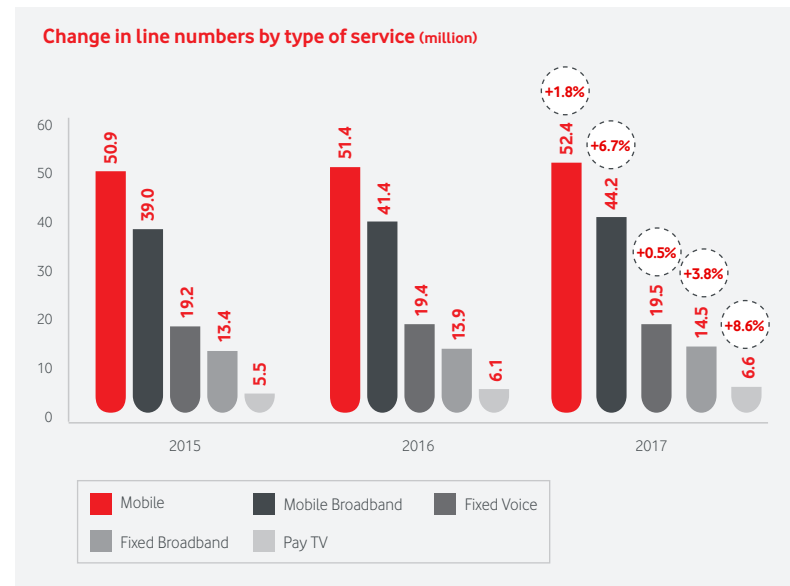


2.1 State of the Industry and Trends

◆ Changes in line numbers*

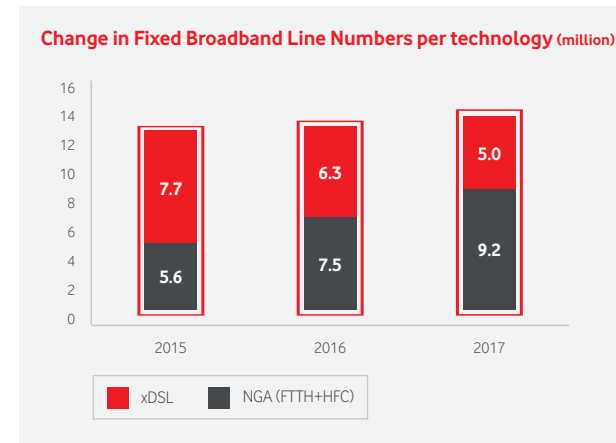
As occurred last year, in 2017 the different types of lines performed in different ways:

- ◆ The number of **Mobile Voice** lines (52.4 million) rose by one million (+1.8%), with the penetration rate rising to 112.5 lines for every 100 inhabitants.
- ◆ In contrast, there was a significant upturn in the number of **Mobile Broadband** lines (up 6.7% to 44.2 million), in the number of **Fixed Broadband** lines (up 3.8% to 14.5 million), while **Pay TV** services grew even more strongly (8.6% to more than 6.6 million for the first time).
- ◆ The number of **Fixed Voice** lines (19.5 million) stayed at last year's levels, with a slight rise of 0.5%.



On the Fixed broadband market, the speed at which customers are moving from xDSL to **NGAs (FTTH + HFC)** is picking up. In 2017, xDSL accesses fell by 1.3 million and NGAs rose by 1.7 million to 9.2 million active NGA accesses.

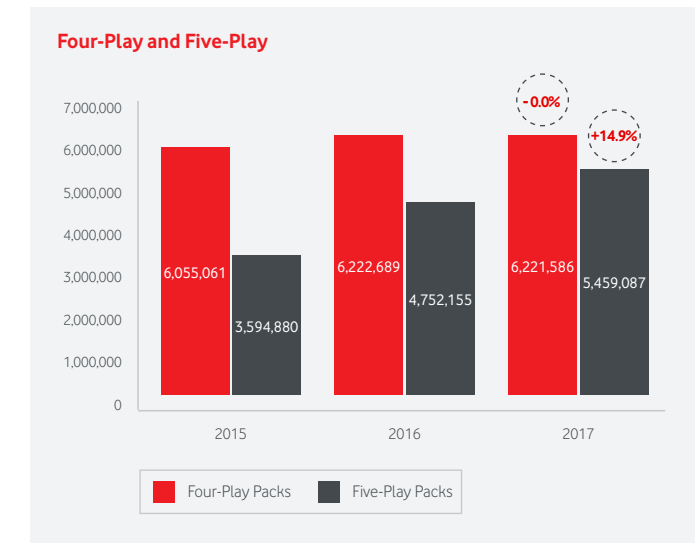
The contracted speeds of broadband connections are getting faster and faster, and 59% of lines have a speed faster than 50 Mbps (as opposed 41% the previous year).



As for bundled products:

- ◆ 5.5 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 4.8 million the previous year, having soared 14.9%.
- ◆ Subscriptions to **Four-Play** (Fixed Voice + Fixed Broadband + Mobile Voice + Mobile Broadband) stayed at the same level as the previous year, 6.2 million.

The last highlight is that in the last quarter of 2017, mobile network call traffic reached a record high of 24 billion minutes.



* Figures from the CNMC Report for 4th Quarter 2017.

2.2 New legislation and regulations in Spain

◆ Radio Spectrum

The radio spectrum supports radio communications, especially Voice and Mobile Broadband services. 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 1 December 2017, the Ministry of Energy, Tourism and Digital Agenda published the **National 5G Plan**, a set of measures devised to make Spain one of the most advanced countries in the development of 5G technology.

From a technical point of view, 5G technology heralds the arrival of the evolution of technologies from 4G and 4.5G. The advantages that 5G technology is set to bring (higher speeds and lower latencies) will mean that Broadband Mobile services, high quality video and new services that are just emerging, like Virtual Reality, Augmented Reality, etc., can be provided far more efficiently. All productive sectors are expected to benefit from 5G technology to a different extent, although some sectors will benefit from it before and more substantially than others, such as telecommunications, health, banking, automotive, industry, agriculture, and, of course, standardized IoT solutions that are already beginning to proliferate on LTE technology.

Vodafone is firmly committed to the rolling out 5G technology in Spain, welcomes the drafting of this National Plan and trusts that its implementation will place Spain at the forefront of Europe in the deployment of these new networks. Proof of Vodafone's commitment to rolling out 5G in Spain, is that, on 20 February 2018, it became the **first operator in the world to make a 5G call**. This first 5G call was made just two months after the publication of the new 5G standard regarding dual infrastructures (5G/4G), using the specifications of the NSA (Non Stand Alone) standard approved by 3GPP: ("3rd Generation Partnership Project") in December 2017, and the 3.7 GHz spectrum band.

◆ Local NEBA (New Broadband Ethernet Service) Reference Offer

The Local NEBA service was made available to the other operators on 19 January 2018, one year after the CNMC approved its technical specifications.

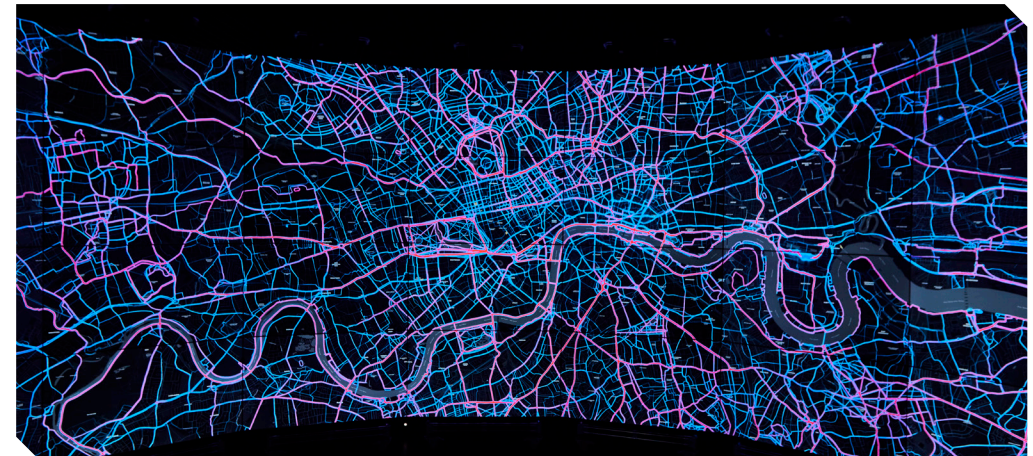
From that date, and according to the newly-imposed obligations, Telefónica no longer has to process new connection requests for the Residential Provincial NEBA FTTH service, although it must maintain existing connections and facilitate their migration until the CNMC issues a ruling stating that the service operates correctly, which is expected to occur within approximately 6 months from its launch date.

◆ Approval of the Methodology for determining the Economic Replicability Test of two Telefónica Broadband Products Marketed in the Residential segment

According to the broadband market wholesale regulation approved in February 2016, Telefónica must provide the wholesale NEBA Broadband and NEBA Local (virtual access to Telefónica's broadband) services throughout Spain, except in 66 municipalities. The fibre network regulated prices will be set using an economic replicability analysis. This mechanism is more flexible for Telefónica, which is free to set its wholesale prices as long as it allows the most emblematic products to be replicated, meaning that an efficient competitor can offer those retail products through wholesale products where there is a margin.

In the Ruling issued on 6 March 2018, the CNMC approved the approved Telefónica fiber optic wholesale price verification methodology, also known as the "Replicability Test" or ERT "Economic Replicability Test". The methodology lays down the criteria for determining whether the local NEBA and fiber NEBA Telefónica fiber optic wholesale prices let other operators replicate the main fiber products offered by Telefónica, in order to ensure a high level of competition in the market.

Vodafone welcomes the approval of this methodology, because the previous one was oriented to analyzing broadband products on the copper network and it needed to be brought in line with new market situation. However, if the methodology is to be effective, the CNMC must apply it strictly, in a way that guarantees that wholesale prices remain stable for a reasonable period of time (12 months). Stipulating a minimum period of time during which wholesale prices cannot be raised will guarantee the stability that operators need to design their retail offerings based on using Telefónica's wholesale services.



2.2 New legislation and regulations in Spain

◆ Market for voice call termination on individual mobile networks (Market 2/2014)

The CNMC ruled on the Mobile Termination Market on 18 January 2018, and the ruling was published in the Official State Gazette on 30 January 2018. Accordingly, the new call tariffs will apply from 1 February 2018. The CNMC considers that all the Mobile Network Operators (Movistar, Vodafone, Orange and MásMóvil) and MVNOs have "significant market power" in their respective networks and imposes on them the obligation to set their mobile termination prices on a glide-path basis, as follows:

Proposed mobile termination prices (€/min)		
From the 1 st of the month following the enforcement of the Ruling until 31/12/2018	From 1/1/2019 to 31/12/2019	From 1/1/2020
0.70	0.67	0.64

The Ruling also states that the prices will not apply if the traffic originates in a non-European Economic Area country, in which case a symmetry pricing criterion will be used. Nor will they apply when the origin of the traffic cannot be identified clearly, because the calling number identification is missing, for example, or when the calling number is invalid, has been modified or manipulated.

Vodafone welcomes the price glide-path, because it softens the negative economic impact for mobile operators. However, it considers that the level of prices should not have been set below the European average. Using this path, prices can be adjusted more gradually and, if a single European-wide price is set, it will also allow for a smoother adjustment of the market. In addition, the possibility of offering different prices for origins outside the European Economic Area will enable operators to negotiate the prices of their wholesale services in equal conditions.

◆ New Order regarding Calls to 118AB Numbers

Order ETU/114/2018, of 8 February, amending Order CTE/711/2002, of 26 March, establishing the conditions for providing the subscriber number Telephone Enquiry Service includes modifications to the management of the 118AB numbering range derived from the irregular traffic problems that these numbers have generated in recent years. The changes must be implemented before 14 May 2018.

The main modifications affect the billing and maximum duration of the service, as well as the provision of more information for the Customer through information announcements before the service is provided.

Vodafone welcomes the approval of this Order because it brings in measures that will make it harder for these numbers to be used to commit fraud and harm our customers' interests.

◆ Fair compensation per private copy

Royal Decree Law 12/2017, of 3 July, entered into force on 1 August 2017, amending the Intellectual Property Act by replacing the Fair Compensation per Private Copy model ("Digital Tax") charged to the General State Budget with a model based in which the Digital Tax is paid by manufacturers, importers and distributors of equipment, devices and media used to reproduce works protected by Intellectual Property Rights. Since it entered into force, the amounts of Digital Tax applicable before 2012 are applied on a temporary basis and until the corresponding secondary legislation is approved in August 2018.

This legislative amendment affects Vodafone because:

- ◆ It must pay the Digital Tax as an importer of equipment subject to compensation and/or is jointly responsible for paying the Digital Tax as a retailer of such equipment if the manufacturers or importers have not paid it.
- ◆ It must pass the amount of the Digital Tax, in bills, onto any non-exempt end customers who purchase equipment subject to compensation.
- ◆ It must inform any end customers who purchase equipment subject to compensation of the circumstances in which they can apply for reimbursement of the Digital Tax.

2.3 New legislation and regulations in Europe

◆ Telecom Single Market (TSM): Roaming.

Regulation EU 2015/2120 amended the 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.

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

◆ eCall - emergency calls from vehicles

In recent months, further steps have been taken to finally commission Europe's new vehicle emergency calling system, better known as eCall. Each Autonomous Region's PSAPs (Public Safety Answering Points) had to be ready to receive these kinds of calls in October 2017, while car manufacturers had to be ready by March 2018.

To ensure the service works properly, Mobile Network Operators have changed their networks so that they can identify emergency calls from vehicles and handle them differently. Vodafone collaborated with the Public Authorities to ensure that the system works on its network.

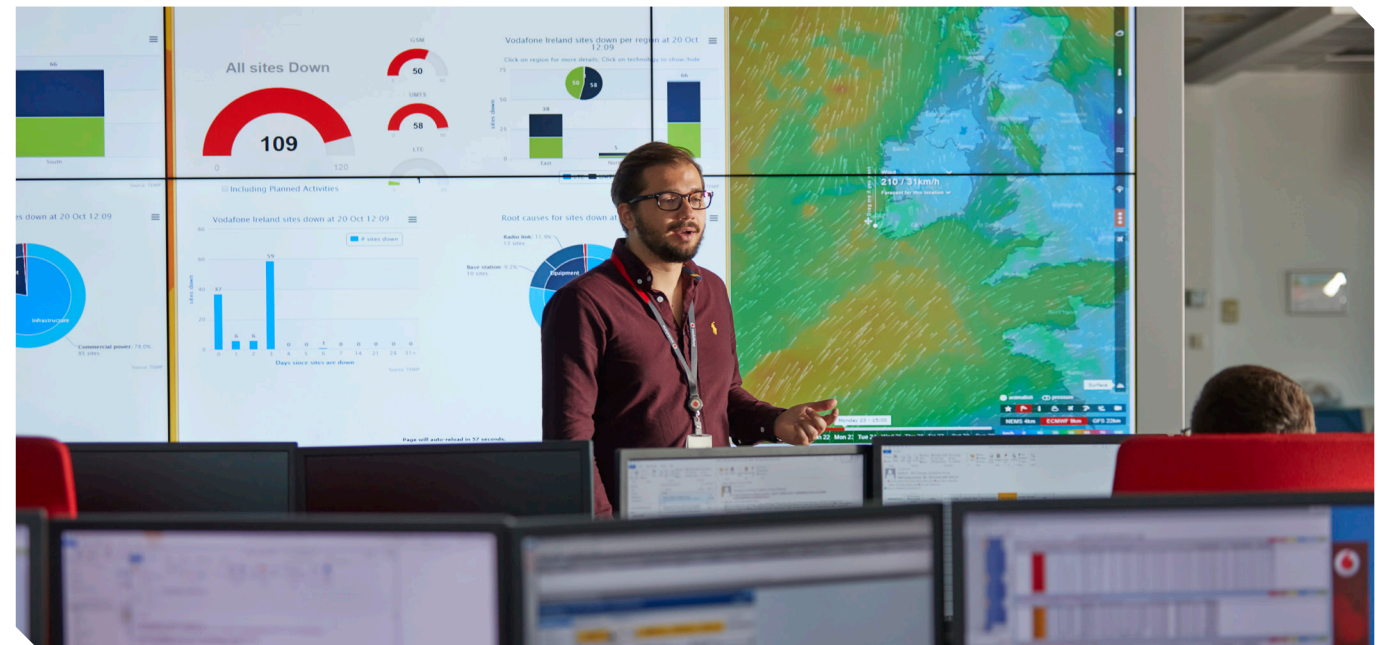
Vodafone trusts that new models of vehicles will comply with regulations by featuring these new systems, which will effectively help to reduce the negative consequences of traffic accidents.

◆ Cross-Border Portability Regulations

On 30 June, 2017 the OJEC published EU Regulation 2017/1128 of the European Parliament and of the Council, of 14 June 2017, on the Cross-Border Portability of online content services in the market. This Regulation applies within the EU as of 1 April 2018 and implies that all providers of paid online content must be able to ensure that their subscribers to this type of content can access them when they are temporarily in any EU Member State (outside their home Member State). Providers of paid online content services must allow their subscribers to use such services in the Member State where they are temporarily located, in the same way as if they did in their Member State of residence. So when subscribers are temporarily outside their Member State of residence (but within the EU) they will be able to access the online content services contracted in the same type and number of devices, for the same number of users and with the same range of functionalities offered in their Member State of residence.

The obligation to ensure the online content service is portable is binding for the providers of this content, and they cannot charge their subscribers extra for providing Cross-Border Portability.

Now that this Regulation has entered into force, online content providers must always first check the habitual residence of their customer base (applying the criteria set out in the Regulation), implement mechanisms that let them check said residence whenever they have any type of doubt and guarantee that they will continue to check the residing Member State of their new subscribers.



A hand is pointing at a screen, with a red circle highlighting the text '3. Risk Analysis'. The background is a blurred image of a person's hand pointing at a screen. The text is in white, bold font. A red circle is drawn around the text. The overall background is dark with a red gradient on the right side.

3. Risk Analysis

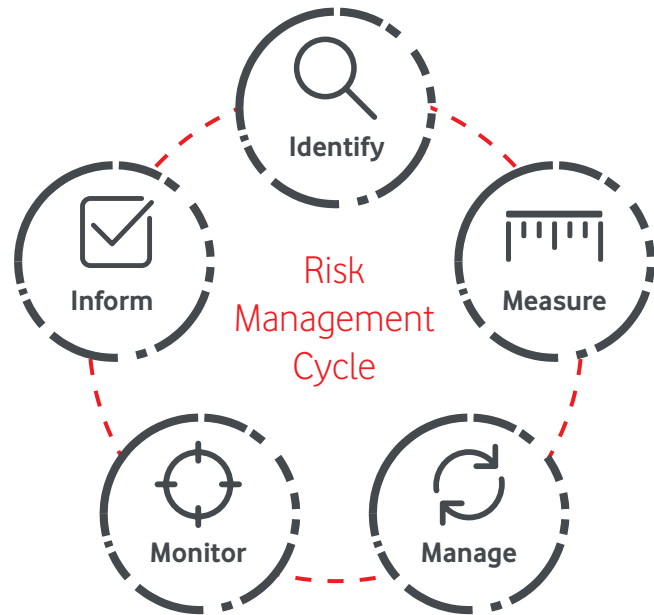
◆ 3.1 Risk Management Model

◆ 3.2 Main Risks and Mitigation Measures

3.1 Risk Management Model

Vodafone Spain's risk management model forms part of the methodology devised by the Vodafone Group. Each year, Vodafone Spain identifies the main risks which could potentially affect the fulfillment of its strategic goals and impact customers, the business or the corporate reputation. Each identified risk is assigned directly to the appropriate Director or Head.

When the main risks have been identified, appropriate actions are taken 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:

- | | |
|-------------------------------------|----------------------------|
| a. Strategic and Commercial | e. Human Resources |
| b. Business Resilience and Security | f. Financial |
| c. Logistics | g. Institutional Relations |
| d. Legal and Regulatory | |

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:

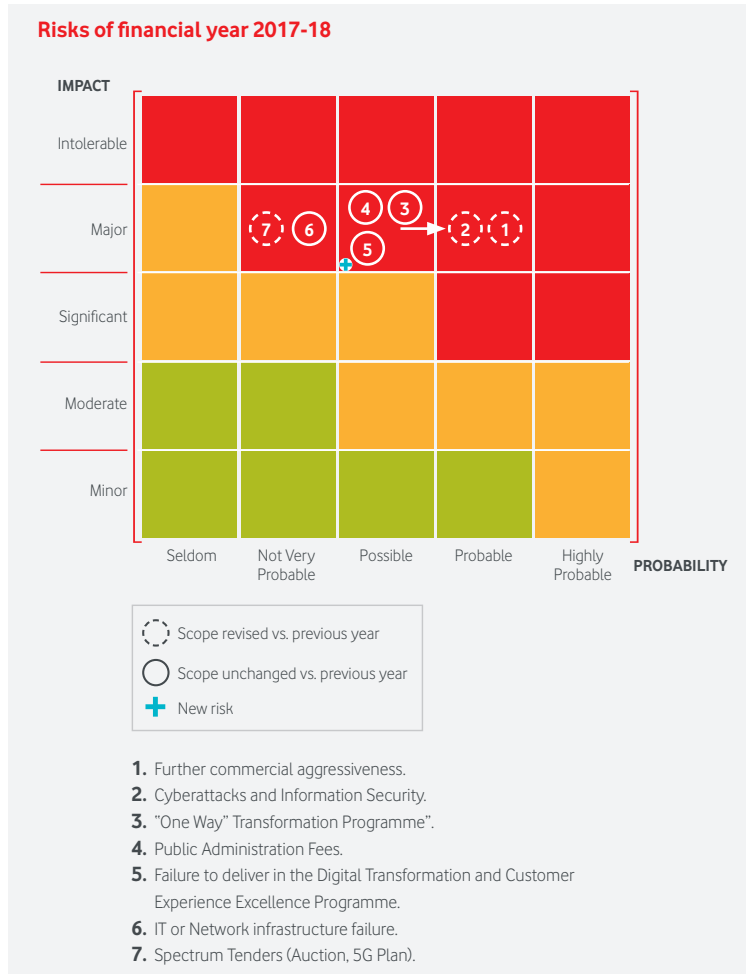
- First Line: Risk owner and assurance management. Typically found in operational functions.
- Second line: Risk monitoring and functional oversight. Typically found in specialized and oversight functions.
- Third line: Independence and assurance. Typically in Internal Audit, External Audit and in other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

5. INFORM

The three Main Risks are outlined in a Report that the person responsible submits to Management, demonstrating that they are being managed efficiently with respect to the Tolerance Level, and stating if any of the existing or additional actions require a significant change.

3.2 Main Risks and Mitigation Measures

Risk Trends



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

Main Strategic Risks of Vodafone Spain	
Risk	Risk Category
1 Further commercial aggressiveness	Strategic and Commercial
2 Cyberattacks and Information Security	Business Resilience and Security
3 "One Way" Transformation Programme"	Strategic and Commercial
4 Public Administration Fees	Financial
5 Failure to deliver in the Digital Transformation and Customer Experience Excellence Programme	Strategic and Commercial
6 IT or Network infrastructure failure	Business Resilience and Security
7 Spectrum Tenders (Auction, 5G Plan)	Legal and Regulatory

3.2 Main Risks and Mitigation Measures

1

More aggressive commercials**Description**

The market remains subject to highly aggressive, price-based marketing campaigns, mainly in the Convergent Low-End and Mobile segment, and this trend is catching on in the telecommunications sector.

Vodafone will keep on competing 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.
- ◆ Design, development and launch of new competitive offers, based on in-depth analysis of the market and of each segment's current and future requirements.

2

Cyberattacks and Information Security**Description**

An unexpected or mishandled cyberattack against our Network Infrastructure might result in our services being temporarily unavailable. Our customers trust and our reputation depend directly on our ability to protect their sensitive information from any unauthorized access or its distribution.

The General Data Protection Regulation (GDPR) and the Data Protection Act (DPA) provide 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. The regulatory authorities could intervene if we fail to meet the requirements of both regulations.

Mitigation Measures

- ◆ We liaise closely with a wide variety of stakeholders ⁽⁴⁾, including government organizations, corporate Groups and suppliers.
- ◆ Annual 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 Centre.
- ◆ We continuously make sure that our customers' data are processed correctly, with the proper level of confidentiality.
- ◆ We ensure that we comply with our obligations regarding file registration, data quality, duty to secrecy, duty to report and respecting our customers' rights.

3

"One Way" Transformation Programme**Description**

A failure to develop, implement and consolidate the One Way Programme ⁽⁴⁾ 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 customer management, as well as in the improvement of organizational efficiency. Any delay in this Programme would impact our achievement of the company's cost-saving and digitization goals. Customers are being migrated between Information Systems with high levels of quality and resilience guaranteed.

Mitigation Measures

- ◆ The "Agile" methodology has been implemented to optimize the duration of the development and implementation of this Transformation Programme, 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.
- ◆ Any changes in the Programme are analyzed and approved by an official internal process.
- ◆ Definition of the Strategic Migration Plan and follow-up through the Assurance Office.
- ◆ Analysis and ongoing analysis of interdependencies with the Digital Transformation Programme.

3.2 Main Risks and Mitigation Measures

4

Public Administration Fees**Description**

Public Administration charges are becoming an increasingly critical factor for our business activities, not only due to their direct economic impact, but also their impact on internal processes and customers, not to mention their reputational and competitive impact on the market. The greatest risk lies in the potential legislative changes of the tax regulation in the different levels and competences of Public Administrations, at EU, nationwide, regional and municipal level.

Mitigation Measures

- ◆ 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.
- ◆ Maximum collaboration during inspections.

5

Failure to deliver in the Digital Transformation and Customer Experience Excellence Programme**Description**

Any failure in the Programme would have a significant impact, as the digital transformation and Customer Experience are the two essential pillars of the company's differentiation strategy; and not having mechanisms or the capacity to deliver new Digital Experiences to our customers could imply leaving a competitive threat unattended.

Mitigation Measures

Apply management mechanisms through a specific internal programme to ensure compliance with the objectives of the Digital Transformation Plan, comprising: Programme Office, regular Steering and Decision-Making Committees, and implementation of a new "Agile" working method.

6

IT or Network infrastructure failure**Description**

As a telecom carrier, we depend on our networks' stability. 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 (BCP) and disaster recovery plans.
- ◆ Investment in maintenance and ongoing upgrading of our networks, following improvements detected after serious incidents.
- ◆ Availability of our own transmission media on all our network's critical paths to reduce any dependence on other companies.
- ◆ Investments to ensure adequate capacity and redundancy wherever justified for their impact in case of unavailability.

7

Spectrum Tenders (Auction, 5G Plan)**Description**

A failure to achieve favourable competitive and pricing rules in the Spectrum Auction planned for 2018 and/or not winning the desired spectrum at a reasonable price would have a substantial negative impact on Vodafone's innovative 5G evolution strategy and a high financial impact.

Mitigation Measures

- ◆ Liaison with the Vodafone Group's Technology and Institutional Relations departments.
- ◆ Design and execution of the spectrum tender process strategy.



4. Strategy

- ◆ 4.1 Vodafone Group Strategy
- ◆ 4.2 Vodafone in Spain's Strategic Goals
- ◆ 4.3 Sustainable Business

4.1 Vodafone Group Strategy

PURPOSE: To connect people to improve their lives today and build a better tomorrow.

STRATEGY AND GOALS: Spearhead converged communications, facilitating the "Gigabit Society".

We build a Competitive Edge through our Strategic Pillars...



Network Leadership



Excellency in Customer Experience.



Efficiency to grow



... and we reinvent our Business Model...



Digital Vodafone



... based on our Strategic Growth Engines.



Mobile Data



Fixed and Convergence



Corporate Customers

Applying a Responsible Approach...



- Sustainable Business
- Our Employees and Culture
- Risk Management
- Corporate Governance Model



... Creating Value for society and for our shareholders.



The future is exciting.
Ready?



4.2 Vodafone in Spain's Strategic Goals

In line with the Vodafone Group's strategy, Vodafone in Spain's vision for 2020 is underpinned by the achievement of the three following Strategic Goals:

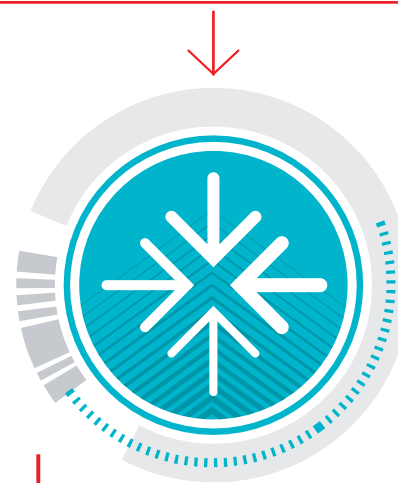
DIGITAL CONVERGED TELCO



TOTAL SATISFACTION

We want to ensure the satisfaction of the different Stakeholders that help us to grow:

- ◆ **Customers:** offering the best products and services, and an excellent customer experience.
- ◆ **Shareholders:** ensuring an adequate return on invested capital.
- ◆ **Employees:** offering a working environment capable of attracting, developing and retaining the best professionals.
- ◆ **Other stakeholders (suppliers, society, regulatory bodies, etc.):** managing their expectations to attain success with a socially responsible positioning.



TOTAL CONVERGENCE

We want to make sure our customers enjoy the experience of having all their communication needs covered with our products and services. We will focus heavily on ensuring that Customers who have subscribed to a Vodafone mobile service, also consider having their fixed (Internet, TV) services with us.




TOTAL AND PERSONAL DIGITAL

We want to become a Digital Company, both in how we work and in our relationships with our customers. To do so, we will provide appropriate digital media to let them interact with us however they want to, as well as offering them channel for personal contact.

4.2 Vodafone in Spain's Strategic Goals

◆ Important Issues for the Business

During this financial year, Vodafone identified the following Relevant Business Issues, which are grouped in line with the Strategic Goals mentioned above and which, due to their importance, have been addressed by the Executive Committee: 



TOTAL SATISFACTION

1 Progress in the One Way integration programme

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

2 Vodafone Enterprise Observatory

The Observatory was set up to find out what professionals and enterprises are really concerned about, and pass those concerns onto the best experts, who share their experience in a unique format.



TOTAL CONVERGENCE

3 Network Quality

- ◆ The Vodafone 4G network has reached 97.5% of the population and the 4G+ network is available in more than 1,100 municipalities.
- ◆ For the third year in a row, P3 Connect Mobile Benchmark Spain 2017 chose the Vodafone mobile network as the leading network in voice & data services and availability.
- ◆ Vodafone offers connectivity over high-speed fixed networks to 20.5 million building units.

4 First 5G call in the world

Vodafone Spain and Huawei completed the world's first 5G call, reaching download speeds that are eight times faster than standard 4G speeds.

5 The Internet of Things (IOT)

The launch of "V by Vodafone" lets Customers connect a wide range of smart devices to the Vodafone Group's global IoT network.

6 Launch of the 1Gbps fibre service

Vodafone has been the first operator on the Spanish market to start marketing fibre services with download speeds of 1Gbps.



TOTAL AND PERSONAL DIGITAL

7 New Global Brand Repositioning

Our new slogan, "The future is exciting. Ready?" intends to convey Vodafone's vision that new technologies and digital services will play a key role in transforming society and improving people's quality of life in the coming years.

4.3 Sustainable Business

◆ Stakeholder Engagement

Communicating effectively with our stakeholders to understand the issues that most interest them about our business is essential for meeting their expectations properly. That is why we have identified and prioritized the different Stakeholders (using an in-house methodology developed and evolved since 2004), as well as identifying and prioritizing their respective expectations regarding our activities. The table below sums up the relationship model with the principal stakeholders, while several specific examples of communication channels with some of these Stakeholders are set out below too.



Stakeholder (GRI 102-40)	Why does it matter to Vodafone? (GRI 102-42)	What issues interest them about our business? (GRI 102-44)		How do we communicate? (GRI 102-43)
Customers	Our Customers are the focus of our business, which is why we need to build trust relationships with them.	<ul style="list-style-type: none"> ◆ Customer Care /Complaints. ◆ Clarity of Prices and Rates. ◆ Privacy and data protection. ◆ Community Involvement. ◆ Employees. ◆ Youth employability. 	<ul style="list-style-type: none"> ◆ Environment and Climate Change. ◆ Responsible Network Deployment. ◆ Consumption of Materials and Wastes. ◆ Safe and Responsible Enjoyment of ICTs. ◆ Responsible Advertising. 	<ul style="list-style-type: none"> ◆ Half-yearly surveys. ◆ Ongoing tracking of queries, incidents and complaints through the different channels (telephone, in-person, online,...). ◆ Social Networks.
Employees	Our employees hold the key to the success of our business. Their involvement and skills allow us to achieve our strategic objectives.	<ul style="list-style-type: none"> ◆ Employees. ◆ Diversity and Equality. 	<ul style="list-style-type: none"> ◆ Youth Employability. ◆ Community Involvement. 	<ul style="list-style-type: none"> ◆ Annual survey ("People Survey"). ◆ Internal communication Channels.
Opinion-Makers (consumers' organizations, media, NGOs, trade associations...)	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.	<ul style="list-style-type: none"> ◆ Customer Care /Complaints. ◆ Privacy and data protection. ◆ Community Involvement. ◆ Youth employability. 	<ul style="list-style-type: none"> ◆ Responsible Advertising. ◆ ICT and sustainability. ◆ Safe and Responsible Enjoyment of ICTs. 	<ul style="list-style-type: none"> ◆ Annual surveys. ◆ Daily tracking of the Media. ◆ Specific meetings.
General Public /Local Community	Boosting local economies generates confidence in Vodafone. This results in the long-term viability of our business.	<ul style="list-style-type: none"> ◆ Customer Care /Complaints. ◆ Clarity of Prices and Rates. ◆ Privacy and data protection. ◆ Community Involvement. ◆ Employees. ◆ Youth employability. 	<ul style="list-style-type: none"> ◆ Environment and Climate Change. ◆ Responsible Network Deployment. ◆ Consumption of Materials and Wastes. ◆ Safe and Responsible Enjoyment of ICTs. ◆ Responsible Advertising. 	<ul style="list-style-type: none"> ◆ Half-yearly surveys. ◆ Social Networks.

4.3 Sustainable Business

Stakeholder Engagement

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

digitalES, industry association

On 3 May 2017, Vodafone and other companies the founded the Spanish Association for Digitization, which is also known as digitalES. The Association aims to make our country a point of reference in innovation and technology, boosting the global and real digital transformation of people, enterprises and Public Authorities alike.



Business and Parliament Training Programme

This programme, sponsored by the Círculo de Empresarios (Entrepreneurs Association), intends to give parliamentarians true insight into businesses and, reciprocally, gives participating businesses insight into how parliament works and how laws are drafted. Vodafone took part in this Programme again this year, and organized several sessions that shed light on the company's key fields of activity. This year, five Parliamentarians from three different political parties took part in the Vodafone Programme.



4.3 Sustainable Business

◆ Stakeholder Engagement

Internet Governance Forum

Vodafone took part as a speaker in the round table organized by the Internet Forum Governance entitled "5G: How will net neutrality affect new services?" during the Annual Workshops held on 28-29 November 2017, at the auditorium of the Secretariat of State for the Information Society and the Digital Agenda.

OCU participates in the FoCO

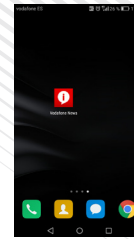
At the FoCO (a regular in-house event held on 16 November 2017, the Public Affairs and Media Relations Office of the OCU (Organization of Consumers and Users) gave a talk to the whole company about their organization's vision of Vodafone.

Internal Communication

At Vodafone, Internal Communication serves mainly to keep employees informed about the company's product range and strategy and any corporate issues that affect them professionally, and ensure they remain committed. The following main channels of communication were used during financial year 2017-18:

Online Communication Channels:

- ◆ **Vodafone News:** All employees can use this app, which is the company's official channel of communication, on their mobile or laptop. The channel is divided into different sections (Corporate, People, Residential, Global, External...) to which employee can subscribe if they want to receive all the news about that section. They can also use Vodafone News to suggest posts and share on their social media any external news proposed by Internal Communication.
- ◆ **Vodafone HUB (Intranet):** All our main handbooks, content, policies and services are kept on our Intranet, which serves as a repository where employees can find and comment on all the information they need everyday in Vodafone.
- ◆ **Vodafone Yammer:** Yammer is the Company's corporate social network, and it lets all the company's employees, including local and international management interact and talk to one another. Any employee can comment on and post information about the company and, very often, the Executive Committee itself reports and posts news, or answers employees' remarks, suggestions or questions.
- ◆ **Other channels** of online internal communication: Screens at all offices, mails, newsletters, text messages, videos, corporate videostreaming tool (Vodafone Tube), etc.



In-person Communication Channels:

- ◆ Each month Vodafone holds an in-person meeting (**FoCO**) at which the CEO explains progress in the Company's strategy and objectives to the organization's top 100 leaders, and the meeting is streamed for all employees.
- ◆ Each **department** also holds face-to-face that are broadcast online meetings at which members of Management explain Vodafone's strategy and objectives and answer any of employees' questions and concerns.
- ◆ At the start of the year, the CEO **visits all the company's offices** to explain the company's strategy and goals in person and to ascertain the climate within the organization.
- ◆ Vodafone arranges regular events and actions to boost employee motivation, such as Christmas celebrations, afterworks, and through the Vodafone Club, which has more than 2000 members (Open Days, Children's Parties for Children, sports or community events ...)
- ◆ In-house events and campaigns to **present new products and services**. On our Wake App Days, employees get a first look at new apps, or new devices (own or third-party phones) as well as new products and services (TV, HBO, series, etc.)
- ◆ Just like the CEO, the **Executive Committee** members periodically visit the headquarters of different regions to attend business follow-up meetings and share objectives, strategy and the essence of the brand with employees.
- ◆ The CEO and Head of Human Resources have **breakfast with teams and visit facilities**. At these monthly, informal breakfasts, a small team meets employees to discuss the work they do and how they contribute to achieving the company's objectives, as well as other significant issues that affect them.

Social Networks


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


Response time:
1:44h
(62% less than in May 2017)


Increase of
68% in digital presence
(Social media, forums, blogs.)
compared to previous year

500,000
interactions more than
the previous year

Nº 1
in fans among
Facebook corporate
profiles

 479,087 followers
in Facebook

 168,529 followers
in Twitter

 35,382 followers
in YouTube

Landlords' Call Centre

The owners of sites that house our network infrastructure can contact Vodafone by calling their hotline if they want to ask us a question or report an incident: **607 100 101**.

Average number of calls a month
received during financial year 2017-18 | **2,580**

4.3 Sustainable Business

◆ Strategic Sustainable Business Framework

During financial year 2015-16 we defined our Strategic Sustainable Business Framework for 2015-20, which is aligned with the Company's Business Strategy.

Our Strategic 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, in order to demonstrate responsible conduct in this regard.
- ◆ 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. Vodafone has set itself three Long-Term Transformational Objectives (2025) that extend beyond the Strategic Sustainable Business Framework timeframe.

This Strategic Framework is chiefly geared towards the Total Satisfaction Strategic Objective (devised to meet the expectations and needs of our priority stakeholders).



Vision

Contribute, through our technology, Digital Products and Services, to Economic Growth, to Equal Opportunities, and to Boosting People's and Organizations' Capacities.

Transformational Objectives (2025)



Transparency



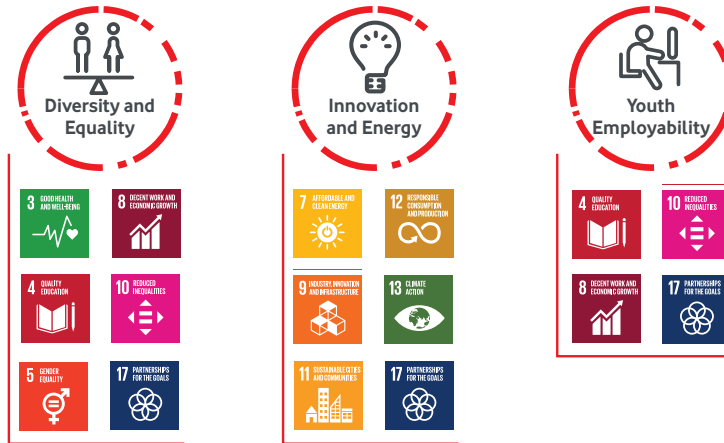
PRINCIPLES: CODES OF ETHICS AND REGULATORY COMPLIANCE

4.3 Sustainable Business

Strategic Sustainable Business Framework

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

Transformational Objectives and their impact on the SDG



Transparency Initiatives and their impact on the SDG



PRINCIPLES: CODES OF ETHICS AND REGULATORY COMPLIANCE

Vodafone began defining its Strategic Sustainable Business Framework at the same time as the UN approved its Sustainable Development Goals (SDG), a set of 17 goals and 169 targets that constitute the 2030 Agenda for Sustainable Development. Governments, enterprises, third-sector institutions and society in general are all required to become involved in order to successfully address the crucial social and environmental challenges that the world faces right now.

The diagram below displays the relationship between the different Strategic Sustainable Business Framework initiatives and the SDGs to which they contribute.

Dissemination of the Sustainable Development Goals

Vodafone is contributing to publicize the SDGs, both externally and internally:

- Participating actively in different events held to mark the anniversaries of the signing of the UN Accord and numerous courses, workshops and congresses organized by different organizations to publicize its content and implications.
- Vodafone backs the Companies4SDG campaign, and we involve our employees by asking them to attend training and awareness-raising modules and play an active role in achieving the SDGs, proposing that they adopt sustainable habits in their work and personal life.

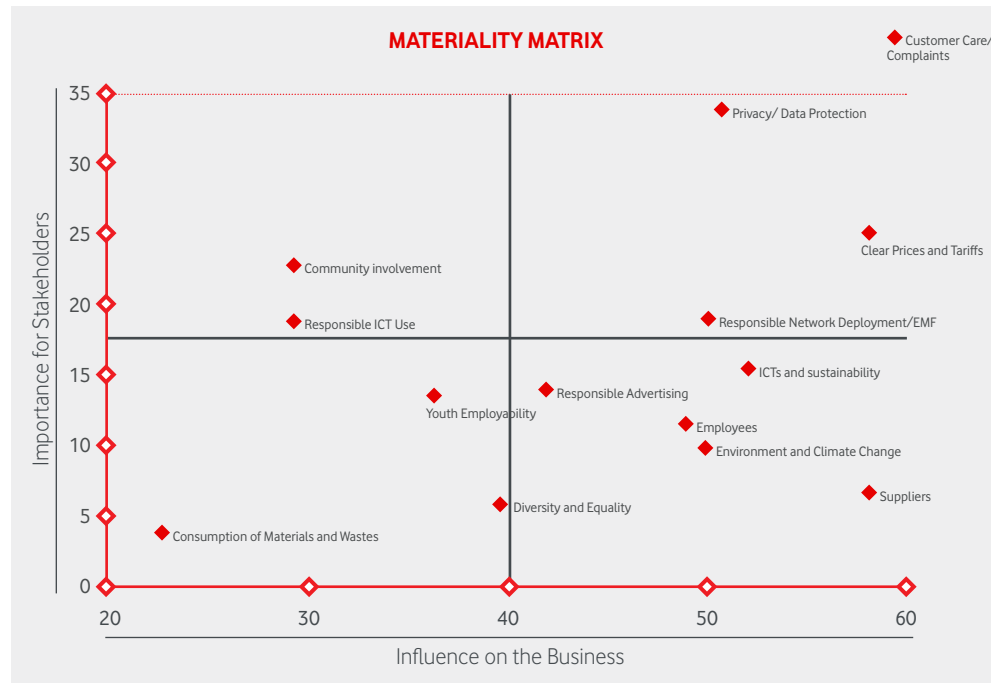


4.3 Sustainable Business

Materiality Analysis

Our ongoing dialogue and relationship with the different stakeholders identified above 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 Materiality Matrix establishes the **Priority of the Materials Issues** that are addressed throughout this Report:

Issues	Report Reference
1. Customer Care /Complaints	Customers Pgs. 58 to 60
2. Privacy and Data Protection	Digitization with Customers. Pg. 111
3. Clear Prices and Tariffs	Customers Pgs. 61 and 62
4. Responsible Network Deployment/EMF	Total Convergence. Pg. 101
5. ICTs and sustainability	Total Convergence. Pgs. 102 to 106
6. Community involvement	Society. Pgs. 79 to 84
7. Responsible Advertising	Customers Pg. 60
8. Environment and Climate Change	Environment. Pgs. 92 to 97
9. Responsible use of ICT	Digitization with Customers. Pgs. 112 and 113
10. Employees	Employees. Pgs. 67 to 76
11. Youth Employability	Society. Pgs. 88 and 89
12. Suppliers	Suppliers. Pgs. 90 and 91
13. Diversity and Equality	Employees. Pgs. 72 to 74
14. Consumption of Materials and Wastes	Environment. Pgs. 96 and 97

4.3 Sustainable Business

◆ Ethics

Code of Conduct and Business Principles

Vodafone has a **Code of Conduct** that lay down the 10 **Business Principles** that establish the basis for carrying out our activities wherever the Company operates and to which all Vodafone employees must adhere.



Other Codes of Ethics

In addition to the commitment to comply with the Business Principles of its Code of Conduct, Vodafone Spain has voluntarily adhered to different Ethical Codes, like the ones mentioned below:

1. Code of Good Fiscal Practices

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

2. Code of Ethics in Telesales Transactions

Vodafone Spain and other electronic communications operators have signed the Code of Conduct for Telesales Transactions, which details a series of measures which must be carried out by the signatory operators with the aim of preventing the negative effects caused by the way in which telesales practices are carried out.

3. Code of Good Mobile Portability Cancellation Practices

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

4. Mobile Alliance against Child Sex Abuse Content

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

5. Code of Good Network Deployment Practices (FEMP)

Vodafone Spain has signed a Code of Good Practices with the Spanish Federation of Municipalities and Provinces (FEMP), whereby it undertakes to deploy its network seeking maximum integration in the surroundings at all times, acting transparently to provide the maximum information to citizens and public administrations, and sharing its stations with other mobile telephony operators whenever possible.

4.3 Sustainable Business

◆ Ethics

Speak Up

In line with our Corporate Culture Values **(5.1)**, one of our goals is to be a Company that conveys trust, which is why, to supplement the aforementioned Code of Conduct, we must ensure that it has channels for reporting any unethical or irresponsible actions.

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

"Speak up" allows employees to take action if they notice at any inappropriate behaviour or situation at work, and they can report any potential malpractice through a clear and simple process. This system gives the company the chance to investigate and take action about any kind of situation that is reported this way, including cases of harassment or intimidation, possible conflicts of interest, employee or customer health and safety risks, potential human rights violations, or major environmental issues.

"Speak up" is also available to our suppliers.

During financial year 2017-18, 5 harassment complaints were filed. After the pertinent investigations, in only one case was a case of harassment found to exist, and appropriate measures were taken to solve the situation.



Anti-Corruption Programme

Vodafone has a zero tolerance approach to bribery, which applies not only to its employees but to all its contractors, suppliers and partners. Our policy not only serves to avoid any breach of Anti-Corruption laws but any behaviour that is not acceptable or liable to damage the Company's reputation.

Apart the general principle of zero tolerance of bribery, the Anti-Corruption Policy contains a set of clear guidelines and rules of conduct, aimed at avoiding active or passive corrupt practices. For instance, it includes rules on accepting gifts and hospitality, delivery of test terminals and devices, relations with the Media and Public Administration, actions through the Foundation, Sponsorships, etc.

Vodafone's Anti-Corruption Policy also outlines the cornerstones of its anti-corruption programme, the main ones of which are:

- ◆ The Top Level Commitment to ensure respect for national and international standards for fighting corruption and ensure that the Company's activities are always transparent and professional.
- ◆ The appointment of a Local Policy Champion, who spearheads the Anti-Bribery Programme's implementation

in the Spanish local market, in daily contact with the Group's Anti-Corruption team to ensure that requirements are implemented in the same way in all the markets where Vodafone operates.

- ◆ Supplier due diligences, documented and based on analysing the suitability and elements of risk of each supplier that Vodafone hires.
- ◆ Awareness-raising campaigns and regular communication with Vodafone employees, who are regularly sent a clear message about the Company's ethical culture, zero tolerance to bribery, as well as the obligation to comply with the Anti-Corruption requirements.
- ◆ Keeping of a Gift and Hospitality Register, not only for control purposes but also as a transparency measure. Vodafone's Anti-Corruption Policy lays down the financial ceiling for corporate gifts and hospitalities, as well as the required approval processes.
- ◆ Training Plans, which include both general, compulsory online compliance training every two years for all employees as part of the Doing What's Right programme, and face-to-face anti-corruption training, tailored to the different groups within Vodafone Spain and to the risks associated to each one of them. An online training

scheme was launched in the 2017-18 financial year, and was completed by 93% of staff, and more than 300 employees have attended face-to-face training courses.

93% of employees completed the Anti-Corruption online training during financial year 2017-18

- ◆ Specific Risk Analysis processes, such as the Anti-bribery Risk Assessment, to identify and implement appropriate controls based on each business area's risks and review of the Anti-Corruption policy, as part of the Policy Compliance Review (PCR), every two years.
- ◆ Reporting of corruption-related incidents through the "Speak Up" whistleblower channel. No corruption or bribery incidents were reported during financial year 2017-18.

The Company's Anti-Corruption Programme ensures that all Vodafone employees have a better understanding of our Anti-Corruption Policy, and has reduced the Company's risks in this regard.

4.3 Sustainable Business


◆ Ethics

Anti-Fraud and Corruption Actions

All the Company's areas are analyzed and monitored around the clock to detect any Risk of Fraud and Corruption, and every month the Vodafone Group is informed of any Fraud and Corruption incidents that have occurred in the period.

No corruption incidents were recorded in Vodafone Spain during 2017-18.

Code of Ethical Purchasing

All Vodafone Spain's suppliers have adhered to our Code of Ethical Purchasing,  which covers the following aspects:

1. **Avoid Child Labour:** no person is employed who is below the minimum age for employment.
2. **Avoid Forced Labour:** forced, bonded or compulsory labour is not used and employees are free to leave their employment after reasonable notice
3. **Working Hours:** Employees' working hours will not exceed the maximum number laid down by local legislation.
4. **Pay:** employees receive a fair and reasonable salary.
5. **Avoid Disciplinary Practices:** employees are treated with respect and dignity.
6. **Non-discrimination:** the Company will not support or apply discrimination of any kind in hiring, employment terms and remuneration.
7. **Freedom of Association:** employees' rights to join trade unions or similar representative bodies will be respected.
8. **Individual Conduct:** no form of bribery will be tolerated.
9. **Fraud and Money Laundering:** the company will comply with international regulations and legislation
10. **Responsible Sourcing of Minerals:** the Company must have clear procedures and policies to avoid the purchase of conflict minerals.
11. **Health and Safety:** we will provide a healthy and safe working environment for their employees, contractors, partners or others who may be affected by our activities;
12. **Environment:** we will comply with legislation and international standards and ensure that environmental impacts are managed appropriately.
13. **Climate Change:** greenhouse gas emissions and the energy consumption of their operations must be identified, measured and minimized.

Vodafone Spain's suppliers have a specific channel for reporting any breaches of these aspects (see previous page).

Conflict Minerals Policy

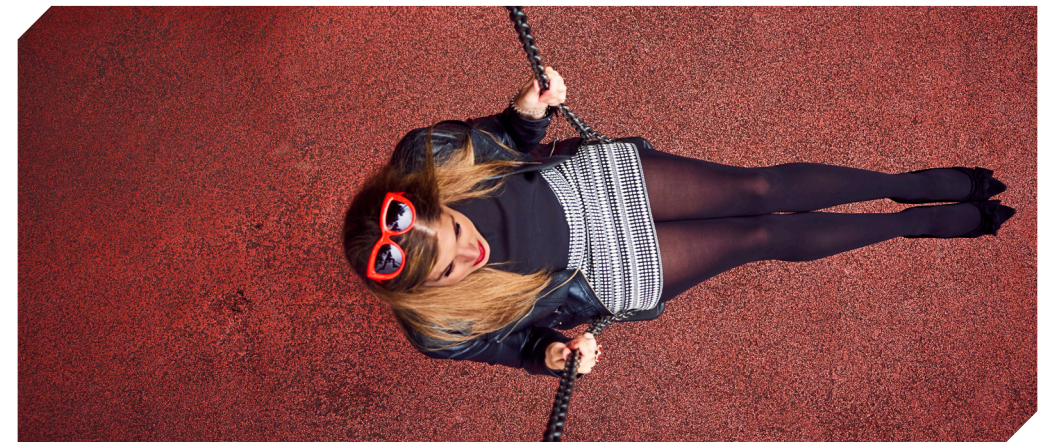
On 3 April 2017, the European Commission passed the European Regulations on Conflict Minerals, which affect some of the minerals frequently used to manufacture some of the devices which are used or sold by Vodafone. The minerals regulated by the EU are gold, tungsten, tin and tantalum.

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.

Though Vodafone does not manufacture products and neither do we import minerals, we are aware of such risks, which is why we have a **Conflict Minerals Policy** 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 RMI ("Responsible Minerals 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 OE CD recommendations and with American regulations (Dodd-Frank Act), through the annual report which we submit to the Securities and Exchange Commission (SEC, the US regulator).



4.3 Sustainable Business

Ethics

Vodafone and Human Rights

Human Rights stand to benefit enormously from ICTs, which are allowing people to share information and broaden their freedom of expression. Yet ICTs can also be misused by people or groups who either want to benefit at the expense of other users, or else harm them directly.

At Vodafone we embrace our responsibility to comply with Human Rights, as they are defined in the International Charter for Human Rights, and one of the cornerstones of our Code of Conduct is compliance with the fundamental rights set out in the Declaration of the International Labour Organisation. We are also committed to complying with the United Nations Guiding Principles on Business and Human Rights in all our business operations.

The Human Rights that Vodafone deems most important, and respective focus on the matter, are summarized below:

Employment Rights

We are pledged to respecting the rights and freedoms of our employees and the people who work in our value chain.

- ◆ Vodafone's employment policies are set out in the **Code of Conduct** and are in line with the Universal Declaration of Human Rights of the United Nations and the Fundamental Agreements of the International Labour Organisation.
- ◆ We acknowledge employees' rights to be members of trade unions.
- ◆ We have devised and implemented policies to extend our commitment throughout the supply chain. Our **Code of Ethical Purchasing** outlines the standards that our suppliers must meet in terms of health and safety, employment rights, ethics and environmental protection, including prohibiting child labour and requiring that suppliers avoid using any form of forced labour or slavery (see page 52).
- ◆ Our **"Conflict Minerals"** Policy is intended to ensure that the minerals entering our product supply chain have not contributed to the conflict in the Democratic Republic of the Congo and surrounding areas.

Civil and Political Rights

In our business, the most important Civil and Political Rights are Privacy and Freedom of Expression, and respect for our customers' privacy is a priority for Vodafone. To that end:

- ◆ We acknowledge and respect our customers' Right to Privacy, as outlined in our Code of Conduct.
- ◆ Vodafone has Privacy Compliance Officer in each and every country where it operates.

Children's Rights

Many of our customers are families with young children. Society is growing more and more concerned about the sexualization of young people through digital media and about minors seeing inappropriate content. In this respect:

- ◆ Vodafone has signed up to the ICT Coalition for Children Online, which sets out a common code of conduct for the development of products and services that promote child safety online.
- ◆ Vodafone is a founding member of the "Mobile Alliance Against Sexual Abuse Content", which aims to obstruct the use of mobile networks and services by people wishing to consume or profit from illegal child sexual abuse content.
- ◆ Vodafone also strives to encourage Children's Safe and Responsible Enjoyment of ICT by:
 - Providing tools that let minors surf the net within a secure environment (such as Secure Net).
 - Promoting Responsible Enjoyment education and awareness-raising, through the Be Strong Online and Cyber mentors schemes.

Economic, Social and Cultural Rights

The Economic, Social and Cultural Rights that matter most in our business have to do with the social and economic consequences of bribery and corruption, and the impact on civil society of any undue political influence.

- ◆ In this regard, the Vodafone Code of Conduct has a zero bribery and corruption tolerance policy.



An aerial photograph of four people floating on inner tubes down a river. The water is clear and blue, and the riverbed is visible. A large, thick red number '5' is overlaid on the image, partially obscuring the people. The background is a dark, textured surface, possibly a riverbed or a wall, with a red vertical bar on the right side. In the bottom left corner, there are several parallel red lines.

5. Performance

- ◆ 5.1 Total Satisfaction
- ◆ 5.2 Total Convergence
- ◆ 5.3 Total and Personal Digital



TOTAL
SATISFACTION



5.1 Total Satisfaction

◆ Financial Results

Consolidated Information

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

Key Figures	As of 31 March	As of 31 March
	2018	2017
Total Revenue (€ million)	4,978	4,973
Service Revenues (€ million)	4,587	4,507
EBITDA (€ million)	1,420	1,360
EBITDA Margin (%)	28.5%	27.3%
Investments (€ million)	863	746
Mobile customers (000s)	14,134	14,412
Mobile contract customers (000s)	11,544	11,525
4G mobile customers	8,874	7,559
Fixed Broadband Customers (000s)	3,340	3,231
Fibre Customers (NGA) (000s)	2,731	2,312
Vodafone One Customers (000s)	2,514	2,360
TV Customers (000s)	1,360	1,309
Carrier Service revenues (€ million)	16	47
Carrier Services Margin (€ million)	2	7

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

Customer Base

1. Converged Customer Base

Vodafone One, our converged mobile, fixed and TV bundle, topped the 2.5 million customer mark on 2.5 March 2018, 154,000 more than twelve months earlier. Its converged strategy's gains have been underpinned by the major advances made during the last financial year in the fixed and mobile networks, as mirrored by the customer base growth.

2. Mobile Customer Base

- ◆ Vodafone Spain ended 2017-18 with a **Mobile Customer** base of 14.1 million, of whom 11.5 million are contract customers.
- ◆ The number of Vodafone customers who have a **4G** device and tariff grew by more than 1.3 million throughout the tax year to 8.9 million. The launch of Vodafone Pass, which gives customers unlimited traffic in video, maps, music, social networking and messaging apps, further boosted the strong growth in data traffic, which increased 59.4% in the last quarter.
- ◆ While this demand has kept on rising, Vodafone has kept on working to reinforce its mobile network and ensure it stays at the top of its league again this year, according to independent research. For the third year running, Vodafone has the Spanish market's best voice and data network, according to the consultancy firm P3 Communications and the telecommunications magazine Connect. By 31 March 2018, the **4G+** network already offered speeds of up to 350 Mbps in 1,100 municipalities throughout Spain.

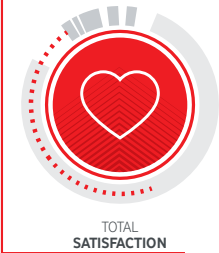
3. Fixed Customer Base

In **Fixed Broadband**, the customer base swelled this year by 109,000 to top the 3.3 million mark. On 31 March, Vodafone had 2.7 million **Fibre** customers, 18% more than the previous year. This large gain was prompted by the countrywide expansion of Vodafone's fibre footprint, which now totals 20.5 million real estate units, of which 10.3 million correspond to own or shared rollouts. Meanwhile Vodafone has carried on deploying Docsis 3.1 technology in its fibre footprint, allowing speeds of up to 1Gbps in more than 77% of the real estate units.

4. Vodafone TV Customer Base

The number of **Vodafone TV** customers grew by 51,000 in the last year to 1.36 million for two reasons: the constant efforts to offer the best content on the best platform, and the expansion of the number of households that now enjoy its service. Just two examples of Vodafone TV's efforts this year were the inclusion of plenty of new content and 4K channels, and the alliance with Filmin to introduce its catalogue of 10,000-plus specialized content items in its platform and range of services.

Filmin is the perfect complement to Vodafone TV's content offer, as it already has on-demand cinema with Videoclub (cinema that launches 40 new films monthly and videoclub with 550 simultaneous films), linear cinema channels (Hollywood, TCM, Sundance TV, Somos, etc.) and already integrated content platforms like Netflix and HBO España. In total, over 40,000 films simultaneously available on one single platform makes Vodafone TV the biggest cinema and series offer on the Spanish market.



5.1 Total Satisfaction



Financial Results

Total and Services Revenue

Vodafone ended 2017-18 with €4,978 million of Total Revenue and €4,587 million of Service Revenue. In comparable terms and eliminating the mobile termination rate effect, these represent rises of 0.6% and 2.3% on the previous year, respectively. The main reasons for this change were:

- ◆ The increase in the landline and converged customer base.
- ◆ The launch of the new tariff plans at the start of the year, although heavy promotional campaigns in the third quarter slowed down this growth.

Costs

Vodafone has applied strict cost containment measures this year, sticking to the efficiency plan it started in previous financial years.

- ◆ **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.
- ◆ **Operational costs** have also dropped 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 were higher than the previous financial year, mainly on account of the increase in the wholesale access fibre customer base.
- ◆ Vodafone Spain's **Direct Costs**, which rose significantly compared to the previous period, mainly due to the higher football and motor racing (Moto GP and Formula 1[®]) broadcasting rights.

EBITDA

EBITDA grew 5% in comparable terms in the last financial year and the adjusted **EBITDA profit margin** increased 1.2 p.p. to 28.5%. This improvement was driven by the rise in service revenue and drop in commercial and operating costs, two effects that offset the higher wholesale fibre network access costs, and higher content and roaming costs.

Pioneers launches on the Vodafone network

In June 2017, Vodafone Spain commercially launched **4.5G**, combining advanced 4G features and bringing forward the availability of Massive MIMO ("Multiple In Multiple Out") technology, one of the driving forces behind 5G. With 4.5G, both download speeds and the network's capacity increase to 800 Mbps. This technology boosts the capacity of 4G cells fivefold.

In the last quarter of the year, Vodafone made the **world's first 5G** call in Spain, using the Non-Standalone commercial standard specifications in the 3.7 GHz spectrum band. These specifications will be the basis for the future commercial rollout of 5G technology. The downstream speeds reached during the call were eight times faster than standard 4G speeds.

Vodafone also organized the **first virtual reality content broadcast** using Multi-access Edge Computing (MEC) network technology, which cuts commercial network latency by more than 90% and so get it ready for 5G.

Digital Transformation in Customer Relationships

The Company's digital transformation, a top priority within its strategy (4), has been rewarded this tax year with major advances, especially in the customer relationship field.

During the last quarter of 2017-18, the **My Vodafone** App topped the 3.2 million customer mark (53). Vodafone aims to make its self-care channel the first choice for all of its customers, making the My Vodafone App their first point of contact with us. That is why the lion's share of the former My Ono Fibre App users have been given access to the My Vodafone App, which now has new features and is far more user-friendly.

In another move, Vodafone recently launched its **Express Collection** service, which lets Customers pick up their online handset or SIM order from Vodafone stores within 2 hours of placing it.

Further inroads were made throughout the year in leveraging **Big Data** to tailor commercial and service proposals more closely to Customers' needs, and in the last quarter Vodafone Spain announced "**Vodafone Analytics**", a Big Data solution based on geolocated data specially designed for businesses and public administrations.

In the same regard, Vodafone's Customer Operations team now uses with the **TOBi Chatbot**, bringing Artificial Intelligence into our relationship with customers. TOBi interacts with them naturally, learns and steadily enriches its "ability to reason"; and it can also analyze all kinds of data and offers bespoke responses, adapting them to each customer's emotional state and the historical relationship with them.

5.1 Total Satisfaction

Customers



Achievement of the Integrated Report 2016-17 Objectives

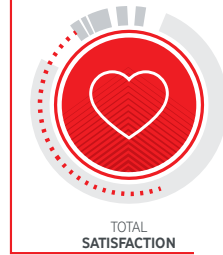
- ◆ Offer the best fixed and mobile connectivity. **Ongoing**
- ◆ Maintain a differentiated customer experience. **March 2018**
- ◆ Review of the current Premium SMS services to ensure that all of them meet Vodafone's requirements. **March 2018**

Degree of compliance

Underway ↻

100% ✓

100% ✓



Vodafone Spain maintains its leadership in customer satisfaction, which is built on the differentiation of its network, its innovative character and personalized customer care models.

Customer Care

Vodafone customers can contact the company in many different ways: Telephone support, Online care / Self-care, and Face-to-face in our stores.



1. Telephone Support



2. Online care / Self-care

In parallel with the growing importance of digital channels, Vodafone's Telephone Support continues to evolve with continuous improvement initiatives to provide our customers with fast and agile care adapted to their needs. As a result of said initiatives, in the last financial year the TNPS in telephone support increased by 20% and now stands at 34 points.

The improvement plans applied during the year included:

- ◆ Progress in the integration of processes and systems for Vodafone Spain's and Vodafone Ono's residential customers, which during the upcoming financial year will be fully integrated.
- ◆ Increase in the capacity of first level support platforms by means of verticalization, in order to resolve customer queries in the first instance and avoid transfers to other levels.

- ◆ First implementations of predictive analysis models for calls, which enable us to predict whether or not a customer will call us, and offer special treatment when they do.
- ◆ More efficient models for call management and assignment, like Smart Routing or Bots based on Artificial Intelligence (TOBi).
- ◆ Implementation of agile project methodologies to improve delivery times for new functionalities requested by customers of Telephone and Digital Channels.

20% increase
in the Customer Care TNPS¹
during 2017-18

11% drop
in the FOC² during 2017-18

Customers want to be able to manage their lines and services by themselves: that is why Vodafone has set itself the "Total and Personal Digital" strategic objective, working continuously to enable customers to have the highest degree of self-management, free of charge at anytime and anywhere. **5.3**

¹ Customer's level of satisfaction with its interactions with Vodafone.

² FOC (Frequency of Contacts): Number of calls per customer.

5.1 Total Satisfaction



Customers

Customer Care



3. Face-to-face in our stores

Our stores offer Customer Care and an Aftersales service:

Customer Care

One highlight of 2017-18 is that our stores can now also offer customer services to microenterprise customers, as well as new services to residential customers, providing a first-visit solution.

Customers attended in Stores:
approximately
185,000
(up 3% on the previous year)

Approximate average wait
time **10** minutes

% resolution on
first visit: **97%**

After-Sales service

Our customers can now get their smartphones repaired.

90%
on-site resolution of all
customers attended

99.6%
of repairs not sent back
for subsequent repairs

91%
acceptance of the
swap service (*)

(*) Giving customers a new phone.

One of our top priorities in 2017-18 was to keep on providing the best **Customer Experience** through all our channels, placing special emphasis on Online Customer Service. The main Customer Service initiatives included:

"Perfect Start"

In an increasingly converged environment, selling and installing landline services at a customer's home is one of the most important moments. We want customers to enjoy a "perfect" experience during this stage, which is why we came up with the "Perfect Start" initiative.

We want to accompany our customers and ensure their satisfaction at key times during their incorporation process with Vodafone, such as:

- ◆ Ensure that they receive the exactly services that they have signed up for.
- ◆ Enjoy a different installation experience, with permanent information from technical staff and with the aim of installing on the first attempt.
- ◆ Carry out the necessary checks and give advice on the suitable use of services (e.g. WiFi).
- ◆ Make things clear from the very first bill, with clear and understandable concepts.

Customized Service

During this year new support models were implemented for determined customer groups, focusing on personalized care. Some examples are:


- ◆ **Tailor-made model for SMEs.**
Customers in the SME segment now have the same team of assigned staff, who will always manage their queries and incidents. This model increases the efficiency of resolutions and notably increases our customer satisfaction.
- ◆ **E2E End to End** case management model for residential customers. This model provides the option to have the same technician assigned to each case, from its opening to its resolution, with proactive monitoring via email and SMS.

5.1 Total Satisfaction



Customers

Complaints

During the financial year 2017-18 official claims increased by 13.6%, mainly motivated by the inclusion of new products in the Vodafone Ono customer portfolio, as well as the customer integration process (One Way project). 

In this regard, Vodafone is paying special attention to claim management, and continues to work on root cause analysis, modifying processes, procedures and identifying and solving incidents.

Official consumer organizations

Direct contact is maintained with Arbitration Boards, Municipal Consumer Information Offices (OMIC), Consumer Associations, as well as the Ministry:

- ◆ Continuous monitoring of our response to these bodies (94% resolution).
- ◆ Resolving common incidents.
- ◆ Proposing measures for improvement using the feedback received through our permanent contact with these agencies.
- ◆ Attending focus groups with the different telecommunications operators.
- ◆ Adapting to the Public Administration's Common Administrative Procedure Act 39/2015 (digitization).

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. It continues to be a differential service which is greatly valued by these bodies.

22,200

queries/mediation requests received in 2017-18

Mobile Telephony Complaints (*):

1.01%

Complaints/Customer Base

Fixed Telephony Complaints (*):

95% of Complaints resolved in an average **6.88** days

(* According to figures for the last quarter of financial year 2017-18 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.

In October 2017, Vodafone announced its worldwide new brand, slogan and visual identity repositioning strategy. The new tagline **"The future is exciting. Ready?"** is an invitation to enjoy technology, whatever the pace at which everyone wants to adopt it and use it. Vodafone is offering to always be there to accompany customers on their "digital trip".

Furthermore, in June 2017 Vodafone Group announced **new global rules** to cease **advertising on media** that promotes and shares contents instilling hate and promoting false news.

These new guidelines are added to those already present concerning Vodafone's relationship with the media on which they are advertised, and which prohibit the conditioning of editorial opinion or the appearance of news about the company according to a budget allocated to a specific media.

Thanks to the content control implemented by the global advertising agencies network of Vodafone, Google and Facebook, Vodafone has designed a **white list** of media where it can advertise, in contrast with the traditional concept of a black list. These controls ensure that Vodafone advertises only shown on **media identified as "not containing damaging content"**.

Vodafone continues to be one of the companies with the highest advertising presence. In this context, during financial year 2017-18, Vodafone only received the following adverse advertising-related rulings:

- ◆ 1 fine for proceedings brought by the Andalusian autonomous government for misleading advertisements (€3,000).
- ◆ 1 fine for proceedings brought by the Valencian Regional Government for misleading advertisements (€15,000).
- ◆ 1 inquiry opened by the Self-Regulation Association, with no associated fine.

In this respect, Vodafone Spain was not fined for any monopolistic or anti-trust practices during the 2017-18 financial year.

In line with its commitment to protect the environment, in October 2017 Vodafone hung up two **advertising canvases that do away with pollution** and fight the greenhouse effect.

The canvases, located in Madrid and Bilbao, are coated with a titanium dioxide solution capable of absorbing polluting gases within a radius of 40-60 metres. The effect, known as photocatalysis and similar to plant photosynthesis, reduces the greenhouse effect and removes harmful compounds from the air.



5.1 Total Satisfaction



Customers

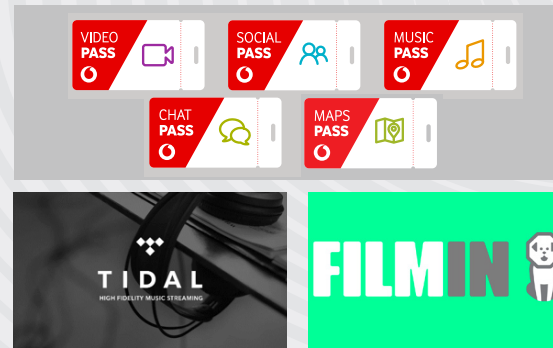
Clear Prices and Tariffs

Contract Tariffs

During the financial year 2017-18 numerous new features arose both in contract **mobile phone tariffs** and converged packs such as **Vodafone One**. These include innovative benefits for us to continue adapting ourselves and responding to our customer expectations and needs, such as **Vodafone Pass**, through which customers can have unlimited data use in their most-used Apps, as well as the inclusion of additional services like **Tidal**, through the exclusive agreements with third parties and **Filmin** in television.

The highlights in this respect were:

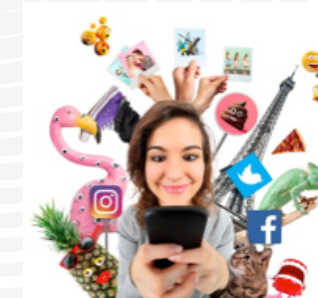
- ◆ At the start of the year, **Chat Pass** was launched, which enables chat and messaging applications to be used without consuming data of the mobile tariff, as well as including free SMS and MMS.
- ◆ In May 2017, Vodafone was the **first operator** to incorporate **4K in its television service**, improving content viewing.
- ◆ In the summer of 2017, the entire converged offer was aligned with the inclusion of access to **Vodafone TV via indirect fibre**, in such a way that any customer, regardless of its technology or type of home internet access, can obtain the same Fibre, Mobile, Landline and TV offer.
- ◆ In the summer of 2017, **Vodafone Pass** was also launched, an innovative and unique service on the market, with **Social Pass and Music Pass**. This service allows customers to enjoy unlimited data use on their mobile phone through Apps from each category.



- ◆ After the summer of 2017, Vodafone was the **first operator to include a speed of 1 Gbps** on the national market.
- ◆ In October 2017 Vodafone added **Video Pass and Maps Pass** to the portfolio, and this includes streaming and HD video categories, as well as GPS services.
- ◆ In November 2017, Vodafone One incorporated **Vodafone One Family** into its portfolio, aimed at families who want everything included in one pack with a closed price. Vodafone One Family includes fibre, 2 same mobile lines with a new feature where they can share data between each other, landline and Vodafone TV.
- ◆ Likewise, our customer satisfaction and experience has been an important cornerstone throughout the entire year, in promoting measures like **Plan B**, an alternative for customers with incidents on their landline broadband connection; and different actions on important days like Valentines Day and Fathers Day.

Prepay Tariffs

Vodafone yu is Vodafone's proposal for the young segment.



To meet the connection needs of young people, during the financial year 2017-18, Vodafone Yu improved its prepay tariffs including a **Social and Chat Yuser** tariffs, while maintaining the price of the tariffs. These customers can use social network Apps as much as they like, as well as messaging, without consuming the data of their tariff.

Additionally, **Yuser** tariff customers have seen the gigabytes of their tariff increase from 1.2 Gb to 1.5 Gb and that they can add any **Vodafone Pass** to their tariff: Chat, Social, Video, Music and Maps. The offer for a second line was also strengthened, including Chat Pass and a special price for portability.

During the financial year 2017-18, Vodafone Yu launched **Yu Generation** with the aim of helping young people be better prepared for the future; the different ideas included in Yu Generation are:

- ◆ **Future Job Finders:** a tool to help young people find work and improve their digital skills. (5.1)
- ◆ **Vodafone yu New Talent:** the Vodafone grants programme. (5.1)
- ◆ **Yuser Partner:** a contest where the winner receives a grant on the radio programme "Yu no te pierdas nada" (Yu don't miss a thing).
- ◆ **Vodafone Yu Music Talent:** the number 1 music band contest at national level.
- ◆ **Yu en la Ola:** the first urban style contest (Rap, Trap, Hip Hop, Reggaeton in all of its variations).

5.1 Total Satisfaction



Customers

Other Prepay Tariffs

- ◆ **International Smartphone:** aimed at Customers who need to be in contact with other countries and make international calls.
- ◆ **Vodafone in Spain:** for tourists visiting Spain.
- **Vodafone Fácil (Vodafone Easy):** this kind of rate is intended especially for older people who want a simple rate and phone. This simple rate, with a price per minute, has no added fees or commitments, and customers can top up whenever they want to, so they only pay for what they use.
- **Vodafone Fácil (Vodafone Easy) "Smartphone":** Designed for senior citizens who are venturing into the Internet world, which is why Vodafone offers the "Vodafone Easy" Smartphone that lets them combine data for surfing calls and a price per minute in the same rate.

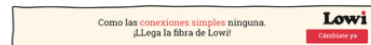
Lowi

Lowi is intended for customers who live alone or as a couple, working in large cities, using technology on a daily basis and where digitization forms part of their lives.

Their buying processes tend to be online, they are aware of trends and take advantage of buying opportunities, always making smart choices.

In the financial year 2017-18, the following new features in the area of the Lowi proposal are worth a mention:

- ◆ May 2017: launch of **fibre** with a converged offering.
- ◆ June 2017: **X2 Gigas summer campaign** for mobile and converged devices.
- ◆ August 2017: launch of **"Fibre Stand alone"**.
- ◆ February 2018: improved data and prices.



SMS Premium

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 our customers' mobile phones and charge for that service.

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

In the financial year 2017-18, SMS Premium services were reviewed to ensure compliance with Vodafone guidelines and therefore, the service presented to our customers is a service that complies with expected quality, transparency and reliability requirements. Also, as a result of said review, some Premium numbering on our platform was closed.

In June 2017 this service was also opened to customers coming from Ono.

Charity Subscriptions

Ever since the Charity Subscriptions service was launched in May 2016 as a result of the Resolution issued of 19 November 2015 by the Secretary of State for Telecommunications and for the Information Society, UNICEF is the only NGO that has launched a subscription service.

5.1 Total Satisfaction



Customers

Quality Management System

Vodafone Spain has a Quality Management System in line with the ISO 9001:2015 international standard for Vodafone España S.A.U., Vodafone Ono S.A.U. and Vodafone Servicios S.L.U., which covers its mobile and fixed voice digital telecommunications, data and TV services, for Residential and Corporate Customers, for the following activities:

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

An authorized external agency certifies the proper implementation of their Quality Management System by conducting an annual audit to check that the processes work properly, by implementing continuous measures and continuous improvements designed to satisfy customer needs and expectations.

Vodafone also complies with the requirements laid down by the Ministerial Quality Order governing Quality of Service and Billing Quality issues (Billing Quality is certified as part of the Quality Management System).



5.1 Total Satisfaction



Customers

Content Platforms

To complement its offer of products and services, and as an important part of its communication activity, Vodafone Spain has developed several platforms aimed at providing contents that is valuable and useful to different target audiences:

- ◇ Vodafone yu
- ◇ Vodafone eSports
- ◇ The future is exciting
- ◇ Vodafone Enterprise Observatory

1. Vodafone yu

This is a content platform launched in 2012, aimed at a young audience (16-24 years) and supported by four main pillars:

- ◇ The live radio programme **"yu No Te Pierdas Nada" (Yu don't miss a thing)** on the "Los 40" radio station presented by Dani Mateo, who light-heartedly presents the most important current acts and newcomers in the world of music and entertainment.



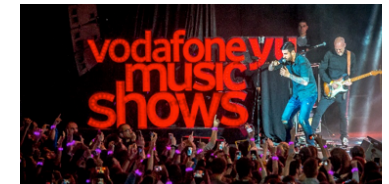
- ◇ **yuTUBERS live!**: Free and live shows, where famous Youtubers and celebrities related to the adolescent audience take on fun challenges and interact with the studio audience.



- ◇ **Vodafone yu What a movie!**: Immersive cinema events, carried out in Spain for the first time and exclusively for Vodafone Yu customers. This is a new way of going to the cinema, where the audience forms part of the film and experiences it first hand.

vodafone yu
What a Movie!

- ◇ **Vodafone yu Music Shows**: Free concerts for Vodafone Yu customers, held right across Spain and **Vodafone Yu Music Talent** which celebrated the 5th edition of the greatest and most important newcomers concert in Spain, with over 1,200 participating bands.



+ **340,000**
than
Vodafone yu channel
subscribers in Youtube

The **Vodafone Yu Youtube channel** that holds the content generated by all of these activities since the creation of the platform.

The Vodafone Yu Youtube channel is the largest brand channel in Spain in terms of viewer numbers (over 330 million).

2. Vodafone eSports

Through this content platform, Vodafone Spain wants to inspire and help electronic sports fans to reach their best level as players.

The eSports Vodafone channel was created on Twitch in 2017, with content such as information, entertainment and current news specifically focusing on the gamer community.

Furthermore, we consolidate our commitment to this industry by successfully participating with team G2 |Vodafone in national competitions of the League Of Legends (LOL), Counter Strike: Global Offensive (CS:GO) and HearthStone



+ **30 mn**
than
digital environment views
of the Vodafone eSports
content

5.1 Total Satisfaction




◆ Customers

3. The future is exciting

In 2015, with the launch of the converged product Vodafone One, Vodafone Spain created its content platform "The Future is Exciting" (originally called "The Future is One").

The objective of The Future is Exciting is to discover for the user, all innovations that will become a reality in the area of science, medicine, robots, telecommunications, transport, special careers, education, sustainability, etc. To be precise, like our Vodafone One product, everything that relies on the most innovative solutions and thanks to this technology improves the lives of people and their environment.

Everything that raises awareness is presented in an audiovisual format, with each part integrating the use of formats such as video-reporting, worldwide interviews with those who lead the most inspiring talent in their field, as well as dynamic info-graphics.

"The Future is Exciting" is the most successful audiovisual platform of informative content in our country, with currently over 163 million views and a consolidated community of over 468,000 followers. 




+ 163 million views
than of the "The future is exciting" content

4. Vodafone Enterprise Observatory

The Vodafone Enterprise Observatory is an audiovisual content platform created in June 2017 to help businesses tackle the digital transformation of their businesses or companies.

This platform gathers real queries from professionals and companies, and is organized into segments: micro-companies, SMEs, corporate and public administrations. With understandable language and content adapted to each segment, experts in the business world discuss how the market is evolving, consumer needs, the main challenges facing business owners, how companies or businesses should evolve, and new features that will arise in the near future.

Furthermore, the platform shows customer success stories that provide opinions on the improvements achieved in their company or business, thanks to the help and incorporation of Vodafone services and solutions.

The contents are shared through the main national and regional news headlines, and during its first year of life, it had 44 million views. 



+ 44 million views
than of the Vodafone Enterprise Observatory content



Next Objectives: Total Satisfaction / Customers

- ◆ Offer the best fixed and mobile connectivity. **Ongoing.**
- ◆ Maintain a differentiated customer experience. **March 2019.**
- ◆ Keep on developing the "Perfect Start" scheme, emphasising Digital Customer Self-Care. **March 2019.**
- ◆ Keep on revising the current Premium SMS services to ensure that all of them meet Vodafone's requirements. **March 2019.**



5.1 Total Satisfaction



Customers

Best Practices with Customers

Kamstrup, Global Omnium and Vodafone establish a new milestone in NB-IoT with the Smart Water Meter test.

The test started in mid-July 2017 and meters have been automatically sending data since then with a reading performance of 98%. This test has been a successful practical application of the use of Narrow Band Internet of Things NB-IoT for smart water meters and has provided very relevant information on the challenges and the possibilities to keep in mind as the technology matures.

The use of NB-IoT on non-smart water meters is still in its initial stages, so the success of this test is a great step towards converting NB-IoT into a viable communication option approved by water companies.


Thalasia begins the digital transformation of its services with Vodafone

Thalasia, sea spa and hotel, have begun a digital transformation process with Vodafone which will enable them to provide their customers with a more efficient and personalized service.

Vodafone's Cloud Contact Centre solution provides a detailed report of Thalasia Customers based on their experience at the centre: their taste, suggestions or manner in which they make their booking, so that the hotel can offer them a better service on their next visit.



Thalasia Costa de Murcia
Hotel & Balneario Marino

Divina Pastora Seguros digitalises its business processes with Vodafone

Divina Pastora Seguros, the leading mutual benefit fund in Spain by number of members, has entrusted Vodafone as its technological partner to carry out an innovative digital transformation process.

This organization has integrated different Vodafone business solutions to carry out an extensive digitization process. Divina Pastora has managed to evolve its customer support system with the Cloud Contact Centre, an application that improves user experience, thanks to better management and faster phone call attention by agents and supervisors via cloud technology.

Continental and Vodafone present the ContiConnect platform

This tyre monitoring digital platform uses Internet of Things IoT to connect fleets of commercial vehicles, with the aim of improving road safety and the efficiency of vehicles.

The platform helps prevent malfunctions related to tyres that affect commercial fleets and also, maximises the availability of vehicles. Vodafone's mobile communications network transmits data reliably, securely and in real time to destinations across the world.

The special continental sensors continuously monitor tyre pressure and temperature, and transmit to a receiving unit. Subsequently, the receiving unit transmits the data in real time to a continental back-end where it is analyzed by software. If any of the values reach a critical point, ContiConnect sends an alert so that the fleet manager can take immediate action.


The Red Cross installs defibrillators with automatic emergency alert and permanent self-diagnosis

Red Cross, Philips and Vodafone have presented this initiative to distribute a new HeartStart defibrillator throughout the Catalan territory, that incorporates specific internet technology for the first time in this kind of device. The new ControlsYou connectivity system makes an automatic 112 call once the device is opened for use.

SocialDiabetes and Vodafone promote Digital Diabetes Management

An alliance between SocialDiabetes, Spain's leading platform for people with diabetes, and Vodafone, leading communications operator in the Internet of Things IoT, promotes digital monitoring of this illness by healthcare professionals and patients.



SocialDiabetes

Repsol chooses Vodafone to enhance its customers' digital experience customers' at its filling stations

Repsol has chosen Vodafone to link up its 4,000-plus service stations in Spain and Portugal with the best infrastructure and offer its customers an enhanced customer experience-oriented quality of service, with customers using digital devices to rate the service and how they have been treated.


Vodafone and Mango introduce Digital Fitting Rooms

These new changing rooms have been created using a digital mirror designed by Mango based on Internet of Things IoT technology, and developed by Vodafone in collaboration with Jogotech. This new digital mirror enables the buyer to scan item labels in the changing room itself, and directly contact store staff from the mirror to request different sizes and colours. The mirror also suggests additional items to complement the original selection and complete the customer's look.


Vodafone helps Sehrs puts its business processes in the cloud

Sehrs is committed to digital transformation and innovation in its processes in order to quickly adapt to changing market needs.

Vodafone's Business Intelligence application enables the most relevant business indicators to be viewed fully, providing the necessary agility when developing new company projects. The solution enables group employees to connect with different data sources and unite them on one control panel, in order to subsequently process the information.

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

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.



CONFEDERACIÓN DE EMPRESARIOS

DE NAVARRA

5.1 Total Satisfaction

Employees



Achievement of the Integrated Report 2016-17 Objectives

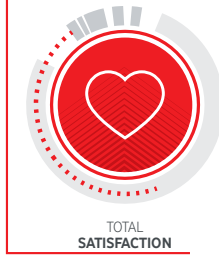
- ◆ Keep on developing disabled people recruitment schemes. **March 2018**
- ◆ Promote new forms of partnership and knowledge-sharing, boosting digital media. **March 2018**
- ◆ As part of the People Plan, work on developing additional wellness programs for employees that contribute to facilitating the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

Degree of compliance

100% ✓

100% ✓

100% ✓



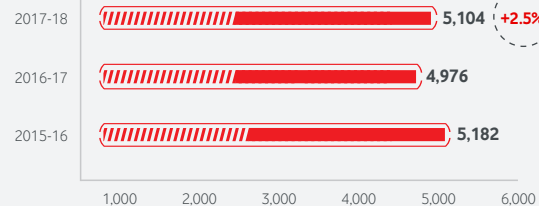
Employees

At Vodafone we want to attract, develop and retain the best professionals. That is why we offer an excellent working environment, where we acknowledge and develop their talent while promoting their wellbeing at the same time. In financial year 2017-18 Vodafone was recognized as the best company to work for, in the over 1,000 employees category, by Great Place to Work.

GREAT PLACE TO WORK®

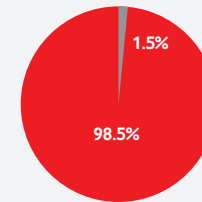
Vodafone, somos el **nº 1**

Number of Employees



Types of Contracts, Vodafone Spain 2017-18

- Open-ended contract
- Temporary contract



Employees by region and % by gender 2017-18

	Men %	Women %	Total
Region 1 Centre (Madrid, Castille-La Mancha, Canary Islands)	54.2	45.8	3,152
Region 2 Northeast (Catalonia, Aragon)	62.5	37.5	547
Region 3 East (Valencia Region, Murcia, Balearic Islands)	49.2	50.8	632
Region 4 Cantabrian (Galicia, Asturias, Basque Country)	62.0	38.0	332
Zone 5 South (Andalusia, Extremadura, Ceuta, Melilla)	71.5	28.5	295
Zone 6 North (Castille-León, Cantabria, La Rioja, Navarre)	63.7	36.3	146
Total	56.3	43.7	5,104

Types of contracts by gender 2017-18

Type of contract	Men	Women
Open-ended contract	98.5%	98.4%
Temporary contract	1.5%	1.6%

Nº of employees and % by age and gender 2017-18

Age range	Men	Women	Men%	Women%	Age range%
≤ 30 years	156	186	5%	8%	7%
30-50 years	2,326	1,861	81%	83%	82%
≥ 50 years	390	185	14%	8%	11%
Total	2,872	2,232			

Turnover Rate by gender 2017-18

Gender	% Voluntary turnover	% Non-voluntary turnover
Men	3.8%	1.9%
Women	4.0%	2.1%
Total	3.9%	2.0%

Nº of hires (excluding returning employees) by age and gender 2017-18

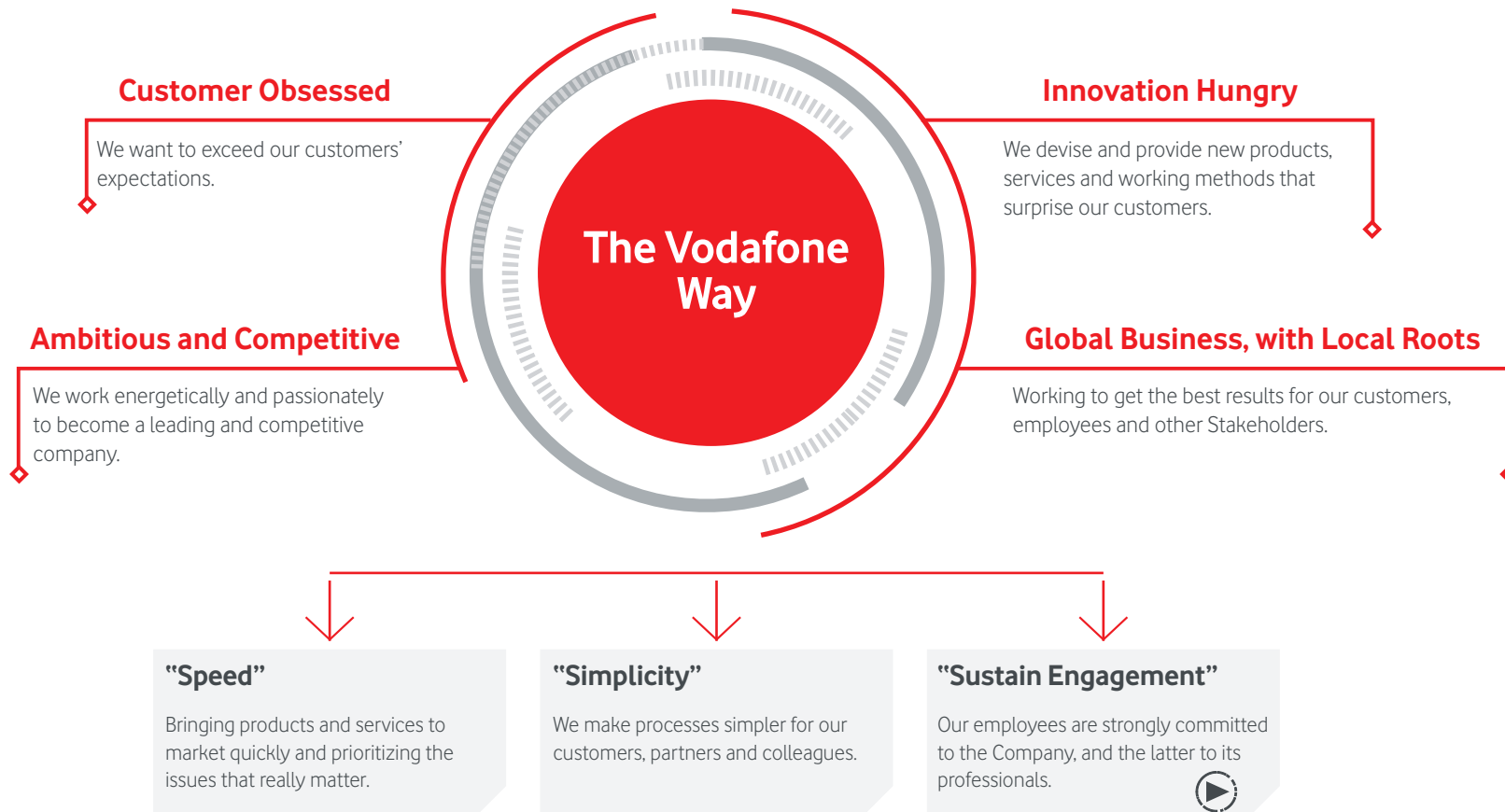
Age range	Men	Women	Total	%
≤ 30 years	63	69	132	34%
30-50 years	142	105	247	65%
≥ 50 years	6	4	10	1%
Total	211	178	389	100%

5.1 Total Satisfaction

◆ Employees

Corporate Culture

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



5.1 Total Satisfaction

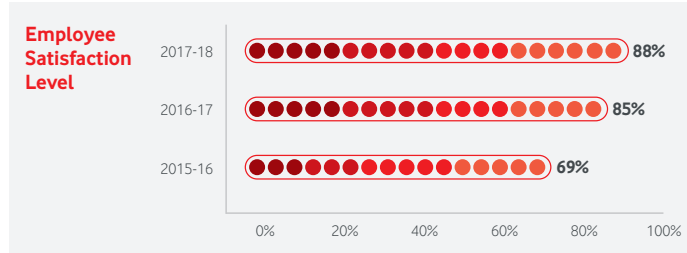


◆ Employees

People Survey (Industrial climate survey)

The people survey is the best tool to get to know the opinion of our employees each year, regarding the progress made in both our strategy and people plan, as well as the consistency between our values and our actions.

Each year a people plan is created based on a people survey, including specific action plans to make progress in identified areas of improvement, according to the opinion of our employees.



People Plan

Our priorities for the next three years are based on our People Survey feedback. That is why we have drawn up a new People Plan this year, with specific actions in each of our three key values: **Speed, Simplicity and Sustain Engagement:**

◆ **Speed:** we want to be an “Agile” enterprise, working fast and efficiently, giving priority to issues that really matter, working as a team and striving for efficiency.



ELIGE

◆ **Simplicity:** digitization enables us to move forward and keep on improving and simplifying our everyday processes, for our customers, partners and colleagues.

◆ **Sustain Engagement:** we want our employees to engage With Vodafone, building the best Enterprise with the best professionals. In addition to boosting talent, we work to ensure that our employees identify with the objectives of the Strategic Sustainable Business Framework (Diversity and Equality, Innovation and Energy, and Youth employability).

As a Company, we are going to be better prepared to reach the Customer, with a competitive and differential offering, with the best Customer Experience and ready for the digital future.



5.1 Total Satisfaction



◆ Employees

Industrial Relations

On 15 July 2016 the Vodafone Group in Spain's 1st Collective Agreement was signed, which will be in effect until 31 December 2019, and which applies to the entire state and all employees (except those with a special working relationship and occupying positions included in the company's hierarchical structure). **(GRI 102)**

Moreover, 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 these circumstances.

In February 2018, an agreement was reached with the majority of the workers' legal representation to articulate the "Individual Termination Plan by Mutual Agreement", which enables employees born before 1 July 1963 and with an antiquity at the company of over 10 years, to terminate work contracts voluntarily under the following conditions:

- ◆ **Duration of the plan:** from the day after the termination date of the working relationship and to the first possible voluntary early retirement age, regardless of whether it complies with the remaining requirements, or up to 65 years if the first possible voluntary early retirement age is older than this age.
- ◆ Those adhering to the plan will receive until the finalization of the same:
 - A **monthly gross income plan** subject to applicable retentions, which will consist of 80% of the regulating salary, which will be calculated using as a reference, the annual fixed remuneration plus 50% of the variable.
 - The **payment of the Special Agreement with the Social Security (CEES).**

Social 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 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 minor 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.
- ◆ **Leave of absence to look after under 4 year olds.** 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.** This fund was 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.

5.1 Total Satisfaction



Employees

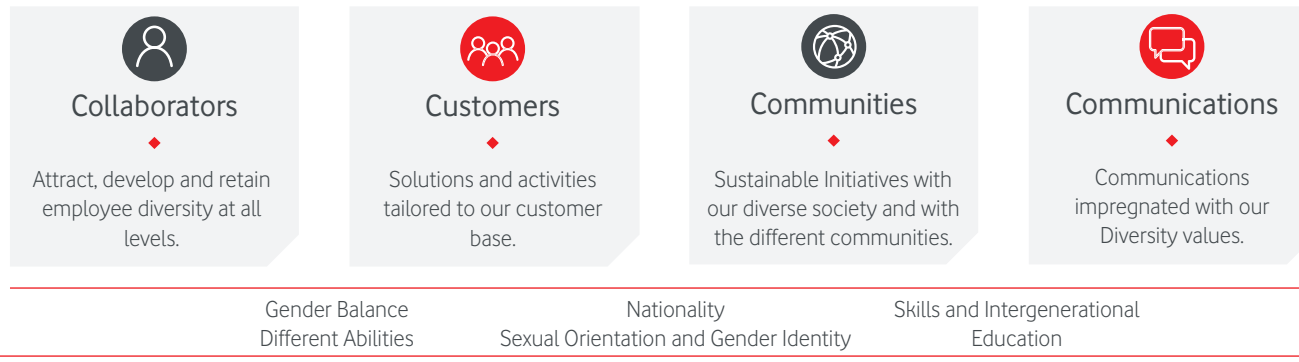
Diversity and Inclusion

Vodafone's **Vision** of Diversity and Inclusion consists of achieving a diverse company that is inclusive of all groups, where all employees feel committed, included in the culture and not discriminated against as individuals or groups.

Our Diversity and Inclusion **Strategy** is called **4Cs** because it is based on **C**ollaborators (Employees), **C**ustomers, **C**ommunities, and **C**ommunication.



Diversity and Inclusion Strategy



Our Diversity and Inclusion Principles

- Diversity and Inclusion benefits our business and is doing what's right.
- All population groups are respected if we are inclusive: gender, culture, race, capacities, age, LGBT, ...
- Our leaders must be aware that we all have unconscious biases and they must neutralize them.
- Employees are owners of their professional career. Models, allies, mentors, managers and Vodafone can inspire them and lend them support.
- Appointments are based on merit, with equal remuneration and without discrimination.

With a view to defining and tracking the implementation of the initiatives Diversity and Inclusion-related schemes, the Diversity Committee, set up in financial year 2016-17, meets from time to time to address the following areas of activity:

- Gender Diversity**
- LGBT Community**
- Functional Diversity**
- Generation and Cultural Diversity**

Salaries

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

Unconscious Bias Training

During the financial year 2017-18, around 500 managers with people under their charge have received training on how to act in key moments of employee development (selection, performance assessment, potential assessment, remuneration, professional development, etc.) in relation to diversity in all of its facets (gender, LGBT, cultural, functional diversity, etc.). This training has received an NPS score of 91 from employees by whom it was received.

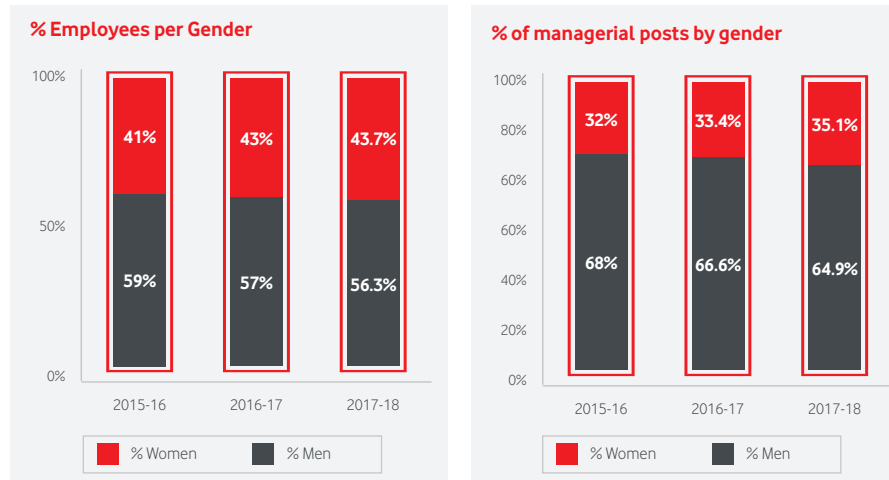
Unconscious Bias Training.
NPS: 91

5.1 Total Satisfaction

Employees

1 Gender Diversity

Regarding gender diversity and under the strategic framework of a sustainable company, Vodafone aspires to become a leading employer for women. In this manner, on a worldwide scale, Vodafone wants to achieve 30% female representation in leading roles by 2025, including the executive committee.



% of Management Levels by gender

	Management	Middle management	Total
Men	70.4%	64%	64.9%
Women	29.6%	36%	35.1%

Nº of employees who are entitled to and have taken maternity/paternity leave during 2017-18

	Total
Men	115
Women	100
Total	215

Nº of employees who have returned to work (as at 31 March 2018) after finishing parental leave

	Active	Left	Total
Men	96	3	99
Women	139	21	160
Total	235	24	259

Vodafone has the following Gender Diversity initiatives:

"Reconnect"

Vodafone has launched the **ReConnect** programme which enables women who have had a professional break due to diverse reasons, to professionally reconnect with the company world. During the financial year 2017-18, 20 women were incorporated into this programme in the areas of business and staff, and in customer support positions. This incorporation is carried out progressively, with part-time work of 30 hours paid in full as 40 hours a week, for the first six months.

During 2017-18,
20 women came back to work through the "ReConnect" programme



Explore Programme

Explore lets us develop managerial talent before people are promoted, so that when the time comes, people are ready for their promotion.

54 women took part in the Explore Programme in 2017-18

Communities

The "Women in Technology" and "Women in Enterprise" communities organise events and discussion forums (smart working, trust, models of women who have been promoted, health,...).

Vodafone equality plan

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

Other activities

- Speed Networking.** At these sessions, employees have a series of short, 5-10 minutes informal conversations with the organization's leaders. This year, more than 100 people took part in the speed networking.
- Women's Week.** During the March 2018 Women's Week, Vodafone arranged several talks, breakfasts and events with inspiring women.
- External forums.** Active participation in Intrama events
- such as WLMT (Women Leadership and Talent Management).
- Project Evolucion.** with FEDEPE, to boost the entrepreneurial spirit and team training values of women in management positions.
- Vodafone against Gender Violence.** The company organized several gender violence information and outreach events for employees.

5.1 Total Satisfaction



◆ Employees

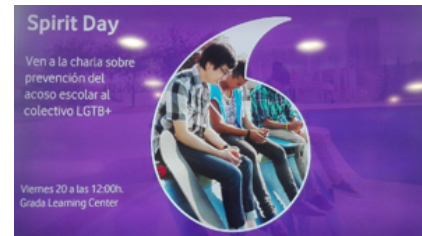
2 LGBT

The LGBT community-related highlights include the following initiatives:

- ◆ Vodafone has set up a group in **Yammer** (employees in-house social network) with more than 700 users, to reach a larger number of network members (LGBT employees, allies or people interested in the issue).
- ◆ **Events Vodafone** held throughout the year:
 - ◆ **IDAHOT Day** (International Day Against Homophobia, Transphobia and Biphobia, 17 May 2017): an information session was arranged for employees.
 - ◆ **World Pride 2017** (last week of June and first of July 2017): The company has positioned itself externally as a defender of LGBT rights and a supporter of inclusion and equality in the business environment, implementing a multitude of activities with great media impact on employees, customers and society as a whole.

**POWER
TO YOU**
#PrideinVodafone

- ◆ **Spirit Day** (20 October 2017): These include a session by the FELGBT to raise awareness about the bullying of minors and adolescents belonging to the LGBT community.



- ◆ **Furthermore, we collaborated in the launch of the website "Stop acoso escolar"** (stop school bullying), which aims at combating the bullying suffered by some of the youngest members of the LGBT community.
- ◆ **Transgender Day** (20 November 2017): "Trans Realities" information session for the employees.

3 Functional Diversity

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.

The main functional diversity schemes this year were:

- ◆ **Prodis Internship** scheme, through which the Company hires people with intellectual disabilities, who receive constant tutoring while they work in the Company.
- ◆ **Barrier-Free Talent** to make it easier for disabled employees to apply for their Disability Certificate and so benefit from the numerous advantages offer by the State and Vodafone specific's benefits.

At the same time, Vodafone has organized **specific communication plans and outreach workshops**, and in December 2017 it arranged different events to mark the Disability Week.

5.1 Total Satisfaction

◆ Employees



4 Generational and Cultural Diversity

Our Generational and Cultural Diversity projects include:

◆ Janus Programme.

Vodafone develops senior talent through this scheme, which is a very successful among highly experienced Vodafone professionals who follow a specific training course.

75 employees took part
in the Janus Programme in 2017-18

◆ Vodafone yu New Talent Internships.

This programme is aimed at students in the final year of their degree or master, who are incorporated at Vodafone part-time to combine both their daily work and academic activities. These trainees are incorporated through a new selection process, aimed at attracting profiles motivated by technology. ▶

Hiring of 58 trainees
61% of hires
were women

◆ Discover Graduates Programme.

This programme is aimed at young graduates with less than two years of work experience, to which a permanent contract is offered with a specific training schedule for the first two years. In the 2017-18 promotion, 45% of graduates came from the Grants Programme. ▶

Hiring of 40 Graduates
75% of hires
were women

◆ Columbus Programme.

A two-year programme where selected employees travel to a different country to work for another Vodafone Group operator. This 24-month plan provides these employees with the skills needed to accelerate their professional careers. In the financial year 2017-18, 5 Spanish employees participated in the country exchange programme Columbus in countries like New Zealand, South Africa, Hungary, Italy and UK. In Spain we received 5 employees from Italy, UK, Germany and Romania. ◆



5.1 Total Satisfaction



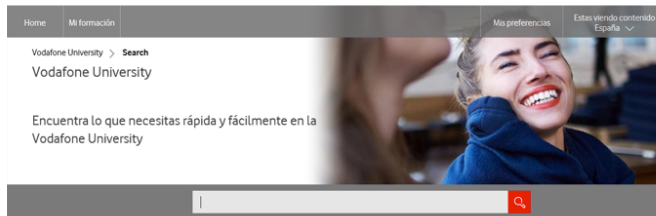
◆ Employees

Training and Development

Some of the Employee Training and Development activities held during the financial year included:

Vodafone University and Learning Center

As the business progresses in its digital transformation, our employees must continue to learn, train and acquire new skills and knowledge.



With this aim, we founded **Vodafone University**, a platform that combines a major part of the training contents available at the company in one location, which can be accessed from any device at any time. We are convinced that technology accelerates and improves learning rates, while it reduces travel time.

At Vodafone, we also rely on in-class training and have designed spaces that promote informal training and creativity. During the financial year 2017-18 the **Vodafone Plaza Learning Centre was remodelled**.

Mentoring

The Mentoring Programme has continued for the fifth year in a row, and employees have received the support of a mentor in their career development.

98 mentors
and 123 mentees
in financial year 2017

Two "Mentor Days" were held to consolidate our mentors' knowledge community

Leadership Essentials

The "Leadership Essentials" programme has been extended to all **new managers** in the organization, thereby enabling an alignment of the leadership culture in Vodafone. Additionally, we are transforming the leadership style of our team leaders, by preparing them to lead more open and agile organizations, where focusing on the customer, collaboration and people development (continuous feedback, experimentation, continuous learning, etc.

Janus

As we mentioned, Vodafone backs the development of employees who are long-timers at the company.

The Janus Programme is designed for employees who have been more than 15 years at the company, with excellent performance and strong commitment. This programme raises self-awareness and knowledge about the organization.

Our Janus programme has two main objectives: recognition and development of the company's longest standing members, and the promotion of interaction and the exchange of knowledge between the company's different generations.

The Janus Programme won a prize in the Cegos Prizes, in the Recruitment and Integration Category.



Digital Training

To make progress in achieving the "Total and Personal Digital" strategic objective, diverse programmes have been launched this year:

- 1. Digital Passport**, with the aim of raising employee awareness about the new digital environment and to promote new ways of working within the organization.
- 2. Digital Bootcamps**, training management to strengthen and develop their digital skills.
- 3.** The annual training plan has included specific training in subjects such as **Big Data, Analytics, Agile**, etc.



Business Area Training

This exercise is supported by business areas with personalised training actions, such as:

- ◆ **Super Manager** Programme, for employees who manage call-centre agencies.
- ◆ **"Advance Sales"**, training programme for Enterprise Sales Executives.
- ◆ **Micromachines** Programme for SME sales representatives: a school that combines all of the knowledge, skills and tools needed to develop a sales management profile.
- ◆ **One Way** Project, focusing on preparing our employees to take on the transition and migration of customer management systems arising from the Vodafone Spain-Vodafone Ono merger.

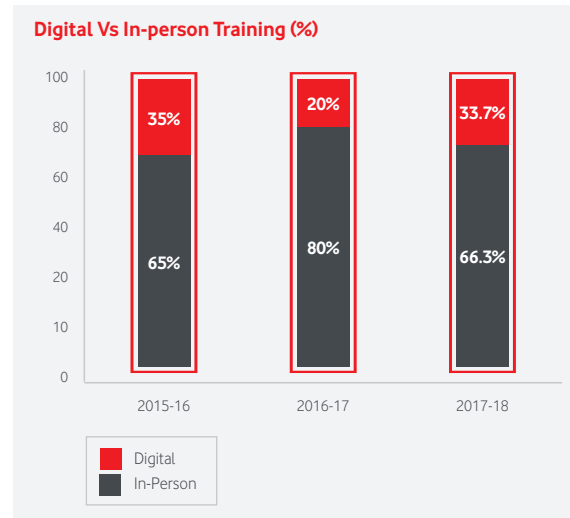
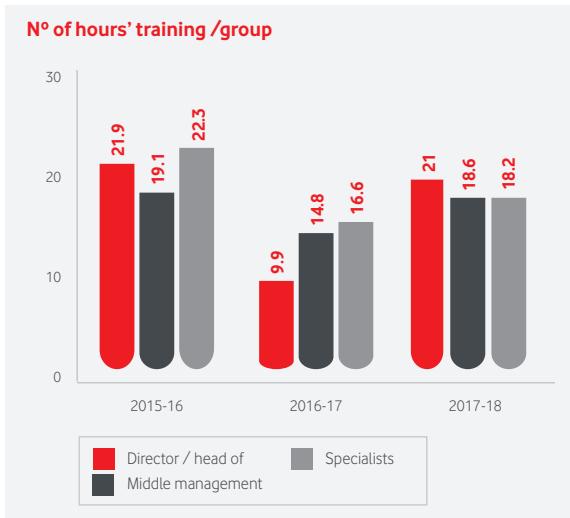
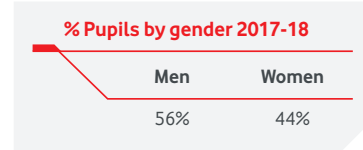
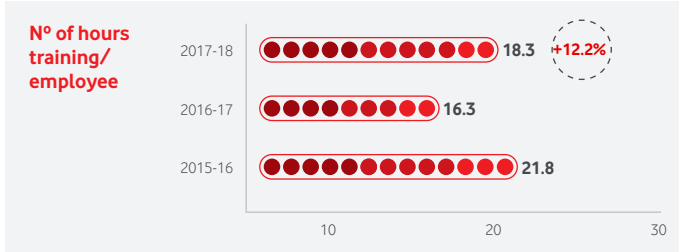
Job Performance Assessment

Our employees must be continuously up-to-date, due to the changes in our working environment, customers and company. At Vodafone we empower our employees by simplifying processes and creating a culture that helps them meet their full potential.

During financial year 2017-18, each and every one of Vodafone's employees took part in the performance assessment process. Furthermore, the Performance Evaluation process has been streamlined and the majority of employees do not have an assessment associated with their performance, instead we want assessment meetings to focus on helping people to grow and develop professionally.

5.1 Total Satisfaction

Employees



5.1 Total Satisfaction



◆ Employees

Prevention and Health

During this financial year, the integration of the **Health & Safety Management System** for the people involved in the **roll out and operation of the fixed and mobile network** was completed.

Health and Safety Management System Results

- ◆ 80 out of 100 in the **external audit** conducted by **Audelco** (the CNAE average is 65 out of 100).



- ◆ Awarded A-Good (top score) in the **internal audit** conducted by the **Vodafone Group**.
- ◆ 3rd place in the MEPS² (Business Monitor of Excellency in OHP, Health and Safety).



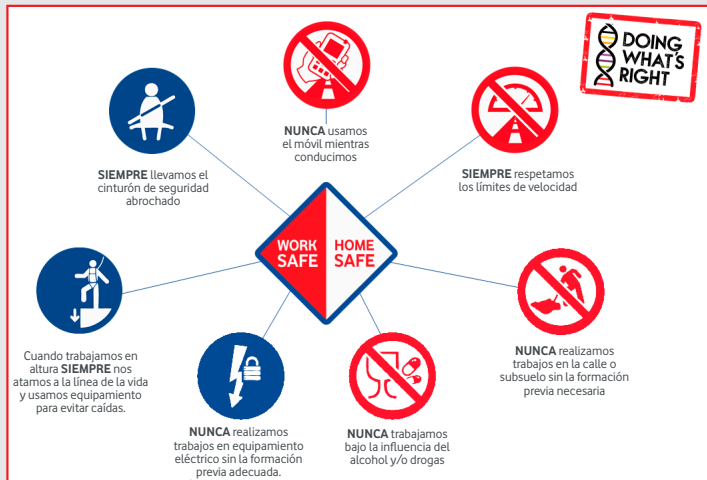
Risk Activity Control:
+ **7,000** field audits during financial year 2017-18

Health and Safety coaching NPS:
95

+ **2,600** hours of Health and Safety coaching during 2017-18

Absolute Rules

The "Absolute Rules" programme is the lever for promoting our preventive culture among everyone who interacts with Vodafone (employees, contractors and customers). Its compliance shines a light on risk factors and maintaining the best possible standards.



"Salúdate"

Last year Vodafone launched a new Health and Wellbeing scheme known as Salúdate, built on three pillars:

- ◆ Eat better (balanced diet and hydration).
- ◆ Move more (physical exercise).
- ◆ Feel good (personal balance, rest,...).



In 2017, the Vodafone Group chose the "Salúdate" programme as the best Health and Wellbeing initiative.

Training and practical activities were carried out for this programme on a monthly basis.

"Salúdate"



9 May 2017: Launch of the initiative.

July 2017: Keeping hydrated in the heat.



3,855 employees signed up to the Salúdate Programme

May 2017: Balanced diet workshops. Food identified as healthy and available in vending machines and cafeterias.



August 2017: "Back to school - Getting over the post-hols depression".

543 employees took part in Salúdate Programme initiatives

October-November 2017: Get into shape.

December 2017- January 2018: News and tips.

9,152 "Salúdate" portal views

February 2018: Get moving...! Physical exercise tips.

March 2018: "Unwind after Easter" (tips).

June 2017: Tips on Solar Protection.



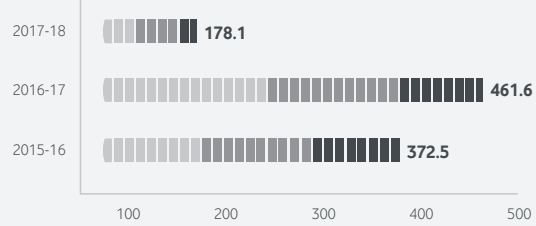
5.1 Total Satisfaction

◆ Employees

Accident rates

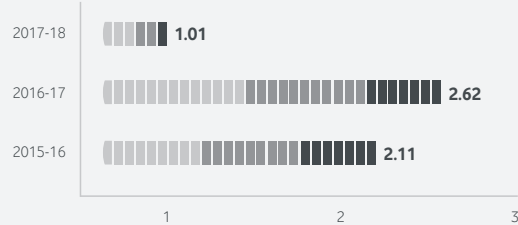
This year's accident rates were far better as a result of the awareness-raising schemes launched the previous financial year.

Incidence Rate



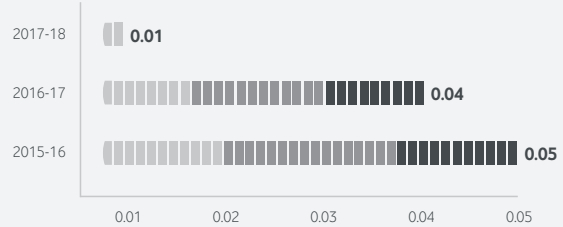
Incidence Rate: LTA's x 100,000 / N° employees

Frequency Rate



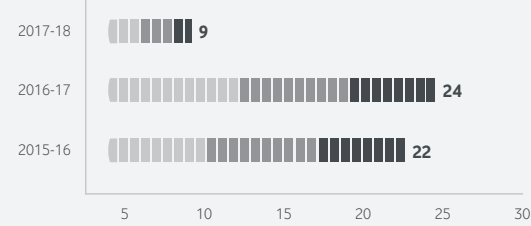
Frequency Rate: LTA X 100,000 / N° of employees x Average No. of hours worked per year per employee.

Severity Rate

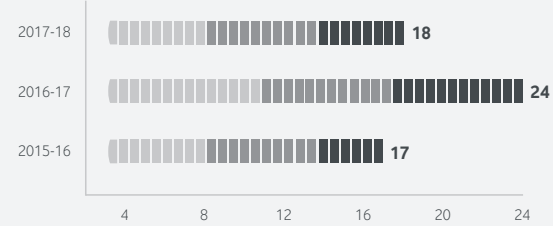


Severity Rate: Lost time from work due to accidents during working hours resulting in LTA x 1,000 / No. employees x Average No. of hours worked per year per employee.

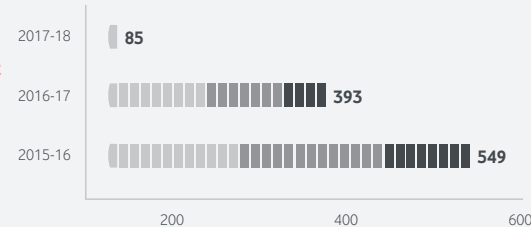
Accidents in working hours



Traffic accidents "in itinere"



Days lost through accidents at work



5.1 Total Satisfaction



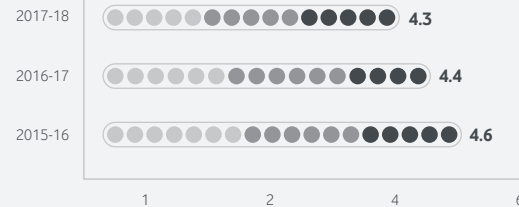
◆ Employees

Absenteeism

Absenteeism Rate



Sick-leave days per employee*



(*) Average headcount (monthly average number of employees at end of each month)



Next Objectives: Total Satisfaction / Employees

- ◆ Keep on increasing the gender balance in the Company, especially in managerial posts. **Underway.**
- Keep on working for youth employability, especially with regard to STEM careers. **Underway.**
- Implementation of the Mutual Agreement Individual Contract Termination Plan (PEIMA). **March 2019.**
- Development of new forms of work organization using Agile methodologies. **Underway.**
- Develop the organization's digital capabilities. **Underway.**



5.1 Total Satisfaction

◆ Society



Achievement of the Integrated Report 2016-17 Objectives

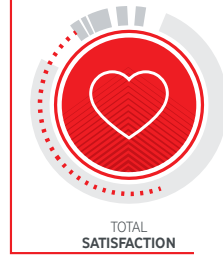
- ◆ Contribute with accessible ICT solutions –platforms and apps- that improve disabled and elderly people's quality of life, that benefit more than 50,000 people **March 2018**
- ◆ Maintain the level of accessibility achieved at 100% of our own stores and extend the SVISUAL project to a larger number of stores. **March 2018**
- ◆ Build accessibility criteria into the Virtual Store. **March 2018**

Degree of compliance


100% ✓

100% ✓

Underway ↻



Vodafone Spain Foundation

This year the Vodafone Spain Foundation worked on three **"Connecting For Good"** (C4G), action lines, and a fourth supplementary action line, oriented to the development, promotion and use of ICTs to improve the socio-professional integration and quality of life of the disabled and elderly. 



**Vodafone
Spain
Foundation**

- 1 Accessible Digital Transformation
- 2 Digital Transformation For Senior Citizens
- 3 ICT Training for the job placement of people with disabilities
- 4 Other activities

€4 million

allocated to social projects by the Vodafone Spain Foundation in 2017-18

17 framework

agreements in force with strategic stakeholders

In 2017-18, the Vodafone Spain Foundation has again been recognized as the **most Transparent Technological Foundation**, according to the Report of the Commitment and Transparency Foundation. 



5.1 Total Satisfaction



Society

1 Accessible Digital Transformation

The initiatives underway in this field are based on the application of innovative ICT solutions to build platforms in the following four fields:

- ◆ 1.1 The “Connected by Accessibility” Community
- ◆ 1.2 Accessible Apps
- ◆ 1.3 European and Spanish Calls for R&D&i projects
- ◆ 1.4 External actions to promote Social Innovation

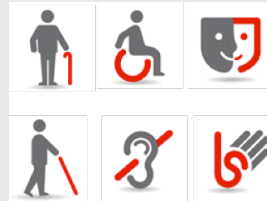
1 1.1 Connected by Accessibility (#conecta1.1xaccessibilidad) Community

This community of people, entities and organizations serves as a meeting point on which, through the use of ICT tools and solutions, we can become a leader in the processes of Digital Transformation in the living environments of disabled people to favour their full inclusion and participation in our society.

Connected by Accessibility

In collaboration with:

- ◆ PLENA Inclusión Spain
- ◆ DOWN Spain
- ◆ Hospitaller Order of St John of God
- ◆ FEDACE
- ◆ ASPACE Confederation
- ◆ Vall D'Hebrón Hospital



+ **4,000**
users of 149 organizations
during 2017-18

Mefacilyta

Under the framework of “Connected for accessibility” community, Mefacilyta is the base platform on which the **DeskTop European project** was developed, and was completed in the financial year 2017-18.

The DeskTop project coordinated from Madrid by the Juan Cuidad Foundation and supported from Brussels by Hospitality Europe, has relied on European Commission funding via Erasmus+.

This pioneering project has boosted the use of technology to improve the quality of life of people with intellectual disabilities. Its development involved 19 centres of the San Juan de Dios Hospital Order and the Hermanas de Benito Menni, in 7 European countries and has benefited over 1,000 people including users, family members and professionals. 



5.1 Total Satisfaction



Society

1 1.2 Accessible Apps

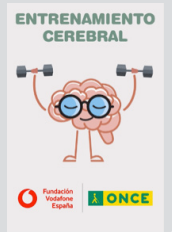
These apps provide ways of accessing information that is useful for disabled people and senior citizens.

Among others, the following apps were developed during financial year 2017-18:

+ **97,900** downloads
than
of Vodafone Spain Foundation Accessible
Apps in 2017-18

**ONCE-Vodafone
Brain Training:**

offers games that are accessible to the blind or visually impaired, to exercise areas like memory, calculation or cognitive function.


Mefacilyta Plafones (Mefacilyta Panels):

tool that enables access to various mobile device functions and a panel based communicator (tablets



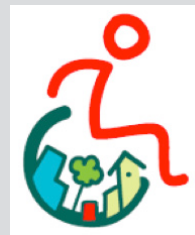
with buttons based on images or pictograms). The information is presented on a grid to which pictograms can be associated.

Mefacilyta Click: tool for the motor disabled which enables them to use mobile devices using connected push-buttons and screen swiping that is



accessible without touching the screen.

Tur4all: in collaboration with Predif, Tur4all publishes tourist resources analysed by accessibility experts and included by users through an evaluation questionnaire.



Mefacilyta NFC: tool for creation, storage and saving of relevant information within labels built using NFC



technology, to improve disabled access to information.

EVA Facial Mouse: this free app lets you use Android mobile device functions by just moving your head, without using your hands. EVA Facial Mouse has been downloaded 2.7 million times since November 2015.



1 1.3 European and Spanish Calls for R&D&i projects

The Vodafone Spain Foundation is participating in several projects as part of European and Spanish Calls for R&D&i projects. Two of these projects that deserve a special mention are:

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. The four-year Activage project, which is being coordinated by Medtronic, has more than 50 partners and will involve 7,200 users and more than 43,000 IoT devices in Europe. The pilot tests began in 2017-18, and one of them is being carried out in Galicia with 700 users, with the participation of the Vodafone Spain Foundation, Televés, Red Cross Spain and the Galician Health Service.



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. The pilot began with real users in 2017-18.

5.1 Total Satisfaction



◆ Society

1 1.4 External actions to promote Social Innovation

Vodafone Innovation Awards

This year the Foundation held the 11th edition, and the winning projects were:

◆ **"ICT Accessibility" Category:**

- **"Library for generating natural language in Spanish"**, presented by Silvia García Méndez.
- **Navilens**, developed by NEOSISTEC.

◆ **"ICT Social Solution" Category:**

- **PPa- Protection People App**, a solution developed by the Itwillbe organization.

At the end of the 2017-18 financial year, the Foundation announced the 12th edition of these awards.



TECSOS Foundation

The Spanish Red Cross and Vodafone Spain Foundation set up Tecsos to tackle vulnerable people's needs and provides social answers through responsible technological innovation, using ICTs.

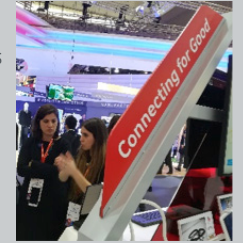
During the financial year 2017-18, as well as participation in aforementioned Actvage and SmartAssist, the Orientatech project was consolidated, which offers detailed social and technical information about technological products for social needs. A virtual reality initiative was also launched, aimed at improving children's hospital stays.

Vodafone Connecting for Good Galicia entrepreneurship programme.

The objective of this programme is to promote the development of innovative solutions using accessible technologies in Galicia. In the financial year 2017-18 the first edition came to an end, and the second is being developed with six new entrepreneurship projects: 3DAcoustic, It!, Formadox, Mediación Móvil, Sense(x) and Tapper.

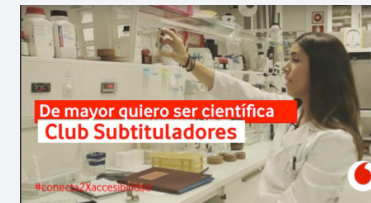
Mobile World Congress 2018

The Vodafone Spain Foundation displayed four projects at the Vodafone stand: the three winners of the 11th edition of the Innovation Awards and "Mefacylta AR". As a complementary activity to the congress, a workshop was organized about the digital transformation of the tertiary sector, with the participation of different entities from the social and health sector, among others.



Subtitlers Club

This programme started in 2017, and promotes digital volunteering in the subtitling of audio-visual content so that the hearing impaired can have the same opportunities to access this content. In March 2018, there was a catalogue of over 1,380 videos to be subtitled in different subjects (technology, mathematics, programming, cooking, beauty, etc.).



Different entities, universities and youtubers joined the project and incorporated their videos provided they were not of a commercial nature or those that must be subtitled by law.


5.1 Total Satisfaction



Society

2 Digital Transformation For Senior Citizens #mayoresconecta2

These programmes make senior citizens 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.

Courses on how to use smartphones and social media were organized in all the autonomous regions. The Foundation has also produced short videos on these subjects, in particular on how to use Whatsapp and Facebook, which are now available in the Vodafone Spain's Foundation YouTube channel. 

These courses have been held in collaboration, among others, with SPANISH RED CROSS, CEOMA, FASUNEX, CONFEMAC, ATEGAL, FUNDACIÓN UPDEA, CEU-SENIORIBUS, UDP, ALMANATURA, FUNDACIÓN PERE TARRES, SECOT, GABINETE LITERARIO and JOVESOLIDES.

+ 52,900
than senior
citizens trained in 2017-18



3 ICT Training for the job placement of people with disabilities

Vodafone has contributed to 27 disabled people job placement schemes, at two different levels:

- ◆ Basic ICT Training.
- ◆ Specialized ICT Training.

Throughout 2017-18, a total of 21 organizations that represent these population groups, including the ONCE Foundation, Prodis, CSE Foundation, Down Spain, Paraplegics Hospital Foundation and COCEMFE, partnered with us in organizing these courses.

+ 3,900
than people
with disability trained in 2017-18

+ 380
than people
with disability found a job in 2017-18



4 Other Activities

Vodafone Journalism Prizes

Winners of the 17th edition:

- ◆ Esther Paniagua, in the "Economy" category
- ◆ Javier Armesto and Emilia Pérez, ex-aequo in the "Science and Technology" category
- ◆ David Page, in "Social Integration"
- ◆ The 016 Service, in the "ICT social use record" category.



5.1 Total Satisfaction



Society

Courses of action in favour of disadvantaged groups

Volunteer schemes

Through the Vodafone volunteers programme, employees are given the opportunity to contribute to improving the life quality of vulnerable groups and society in general, through two volunteering categories and four volunteering types.

Categories of Volunteer

Corporate

Vodafone gives its employees the option to dedicate up to 24 working hours a year to Corporate Volunteering Activities, through the specific notices launched by the company or through proposals or initiatives of employees themselves.

Individual

Individual Volunteering initiatives are projects proposed by employees to be carried out in collaboration with the NGO of their choice, either in Spain or abroad, and from the 50 projects a year approved by Vodafone. The company gives volunteers 1 to 4 weeks' paid leave.

Types of Volunteer Work

Vodafone's Volunteer Scheme encompasses the following types of activities

- ◆ Technological-social activities.
- ◆ Activities for the diversity and inclusion of vulnerable population groups.
- ◆ Socio-sporting activities
- ◆ Environmental activities.

+ **3,330** hours
dedicated to Volunteer and
Community involvement initiatives
during 2017-18

470 volunteers
(9.3% of employees) have taken
part in of Volunteer and Community
involvement initiatives

Corporate volunteer work

Numerous Corporate Volunteer Work initiatives were carried out in 2017-18, including:

Subtitling Marathon

Vodafone launched this initiative for its employees in diverse offices (Madrid, Barcelona, Valencia and Bilbao) where under a marathon format, audiovisual content was subtitled to enable accessibility for the hearing impaired.

This Corporate Volunteering initiative was carried out using the **Vodafone Spain's Foundation Subtitled Club** platform, open to all users willing to participate, and to promote digital volunteering for the subtitling of audiovisual content, so that the deaf and hearing impaired have the same opportunities to access this content.

During the subtitling marathon at the Vodafone offices, over 300 employees participated as volunteers and dedicated 900 hours to subtitling videos.



Vodafone Instant Network Programme

Instant Network is a Vodafone Group 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.

This programme managed by the Vodafone Group Foundation in Barcelona, involved the participation of 70 employees from different Vodafone Group operators, and the development of innovative solutions that provide immediate mobile connection networks in emergency situations, instantaneous chargers, and also "digital schools in a box" to offer children and adolescents in refugee camps the opportunity to continue with their education.

Red Cross: Toy Collection and Clothes Classification

From September to November 2017 Vodafone volunteer employees collaborated with the Spanish Red Cross in clothes classification work at their logistics warehouse in Leganés, for its subsequent distribution to those who are most in need.

It also participated in the New Toys Collection campaign, benefiting 126 children with toys donated by employees.



5.1 Total Satisfaction



Society

Corporate volunteer work

Food Bank

Vodafone employees participated in "La Gran Recogida" (The Great Collection) organized by food banks, in supermarkets near our offices. After the great collection, other volunteers participated with food banks in the classification of this food for distribution to people who are most in need.



Xmas Charity Market

Every December, the Vodafone Plaza head office is the venue for a Charity Market at which employees take part as volunteers, all proceeds going to different NGOs. This year the NGOs were the Gil Gyarre Foundation, el Hogar de las Bienaventuranzas and the It Will be Organization.

Global Biking Initiative (GBI)



Vodafone Spain collaborates annually with this international initiative, which involves the participation of employees from the different Vodafone Group operators and other companies from the sector. GBI gives amateur cyclists the opportunity to raise funds for charity by cycling long distances. The edition of the Global Biking Initiative Europe 2017 began its tour in London and ended in Düsseldorf, and involved the participation of 20 volunteers from Vodafone Spain, supporting the Multiple Sclerosis Association of Spain in the investigation of access methods to smartphones and tablets for people suffering from this illness.



Individual Volunteer work

Our employees have done Individual Volunteer work with NGOs in Nepal, Gambia, Vietnam, Ethiopia...



5.1 Total Satisfaction



Society

Services for Non-Profitmaking Organizations

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 2017-18 were:

- ◆ Campaign in favour of the Spanish Federation of Food Banks
- ◆ Red Cross Flag Day.
- ◆ Children's Day, in favour of UNICEF.
- ◆ World Cancer Day in favour of the AECC.

+ €182,000
than collected
through Charity Texting in 2017-18

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 2017-18 we partnered with the Madrid Food Bank again during its "The Big Collection" campaign, letting Volunteer coordinators use the Dono Programme lines for free.

+ €28,000
than donated
in voice and data services in 2017-18



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.

During 2017-18, the Pelayo (Barcelona) and Tetuán (Seville) stores joined the Accessible Stores scheme. The Own Store Universal Accessibility Certificate Follow-Up Audit (according to UNE 170001-2 standard), took place in November 2017, and we achieved our goal of ensuring that 100% of our own stores are Universal Accessibility Certified.

One of the highlights with regard to the Own Store Universal Accessibility Management System during 2017-18 was the Disabled Customer Service **Training** given to sales staff and new hires.



100% of our own stores
have staff with Disabled
Customer Service training

100% of own stores
with 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.

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



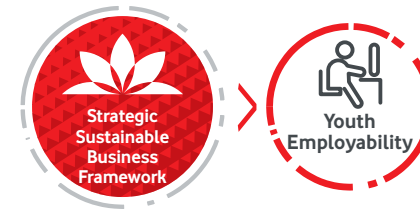
5.1 Total Satisfaction



Society

Youth employability actions

One of the transformational goals of the Strategic Sustainable Business Framework is Youth employability. In this regard, the main projects underway are:



Vodafone Youth Week Experience

This scheme gives young college students (15-16 years old) hands-on experience of what it is like to work for a company.

400 students attended the first Youth Week, from 16-17 April 2017, and were given insight into the Company's general activities and those of each department. Each student was accompanied by a Vodafone employee, and saw what our staff normally do during a working day.

Vodafone Youth Experience Week: tu primer contacto con una empresa



400 young people took part in the Vodafone Youth Week Experience 2017

Vodafone Youth Festival

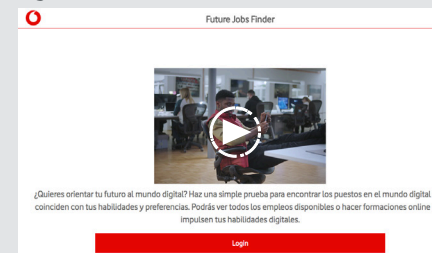
The first Youth Festival, held on 30 September 2017, attracted more than 700 teenagers and their families, who took part in events in several locations (Barcelona, Madrid, Seville and Valencia), where they found out about the best new professions. Different speakers and presentations, and a Lego-building activity focused on the digital professions of the future.



+ than 700 teenagers and their families took part in the Vodafone Youth Festival 2017

Future Jobs Finder

The Vodafone Group has launched this scheme in 18 countries, and it aims to give young people the opportunity to learn new professional skills, as well as employment opportunities in the digital economy. To this end, the Company has devised the "Future Jobs Finder" app, together with specialized psychologists, professional consultants and training content providers. The app lets young people build their digital profile and makes it easier for them to find job vacancies that suit their skills and interests. The app features a series of quick psychometric tests designed to identify each user's skills and interests, which it then assigns to the most appropriate work category in the digital economy. Next, it offers specific job vacancies for the chosen location, including opportunities at Vodafone. After completing the tests, users receive a summary of your skills and interests that they can use in their CVs or in a job application. They can also access online training content about relevant digital skills, most of which is available for free.



Code like a girl Scheme

Code like a girl aims to encourage young girls to go for STEM (Science, Technology, Engineering, Mathematics) professions, by showing girls aged 14 to 18 years the technologies used in programming webpages. At the end of the course, the girls get the chance to build their own webpage.



Code like a girl girls trained during 2017-18: **35**

Collaboration with the Carlos III University

The Carlos III University of Madrid and Vodafone Spain are both committed to encouraging technological careers and providing top quality training, and have signed an agreement that will let **25 undergraduates** who are studying for Telecommunication Technologies Engineering and Communications Systems degrees analyse the **application of the new 5G standard** and its advantages over existing 4G mobile networks. The students are supervised at all times by Vodafone experts and by their University teaching staff.

5.1 Total Satisfaction



Society

Entrepreneurship promotion schemes

Vodafone also runs several schemes to encourage entrepreneurship. These are just a few:



Fast Forward

In the Fast Forward training sessions, aimed at entrepreneurs, self-employed and SMEs, renowned experts explain how to tackle the digitization of their business and what steps to take in doing so. The workshops are held in different cities around Spain, are free and open to everyone and are also streamed on Internet.



Fast Forward Sessions

7 Fast Forward sessions held during 2017-18

1,788 people attended during 2017-18

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. The Minerva Programme is run at the Vodafone Smart Center in Seville.

63 Minerva Projects were still underway in 2017 and three out of every four were already businesses. The Minerva Project success rate is 75% and 280 jobs have been generated and maintained in Andalusia.



280 jobs were generated and maintained in Andalusia via the Minerva Programme

Connecting for Good Galicia



Vodafone Connecting for Good Galicia is a programme organized by Vodafone through the Vodafone Spain Foundation with the support of the Galicia Regional Government, with the aim of promoting entrepreneurship in Galicia through personalised work and an acceleration methodology based on innovation, and providing training, tools and resources at the service of entrepreneurs.

During the financial year 2017-18, the second edition was launched where participants access training sessions, mentoring, financial aid and a coworking space in the "City of Culture".

CIO Forum

CIO Forum is a leading national event for large company directors and public administration managers in our country, where along with nationally and internationally renowned experts the latest technological trends and new features for digital transformation in their organizations are presented. This is held every year in Barcelona during the week of the Mobile World Congress.

150 people from enterprises and Public Authorities attended the CIO Forum



Next Objectives: Total Satisfaction / Society



- ◆ Contribute to Digital Transformation 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 2019**
- ◆ Maintain the level of accessibility achieved at 100% of own stores and build accessibility criteria into own new own stores. **March 2019**

5.1 Total Satisfaction

Suppliers

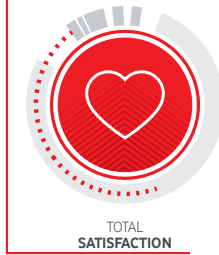


Achievement of the Integrated Report 2016-17 Objectives

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

Degree of compliance

100% ✓
100% ✓



All Vodafone Spain's suppliers have adhered to our **Code of Ethical Purchasing** ⁽⁴⁾ which outlines the employment, social and environmental principles that our suppliers must meet.



During 2017-18, all our Supply Chain Management (SCM) department employees successfully completed the online Ethical Purchasing course. Vodafone has not received any information about any breach of any point of the Code.

€4.470 billion
on buying products and
services in 2017-18 (*)

86% of all
purchases are made from
local suppliers

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

Supplier Management

In line with the Supplier Management Programme, once classified, the suppliers that Vodafone will assess each year, both locally and globally, are selected. The Supplier Management Programme is divided into three phases:

1. Classification

Suppliers who wish to work with Vodafone must first qualify through a specific tool.

2. Assessment

At regular intervals, Vodafone assesses its most significant suppliers, either in terms of the type of products and services supplied, and their levels of turnover. There are two levels of assessment:

◆ **Global Assessments:** the last round of assessments was conducted in October 2017, and a total of 29 suppliers were assessed.

NPS Global Assessments:



The NPS attained in 2017-18 puts us 4 points higher than in the previous survey and 1 point higher than the target set (75 NPS).

◆ **Local Assessments:** A total of 57 local supplier assessments were also conducted in October 2017, 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.

NPS Local Assessments:



3. Audits

As a member of the JAC ("Joint Audit Cooperation"), the Vodafone Group has audited the most important network suppliers, in liaison with other telecommunications sector companies and operators.

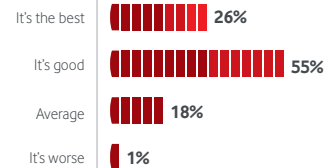
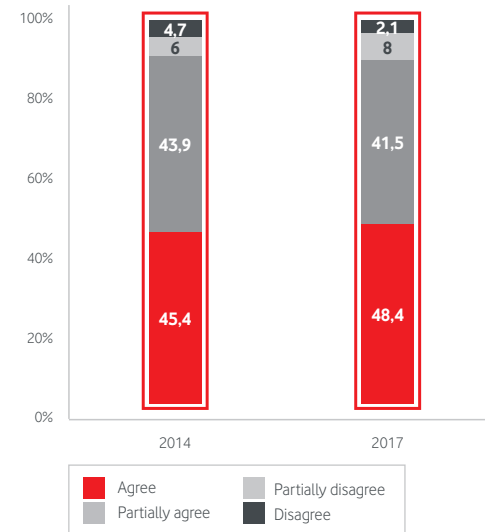
5.1 Total Satisfaction



Suppliers

Supplier Satisfaction Survey

In May 2017, a total of 121 suppliers were sent the Supplier Satisfaction Survey. 92% answered the survey and obtaining a very satisfactory result was obtained.

Vodafone's Supply Chain Management function compared to that of other customers

Are you satisfied with your relationship with Vodafone?


Suppliers Awards

In April 2017, Vodafone held the Supplier Prize-Giving Ceremony to reward Vodafone Spain's best-performing suppliers. The winning suppliers were:

- ◆ Best Technology supplier: Everis Spain, S.L.
- ◆ Best Corporate Services reseller: Mediterránea.
- ◆ Best Customer Management supplier: Zener Plus, S.L.
- ◆ Best Handset supplier: Huawei.
- ◆ Supplier of the Year: Sagemcom.



Occupational Health and Safety

- ◆ During April and May 2017, Vodafone held the **Supplier Forums**, events at which suppliers considered to be high risk due to the type of product or service that they provide us with, were invited to take part, with the objective of raising awareness about, circulating information on and looking into Health and Safety topics.
- ◆ Vodafone also organized **Safety Tours** of our telecom network sites to guarantee compliance with our Safety and Health Policy. These visits were made without prior notice with the aim of ensuring that the facilities were viewed in their usual state.

CCM (Contract Business Management)

In the financial year 2017-18, the implementation of the CCM process was consolidated, which enables the centralised management of the life cycle of contracts with our providers.

The tool that supports this process enables continuous monitoring of the service levels and KPIs defined in each contract, and also facilitates the task of identifying and mitigating risks that could be derived from them.


Next Objectives: Total Satisfaction / Suppliers

- ◆ Implementation of new procurement management tools. **March 2019**
- ◆ Continue with the courses of action to guarantee that our suppliers comply with the Health and Safety Policy, placing special emphasis on Health and Safety processes in the official approval of new services to be provided. **Ongoing**



5.1 Total Satisfaction

Environment



Achievement of the Integrated Report 2016-17 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% by 2020, 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**

Degree of compliance

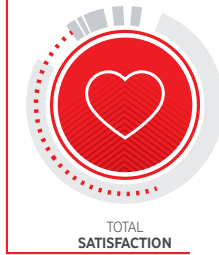
100% ✓

Underway ↻

86%

100% ✓

Underway ↻

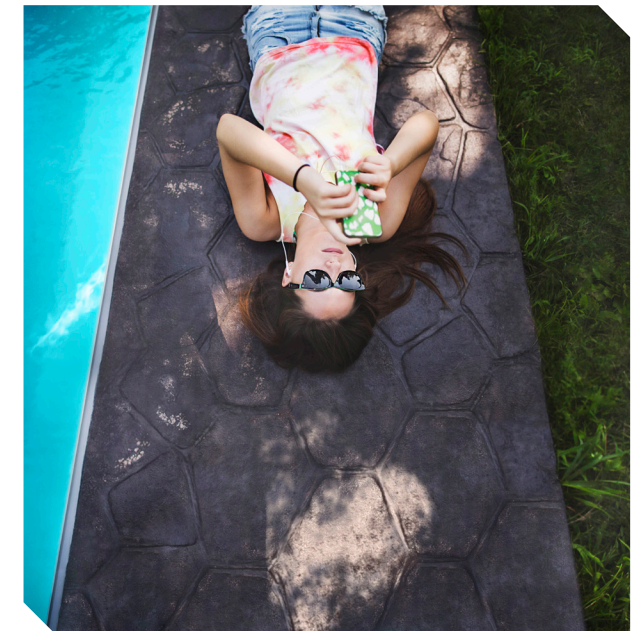


Vodafone Spain has an Environmental Management System certified according to ISO Standard 14001:2015, which enables us to verify compliance with applicable environmental legislation and standards, as well as manage our behaviour according to our Environmental Policy, ensuring continuous improvement in environmental aspects like energy consumption, waste management, etc.

Our opportunity in the environmental field is focused on the development of business models that strengthen energy efficiency and the circular economy, not only to reduce the impact of the products used by our customers, but also to promote our business and provide more innovative products and services.

In the financial year 2017-18, a series of environmental online courses were developed for employees through Vodafone University:

- ◆ A general course on the environment and our Environmental Management System.
- ◆ 3 specific Environment courses tailored to certain areas and activities of the Company.



5.1 Total Satisfaction



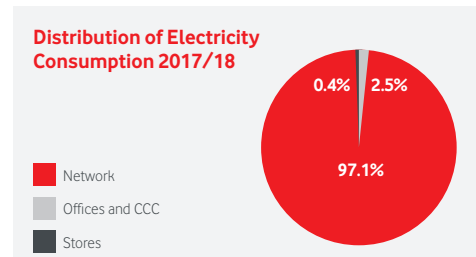
Environment

Energy Consumption

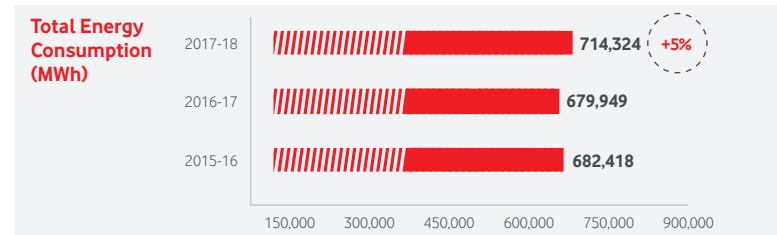


Energy consumption at our facilities is one of our main environmental aspects and innovation in energy consumption is one of the fundamental cornerstones of our strategic framework for a sustainable company. Our services are centred on increasing the energy efficiency of our facilities, as well as providing our customers with products and services that enable them to decrease their own energy consumption.

At Vodafone Spain the energy we consume is distributed according to the following graph:



The energy used for the operation of our network is over 97% of our total consumption, so the majority of energy efficiency initiatives we implement are focused on this network.



	2015-16	2016-17	2017-18
Indirect Energy (GJ)			
From the grid	2,436,688	2,431,531	2,564,126
Direct energy (GJ)			
Wind-Solar	1,653	552	16
Diesel	11,156	8,904	1,129
Natural Gas	7,210	6,829	6,294
Total	2,456,707	2,447,816	2,571,566

(*) 1MWh=3.6 GJ

The significant decrease in wind-solar energy consumption and diesel in the last two financial years is due to the externalization of the infrastructure and services of the supply of remote stations using these energies.



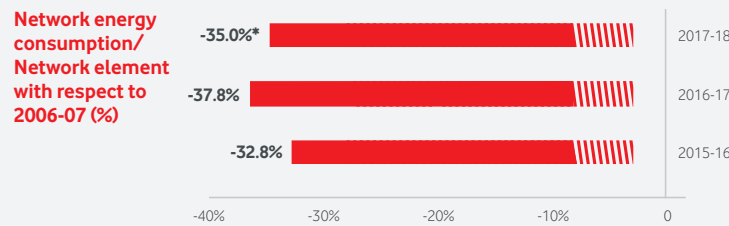
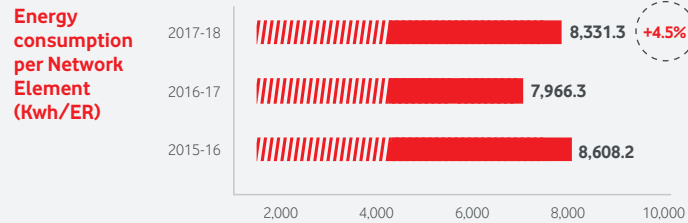
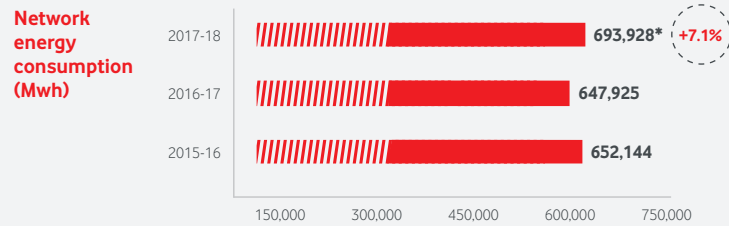
5.1 Total Satisfaction



Environment

Network energy consumption

Our energy consumption increases as we extend our network. For this reason, one of our main objectives is to increase our energy efficiency. For this purpose, specific investments were approved for energy projects, as well as solutions for both the access network and the core network (communication centres and data processing centres).



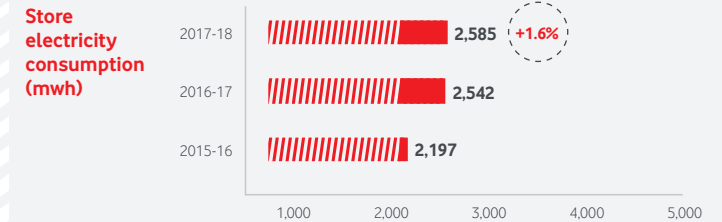
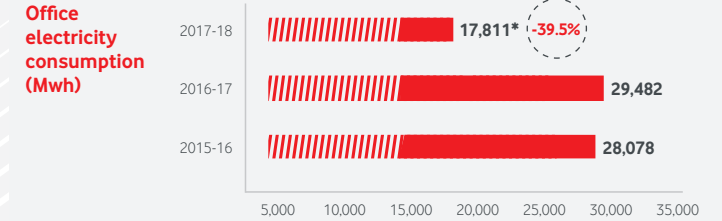
In financial year 2017-18, we deployed 885 units of a solution that let us minimize conventional climate control at certain locations on the access network (those with average electricity consumption and without the freecooling solution). This involved a ventilation installation consisting of a blower ventilator or four extraction ventilators, one electronic control and two temperature probes, which when combined enable suitable temperature maintenance without airconditioning. The existing airconditioning equipment is maintained as a backup when facing high exterior temperatures (< 32°C).

Initiatives for shutting down U2100 Mhz nodes were also implemented and functionalities were rolled out in 1,000 locations, achieving notable energy saving. It is planned to extend this measure in the following year (shutting down U2100 Mhz nodes) in 1,500 more locations.

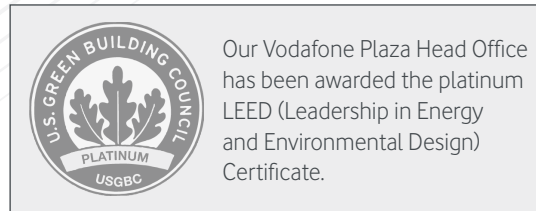
We continue working to comply with our March 2020 goal of cutting network energy consumption per network element by 50% by 2020, with respect to 2006-07.

-35% change in energy consumption per Vodafone Spain mobile and fixed network element as regards 2006-07

Energy consumption in offices and stores



The implementation of the Smart Building application at the Madrid and Seville headquarters has enabled us improve the mobility of our employees, optimize and streamline car park use, and more efficiently use the meeting rooms at these headquarters.



(*) According to Vodafone Group's reporting criteria, the distribution of energy between offices and network facilities has been reassigned, in such a way that determined office energy consumption is assigned to network consumption from this financial year forward. Obviously this reassignment influences the increase in network energy consumption, and the decrease in office energy consumption, as well as the lesser decrease in network energy consumption by network elements compared to 2006-07. (GRI 102)

5.1 Total Satisfaction



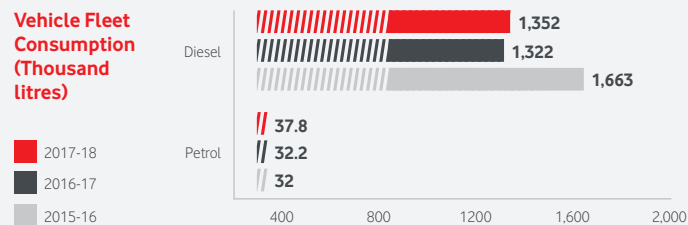
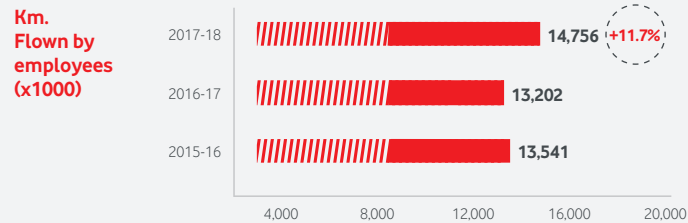
Environment

Other Supplies

CO₂ emissions avoided by using Video conferencing(*)

	2015-16	2016-17	2017-18
Nº of national videoconferences	3,568	4,666	5,678
Nº of international videoconferences	16,005	15,059	11,959
Projected saving in CO ₂ emissions (Tn)	2,366	2,272	1,873

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

CO₂

Climate change is one of the world's greatest challenges, with evidence of global warming already present due to the CO₂ emissions caused by humans. This temperature increase may have grave consequences, and hence a World Action Plan was established in 2016 (Paris Agreement) to limit global warming to «way under» 2°C compared to pre-industrial temperature levels.

Both the European Union and Spain have established their own CO₂ emission reduction objectives to meet the Paris Agreement.

At Vodafone we are convinced that our services can contribute to significantly reducing the emissions of other sectors, thanks to intelligent connections (IoT) and control networks that allow more efficient energy management. To provide these services, increasingly higher energy consumption is required (as equipment and devices are added and connected to the network).

Change in Total Emissions of CO₂ (Tn)

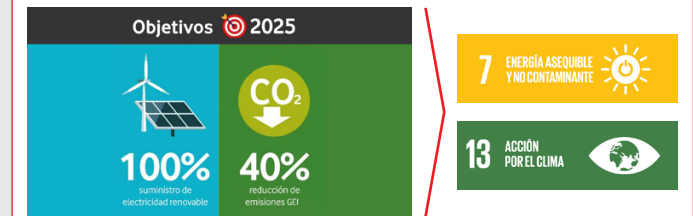
	2015-16	2016-17	2017-18*
Scope 1	7,495	6,038	12,811
Scope 2	175,983	153,997	191,810
Scope 3	1,509	1,404	13,813
TOTAL	184,987	161,439	218,435

*This year and according to Vodafone Group's criteria, the calculation method has been changed, to include emissions not contemplated until now such as refrigerants or train trips, and conversion factors were modified to Tn of CO₂. Hence for the consumption of facilities owned by Vodafone, the conversion factor of the electricity supply company is used, and for facilities owned by third parties where Vodafone has its equipment, the conversion factor used by Vodafone Group from the DEFRA/IEA conversion factor report is used. (GRI 102-49)

At Vodafone Spain we control our emissions according to the Green House Gas (GHG) Protocol. The most part of the energy we consume comes from the electrical network (Scope 2 of the GHG Protocol), so our action capacity is mainly based on the implementation of energy efficiency measures and the establishment of purchase agreements with our energy providers for energy from less contaminating sources.

The Vodafone Group has set the following global **objectives** for financial year 2024-25:

- ◆ The use of 100% renewable sources of electricity
- ◆ A 40% drop in our CO₂ emissions compared to the 2016-17 baseline.



Our **Internet of Things (IoT)** solutions and services enable our customers to manage their energy consumption more efficiently, thereby reducing their CO₂ emissions. According to calculations carried out by the Carbon Trust during the financial year 2017-18, the total **emissions avoided** with our IoT services was **374,764 Tn**, mainly resulting from the use of connected vehicles and fleet logistics, as well as smart electricity, gas and water meters

Considering **our emissions for financial year 2017-18** were **218,435 Tn of CO₂**, and that through IoT solutions we have contributed to our customers avoiding 374,764 Tn of CO₂, our compliance with our objective to "contribute to the CO₂ emissions ratio avoided by our customers, being less than twice the CO₂ emissions derived from our energy consumption" was 86%.

5.1 Total Satisfaction



Environment

Consumption of Materials and Wastes

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

In this manner, our **SIM only** (without device) or **Repair** services enable customers that so wish, to use our services without the need to acquire new devices, thereby lengthening the maximum lifespan of the devices. Extending the useful lifespan of telephones reduces waste generation and helps optimise the use of resources destined for their manufacture, hence avoiding the consumption of new resources.

We also establish mechanisms so that working mobile phones can be **reused** in developing or emerging countries, bringing both social benefits (facilitating access to technology at a more affordable price for these markets) and environmental benefits (the equipment's life span is extended without having to mine new raw materials for a new handset).

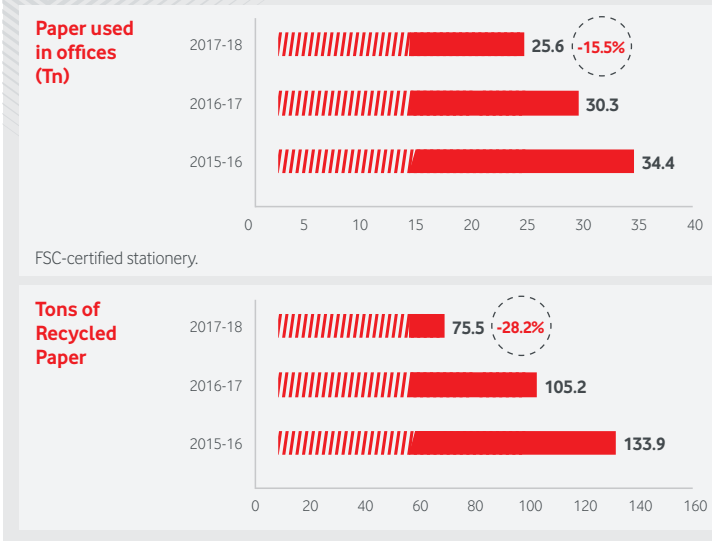
If the devices do not work, they can be deposited in the Mobile Muncher containers provided in our stores, ensuring that their components are **recycled** and recovered in an Environment-friendly way.

During 2017-18, our phone reuse and recycling systems enabled us to collect over 126,000 phones.

+ **126,000** handsets
than collected for reuse and recycling in 2017-18

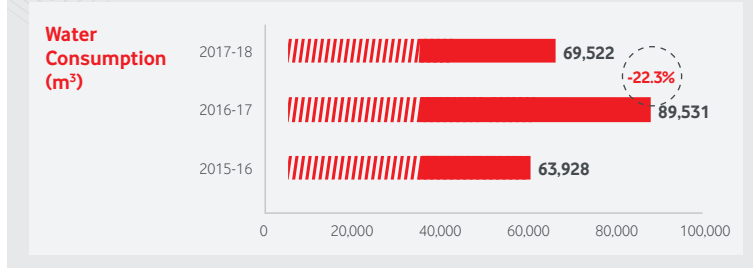
Paper consumption

All the paper that we use in our offices (25.6 Tn this financial year) was FSC certified paper to contribute to environmental conservation; and we recycled 75.5 tons of paper and paperboard in our offices in 2017-18



Water

Although in our case water consumption does not have a significant environmental impact, we control its evolution, and Vodafone Spain offices have consumed around 70,000 litres of water. Regardless of the fact that this is not one of our greatest environmental impacts and consistent with the importance of this resource, various deposits have been installed at our headquarters (Vodafone Plaza) to collect rainwater and use it to water our gardens, which have also been designed for low water consumption.



Containers

Vodafone is participating in the Integrated Waste Management System run by **Ecoembes**. All the packaging that we market carry the green symbol. In 2017 we declared 90,000 Kg of packaging (mostly paper and cardboard from the phone and card packaging that we market, as well as of the paper bags that we give customers in our stores, 100% of which are FSC certified).

Furthermore, with the aim of reducing the amount of single-use plastic cups used at the office, all employees have been given an **aluminium bottle** for drinking water from the coolers eliminating the need to use plastic cups.

Regarding the recent standard (Royal Decree 293 of 2018) aimed at the replacement of single-use plastic bags, it should be noted that in 2011 Vodafone started up an initiative for the replacement of bags given to customers in their own stores, at franchises and distributors, with **Paper bags** (previously, in 2009, we had already replaced plastic bags with oxy-biodegradable plastic bags). In addition, Vodafone's paper bags are manufactured according to FSC (Forest Stewardship Council) certification, which ensures that the paper comes from responsibly managed forests.

5.1 Total Satisfaction



Environment

“MadridAgrocomposta” pilot project

Vodafone at its Vodafone Plaza headquarters, participates (along with its provider Mediterranea) in Madrid City Council’s pilot project “MadridAgrocomposta” (Madrid Agri-compost). The aim of this pilot is to explore systems that are highly eco-efficient in the collection and treatment of organic waste, to prevent dumping, and derive the organic material to agri-composting with small producers in the area of Madrid, for its use as soil fertiliser. On 31 March 2018, 33,000 kg of organic waste had been collected at Vodafone Plaza, from which approximately 12 tonnes of compost could be obtained.



Next Objectives: Total Satisfaction - Environment

- ◆ Reduce network energy consumption per network element by 50% by 2020, 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 2019**
- ◆ Extend the use of the Smart Building App to other regional offices. **March 2019**
- ◆ Implement (together with our supplier Mediterranea) the replacement of single-use plastic catering materials with other, less environmentally-harmful materials. **March 2020**





TOTAL
CONVERGENCE



5.2 Total Convergence

◆ Key Figures (as at 31.03.2018)



Achievement of the Integrated Report 2016-17 Objectives

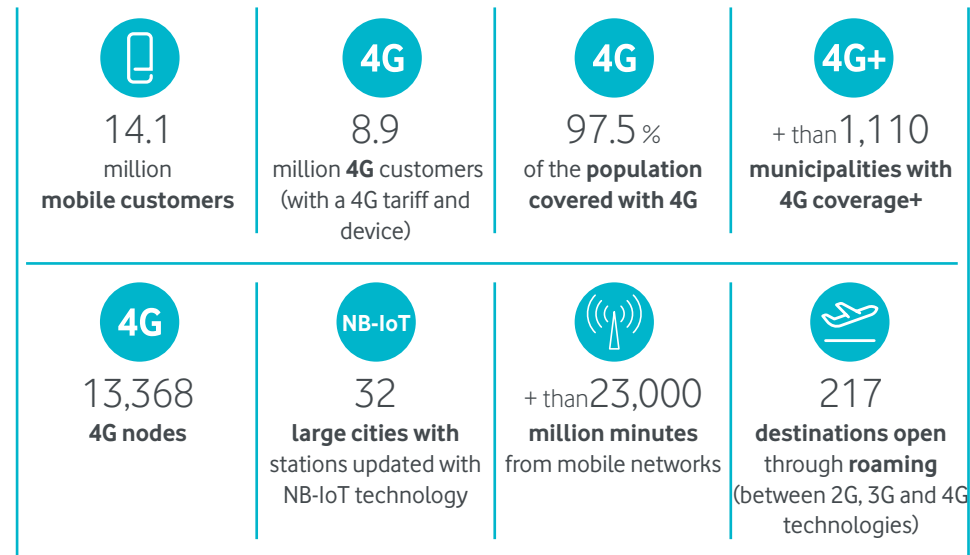
◆ Keep encouraging convergence in the home. **Ongoing**

Degree of compliance

100% ✓



Mobile Network



More than 2,100 new 800Mhz 4G nodes were commissioned during the year, extending 4G coverage to more than 5,500 municipalities, which includes all the towns with more than 10,000 inhabitants and 98% of the towns with more than 5,000 inhabitants. This means that the 4G has reached 97.5% of the population and more than 3,400 towns and villages have 800 Mhz 4G coverage that significantly boosts in-building coverage.

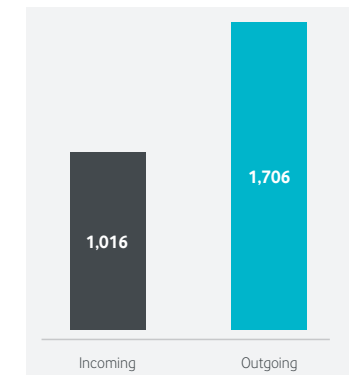
We keep on evolving our 4G services using technologies that are now fully integrated in our network, such as 4G+ (LTE-A), reaching 1,100 communities with 4G+ and VoLTE.

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 32 big cities and their surroundings, with more than 2,100 network base stations which have been upgraded using NB-IoT technology. Every base station 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.

Vodafone is firmly committed to and involved in rolling out 5G technology in Spain and is participating in the schemes outlined in the 5G National Plan. This commitment to spearheading mobile technologies led to Vodafone and Huawei joining forces to make the first 5G call on 20 February 2018. Together, the two companies made the **first 5G call in the world**, made from Castelldefels (Barcelona) to Madrid, using the specifications of the NSA (Non Stand Alone) commercial standard approved by 3GPP: ("3rd Generation Partnership Project") in December 2017 and the 3.7 GHz spectrum band. These specifications will be used in the future commercial rollout of the new 5G technology.

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 2017-18 deployment. The graph below shows the number of outgoing site shares (at other sites) and incoming site shares.



+ **66.5%** of the new infrastructure was in 2017-18 was rolled out in shared infrastructures

5.2 Total Convergence



Key Figures

Fixed Network



more than **3.3**
million customers
with **Fixed Broadband**



more than **2.7**
million customers
with **Fibre**



20.5
million **building units** available with
Fibre



more than **10.3**
million building units passed with
Vodafone Fibre or
included in **shared rollouts**



more than **77%**
of the building units allows speeds
of up to **1Gbps** (using Docsis 3.1
technology)



2.5
million customers
with **Vodafone One**




+ than **1.4**
million customers
have Vodafone TV



+ than **4,600**
million minutes carried from fixed
networks

Due to our continuous commitment to the fibre network, Vodafone has become the **operator with the most extensive fibre network in the country**, having reached 20.5 million building units with fibre on 31 March 2018. Furthermore, in our HFC cable network we are implementing the evolution of our network architecture to the latest available technology DOCSIS 3.1, which currently allows us to offer symmetrical speeds of up to 1 Gbps.

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. The quarterly **Service Quality** values also undergo external Audits which can be checked on the Ministry of Tourism, Trade and Industry's website  in its Telecommunications section.

Lastly, regarding environmental issues and despite noticeable activity in the network's roll out, during the financial year 2017-18, only three administrative sanctions were received due to incorrect causes (about acoustic levels) for a total amount of €16,400.



5.2 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 element in the achievement and maintenance of the quality of service parameters is 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 NPS scores are used to check the effectiveness of the improvement actions.

Vodafone's work systems and processes including Quality Improvement and Monitoring have ISO9001 certification since 1997.



◆ 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 2018**. For this purpose, RF emissions have been measured at more than 9,000 stations, and the emission levels of 100% of our base stations is far below the threshold set by the aforementioned Royal Decree 1066/2001.

This year after the entry into force of Royal Decree 123/2017 on 28 March 2017 which approves the Public Radio Spectrum Usage Regulations, Vodafone has updated its documentation to adapt to the new administrative processes, increasing the list of **Responsible Statements** due to the replacement of the Technical Recognition Act by the Administration. In this manner, the Administration has reduced its processing, and extended the time dedicated to monitoring and controlling radio-electric stations.

The objectives for next year are focused on defining the administrative processes needed to guarantee that 5G can be rolled out efficiently, ensuring, like up to now, that it involves no risk to public health and our stations comply with the health protection measures defined 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-Ionising Radiation Protection).

+ 9.000
than 9.000 base stations measured

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



5.2 Total Convergence



◆ The Internet of Things (IOT)

IoT technology has the power to transform companies and all kinds of organizations: improve employee efficiency, help obtain better customer experience, and provide a great level of visibility to the company supply chains, assets and operations.

Vodafone's IoT technology is transforming a wide range of sectors:

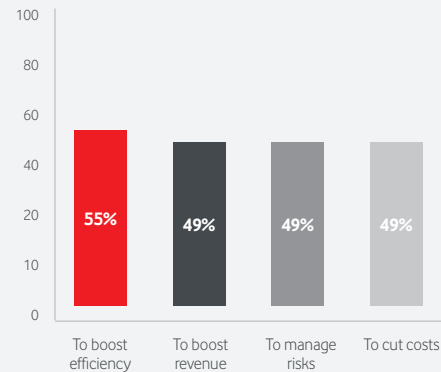
- ◆ Retailers use it to satisfy their customers with smart shelves, interactive digital screens and highly personalized marketing.
- ◆ In healthcare it is helping doctors offer better care to people and improve their life quality, with medication alerts, real-time ambulance monitoring, cardiac monitoring devices, etc.
- ◆ In industry it is helping to maintain productivity, while it also improves security, reduces costs and protects the environment.

Regardless of the sector, the potential benefits of IoT technology are huge. According to **Vodafone's IoT barometer 2017**, organizations are using IoT to create completely new services and transform their businesses. Two thirds of businesses that have adopted IoT say that it is now essential. The majority of these have already seen a return on their investment. It is estimated that when companies adopt IoT:

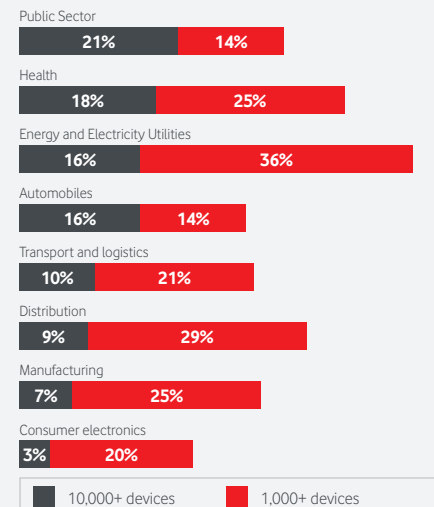
- ◆ Their revenue increases around 19%.
- ◆ Their costs drop by around 16%.

Due to these benefits, the number of IoT solution users has doubled since 2016.

Why do they use IoT?



Number of devices connected



+ 1.8 mn
local and global SIM cards
active for IoT

For the fourth year in a row, Gartner has rated Vodafone as the world leader in its management of IoT services, according to its global "M2M Magic Quadrant" report.



5.2 Total Convergence

◆ The Internet of Things (IOT)



IoT for Enterprises and Public Authorities

Vodafone's IoT platform enables **Jofemar** to install vending machines anywhere in the world.

Information captured by internal and external machine sensors can transmit information securely to Jofemar servers, which enables their customers to access the vending machines in real time using the Jofemar J-Suite application. Customers can access incident reports, sales and accounting details, and price updates can even be offered in real time by machine group.



The Vodafone IoT platform enables **Ekso Bionic** to connect all exoskeletons worldwide, enabling therapists to monitor patient progress with filtered records that enable them to adapt therapy sessions.



The Vodafone IoT platform enables connectivity issues to be solved using a small router preconfigured for **Somfy**, a company dedicated to automation. This is activated automatically, connects to the internet roaming service, and enables homes to be controlled from anywhere (especially second homes).



Vodafone has designed an end-to-end telematic solution for **Yamaha** that consists of hardware, connectivity, connected vehicle service and customer support. The My TMAX Connect application enables the user to locate its motorbike remotely, using the motorbike search function, monitor the bike's use, make maps of bike trips, activate an alert if the maximum established speed limit is exceeded or establish a geographical barrier.



5.2 Total Convergence

◆ The Internet of Things (IOT)

Smart Cities



Andújar (Jaén)

Andújar has put the smart management of public services into practice, resulting in an efficient town that optimizes its public resources. All of which through Vodafone's Smart Cities solution, which Andújar has used to put itself on the cutting edge of technology in public administrations.

Andújar developed its Smart Cities project based on the roll out of sensors that enable real-time data to be obtained, the efficient management of public lighting, waste collection and water resources, as well as the development of the App Ciudadana (Citizens' App) to manage incidents and also include information on available parking spaces.

- ◆ The **sensors** rolled out for the **public lighting** services, provide the ability to personalise lighting profiles to exact switching on and off times. Lighting regulation based on real environmental lighting criteria, enables appreciable savings both in energy consumption and cost, is fully adaptable to the real needs of the city, and reduces the environmental impact.
- ◆ Using the **sensors** deployed on **urban waste containers** both their fullness level and temperature can be monitored and measured and a series of alarms can be set up for different types of containers and urban waste. This means that the waste collection service is managed much more efficiently resulting in fuel savings, and reduction in CO₂ emissions and other resources, as it is carried out based on real data.

- ◆ Thanks to the deployment of the **sensors** that measure **ground temperature and humidity**, Vodafone introduces the town of Andújar to efficient **water resource** management. For said purpose, an interactive map is displayed with the latest data where manual water requests and their duration can be issued and measured. Through the development of monitoring reports, the watering service's smart management process can be optimized even further, reducing the use of this resource and the financial cost associated with watering.
- ◆ Regarding **parking services**, Vodafone Smart Cities can be used to view the availability of private parking spaces and it is fully integratable with local parking systems.

Vodafone's collaboration with Andújar in the creation of the **App Ciudadana** integrates citizens into the efficient management of their city. People can use the app to **report incidents**. These incidents are collected by the system and processed according to a protocol which also considers returning information to citizens on the incidents' resolution statuses.

All of this allows for cost saving, less environmental impact and an improvement of the public image of its managers in the eyes of their citizens.

Martorelles (Barcelona)

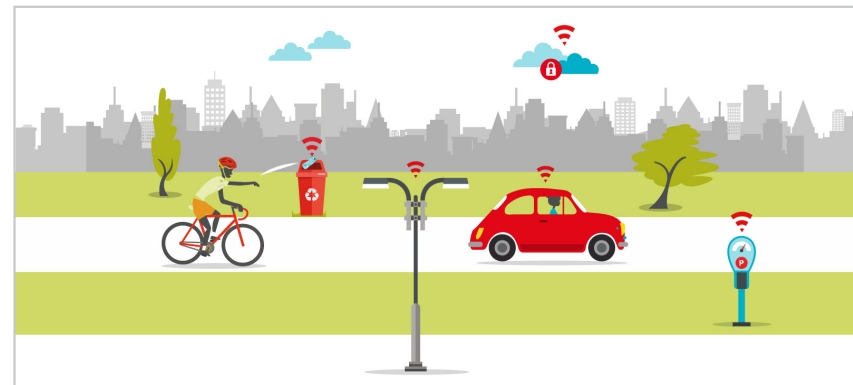
Martorelles City Council is committed to Vodafone's smart solutions for Smart Cities, such as the **online inventory of urban street furniture assets** (street lights, containers, etc.) which enables each element to be monitored and their unified management.

Together Vodafone and Martorelles develop a smart city that manages its assets online, optimizes its resources, and enables monitoring and control thanks to the reports generated by the platform. The information is generated internally through sensors deployed across the street furniture, and externally thanks to the **App Ciudadana** where field technicians from the city council can notify about incidents and checks their status. To be precise, this optimises both the work times and resources used.

The deployment of the **sensors** has led to a focus on the management of both public lighting and urban waste collection:

- ◆ Efficient management of **public lighting** involves energy saving thanks to the implementation of sensors at different light points in the city, which enable lighting profiles to have personalised turn on and turn off times.
- ◆ Smart **urban waste** management optimises bin truck routes, reduces environmental impact and integrates with other public services such as the fire brigade, thanks to the immediate detection of fire in containers. The sensors enable the filled level and temperature of the bins to be measured and monitored, and a series of alarms can be set up for different types of containers and urban waste.

Regarding the management of energy efficiency, energy consumption is being monitored on the electricity network to optimize its consumption and reduce its environmental impact.

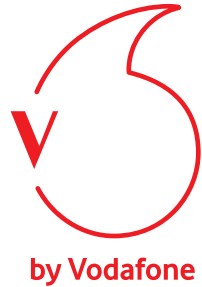


5.2 Total Convergence



◆ The Internet of Things (IOT)

IoT for Residential Customers



IoT technology provides intelligence for connecting an extensive array of devices on the move, at work and at home. Analysts' estimates predict that by 2020 more than 370 million electronic devices will be able to connect to mobile IoT networks in the countries where Vodafone operates. Nowadays, somewhere in the region of 50 million-plus devices are already connected.

During 2017-18 Vodafone launched **"V by Vodafone"**, which lets customers connect electronic products to the Vodafone Group's global IoT network, the biggest in the world.

+ 50 million
devices connected through IoT
mobile networks in the countries
where Vodafone operates



V-Auto



V-Pet



V-Sim



V-Bag



V-Camera



V-Home

"V by Vodafone" lets consumers connect and manage an extensive array of smart devices, such as:

- ◆ GPS locators for cars (V-Auto).
- ◆ Trackers for locating and keeping tabs on pet (V-Pet).
- ◆ Trackers for locating suitcases, backpacks or keys (V-Bag).
- ◆ 4G security cameras (V-Camera).

"V by Vodafone"

V by Vodafone's connectivity proposal includes the following key elements:


- ◆ **V-Sim by Vodafone:** an exclusive SIM for IoT that provides the connectivity of any intelligent device.
- ◆ **"V by Vodafone"** is a smartphone App available for Android and iOS that facilitates customers with the monitoring of IoT products activated in their account in one go, in one place. The activation of each product is very simple, as customers only have to scan the QR code located on the product's packaging and the subscription is automatically added to their Vodafone bill.
- ◆ **Immediate connection to Vodafone's international IoT network** in any of the 32 countries in which it is available. Customers benefit from easy-to-manage devices connected wherever they are and wherever they go. Unlike WiFi devices, V by Vodafone products are constantly connected within the mobile coverage area.
- ◆ **A fixed monthly subscription** for each product category connected with a "V-Sim by Vodafone", allowing customers to use multiple IoT products at the same time.



5.2 Total Convergence



Big Data

According to the **Vodafone Enterprise Observatory** , large corporations regard investment in big data tools as a top priority.

Regarding companies, the application of Big Data technologies allows them to be more efficient within their markets, and able to adapt their strategy in a more specific manner. Their practical application makes it possible to:

- ◆ Use the data to help the distribution industry to understand their competitors.
- ◆ Segment potential demand
- ◆ Manage their stock.
- ◆ Decide where to locate new stores.
- ◆ Ensure outdoor advertising is more effective.
- ◆ Conduct in-depth studies of a specific sphere of influence.

“Vodafone Analytics”

“Vodafone Analytics” is Vodafone’s geolocation-based big data tool. Vodafone Analytics is an attainable and easy-to-manage solution which gets rid of the need for Big Data or data analysis specialists or experts within organizations to improve their performance.

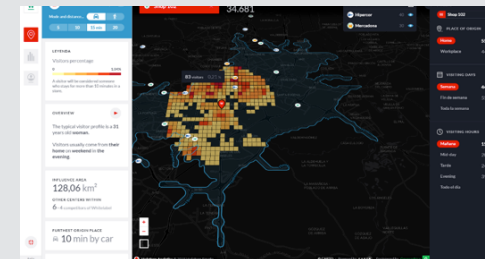
The Vodafone Analytics solution was developed in collaboration with Carto, a leading company in geolocation intelligence.

The location of mobile devices and network management carried out by Vodafone make it possible to offer **companies** information to position themselves more competitively in their markets.

Data obtained from the Vodafone network (via data aggregation) enables mobility patterns to be obtained by customer profile. The foregoing, combined with data provided by third parties, enables very useful trends to be obtained for both the Public Administration and companies.

Vodafone Analytics lets **Public Authorities** monitor population numbers in cities for the purposes of:

- ◆ Town planning.
- ◆ Traffic congestion.
- ◆ Crowd management.
- ◆ Public transport.
- ◆ Understanding tourism patterns and behaviour, providing location-based information.
- ◆ Improving the services provided to people who live or work in a city, using mobility analysis.
- ◆ Analysing the impact of the events that occur in an area.



Smart Tourist Resorts

Big Data enables large volumes of information (anonymized and aggregated) to be managed, to design tourist services that enable tourists to be attracted and made loyal using unique tailor-made experiences. It is possible to anticipate the needs of visitors and residents, improve decision making and increase competitiveness with other towns and in general, improve the strategic position of our country as a main worldwide tourist destination.

Big Data has many applications, such as the analysis of events (concerts, fairs, parties, etc.) where we can find out the number of people attending, where they came from, the days they visited, other points of interest visited during and after the event, etc.

Another use can be the analysis of means of transport used by tourists in town, i.e. the traffic can be checked (by road, train or plane) based on a multitude of variables be it tourists or residents, their ages and gender, etc.

Visits to points of interest in the town and routes then followed by visitors can also be analyzed.

Data Protection Policies

All of the personal data processing carried out by Vodafone strictly complies with current data protection regulations, as well as the new data protection regulation in force since May 2018. The main objective is to ensure that customers are duly informed about the type of data Vodafone will process and the purpose for which they will use this information.

In this regard, it is not possible to access any type of personal details of specific individuals, as the information is presented aggregated by specific town centres. The use of anonymized and aggregated data means that data that enables us to locate or contact individuals is not used.

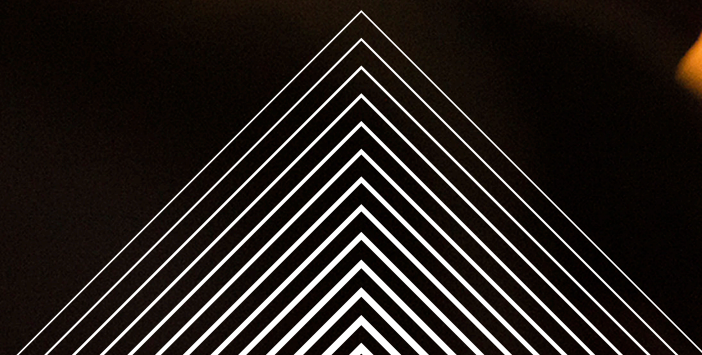


Next Objective: Total Convergence

Keep encouraging convergence in the home. **March 2020**



TOTAL AND
PERSONAL DIGITAL



5.3 Total and Personal Digital



Achievement of the Integrated Report 2016-17 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 "Vodafone University". **March 2018**
- ◆ Turn the Company into a Digital ... and Personal Converged Telco. **March 2020**

Degree of compliance

- 100% ✓
- 100% ✓
- 100% ✓
- Underway ↻



TOTAL AND PERSONAL DIGITAL

Vodafone wants to become the Digital Converged Telco that offers the best digital experience to its customers, combining technology and customer care instantaneously and easily.

To achieve the digital transformation and provide a faster response to our employees' and customers' needs diverse programs are in progress:

- ◆ Incorporation of agile philosophy to facilitate the transformation.
- ◆ Use of digital tools to gain flexibility and work-home conciliation. (Smartworking).
- ◆ Development of collaborative spaces that facilitate knowledge sharing. (Yammer, Vodafone University, One Drive, ...).

◆ Digitization with Customers

Self-care

Vodafone customers have an increasing desire to use the digital channels we make available to manage their services both quickly and easily.

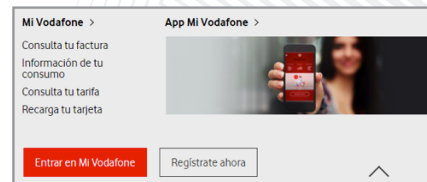
MY Vodafone

Using App Mi Vodafone on their mobile phones and Web Mi Vodafone on their computers and tablets, customers can access all of their services, be it mobile, landline internet or television.

During the financial year 2017-18, as well as continuing to add new functionalities like the management of our customers' home WiFi, we have developed a new website Mi Vodafone that is faster and more intuitive.

19% increase
in the number of My Vodafone App users compared to last year

+ 3.2 million
users of the private areas of the Vodafone web



Omnichannel

Our customers are enjoying the benefits of the different projects we have in progress to favour the multiple channels we use in our customer relationship. The following is worth a mention:

- ◆ The new **store locator website** that enables a search by town, geolocation or the services we offer in stores.
- ◆ **Express Collection**, as customers can now have their **order in-store in 2 hours** (currently the service is available in 6 stores, and will be extended).

When offered the possibility,
4 out of every 10 customers accept the Express Collection

5.3 Total and Personal Digital

Digitization with Customers

TOTAL AND
PERSONAL
DIGITAL

Vodafone.es

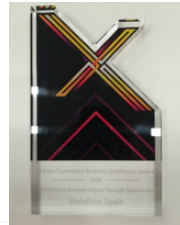
This financial year we have revamped our corporate web www.vodafone.es, with:

- Newly-designed menus and more intuitive content that is better suited to tablets and mobiles.
- Smaller menus with one-click access to Products and Offers.



Acknowledgements

Vodafone Spain was awarded the Best Impact and Customer Personalization Project at Adobe's Digital Marketing Summit in London, for the personalization of content in customer communications (on the website, My Vodafone App and digital advertising supports).



Help Section

During the financial year 2017-18, the support website was fully redesigned, with a new interface based on optimising and improving user experience, placing the most emphasis on the visual part. Interactive content was integrated which resulted in an excellent response from users.

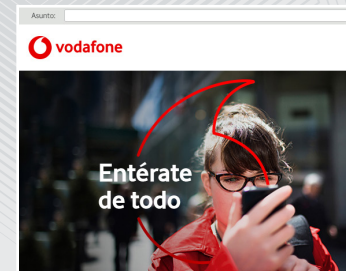
+ 350,000
visits a week to the Help Section

"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.

200,000
Visits a month to the Blog

Vodafone Forum

Las últimas tendencias
están en Foro Vodafone

Además de resolver todas tus dudas, en Foro Vodafone también encontrarás información de actualidad y podrás ponerte al día en tendencias tecnológicas con las **Pildoras Geek**.

¡Síguelas y ve un paso por delante!

Forma parte del Programa Héroes Vodafone.

Seguro que te interesa el Programa Héroes Vodafone donde, a cambio de tu colaboración, recibirás un trato prioritario en tus consultas y podrás ganar premios cuanto más participes.



Y recuerda que, aunque siempre estamos dispuestos a ayudarte, puedes gestionar tu mismo tus servicios desde la **App Mi Vodafone**.

Síguenos

Si quieres dejar de recibir por email nuestras ofertas y promociones usa esta dirección. Para cualquier otra consulta envíanos un correo a marketing@vodafone.com

Vodafone Forum resolves queries from registered users and provides access to all information on Vodafone products and services.

The Vodafone Heroes initiative is a Vodafone Forum partners programme that aims to make the community a place where registered users can contribute by providing the best solutions and interesting content.

29% increase in
Registered Users compared to last year

35% increase in
monthly visits to the Vodafone Forum compared to last year

30 users
participating in the Vodafone Forum Heroes scheme

Facebook and Twitter

Social media have become a priority channel for managing customer relations. People increasingly use social media to get in touch with Vodafone, be it to request information, or resolve a query or incident about our products and services. Using brand social networks is a growing trend, and can be seen in how Vodafone's data evolves.

10.8% increase in
the volume of social media interactions compared to last year

Social media first response time
1h 44 minutes

5.3 Total and Personal Digital

◆ Digitization with Customers

Online Store

During the financial year 2017-18, user support of the Online Store was improved by the centralization of calls in one single tool.

This centralization was carried out with the incorporation of a leads (users with buying potential) manager, which is linked to all agencies and launches a user request immediately to an available operator.

Lead Manager

- ◆ **Improves support times:** Centralizes activity between agencies, avoids duplicate calls and achieves better user satisfaction.
- ◆ **Attention speed:** The leads generator enables greater agility as the agent only has to focus on calls, without having to spend time managing internal processes. This makes agencies more efficient in their work.
- ◆ **Prevents duplicates:** Call centralization prevents the generation of duplicates and users receiving various calls from different agencies.
- ◆ **Satisfaction:** All of this translates into an increase in user satisfaction and better agent efficiency.

+ 1.2 mn

Users attended by the Online Store during 2017-18

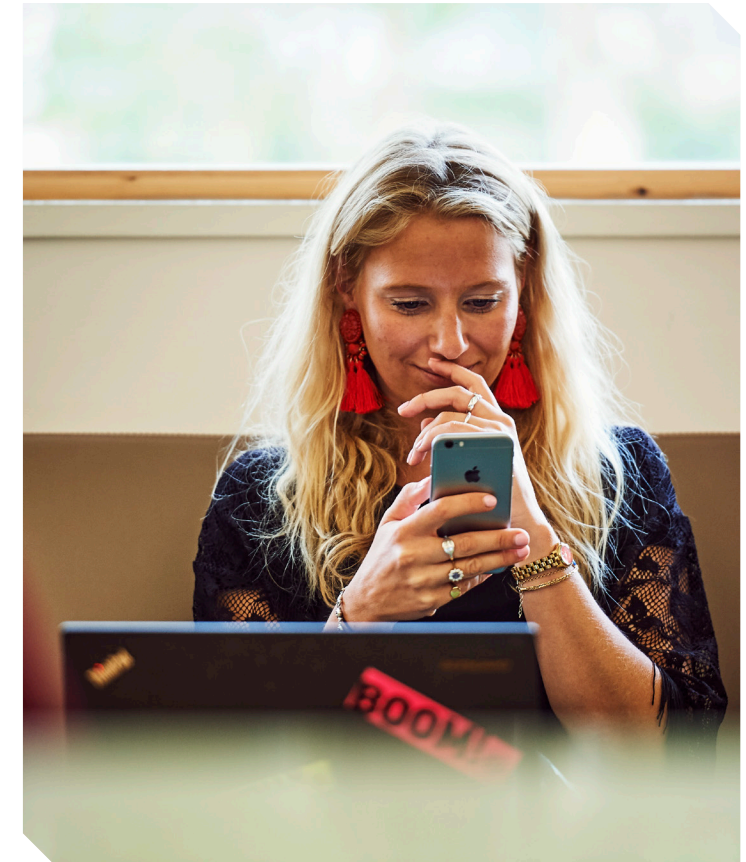
Other courses of action during 2017-18 have been:

- ◆ **Integration of the leads manager in Adobe:** This data has been integrated into Adobe, the corporate visit management tool, and has enabled the evaluation of Search Engine Marketing (– SEM) and other traffic sources, allowing us to measure which actions attract the most and least interest from users.
- ◆ **Customized deals: Offer personalization both for current and potential customers has been present during the entire financial year 2017-18.**



For this work, Vodafone Spain received the “Excellence in Business Impact through Personalization” award at the Adobe Summit 2018, where excellence was recognized among different customers and partners of the American multinational who promote different user experiences of the future.

- ◆ **Notices:** User notifications (with express consent) is a way of agilely transmitting offers, above all to potential customers who are more difficult to reach with conventional actions (email, SMS, etc.). These notifications inform about special offers to capture the attention of users browsing any website (not just Vodafone’s) achieving better browser penetration.



5.3 Total and Personal Digital

◆ Digitization with Customers

TOTAL AND
PERSONAL
DIGITAL

Digital Freedoms and Rights

New technologies are increasingly present in our lives every day and have multiple advantages to offer. However, living in a global world and being hyper-connected in real time also involves some 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.

On 25 May 2018, the application of the General Data Protection Regulation GDPR came into effect and with it the new sanctioning regime by the regulator began.

This new legislation requires that companies handle the personal information of their staff and customers suitably, explaining how it is used and requesting their consent to use this information where necessary.

This new legislation has led to a complete compliance transformation programme at Vodafone Spain, consisting of 15 initiatives such as the management of inventory of processing activities, security measures, user rights and privacy by design, which were already applied to a greater or lesser extent with the previous regulations outlined in the LOPD.

Vodafone is recognized as a trusted protector of customer and employee privacy, and known for its innovative, fair, responsible and proactive privacy approach. Preparing Vodafone for GDPR requirements involved significant work, mainly because we have

grown in the last twenty years by acquiring diverse organizations, with different systems, standards and levels of customer information and commercialization authorizations.

The Information Security Department, along with the collaboration of the Legal Department, is responsible for coordinating this programme across the entire organization, to ensure that the company complies with the requirements of the new legislation on time. For said purpose it relies on the collaboration of all employees who must be aware of what personal data is and the importance of managing it suitably and securely, and specifically to guarantee that we process personal data honestly, ethically, with integrity, and always according to applicable law and our values.

During the financial year 2017-18, major highlighted security incident arose at Vodafone Spain.



AUTOCONTROL Data Protection Mediation

Vodafone, like other Spanish operators, has signed up to the Mediation System set in motion by the Association for the Self-Regulation of Commercial Communication (Self-control) and the Spanish Data Protection Agency on 1 January 2018.

The member operators offer their customers a free, fast and voluntary system for handling Data Protection-related complaints, such as if other people impersonate them when subscribing to services, or if they receive unsolicited commercial communications. This Mediation System is only available online, and Autocontrol acts independently as the mediator between the customer and operators.

Anyone who has either already lodged a complaint against the member operators and have not received a reply, or else are not satisfied with the reply, can apply for this mediation.

To start the Mediation Process, go to:
www.Autocontrol.es/servicios/mediacion.

The AUTOCONTROL Mediation System operates independently of any complaints that members of the public can file with the Spanish Data Protection Agency (AEPD).

5.3 Total and Personal Digital

Digitization with Customers

TOTAL AND
PERSONAL
DIGITAL

Children's Safe and Responsible Enjoyment of ICT

Minors enjoying information and communication technologies (ICT) provides them with numerous benefits and advantages. However, at the same time it is essential to be aware that children and adolescents need to be accompanied and educated by different educational agents to ensure they can enjoy new technologies safely, healthily and responsibly.

Vodafone's Strategic Sustainable Business Framework includes the promotion of and respect for digital freedom and rights in its priority areas of action, among which we find the responsible and safe enjoyment of our technology, products and services by minors.

With this aim, Vodafone has been developing a set of activities over the last 10 years which are classified into two complementary lines of action:

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

Vodafone's approach to this subject is based on its conviction that the collaboration of the different agents involved is essential: operators, parents/tutors, educators, third sector institutions specialising in this field, public administrations, law enforcement agencies, etc.

Vodafone Tools

Secure Net



Secure Net is a security service that protects users as they browse on Vodafone's mobile network. Secure Net identifies all kinds of viruses and malicious websites, protecting the user from the dangers existing on the internet.

In recent years, mobile phone use has exceeded computer use, and therefore, it is important to be aware of the risks to which users are exposed and rely on a security solution for mobile phones, considering cyber-attacks are increasingly carried out via this route.

Secure Net does not need to be downloaded as it operates through Vodafone's mobile network, and does not occupy memory, consume battery or impact browsing. Among Secure Net functions the following are worth a mention:

- ◆ Periodic reports on threats blocked on the device.
- ◆ Protection level management.
- ◆ Icon at the top of the browser indicating the operation of Secure Net.
- ◆ Option to download the Secure Net App with the "Encuentra tu móvil" (Find your phone) service when lost or stolen.

The great variety of attacks arising can affect user safety and personal data. A large part of the threats detected during the financial year 2017-18 come from cryptojacking, cryptocurrency or virtual currency fever. The crime is committed when the cybercriminal uses another user's device to create cryptocurrency without the user's consent. As a result the person affected will notice that the device slows down, without knowing why.

Furthermore, increasingly younger children have mobile phones or internet access. Hence, Secure Net also includes family protection tools to protect the devices of little ones in the home, allowing parents to decide which websites or content categories can be accessed by their children. Furthermore, it is possible to manage internet access time, and define connection or disconnection times.

4.8 million
customers protected by Secure Net

2,200 million
cyberthreats blocked by Secure Net
in 2017-18

Secure Net Communication Actions

- ◆ Social media actions to shed light on the different risks that we face when we surf the Internet.
- ◆ Posts in Cooking Ideas, Smartblog, Vodafone Forum or Vodafone Helps You, to raise customer awareness about issues that can lead to unsuitable protection.
- ◆ Actions in online and traditional press.
- ◆ "Cyberfamily Day", where Vodafone unveiled its "Be Strong Online" Scheme (see next page).

 Bienvenido a Vodafone Secure Net

Secure Net, navega sin
riesgos en Internet

Secure Net te permite navegar con seguridad, protegiéndote a ti y a los tuyos de virus, web peligrosas, etc. siempre que estés conectado a la red Vodafone



5.3 Total and Personal Digital

Digitization with Customers


TOTAL AND
PERSONAL
DIGITAL

Children's Safe and Responsible Enjoyment of ICT

Education and Awareness

"Be Strong Online" Scheme

The Be Strong Online programme is one of Vodafone Group's global initiatives aimed at developing and publishing a set of informative modules, to promote the safe and healthy enjoyment of new technologies, as well as responsible citizenship among minors.

These modules  include subjects like cyberbullying, the digital life, digital fingerprint, online group pressure, selfies, critical thinking online, social networks, games, digital disconnection and coding. Informative documents and videos have been developed for each module (whose contents have been validated by NGOs and national and international experts on the subject) aimed at:

- ◆ Minors, including advise to avoid the potential risks of internet use.
- ◆ Fathers/mothers/tutors/schools, providing instructions on how to guide minors facing the potential risks.

Cybermentors Programme

In the financial year 2017-18, we continued and strengthened our collaboration with the Cybermentors Programme between the Madrid Regional Government's Department of Education, the PantallasAmigas organization, and Vodafone. This programme is based on Vodafone Group's international programme Be Strong Online which along with the aforementioned content, includes the application of Tech-Trainers' methods, such as the PantallasAmigas' "Cybermanagers" programme.

The Cybermentors Programme is designed to provide adolescent students with training and information on safe, healthy and responsible use of the internet and social networks, as well as about the personal and digital skills needed in the field of digital citizenship. In this manner, the programme covers issues like cyberbullying, identity and digital fingerprint, information security, privacy, legal considerations, social networks, video games, etc., and is complemented with a focus on the promotion of cyber co-existence, as well as the promotion of equality and the prevention of gender-based violence in a digital context.

The programme is developed applying a dual methodology:

- ◆ Supporting learning-service projects, where students of advanced courses expand their knowledge and skills, who are then at the service of younger students to provide them with training.
- ◆ Peer-learning, where learning is carried out in the context of camaraderie which strengthens the two-way transmission of knowledge and experience between mentors and learners.

Furthermore, this focus on a peer-learning service has been enriched, according to the dynamics of each centre, with some activities involving families, teachers and other students of the centre.

The main figures concerning the application of the Cybermentors Programme in academic years 2015-16 and 2016-17 are as follows:

2015-16
Pilot2 public secondary education schools; **731 pupils involved:**

- ◆ General Training: 183 pupils (2nd year Secondary Education and/or 1st year Upper Secondary Education (Bachillerato). **55** of them received **Cybermentors** training.
- ◆ 1st year Secondary Education: 548 pupils received the Cybermentors training.

2016-17
School
Year40 public secondary education schools; **9,280 pupils involved** (and more than 400 adults: teachers/families).

- ◆ General Training: 4,064 pupils (2nd year Secondary Education and/or 1st year Upper Secondary Education (Bachillerato). **835** of them became **Cybermentors**.
- ◆ 1st year Secondary Education: 5,216 pupils received the Cybermentors training

Furthermore, in this financial year the dissemination of the Cybermentors Programme has also been extended to the academic year 2017-18, involving **23 new public secondary schools** in the Madrid Region.

23 new public secondary schools in the Madrid Region are taking part in the Cybermentors Programme in the 2017-18 academic year

5.3 Total and Personal Digital

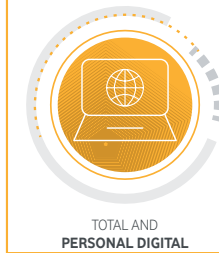
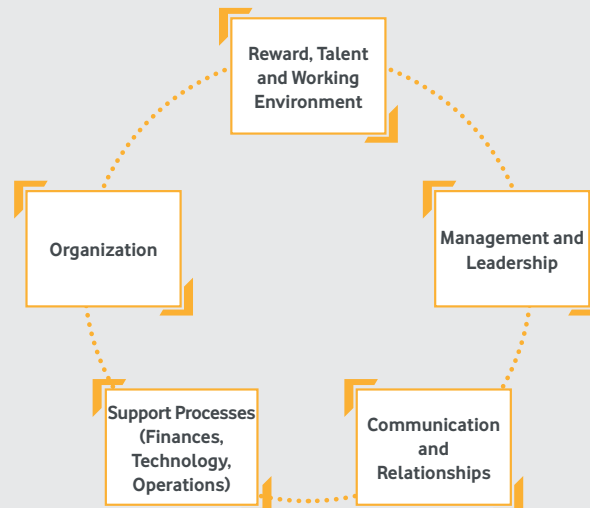
Digitization with Employees

Agile Programme

During the financial year 2017-18, the company's digitization strategy was accelerated by introducing new working methods. Vodafone wants to be an **agile** company that promotes transparency, collaboration and trust, with motivated employees who work in a self-organized manner along with the environment and necessary tools. To achieve this goal, a programme has been developed at the company to implement this new methodology.

The process consists of different phases:

- ◆ Firstly, we started with a project where working with support and Design Thinking methodologies, 25 people from different levels in the organization identified organizational barriers to communication and management, which could hinder the real application of these methodologies, and designed a new framework based on the following 5 elements:
 - ◆ Subsequently, in October 2017, 2 projects were identified to pilot the agile methodology. Forty employees were involved, participating on 2 squads (multi-disciplinary teams with a mission who work in a self-organized manner), who were trained in a phase prior to the incorporation of the pilot.
 - ◆ On 31 March 2018, there were 100 people working on 11 squads and our plan is to reach 250 people working in this area.



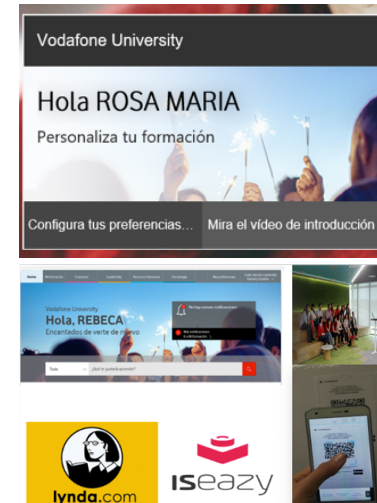
At Vodafone we want our employees to have the best digital experience. With this aim, during the financial year 2017-18 the following tools were implemented:



Smart Building App

With the aim of facilitating our employees' work, in this financial year we launched a new Smart Building App based on the concept of Smart Cities, which enables more efficient use of spaces such as the restaurant, parking spaces and meeting rooms, as well as the management of possible maintenance incidents in a fully digital manner from a mobile phone.

New learning methods



This financial year, we are committed to new ways of learning, creating new learning ecosystems, enriching and diversifying content, using **Vodafone University** tools that enable employees to access multiple training content via the internet or mobile phones, as well as incorporating functionalities to evaluate training, recommend it and share the experience.

It has also been ensured that the physical environment will be inspiring, facilitate collaboration and be technically equipped to take as much advantage as possible of the available technology.

For said purpose, this year we remodelled our **Learning Centre**, adding 180° audio-visual rooms and an Agora type space where the Coffee Talks were launched (TEDx type sessions or conferences to spread ideas) lead by our experts.

5.3 Total and Personal Digital

◆ Digitization with Employees

Innovation

Innovation is key for the company, and so during this year the **intra-entrepreneurship** was promoted with initiatives like **Vodafone Hack**, a Hackathon involving the participation of 150 employees to propose, develop and prototype new functionalities of the Mi Vodafone App, and we have started up internal and external co-creation spaces like the **Vodafone Lab**.



Vodafone News

This is the mobile app where all the Company's in-house news is published. This App replaces the previous intranet and relies on various channels and sections to be followed by employees based on their interests.

It is also incorporated with the internal communications, tweets and Facebook posts that employees can share on their personal social networks. In this manner, these messages can be used to improve their professional profile and extend company communications.

Microsoft Teams

To promote collaborative work, Microsoft Teams has been integrated into our Digital Workplace. This is a new teamwork experience that integrates applications such as Office Word, Excel and OneNote. It enables us to catch up with the teams via chat, easily search for documents and work in collaboration on documents, all on one single screen and in just one environment. Furthermore, we have the Microsoft Planner where we can visually organise team work via its panels, to improve productivity.



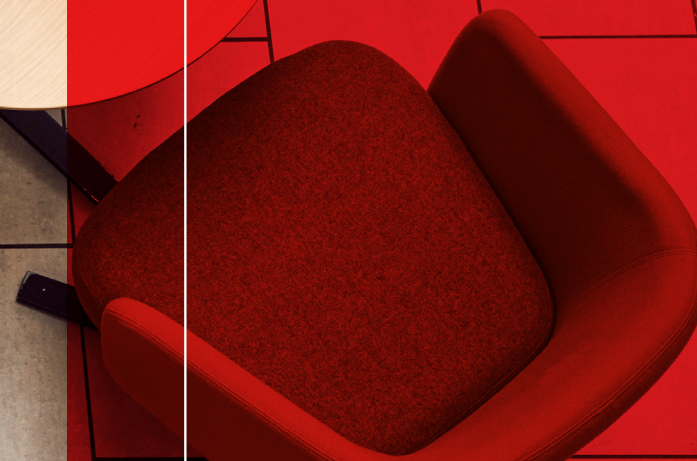
Next Objective: Total and Personal Digital

Turn the Company into a digital... and personal Telco. **March 2020**

6. Governance

◆ 6.1 Regulatory Compliance

◆ 6.2 Boards and Committees



6.1 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, the operating companies of each market assume 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 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 (14) 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 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.

The Company's Compliance Officer reports regularly to Vodafone Spain's Audit and Risks Committee on the results both of the general Regulatory Compliance Programme and of the specific local Corporate Defense Programme, monitoring the risk and control review, as well as the agreed improvement plans.

◆ Roles and responsibilities

The **Board of Directors** 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 and to the Audit and Risks Committee 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 Compliance Department, which reports to the Compliance Officer, 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 Vodafone Group.

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, the **Triage Team** is 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" (14) and defines the steps to follow in investigating and resolving them.

6.1 Regulatory Compliance

◆ Corporate Policies

Vodafone Spain has a wide variety of internal rules that are mandatory for all its directors, managers and employees. The linchpin of this regulatory framework is the Vodafone **Code of Conduct** ⁽⁴⁾, which contains the core regulations and outlines the **Mission, Vision and Values** of the Vodafone Group, as well as its **Business Principles**. The Code of Conduct enshrines Vodafone'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, Vodafone has a set of internal **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 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.

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.** Directly responsible for proper risk and control management, and for regulatory compliance and internal procedures in all areas. This line of defence therefore encompasses all the Company's units, and in particular, the departments responsible for control tasks and other activities regulated by said procedures or standards, which must internalize this responsibility in exercising their usual tasks and functions.
- ◆ **Second Line of Defence.** Responsible for monitoring the functions of the users included in the First Line of Defence, both in terms of the Company's global risks, legal compliance, financial control, information security and others. Although certain departments and bodies of the Company have responsibility for other issues, once a year the Compliance-Legal 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 PCR's findings are also outlined in an annual report that is submitted to

Vodafone Spain's CEO and to the Vodafone Group.

During financial year 2017-18, Vodafone Spain checked a total of 42 controls associated to Crisis Management Policies, Regulation, Information Security, Privacy, Fixed and Mobile Network Resilience, Electromagnetic Frequencies, Economic Sanctions, and Health and Safety.

Alongside these reviews conducted by the Legal Compliance department, the Company's Second Line of Defence also encompasses the Finance Area's SOX-Compliance department, which is responsible for ensuring appropriate internal control and the integrity of the financial statements. There are also specific Fraud, Quality and Revenue Assurance teams.

- ◆ **Third Line of Defence.** The Internal Audit Department conducts independent assessments of how effective our internal control systems are, in line with a predefined annual plan, considering good governance practices and a local and Vodafone Group risk analysis.

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

- ◆ **Fourth Line of Defence.** This consists in any external reviews conducted by independent third parties (external annual and/or one-off audits).

6.1 Regulatory Compliance

◆ 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 2017-18, 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.

In addition to the audit carried out by the internal SOX team (Finance Operations), key control managers act as the First Line of Defence by completing a Self-assessment questionnaire to ensure that their controls are operated effectively and in accordance with their design throughout the year, even in periods not reviewed by the auditor.

The result of this analysis is reflected by the Process and Company Certificate, which is signed by the CFO and the CEO.

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.



◆ Vodafone Group Delegation of Authorities: (DoA)

Compliance with Group Policy on expense approval ceilings and limits on third-party commitments on behalf of Vodafone Spain has been audited internally by the SOX team and certified by the Head of Finance Operations and the CFO for each quarterly close, by completion of a self assessment questionnaire that is forwarded to the Vodafone Group, ensuring the correct segregation of duties and approval of commitments throughout the year.

◆ 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.



6.2 Boards and Committees

◆ Boards of Directors

The Boards of Directors strive to ensure that the corporate purpose is pursued, the company's general interests are protected and that value is created within the company. The Boards of Directors of the main companies of the Vodafone Group in Spain are as follows:

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

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 of external directors.

Member	Post of the Board of Directors	Post in the organization	Date first appointed	Type of Member
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 Orue-Echebarría	Member	Chief Financial Officer	26 March 2009	Executive
Secretary/Non-Director: Mrs. Elena Otero-Novas				

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

The Board of Directors of Vodafone Ono S.A.U. also has three members, namely the company's Chief Executive Officer, Chief Financial Officer and Head of Legal, Regulation and Corporate Security.

Unlike the Board of Vodafone España, S.A.U., Mr. António Coimbra is both the Chairman and CEO of the Board of Vodafone Ono, S.A.U., so there is no non-executive Chairman.

Member	Post of the Board of Directors	Post in the organization	Date first appointed	Type of Member
Mr. António Coimbra	Chairman and Chief Executive Officer	Chief Executive Officer	23 July 2014	Executive
Mr. Miguel Orue-Echebarría	Member	Chief Financial Officer	23 July 2014	Executive
Mrs. Elena Otero-Novas	Member	Head of Legal, Regulation and Corporate Security	27 September 2017	Executive
Secretary/Non-Director: Mrs. Ana Pérez Escudero				

By way of example, the Board members of Vodafone España S.A.U. and Vodafone Ono, S.A.U. meet all the legal and internal organization guidelines laid down to avoid **conflicts of interest**, and should any conflict of interest arise, have an obligation to disclose it to the Board of Directors through its Chairman or its Secretary. Be that as it may, any members who find themselves in a conflict of interest situation, must refrain from attending and taking part in discussions that deal with matters in which they may have a personal interest. 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.

6.2 Boards and Committees

◆ Audit and Risks Committee

The Vodafone Spain Audit and Risks Committee is a regional body that reports to the Vodafone Group (it is always chaired by an independent person from outside the Vodafone Spain Organisation), and its main duty is to oversee the Company's control environment. The Audit and 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 Orue-Echebarría

Mrs Elena Otero-Novas

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



◆ Executive Committee

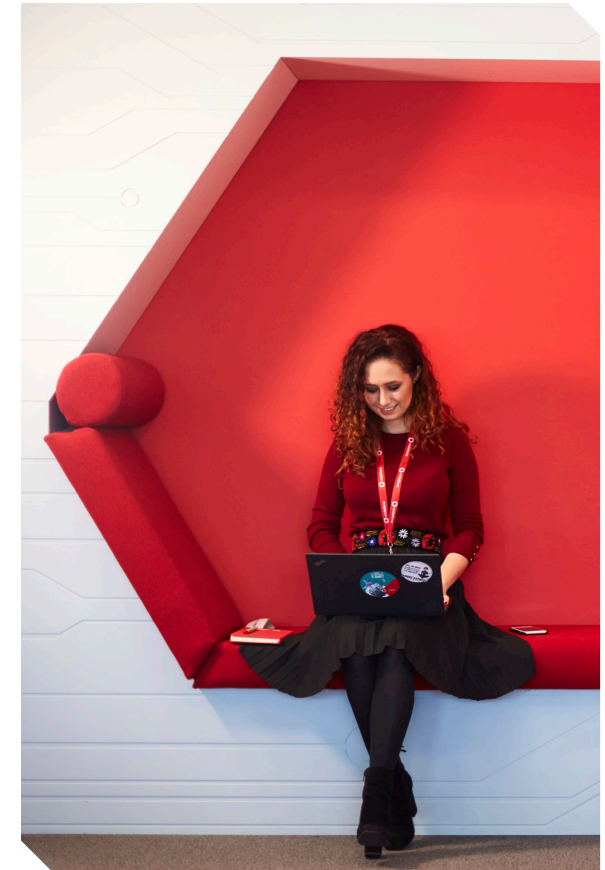
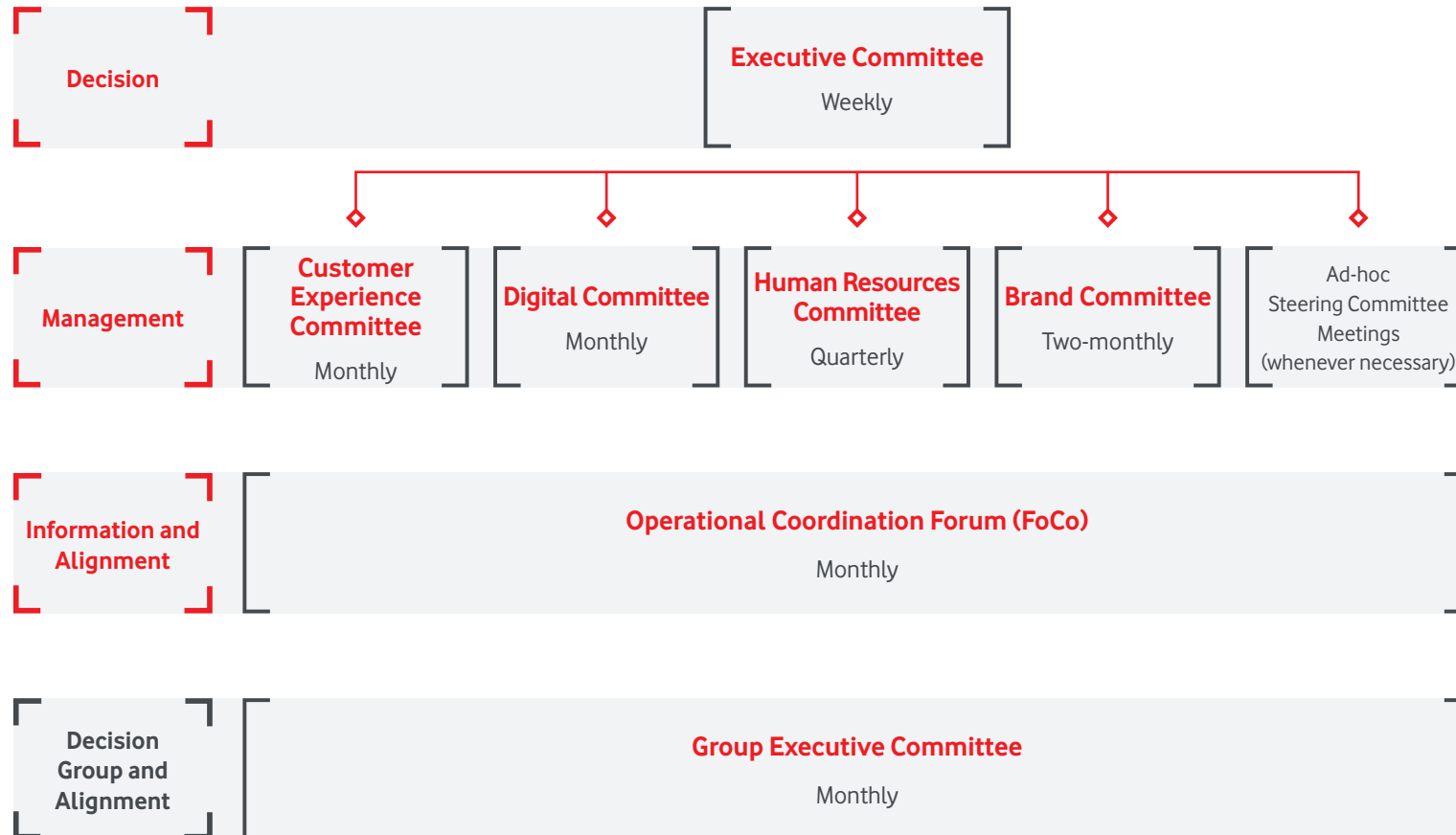
The Executive Committee is an independent body formed by the Heads of the Company's main departments that report directly to the CEO, and is responsible for overseeing the companies' activities on a daily basis, and making decisions involving Vodafone's business in Spain. It meets regularly, once a week 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 members of Vodafone Spain's Executive Committee or SLT (Senior Leadership Team) as at 31 March 2018 were as follows:

Executive Committee members	Post within the company
Mr. António Coimbra	Chief Executive Officer
Mr. Andrés Vicente	Head of the Enterprise Business Unit
Mrs. Elena Otero-Novas	Head of Legal, Regulation and Corporate Security
Mr. Ismael Asenjo	Chief Technology Officer
Mr. Miguel Orue-Echebarría	Chief Financial Officer
Mr. Oscar Vilda	Head of the Residential Business Unit
Mr. Paulo Neves	Head of Commercial Operations
Mrs. Remedios Orrantia	Head of Human Resources and Property

6.2 Boards and Committees

◆ Decision-making forums



6.2 Boards and Committees

◆ Decision-making forums

Executive Committee**Objective**

Maximum decision-making body.

Chairman

CEO.

Secretary

Director of Strategy.

Participants

- ◆ CEO.
- ◆ Senior Management.
- ◆ Director of Strategy.
- ◆ Ad-hoc guests.

Group Executive Committee**Objective**

Discuss and agree on Group-wide issues regarding customers, companies, technology, strategy, mergers and acquisitions, people and corporate governance.

Chairman

CEO of the Vodafone Group.

Secretary

Vodafone Group Head of Internal Communication and Events.

Participants

- ◆ Vodafone Group Executive Committee members.
- ◆ CEO of the 4 main operators (Germany, Spain, Italy and UK) and of the AMAP Cluster (obligatory).
- ◆ Residential Business Unit, Corporate Business Unit, Technology.
- ◆ Finance, Human Resources, Legal, Business Development (optional).

Considerations

Every year the Group CEO/CFO visits the country (together with other Executive Committee members as optional).

Customer Experience Committee**Objective**

Analysis of issues that impact our customers' Experience at all points of contact, and approval of initiatives to improve it.

Chairman

Head of the Residential Business Unit.

Secretary

Head of Customer Experience and Satisfaction.

Participants

- ◆ CEO, Heads of Business Units, COO, CTO.
- ◆ Ad-hoc guests.
- ◆ Heads of Marketing, Heads of Customer Value Management, Brand Manager, Head of Customer Experience and Satisfaction, Head of Communication, Head of Terminals Business Unit.

Digital Committee**Objective**

- ◆ Disseminate the Digital Transformation strategy throughout the organization: areas, processes and working methods.
- ◆ Consolidate an infrastructure competitive: assets, capacities and operational processes.

Chairman

Director of Strategy.

Secretary

Head of Digital Transformation.

Participants

- ◆ CEO, Heads of Business Units, CFO, CTO, COO, Head of Human Resources and Buildings.
- ◆ Selected Heads: Online Sales, Technical Capacities, Information Technologies, Corporate Communication, Brand and Advertising.
- ◆ Ad-hoc guests.

6.2 Boards and Committees

Decision-making forums

Human Resources Committee

Objective

Follow-up and generation of HR initiatives.

Chairman:

Head of Human Resources and Buildings.

Secretary

Head of the Human Resources Office.

Participants

- ◇ CEO.
- ◇ Selected Heads.
- ◇ Head of Communication.
- ◇ Ad-hoc guests.

Brand Committee

Objective

- ◇ Review our Brand's evolution, analyze the market's main advertising campaigns and approve new initiatives and campaigns.

Chairman

Head of Residential Business Unit.

Secretary

Brand Manager.

Participants

- ◇ Heads of Marketing, Heads of Customer Value Management (CVM), Head of Customer Experience and Satisfaction, Head of Communication.
- ◇ External participants: Agencies (News and Brand).
- ◇ Ad-hoc guests.

Operational Coordination Forum (FoCo)

Objective

Report on the Company's performance during the previous month and report on the main projects for the upcoming months.

Chairman

CEO

Secretary

Head of Communication, CEO's Office Project Manager.

Participants:

- ◇ 1st part: All employees (streaming).
- ◇ 2nd part: Senior Management and Heads.

Other Decision-Making Forums

Vodafone Foundation Board of Trustees

Functions

The Board is the Vodafone Spain's Foundation highest governance and representative body.

Participants

Internal members of Vodafone (Chairman, CEO, Head of Legal, Head of Communication) + External members (representatives of Ministries and other bodies).

Institutional Committee

Functions

Coordinating an overview of all Vodafone Spain's institutional relations. Forging and strengthening of the Chairman's external relations.

Participants

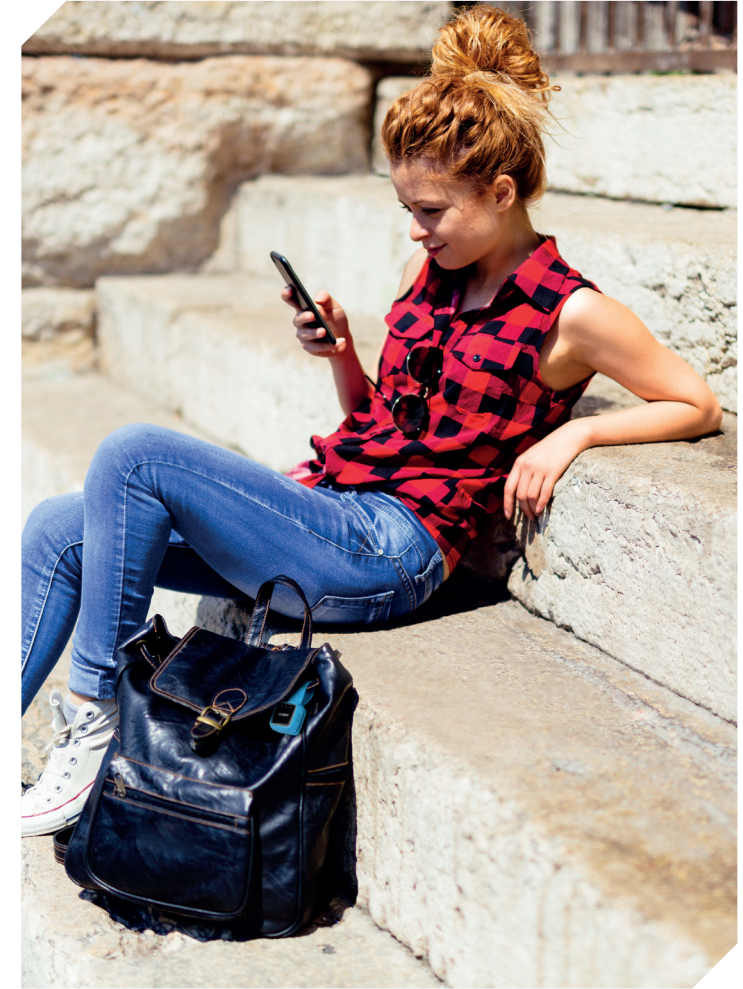
Chairman, CEO, Head of Corporate Business Unit, Head of Legal, Head of Communication, Head of Strategy, Brand Manager, Deployment Manager.

6.2 Boards and Committees

◆ Employee Mechanisms for Communicating Suggestions 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 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 employees can publish their comments, queries and suggestions. These groups are interactive, with different types of contents (business, people, contests, curious facts, challenges...) in which employees and the Executive Committee itself participate and respond to the remarks, suggestions or doubts that are posted.
- ◆ Every month, Management hold streamed meetings with all employees during which they discuss the Company's business development and the strategy through the **Operational Coordination Forums (FoCO)**. During the meetings, employees use a specific Yammer group or the streaming tool to send in questions or comments that are answered directly.
- ◆ Another way that employees can exchange views with the company's management are the **Breakfasts that Executive Committee members hold with teams** ⁽⁴⁾
- ◆ **Presentation of the Company's Strategy** for the current year; first of all, to the Heads of department and, subsequently, to all the other Vodafone Employees at the head office. After these kick offs, the strategy is also shared with Vodafone Spain's different offices at the regional road shows.
- ◆ The **Regional Executive Committees**, in which the Executive Committee members make regular visits to the different regions to hold business follow-up meetings, at which they talk to employees about the strategy, goals, or about any other concern or issue that they might raise.
- ◆ During the financial year, different **webinars** are held on specific and general interest subjects or areas. The webinars are live, so any interested employees can log on and join in the conversation.
- ◆ **Performance Developments** ^(5.1) which allow employees to pass on any tip or suggestion to the Company's governing bodies through meetings with their line management. These meetings have to be held at least twice a year and mainly focus on updating employees' job performance assessment.
- ◆ Employees can also contact Management through the **Human Resources and Property Department**, to discuss more personal or career development-related issues.
- ◆ **Speak Up** ⁽⁴⁾: is the channel that 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.
- ◆ Lastly, each year the company organises an annual employee survey known as the **People Survey** ^(5.1), which is also conducted throughout the Vodafone Group, and which serves to ascertain employees' expectations and perceptions. The survey addresses different issued regarding human resources management, business activities and Corporate Responsibility/ Sustainability issues.



6.2 Boards and Committees

◆ 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 in 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.

The Company's average wage increased by 1% in financial year 2017-18.

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.
Welfare benefits	Reinforce the retention of Managerial talent and ensure that our Management's pay packet is competitive with respect to our reference markets.	<ul style="list-style-type: none"> ◆ 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 Bonus levels and the indicators used for assessing the results attained are reviewed each year to ensure they are aligned with our strategy and the best market practices. ◆ To ensure that the bonus payment-related targets and goals are challenging, the performance and historical compliance of indicators used is analyzed. ◆ 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 and the Company's Free Cash Flow performance. ◆ 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

7.1 Reporting Principles

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

A The guidelines of the **International Integrated Reporting Council (IIRC)** for preparing integrated reports that group both financial and non-financial information: **(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)**

C The guidelines laid down by **AccountAbility** in **AA1000 APS-2018** regarding the application of its principles in the information provided: **(GRI 102-46)**

IIRC guidelines	How presented in the Vodafone Spain 2017-18 Report	GRI Standard Principles	How presented in the Vodafone Spain 2017-18 Report	AA1000AP Principles	How presented in the Vodafone Spain 2017-18 Report	
Strategic focus and future orientation:	Information about the Company's Strategy	Contents	Stakeholder Inclusion	Inclusivity	Information about Stakeholders and how we respond to their expectations	
Connectivity of Information	Information about Activities that can create economic, social and environmental value		Sustainability Context	Materiality	Information about Material Aspects	
Stakeholder inclusiveness	Information about Stakeholders and how we respond to their expectations		Materiality	Completeness	Responsiveness	Information about the results obtained in the Material aspects
Conciseness and materiality of information	Information about Material Aspects		Precision	Precision	Impact	Information about how we measure and monitor our direct and indirect impacts
Reliability of information	Assurance of information by external auditors	Quality	Balance			
Consistency and Comparability	Information presented in accordance with international standards and compared with previous years		Clarity	Clarity		
			Comparability	Comparability		
			Reliability	Reliability		
		Punctuality	Punctuality			

7.1 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	Pg. of 2017-18 Report
Description of the organization and the environment	Key Indicators 2017-18	7 to 9
	Business Principles and Corporate Culture	50 to 68
	Organizational Structure	13
	Analysis of the Environment	29 to 34
Corporate Governance	Regulatory Compliance	116 to 119
	Board of Directors and Committees	120 to 126
Business Model	Business Model	16 to 19
	Value Creation	21 to 28
	Strategic Sustainable Business Framework	47 to 49
Risks and Opportunities	Risk Management	35 to 39
Resource Strategy and Allocation	Strategy	41 to 43
	Business Model: Key Figures 2017-18	16
Performance	TOTAL SATISFACTION	55 to 97
	Total Convergence	98 to 106
	Total and Personal Digital	107 to 115
Future prospects	Analysis of the Environment	29 to 34
	Objectives	65, 79, 89, 97, 106 and 115
Basis of preparation and presentation	Profile and Aim of the Report	6
	Strategic Sustainable Business Framework	47 to 49
	Reporting Principles	128 to 131




7.1 Reporting Principles

◆ GRI Materiality Analysis (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 Steering Committee through the Corporate Communications Director, to whom it is answerable.

Standards Category	GRI Standards	Vodafone Material aspect	Coverage	Management
Economic GRI-200	201-Economic Performance	Value Creation	Internal	Chap. 1. Pgs. 21 to 28
	202-Market Presence	Employees	Internal	Chap. 5.1. Pgs. 67 to 79
	203-Indirect Economic Impact	Value Creation	Internal	Chap. 1. Pgs. 21 to 28
	204-Procurement Practices	Suppliers	External	Chap. 5.1. Pgs. 90 and 91
	205-Anti-corruption	Regulatory Compliance	Internal	Chap. 6. Pgs. 117 to 119
	206-Unfair Competition	Regulatory Compliance	Internal	Chap. 6. Pgs. 117 to 119
Environmental GRI-300	301-Materials	Consumption of Materials and Wastes	Internal - External	Chap. 5.1. Pgs. 96 and 97
	302-Energy	The Environment and Climate Change	Internal	Chap. 5.1. Pgs. 92 to 95
	303-Water	Non-Material	---	
	304-Biodiversity	Non-Material	---	
	305-Emissions	The Environment and Climate Change	Internal	Chap. 5.1. Pgs. 92 to 95
	306-Effluents and Waste	Non-Material	---	
	307-Environmental compliance	The Environment and Climate Change	Internal	Chap. 5.1. Pgs. 92 to 95
	308-Supplier environmental assessment	Suppliers	External	Chap. 5.1. Pgs. 90 and 91
Social GRI-400	401-Employment	Employees	Internal	Chap. 5.1. Pgs. 67 to 79
	402-Labor/Management Relations	Employees	Internal	Chap. 5.1. Pgs. 67 to 79
	403-Occupational safety and health	Employees	Internal	Chap. 5.1. Pgs. 67 to 79
		Suppliers	External	Chap. 5.1. Pgs. 90 and 91
	404-Training and Coaching	Employees	Internal	Chap. 5.1. Pgs. 67 to 79
	405-Diversity and equal opportunities	Employees	Internal	Chap. 5.1. Pgs. 67 to 79
	406-Non-discrimination	Employees	Internal	Chap. 5.1. Pgs. 67 to 79
	407-Freedom of association and collective bargaining	Employees	Internal	Chap. 5.1. Pgs. 67 to 79
		Suppliers	External	Chap. 5.1. Pgs. 90 and 91
	408-Child labour	Employees	Internal	Chap. 5.1. Pgs. 67 to 79
		Suppliers	External	Chap. 5.1. Pgs. 90 and 91
	409-Forced or Compulsory Labor	Employees	Internal	Chap. 5.1. Pgs. 67 to 79
		Suppliers	External	Chap. 5.1. Pgs. 90 and 91
	410-Security Practices	Employees	Internal	Chap. 5.1. Pgs. 67 to 79
		Suppliers	External	Chap. 5.1. Pgs. 90 and 91
	411-Rights of Indigenous Peoples	Non-Material	---	
	412-Human Rights Assessment	Suppliers	External	Chap. 5.1. Pgs. 90 and 91
	413-Local Communities	Community involvement	Internal	Chap. 5.1. Pgs. 80 to 89
	414-Supplier social assessment	Suppliers	Internal	Chap. 5.1. Pgs. 90 and 91
415-Public Policy	Regulatory Compliance	Internal	Chap. 6. Pgs. 117 to 119	
416-Customer health and safety	Responsible Network Deployment/EMF	Internal	Chap. 5.2. Pg. 101	
	Responsible use of ICT	Internal	Chap. 5.3. Pgs. 112 and 113	
417-Marketing and labelling	Clear Prices and Tariffs	Internal	Chap. 5.1. Pgs. 61 and 62	
418-Customer privacy	Privacy and Data Protection	Internal	Chap. 5.3. Pg. 111	
419-Socioeconomic achievement	Regulatory Compliance	Internal	Chap. 6. Pgs. 117 to 119	

7.1 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 undertakings 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 analysed its contribution to the different Sustainable Development Goals. ⁽⁴⁾

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

Global Compact Principles	Policies				Monitoring and Measurement	
	Integrated Report 2017-18	Pg.	Integrated Report 2017-18	Pg.	Integrated Report 2017-18	Pg.
1 "Businesses should support and respect the protection of internationally proclaimed human rights, within their sphere of influence"	<ul style="list-style-type: none"> ◆ Vodafone Sustainable Business ◆ Code of Conduct ◆ Safe and Responsible Enjoyment ◆ Privacy ◆ Code of Ethical Purchasing 	47 and 48 50 112 and 113 111 52	<ul style="list-style-type: none"> ◆ Supplier Assessment ◆ Vodafone and Human Rights 	90 53	<ul style="list-style-type: none"> ◆ Materiality Matrix ◆ "Speak Up" Channel ◆ Doing what's right Training ◆ Information and Awareness-Raising in Safe and Responsible Enjoyment 	49 51 118 112 and 113
2 "Businesses should make sure they are not complicit in human rights abuses"	<ul style="list-style-type: none"> ◆ Code of Conduct ◆ Code of Ethical Purchasing 	50 52	<ul style="list-style-type: none"> ◆ Policy on non-use of conflict minerals ◆ Supplier Assessment 	52 90	<ul style="list-style-type: none"> ◆ "Speak Up" Channel ◆ Supplier assessment and tracking 	51 90
3 "Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining"	<ul style="list-style-type: none"> ◆ Collective Agreement ◆ Code of Conduct 	70 50	<ul style="list-style-type: none"> ◆ Industrial Relations ◆ Code of Ethical Purchasing 	70 52	<ul style="list-style-type: none"> ◆ Industrial Climate Survey 	69
4 "Businesses should uphold the elimination of all forms of forced and compulsory labour"	<ul style="list-style-type: none"> ◆ Collective Agreement ◆ Industrial Relations 	70 70	<ul style="list-style-type: none"> ◆ Code of Conduct ◆ Code of Ethical Purchasing 	50 52	<ul style="list-style-type: none"> ◆ "Speak Up" Channel 	51
5 "Businesses should uphold the effective abolition of child labour."	<ul style="list-style-type: none"> ◆ Collective Agreement ◆ Industrial Relations 	70 70	<ul style="list-style-type: none"> ◆ Code of Conduct ◆ Code of Ethical Purchasing 	50 52	<ul style="list-style-type: none"> ◆ "Speak Up" Channel ◆ Employees by age and gender 	51 67
6 "Businesses should uphold the elimination of discrimination in respect of employment and occupation"	<ul style="list-style-type: none"> ◆ Diversity and Inclusion ◆ Code of Conduct 	71 to 74 50	<ul style="list-style-type: none"> ◆ Collective Agreement ◆ Code of Ethical Purchasing 	70 52	<ul style="list-style-type: none"> ◆ Diversity Evolution 	72
7 "Businesses should support a precautionary approach to environmental challenges."	<ul style="list-style-type: none"> ◆ Code of Conduct ◆ Environmental Management System 	50 92	<ul style="list-style-type: none"> ◆ RF Emissions and Health ◆ Control of environmental impacts 	101 92	<ul style="list-style-type: none"> ◆ Changes in Environmental Impacts 	93 to 96
8 "Businesses should undertake initiatives to promote greater environmental responsibility"	<ul style="list-style-type: none"> ◆ Environmental Management System ◆ Control of environmental impacts 	92 92			<ul style="list-style-type: none"> ◆ Environmental Management System Maintenance 	91
9 "Businesses should encourage the development and diffusion of environmentally friendly technologies"	<ul style="list-style-type: none"> ◆ The Internet of Things (IOT) 	102 to 105			<ul style="list-style-type: none"> ◆ Best Practices with Customers 	66
10 "Businesses should work against corruption in all its forms, including extortion and bribery"	<ul style="list-style-type: none"> ◆ Code of Conduct ◆ Code of Ethical Purchasing 	50 52	<ul style="list-style-type: none"> ◆ Anti-Corruption Programme ◆ Corporate Governance 	51 117 to 119	<ul style="list-style-type: none"> ◆ Anti-Fraud and Corruption Actions 	51 and 52

7.2 Independent Assurance Report



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

Independent Assurance Report to the Management of Vodafone España, S.A.

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

To the Management of Vodafone España, S.A.

In accordance with our engagement letter, we were engaged by Vodafone España, S.A. (hereinafter Vodafone) to perform an independent review on the non-financial information contained in the Vodafone Spain Integrated Report 2017-18 for the year ended 31 March 2018 (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 AP (2018) has been carried out, in all material respects, in accordance with the principles of inclusivity, materiality, responsiveness and impact, as described in sections GRI 102-43, GRI 102-44 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 Table of Contents" 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 responsibilities

Vodafone's 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 AP (2018); 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. is a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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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 AP (2018) 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 that comprises from April 2017 to March 2018. 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" and the Standard ISAE 3410 "Assurance Engagements on Greenhouse Gas Statements", issued by the 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 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.

We have also conducted our engagement in accordance with AccountAbility Assurance Standard AA1000 AS 2018 (Type 2), which covers not only the nature and scope of the organization's compliance with the AA1000 AP (2018) standard, but also evaluates the reliability of the performance information as indicated in the scope.

Procedures performed over reasonable assurance indicators

Our reasonable assurance work depends on our professional judgement, 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 AP (2018); 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 AP, 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.

Procedures performed over limited assurance indicators

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

7.2 Independent Assurance Report

3

- Verification of Vodafone's processes for determining the material issues, and the participation of stakeholder groups therein.
- 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 that responds to the Universal Standards comparing 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.
- Verification that the financial information reflected in the Report was audited by independent third parties.

Our multidisciplinary team included specialists in AA1000 AP, 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 AP (2018) has been carried out, in all material respects, in accordance with the principles of inclusivity, materiality, responsiveness and impact defined in that Standard, and as described in sections GRI 102-43 and GRI 102-44 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 Table of Contents" 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.

4

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 compiled, through specific channels, the enquiries to its main stakeholders in order to recognize their expectations about the relevant matters for the company. As an improvement of the 2017-18 financial year, Vodafone has increased the number of interlocutors in those stakeholders for which it was received less response. In this way, the grade of prioritization of proposed topics and their definition was improved. In order to continue deepening the company's relations with its stakeholders, it is recommended to continue developing the list of initial issues on which the periodic consultation is prepared, in this way more specific issues can continue to be incorporated.

Regarding the principle of MATERIALITY

Vodafone prepares an annual materiality analysis to identify, prioritize and validate the most relevant issues. The company has a defined process to weigh the relevance of each of the issues identified by its stakeholders in a way that takes into account the influence and impact on the business from the internal and external point of view. In this sense, it is recommended to continue analyzing the relevance of material issues, their impact and influence, and the perception of the company performance by its main stakeholders.

Regarding the principle of RESPONSIVENESS

Vodafone responds to the main challenges in CSR and links them to the development of programs to improve its performance through the Strategic Sustainable Business Framework. It is recommended to continue working to define how the material issues contributes to the achievement of the objectives defined in said Strategic Framework.

Regarding the principle of IMPACT

Vodafone has tools that allow the monitoring of direct and indirect impacts through its analysis of contribution to sustainable development, considering its economic, social, environmental and digital contribution. Each of these contributions is broken down by the impacts generated directly by Vodafone; and those generated along its value chain. It is recommended to continue improving the methodologies for estimating the indirect impact to make them more accurate and exhaustive according to the company activities in its entire value chain.

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 Vodafone Spain Integrated Report 2017-18 and for no other purpose or in any other context.

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez

30 July 2018



7.3 GRI Table of Contents:

◆ GRI Standards



GRI Standard	Indicators	Pg. / Direct response	External Verification	SDG*	
GRI 101: FUNDAMENTOS 2016					
GENERAL CONTENT (GRI 102: GENERAL CONTENT 2016)					
Profile of organisation	102-1	Name of the organization	6		
	102-2	Activities, brands, products and services	14 and 15 and vodafone.es		
	102-3	Location of headquarters	139		
	102-4	Location of the operations	11 and 63		
	102-5	Ownership and legal form	12		
	102-6	Markets served	17 and 19		
	102-7	Scale of the organization	7 to 9		
	102-8	Information about employees and other workers	13, 24, 67 and 70		8
	102-9	Supply chain	90 and 91		
	102-10	Significant changes in the organization and its supply chain	12		
	102-11	Precautionary Principle or approach	36 and 37		
	102-12	External initiatives	6, 128, 129, 130 and 131		
	102-13	Membership of associations	20		
Strategy	102-14	Statement from senior decision-maker			
	102-15	Key impacts, risks, and opportunities	4 and 5 37, 38 and 39		
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	50 and 68		16
	102-17	Mechanisms for advice and concerns about ethics	46, 51 and 125		16
Governance	102-18	Governance structure	13, 120, 121, 122, 123 and 124		
	102-19	Delegation of authority	122, 123 and 124		
	102-20	Executive-level responsibility for economic, environmental, and social topics	120, 121		
	102-21	Consulting stakeholders on economic, environmental, and social topics	122, 123 and 124		16
	102-22	Composition of the highest governance body and its committees	120, 121, 122		5, 16
	102-23	Chair of the highest governance body	120		16
	102-24	Nominating and selecting the highest governance body	120		5, 16
	102-25	Conflicts of interest	120		16
	102-26	Role of highest governance body in setting purpose, values, and strategy	120		
	102-27	Collective knowledge of highest governance body	120		4
	102-28	Evaluating the highest governance body's performance	117, 118 and 119		

GRI Standard	Indicators	Pg. / Direct response	External Verification	SDG	
GENERAL CONTENT (GRI 102: GENERAL CONTENT 2016)					
	102-29	Identifying and managing economic, environmental, and social impacts	117, 118 and 119		16
	102-30	Effectiveness of risk management processes	36, 37, 38 and 39		
	102-31	Review of economic, environmental, and social topics	123 and 124		
	102-32	Highest governance body's role in sustainability reporting	6		
	102-33	Communicating critical concerns	125		
	102-34	Nature and total number of critical concerns	70 and 125		
	102-35	Remuneration policies	126		
	102-36	Process for determining remuneration	126		
	102-37	Stakeholders' involvement in remuneration	126		16
	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	44 and 45		
	102-41	Collective bargaining agreements	70		8
	102-42	Identifying and selecting stakeholders	44 and 45		
	102-43	Approach to stakeholder engagement	44 and 45		
	102-44	Key topics and concerns raised	44 and 45		
Reporting practices	102-45	Entities included in the consolidated financial statements	6 and 12		
	102-46	Defining report content and topic Boundaries			
			128, 129 and 130		
	102-47	List of material topics	130		
	102-48	Restatements of information	94		
	102-49	Changes in reporting	95		
	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	139		
	102-54	Claims of reporting in accordance with the GRI Standards	6		
	102-55	GRI Table of Contents	134, 135, 136 and 137		
102-56	External Verification.	132 and 133			

*SDG Compass. "Linking the SDGs and GRI".

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

7.3 GRI Table of Contents:

GRI Standards

GRI Standard	Indicators	Pg. / Direct response	External Verification	SDG
THEMATIC CONTENTS				
Economic Performance				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	22	2, 5, 7, 8, 9
	201-2	Financial implications and other risks and opportunities due to climate change	25, 93, 94, 95 and 102	13
	201-3	Defined benefit plan obligations and other retirement plans	22 and 70	
	201-4	Financial assistance received from government	22	
Market Presence				
Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 202: 2016 Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	126	1, 5, 8
	202-2	Proportion of senior management hired from the local community	13	8
Indirect economic impacts				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	9, 99 and 100	2, 5, 7, 9, 11
	203-2	Significant indirect economic impacts	23	1, 2, 3, 8, 10, 17
Procurement practices				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	90	12
Anti-corruption				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	51 and 52	16
	205-2	Communication and training about anti-corruption policies and procedures	51 and 118	16
	205-3	Confirmed incidents of corruption and actions taken	51 and 52	16

(2) The disclosure of the information is very limited.

GRI Standard	Indicators	Pg. / Direct response	External Verification	SDG
THEMATIC CONTENTS				
Unfair Competition				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	60	16
Materials				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 301: Materials 2016	301-1	Materials used by weight or volume	96	8, 12
	301-2	Recycled input materials used	96	8, 12
	301-3	Reclaimed products and their packaging materials	96	8, 12
Energy				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 y 130	12, 13, 14, 15
GRI 302: Energy 2016	302-1	Energy consumption within the organization	93 and 94	7, 8, 12, 13
	302-2	Energy consumption outside of the organization	95	7, 8, 12, 13
	302-3	Energy intensity	94	7, 8, 12, 13
	302-4	Reduction of energy consumption	93 and 94	7, 8, 12, 13
	302-5	Reductions in energy requirements of products and services	93 and 94	7, 8, 12, 13
Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 305: 2016 Emissions	305-1	Direct emissions of GHG (scope 1)	95	3, 12, 13, 14, 15
	305-2	Energy indirect (Scope 2) GHG emissions	95	3, 12, 13, 14, 15
	305-3	Other indirect (Scope 3) GHG emissions	95	3, 12, 13, 14, 15
	305-4	GHG emissions intensity	93 and 94	12, 13, 14, 15
	305-5	Reduction of GHG emissions	25, 93 and 95	12, 13, 14, 15
	305-6	Emissions of ozone-depleting substances (ODS)	Not applicable (2)	3, 12, 13, 14, 15
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not applicable (2)	3, 12, 13, 14, 15
Environmental compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	100	12, 13, 14, 15, 16

7.3 GRI Table of Contents

◆ GRI Standards

GRI Standard	Indicators	Pg. / Direct response	External Verification	SDG
THEMATIC CONTENTS				
Supplier Environmental Assessment				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	90	
	308-2	Negative environmental impacts in the supply chain and actions taken	52 and 90	
Employment				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 401: 2016 Employment	401-1	New employee hires and employee turnover	67	5, 8
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	70	8
	401-3	Parental leave	70 and 72	5, 8
Labor/Management Relations				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	70	8
Occupational safety and health				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 403: Occupational safety and health 2016	403-1	Workers representation in formal joint management-worker health and safety committees	70 and 77	8
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	78	3, 8
	403-3	Workers with high incidence or high risk of diseases related to their occupation	77	3, 8
	403-4	Health and safety issues addressed in formal agreements with trade unions	77	8

GRI Standard	Indicators	Pg. / Direct response	External Verification	SDG
THEMATIC CONTENTS				
Training and Coaching				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	129	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 404: Training and Coaching 2016	404-1	Average hours of training per year per employee	76	4, 5, 8
	404-2	Programs for upgrading employee skills and transition assistance programs	75	8
	404-3	Percentage of employees receiving regular performance and career development reviews	75	5, 8
Diversity and equal opportunities				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	129	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 405: Diversity and equal opportunities 2016	405-1	Diversity of governance bodies and employees	67, 71 and 72	5, 8
	405-2	Ratio of basic salary and remuneration of women to men	71 (the ratio is 1)	5, 8, 10
Non-discrimination				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	129	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	51	5, 8, 16
Freedom of association and collective bargaining				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	129	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
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	52 and 90	8
Child labour				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	129	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 408: Child labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	52, 90 and 131	8, 16

7.3 GRI Table of Contents

GRI Standards

GRI Standard	Indicators	Pg. / Direct response	External Verification	SDG
THEMATIC CONTENTS				
Forced or Compulsory Labor				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	129	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	52, 90 and 131	8
Security Practices				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	129	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	77 and 90	16
Human Rights Assessment				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	129	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 412: Human rights assessment 2016	412-2	Employee training on human rights policies or procedures	48 and 90	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	52 and 90	
Local communities				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	129	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	80, 81, 82, 83, 84, 85, 86 and 87	
	413-2	Operations with significant actual and potential negative impacts on local communities	101	1, 2
Supplier Social Assessment				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 414: Supplier social assessment 2016	414-1	New suppliers that were screened using social criteria	90	5, 8, 16
	414-2	Negative social impacts in the supply chain and actions taken	52	5, 8, 16

GRI Standard	Indicators	Pg. / Direct response	External Verification	SDG
THEMATIC CONTENTS				
Public policy				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 415: Public policy 2016	415-1	Contributions to political parties and/or representatives	The value is 0	16
Customer Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 416: Customer health and safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	101, 112 and 113	16
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	101	
Marketing and labelling				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 417: Marketing and labelling 2016	417-1	Requirements for product and service labelling and information	101	12, 16
	417-2	Incidents of non-compliance concerning product and service information and labelling	101	16
	417-3	Incidents of non-compliance concerning marketing communications	60	
Customer privacy				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 418: Customer privacy 2016	418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	111	16
Socioeconomic achievement				
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	130	12, 13, 14, 15
	103-2	Management Approach and its components	49 and 130	1,5,8,12,13,14,15,16
	103-3	Assessment of the Management Approach	49 and 130	12, 13, 14, 15
GRI 419: Socioeconomic achievement 2016	419-1	Non-compliance with laws and regulations in the social and economic area	111	16

7.4 Glossary

3GPP: 3rd Generation Partnership Project

ADSL: Asymmetric Digital Subscriber Line

AECC: Spanish Cancer Association

AMAP: Africa, Middle East and Asia Pacific

ASPACE: Cerebral Palsy Association (APACE)

ATEGAL: Galician Cultural Association for Permanent Adult Learning

BCP: Business Continuity Plan

BEREC: Body of European Regulators Electronic Communications

CEO: Chief Executive Officer

CEOMA: Spanish Confederation of Senior Citizens' Organizations

CFO: Chief Financial Officer

CNAE: National Classification of Economic Activities

CNMC: National Markets and Competition Commission

CNSE: Spanish Confederation of the Deaf

COCEMFE: Spanish Coordinator of the Physically Disabled

CONFEMAC: State Confederation of Active Senior Citizens

CSC: Customer Service Center

DPA: Data Protection Act

EBITDA: Earnings before interest, taxes, depreciation and amortization

EMF: Electro-Magnetic Fields

FB: Fixed Broadband

FEDACE: Spanish Brain Damage Federation

FEDEPE: Spanish Federation of Female Directors, Executives, Professionals and Entrepreneurs

FELGBT: State Federation of Lesbians, Gays, Bisexuals and Transexuals

FEMP: Spanish Federation of Municipalities and Provinces

FESBAL: Spanish Federation of Food Banks

FSC: Forest Stewardship Council

FTE: Full Time Equivalents

FTTH: Fiber To The Home

GBI: Global Biking Initiative

GDPR: General Data Protection Regulation

GHG: Green House Gas

GI: Stakeholder

GSM: Global System for Mobile communications

GRI: Global Reporting Initiative

HFC: Hybrid Fiber Coaxial

HORECA: Hotels, Restaurants and Cafeterias

HR: Human Resources

HSDPA: High Speed Downlink Packet Access

ICT: Information and Communication Technologies

IGIC: General Indirect Canary Islands Tax

IIRC: International Integrated Reporting Council

IoT: Internet of Things

IPSI: Production, Services and Import Tax

LTE: Long Term Evolution

M2M: Machine to Machine

MIMO: Multiple-input and Multiple-output

MMS: Multimedia Messaging Service

MoB: Mobile Broadband

MVNO: Mobile Virtual Network Operator

NB-IoT: Narrowband IoT

NFC: Near-Field Communication

NGA: New Generation Access

NPE: Non-Profit Entity

NPS: Net Promoter Score

NSA: Net Stand-Alone

OECD: Organization for Economic Cooperation and Development

OJEU: Official Journal of the European Union

ONCE: Spanish National Blind Organization

PEFC: Programme for the Endorsement of Forest Certification

PSAP: Public-safety access point

RND: Responsible Network Deployment

SDG: Sustainable Development Goals

SECOT: Spanish Seniors for Technical Co-operation

SEM: Search Engine Marketing

SESIAD: Secretariat of State for the Information Society and the Digital Agenda

SLT: Senior Leadership Team

SMS: Short Message Service

STEM: Science, Technology, Engineering and Mathematics

T-NPS: Transactional Net Promoter Score

UDP: Democratic Union of Pensioners

UMTS: Universal Mobile Telecommunications System

VoLTE: Voice over Long-Term Evolution



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