



We connect for
a better future

Integrated Report Vodafone in Spain 2018-19





Content



*Available only in Spanish version.



Introduction

Chairman and CEO's Statement

Value Creation

Profile and Aim of the Report



António Coimbra

I am pleased to welcome you to Vodafone's Integrated Report for financial year 2018-19 (1st April 2018 to 31st March 2019), which presents the company's key financial and non-financial information about its strategy, achievement of business objectives and its contribution to sustainable development, all on an aggregate basis.

Our Vision

At Vodafone, we have always been keenly aware that new communication technologies are an opportunity to encourage innovation and foster digital transformation, both of which are cornerstones of the changes that society is going through. In this context, our company purpose is very clear: to connect people, improve their lives today and build a better future for citizens, businesses and public administrations.

Pushing forward our new strategic framework

This year saw the unveiling of our new strategic framework, which responds to our vision of the business in the future and guides all our activities as a company. The new strategy is built upon three key pillars. The first is to go further along the digitization road in order to interact better with our Customers and offer them a better experience. The second is our commitment to be fully competitive in all segments in a complex, ever-changing market environment. And the third, stemming from the first two, is that we must transform our

organization to respond to customer expectations more easily and faster. All of this is underpinned by the best ultra-fast new generation networks (NGN), one of the distinguishing features (as independently endorsed by the P3 Communications consultancy) of Vodafone Spain and its leadership, in terms of coverage, innovation and performance.

Significant strategy milestones

Vodafone has embarked on major new initiatives as part of its new strategy. We launched Vodafone bit, the first fully digital tariff on the market, to cope with the ever-larger number of customers who want a fully digital interaction (from contracts to customer service). We have streamlined our range of tariffs to make operational and contractual procedures as simple as possible for our Customers. We have also revamped our TV content packages to give Customers far more to choose from, and negotiated network-sharing agreements to ensure we still have the best mobile network and the most extensive and efficient fibre network.

During the year we have been forced to make especially complex decisions. Our goal of reversing the negative business trends and designing a leaner organizational model, aligned with the new strategy, and that is able to compete in the current market context, led to collective redundancies within the company, a painful process yet necessary to bring the organization in line with the new operational model and, at the same time, protect the investment capacity required to ensure the company's future.

Another was the decision not to bid for the soccer broadcasting rights on account of their negative impact on the Company's accounts, and which were unprofitable due to the asymmetrical regulatory conditions of the wholesale premium content business, heavily penalizing our company vis-à-vis other companies. Apart from changing the strategic positioning of our premium TV content, we have forged stronger strategic partnerships with the best content production companies and aggregators to offer our Customers the best range of films and series.

Clear commitment to Network Excellence and Leadership

The fact that we are firmly committed to the Network Excellence and to spearheading new generation networks was underscored this year when we became the world's first

operator to make a 5G call between two smartphones. This financial year Vodafone added another first to its track record when it rolled out the Spain's first pre-commercial 5G Network: in July 2018 we acquired 90 adjoining MHz of spectrum in the 3.7 GHz band in the auction arranged by the Ministry of Economy and Enterprise, which we used to deploy the first 5G NSA (Non-Stand Alone) nodes in Madrid, Barcelona, Seville, Malaga, Bilbao and Valencia. At the same time, we have kept on expanding our 4G network, which has now reached more than 5,900 towns and cities and 98.1% of the population.

This year we managed to finish upgrading all of our fibre network from HFC to Docsis 3.1, allowing us to offer 1 Gbps speeds throughout the network. We are now proud to offer the widest NGN coverage in Spain, as our fibre offering is available to 22.4 million building units, either through our own or shared rollouts or through wholesale agreements.

The Internet of Things also remains one of our top priorities. We have a secure NB-IoT Network for connecting devices, we offer cloud solutions for storing information and Big Data tools for analyzing it, not to mention "V by Vodafone", our IoT service that lets our residential customers connect and manage an extensive array of smart devices both at home and on the move.

Responsibility and commitment to Sustainable Development

All of us at Vodafone responsibly accept the role we have to play, as a company, in contributing to the sustainable development of society, because on top of being an economic engine, we are an agent of change, both by promoting ethical and responsible behaviour in our own activities and our value chain, and through the social and environmental benefits associated to our technology, products and services.

At the same time, we are all too aware that the size of the social and environmental challenges facing society means that it is essential that we work side-by-side with other agents, such as Public Administrations, third-sector institutions, etc. For that reason, Vodafone's business strategy is aligned with key national and international agreements, such as the UN's Sustainable Development Goals or Global Compact Principles, of which Vodafone is a signatory; and in this Report, we have renewed our commitment to comply with its 10 Principles.

In this regard, this Report outlines the main courses of action and results associated with Vodafone's commitment to sustainable development. Our direct economic contribution in financial year 2018-19 totalled €5,042 million and the indirect contribution, generated through our value chain organizations, amounted to €1,208 million. As far as social contribution goes, Vodafone generated 35,224 direct and indirect jobs and the Vodafone Foundation Spain allocated €4.1 million to innovation and community involvement projects. As for our environmental contribution, this financial year we have managed directly and indirectly to avoid the emission of 681,023 tons of CO₂.

In a nutshell, we know that we operate in a complex, ever-changing sector, which at the same time is highly strategic in terms of how it contributes to our country's development and to improving people's quality of life. Doing so involves responding immediately and satisfactorily to new market demands, and this in turn entails knowing how to transform and take advantage of new technologies like Big Data, Artificial Intelligence, new generation networks, IoT, etc. We are going through an era of change in which society and the economy alike are going digital at a very fast pace; and not only are we a part of this process, but we also strive to be the main technological driving force behind this transformation, connecting individuals and companies for an exciting future.

This Integrated Annual Report for 2018-19 is intended to be a true reflection of all this and I sincerely trust that you find it interesting.

António Coimbra
Chairman and CEO


Scope of the Report

- > 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 Chap. 1: "Vodafone in Spain". 
- > This report publishes the data for **the Vodafone Group companies in Spain**.
- > As this is the first year in which the figures for Vodafone España S.A.U. and Vodafone Ono S.A.U. are being reported separately, their respective trends cannot be included.
- > Pursuant to Law 11/2018, the **Non-Financial Information and Diversity Statements of Vodafone España S.A.U. and Vodafone Ono S.A.U.** are available on the corporate web.
- > The **Annual financial statements** included in Chapter 9 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


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


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 the Sustainable Development Goals (SDG) established by the UN in 2015.
- > Law 11/2018, of 28th December, on Non-Financial Information and Diversity.

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"**. For the Materiality Disclosures Services, GRI Services has checked that the GRI Table of Contents is clear, and that the references for contents 102-40 to 102-49 match the specified sections of the report. 

Since 2012, Vodafone 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.

Meaning of symbols included in this report:



Supplementary information to be found in Chapter N of the **Report**



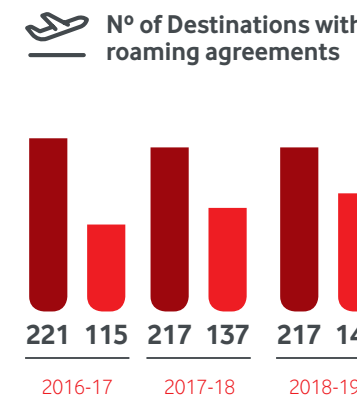
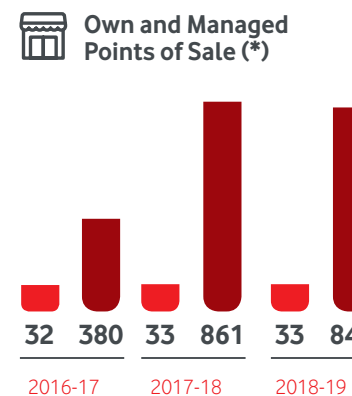
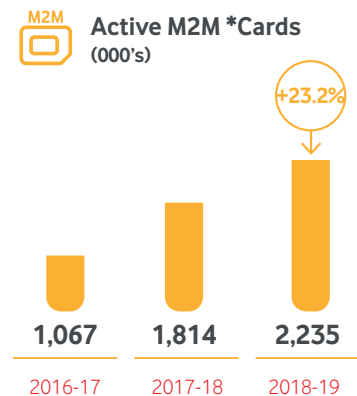
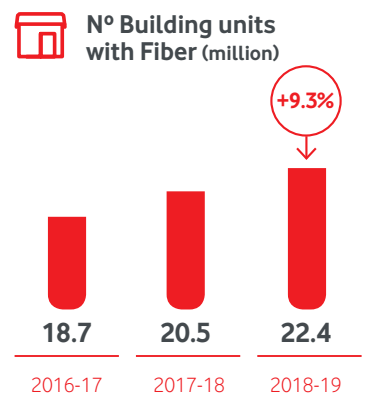
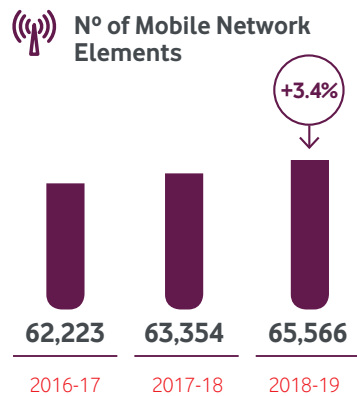
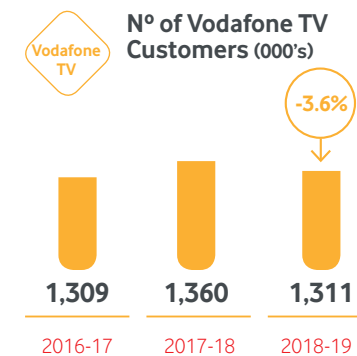
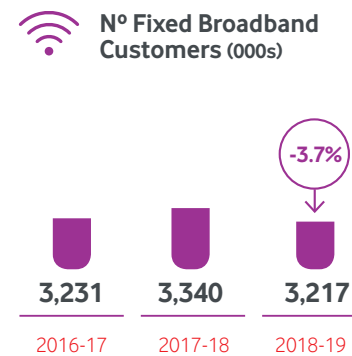
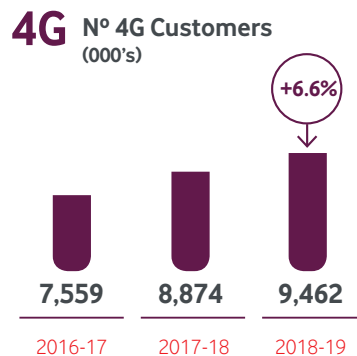
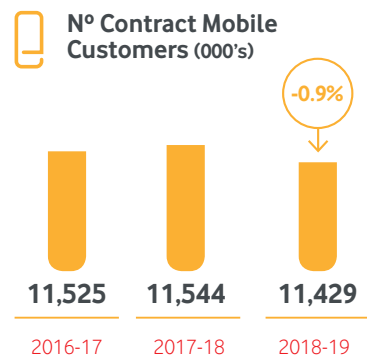
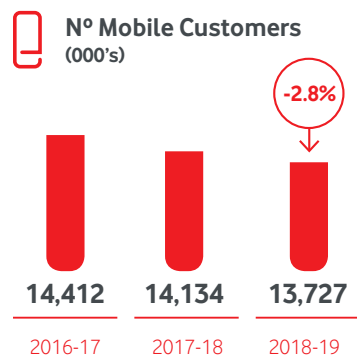
Additional information to be found on the **Vodafone web**



Information that is available on **Internet**

> Main Indicators

Summarised below are the changes in the main indicators that represent the Value Creation of Vodafone in Spain applying the IIRC's Capitals Model in the <IR> Framework.



(*) "Machine to Machine" Connections.

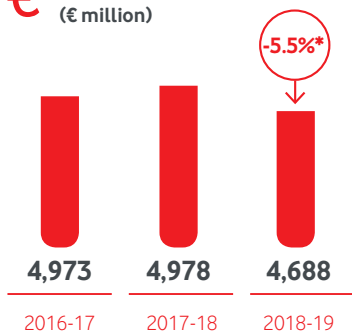
■ Own ■ Managed

(*) There are also 163 Managed spaces in the Major Retail Outlets and El Corte Inglés.

■ 2G/3G ■ 4G

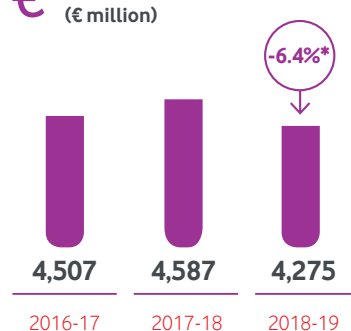
 FINANCIAL

€ Total Revenue
(€ million)



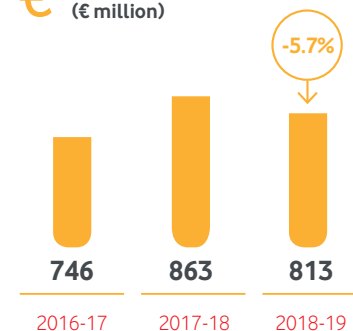
*In organic terms

€ Service revenues
(€ million)

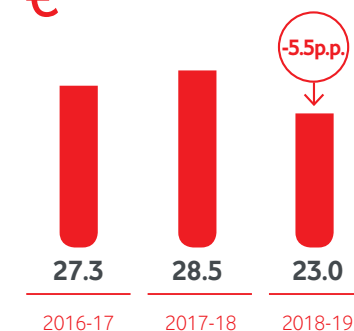


*In organic terms

€ Investments
(€ million)

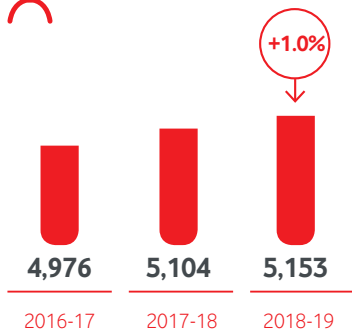


€ EBITDA Margin (%)

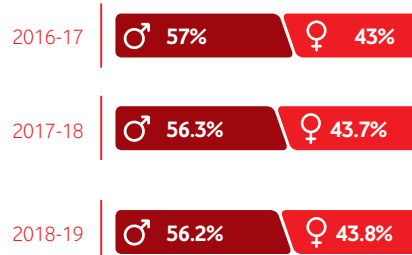


 INTELLECTUAL AND HUMAN

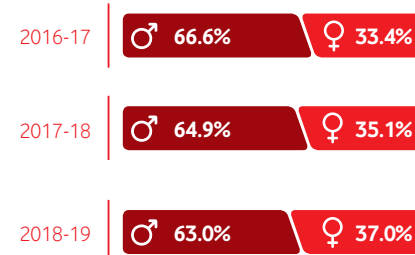
 Employees



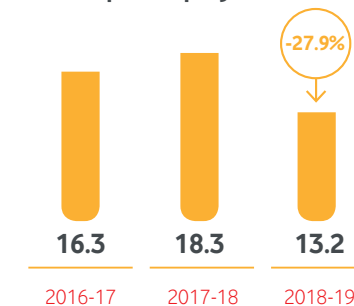
 % Employees per Gender



 % of managerial posts by gender

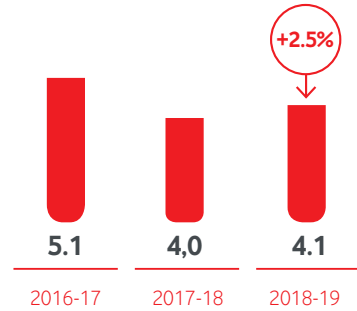


 Hours' training per employee

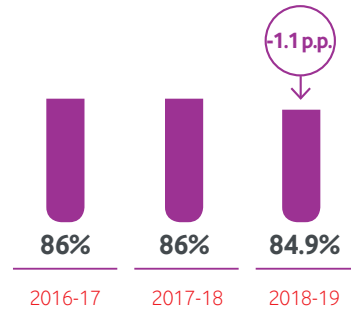


 SOCIAL

 Vodafone Foundation Spain Investment (€ million)

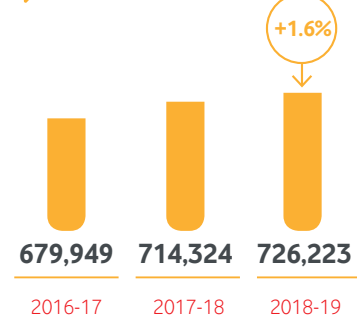



 Local Supplier Procurement (%)

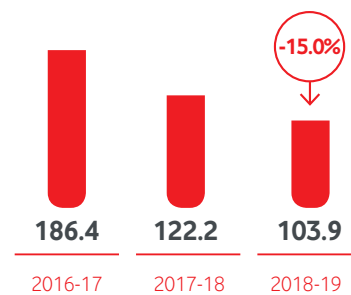


 ENVIRONMENTAL

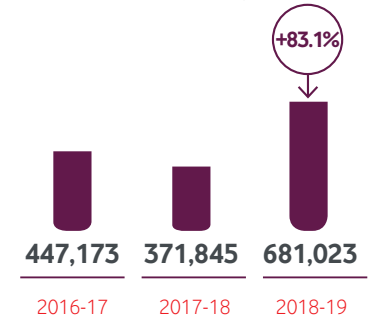
 Total Energy Consumption (MWh)



 Network energy consumption /data traffic (kWh)



 Tn CO2 avoided directly and indirectly



A crowd of people in a city street, many holding up smartphones to take photos of a building. The background shows a multi-story building with many windows. The foreground shows the backs of several people's heads and their arms holding up phones. One person in the foreground has a green wristband that says "LEMB BOY" and "THE SOUL UNIVERSITY".

1

Vodafone
in Spain

1.1

The Company

1.2


Financial
Results

1.3

Contribution
to the Country

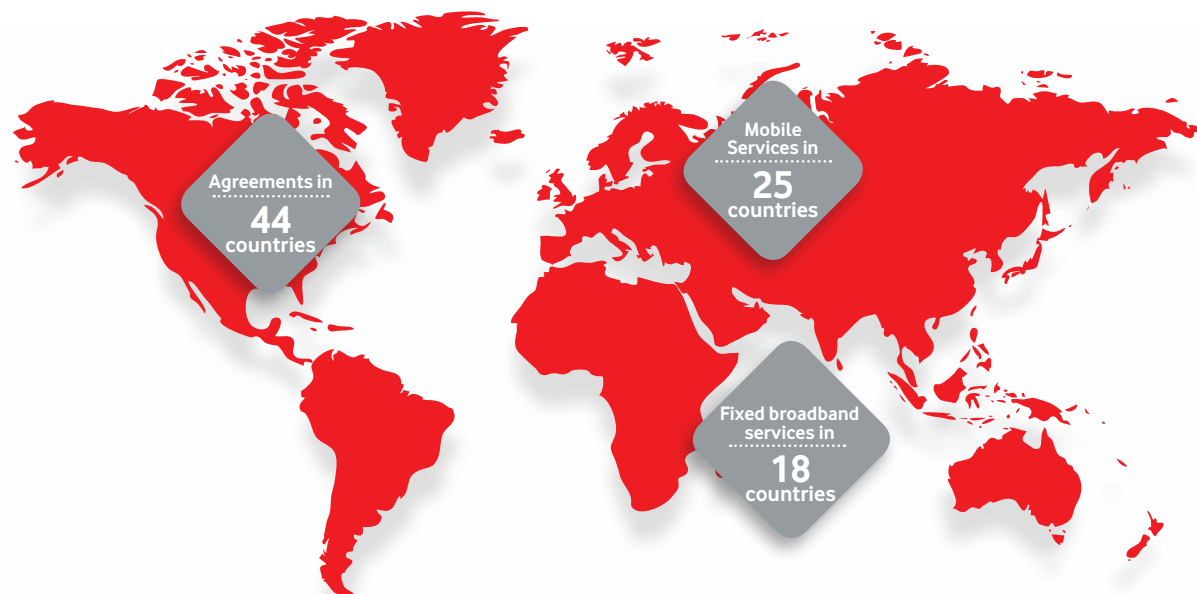
> 1.1 The Company

> 1.1.1 Vodafone Group

The Vodafone Group is one of the world's largest telecommunications companies in revenue terms, and provides voice, messaging, and mobile and fixed data communications services. Vodafone provides mobile services in 25 countries (and has agreements in another 44), and fixed broadband services in 18 countries. Vodafone Spain's customers benefit every day from the knowledge and experience of this world leader, which helps its customers - individuals, business and communities - to be better connected to the mobile world. 

Main figures at 31 March 2019	2018-19	2017-18	Δ%
Total Revenue (€ million)	43,666	46,571	-6.2
Service Revenues (€ million)	39,220	41,066	-4.5
EBITDA (€ million)	14,139	14,737	+4.1
Free Cash Flow (€ million)	5,443	5,417	+0.5
Adjusted EPS (€ cts)	5.26	11.59	+54.6
Nº Customers (million)	650	--	--
Average Nº Employees	92,005	103,564	-11.2%

(*) Includes all the customers of the joint ventures and affiliates.



> 1.1 The Company

> 1.1.2 Shareholding structure of Vodafone 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 23rd July 2014, the **Vodafone 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.** Incorporated by the Vodafone Group in Spain in December 2016 to contribute to the achievement of its sales objectives. 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 2019 of the Vodafone Group companies in Spain:



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 31st March 2019 of the two main operator companies, **Vodafone España, S.A.U. and Vodafone Ono, S.A.U.**, which are the only ones of the Vodafone Group in Spain that are subject to the new **Law 11/2018 on Non-Financial Information and Diversity**. 

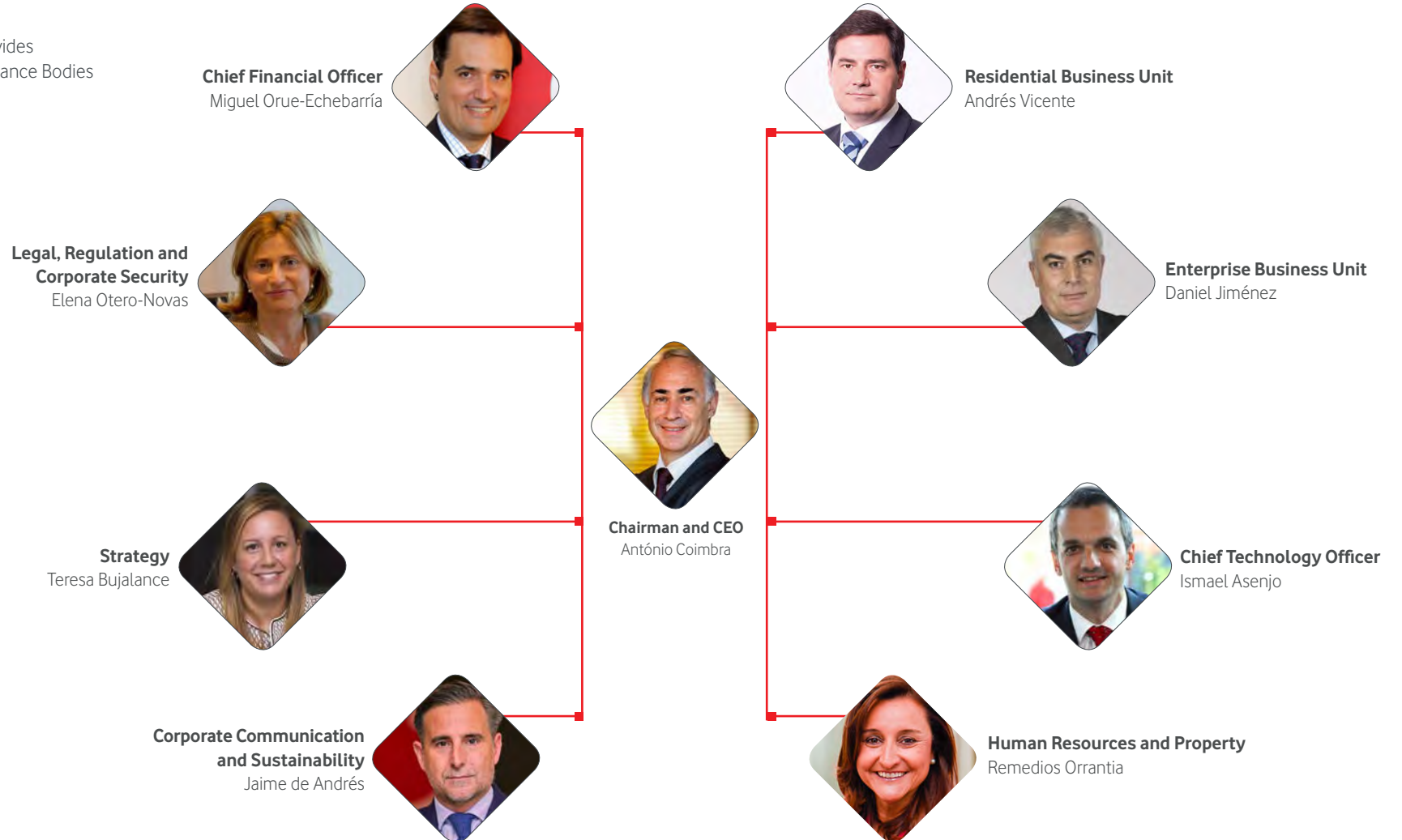
All the **Financial Information** of Vodafone's business in Spain shown in this Integrated Report is displayed on an aggregate basis. **The Non-Financial and Diversity Information** required by Law 11/2018 is displayed both in aggregate format with the data of all the Vodafone Group companies in Spain, and broken down for the two Group companies affected by the Law.

> 1.1 The Company

> 1.1.3 Organizational Structure

Displayed below is the Organizational Structure as it was at the end of financial year 2018-19.

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



> 1.1.4 Milestones and Launches 2018-19

◇ History of Vodafone in Spain

- 1994-1999

 - December 1994: Wins the GSM **mobile telephony licence**.
 - October 1995: Starts its **commercial** operations (under name of Airtel).
 - October 1997: The one-million customer mark is reached.
- 2000-2005

 - March 2000: Wins the **3G (UMTS) licence**.
 - December 2000: The Vodafone Group takes over Airtel.
 - October 2001: Airtel is renamed Vodafone Spain.
 - 2004: **Launch of 3G (UMTS) services**.
- 2006-2010

 - June 2006: Launch of **HSDPA services**.
 - October 2007: Takes over **Tele2 España**.
 - 2008: Launches the **"Vodafone Office"** and **"Vodafone in your home"**
- 2011-2015

 - 2011: Vodafone Spain wins **spectrum for 4G** mobile internet services
 - 2013: Launch of "Vodafone Integral" (mobile + DSL + fixed) and 4G services.
 - 2014: Vodafone starts **marketing Fiber To The Home (FTTH)** services.
Vodafone Spain finalises the **takeover of Ono Corporate Group**.
 - 2015: Launch of **"Vodafone One"** (mobile, fixed, internet and TV).
- 2016-March 2018

 - 2016: Launch of "Vodafone Automotive"
Vodafone completes the **world's first connection** on a commercial network using the **NB-IoT standard**.
 - 2017: Vodafone reaches commercial agreement for wholesale access to the Telefónica fibre-optic network.
Vodafone starts **marketing fibre services** with downlink speeds of **1Gbps**.
Vodafone launches **"V by Vodafone"**.
 - 2018: Vodafone and Huawei complete **the world's first 5G call** using the new NSA commercial standard.
Vodafone Spain presents **"Vodafone Analytics"**, its geolocation-based Big Data tool.

◇ Milestones and Launches 2018-19

April 2018

May 2018

June 2018

25 GB

July 2018

August 2018

25 GB

July 2018

August 2018

25 GB

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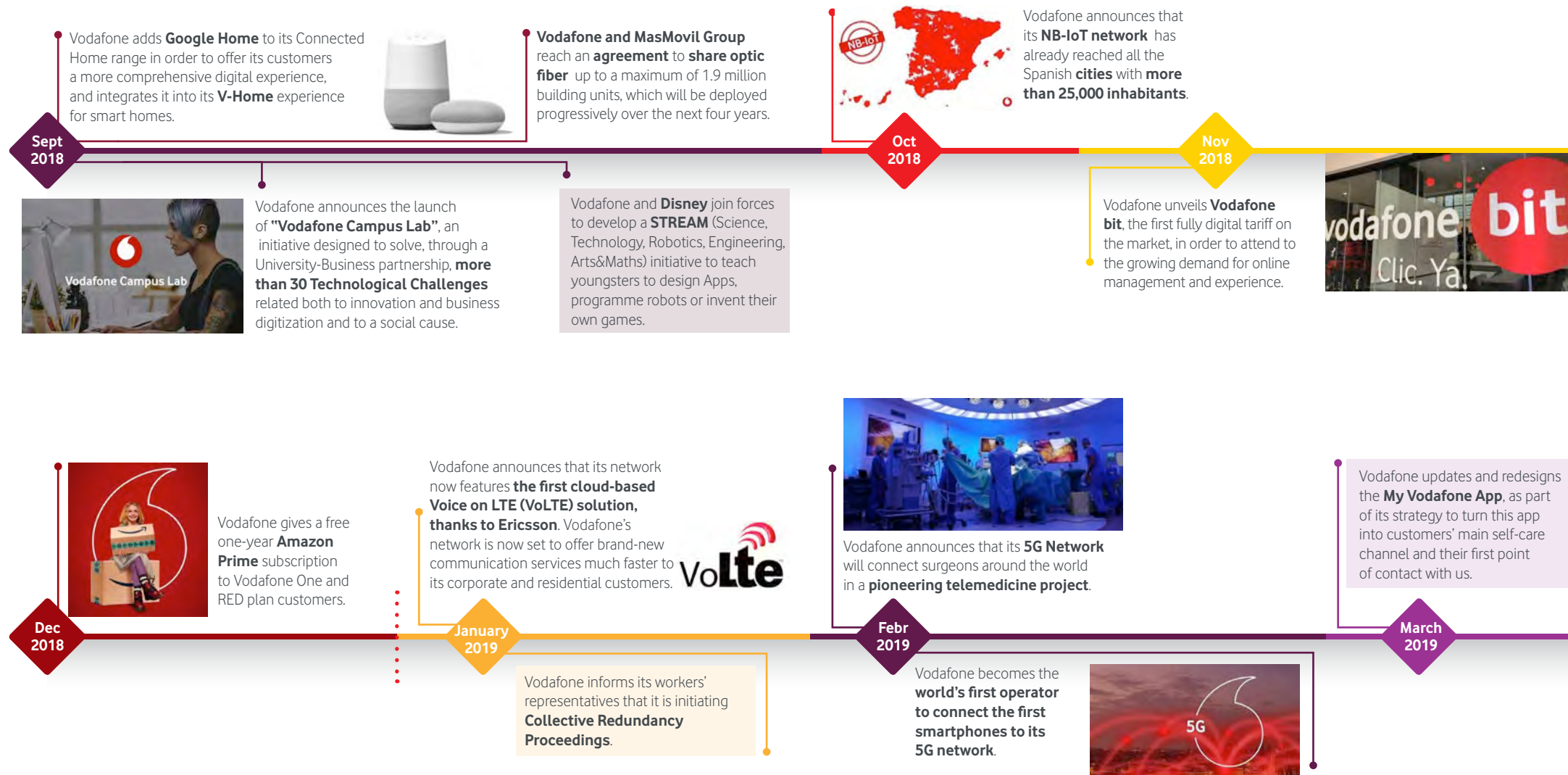
August 2018

25 GB

July 2018

August 2018

◇ Milestones and Launches 2018-19



> 1.1 The Company

> 1.1.5 Business Model

◇ Enterprise Business Unit (Vodafone Business)

“ 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:



1. The most advanced, flexible and innovative range of digital solutions, to meet the communication needs of our customers (enterprises, freelance professionals and public institutions) based on Cloud & Hosting technology, IoT, Big Data, etc., always guaranteeing the highest levels of security.



2. Leadership in mobile technologies, offering the best voice and data network in Spain with 4G connectivity and soon 5G.



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



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

Innovation Ecosystem

To help Businesses and Public Authorities alike to cope successfully with the digital age, we offer our customers an extensive Innovation Ecosystem, formed by the following six elements:

Vodafone Enterprise Observatory



This online forum, which features audiovisual content, interesting studies and analyses, such as the biggest public study on the “State of Digitization of Enterprises and the Public Administration”, aims to explore the digital revolution’s full potential, and to guide enterprises

and administrations along the digitization path, finding out what professionals and enterprises are really concerned about, and pass those concerns onto the best experts, who share their experience and expertise. 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.

> **3.5** million visits (cumulative)

> **47** million video views (cumulative)

Vodafone Business University



Training sessions where we help executives from all sectors to find out, from leading experts and companies of their own sector, how

new technologies and trends, like GDPR and Digital Workplace, are likely to impact their business. Google, Fortinet, EDEM, IDC, Samsung or The Valley are just some of the partners that take part in these seminars.

> **400** top executives have attended the Vodafone Business University sessions

Vodafone Lab



A collaboration, co-creation and innovation community where we research all the potential of technology, alongside partners, customers and employees. We have the best tools, partners and methodologies to ensure that

all the know-how and ideas generated are turned into proposals that meet present and future customers’ needs.

Average of **7** weekly actions/events and 2 weekly design thinking sessions with Customers

Communities: Blockchain, Drones and Robotics, Big Data and Artificial Intelligence, IoT and 5 G

Activities launched in these sectors: Tourism, Banking, Retail and Industry.

◇ Enterprise Business Unit (Vodafone Business)

Innovation Ecosystem

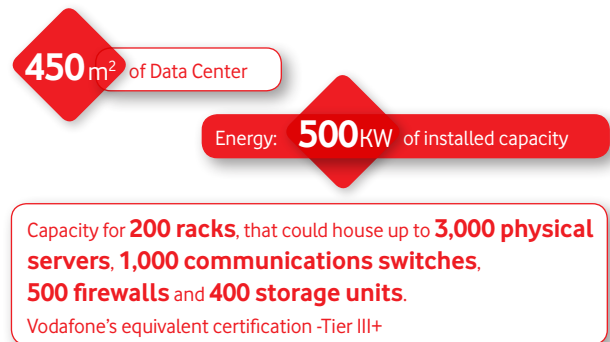
Business Experience Center (BEC)

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.



Vodafone Data Center

This infrastructure, which is staffed and monitored 24 hours a day, every day of the week, 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.



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.



◇ Residential Business Unit

The Residential Business Unit offers our **residential customers** total communications products and services, as well as the latest market launches, associated with our innovation leadership, so as to ensure that our customers get the best service and the best experience. 5.1

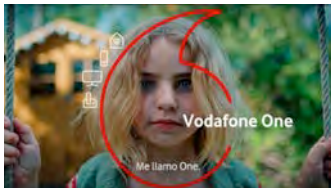
The main products and services for residential customers, are summarized below, divided into the three Vodafone in Spain brands: Vodafone, Vodafone bit and Lowi.

Vodafone

For the fourth year in a row, Vodafone has been named the **Best Mobile Network** in a survey conducted by the consulting firm P3 Communications and the Connect magazine, and offers the shortest call setup times, the best voice quality and fastest file downloads. 5.3

One Packs

Mobile + Symmetrical Fibre + Fixed, to enjoy the best connection, both at home and out and about.



Vodafone TV

- > The biggest range of films and series, with more than 50,000 content items on demand and the best features: decide how to watch live broadcasts, watch anything shown over the last seven days, record and save up to 350 hours in the cloud, and a smart advisor and search engine.
- > The largest range of **series on demand, including:**
 - **FOXNOW:** All the full seasons of FOX series on demand only on Vodafone TV.
 - **AXN NOW:** more than 1000 hours of full seasons, like The Good Doctor, Chicago Fire, etc.
 - **HBO Spain:** Now our customers can watch the latest releases at the same time as they show in the US, and all the seasons of Game of Thrones, Westworld, The Sopranos, and many more.
 - **Netflix:** Our customers can watch their favourite series, movies and documentaries whenever and wherever they want.
- > The biggest range of **films** with **Filmin** (exclusively), with 10,000 independent and European films, a videoclub with brand new films, and premieres with first window cinema.
- > With the best **4K quality**, and available with all devices: PC, tablet, mobile, Chromecast and Smart TVs.



V by Vodafone

Connect what matters most to our customers to give them peace of mind.



V-Home

Connected smart home. Lets our customers keep tabs on everything that is going on at home, wherever that is.



V-Camera

For keeping watch on whatever matters most to our customers via a wireless connection.



V-Pet

So our customers always know where their pets are and if they are ok.



V-Bag

Lets our customers find their bag, suitcase or backpack.



V-Auto

Lets our customers find their cars and makes driving safer by providing quick assistance in an emergency.



V-SOS Band

Lets our customers always be close to their elderly relatives and have peace of mind.



V-Kids Watch

So that our customers always know where their children are and can communicate with them directly.

Smartphones

The best range of mobile phones at the best price.

- In 2018-19 we launched the **"We've got it" campaign**, offering the latest smartphones.
- **Payment by Instalments**, interest free.
- **Mobile Insurance** with comprehensive cover and a **repair service** lending customers a replacement mobile.
- **Re-estrena:** Get a new mobile or tablet for less by trading in your old one.
- **In-store experts:** on hand to answer customers' questions and set up or upgrade their smartphone.



◇ Residential Business Unit

Vodafone bit

To contract Fibre and Mobile easily.



> Fully digital tariffs, with two service options:

- Mobile with 25GB and unlimited calls.
- Optic Fiber with 100 Symmetrical Mbps and Mobile with 25GB and unlimited calls.

> Simple: Hassle-free. End price, no surprises.

> Only the essentials. No endless options. No extras. No promotions.

> Fast and digital. Fast and handy personalized attention with the fully digital Bit assistant.

> With the Vodafone network.

Lowi

The low-cost company that makes life easier for our customers. Fibre and mobile tariffs no tie-in clause.



> More GB. Best price.

> Save the data and minutes that you don't spend.

> Range of Phones.

> Lets you receive and share data with relatives/friends at any time of the month.

> WeLowi. Our customers get benefits for every relative/friend they recommend and who becomes a Lowi Customer.

> WiFi Router and free installation if you stay for more than 3 months.

> New distribution channels.

◇ Associations of which Vodafone is a member

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

Payments made by Vodafone Spain, S.A.U. to Trade Associations: €629,027

Payments made by Vodafone Ono, S.A.U. to Trade Associations: €34,776

◇ Main Recognitions awarded to Vodafone in 2018-19

> The Vodafone network is the **Best Voice and Data Network** for the fourth year running, according to the Mobile Benchmark independent study by P3 Communications and Connect magazine.

> **ADSLZONE Prize** to:

- Best MVNO (Lowi)
- Best phone strategy
- Best 4G mobile network

> Vodafone Spain won a prize at the **Adobe European Summit** for the DMP technology-based personalization that creates a unique and memorable shopping experience for the customer.

> Honourable Mention in the **HPE-IAPP Privacy Innovation Awards** for the Vodafone Analytics **Big Data** solution.

> Vodafone **ranks top** among the **best rated mobile phone and internet companies** in users' opinion, according to the Lybandi Reputation App.

> **First place** in the **2018 Best Work Places** list in the over 1,000 employees category, according to the Great Place to Work Institute.

> Prize for the **best Diversity and Inclusion Strategy Plan in the 2nd Diversity and Inclusion Awards** given by the Adecco Foundation and the Sustainability Excellence Club.

> Vodafone ranks among the **top 30 companies in Spain** committed to **good Diversity and Gender practices**, according to Factor W.

> Vodafone **is one of the top three companies** classified in the results of the **MEPS2 in Industrial Health and Safety.**

> Recognized as a **Top Employers 2018 enterprise.**

> **Awarded the Employee Engagement Prize** by the Korn Kerry consulting firm, acknowledging its implication in encouraging engagement among its professionals.

> **Autelsi 2018 Award** in the **Technological Innovation** for Productivity Enhancement category, for the Smartbuilding App project.

> **EXPANSIÓN Prize for Human Resources Innovation** for its Collective Intelligence Application (Zapiens).

> 1.2. Financial Results

> 1.2.1 Consolidated Information

Summarized below are the main financial⁽¹⁾ and operational figures for FY 2018-19, compared to the previous financial year.

Key Financial and Operational Magnitudes	31-03-2019	31-03-2018
Total Revenue (€ million)	4,688	4,978
Service Revenues (€ million)	4,275	4,587
EBITDA (€ million)	1,079	1,420
EBITDA Margin (%)	23.0%	28.5%
Investments	813	863
Mobile Customers (000s)	13,727	14,134
Contract Mobile Customers (000s)	11,429	11,544
4G Mobile Customers	9,462	8,874
Fixed Broadband Customers (000s)	3,217	3,340
Fibre Customers (NGA) (000s)	2,872	2,731
TV Customers (000s)	1,311	1,360

> 1.2.2 Customer Base

◇ Contract Mobile Customer Base

Vodafone in Spain ended FY 2018-19 with a **Mobile Customer Base** of **13.7 million**, of which 11.4 million are contract customers, a drop of 115,000 on the previous year. Yet the mobile customer base began growing in the last tax quarter and worth noting is that the majority of the net disconnections were related to second lines without a monthly fee, many of which cases were not in use and, therefore, of very low value.

The number of **mobile customers with a 4G device and tariff** grew by more than 588,000 throughout the tax year to 9.5 million.

This year Vodafone has reinforced its commitment to having the best mobile network. For the fourth year running, Vodafone has been the **Spanish market's best voice and data network**, according to the consultancy firm P3 Communications and the telecommunications magazine Connect.

Vodafone is still the first to bring Spain **new 5G technology**:

- > In July 2018, it rolled out the first non-stand alone pre-commercial 5G network in Madrid, Barcelona, Valencia, Seville and Malaga.
- > In February 2019, it made the world's first call between 5G smartphones, one year after also becoming the first to complete a 5G call on the new standard.

◇ Fixed Broadband Customer Base

As for **Fixed Broadband**, Vodafone ended financial year 2018-19 with a Fixed Customer Base of 3.2 million and the number of **Fibre Customers** amounts to 2.9 million, having gained 141,000 customers in the whole year, or an increase of 5%.

This great advance was prompted by the countrywide expansion of Vodafone's fibre footprint, which now totals 22.4 million real estate units, of which 10.3 million correspond to own or shared rollouts, and the rest to wholesale agreements. In 2018, Vodafone finished upgrading 100% of its HFC network to Docsis 3.1, allowing it to offer 1 Gbps speeds throughout the network.

◇ Vodafone TV Customer Base

Vodafone ended the year with 1.3 million **Vodafone TV Customers**, 49,000 less than the previous year. Worth noting in this respect is that the TV customer base started recovering in the last quarter, as there were 36,000 more customers than at the end of the previous quarter.

In June 2018, Vodafone announced that it intended to stop paying the unprofitable soccer broadcasting rights. In Vodafone's case, on top of the expensive broadcasting rights, the regulatory wholesale price-setting model put it at a clear disadvantage to its competitors.

That same month, Vodafone gave its range of film and series channels a facelift by adding AXN Now and launching new specific Series and Film bundles. The new content was added at the same time as it made new features available on its Vodafone TV platform.

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

> 1.2. Financial Results

> 1.2.3 Service Revenues and Turnover

Vodafone ended financial year 2018-19 with €4,688 million of **Total Revenue** and €4,275 million of **Service Revenues**, 6.4% less than the previous year in organic terms (5.3% excluding the impact of the mobile termination rates).

The main factors behind the fall in revenues were the May 2018 price repositioning, designed to make the prices more competitive, and the decision to stop paying the unprofitable soccer broadcasting rights, due to the asymmetrical regulatory conditions of the wholesale premium content business. Both decisions triggered a fierce battle for business in the following quarters, reflect by aggressive promotional discounts throughout the sector.

The best performing business lines were the new corporate business segments, IoT, IPVPN, Cloud&Hosting, which reported strong growth in revenue, which ended the last quarter 20.8% higher than the same period of the previous year, and rose 15% throughout the year.

> 1.2.4 Costs

The costs for financial year 2018-19 were slightly higher than the previous financial year, and break down as follows:

- > Interconnection and Access Costs, which stayed fairly similar to the previous year: the Access Cost increase prompted by the larger number of customers in the incumbent operator's footprint was practically offset by the lower Interconnection Costs, mainly a result of the regulated mobile termination price.
- > Direct Costs, higher than the previous year, mainly due to the higher Regulation Costs, partially offset by lower Content costs.
- > Business Costs, which consider the net effect of revenues and costs associated to Customer Acquisition and Retention, have increased fundamentally in the mobile business as the heavy promotional battle pushed up phone subsidies.
- > The operational costs have also reduced compared to the previous financial year, following the trend of other financial years, pursuing cost efficiency in all areas of the company.

> 1.2.5 EBITDA

EBITDA was pulled down by the lower ARPU, smaller customer base, and higher business costs paid in the fierce promotional battle. Content costs dropped modestly in the year due to the commitments acquired until the end of the current football season, and will fall substantially in financial year 2019-20.

> 1.2.6 Strategic Advances

The last 12 months have seen Vodafone Spain embarking on major strategic initiatives to get the Company ready to compete successfully in all customer segments. The new strategy responds to:

- I) The goal of being **fully competitive** in a new market environment in which low and medium-spend offers are taking centre stage, while offers for high-spend Customers also remain a high priority.
- II) Technological change and the need to **roll out next generation networks more efficiently**.
- III) The need to keep **the Company going digital** so as to boost digital interaction with our customers, combined with the need to advise and help our enterprise **Customers** go digital too.
- IV) What customers expect, namely for customer service to be **easier and faster**.

Over this year, Vodafone has made one effort after another to offer its customers a better deal. In May 2018, Vodafone made the first move by revamping its converged bundles and adding unlimited calls and more mobile data to its tariffs without raising prices.

Since then, Vodafone has changed the commercial paradigm:

- > **Presenting Vodafone bit:** the first family of full digital prices in Spain, designed to cope with the rising demand for simplicity and digital interaction.
- > **Launching Vodafone Unlimited Tariffs,** the first mobile and convergent tariff plans with unlimited voice and mobile data.
- > **Redesigning Vodafone TV:** in June 2018, Vodafone announced that it intended to stop broadcasting soccer matches. The same month, Vodafone first unveiled specific Film and Series packages, and then revamped its TV offering by launching the theme packs, that let each customer subscribe to only what they want to see (Series, Films, Documentaries or Childrens' Content).
- > Finally, last Christmas Vodafone teamed up with Amazon to offer a free one-year subscription to **Amazon Prime** to all new and existing customers to reward their loyalty and attract new adds.

> 1.2. Financial Results

> 1.2.6 Strategic Advances

On another note, as part of its efforts to build the largest fibre footprint, Vodafone has **extended the fixed and mobile network-sharing agreements with Orange**.

This new agreement seeks to bring Spain a sustainable investment model capable of rolling out NGA networks (including new technologies like 5G) faster and more efficiently to customers in larger geographical areas.

> In **mobile telephony**, the agreement extends the previous network-sharing areas (towns with 1,000 to 25,000 inhabitants) to cities with up to 175,000 inhabitants (meaning that 23 cities are excluded) and will comprise 14,800 sites. Active sharing is to be extended to the future 5G rollout.

This agreement is expected to produce cumulative CAPEX and OPEX savings in the next 10 years of at least €600 million.

> In **fixed broadband**, the two companies have extended their existing agreements to give each other access to new geographical areas through wholesale and sharing agreements. The new wholesale agreement means that Vodafone can offer its converged services and fibre to another 1 million building units on Orange's network, making a total of 23 million building units. An added bonus is that both companies will get access to the other party's future ultra high-speed fixed broadband network rollouts.

> 1.2.7 Pioneer launches on the Vodafone network

In line with its digital transformation goal, in February 2019 Vodafone made the **world's first call between 5G smartphones**, one year after also having been the world's first operator to make a 5G call with the new 5G-NSA standard.

The **5G pilot** project that Vodafone submitted to the public tender arranged by Red.es, a state-owned company involved in Digital Agenda programmes, was one of the winning projects and will soon be underway in Andalusia. This project will be backed by public financing of up to €20 million.

At Mobile World Congress 2019, Vodafone showcased **Super Wifi**, which is scheduled to be launched on the Spanish market at the end of April 2019. This new technology consists of several extenders that communicate with one another, creating an extensive home coverage network. The Super Wifi platform monitors and optimizes the Wifi signal, and also lets you manage all the devices connected to that network and how they use it. This means you can make sure there are no dead Wifi spots in your home.

Vodafone remains firmly committed to providing excellent customer service, which is why this year it has added new features to its **My Vodafone** self-care app. These features include seeing at a glance how much data and minutes you have used, your bills or fixed and mobile network speeds. You can also buy new products or services, or check out the new section with exclusive discounts and benefits for Customers.

> 1.2.8 Digital Transformation in Customer Relationships

As part of the **Company's Going-Digital** process, Vodafone has brought in new working methods, like the **Agile** methodology that cuts the time taken to develop new services, is far more efficient and makes the most of customer feedback.

Vodafone is also spearheading the introduction of services that help customers to go digital. For **residential customers** it has launched the **V by Vodafone** devices, and has integrated their management with the new generation of smart loudspeakers.

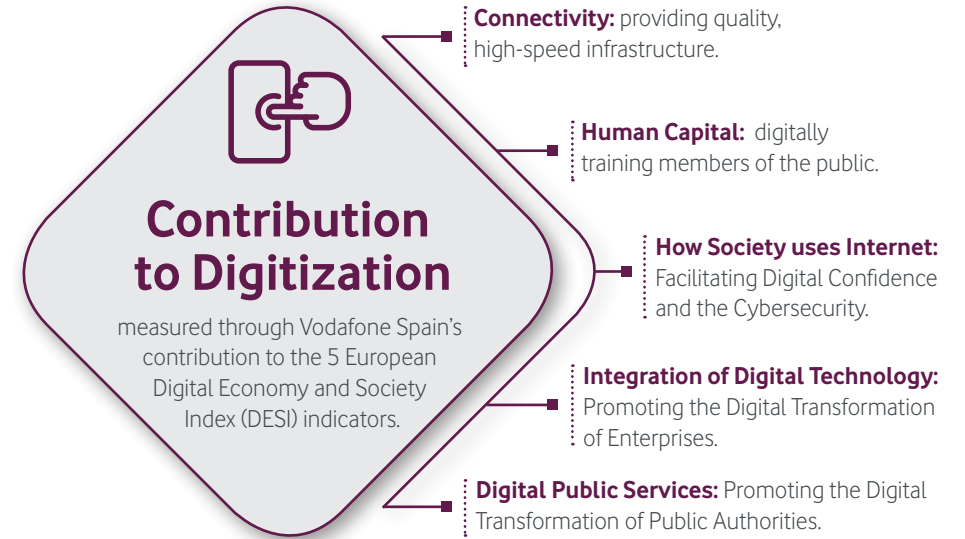
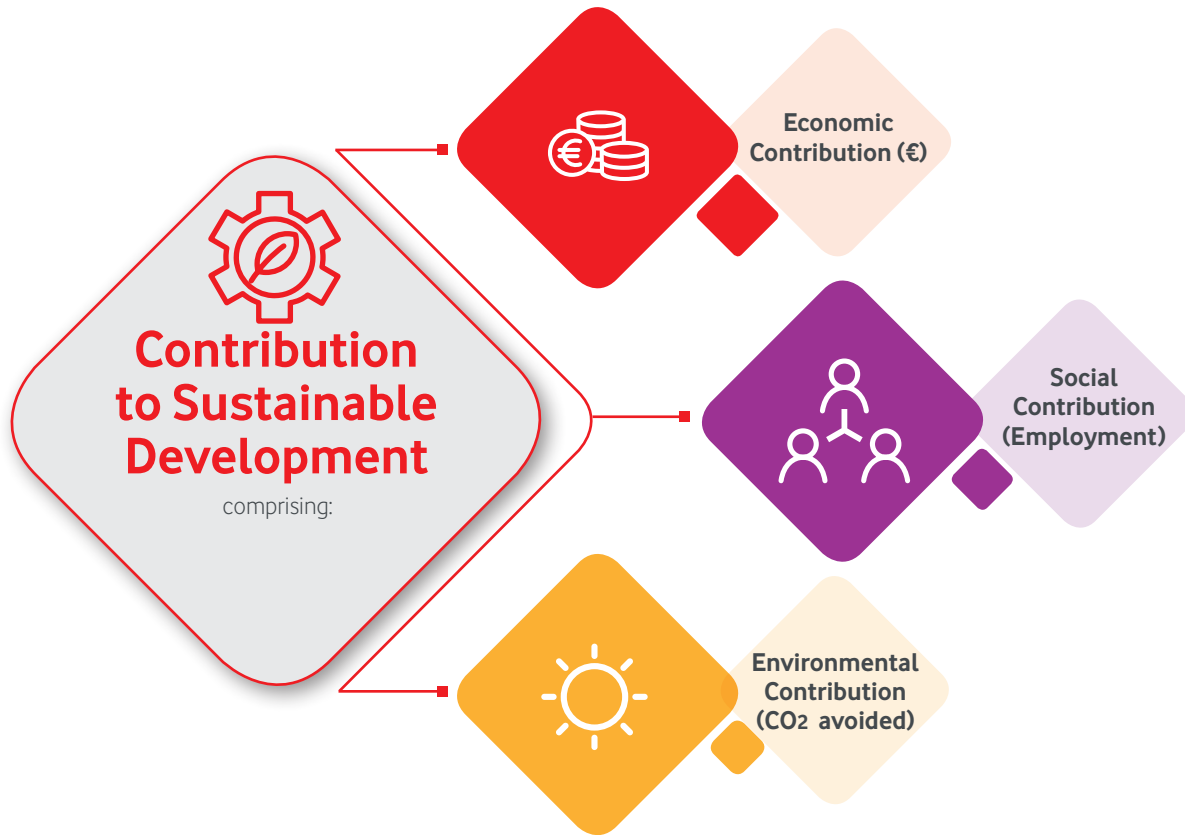
In the business segment, Vodafone offers a full suite of services based on IoT, Artificial Intelligence or Big Data technologies that help our **Enterprise Customers** to go digital. Specifically, in 2018 Vodafone reported the biggest growth in IoT connections on the Spanish market, topping the 2.2 million-mark at the end of March 2019, a rise of 23% on the previous year.

> 1.3 Contribution to the Country

Vodafone plays a relevant role in the country's sustainable development, contributing to economic growth, social progress and protection of the environment.

At the same time, by facilitating digital transformation, Vodafone is driving the country's growth and making its organizations more competitive and productive.

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

> 1.3.1 Contribution to Sustainable Development

In accordance with the calculation methodology that Vodafone uses, 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.

◇ Economic Contribution.

Direct Economic Contribution

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

Listed below are the Direct Economic Contributions of Vodafone in Spain, and of each of the two Companies affected by Law 11/2018 of 28th December.

Direct Economic Contribution of Vodafone in Spain:
€5,042 million



People: €482 million

- Wages and Salaries of direct employees: **€234 million**
- Other Direct Employee Costs: **€179 million**
- Direct Employees' Options and Shares: **€2 million**
- Direct Employees' Pension Plan Contributions: **€7 million**
- Rentals: **€60 million**



Corporate Customers: €4,276 million

- Acquisition of Products and Services from Local Suppliers: **€2,985 million**
- Tangible & intangible fixed asset procurement: **€1,058 million**
- Interest: **€5 million**
- Leases: **€228 million**

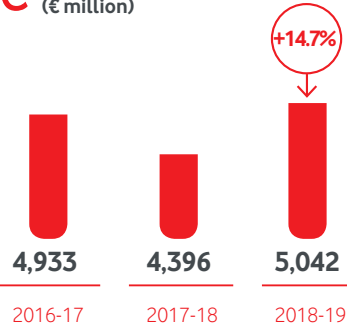


Public Administrations: €284 million

- Fees and Taxes: **€197 million**
- Social Security: **€77 million**
- Leases: **€10 million**

Vodafone in Spain has received **€67,000 of subsidies** from the Administration

€ Direct Economic Contribution (€ million)



Contribution Direct Economic Vodafone España, S.A.U.: €3,802 million

People: €332 million

- Wages and Salaries of Direct Employees: **€163 million**
- Other Direct Employee Costs: **€110 million**
- Direct Employees' Options and Shares: **€2 million**
- Direct Employees' Pension Plan Contributions: **€5 million**
- Rentals: **€52 million**

Corporate Customers: €3,241 million

- Acquisition of Products and Services from local suppliers: **€2,346 million**
- Tangible & intangible fixed asset procurement: **€707 million**
- Interest: **€2 million**
- Leases: **€186 million**

Public Administrations: €229 million

- Taxes: **€169 million**
- Social Security: **€51 million**
- Leases: **€9 million**

• **Income tax expense: €0**
(no profit was made during financial year 2018-19)
• **Public subsidies received: €64,000**

Contribution Direct Economic Vodafone Ono, S.A.U.: €1,139 million

People: €74 million

- Wages and Salaries of Direct Employees: **€63 million**
- Other Direct Employee Costs: **€62 million**
- Direct Employees' Options and Shares: **€0.3 million**
- Direct Employees' Pension Plan Contributions: **€2 million**
- Rentals: **€7 million**

Corporate Customers: €956 million

- Acquisition of Products and Services from local suppliers: **€560 million**
- Tangible & intangible fixed asset procurement: **€352 million**
- Interest: **€3 million**
- Leases: **€41 million**

Public Administrations: €49 million

- Taxes: **€26 million**
- Social Security: **€22 million**
- Leases: **€1 million**

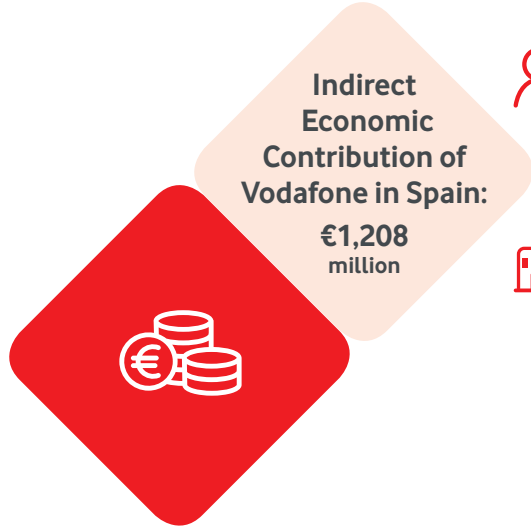
• **Income tax expense: €0**
(no profit was made during financial year 2018-19)
• **Public subsidies received: €3,000**

◇ Economic Contribution

Indirect Economic Contribution

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

Listed below are the Indirect Economic Contributions of all the Companies of Vodafone in Spain, and of each of the two Companies affected by Law 11/2018 of 28th December.



People: €757 million

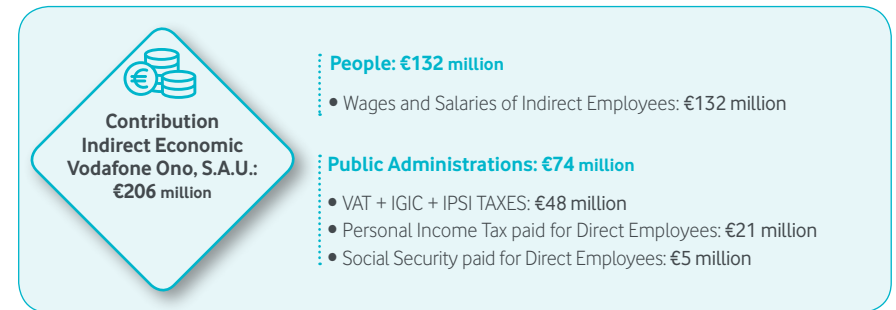
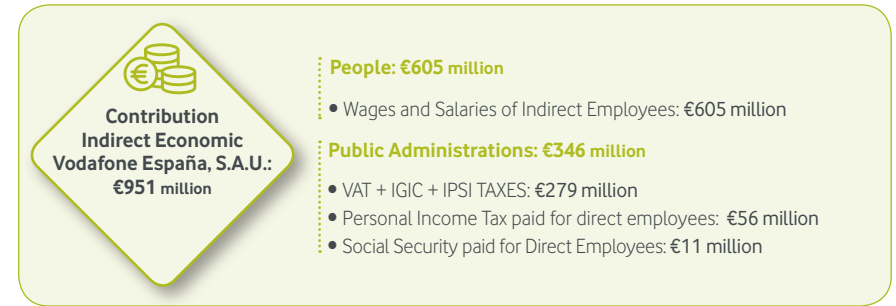
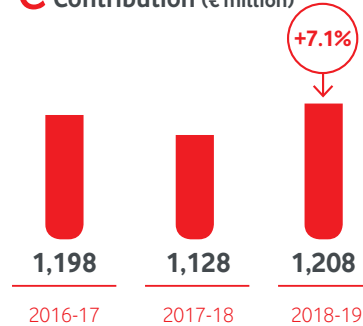
- Wages and Salaries of indirect employees: €757 million



Public Administrations: €451 million

- VAT + IGIC + IPSI taxes: €347 million
- Personal Income Tax paid for direct employees: €88 million
- Social Security paid for direct employees: €16 million

€ Indirect Economic Contribution (€ million)



◇ Social Contribution

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

Listed below are the Direct and Indirect Social Contributions, in employment terms, of all the Companies of Vodafone in Spain, and of each of the two Companies affected by Law 11/2018 of 28th December.

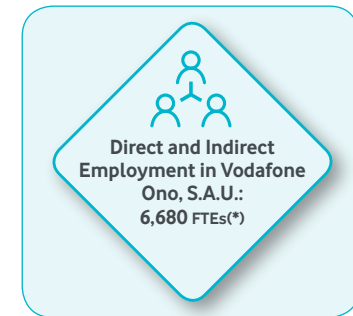
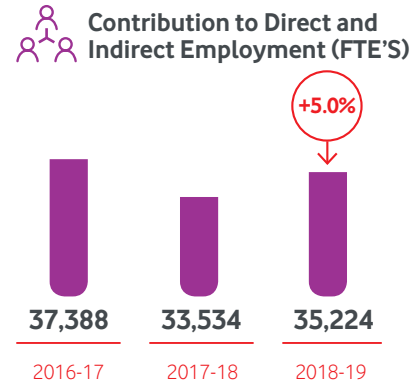
Direct and Indirect employment



Direct Employment: 5,028 FTE

Indirect Employment: 30,196 FTE

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



Social Development

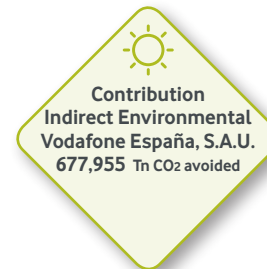
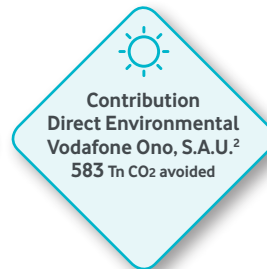
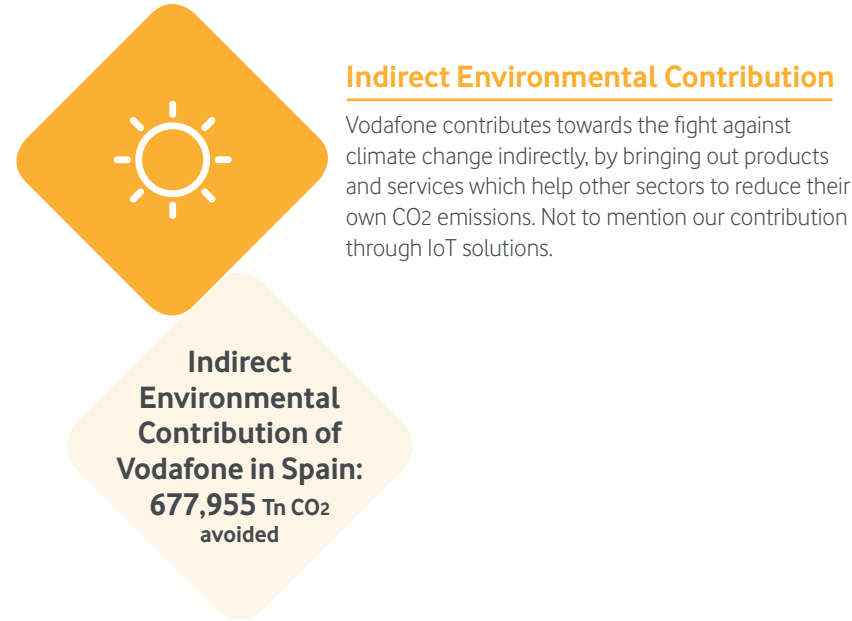
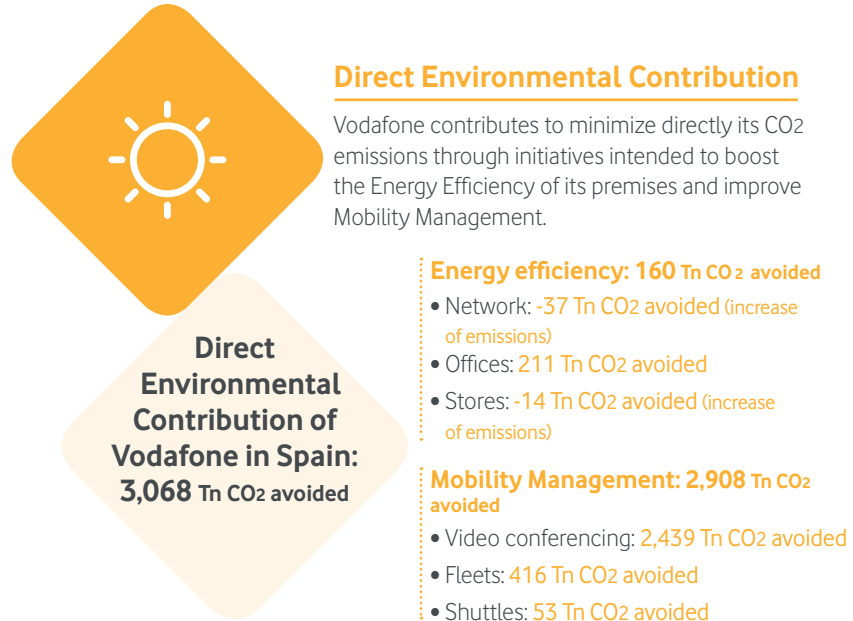


(*)FTE = Full Time Equivalents)

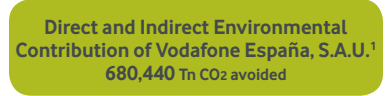
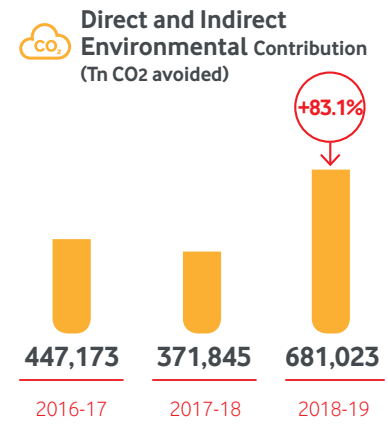
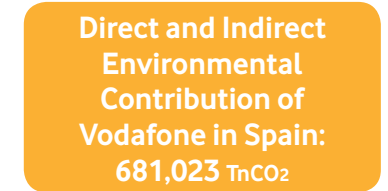
◇ Environmental Contribution

Vodafone's commitment to Sustainable Development involves controlling and minimizing the direct impact of its activity on the Environment.

Listed below are the Direct and Indirect Environmental Contributions of all the Companies of Vodafone in Spain, and of each of the two Companies affected by Law 11/2018 of 28th December.



No Indirect Environmental Contribution is reported for Vodafone Ono S.A.U., because the Indirect Environmental Contribution is calculated using the IoT solutions (marketed by Vodafone España, S.A.U.) and Vodafone Ono S.A.U. engages in fixed communications business.



1 Calculation estimated on the basis of the number of mobile customers (13,727 k).
2 Calculation estimated on the basis of the number of fixed broadband customers (3,217 k).

> 1.3 Contribution to the Country

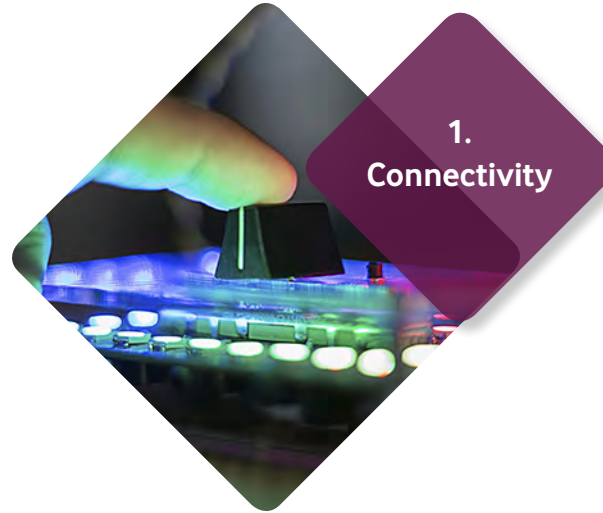
> 1.3.2 Contribution to Digitization

The **Digital Economy and Society Index (DESI)** 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



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.

	Subindicators	Vodafone's Contribution in 2018
Mobile Broadband	4G Mobile Broadband Coverage	11.8 million FBB lines
	Mobile Broadband Roll-Out	98.1% (and with 4G+ in more than 1,350 municipalities)
Fixed Broadband	Fixed Broadband (FBB) Coverage (% households)	96% of households (*)
	FBB Implementation(% of households)	3.2 million households with fixed broadband access
Fast Broadband	Next Generation Access (NGA) Coverage	85%
	Roll-out of Ultra High-Speed Broadband (with ≥ 30 Mbps)	2.9 million households
Ultra high-speed Broadband	Ultra High-Speed Broadband Coverage (% of households with FTTP or Docsis 3.0 capacity)	22.4 million (*)
	Roll-out of Ultra High-Speed Broadband (with Broadband connection ≥ 100 Mbps)	2.04 million households

(*) Through Vodafone's own infrastructures and roaming agreements.



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.

	Subindicators	Vodafone's Contribution in 2018
Basic Skills	Internet Users(% individuals).	<ul style="list-style-type: none"> • ICT Training for Senior Citizens: >219,000 senior citizens since 2014-15. • ICT Training for disabled people: >20,000 (since 2014-15).
	Basic Digital Skills (% individuals).	
Advanced Skills	ICT specialists (% individuals employed).	<ul style="list-style-type: none"> • Vodafone Youth Experience Week: >500 young people in financial year 2018-19. • "Code like a girl": Programming for girls. 171 girls trained in financial year 2018-19. • "Fast Forward" training sessions. 7 sessions in financial year 2018-19. • Employee Digitization: 100% of employees using digital tools.
	Science, Technology, Engineering, Mathematics (STEM) Graduates (22-29 years old, per 1,000 people).	



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 and transaction activities such as online shopping and banking.

	Subindicators	Vodafone's Contribution in 2018
Content	Online News (% people who have used Internet in the 3 last months).	<ul style="list-style-type: none"> • Online Store • New My Vodafone App
	Gaming or downloading games, music, pictures or films(% of people who have used Internet in the 3 last months).	<ul style="list-style-type: none"> • Vodafone TV (Video on Demand, NETFLIX, HBO): 1.3 million Customers
	Video-on-demand (% of people who have used Internet in the 3 last months).	<ul style="list-style-type: none"> • Vodafone Pass (music, video, Social Media, maps) in all the tariffs • Residential customers with an e-bill: 86%
Communication	Video calls (% of people who have used Internet in the 3 last months).	<ul style="list-style-type: none"> • More than 266,000 Social Media mentions during 2018-19 • 8.5 million Social Media interactions during 2018-19
	Social Media (% of people who have used Internet in the 3 last months).	<ul style="list-style-type: none"> • Solutions for increasing accessibility in vulnerable population groups (Community Connected by Accessibility, Accessible Apps).
Transactions	Banking services (% of people who have used Internet in the 3 last months).	<ul style="list-style-type: none"> • Promoting Safe and Responsible Enjoyment of technology by minors: BeStrong Online, SecureNet (5 million Secure Net customers).
	Online shopping(% of Internet users in last year).	



4. Integration of Technology Digital

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.

	Subindicators	Vodafone's Contribution in 2018
Enterprise Digitization	Electronic information exchange (% of enterprises).	<ul style="list-style-type: none"> • SIM Cards for IoT: >2 million
	Radio Frequency Identification - RFID (% of enterprises).	<ul style="list-style-type: none"> • Corporate Customers with an e-bill: 79%
	Social Media (% of enterprises).	<ul style="list-style-type: none"> • Internal video conferencing : >96,000 (Vodafone since 2014-15) • "Minerva" Programme: 380 jobs supported
	Electronic invoices (% of enterprises).	<ul style="list-style-type: none"> • CIO Forum: 180 people from enterprises and P.A in 2018-19
	Cloud&Hosting (% enterprises).	<ul style="list-style-type: none"> • Vodafone Enterprise Observatory:
Electronic Commerce	SMEs that conduct sales online (% of SMEs).	<ul style="list-style-type: none"> - Digitization Test - 1st Study of the state of digitization of Spanish enterprises - Contents: success case videos and expert interviews - Blogs, Social Media
	E-commerce business volume (% of SMEs business volume).	<ul style="list-style-type: none"> • Digital Transformation Solutions:
	Online cross-border sales (% SMEs).	<ul style="list-style-type: none"> - IoT: for residential (V by Vodafone) and business use (Intelligent Meters) - Big Data: Vodafone Analytics - 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.

	Subindicators	Vodafone's Contribution in 2018
e-administration	e-Administration users	<ul style="list-style-type: none"> • Solutions and services for Public Authorities
	Pre-Completed Forms	
	Degree of finalization of online services	<ul style="list-style-type: none"> • Big Data: Vodafone Analytics for PA
	Open data	<ul style="list-style-type: none"> • Vodafone Smart Center
e-Health	Online public services for enterprises	<ul style="list-style-type: none"> • Smart Cities
	Individuals who use online health services without going to hospital	

A hand is pointing at a digital screen displaying a line graph. The screen has a blue background with white and green lines. The text 'GFQ1' is visible in green. The background is blurred, showing a hand and a screen.

2

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Analysis of the Environment

2.1

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State of the Industry and Trends

2.2

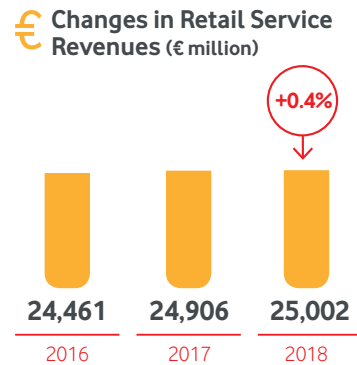
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New legislation and regulations

> 2.1 State of the Industry and Trends*

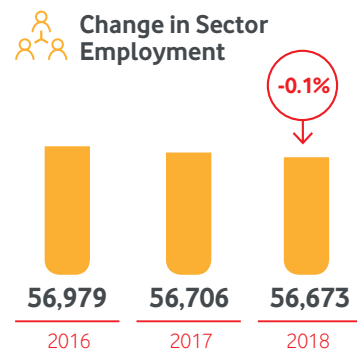
> 2.1.1 Revenues and Employment

The sector's **retail revenues** for 2018 (€25,002 million) were almost on a par with the four previous years, and inched up only 2.8%, showing that the sector is still at a standstill.



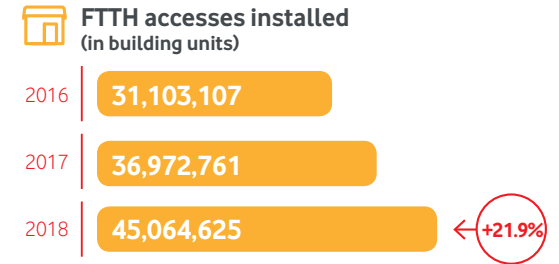
Fixed and mobile **Voice Services** revenues fell this year again (7.5% and 6.5%, respectively). Yet unlike other years, **Fixed Broadband Service** revenues dropped 1.4% (compared to a 6.6% rise the previous year) and **Audiovisual Services** revenues increased a mere 0.2% (versus growth of 7.1% the previous year). As in recent years, the **Mobile Broadband Service** grew at a fast pace of 11.7%.

Sector **employment** has steadied at around 57,000 jobs, a figure similar to that of the last two years.



> 2.1.2 Infrastructure

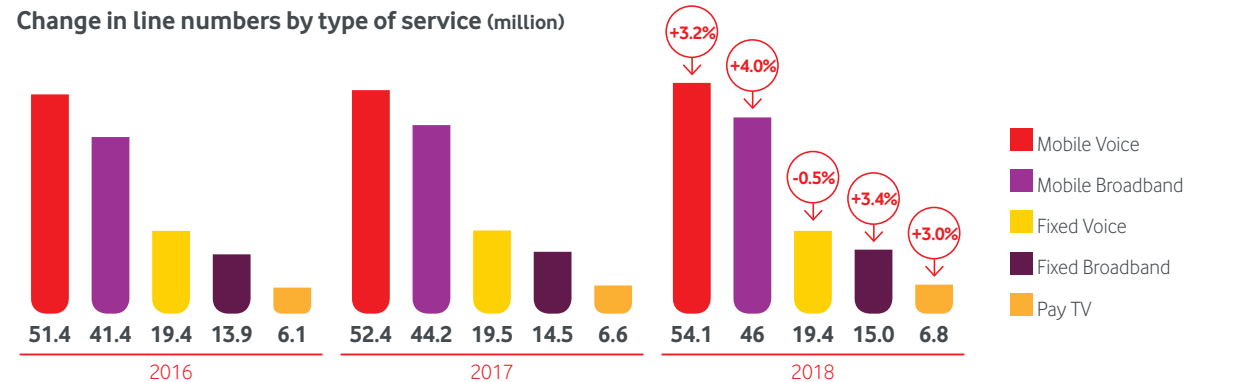
In 2018, we rolled out more **FTTH** (Fiber To The Home), and have now connected 45.1 million building units, compared to 37 million the previous year. Combined with the other technologies, mainly **HFC** (Hybrid Fiber Coaxial), this means that the number of **NGAs** (New Generation Access) installed has nearly topped 56 million building units.



> 2.1.3 Changes in line numbers

Unlike recent years, there have been very few differences in service line numbers, which have risen to a similar extent, except for fixed voice lines, which have fallen slightly.

Change in line numbers by type of service (million)

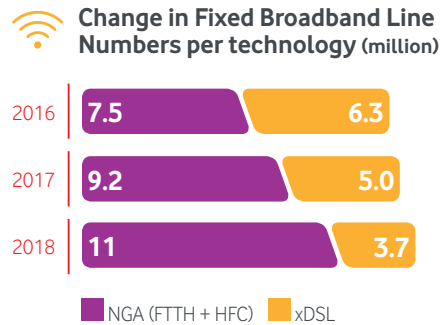


- The number of **Fixed Voice** lines (19.4 million) stayed at last year's levels, with a slight drop of 0.5%. Another highlight is the new record annual number of portabilities, as 2.3 million lines were ported.
- The number of **Mobile Voice** lines (54.1 million) inched up 3.2%, with the penetration rate rising to 116 lines for every 100 inhabitants. There was also a new record number of mobile portabilities, as 7.5 million lines were ported, one million more than the previous year.
- Vodafone has reported growth in the number of **Mobile Broadband** lines (up 4.0% to 46 million), in the number of **Fixed Broadband lines (up 3.4% to 15 million)**, and in Pay TV services (up 3.0% to 6.8 million).

*The figures have been drawn from the CNMC report for the 4th Quarter of 2018.

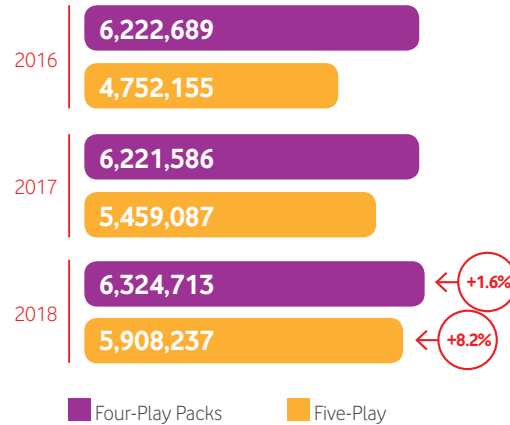
On the **Fixed Broadband** market, there are only 3.7 million **xDSL** accesses left of the 9.6 million that set the record in December 2013. These 3.7 million represent a quarter of all Fixed Broadband accesses.

As customers migrate to NGA accesses, Fixed Broadband connection speeds are getting faster, and 59% of lines have a speed faster than 100 Mbps (as opposed 28% the previous year).

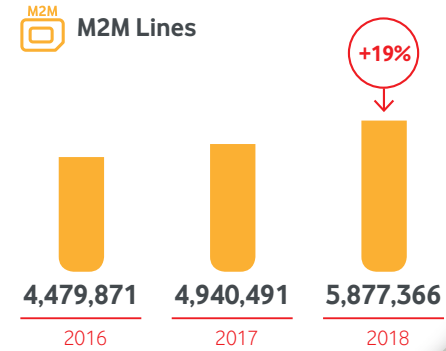


As for **pack subscriptions**, 5.9 million people have now signed up for Five-Play or quintuple packs (Fixed Voice + Fixed Broadband + Mobile Voice + Mobile Broadband + Pay TV), as compared to 5.5 million the previous year. Year after year, the number of Five-Plays is approaching the number of Four-Plays (Fixed Voice + Fixed Broadband + Mobile Voice + Mobile Broadband), which rose slightly in 2018 to 6.3 million.

Four-Play and Five-Play



The last highlight is that the number of **M2M** ("Machine to Machine") lines keeps on rising. The record figure of 5.9 million lines, 937,000 more than the previous year, was reached at the end of 2018.



› 2.2.1 In Spain

◇ Radio Spectrum

● A) 3600 – 3800 MHz band spectrum auction.

On 25th May, the Ministry of Economy and Enterprise announced an auction for the award of private use concessions of the public radio spectrum in the 3600 – 3800 MHz band, in Ministerial Order ETU/531/2018. The 3600 -3800 MHz band has been identified as the **main band** for introducing **5G-based services** in Europe. Therefore, the auction of this band has been considered a priority in the **5G National Plan**, published in December 2017.

The spectrum auction results, which will be valid for 20 years, can be summarised as follows:

Winning bidder	Bandwidth awarded
VODAFONE ESPAÑA S.A.U.	90 MHz
ORANGE ESPAGNE S.A.U.	60 MHz
TELEFÓNICA MÓVILES ESPAÑA, S.A.U.	50 MHz
TOTAL	200 MHz

● B) 700 MHz band Authorization Process Road Map. Second Digital Dividend.

As part of the 5G National Plan, in July 2018 the Ministry of Economy and Enterprise published the 700 MHz frequency band authorization process road map for the provision of wireless broadband electronic communications services.

The road map lays down the procedure for releasing the band of frequencies currently used for providing Digital Terrestrial Television (DTT) services for use in providing mobile communications services before 30th June 2020, within the timetable established by EU regulations.

The most significant milestones of the timetable include the approval of a new National Technical Plan for Digital Terrestrial Television to maintain the service's capabilities and the current range of TV channels.

In the future, the authorities will auction this band for effective use by electronic communications services, in particular by 5G services, by awarding licences for use before 30th June 2020.

Vodafone will use this spectrum, together with the 20 MHz TDD (Time Division Duplex) that it already has in the 2,600 MHz band, to roll out 5G services, offering Gbps-plus speeds and smaller latency. This will improve applications in vehicles, connected machines, automated industrial systems and virtual and augmented reality.



● C) Coverage Obligation associated to the 800 MHz Band.

The operators Vodafone España, S.A.U., Telefónica Móviles España, S.A.U., and France Telecom España, S.A.U., which have been awarded spectrum in the 800 MHz band, are under the obligation to jointly complete, before 1st January 2020, the offers provided with other technologies or in other frequency bands, in order to reach a level of coverage that allows at least, 90% of the people living in towns with fewer than 5,000 inhabitants to enjoy speeds of 30 Mbps or more.

This obligation was defined in Ministerial Order ECE/1166/2018, of 29th October, with the plan to provide this coverage to be executed by operators who own public spectrum concessions in the 800 MHz band. This Plan specifies the technical requirements that must be met, the monitoring of the courses of action and compliance of the technical requirements.

As specified in the Order, the operators presented a Joint Action Plan, as well as their pertinent individual plans for complying with the obligation, which were all approved by the Department of State for Digital Advancement.

> 2.2 New Legislation and Regulations

> 2.2.1 In Spain

◇ Reference Access Interconnection Offer (RAIO)

On 28th December 2018, the Official State Gazette published two announcements by the National Markets and Competition Commission (CNMC), publishing the resolutions issued on 18th December 2018 regarding the Reference Access Interconnection Offers (RAIO) for TDM (Time Division Multiplexing) and IP (Internet Protocol) technologies. These interconnection offers stem from the obligations imposed on Telefónica as an operator with significant market power (SMP) in the wholesale market for call origination and access in fixed networks (known as "Market 2/2007").

For RAIO TDM, different levels of interconnection are removed, establishing an 21-point interconnection architecture equivalent the one that exists for termination interconnection. Likewise, RAIO IP is based on an interconnection architecture equivalent to the termination service with a single point of interconnection that is redundant nationwide.

The CNMC established a glide-path of identical prices in both offers and the same billing price and cost in accordance with the values listed below:

Year	2019	2020	2021
Price/minute (time measured in seconds) (€cents)			
Intranodal	0,5104	0,4327	0,3268
Price per call (€cents)			
Billing and Collection Management Service	0,9067		

The characteristics of the RAIO IP are in line with the termination offer already published.

Vodafone considers it is right for the architectures of the termination and access interconnection services to be coherent with one another. In Vodafone's opinion, this procedure could have been used as a good opportunity to set up a working party with the operators to resolve technical IP interconnection-related issues, seeking the greatest consensus. Vodafone also considers that the prices set should have been higher to properly remunerate the services provided and welcomes the fact that there is a price glide path.

◇ Numbering for IoT (Internet of Things)

In a resolution dated 17th September 2018, the CNMC responded to the query raised by Alai Operador de Comunicaciones Electrónicas regarding the application of the Electronic Communications Regulatory Framework to providers of IoT/M2M services that use global SIM cards.

The CNMC replied that providers of IoT/M2M services must always comply with the regulatory framework. Any operator that provides the connectivity service must be registered for that service and comply with its obligations. Foreign numbers can be used to provide these services provided that all users' rights are respected; if telephone services are provided, then portability must be guaranteed.

Vodafone is the leading global provider of IoT solutions and its global SIM offering complies fully with the parameters indicated by the CNMC in its answer to the query. Vodafone underscores its commitment to innovation and responsibility in acting within a regulated sector.



> 2.2.2 In Europe

◇ European Payment Services Directive (PSD2)

Royal Decree-Law 19/2018, of 23rd November, on payment services and other urgent financial measures, was passed to bring Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, into the Spanish legal system.

The European Payment Services Directive (PSD2) is an opportunity to add new digital payment services to the existing services already offered by banks and other traditional operators. It also serves to generate greater security and trust among consumers inside the European Union. For all these reasons, this new Directive rests upon three cornerstones: enhanced security and transparency, stiffer competition, and more harmonization.

As far as **Vodafone** is concerned, the new Directive applies both to buying digital resources (such as music and games) and buying ticketing through digital means (as regards transport, parking, entertainment and shows). However, the Directive specifies an exclusion for a certain monetary amount threshold: €300 a month or €50 per operation. This exclusion applies to any donations collected in favour of a charitable organization. Therefore, Vodafone will not have to ask Payment Services permission for these amounts included on phone bills. However, Vodafone must publish annual report in which it verifies that these limits have not been exceeded under any circumstances.

◇ European Single Telecoms Market

A) European Electronic Communications Code

On 17th December 2018, the Official Journal of the European Union (OJEC) published the Directive establishing the European Electronic Communications Code, which recast in a single Directive the four Directives that until then formed the regulatory framework for electronic communications services inside the European Union (Directives 2002/19/EC, 2002/20/EC, 2002/21/EC and 2002/22/EC).

The measures in the Code aim to provide incentives for investment in high-speed broadband networks, bring a more consistent internal market approach to radio spectrum policy and management, deliver conditions for a true internal market by tackling regulatory fragmentation, ensure effective protection of consumers, a level playing field for all market players and consistent application of the rules, as well as provide a more effective regulatory institutional framework. It establishes a market structure adapted to the new market reality, where the provision of communications services is no longer necessarily bundled to the provision of a network. The convergence of the telecommunications and information technology sectors means that all electronic communications networks and services should be covered to the extent possible by a single reference regulatory framework.

B) International Call Price Regulations

Together with the Communications Code, in December 2018 the OJEC published the approval of the Regulation 2018/1971 establishing the Body of European Regulators for Electronic Communications (BEREC) and the Agency for Support for BEREC (BEREC Office). This Regulation also amended Regulation (EU) 2015/2120 laying down measures concerning retail charges for the roaming service. The amendment extended the range of regulated intra-EU communications, setting maximum prices for international calls between EU countries.

Under these price caps, operators will have to set maximum tariffs that they charge customers for intra-EU communications that should not exceed EUR 0.19 per minute for calls and EUR 0.06 per text message. This new step in regulating retail tariffs has been justified in the light of the results that, in the opinion of the Parliament and the European Council, regulating roaming services prices inside the European Union has had.

The new price regulation will enter into force from 15th May 2019 for an initial period of 5 years.

C) Eurorate: Single Tariffs for Fixed and Mobile Network Termination

The European Commission has launched a project to produce a cost model for calculating the costs of providing wholesale international roaming services and mobile and fixed wholesale termination rates within Europe, taking into account the possible specific feature of each country. The project is part of the new European Electronic Communications Code.

If the European Commission establishes a path of single mobile and fixed interconnection termination tariffs for all the Member States, it will use the result of this model to set this path. This decision might not be taken until the end of 2020. The European Commission established a single tariff for the wholesale tariff in international roaming services by approving the mobile networks regulations in June 2007.



3
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Risk Analysis

3.1
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Risk Management Model

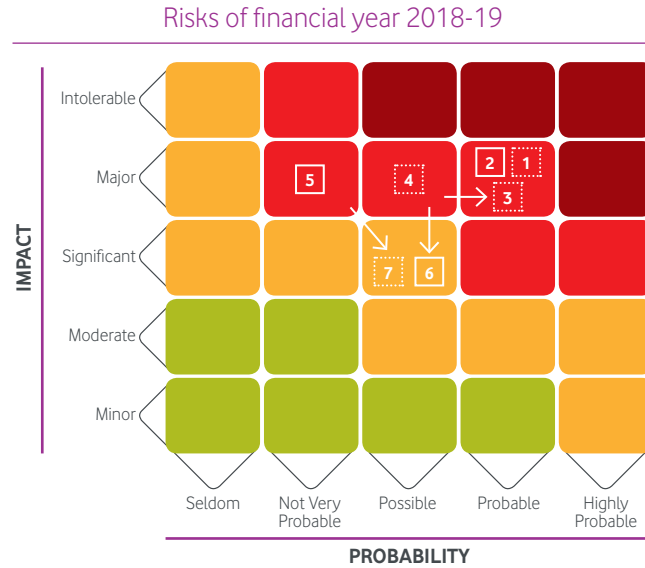
3.2
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Main Risks and Mitigation Measures

> 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.





□ Revised scope vs. financial year 2017-18

□ Unchanged scope vs. financial year 2017-18

1. Aggressiveness of competitors in the Low-End and Mid-level segments, including the market leader.
2. Cyberattacks and Information Security.
3. Public Administration and Regulatory Fees.
4. Failure to deliver the Digital Transformation Programme.
5. IT or Network infrastructure failure.
6. "One Way" Transformation Programme.
7. Spectrum Tenders (700MHz Auction, 5G Plan).

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

Vodafone's Main Strategic Risks

Major Risk	Risk Category
1 — Aggressiveness of competitors in the Low-End and Mid-level segments, including the market leader.	Strategic and Commercial.
2 — Cyberattacks and Information Security.	Business Resilience and Security.
3 — Public Administration and Regulatory Fees.	Financial.
4 — Failure to deliver the Digital Transformation Programme.	Strategic and Commercial.
5 — IT or Network infrastructure failure.	Business Resilience and Security.
6 — "One Way" Transformation Programme.	Strategic and Commercial.
7 — Spectrum Tenders (700MHz Auction, 5G Plan).	Legal and Regulatory.



1

Aggressiveness of competitors in the Low-End and Mid-level segments, including the market leader

> **Description**

Competition remains highly aggressive and price-based, especially in the Convergent Low-End Mobile segment, and is spreading to the Mid-Level segment following new product launches, a trend that is becoming more deeply-rooted in the telecommunications market.

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 Vodafone if we fail to meet the requirements of both regulations. Our organization is better prepared as each year passes (GDPR compliance, Vodafone Group-wide improvement schemes, etc.) even though the threat of a cyber-attack or of personal/confidential data being hacked is both bigger and more complex.

> **Mitigation Measures**

- We liaise closely with a wide variety of Stakeholders, including government organizations, corporate groups and suppliers.
- We minimize the risk of malicious attacks on our infrastructure through our Global Security Operations Center.
- 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 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

Public Administration and Regulatory 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: EU, national, regional and municipal.

> **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.

4

Failure to deliver the Digital Transformation Programme

> **Description**

A failure in the Programme would have a relevant competitive impact because we would not match the market in delivering a convincing Digital Experience to our Customers, and not having mechanisms or the capacity to deliver new Digital Experiences to our customers could imply leaving a competitive threat.

> **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 the Digital Accelerator, which guarantees the necessary resources and organizational structure.

5

IT or Network infrastructure failure

> **Description**

As a telecom carrier, we depend on the stability of our networks and computer systems. Lengthy downtimes in the network and/or IT infrastructure (non-malicious) can result in a service interruption and subsequent loss of revenue and financial penalties, not to mention damage to our reputation.

> **Mitigation Measures**

- Availability of Business Continuity Plans and disaster recovery plans to mitigate their occurrence and duration.
- Investment in 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 third parties dependence.
- Investments to ensure adequate capacity and redundancy wherever justified for their impact in case of unavailability.

6

"One Way" Transformation Programme

> **Description**

Any fault in the development, implementation and consolidation of the One Way Programme, intended to transform IT 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. A delay in this Programme would impact the company's cost-saving and digitization efforts. Customer migration will be completed ensuring high levels of quality and resilience.

> **Mitigation Measures**

- Application of the "Agile" methodology to optimise the duration of the development and implementation, ensuring high quality levels.
- The quality of the deliverables is reaffirmed by applying a specific "End-to-End" 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.
- Roll-out of the Strategic Migration Plan and follow-up through the Assurance Office.
- Analysis and ongoing analysis of interdependencies with the Digital Transformation Programme.

7

Spectrum Tenders (700MHz Auction, 5G Plan)

> **Description**

If Vodafone failed to achieve favourable competition and economic rules in the 2020 spectrum auction and/or win the desired spectrum in the 700 MHz band (and potentially the 1.4 GHz and 2.6 GHz band) at a reasonable price, this would have a substantial negative impact on our innovative strategy for evolving towards 5G, as well as a major financial impact.

> **Mitigation Measures**

- Meetings with the Ministry of Economy and Enterprise.
- 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
Strategy

4.3

Sustainable Business

> 4.1 Vodafone Group Strategy

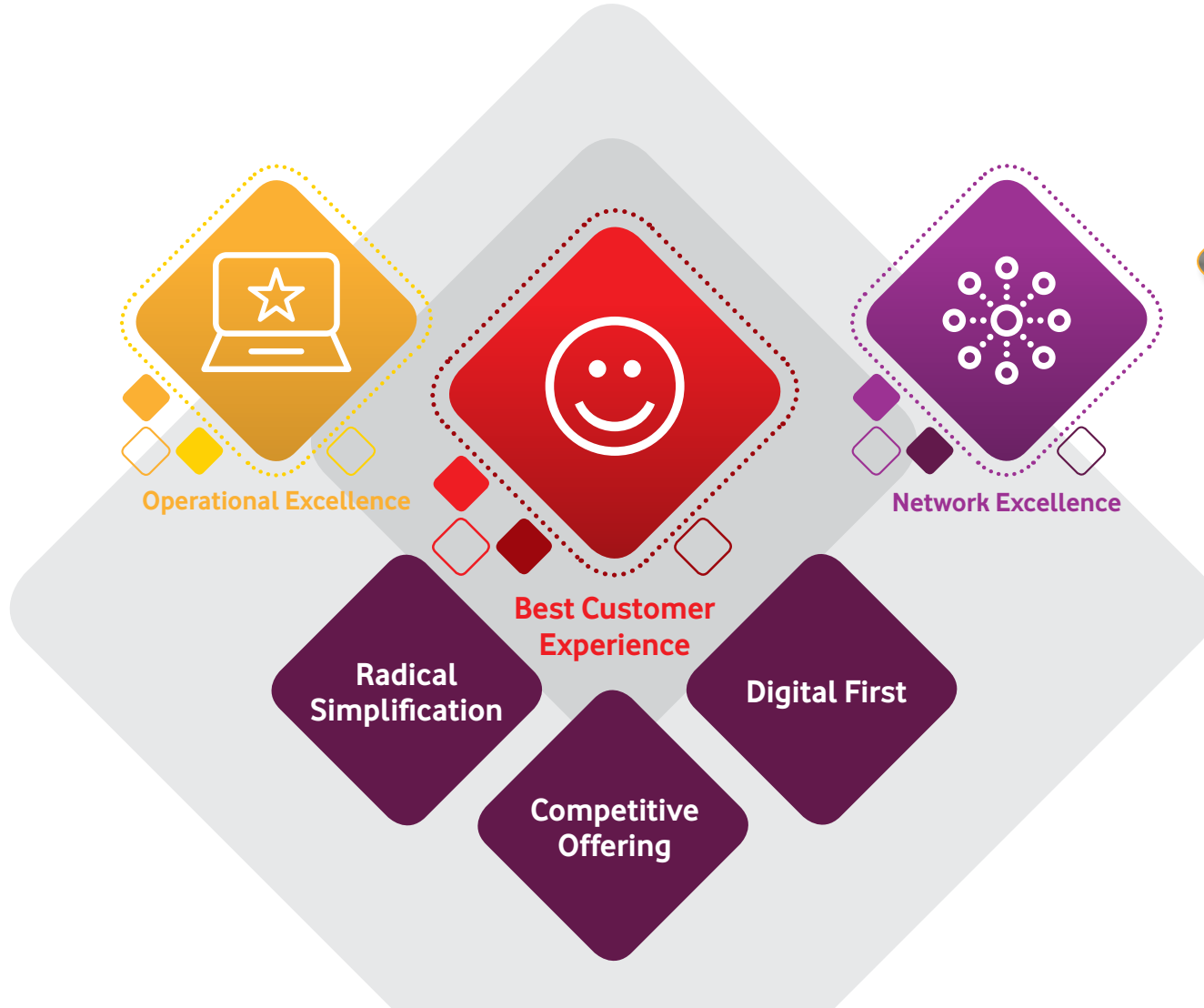
The Vodafone Group has defined its Company Purpose, based on 3 Pillars, and has drawn up its Business Strategy, which are set out below:



> 4.2 Vodafone in Spain's strategy

During FY 2018-19, Vodafone in Spain has repositioned its Strategy to compete successfully in a different environment, establishing the following strategic pillars:

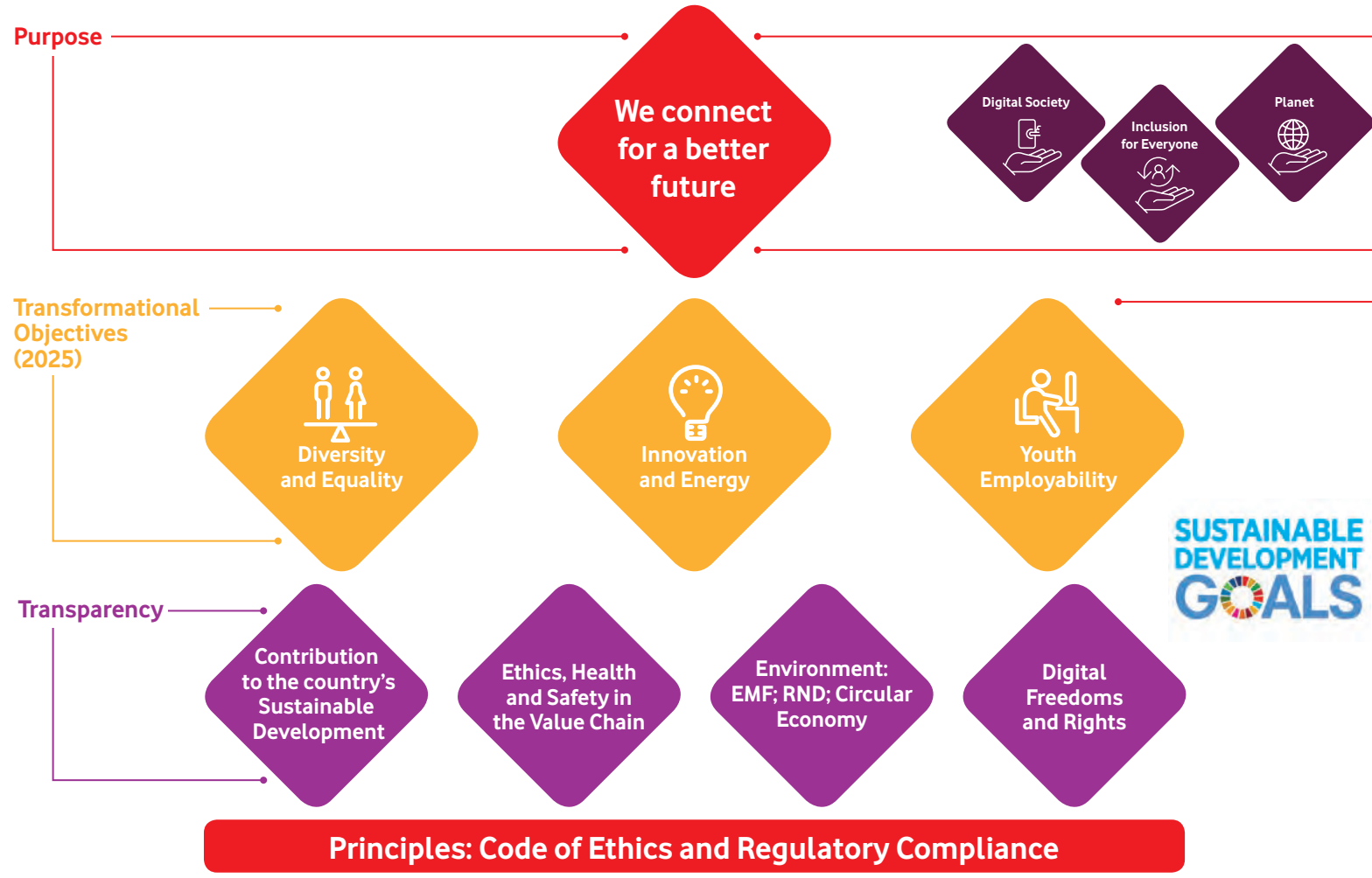
The Digital Tech Comms Company



> 4.3 Sustainable Business

> 4.3.1 Strategic Sustainable Business Framework

Vodafone has drawn up its Strategic Sustainable Business Framework for 2015-20, which is aligned both with the Company's Business Strategy and Purpose and the UN Sustainable Development Goals (SDGs).



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

- > Initiatives aimed at addressing, through **Transparency**, areas identified as posing potential reputational risk or making society concerned about our activities, in order to demonstrate responsible conduct in this regard.
- > Initiatives intended to leverage on the **Transforming** potential of our technology, products and services for producing social and economic benefits for our customers and society in general. In this regard, we have set ourselves three long-term (2025) transformational goals.

We define our Strategic Sustainable Business Framework initiatives using our in-house methodology for identifying and prioritizing our Stakeholders and their respective expectations, which are outlined in the associated Materiality Matrix, as described in the following sections.

› 4.3.2 Stakeholder Engagement

Communicating with our stakeholders is essential for understanding the issues that matter most to them. Vodafone has identified and prioritized the different Stakeholders and their respective expectations regarding our activities. Stakeholder prioritization is based both on the Stakeholder relationship and prioritization laid down by the Vodafone Group and specific studies conducted by Vodafone in Spain. The table below summarizes the relationship model with our main Stakeholders.

Stakeholder (GRI 102-40)	Why does it matter to Vodafone? (GRI 102-42)	Which issues are relevant? (GRI 102-44)	How do we communicate? (GRI 102-43)	
Customers	Our Customers are the focus of our business, which is why it is necessary 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 (RND). › Consumption of Materials and Wastes. › Safe and Responsible Enjoyment of ICTs. › Responsible Advertising. 	<ul style="list-style-type: none"> › Half-yearly surveys on Sustainability issues. › Ongoing tracking of queries, incidents and complaints through the different channels (telephone, in-person, online, etc.) › Social Media.
Employees	Our employees are the soul of our business. Their involvement and skills are key to achieving our strategic goals.	<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 (Media, Consumers' Organizations, NGOs, Trade Associations, etc.)	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. › ICTs and sustainability. › Safe and Responsible Enjoyment of ICTs. 	<ul style="list-style-type: none"> › Daily tracking of the Media. › Two-yearly surveys. › Specific meetings.
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. › Clarity of Prices and Rates. › Privacy and data protection. 	<ul style="list-style-type: none"> › Responsible Network Deployment. › Safe and Responsible Enjoyment of ICTs. › Responsible Advertising. 	<ul style="list-style-type: none"> › Two-yearly surveys. › Specific meetings.
General Public /Local Community	Boosting local economies generates confidence in Vodafone, resulting 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 Media.

Stakeholder (GRI 102-40)	Why does it matter to Vodafone? (GRI 102-42)	Which issues are relevant? (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. > ICTs and sustainability. 	<ul style="list-style-type: none"> > Participation in Workshops/ Seminars.
Suppliers and Strategic Allies	Our suppliers and strategic partners have an 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. > ICTs and sustainability. 	<ul style="list-style-type: none"> > Two-yearly 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 our network.	<ul style="list-style-type: none"> > Environment and Climate Change. 	<ul style="list-style-type: none"> > Responsible Network Deployment. 	<ul style="list-style-type: none"> > Landlords' Call Centre.

Listed below are examples of some of our specific channels of communication with Opinion-Makers (DigitalES, CNMC, Internet Governance Forum), with Employees, Social Media or the Landlords' Call Centre.

◇ DigitalES, industry association

Vodafone has been a member of DigitalES, the industry's association of the top technology and innovation companies, ever since it was set up, and the association's activities during FY 2018-19 include:

DigitalES Summit 2018, inaugurated by the Minister of Economy and Business, which addressed the impact of digitization from different perspectives. Vodafone's Chairman and CEO, António Coimbra, shared a roundtable discussion with the top representatives of our main competitors.


Digital Sector Taxation Workshop, to analyse the main taxes levied on technology and telecoms companies, as well as proposals for new tax regulations to guarantee their sustainability. The Vodafone Head of Legal, Regulation and Corporate Security took part in the workshop.



Meeting with the Minister of Science and Innovation, which focused on the sector's strategic priorities and recommendations for boosting R&D&i in our country.



◇ National Markets and Competition Commission

On 23rd January 2019, the heads of the Telecommunications Division of the Spanish National Markets and Competition Commission (CNMC) attended a working day at our company's HQ in Madrid, where they visited the Business Center . Our team talked to them about Vodafone's vision of the market with regard to the Public Administrations and showed them some of the most path-breaking products for the residential market.

◇ Internet Governance Forum

Vodafone helped to organize the Annual Meeting of the Internet Governance Forum in Spain, held on 29th-30th October 2018, where the debate focused on the development of the Digital Society and, in particular, of Artificial Intelligence.

In Vodafone Group's Head of Data Science Research and the Director of the Vodafone Foundation Spain both took part in the Annual Meeting.



◇ Internal Communication

In Vodafone, the main goals of Internal Communication are to keep employees abreast of any corporate matters that affect them professionally, and to make them feel more committed. The following main channels of communication were used during financial year 2018-19:

Online Communication Channels:

Vodafone News: this app is the principal channel of Internal Communication for all Vodafone Group employees. There is a mobile version that syncs with the desktop version on their laptops, and lets employees stay informed. It is divided into different channels (Corporate, People, Residential, Global, External...) to which employees can subscribe and be sent all the news. They can also use Vodafone News to suggest posts and share on their social media any external news proposed by Internal Communication.



"El Semanal" (The Weekly), the newsletter with all the week's main news and announcements, is the channel most widely read by employees to keep up-to-date with everything that is going on.

"Landing Page" (Desktop): this communication tool contains links, tools, news and utilities from different Vodafone environments. All employees can open it on their desktops and so be just a click away from everything they need for their daily workload or to keep up-to-date.




HUB (Intranet): All our main handbooks, content, policies and services are kept on our Intranet.

Workplace by Facebook is the corporate social network. It lets all the company's employees, including local and international management, talk to one another, and management can announce news and/or reply to employees' remarks, suggestions or questions.

Other online Internal Communication channels: screens at all sites, emails, newsletters, texting, videos, Vodafone Tube (own streaming tool), etc.

◇ Internal Communication

In-person Communication Channels:

FoCO: at these meetings, which are streamed live to all employees, the Chairman and CEO talks about progress in the Company's strategy and objectives. 

Area face-to-face sessions: online broadcast of meetings at which the Executive Committee members further explain Vodafone's strategy and objectives, and answer viewers questions.

Strategy Roadshow: at the start of each financial year, the Chairman and CEO tours all the Company's sites to ascertain the climate within the organization and outline the strategy and objectives in person.

Motivational and celebration events and actions: Xmas events, afterworks, or the events organized by the Vodafone Club, of which 2000-plus employees are members (summer party, post-Xmas parties, sports, communities, etc.) are just a few examples.



Presentation of new products and services: to tell employees about new products and services for customers (such as phones, TV channels and rates).

Area follow-up meetings: 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.


Team breakfasts: every month, the Chairman-CEO and the Head of Human Resources have breakfast with teams, after which they visit other work areas to chat with employees about what they do, how they help to attain Vodafone's goals, and any other significant issues that affect them.

Videos:



Pioneers 



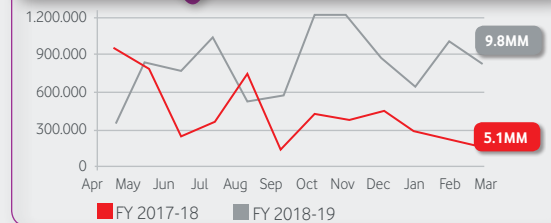
Agile Bazaar 

◇ Social Networks

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

First response time (down 7% on the previous year) 1:34h

Interactions > 4.5 million up on the previous year



In 2018-19, our digital presence doubled to 266,000 mentions



◇ Landlords' Call Centre

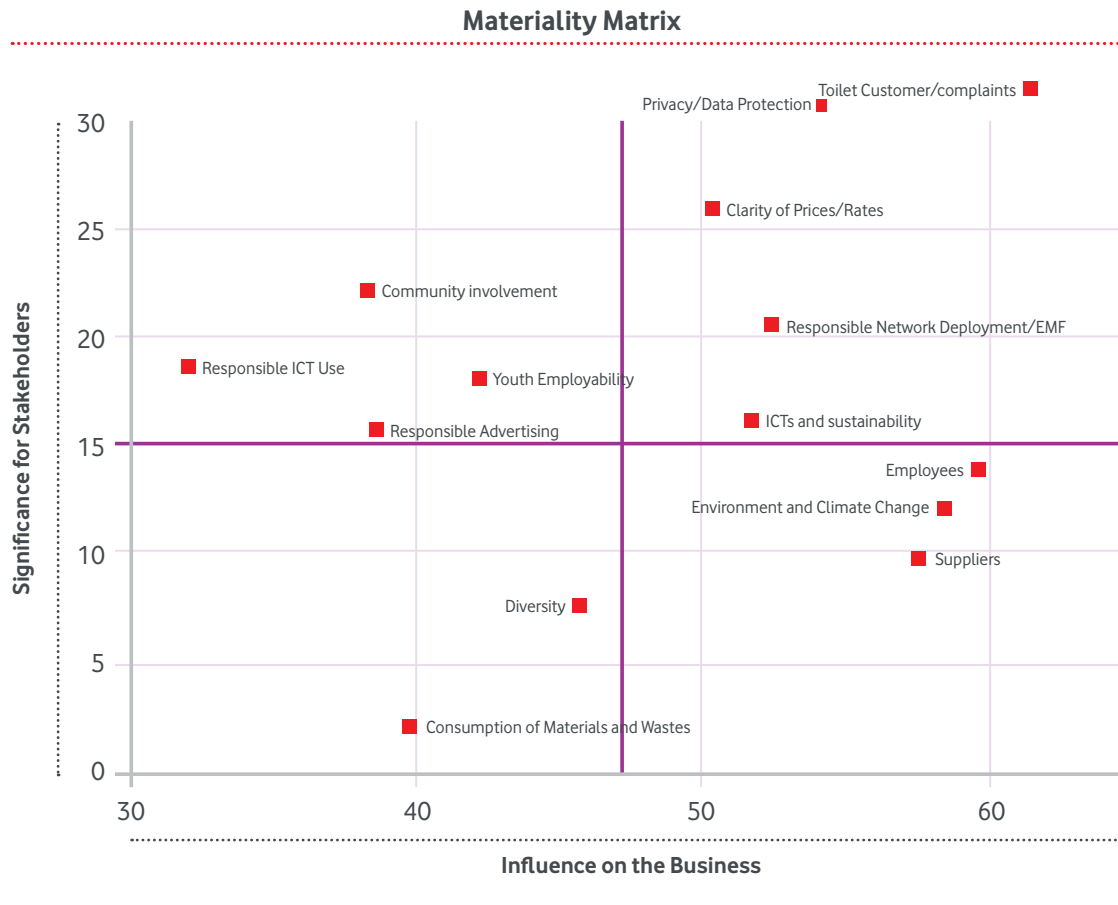
Site owners can contact Vodafone by calling their hotline if they want to ask us a question or report an incident: **607 100 101**.

Average n° of calls a month received during financial year 2018-19: 1,970

› 4.3.3 Materiality Analysis

Our ongoing dialogue and relationship with different stakeholders lets us identify and prioritize their needs and expectations. Pertinent internal procedures are used to draw up a Priority Matrix (also known as a Materiality Matrix), 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 Reputational Committee through the Corporate Communications Director, to whom it is answerable.



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

Issues	Reference Report
1. Customer Care /Complaints.	Customers. Pgs. 69 to 72
2. Privacy and Data Protection.	Society. Pg. 97
3. Clarity of Prices and Rates.	Customers. Pgs. 61 and 62
4. Responsible Network Deployment/ EMF	Network Excellence. Pg. 114
5. Community Involvement	Society. Pgs. 87 to 94
6. ICTs and Sustainability	Customers. Pgs. 63 to 65
7. Employees	Employees. Pgs. 74 to 86
8. Youth Employability	Society. Pgs. 95 and 96
9. Environment and Climate Change.	Environment. Pgs. 101 to 110
10. Responsible Advertising	Customers. Pg. 69
11. Safe and Responsible Use.	Society. Pg. 98
12. Suppliers	Suppliers. Pgs. 99 and 100
13. Diversity and Equality	Employees. Pgs. 78 and 79
14. Consumption of Materials and Wastes.	Environment. Pg. 106

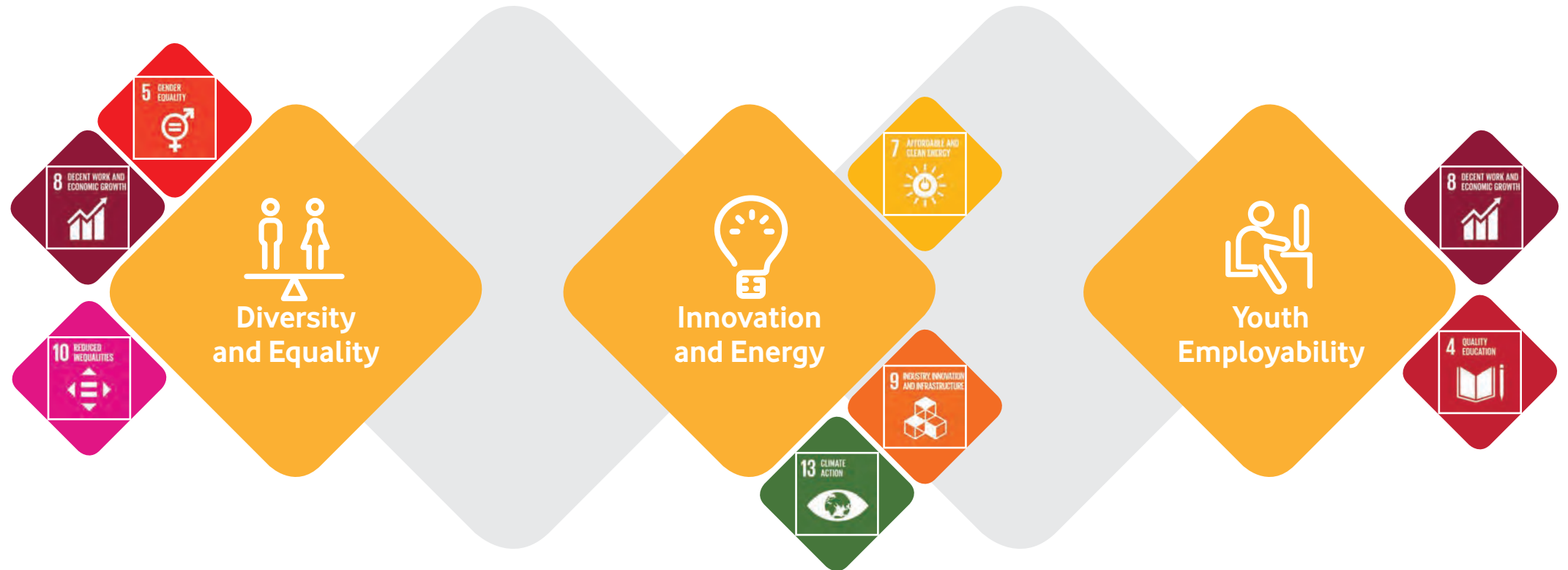
> 4.3 Sustainable Business

> 4.3.4 Contribution to the UN Sustainable Development Goals (SDG)

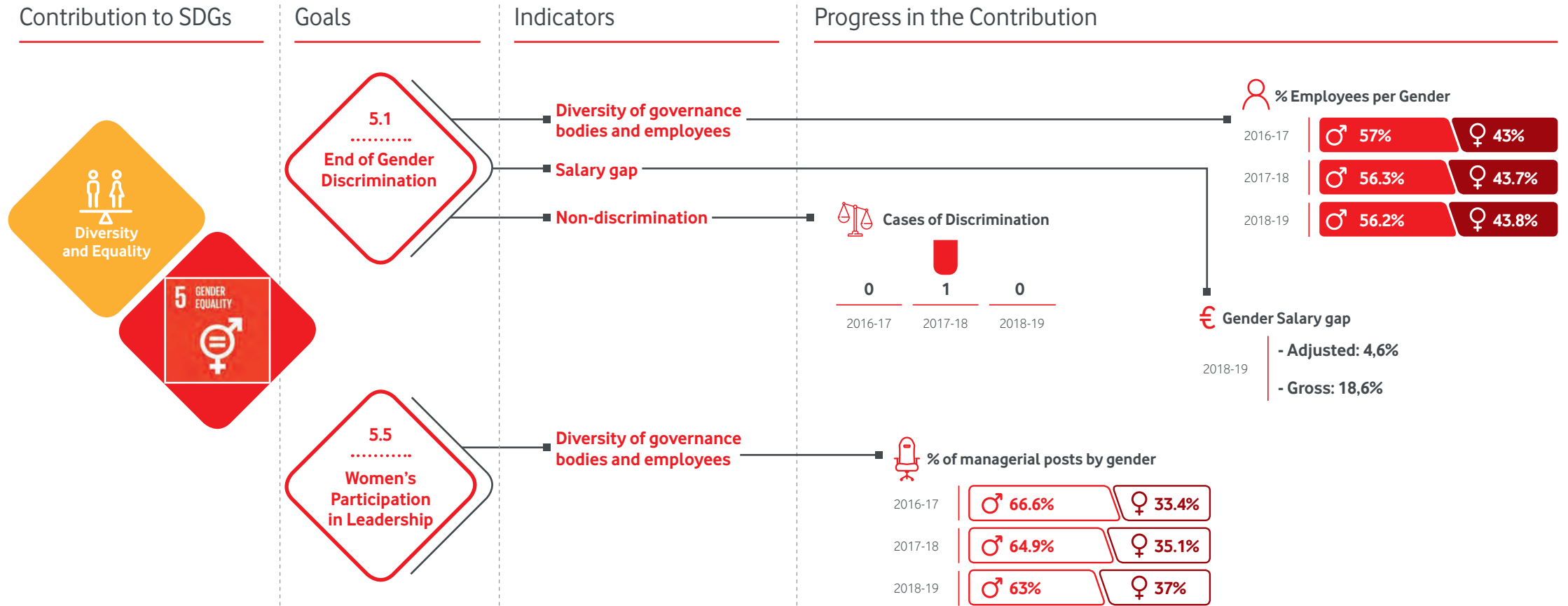
Vodafone uses the Strategic Sustainable Business Framework initiatives to contribute to achieving the Sustainable Development Goals (agreed by the UN in September 2015) that are most closely related with our activity.

After a preliminary analysis and mainly considering the initiatives included in the Transformational Objectives of our Strategic Sustainable Business Framework, Vodafone has defined the **priority SDGs** to which it contributes:

◇ Vodafone's Contribution to the SDGs and their Goals



Having identified the priority SDGs, during FY 2018-19 Vodafone has revised each of the **goals** of these priority SDGs, considering the goals to which it contributes most specifically, and has selected the most appropriate indicators for showing the progress in Vodafone's contribution to each SDGs and to the pertinent goals¹.

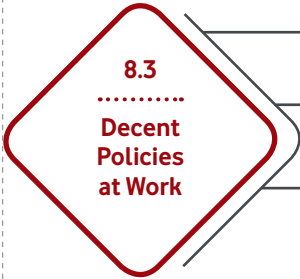


¹ "SDG Compass. The guide for business action on the SDGs" (UN Global Compact, GRI, WBCSD)
 "SDG Compass. Linking the SDGs and GRI" (UN Global Compact, GRI, WBCSD)
 "Business Reporting on the SDGs. Integrating the SDGs into Corporate Reporting: A Practical Guide" (UN Global Compact, GRI)
 "Business Reporting on the SDGs. An Analysis of the Goals and Targets" (UN Global Compact, GRI)

Contribution to SDGs



Goals



Indicators

Direct Economic Value generated and distributed

Indirect Economic Impact

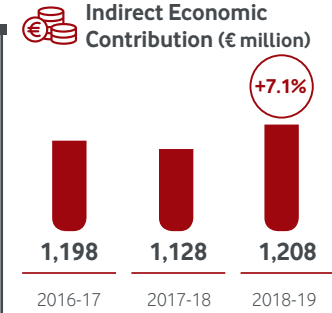
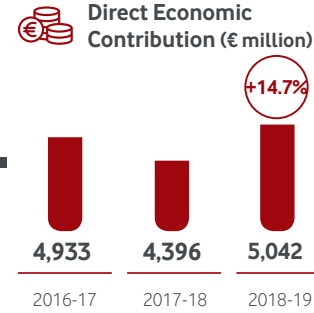
Training and Education

Proportion of spending on local suppliers

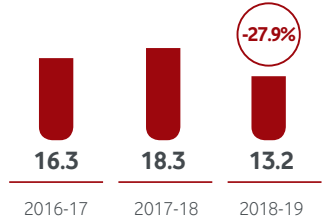
Workers representation in formal joint management-worker health and safety committees

Industrial Accidents

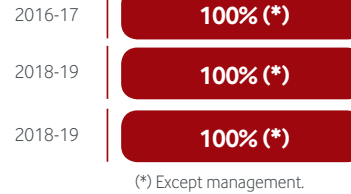
Progress in the Contribution



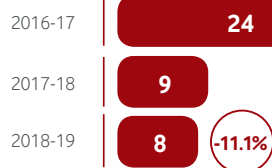
Hours' training per Employee and Year



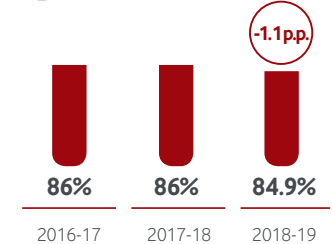
Employees Covered by Collective Agreement

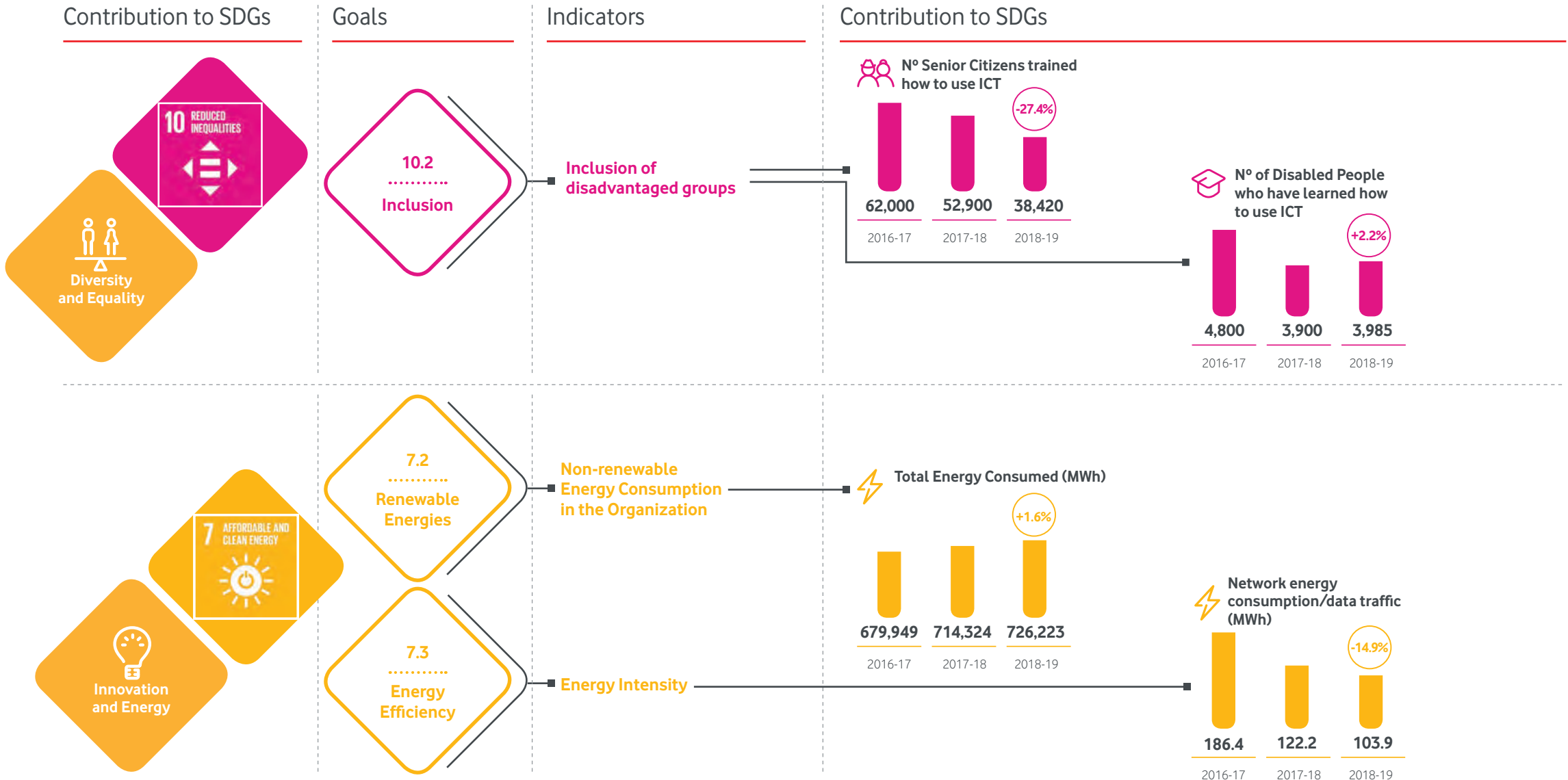


Accidents in working hours

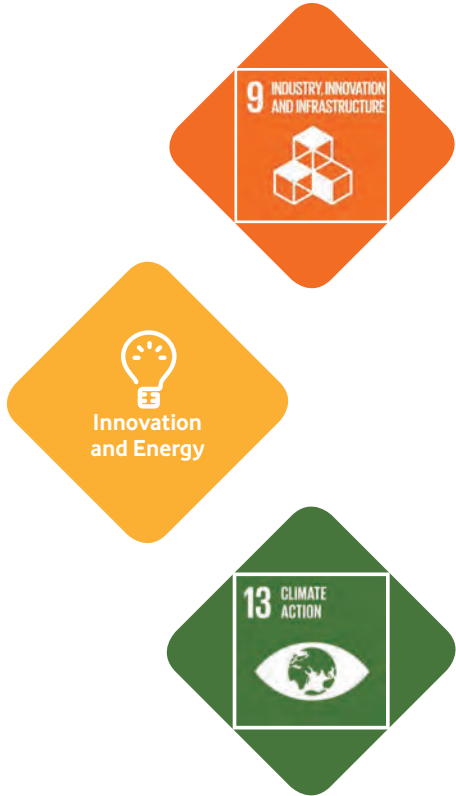


% Local suppliers

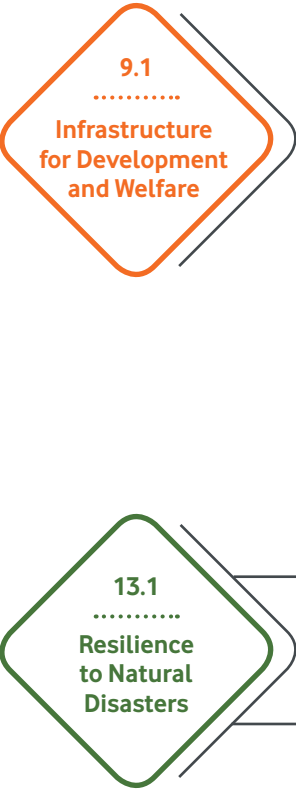




Contribution to SDGs



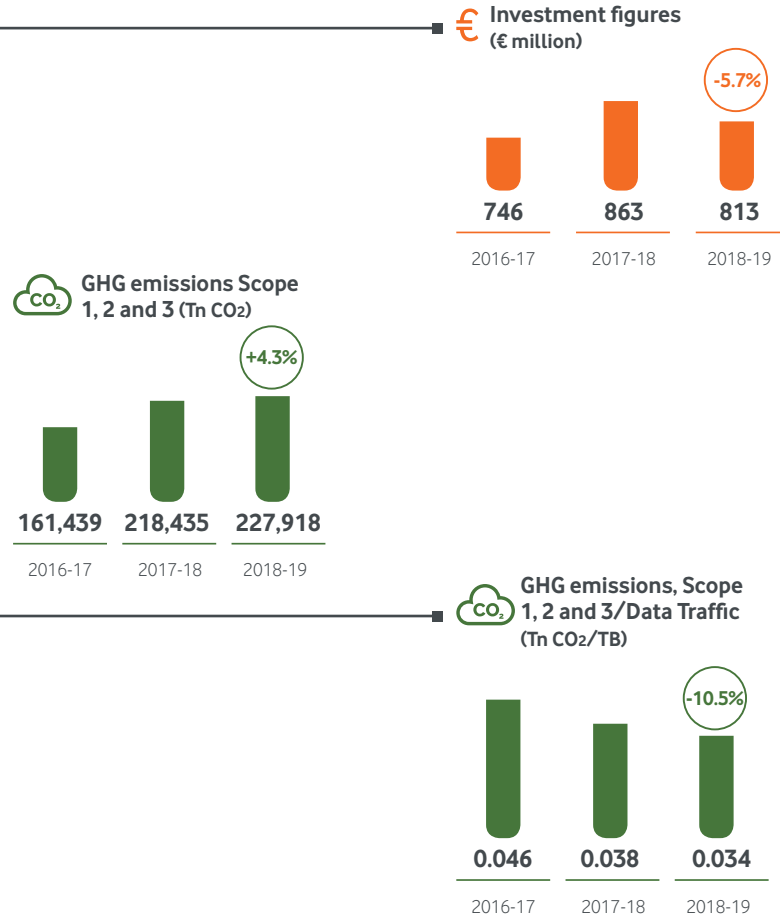
Goals

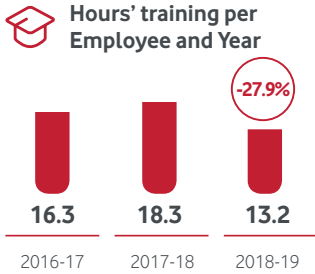
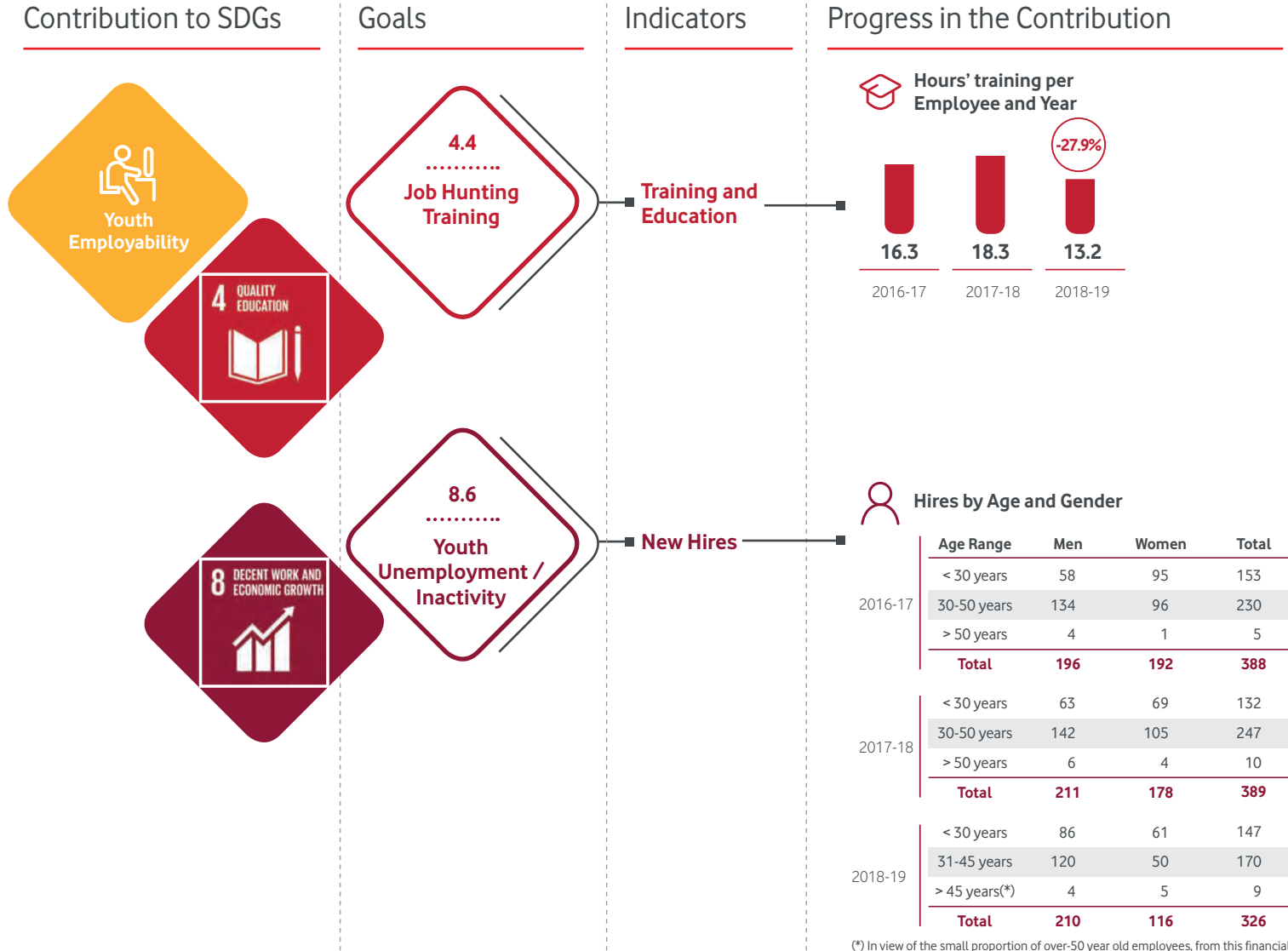


Indicators

- Investments in Infrastructure
- GHG emissions
- Emission Intensity

Progress in the Contribution





Hires by Age and Gender

Year	Age Range	Men	Women	Total
2016-17	< 30 years	58	95	153
	30-50 years	134	96	230
	> 50 years	4	1	5
	Total	196	192	388
2017-18	< 30 years	63	69	132
	30-50 years	142	105	247
	> 50 years	6	4	10
	Total	211	178	389
2018-19	< 30 years	86	61	147
	31-45 years	120	50	170
	> 45 years(*)	4	5	9
	Total	210	116	326

(*) In view of the small proportion of over-50 year old employees, from this financial year onwards, the data are displayed segmented for over-45 year old employees.

Sustainable Development Goals. Dissemination and Training

Vodafone is committed to publicising SDGs both externally and internally:

- Participating actively in numerous SDG-related events and working parties and in training courses with different organizations.
- 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.

During FY 2018-19, Vodafone informed all its employees about the full syllabus covered by the campaign's training modules.

The course is given as part of Vodafone University and was announced in our "The Weekly" newsletter by the "Workplace" collaboration tool and in the Vodafone University press releases.



◇ 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:

- 1 **Individual Conduct:** We must act with honesty, integrity and fairness in our activities, both inside and outside the company.
- 2 **Compliance with the Law:** We will comply with the provisions of current domestic and international legislation and applicable standards and principles.
- 3 **Health and Safety:** We will protect the health and wellbeing of our customers, employees, partners and the communities in which we operate.
- 4 **Financial integrity:** We will provide the best possible return for our shareholders over the longer term, basing our decisions on economic, social and environmental criteria.
- 5 **Public Communications Policy:** We will voice our opinions on government proposals and other matters that may affect Vodafone and our stakeholders.
- 6 **Communications:** We will communicate openly and transparently with all of our Stakeholders, respecting the bounds of commercial confidentiality.
- 7 **Customers:** We value the trust our Customers place in us and will safeguard the information provided to us in accordance with relevant laws.
- 8 **Employees:** Relationships with and between employees will be based upon respect for individuals and their human rights, and child labour will not be tolerated.
- 9 **Communities and Society:** We will engage with local communities so as to understand and respond to any concerns they may have.
- 10 **Environment:** We are pledged to safeguarding the environment, minimising our use of finite resources and the release of harmful emissions to the environment.

◇ Other Codes of Ethics

Vodafone Spain has voluntarily signed up 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 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 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.

◇ Anti-corruption Programme

Vodafone has a **Zero Tolerance to Bribery and Corruption Policy** and lays down rules and clear conduct guidelines to avoid corrupt practices in the Company's business dealings. 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. That is why this policy applies not only to all Vodafone employees, but also to its contractors, suppliers and stakeholders.

In addition to the Vodafone Compliance Programme 16, this Policy is underpinned by:

- > The **Top Level Commitment** to ensure respect 15 for national and international standards for fighting corruption and ensure that the Company's activities are always transparent and professional.
- > 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 and awareness-raising and communication campaigns in the context of the **"Doing What's Right" Programme**. 96% of the work force has now completed the online Anti-Corruption course that began in FY 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.

96% of employees have completed the online anti-corruption training scheme

At Vodafone we enforce robust prevention, detection and reporting measures in our contribution to **combat money laundering and the financing of terrorism**. We have also devised systems based on the risk and controls implemented in financial products that include, among others, acting with due diligence, having lists of jurisdictions and people subject to economic sanctions, monitoring transactions, reporting suspicious activity and monitoring regulatory compliance, all to ensure that we comply with our regulatory obligations.

◇ Speak Up



In line with our Corporate Values 15, we need to be a Company that conveys trust, which is why we must ensure that it has channels for reporting any unethical or irresponsible actions. "Speak Up!" is a tool that Vodafone employees can use to report anything that breaches the Code of Conduct, is unethical or illegal. Any cases that are reported are handled as strictly confidential.

"Speak up" allows employees to take action if they notice 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; This includes cases



of bullying or harassment, potential conflicts of interest, danger to the health and safety of employees or customers, potential abuses of human rights or serious environmental issues.

During 2018-19, only one corruption-related incident involving Vodafone España S.A.U. was reported through the "Speak Up" whistleblower channel, but none involving Vodafone Ono S.A.U. The investigation determined that there was no evidence of corruption in the events in question. Nor were there any reports of cases of discrimination or Human Rights' breaches.

◇ Anti-Fraud and Corruption Equity

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.


Incidents of Fraud and Corruption. Cases 2018-19:

Vodafone España, S.A.U. **0**

Vodafone Ono, S.A.U. **0**



◇ 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 supplier 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 the 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.

◇ Conflict Minerals Policy

On 3rd 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 conflict 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 applies to all the products that we acquire, 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 **OECD 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). 



◇ 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 harm them directly.

At Vodafone we embrace our responsibility to comply with Human Rights, as they are defined in the **UN International Charter for Human Rights**, and our Code of Conduct stipulates our commitment to comply with the **Fundamental Agreements of the International Labour Organisation**. We are also committed to complying with the **UN Guiding Principles on Business and Human Rights** in our business operations.


The **Human Rights that Vodafone deems most important**, and our 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 supply 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** sets the standards that our suppliers must meet in matters regarding health and safety, employment rights, ethics and protection of the environment. This includes prohibiting child labour and requiring that suppliers avoid using any form of forced labour or slavery.
- > 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. 

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


◇ 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.

◇ Children's Rights

Many of our customers have 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.

- > 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).
 - Promote **education and awareness** in responsible use ("Be Strong Online" Scheme).



Human Rights Breach-Related Complaints Received 2018-19:

Vodafone España, S.A.U.
0

Vodafone Ono, S.A.U.
0

5.1

Best Customer
Experience

5

Performance

5.2

Operational
Excellence

5.3

Network
Excellence

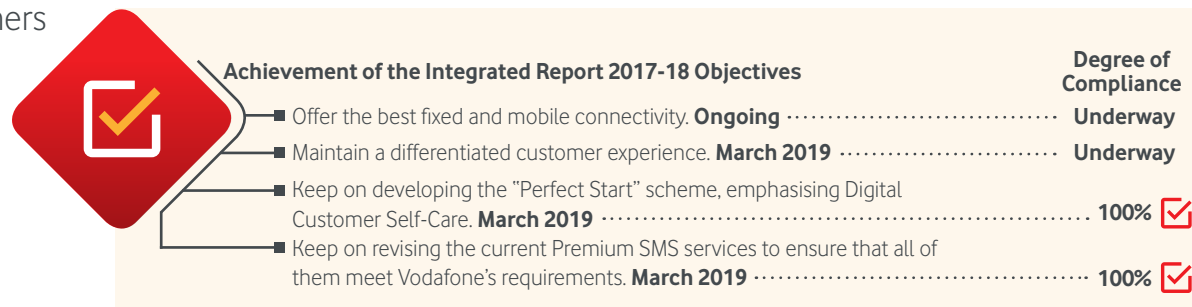


**Best Customer
Experience**



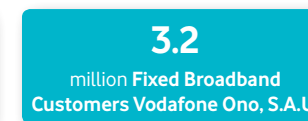
> 5.1 Best Customer Experience

> 5.1.1 Customers



As regards our "Maintain a differentiated customer experience" objective, in financial year 2018-19 Customer Management focused mainly on "Pursuing Excellence in Customer Experience in all the channels, and especially in Digital Customer Service, boosting personalization".

Therefore Customer Management efforts have centred on establishing and continuing with the initiatives defined for each and every point of Vodafone's strategy. 



◇ Competitive Offering

Clear Prices and Rates

Contract Tariffs

The best Contract Tariffs are associated with the two main market segments: "Vodafone Family" and "Mobile Value".

• Vodafone Family



focusing on the home and families.

Our range of services for customers who have fixed connectivity at home and want to sign up for other services (mobile, IoT, etc.). Vodafone has brought out products and services tailored to the specific needs of this kind of Customer,


Throughout the year, **Vodafone One** became our star converged deal, combining all the benefits of fixed connectivity, mobile and Vodafone TV. That is why several campaigns have been launched:

- > At the start of the year, **improving prices and data.**
- > Summer 2018: all the Vodafone One customers were able to enjoy **the widest range of films and series on offer.**
- > September 2018: **one year of Vodafone TV for free with HBO included.**
- > Christmas 2018: one year of **Amazon Prime for free.**

• "Mobile Value"

Our range of services for customers who rely on their mobile every day, and so want comprehensive mobile tariffs that guarantee a good experience and high quality connection.

The main promotions and launches during financial year 2018-19 were as follows:

- > **More minutes and data.**
- > We extended the **Vodafone Pass** deal for unlimited browsing with the apps that customers use most of all.
- > Summer 2018: **Free Music Pass.**
- > Better **roaming deals.** The "Viaje Mundo" (World Travel) tariff for zone 2 countries now comes with 2GB instead of 200 MB. A country search engine has been added  to make it far easier for customers to find the prices of the countries they are going to visit and what their tariff includes.
- > Christmas 2018: one year of **Amazon Prime for free.**



Best Customer Experience

◇ Competitive Offering

Clear Prices and Rates

Vodafone yu and Prepay Tariffs


Vodafone yu

Vodafone yu is Vodafone's proposal for the young segment. Vodafone yu has launched different promotions this year to attend to young people's communication needs:

- **Triple GB Promotion**, for all customers automatically when they renewed their fee or to any customers who signed up.
- **Vodafone Pass Deals**: During summer 2018, Social Pass (Unlimited GB for Social Media apps) free for Yuser customers and Music Pass (Unlimited GB for music apps) for Super Yuser and Mega Yuser customers.
- To mark Xmas 2018, we offered an **extra 10GB** to be used over the next 15 days, to all customers automatically when they renewed their fee or to any customers who signed up during the period.
- During the 2018 winter sales period, we launched the **Vodafone Pass for €1** deal.

In September 2018 we launched **Yuser Fibre** with a speed of 120Mbps, no tie-in clause, the option to disconnect temporarily for free during the summer, and 6 months' worth HBO Spain.

During the financial year 2018-19, 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 Jobs Finder**: a tool to help young people find work and improve their digital skills. 
- **Vodafone yu**: the Vodafone grants programme.
- **Yuser Collaborator**: 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.
- **Vodafone Yu Video Talent**: launched during financial year 2018-19, awards a prize to the best creative idea for producing and participating in the production of the video clip of the Vodafone Yu Music Talent winning band.

Other Prepay Tariffs

- > **Mi País (My Country)**: aimed at Customers who need to be in contact with other countries and make international calls.
- > **Vodafone in Spain**, for tourists visiting Spain, with adapted communications in English.
- > **Vodafone Fácil (Vodafone Easy)**: This kind of rate is intended especially for older people who want a simple rate and phone. It is a price per minute tariff, so there are no monthly fees or additional commitments.

Lowi

Lowi's customers are telecom service users who are attracted by traditional companies, large bundled offers and extra services that they do not use. These customers are very sensitive to prices and deals, and basically look for:

- > An inexpensive Internet and phone connection, easy to manage and without any tie-ins or hidden costs.
- > Clarity and simplicity in products, prices and bills.
- > A range of products and services tailored to their needs and without any extra services that they do not use.
- > A mobile service that lets them stay connected through calls and data, and which they can manage depending on what they need at any given moment.
- > Fibre that lets them connect from home, fast, without any interruptions and with several devices connected at the same time.

The main new Lowi deals during 2018-19 included:

- > Summer 2018:
- **60 GB for everyone**



- **"Back to School"** campaign with a converged deal.
- > November 2018:
- **"Black Friday"** campaign with a smartphone finance deal.
- Improved data and prices.
- > Christmas 2018:
- **25 GB for everyone.**
- > March 2019:
- improved data and prices.





Competitive Offering

The Internet of Things (IoT)

Our IoT solutions, based on Machine to Machine (M2M) connections, connect objects, turning them into smart resources that can communicate with people, applications and with each other. They enable cars, buildings or machines to interact in relation to their environment and location.

For the fifth year in a row, Gartner has rated the Vodafone Group as the world leader of M2M managed services in the "Gartner Magic Quadrant", and was positioned highest and furthest for its ability to execute and completeness of vision, in the "Leaders Quadrant".

Figure 1. Magic Quadrant for Managed M2M Services, Worldwide



Source: Gartner (December 2018)

IoT for Enterprises and Public Authorities. Success Cases

IoT solutions are transforming the world of business and Public Administrations. Among others, **enterprises** that use **IoT** stand to gain the following **benefits**:

- > IoT helps them to efficiently manage communications between resources (machines or people). 50% of the enterprises polled in the "Vodafone IoT Barometer" reckon that their costs have dropped 20%.
- > IoT boosts customer satisfaction. According to the "Vodafone IoT Barometer", 44% of the enterprises that use IoT say that one of the benefits is "improving the customer's or user's experience".

Vodafone's **IoT solutions** are present in all **business sectors**, especially:

- > Security Sector: 100,000 new connections in 2018-19.
- > Telecare Sector: 85,000 new connections in 2018-19.
- > Banking and Finance Sector (payment systems): 50,000 more connections during financial year 2018-19.

Vodafone Smart Cities Platform

Vodafone Smart Cities is a cloud solution for operating and managing intelligent cities. The solution is underpinned by a smart platform specifically designed for running Smart Cities services. A series of layers execute the intelligence needed to monitor indicators and analyse the data, and generate the resultant information in different formats, depending on who it is intended for: managers, workers, citizens or developers.

All the information is stored in the platform and managed openly, so that it can be reused by different applications within the city itself.

The Vodafone Smart Cities platform deploys the intelligence necessary to improve city service management, using the data to generate information useful for municipal management purposes.

By deploying the Vodafone Smart Cities solution, cities become efficient, sustainable and stand out from other Public Administrations, meaning that their inhabitants both form a much better opinion of their city and become actively involved in its running.

> 2 million local and global SIM cards activated for IoT

> 23% increase in IoT SIM cards for enterprises, vs. the previous year



◆ Competitive Offering

The Internet of Things (IoT)

Listed below are some examples of success cases when Vodafone's IoT Solutions are applied by Enterprises and Public Authorities.

Vodafone Smartcities Platform

Lalín

Vodafone is involved in the Smart City project of the city of Lalín (Pontevedra), where it is rolling out digital information systems, parking lot control systems, public Wifi networks and a central management platform. All the services are connected to the VSC (Vodafone Smart Cities) platform over the Vodafone IP network, using the best solution in each case.

Remote Social and Health Care

Assda (Andalusia Regional Government)

Vodafone has been awarded Spain's first project to monitor senior citizens' mobility under the Dependency Act. A total of 20,000 users will be GPS tracked, with 24/7 communication guaranteed by the Vodafone Global SIMs that offer the best coverage by connecting to the required operator, which is especially effective and valued in rural environments.



Social and Health Care

Vincles (Barcelona City Council)

The Vincles programme intends to narrow the digital divide that the elderly suffer in particular and improve their skills using new technologies as a means of communicating with their environment. The programme is based on a mobile app, Vincles BCN, that users can use with Vodafone IoT tablets they are given by the municipal services. A total of 3,000 tablets equipped with Vodafone communications have been handed out to senior citizens aged over 65 from different neighbourhoods of the city of Barcelona.

Resources Management

Gandía

Gandía City Council, Go-Aigua (the Global Omnium technology platform) and Vodafone have teamed up to make Gandía the first city in Europe to fully monitor, control and manage its water consumption using Vodafone's Narrow Band IoT (NB-IoT) communications network. During the project, Go-Aigua is fitting the water meters with special devices that communicate with the Vodafone NB-IoT network, providing hourly information from the meters about how much water members of the public, businesses and industries are using.



Another of the sectors that has welcomed Vodafone's IoT solutions is the automobile industry, where Vodafone has already reached agreements with some of the main manufacturers operating in Spain. One example is Lexus, whose new models feature a Vodafone "Connected Car" solution that provides vehicle connectivity in order to offer users different services, ranging from a "Wifi in the Car" solution to sending traffic routes to the SatNav from a Smartphone, real-time online traffic information, etc.



Best Customer Experience

◇ Competitive Offering

The Internet of Things (IoT)

IoT for Residential Customers

Vodafone's Residential customers can use IoT through the **"V by Vodafone"** service, which lets them connect and manage an extensive array of smart devices. It features 5 categories of products:



"V-Home by Vodafone" lets customers monitor their home and know what is going on at all times and wherever they are.



"V-Auto by Vodafone" is a device that adds Vodafone's IoT technologies to the majority of European vehicles manufactured since 2002.



"V-Camera by Vodafone" is a surveillance camera designed for spots without any wireless connection.



"V-Pet by Vodafone" is a GPS tracker for pets that also lets you check what your pet is doing.



"V-Bag by Vodafone" is a GPS tracker for suitcases, handbags and backpacks.

Two new products connected by "V by Vodafone" were added during financial year 2018-19:



V-Kids Watch, a smart watch for children aged 6 to 10 that features several functions like an SOS button, tracking and security areas, voice messages, etc.



V-SOS Band, a band that is especially useful for the elderly and features an SOS button and fall-sensor functions that warns relatives if the elderly person needs help.



Big Data

Big Data techniques turn raw data into trends and forecasts for improving business decision-making, positively impacting customer satisfaction and financial profits.

"Vodafone Analytics" is Vodafone's Big Data tool, and consists of an end-to-end platform that offers answers to business questions by using Big Data and analysing of telecom data based on user geolocation.

MTV Music Week Bizkaia



As the MTV Music Week Bizkaia technology partner, Vodafone installed IoT sensors at different sites to optimize the event's management and organization, and developed a specific app with the list of concert dates and artists, access to their content, tourist information about Bizkaia, etc.

It also used a series of 4G and NB-IoT sensors for real-time tracking of key information like waste management, ambient temperature and humidity, ambient sound level, heat maps for calculating crowd numbers, energy efficiency, tracking assistance services, etc.

In the weeks before the event, the "Vodafone Analytics" solution was used to create a control panel with Big Data-based aggregate information about crowd numbers around the city, where concertgoers have come from, their profile (socio-demographic, residents vs. tourists etc.).

Throughout the week, Vodafone generated real-time metrics from the information gathered with the sensors deployed at the different venues and when the events had ended, the data collected in the dashboard from three different time windows were used to compare the information collected before, during and after the events.



Best Customer Experience

◇ Competitive Offering

Content Platforms

To supplement its range of products and services, Vodafone produces content that is of value and useful for different target audiences:

1. The Future is Exciting

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.

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 our country's most audiovisual successful information content platform.



> **360** million views of "The Future is Exciting"

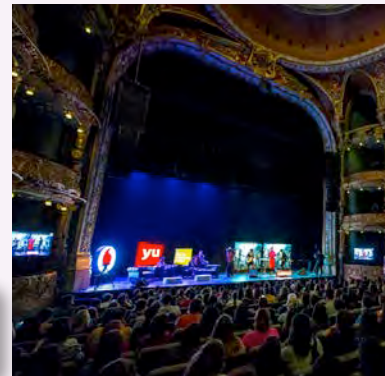
> **1.3** million followers of "The Future is Exciting" in their YouTube, Facebook, Instagram and Twitter profiles.

2. Vodafone yu

This content platform, launched in 2012, is aimed at a young audience (14-25 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 Music Shows:** free concerts for Vodafone customers throughout the country, and **Vodafone Yu Music Talent**, the greatest and most important newcomers concert of all Spain.
- > **Experiential Events:** which range from living an immersive film experience (vodafoneyuwhatamovie.es) to videogaming on a platform hanging 50 metres up in the air (#yuVertigo).

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



> **715,000** followers of Vodafone yu in Social Media

3. Vodafone Enterprise Observatory

This audiovisual content platform was created in June 2017 to help businessmen and entrepreneurs to address the digital transformation of their firms or businesses.

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 changing, consumer needs, the key challenges that business owners face, how companies or businesses should change, 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 content is shared through the main national and regional news headlines.



> **80** million cumulative views of the Vodafone Enterprise Observatory content



Best Customer Experience

◆ Competitive Offering

Content Platforms

4. "El Poder de la Red"

In an endeavour to publicize and spotlight the quality and power of its network, Vodafone has produced "El Poder de la Red" (literally, The Power of the Network/The Power of the Internet), a digital platform that is backed by the talent of the Spanish film industry. Daniel Sánchez Arévalo has written two short films that tell a story that revolves around the Vodafone Network, which therefore takes centre stage: Brigi (July 2018) directed by Daniel Sanchez Arévalo, and DETOX (October 2018), directed by Daniel Monzón.



> **3** million views of the "El Poder de la Red" short films

5. Vodafone eSports

Through this content platform, which was created in 2016, Vodafone Spain wants to inspire and help electronic sports fans to reach their best level as players.

On 1st April 2018, Vodafone started sponsoring Vodafone Giants, Spain's oldest (10 years) and most successful eSports club in Spain

The platform also produces educational and entertainment content, and features the latest news specifically geared to the players community. The content is streamed over the Twitch channel, Vodafone eSports' social media, and the MGZ! and MTV's +QGAMERS programmes.



> **42** million cumulative views of Vodafone eSports content





Best Customer Experience

◆ Competitive Offering

Best Practices with Customers

■ Vodafone and Emilio Moro create the first winery to use Big Data

The two firms are working to make Emilio Moro the first Spanish winery to use Artificial Intelligence and Big Data. The project is based on Vodafone's Sensing4Farming, an IoT-related technology, and is being run together with the companies Qampo and DigitalGlobe. The Emilio Moro Wineries received the Autelsi 2019 Award in the Technological Innovation for Productivity Enhancement category.



■ Gandía to become first place in Europe to use NB-IoT Technology to monitor its water supply end-to-end

Gandía City Council, Go-Aigua (the Global Omnium technology platform) and Vodafone have partnered to make Gandía a technology benchmark for Public Administrations. Gandía is set to become the first city in Europe to fully monitor, control and manage its water supply using Vodafone's Narrowband IoT (NB-IoT) communication network, cutting-edge technology that makes it possible to connect water meters that are located underground or inside buildings with little or no coverage, which ordinary communications networks fail to reach.



■ Madrid, Smart Remote Water Meter Reading with the new NB-IoT technology

Vodafone, Contazara and the Canal de Isabel II announced the launch of a smart meter reading project in Madrid with NB-IoT technology. The project consists of deploying 64 communication modules to facilitate



the remote reading of some 1,200 meters throughout different geographical areas of the Madrid region, including such emblematic places such as the Royal Botanical Garden or the Prado Museum.

Vodafone's 5G Network connects surgeons around the world in a pioneering telemedicine project

This pilot project is being carried out as part of "Barcelona 5G", an initiative backed by the Catalonia Regional Government, Barcelona City Council, Mobile World Capital Barcelona, the i2CAT Foundation, The Catalonia Telecommunications Technology Centre, Atos and Catalonia Polytechnic University, to turn the city into a European benchmark 5G Digital Hub. 5G Technology allows a specialist surgeon to guide another surgeon, who is operating in an operating theatre elsewhere in the world, without having to be present physically and all in real-time. This makes it possible to transfer practical knowledge at critical moments. Due to the low latency feature of 5G communications, the operation can be streamed in real time, without any delays, which is essential for surgical operations.



Rally driver Isidro Esteve's performance boosted by Vodafone's IoT technologies

During the MWC, Vodafone and rally driver Isidro Esteve unveiled the connectivity solutions that the driver wore during the last Dakar rally held in Peru in January 2019:

- Connected cushion, to spread out the pressure, avoid it affecting only one spot, and be able to keep on driving a long time without getting ulcers.
- Connected wearable textile, a medical device that measures the heart's electrical signals during each stage, which can be analyzed in real-time by a cardiologist.

The rally driver now uses these technological solutions in both his professional life and his personal life.



Logitravel teams up with Vodafone to spearhead digitization in the travel agency world



Vodafone has supplied Logitravel with different solutions that improve everything from connectivity to employees' productivity, or even the security of the Logitravel Group's website, to name but a few. These technologies bring time and cost optimization, and reinvest that efficiency in continuously improving the user experience.

JLL boosts its Big Data strategy with Vodafone Analytics data



The multinational has chosen Vodafone to provide more information and data for the internal models that it uses for the advice it gives to its customers, and that lets them make the best property investment decisions. When the data supplied by Vodafone Analytics, combined with other external and internal data sources, is applied to mathematical models, it reveals people movement patterns and can predict future patterns of behaviour, making it possible to plan actions to be more business efficient.



Competitive Offering

Complaints

Vodafone continues placing special emphasis on complaints, both in terms of managing them and analysing their root cause, modifying processes, procedures and identifying incidents.

Vodafone offers its customers a direct channel for reporting incidents.

During 2018-19, have **official complaints increased by 23%**, mainly due to the need to adapt new processes, business rules and customer management tools. This increase **triggered the development of more than 125 improvement actions**, of which **71% are already in place**.

A few improvement actions:

- "Welcome 24 hours": Vodafone confirms contracted products with customers.
- "Welcome first bill": Vodafone contacts customer after issuing their first bill.

Official consumer organizations

Vodafone remains in direct contact with Arbitration Boards, Municipal Consumer Information Offices (OMIC), Consumer Associations, as well as the Ministry of Economy and Enterprise, through the **Mediation** service, an exclusive hotline for Official Consumer Organizations, which serves to settle complaints during the mediation phase, cutting resolution times and enhancing customer satisfaction.

This outstanding, pioneering service is rated very highly by Official Consumer Organizations.

28,000 queries/mediation requests managed in 2018-19

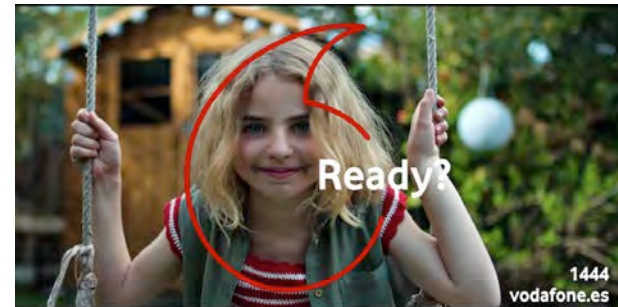
Complaints Vodafone España, S.A.U. (*)
Mobile Phone Complaints by Residential Customers: 3.67%
 complaints/customer base.

Complaints Vodafone Ono, S.A.U. (*)
Fixed Phone Complaints by Residential Customers: 6.18%
 complaints/customer base.

(*) According to figures supplied to the Department of State for Digital Advancement.

Responsible Advertising

Vodafone is firmly committed to complying with all the applicable advertising-related rules, laws and policies. During 2018-19, Vodafone's sales campaigns have focused on Vodafone One, in which a little girl takes centre stage in the story.



The laws in force in the Madrid Region (where the campaigns were filmed) regarding the hiring of under 16s for public shows were observed strictly in producing these commercials.

Although Vodafone is one of the most heavily advertised companies, only one advertising-related ruling was issued against in financial year 2018-19. The ruling (and €15,000 fine) was issued by Valencia City Council due to a breach regarding the publication of phone prices.

In this respect, Vodafone was not fined for any monopolistic or anti-trust practices during the 2018-19 financial year.

SMS Premium

Premium Texting 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.

In the financial year 2018-19, 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.





◇ Digital First

Vodafone bit

The first fully digital tariff on the market

In 2018-19 we launched "Vodafone bit" to cope with the ever-larger number of users who want an online experience and management. Vodafone bit features two differential elements:

- A new website with an online store and exclusively digital Customer Care.
- Very simple tariff plans.

The whole tariff subscription process is digital and interaction with customers is done directly and easily through the app's "Bit Assistant", which answers their questions without them having to call or go into a store.

vodafone bit
Clic. Ya.



My Vodafone App

New Version of the App

As far as digital transformation goes, and alongside progress in migrating all residential customers to a single management system, the main highlight has been the launch of the new version of the My Vodafone mobile App.

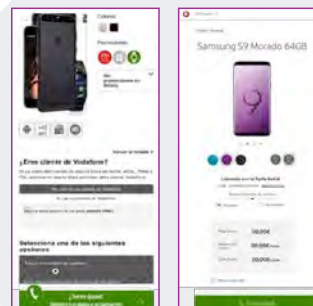
With a simple, more intuitive design, we intend for this new version of the Customer Services App to be the main channel of communication with Vodafone, on a 24x7 and with high levels of transactions.



Online Store

Vodafone is preparing a new online store, where the experience will focus on users and the mobile-first concept, so as to optimize usability on a smartphone screen.

During 2018-19 Vodafone published a new phone catalogue, featuring new and simplified phone tariffs, that gives users all the information about the phone (make, model, capacity, colour, the tariff best suited to their profile, total cost, etc.) on a single screen, to save them having to browse through page after page to find the information.



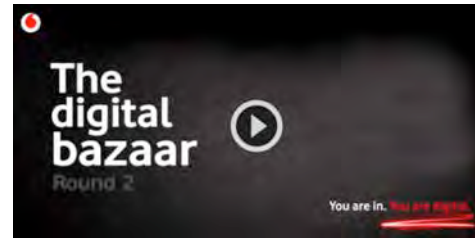


Best Customer Experience


◇ Digital First

Digital Accelerator

- > As a digital transformation enabler, we are committed to the **Agile** philosophy. In October, 300 people attended the PAM (People Agile Management) meeting that we held at our Madrid head office.
- > We are providing more physical and digital **collaborative spaces**:
 - @Workplace by Facebook.
 - Vodafone Digital Newsletter.
 - Zapiens (Knowledge Management App to which we have added several Digital Transformation, Digital Marketing and Agile training modules).
- > The Accelerator operates on the basis of **multifunctional teams**. At the end of the year, a total of 31 teams were working on the Digital Accelerator.
- > We have arranged two **"Digital Bazaars"** at which we talked about the progress achieved by the **Agile** teams. 



Social Media

Vodafone has boosted its digital presence this year, with the volume of social media mentions ending 19% higher than the previous year, resulting in the Vodafone brand becoming far more visible in the different digital content platforms. 



E-bill



Prior Appointment in High Street Stores

Since May 2018, customers can ask for an appointment through our website store-finder, and choose the store, date and time they want an appointment with one of our technology experts (Apptualizer or Business Consultant), ask for any commercial information or contract any product. This has made Vodafone the first telecommunications carrier to offer this service for all in-store formalities, improving its satisfaction, notoriety and brand reputation.





Best Customer Experience

◇ Radical Simplification

These are just some of the initiatives we have taken to simplify our processes:

□ Unification of One Way Systems

This year we finished unifying Residential and Microenterprise customers in the same IT system, as part of the "One Way" initiative. By doing so, we have unified and simplified our sales and customer service processes, shortened processing times and made them more efficient.

□ Personalized Telephone Support

The scope of this initiative, which was already in place in the SME segment, has been extended to new customer segments. Now more than 500,000 residential customers have been assigned a fixed team of agents, available around the clock to answer their questions or resolve incidents.



□ ICU Initiative

Priority management for customers who report a recurring incident, providing a proactive contact from Vodafone and tracking the case intensively.

□ Predictable Bill

To avoid surprises in bills, we have arranged several actions to warn customers with proactive communications about substantial changes in their bills. Actions such as proactive checking, end-of-discount messages, or being able to access interactive bills in My Vodafone, have contributed significantly to enhance our customers' perception.

□ Perfect Start E2E

Vodafone keeps on working to Customer Experience from the moment they buy a Vodafone converged product to when they get their first bill. The main goal of Perfect Start E2E is to ensure that the most sensitive stages of this process, such as checking of the contracted products, physical installation at the customer's premises or the portability of their lines occur "perfectly".

The most important advances made in this regard are:

- > Globally, we have reinforced all the processes to reduce the percentage of customers who are dissatisfied when they join Vodafone.
- > Major improvements in dealing with customers who face service incidents after the mobile portability process. Actions such as logistical processes improvements, or the possibility of getting a SIM card from a store in the event of a delay, have contributed significantly to this improvement.
- > Fibre installed from start to finish by Vodafone engineers in lines subleased from other companies (NEBA technology) in 90% of cases. This means Vodafone can also handle incidents from start to finish, and cuts installation times significantly.

Mean installation time:

-4 days for HFC

-7 days for NEBA

- > Advances in digitizing the activation process: Real-time location of the installation engineer, confirmation of the appointment by instant messaging or self-diagnosis of the Wifi performance at the home are just some of the improvements put in place this year.

The launch of these initiatives has prompted a very positive change in the TNPS (Customer's level of satisfaction with Vodafone's interactions):

global TNPS: increase **14.5%** on the previous year

Next Objectives

- Having Excellent Operations as the basis for an Excellent Customer Experience. **March 2022**
- Offer an integrated Digital Experience in all our proposals and working methods. **March 2022**
- Always have a Competitive Offering in all the segments. **March 2022**
- Encourage Simplicity both internally and in dealings with our customers. **March 2022**
- Keep on evolving the "Perfect Start E2E" initiative, especially through digital channels. **March 2020**
- Keep on revising the current Premium SMS services to ensure that all of them meet Vodafone's requirements. **March 2020**



Operational Excellence

> 5.2.1 Employees

Achievement of the Integrated Report 2017-18 Objectives

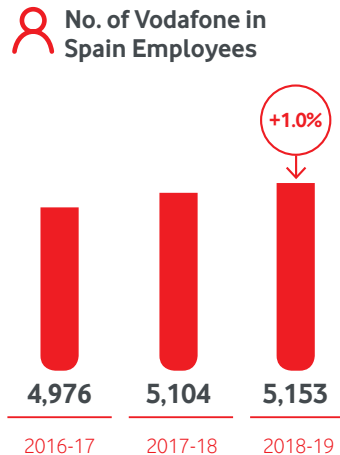
	Degree of Compliance
Keep on increasing the gender balance in the Company, especially in managerial posts. Ongoing	Underway
Keep on working for youth employability, especially with regard to STEM careers. Ongoing	Underway
Implementation of the Mutual Agreement Individual Contract Termination Plan (MAICT). March 2019	100% <input checked="" type="checkbox"/>
Development of new forms of work organization using Agile methodologies. Ongoing	Underway
Develop the organization's digital capabilities. Ongoing	Underway



Financial year 2018-19 has been especially complex on account of the economic and work organization-related circumstances. We are noticing a turnabout in customers' expectations, as they now require radical changes in how the service is provided, with a faster, simpler and more immediate relationship. This has forced us to streamline our organizational model to ensure it boosts team coordination and synergies.

These circumstances prompted Vodafone in Spain, in January 2019, to announce collective redundancies in order to revert the negative business trends, protect the investment capacity needed to ensure the company's future and design a more competitive organization that is better aligned with our customers' expectations.

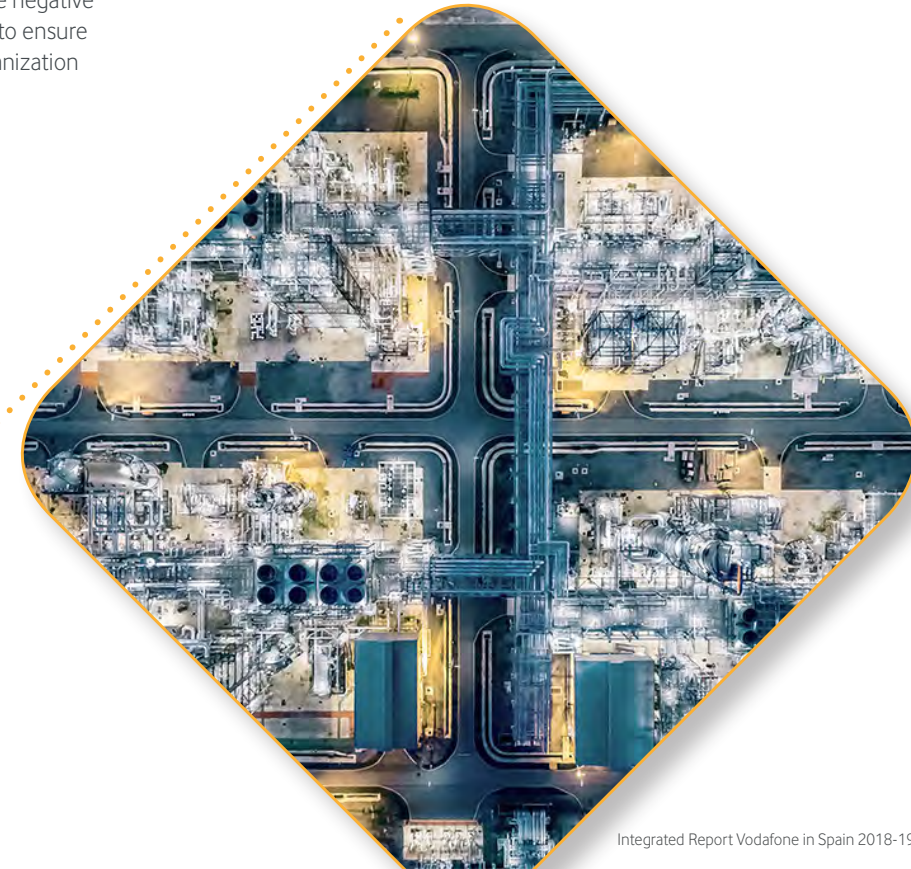
◇ **Headcount**

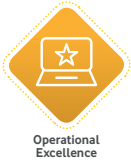


Nº Employees 2018-19

3,486
Vodafone España, S.A.U.

1,428
Vodafone Ono, S.A.U.





◇ 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.





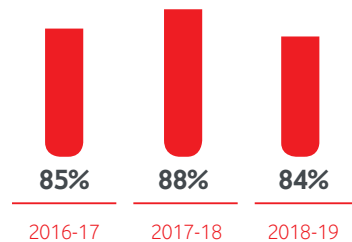
Operational Excellence

◇ People Survey

People Survey is our industrial climate survey, which we use each year to ascertain our employees' opinion about our values, progress in our strategy and how consistently we do things.

The People Survey is then used to draw up the company's annual People Plan.

Employee Satisfaction Level



People Plan

The results of this year's People Survey underscore the effort that everyone had made to improve the indicators of the two pillars on which the Company had focused: **Speed** and **Simplicity**.

Next year's People Plan will focus on improving our employees' perception of the products and services that we offer to our customers (**eNPS**).

◇ Industrial Relations

On 15th July 2016 the **Vodafone Group in Spain's 1st Collective Agreement** was signed, which will be in effect until 31st 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).

Article 30 of the Collective Agreement, regarding Protection and Health in the Company, refers to Health and Safety-related aspects in addition to the payment of employees' policies and medical costs. (**GRI 102-41**)

The negotiation of the new Collective Agreement of the Vodafone Group in Spain will start during the last quarter of financial year 2019-20. Throughout this new financial year, Vodafone must also implement the latest legislative reforms concerning equal treatment and opportunities for women and men at work, clocking in and out of work and guaranteeing digital rights regarding digital device usage criteria and the **right to disconnect**.

In line with current legislation, any organizational change that leads to a substantial change in working conditions and/or functions performed by employees must be reported at least 15 days in advance, which is scrupulously respected by Vodafone in either these circumstances.

The following circumstances also arose during financial year 2018-19:

Mutual Agreement Individual Termination Plan (MAITP)

After having signed, in February 2018, an agreement with the majority of the worker's legal representatives to draft a **Mutual Agreement Individual Termination Plan (MAITP)** that would allow employees born before 1st July 1963 and with a seniority of more than 10 years to terminate their employment contracts voluntarily, throughout this financial year Vodafone has managed and formalized the termination agreements with the employees who signed up for the Plan.

The **terms of the Plan** were as follows:

- **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.
- Anyone who signs up, will receive the following until the end of the Plan:
 - 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).

73.9% of the people affected signed up for the MAITP

Negotiation and implementation of collective dismissals in the Vodafone Group in Spain

In order to revert the negative business trends, boost its sustainability, protect the investment capacity needed to ensure the company's future and design a more competitive organization that is better aligned with our customers' expectations, on 24th January 2019 Vodafone in Spain announced **Collective Redundancies** for economic, productive and organizational reasons.

On 22nd February 2019, and following the negotiations held during the consultation period, Vodafone reached an agreement with all the members of the Workers' Representative Committee regarding the employment-related measures that would be applied to the company's work force, which included the termination of up to a maximum of 1,101 employment contracts for objective reasons.

Under the agreement, the collective redundancies could be applied on a voluntary and obligatory basis. Whatever the case, gross severance pay would be 50' days salary for every year worked (and periods of time of less than one year would be prorated by months), with a maximum of 33 monthly payments.

Employees with a fixed annual salary of €28,000€ or less and with a seniority at least five years would be paid supplementary severance amount of €6,000.

Employees born before 1964 and with a seniority of 10 years or more could sign up for net Income Plans consisting in 85% of the net fixed salary plus 50% net of the variable target salary, together with the payment of the Special Agreement with the Social Security.

Employees born in 1965 with a seniority of 10 years or more can take voluntary redundancy in year 2020 with the same terms and conditions of the net income plan.

On the date of issue of this report, the Collective Redundancy Proceedings were underway, and Vodafone was waiting to receive the voluntary redundancy requests from the employees who met the terms and conditions of the Income Plan, and to determine the final number of employees affected.



Operational
Excellence

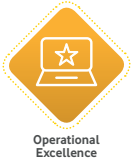
◇ Industrial Relations

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 1st July to 31st August.
- **Pre-maternity leave.** Possibility of taking maternity leave 15 days before the scheduled delivery date.
- **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 a minor less than 4 years old.** 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 €30.23 per child.
- **Disabled children allowance.** Employees are entitled to a monthly subsidy of €145.33 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.





Operational Excellence

◇ Diversity and Inclusion

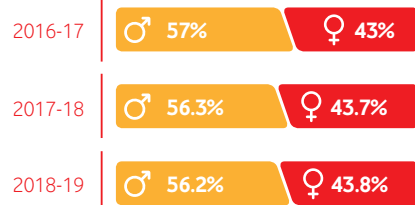
Diversity and Inclusion is one of the Objectives of the Strategic Sustainable Business Framework. 4

Vodafone's Vision of Diversity and Inclusion is 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.

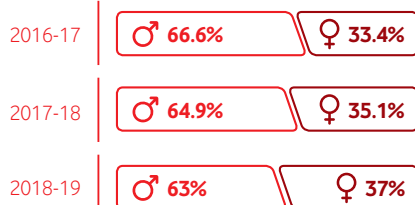


Diversity and Equality

♀ % Employees per Gender



👤 Change in % of managerial posts by gender



The following are just some of Vodafone's diversity promotion schemes:

1 Diversity Committee

The Diversity Committee's remit is to get first-hand information about diversity initiatives, give them visibility within the organization, provide feedback and suggest improvements to the initiatives, take part in the communication actions, participate in the forums and encourage to people to get involved in them.

2 LGBTI+ Community

The main LGBTI+ activities during financial year 2018-19 were as follows:

- > Leadership of an **international study** into the community's reality that was given external visibility during Pride 2018.
- > **Regular networking** with other companies, sharing good practices.
- > Publication of press releases in **Social Media** to leverage our impact on society.
- > Publication on the **Vodafone website** of testimonies of the different diversity pillars and specifically of one LGBTI+ pillar.
- > Setting up of a **support channel** to help and guide people with contacts inside the company who can help them in different situations.
- > Inclusion of the community in the **People Survey** with specific questions about sexual orientation, gender identity, transsexuality, etc., for two purposes:
 - LGBTI+ community awareness-raising and normalization.
 - Giving it visibility and monitoring it.
- > **Corporate positioning** as an LGBTI+ enterprise.
- > **Training Group** for the different LGBTI+ representatives in the different countries where different working parties have been set up, one of them to promote visibility of the lesbian community in the Company, where the intention is to boost their visibility and where Vodafone in Spain is working actively.
- > **Unconscious Bias** Management Training for 400-plus employees, with a specific section on the LGBTI+ community.
- > **LGBTI+ Ninjas** Scheme. Coaching sessions for senior executives to foster the inclusion of the LGBTI+ community.
- > The **"Moments of truth"** are held throughout the year. These specific dates of the year are especially important for the community and in which we demonstrate our unconditional support for the community both inside and outside the company, and they have a huge impact on employees, customers and the communities where we operate. This year we held a Spirit Day, Idaho Day, Trans Day and Pride Day.

3 Disability

Vodafone complies with legal requirements regarding the quota of jobs reserved for disabled people both through direct employment and the application of alternative measures, by buying from special employment centres and/or making donations to organizations devoted to the training and employment of disabled people.

On the issue of direct employment of disabled people, this year we kept on hiring people with intellectual disabilities and issuing disability certificates.



4 Generational Diversity

As part of our Generational Diversity approach, we take action to promote youth employability, 5 and encourage schemes like Janus, which is intended to recognise and boost the professional career options of the employees who have most experience in the Company.



Operational Excellence


◇ Diversity and Inclusion

Pay Gap

Vodafone is committed to equality, which is why we are convinced of the need to overcome the existing gender, professional classification and age-based pay gap.

Pay Gap calculations refer to the Total Compensation, including: Annual Gross Salary, Yearly Target Variable Pay, Long-Term Incentives, Remuneration in kind and Contributions to social welfare plans. These calculations consider two types of Pay Gap, namely the adjusted and gross pay gaps, as described below.

Adjusted Pay Gap

The Adjusted Pay Gap is calculated by considering any aspects that compare men and women in a similar situation. Apart from employees' gender, this comparison considers some of the key factors that correlate to the position's remuneration (professional category and role, age, seniority in the Company). The Adjusted Wage Gap of all the Vodafone in Spain companies is 4.65%. Furthermore, the Adjusted Wage Gap is seen to be becoming ever-narrower in the younger age brackets and, in some cases, there is even a gender gap in favour of the female gender  Our commitment is obviously to try to narrow this gap to zero.

Gross Pay Gap

The Gross Pay Gap is calculated as the average total difference between the Total Compensation of men and women. We consider that this key aspects are left out of this figure when the comparison is made. Key aspects such as each employee's professional classification and role, seniority and age. The Gross Pay Gap of all the Vodafone in Spain companies is calculated to be 18.60%.



Adjusted Pay Gap Vodafone España, S.A.U.: **4.15%**

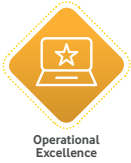
Adjusted Pay Gap in Vodafone in Spain: **4.65%**

Adjusted Pay Gap in Vodafone Ono, S.A.U.: **6.40%**

Gross Pay Gap in Vodafone in Spain: **18.60%**

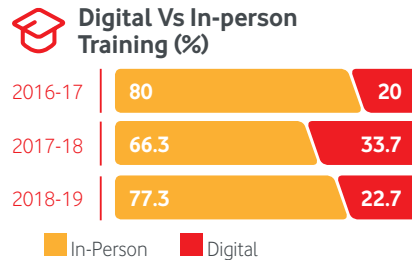
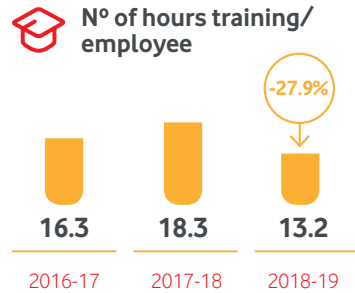
Gross Pay Gap in Vodafone España, S.A.U.: **19.72%**

Gross Pay Gap in Vodafone Ono, S.A.U.: **18.69%**



◇ Training and Development

The Company remains firmly committed to Staff Training and Career Development as one of the pillars for complying with its business strategy, as borne out by the rise in the total number of hours' training per employee, together with the promotion of digital training, which is allocated an increasingly larger specific role.



Job Performance Assessment

During the financial year 2018-19, each and every one of Vodafone's employees took part in the performance assessment process.

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

● Perfect Day One

In Vodafone we want to attract the best talent and provide an innovative and attractive working environment. 'Perfect Day One', the employee induction and digital integration experience, offers an excellent first experience to every new employee who starts working with us.

● Innovation and Transformation Digital

The following training schemes are part of the strategy of fostering the digital and professional transformation of our employees:

- **Agile:** this initiative refers to the transformation of the Company based on the "Scrum" working method. Vodafone has set up a programme for more than 20 teams, as well as a training process for employees who will be the members of an in-house "Scrum Master" school. We have also announced programmes to foster a change of mentality, cultural change and acquiring new habits and patterns of behaviour for the whole Company.

> 20 teams have joined the Agile

- **Data Scientist:** 20 employees have attended an eight-week programme in which they have acquired the capacities, skills and tools they need to transform their career and professional development as "Data Scientists".

20 employees trained as "Data Scientists"

- **Vodafone Collective Intelligence:** thanks to a chatbot with Artificial Intelligence (Zapiens), we are managing the Company's know-how to connect people with questions, and people with answers (our experts). We generate learning communities among employees, ensuring that know-how is shared and kept in the organization.



- **Virtual Reality Hub:** as part of our employee Health and Safety activities, we have set up a "virtual space" where Vodafone employees can practice drills and get first-hand experience of the security measures necessary to ensure that work in heights is performed properly.

● Mentoring

For the seventh year in a row, the Mentoring Programme has allowed 141 employees to receive the support of a mentor (114) in their career development. Two Mentor Days were held to consolidate our mentors' knowledge community. We want to foster horizontal and vertical knowledge as a mechanism for creating, developing and retaining internal talent. During this financial year 2018-19, our first (12) mentors were certified by the ICF (International Coaching Federation).

114 mentors and 141 mentees in financial year 2018-19
12 mentors were certified by the International Coaching Federation (ICF) in financial year 2018-19

● Janus

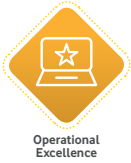
This programme is intended for the most senior talent with an excellent performance. Vodafone acknowledges the work of these professionals in the past and maintains their level of commitment in the future, empowering them through self-knowledge and recognition and involving them in the development of third parties.

This year we arranged the second edition, having seen that the programme was so successful the previous financial year.

● Business Area Training

We continue to support the different business areas with a series of learning schemes designed on the basis of a detailed need detection process:

- **Tech2020 Programme:** focusing on Cloud, Volte and 5G technologies.
- **Vodafone Way of Selling Coaching:** intended for employees who are Corporate Sales Executives team leaders.
- **Essential Digital Marketing and Digital Business:** Two programmes intended for the marketing community, to further specific digital skills.



Operational Excellence

◇ Health and Safety

The Health and Safety Management System, which applies to all employees, has begun a new cycle that aims to consolidate the maturity achieved in the previous cycle.

During financial year 2018-19, the pillars of this System have been:

- > Continue offering employees Health and Wellbeing products and services. In particular, we have kept on promoting our Health and Wellbeing strategy ¡"Salúdate"! which has produced changes in their eating habits:
 - Employees are choosing to buy healthier products from the vending machines.
 - More employees are eating "Mediterranean breakfasts".
- > We have launched a campaign to **encourage ergonomic habits** at work by sending out "meme" type messages over the corporate social media and information displays. The Company's employees have played an active part in arranging this campaign.
- > We have devised several schemes to encourage a "**digital balance**" among employees concerning issues such as:
 - "Digital Diet": To help manage their use of digital devices, with alerts to avoid continuous interruptions, etc.
 - Infocination (or information overload): the time wasted, and sometimes the tension caused, by handling too much information unnecessarily, and whose sources are quite often dubious.
 - Ensure that certain kinds of communications remain personal (feedback to co-workers, tracking of goals and targets, etc.)
 - The need for management to tell their teams whether or not they have to answer messages or email they receive outside working hours, to prevent co-workers feeling that they have to answer when, more often than not, they have not been ordered to by their superior.

The Health and Safety Management System has been audited externally (voluntarily) by Audelco and one of the conclusions is that "the opinion about the Health and Safety Management System (which won the Occupational Hazard Prevention Excellence award in 2017) remains favourable".

During 2018-19, no cases of occupational illnesses were reported.

> 100 contracts with associated risk activities

> 79.000 risk activities performed, of which more than 6,000 have been audited by Vodafone and more than 25,000 have been audited by the contractors themselves.



Next Objectives

- Implementation of the Company's new Organizational Structure. **May 2019**
- Promotion and holding of trade union elections in the Vodafone Group in Spain. **June 2019**
- Negotiation of the new Collective Agreement of the Vodafone Group in Spain. **Jan. 2020**
- Keep on increasing the gender balance in the Company, especially in managerial posts. **Underway**
- Narrow the Adjusted Pay Gap. **March 2020**
- Keep on working for youth employability, especially with regard to STEM careers. **Underway**
- Draw up a gender violence issue policy to help any women in the Company who are affected by it, and train leaders to address the problem. **March 2020**



Operational Excellence

◇ Tables and Trend Charts¹

Employment

1 N° and Distribution of Employees by Gender, Age and Professional Category 2018-19

Vodafone in Spain

	Men		Women		Total
	N°	%	N°	%	
N° Employees	2,895	56.2%	2,258	43.8%	5,153
	≤ 30 years		31 -45 years		> 45 years
Men	154		1,470		1,271
Women	172		1,233		853
Total	326		2,703		2,124
	Management		Middle management		Specialists
Men	68		411		2,416
Women	34		245		1,979
Total	102		656		4,395

Vodafone España, S.A.U.

	Men		Women		Total
	N°	%	N°	%	
N° Employees	1,922	55.1%	1,564	44.9%	3,486
	≤ 30 years		31 -45 years		> 45 years
Men	147		1,042		733
Women	157		886		521
Total	304		1,928		1,254
	Management		Middle management		Specialists
Men	61		293		1,568
Women	27		184		1,353
Total	88		477		2,921

Vodafone Ono, S.A.U.

	Men		Women		Total
	N°	%	N°	%	
N° Employees	878	61.5%	550	38.5%	1,428
	≤ 30 years		31 -45 years		> 45 years
Men	2		380		496
Women	8		277		265
Total	10		657		761
	Management		Middle management		Specialists
Men	6		102		770
Women	4		44		502
Total	10		146		1,272

2 % Levels of Management by Gender 2018-19

	Management	Middle management	Total
Men	67%	63%	63%
Women	33%	37%	37%

	Management	Middle management	Total
Men	69%	61%	63%
Women	31%	39%	37%

	Management	Middle management	Total
Men	60%	70%	69%
Women	40%	30%	31%

3 Types of contracts 2018-19

	Men		Women		Total	
	%	Total	%	Total	%	Total
Indefinite	99%	2,872	100%	2,247	99%	5,119
Temporary	1%	23	0%	11	1%	34
Total	100%	2,895	100%	2,258	100%	5,153

	≤ 30 years		31 -45 years		> 45 years	
	%	Total	%	Total	%	Total
Indefinite	94%	306	99%	2,689	100%	2,124
Temporary	6%	20	1%	14	0%	0
Total	100%	326	100%	2,703	100%	2,124

	Management		Middle management		Specialists	
	%	Total	%	Total	%	Total
Indefinite	100%	102	100%	656	99%	4,361
Temporary	0%	-	0%	-	1%	34
Total	100%	102	100%	656	100%	4,395

	Men		Women		Total	
	%	Total	%	Total	%	Total
Indefinite	99%	1,899	99%	1,553	99%	3,452
Temporary	1%	23	1%	11	1%	34
Total	100%	1,922	100%	1,564	100%	3,486

	≤ 30 years		31 -45 years		> 45 years	
	%	Total	%	Total	%	Total
Indefinite	93%	284	99%	1,914	100%	1,254
Temporary	7%	20	1%	14	0%	0
Total	100%	304	100%	1,928	100%	1,254

	Management		Middle management		Specialists	
	%	Total	%	Total	%	Total
Indefinite	100%	88	100%	477	99%	2,887
Temporary	0%	-	0%	-	1%	34
Total	100%	88	100%	477	100%	2,921

	Men		Women		Total	
	%	Total	%	Total	%	Total
Indefinite	100%	878	100%	550	100%	1,428
Temporary	0%	0	0%	0	0%	0
Total	100%	878	100%	550	100%	1,428

	≤ 30 years		31 -45 years		> 45 years	
	%	Total	%	Total	%	Total
Indefinite	100%	10	100%	657	100%	761
Temporary	0%	0	0%	0	0%	0
Total	100%	10	100%	657	100%	761

	Management		Middle management		Specialists	
	%	Total	%	Total	%	Total
Indefinite	100%	10	100%	146	100%	1,272
Temporary	0%	-	0%	-	0%	-
Total	100%	10	100%	146	100%	1,272

¹ The figures for Vodafone in Spain refer to all the Companies in Spain, which is why they differ from simply aggregating the figures of Vodafone España S.A.U. and Vodafone Ono S.A.U., which are the Companies affected by Law 11/2018.



Operational Excellence

◇ Tables and Trend Charts¹ / Employment

4 Turnover Rate by Gender, Age and Professional Category 2018-19

Vodafone in Spain

	Men	Women	Total
% Voluntary	4%	4%	4%
% Involuntary	2%	1%	2%
Total	6%	5%	5%
	≤ 30 years	31 -45 years	> 45 years
% Voluntary	13%	5%	1%
% Involuntary	1%	1%	2%
Total	15%	6%	3%
	Management	Middle management	Specialists
% Voluntary	4%	3%	4%
% Involuntary	7%	2%	1%
Total	11%	5%	5%

Vodafone España, S.A.U.

	Men	Women	Total
% Voluntary	5%	4%	5%
% Involuntary	2%	1%	2%
Total	7%	6%	6%
	≤ 30 years	31 -45 years	> 45 years
% Voluntary	14%	5%	1%
% Involuntary	1%	1%	2%
Total	15%	7%	3%
	Management	Middle management	Specialists
% Voluntary	4%	3%	5%
% Involuntary	5%	1%	2%
Total	8%	5%	7%

Vodafone Ono, S.A.U.

	Men	Women	Total
% Voluntary	1%	2%	2%
% Involuntary	2%	1%	1%
Total	3%	3%	3%
	≤ 30 years	31 -45 years	> 45 years
% Voluntary	0%	3%	0%
% Involuntary	0%	1%	2%
Total	0%	3%	2%
	Management	Middle management	Specialists
% Voluntary	0%	2%	1%
% Involuntary	20%	3%	1%
Total	20%	5%	2%

5 N° Dismissals by Age, Gender and Professional Category 2018-19

Vodafone in Spain

	Men	Women	Total
N° Dismissals	55	28	83
	≤ 30 years	31 -45 years	> 45 years
N° Dismissals	5	42	36
	Management	Middle management	Specialists
N° Dismissals	7	11	65

Vodafone España, S.A.U.

	Men	Women	Total
N° Dismissals	38	21	59
	≤ 30 years	31 -45 years	> 45 years
N° Dismissals	5	33	21
	Management	Middle management	Specialists
N° Dismissals	4	7	48

Vodafone Ono, S.A.U.

	Men	Women	Total
N° Dismissals	16	5	21
	≤ 30 years	31 -45 years	> 45 years
N° Dismissals	0	7	14
	Management	Middle management	Specialists
N° Dismissals	2	4	15

6 Average Remuneration by Gender, Age and Professional Category 2018-19

Vodafone in Spain

	Management	Middle management	Specialists	
			Specialised Technician	General Technician
≤ 30 years		67,307	38,901	29,384
Women		67,307	38,927	30,664
Men			38,876	27,889
31-45 years	196,221	84,439	48,705	34,143
Women	187,574	81,432	47,997	33,115
Men	203,047	86,828	49,147	35,490
>45 years	206,646	91,690	53,772	37,603
Women	191,909	88,107	51,527	35,620
Men	211,909	92,810	54,637	41,112

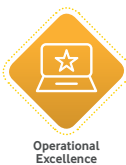
Vodafone España, S.A.U.

	Management	Middle management	Specialists	
			Specialised Technician	General Technician
≤ 30 years		67,307	39,068	29,364
Women		67,307	39,238	30,699
Men			38,909	27,803
31-45 years	198,583	84,661	50,104	34,015
Women	191,513	81,345	49,159	33,105
Men	203,047	87,473	50,709	35,182
>45 years	205,782	91,943	55,072	38,050
Women	193,136	87,292	53,020	35,989
Men	209,756	93,279	55,988	42,414

Vodafone Ono, S.A.U.

	Management	Middle management	Specialists	
			Specialised Technician	General Technician
≤ 30 years			36,236	21,032
Women			35,887	
Men			37,280	21,032
31-45 years	170,414	84,766	45,463	34,174
Women	170,414	88,129	45,012	32,477
Men		83,696	45,713	36,764
>45 years	214,175	92,879	52,209	36,764
Women	186,463	90,305	49,517	33,827
Men	228,031	93,815	53,031	40,147

¹ The figures for Vodafone in Spain refer to all the Companies in Spain, which is why they differ from simply aggregating the figures of Vodafone España S.A.U. and Vodafone Ono S.A.U., which are the Companies affected by Law 11/2018.



◇ Tables and Trend Charts¹ / Employment

7 Types of Working Day by Gender and Age

Vodafone in Spain

	Men	Women	Total
Part-Time	30	34	64
	≤ 30 years	31 - 45 years	> 45 years
Part-Time	27	34	3

Vodafone España, S.A.U.

	Men	Women	Total
Part-Time	30	34	64
	≤ 30 years	31 - 45 years	> 45 years
Part-Time	27	34	3

(*) All the part-time work refers exclusively to staff of Vodafone España S.A.U., who are assigned to the Specialist job category. Part-time work lasts 24 hours and does not include any reduction of working hours (due to child-minding, dependent people, etc.)

8 N° of Hires by Age and Gender 2018-19

Vodafone in Spain

Age Range	Men	Women	Total	%
≤ 30 years	86	61	147	45
31 - 45 years	119	50	169	52
>45 years	5	5	10	3
Total	210	116	326	

9 N° of Employees entitled to and who have taken maternity/paternity leave during 2018-19

Vodafone in Spain

	Men	Women	Total
	177	124	301

10 No. of Employees who have returned to work (as at 31st March 2019) after finishing Maternity/Paternity Leave

Vodafone in Spain

	Active	Left	Total
Men	160	17	177
Women	118	6	124
Total	278	23	301

Tables and Trend Charts / Training

Vodafone in Spain

N° Hours' Training per Employee: 13,2

	Management	Middle Management	Specialists
N° of Hours of Training	6.2	13.8	13.3
	Men	Women	
N° of Hours of Training	13.8	12.4	
N° Students by Professional Category	Men	Women	Total
Director	67%	33%	94
Middle management	63%	37%	656
Specialists	55%	45%	4,392
Total	56%	44%	5,142 (*)

N° of Total Hours Vodafone in Spain

	Management	Middle Intermediate	Specialists
Online	173.3	1,826.6	13,445.6
In-Person	408.3	7,234.6	44,839.5
Total	581.6	9,061.2	58,285.0

Vodafone España, S.A.U.

N° Hours' Training per Employee: 14,1

	Management	Middle Management	Specialists
N° of Hours of Training	6.0	14.2	14.3
	Men	Women	
N° of Hours of Training	15.2	12.8	
N° Students by Professional Category	Men	Women	Total
Director	70%	30%	81
Middle management	61%	39%	477
Specialists	54%	46%	2,918
Total	55%	45%	3,476

N° of Total Hours Vodafone España, S.A.U.

	Management	Middle Intermediate	Specialists
Online	151.5	1,405.6	10,162.7
In-Person	334.3	5,376.1	31,576.5
Total	485.8	6,781.7	41,739.1

Vodafone Ono, S.A.U.

N° Hours' Training per Employee: 10,2

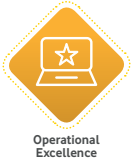
	Management	Middle Management	Specialists
N° of Hours of Training	9.5	9.8	10.3
	Men	Women	
N° of Hours of Training	10.3	10.2	
N° Students by Professional Category	Men	Women	Total
Director	56%	44%	9
Middle management	70%	30%	146
Specialists	61%	39%	1,272
Total	61%	39%	1,427

N° of Total Hours Vodafone Ono, S.A.U.

	Management	Middle Intermediate	Specialists
Online	13.8	351.6	2,883.7
In-Person	72.0	1077.0	10,199.0
Total	85.8	1,428.6	13,082.7

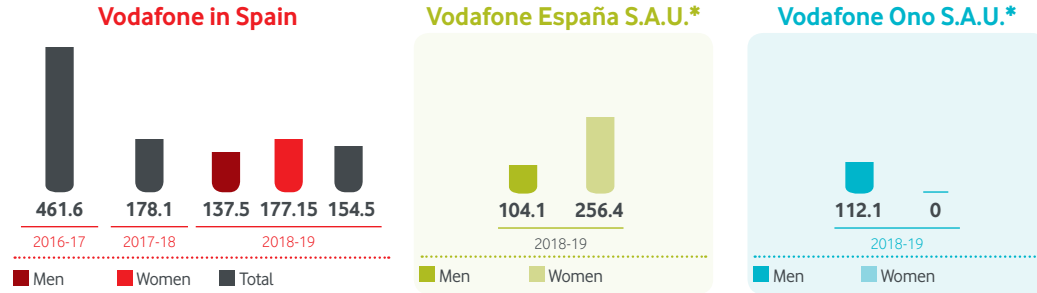
¹ The figures for Vodafone in Spain refer to all the Companies in Spain, which is why they differ from simply aggregating the figures of Vodafone España S.A.U. and Vodafone Ono S.A.U., which are the Companies affected by Law 11/2018.

(*) The figure does not include 11 expatriate employees.



◇ Tables and Trend Charts¹ / Health and Safety

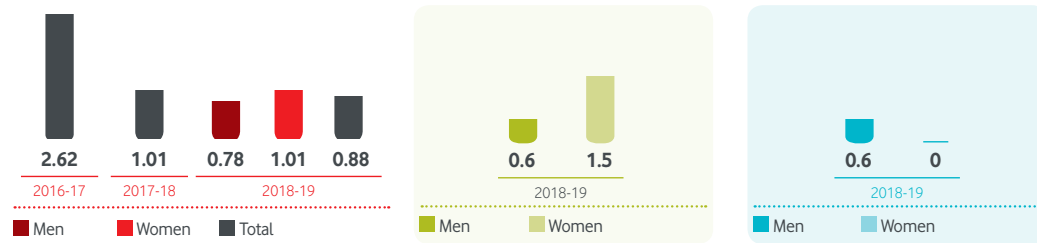
1 Incidence Rate: LTA's x 100,000 / N° employees.



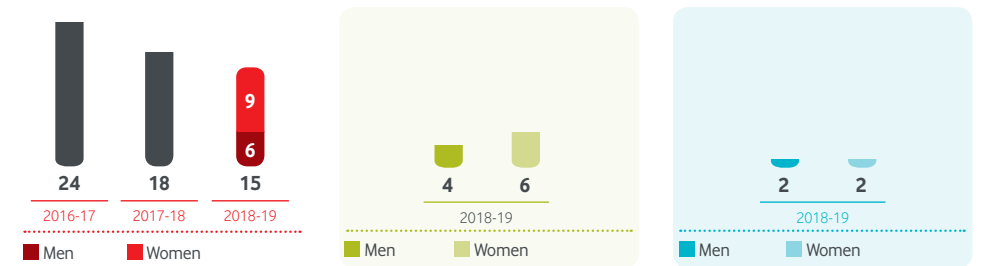
4 Accidents in working hours



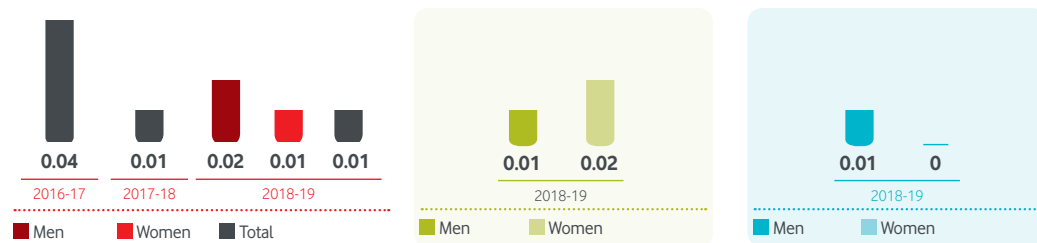
2 Frequency Rate: LTA X 1,000,000 / N° of employees x Average No. of hours worked per year per employee.



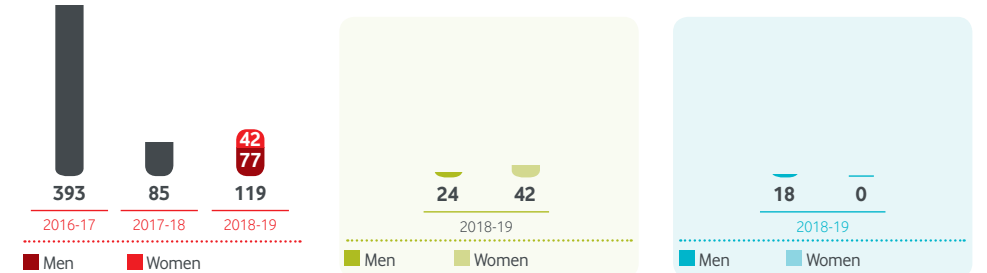
5 Traffic accidents on the way to/from work



3 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.

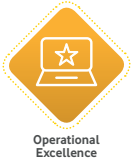


6 Days lost through accidents at work



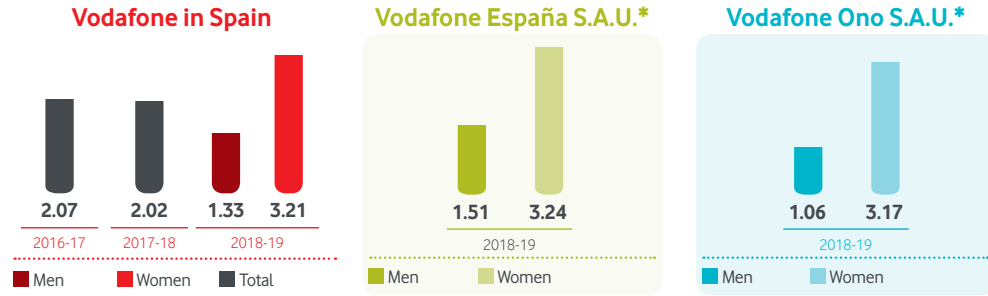
¹ The figures for Vodafone in Spain refer to all the Companies in Spain, which is why they differ from simply aggregating the figures of Vodafone España S.A.U. and Vodafone Ono S.A.U., which are the Companies affected by Law 11/2018.

* Estimated on the basis of the n° of employees.

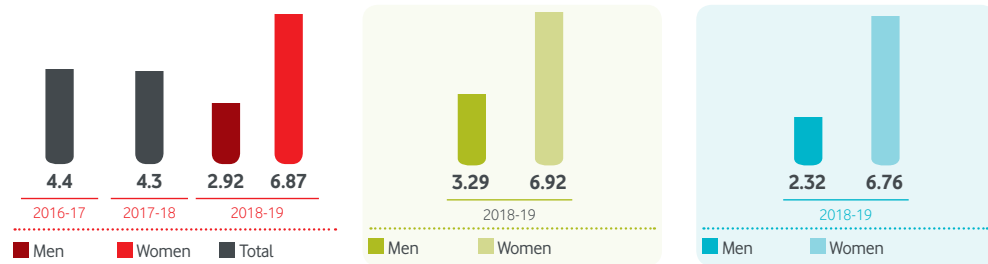


◇ Tables and Trend Charts¹ / Health and Safety

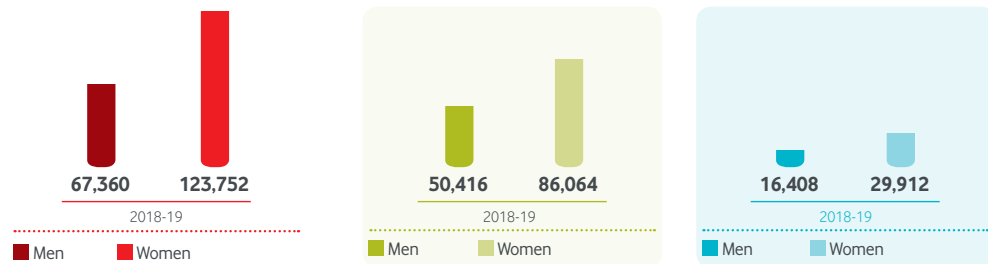
7 Illness Absenteeism rate



8 Sick-leave days per employee (Average headcount: monthly average number of employees at end of each month.)



9 N° of Hours Lost (absenteeism) due to Ill-health



1 The figures for Vodafone in Spain refer to all the Companies in Spain, which is why they differ from simply aggregating the figures of Vodafone España S.A.U. and Vodafone Ono S.A.U., which are the Companies affected by Law 11/2018.
 * Estimated on the basis of the n° of employees.

› 5.2.2 Society



◇ Vodafone Foundation Spain

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



4.1 million allocated to social projects by the Vodafone Foundation Spain in 2018-19

10 framework agreements in force with strategic partners

> 168,350 people benefited from the Accessible ICT solutions during 2018-19

In financial year 2018-19, the Vodafone Foundation Spain shared first place with another five foundations in the Transparency Ranking of the “Build Trust and Confidence 2018. 10th Report on Transparency and Governance on the website of the Spanish foundations” Report produced by the Fundación Compromiso y Transparencia (Commitment and Transparency Foundation), and once again this year it ranked as **the most transparent technological Foundation.**





◇ Vodafone Foundation Spain

1. Accessible Digital Transformation


This category includes the development of innovative solutions that use technology to help disabled people and senior citizens play a more active role in our society. The activity has been carried out through different programmes:

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

1.1 Connected by Accessibility (#conecta2xaccessibilidad) 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.

Projects and Partners

The digital transformation projects developed by the Community are listed in  and are being carried out in partnership with organizations such as:

- PLENA Inclusión Spain
- DOWN Spain
- Hospitaler Order of St John of God
- FEDACE
- ASPACE Confederation
- Spanish Parkinson Federation
- Vall D’Hebrón Hospital

10,990 users of Connected by Accessibility, from 138 entities during 2018-19



Mefacilyta

Mefacilyta, part of the “Connected by Accessibility” Community, is the platform being used to carry out the **European project DeskTop** which this year was rated as a “Good Practice Example”, scoring 97/100.


Its continuation, **LETITBE Project** has started this year and is also being financed by the European Commission through Erasmus+. LETITBE Project, which is also being run on the Mefacilyta platform, aims to build “gamification” techniques into the educational processes used with people with cognitive disabilities in Europe.

1.2 European and Spanish Calls for R&D&i projects

Activage

This European Project, Horizon 2020, on healthy and active ageing, started in 2017 with the objective of improving the empowerment of senior citizens and increasing their independence.

It intends to respond to the needs of carers, service providers and institutions by means of nine innovative pilot projects in seven European countries, based on Internet of Things (IoT) technology.

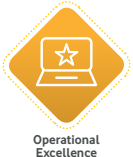
The ACTIVAGE project, coordinated by Medtronic, has more than 50 partners and will involve 10000 users and more than 43,000 IoT devices throughout Europe. This financial year saw the start of the pilot tests, one of them in Galicia with 700 users, and involving the Vodafone Foundation Spain, Spanish Red Cross, Valencia Polytechnic University and the Galician Health Service. 



SmartAssist

R&D project in which Televés (coordinator), the TECSOS Foundation, the Polytechnic University of Valencia and Vodafone Foundation Spain 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. From October 2018 to April 2019, 25 senior citizens and people with disabilities have taken part in the pilot.





Operational Excellence

◇ Vodafone Foundation Spain

1. Accessible Digital Transformation

1.3 Accessible Apps

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

The following Accessible Apps were developed during financial year 2018-19:

84,000

downloads of Vodafone Foundation Spain Accessible Apps in 2018-19

The EVA Facial Mouse app was downloaded more than **1,265,000** times

5

new apps developed during financial year 2018-19

ListenAll

This voice recognition app can be used to transcribe a conversation without interruptions, edit the text, and then send and share it. It has been designed to allow people with hearing disabilities to understand spoken content.



Accessible Medicine

This app gives users updated information about their medicine by scanning the barcode on the packaging, making the information totally accessible and ensuring that users understand it, irrespective of their functional diversity. This last version, produced by the ONCE Foundation and the General Council of the Official Association of Pharmacists, features new services such as a system of customized alerts tailored to each user's profile and to the medicinal products stored in the "My medicines" section.

Mínimo ("Minimal")

This visual aid for training auditory discrimination is based on the opposition of minimal pairs, i.e., words that differ in only one phoneme. APTENT has devised "Mínimo" in partnership with the "Dales la Palabra" Foundation, to help people train their hearing wherever and whenever they want to, without needing anyone to help them. The training programme can be adapted to each user's specific needs and can track their progress and tell them when to move onto more difficult exercises.



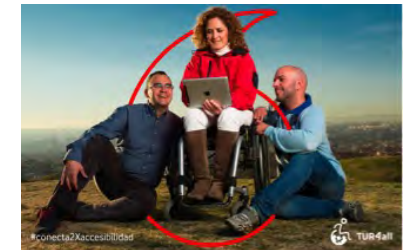
Text2sign

The CNSE Foundation has developed this web and mobile app for deaf people, which lets them send hard-to-understand texts to a team of interpreters, who translate the text into Spanish Sign Language on video. Texts can be attached in different formats, such as an image, Word document or PDF document, and are returned to users translated into sign language.



Tur4all

In collaboration with PREDIF, Tur4all publishes tourist resources analyzed by accessibility experts and included by users through an evaluation questionnaire.





◇ Vodafone Foundation Spain

1. Accessible Digital Transformation

1.4 External actions to promote Social Innovation

■ Vodafone “Connecting for Good” Innovation Awards

This year the Foundation held the 12th Edition, and the panel awarded the prizes to the projects that it regarded to have made an outstanding innovation to accessible technologies in order to improve the quality of life of vulnerable population groups. The selected projects were:

- MJN-Seras
- Showleap

The panel also decided to award a recognition, in the “Lifetime Achievement Prize in the use of ICTs” category, to the **Hospitaller Order St John of God**.

■ TECSOS Foundation

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

Throughout the year, apart from taking part in Activage and Smartassist, the Foundation did

■ Mobile World Congress (MWC) 2019

The Vodafone Foundation Spain displayed three projects at the Vodafone stand:

- The two winners of the 12th Edition of the Vodafone Innovation Awards were:
 - Showleap
 - MJN Seras
- The TECSOS “EntamAR” initiative.

At the end of the year, the Foundation announced the 13th Edition.



further work on project **Orientatech**. which offers detailed social and technical information about technological products for social needs.

It also launched **EntamAR**, an Augmented Reality scheme for entertaining hospitalized children, as part of the Youth Red programme Cross.



2. ICT Training for the job placement of people with disabilities

Vodafone has contributed to 20 disabled people job placement schemes, which are arranged in collaboration with organizations that represent these population groups; among others:

- > DOWN Spain
- > Prodis Foundation
- > CNSE Foundation
- > Paraplegics Hospital Foundation
- > COGAMI-COCEMFE AEERC
- > ASAPYM Federation
- > ASPAYM Madrid
- > Spinal Injury Victim Foundation



3,985 people with disabilities trained in 2018-19





◇ **Vodafone Foundation Spain**

3. Digital Transformation For Senior Citizens

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. **#mayoresconecta2**

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 Foundation Spain's YouTube channel.

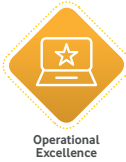
The courses have been given in collaboration with :

- > Spanish Red Cross
- > CEOMA
- > FASUNEX
- > CONFEMAC
- > ATEGAL
- > Fundación Updea
- > CEU-SENIORIBUS
- > UDP
- > Almanatura
- > Fundación Pere Tarres
- > SECOT
- > Gabinete Literario
- > JOVESOLIDES



38,420 senior citizens trained in face-to-face courses in 2018-19





Operational Excellence

◇ Courses of action in favour of disadvantaged groups

Volunteer schemes

Our Corporate Volunteering programme gives employees the chance to contribute to improve the quality of life of vulnerable population groups and society in general. The Programme comprises two Types of Volunteer Work and four categories of activities.

Types of Volunteer Work

Corporate

- The company gives all employees 24 working hours a year to do volunteer work.
- The activities are arranged through the specific notices launched by the company or through proposals or initiatives made by employees themselves.

Individual

Employees can propose these activities, to be carried out in collaboration with an NGO of their choice, either in Spain or abroad. Vodafone approves up to the 50 projects a year and gives volunteers 1 to 4 weeks' paid leave.

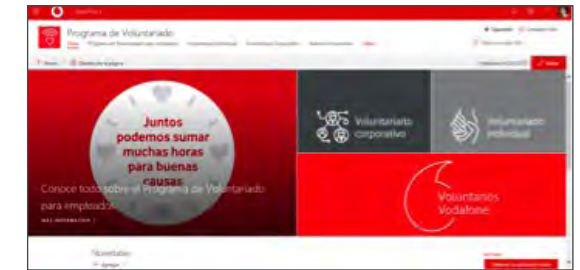
Categories of Volunteer Work

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

1,217

hours dedicated to Volunteer and Community involvement initiatives during 2018-19

This year Vodafone launched "Volunteer Work Sharepoint", an in-house platform that features all the information about the programme and announces all of the Company's initiatives and schemes.



Corporate volunteer work

Some examples of Corporate Volunteering initiatives carried out during the 2018-19 financial year are detailed below:

Subtitled Club

During the International Volunteer Week, Vodafone re-launched this Vodafone Foundation Spain scheme among its HQ employees to promote content subtitling audiovisual programmes so that people who are deaf or have hearing difficulties have the same opportunities when accessing said content.

Red Cross: Logistics Warehouse and Toy Collection

In October 2018, 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; and in November and December, they took part in a campaign to collect new toys.



Food Bank

Once again this year, Vodafone employees volunteered to help out with the Food Bank's Food Collection Campaign in supermarkets in Madrid and Vigo, and later helped to classify the donated food in the warehouse.



Operational Excellence

◇ Courses of action in favour of disadvantaged groups

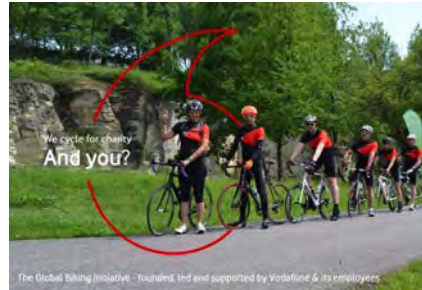
Corporate volunteer work

Xmas Charity Market

Every December, the Vodafone 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 beneficiary NGOs were:

- **ANDE Foundation:** to attend to people with intellectual disabilities
- **Juan XXIII Foundation:** for attending to and finding jobs for people with intellectual disabilities
- **Avanza NGO:** Helps families with serious social and economic difficulties.

Global Biking Initiative (GBI)



Once again this year, Vodafone helped to organize this international initiative in which employees from Vodafone and other companies in the sector take part. GBI gives amateur cyclists the opportunity in raise funds for charity by cycling long distances. GBI Europe 2018 participants began cycling in Gothenburg and ended in Hamburg, and 20 volunteers from Vodafone in Spain took part to support the Vodafone Foundation Spain Video Subtitling project.

Vodafone Instant Network Programme

This Vodafone Group scheme supplies immediate mobile connection networks in emergency situations, instant chargers, as well as "digital schools in a box", to give children and teenagers in refugee camps the chance to continue with their education.

In 2018-19, Vodafone in Spain volunteers collaborated in the emergency that arose in Indonesia in October 2018 after the earthquake and Tsunami. They also spent the whole year helping out in the Kakuma Refugee Camp in Kenya.

Other partnerships

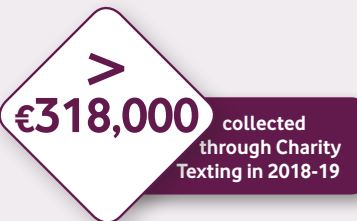
- During 2018-19, we teamed up with "Tu Despensa", the e-commerce food retailer, to launch a platform to collect Children's Food for the Madrid Food Bank: See
- Just like in previous years, Vodafone took part in the WWF "Earth Hour" Campaign on 30th March 2019.

Services for Non-profit Organizations (NPO)

Charity Texting

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

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



The charity texting campaigns that had the biggest impact in financial year 2018-19 were:

- World Refugee Day in favour of UNHCR.
- Campaign in favour of the Aladina Foundation.
- Campaign in favour of Red Cross and Save the Children on occasion of the tsunami in Indonesia.
- Campaign in favour of the Rais Foundation for the homeless.





Operational Excellence

◇ Courses of action in favour of disadvantaged groups

Accessibility

Vodafone Accessible Stores



Certification of the Universal Accessibility of Vodafone'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.

In 2018-19, 3 new own stores joined the group of Accessible Stores, which are highly accessible both in terms of their surroundings and in the

service provided by sales staff. Right now, our 33 Own Stores (100%) have the Universal Accessibility Certificate.

This year our stores started selling new accessibility products, like the new tracking V-SOS Band, V-Kids Watch and V-Camera tracking products for senior citizens and children.



100%

of our own stores have the Universal Accessibility Certificate

Training

More than 75% of our own stores staff completed training courses on accessibility and how to attend to disabled customers via the "Vodafone University" platform. 90% of staff at all stores have completed this training, ensuring that disabled customers are always attended properly during all opening hours.

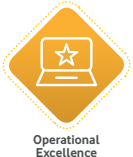
Accessible Website

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 2019-20 we will work hard to ensure it remains certified and continues to comply with standard UNE 139803:2012, "Web content accessibility requirements".

The coming financial year we will work to ensure that our mobile apps also conform to this standard, bolstering Vodafone's social commitment in accessibility issues.





◇ Youth Employability and Entrepreneurship actions

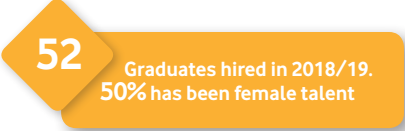
One of the Objectives of the Strategic Sustainable Business Framework is Youth employability. In this respect, the main programmes underway in relation to this Transformational Objective are summarized below:



Discover Graduate Programme

This programme offers the country's best young talent the chance to form part of the Vodafone team.

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



Vodafone yu New Talent Internships

In the context of the Vodafone yu brand as a commercial offering for young people, these students have the opportunity to collaborate on business activities for nine months on a part-time basis, combining this experience with their university studies.

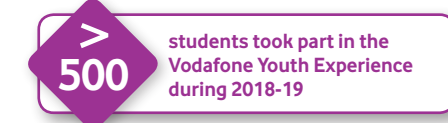


Vodafone Youth Experience

Vodafone gives 4th year secondary school and high school the chance to see for themselves what a company like Vodafone is like, to help them decide where their academic future lies.

Vodafone employees contact local schools to invite groups of students to visit us each year.

They spend two days visiting Vodafone and taking part in activities with us, as if they were employees themselves. This year a total of 510 students took part in the scheme.



Future Jobs Finder

"Future Jobs Finder" is a tool that helps young people to identify and define their digital profile, find job offers and online training schemes that match their profile.

When you open the app, you find a series of quick psychometric tests designed to identify your skills and interests and then assign you to the most appropriate work category in the digital economy. Then the tool presents specific job opportunities for your chosen location, including the opportunities offered by Vodafone.

This initiative comes in response to the huge challenge posed by high youth unemployment in an environment where new professional skills are required to keep up with the rapid digital transformation. One fact in this respect is that the European Commission reckons that by 2020, around 500,000 digital jobs will remain vacant throughout the European Union.

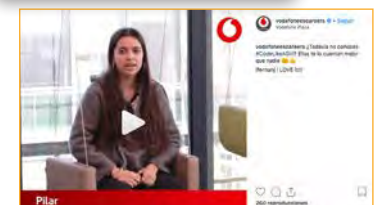
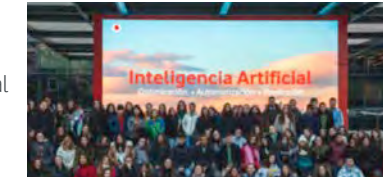


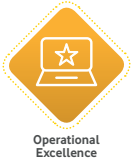
"Codelikeagirl" Programme

Having technology skills will be a must in the future, and knowing how to programme is a skill that can bring greater job and financial prospects in that future.

Right now, technology jobs are failing to attract young talent, and especially young girls who, for one reason or another, tend to choose other careers and vocational openings.

Vodafone's "Codelikeagirl" programme teaches girls different website-building technologies, together with other skills they need, such as teamwork and communication capabilities, the skills needed to present and defend a project. They learn about self-awareness and professional career tools, and also dynamics and presentations to reassure and empower women, exploding the myths surrounding technology careers.





Operational Excellence

◇ Youth Employability and Entrepreneurship actions



Youth Employability

□ Vodafone Campus Lab

Vodafone Campus Lab is a learning experience that serves to develop the capacity and innovation of young university students. This online training scheme allows young students from different disciplines to work as a team for create solutions to Innovation Challenges put forward by Vodafone.



There are three categories of Vodafone Campus Lab:

- 1. Open Innovation Platform:** 23 teams with 171 students have taken part. Students not selected for the next phase were awarded a Blockchain Certificate attesting to their experience in Campus Lab. The most successful teams will develop a prototype in Fab Lab until the winning team is chosen (and make their presentation in Vodafone Lab); and are awarded the prize to develop their business project.
- 2. Research Project Grants.** Out of the 14 proposals short listed for the three research competitions, each of which had been allocated €50,000 of finance, three Universities (King Juan Carlos University in Madrid, Carlos III University in Madrid and Valencia Polytechnic University) were selected to carry out three projects.
- 3. Doctorate Scholarships and Master's Degree Finals Projects.** Vodafone has awarded ten scholarships to Master's Degree students interested in collaborating in Research Challenges.

□ Fast Forward

In the Fast Forward training sessions, aimed at entrepreneurs, self-employed and SMEs, renowned experts explain how to most of digitizing their business by talking about practical cases. 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 2018-19

3,871 media impacts during 2018-19

□ Vodafone Connecting for Good Galicia entrepreneurship programme

This programme, organized by Vodafone through the Vodafone Spain Foundation with the support of the Galicia Regional Government, intends to support entrepreneurs who contribute to social innovation by fostering the use of information and communication technologies in Galicia.

The projects accepted by the programme can be turned into real businesses with a great chance of success and being able to contribute to resolve the challenges stipulated in the Galicia Digital Agenda 2020.

The second edition was completed in financial year 2018-19 and the third is now underway with six new entrepreneurial projects: Atlante Medical, CropDeal, Feedcoo, FisisAdvisor, myOpen and Quiero un abuelo ("I want a granddad").

□ 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.

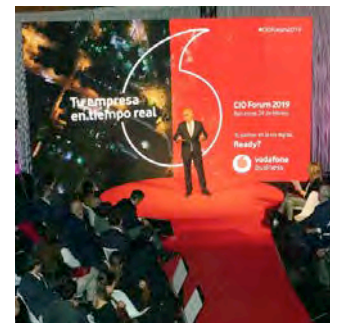
To do so, every year it announces a call for projects and selects a maximum of 30 projects from among all the entries submitted. The participants selected each year enter a comprehensive entrepreneurship programme with the objective of accelerating the development of their business project.



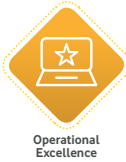
380 jobs supported in Andalusia through the Minerva Programme

□ 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.



180 people from Enterprises and Public Authorities attended the CIO Forum



Operational Excellence

◇ Digital Rights and Freedoms

Privacy

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

The General Data Protection Regulation (GDPR), which came into force in May 2018, led the Vodafone Group in Spain to review all its Data Protection Policies to ensure the highest level of security and privacy of the personal data that we process (customers, employees, potential customers, etc.).

Vodafone is still working on the Global GDPR Adaptation Programme, in collaboration with the Vodafone Group, and has completed the main initiatives identified.



Vodafone's Privacy Principles and Vision

Vodafone is acknowledged as reliably guaranteeing the privacy of its customers and employees, and for its innovative, fair, responsible and proactive approach to privacy issues. Our **objectives** are to:

- Be open and transparent about how we process personal data, offer fair solutions with respect to the processing of such data, and manage the personal data responsibly, offering services to our customers and employees;
- Achieve a competitive advantage and manage privacy risks through a global, worldwide privacy programme that is demonstrable, consistent and mature;
- Create opportunities and strategic advantages by offering products that incorporate Privacy from Design and Intelligent Privacy-related strategies that seek to achieve a proper balance between Privacy and business objectives.
- Put Privacy into practice through leadership and influence on society, industry, governments and regulatory bodies.

Vodafone's **Privacy Principles** are:

- **Responsibility:** we are responsible in complying with these Principles and they are extended throughout the organization and in the way we work when we deal with our partners and suppliers. We have been assigned responsibilities for complying with Privacy Regulations and we make every effort to comply with these Principles.
- **Equity and Legality:** we comply with current Privacy legislation and we act with integrity and fairness. We work with governments, regulatory bodies, politicians and experts to help to improve the most important privacy laws and regulations.
- **Frankness and Honesty:** We clearly report any of our actions that might have a Privacy-related impact, we make sure that our actions reflect our commitments and we are receptive to any comments made about our actions.
- **Choice and Access:** we give people the chance to make simple or important privacy-related decisions and let them exercise their access, rectification, erasure and opposition rights, where appropriate.

Privacy-related proceedings and information requests during financial year 2018-19

Vodafone Spain

- **Infringement proceedings: 38**
- **Request for Information: 375**

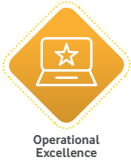
The infringement proceedings costs amounted to €1.1 million.

Vodafone España S.A.U.

- **Infringement proceedings: 35**
- **Request for Information: 323**

Vodafone Ono S.A.U.

- **Infringement Proceedings: 3**
- **Request for Information: 43**



Operational Excellence

◇ Digital Rights and Freedoms

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 14 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, for years Vodafone has been involved in a set of activities 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 Tools



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

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

This year saw a peak in the number of phishing pages, messages and websites pretending to be well-known companies, offering discounts and unique opportunities with the sole intention of harvesting a customer's personal data.

Furthermore, increasingly younger children have mobile phones or internet access. Hence, Secure Net also includes family protection tools to protect children's devices, allowing parents to decide which websites or content categories can be accessed by their children. They can also decide how long their children spend on the Internet, and define when they can log-on or have to log-off to sleep or do their homework without any interruptions.

2,500 million Cyberthreats blocked by Secure Net during financial year 2018-19

5 million customers protected by Secure Net

• Education and Awareness



Vodafone helps children and their families to use the digital world safely and responsibly. 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.

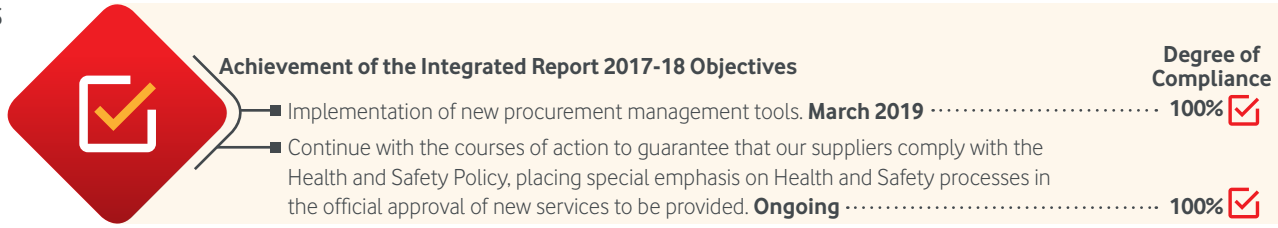


Next Objectives

- Foster the development of innovative, scalable and sustainable programmes that contribute to promote **digital skills and improve the digital experience of vulnerable groups**, especially **children and young people at risk of exclusion**, and contribute to improving their opportunities in the Digital Society. **March 2020**
- Create a **Digital Hub** for developing **technological innovation projects** that tackle challenges identified by the third sector, in order to demonstrate how new technologies can help to resolve them. **March 2020**
- **Benefit more than 2 million people** directly or indirectly with directly or indirectly with the programmes developed by the Vodafone Foundation Spain. **March 2020**
- Maintain the level of **accessibility** achieved in 100% of our **own stores**, with 100% of stores with staff trained how to attend to customers with disabilities. **March 2020**
- Keep on working for **youth employability**, especially with regard to STEM careers. **March 2020**
- Extend **Secure Net's** protection to the home, so that a single service includes mobile coverage and Wifi coverage of the Customer's home. **March 2020**

> 5.2 Operational Excellence

> 5.2.3 Suppliers



All of Vodafone in Spain's suppliers have **signed up** to our **Code of Ethical Purchasing** and are **assessed** within the sphere of the **Anti-Corruption Policy**.

Aspects covered by the Code of Ethical Purchasing

- Avoid Child Labour
- Avoid Forced Labour
- Health, Safety and Wellbeing
- Freedom of Association
- Non-discrimination
- Avoid Disciplinary Practices
- Working Hours
- Salaries
- Individual Conduct
- Environment

Vodafone Anticorruption Policy

Vodafone has a Zero Tolerance to Bribery and Corruption Policy.

"We never offer, promise, give, ask for or accept anything of value or any advantage to inappropriately influence, encourage or thank anybody for having done something..."

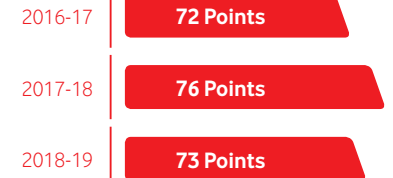
Supplier Approval and Assessment

Social and environmental issues are taken into account when pre-approving suppliers.

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:

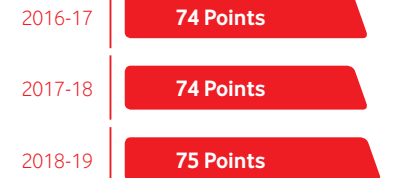
> **Global Assessments:** in April 2018, a total of 28 suppliers were assessed, with an average NPS of 73 points, slightly lower than the previous year and only two points away from the target score set for all Vodafone Group operators.

NPS Global Assessments:



> **Local Assessments:** a total of 68 suppliers were also assessed locally in April 2018, resulting in an average NPS of 75 points, one point better than the previous assessment and reaching the target score set by Vodafone Group.

NPS Local Assessments:



During financial year 2018-19, all the employees of Vodafone in Spain's Purchasing Department successfully completed the online Ethical Procurement course, and the Anti-Corruption Policy refresher course. In this respect, the Company has not received any information regarding any breach of any point of the Code or the Policy.




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

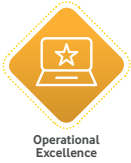


% of Purchases made from Local Suppliers(*)



(*) Estimated on the basis of the total Purchases made.

During January 2019, the Purchasing Department took part in the external audit required to review our Quality System certificate in accordance with ISO 9001 , with a highly satisfactory result.



Operational Excellence

General Data Protection Regulation (GDPR)

In May 2018, we finished adapting all the contracts and third relationships with third parties to the new European regulations regarding the protection of personal data and their free movement (Regulation (EU) 2016/679 of the European Parliament and of the Council), which has increased the protection of the data of customers, employees and third parties and introduces new obligations in the management of such data while substantially raising the fines for any breach.

Implementation of new procurement management tools

SAP-ARIBA

This new procurement platform is used to make and send most orders, and connects the order negotiation, request and issue processes as well as order reception, which suppliers can see from start to finish.

Since October 2018, all purchase orders are sent to suppliers from Ariba, and all our suppliers are connected online to this platform.

Network Stock Solutions (NSS)

Work on developing a new Network Equipment order raising platform began in financial year 2017-18, and was completed in April 2018, achieving control synergies and further optimizing purchases in network orders.

Occupational Health and Safety Activities for Suppliers

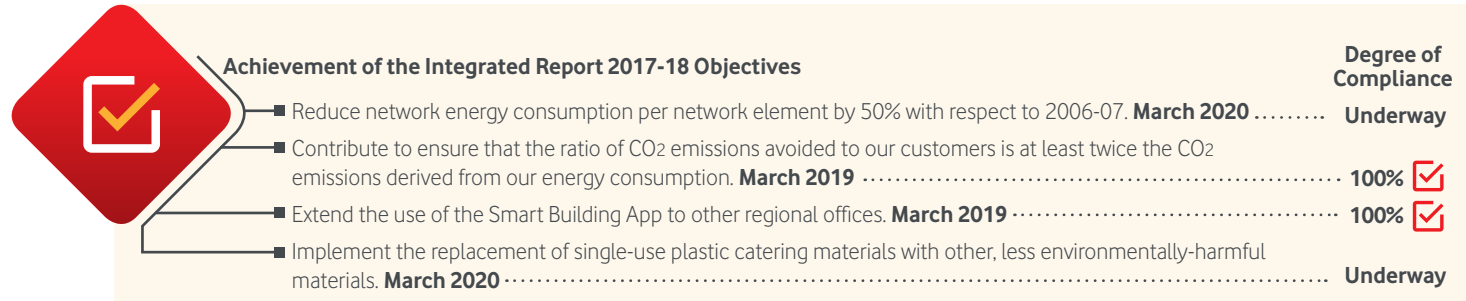
- To guarantee compliance with the **Safety and Health Policy**, suppliers have been given further information about it through different courses of action:
 - **Visits to suppliers.** This year Vodafone visited the logistical operator that handles the storage, packaging and transport service. We also visited several Core Centres.
 - **Forum with COPS** ("Customer Operations"). In addition to sharing ideas on innovation, digitization and good practices, emphasis was placed on the Health and Safety plans.
- To ensure **that contractors comply with the Policy**, from time to time they are asked to update their Supplier Accreditation Documents, as well as their self-assessment and outsourcing reports to ascertain the policy followed at company outsourcing levels.
- Furthermore, the **Telco Training Policies** (agreed with the sector's companies) have been sent to companies with high Health and Safety risks, thereby harmonizing the management of all subcontractors within the Occupational Hazard Prevention Policy.

During financial year 2018-19, there was no significant industrial accident that affected suppliers' employees



Next Objectives

- Build Electronic Billing into Procurement Management. **March 2020**
- Create, consolidate and track updated supplier ranking according to their Hazard Prevention performance. **March 2020**



◇ Environmental and Quality Management Systems

Environmental Management System

Vodafone's environmental commitment implies performing our activities responsibly, minimizing the environmental footprint of our operations and fostering the circular economy. To this end, we have devised a series of initiatives that let us reduce our energy consumption, our emissions, our waste, and the resources we consume. In short, to be more efficient and environment-friendly.



Vodafone Spain has an Environmental Management System (certified according to ISO Standard 14001) that establishes the organizational structure and the human and economic resources allocated to environmental hazard prevention and which enables us to control and manage our significant environmental impacts: energy consumption, waste management, release of ozone depleting substances, water consumption, etc. Vodafone's

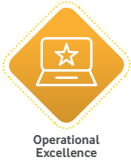
Environmental Policy is approved by the Chief Executive Officer, but it is a cross-sectional issue in the Company that involves operational

and management areas, and business areas alike. The Environmental Management System establishes a methodology for identifying and analyzing our environmental aspects that includes the risks and opportunities.

With a view to preventing the consequences of climate change, our strategy includes a series of measures to mitigate the risks related to our energy consumption. We have also devised the corrective and preventive measures that would have to be taken if our sites might be flooded. Our annual financial statements list the environmental protection and improvement-related investments and expenses. Vodafone does not have any provision or specific guarantees for environmental risks.

Our objective is to reduce the environmental impact of our products and services, and help our customers to be more sustainable. At the same time, we work with our suppliers on the Circular Economy issue to reduce and minimize the consumption and wastage of natural resources, such as raw materials, energy or water. And we apply this approach both to our own activities and to our value chain's activities.





Quality Management System

Vodafone has a Quality Management System, that conforms to international standard ISO 9001:2015, for the companies Vodafone España S.A.U., Vodafone Ono S.A.U. and Vodafone Servicios S.L.U., which covers its TV, data and mobile and fixed digital telecommunications 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, portability, account management and debt recovery.
- > Loyalty-building, Customer retention and handset after-sales.
- > Customer billing.
- > Pre-sale and launch of telecommunications products and services (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 requirements laid down in Quality Order IET/1090/2014, of 16th June, which regulates telecommunications services-related quality of service and billing quality issues. In this regard, billing quality issues fall under the scope of the Quality Management System certificate.



Energy Consumption



One of the Objectives of the Strategic Sustainable Business Framework refers to the implementation of Innovation and Energy schemes for two reasons: to reduce the extent to which Vodafone's activities contribute to Climate Change (through energy efficiency-related actions on our premises and renewable energy usage) and to help other sectors to reduce their contribution to Climate Change (by using our products and services, especially IoT solutions). This chapter outlines the schemes implemented in the two aforementioned action lines.

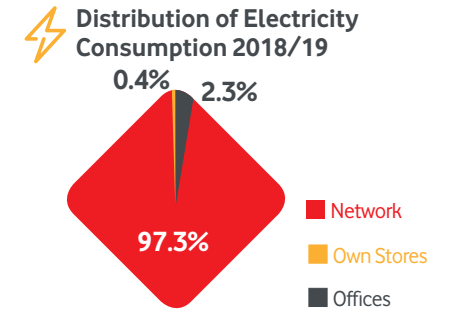
The energy consumed by Vodafone is mainly concentrated in the following facilities:

Network:

- Base Stations and nodes that send and receive radio frequency signals.
- Switching and Data Centres for routing calls and collecting information about mobile and fixed phone services.

Offices.

Own stores.



SmartNet Project

Vodafone Spain has collaborated with Endesa in the European project **SmartNet**. The aim of this project is to create a **more flexible energy market model, and also to make the power network more efficient and stable.**

Vodafone has taken part in a pilot test in Barcelona, in which it has provided SmartNet with 20 BTS', with their ML4G batteries and devices, to help cope with energy demand in cases of network congestion. At the distribution company's request, the repeaters are disconnected from the grid and start to run off their batteries in order to help reduce congestion on Barcelona's power grid when necessary, and at the same time to stabilize the grid for the system operator.





Operational Excellence

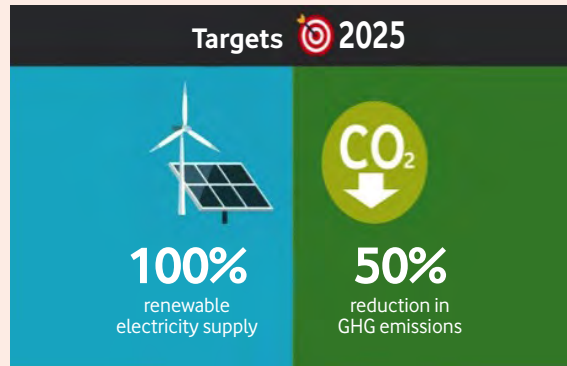
◇ Energy Consumption

Network energy consumption

Over 97% of the energy used by Vodafone Spain is used on our telecommunications network.

Our telecommunications services are provided over a network of facilities and equipment that send and receive calls and data. These facilities and equipment are growing and are updated continuously so as to offer our customers higher levels of quality and coverage.

The Vodafone Group has set the following **targets for 2025**:



These targets will be reached through the following courses of action:

1. Optimizing energy consumption (Energy Efficiency).
2. Buying part of the electricity that we use through Renewable Power Purchase Agreements (PPAs).
3. Buying electricity Guarantee of Origin Certificates.

The **Energy Efficiency** related actions taken during 2018-19 included:

- **Turning off equipment in core centres** (Switches, Data Centres, etc.) **and inspecting equipment that is no longer used, which is then turned off and deinstalled.**

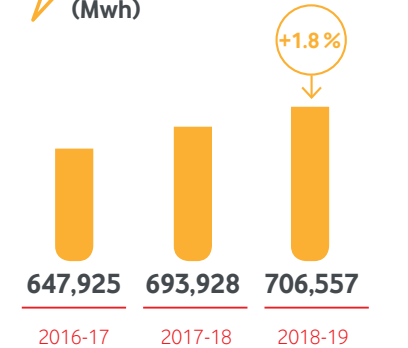
The efficiency energy improvements stem both from turning off the equipment and removing the associated infrastructure (racks, cables, etc.), meaning that the climate control equipment in the equipment rooms can be distributed better.

- **Plan to install free cooling in fixed core centres.**

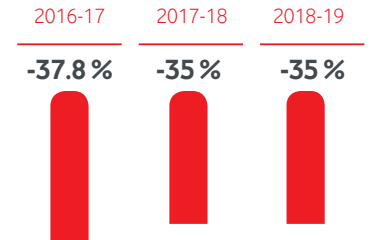
The plan has focused on 20 fixed network core centres, and included a specific design and deployment for each centre. By leveraging on the air control experience gained in the similar project carried out in the mobile access network in previous years, we managed to optimize the number of hours of free cooling applied in these centres.

Broadly speaking, we are defining the roadmap to March 2025 to meet the target of **100% of the electricity consumed** being of **renewable origin** and of **halving CO2 emissions**.

⚡ Network energy consumption (Mwh)



⚡ Change in network energy consumption per network element with respect to 2006-07 (%)



In Vodafone we know that **Sustainable Purchases** are a major vector that businesses can use to demonstrate their commitment to more environment-friendly socio-economic development. So to ensure that rising demand and the growth of the business do not prompt a similar percentage increase in electricity consumption, this year Vodafone has launched the **SCM Energy Matters scheme** to make **efficiency energy** a priority when purchasing high energy consumption products and services. We work with our suppliers to ensure that the 5G network equipment meets our with energy efficiency technical standards and have cutting-edge energy management functions.

We have also revised our suppliers' product and service development plans to guarantee that they take our energy efficiency requirements into account and we are evaluating the emerging technologies that can help us to improve energy efficiency or boost our use of renewable energies.

Lastly, we have added **capacity optimization** to new infrastructure design specifications to guarantee that each generation of equipment is more efficient.



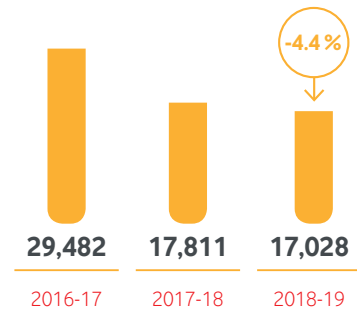
Operational Excellence

◇ Energy Consumption

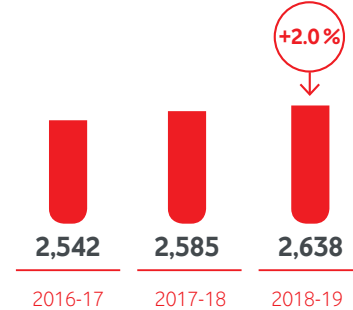
Energy Consumption in Offices and Own Stores

Energy consumption in our offices and retail outlets account for around 3% of our total consumption of energy.

⚡ Office electricity consumption (MWh)



⚡ Energy consumption in stores (MWh)



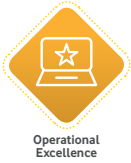
The initiatives applied in our offices during 2018-19 to increase energy efficiency included:

- The installation of LED lighting the car park and bathrooms of the Vodafone Plaza head office, presence detection sensors in the basement and lighting timers in the halls.
- The Jerez and La Coruña regional offices have been refurbished with Led lighting and A+ energy rated climate control systems have been installed.



This financial year we extended the use of the Smart Building app to our regional offices in Barcelona, Bilbao, A Coruña, Málaga, Seville and Valencia, and launched an electric vehicle charging pilot in Vodafone Plaza and the TV Centre.





Operational Excellence

◇ Circular Economy

A telecommunications carrier's chief role in a Circular Economy model is to act as an enabler. Vodafone does not manufacture devices, so its opportunity lies in developing business models that enable and foster the Circular Economy, and partnering with its suppliers to provide path breaking products and services and facilitating the environmental impact reduction of the products that our customers use.

In this respect, we have also built some Circular Economy model features into the devices and the services that we market on the basis of the **Principle of the "three R's"**: Reduce, Reuse and Recycle, through a variety of initiatives.

- > When approving devices, we consider whether manufacturers have complied with **Spanish regulations on and electronic appliances** (waste management and restrictions on certain dangerous substances).
- > **Vodafone's SIM Only service** lets customers use our services without having to buy a new device, thereby extending the useful life of their own devices. This not only reduces waste production, but also serves to optimize the consumption of natural resources used to manufacture the devices by avoiding the use of new resources.
- > **Our Repair Service** is another of the services that we offer to extend the useful life of devices, so that when a device stops working, it can be repaired, even if it is out-of-warranty, provided that the repair is feasible.
- > **Our Device Buyback** scheme lets customers sell their device back to us as long as it works properly and customers do not want to use it any more. Under this scheme, we offer discounts for the repurchased devices through alliances with specialized firms, meaning that any devices that no longer meet customers' initial needs can be reintroduced into the economic circuit. These devices, once refurbished, can be reused in developing or emerging countries, bringing both social benefits (facilitating access to technology at a more affordable price for these markets) and environmental benefits (the equipment's life span is extended without having to mine new raw materials for a new handset).
- > **Waste Recycling** applies when devices do not work and can be deposited in the containers provided at Vodafone's own stores, guaranteeing that they are recycled and that the components are recovered in an environment-friendly way.
- > The rapid progress in the sector and the need to always offer our customers the best service, mean that we must replace our network equipment relatively often. Meanwhile, these technological changes enable us to install increasingly energy-efficient equipment on our network. We ensure that the **Network Waste** generated in these operations is reused wherever possible or recycled and appropriately managed.



Furthermore, we are convinced that using solutions based on the **Internet of Things (IoT)** poses significant opportunities for many sectors of society. Smart devices can provide plenty of information about the location, state and availability of different kinds of assets, enabling us to create a continuous cycle and optimize material usage.

There are numerous examples of how smart devices that use IoT solutions can facilitate the Circular Economy, such as solutions for waste collection, efficient water consumption management, smart maintenance systems, etc.

According to the Carbon Trust report, the use of these solutions by our customers has avoided the emission of 677,955 Tons of CO₂

Considering that our emissions for 2018-19 totalled were 227,918 Tn of CO₂ , and that our IoT solutions have helped our customers to avoid 677,955 Tn of CO₂, our objective to "Contribute to the ratio of CO₂ emissions avoided by our customers, being at least twice the CO₂ emissions derived from our energy consumption" was achieved by 297%, so the objective was exceeded significantly.





Operational Excellence

◇ Wastes and Other Supplies

Containers and Paper

Through our **stores**, we put **paper bags and other types of commercial container on the market**, which we declare in the comprehensive container and packaging management system (Ecoembes). This year, we have put 92.5Tn of paper and cardboard, and 2.5Tn of plastic on the market.

At Vodafone Spain, we have used 20.2 Tn of **office paper** in financial year 2018-19. In addition to encouraging our employees to cut down on its use, buying sustainable forest management-certified paper contributes significantly to preserving the environment. That is why we ask our office paper and paper bag suppliers to provide us with paper that is **recycled or made from virgin wood fibres and certified** in accordance with the PEFC, FSC or equivalent systems, and that it has been obtained through a **clean production system**, be it ECF (Elementary Chlorine Free) or TCF (Totally Chlorine Free).

All of the office paper consumed at Vodafone Spain meets these criteria.

We also ensure that systems are in place to **minimize, collect and recycle the paper that we use in offices** and we encourage employees to reduce their consumption of this and other resources by implementing digital tools (e.g., the digital calling card through the Smart Building app) and through employees awareness-raising schemes.

Another of the notable aspects concerning **paper consumption** in our operations refers to **billing** our customers for the services. For instance, we encourage our customers to ask for e-bills to reduce the amount of paper used in billing processes.

86% of the Residential customers get an electronic bill

79% of Enterprise customers get an electronic bill

Plastics

In 2018-19, our **offices** have launched schemes to **do away with the any plastic, single-use item**:

- Replacement of plastic bags with paper items in catering areas.
- A 50% reduction in water dispensers with plastic consumables.
- Replacement of plastic cups with cardboard cups in vending areas and hot drinks machines.
- Vending machines now let employees ask for a product without a cup, so they can use their own.
- Replacement of plastic stirrers in vending machines with wooden consumables and removal of plastic teaspoons in vending areas.
- Removal of plastic single-dose sugar, salt and pepper sachets in cafeteria.
- Use of reusable glass bottles of water in meetings with fewer than 20 people.
- Induction employees are given a reusable personal water bottle in their Welcome Pack.
- Use of biodegradable dishes in catering service.

We also keep on working with catering service providers in seeking alternative solutions to steadily do away with any plastic, single-use item.



Water Consumption

Although it is not a significant aspect of our business, we also monitor water consumption, that which we collect and empty into the drainage system. At our Madrid head office, we have installed tanks to collect and reuse rain-water.

Where accidental spillages or leaks are concerned, we have not had any significant incidents this year.

Light Pollution

At Vodafone, we use sustainable lighting systems to attain a better quality environment, while at the same time we foster energy saving and efficiency. Our outdoor lighting installations are designed to avoid environmental **light pollution** as far as possible, complying with current regulations at each site.



Operational Excellence

◇ Wastes and Other Supplies

Project “MadridAgrocomposta”

To raise awareness about our environmental impact and sustainable consumption, this year we continued **contributing in the “MadridAgrocomposta”** (collection and processing of the organic fraction of the waste generated in our Vodafone Plaza dining hall for use as fertilizers) and we have built an **Urban Vegetable Garden in Vodafone Plaza** as a meeting point for employees who are concerned about ecology and sustainable development, where they learn how to grow fruit and vegetables, fostering a healthier and more natural life.



Vodafone Vegetable garden

We are looking for people who want to learn how to grow fruit and vegetables in our environment-friendly vegetable garden.

Further information at Vodafone News

Ozone-Depleting substances

Meanwhile, we monitor the gases that we use in our heating, air conditioning and fire extinction systems, with the aim of controlling their Ozone Depletion Potential (ODP) and Global Warming Potential (GWP). In this regard, we are currently working on a plan to replace the Fe13 gas used in some of our fire extinguishing systems, with NOVEC gas, which is far more environmentally friendly.



Next Objectives

- Reduce network energy consumption per network element by 50% with respect to 2006-07. **March 2020**
- 100% of the electricity used, of renewable origin. **March 2025**
- Reduce CO2 emissions by 50% with respect to 2016-17. **March 2025**
- Keep on working with catering service providers in seeking alternative solutions to steadily **do away with any plastic, single-use item. March 2020**



◇ Tables and Trend Charts

Energy Consumption

1 Total Energy Consumption (MWh)



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

	2016-17	2017-18	2018-19
Vodafone in Spain			
Indirect Energy (GJ)			
From the grid	2,431,531	2,564,126	2,609,376
Direct energy (GJ)			
Wind-Solar(**)	552	16	16
Diesel	8,904	1,129	619
Gas Natural	6,829	6,294	4,394
TOTAL	2,447,816	2,571,566	2,614,404

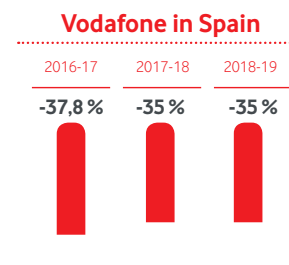
(*) 1MWh=3.6 GJ

(**) All the Wind-Solar Energy refers to Vodafone España S.A.U.

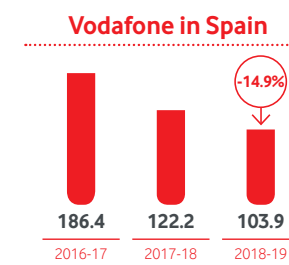
3 Network energy consumption (Mwh)



4 Change in network energy consumption per network element with respect to 2006-07 (%)



5 Network Energy Consumption due to Data Traffic (Kwh/TB)



6 Energy consumption in stores (MWh)



7 Office electricity consumption (Mwh)



* Estimated on the basis of the n° of employees. 68% of Vodafone in Spain employees work for Vodafone España S.A.U. and 28% for Vodafone Ono S.A.U.



Tables and Trend Charts

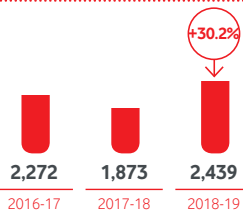
Emissions and Other Usage

8 CO2 emissions avoided by using Video conferencing(*) (Tn)

Vodafone in Spain			
	2016-17	2017-18	2018-19
Nº of national videoconferences	4,666	5,678	8,625
Nº of international videoconferences	15,059	11,959	15,268
Savings in CO2 emissions (Tn)	2,272	1,873	2,439

(*) 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.

Vodafone in Spain



Vodafone España S.A.U.*

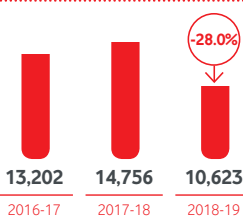


Vodafone Ono S.A.U.*



9 Km. flown by Employees (x1,000)

Vodafone in Spain



Vodafone España S.A.U.*

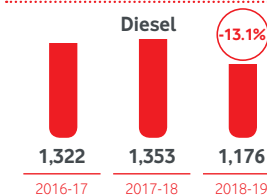


Vodafone Ono S.A.U.*

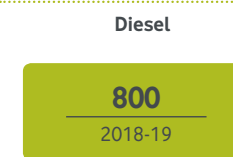


10 Vehicle fleet consumption (Thousand litres)

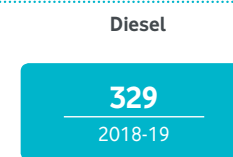
Vodafone in Spain



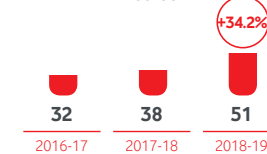
Vodafone España S.A.U.*



Vodafone Ono S.A.U.*



Petrol



Vodafone España S.A.U.*



Vodafone Ono S.A.U.*

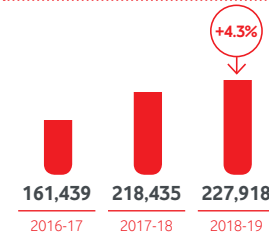


11 Change in Total Emissions of CO2 (Tn)

Vodafone in Spain

	2016-17	2017-18	2018-19
Scope 1	6,038	12,811	24,771
Scope 2	153,997	191,810	187,763
Scope 3	1,404	13,813	15,384
TOTAL	161,439	218,435	227,918

Vodafone in Spain



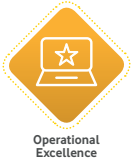
Vodafone España S.A.U.*



Vodafone Ono S.A.U.*



* Estimated on the basis of the nº of employees. 68% of Vodafone in Spain employees work for Vodafone España S.A.U. and 28% for Vodafone Ono S.A.U.



Operational Excellence

◇ Tables and Trend Charts

Emissions and Other Usage

12 Paper used in offices (Tn)



13 Recycled Paper (Tn)

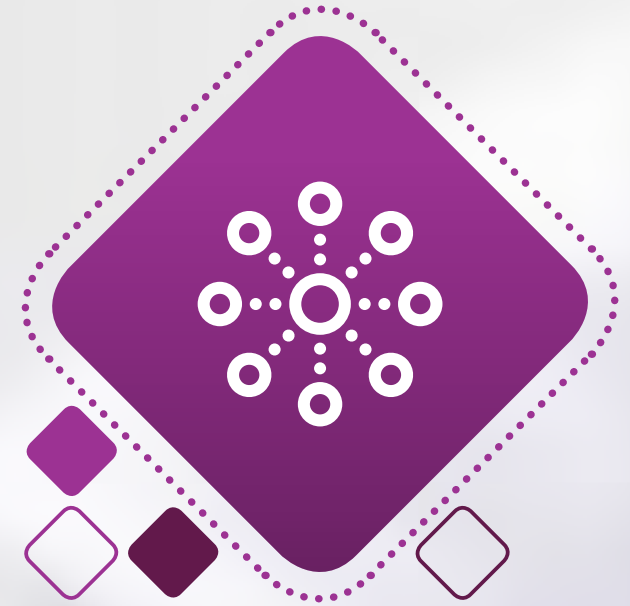


14 Water Consumption (m³)



* Estimated on the basis of the nº of employees. 68% of Vodafone in Spain employees work for Vodafone España S.A.U. and 28% for Vodafone Ono S.A.U.

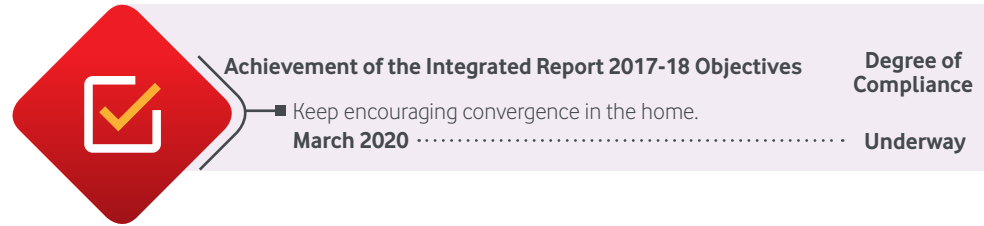




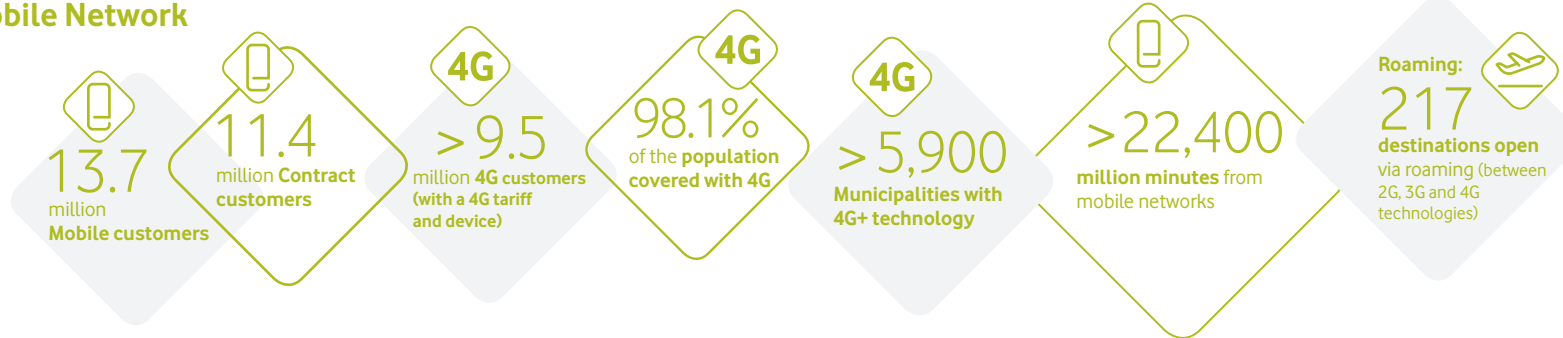
Network Excellence

> 5.3 Network Excellence

> 5.3.1 Key figures



◇ Mobile Network



More than 1,250 new 800Mhz 4G nodes were commissioned during the year, providing 4G coverage to more than 5,900 towns and cities, including all those with more than 5,000 inhabitants, taking the population with 4G network coverage to 98.1%. By 31st March 2019, the number of 4G customers (with a 4G tariff and device) had topped the 9.5 million mark.

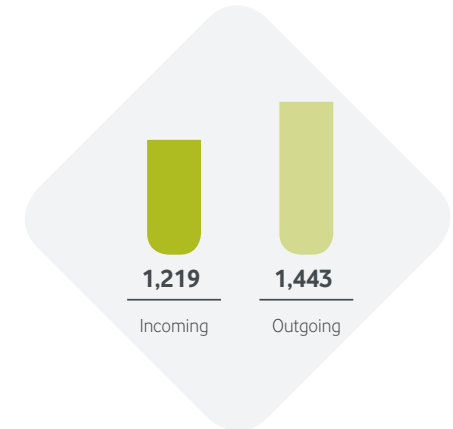
Vodafone is firmly committed to and involved in rolling out **5G technology** in Spain and is participating in the schemes outlined in the 5G National Plan. This commitment to spearheading mobile technologies resulted in Vodafone being **the world's first operator to connect the first smartphones to its 5G network and to complete the first 5G call between two smartphones.**



For the fourth year in a row, Vodafone's mobile network has been named the Spanish market's best voice and data network, according to the "Mobile Benchmark" independent survey conducted by the consultancy firm P3 Communications and the telecommunications magazine Connect.

During the year, Vodafone was also **the first operator to start rolling out a pre-commercial 5G network in Spain.** In July 2018, the first 5G NSA nodes were deployed in downtown areas of Madrid, Barcelona, Seville, Malaga, Bilbao and Valencia. The rollout kicked off just days after Vodafone was awarded 90 MHz of contiguous spectrum in the 3.7 GHz band.

With a view to minimizing the environmental impact of our operations, **infrastructure sharing** has been a mainstay of our rollout. The graph below shows the number of outgoing site shares (at other sites) and incoming site shares (at our sites).

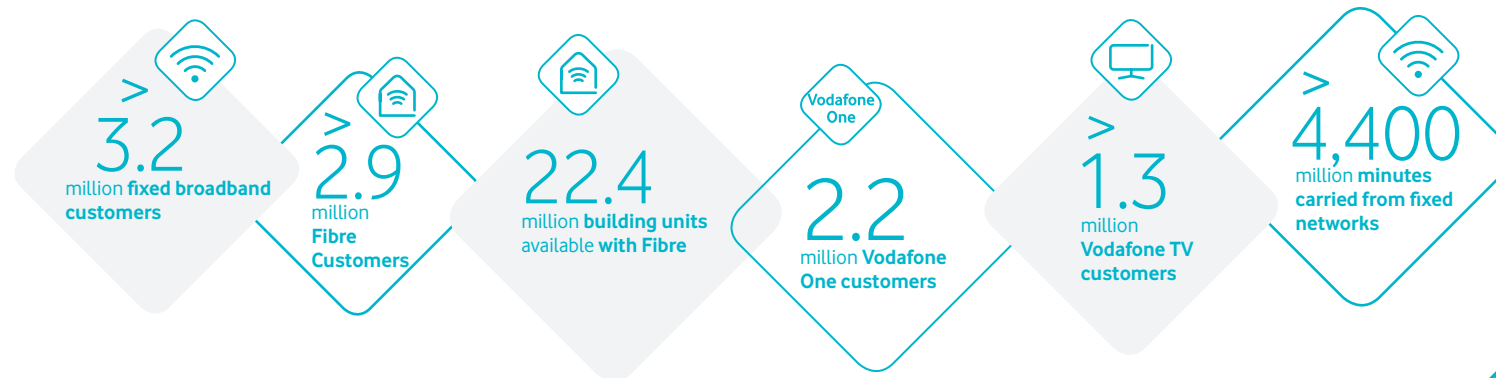


62% of the network rolled out in 2018-19 was deployed in shared infrastructure Vodafone España, S.A.U.



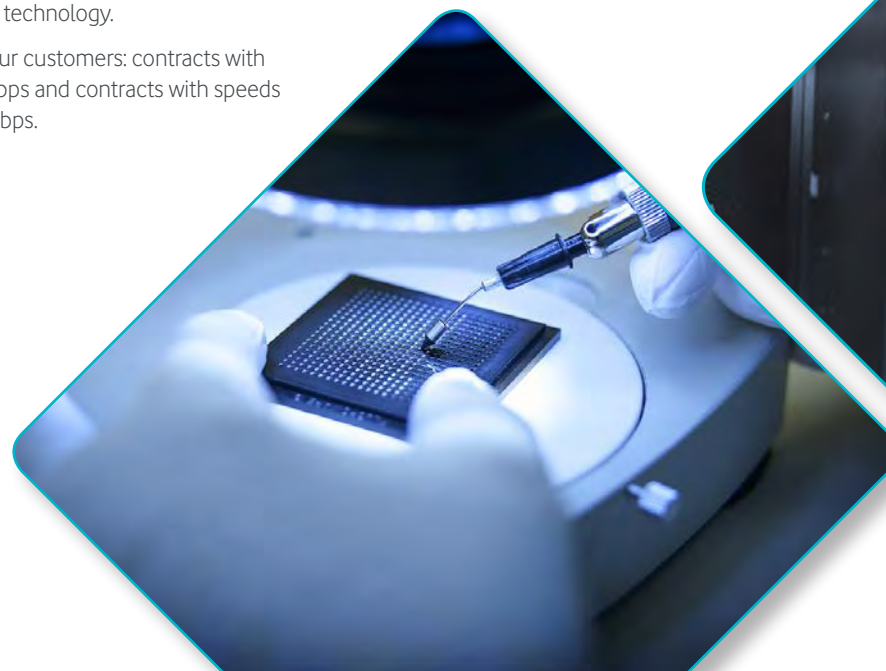


Fixed Network



Vodafone remains firmly committed to its **fibre** network, and by 31st March 2019 it had reached 22.4 million **building units** with this technology.

During the year we also **increased the speeds** of our customers: contracts with a speed of less than 100 Mbps were raised to 100 Mbps and contracts with speeds of between 100 and 300 Mbps were raised to 600 Mbps.



> 5.3 Network Excellence

> 5.3.2 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 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 resolves them, so as to turn them into opportunities for improvements.

The Recommendation and Satisfaction measurements are used to check the results of the improvement actions in place.

Vodafone is committed to innovation, working and benefiting from the first Vodafone Group **Big Data** solution, aimed at improving Customer Experience. This solution, together with our ongoing commitment to network deployment, capacity and optimization enables us to keep progressing in improving the quality offered and perceived by the customer.

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

For the fourth year running, Vodafone's network has been chosen as the best mobile network, according to the survey conducted by the consultancy firm P3 Communications and the magazine Connect, on account of its shortest call setup times, the best voice quality and fastest data transmission speeds.

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

Lastly, with regard to the environment, and taking into account the significant network deployment activity, during the 2018-19 financial year, only five administrative fines were imposed for this reason, amounting to a total figure of €960.

> 5.3.3 RF Emissions and Health

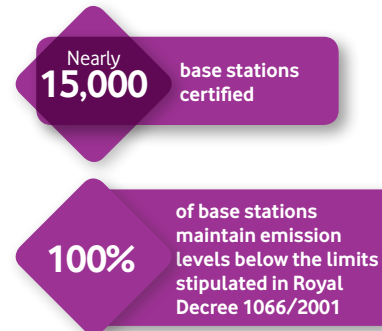
The exposure limits for health protection and RF emission risk assessment are determined by **Royal Decree 1066/2001** and apply the emissions produced by radio stations.

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 2019. For this purpose, RF emissions have been measured at close than 15,000 stations, and **the emission levels of 100% of our bases stations is far below the threshold set by the aforementioned Royal Decree 1066/2001.**

On 28th March the Government published **Royal Decree 123/2017**, which approved the public radio spectrum usage regulations. The Regulations normalize the different **administrative procedures** according

to the type of station and simplifies certain procedures, reinforcing the presentation of Responsible Declarations and Certifications, removing the need for the authorities to conduct the Technical Inspection of Facilities. The Regulations include the procedure for the control and inspection of the sole levels of tolerable radio emissions that do not pose a danger to public health, as well as a section relating to the protection of the public radio spectrum. We should also mention **Royal Decree 299/2016**, of 22th July, on the **protection of workers' health and safety** from noise exposure-related hazards

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





6
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**Corporate
Governance**

6.1
.....


**Regulatory
Compliance**


6.2
.....

**Boards and
Committees**

> 6.1 Regulatory Compliance

> 6.1.1 Vodafone Group Regulatory Compliance Programme

Vodafone Group, Plc. is responsible for designing the **global Corporate Governance System** of all its subsidiaries, and each market assumes the executive responsibilities and daily control associated to the System; and specifically, to ensure, publicize and implement the **Code of Conduct and Corporate Policies**. 


In this respect, the Boards of Directors  of Vodafone in Spain are committed to Regulatory Compliance and to maintaining, developing and overseeing the Code of Conduct and Corporate Policies, by striving to align local internal procedures both with the highest ethical standards, taking into account the characteristics and singularities of the Spanish market, and with the Vodafone Group's Business Principles.

> 6.1.2 Criminal Risk Prevention Programme

Additionally, Vodafone in Spain has implemented 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.

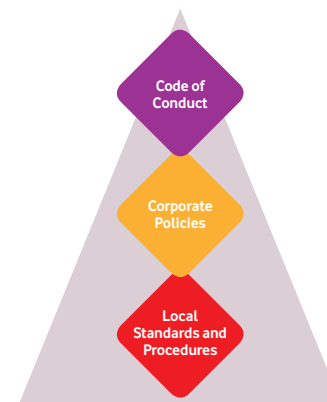
The Company's **Compliance Officer** reports regularly to Vodafone in Spain's **Audit and Risks Committee** on the results both of the general Regulatory Compliance Programme and of the Corporate Defense Programme, monitoring the risk and control review, as well as the agreed improvement plans.

> 6.1.3 Corporate Policies

Vodafone 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**,  the reference framework that enshrines the **Ethical and Business Principles** for conducting the activities of Vodafone in Spain.

As a development of the Ethical and Business Principles set out in the Code of Conduct, the Vodafone Group has a set of **Corporate Policies** that establish the framework for action and define the minimum criteria for managing the Company's main areas and risks, such as Human Resources, Occupational Hazard Prevention, Brand, Security, Privacy, Conflicts of Interest, Competition, Anti-Corruption, etc.

Finally, Vodafone in Spain has a set of **Local Procedures** that, in line with Corporate Policies, describe processes, technical aspects and action plans that cover the different activities and functions assigned to each area of the Company.




> 6.1.4 Compliance Culture

The Company is committed to ensuring there is a real Culture of Regulatory Compliance, and Zero Tolerance of the commission of unlawful acts, as the only way to make the Prevention model sustainable.

That is why Vodafone in Spain has in place two kinds of **training plans** that include online general training about Corporate Policies and the Code of Conduct that all employees must complete every two years, and in-person training that is given to the groups of employees most affected by the corporate policy in question.


At the same time, Vodafone bolsters its Compliance Culture by arranging regular **information and awareness-raising campaigns** to send all employees a clear message about Vodafone's commitment to ethics and regulatory compliance.

This culture, training and awareness-raising programme is known in the Company as **"Doing what's right" (DWR)**, and is carried out by Vodafone's Internal Communication, Human Resources and Compliance departments, which arrange, execute and track it with the support and backing of the Boards of Directors and the Executive Committee members.

Having a programme intended to create and maintain the Compliance Culture in Vodafone is essential for ensuring that all employees are better acquainted with the Ethical, Business and Regulatory Compliance Principles, and which contributes to reduce risks throughout the Company. 

> 6.1.5 Prevention and Control tools

Vodafone guarantees compliance with its Corporate Policies through a series of programmes, controls and tools that form the Company's **Lines of Defense**. Apart from the aforementioned Code of Conduct, Corporate Policies and Training Plans, here are some of the most significant controls and tools:

Speak Up Channel	Triage Team	Due diligenc	Internal Audit	Compliance Area	Local Policy Owner
<p>This "whistleblowing" channel, which is in place throughout the Vodafone Group, is used to report any possible irregularity, breach or conduct contrary to the Company's corporate ethics, legality and rules. It is available to all our employees, external partners and suppliers, 24 hours a day and 365 days a year, and is completely confidential. </p>	<p>This advisory committee is tasked with analyzing any cases reported through Speak Up and defining or recommending the steps to be followed in investigating and resolving them. It is formed by the Head of Human Resources and the Security and Compliance officers.</p>	<p>Assessment of the suppliers hired by Vodafone, documented and based on analysing whether a compliance structure is in place in their organization and, consequently, if they have a Code of Conduct and other Corporate Policies.</p>	<p>Independent assessment of the Company's internal control environment in line with a predefined annual plan based on the main local and Vodafone Group risks that are detected. Additionally, external reviews are carried out by independent third parties for specific issues.</p>	<p>Every year it reviews the effectiveness of the Regulatory Compliance and Corporate Defense Programme by assessing the effectiveness of the associated key controls, in line with an annual plan approved by the Audit and Risks Committee. The results are outlined in an annual report that it is presented to the Audit and Risks Committee and Vodafone Spain's CEO and is then submitted to the Vodafone Group's parent company.</p>	<p>The Company's LPO is responsible for implementing and monitoring the controls associated to each Corporate Policy and each criminal risk in Vodafone in Spain.</p>

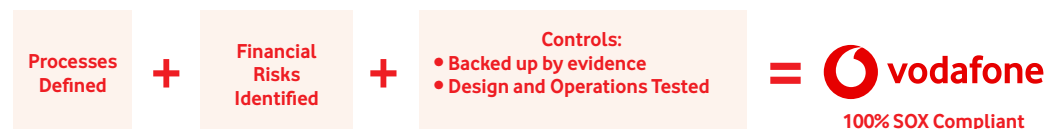
> 6.1.6 SOX Compliance

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 2018-19, 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 has been reflected in the Process and Company Certificate, which was signed by the CFO and the CEO at the end of April 2019.

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.



> 6.1.7 Other Internal Control Activities

◇ **Vodafone Group Delegation of Authorities: (DoA)**

Compliance with Group Policy on expense approval ceilings and limits on third-party commitments on behalf of Vodafone in Spain has been audited internally by the SOX team and certified by the DIRECTOR 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.



› 6.2.1 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.

All the Vodafone Group companies in Spain have a Board of Directors, which is the Company's highest governance and representative body, and to which the law attributes certain duties and functions.

The Boards of Directors of the main companies of the Vodafone Group in Spain are as follows:

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

The Board of Directors of Vodafone España, S.A.U. has three members, namely the company's Chief Executive Officer, Chief Financial Officer and Head of Legal, Regulation and Corporate Security. 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.

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.

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.

None of the members of the Board of Directors of Vodafone España S.A.U. are external directors.

Member	Post on the Board of Directors	Post in the organization	Date first appointed	Type of Director
Mr. António Coimbra	Chairman and Chief	Executive Officer	27 July 2012	Executive
Mr. Miguel Orúe-Echebarría	Member	Chief Financial Officer	26 March 2009	Executive
Mrs Elena Otero-Novas	Member	Head of Legal, Regulation and Corporate Security	18 December 2018	Executive

Secretary and Board Member: Mrs Elena Otero-Novas
Vice-Secretary (Non-Director): Mr. Iván Simarro Vélez

◇ **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.

Member	Post on the Board of Directors	Post in the organization	Date first appointed	Type of Director
Mr. António Coimbra	Chairman and Chief	Executive Officer	23 July 2014	Executive
Mr. Miguel Orúe-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 and Board Member: Mrs Elena Otero-Novas
Vice-Secretary (Non-Director): Mr. Iván Simarro Vélez

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. Should any conflict of interest arise, it would be recorded in the pertinent item of the agenda.

Every year, with a view to preparing the annual financial statements, section 229 of the Corporate Enterprises Act requires each Board member to complete and sign a letter in which they declare whether they are involved in any conflict of interest or related party transactions.

◇ Audit and Risks Committee

The Vodafone in Spain Audit and Risks Committee is a regional body that reports to the Vodafone Group (its always chaired by an independent person from outside the Vodafone Spain Organization), and its main duty is to oversee the Company's control environment. The Audit and Risks Committee is governed by its own Terms of Reference, meets whenever necessary, at least three times a year, and its main duties are: overseeing the annual audit plan, together with the implementation of any improvement actions, supervising the integrity of the Company's internal control systems, management of the major risks and the compliance with internal policies.

The Audit and Risk Committee meetings are attended regularly by:

- Mr. John Connors (Chairman)
- Mr. António Coimbra
- Mr. Miguel Orue-Echevarría
- Mrs Elena Otero-Novas

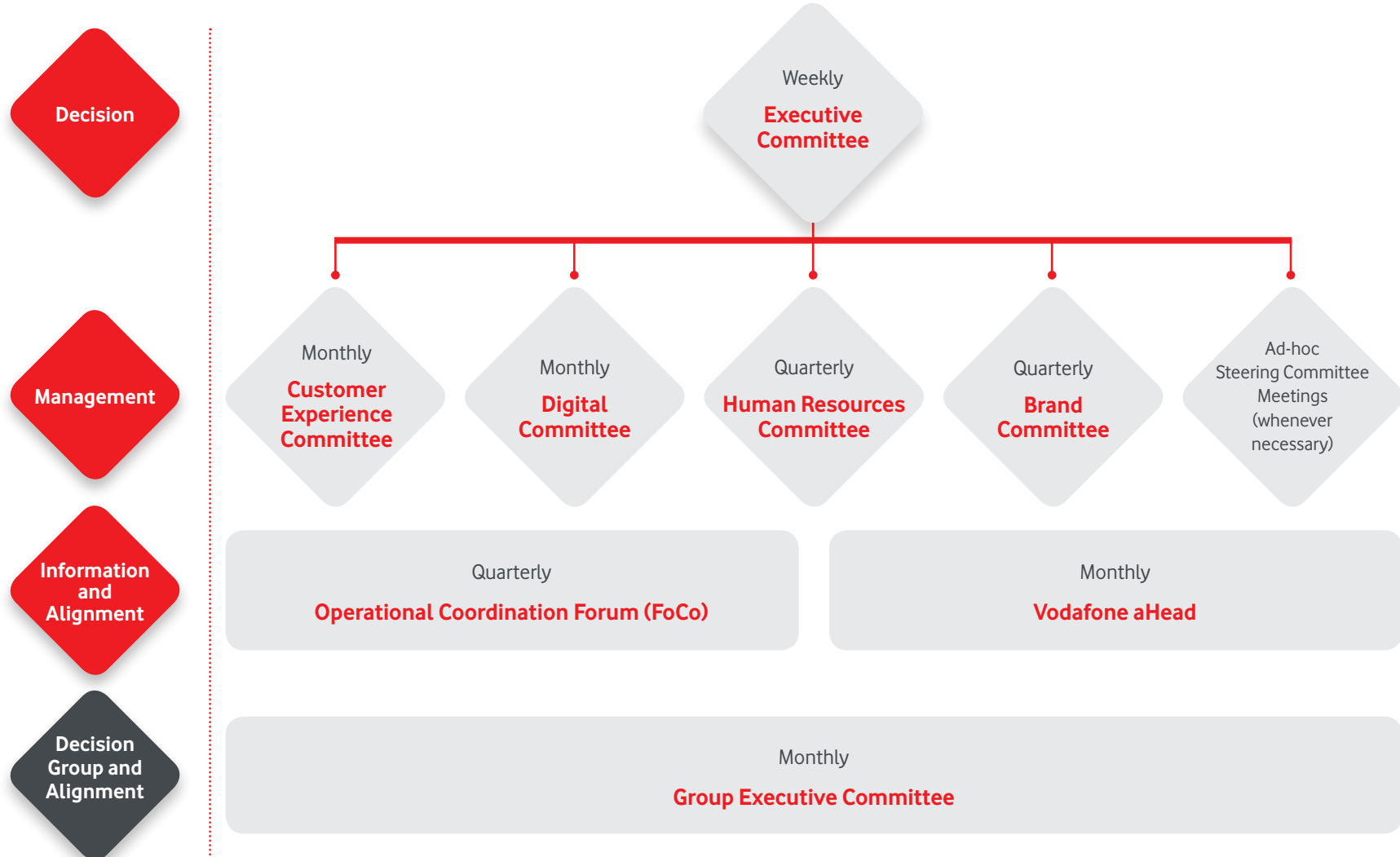
Depending on the issues to be addressed, other company officers and employees can attend as guests.

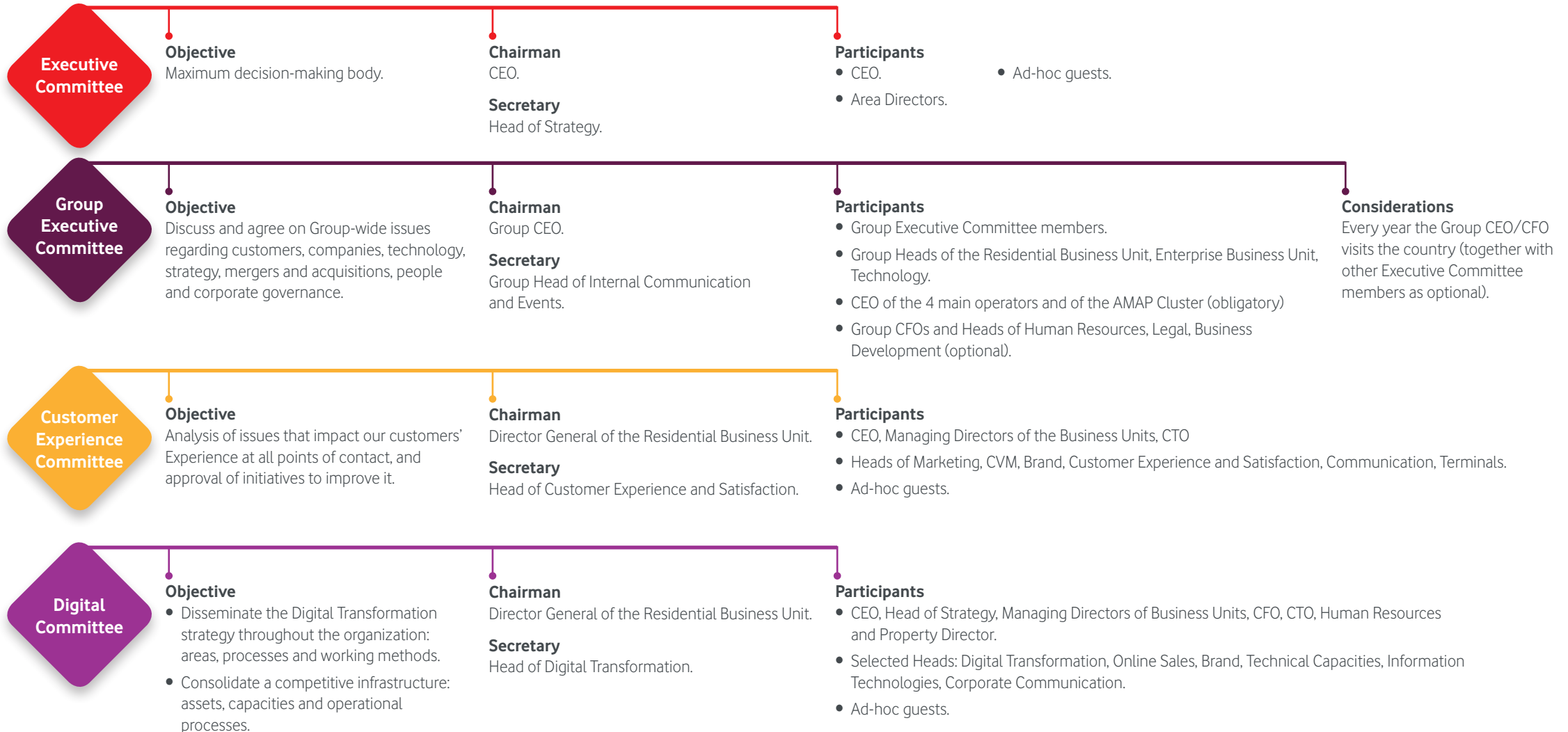


> 6.2 Boards and Committees

> 6.2.2 Decision-Making Committees and Forums

Vodafone in Spain's Decision-Making Committees and Forums, which are described in this chapter, are displayed below:







> 6.2 Boards and Committees

> 6.2.3 Other Decision-Making Forums

Board of Trustees of the Vodafone Foundation Spain

Functions: The Board is the Vodafone Foundation Spain's highest governance and representative body.

Participants: Internal members of Vodafone (Chairman, CEO, Head of Communication) + External members (representatives of Ministries and other bodies).

Reputational Committee

Functions: Create a positive reputation for Vodafone both nationwide and in the regions, and approve all the reputational initiatives for the quarter.

Participants:

CEO + Human Resources and Property Director + CFO + Legal Director + Managing Director Enterprise Business Unit + Head of Communication + Brand Manager + Head of Network Roll-Out, Director of the Foundation, Head of P.A.



› 6.2.4 Employee Mechanisms for Communicating Suggestions to Governing Bodies

Vodafone 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:

- **Workplace by Facebook**, the corporate social network, of which participate all the company's employees are members, is Facebook version designed to cater to businesses.
- **Operational Coordination Forums (FoCOs)**, in person and streamed meetings at which Management shares information about the Company's business development and strategy with all employees. The meeting ends with a Q&A session.
- **Breakfasts with the CEO** (and with Executive Committee members, by Areas): a whole team spends one hour having breakfast with the CEO and exchanging impressions and opinions about their role, the Company or the environment, among other issues.
- **Office visits by the CEO and the Human Resources and Property Director**: once a month, they drop in on a team from a different location in the offices for an informal chat.
- **Company Kick Off**: held at the start of each financial year to outline the strategy for the next twelve months. There are two meetings: one for top management (approximately 100 Directors), and, subsequently, another for all other Vodafone employees, streamed live at the head office. At the end of these meetings, time is always kept for questions and answers with Management.
- **RoadShows**: held after the Kick Offs, to share Vodafone's strategy at its different sites. The CEO goes to each site, meets employees and talks with them about strategic issues or the region's specific issues.
- **Regional Executive Committees**, business follow-up meetings are held at each regional office. At the end of each one, area meetings are held at which Management talk to each area's employees about their jobs and activities.
- **Webinars** held throughout the year on specific and general interest subjects or on an area-by-area basis. Employees can join the webinar and take part.
- **Performance Developments**, individual meetings between employees and their line managers, at which they can be given any kind of recommendation. The main aim of these conversations is to track and assess employees' job performance, and it is recommended that they take place four times a year. 
- Any employee can contact Vodafone Management about any personal or career development issues through the **Head of Human Resources of their area**.
- Every year Vodafone conducts a company-wide **People Survey** to ask all its employees about their expectations and perceptions. The survey addresses different issues regarding human resources management, business activities and Corporate Responsibility/Sustainability issues. 
- **Speak Up**. This Vodafone Group scheme lets employees report any activity that breaches the Company's Code of Conduct. 



6.2.5 Senior Leadership Team Remuneration Policy

The Senior Leadership Team (SLT) remuneration policy is on the principle of “performance pay” in terms of the results obtained by our company. This ensures that our Officers only receive significant amounts of variable remuneration if the Company’s business results have been as expected by our shareholders and other Stakeholders.

The table below details and explains the key components of Vodafone Spain’s SLT member pay packets.

Component	Objective and alignment with strategy	Description
Basic pay	Attract and retain the best Managerial talent	Salaries are reviewed each year. The following criteria are taken into account in the pay review process: <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 in Spain Company Pension Scheme. • Participation in a specific Retirement Plan for Management. • 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. • Annual share award plans with a three-year vesting (*) period tied to the Officer’s remaining in employment in the Company and to 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 management team 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.

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 2% in financial year 2018-19.

	Women	Men
Average Remuneration of Senior Officers (€) (*).	618,459	676,059
(*) All the SLTs are employees of Vodafone España, S.A.U. The figure refers to the Total Compensation (total remuneration received that is considered monetary remuneration or remuneration in kind).		



7
.....
**Report
Preparation**

7.1
.....
**Reporting
Principles**

7.2
.....
**GRI
Content**

7.3
.....
Glossary

> 7.1 Reporting Principles

The following international standards and National Law 11/2018 have been taken into account in drafting this report:

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

IIRC guidelines	How presented in the Vodafone in Spain 2018-19 Report
Strategic focus and future orientation.	Information about Strategy.
Connectivity of Information.	Information about Activities that can create economic, social and environmental value.
Stakeholder Inclusiveness.	Information about Stakeholders and how we respond to their expectations.
Conciseness and materiality of information.	Materiality Analysis.
Reliability of information.	Assurance of information by external auditors.
Consistency and Comparability.	Information presented in accordance with international standards and compared with previous years.

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)**

	GRI Standard Principles	How presented in the Vodafone in Spain 2018-19 Report
Contents	Stakeholder Inclusion.	Information about Stakeholders and how we respond to their expectations.
	Sustainability Context.	Information about Activities that can create economic, social and environmental value.
	Materiality.	Materiality Analysis.
	Completeness.	Information about the activities carried out during the fiscal year.
Quality	Precision.	Information collected through the Information Systems.
	Balance.	Information about the results obtained in the Material aspects.
	Clarity.	Information that is properly arranged and summarised.
	Comparability.	Information presented in accordance with international standards and compared with previous years.
	Reliability.	Assurance of information by external auditors.
	Punctuality.	Annual Publication of the Report.

C The principles established by AccountAbility in standard AA1000AP 2018 regarding the information provided:

AA1000AP Principles	How presented in the Vodafone in Spain 2018-19 Report
Inclusivity	Information about Stakeholders and how we respond to their expectations
Materiality	Information about Material Aspects
Responsiveness	Information about the results obtained in the Material aspects
Impact	Information about how we measure and monitor our direct and indirect impacts

D

The UN Global Compact Principles (GRI: 102-46)

Since 2012, Vodafone Spain is a signatory to the U.N. Global Compact, which aims to achieve a voluntary commitment of the organizations in Social Responsibility issues, through the implementation of 10 Principles in the areas of human rights, labour, the environment and anti-corruption.

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

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, setting monitoring indicators to display its evolution.



Global Compact Principles	Policies				Monitoring and Measurement	
	Integrated Report 2018-19.	Pgs.	Integrated Report 2018-19.	Pgs.	Integrated Report 2018-19.	Pgs.
Principle 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 > Safe and Responsible Use > Code of Ethical Purchasing > Vodafone and Human Rights 	43 98 57 and 99 58	<ul style="list-style-type: none"> > Code of Conduct > Privacy > Supplier Assessment 	55 97 99	<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 	48 56 56 98
Principle 2: "Businesses should make sure they are not complicit in human rights abuses"	<ul style="list-style-type: none"> > Code of Conduct > Policy on non-use of conflict minerals 	55 57	<ul style="list-style-type: none"> > Code of Ethical Purchasing > Supplier Assessment 	57 and 99 99	<ul style="list-style-type: none"> > Speak Up! Channel > Supplier assessment and tracking 	56 99
Principle 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 > Industrial Relations 	76 76 and 77	<ul style="list-style-type: none"> > Code of Conduct > Code of Ethical Purchasing 	55 57 and 99	<ul style="list-style-type: none"> > Industrial Climate Survey 	76
Principle 4: "Businesses should uphold the elimination of all forms of forced and compulsory labour"	<ul style="list-style-type: none"> > Collective Agreement > Code of Conduct 	76 55	<ul style="list-style-type: none"> > Industrial Relations > Code of Ethical Purchasing 	76 and 77 57 and 99	<ul style="list-style-type: none"> > Speak Up! Channel 	56
Principle 5: "Businesses should uphold the effective abolition of child labour."	<ul style="list-style-type: none"> > Collective Agreement > Code of Conduct 	76 55	<ul style="list-style-type: none"> > Industrial Relations > Code of Ethical Purchasing 	76 and 77 57 and 99	<ul style="list-style-type: none"> > Speak Up! Channel > Employees by age and gender 	56 82
Principle 6: "Businesses should uphold the elimination of discrimination in respect of employment and occupation"	<ul style="list-style-type: none"> > Diversity and Equal Opportunity Management > Collective Agreement 	78 and 79 76	<ul style="list-style-type: none"> > Code of Conduct > Code of Ethical Purchasing 	55 57 and 99	<ul style="list-style-type: none"> > Diversity Evolution 	82
Principle 7: "Businesses should support a precautionary approach to environmental challenges"	<ul style="list-style-type: none"> > Code of Conduct > RF Emissions and Health 	55 114	<ul style="list-style-type: none"> > Environmental Management System > Control of environmental impacts 	102 102	<ul style="list-style-type: none"> > Changes in Environmental Impacts 	108 and 109
Principle 8: "Businesses should undertake initiatives to promote greater environmental responsibility"	<ul style="list-style-type: none"> > Environmental Management System 	102	<ul style="list-style-type: none"> > Control of environmental impacts 	102	<ul style="list-style-type: none"> > Environmental Management System Maintenance 	102
Principle 9: "Businesses should encourage the development and diffusion of environmentally friendly technologies"	<ul style="list-style-type: none"> > Internet of Things (IoT) 	63 to 65			<ul style="list-style-type: none"> > Best Practices with Customers 	68
Principle 10: "Businesses should work against corruption in all its forms, including extortion and bribery"	<ul style="list-style-type: none"> > Code of Conduct > Anti-Corruption and Anti-Bribery Policy 	55 56	<ul style="list-style-type: none"> > Code of Ethical Purchasing > Corporate Governance 	57 and 99 116 to 120	<ul style="list-style-type: none"> > Anti-Fraud and Corruption Actions 	56

E

The requirements established by **Law 11/2018**, of 28th December, on Non-Financial Information and Diversity, applicable to the companies **Vodafone España S.A.U. and Vodafone Ono S.A.U. (GRI 102-46)**

Requirements under Law 11/2018

- Business Model.
- Risk Policies.
- Indicators based on national, European or international frameworks.
- Information about the impacts.
- Information about environmental issues.
- Information about social and personnel issues.
- Information about respect for human rights.
- Information on the work against corruption and bribery.
- Information about society.

How presented in the Vodafone in Spain 2018-19 Report

- Business Model.
- Risk Management.
- GRI Standards.
- Materiality Analysis.
- Performance in Environment.
- Performance in Employees.
- Human Rights Managed.
- Anti-Corruption Policy.
- Performance in Customers, Society and Suppliers.

> 7.2 Table of contents

> 7.2.1 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	Pgs. 2018-19 Report	
Description of the organization and the environment	Key Indicators 2018-19.....	6 to 8
	Business Principles and Corporate Culture.....	55 and 75
	Organizational Structure.....	12
	Analysis of the Environment.....	30 to 34
Corporate Governance	Regulatory Compliance.....	116 to 118
	Boards of Directors and Committees.....	119 to 124
Business Model	Business Model.....	15 to 18
	Value Creation.....	22 to 26
	Strategic Sustainable Business Framework.....	43
Risks and Opportunities	Risk Management.....	36 to 39
Resource Strategy and Allocation	Strategy.....	41 to 42
	Business Model: Key Indicators 2018-19.....	6 to 8
Performance	Best Customer Experience.....	61 to 72
	Operational Excellency.....	74 to 110
	Network Excellency.....	112 to 114
Future prospects	Analysis of the Environment.....	30 to 34
	Objectives.....	72, 81, 98, 100 and 107
Basis of preparation and presentation	Profile and Aim of the Report.....	5
	Strategic Sustainable Business Framework.....	43
	Reporting Principles.....	128 and 129



The following sources of information are considered when **identifying Material Aspects: (GRI 102-46 and GRI 102-47)**


- › The general list of Issues defined by the GRI Standards.
- › The list of Issues established by the Vodafone Group.
- › The list of Issues established in previous years by Vodafone Spain.
- › The Issues 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:

Standards Category	GRI Standards	Vodafone Material Aspects	Cobertura	Management Approach
Economic GRI-200	201-Economic Performance	Value Creation	Internal	Chap. 1 pages. 22 to 26
	202-Market Presence	Employees	Internal	Chap. 5.2 pages. 74 to 86
	203-Indirect Economic Impact	Value Creation	Internal	Chap. 1 pages. 22 to 26
	204-Procurement Practices	Suppliers	External	Chap. 5.2 pages. 99 and 100
	205-Anti-corruption	Ethics	Internal	Chap. 4 pages. 55 and 56
	206-Unfair Competition	Ethics	Internal	Chap. 4 pages. 55 and 56

Standards Category	GRI Standards	Vodafone Material Aspects	Coverage	Management Approach
Environmental GRI-300	301-Materials	Consumption of Materials and Wastes	Internal - External	Chap. 5.2 pages. 106 and 107
	302-Energy	Environment and Climate Change	Internal	Chap. 5.2 pages. 102 to 104
	303-Water	Non-Material	--	--
	304-Biodiversity	Non-Material	--	--
	305-Emissions	Environment and Climate Change	Internal	Chap. 5.2 pg. 109
	306-Effluents and Waste	Non-Material	---	--
	307-Environmental compliance	Environment and Climate Change	Internal	Chap. 5.2 pg. 102
	308-Supplier environmental assessment	Suppliers	External	Chap. 5.2 pg. 99

Standards Category	GRI Standards	Vodafone Material Aspects	Coverage	Management Approach
Social GRI-400	401-Employment	Employees	Internal	Chap. 5.2 pages. 74 to 86
	402-Labor/Management Relations	Employees	Internal	Chap. 5.2 pages. 74 to 86
	403-Occupational safety and health	Employees	Internal	Chap. 5.2 pages. 74 to 86
	404-Training and Coaching	Suppliers	External	Chap. 5.2 pages. 99 and 100
		Employees	Internal	Chap. 5.2 pages. 74 to 86
	405-Diversity and equal opportunities	Employees	Internal	Chap. 5.2 pages. 74 to 86
	406-Non-discrimination	Employees	Internal	Chap. 5.2 pages. 74 to 86
	407-Freedom of association and collective bargaining	Employees	Internal	Chap. 5.2 pages. 74 to 86
		Suppliers	External	Chap. 5.2 pages. 99 and 100
	408-Child labour	Employees	Internal	Chap. 5.2 pages. 74 to 86
		Suppliers	External	Chap. 5.2 pages. 99 and 100
	409-Forced or Compulsory Labor	Employees	Internal	Chap. 5.2 pages. 74 to 86
	410-Security Practices	Suppliers	External	Chap. 5.2 pages. 99 and 100
		Employees	Internal	Chap. 5.2 pages. 74 to 86
	411-Rights of Indigenous Peoples	Non-Material	--	--
	412-Human Rights Assessment	Suppliers	External	Chap. 5.2 pages. 99 and 100
	413-Local Communities	Community involvement	Internal	Chap. 5.2 pages. 87 to 98
	414-Supplier social assessment	Suppliers	Internal	Chap. 5.2 pages. 99 and 100
	415-Public Policy	Regulatory Compliance	Internal	Chap. 6 pages. 116 to 118
416-Customer health and safety	Responsible Network Deployment/EMF	Internal	Chap. 5.3 pg. 114	
	Responsible use of ICT	Internal	Chap. 5.2 pg. 98	
417-Marketing and labelling	Clarity of Prices and Rates	Internal	Chap. 5.1 pages. 61 and 62	
418-Customer privacy	Privacy and Data Protection	Internal	Chap. 5.2 pg. 97	
419-Socioeconomic achievement	Regulatory Compliance	Internal	Chap. 6 pages. 116 to 118	

In order to **prioritize these Material aspects**, we identify the Stakeholders for whom the Issues: 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 Issues 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.

> 7.2 Table of contents > 7.2.3 GRI Table of Contents:

For the Materiality Disclosures Services, GRI Services has checked that the GRI Table of Contents is clear, and that the references for contents 102-40 to 102-49 match the specified sections of the report. The service was performed on the Spanish version of the report.



Standard GRI	Content Pg./ Direct response	Page / Direct answer	External assurance
GRI 101: FOUNDATION 2016			
GENERAL CONTENT (GRI 102: GENERAL CONTENT 2016)			
Profile of organisation	1102-1 Name of the organization	5	
	102-2 Activities, brands, products and services	13, 4 and Vodafone.es	
	102-3 Location of headquarters	Back page	
	102-4 Location of the operations	10	
	102-5 Ownership and legal form	11	
	102-6 Markets served	15, 17	
	102-7 Scale of the organization	6, 7 and 8	
	102-8 Information about employees and other workers	12, 25, 82, 83 and 84	
	102-9 Supply chain	99, 100	
	102-10 Significant changes in the organization and its supply chain	12	
	102-11 Precautionary Principle or approach	36, 37	
	102-12 External initiatives	5, 18, 128, 129, 130, 131	
	102-13 Membership of associations	18	
Strategy	102-14 Statement from senior decision-maker	4	
	102-15 Main impacts, risks and opportunities	37, 38, 39	
Ethics and Integrity	102-16 Values, principles, standards, and norms of behavior	55, 56	
	102-17 Mechanisms for advice and concerns about ethics	46, 56, 117 and 125	
Governance	102-18 Governance structure	12, 119, 120, 121, 122, 123, 124	
	102-19 Delegation of authority	121, 122, 123	
	102-20 Executive-level responsibility for economic, environmental, and social topics	119, 120	
	1102-21 Consulting stakeholders on economic, environmental, and social topics	121, 122, 123	
	102-22 Composition of the highest governance body and its committees	119, 120, 121	
	102-23 Chair of the highest governance body	119	
	102-24 Nominating and selecting the highest governance body	119	
	102-25 Conflicts of interest	119	
	102-26 Role of highest governance body in setting purpose, values, and strategy	119	
	102-27 Collective knowledge of highest governance body	119	
	102-28 Evaluating the highest governance body's performance	116, 117, 118	
	102-29 Identifying and managing economic, environmental, and social impacts	116, 117, 118	
	102-30 Effectiveness of risk management processes	36, 37, 38, 39	
	102-31 Review of economic, environmental, and social topics	122, 123, 124	
	102-32 Highest governance body's role in sustainability reporting	5	
	102-33 Communicating critical concerns	125	
	102-34 Nature and total number of critical concerns	76, 77, 125	
	102-35 Remuneration policies	126	
	102-36 Process for determining remuneration	126	
	102-37 Stakeholders' involvement in remuneration	126	
	102-38 Annual total compensation ratio	126	
	102-39 Percentage increase in annual total compensation ratio	126	

Standard GRI	Content Pg./ Direct response	Page / Direct answer	External assurance
GENERAL CONTENT (GRI 102: GENERAL CONTENT 2016)			
Stakeholder Engagement	102-40 List of stakeholder groups	44, 45	
	102-41 Collective bargaining agreements	76	
	102-42 Identifying and selecting stakeholders	44, 45	
	102-43 Approach to stakeholder engagement	44, 45	
	102-44 Key topics and concerns raised	44, 45	
Reporting practices	102-45 Entities included in the consolidated financial statements	5, 11	
	102-46 Defining report content and topic Boundaries	128, 129, 130, 131	
	102-47 List of material topics	131	
	102-48 Restatements of information	Information not re-expressed	
	102-49 Changes in reporting	No change in the Report Preparation	
	102-50 Reporting period	5	
	102-51 Date of most recent report	5	
	102-52 Reporting cycle	Annual	
	102-53 Contact point for questions regarding the report	Back page	
	102-54 Claims of reporting in accordance with the GRI Standards	5	
102-55 GRI Table of Contents:	132, 133, 134, 135		
102-56 External Verification	141 and 142		
THEMATIC CONTENTS			
Economic Performance			
GRI 103: Management Approach 2016	103-1 Explanation of the Material Issue and its Coverage	131	
	103-2 Management Approach and its components	48, 131	
	103-3 Assessment of the Management Approach	48, 131	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	23, 101	
	201-2 Financial implications and other risks and opportunities due to climate change	26, 102, 103, 104, 63	
	201-3 Defined benefit plan obligations and other retirement plans	23, 76	
	201-4 Financial assistance received from government	22	
Market Presence			
GRI 103: Management Approach 2016	103-1 Explanation of the Material Issue and its Coverage	131	
	103-2 Management Approach and its components	48, 131	
	103-3 Assessment of the Management Approach	48, 131	
GRI 202: 2016 Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	126	
	202-2 Proportion of senior management hired from the local community	12	

Standard GRI	Content Pg./ Direct response	Page / Direct answer	External assurance
THEMATIC CONTENTS			
Indirect economic impacts			
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
	103-2	Management Approach and its components	48, 131
	103-3	Assessment of the Management Approach	48, 131
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	7, 112, 113
	203-2	Significant indirect economic impacts	24
Procurement practices			
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
	103-2	Management Approach and its components	48, 131
	103-3	Assessment of the Management Approach	48, 131
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	99
Anti-corruption			
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
	103-2	Management Approach and its components	48, 131
	103-3	Assessment of the Management Approach	48, 131
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	55, 56
	205-2	Communication and training about anti-corruption policies and procedures	55, 116, 117
	205-3	Confirmed incidents of corruption and actions taken	56
Unfair Competition			
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
	103-2	Management Approach and its components	48, 131
	103-3	Assessment of the Management Approach	48, 131
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	69
Materials			
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
	103-2	Management Approach and its components	48, 131
	103-3	Assessment of the Management Approach	48, 131
GRI 301: Materials 2016	301-1	Materials used by weight or volume	106
	301-2	Recycled input materials used	106
	301-3	Reclaimed products and their packaging materials	106
Energy			
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
	103-2	Management Approach and its components	48, 131
	103-3	Assessment of the Management Approach	48, 131
GRI 302: Energy 2016	302-1	Energy consumption within the organization	103, 104, 108
	302-2	Energy consumption outside of the organization	109
	302-3	Energy intensity	108
	302-4	Reduction of energy consumption	108
	302-5	Reductions in energy requirements of products and services	103

Standard GRI	Content Pg./ Direct response	Page / Direct answer	External assurance
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
	103-2	Management Approach and its components	48, 131
	103-3	Assessment of the Management Approach	48, 131
GRI 305: 2016 Emissions	305-1	Direct emissions of GHG (scope 1)	109
	305-2	Energy indirect (Scope 2) GHG emissions	109
	305-3	Other indirect (Scope 3) GHG emissions	109
	305-4	GHG emissions intensity	108
	305-5	Reduction of GHG emissions	26, 109
	305-6	Emissions of ozone-depleting substances (ODS)	Not applicable (2)
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not applicable (2)
Environmental compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
	103-2	Management Approach and its components	48, 131
	103-3	Assessment of the Management Approach	48, 131
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	113
Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
	103-2	Management Approach and its components	48, 131
	103-3	Assessment of the Management Approach	48, 131
GRI 308: Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	99
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	103-3	Assessment of the Management Approach	48, 131
GRI 401: 2016 Employment	401-1	New employee hires and employee turnover	82, 83, 84
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	76
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GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	76

(2) The relevance of the information is very limited

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GRI 403: Occupational safety and health 2018	403-1	Occupational health and safety management system	81
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	403-3	Occupational health services	81
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	403-5	Worker training on occupational health and safety	81
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	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	81
	403-8	Workers covered by an occupational health and safety management system	81, 100
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GRI 404: Training and Coaching 2016	404-1	Average hours of training per year per employee	84
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GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
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GRI 405: Diversity and equal opportunities 2016	405-1	Diversity of governance bodies and employees	82
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GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	56

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	103-3	Assessment of the Management Approach	48, 131
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	57, 99
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GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
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	103-3	Assessment of the Management Approach	48, 131
GRI 408: Child labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	57, 99
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GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
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GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
	103-2	Management Approach and its components	48, 131
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GRI 412: Human rights assessment 2016	412-2	Employee training on human rights policies or procedures	54, 99
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	99
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GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
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GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	87, 88, 89, 90, 91, 92, 93, 94
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Standard GRI	Content Pg./ Direct response	Page / Direct answer	External assurance
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	103-3	Assessment of the Management Approach	48, 131
GRI 414: Supplier social assessment 2016	414-1	New suppliers that were screened using social criteria	99
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GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
	103-2	Management Approach and its components	48, 131
	103-3	Assessment of the Management Approach	48, 131
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GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
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GRI 416: Customer health and safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	98, 114
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GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
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GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
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GRI 418: Customer privacy 2016	418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	97
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GRI 103: Management Approach 2016	103-1	Explanation of the Material Issue and its Coverage	131
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GRI 419: Socioeconomic achievement 2016	419-1	Non-compliance with laws and regulations in the social and economic area	97



There follows a list of contents of Law 11/2018 and its relationship with the thematic contents of the GRI Standards:

Information requested under Law 11/2018 (Non-financial statement)	Linking with GRI contents	Report Page
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Business model		
Brief description of the group's business model (business environment and organization)	102-2 Activities, brands, products and services 102-7 Size of the organization	13, 14 and Vodafone.es 6, 7 and 8
Geographical presence	102-3 Location of headquarters 102-4 Location of operations 102-6 Markets served	Back page 10 15 and 17
Objectives and strategies of the organization	102-15 Main impacts, risks and opportunities	41 and 42
Main factors and trends that may affect its future evolution	102-15 Main impacts, risks and opportunities	37, 38 and 39
General		
Indicate the national, European or international reporting framework in the report that is used for the selection of key non-financial performance indicators included in each of the sections	102-54 Declaration of preparation of the report in accordance with GRI Standards	5
If the company complies with the non-financial information law by issuing a separate report, it must be expressly stated that said information is part of the management report	103-2 The management approach and its components	5
Environmental Issues		
General information		
A description of the policies applied by the group with respect to these issues, which will include due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and to verification and control, including what measures have been adopted.	103-2 The management approach and its components	48, 101 and 131
The results of these policies , including key indicators of relevant non-financial results that allow the monitoring and evaluation of progress and that favor the comparability between societies and sectors, in accordance with the national, European or international reference frameworks used for each subject.	103-2 The management approach and its components 103-3 Evaluation of the management approach	48, 108 to 110 and 131
The main risks related to these issues involving the activities of the group, including, where relevant and proportionate, their business relationships, products or services that may have negative effects in these areas, and how the group manages such risks, explaining the procedures used to detect and evaluate them in accordance with national, European or international reference frameworks for each matter. Information on the impacts that have been detected must be included and broken down, in particular on the main short-, medium-, and long-term risks .	102-15 Main impacts, risks and opportunities	37, 38 and 39
Detailed Information		
General detailed information		
On current and foreseeable effects of the activities of the company on the environment and, where appropriate, health and safety	102-15 Main impacts, risks and opportunities	37, 38, 39 and 114
On environmental assessment or certification procedures	See on the page indicated	101
On the resources dedicated to the prevention of environmental risks	See on the page indicated	101
On the application of the precautionary principle	102-11 Precautionary principle or approach	36 and 37
About the resources dedicated to the prevention of environmental risks	103-2 The management approach and its components	101

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Measures to prevent, reduce or repair emissions that seriously affect the environment; taking into account any form of air pollution specific to an activity, including noise and light pollution.	103-2 The management approach and its components	103 and 106
Circular economy and waste prevention and management		
Prevention, recycling, reuse, other forms of recovery and types of waste disposal; actions to combat food waste	306-2 Waste by type and disposal method	105 and 106
Sustainable use of resources		
Water consumption and water supply according to local constraints	303-1 Water extraction by source	106 and 110
Use of raw materials and measures taken to improve the efficiency of their utilization	301-1 Materials used by weight or volume	106 and 110
Energy use, direct and indirect	302-1 Energy consumption within the organization	103, 104 and 108
Measures taken to improve energy efficiency	103-2 The management approach and its components	103
Use of renewable energies	302-1 Energy consumption within the organization	103
Climate change		
The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	305-2 Indirect GHG emissions from energy generation (scope 2)	109
Measures taken to adapt to the consequences of climate change	201-2 Financial implications and other risks and opportunities arising from climate change	26, 102, 103, 104 and 63
Reduction goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and measures implemented for that purpose	103-2 The management approach and its components	103
Protection of biodiversity		
Measures taken to protect or restore biodiversity	103-2 The management approach and its components	Non-Material
Impacts caused by activities or operations in protected areas	103-2 The management approach and its components	Non-Material
Social and personnel issues		
General information		
A description of the policies applied by the group with respect to these issues, which will include due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and to verification and control, including what measures have been adopted.	103-2 The management approach and its components	36, 37, 38 and 39
The results of these policies , including key indicators of relevant non-financial results that allow the monitoring and evaluation of progress and that favor the comparability between societies and sectors, in accordance with the national, European or international reference frameworks used for each subject.	103-2 The management approach and its components 103-3 Assessment of the Management Approach	82, 83 and 84

Information requested by Law 11/2018 (Non-financial information statement)	Linking with GRI contents	Report Page
The main risks related to these issues involving the activities of the group, including, where relevant and proportionate, their business relationships, products or services that may have negative effects in these areas, and how the group manages such risks, explaining the procedures used to detect and evaluate them in accordance with national, European or international reference frameworks for each matter. Information on the impacts that have been detected must be included and broken down, in particular on the main short-, medium-, and long-term risks .	102-15 Main impacts, risks and opportunities	56, 116, 117 and 118
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Total number and distribution of employees according to representative diversity criteria (gender, age, country, etc.)	102-8 Information about employees and other workers 405-1 Diversity of governance bodies and employees	82
Total number and distribution of work contract modalities, annual average of permanent contracts, temporary contracts and part-time contracts by sex, age, and professional classification	102-8 Information about employees and other workers	82
Number of dismissals by sex, age, and professional classification	103-2 The management approach and its components	83
The average remunerations and their evolution disaggregated by sex, age, and professional classification or equal value	405-2 Ratio of basic salary and remuneration of women to men	83
Salary gap, remuneration paid for equal work or the average salary of the company	405-2 Ratio of basic salary and remuneration of women to men	79
The average remuneration of directors and executives, including variable remuneration, allowances, and compensation. Payment to long-term forecast savings and any other perception broken down by gender	102-35 Remuneration policy	126
Implementation of employment termination policies	103-2 The management approach and its components	76
Employees with disabilities	405-1 Diversity of governance bodies and employees	78
Work organization		
Work schedule organization	103-2 The management approach and its components	76 and 77
Number of hours of absenteeism	403-2 Types and frequency of accidents, occupational illnesses, days lost, absenteeism, and number of deaths due to work-related accidents or occupational illnesses	86
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Occupational health and safety conditions		81
Work accidents, in particular their frequency and severity, as well as occupational diseases; disaggregated by gender.	403-2 Types and frequency of accidents, occupational illnesses, days lost, absenteeism, and number of deaths due to work-related accidents or occupational illnesses	85 and 86
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Percentage of employees covered by collective agreement by country	102-41 Collective bargaining agreements	76
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Policies implemented for training activities	404-2 Programs for upgrading employee skills and transition assistance programs	80
The total amount of training hours by professional category	404-1 Average hours of training per year per employee	84
Universal accessibility of disabled people		
Universal accessibility of disabled people	103-2 The management approach and its components	78

Information requested by Law 11/2018 (Non-financial information statement)	Linking with GRI contents	Report Page
Gender equality		
Measures taken to promote equal treatment and opportunities between women and men	103-2 The management approach and its components	78
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Policy against any type of discrimination and, where appropriate, diversity management	406-1 Incidents of discrimination and corrective actions taken	78
Respect for human rights		
General information		
A description of the policies applied by the group with respect to these issues, which will include due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and to verification and control, including what measures have been adopted.	103-2 The management approach and its components	58
The results of these policies , including key indicators of relevant non-financial results that allow the monitoring and evaluation of progress and that favor the comparability between societies and sectors, in accordance with the national, European or international reference frameworks used for each subject.	103-2 The management approach and its components 103-3 Assessment of the Management Approach	58
The main risks related to these issues involving the activities of the group, including, where relevant and proportionate, their business relationships, products or services that may have negative effects in these areas, and how the group manages such risks, explaining the procedures used to detect and evaluate them in accordance with national, European or international reference frameworks for each matter. Information on the impacts that have been detected must be included and broken down, in particular on the main short-, medium-, and long-term risks .	102-15 Main impacts, risks and opportunities	58
Detailed Information		
Application of due diligence procedures in the field of human rights; prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage, and repair possible abuses committed	102-16 Values, principles, standards, and norms of behavior 102-17 Advisory mechanisms and ethical concerns 412-2 Employee training on human rights policies or procedures	58
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Promotion and compliance with the provisions contained in the related fundamental Conventions of the International Labor Organization with respect for freedom of association and the right to collective bargaining; elimination of discrimination in respect of employment and occupation; the elimination of forced or compulsory labor; and the effective abolition of child labor.	406-1 Incidents of discrimination and corrective actions taken	58
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General information		
A description of the policies applied by the group with respect to these issues, which will include due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and to verification and control, including what measures have been adopted.	103-2 The management approach and its components	56 and 117
The results of these policies , including key indicators of relevant non-financial results that allow the monitoring and evaluation of progress and that favor the comparability between societies and sectors, in accordance with the national, European or international reference frameworks used for each subject.	103-2 The management approach and its components 103-3 Assessment of the Management Approach	56

Information requested by Law 11/2018 (Non-financial information statement)	Linking with GRI contents	Report Page
The main risks related to these issues involving the activities of the group, including, where relevant and proportionate, their business relationships, products or services that may have negative effects in these areas, and how the group manages such risks, explaining the procedures used to detect and evaluate them in accordance with national, European or international reference frameworks for each matter. Information on the impacts that have been detected must be included and broken down, in particular on the main short-, medium-, and long-term risks .	102-15 Main impacts, risks and opportunities	116 and 117
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The results of these policies , including key indicators of relevant non-financial results that allow the monitoring and evaluation of progress and that favor the comparability between societies and sectors, in accordance with the national, European or international reference frameworks used for each subject.	103-2 The management approach and its components 103-3 Assessment of the Management Approach	87 to 96
The main risks related to these issues involving the activities of the group, including, where relevant and proportionate, their business relationships, products or services that may have negative effects in these areas, and how the group manages such risks, explaining the procedures used to detect and evaluate them in accordance with national, European or international reference frameworks for each matter. Information on the impacts that have been detected must be included and broken down, in particular on the main short-, medium-, and long-term risks .	102-15 Main impacts, risks and opportunities	36 to 39
Detailed Information		
Commitment by the company to sustainable development		
Impact of the company's activities on employment and local development	103-2 The management approach and its components	23 to 25
The impact of company activity on local populations and on the territory	103-2 The management approach and its components	87 to 91
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Information requested by Law 11/2018 (Non-financial information statement)	Linking with GRI contents	Report Page
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The inclusion of social, gender equality and environmental issues in the purchasing policy	308-1 New suppliers that were screened using environmental criteria 414-1 New suppliers that were screened using social criteria	99
Consideration of social and environmental responsibility in relations with suppliers and subcontractors	308-1 New suppliers that were screened using environmental criteria 414-1 New suppliers that were screened using social criteria	99
Supervision systems and audits, and their results	308-2 Negative environmental impacts in the supply chain and actions taken 414-2 Negative social impacts in the supply chain and actions taken	99
Consumers		
Customer health and safety measures	See on the page indicated	114
Claims systems, complaints received and their resolution	102-43 Approach to stakeholder engagement 102-44 Key topics and concerns raised 418-1 Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	69
Tax information		
Benefits obtained by country	103-2 The management approach and its components	23
Income TAX expense	103-2 The management approach and its components	23
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ADSL: Asymmetric Digital Subscriber Line

AMAP: Africa, Middle-East and Asia Pacific

ARPU: Average Revenue per User

ASPACE: Cerebral Palsy Care throughout Spain

ASPAYM: Association for Paraplegics and People with Severe Physical Disabilities

ASSDA: Social Services and Dependency Agency

ATEGAL: Galician Cultural Association for Permanent Adult Learning

CEO: Chief Executive Officer

CEOMA: Spanish Confederation of Senior Citizens' Organizations

CNMC: National Markets and Competition Commission

CNSE: Spanish Confederation of the Deaf

COCEMFE: Spanish Coordinator of the Physically Disabled

COGAMI: Galician Confederation of People with Disabilities

CONFEMAC: State Confederation of Active Senior Citizens

CSC: Customer Service Center

CVM: Customer Value Management

DMP: Data Management Platform

DPA: Data Protection Act

EBITDA: Earnings before interest, taxes, depreciation and amortization

EMF: Electro Magnetic Fields

EU: European Union

FASUNEX: Federation of Associations of Pupils and Former Pupils

FB: Fixed Broadband

FEDACE: Spanish Brain Damage Federation

FTE: Full Time Equivalents

FTTH: Fiber To The Home

GB: Gigabyte

GBI: Global Biking Initiative

Gbps: Gigabits per second

GDPR: General Data Protection Regulation

GHG: Green House Gas

GRI: Global Reporting Initiative

GSM: Global System for Mobile communications

HFC: Hybrid Fiber Coaxial

HR: Human Resources

HSDPA: High Speed Downlink Packet Access

IAPP: Internacional Association of Privacy Professionals

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

IPVPN: Internet Protocol Virtual Private Network

JOVESOLIDES: Association of Young People for Solidarity and the Development

M2M: Machine to Machine

MEPS2: Business Monitor for Excellence in Prevention, Health and Safety

MoB: Mobile Broadband

MVNO: Mobile Virtual Network Operator

NB-IoT: Narrow Band IoT

NEBA: New Broadband Ethernet Service

NFC: Near-Field Communication

NGA: New Generation Access

NPE: Non-Profit Entity

NPS: Net Promoter Score

NSA: Non-Stand Alone

OECD: Organization for Economic Cooperation and Development

P.A. Public Administrations

PREDIF: State Representative Platform for People with Physical Disabilities

REDI: Business Network for Diversity and Inclusion

RND: Responsible Network Deployment

SAU: Single-Member Corporation

SDG: Sustainable Development Goals

SEAD: Department of State for Digital Advancement

SECOT: Spanish Seniors for Technical Co-operation

SLT: Senior Leadership Team

STEM: Science, Technology, Engineering, and Mathematics

TB: Terabyte

T-NPS: Transactional Net Promoter Score

UDP: Democratic Union of Pensioners

UMTS: Universal Mobile Telecommunications System



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**Independent
Assurance
Report**



KPMG Asesores S.L.
Pº de la Castellana, 259 C
28046 Madrid
Tel +34 91 456 34 00
Fax +34 91 555 01 32
www.kpmg.es

Confidencial
Vodafone España, S.A.U.
Avenida de América, 115
28042 Madrid

A la atención del
D. Jaime de Andrés

12 de junio de 2019

Estimados señores:

Revisión independiente del Informe Integrado de Vodafone en España 2018-19

De acuerdo con su petición y en relación con la revisión independiente del Informe Integrado Vodafone en España 2018-19 (en adelante Vodafone) correspondiente al ejercicio anual terminado en 31 de marzo de 2019 (el Informe), les informamos que nos encontramos en proceso de finalización de los procedimientos de revisión, estando pendiente de completar los siguientes aspectos de nuestro trabajo:

- Revisión de la última versión del Informe Integrado de Vodafone en España y la correcta paginación del índice de contenidos GRI.

— Recepción de la Carta de Manifestaciones firmada por la Dirección de Vodafone

Si concluimos satisfactoriamente los asuntos pendientes anteriormente mencionados, nuestro informe de revisión se redactaría en los siguientes términos:

Informe de Revisión Independiente para la Dirección de Vodafone en España

A la Dirección de Vodafone España, S.A.U.

De acuerdo con nuestra carta de encargo, hemos sido requeridos por Vodafone España, S.A.U. (en adelante la Sociedad) para realizar una revisión independiente de la información no financiera contenida en el Informe Integrado Vodafone en España 2018-19 (en adelante Vodafone) del ejercicio cerrado a 31 de marzo de 2019 (en adelante el Informe), en forma de:

- Una conclusión de seguridad razonable independiente que indique que, basándonos en el trabajo que hemos realizado y en la evidencia que hemos obtenido, la aplicación por Vodafone de la Norma de Principios de Accountability AA1000AP (2018) se ha realizado, en todos los aspectos significativos, de acuerdo con los principios de inclusividad, relevancia, capacidad de respuesta e impacto definidos en dicha Norma, así como según lo detallado en los apartados GRI 102-43 y GRI 102-44 del Informe.

KPMG Asesores S.L. sociedad limitada de responsabilidad limitada inscrita en el Registro Mercantil de Madrid, número de inscripción 28809, con domicilio social en Calle de Alcalá, 115, 28014 Madrid, España. NIF: B-50490454.

Nuestra ref. Vodafone_SMA_GRI_16C_Jun19



Vodafone España, S.A.U.
Revisión independiente del Informe Integrado de Vodafone en España 2018-19
12 de junio de 2019

- Una conclusión de seguridad limitada independiente que indique que, basándonos en el trabajo que hemos realizado y en la evidencia que hemos obtenido, no hay nada que nos haya llamado la atención y nos haga pensar que los indicadores contenidos en el apartado Índice de Contenidos GRI del Informe no hayan sido preparados, en todos los aspectos significativos, de acuerdo con los Sustainability Reporting Standards de Global Reporting Initiative (GRI Standards), en su opción exhaustiva, según lo detallado en el punto 102-54 de Índice de contenidos GRI; y no se hayan presentado de forma adecuada, lo que incluye la fiabilidad de los datos y la ausencia de desviaciones y omisiones significativas.

Responsabilidad de la Dirección

La Dirección de Vodafone es responsable de la preparación y presentación del Informe de conformidad con los Sustainability Reporting Standards de Global Reporting Initiative (GRI Standards), en su opción exhaustiva, según lo detallado en el punto 102-54 del Índice de contenidos GRI del Informe para aquellos indicadores con un nivel de aseguramiento limitado, habiendo obtenido confirmación de Global Reporting Initiative sobre la correcta aplicación de los mismos. La Dirección también es responsable de la información y las afirmaciones contenidas en el mismo, de la implantación de procesos y procedimientos que cumplan los principios establecidos en la Norma de Principios de Accountability AA1000AP (2018), de la determinación de los objetivos de Vodafone en lo referente a la selección y presentación de información sobre el desempeño en materia de desarrollo sostenible, incluyendo la identificación de los grupos de interés y de los asuntos materiales; y del establecimiento y mantenimiento de los sistemas de control y gestión del desempeño de los que se obtiene la información.

Estas responsabilidades incluyen el establecimiento de los controles que la dirección considere necesarios para la permitir que preparación de los indicadores con un nivel de aseguramiento limitado estén libres de errores materiales debidos a fraude o errores.

Nuestra responsabilidad

Nuestra responsabilidad es llevar a cabo una revisión destinada a proporcionar un nivel de aseguramiento razonable sobre la implantación de procesos y procedimientos que cumplan los principios establecidos en la Norma de Principios de Accountability AA1000AP (2018), una revisión limitada sobre la preparación y presentación del resto de indicadores dentro del alcance de la revisión y expresar una conclusión basada en el trabajo realizado, referido exclusivamente a la información correspondiente al ejercicio que comprende desde abril de 2018 a marzo de 2019. Hemos llevado a cabo nuestro trabajo de conformidad con la Norma ISQC 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, emitida por el International Auditing and Assurance Standard Board (IAASB) y con la Guía de Actuación sobre trabajos de revisión de Informes de Responsabilidad Corporativa emitida por el Instituto de Censores Jurados de Cuentas de España (ICJCE). Estas normas exigen que planifiquemos y realicemos nuestro trabajo de forma que obtengamos una seguridad limitada sobre si el informe está exento de errores materiales.

KPMG aplica la norma ISQC1 (International Standard on Quality Control 1) y de conformidad con la misma mantiene un sistema integral de control de calidad que incluye políticas y procedimientos documentados en relación con el cumplimiento de los requerimientos éticos, estándares profesionales y requerimientos legales y regulatorios aplicables.

Hemos cumplido con los requerimientos de independencia y otros requerimientos éticos del Code of Ethics for Professional Accountants emitido por el International Ethics Standards Board for Accountants, el cual está basado en los principios fundamentales de integridad, objetividad, competencia y diligencia profesionales, confidencialidad y comportamiento profesional.

Además, hemos realizado nuestro trabajo de acuerdo a la Norma de Aseguramiento de Sostenibilidad AA1000AS (2008) de Accountability (190 2) que abarca no sólo la naturaleza y el alcance del cumplimiento, por parte de la organización, de la norma AA1000AP (2018), sino que además evalúa la fiabilidad de la información referente al desempeño tal y como se indica en el alcance.

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Conclusiones

Nuestra conclusión se basa, y está sujeta a los aspectos indicados en este Informe de Revisión Independiente. Consideramos que la evidencia que hemos obtenido proporciona una base suficiente y adecuada para nuestras conclusiones:

- En nuestra opinión, los procesos y procedimientos que cumplen los principios establecidos en la Norma de Principios de Accountability AA1000AP (2018), revisados con un nivel de aseguramiento razonable, se han preparado y presentado en todos los aspectos significativos de la Norma, aplicándose los principios de inclusividad, relevancia, capacidad de respuesta e impacto según lo detallado en los apartados GRI 102-43 y GRI 102-44 del Informe.
- En base a los procedimientos de revisión limitada realizados y a la evidencia obtenida, tal y como se describe anteriormente, no se ha puesto de manifiesto ningún aspecto que nos haga creer que los indicadores revisados con un nivel de aseguramiento limitado, no hayan sido preparados, en todos los aspectos significativos, de acuerdo con los Sustainability Reporting Standards de Global Reporting Initiative (GRI Standards), en su opinión exhaustiva, según lo detallado en el punto 102-54 de Índice de contenidos GRI, que incluye la fiabilidad de los datos, la adecuación de la información presentada y la ausencia de desviaciones y omisiones significativas.

En otro documento, proporcionaremos a la Dirección de Vodafone un informe interno que contiene todos nuestros hallazgos y áreas de mejora. Sin perjuicio de las conclusiones presentadas anteriormente, detallamos a continuación las observaciones principales:

En cuanto al principio de INCLUSIVIDAD

Vodafone ha recopilado, a través de canales específicos, las consultas a sus principales grupos de interés con el objetivo de conocer sus expectativas sobre los asuntos relevantes para la compañía. Durante el ejercicio 2018-19, Vodafone ha continuado enviando sus cuestionarios a todos sus interlocutores de sus grupos de interés. En su propósito de seguir profundizando en las relaciones de la compañía con sus grupos de interés, se recomienda enriquecer el listado de asuntos materiales sobre los que se elabora la consulta periódica, de forma que puedan incorporarse temas emergentes derivados de su actividad.

En cuanto al principio de RELEVANCIA

Vodafone continúa elaborando de manera anual su análisis de materialidad para identificar, priorizar y validar aquellos asuntos más relevantes. La compañía dispone de un proceso definido para ponderar la relevancia de cada uno de los asuntos identificados por sus grupos de interés de forma que se tenga en cuenta la influencia e impacto en el negocio desde el punto de vista interno y externo. En este sentido, se recomienda seguir considerando el grado de relevancia de los asuntos materiales y su cobertura en los contenidos del Informe para garantizar que la compañía considere y da respuesta a aquellos asuntos que importan e impactan tanto dentro de la compañía como fuera de ella.

En cuanto al principio de RESPUESTA

Vodafone da respuesta a los principales desafíos en materia de RSC y los vincula al desarrollo de programas para mejorar su desempeño a través de su Marco Estratégico de Empresa Sostenible. En ejercicios futuros, la compañía deberá continuar trabajando para informar sobre la medición y el control del desempeño de sus asuntos materiales, así como sobre la consecución de sus objetivos, que deberán estar priorizados y alineados con los intereses y expectativas de los grupos de interés de forma exhaustiva y equilibrada, a la vez que forme parte de la estrategia de comunicación de la compañía.

En cuanto al principio de IMPACTO

Vodafone dispone de herramientas que miden y monitorizan sus impactos directos e indirectos mediante su análisis de contribución al desarrollo sostenible, a través de su aportación económica, social, ambiental y digital. Cada una de estas contribuciones está desglosada por los impactos generados directamente por Vodafone, y los generados por su cadena de valor. Se recomienda mantener los avances en las metodologías de estimación del impacto indirecto, para que se adecúen de forma más precisa y exhaustiva a la actividad de Vodafone en toda su cadena de valor.



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Propósito de nuestro informe

De conformidad con los términos y condiciones de nuestra carta de encargo, este Informe de Revisión Independiente se ha preparado para Vodafone España, S.A.U. en relación con el Informe Integrado Vodafone en España 2018-19 y por tanto no tiene ningún otro propósito ni puede ser usado en otro contexto.

KPMG Asesores, S.L.

Esta carta ha sido preparada a petición de la Dirección de Vodafone España, S.A.U. para la gestión del Servicio de Materiality Disclosures Service ante Global Reporting Initiative (GRI), por lo que no debe ser utilizada para otro propósito ni distribuida fuera de este ámbito sin nuestra autorización previa.

Atentamente,

Ramón Pueyo
Socio



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Vodafone España S.A.U.



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Give us your Opinion

We would like to hear your opinion
about this report.

To this end, you can write to:

> Vodafone España | Sostenibilidad y Calidad
Avenida de América, 115 - 28042 MADRID

> Or email us at: sostenibilidad@vodafone.com