

## Our people

# The Vodafone Way

The Vodafone Way is about a consistent way of working, with speed, simplicity and trust. The aim is to be an admired organisation which delivers through being customer obsessed, innovation hungry, ambitious and competitive, and one company with local roots.

### Our people are integral to building and sustaining our success.

#### Market context:

We are a global company, with operations in over 30 countries and with around 29% of our service revenue from emerging markets. In order to meet our customers' different needs we aim to build a diverse workforce that reflects the various societies in which we operate.

#### Goals:

We strive for a broad employee base in terms of gender and nationality, and specifically target increased representation of women and emerging market talent at senior management level.

#### Strengths:

With around 86,400 employees we have a wealth of talent to draw from to drive our business forward.

#### Actions:

We invest nearly £60 million annually in training.

#### Progress:

According to our latest staff survey our employees' level of engagement, a combination of pride, loyalty and motivation, is in line with other high performing global organisations.

77

Employee engagement score, up from 75 in 2011

86,400

Average employees

### Organisation effectiveness and change

We employed around 86,400 people worldwide during the year. Efficiency gains and related headcount reductions in Europe were partly offset by selective insourcing of customer call centres to improve customer experience, by our acquisition of Bel Company in the Netherlands to strengthen our retail and distribution and due to growth in emerging markets. We are also continuing to move some transactional and back office activities to our shared services centres in Hungary, Egypt and India.

### Employment policies and employee relations

Our employment policies are developed to reflect local legal, cultural and employment requirements. We aim to be recognised as an employer of choice and therefore seek to maintain high standards and good employee relations wherever we operate.

Our goal is to create a working culture that is inclusive for all. We believe that having a diverse workforce helps to meet the different needs of our customers across the globe. An inclusive culture and environment is one which respects, values, celebrates and makes the most of the individual differences we each bring to Vodafone, to the benefit of our customers, employees, shareholders, business partners and the wider communities in which we operate. We do not condone unfair treatment of any kind and offer equal opportunities in all aspects of employment and advancement regardless of race, nationality, gender, age, marital status, sexual orientation, disability, religious or political beliefs. This also applies to agency workers, the self-employed and contract workers who work for us. In our latest people survey, 88% of employees agreed that Vodafone treats people fairly, regardless of their gender, background, age or beliefs.

The main emphasis of our global diversity strategy has been on gender diversity and to increase the number of women in top senior management positions which has risen to 19.4% from 16.5% last year. We are committed to increasing the representation of women at all levels and to increase the representation of emerging markets talents in our group function and senior leadership population. During the year we deepened our commitment to diversity through, for example, running diversity and inclusion training workshops for our middle and senior managers and helping our markets to better embed female consumer preferences in our products and services through the MWomen programme.

### Health, safety and wellbeing

In 2011 we introduced our new safety plan to significantly reduce fatalities and create an injury free workplace. As a result we've seen a reduction in fatalities to zero in some of our countries (Turkey, the Democratic Republic of Congo and Mozambique). Sadly however, 21<sup>1</sup> people died in the course of Vodafone doing business around the world. Vehicle related incidents remain our number one cause of fatalities and we're addressing this through several interventions in local markets. In Ghana, for example, we set up a programme that uses vehicle simulators to assess driver competence, and a weekly analysis of driving activities through a GPS tracking system to improve driver safety.

### Living The Vodafone Way

We want everyone to live The Vodafone Way as a customer obsessed ambassador for Vodafone so we've created a global online portal where all employees can learn about our products, get close to our customers and answer the question "Why Vodafone?" by understanding our strategy, priorities and differentiators.



Note:

<sup>1</sup> While there were 21 fatalities involving contractors and employees, overall fatalities have reduced due to a decrease in fatal incidents involving members of the public.

## Culture, communications and engagement

Our culture is based on The Vodafone Way which is about a consistent way of working, with speed simplicity and trust. All of our senior leadership team (227 people) attended a CEO led culture change programme in the 2011 financial year and are now returning for a practical hands-on reinforcement of the leadership skills and habits we believe we need to equip our leaders and teams with in order to make The Vodafone Way an everyday reality. Our Group functions and local markets have rolled out a similar programme for all their managers.

Regular, consistent and open communication is fundamental to high levels of employee engagement. This year we launched Vodafone Circle, an online social network and collaboration tool for all our employees making it easier to connect and share expertise on a company wide basis. Our people have access to information about our business through a global intranet, with local translations and content where appropriate. The Chief Executive communicates directly with all employees through regular team meetings, email, video and webchat, and this is reinforced by local chief executive communications in all of our markets. Relevant performance and change issues are also discussed with our employees through team meetings, round table discussions or through elected representative bodies in some of the European countries.

## Talent and capability development

During the year our employees continued to perform at a high level and we strengthened our senior leadership team with 53% of the vacancies being filled by internal talent. Our global graduate and recruitment programme, Discover, continued to grow with over 400 recruits this year. In addition, we partnered with nine leading MBA schools in Europe, the US, Africa and India to recruit 15 MBA graduates for key management roles. We continued to encourage international assignments in our talent pipeline and introduced the Columbus programme designed for graduate recruits to gain international experience two years after joining Vodafone.

We are committed to helping our people perform at their best and achieve their full potential through ongoing training and development. People review and agree development objectives during their annual performance dialogue with their manager. During the year we invested around £60 million in training programmes. 75% of our people agreed that they had opportunities to learn the skills that they need to do their job well based on the 2011 people survey.

We continue to develop and strengthen Academies to build expertise in our core functional areas of technology, marketing, finance, human resources and supply chain. We have invested in a new learning management system which will be rolled out to all markets over the next 18 months, enabling more training to be delivered online and on demand.

Leadership development is an important priority for us. For the past five years we have been developing our next generation of leaders through Inspire, an 18 month programme for high potential managers. This year, 82 high potential managers from over 30 countries joined the programme, attending leadership development workshops, leading business challenges, and receiving coaching sessions and mentoring from senior leaders.

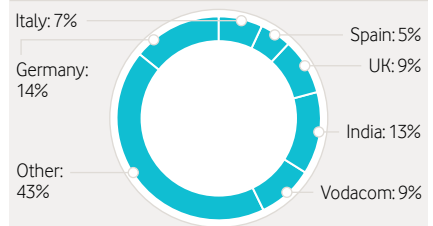
## Performance, reward and recognition

We reward employees based on their performance, potential and contribution to the success of the business. We benchmark roles regularly on a total compensation basis to support our aim to provide competitive and fair rates of pay and benefits in every country where we operate. We also offer competitive retirement and other benefit provisions which vary depending on conditions and practices in local markets.

Global short-term incentive plans are offered to a large percentage of employees and global long-term incentive plans are offered to our senior managers. Individual and company performance measures are attached to these plans which give employees the opportunity to achieve upside for exceptional performance as well as ensuring that as a business we do not reward failure.

An ownership mentality is a cornerstone of our reward strategy and senior executives are expected to build up and maintain a significant holding in Vodafone shares within a few years of joining the company. In addition, all UK employees are able to build up an ownership in shares through our Sharesave scheme and Share Incentive Plan.

### Employees by location 2012



### Number of employees<sup>1</sup>

2010	84,990
2011	83,862
2012	86,373

### Nationalities in top senior management roles

2010	26
2011	29
2012	25

### Women in top senior management roles

2010	14.5	%
2011	16.5	%
2012	19.4	%

### Employee turnover rates<sup>2</sup>

2010	13	%
2011	15	%
2012	15	%

Notes:

- 1 Represents the average number of employees in our controlled and jointly controlled markets during the year.
- 2 Based on our controlled markets and our joint venture in Italy.

## Employee engagement

In October 2011 we carried out our seventh annual global people survey. The survey measures employees' level of engagement, a combination of pride, loyalty and motivation and 90% of those surveyed responded. We increased our overall employee engagement score by 2 points to 77 and remain in line with other high performing global organisations.

