

Corporate governance

Chairman's overview

“Strong governance ensures Vodafone conducts its business responsibly, safeguarding our assets while promoting business growth.”



Dear Shareholder

Sound corporate governance is critical to our business integrity and to maintaining investors' trust in us. Responsibility for good governance lies with your Board and the directors and I spend quality time at Board and committee meetings and in our discussions with executives to ensure there is a strong and effective governance system in place throughout the Group.

In this section we describe the way corporate governance works in Vodafone. It is embedded both in the way we organise our business, with local boards and audit committees having responsibility for our operations in local markets, overseen by regional governance teams for Europe and for the Africa, Middle East and Asia Pacific region, as well as in the way we expect our people to behave, with every employee required to comply with our Code of Conduct and encouraged to work in the Vodafone Way (see page 34 for more information).

We strive to continuously improve the effectiveness of our Board, our Board committees and our Executive Committee and we undertake annual reviews to assess our performance. The review for the 2012 financial year is described on page 67.

The Nominations and Governance Committee monitors developments in corporate governance to ensure we remain aligned with best practice. In view of the increased focus on diversity in the boardroom, I would like to take this opportunity to set out our approach to this topic. Joining me on your Board are four executive directors and nine non-executive directors representing seven different nationalities reflecting the international nature of our business. Your Board acknowledges the importance of diversity, including gender, to the effective functioning of the Board and commits to supporting diversity in the boardroom. It is our aspiration to have a minimum of 25% female representation on your Board by 2015. We also value diversity of business skills and experience because directors with diverse skills sets, capabilities and experience gained from different geographic and cultural backgrounds enhance your Board by bringing a wide range of perspectives to the business. More information can be found about our boardroom diversity policy under the report of the Nominations and Governance Committee on page 68.

Looking ahead, we will strive to maintain our high standard of corporate governance as it is central to our continuing success. We will continue to balance the use of our time in Board meetings between discussion of strategy, review of financial and operational performance, oversight of risk management and internal controls, ensuring the safeguarding our assets, and keeping Board and executive succession plans refreshed.

Gerard Kleisterlee
Chairman

22 May 2012

Compliance with the UK Corporate Governance Code

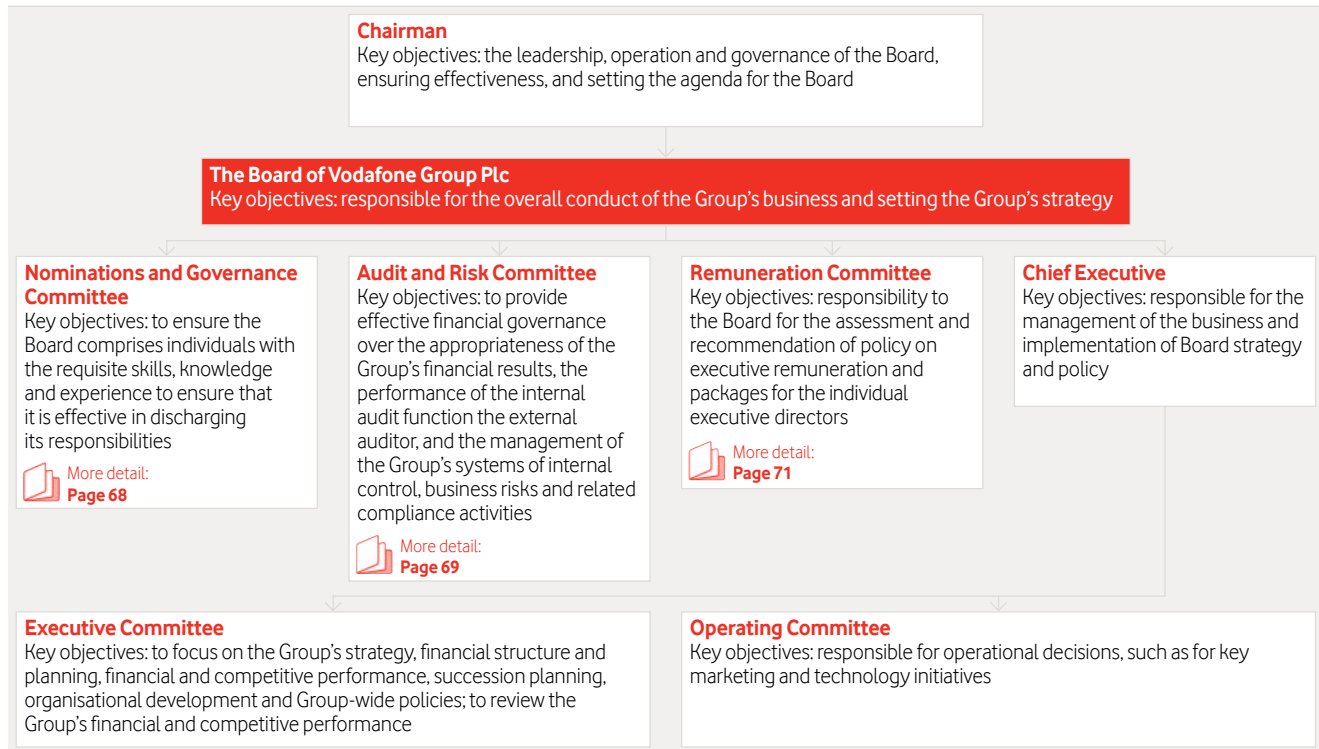
Throughout the year ended 31 March 2012 and to the date of this document, we complied with the provisions and applied the Main Principles of the UK Corporate Governance Code (the 'Code'). The Code can be found on the FRC website (www.frc.org.uk). We describe how we have applied those Principles in this annual report, notably, in the following section together with the "Directors' remuneration" section on pages 74 to 87. The Financial Reporting Council has announced that a revised version of the Code incorporating changes regarding boardroom diversity will be published in 2012, to take effect for financial years beginning on or after 1 October 2012. We are voluntarily reporting on these changes in this annual report (see "Performance evaluation" on page 67 and "Nominations and Governance Committee" on page 68).

Corporate governance statement

We comply with the corporate governance statement requirements pursuant to the FSA's Disclosure and Transparency Rules by virtue of the information included in this "Corporate governance" section of the annual report together with information contained in the "Shareholder information" section on pages 149 to 156.

Corporate governance (continued)

Our governance



The role of the Board is outlined in greater detail below. The Executive and Operating Committees sit below the Board for the management of the business.

The executive directors, together with certain Group functional heads and regional chief executives, meet 11 times a year as the Executive Committee under the chairmanship of the Chief Executive. The Executive Committee is responsible for our competitive and financial performance, reviewing strategy and new business opportunities including major acquisitions and disposals, the management of our capital structure and funding, and key organisational and policy decisions. The members of the Executive Committee and their biographical details are set out on pages 60 to 62 (or at www.vodafone.com/investor).

In April every year a Group level strategy review is conducted with the members of the Executive Committee along with the chief executives of the major operating companies. This review identifies key strategic issues for further investigation, following which the Group strategy is updated for presentation to the Board in September.

Individual operating companies review and update their strategies and present to their respective regional chief executives in the autumn. The agreed strategy is used as a basis for the development of the upcoming budget and three year operating plans. Final reviews of the operating company strategies, budgets and three year plans are held in March.

The Policy and Compliance Committee is a sub-committee of the Executive Committee, appointed to assist the Executive Committee fulfil its accountabilities with regard to policy compliance. Each Group policy is owned by a member of the Executive Committee so that there is clear accountability and authority for ensuring the associated business risk is adequately managed. Local market chief executives and the senior leadership team member responsible for each Group function have primary accountability for ensuring compliance with all Group policies by all our markets and entities. Our Group Compliance team and policy champions support the policy owners and local markets in implementing policies and monitoring compliance.

The Vodafone Code of Conduct, applicable to all employees and those who work for or on behalf of Vodafone, is a unified policy document that sets out the standards of behaviour expected in relation to areas such as insider dealing, bribery and raising concerns through the whistle blowing process (known internally as "Speak Up").

The Disclosure Committee, appointed by the Chief Executive and Chief Financial Officer to ensure the accuracy of external reporting, reviews and approves controls and procedures concerning the public disclosure of financial and related information.

The role of the Board

The Board is responsible for the overall conduct of the Group's business and has powers and duties pursuant to the relevant laws of England and Wales and our articles of association. The Board:

- is responsible for setting the Group strategy and for the management, direction and performance of our businesses;
- is accountable to shareholders for the proper conduct of the business;
- is responsible for the long-term success of the Company, having regard for the interests of all stakeholders; and
- is responsible for ensuring the effectiveness of and reporting on our system of corporate governance.

The Board has a formal schedule of matters reserved for its decision and these include:

- Group strategy and long-term plans;
- major capital projects, acquisitions or divestments;
- annual budget and operating plan;
- Group financial structure, including tax and treasury;
- annual and half-year financial results and shareholder communications; and
- system of internal control and risk management.

The schedule is reviewed annually. It was last formally reviewed in March 2012 at which time it was determined that no amendments were required.

Other specific responsibilities are delegated to Board committees, details of which are given on pages 68 to 71.

Key roles and responsibilities

The Chairman Gerard Kleisterlee

The role of the Chairman is set out in writing and agreed by the Board. He is responsible for:

- the effective operation, leadership and governance of the Board;
- ensuring effectiveness of the Board;
- setting the agenda, style and tone of Board discussions; and
- ensuring the directors receive accurate, timely and clear information.

The Deputy Chairman and Senior Independent Director Sir John Buchanan

The Senior Independent Director is responsible for:

- acting as a sounding board for the Chairman;
- serving as an intermediary for the other directors;
- being available to shareholders if they have concerns which they have not been able to resolve through the normal channels of the Chairman, Chief Executive or other executive directors or for which such contact is inappropriate; and
- conducting an annual review of the performance of the Chairman and, in the event it should be necessary, convening a meeting of the non-executive directors.

The Chief Executive Vittorio Colao

The role of the Chief Executive is set out in writing and agreed by the Board. He is responsible for:

- management of the Group's business;
- implementation of the Company's strategy and policies; and
- maintaining a close working relationship with the Chairman.

The Company Secretary Rosemary Martin

The Company Secretary acts as Secretary to the Board. In addition, she:

- assists the Chairman in ensuring that all directors have full and timely access to all relevant information;
- assists the Chairman by organising induction and training programmes;
- is responsible for ensuring that the correct Board procedures are followed and advises the Board on corporate governance matters; and
- administers the procedure under which directors can, where appropriate, obtain independent professional advice at the Company's expense.

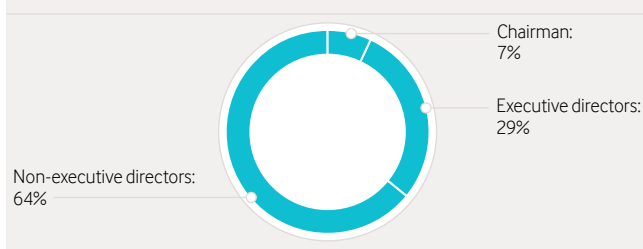
Biographical details of the Chairman, Chief Executive, Senior Independent Director and Company Secretary can be found on pages 60 to 62 or at www.vodafone.com/board. The appointment or removal of the Company Secretary is a matter for the Board as a whole.

How the Board operates

Board balance and independence

Our Board consists of 14 directors, all of whom served throughout the year. At 31 March 2012, in addition to the Chairman, Gerard Kleisterlee, there were four executive directors and nine non-executive directors. Sir John Bond was a member of the Board until his retirement at the AGM on 26 July 2011.

Balance of non-executive and executive directors



The executive and non-executive directors are equal members of the Board and have collective responsibility for the Company's direction. In particular, non-executive directors are responsible for:

- bringing a wide range of skills and experience, including independent judgement on issues of strategy, performance, and risk management;
- constructively challenging the strategy proposed by the Chief Executive and executive directors;
- scrutinising and challenging performance across the Group's business;
- assessing risk and the integrity of the financial information and controls; and
- determining the Company's broad policy for executive remuneration, and the remuneration packages for the executive directors and the Chairman.

We consider all of our non-executive directors to be independent. The Board is aware of the other commitments of its directors and is satisfied that these do not conflict with their duties as directors of the Company. Changes to the commitments of all the directors are reported to the Board. The directors are required to complete a conflicts questionnaire initially on appointment and annually thereafter. In the event of a potential conflict being identified, details of that conflict would be submitted to the Board (excluding the director to whom the potential conflict related) for consideration and, as appropriate, authorisation in accordance with the Companies Act 2006 and the articles of association. Where an authorisation is granted, it would be recorded in a register of potential conflicts and reviewed periodically. On an ongoing basis directors are responsible for notifying the Company Secretary if they become aware of actual or potential conflict situations or a change in circumstances relating to an existing authorisation. No conflicts of interest have been identified during the financial year. Copies of the service contracts of the directors and terms and conditions of appointment of all non-executive directors are available for inspection at our registered office.

Board meetings

The Board meets at least seven times a year. Certain matters are considered at all Board meetings including the Chief Executive's business report; the latest available management accounts/Chief Financial Officer's report; business updates; an operations update (covering commercial, technology and operations matters); an investor relations report and, where applicable, reports from the Nominations and Governance Committee, Audit and Risk Committee, and Remuneration Committee. In addition to standing agenda items, there may be discussions on "deep-dive" topics. During the year "deep-dive" presentations have included commercial strategy, technology strategy, spectrum auctions, talent and succession, our enterprise business and our partner markets business.

Corporate governance (continued)

Directors unable to attend a Board meeting because of another engagement are provided with the briefing materials and can discuss issues arising in the meeting with the Chairman or the Chief Executive. In addition to scheduled Board meetings, there are a number of other meetings to deal with specific matters.

Attendance at scheduled meetings of the Board and its committees in the 2012 financial year

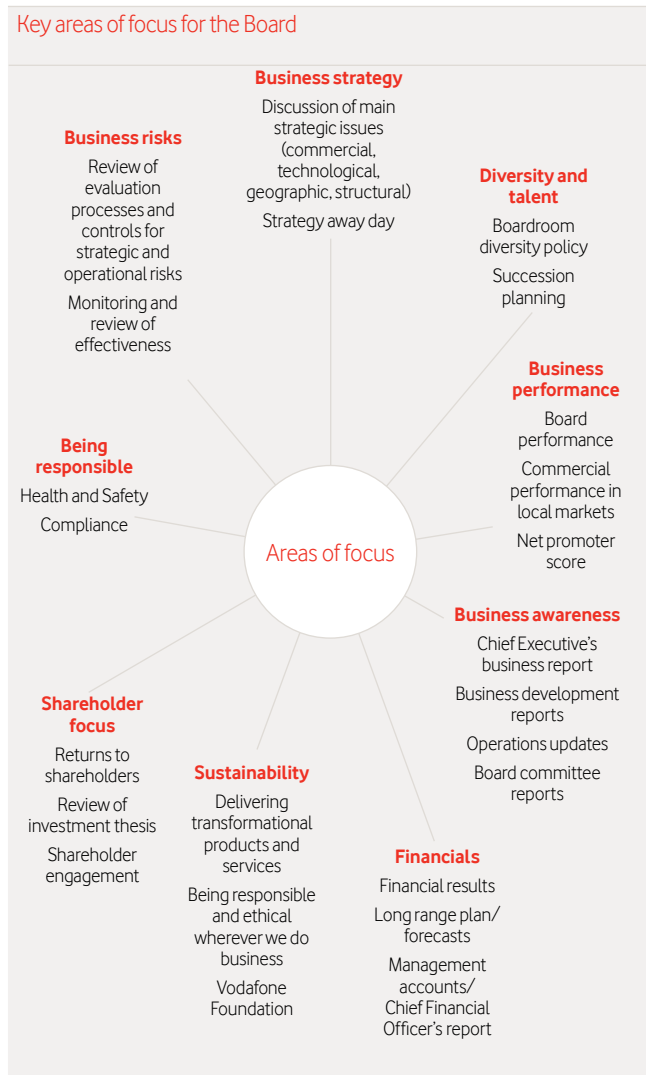
Director	Board	Nominations and Governance Committee	Audit and Risk Committee	Remuneration Committee
Gerard Kleisterlee (Chairman) ¹	7/7	3/3	–	–
Sir John Bond ²	2/2	–	–	–
Sir John Buchanan	6/7	2/3	3/4	–
Vittorio Colao	7/7	–	–	–
Michel Combes	7/7	–	–	–
Andy Halford	7/7	–	–	–
Renee James	7/7	–	–	–
Alan Jebson	7/7	–	4/4	–
Samuel Jonah	7/7	–	–	5/5
Nick Land ³	7/7	–	4/4	–
Anne Lauvergeon	7/7	–	4/4	–
Stephen Pusey	6/7	–	–	–
Luc Vandeveld ⁴	7/7	3/3	–	5/5
Anthony Watson	7/7	3/3	–	5/5
Philip Yea	6/7	–	–	5/5

Notes:

- 1 Appointed as a director of the Board 1 April 2011 and became Chairman of the Board and Chairman of the Nominations and Governance Committee at the conclusion of the Company's AGM on 26 July 2011.
- 2 Chairman of the Board and Chairman of the Nominations and Governance Committee until he retired on 26 July 2011.
- 3 Chairman and financial expert of the Audit and Risk Committee.
- 4 Chairman of the Remuneration Committee.

Board activities in the 2012 financial year

Board activities are structured to assist the Board in achieving its goal to support and advise executive management on the delivery of the Group's strategy within a transparent governance framework. The diagram below shows the key areas of focus for the Board which appear as items on the Board's agenda at relevant times throughout the financial year. Concentrated discussion of these items assists the Board in making the right decisions based on the long-term opportunities for the business and its stakeholders.



Gaining valuable industry insight

In January, the Board held its meeting at Xone, Vodafone's Innovation Centre in California. Whilst there, the Board had the opportunity to meet with senior representatives of a number of leading technology companies including Facebook, Google, Intel, Oracle, Microsoft, Nokia, Qualcomm and Samsung. These meetings provided the Board with valuable insight into views on our industry and its likely developments.

Board effectiveness

Board composition

The Board has due regard for the benefits of diversity in its membership on the Board, including gender, and strives to maintain the right balance. Our Board comprises individuals with deep knowledge and experience in core and diverse business sectors within local, international and global markets.

Information and professional development

Keeping up-to-date with key business developments is essential for the directors to maintain and enhance their effectiveness. From time to time the Board receives presentations from executives in our business on matters of significance. Financial plans, including budgets and forecasts, are regularly discussed at Board meetings. The directors also have the opportunity to learn the views of major investors at planned events throughout the financial year (see "Shareholder engagement" on page 71).

Our directors periodically visit different parts of the Group. The visit to Vodafone's Innovation Centre in California (see page 66) in January presented an important opportunity for the non-executive directors to learn more about industry trends. In addition, the non-executive directors are provided with briefings and information to assist them in performing their duties. Throughout their period in office, directors are regularly updated on the Group's businesses and the regulatory and industry specific environments in which we operate. Updates are by way of written briefings and meetings with senior executives and, where appropriate, external sources.

The Chairman is responsible for ensuring that induction and training programmes are provided and the Company Secretary organises the programmes. As part of the performance evaluation, Gerard Kleisterlee has meetings with each Board director (see "Performance evaluation" below) during which directors are given the opportunity to discuss training and development needs. Individual directors are also expected to take responsibility for identifying their training needs and to take steps to ensure that they are adequately informed about the Company and their responsibilities as a director. The Board is confident that all its members have the knowledge, ability and experience to perform the functions required of a director of a listed company.

Director induction programme
On appointment, directors undergo a personalised induction programme covering amongst other things:
→ the business of the Group;
→ their legal and regulatory responsibilities as directors;
→ briefings and presentations from relevant executives; and
→ opportunities to visit business operations.
If appropriate the induction will also include:
→ briefings on the scope of the internal audit function and the role of the Audit and Risk Committee; and
→ meetings with the external auditor and other areas deemed appropriate considering the director's area of responsibility.

During the year, the induction programmes of Gerard Kleisterlee and Renee James have followed structured timetables enabling them to meet key personnel within the Group including the executive and non-executive directors, the chief executives of local markets (visiting local markets where possible) and partner markets, key external advisors and key suppliers.

Performance evaluation

Performance evaluation of the Board, its committees and individual directors takes place on an annual basis and is conducted within the terms of reference of the Nominations and Governance Committee (see www.vodafone.com/governance). Every three years the performance evaluation is conducted by an external advisor. The last external evaluation took place in respect of the 2010 financial year.

This year, Board members were asked to consider and comment on the performance of the Board as a whole as well as to reconsider the report of the Board's self-assessment in the 2011 financial year. The Chairman led the assessment of the directors. He held one-to-one interviews with each director and these discussions were facilitated by the directors being asked to consider a number of questions in advance. Amongst other things, directors were asked for their views on company strategy; key challenges for the business; the mix of skills, experience, independence, knowledge and diversity on the Board (including gender); effectiveness of the Board's engagement with shareholders; and how well the Board operates. The output of the interviews were discussed with the Board at the March Board meeting following a review by the Nominations and Governance Committee.

Each Board committee undertook a detailed self-assessment questionnaire and the respective chairman reported feedback to the Board at the Board meeting in March. The Senior Independent Director led the review of the performance of the Chairman.

The Board found the performance of each director to be effective and concluded that the Board provides the effective leadership and control required for a listed company. The evaluations found the Board committees were working well. As a result of recommendations made in this year's Board performance evaluation, each Board meeting is now preceded by a meeting of the Chairman and non-executive directors; more time is being given during Board meetings to discuss organic growth opportunities; and more opportunities are being given to directors to visit local markets and various Group businesses. The Board will continue to review its procedures, its effectiveness and development in the financial year ahead.

Annually, the Nominations and Governance Committee reviews performance of the Executive Committee and reports the output to the Board.

Re-election of directors

With the exception of Sir John Buchanan and Michel Combes who are retiring from the Board, all the directors submit themselves for re-election at the AGM to be held on 24 July 2012. The Nominations and Governance Committee confirmed to the Board that the contributions made by the directors offering themselves for re-election at the AGM in July 2012 continue to be effective and that the Company should support their re-election.

Independent advice

The Board recognises that there may be occasions when one or more of the directors feels it is necessary to take independent legal and/or financial advice at the Company's expense. There is an agreed procedure to enable them to do so which is managed by the Company Secretary.

Indemnification of directors

In accordance with our articles of association and to the extent permitted by the laws of England and Wales, directors are granted an indemnity from the Company in respect of liabilities incurred as a result of their office. In respect of those matters for which the directors may not be indemnified, we maintained a directors' and officers' liability insurance policy throughout the financial year. Neither our indemnity nor the insurance provides cover in the event that a director is proven to have acted dishonestly or fraudulently.

Board committees

The Board has a Nominations and Governance Committee, an Audit and Risk Committee and a Remuneration Committee, each of which has formal terms of reference approved by the Board which can be found on our website at www.vodafone.com/governance or obtained from the Company Secretary. Further biographical details of the members of each of the committees can be found on pages 60 to 62 or at www.vodafone.com/board.

The committees are provided with all necessary resources to enable them to undertake their duties in an effective manner. The Company Secretary or her delegate acts as secretary to the committees. The minutes of committee meetings are circulated to all directors.

Corporate governance (continued)

Nominations and Governance Committee

“The Nominations and Governance Committee continues its work of ensuring the Board composition is right and that our governance is effective.”



Chairman:

Gerard Kleisterlee (Company Chairman)

Members:

Sir John Buchanan (Deputy Chairman and Senior Independent Director)

Luc Vandavelde (Independent non-executive director)

Anthony Watson (Independent non-executive director)

Key objective:

to ensure the Board comprises individuals with the requisite skills, knowledge and experience to ensure that it is effective in discharging its responsibilities.

Responsibilities:

- leads the process for identifying and making recommendations to the Board regarding candidates for appointment as directors, giving full consideration to succession planning and the leadership needs of the Group;
- makes recommendations to the Board on the composition of the Nominations and Governance Committee and the composition and chairmanship of the Audit and Risk, and Remuneration Committees;
- regularly reviews and makes recommendations in relation to the structure, size and composition of the Board including the diversity and balance of skills, knowledge and experience and the independence of the non-executive directors;
- oversees the performance evaluation of the Board, its committees and individual directors (see page 67);
- reviews the tenure of each of the non-executive directors; and
- is responsible for the oversight of all matters relating to corporate governance, bringing any issues to the attention of the Board.

Membership

The Committee which I chair comprises a majority of independent, non-executive directors. Effective from the conclusion of the AGM on 24 July 2012, Sir John Buchanan will retire and Philip Yea will join the Committee. No one other than a member of the Committee is entitled to be present at its meetings; however, other non-executive directors, the Chief Executive and external advisors may be invited to attend.

In the event of matters arising concerning my membership of the Board, I would absent myself from the meeting as required and the Board's Senior Independent Director would take the chair.

Main activities of the Committee during the year

During the year the Committee met three times.

The Committee leads the process for appointments to the Board. There is a formal, rigorous and transparent procedure for the appointment of new directors to the Board. Candidates are identified and selected on merit against objective criteria and with due regard to the benefits of diversity on the Board, including gender.

In July a review of executive succession plans was undertaken. In addition, the Committee received a commentary from the Chief Executive concerning the performance of the senior executives.

In March the Committee reviewed the output from the evaluations of the Board and committees' performance in the 2011 financial year (see "Performance evaluation" on page 67 for further information).

A boardroom diversity policy was introduced during the financial year. The Board acknowledges that diversity extends beyond the boardroom and supports management in their efforts to build a diverse organisation throughout the Group. It endorses the Company's policy to attract and develop a highly qualified and diverse workforce; to ensure that all selection decisions are based on merit and that all recruitment activities are fair and non-discriminatory. The policy acknowledges the importance of diversity, including gender, to the effective functioning of the Board and focuses on our aspiration to have a minimum of 25% female representation on the Board by 2015. Subject to securing suitable candidates, when recruiting additional directors and/or filling vacancies which arise when directors do not seek re-election, we will seek to appoint new directors who fit the skills criteria and gender balance that is in line with the Board's aspiration. We continue to focus on encouraging diversity of business skills and experience, recognising directors with diverse skills sets, capabilities and experience gained from different geographic and cultural backgrounds enhance the Board. (Further information, including the proportions of women in senior management, is shown in "Our people" on pages 34 to 35, and within the organisation overall, is contained in our 2012 sustainability report at www.vodafone.com/sustainability).

This year, when reviewing the re-election of directors at the AGM in July, the Committee took account of the fact that Luc Vandavelde will have served nine years as of 31 August 2012. The Code suggests that length of tenure is a factor to consider when determining the independence of non-executive directors. The Board has considered the matter carefully and considers that Luc Vandavelde remains independent. His length of service and resulting high degree of knowledge and understanding of the Company, are of great benefit to shareholders and add significantly to the strength of the Board.

In the year ahead the Committee will continue to assess what enhancements should be made to the Board's and committees' composition and will continue to monitor developments in corporate governance to ensure the Company remains at the forefront of good governance practices.

Gerard Kleisterlee

On behalf of the Nominations and Governance Committee

22 May 2012

Audit and Risk Committee

“Having broadened our scope during the year, the Committee will focus on risk management in addition to its existing role in relation to the integrity of the Group’s financial reporting, the external audit process and the appropriateness of the Group’s system of internal controls. It will continue to evolve its activities in light of guidance from regulators and market conditions.”



Chairman and financial expert:

Nick Land (Independent non-executive director)

Members:

Sir John Buchanan (Deputy Chairman and Senior Independent Director)

Alan Jebson (Independent non-executive director)

Anne Lauvergeon (Independent non-executive director)

Key objective:

to provide effective financial governance over the appropriateness of the Group’s financial results, the performance of both the internal audit function and the external auditor, and the management of the Group’s systems of internal control, business risks and related compliance activities.

Responsibilities:

- reviewing our financial results announcements and financial statements;
- monitoring compliance with relevant statutory and listing requirements;
- reporting to the Board on the quality and acceptability of our accounting policies and practices including critical accounting policies and practices;
- overseeing the relationship with the external auditor;
- reviewing correspondence from regulators regarding our financial reporting;
- reviewing the scope, extent and effectiveness of the activity of the Group internal audit department;
- playing an active role in monitoring our compliance efforts in respect of section 404 of the Sarbanes-Oxley Act;
- consider and make recommendations to the Board on the nature and extent of the significant risks the Group is willing to take in achieving its strategic objectives;
- overseeing the Group’s compliance processes; and
- performing in-depth review of specific areas of financial reporting, risk and internal controls, as determined by the Committee.

Membership

The Committee comprises independent non-executive directors under my chairmanship and meets at least four times during the year. The Committee members have been selected to provide the wide range of financial and commercial expertise necessary to fulfil the Committee’s duties. The Board considers that I have recent and relevant financial experience, as required by the Code, and has designated me as its financial expert on the Committee for the purposes of the US Sarbanes-Oxley Act. With effect from the close of the AGM in July, Sir John Buchanan will retire and Anthony Watson will join the Committee.

Meetings are attended by the independent non-executive directors and, by invitation, the Chief Executive, the Chief Financial Officer, the Group Financial Controller, the Group Financial Reporting Director and the Group Audit Director. The Group Compliance Director and other relevant people from the business are also invited to attend certain meetings in order to provide insight and enhance the Committee’s awareness of key issues and developments. I also invite our external auditor, Deloitte LLP, to each meeting. The Committee regularly meets separately with Deloitte LLP, the Chief Financial Officer and the Group Audit Director without other management being present.

Main activities of the Committee during the year

The Committee assists the Board in carrying out its responsibilities in relation to financial reporting requirements, risk management and the assessment of internal controls. It also reviews the effectiveness of the Company’s internal audit function and manages the Company’s relationship with the external auditor.

Following agreement with the Board in July 2011, the scope of the Committee’s work was broadened and it is now responsible for considering and making recommendations to the Board on the nature and extent of the significant risks the Group is willing to take in achieving its strategic objectives. Its role in relation to the review of risk management processes has also been extended. Here the Committee aims to focus both on monitoring the Company’s approach to the management of existing risks together with emerging risks that arise by virtue of the dynamic markets in which the company operates. In addition, the Committee’s activities in the year have placed additional focus on the Group’s processes for monitoring and sustaining compliance with the laws and regulations applicable to the Group as well as its own internal policies. As a result of the above, the Committee’s terms of reference have been updated and can be found on our website www.vodafone.com/governance.

At its four meetings during the year, the Committee focused on:

Financial reporting

The primary role of the Committee in relation to financial reporting is the review with both management and the external auditor of the appropriateness of the half-year and annual financial statements concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been applied or there has been discussion with the external auditor; and
- any correspondence from regulators in relation to our financial reporting.

To aid our review, the Committee considered reports from the Group Financial Controller and the Group Financial Reporting Director and also reports from the external auditor on the outcomes of their half-year review and annual audit. As a Committee we support Deloitte LLP in displaying the necessary professional scepticism their role requires. The primary areas of judgement considered by the Committee in relation to the 2012 accounts were:

- the assumptions underlying impairment testing of the Group’s goodwill and intangible assets, particularly in relation to the Group’s interests in southern Europe;
- in relation to taxation, both the provisioning for potential current tax liabilities and the appropriateness of deferred tax asset recognition in relation to accumulated tax losses; and
- the level of provisioning appropriate for contingent and other liabilities in a number of our markets.

Corporate governance (continued)

Internal control and risk management

During the year we reviewed the process by which the Group evaluated its control environment, its risk assessment process and the way in which significant business risks were managed. The agenda was driven primarily by the Group's assessment of its principal risks and uncertainties, as set out on pages 51 to 53. The Committee also received regular updates from the Group's Compliance Director on compliance related activities where throughout the year the Group has continued to expand its work to formalise a more centralised approach to the co-ordination of these activities. Further we also considered the Group Audit Director's reports on the effectiveness of internal controls, significant identified frauds and any identified fraud that involved management or employees with a significant role in internal controls. Oversight of the Group's compliance activities in relation to section 404 of the Sarbanes-Oxley Act also fell within the Committee's remit.

The Committee conducted a number of in-depth reviews in the year covering the control environments and risk management processes in a number of our markets, the appropriateness of the Group's whistle blowing procedures, ensuring arrangements are in place for the independent investigation and follow up of such matters, corporate security and two sessions on information security. In light of recent economic conditions in the eurozone the Committee also undertook a detailed review of the country and currency risks facing the business and the plans in place to mitigate the Group's exposures. We have summarised the main elements of this review on page 53 in view of the significance of the Group's operations in Europe. We view these reviews as being critical to the role of the Committee as they allow us to meet key business leaders responsible for these areas and provide independent challenge to their activities.

Internal audit

A substantial agenda item at each Committee meeting is the monitoring and reviewing of the scope, extent and effectiveness of the activity of the Group Internal Audit department. Reports from the Group Audit Director usually include updates on audit activities, progress of the Group audit plan, the results of any unsatisfactory audits and the action plans to address these areas, and resource requirements of the internal audit department. Further we receive summaries of investigations into known or suspected fraudulent activities by both third parties and employees. We hold private discussions with the Group Audit Director as necessary throughout the year and I also meet with the Group Audit Director outside the formal committee process.

External audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification and at the start of the audit cycle we receive from Deloitte LLP a detailed audit plan, identifying their assessment of these key risks. For 2012 the primary risks identified were in relation to goodwill impairment, provisioning for current tax liabilities and deferred tax asset recognition due to the inherent management judgement required in these areas. These risks are tracked through the year whenever we receive reporting from Deloitte LLP.

We hold private meetings with the external auditor at each Committee meeting to provide additional opportunity for open dialogue and feedback from the Committee and the auditor without management being present. Matters typically discussed include the auditor's assessment of business risks and management activity thereon, the transparency and openness of interactions with management, confirmation that there has been no restriction in scope placed on them by management, independence of their audit and how they have exercised professional scepticism. I also meet with the external audit partner outside the formal committee process throughout the year.

Appointment and independence

The Committee considers the reappointment of the external auditor, including the rotation of the audit partner, each year and also assesses their independence on an ongoing basis. The external auditor is required to rotate the audit partner responsible for the Group audit every five years. The current lead audit partner has been in place for three years.

Deloitte LLP have been the Company's external auditor since its stock market listing in 1988; as part of the Committee's review of the objectivity and effectiveness of the audit process an assessment was undertaken in 2011 as to whether the Group should consider putting the audit engagement out to tender. This process included the re-proposal by Deloitte LLP of their audit approach. After extensive discussion, the Committee felt a tender was not necessary at present and provided the Board with its recommendation to the shareholders on the reappointment of Deloitte LLP as external auditor for the year ended 31 March 2012. This position will be kept under annual review.

In accordance with section 489 of the Companies Act 2006, a resolution proposing the reappointment of Deloitte LLP as our auditor will be put to the shareholders at the 2012 AGM. There are no contractual obligations restricting the Committee's choice of external auditor and we do not indemnify our external auditor.

In its assessment of the independence of the auditor and in accordance with the US Public Company Accounting Oversight Board's standard on independence, the Committee receives details of relationships between the Company and Deloitte LLP that may have a bearing on their independence and receives confirmation that they are independent of the Company within the meaning of the securities laws administered by the SEC.

During the year Deloitte LLP and member firms of Deloitte Touche Tohmatsu Limited charged the Group £8 million (2011: £9 million, 2010: £9 million) for audit and audit related services. The Committee approved the fees for audit services for 2012 after a review of the level and nature of work to be performed and after being satisfied by Deloitte LLP that the fees were appropriate for the scope of the work required.

Non-audit services

As a further safeguard to help avoid the objectivity and independence of the external auditor becoming compromised, the Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. This policy precludes Deloitte LLP from providing certain services such as valuation work or the provision of accounting services. This policy was extended in December 2011 and now sets the presumption that Deloitte LLP should only be engaged for non-audit services where there is no legal or practical alternative supplier.

For certain specific permitted services the Committee has pre-approved that Deloitte LLP can be engaged by management, subject to the policies set out above, and subject to specified fee limits for individual engagements and fee limits for each type of specific service. For all other services, or those permitted services that exceed the specified fee limits, I as Chairman, or in my absence another member, can pre-approve permitted services.

During the year Deloitte LLP and member firms of Deloitte Touche Tohmatsu Limited charged the Group £1 million (2011: £1 million, 2010: £1 million) for non-audit assignments. An analysis of the fees paid to Deloitte LLP, for both audit and non audit services, can be found in note 4 to the consolidated financial statements. Non-audit services performed during the year by Deloitte LLP were primarily in relation to non-audit related compliance matters, corporate finance activities and debt issuance.

Committee evaluation

The Committee conducts a formal review of its effectiveness annually and concluded that its performance was effective. A number of changes have been agreed to be implemented for the forthcoming year. Details of the Board and Committee evaluation process can be found under "Performance evaluation" on page 67.

Nick Land

On behalf of the Audit and Risk Committee

22 May 2012

Remuneration Committee

“Our remuneration policies and executive pay packages are designed to be competitive and drive behaviour in order to achieve long-term strategic goals. When making decisions we are mindful of the wider economic conditions and shareholder feedback.”



Chairman:

Luc Vandeveld (Independent non-executive director)

Members:

Samuel Jonah (Independent non-executive director)

Anthony Watson (Independent non-executive director)

Philip Yea (Independent non-executive director)

Key objective:

responsibility to the Board for the assessment and recommendation of policy on executive remuneration and packages for the individual executive directors.

Responsibilities:

- determining, on behalf of the Board, the policy on the remuneration of the Chairman, the executive directors and the senior management team;
- determining the total remuneration packages for these individuals including any compensation on termination of office;
- operating within recognised principles of good governance; and
- preparing an annual report on directors' remuneration.

Membership

The members of the Committee are independent non-executive directors. Following the AGM in July, Renee James will join and Anthony Watson will step down from the Committee. The Chairman and Chief Executive may attend the Committee's meetings by invitation but they do not attend when their individual remuneration is discussed. No director is involved in deciding his or her own remuneration.

Main activities of the Committee during the year

The Committee met five times during the year.

A detailed report to shareholders from the Committee on behalf of the Board in which, amongst other things, I have included a description of the Committee's activities during the year, is contained in "Directors' remuneration" on pages 74 to 87.

Luc Vandeveld

On behalf of the Remuneration Committee

22 May 2012

Shareholder engagement

We are committed to communicating our strategy and activities clearly to our shareholders and, to that end, we maintain an active dialogue with investors through a planned programme of investor relations activities.

Investor relations programme

The programme includes:

- formal presentations of full year and half-year results, and interim management statements;
- briefing meetings with major institutional shareholders in the UK, the US and in Continental Europe after the half-year results and preliminary announcement;
- regular meetings between institutional investors and analysts, and the Chief Executive and Chief Financial Officer to discuss business performance;
- meetings between major shareholders and the Chairman on an ongoing basis;
- hosting investors and analysts sessions at which senior management from relevant operating companies are present;
- attendance by senior executives across the business at relevant meetings and conferences throughout the year;
- analysing and approaching new geographies to actively market the business to new investors;
- responding to enquiries from shareholders and analysts through our Investor Relations team; and
- www.vodafone.com/investor which is a section dedicated to shareholders on our website.

Overall responsibility for ensuring that there is effective communication with investors, and that the Board understands the views of major shareholders on matters such as governance and strategy, rests with the Chairman who makes himself available to meet shareholders for this purpose. The Senior Independent Director and other members of the Board are also available to meet major investors on request.

The principal communication with private investors is via the website, annual report and through the AGM, an occasion which is attended by all of our directors and at which all shareholders present are given the opportunity to question the Chairman, the Chairmen of the Committees and the rest of the Board. After the AGM shareholders can meet informally with directors. A summary presentation of results is given at the AGM before the Chairman deals with the formal business of the meeting. The AGM is broadcast live on our website (www.vodafone.com/aggm) and a recording of the webcast can subsequently be viewed on our website. All substantive resolutions at our AGMs are decided on a poll. The poll is conducted by our registrars and scrutinised by Electoral Reform Services. The proxy votes cast in relation to all resolutions, including details of votes withheld, are disclosed to those in attendance at the meeting and the results of the poll are published on our website and announced via the Regulatory News Service. Financial and other information is made available on our website (www.vodafone.com/investor) which is regularly updated.

A summary of our share and control structures is set out in "Shareholder information" on pages 149 to 156.

Corporate governance (continued)

Political donations

No political donations under the Companies Act 2006 have been made during the year. It is our Group policy not to make political donations or incur political expenditure as those expressions are normally understood.

Internal control and risk management

The Board has overall responsibility for the system of internal control. A sound system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established procedures that implement in full the Turnbull Guidance "Internal Control: Revised Guidance for Directors on the Combined Code" for the year under review and to the date of approval of the annual report. These procedures, which are subject to regular review, provide an ongoing process for identifying, evaluating and managing the significant risks we face. See page 89 for management's report on internal control over financial reporting.

Monitoring and review activities

There are clear processes for monitoring the system of internal control and reporting any significant control failings or weaknesses together with details of corrective action. These include:

- a formal annual confirmation provided by the Chief Executive and Chief Financial Officer of each Group company certifying the operation of their control systems and highlighting any weaknesses, the results of which are reviewed by regional management, the Audit and Risk Committee, and the Board;
- ongoing review of the appropriateness of disclosures undertaken by the Group's Disclosure Committee, on behalf of the Chief Executive and the Chief Financial Officer, and an annual report from the Group's Disclosure Committee to the Chief Executive and the Chief Financial Officer regarding the effectiveness of the Group's disclosure controls and procedures; and
- periodic examination of business processes on a risk basis including reports on controls, throughout the Group, undertaken by the Group Internal Audit department which reports directly to the Audit and Risk Committee.

In addition, the Board reviews any reports from the external auditor presented to the Audit and Risk Committee and management in relation to internal financial controls.

Any controls and procedures, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives. Management is required to apply judgement in evaluating the risks we face in achieving our objectives, in determining the risks that are considered acceptable to bear, in assessing the likelihood of the risks concerned materialising, in identifying our ability to reduce the incidence and impact on the business of risks that do materialise, and in ensuring that the costs of operating particular controls are proportionate to the benefit.

Review of effectiveness

The Board and the Audit and Risk Committee have reviewed the effectiveness of the internal control system including financial, operational and compliance controls, and risk management in accordance with the Code for the period from 1 April 2011 to 22 May 2012 (the date of approval of our annual report). No significant failings or weaknesses were identified during this review. However, had there been any such failings or weaknesses, the Board confirms that necessary actions would have been taken to remedy them.

Disclosure controls and procedures

We maintain "disclosure controls and procedures", as such term is defined in Rule 13a-15(e) of the Exchange Act, that are designed to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarised and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

The directors, the Chief Executive and the Chief Financial Officer have evaluated the effectiveness of the disclosure controls and procedures and, based on that evaluation, have concluded that the disclosure controls and procedures are effective at the end of the period covered by this document.

Going concern

The going concern statement required by the Listing Rules and the Code is set out in the "Directors' statement of responsibility" on page 89.

Risk management

An overview of the Group's framework for identifying and managing risk, both at an operational and strategic level, is set out on page 39.

Annual report

The directors are responsible for preparing the annual report.

US listing requirements

As Vodafone's American depository shares are listed on the NASDAQ Stock Market LLC ('NASDAQ'), we are required to disclose a summary of any material differences between the corporate governance practices we follow and those of US companies listed on NASDAQ. The corporate governance practices of the Company are primarily based on UK requirements but substantially conform to those required of US companies listed on NASDAQ. The material differences are as follows:

Independence

- Different tests of independence for Board members are applied under the Code and the NASDAQ rules.
- The Board is not required to, and has not explicitly taken into consideration, NASDAQ's detailed definitions of independence as set out in the NASDAQ rules.
- In accordance with the Code, the Board has carried out an assessment based on the requirements of the Code and has determined in its judgement that all of the non-executive directors (who make up the majority of the Board) are independent within those requirements.

Committees

- The NASDAQ rules require US companies to have a nominations committee, an audit committee and a compensation committee, each composed entirely of independent directors, with the nominations committee and audit committee required to have a written charter that addresses the committees' purpose and responsibilities.
- Our Nominations and Governance Committee is chaired by the Chairman of the Board and its other members are independent non-executive directors. Our Remuneration Committee is composed entirely of independent non-executive directors.
- The Audit and Risk Committee is composed entirely of non-executive directors, each of whom the Board has determined to be independent, as set out above, and who also meet the requirements of the Exchange Act.
- We have terms of reference for our Nominations and Governance, Audit and Risk and Remuneration Committees, which comply with the requirements of the Code and are available on our website (www.vodafone.com/governance). These terms of reference are generally responsive to the relevant NASDAQ rules but may not address all aspects of these rules.

Code of conduct

Under the NASDAQ rules, US companies must adopt a code of conduct applicable to all directors, officers and employees that complies with the definition of a "code of ethics" set out in section 406 of the Sarbanes-Oxley Act. We have adopted a Code of Ethics that complies with section 406 which is applicable only to the senior financial and principal executive officers, and which is available on our website (www.vodafone.com/governance). We have also adopted a separate Code of Conduct which applies to all employees.

Quorum

The quorum required for shareholder meetings, in accordance with our articles of association, is two shareholders regardless of the level of their aggregate share ownership, while US companies listed on NASDAQ are required to have a minimum quorum of 33.33% of the shareholders of ordinary shares for shareholder meetings in accordance with the NASDAQ rules.

Related party transactions

- In lieu of obtaining an independent review of related party transactions for conflicts of interests in accordance with the NASDAQ rules, we seek shareholder approval for related party transactions that meet certain financial thresholds or where transactions have unusual features in accordance with the Listing Rules issued by the FSA in the UK (the 'Listing Rules'), the Companies Act 2006 and our articles of association.
- Further, we use the definition of a "transaction with a related party" as set out in the Listing Rules, which differs in certain respects from the definition of "related party transaction" in the NASDAQ rules.

Shareholder approval

- We comply with the Listing Rules and the NASDAQ rules, when determining whether shareholder approval is required for proposed transactions.
- Under the NASDAQ rules, whether shareholder approval is required for transactions depends on, among other things, the percentage of shares to be issued or sold in connection with a transaction. Under the Listing Rules, shareholder approval is required, among other things, when the size of a transaction exceeds a certain percentage of the size of the listed company undertaking the transaction.