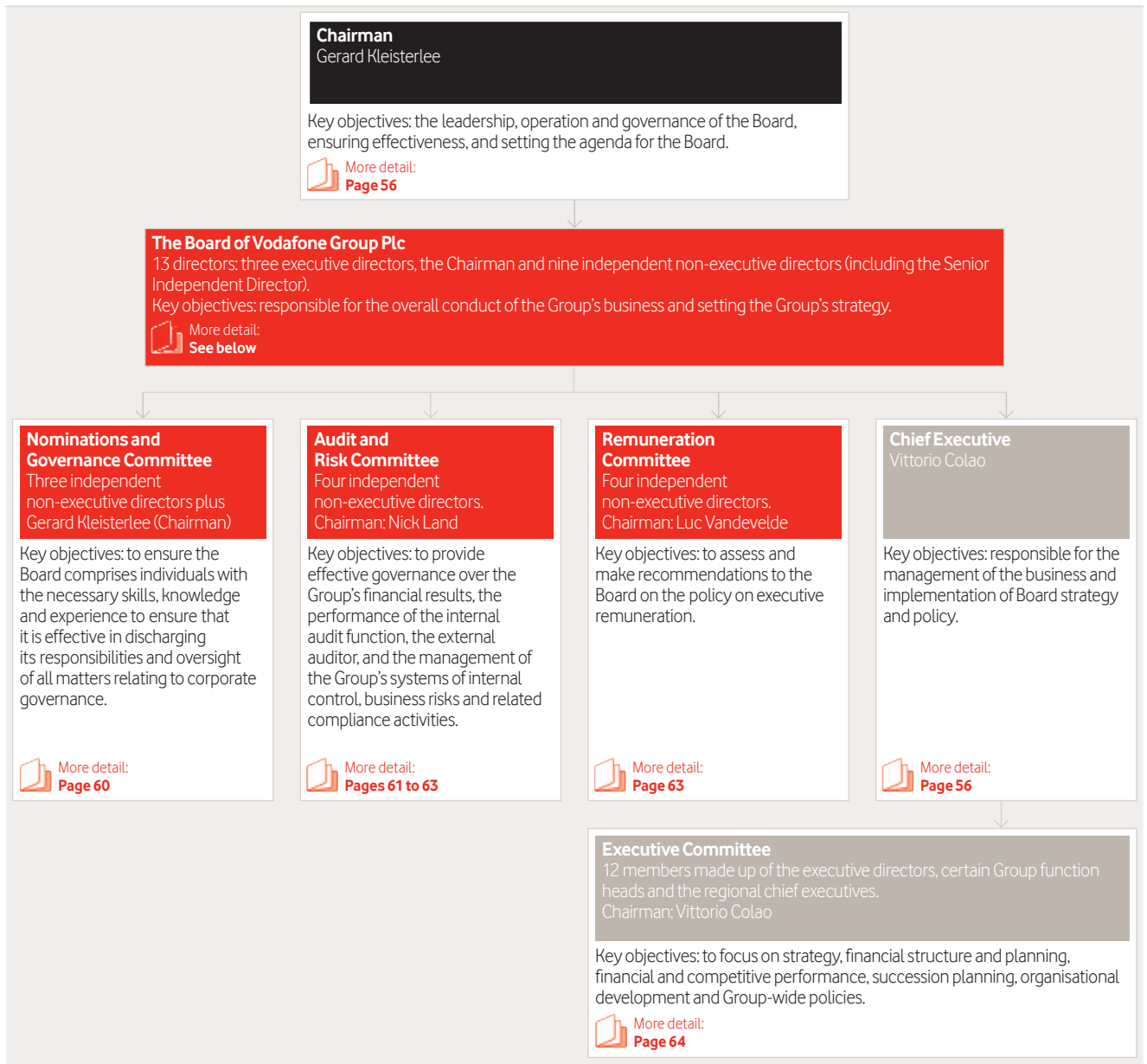


Corporate governance

Our governance framework

Responsibility for good governance lies with your Board. There is a strong and effective governance system in place throughout the Group.



How the Board operates

The role of the Board

The Board is responsible for the overall conduct of the Group's business and has the powers and duties set out in 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 reviewed in March 2013 when it was decided that no amendments were required.

Other specific responsibilities are delegated to Board committees, details of which are given on pages 60 to 63.

Corporate governance (continued)

Board composition

Our Board consists of 13 directors, 12 of whom served throughout the year. At 31 March 2013, in addition to the Chairman, Gerard Kleisterlee, there were three executive directors and nine non-executive directors. Omid Kordestani was appointed as a non-executive director with effect from 1 March 2013. Michel Combes and Sir John Buchanan were members of the Board until their respective retirements at the AGM on 24 July 2012.

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.

The balance and independence of our Board is kept under review by our Nominations and Governance Committee, details of which can be found on page 60.

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 Senior Independent Director

Luc Vandeveld

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.

Tenure of non-executive directors

The Code suggests that length of tenure is a factor to consider when determining the independence of non-executive directors. The table below shows the tenure and independence of each of our non-executive directors. We consider all of our non-executive directors to be independent.

	Date first elected by shareholders	Years from first election to 2013 AGM	Considered to be independent by the Board
Gerard Kleisterlee	July 2011	2	See note ¹
Renee James	July 2011	2	Yes
Alan Jebson	July 2007	6	Yes
Samuel Jonah	July 2009	4	Yes
Omid Kordestani	To be put for election July 2013	n/a	Yes
Nick Land	July 2007	6	Yes
Anne Lauvergeon	July 2006	7	Yes
Luc Vandeveld	July 2004	9	Yes ²
Anthony Watson	July 2006	7	Yes
Philip Yea	July 2006	7	Yes

Notes:

- 1 Considered to be independent on appointment.
- 2 Considered to be independent for the reasons given on page 60.

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;
- maintaining a close working relationship with the Chairman; and
- chairing the Executive Committee.

The Company Secretary

Rosemary Martin

The Company Secretary acts as Secretary to the Board. In doing so 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 and Senior Independent Director can be found on pages 52 and 53 or at vodafone.com/board. Biographical details of the Company Secretary can be found on page 54 or at vodafone.com/exco. The appointment or removal of the Company Secretary is a matter for the Board as a whole.

Conflicts of interest

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. The process for monitoring conflicts is as follows:

- changes to the commitments of all directors are reported to the Board;
- the directors are required to complete a conflicts questionnaire initially on appointment and annually thereafter;
- any conflicts identified 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 authorisation is granted, it would be recorded in a register of potential conflicts and reviewed periodically; and
- 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 year.

Board meetings

Matters considered at all Board meetings include:

- the Chief Executive's report on strategic and business developments;
- the Chief Financial Officer's report which includes the latest available management accounts;
- an operations update (covering commercial, technology and operational matters);
- a report on potential changes to the Group's portfolio of corporate assets; and
- where applicable, reports from the Nominations and Governance Committee, Audit and Risk Committee and Remuneration Committee.

In addition to the standing agenda items, deep-dive topics covered by the Board during the year included brand performance, strategies for the Company's consumer and enterprise businesses, new services, spectrum auctions, privacy regulations, regional performance and strategies, health and safety, talent and the control environment.

Board activities in the 2013 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 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.

Key areas of focus for the Board



Corporate governance (continued)

Board effectiveness

Board effectiveness is reviewed every year. After the 2012 review, the Chairman introduced a few changes to Board procedure, including a non-executives only session before each Board meeting, as well as a session involving just the non-executive directors and the CEO. This has been a successful initiative, creating an additional platform for non-executives to discuss issues or concerns, without prejudicing the activities of the Board meeting itself.

The Chairman is responsible for ensuring that each director receives an induction on joining the Board and receives the training he or she requires. The Company Secretary organises the induction.

Director induction

On appointment, directors receive 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.

Information and professional development

Keeping up-to-date with key business developments is essential for the directors to maintain and enhance their effectiveness. This is achieved as follows:

- from time to time the Board receives presentations from executives in our business on matters of significance. This year the Chief Technology Officer and the regional chief executives delivered a presentation on the technology and business models of sectors adjacent to our own;
- financial plans, including budgets and forecasts, are regularly discussed at Board meetings;
- the directors have the opportunity to learn the views of major investors at planned events throughout the year (see "Shareholder engagement" on page 64);
- our directors periodically visit different parts of the Group. In September 2012 the Board met with senior management in Spain;
- the non-executive directors are provided with briefings and information to assist them in performing their duties;
- the 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.

As part of their annual performance evaluation, directors are given the opportunity to discuss training and development needs. Directors are 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.

Performance evaluation

Each year the performance of the Board, its committees and directors is evaluated. Every third year the evaluation is conducted by an external advisor. This year the performance evaluation was conducted by Ffion Hague of Independent Board Evaluation. Mrs Hague is an independent advisor and has no other connection with the Company.

The evaluation process took place in the spring of 2013 and involved interviews with the Chairman, each Board member, the Company Secretary, senior management, senior executives who frequently interact with the Board or its committees, and the auditor, Deloitte LLP. Reports on the effectiveness of the Board and its committees were prepared by Mrs Hague. She discussed these with the Chairman and with the chairmen of the committees. Mrs Hague also discussed individual directors' performance with the Chairman and the Chairman's performance with Luc Vandeveld, the senior independent director. The Board and the Board committees considered the reports of their effectiveness at their meetings in May 2013. Mr Vandeveld gave feedback to the Chairman on his performance.

Mrs Hague's reports were positive about the performance of the Board and each of its committees. In particular, she highlighted the Board's strengths with respect to the seriousness with which it takes its accountability to shareholders, its focus on governance and the smooth operation of the Board and its committees. In light of Mrs Hague's review, the Board considers the performance of each director to be effective and has concluded that the Board and its committees provide the effective leadership and control required.

As a result of recommendations made in this year's Board performance evaluation, the Board has agreed:

- to develop further its approach to strategic planning and involve all the directors earlier in the process of strategy development;
- to provide more opportunities for the directors to meet with executives to assist in succession planning; and
- to ensure that induction of new directors enables them rapidly to contribute fully to the Board.

The Board will continue to review its procedures, its effectiveness and development in the financial year ahead.

Re-election of directors

All the directors submit themselves for re-election at the AGM to be held on 23 July 2013 with the exception of Omid Kordestani who will seek election for the first time in accordance with the articles of association. 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 2013 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 addition, we maintained a directors' and officers' liability insurance policy throughout the 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. Further details of these committees can be found in their reports on pages 60 to 63. The terms of reference of each of these committees can be found on our website at vodafone.com/governance.

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.

The calendar for meetings of the Board and its committees is shown below.

	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13
Board (scheduled meetings)		•		•		•		•	•	•	•	•
Nominations and Governance Committee				•		•				•		•
Audit and Risk Committee		•				•		•				•
Remuneration Committee		•		•				•		•		•

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 at least eight scheduled Board meetings, there may be a number of other meetings to deal with specific matters. Each scheduled Board meeting is preceded by a meeting of the Chairman and non-executive directors.

Attendance at scheduled meetings of the Board and its committees in the 2013 financial year

Director	Nominations and Governance Committee				Audit and Risk Committee	Remuneration Committee
	Board					
Chairman						
Gerard Kleisterlee ¹	8/8		4/4			
Senior Independent Director						
Luc Vandeveld ²	8/8		4/4			5/5
Sir John Buchanan ³	2/2		1/1	1/1		
Chief Executive						
Vittorio Colao	8/8					
Executive directors						
Michel Combes ⁴	2/2					
Andy Halford	8/8					
Stephen Pusey	8/8					
Non-executive directors						
Renee James	8/8					3/3
Alan Jebson	8/8			4/4		
Samuel Jonah	8/8					5/5
Omid Kordestani ⁵	1/1					
Nick Land ⁶	8/8			4/4		
Anne Lauvergeon	7/8			4/4		
Anthony Watson	8/8	4/4		3/3		2/2
Philip Yea	7/8	3/3				5/5

Notes:

- 1 Chairman of the Nominations and Governance Committee.
- 2 Senior Independent Director from the conclusion of the AGM on 24 July 2012; Chairman of the Remuneration Committee.
- 3 Deputy Chairman and Senior Independent Director until he retired on 24 July 2012.
- 4 Executive director until he retired on 24 July 2012.
- 5 Appointed to the Board with effect from 1 March 2013.
- 6 Chairman and financial expert of the Audit and Risk Committee.

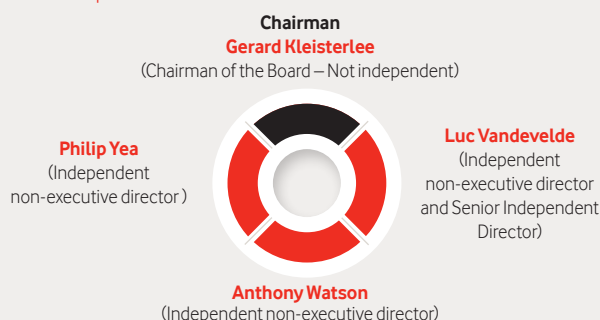
Corporate governance (continued)

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.”



Membership:



Key objective:

to ensure the Board comprises individuals with the necessary skills, knowledge and experience to ensure that it is effective in discharging its responsibilities and oversight of all matters relating to corporate governance.

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 Board's 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 58);
- 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.

Committee meetings

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

The Committee met four times during the year and considered executive succession planning, replenishment of the Board and the Board effectiveness review.

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

on the Board, including gender. During the year, an external search was commissioned, using an independent executive search firm, Korn Ferry, which has no other connection with the Company, to search for non-executive director candidates with relevant international experience in the high-tech sector. Omid Kordestani was identified as a potential candidate and subsequently recommended to the Board by the Nominations and Governance Committee on the basis that he met the desired criteria.

The Board acknowledges that diversity extends beyond the boardroom and supports management in their efforts to build a diverse organisation. 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 boardroom diversity policy was introduced in February 2012 and reviewed by the Committee in March 2013. It 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. Following the respective retirements of Sir John Buchanan and Michel Combes, together with the appointment of Omid Kordestani, at 21 May 2013 the Board has 15% female representation. Subject to securing suitable candidates, when making appointments we will seek 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 that 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 page 35, and within the organisation overall, is contained in our 2013 sustainability report, available at 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 Vandeveld will have served ten years as of 31 August 2013. The Board has considered the matter carefully and believes that Luc Vandeveld continues to demonstrate the qualities of independence in carrying out his role, supporting the executive directors and senior management in an objective manner. His length of service and resulting experience and knowledge of the Company is of great benefit to the Board. We will continue to keep his independence under review.

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

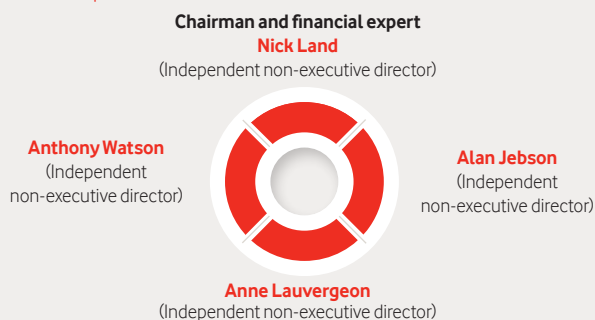
21 May 2013

Audit and Risk Committee

“Our activities continued to be focused on the integrity of the Group’s financial reporting, the quality of the external and internal audit processes, risk management, the appropriateness of the Group’s system of internal controls and governance of a range of compliance related matters. The Committee will continue to keep its activities under review in the light of regulatory and market developments.”



Membership:



Key objective:

the provision of effective governance over the appropriateness of the Group’s financial reporting including the adequacy of related disclosures, 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 and monitoring compliance with relevant statutory and listing requirements;
- reporting to the Board on the appropriateness of our accounting policies and practices including critical accounting policies and practices;
- advising the Board on whether the Committee believes the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s performance, business model and strategy;
- overseeing the relationship with the external auditor;
- reviewing the scope, resources, results and effectiveness of the activity of the Group internal audit department;
- monitoring our compliance efforts in respect of section 404 of the US Sarbanes-Oxley Act;
- 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;
- overseeing the Group’s compliance processes; and
- performing in-depth reviews of specific areas of financial reporting, risk and internal controls, as determined by the Committee.

The Committee members have been selected with the aim of providing 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.

Committee meetings

The Committee meets at least four times during the year. 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. Other relevant people from the business are also invited to attend certain meetings in order to provide a deeper level of insight into certain key issues and developments. I also invite our external auditor, Deloitte LLP, to each meeting. The Committee regularly meets separately with each of Deloitte LLP, the Chief Financial Officer and the Group Audit Director without others 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.

As part of this process of working with the Board and to maximise effectiveness, meetings of the Committee generally take place just prior to a Company Board meeting. I report to the Board as part of a separate agenda item, on the activity of the Committee and matters of particular relevance to the Board in the conduct of their work.

Following the publication of the revised version of the UK Corporate Governance Code, which applies to financial years commencing on or after 1 October 2012, the Board requested that the Committee advise them on whether we believe the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s performance, business model and strategy.

The Committee’s terms of reference have been amended to reflect this and can be found on our website at 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 to 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;
- whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s performance, business model and strategy; and
- any correspondence from regulators in relation to our financial reporting.

To aid our review, the Committee considers 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.

Corporate governance (continued)

The primary areas of judgement considered by the Committee in relation to the 2013 accounts, and how these were addressed, were:

→ Goodwill impairment testing

The judgements in relation to asset impairment largely relate to the assumptions underlying the calculation of the value in use of the business being tested for impairment, primarily the achievability of the long-term business plan and macroeconomic assumptions underlying the valuation process. This is particularly challenging in relation to the Group's interests in Southern Europe given lower medium-term visibility of economic and business performance and material changes in other valuation assumptions. The Committee addresses these matters through receiving reports from management outlining the basis for the assumptions used. Business plans are Board approved. In addition, this area is a prime source of audit focus and accordingly Deloitte LLP provide detailed reporting to the Committee.

→ Taxation

Provisioning for potential current tax liabilities and the level of deferred tax asset recognition in relation to accumulated tax losses are underpinned by a range of judgements. The Committee addresses these issues through a range of reporting from senior management and a process of challenging the appropriateness of management's views including the degree to which these are supported by professional advice from external legal and other advisory firms. This is also an area of higher audit risk and accordingly the Committee receives detailed verbal and written reporting from Deloitte LLP on these matters.

→ Liability provisioning

The level of provisioning for contingent and other liabilities is an issue where management and legal judgements are important. These are addressed through the Committee discussing with management the key judgements made, including relevant legal advice that may have been received. Deloitte LLP also report on all material contingent liabilities.

Internal control

We reviewed the process by which the Group evaluated its control environment. Our work here was driven primarily by 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. In addition we received updates from the Group's Compliance Director on compliance related activities. I meet privately with the Group's Internal Audit and Compliance Directors outside the formal committee process as necessary.

During the year the Committee also conducted in-depth reviews into the control environments and risk management processes in a number of our markets and also conducted a review of the internal audit function. This review included the scope of Internal Audit's activity and resourcing together with areas of focus and planning for the next three years.

Oversight of the Group's compliance activities in relation to section 404 of the Sarbanes-Oxley Act also fell within the Committee's remit.

Risk management

The Group's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Committee. Our work here was driven primarily by the Group's assessment of its principal risks and uncertainties, as set out on pages 46 to 49. We receive reports from the Group Audit Director on the Group's risk evaluation process and review changes to significant risks identified at both operating entity and Group levels.

Information security is another area of regular focus for the Committee. During the year we conducted a further in-depth review of the security around IT infrastructure and customer information.

In addition the Committee also conducted in-depth reviews into the Group's finance operations transformation programme and assessment of tax risks.

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

Monitoring and review of the scope, extent and effectiveness of the activity of the Group Internal Audit department is an agenda item at each Committee meeting. 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 him regularly outside the formal committee process and play a major role in setting his annual objectives.

External audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. We receive from Deloitte LLP a detailed audit plan, identifying their assessment of these key risks. For the 2013 financial year 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 and we challenged the work done by the auditors to test management's assumptions and estimates around these areas. We assess the effectiveness of the audit process in addressing these matters through the reporting we receive from Deloitte LLP at both the half-year and year end. In addition we also seek feedback from management on the effectiveness of the audit process. For the 2013 financial year, management were satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process to be good. The Audit and Risk Committee concurred with the view of management.

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 lead 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 four years.

Deloitte LLP has been the Company's external auditor since its stock market listing in 1988 (25 years). Whilst the Group has not formally tendered the audit since then, as part of the Committee's review of the objectivity and effectiveness of the audit process a detailed

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. While a recommendation to retain Deloitte as auditor was made, it was decided to review this annually. Having considered the need to tender the position for the current year, the Committee has provided the Board with its recommendation to the shareholders on the reappointment of Deloitte LLP as external auditor for the year ending 31 March 2014. Accordingly a resolution proposing the reappointment of Deloitte LLP as our auditor will be put to the shareholders at the 2013 AGM. There are no contractual obligations restricting the Committee's choice of external auditor and we do not indemnify our external auditor. We continue to consider the audit tendering provisions outlined in the revised UK Corporate Governance Code, which we are very supportive of.

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 any 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 US Securities & Exchange Commission ('SEC').

During the year Deloitte LLP and member firms of Deloitte Touche Tohmatsu Limited charged the Group £9 million (2012: £8 million, 2011: £9 million) for audit and audit related services. The Committee approved the fees for audit services for 2013 after a review of the level and nature of work to be performed, including the impact of acquisitions, and after being satisfied by Deloitte LLP that the fees were appropriate for the scope of the work required.

Non-audit services

To further safeguard the objectivity and independence of the external auditor from becoming compromised, the Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. No material changes have been made to this policy during the year. This precludes Deloitte LLP from providing certain services such as valuation work or the provision of accounting services and also sets a presumption that Deloitte 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.

In addition to the statutory audit fee, Deloitte LLP and member firms of Deloitte Touche Tohmatsu Limited charged the Group £1 million for audit-related assurance services in connection with statutory and regulatory filings and a further £0.4 million for taxation advisory services and other non-audit services, primarily debt issuance related. Further details of the fees paid, for both audit and non-audit services, can be found in note 3 to the consolidated financial statements.

Committee evaluation

The Committee's activities formed part of the external review of Board effectiveness performed in the year. Details of this process can be found under "Performance evaluation" on page 58.

Nick Land

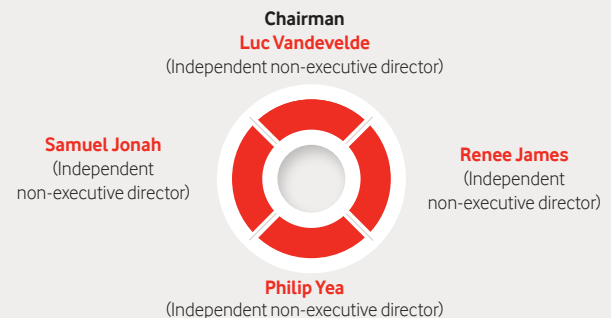
On behalf of the Audit and Risk Committee
21 May 2013

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."



Membership:



Key objective:

to assess and make recommendations to the Board on the policies for 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.

Committee meetings

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. The Committee met five times during the year.

Main activities of the Committee 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 67 to 82.

Luc Vandeveld

On behalf of the Remuneration Committee
21 May 2013

Corporate governance (continued)

Executive Committee

The Committee meets 11 times a year under the chairmanship of the Chief Executive. Topics covered by the Committee include:

- Chief Executive update on the business and business environment;
- regional chief executives' updates;
- Group function heads' updates;
- substantial business developments and projects;
- talent;
- presentations from various function heads, for example, the Group Financial Controller, Head of Internal Audit and the Group Compliance Director;
- competitor analysis; and
- strategy.

Annually, the Executive Committee, together with the chief executives of the major operating companies, conduct a strategy review to identify key strategic issues to be presented to the Board. The agreed strategy is then used as a basis for developing the upcoming budget and three year operating plans.

The Executive Committee members' biographical details are set out on pages 52 and 54 and at vodafone.com/exco.

Policy and Compliance Committee

This is a sub-committee of the Executive Committee comprising three Executive Committee members. It is appointed to assist the Executive Committee to fulfil its accountabilities with regard to policy compliance. In particular, the Committee approves changes to policies, does deep dives into particular policies to assess whether they are effective and maintains an overview of the status of compliance throughout Vodafone so clear and accurate reports can be made to the Audit and Risk Committee twice a year. Deep dives this year included health and safety, network resilience, anti-bribery and anti-money laundering.

Disclosure Committee

The Disclosure Committee, appointed by the Chief Executive and Chief Financial Officer to ensure the accuracy and timeliness of company disclosures, oversees and approves controls and procedures in relation to the public disclosure of financial information and other information material to shareholders. It is composed of the Group General Counsel and Company Secretary (the Chair), Regional Chief Financial Officers, the Group Financial Controller, the Group Investor Relations Director, the Group Strategy and Business Development Director, and the Group External Affairs Director.

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.

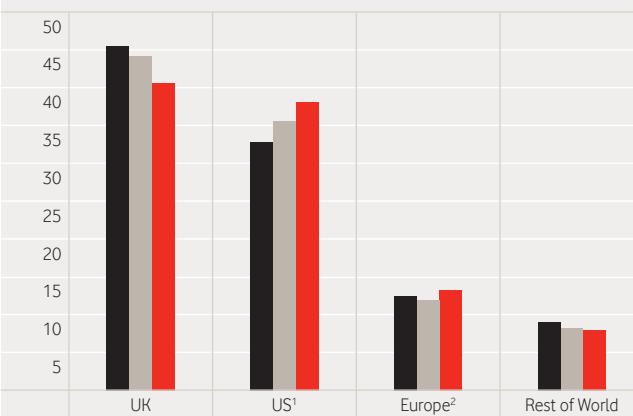
Investor relations programme

The programme includes:

- formal presentations of full year and half-year results, and interim management statements (see vodafone.com/investor for more information);
- briefing meetings with major institutional shareholders in the UK, the US and Europe after the full year and half-year results; a graph showing the geographical analysis of investors is shown below;
- regular meetings between institutional investors and analysts, and the Chief Executive and Chief Financial Officer, to discuss business performance, growth strategy and address any issues of concern;
- meetings between major shareholders and the Chairman on an ongoing basis including roadshows in London and Scotland to obtain feedback and consider corporate governance issues;
- dialogue between the Remuneration Committee and shareholders. Go to page 67 for more information;
- 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 daily to enquiries from shareholders and analysts through our Investor Relations team;
- hosting investor and analyst meetings and webinars to highlight a variety of business areas and projects such as M-Pesa and money payment services, and holding an open office event focusing on our enterprise business; and
- a section dedicated to shareholders and analysts on our website at vodafone.com/investor.

Geographic shareholder movement over three years

% of share register



■ 31 March 2011 ■ 30 March 2012 ■ 28 March 2013

Notes:

1 We have included bearer warrants with the US shareholding as we understand the vast majority are US-based.

2 Excluding the UK.

The Chairman has 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, and he 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 Board receives a regular report from the Investor Relations team. Feedback from meetings held between executive management, or the Investor Relations team, and institutional shareholders is also communicated to the Board.

What happens at our AGM?

Who attends?

- All of our directors.
- Executive Committee members.
- Our shareholders.

What happens?

- A summary presentation of results is given before the Chairman deals with the formal business.
- All shareholders present can question the Chairman, the Chairmen of the Committees and the rest of the Board both during the meeting and informally afterwards.
- The Board encourages participation of investors, including individual investors, at the AGM.

AGM broadcast

- The AGM is broadcast live on our website at vodafone.com/agm.
- A recording can subsequently be viewed on our website.

Resolutions

- Voting on all resolutions at the AGM is on a poll. The proxy votes cast, including details of votes withheld, are disclosed to those in attendance at the meeting and the results are published on our website and announced via the Regulatory News Service.

A summary of our share and control structures is set out in "Shareholder information" on pages 166 to 173.

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 this 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 84 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:

- the Chief Executive and Chief Financial Officer of each Group company formally certifying the operation of their control systems each year and highlighting any weaknesses. These results are reviewed by regional management, the Audit and Risk Committee, and the Board;

- regional chief executives certifying compliance with high risk policies in their companies, with Group Compliance reviewing evidence of compliance. Non-high risk policies are monitored on a self-assessment basis;

- the Group's Disclosure Committee reviewing the appropriateness of disclosures and providing an annual report to the Chief Executive and the Chief Financial Officer on the effectiveness of the Group's disclosure controls and procedures;

- maintaining "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; and

- the Group Internal Audit department periodically examining business processes on a risk basis throughout the Group and reporting 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 when:

- evaluating the risks we face in achieving our objectives;
- determining the risks that are considered acceptable to bear;
- assessing the likelihood of the risks concerned materialising;
- identifying our ability to reduce the incidence and impact on the business of risks that do materialise; and
- ensuring that the costs of operating particular controls are proportionate to the benefit.

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 46.

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 2012 to 21 May 2013 (the date of this 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.

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 report.

Corporate governance (continued)

Other governance matters

Group 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. Regional 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.

All of the key Group policies have been consolidated into the Vodafone Code of Conduct. This is a central ethical and policy document applicable to all employees and those who work for or on behalf of Vodafone. It 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").

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 84.

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.

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. Vodafone's corporate governance practices 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 take 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 independence requirements of the Code and has determined that, in its judgement, all of Vodafone's non-executive directors (who make up the majority of the Board) are independent within the meaning of 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 the audit committee each required to have a written charter which addresses the committee's purpose and responsibilities, and the compensation committee having sole authority and adequate funding to engage compensation consultants, independent legal counsel and other compensation advisors.

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 (i) the Board has determined to be independent based on the independence requirements of the Code and (ii) meets the independence requirements of the Exchange Act. We have terms of reference for our Nominations and Governance Committee, Audit and Risk Committee and Remuneration Committee, each of which complies with the requirements of the Code and is available for inspection on our website (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 (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 by the NASDAQ rules to have a minimum quorum of 33.33% of the shareholders of ordinary shares for shareholder meetings.

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 (i) meet certain financial thresholds or (ii) have unusual features in accordance with the Listing Rules issued by the FCA in the United Kingdom (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 NASDAQ rules and the Listing Rules, when determining whether shareholder approval is required for a proposed transaction.

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