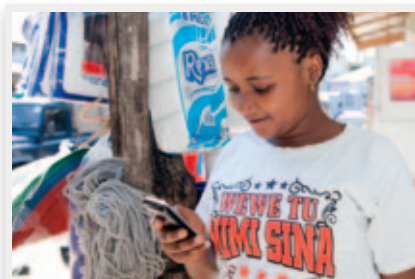


Sustainable business

Improving lives around the world

Vodafone's strategic focus on emerging markets, enterprise, data and new services brings significant opportunities to align our business growth with our goal to be a sustainable business, by contributing to resource efficiency, energy and carbon reduction, and sustainable development.



Connected Worker research

Our Connected Worker research, explores how mobile technology can be used to make organisations more productive and efficient, while improving the quality of life for workers in emerging markets. Findings across 12 markets highlight the potential for six workforce management solutions to boost workers' livelihoods by US\$7.7 billion by 2020, while enabling a further US\$30.6 billion in commercial benefits to organisations, through improved productivity.

The global footprint of our telecoms network, our significant presence in emerging markets and our long track record as an innovator in mobile communications, enable us to make an important contribution to socio-economic development. This is underpinned by our strong commitment to operating responsibly and ethically.

Our consumers and government and enterprise customers face significant challenges, ranging from food shortages and ageing populations, to lack of access to communications and financial services. Mobile technology has become a vital tool for improving people's livelihoods and quality of life.

Delivering transformational services

A 2012 report by Deloitte and the GSMA found that a 10% expansion in mobile penetration leads to a 4.2% increase in economic productivity in emerging markets. As 68% of our customers live in these markets, our efforts to extend the coverage of our networks creates tangible socio-economic benefits, while simultaneously building our customer base.

We continue to explore new market opportunities to bring further sustainable benefits to societies through new partnerships and the development of products and services that focus on: agriculture, education, finance, health, low carbon products and services and smart working.

Building up to commercial scale

Our aim is to create commercially viable services that can be scaled up and rolled out across different markets, adding value for customers, commercial partners, our business and society. Our mobile money transfer solution, M-Pesa, and our M2M platforms are already well established, and work continues to extend their positive impacts.

M-Pesa continues to grow. New services include a savings product, M-Shwari, enabling people in Kenya to save as little as KES1 shillings (less than 1 pence) and a funeral insurance plan in Tanzania, both of which further drive the financial inclusion of people with very limited resources. There are over 18.1 million active users of Vodafone's M-Pesa, up from 14.4 million a year ago. (See page 27)

Vodafone's M2M solutions connect machines to the internet, transforming them into intelligent devices that exchange real time information. This opens up new possibilities for how businesses are run, as well as the opportunity to reduce running costs and carbon emissions.

In 2013, we continued to establish Vodafone as a leading M2M technology provider, offering new end-to-end services, including remote energy monitoring solutions.

Our carbon-reducing applications for M2M are wide-ranging, from improving fleet management performance, to enabling smart energy grids. We now have contracts in place to supply over 9.5 million M2M connections to specifically enable carbon reductions through energy and fuel savings for our customers.

Fostering enterprise and partnership

In sectors such as agriculture and health, we are developing commercial solutions in partnership with governments and NGOs, to deliver a range of business and sustainable benefits to society, as well as further growing our business.

In 2013, we announced two new strategic three-year partnerships. The first, with the US Agency for International Development ('USAID') and the NGO, TechnoServe, aims to reduce poverty and increase resilience for half a million smallholder farmers across Kenya, Mozambique and Tanzania. This will be achieved through the introduction of simple but innovative mobile technologies, including a registration system for growers, information on crop prices, collection days and quality reminders.

The second will explore how health ministries in sub-Saharan Africa can use mobile technology to increase immunisation rates. In Mozambique, we are partnering with GSK and the Ministry of Health in a pilot aiming to boost child vaccination rates by approximately 5% and are working with the GAVI Alliance on how to scale such initiatives.

In 2013, we also researched the potential for mobile technology to deliver commercial benefits and increase productivity for organisations, while improve working life and access to jobs for people in emerging markets. The resulting Connected Worker report quantifies the projected benefits for organisations, together with the livelihood benefits for workers across 12 markets.

Being responsible and ethical wherever we operate

Customer trust is essential to Vodafone and critical to the value of our brand. To earn and retain that trust we need to manage our operations responsibly and conduct our business in an ethical and transparent way. In 2012, we reinforced our commitment to ethical behaviour by refreshing our Code of Conduct for all employees, contractors and suppliers, rolling out further compulsory training in local markets.

Vodafone works hard to manage the risks inherent in these areas, while still initiating the development of products and services which give us a commercial advantage. This is particularly evident in our approach to protecting customer data, managing climate impacts and improving ethical, labour and environmental standards in our supply chain.

Protecting data, respecting privacy

We are committed to protecting our customers' information and respecting their right to privacy and freedom of expression. Vodafone is a member of the Telecommunications Industry Dialogue on Freedom of Expression and Privacy, a group of global telecoms companies who are working in collaboration with the Global Network Initiative ('GNI') to address these issues and Vodafone is implementing the group's Guiding Principles.

Our global privacy programme and binding privacy commitments have been recognised as setting an industry standard for operational and strategic privacy risk management. We continue to build greater privacy and security features into our products and services, offering our customers increasing transparency and control over how their personal information is used.

Managing climate impacts

The Global e-Sustainability Initiative's ('GeSI') SMARTer 2020 report recently projected that while the ICT industry's footprint will rise to 1.27 gigatonnes CO₂ equivalent by 2020, its solutions have the potential to deliver carbon reductions of seven times that amount. Our own carbon footprint must be viewed in the context of the potential for our products and services to help our customers reduce their carbon emissions. In 2013, we began to quantify the benefits of our products and services to help us build a better picture of our overall climate impact.

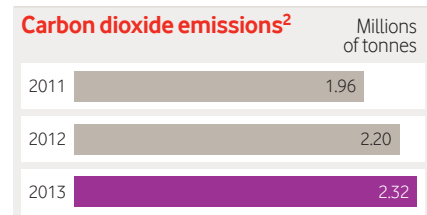
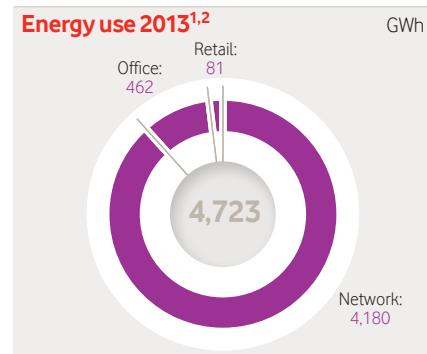
We also have targets to help us manage the carbon footprint of our own operations. Meeting these targets is proving challenging particularly in mature markets, as customers download and send more data, which directly increases the amount of energy our network uses. However, we remain determined to reduce our global footprint and are implementing new technologies that improve the energy efficiency of our networks.

Improving standards in the supply chain

To raise ethical, labour and environmental standards in our supply chain, we regularly monitor and work with our suppliers to improve their performance. We have made good progress in 2013, by strengthening due diligence measures to improve traceability of metals in our products and tackle the issue of conflict minerals. Our supplier management programmes have also enabled us to empower our customers to make more sustainable choices and our Eco-Rating scheme, which assesses the impact of mobile handsets, is now available in eight markets.

Governance

The Executive Committee has overall ownership of our sustainability strategy and the Board receives annual progress updates. We keep track of material issues through regular contact with customers, employees, governments, investors, non-government organisations and suppliers, and the Vodafone Sustainability Expert Advisory Panel continues to provide guidance on the implementation of our strategy.



Notes:
 1 Energy use does not include data for fleet fuel consumption.
 2 The charts above on energy use and carbon emissions are calculated using actual or estimated data collected by our mobile operating companies except for Qatar which is estimated based on 2012 data. The data is sourced from invoices, purchasing requisitions, direct data measurement and estimations where required. The 2013 data includes Vodacom markets Mozambique, Tanzania, Lesotho and Democratic Republic of Congo, which were not included in prior years, and excludes TelstraClear and CWW. Our joint venture in Italy is included in all years.



Sustainability report

Our full online sustainability report outlines our vision, approach and performance in 2013 on all these issues and more.

vodafone.com/sustainability