Governance

The governance framework, including the role and effectiveness of the Board and the alignment of the interests of management with long term value creation.

How we work is as important as what we do

Good corporate governance provides the foundation for long-term value creation and is therefore a core focus for your Board.

The committee reports, beginning with the Audit and Risk Committee report, can be found on pages 63 to 71.

Further detailed information on how the Group complied with the 2012 UK Corporate Governance Code during the year is set out on pages 72 and 73.

We comply with the corporate governance statement requirements pursuant to the FCA's Disclosure and Transparency Rules by virtue of the information included in this "Governance" section of the Annual Report together with information contained in the "Shareholder information" section on pages 186 to 193 .

Dear shareholder

The Board's primary role is to exercise objective and informed judgement in determining the strategy of the Group, having the best team in place to execute and closely monitor business performance and maintain a framework of prudent and effective controls to mitigate risk. Two critical factors determine the extent to which the Board is equipped to fulfil those duties and obligations successfully:

- a diverse and deep range of skills and experiences around the boardroom table which, taken together, are both complementary and highly relevant in the context of Vodafone's strategic opportunities and challenges; and
- processes to ensure that all of the Directors develop a good understanding of the Group's operations and external environment and are therefore well-placed to take informed decisions.

During the period under review, there were a number of changes to the Board. In January 2015, we announced that our Group Technology Officer, Stephen Pusey, intended to retire with effect from the annual general meeting on 28 July 2015. Stephen has played a pivotal role in developing the networks and services that will drive Vodafone's growth for years to come and leaves with our thanks and best wishes. Sir Crispin Davis joined the Board as a Non-Executive Director in July 2014 followed by Dame Clara Furse in September. In December, it was announced that Omid Kordestani intended to stand down from the Board with effect from the end of 2014. In April 2015, we welcomed Dr Mathias Döpfner to the Board. We also announced the appointment of Philip Yea as the Senior Independent Director with effect from the date of the annual general meeting, replacing Luc Vandevelde who will stand down from the Board on that date. On behalf of the Board, I would like to thank Luc for his many years of service to Vodafone and also express our gratitude to Omid for his contribution.

Your Board believes that diversity, in the boardroom and throughout the executive, is a key component of business success. I am pleased to report that with effect from the date of our annual general meeting this year we will have achieved our aspiration that women should hold 25% of Board roles.

Vodafone has a rigorous approach to the assessment and management of risk which is coupled with clear policies and standards that define the actions and behaviours expected from everyone who works with us. A commitment to operating with integrity is central to the Group's culture; an overview of our Code of Conduct on page 92 provides an insight into how that commitment is embedded within our decision-making processes.

We will continue to develop the Directors' understanding of market dynamics in a complex and ever-changing sector. That intention is supported by the findings of an internal evaluation during the year, set out on page 58. In this year's report and in light of the number of Board changes outlined above, on page 59 we also provide an overview of the approach taken to provide Directors with a comprehensive induction and training programme.

Vodafone is undergoing a significant strategic transformation as the data revolution gathers pace worldwide. Your Board will continue to ensure the Group has the leadership and insights necessary to achieve its ambitions.

Gerard Kleisterlee
Chairman

19 May 2015

How we are organised

We have a strong and effective governance system throughout the Group. Responsibility for good governance lies with your Board.

Chairman
Gerard Kleisterlee

- Is responsible for leadership of the Board
- Sets the Board's agenda
- Meets regularly with the Chief Executive and other key executives to stay informed

Board

Responsible for the overall conduct of the Group's business and:

- is responsible for the long-term success of the Company;
- sets the Group strategy;
- appoints senior management;
- is responsible for ensuring the effectiveness of and reporting on our system of corporate governance; and
- is accountable to shareholders for the proper conduct of the business.

More on:
Pages 56 and 57

Schedule of matters reserved for the Board

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

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

Audit and Risk Committee

- Provides effective governance over the Group's financial results
- Reviews the activity and performance of the internal audit function and external auditor
- Reviews the integrity, adequacy and effectiveness of the Group's system of internal control and risk management

More on:
Pages 63 to 68

Remuneration Committee

- Sets, reviews and recommends the Group's overall remuneration policy and strategy and reviews the implementation of that policy and strategy

More on:
Page 70

Nominations and Governance Committee

- Evaluates and makes recommendations regarding Board and committee composition, succession planning and diversity
- Oversees matters relating to corporate governance

More on:
Pages 69 and 70

Chief Executive
Vittorio Colao

- Manages the business and implements strategy and policy
- Chairs Executive Committee

Executive Committee

- Focuses on strategy implementation, financial and competitive performance, commercial and technological developments, succession planning, organisational development

More on:
Page 71

Experienced, effective and diverse leadership

Our business is led by our Board of Directors ('the Board'). Biographical details of the Directors and senior management as at 19 May 2015 are as follows (with further information available at vodafone.com/board).

Gerard Kleisterlee

Chairman

Tenure: 4 years **Nationality:** Dutch

Skills and experience:
Gerard has extensive experience of senior leadership of global businesses both in the developed and emerging markets. He brings to the Group a deep understanding of the consumer electronics, technology and lifestyle industries gained from his career with Philips Electronics spanning over 30 years and continues to use this experience to oversee the development of Vodafone's strategy and the effectiveness of its operations as a total communications company.

Other current appointments:
- Royal Dutch Shell – non-executive director and member of the audit committee
- IBEX Global Solutions plc – non-executive director
- ASML – member of supervisory board

Board Committees:
Nominations and Governance (Chairman)

Vittorio Colao

Chief Executive – Executive Director

Tenure: 8 years **Nationality:** Italian

Skills and experience:
With over 20 years' experience working in the telecoms industry, Vittorio has extensive leadership skills developed both within Vodafone and the wider industry and is widely recognised as an outstanding leader in the telecoms sector.

Other current appointments:
- Bocconi University, Italy – international advisory board member
- European Round Table of Industrialists – steering committee member
- McKinsey & Company – international advisory board member
- Oxford Martin School – advisory council member

Board Committees:
None

Nick Read

Chief Financial Officer – Executive Director

Tenure: 1 year **Nationality:** British

Skills and experience:
Nick combines strong operational leadership with a detailed understanding of the industry and its challenges and opportunities. Nick has wide-ranging experience in senior finance roles both at Vodafone and other multi-national companies including United Business Media plc and Federal Express Worldwide .

Other current appointments:
None

Board Committees:
None

Stephen Pusey

Chief Technology Officer – Executive Director

Tenure: 5 years **Nationality:** British

Skills and experience:
With longstanding international experience within the telecoms industry including previous positions at British Telecom and a 23 year career at Nortel Networks Corporation, Stephen contributes a wealth of knowledge of both wireline and wireless industries and extensive understanding of business applications and solutions.

Other current appointments:
- Centrica plc – non-executive director

Board Committees:
None

Sir Crispin Davis

Non-Executive Director

Tenure: <1 year **Nationality:** British

Skills and experience:
Sir Crispin has broad-ranging experience as a business leader within international content and technology markets from his roles as Chief Executive of Reed Elsevier and the digital agency Aegis Group plc and group managing director of Guinness PLC (now Diageo plc). He was knighted in 2004 for services to publishing and information He brings a strong commercial perspective to Board discussions.

Other current appointments:
- Oxford University- trustee and member of the university board
- CVC Capital Partners – adviser

Board Committees:
Audit and Risk

Dr Mathias Döpfner

Non-Executive Director

Tenure: <1 year **Nationality:** German

Skills and experience:
Mathias brings wide-ranging experience within the global digital media industry to his role. Having led his business, Axel Springer SE, through a highly successful transition into digital and international markets, he will be able to provide a digital perspective to the Board's strategy.

Other current appointments:
- Axel Springer SE – chairman and chief executive officer
- Time Warner and Warner Music Group – member of the board of directors
- American Academy, American Jewish Committee and the European Publishers Council – holds honorary offices
- St John's College , University of Cambridge – member

Board Committees:
None

Dame Clara Furse
Non-Executive Director

Tenure: <1 year **Nationality:** British and Canadian

Skills and experience:
Dame Clara brings to the Board a deep understanding of international capital markets, regulation, services industries and business transformation developed from her previous roles as Chief Executive of the London Stock Exchange Group plc and Credit Lyonnais Rouse Ltd. Her financial proficiency is highly valued as a member of the Audit and Risk Committee. In 2008 she was appointed Dame Commander of the Order of the British Empire.

Other current appointments:
- Bank of England's Financial Policy Committee – member
- Nomura Holdings Inc – non-executive director
- Amadeus Holding IT SA – non-executive director

Board Committees:
Audit and Risk Committee

Valerie Gooding CBE
Non-Executive Director

Tenure: 1 year **Nationality:** British

Skills and experience:
Valerie brings a wealth of international business experience obtained at companies with high levels of customer service including British Airways and BUPA which, together with her focus on leadership and talent, is greatly valuable to Board discussions.

Other current appointments:
- Premier Farnell plc – non-executive chairman
- TUI AG – non-executive director
- English National Ballet – trustee
- Historic Royal Palaces – trustee
- Royal Botanical Gardens, Kew – trustee
- The LTA Trust – chairman

Board Committees:
Remuneration

Renee James
Non-Executive Director

Tenure: 4 years **Nationality:** American

Skills and experience:
Renee brings comprehensive knowledge of the high technology sector developed from her longstanding career at Intel Corporation where she was appointed President. Her extensive experience of international management and the development and implementation of corporate strategy is an asset to the Board and Remuneration Committee.

Other current appointments:
- Intel Corporation – President
- US President's National Security Advisory Committee – vice chair
- C200 – member

Board Committees:
Remuneration

Samuel Jonah
Non-Executive Director

Tenure: 6 years **Nationality:** Ghanaian

Skills and experience:
Samuel brings experience and understanding of business operations in emerging markets, particularly Africa. Previously Executive President of AngloGold Ashanti Ltd and member of the Advisory Council of the President of the African Development Bank, he is able to provide an international, commercial perspective to Board discussions. An Honorary Knighthood was conferred on him by Her Majesty the Queen in 2003 and in 2006 he was awarded Ghana's highest national award, the Companion of the Order of the Star.

Other current appointments:
- Presidents of Togo and Nigeria – adviser
- Iron Mineral Beneficiation Services – non-executive deputy chairman
- Jonah Capital (Pty) Limited – executive chairman
- Metropolitan Insurance Company Limited – chairman
- The Investment Climate Facility – member of trustee board

Board Committees:
Remuneration

Nick Land
Non-Executive Director

Tenure: 8 years **Nationality:** British

Skills and experience:
After a career spanning 36 years at Ernst & Young where Nick was a Managing Partner, he brings strong financial expertise and experience of dealing with major corporations in many parts of the world to his role as Chairman of the Audit and Risk Committee.

Other current appointments:
- Alliance Boots GmbH – non-executive director
- Ashmore Group plc – senior independent director
- BBA Aviation plc – senior independent director
- Farnham Castle – chairman of the board of trustees
- Financial Reporting Council – non-executive director
- The Vodafone Foundation – chairman of the board of trustees
- Dentons UKMEA LLP – adviser
- Silicon Valley Bank, London – adviser

Board Committees:
Audit and Risk (Chairman)

Luc Vandevelde
Senior Independent Director

Tenure: 11 years **Nationality:** Belgian

Skills and experience:
Luc has deep expertise leading international consumer businesses and has particular skills in finance, management and marketing, developed through his past directorships held at Société Générale, Carrefour S.A and Marks and Spencer Group. He has served on the Board for 11 years and his resulting knowledge of the Company has been a significant benefit to the Board and its committees.

Other current appointments:
- Majid Al Futtaim Ventures LLC – chairman

Board Committees:
Nominations and Governance
Remuneration (Chairman)

Philip Yea
Non-Executive Director

Tenure: 9 years **Nationality:** British

Skills and experience:
Philip's experience as chief financial officer of Diageo plc and in the private equity industry at Investcorp and 3i Group plc , together with his knowledge of the Vodafone Group, makes him a valued member of the Board. Philip's financial expertise is an asset to his role as member of the Audit and Risk Committee.

Other current appointments:
- Aberdeen Asian Smaller Companies Investment Trust PLC – non-executive director
- Rocket Internet SE – member of the supervisory board
- bwin.party digital entertainment plc – chairman
- British Heart Foundation – chairman of the trustees
- The Francis Crick Institute – director of the trustee board

Board Committees:
Nominations and Governance
Audit and Risk

Attendance at scheduled meetings of the Board in the 2015 financial year

Director		Attendance
Gerard Kleisterlee		7/7
Vittorio Colao		7/7
Stephen Pusey		7/7
Nick Read		7/7
Sir Crispin Davis	(Appointed to the Board on 27 July 2014)	5/6
Dame Clara Furse	(Appointed to the Board on 1 September 2014)	5/5
Valerie Gooding		7/7
Renee James		7/7
Alan Jebson	(Stepped down from the Board on 29 July 2014)	2/2
Samuel Jonah		7/7
Omid Kordestani	(Stepped down from the Board on 31 December 2014)	5/5
Nick Land		7/7
Anne Lauvergeon	(Stepped down from the Board on 29 July 2014)	0/2
Luc Vandevelde		7/7
Tony Watson	(Stepped down from the Board on 29 July 2014)	2/2
Philip Yea		7/7

The people powering our strategy

Chaired by Vittorio Colao, this committee focuses on our strategy, technological and commercial developments, programme execution, financial and competitive performance, succession planning, organisational development and Group-wide policies.

The Executive Committee includes the Executive Directors, details of whom are shown on page 52, and the senior managers who are listed below.

From left to right:
Warren Finegold; Matthew Kirk; Serpil Timuray; Nick Read; Philipp Humm; Vittorio Colao; Nick Jeffery; Paolo Bertoluzzo; Ronald Schellekens; Rosemary Martin; Stephen Pusey

More on **the Executive Committee: Page 71**

Paolo Bertoluzzo
Group Chief Commercial and Operations Officer

Tenure: 2 years **Nationality:** Italian

Career history:
- Vodafone Group Plc – chief executive officer, southern Europe (2012–2013)
- Vodafone Italy – chief executive officer; chief operating officer; chief commercial officer; consumer division director (2006–2013)
- Vodacom – board member (2010–2012)
- Omnitel Pronto Italia S.p.A. (became Vodafone Italy) – various senior roles including strategy & business development director and commercial director (1999–2005)
- Bain & Company – manager (1995–1999)
- Monitor Company – consultant (1991–1994)

Warren Finegold
Group Strategy and Business Development Director

Tenure: 9 years **Nationality:** British

Career history:
- UBS Investment Bank – managing director and head of its technology team in Europe (1995–2006)
- Goldman Sachs International – executive director, holding positions in New York and London (1985–1995)
- Hill Samuel & Co. Limited – corporate finance executive (1981–1985)

Philipp Humm
Regional CEO Europe

Tenure: 2 years **Nationality:** German

Career history:
- Vodafone Group Plc – chief executive officer, northern and central Europe (2012–2013)
- T-Mobile USA – president and chief executive officer (2010–2012)
- T-Mobile International – chief regional officer Europe; executive committee member (2009–2010)
- T-Mobile Germany – chief executive officer; chief sales officer (2005–2008)
- Entrepreneur (2002–2005)
- Amazon – managing director, Germany and France; vice president Europe (2000–2002)
- Tengelmann (German grocery retailer) – executive board member and chief executive officer of Plus (food-discounter) (1992–1999)
- McKinsey & Company (1986–1992)

Nick Jeffery
Group Enterprise Director

Tenure: 2 years **Nationality:** British

Career history:
- Cable & Wireless Worldwide – chief executive (2012–2013)
- Vodafone Global Enterprise – chief executive (2006–2012)
- Vodafone Group Plc – marketing director (2004–2006)
- Ciena – senior vice president (2003–2004)
- Microfone – founder (2002–2003)
- Cable & Wireless plc (Mercury Communications) – led UK and international markets business units (1991–2002)

Matthew Kirk
Group External Affairs Director

Tenure: 6 years **Nationality:** British

Career history:
- Vodafone Group Plc – group director of external relationships (2006–2009)
- British Ambassador to Finland (2002–2006)
- Member of the British Diplomatic Service for more than 20 years

Rosemary Martin
Group General Counsel and Company Secretary

Tenure: 5 years **Nationality:** British

Career history:
- Practical Law Group – chief executive officer (2008)
- Reuters Group Plc – group general counsel and company secretary (2003–2008), company secretary (1999–2003), deputy company secretary (1997–1999)
- Rowe & Maw – partner (1990–1997)

Ronald Schellekens
Group Human Resources Director

Tenure: 6 years **Nationality:** Dutch

Career history:
- Royal Dutch Shell Plc – HR executive vice president for global downstream business (2003–2008)
- PepsiCo – various international senior human resources roles in England, South Africa, Switzerland and Spain (1994–2003)
- AT&T Network Systems – human resources roles in the Netherlands and Poland (1986–1994)

Serpil Timuray
Regional CEO, Africa, Middle East and Asia-Pacific

Tenure: 1 year **Nationality:** Turkish

Career history:
- Vodafone Turkey – chief executive officer (2009–2013)
- Danone Turkey – chief executive officer (2002–2008)
- Danone Turkey – executive committee member and marketing and sales director (1999–2002)
- Proctor & Gamble Turkey – several marketing positions ultimately becoming executive committee member (1991–1999)

Johan Wibergh
Group Technology Officer Designate

Tenure: < 1 year **Nationality:** Swedish

Career history:
- Appointed to the Executive Committee on 1 May 2015
- Ericsson – executive vice president and head of business unit networks (2008–2015)
- Ericsson – president and head of market unit for Brazil (2006–2008), for Nordic & Baltics (2005–2006). Various senior roles (1996–2005)
- Bull AB – Head of Systems Integration Unit (1992–1996)
- Diab Data AB – SW Developer and R&D Manager of Datacom Products (1987–1991)

Key areas of focus for your Board

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.

Board activities in the 2015 financial year

Set out below are the key areas which the Board focused on during the year.

Strategy development

Last year was a year of change for Vodafone as we moved ahead in our strategy to become a total telecoms provider.

We acquired the cable companies Ono in Spain and Kabel Deutschland in Germany and disposed of our interest in Verizon Wireless. We also began our Project Spring programme, investing in the quality of our networks.

The 2015 financial year was a year in which the Board monitored our execution of this strategy.

The Board:

- had a strategy day including presentations from executives about developments in the Group's markets and on the Group's strategy, both organic and inorganic, in light of these developments;
- received presentations from local management in Spain and Germany on Ono and Kabel Deutschland and our plans in respect of them;
- received a presentation on the acquisition reviews that had been undertaken for the earlier acquisitions of Cable & Wireless Worldwide in the UK and Telstraclear in New Zealand;
- was updated at each Board meeting on the implementation of Project Spring;
- considered the Group's portfolio of assets and whether, and how, these should be developed;
- considered the Group's requirements for spectrum as and when opportunities became available;
- had a presentation on the Vodafone brand and how it is being developed and managed; and
- received a digital strategy presentation.

KDG

We commenced integration of KDG in April 2014 and have made solid progress. We have started to connect Vodafone base stations to KDG fibre backhaul, migrated broadband customers from Vodafone's broadband onto KDG's cable infrastructure, and launched our bundled fixed and mobile bundle product.

More on **KDG integration:** Page 39

Project Spring

We have made strong progress on Project Spring, which is designed to accelerate further our network and service differentiation. We have substantially increased European 4G population coverage, passed many more homes with our own fibre or cable next-generation networks, and significantly developed our suite of Enterprise products and services.

More on **Project Spring:** Pages 6 and 7

Performance

- At each Board meeting there was a report from the Chief Executive (including topics such as updates on the Enterprise business) and also from the Chief Financial Officer (including topics such as financial performance, treasury matters, acquisition reviews and insurance)
- At each Board meeting the Board received information on the performance of the Group with network, customer satisfaction and quarterly market share metrics being regularly provided
- During the course of the year the Board met with all the Executive Committee members and with each of the chief executives of Vodafone Germany, Vodafone UK, Vodafone Spain, Vodafone Italy, Vodafone Hungary, Vodafone Greece and Vodafone's Enterprise business to consider performance and future plans of the businesses

Governance

At the relevant times throughout the year the Board dealt with corporate governance matters, including:

- the appointment of new Directors;
- the annual budget and three year plan;
- the Annual Report including disclosures within the financial statements and the external audit process;
- bond issuance;
- changes to the treasury policy and dealing mandate;
- renewal of the Group's insurance arrangements;
- assessment of risks and internal controls;
- reports on compliance and litigation;
- reports on health & safety and EMF;
- the Board effectiveness review; and
- reviews of the Board and committees' composition and terms of reference.

People

The Board reviewed the Company's people management, including succession planning, talent, progress on diversity and the results of the People Survey.

Other reports from the business

The Board also received the following reports from the business:

- business development report;
- quarterly market share trends;
- External Affairs report;
- EMF report;
- Vodafone Foundation; and
- teach-in on fixed access technologies.

Board's visit to Delhi, India

In February 2015, Analjit Singh, Vodafone India's Chairman, and Marten Pieters, Vodafone India's Chief Executive at the time, hosted a visit by the Board to Vodafone India in Delhi. The Board visited shops and other distribution outlets and heard from Vodafone India's executive team about Vodafone India's business and operations. Two respected speakers, Suhel Seth of Counselage, India and Uday Kotak, executive vice chairman and managing director of Kotak Mahindra Bank, provided commentary on India's political and economic context. Evening receptions provided opportunities for the Board to meet with Indian leaders and to hear about the work of the Vodafone India Foundation. During the visit, the Board held Board, Remuneration Committee and Nominations and Governance Committee meetings and a strategy day.

Evaluating our performance and keeping up-to-date

The Board recognises that it continually needs to monitor and improve its performance. This is achieved through annual performance evaluation, full induction of new Board members and ongoing Board development activities.

Board Evaluation

Board effectiveness is reviewed by an external performance evaluation every three years, and will be externally conducted again in 2016. An internal performance evaluation was carried out this year, with the assistance of Lintstock Limited ('Lintstock'), a London-based corporate advisory firm, which has no other connection with Vodafone.

This year's process

- Each Director completed a confidential online questionnaire, designed by Lintstock and the Company Secretary
- Lintstock prepared a report based on the completed questionnaires for the Chairman and the chairman of each of the Board committees
- The Chairman then held one-to-one interviews with each of the Directors to discuss the reports. The Directors were asked for their views on, amongst other things: strategic oversight; priorities for change; Board composition and expertise; effectiveness of the Board's engagement with shareholders; risk management and internal control; Board dynamics and the induction process for new Directors
- The Chairman reviewed the Directors' contributions and the Senior Independent Director led the review of the performance of the Chairman
- Each Board committee undertook a specific self assessment questionnaire. The Audit and Risk Committee assessment also included input from the external auditor and relevant senior management
- The Chairman of each Board committee gave feedback on the evaluation of their committee to their committees and to the Board at its meeting in March 2015
- The Chairman discussed Lintstock's report on the performance evaluation with the Nominations and Governance Committee, and with the Board at its meeting in March 2015

2014 financial year evaluation

Recommendations	Actions taken in 2015 financial year
Diversity Diversity had improved and it should continue on that path.	The aspiration of 25% women Board members was achieved in March 2015.
Appointments to the Board The process for appointing Directors needed to be accelerated.	The process for Director recruitment has been improved and three new Directors have been appointed during the year.
Information flow Board arrangements and information flows were generally satisfactory, but more focus could be given on market information and the changing regulatory and competitive environment. Some further refinement of the presentation of performance metrics was agreed.	During the year quarterly reports on market share were provided to Directors and the Chief Executive discussed changes in the regulatory and competitive environment, when relevant, during his regular reports at each Board meeting. Performance metrics were refined in line with the recommendation.

Recommendations for the 2016 financial year

This year's findings included that the Board's dynamic was good. It should continue to develop its understanding of the future challenges and trends in Vodafone's sector, especially convergence, technology trends and the regulatory environment. It should increase its focus on customers' experience and it should continue to monitor management's success in delivering operational strategic objectives.

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

Board Induction

The Chairman is responsible for ensuring that each Director receives an induction on joining the Board and receives the training he or she requires, tailored to their specific requirements.

This year, an induction programme was provided for Nick Read, our new Chief Financial Officer. Valerie Gooding, Dame Clara Furse and Sir Crispin Davis were also inducted into the Board. Valerie Gooding's induction had been mostly completed during the 2014 financial year but she continued her introductory visits during the 2015 financial year. During the induction process new Non-Executive Directors meet with each of the Executive Committee members to hear about the aspects of Vodafone's business for which they are responsible. They also meet with the Chief Executive of Vodafone UK and, when practicable, with at least one other local market chief executive. The Directors being inducted also meet with the Group General Counsel and Company Secretary, Group Audit Director and Group Risk and Compliance Director. Briefings are provided by a law firm for those Directors who are not already familiar with the laws and regulations affecting listed companies.

Keeping up-to-date

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

- receiving presentations from executives in our business on matters of significance. This year the Board had training sessions on topics that are increasingly relevant for Vodafone as it executes its strategy, namely on fixed access technologies, content and Vodafone's digital strategy;
- 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 investor relations events throughout the year;
- visits to different parts of the Group. Details of the Board's visit to Delhi in India is set out on page 57; and
- regular updates on the Group's businesses and the regulatory and industry specific environments in which we operate, by way of written briefings and meetings with senior executives and, where appropriate, external sources.

As part of the Board's review of its effectiveness in 2015, the Directors assessed whether they had enough opportunities for training and development. 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.

Maintaining the right balance

We recognise that diversity is the key foundation for introducing different perspectives into Board debate and for better anticipating the risks and opportunities in building a long term, sustainable business.

Board diversity

We launched the Board diversity policy in 2011 with the intention of ensuring that diversity, in its broadest sense, remains a central feature of the Board and that it extends beyond the boardroom and permeates all levels of the organisation. Since the launch, the Board has made positive steps in broadening the diversity not just of the Board, but of our senior management.

25% female presence on the Board

We have made good progress refreshing the Board over the last four years, which has resulted in an increase in the proportion of female Directors on the Board, to 25% in March this year. Mathias Döpfner has since joined the Board, reducing this percentage, though this level will be exceeded when Luc Vandevelde and Stephen Pusey step down from the Board at the annual general meeting in July. We remain committed to at least maintaining this level of female presence in the medium term, whilst ensuring that diversity in its broadest sense remains a central feature of the Board. That said, the Nominations and Corporate Governance Committee will continue to recommend appointments to the Board based on merit and uses the annual evaluation process to consider objectively the Board's composition and effectiveness including an assessment of the Board's diversity including gender.

The Board remains committed to strengthening the pipeline of senior female executives within the business and endorses the Group's "Recruiting and Managing People" policy, one of the objectives of which is to "attract and develop a highly qualified and diverse workforce and ensure that all selection decisions are based on merit".

Strengthening the pipeline of executive talent

Strengthening the pipeline of executive talent in the Company has remained a key focus during the year. We are continuing to learn and build on existing programmes while introducing new initiatives to build, broaden and develop the significant talent which exists across the business. Details of key initiatives include:

- an executive succession planning update is provided to the Nominations and Governance Committee annually, mapping successional candidates and opportunities;
- disclosing our gender diversity targets and progress against these as part of the European Roundtable Table of Industrialists' voluntary targets initiative and using our membership to identify senior female employees suitable to serve on non-executive boards of other companies;
- providing senior Vodafone women with the opportunity to learn about life as a non-executive director through our sponsorship of the Professional Boards Forum; and
- senior management mentoring and coaching schemes.

Best practice executive search

The Board continues to support the principles of the Executive Search Firms Voluntary Code of Conduct on gender diversity, demonstrated by remaining committed to engaging only executive search firms which are signatories to this code. We continued to work with Korn Ferry during the year. Korn Ferry also provide some of the middle and senior recruitment solutions across some of our footprint.

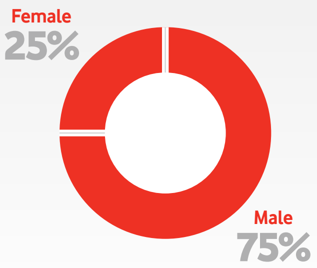
Other initiatives taking place within the Company which promote gender and other forms of diversity

During the year, the business has continued to embrace all forms of diversity with the introduction or continuation of a number of initiatives.

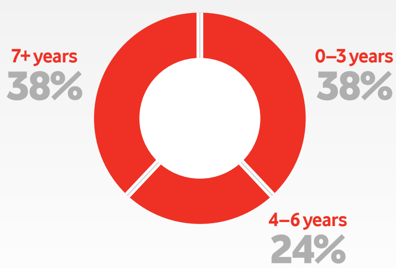
- Launching a new global maternity policy that sets the standard on benefits for our female employees in 30 countries. More on this initiative on page 61
- Launching a Mobile Gender Equality steering committee chaired by Serpil Timuray, an Executive Committee member, to accelerate the focus on gender balance and the work we do with our female customers, the work we do in communities and with our colleagues
- Using a gender toolkit to enable a consistent approach to improving gender diversity across all markets
- Running inclusive leadership workshops for our most senior leaders to highlight the business benefits of diversity and encourage them to act as role models to promote diversity and inclusion across Vodafone
- With employees working in many countries worldwide, it is our goal to operate as one company while keeping our local roots. 24 nationalities are represented in our top management team and 44% of our senior leaders have completed an international assignment. In the 2015 financial year, we focused on improving our employees' cultural awareness. We launched the Vodafone Cultural Navigator, an online tool to help employees understand different cultural preferences so they can work successfully with colleagues and customers around the world

Board diversity
At 31 March 2015

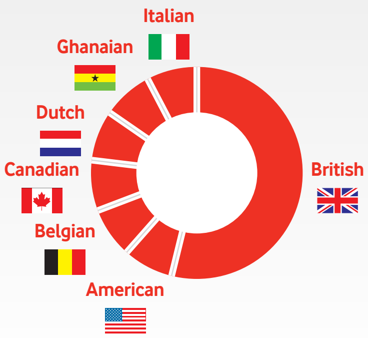
Gender of Board



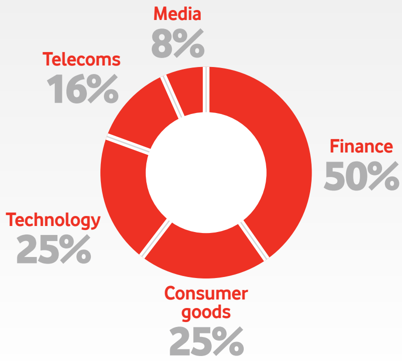
Tenure of Non-Executive Directors



Geographic representation of Board

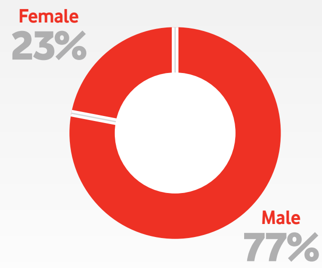


Sector experience of Board

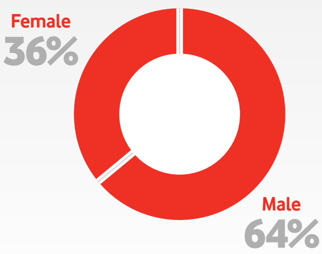


Building the pipeline for Board diversity

Gender of senior management (top c.1600 employees)



Gender of total employees



Setting the standard in maternity benefits for women globally

In 2015, we launched a global maternity policy that sets a worldwide minimum level of maternity pay for women in 30 countries. Vodafone is one of the first companies to do this.

From Africa to the Middle East, women at all levels of our organisation will be entitled to at least 16 weeks of fully paid maternity leave and full pay for a 30-hour week for the first six months after they return to work.

Our policy will make a big difference to around 1,000 female Vodafone employees each year, especially those who work in countries where there is little or no legislation to support them after having a baby. This will be good for our business too. KPMG estimates that global businesses could save around US$19 billion annually by providing 16 weeks of fully paid maternity leave, because it helps cut recruitment costs and retains valuable knowledge and experience within the business.

Communicating with our shareholders

We are committed to communicating our strategy and activities clearly to all our shareholders.

How we communicate with our shareholders

We maintained an active dialogue with our shareholders throughout the year through a planned programme of investor relations activities. We also respond to daily queries from shareholders and analysts through our Investor Relations team and have a section of our website which is dedicated to shareholders and analysts: vodafone.com/investor. Our registrars, Computershare, and BNY Mellon (as custodians of our American Depositary Receipts ('ADR') programme) also have a team of people to answer shareholder and ADR holder queries in relation to technical aspects of their holdings such as dividend payments and shareholding balances.

All of our financial results presentations are available on our website at vodafone.com/investor.

Our annual general meeting and our roadshows

Our annual general meeting is attended by our Board and Executive Committee and is open to all our shareholders to attend. A summary presentation of financial results is given before the Chairman deals with the formal business of the meeting. All shareholders present can question the Board during the meeting.

We hold meetings with major institutional investors, individual shareholder groups and financial analysts to discuss the business performance and strategy. These are attended by the appropriate mix of Board Directors and senior management including our Chairman, Chief Executive, Executive Committee members, senior leaders and the Investor Relations team. Institutional investors also meet with the Chairman to discuss matters of governance.

What our shareholders have asked us this year

Common topics raised by our institutional and individual shareholders include:

- 4G and data;
- administration of shareholding;
- cash flow, capital expenditure, debt and dividend cover;
- fixed broadband and TV strategy;
- performance outlook;
- Project Spring strategy;
- regulation in Europe and emerging markets;
- shareholder returns;
- spectrum renewal costs; and
- the Verizon Wireless transaction.

Our investor calendar

Set out below is a calendar of our investor events attended by senior management throughout the year.

May 2014
- Preliminary Results published
- London, New York, Boston, Toronto and Edinburgh roadshows
- Investor meeting in Italy

June 2014
- Annual Report published
- Switzerland, Netherlands and Frankfurt roadshow
- Investor conference in London
- Investor meetings in Spain, Germany and Turkey
- Chairman's London roadshow

July 2014
- Q1 Interim Management Statement published
- Annual general meeting in London

September 2014
- Several investor conferences in London
- Investor meetings in Spain, Italy and Germany
- Investor event in Tanzania

October 2014
- M2M webinar
- Investor meeting in Ireland

November 2014
- Half-year results published
- London, New York, Boston, Edinburgh, Paris, Frankfurt, Switzerland and Netherlands roadshows
- Investor conference in Barcelona

December 2014
- Investor conference in London
- New York, Montreal and Toronto roadshows
- Chairman's meeting with investors

January 2015
- Investor conference in Madrid
- Italy roadshow

February 2015
- Q3 Interim Management Statement published
- US west coast roadshow

March 2015
- US east coast, Asia, Copenhagen, Stockholm and Helsinki roadshows
- Investor conference in London
- Investor field trip to India

Audit and Risk Committee

"The Committee has continued to focus its work on the Group's financial reporting, financial control and risk management and compliance processes."

Membership

Chairman and financial expert (pictured right):
Nick Land Independent Non-Executive Director

Sir Crispin Davis Independent Non-Executive Director
Dame Clara Furse Independent Non-Executive Director
Philip Yea Independent Non-Executive Director

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 oversight over the Group's systems of internal control, business risks and related compliance activities.

Responsibilities:

The Board has approved terms of reference for the Committee which are available at vodafone.com/governance. These provided the framework for the Committee's work in the year and can be summarised into five primary sets of activities. These are oversight of the:

- appropriateness of the Group's external financial reporting;
- relationship with and performance of, the external auditor;
- Group's system of internal control including the work of the internal audit function;
- Group's system of risk management; and
- Group's system of compliance activities.

Following the publication of the revised UK Corporate Governance Code, which will be adopted in the 2016 financial year, the Board has approved amendments to the Committee's terms of reference to include:

- providing advice to the Board on the assessment performed of the principal risks facing the Group including their management and mitigation;
- monitoring the Group's risk management system and reviewing its effectiveness; and
- providing advice to the Board on the form and basis underlying the longer term viability statement and going concern statement to be contained in future Annual Reports.

Attendance at scheduled meetings

Director		Attendance
Nick Land		4/4
Dame Clara Furse	(member from September 2014)	3/3
Philip Yea	(member from September 2014)	3/3
Sir Crispin Davis	(member from September 2014)	2/3
Alan Jebson	(Stepped down from the Board in July 2014)	1/1
Anne Lauvergeon	(Stepped down from the Board in July 2014)	0/1
Anthony Watson	(Stepped down from the Board in July 2014)	1/1

Overview

The 2015 financial year has seen the Committee's activity directed towards the integrity of the Group's financial accounting and reporting together with the related external audit, the Group's control environment and system of internal controls including the work of internal audit and the Sarbanes-Oxley Act compliance process and the Group's management of risk and compliance related activities.

During the year we also welcomed three new members onto the Committee, as a result of Director retirements, and were actively involved in the transition of the Group's statutory audit to PricewaterhouseCoopers LLP following their appointment at the 2014 AGM.

Looking forward to the 2016 financial year, the Committee will work with the Board under its expanded terms of reference, which now include providing advice to the Board on the assessment, management and mitigation of the principal risks facing the Group, monitoring the Group's risk management system and its effectiveness and providing advice on how the Group's prospects have been assessed in order to make the new, longer term, viability statement.

Membership

The membership of the Committee changed substantially in the year with the appointment of Dame Clara Furse, Sir Crispin Davis and Philip Yea, in place of Anne Lauvergeon, Alan Jebson and Anthony Watson, all of whom retired from the Board at the 2014 AGM. The new members were appointed after a rigorous process to ensure the Committee has the necessary range of financial experience and commercial expertise required to provide an effective level of challenge to management. All the members of the Committee are Non-Executive Directors of the Company. Given my experience, I continue to be designated as the financial expert on the Committee for the purposes of the US Sarbanes-Oxley Act and the UK Corporate Governance Code.

How the Committee operates

The Committee met four times during the year as part of its standard schedule of meetings. No supplementary meetings were necessary in the year. For the next financial year we have resolved to increase the standard number of meetings to five to ensure we have adequate time to meet our increased responsibilities particularly in relation to risk management.

Meetings of the Committee generally take place just prior to a Board meeting to maximise the efficiency of interaction with the Board and I report to the Board, as a separate agenda item, on the activity of the Committee and matters of particular relevance to the Board in the conduct of its work.

In addition to more recurring activities driven by the Group's external financial reporting calendar and related regulatory obligations, the Committee conducts a rolling programme of "in-depth review" sessions where the Group's senior management provide briefings on key issues and developments including in relation to aspects of risk management. These reviews help us to understand more fully the context and challenges of their business operations and thereby ensure the Committee's time is used most effectively. A summary of the reviews undertaken during the year are set out within "Monitoring the Group's risk management system and its effectiveness" below.

The external auditor, PricewaterhouseCoopers LLP, is invited to each meeting together with the Chief Executive, the Chief Financial Officer, the Group Financial Controller, the Group Financial Reporting Director, the Group Audit Director, the Group Risk and Compliance Director, and the Group General Counsel and Company Secretary. The Committee also regularly meets separately with PricewaterhouseCoopers LLP, the Chief Financial Officer and the Group Audit Director without others being present.

We believe that the activities of the Committee during the last year have enabled us to gain a good understanding of the culture of the organisation, the risks and challenges faced and the adequacy and timeliness of the actions being taken to address them. Similar to last year, I, together with the Committee's secretary, conducted an internal review of effectiveness of the Committee involving the members of the Committee, the Group's senior management and the external auditor. This confirmed that the Committee remained effective at meeting its objectives.

Main activities of the Committee during the year

I have set out below a summary of the major activities of the Committee in the year.

Appropriateness of Group's external financial reporting

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

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

Accounting policies and practices

The Committee received reporting from management in relation to the identification of significant accounting policies including the proposed disclosure of these in the 2015 Annual Report. Following this assessment and discussions with PricewaterhouseCoopers LLP the Committee was satisfied with these judgements and related disclosure which is set out on pages 109 to 113 of this Annual Report. We have included detail in relation to IFRS 15 "Revenue from contracts with customers" which is likely to have a very substantial effect on the Group's accounting when it is adopted, which is now likely to be in the 2019 financial year.

Further, the Committee discussed with management and subsequently approved the critical accounting judgements and key sources of estimation uncertainty outlined in note 1 "Basis of preparation" to the consolidated financial statements.

Significant judgements and issues

The significant areas of focus considered by the Committee in relation to the 2015 accounts, and how these were addressed, are outlined below. We have discussed these with the external auditor during the year and, where appropriate, how these have been addressed by areas of audit focus as described in the Audit Report on pages 97 to 104.

Significant judgements and issues

Matter considered	Action
Taxation The Group is subject to a range of tax claims and related legal actions across a number of jurisdictions where it operates. The most material claim continues to be from the Indian tax authorities in relation to our acquisition of Vodafone India Limited from Hutchison Telecommunications International Limited group in 2007. Further details of this claim are described in note 30 "Contingent liabilities". Further, the Group has extensive accumulated tax losses as outlined in note 6 "Taxation", and a key management judgement is whether a deferred tax asset should be recognised in respect of these losses. As at 31 March 2015, the Group had recognised a £23.8 billion deferred tax asset primarily in respect of these tax losses.	The Group Tax Director presented on both provisioning and disclosure of tax contingencies and deferred tax asset recognition at the November 2014 and May 2015 Committee meetings. He also outlined management's view and response to the changing political and public attitude to tax and in particular the OECD's action plan to deal with base erosion and profit shifting. In respect of tax contingencies, the challenge from the Committee focused on the extent and strength of professional advice received from external legal and advisory firms. In relation to the public and political environment, the Committee required management to manage taxes transparently and with due regard to commercial and reputational risks. In relation to the recognition of the deferred tax assets, the Committee challenged management's expectations for future taxable profits. The statutory auditor also identified this as an area of higher audit risk and the Committee received reporting from them on these matters. The Group's disclosure in relation to the judgements underlying the recognition of the Group's significant deferred tax assets and related sensitivity of these asset values to changes of assumptions was enhanced in the 2015 Annual Report.

Significant judgements and issues

Matter considered	Action
Revenue recognition The timing of revenue recognition, the recognition of revenue on a gross or net basis, the treatment of discounts, incentives and commissions and the accounting for multi-element arrangements are complex areas of accounting. See note 1 "Basis of preparation" for more detail. In addition there is heightened risk in relation to the accounting for revenue as a result of the inherent complexity in the underlying billing and related IT systems.	An in-depth review of revenue accounting was undertaken by the Committee during the year. Management outlined the Group's approach to revenue recognition, particularly for more complex enterprise transactions. PricewaterhouseCoopers LLP shared their approach to the audit of revenue, as part of their presentation of the detailed audit plan. This identified the primary risks attaching to the audit of revenue to be (a) the controls over the underlying accuracy of rating by billing systems and (b) presumed fraud risk. PricewaterhouseCoopers LLP reported on the results of their work in relation to the revenue accounting cycle as part of their Committee reporting from their half-year review and the year end audit.
Goodwill impairment testing This is an area of focus for the Committee given the materiality of the Group's goodwill balances (£22.5 billion at 31 March 2015) and the inherent subjectivity in impairment testing. The judgements in relation to goodwill impairment continue to relate primarily to the assumptions underlying the calculation of the value in use of the business, being: → the achievability of the long-term business plan; and → the macroeconomic and related modelling assumptions underlying the valuation process. See note 4 "Impairment losses" for further detail.	The Committee received detailed reporting from management and challenged the appropriateness of the assumptions made including: → the consistent application of management's methodology; → the achievability of the business plans; → assumptions in relation to terminal growth in the businesses at the end of the plan period; and → discount rates. A separate in-depth review on setting discount rates for impairment purposes was also conducted in the year. This remains an area of audit focus and PricewaterhouseCoopers LLP provided detailed reporting on these matters to the Committee including sensitivity testing.
Liability provisioning The Group is subject to a range of claims and legal actions from a number of sources including competitors, regulators, customers, suppliers, and on occasion fellow shareholders in Group subsidiaries. The level of provisioning for contingent and other liabilities is an issue where management and legal judgements are important and accordingly an area of Committee focus.	The Committee received a presentation from the Group's General Counsel and the Director of Litigation in both November 2014 and May 2015 on management's assessment of the most significant claims. As this is an area of audit focus PricewaterhouseCoopers LLP also reviews these claims and relevant legal advice received by the Group, to form a view on the appropriateness of the level of provisioning that is shared with the Committee.
Acquisitions and disposals The Group made one significant business acquisition during the year being the purchase of Ono in Spain. This gave rise to a number of complex accounting and disclosure requirements particularly in relation to the valuation of acquired tangible and intangible assets. See note 28 "Acquisitions and disposals" for further details.	Management outlined the key accounting and disclosure impacts in relation to this transaction. The Committee received detailed reporting from PricewaterhouseCoopers LLP on their assessment of the accounting and disclosures made by management in both the half-year and annual financial statements.
IT controls in relation to privileged user access The Group's IT infrastructure platform hosts a number of financial reporting related applications. In the 2014 financial year, an issue was identified in respect of privileged user access controls within part of the IT infrastructure platform which could have had an adverse impact on certain of the Group's controls and financial systems.	Management has implemented new controls in the year to provide assurance over access to these systems. PricewaterhouseCoopers LLP tested these controls as part of their audit approach and confirmed they were operating effectively.
Key business controls The Group has continued to concentrate resources on key business controls to ensure a robust system of internal control. During the year this work has included particular focus over controls over general ledger accounts given the inherent risks and the high volume of related processing, and user access to the Group's core ERP system. This work was also responsive to both the identification of a number of weaknesses and potential improvements to these processes identified by Group Internal Audit.	The Committee received reports of work performed by management in relation to the maintenance and development of these controls during the year together with the results of related reviews performed by Internal Audit. PricewaterhouseCoopers LLP included these key business controls on their audit scope and reported to the Committee the results of their audit testing in these areas. Further detail is provided in the PricewaterhouseCoopers LLP audit report on pages 97 to 104.

Regulators and our financial reporting

The Group received an enquiry letter from the UK Financial Reporting Review Panel (the 'FRRP') in relation to its 31 March 2014 Annual Report during the year. The Committee was involved at all stages of the process, reviewing all correspondence between the Company and the Panel. All matters have been fully addressed and the enquiry is now closed. As a result the Group has agreed to make additional disclosure particularly around the judgements in relation to the recognition of deferred tax assets which is reflected in this Annual Report.

Whether the Annual Report, 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.

As part of the Committee's assessment of the Annual Report to allow onward reporting to the Board, it draws on the work of the Group's Disclosure Committee and has discussions with senior management. The processes and controls that underpin our consideration include ensuring that:

- senior managers providing the content for the Annual Report are fully briefed on the fair, balanced and understandable requirement;
- a dedicated core team of senior managers is responsible for the overall co-ordination of content submissions, verification and detailed review and challenge;
- confirmation from senior management within the business that they consider the content in respect of their area of responsibility to be fair, balanced and understandable; and
- the Disclosure Committee's review and assessment of the Annual Report as a whole.

We also received an early draft of the Annual Report to enable timely review and comment. These processes allowed us to provide positive assurance to the Board to assist them in making the statement required by the UK Corporate Governance Code.

The Committee is committed to continuous improvement in the effectiveness and clarity of the Group's corporate reporting and has provided support to management to adopt initiatives by regulatory bodies which would enhance our reporting.

Overseeing the relationship with and performance of, the external auditor

Appointment of PricewaterhouseCoopers LLP

As a result of the tender performed in the 2014 financial year, shareholders approved the appointment of PricewaterhouseCoopers LLP as the Group's external auditor at the 2014 AGM. Throughout the year the Committee oversaw and helped facilitate a smooth transition from the former auditor.

It was a key objective of the Committee to ensure that the new statutory auditor became fully familiar with all aspects of the Group that were relevant to the external audit process as part of their audit planning. Key to this was a formal "shadowing" by PricewaterhouseCoopers LLP of Deloitte LLP through the 31 March 2014 year end audit process at our major operating companies and at Group. This included attendance at Group Audit and Risk Committee meetings before their formal appointment. This was supplemented by PricewaterhouseCoopers LLP performing detailed audit planning activities at all the Group's material operating locations throughout the late spring and summer and a review of Deloitte LLP audit files at major locations.

Following this work we received from PricewaterhouseCoopers LLP a detailed audit plan for the 2015 financial year identifying their audit scope, planning materiality and their assessment of key risks. The PricewaterhouseCoopers LLP audit plan for the 2015 financial year was a key output of the transition process and was rigorously reviewed by the Committee.

Looking forward, the Committee has recommended to the Board the re-appointment of the external auditor under the current external audit contract for the 2016 financial year. The Directors will be proposing the reappointment of PricewaterhouseCoopers LLP at the AGM in July 2015.

The Committee will continue to review the auditor appointment and the need to tender the audit, ensuring the Group's compliance with the UK Corporate Governance Code and the reforms of the audit market by the UK Competition and Markets Authority and the European Union.

Audit risk

The audit risk identification process is considered a key factor in the overall effectiveness of the external audit process. For the 2015 financial year, the key risks identified were a combination of those identified in the 2014 financial year, one new specific risk arising from the Group's ongoing organic investment programme, Project Spring and one new risk in relation to the revenue accounting process, as follows:

Previously identified risks

- Carrying value of goodwill
- Provisioning for current tax liabilities
- Recognition and recoverability of deferred tax assets
- Provisioning for legal and regulatory claims
- Accounting for significant acquisitions and disposals
- Revenue recognition

New specific risks

- Capitalisation of costs and asset lives
- Billing accuracy as part of revenue process

At each meeting of the Committee, these risks were reviewed and both management's primary areas of judgement and the external auditor's key areas of audit focus were challenged. As part of this process, the risks associated with the accounting and reporting of complex supplier arrangements was assessed by both the Committee and the statutory auditor. This was not assessed as being an incremental key risk for external audit purposes given the nature of the agreements and the low level of accounting judgement required to be applied.

Working with the auditor

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 external 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. As a Committee, we strongly support the professional scepticism, particularly in the areas of key judgement and accounting disclosure, displayed by PricewaterhouseCoopers LLP.

External audit process effectiveness

We have sought to evolve our approach this year in relation to assessing the effectiveness of the external audit process. The framework we used had a number of facets and comprised:

- an assessment by the Committee of the performance of PricewaterhouseCoopers LLP, including consideration of the speed in which they gained a detailed understanding of the Group given the first year of their audit tenure;
- detailed questioning of management in operating companies and Group on a range of factors that we considered relevant to audit quality. This covered the Group's most senior finance personnel exposed to the audit process;
- feedback from the independent chairman of the Vodacom local audit committee; and
- feedback from PricewaterhouseCoopers LLP on their performance against their own performance objectives.

The observations from this assessment for the 2015 financial year were presented and discussed at the May 2015 meeting. We also considered the firm-wide audit quality inspection report issued by the FRC in relation to PricewaterhouseCoopers LLP in May 2014.

The Committee concluded that there had been appropriate focus and challenge on the primary areas of audit focus and PricewaterhouseCoopers LLP had applied robust challenge and scepticism throughout the audit. Management concurred with this view.

Independence and objectivity

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 PricewaterhouseCoopers 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 and Exchange Commission ('SEC').

Prior to the Board decision in February 2014 to recommend PricewaterhouseCoopers LLP as the external auditor for the year ended 31 March 2015, PricewaterhouseCoopers LLP were providing a range of non-audit services to the Group. A significant joint exercise was undertaken to confirm their independence from both a UK and US regulatory perspective. The Committee then set the parameters for any ongoing and future activity. It was mandated that:

- all services that were prohibited by the SEC for a statutory auditor to provide were to cease by 31 March 2014; and
- all engagements that were not prohibited by the SEC but would not have met the Group's own internal approval policy for non-audit services were to cease by 30 June 2014 to enable a transition to alternative suppliers, where required. These services had a value of approximately £3 million through to completion.

As one of the ways in which it seeks to protect the independence and objectivity of the external auditor, the Committee has a policy governing the engagement of the external auditor to provide non-audit services. This precludes PricewaterhouseCoopers LLP from providing certain services such as valuation work or the provision of accounting services and also sets a presumption that PricewaterhouseCoopers LLP should only be engaged for non-audit services where there is no legal or practical alternative supplier. Except as noted above in relation to the auditor transition, no material changes have been made to this policy during the financial year.

For certain specific permitted services, the Committee has pre-approved that PricewaterhouseCoopers 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 Committee member, can pre-approve permitted services.

During the year, PricewaterhouseCoopers LLP and related member firms charged the Group £12 million for statutory audit services. The Committee approved these fees which represented the fee proposed as part of the audit tender and scope changes during the 2015 financial year, including the impact of business acquisitions which were primarily in relation to Ono. The Committee received formal assurance from PricewaterhouseCoopers LLP that the fees were appropriate for the scope of the work required.

In addition to the statutory audit fee, PricewaterhouseCoopers LLP and related member firms charged the Group £4 million for audit-related and other assurance services, comprising £3 million for services that had ceased by 30 June 2014 and £1 million of other non-audit fees. Further details of the fees paid, for audit and non-audit services to both PricewaterhouseCoopers LLP for the current financial year and to Deloitte LLP for prior years, can be found in note 3 to the consolidated financial statements.

Oversight of the Group's system of internal control including the internal audit function

Assessment of internal controls

The Group has in place an internal control environment to protect the business from the material risks which have been identified. Management is responsible for establishing and maintaining adequate internal controls over financial reporting and we have responsibility for ensuring the effectiveness of these controls.

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. We also held a number of detailed reviews of the control environment in Vodafone Italy, Australia and the UK. Oversight of the Group's compliance activities in relation to section 404 of the Sarbanes-Oxley Act also falls within the Committee's remit.

The Committee has completed its review of the effectiveness of the Group's systems of internal control during the year and up to the date of this Annual Report, in accordance with the requirements of the revised Turnbull Guidance on Internal Control, published by the FRC. It confirms that no significant failings or weaknesses were identified in the review for the 2015 financial year. Where areas for improvement were identified, processes are in place to ensure that the necessary action is taken and that progress is monitored.

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.

On an annual basis the Committee reviews and approves both the audit plan for the year and the resources required to accomplish the agreed work programme. I play a major role in setting the Group Audit Director's annual objectives and I meet with him regularly in the year to be briefed on his team's activity and the nature of any significant issues arising from their work.

In the year, the Committee appointed Ernst & Young LLP to perform an independent review of the effectiveness of the Group's internal audit department. This found that the department continued to function well and was meeting its key objectives and had addressed all of the recommendations from the last independent review, performed in 2010.

In the 2016 financial year, the Group Internal Audit team in conjunction with other teams that form part of the Group's internal control systems will be implementing an integrated assurance mapping process to provide a framework to allow the comprehensive assessment of the assurance and compliance activities for the Group's significant risks.

Compliance with section 404 of the US Sarbanes-Oxley Act

The Committee takes an active role in monitoring the Group's compliance efforts in respect of section 404 of the US Sarbanes-Oxley Act, receiving three separate reports from management in the year covering scoping, the results of work performed and plans for the evolution of the framework in response to ongoing business changes. The external auditor reported the status of their work in relation to this matter in each of their reports to the Committee.

Monitoring the Group's risk management system and its effectiveness

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 activity here was driven primarily by the Group's assessment of its principal risks and uncertainties, as set out on pages 32 to 37. As part of this work the Committee maintains a programme of in-depth reviews into specific financial, operational and regulatory areas of the business. During the 2015 financial year, reviews were undertaken in the areas of:

- telecommunications network resilience and related technology security;
- IT controls including customer and non-customer related data security;
- the control environments in Vodafone Italy, Vodafone Australia and Vodafone UK, with the latter focusing on the integration of the recently acquired Cable and Wireless business and a major new billing system project;
- risks and controls within Vodafone Global Enterprise focusing on contract management;
- shared services and Finance Operations, focused on risk management and the control environment;
- revenue recognition including planning for the implementation of FRS 15 "Revenue" which we currently expect to be effective for the first time for the 2019 financial year;
- review of the findings of an external review over controls in relation to the M-Pesa money transfer service; and
- setting discount rates for impairment testing.

I also visited the Group's shared service centre in Pune, India to get a deeper understanding of the finance activities managed from that location and the control environment. These reviews are 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. We also undertook a number of reviews in relation to the Group's risk management framework; we received reports from the Group Audit Director on the Group's risk evaluation process and reviewed changes to significant risks identified at both operating entity and Group levels.

During the year management transferred the accountability for risk management from Group Internal Audit to the Group Risk and Compliance Director, a change supported by the Committee. This change was consistent with the requirements of the 2014 UK Corporate Governance Code.

Oversight of the Group's system of compliance

The Group held two deep dive sessions on compliance related matters in the year. These focused on the outputs of monitoring activities of compliance with Group-wide policies, the activities focused on driving a consistent culture of compliance within the organisation, the results of the use of "Speak Up" channels in place to enable employees to raise concerns about possible irregularities in financial reporting or other issues such as breaches of the Code of Conduct, and the outputs of any resulting investigations. Further, we received summaries of investigations into known or suspected fraudulent activities by both third parties and employees. We also met with the Group HR Director in relation to the consequences for employees of non-compliance with Group policies. I also meet privately with the Risk and Compliance Director outside the formal committee process.

Nick Land

Nick Land
On behalf of the Audit and Risk Committee

19 May 2015

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

Chairman (pictured right):
Gerard Kleisterlee Chairman of the Board – Independent on appointment

Luc Vandevelde Senior Independent Director
Philip Yea Independent Non-Executive Director

Key objective:
to make sure the Board comprises individuals with the necessary skills, knowledge and experience to ensure that it is effective in discharging its responsibilities and to have 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.

Attendance at scheduled meetings

Director	Attendance
Gerard Kleisterlee	3/3
Luc Vandevelde	3/3
Anthony Watson (Stepped down from the Board in July 2014)	1/1
Philip Yea	3/3

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 three times during the year. In May 2014, the Board reviewed the mix and skills of the current and prospective Directors and it considered the skills and experience that could be usefully added. The Committee identified that it would be valuable for a Non-Executive Director to be appointed who had experience of content and media sectors and who had experience as a chief executive. The Committee was also conscious of the need to ensure that the Board was not too UK-centric in its composition. Dr Mathias Döpfner was identified as meeting these criteria. He was invited to meet with the members of the Committee and following those meetings, the Committee recommended to the Board that he be invited to become a Non-Executive Director. The Board accepted the recommendation and Dr Döpfner accepted the Board's invitation and became a Director with effect from 1 April 2015.

The Committee also focused on executive succession planning. It discussed this topic with the Chief Executive and the Group HR Director and in private sessions of the Committee.

During the year Nick Read was appointed as Chief Financial Officer and joined the Board on 1 April 2014. Two senior executives (Stephen Pusey and Marten Pieters) announced their retirement from Vodafone during the year. Johan Wibergh joined Vodafone on 1 May and will succeed Stephen as Vodafone's Chief Technology Officer on 29 July 2015. Sunil Sood, formerly Vodafone India Limited's Chief Operating Officer, succeeded Marten Pieters as Chief Executive of Vodafone India with effect from 1 April 2015.

Omid Kordestani, a Non-Executive Director, stepped down from the Board on 31 December 2014. Luc Vandevelde, the Company's Senior Independent Director, informed the Board that he would not stand for re-election at the 2015 annual general meeting. The Committee considered, and made recommendations to the Board, about various changes to take account of this. These changes, which the Board approved, were that with effect from the 2015 annual general meeting, Philip Yea be appointed as Senior Independent Director, and Valerie Gooding be appointed as Chair of the Remuneration Committee and a member of the Nominations and Governance Committee.

In March, the Committee reviewed the Board's diversity policy and agreed that since the Board had achieved its aspiration of 25% female presence on the Board, the Board diversity policy should be updated to reflect that achievement and should state the intention to maintain that level, subject to suitable candidates being available. 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 pages 28 and in "Board Diversity" on page 61.

During the year, in the context of its corporate governance responsibilities, the Committee received a report from the Group General Counsel and Company Secretary on developments in corporate governance that affect the Company. It also discussed the methodology to be adopted for the 2015 review of the effectiveness of the Board, its committees and the Directors.

The Committee also assessed the independence of the Directors and whether there were any potential conflicts of interest. The Committee concluded that all the Non-Executive Directors were independent, notwithstanding in the cases of Luc Vandevelde and Philip Yea (who did not participate in the relevant discussions) that they had served on the Board for more than nine years. The Committee, and the Board, considered the matter carefully and decided that both these Non-Executive Directors continue to demonstrate the qualities of independence and judgement in carrying out their roles, supporting the Executive Directors and senior management in an objective manner.

The Committee reviewed the composition of the Board's committees at the end of the financial year. The Committee also reviewed its effectiveness and discussed the outcomes of the overall 2015 Board effectiveness review, in advance of the Board as a whole considering those outcomes. In the next financial year, the Committee will meet four times, instead of three, to allow greater focus on executive succession planning.

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 to ensure the Company remains at the forefront of good governance practices.

Gerard Kleisterlee
On behalf of the Nominations and Governance Committee
19 May 2015

Remuneration Committee

"Our remuneration policy 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

Chairman (pictured right):
Luc Vandevelde Independent Non-Executive Director

Valerie Gooding Independent Non-Executive Director
Renee James Independent Non-Executive Director
Samuel Jonah Independent Non-Executive Director

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 of the Board, 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

No one other than a member of the Committee is entitled to be present at its meetings. The Chairman of the Board and the 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 75 to 91.

Attendance at scheduled meetings

Director		Attendance
Luc Vandevelde		5/5
Philip Yea	(member until November 2014)	3/3
Renee James		5/5
Samuel Jonah		5/5
Valerie Gooding	(member from February 2015)	2/2

Executive Committee

Membership

Chairman (pictured right):
Vittorio Colao Chief Executive

The Executive Committee includes the Executive Directors and the senior managers.

Key objective:
Under the leadership of the Chief Executive, is responsible for Vodafone's overall business and affairs including delivery of strategy, financial structure and planning, financial and competitive performance and succession planning.

Committee meetings

The Executive Committee meets 11 times a year. Topics covered by the Committee include:

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

Annually, the Executive Committee, together with the chief executives of the major operating companies, conducts 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 Committee members' biographical details are set out on pages 54 and 55 and at vodafone.com/exco.

Other committees

Risk 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 risk management and policy compliance. In particular, the Committee conducts deep dives into key compliance risks to assess whether they are being effectively managed, approves changes to policies, 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 covered the policies relating to network resilience, branded partner markets, business continuity management and the Group Enterprise business. The Committee also received regular reports on the culture of compliance across the organisation including the use of the Speak Up whistleblowing channel, the results of the People Survey and completion of mandatory training programmes on the Code of Conduct.

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 also supports the Board in evaluating the Annual Report to be fair, balanced and understandable. It is composed of the Group General Counsel and Company Secretary (the Chair), Regional Financial Directors, the Group Financial Controller, the Group Investor Relations Director, the Group Strategy and Business Development Director and the Group External Affairs Director.

Compliance with the 2012 UK Corporate Governance Code

Throughout the year ended 31 March 2015 and to the date of this document, we complied with the provisions and applied the main principles of the 2012 version of the UK Corporate Governance Code (the 'Code'). The Code can be found on the FRC website (frc.org.uk).

We note that the 2014 version of the UK Corporate Governance Code will apply to us for the first time in the 2016 financial year and we intend to be in compliance.

We describe how we have applied the main principles of the 2012 Code in this table, cross referring to other parts of this Annual Report for further information on internal control and risk management and Directors' remuneration.

This table is intended to assist with the evaluation of our compliance during the year and should be read in conjunction with the Governance section as a whole.

Headings in the table correspond to the headings in the Code.

A. Leadership

A.1 – The role of the Board

The Board's responsibilities are set out in the governance framework outlined on page 51. The Board held seven scheduled meetings during the year and holds additional meetings, as required. All Directors are expected, wherever possible, to attend all Board and relevant Committee meetings, and the annual general meeting. Details of Board meetings attendance for the year are set out on page 53.

A.2 – Division of responsibilities

The roles of the Chairman and Chief Executive are separate and the key responsibilities of each are set out on page 51.

A.3 – The Chairman

The role of the Chairman is set out on page 51. Board meetings are arranged to ensure sufficient time is available for the discussion of all items. In accordance with the Code, the Chairman was independent on appointment.

B. Effectiveness

B.1 – The composition of the Board

Our Board consists of 13 Directors, ten of whom served throughout the year. There are nine Non-Executive Directors, in addition to the Chairman and three Executive Directors on the Board. Changes made to the composition of the Board and Committees during the year are set out in the Nominations and Governance Committee Report. The balance and independence of our Board is kept under review by our Nominations and Governance Committee. Luc Vandevelde will be stepping down from the Board at the annual general meeting in July 2015, having served 11 years as a Non-Executive Director. Philip Yea will have served on the Board for nine years and, in accordance with the Code, the Board has determined that Philip continues to demonstrate qualities of independence and judgement in carrying out his role, supporting the Executive Directors and senior management in an objective manner. His length of service and resulting experience is of great benefit to the Board. Nick Land and Samuel Jonah have served on the Board for eight and six years respectively. The Board considers that all of the Non-Executive Directors bring strong independent oversight and continue to demonstrate independence.

B.2 – Appointments to the Board

Nick Read was appointed as Chief Financial Officer in April 2014 and Sir Crispin Davis and Dame Clara Furse were appointed as Non-Executive Directors in July and September 2014 respectively. Dr Mathias Döpfner was appointed as a Non-Executive Director with effect from 1 April 2015. Further details on the process leading to their appointments are set out in the Nominations and Governance Report on pages 69 and 70.

B.3 – Commitment

During the year, the Board considered the external commitments of its Chairman, Senior Independent Director and other Non-Executive Directors and is satisfied that these do not conflict with their duties and time commitments as Directors of the Company. Details of our Directors' other commitments are set out in their biographies on pages 52 and 53. Omid Kordestani stood down as a Non-Executive Director when he took on an executive role at Google. Changes to the commitments of all Directors are reported to the Board. Directors complete an annual conflicts questionnaire. Any conflicts identified would be submitted to the Board for consideration and, as appropriate, authorisation in accordance with our articles of association and the Companies Act 2006. Where authorisation is granted, it would be recorded in a register of potential conflicts and reviewed periodically. Directors are responsible for notifying the Company Secretary if they become aware of actual or potential conflicts or a change in circumstances relating to an existing authorisation. The Executive Directors' service contracts and Non-Executive appointment letters are available for inspection at our registered office and will be available for inspection at our annual general meeting.

B.4 – Development

Details of Board induction and training and development is set out on page 59.

B.5 – Information and support

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. No such independent advice was sought in the 2015 financial year. The Company Secretary also assists the Chairman by organising induction and training programmes, is responsible for ensuring that the correct Board procedures are followed, assists the Chairman in ensuring that all Directors have full and timely access to all relevant information and advises the Board on corporate governance matters. The removal of the Company Secretary is a matter for the Board as a whole.

B.6 – Evaluation

Information on Board evaluation is set out on page 58.

B.7 – Election/Re-election

All Directors have submitted themselves for re-election at the annual general meeting to be held on 28 July 2015 with the exception of Stephen Pusey and Luc Vandevelde who will step down from the Board at the annual general meeting. The Nominations and Governance Committee confirmed to the Board that the contributions made by the Directors offering themselves for re-election at the annual general meeting in July 2015 continue to be effective and that the Company should support their re-election. The biographies for our Directors can be found on pages 52 and 53.

A.4 – **Non-Executive Directors**
Luc Vandevelde was Senior Independent Director during the year. The responsibilities of the Senior Independent Director include 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, 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.

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 Executive Directors, scrutinising and challenging performance across the Group's business, assessing the risk and integrity of the financial information and controls and determining the Company's policy for executive remuneration and the remuneration packages for the Executive Directors and the Chairman. The Chairman met with the Non-Executive Directors without the Executive Directors being present at every Board meeting during the year and individually with each Non-Executive Director as part of the Board effectiveness review process.

C. Accountability

C.1 – **Financial and business reporting**
The Directors' statement of responsibility regarding the financial statements, including the going concern assessment, is set out on pages 94 and 95. A further statement is provided on page 94 confirming that the Board considers that 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 responsibility of our auditor is set out in the Audit Report on pages 97 to 104.

C.2 – **Risk management and internal control**
An overview of the Group's framework for identifying and managing risk is set out on pages 32 to 37. 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 mistreatment 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. Further information on the Board's responsibility for system of internal control and risk management can be found in the Director's statement of responsibility on page 95 and further information on the oversight of the Group's system of internal control and the monitoring of the Group's risk management system and its effectiveness can be found in the Audit and Risk Committee report on pages 63 to 68.

C.3 – **Audit Committee and auditor**
The Board has delegated a number of responsibilities to the Audit and Risk Committee including governance over the appropriateness of the performance of both the internal audit function and external auditor and oversight of the Group's systems of internal controls. Further details of the composition of the Audit and Risk Committee and its activities are set out in the Audit and Risk Committee Report on pages 63 to 68 and the terms of reference for the Audit and Risk Committee can be found at vodafone.com/governance.

D. Remuneration

D.1 – **The level and components of remuneration**
The Remuneration Committee assesses and makes recommendations to the Board on the policies for the executive remuneration and packages for the individual Directors. For more information, see the Remuneration Committee Report on page 70 and Directors' Remuneration on pages 75 to 91.

D.2 – **Procedure**
The Board has delegated a number of responsibilities to the Remuneration Committee, including determining the policy on remuneration of the Chairman, executives and senior management team. Full details are set out in the terms of reference for the Committee published at vodafone.com/governance.

E. Relations with shareholders

E.1 – **Dialogue with shareholders**
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. The Chairman 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. Further information on how we engage with our shareholders can be found on page 62.

E.2 – **Constructive use of the annual general meeting**
Our annual general meeting will be held on 28 July 2015 and is an opportunity for shareholders to vote on certain aspects of Group business and present questions to the Board. A summary presentation of the full year results is given before the Chairman deals with the formal business of the meeting. All shareholders can question any member of the Board both during the meeting and informally afterwards. The Board encourages participation of investors at the annual general meeting. The annual general meeting is also broadcast live and on demand on our website at vodafone.com/agm. Voting on all resolutions at the annual general meeting is on a poll. The proxy votes cast, including details of the 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 copy of our notice of meeting can be found at vodafone.com/agm.

Our US listing requirements

As Vodafone's American depositary shares are listed on 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 set out in the following table:

Board member independence	Different tests of independence for Board members are applied under the Code and the NASDAQ listing rules. The Board is not required to take into consideration NASDAQ's detailed definitions of independence as set out in the NASDAQ listing rules. The Board has carried out an assessment based on the independence requirements of the Code and has determined that, in its judgement, each of Vodafone's Non-Executive Directors is independent within the meaning of those requirements.
Committees	The NASDAQ listing 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 → Our 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 at vodafone.com/governance → These terms of reference are generally responsive to the relevant NASDAQ listing rules but may not address all aspects of these rules
Code of Ethics and Code of Conduct	Under the NASDAQ listing 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 of the Sarbanes-Oxley Act which is applicable only to the senior financial and principal executive officers, and which is available on our website at 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 listing 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 listing 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 listing rules.
Shareholder approval	When determining whether shareholder approval is required for a proposed transaction, we comply with both the NASDAQ listing rules and the Listing Rules. Under the NASDAQ listing 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.

Letter from the Remuneration Committee Chairman

Luc Vandevelde
Chairman of the Remuneration Committee

Dear fellow shareholder

During a year in which we celebrated the 30th anniversary of our network carrying Britain's first ever mobile phone call, it is with great perspective on how far both our Company and our industry have come that I am pleased to present Vodafone's 2015 remuneration report.

It is fitting that during a year in which we celebrated such a historic milestone for both Vodafone and the wider industry, the backdrop for this year's report is our progress on Project Spring which represents the largest capital investment programme in our history. In 2013 this project saw us commit around £19 billion over two years to expand our networks and services across our major markets in Europe, Asia and Africa. This programme is testament to our objective of being an innovative market leader and our continued dedication to providing excellent customer experience.

Crucial to this continued success are the behaviours and values demonstrated by our management team, which we seek to drive through the appropriate application of our remuneration policy. I was therefore pleased to see shareholders display overwhelming support for our Policy Report, which was approved with a vote of 96% at the 2014 annual general meeting. Notwithstanding such strong support, the Committee continues to review our policy on an annual basis so as to ensure it remains aligned with our Company strategy and the views of our shareholders. Following our latest review, no changes to our policy are proposed for 2016.

Performance during 2015

As noted above, and illustrated elsewhere in this report, 2015 saw us make strong progress on the operational improvement phase of Project Spring. As a result of the hard work demonstrated by our colleagues throughout the Company, we have continued to expand our 4G coverage in Europe whilst simultaneously accelerating our growth in data traffic across all of our markets.

Further strengthening and expanding our network is pivotal to our aim of being a market leader, and the first choice for data, in our targeted emerging markets whilst also maintaining our position as a leading provider in Europe.

It is in this context that I am pleased to reflect on the following strategic and operational headlines from the year:

- the continued progression of our Project Spring investment programme, illustrated through £9.2 billion of capital expenditure during the year;
- the expansion of our 4G coverage which now reaches over 20 million customers across 18 markets. Our European coverage now stands at 72% and is set to reach over 90% next year;
- the increasing take-up of 3G amongst our customers in emerging markets; and
- the growth in our fixed broadband base by 2.8 million customers both through organic growth and the acquisition of Ono and Hellas Online.

More on **Project Spring progress: Pages 22 to 27**

Remuneration outcomes during 2015

Under our annual bonus plan ('GSTIP') performance against the four equally weighted measures of service revenue, EBITDA, adjusted free cash flow and competitive performance assessment resulted in a payout equivalent to 56.0% of maximum. This reflected a stronger EBITDA and cash flow performance against target which was partially offset by below target competitive performance.

In line with our commitment to the disclosure of annual bonus targets, further details of the targets for the 2015 GSTIP are provided on page 84.

The 2013 GLTI award (granted in July 2012) was based on a combination of adjusted free cash flow and TSR performance measured over the three financial years ending 31 March 2015. Despite TSR performance of 6.5% above the median of the comparator group, the adjusted free cash flow target was not met, and therefore the award lapsed in full.

Looking forward – strategic focus for 2016

The strong progress made in 2015 in respect of the operational improvement phase of Project Spring has laid the foundations required to implement the "customer experience" phase of the programme.

Key areas of focus during this phase include customer care, our retail and digital platforms, the roaming experience, and the simplification of our tariff and product offerings. By further strengthening these areas and combining them with the significant investment made in our network, we aim to deliver a "best in class" experience to all Vodafone customers.

As discussed below, this particular strategic focus for 2016 is reflected in the measures that will be used to determine performance for the 2016 GSTIP, helping to ensure appropriate alignment between our short-term variable incentive and immediate strategic priorities.

Contents of the remuneration report

Application of policy in 2016

At the time of presenting our Policy Report to shareholders for approval at the 2014 annual general meeting, it was envisaged that the policy would remain unchanged for three years. Following a review during the year, the Committee agreed that the policy continues to remain both appropriate and effective, and therefore no changes are proposed for the coming year.

However in order to ensure our arrangements are focused on driving our latest strategic priorities, a number of changes to the GSTIP that remain within our policy framework have been made. These changes are outlined below and follow on from consultation with a number of our largest shareholders earlier this year:

- the balance of performance measures for the 2016 GSTIP will be weighted 60% in respect of the financial measures, and 40% in respect of the strategic measures.
- in light of this increase in weighting, the Competitive Performance assessment measure previously used under the GSTIP will be replaced with Customer Appreciation KPIs. This will see brand consideration metrics added to the strategic element of the GSTIP, with net promoter score ('NPS') also retained as a measure. Other relevant indicators of strategic performance will also be considered in assessing final outcomes. Further information on how these measures will be assessed is provided on page 90.

The above changes remain in line with our shareholder approved remuneration policy which allows up to 50% of GSTIP opportunity to be based on strategic measures. The Committee is however aware of wider market concerns regarding the formulaic calculation of annual bonus payouts, and the potential for such arrangements to deliver value regardless of wider Company performance.

It is for this purpose that the Committee retains the discretion to alter final outcomes under our annual bonus plan where the formulaic payout is deemed to be inappropriate. This includes the potential to reduce any payout under the strategic element of the bonus, if such a formulaic payout is deemed inappropriate in light of wider financial performance.

Whilst we will not be seeking approval of our remuneration policy at the 2015 annual general meeting, the full policy report has been included in this report for reference.

Corporate governance

Vodafone continues to set demanding share ownership goals for our Executive Directors. The Committee is pleased to see that all three Executive Directors have voluntarily exceeded these guidelines by a significant margin, including Nick Read who only joined the Board this year.

During the year, the UK Corporate Governance Code was updated to include, on a comply or explain basis, a requirement to include malus and clawback provisions in respect of all variable elements of executive remuneration. The Committee determined that the current malus provisions, which allow unvested awards to be lapsed either wholly or in part, will be retained for 2016. Further, the Committee has agreed to introduce an appropriate clawback provision to our remuneration policy on the next occasion that the policy report is put forward for shareholder approval.

Conclusion

This is an exciting time to be a shareholder of Vodafone, with the maturity of Project Spring set to lay the foundations for the next step in our Company's history. Whilst our remuneration policy remains an important tool in driving these goals, the Committee remains aware of external concerns regarding executive compensation and will continue to work within the principles which underpin our approach to executive remuneration to ensure our arrangements remain effective but fair. These principles, which remain unchanged from last year, are as follows:

- we offer competitive and fair rates of pay and benefits to attract and retain the best people;
- our policy and practices aim to drive behaviours that support our Company strategy and business objectives;
- our "pay for performance" approach means that our incentive plans only deliver significant rewards if and when they are justified by performance; and
- our approach to share ownership is designed to help maintain commitment over the long term, and to ensure that the interests of our senior management team are aligned with those of shareholders.

Finally, following the conclusion of the 2015 annual general meeting which is to be held on 28 July 2015, I will be stepping down both as Chairman of the Remuneration Committee and from the Board. I would therefore like to thank you, our shareholders, for the continued support and engagement that you have displayed throughout my tenure, as well as the other members of the Committee for ensuring debate has always remained challenging, thought-provoking and, above all, focused on the needs of our stakeholders. I will be succeeded by Valerie Gooding who I look forward to introducing at our 2015 annual general meeting.

Luc Vandevelde

Luc Vandevelde
Chairman of the Remuneration Committee
19 May 2015

Remuneration policy

In this forward-looking section we describe our remuneration policy for the Board. This includes our considerations when determining policy, a description of the elements of the reward package and an indication of the potential future value of this package for each of the Executive Directors. In addition we describe our policy applied to the Chairman and Non-Executive Directors.

Our remuneration policy was approved by shareholders at the 2014 annual general meeting, and took effect from this point. Whilst we do not envisage making any changes to our policy prior to the 2017 annual general meeting, we conduct annual reviews to ensure that it continues to support our Company strategy. If we feel it is necessary to make a change to our policy prior to the end of this three year period, we will seek shareholder approval.

No changes have been made to our policy since its approval at the 2014 annual general meeting which was held on 29 July 2014. Our approved Policy Report is available on our website at vodafone.com, and has been included in full below as set out in the 2014 Annual Report.

Considerations when determining remuneration policy

Our remuneration principles which are outlined on page 76 are the context for our policy. Our principal consideration when determining remuneration policy is to ensure that it supports our Company strategy and business objectives.

The views of our shareholders are also taken into account when determining executive pay. In advance of asking for approval for the remuneration policy we have consulted with our major shareholders. We invited our top 20 shareholders to comment on remuneration at Vodafone and several meetings between shareholders and the Remuneration Committee Chairman took place. The main topics of consultation were as follows:

- new share plan rules for which we will seek shareholder approval at the 2014 annual general meeting;
- changes to executive remuneration arrangements (reduction of maximum long-term incentive vesting levels and pension provision); and
- impact of Project Spring on Free Cash Flow performance under the global long-term incentive plan ('GLTI').

We have not consulted with employees on the executive remuneration policy nor is any fixed remuneration comparison measurement used. However, when determining the policy for Executive Directors, we have been mindful of the pay and employment conditions of employees in Vodafone Group as a whole, with particular reference to the market in which the executive is based. Further information on our remuneration policy for other employees is given on page 80.

Performance measures and targets

Our Company strategy and business objectives are the primary consideration when we are selecting performance measures for our incentive plans. The targets within our incentive plans that are related to internal financial measures (such as revenue, profit and cash flow) are typically determined based on our budgets. Targets for strategic and external measures (such as competitive performance and Total Shareholder Return ('TSR')) are set based on Company objectives and in light of the competitive marketplace. The threshold and maximum levels of performance are set to reflect minimum acceptable levels at threshold and very stretching but achievable levels at maximum.

As in previous remuneration reports we will disclose the details of our performance targets for our short and long-term incentive plans. However, our annual bonus targets are commercially sensitive and therefore we will only disclose our targets in the remuneration report following the completion of the financial year. We will disclose the targets for each long-term award in the remuneration report for the financial year preceding the start of the performance period.

At the end of each performance period we review performance against the targets, using judgement to account for items such as (but not limited to) mergers, acquisitions, disposals, foreign exchange rate movements, changes in accounting treatment, material one-off tax settlements etc. The application of judgement is important to ensure that the final assessments of performance are fair and appropriate.

In addition, the Remuneration Committee reviews the incentive plan results before any payments are made to executives or any shares vest and has full discretion to adjust the final payment or vesting downwards if they believe circumstances warrant it. In particular, the Committee may use discretion to clawback any unvested share award (or vested but unexercised options) as it sees appropriate, in which case the award may lapse wholly or in part, may vest to a lesser extent than it would otherwise have vested or vesting may be delayed.

Remuneration policy (continued)

The remuneration policy table

The table below summarises the main components of the reward package for Executive Directors.

	Purpose and link to strategy	Operation
Base salary	→ To attract and retain the best talent.	→ Salaries are usually reviewed annually and fixed for 12 months commencing 1 July. Decision is influenced by: → level of skill, experience and scope of responsibilities of individual; → business performance, scarcity of talent, economic climate and market conditions; → increases elsewhere within the Group; and → external comparator groups (which are used for reference purposes only) made up of companies of similar size and complexity to Vodafone.
Pension	→ To remain competitive within the marketplace.	→ Executive Directors may choose to participate in the defined contribution pension scheme or to receive a cash allowance in lieu of pension.
Benefits	→ To aid retention and remain competitive within the marketplace.	→ Travel related benefits. This may include (but is not limited to) company car or cash allowance, fuel and access to a driver where appropriate. → Private medical, death and disability insurance and annual health checks. → In the event that we ask an individual to relocate we would offer them support in line with Vodafone's relocation or international assignment policies. This may cover (but is not limited to) relocation, cost of living allowance, housing, home leave, education support, tax equalisation and advice. → Legal fees if appropriate. → Other benefits are also offered in line with the benefits offered to other employees for example, all-employee share plans, mobile phone discounts, maternity/paternity benefits, sick leave, paid holiday, etc.
Annual Bonus – Global Short-Term Incentive Plan ('GSTIP')	→ To drive behaviour and communicate the key priorities for the year. → To motivate employees and incentivise delivery of performance over the one year operating cycle. → The financial metrics are designed to both drive our growth strategies whilst also focusing on improving operating efficiencies. Measuring competitive performance with its heavy reliance on net promoter score ('NPS') means providing a great customer experience remains at the heart of what we do.	→ Bonus levels and the appropriateness of measures and weightings are reviewed annually to ensure they continue to support our strategy. → Performance over the financial year is measured against stretching financial and non-financial performance targets set at the start of the financial year. → The annual bonus is usually paid in cash in June each year for performance over the previous year.
Long-Term Incentive – Global Long-Term Incentive Plan ('GLTI') base awards and co-investment awards (further details can be found in the notes that follow this table)	→ To motivate and incentivise delivery of sustained performance over the long term. → To support and encourage greater shareholder alignment through a high level of personal financial commitment. → The use of free cash flow as the principal performance measure ensures we apply prudent cash management and rigorous capital discipline to our investment decisions, whilst the use of TSR along with a performance period of not less than three years means that we are focused on the long-term interests of our shareholders.	→ Award levels and the framework for determining vesting are reviewed annually to ensure they continue to support our strategy. → Long-term incentive base awards consist of performance shares which are granted each year. → Individuals must co-invest in Vodafone shares and hold them in trust for at least three years in order to receive the full target award. → All awards vest not less than three years after the award based on Group operational and external performance. → Dividend equivalents are paid in cash after the vesting date.

Opportunity	Performance metrics
→ Average salary increases for existing Executive Committee members (including Executive Directors) will not normally exceed average increases for employees in other appropriate parts of the Group. Increases above this level may be made in specific situations. These situations could include (but are not limited to) internal promotions, changes to role, material changes to the business and exceptional company performance.	None.
→ The pension contribution or cash payment is equal to 30% of annual gross salary. In light of pension levels elsewhere in the Group we have decided to reduce the pension benefits level from 30% to no more than 24% from November 2015.	None.
→ Benefits will be provided in line with appropriate levels indicated by local market practice in the country of employment. → We expect to maintain benefits at the current level but the value of benefit may fluctuate depending on, amongst other things, personal situation, insurance premiums and other external factors.	None.
→ Bonuses can range from 0–200% of base salary, with 100% paid for on-target performance. Maximum is only paid out for exceptional performance.	→ Performance over each financial year is measured against stretching targets set at the beginning of the year. → The performance measures normally comprise of a mix of financial and strategic measures. Financial measures may include (but are not limited to) profit, revenue and cash flow with a weighting of no less than 50%. Strategic measures may include (but are not limited to) competitive performance metrics such as net promoter score and market share.
→ The basic target award level is 137.5% of base salary for the Chief Executive (110% for other Executive Directors). → The target award level may increase up to 237.5% of base salary for the Chief Executive (or 210% for others) if the individual commits to a co-investment in shares equal in value to their base salary. → Minimum vesting is 0% of target award level, threshold vesting is 50% and maximum vesting is 250% of the target award level. → Maximum long-term incentive face value at award of 594% of base salary for the Chief Executive (237.5% x 250%) and 525% for others. → The awards that vest accrue cash dividend equivalents over the three year vesting period. → Awards vest to the extent performance conditions are satisfied. There is a mandatory holding period where 50% of the post-tax shares are released after vesting, a further 25% after the first anniversary of vesting, and the remaining 25% will be released after the second anniversary.	→ Performance is measured against stretching targets set at the beginning of the performance period. → Vesting is determined based on a matrix of two measures: → adjusted free cash flow as our operational performance measure; and → relative TSR against a peer group of companies as our external performance measure.

Remuneration policy (continued)

Notes to the remuneration policy table

Existing arrangements

We will honour existing awards to Executive Directors, and incentives, benefits and contractual arrangements made to individuals prior to their promotion to the Board. This will last until the existing incentives vest (or lapse) or the benefits or contractual arrangements no longer apply.

Long-Term Incentive ('GLTI')

When referring to our long-term incentive awards we use the financial year end in which the award was made. For example, the '2013 award' was made in the financial year ending 31 March 2013. The awards are usually made in the first half of the financial year (the 2013 award was made in July 2012).

The extent to which awards vest depends on two performance conditions:

- underlying operational performance as measured by adjusted free cash flow; and
- relative Total Shareholder Return ('TSR') against a peer group median.

Adjusted free cash flow

The free cash flow performance is based on the cumulative adjusted free cash flow figure over the performance period. The detailed targets and the definition of adjusted free cash flow are determined each year as appropriate. The target adjusted free cash flow level is set by reference to our long-range plan and market expectations. We consider the targets to be critical to the Company's long-term success and its ability to maximise shareholder value, and to be in line with the strategic goals of the Company. The Remuneration Committee sets these targets to be sufficiently demanding with significant stretch where only outstanding performance will be rewarded with a maximum payout.

The cumulative adjusted free cash flow vesting levels as a percentage of target are shown in the table below (with linear interpolation between points):

Performance	Vesting percentage
Below threshold	0%
Threshold	50%
Target	100%
Maximum	125%

TSR outperformance of a peer group median

We have a limited number of appropriate peers and this makes the measurement of a relative ranking system volatile. As such, the outperformance of the median of a peer group is felt to be the most appropriate TSR measure. The peer group for the performance condition is reviewed each year and amended as appropriate.

The relative TSR position determines the performance multiplier. This will be applied to the adjusted free cash flow vesting percentage. There will be no multiplier until TSR performance exceeds median. Above median, the following table will apply (with linear interpolation between points):

	Multiplier
Median	No increase
Percentage outperformance of the peer group median equivalent to 65th percentile	1.5 times
Percentage outperformance of the peer group median equivalent to 80th percentile	2.0 times

In order to determine the percentages for the equivalent outperformance levels above median, the Remuneration Committee seeks independent external advice.

Combined vesting matrix

The combination of the two performance measures gives a combined vesting matrix as follows (with linear interpolation between points):

	TSR outperformance		
Adjusted free cash flow measure	Up to Median	65th percentile equivalent	80th percentile equivalent
Below threshold	0%	0%	0%
Threshold	50%	75%	100%
Target	100%	150%	200%
Maximum	125%	187.5%	250%

The combined vesting percentages are applied to the target number of shares granted.

Outstanding awards

For the awards made in the 2013 and 2014 financial years (vesting in July 2015 and June 2016 respectively) the award structure is as set out above, except that the maximum vesting percentage for cumulative adjusted free cash flow was 150% leading to an overall maximum of 300% of target award.

Remuneration policy for other employees

While our remuneration policy follows the same fundamental principles across the Group, packages offered to employees reflect differences in market practice in the different countries, role and seniority.

For example, the remuneration package elements for our Executive Directors are essentially the same as for the other Executive Committee members, with some small differences, for example higher levels of share awards. The remuneration for the next level of management, our senior leadership team, again follows the same principles but with differences such as local and individual performance aspects in the annual bonus targets and performance share awards. They also receive lower levels of share awards which are partly delivered in restricted shares.

Estimates of total future potential remuneration from 2015 pay packages

The tables below provide estimates of the potential future remuneration for each of the Executive Directors based on the remuneration opportunity granted in the 2015 financial year and therefore do not reflect the latest remuneration information. Potential outcomes based on different performance scenarios are provided for each Executive Director.

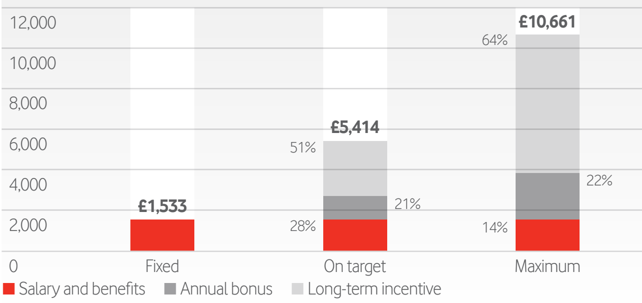
The assumptions underlying each scenario are described below.

Fixed	Consists of base salary, benefits and pension.
	Base salary is at 1 July 2014.
	Benefits are valued using the figures in the total remuneration for the 2014 financial year table on page 78 (of the 2014 report) and on a similar basis for Nick Read (promoted to the Board on 1 April 2014).
	Pensions are valued by applying cash allowance rate of 30% of base salary at 1 July 2014.

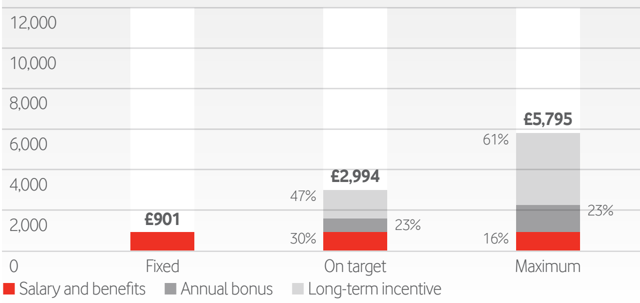
	Base (£'000)	Benefits (£'000)	Pension (£'000)	Total fixed (£'000)
Chief Executive	1,150	38	345	1,533
Chief Financial Officer	675	23	203	901
Chief Technology Officer	600	21	180	801

On target	Based on what a Director would receive if performance was in line with plan.
	The target award opportunity for the annual bonus ('GSTIP') is 100% of base salary.
	The target award opportunity for the long-term incentive ('GLTI') is 237.5% of base salary for the Chief Executive and 210% for others. We assumed that TSR performance was at median.
Maximum	Two times the target award opportunity is payable under the annual bonus ('GSTIP').
	The maximum levels of performance for the long-term incentive ('GLTI') are 250% of target award opportunity. We assumed that TSR performance was at or above the 80th percentile equivalent.
All scenarios	Each executive is assumed to co-invest the maximum allowed under the long-term incentive ('GLTI'), 100% of salary, and the long-term incentive ('GLTI') award reflects this.
	Long-term incentives consist of share awards only which are measured at face value i.e. no assumption for increase in share price or cash dividend equivalents payable.

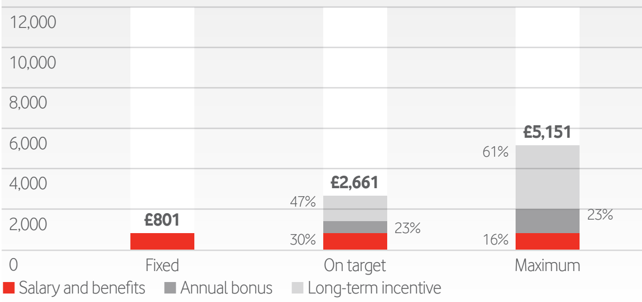
Vittorio Colao, Chief Executive £'000



Nick Read, Chief Financial Officer (appointed 1 April 2014) £'000



Stephen Pusey, Chief Technology Officer £'000



Recruitment remuneration

Our approach to recruitment remuneration is to pay no more than is necessary and appropriate to attract the right talent to the role.

The remuneration policy table (pages 78 and 79) sets out the various components which would be considered for inclusion in the remuneration package for the appointment of an Executive Director. Any new Director's remuneration package would include the same elements, and be subject to the same constraints, as those of the existing Directors performing similar roles. This means a potential maximum bonus opportunity of 200% of base salary and long-term incentive maximum face value of opportunity at award of 594% of base salary.

When considering the remuneration arrangements of individuals recruited from external roles to the Board, we will take into account the remuneration package of that individual in their prior role. We only provide additional compensation to individuals for awards foregone. If necessary we will seek to replicate, as far as practicable, the level and timing of such remuneration, taking into account also any remaining performance requirements applying to it. This will be achieved by granting awards of cash or shares that vest over a timeframe similar to those forfeited and if appropriate based on performance conditions. A commensurate reduction in quantum will be applied where it is determined that the new awards are either not subject to performance conditions or subject to performance conditions that are not as stretching as those of the awards forfeited.

Remuneration policy (continued)

Service contracts of Executive Directors

After an initial term of up to two years Executive Directors' contracts have rolling terms and are terminable on no more than 12 months' notice.

The key elements of the service contract for executives relate to remuneration, payments on loss of office (see below), and restrictions during active employment (and for 12 months thereafter). These restrictions include non-competition, non-solicitation of customers and employees etc.

Additionally, all of the Company's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control to the extent that any performance condition has been satisfied and pro-rated to reflect the acceleration of vesting.

Payments for departing executives

In the table below we summarise the key elements of our policy on payment for loss of office. We will of course, always comply both with the relevant plan rules and local employment legislation.

Provision	Policy
Notice period and compensation for loss of office in service contracts	→ 12 months' notice from the Company to the Executive Director.
	→ Up to 12 months' base salary (in line with the notice period). Notice period payments will either be made as normal (if the executive continues to work during the notice period or is on gardening leave) or they will be made as monthly payments in lieu of notice (subject to mitigation if alternative employment is obtained).
Treatment of annual bonus ('GSTIP') on termination under plan rules	→ The annual bonus will be pro-rated for the period of service during the financial year and will reflect the extent to which Company performance has been achieved.
	→ The Remuneration Committee has discretion to reduce the entitlement to an annual bonus to reflect the individual's performance and the circumstances of the termination.
Treatment of unvested long-term incentive awards ('GLTI') and co-investment awards on termination under plan rules	→ An Executive Director's award will vest in accordance with the terms of the plan and satisfaction of performance conditions measured at the normal completion of the performance period, with the award pro-rated for the proportion of the vesting period that had elapsed at the date of cessation of employment.
	→ The Remuneration Committee has discretion to vary the level of vesting as deemed appropriate, and in particular to determine that awards should not vest in the case of a 'bad leaver' which may include, at their absolute discretion, departure in case of poor performance, departure without the agreement of the Board, or detrimental competitive activity.
Pension and benefits	→ Generally pension and benefit provisions will continue to apply until the termination date.
	→ Where appropriate other benefits may be receivable, such as (but not limited to) payments in lieu of accrued holiday and legal fees or tax advice costs in relation to the termination.
	→ Benefits of relative small value may continue after termination where appropriate, such as (but not limited to) mobile phone provision.

In exceptional circumstances, an arrangement may be established specifically to facilitate the exit of a particular individual albeit that any such arrangement would be made within the context of minimising the cost to the Group. We will only take such a course of action in exceptional circumstances and where it is considered to be in the best interests of shareholders.

Chairman and Non-Executive Directors' remuneration

Our policy is for the Chairman to review the remuneration of Non-Executive Directors annually following consultation with the Remuneration Committee Chairman. Fees for the Chairman are set by the Remuneration Committee.

Element	Policy
Fees	→ We aim to pay competitively for the role including consideration of the time commitment required. We benchmark the fees against an appropriate external comparator group. We pay fees to our Chairman and Senior Independent Director that include fees for chairmanship of any committees. We pay a fee to each of our other Non-Executive Directors and they receive an additional fee if they chair a committee. Non-executive fee levels are set within the maximum level as approved by shareholders as part of our articles of association.
Allowances	→ An allowance is payable each time a non-Europe-based Non-Executive Director is required to travel to attend Board and committee meetings to reflect the additional time commitment involved.
Incentives	→ Non-Executive Directors do not participate in any incentive plans.
Benefits	→ Non-Executive Directors do not participate in any benefit plans. The Company does not provide any contribution to their pension arrangements. The Chairman is entitled to the use of a car and a driver whenever and wherever he is providing his services to or representing the Company. We have been advised that for Non-Executive Directors, certain travel and accommodation expenses in relation to attending Board meetings should be treated as a taxable benefit therefore we also cover the tax liability for these expenses.

Non-Executive Director service contracts

Non-Executive Directors are engaged on letters of appointment that set out their duties and responsibilities. The appointment of Non-Executive Directors may be terminated without compensation. Non-Executive Directors are generally not expected to serve for a period exceeding nine years. For further information refer to the "Nomination and Governance Committee" section of the Annual Report (pages 69 to 70).

Annual Report on remuneration

Remuneration Committee

In this section we give details of the composition of the Remuneration Committee and activities undertaken over the 2015 financial year. The Committee is comprised to exercise independent judgement and consists only of the following independent Non-Executive Directors:

Chairman: Luc Vandevelde
Committee members: Valerie Gooding (from 29 July 2014); Renee James; Samuel Jonah; Philip Yea (until 29 July 2014)

The Committee regularly consults with Vittorio Colao, the Chief Executive, and Ronald Schellekens, the Group HR Director, on various matters relating to the appropriateness of awards for Executive Directors and senior executives, though they are not present when their own compensation is discussed. In addition, Adrian Jackson, the Group Reward and Policy Director, provides a perspective on information provided to the Committee, and requests information and analysis from external advisors as required. Rosemary Martin, the Group General Counsel and Company Secretary, advises the Committee on corporate governance guidelines and acts as secretary to the Committee.

External advisors

The Remuneration Committee seeks and considers advice from independent remuneration advisors where appropriate. The appointed advisors, Towers Watson, were selected through a thorough process led by the Chairman of the Remuneration Committee and were appointed by the Committee in 2007. The Chairman of the Remuneration Committee has direct access to the advisors as and when required, and the Committee determines the protocols by which the advisors interact with management in support of the Committee. The advice and recommendations of the external advisors are used as a guide, but do not serve as a substitute for thorough consideration of the issues by each Committee member. Advisors attend Committee meetings occasionally, as and when required by the Committee.

Towers Watson are a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the Remuneration Consultants' Group Code of Conduct in relation to executive remuneration consulting in the UK. This is based upon principles of transparency, integrity, objectivity, competence, due care and confidentiality by executive remuneration consultants. Towers Watson has confirmed that they adhered to that Code of Conduct throughout the year for all remuneration services provided to Vodafone and therefore the Committee are satisfied that they are independent and objective. The Remuneration Consultants' Group Code of Conduct is available at remunerationconsultantsgroup.com.

Advisor	Appointed by	Services provided to the Committee	Fees for services provided to the Committee £'000[1]	Other services provided to the Company
Towers Watson	Remuneration Committee in 2007	Advice on market practice; Governance; Provide market data on executive and non-executive reward; Reward consultancy; Performance analysis	56	Reward and benefits consultancy, provision of benchmark data and pension administration

Note:
1 Fees are determined on a time spent basis.

2014 annual general meeting

At the 2014 annual general meeting there was a binding vote on our Remuneration Policy and an advisory vote on our Remuneration Report. Details of the voting outcomes are provided in the table below.

	Votes for	%	Votes against	%	Total votes	Withheld
Remuneration Policy	16,620,036,145	95.97%	698,459,069	4.03%	17,318,495,214	227,447,313
Remuneration Report	16,547,116,308	97.29%	461,161,775	2.71%	17,008,278,083	537,651,184

Meetings

The Remuneration Committee had six formal meetings during the year. Outside these meetings there are frequent discussions usually by conference call. The principal agenda items at the formal meetings were as follows:

Meeting	Agenda items	
May 2014	→ 2014 annual bonus achievement and 2015 targets and ranges → 2012 long-term incentive award vesting and 2015 targets and ranges	→ 2014 Directors' remuneration report
July 2014	→ 2015 long-term incentive awards	→ Large local market CEO remuneration
November 2014	→ 2016 reward strategy → Executive Committee remuneration	→ Corporate governance matters
December 2014	→ Succession planning for Stephen Pusey	
February 2015	→ 2016 annual bonus framework	
March 2015	→ 2015 reward packages for the Executive Committee → Non-Executive Director fee levels → Chairman's fees	→ 2015 Directors' remuneration report → Committee's effectiveness and terms of reference → Risk assessment

Annual Report on remuneration (continued)

2015 remuneration

In this section we summarise the pay packages awarded to our Executive Directors for performance in the 2015 financial year versus 2014. Specifically we have provided a table that shows all remuneration that was earned by each individual during the year and computed a single total remuneration figure for the year. The value of the annual bonus ('GSTIP') was earned during the year but will be paid out in cash in the following year and the value of the long-term incentive ('GLTI') shows the share awards which will vest in July 2015 as a result of the performance through the three year period ended at the completion of our financial year on 31 March 2015.

The Remuneration Committee reviews all incentive awards prior to payment and uses judgement to ensure that the final assessments of performance are fair and appropriate. If circumstances warrant it, the Committee may adjust the final payment or vesting downwards. On this occasion, the Committee did not exercise its judgement considering the annual bonus ('GSTIP') payout and the final vesting level of the long-term incentives awards ('GLTI') reflected performance and were considered fair and appropriate.

Total remuneration for the 2015 financial year (audited)

	Vittorio Colao		Stephen Pusey		Nick Read[1]	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000
Salary/fees	1,140	1,110	594	575	675	–
Taxable benefits[2]	40	38	21	21	28	–
Annual bonus: GSTIP (see below for further detail)	1,287	982	671	509	755	–
Total long-term incentive:	–	5,550	–	1,858	–	–
GLTI vesting during the year[3]	–	4,716	–	1,579	–	–
Cash in lieu of GLTI dividends[4]	–	834	–	279	–	–
Cash in lieu of pension	342	333	178	173	203	–
Other[5]	1	1	–	–	1	–
Total	**2,810**	**8,014**	**1,464**	**3,136**	**1,662**	–

Notes:
1 Nick Read was appointed to the Board on 1 April 2014.
2 Taxable benefits include amounts in respect of: – Private healthcare (2015: £1,854; 2014 £1,734);
– Cash car allowance £19,200 p.a.; and
– Travel (2015: Vittorio Colao £18,022; Nick Read £7,164; 2014: Vittorio Colao £17,155).
3 The value shown in the 2014 column is the award which vested on 28 June 2014 and is valued using the execution share price on 30 June 2014 of 196.19 pence. Please note that the values disclosed in this table in 2014 are slightly different as the value was based on an average of the closing share price over the last quarter of the 2014 financial year of 234.23 pence.
4 Participants also receive a cash award, equivalent in value to the dividends that would have been paid during the vesting period on any shares that vest. The cash in lieu of dividend value shown in 2014 relates to the award which vested on 28 June 2014.
5 Reflects the value of the SAYE benefit which is calculated as £250 x 12 months x 20% to reflect the discount applied based on savings made during the year.

2015 annual bonus ('GSTIP') payout (audited)

In the table below we disclose our achievement against each of the performance measures and targets in our annual bonus ('GSTIP') and the resulting total annual bonus payout level for the year ended 31 March 2015 of 111.9%. This is applied to the target bonus level of 100% of base salary for each executive.

Performance measure	Payout at target performance 100%	Payout at maximum performance 200%	Actual payout %	Target performance level £bn	Actual performance level[1] £bn	Commentary
Service revenue	25%	50%	23.5%	39.0	38.9	Actual performance slightly below budget
EBITDA	25%	50%	29.7%	11.8	12.0	Above budgeted performance in Europe
Adjusted free cash flow	25%	50%	38.5%	0.9	1.3	Strong performance in both regions
Competitive performance assessment, driven particularly by Net Promoter Score and relative market share	25%	50%	20.2%	Compilation of market-by-market assessment		Net Promoter Score now ranks first in 11 markets, however there remains scope for improvement in Europe
Total annual bonus payout level	**100%**	**200%**	**111.9%**			

Note:
1 These figures are adjusted to include the removal of the impact of M&A, foreign exchange movements and any changes in accounting treatment.

2015 annual bonus ('GSTIP') amounts	Base salary £'000	Target bonus % of base salary	2015 payout % of target	Actual payment £'000
Vittorio Colao	1,150	100%	111.9%	1,287
Stephen Pusey	600	100%	111.9%	671
Nick Read	675	100%	111.9%	755

Long-term incentive ('GLTI') award vesting in July 2015 (audited)

The 2013 long-term incentive ('GLTI') awards which were made in July 2012 will lapse in full in July 2015. The performance conditions for the three year period ending in the 2015 financial year are as follows:

Adjusted free cash flow measure	£bn	TSR outperformance 0% (Up to median)	4.5% (65th percentile equivalent)	9% (80th percentile equivalent)
Below threshold	<15.4	0%	0%	0%
Threshold	15.4	50%	75%	100%
Target	17.9	100%	150%	200%
Maximum	20.4	150%	225%	300%

TSR peer group	
BT Group	Telecom Italia
Deutsche Telekom	Telefónica
Orange	
Emerging market composite (consists of the average TSR performance of Bharti, MTN and Turkcell)	

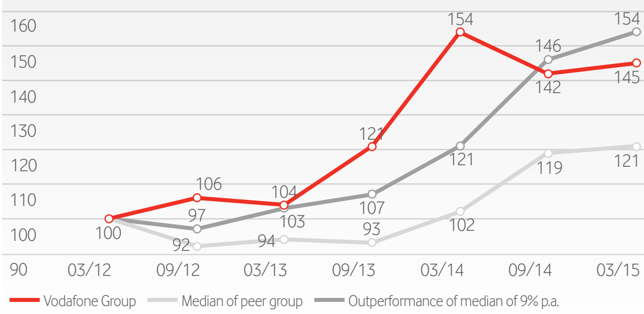
Adjusted free cash flow for the three year period ended on 31 March 2015 was £14.8 billion which compares with a threshold of £15.4 billion and a target of £17.9 billion.

The chart to the right shows that our TSR performance against our peer group for the same period resulted in an outperformance of the median by 6.5% a year.

Using the combined payout matrix above, this performance resulted in a payout of 0.0% of target.

The combined vesting percentages are applied to the target number of shares granted as shown below.

2013 GLTI award: TSR performance (growth in the value of a hypothetical US$100 holding over the performance period, six month averaging)



2013 GLTI performance share awards vesting in July 2015	Maximum number of shares	Target number of shares	Adjusted free cash flow performance payout % of target	TSR multiplier	Overall vesting % of target	Number of shares vesting	Value of shares vesting ('000)
Vittorio Colao	4,511,080	1,503,693	0.0%	1.7 times	0.0%	0	£0
Stephen Pusey	2,072,397	690,799	0.0%	1.7 times	0.0%	0	£0
Nick Read[1]	1,880,086	626,695	0.0%	1.7 times	0.0%	0	£0

Notes:
1 Nick Read was appointed to the Board on 1 April 2014. His award in the table above reflects a grant made prior to his appointment to the main Board.

These share awards will lapse on 3 July 2015. Specified procedures are performed by PricewaterhouseCoopers LLP over the adjusted free cash flow to assist with the Committee's assessment of performance. The performance assessment in respect of the TSR outperformance of the peer group median is undertaken by Towers Watson. Details of how the plan works can be found on pages 78 to 80.

Long-term incentive ('GLTI') awarded during the year (audited)

The 2015 long-term incentive awards made in June 2014 under the Global Long-Term Incentive Plan ('GLTI'). The performance conditions are a combination of adjusted free cash flow and TSR performance as follows:

Adjusted free cash flow measure	£bn	TSR outperformance 0% (Up to median)	5% (65th percentile equivalent)	10% (80th percentile equivalent)
Below threshold	<3.4	0%	0%	0%
Threshold	3.4	50%	75%	100%
Target	5.1	100%	150%	200%
Maximum	6.8	125%	187.5%	250%

TSR peer group	
Bharti	Orange
BT Group	Telecom Italia
Deutsche Telekom	Telefónica
MTN	

The combined vesting percentages are applied to the target number of shares granted. The adjusted free cash flow figures shown above are considerably lower than prior years as they include the impact of Project Spring. When considered on a like-for-like basis with previous years (i.e. excluding the impact of Project Spring) the adjusted cash flow target is £12.3 billion.

In order to participate fully in this award, executives had to co-invest personal shares worth 100% of salary. The resulting awards to Executive Directors were as follows:

2015 GLTI performance share awards made in June 2014	Number of shares awarded **Target vesting level (40% of max)**	Maximum vesting level	Face value of shares awarded[1] **Target vesting level**	Maximum vesting level	Proportion of maximum award vesting at minimum performance	Performance period end
Vittorio Colao	**1,340,004**	3,350,011	**£2,543,328**	£6,358,321	1/5th	31 Mar 2017
Stephen Pusey	**333,245**	833,113	**£632,449**	£1,581,248	1/5th	31 Mar 2017
Nick Read	**717,067**	1,792,668	**£1,360,993**	£3,402,484	1/5th	31 Mar 2017

Note:
1 Face value calculated based on the share prices at the date of grant of 189.8 pence.

Dividend equivalents on the shares that vest are paid in cash after the vesting date.

Annual Report on remuneration (continued)

All-employee share plans

The Executive Directors are also eligible to participate in the UK all-employee plans.

Summary of plans
Sharesave
The Vodafone Group 2008 Sharesave Plan is an HM Revenue & Customs ('HMRC') approved scheme open to all staff permanently employed by a Vodafone Company in the UK as of the eligibility date. Options under the plan are granted at up to a 20% discount to market value. Executive Directors' participation is included in the option table on page 87.
Share Incentive Plan
The Vodafone Share Incentive Plan ('SIP') is an HMRC approved plan open to all staff permanently employed by a Vodafone Company in the UK. Participants may contribute up to a maximum of £125 per month (or 5% of salary if less) which the trustee of the plan uses to buy shares on their behalf. An equivalent number of shares are purchased with contributions from the employing company. UK-based Executive Directors are eligible to participate.

Pensions (audited)

Vittorio Colao, Stephen Pusey and Nick Read received a cash allowance of 30% of base salary in lieu of pension contributions during the 2015 financial year. No Executive Directors accrued benefits under any defined contribution pension plans during the year or have participated in a defined benefits scheme while an Executive Director.

The Executive Directors are provided benefits in the event of death in service. They also have an entitlement under a long-term disability plan from which two-thirds of base salary, up to a maximum benefit determined by the insurer, would be provided until normal retirement date (aged 60).

In respect of the Executive Committee, the Group has made aggregate contributions of £43,000 (2014: £53,000) into defined contribution pension schemes.

Alignment to shareholder interests (audited)

All of our Executive Directors have shareholdings in excess of their goals. Current levels of ownership by the Executive Directors, and the date by which the goal should be or should have been achieved, are shown below. The values are calculated using an average share price over the six months to 31 March 2015 of 220.53 pence.

At 31 March 2014	Goal as a % of salary	Current % of salary held	% of goal achieved	Number of shares	Value of shareholding (£m)	Date for goal to be achieved
Vittorio Colao	400%	2,040%	510%	10,639,281	£23.5	July 2012
Stephen Pusey	300%	581%	194%	1,579,543	£3.5	June 2014
Nick Read	300%	575%	192%	1,760,485	£3.9	April 2019

Collectively the Executive Committee including the Executive Directors own more than 23 million Vodafone shares, with a value of over £50.8 million. None of the Executive Committee members' shareholdings amounts to more than 1% of the issued shares in that class of share, excluding treasury shares.

Directors' interests in the shares of the Company (audited)

A summary of interests in shares and scheme interests of the Directors who served during the year is given below. More details of the performance shares and options follows.

		Share plans			Share options
At 31 March 2015	Total number of interests in shares	Unvested GLTI Shares (with performance conditions)	Unvested GLTR Shares (without performance conditions)	SAYE (unvested without performance conditions)	GIP (vested)
Executive Directors					
Vittorio Colao	22,695,349	12,046,461	–	9,607	–
Stephen Pusey	6,389,899	4,810,356	–	–	–
Nick Read	8,501,845	5,386,146	159,544	10,389	1,185,281
Total	**37,587,093**	**22,242,963**	**159,544**	**19,996**	**1,185,281**

The total number of interests in shares includes interests of connected persons, unvested share awards and share options.

The unvested GLTR shares attributed to Nick Read reflect an award made prior to his appointment to the Board. The award was made in June 2013 and, subject to Nick Read's continued employment, will vest in June 2015.

At 31 March 2015	Total number of interests in shares
Non-Executive Directors	
Sir Crispin Davis (appointed 28 July 2014)	–
Dame Clara Furse (appointed 1 September 2014)	–
Valerie Gooding	4,038
Renee James	27,272
Alan Jebson (position at retirement on 31 July 2014)	44,912
Samuel Jonah	30,190
Gerard Kleisterlee	107,078
Omid Kordestani (position at retirement on 31 December 2014)	10,000
Nick Land	42,090
Anne Lauvergeon (position at retirement on 31 July 2014)	17,151
Luc Vandevelde	73,608
Anthony Watson (position at retirement on 31 July 2014)	62,727
Philip Yea	33,408

At 19 May 2015 and during the period from 1 April 2015 to 19 May 2015, no Director had any interest in the shares of any subsidiary company. Other than those individuals included in the table above who were Board members at 31 March 2015, members of the Group's Executive Committee at 31 March 2015 had an aggregate beneficial interest in 9,087,835 ordinary shares of the Company. At 19 May 2015 the Directors had an aggregate beneficial interest in 14,431,783 ordinary shares of the Company and the Executive Committee members had an aggregate beneficial interest in 9,088,483 ordinary shares of the Company, which includes awards made under the Vodafone Share Incentive Plan after 31 March 2015. None of the Directors or the Executive Committee members had an individual beneficial interest amounting to greater than 1% of the Company's ordinary shares.

During the period from 1 April 2015 to 19 May 2015, the Directors' total number of interests in shares did not change.

Performance shares

The maximum number of outstanding shares that have been awarded to Directors under the long-term incentive ('GLTI') plan are currently as follows:

GLTI performance share awards	2013 award Awarded: July 2012 Performance period ending: March 2015 Vesting date: July 2015 Share price at grant: 179.4 pence	2014 award Awarded: June 2013 and September 2013[1] Performance period ending: March 2016 Vesting date: June 2016 Share price at grant: 180.2 pence and 202.5 pence	2015 award Awarded: June 2014 Performance period ending: March 2017 Vesting date: June 2017 Share price at grant: 189.9 pence
Vittorio Colao	4,511,080	4,185,370	3,350,011
Stephen Pusey	2,072,397	1,904,846	833,113
Nick Read	1,880,086	1,713,392	1,792,668

Note:
1 Due to a close period, Executive Directors were not able to make co-investment commitments at the time of the main award in June 2013 and therefore part of the award was made in September 2013.

For details of the performance conditions please see page 80.

Share options

The following information summarises the Executive Directors' options under the Vodafone Group 2008 Sharesave Plan ('SAYE'), the Vodafone Group Incentive Plan ('GIP') and the Vodafone Group Plc 1999 Long-Term Stock Incentive Plan ('LTSIP'). HMRC approved awards may be made under all of the schemes mentioned. No other Directors have options under any schemes.

Options under the Vodafone Group 2008 Sharesave Plan were granted at a discount of 20% to the market value of the shares at the time of the grant. No other options may be granted at a discount.

	Grant date	At 1 April 2014 or date of appointment Number of shares	Options granted during the 2015 financial year Number of shares	Options exercised during the 2015 financial year Number of shares	Options lapsed during the 2015 financial year Number of shares	Options held at 31 March 2015 Number of shares	Option price Pence[1]	Date from which exercisable	Expiry date	Market price on exercise Pence	Gain on exercise
Vittorio Colao											
SAYE	Jul 2009	16,568	–	(16,568)	–	–	93.85	Sep 2014	Feb 2015	204.65	£18,357
SAYE	Jul 2014	–	9,607	–	–	9,607	156.13	Sep 2019	Feb 2020	–	–
Total		**16,568**				**9,607**					
Nick Read											
LTSIP[2]	Jul 2005	257,838	–	–	–	257,838	136.00	Jul 2008	Jul 2015	–	–
GIP[3]	Jul 2007	927,443	–	–	–	927,443	167.80	Jul 2010	Jul 2017	–	–
SAYE	Jul 2012	10,389	–	–	–	10,389	144.37	Sep 2017	Feb 2018	–	–
Total		**1,195,670**				**1,195,670**					

Note:
1 The closing trade share price on 31 March 2015 was 220.45 pence. The highest trade share price during the year was 239.90 pence and the lowest price was 184.50 pence.
2 The options granted in July 2005 were subject to a three year cumulative growth in adjusted earnings per share performance condition. The options vested 100% in July 2008.
3 The options granted in July 2007 were subject to a three year cumulative growth in adjusted earnings per share performance condition. The options vested 100% in July 2010.

Annual Report on remuneration (continued)

At 19 May 2015 there had been no change to the Directors' interests in share options from 31 March 2015.

Other than those individuals included in the table above, at 19 May 2015 members of the Group's Executive Committee held options for 24,378 ordinary shares at prices ranging from 144.37 pence to 156.13 pence per ordinary share, with a weighted average exercise price of 150.12 pence per ordinary share exercisable at dates ranging from 1 September 2015 to 1 September 2019.

Paolo Bertoluzzo, Warren Finegold, Philipp Humm and Serpil Timuray held no options at 19 May 2015.

Loss of office payments (audited)

Andy Halford retired on 31 March 2014 having worked 6 months of his 12 month notice period. As disclosed in last year's Annual Report on remuneration, Andy was entitled to receive payments in lieu of notice each month for the remainder of his notice period – the total of which would not exceed £350,000 (six months' salary), subject to mitigation if Andy was to start a new executive role at another organisation.

During the year Andy commenced employment Standard Chartered plc, with his payment for lieu in notice ceasing with effect from 16 June 2014. In total, Andy received payments in lieu of notice of £145,833.

In line with treatment detailed in last year's report, Andy's 2013 and 2014 GLTI awards lapsed following the commencement of employment with his new employer. Andy's 2012 GLTI award, which was disclosed under his 2014 single figure in last year's report, vested on 28 June 2014.

As previously disclosed, Andy is in receipt of no further benefits aside from the provision of a SIM card for his personal use at the Company's expense until 31 March 2017.

Payments to past Directors (audited)

Other than mentioned above no payments were made, or benefits given, to past Directors with value of greater than our de minimis threshold (£5,000 p.a.) during the 2015 financial year.

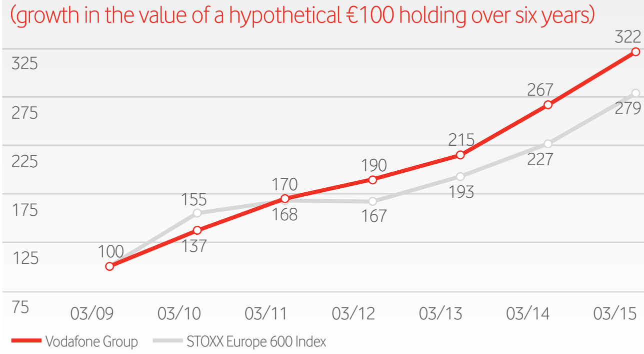
Fees retained for external non-executive directorships

Executive Directors may hold positions in other companies as non-executive directors and retain the fees. None of the Executive Directors held a non-executive directorship during the 2015 financial year.

Assessing pay and performance

In the table below we summarise the Chief Executive's single figure remuneration over the past six years, as well as how our variable pay plans have paid out in relation to the maximum opportunity. This can be compared with the historic TSR performance over the same period. The chart below shows the performance of the Company relative to the STOXX Europe 600 Index over a six year period. The STOXX Europe 600 Index was selected as this is a broad-based index that includes many of our closest competitors. It should be noted that the payout from the long-term incentive plan is based on the TSR performance shown in the chart on page 85 and not this chart.

Six year historical TSR performance
(growth in the value of a hypothetical €100 holding over six years)



Financial year remuneration for Chief Executive (Vittorio Colao)	2010[1]	2011	2012	2013	2014	2015
Single figure of total remuneration £'000	3,350	7,022	15,767	11,099	8,014	2,810
Annual variable element (actual award versus maximum opportunity)	64%	62%	47%	33%	44%	56%
Long-term incentive (vesting versus maximum opportunity)	25%	31%	100%	57%	37%	0%

Note:
1 The single figure reflects share awards which were granted in 2006 and 2007, prior to his appointment to Chief Executive in 2008.

Change in the Chief Executive's remuneration

In the table below we show the percentage change in the Chief Executive's remuneration (salary, taxable benefits and annual bonus payment) between the 2014 and 2015 financial years compared to the average for other Vodafone Group employees who are measured on comparable business objectives and who have been employed in the UK since 2014 (per capita). Vodafone has employees based all around the world and some of these individuals work in countries with very high inflation therefore a comparison to Vodafone's UK-based Group employees is more appropriate than to all employees.

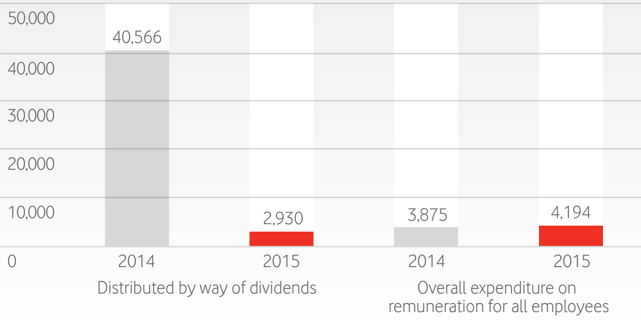
	Percentage change from 2014 to 2015	
Item	Chief Executive: Vittorio Colao	Other Vodafone Group employees employed in the UK
Base salary	2.7%	2.8%
Taxable benefits	5.3%	0.5%
Annual bonus	31.1%	30.0%

Relative spend on pay

The chart below shows both the dividends distributed in the year and the total cost of remuneration in the Group.

Relative importance of spend on pay

£m



For more details on dividends and expenditure on remuneration for all employees, please see pages 129 and 157 respectively.

2015 remuneration for the Chairman and Non-Executive Directors (audited)

	Salary/fees		Benefits[1]		Total	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Chairman						
Gerard Kleisterlee	625	600	66	58	691	658
Senior Independent Director						
Luc Vandevelde	160	160	6	11	166	171
Non-Executive Directors						
Sir Crispin Davis (appointed 28 July 2014)	78	–	26	–	104	–
Dame Clara Furse (appointed 1 September 2014)	67	–	–	–	67	–
Valerie Gooding	115	19	5	–	120	19
Renee James[2]	145	139	11	5	156	144
Samuel Jonah[2]	151	151	5	9	156	160
Nick Land	140	140	1	1	141	141
Philip Yea	115	115	–	–	115	115
Former Non-Executive Directors						
Alan Jebson[2] (retired 31 July 2014)	56	151	32	40	88	191
Omid Kordestani[2] (retired 31 December 2014)	116	151	14	33	130	184
Anne Lauvergeon (retired 31 July 2014)	38	115	1	5	39	120
Anthony Watson (retired 31 July 2014)	38	115	4	1	42	116
Total	**1,844**	**1,856**	**171**	**163**	**2,015**	**2,019**

Notes:
1 We have been advised that for Non-Executive Directors, certain travel and accommodation expenses in relation to attending Board meetings should be treated as a taxable benefit. The table above includes these travel expenses and the corresponding tax contribution.
2 Salary/fees include an additional allowance of £6,000 per meeting for Directors based outside of Europe.

Annual Report on remuneration (continued)

2016 remuneration

Details of how the remuneration policy will be implemented for the 2016 financial year are set out below.

2016 base salaries

The Remuneration Committee considered business performance, salary increases for other UK employees and external market information and decided to increase the salary of the Chief Financial Officer by 3.7% (Nick Read). This constitutes Nick Read's first increase since appointment to the role of designate-CFO in January 2014, and reflects how he is performing well in the role and has now completed a full year in the position. The salaries of the Chief Executive (Vittorio Colao) and Chief Technology Officer (Stephen Pusey) will remain unchanged. The average salary increase for Executive Committee members will be 1.7%; this compares to the salary increase budget in the UK of 2.0%.

The annual salaries for 2016 (effective 1 July 2015) are as follows:

- Chief Executive: Vittorio Colao £1,150,000;
- Chief Financial Officer: Nick Read £700,000; and
- Chief Technology Officer: Stephen Pusey £600,000.

2016 annual bonus ('GSTIP')

In line with our strategic focus, customer appreciation KPIs will replace competitive performance assessment as the strategic measure for the 2016 GSTIP and, given the importance of this measure in the current phase of our strategy, will constitute 40% of the total bonus.

The performance measures and weightings for 2016 are as follows:

- Service revenue (20%);
- EBITDA (20%);
- adjusted free cash flow (20%); and
- customer appreciation KPIs (40%). This includes an assessment of net promoter score ('NPS') and brand consideration measures.

In respect of the measures included under the customer appreciation KPIs, NPS is used as a measure of customer advocacy whilst brand consideration acts as a measure of the percentage of people who would consider using a certain brand as their telecoms provider. Both measures utilise data collected in our local markets which is validated for quality and consistency by independent third party agencies. The data is sourced from studies involving both our own customers and customers of our competitors for the NPS measure, and both Vodafone users and non-users for the brand consideration measure. In formulating a final assessment of performance under the customer appreciation KPIs, the Committee will also consider other relevant customer factors such as churn, customer growth and service levels.

Annual bonus targets are commercially sensitive and therefore will be disclosed in the 2016 remuneration report following the completion of the financial year.

Long-term incentive ('GLTI') awards for 2016

As described in our policy on pages 78 to 80 the performance conditions are a combination of adjusted free cash flow and TSR performance. The details for the 2016 award are provided in the table below (with linear interpolation between points). Following the annual review of the performance measure, the Committee decided that for the 2016 award the TSR outperformance range should revert back to 0% to 9%. This range was used in all years other than 2015, remains positioned at the upper end of market practice and is considered appropriately stretching against forecast performance. The Committee will keep the calibration of the range under review and continue to only make changes where there is sufficient evidence to suggest this is appropriate.

		TSR outperformance		
Adjusted free cash flow measure	£bn	0% (Up to median)	4.5% (65th percentile equivalent)	9% (80th percentile equivalent)
Below threshold	<7.3	0%	0%	0%
Threshold	7.3	50%	75%	100%
Target	9.0	100%	150%	200%
Maximum	10.7	125%	187.5%	250%

The combined vesting percentages are applied to the target number of shares granted.

TSR peer group	
Bharti	Orange
BT Group	Telecom Italia
Deutsche Telekom	Telefónica
MTN	

Long-term incentive ('GLTI') awards vesting

As discussed in detail in last year's Annual Report, Project Spring involves significant organic investment over the next two years to enhance network and service leadership further. This investment will have a significant impact on adjusted Free Cash Flow ('FCF'), which is the primary performance condition for the GLTI and we expect an initial drop in FCF that will then build again as the investment pays off over the longer term. The impact is predicted as follows:

Financial year of award	Performance period end	Impact
2014	March 2016	Targets for the 2014 awards were set prior to the announcement of Project Spring therefore we will remove the impact on FCF when calculating the vesting results following the end of the performance period.
2015 onwards	March 2017 onwards	The 2015 awards (and all future years) will have the full impact of Project Spring included in the targets and no further adjustments will be necessary.

2016 remuneration for the Chairman and Non-Executive Directors

For the 2016 review, the fees for our Chairman and non-executives have been benchmarked against a comparator group of the FTSE 30 companies (excluding Financial Services). Following the review there will be no increases to the fees of our Chairman or Non-Executive Directors.

Position/role	Fee payable £'000 From 1 April 2015
Chairman[1]	625
Senior Independent Director	135
Non-Executive Director	115
Additional fee for Chairmanship of Audit, Remuneration and Risk Committees	25

Note:
1 The Chairman's fee also includes the fee for the Chairmanship of the Nominations and Governance Committee.

For 2016, the allowance payable each time a non-Europe-based Non-Executive Director is required to travel to attend Board and Committee meetings to reflect the additional time commitment involved is £6,000.

Further remuneration information

Dilution

All awards are made under plans that incorporate dilution limits as set out in the guidelines for share incentive schemes published by the Investment Association. The current estimated dilution from subsisting executive awards is approximately 3.0% of the Company's share capital at 31 March 2015 (3.2% at 31 March 2014), whilst from all-employee share awards it is approximately 0.5% (0.6% at 31 March 2014). This gives a total dilution of 3.5% (3.8% at 31 March 2014).

Service contracts

The terms and conditions of appointment of our Directors are available for inspection at the Company's registered office during normal business hours and at the annual general meeting (for 15 minutes prior to the meeting and during the meeting). The Executive Directors have notice periods in their service contracts of 12 months. The Non-Executive Directors' letters of appointment do not contain provision for notice periods or for compensation if their appointments are terminated.

This report on remuneration has been approved by the Board of Directors and signed on its behalf by:

Luc Vandevelde

Luc Vandevelde
Chairman of the Remuneration Committee
19 May 2015

Directors' report

The Directors of the Company present their report together with the audited consolidated financial statements for the year ended 31 March 2015.

This report has been prepared in accordance with requirements outlined within The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and forms part of the management report as required under Disclosure & Transparency Rule ('DTR') 4. Certain information that fulfils the requirements of the Directors' report can be found elsewhere in this document and is referred to below. This information is incorporated into this Directors' report by reference.

Responsibility statement

As required under the DTR a statement made by the Board regarding the preparation of the financial statements is set out on pages 94 and 95 which also provides details regarding the disclosure of information to the Company's auditor and management's report on internal control over financial information.

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 94.

Corporate governance statement

The information required by DTR 7.2.6R can be found in the "shareholder information" section on pages 186 to 193.

Strategic Report

The Strategic Report is set out on pages 1 to 48 and is incorporated into this Directors' report by reference.

Directors and their interests

Directors of the Company who served during the financial year ended 31 March 2015 and up to the date of signing the financial statements are as follows: Gerard Kleisterlee, Vittorio Colao, Stephen Pusey, Nick Read, Sir Crispin Davis, Mathias Döpfner, Dame Clara Furse, Valerie Gooding, Renee James, Alan Jebson, Samuel Jonah, Omid Kordestani, Nick Land, Anne Lauvergeon, Luc Vandevelde, Anthony Watson and Philip Yea. Details of Directors' interests in the Company's ordinary shares, options held over ordinary shares, interests in share options and long-term incentive plans are set out on pages 84 to 90.

Directors' conflicts of interest

Established within the Company is a procedure for managing and monitoring conflicts of interest for Directors. Full details of this procedure is set out on page 72.

Directors' indemnities

In accordance with our articles of association and to the extent permitted by law, Directors are granted an indemnity from the Company in respect of liability 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.

Disclosures required under Listing Rule 9.8.4

The information on the amount of interest capitalised and the treatment of tax relief can be found in notes 5 and 6 to the consolidated financial statements respectively. The remaining disclosures required by Listing Rule 9.8.4 are not applicable to Vodafone.

Capital structure and rights attaching to shares

All information relating to the Company's capital structure, rights attaching to shares, dividends, the policy to repurchase the Company's own shares and other shareholder information is contained on pages 186 to 193.

Dividends

Full details of the Company's dividend policy and proposed final dividend payment for the year ended 31 March 2015, is set out in the Chief Executive's strategic review on pages 14 to 17 and note 9 to the consolidated financial statements.

Sustainability

Information about the Company's approach to sustainability risks and opportunities is set out on pages 30 and 31. Also included on these pages are details of our greenhouse gas emissions.

Political donations

No political donations under the Companies Act 2006 have been made during the financial year. The Group policy is that no political donations be made or political expenditure incurred.

Financial risk management objectives and policies

Disclosures relating to financial risk management objectives and policies, including our policy for hedging are set out in note 23 to the consolidated financial statements and disclosures relating to exposure to price risk, credit risk, liquidity risk and cash flow risk are outlined in note 23.

Important events since the end of the financial year

Details of those important events affecting the Group which have occurred since the end of the financial year are set out in the strategic report and note 34 to the consolidated financial statements.

Future developments within the Group

The strategic report contains details of likely future developments within the Group.

Research and development

Details of the Group's activities relating to research and development are contained in note 3 to the consolidated financial statements.

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.

Code of Conduct

All of the key Group policies have been consolidated into the Vodafone Code of Conduct. This is a 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").

Branches

The Group, through various subsidiaries, has branches in a number of different jurisdictions in which the business operates.

Employee disclosures

Our disclosures relating to the employment of disabled persons, the number of women in senior management roles, employee engagement and policies are included in "Our people" on pages 28 and 29.

By Order of the Board

Rosemary Martin
Company Secretary
19 May 2015