Chairman's governance statement

Committed to strong and robust corporate governance to support the creation of long-term sustainable value

Dear Shareholder,

Welcome to the Corporate Governance Report for the year ended 31 March 2019, which I am pleased to present on behalf of the Board. This report includes insight into how corporate governance underpins and supports our business and the decisions we make. The Board is committed to the creation of long-term sustainable value for the benefit of our shareholders and wider stakeholders, and strong and robust corporate governance is integral in supporting this.

During 2018 the Board has ensured a successful transition of the Chief Executive and Chief Financial Officer and the implementation of a refreshed purpose and strategy to address industry headwinds. We have also recommended the appointment of a new statutory auditor for the year ending 31 March 2020, Ernst & Young LLP, following a tender process run by the Audit and Risk Committee. Further information on this tender process can be found in the Audit and Risk Committee report on page 74.

The Board has also spent time considering the changes brought in by the 2018 UK Corporate Governance Code (the 'new Code') and The Companies (Miscellaneous Reporting) Regulations 2018 (the 'Regulations') to ensure Vodafone's compliance.

Purpose and strategy

Following Vittorio Colao stepping down as Chief Executive at the end of September 2018 and Nick Read's appointment, Nick brought a revised strategy to the Board for consideration. The Board were very supportive of Nick's proposal and the revised strategy, which was announced in November 2018, has been a significant focal point for the Board this year.

As part of the revised strategy, we have also refreshed our purpose – "We connect for a better future"– and committed to improve one billion lives and halve our environmental impact by 2025. Our purpose is at the core of our strategy which aims to drive shareholder returns through a focus on operational excellence and organic growth by: deepening customer engagement; transforming our operating model; and improving asset utilisation.

Further information on our refreshed purpose, revised strategy and the Group's performance over the last 12 months can be found in the Overview and Strategic Report sections.

Culture and values

The Board recognises the importance of its role in setting the tone of Vodafone's culture and embedding it throughout the Group and I am committed to instilling and upholding the culture and values we expect to see from all of our employees.

Our Code of Conduct underpins everything that we do and is reinforced through the Digital Vodafone Way, which sets out the type of organisation we want to be. Everyone who works for and with us is required to comply with these. An overview of our Code of Conduct and the Digital Vodafone Way can be found on pages 42 to 43.

In addition to the Board, the Executive Committee and senior management understand how we work is as important as what we achieve, and ensure that the importance of compliance and integrity is recognised at all levels throughout the Group.

The cultural climate in Vodafone is measured through a number of mechanisms including policy and compliance processes, internal audit, and formal and informal channels for employees to raise concerns including our employee opinion survey and Speak Up, our whistleblowing programme. Speak Up is also available to the contractors and suppliers working with us. During the year the Audit and Risk Committee has been kept abreast of any material whistleblowing incidents and detail on action taken when our employees do not display the values and behaviours expected of them.

Governance

This year Vodafone was subject to the 2016 UK Corporate Governance Code and I am pleased to confirm that Vodafone has applied the principles and complied with all of the provisions.

During 2018 the Regulations and the new Code were published and are the result of the action taken as part of the UK Government's commitment to corporate governance reform in order to build trust in business. The Regulations and new Code put more emphasis on engagement with stakeholders, diversity, remuneration structures and the strengthening of corporate culture. The Board is supportive of the aim to build trust in business and of the requirements under the Regulations and new Code. We have spent time this year considering our compliance and the ways to enhance our disclosures for our 2020 Annual Report to demonstrate the high levels of corporate governance maintained within Vodafone. I look forward to providing you with further detail on our compliance in our 2020 Corporate Governance Report.

Board composition

Through the Nominations and Governance Committee, we keep the composition of the Board under review to ensure it is refreshed to reflect the skills, experiences and diversity required to remain effective.

Over the last 12 months there have been a number of changes to the Board including the appointment of Nick Read as Chief Executive and Margherita Della Valle as Chief Financial Officer following the assessment of both internal and external candidates for the positions. The promotion of Nick and Margherita is reflective of our commitment to succession planning for all senior positions within Vodafone and our commitment to the development of internal talent.

Additionally, after a thorough search to identify an appropriate Non-Executive Director with telecommunications experience, we were pleased to welcome Sanjiv Ahuja to the Board in November 2018.

Sanjiv brings extensive telecommunications experience having worked in various telecom companies including Telcordia and Orange Plc and enhances the knowledge and skills already brought by Board members.

Last year we asked Samuel Jonah to remain on the Board for a further 12 months which shareholders supported by re-electing him at our 2018 AGM. After ten years on our Board, Samuel will step down at the conclusion of our AGM on 23 July 2019. I would like to take this opportunity to thank Samuel for his effective and valuable contributions to the Board over his tenure and wish him every success for the future.

These changes are in addition to the three Non-Executive Directors appointed to the Board since September 2015 who bring financial expertise, IT and technology experience. The refreshed composition enables the Board to remain effective and we are committed to further strengthening this with additional telecommunications experience over the next 12 months.

We are committed to having a Board that is diverse in all respects and we continue to take into consideration the targets set out in the Parker and Hampton-Alexander reviews. I am pleased to report that the Board is currently exceeding its target of having 33% female representation on the Board by 2020.

Board effectiveness

This year the Board undertook an external effectiveness review in accordance with the requirements under the 2016 UK Corporate Governance Code. The review was undertaken by Raymond Dinkin from Consilium and involved interviews with all of the Board members, the Group General Counsel and Company Secretary and the Executive Committee, and observation of our interactions at a Board, Nominations and Governance Committee and Audit and Risk Committee meeting. The review concluded that the Board remains effective. Further information on the process of Consilium's appointment and the actions arising out of the review can be found on pages 66 to 67.

As part of the review undertaken last year, the Board wanted further focus on developments in technology and the benefits and risks that this could pose. This year we received regular training sessions from our Group Chief Technology Officer and Cyber Security team, culminating in a Board visit to our Cyber Defence Centre. This visit provided insight into the investments Vodafone has made to keep our employee, customer and supplier information secure against external cyber threats.

Stakeholder engagement

Vodafone's success is dependent on the Board taking decisions for the benefit of our shareholders and in doing so having regard to all of our stakeholders.

The Regulations and the new Code have renewed the emphasis on stakeholder engagement and on pages 62 to 64 you will find further information on how we have engaged with all of our stakeholders this year. The Board is committed to understanding the views of all of Vodafone's stakeholders in order to inform the decisions that we make.

Looking ahead

The Board is committed to maintaining the highest standards of corporate governance across the Group to support the delivery of our strategy and the creation of long-term sustainable value. Over the next 12 months we will also be focused on demonstrating our compliance with the new Code and Regulations.

Gerard Kleisterlee
Chairman

14 May 2019

Compliance with the 2016 UK Corporate Governance Code (the 'Code')

In respect of the year ended 31 March 2019 Vodafone Group Plc was subject to the Code (available from www.frc.org.uk). The Board is pleased to confirm that Vodafone applied the principles and complied with all of the provisions of the Code throughout the year. Further information on compliance with the Code can be found as follows:

Disclosure Guidance and Transparency Rules

We comply with the corporate governance statement requirements pursuant to the FCA's Disclosure Guidance 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 214 to 220.

Board leadership and company purpose

How we are governed

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

The Board

Responsible for the overall conduct of the Group's business including our long-term success; setting our purpose; values; standards and strategic objectives; reviewing our performance; and ensuring a positive dialogue with our stakeholders is maintained.

Chief Executive

Chief Financial Officer

Audit and Risk Committee

Reviews the integrity, adequacy and effectiveness of the Group's system of internal control, including the risk management framework and related compliance activities.

71 Read more

Nominations and Governance Committee

Evaluates Board composition and ensures Board diversity and a balance of skills.

Reviews Board and Executive Committee succession plans to maintain continuity of skilled resource.

Oversees matters relating to corporate governance.

68 Read more

Remuneration Committee

Sets, reviews and recommends the policy on remuneration of the Chairman, Executives and senior management team.

Monitors the implementation of the Remuneration Policy.

77 Read more

Executive Committee

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

Disclosure Committee

Oversees the accuracy and timeliness of Group disclosures and approves controls and procedures in relation to the public disclosure of financial information.

Risk and Compliance Committee

Assists the Executive Committee in fulfilling its accountabilities with regard to risk management and policy compliance.

Operation of the Board and its Committees

Comprised of the Chairman, Senior Independent Director, Non-Executive Directors, the Chief Executive and the Chief Financial Officer, the Board is collectively responsible for the oversight and success of our business. The Board discharges some of its responsibilities directly and others through its principal Board Committees and through management. The Matters Reserved for the Board and Committee Terms of Reference were last reviewed in March 2019 and are available on our website vodafone.com.

The Board is responsible for ensuring leadership through effective oversight and review, it sets the strategic direction and aims to deliver sustainable stakeholder value over the longer term. The Board also oversees the implementation of appropriate risk assessment systems and processes to identify, manage and mitigate Vodafone's principal risks. It is also responsible for matters relating to finance, audit and internal control, reputation, listed company management, corporate governance and effective succession planning much of which is overseen through its principal Committees. Full details of the Committees' responsibilities are detailed within the respective Committee reports on pages 68 to 96.

The Executive Committee and other management committees are responsible for implementing strategic objectives and realising competitive business performance in line with established risk management frameworks, compliance policies, internal control systems and reporting requirements.

Board meetings are structured to allow open discussion. At each meeting the Directors are made aware of the key discussions and decisions of the three principal Committees by the respective Committee Chairs.

Minutes of Board and Committee meetings are circulated to all Directors after each meeting. Details of the Board's activities during the year can be found on pages 60 and 61.

The Board held seven scheduled meetings during the year and additional meetings as required. Further information on the attendance of each Director at Board and Committee meetings can be found on page 57.

Our purpose, values and culture

At Vodafone, we connect for a better future and we have committed to improve one billion lives and halve our environmental impact by 2025. This is underpinned by our strategy to enable the digital society, ensure inclusion for all and protect our planet and the Board recognises that a healthy corporate culture is fundamental to this.

Vodafone's culture is defined through the Digital Vodafone Way and the Code of Conduct. Together these set out what we expect from our employees and how we expect business to be carried out. By embedding the Digital Vodafone Way into our processes, we strive for a culture of speed, simplicity and trust. Our Code of Conduct and the Digital Vodafone Way can be found on our website vodafone.com.

Our leaders have a critical role in setting the tone of our organisation and championing the behaviours we expect to see. The Executive Committee led campaigns and engagement throughout the year to highlight our values and beliefs. Various indicators are used to provide insight into our culture, including employee engagement, health, safety and wellbeing measures and diversity indicators. We regularly assess the state of our culture, through activities such as compliance reviews and we address behaviour that falls short of our expectations.

Division of responsibilities

Board roles and responsibilities

We have a clear division of responsibilities between our Chairman and Chief Executive, each role is clearly defined and is quite distinct from one another.

The Board currently comprises the Chairman, two Executive Directors and nine Non-Executive Directors. Our Non-Executive Directors bring wide and varied commercial and financial experience to the Board and Committees. A summary of each role can be found below.

Chairman

- Leads the Board, sets each meeting agenda and ensures the Board receives accurate, timely and clear information in order to monitor, challenge, guide and take sound decisions;
- Promotes a culture of open debate between Executive and Non-Executive Directors and holds meetings with the Non-Executive Directors, without the Executive Directors present;
- Regularly meets with the Chief Executive and other senior management to stay informed;
- Ensures effective communication with shareholders and other stakeholders;
- Promotes high standards of corporate governance and ensures Directors understand the views of the Company's shareholders and other key stakeholders so they can consider them, and the section 172 Companies Act 2006 factors, in Board discussions and decision-making;
- Promotes and safeguards the interests and reputation of the Company; and
- Represents the Company to customers, suppliers, governments, shareholders, financial institutions, the media, the community and the public.

Chief Executive

- Provides coherent leadership of the Company, including representing the Company to customers, suppliers, governments, shareholders, financial institutions, employees, the media, the community and the public and enhances the Group's reputation;
- Leads the Executive Directors and senior management team in running the Group's business, including chairing the Executive Committee;
- Develops and implements Group objectives and strategy having regard to shareholders and other stakeholders;
- Recommends remuneration, terms of employment and succession planning for the senior executive team;
- Manages the Group's risk profile and ensures appropriate internal controls are in place;
- Ensures compliance with legal, regulatory, corporate governance, social, ethical and environmental requirements and best practice; and
- Ensures there are effective processes for engaging with, communicating with, and listening to, employees and others working for the Company.

Chief Financial Officer

- Supports the Chief Executive Officer in developing and implementing the Group strategy;
- Leads the global finance function and develops key finance talent;
- Ensures effective financial reporting, processes and controls are in place;
- Recommends the annual budget and long-term strategic and financial plan; and
- Oversees Vodafone's relationships with the investment community.

Senior Independent Director

- Provides a sounding Board for the Chairman and acts as a trusted intermediary for the Directors as required;
- Meets with the Non-Executive Directors (without the Chairman present) when necessary and at least once a year to appraise the Chairman's performance and communicates the results to the Chairman; and
- Together with the Nominations and Governance Committee (excluding the Chairman), leads an orderly succession process for the Chairman.

Non-Executive Directors

- Monitor and challenge the performance of management;
- Assist in development, approval and review of strategy;
- Review Group financial information and provide advice to management;
- Engage with stakeholders and provide insight as to their views including in relation to employees and the culture of Vodafone; and
- As part of the Nominations and Governance Committee, review the succession plans for the Board and key members of senior management.

Company Secretary

- Ensures compliance with Board procedures and provides support to the Chairman, to ensure Board effectiveness;
- Assists the Chairman by organising induction and training programmes and ensuring that all Directors have full and timely access to all relevant information;
- Ensures the Board has high-quality information, adequate time and appropriate resources in order to function effectively and efficiently;
- Provides advice and keeps the Board updated on corporate governance developments; and
- Facilitates the Directors' induction programmes and assists with professional development.

Board of Directors

Experienced, effective and diverse leadership

Our business is led by our Board of Directors. Biographical details of the Directors and senior management as at 14 May 2019 are as follows (with further information available at vodafone.com/board).

Gerard Kleisterlee N
Chairman – Independent on appointment

Tenure: 8 years

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, deputy chair, senior independent director, chair of the remuneration committee and member of the nomination and succession committee
- ASML, chairman of supervisory board

Nick Read
Chief Executive – Executive Director

Tenure: <1 year (as Chief Executive)

Skills and experience:
As Chief Executive, Nick combines strong commercial and operational leadership with a detailed understanding of the industry and its opportunities and challenges. Prior to becoming Chief Executive in October 2018, Nick served as Group Chief Financial Officer from April 2014, and held a variety of senior roles including Chief Executive for Africa, Middle East and Asia Pacific for five years and Chief Executive of Vodafone UK. Prior to joining Vodafone, he held senior global finance positions with United Business Media Plc and Federal Express Worldwide.

Other current appointments:
- Booking Holdings Inc., non-executive director

Margherita Della Valle
Chief Financial Officer – Executive Director

Tenure: <1 year

Skills and experience:
Margherita brings considerable corporate finance and accounting experience to the Board. She was Deputy Chief Financial Officer from 2015 to 2018, Group Financial Controller from 2010 to 2015, Chief Financial Officer of Vodafone's European region from 2007 to 2010 and Chief Financial Officer of Vodafone Italy from 2004 to 2007. Margherita joined Omnitel Pronto Italia in Italy in 1994 and held various consumer marketing positions in business analytics and customer base management before moving to finance. Omnitel was acquired by Vodafone in 2000.

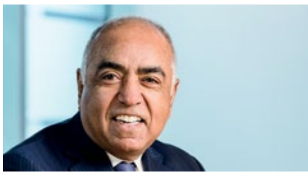
Other current appointments:
- None

Valerie Gooding CBE N R
Senior Independent Director

Tenure: 5 years

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

Other current appointments:
- TUI AG, non-executive director
- Aviva UK Insurance Ltd, chairman
- English National Ballet, trustee
- ENB Productions Limited, director
- Royal Botanical Gardens, Kew, Queen's trustee

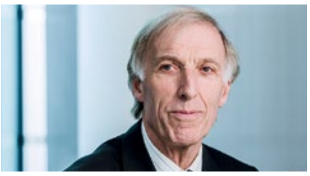


Sanjiv Ahuja
Non-Executive Director

Tenure: <1 year

Skills and experience:
Sanjiv has broad telecoms expertise, having led mobile, broadband and infrastructure companies, such as Telcordia (formerly Bellcore), Orange Plc and Tillman Global, as well as considerable international experience from operating in Europe, the United States, Africa and Asia. He is the founder and chairman of Tillman Global Holdings, which provides telecommunications and renewable energy project development services. His comprehensive knowledge of the telecoms sector is valuable to Board discussions.

Other current appointments:
- Tillman Global Holdings LLC, chairman
- JCDecaux Small Cells Limited, director



Sir Crispin Davis A N
Non-Executive Director

Tenure: 4 years

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 RELX Group (formerly 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:
- Hasbro, non-executive director
- Oxford University, trustee and member of the university board
- CVC Capital Partners, adviser
- Rentokil Initial plc, non-executive director

Michel Demaré R
Non-Executive Director

Tenure: 1 year

Skills and experience:
Michel brings extensive international finance, strategy and M&A experience to the Board, gained during his 18-year career at Dow Chemical, as CFO of Baxter International (Europe), and as CFO and head of global markets of ABB Group. He was the non-executive chairman of Syngenta until the company was sold to ChemChina in 2017 and was the vice chairman of UBS Group AG for 10 years.

Other current appointments:
- Louis Dreyfus Company Holdings BV, non-executive director
- IMD Business School in Lausanne, vice chairman of the supervisory board
- Department of Banking and Finance at the University of Zurich, advisory board member

Dame Clara Furse A
Non-Executive Director

Tenure: 4 years

Skills and experience:
Dame Clara brings to the Board a deep understanding of international capital markets, regulation, service industries and business transformation developed from her previous roles as chief executive officer 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:
- HSBC UK, non-executive chairman
- Amadeus IT Group SA, non-executive director

Committee Key:

(A) Audit and Risk Committee (N) Nominations and Governance Committee (R) Remuneration Committee ● Solid background signifies Committee Chair

Renee James (N) (R)
Non-Executive Director

Tenure: 8 years

Skills and experience:
Renee brings comprehensive knowledge of the high technology sector developed from her long career at Intel Corporation where she was president. She is currently the chairman and CEO of Ampere Computing. Her extensive experience of international management, technology and the development and implementation of corporate strategy is an asset to the Board and the Committees of which she is a member.

Other current appointments:
- The National Security Telecommunications Advisory Committee, chairman
- Carlyle Group, operating executive
- Oracle Corporation, non-executive director
- Citigroup Inc., non-executive director

Samuel Jonah KBE (R)
Non-Executive Director

Tenure: 10 years

Skills and experience:
Samuel brings experience and understanding of business operations in emerging markets, particularly Africa. Previously executive president of AngloGold Ashanti Ltd, he provides an international, commercial perspective to Board discussions.

Other current appointments:
- Global Advisory Council of Bank of America, member
- President of Togo, adviser
- Iron Mineral Beneficiation Services, non-executive chairman
- Jonah Capital (Pty) Limited, executive chairman
- Hollard (formerly Metropolitan) Insurance Company Limited, chairman
- The Investment Climate Facility, member of trustee board

Amparo Moraleda (A)
Non-Executive Director

Tenure: 1 year

Skills and experience:
Amparo brings strong international technology experience to the Board from her previous role as chief executive officer of the international division of Iberdola and a career spanning 20 years at IBM, where she held a number of positions across a range of global locations.

Other current appointments:
- Airbus Group, non-executive director, chair of the nominations, governance and remuneration committees
- CaixaBank, non-executive director and chair of the remuneration committee
- Solvay, non-executive director
- Royal Academy of Economic and Financial Services, member

David Nish (A)
Non-Executive Director

Tenure: 3 years

Skills and experience:
David has wide-ranging operational and strategic experience as a senior leader and has a strong understanding of financial and capital markets through his previous directorships which include chief executive officer and chief financial officer of Standard Life plc and chief financial officer of Scottish Power plc.

Other current appointments:
- HSBC Holdings plc, non-executive director
- University of Dundee, honorary professor

Board and Committee meeting attendance

	Board	Audit and Risk Committee	Nominations and Governance Committee	Remuneration Committee
Gerard Kleisterlee	7/7	–	5/5	–
Vittorio Colao[1]	3/3	–	–	–
Nick Read	7/7	–	–	–
Margherita Della Valle[2]	5/5	–	–	–
Sanjiv Ahuja[3]	3/3	–	–	–
Sir Crispin Davis[4]	5/7	4/5	4/5	–
Michel Demaré[5]	7/7	–	–	3/3

	Board	Audit and Risk Committee	Nominations and Governance Committee	Remuneration Committee
Dr Mathias Döpfner[6]	1/2	–	–	1/2
Dame Clara Furse	7/7	5/5	–	–
Valerie Gooding CBE	7/7	–	5/5	5/5
Renee James	7/7	–	5/5	5/5
Samuel Jonah KBE	7/7	–	–	5/5
Amparo Moraleda[7]	7/7	4/5	–	–
David Nish	7/7	5/5	–	–

Notes:
The maximum number of scheduled meetings held during the year that each Director could attend is shown next to the number attended. Additional meetings were held as required.
1 Vittorio Colao stepped down from the Board on 30 September 2018.
2 Margherita Della Valle was appointed on 27 July 2018.
3 Sanjiv Ahuja was appointed on 9 November 2018.
4 Sir Crispin Davis was unable to attend two Board meetings and one Audit and Risk and Nominations and Governance Committee meeting due to medical reasons.
5 Michel Demaré was appointed to the Remuneration Committee on 27 July 2018.
6 Dr Mathias Döpfner was unable to attend one Board and Remuneration Committee meeting due to a prior business commitment. He stepped down from the Board on 27 July 2018.
7 Amparo Moraleda was unable to attend one Audit and Risk Committee meeting due to a prior business commitment.

Executive Committee

Delivering our strategy, driving performance

Chaired by Nick Read, the Executive Committee focuses on managing Vodafone's business affairs as a whole, which includes delivering a competitive strategy in fulfilment of our purpose, driving financial performance and ensuring good succession planning and a diverse talent pipeline.

Membership

The Committee is comprised of Nick Read, Chief Executive, Margherita Della Valle, Chief Financial Officer and the senior managers as detailed on these pages. Tenure refers to length of service in role.

Biographies for Nick Read, and Margherita Della Valle can be found on page 56.

Nick Read
Chief Executive

Margherita Della Valle
Chief Financial Officer

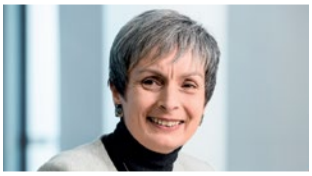
Ahmed Essam

Chief Commercial Operations and Strategy Officer

Tenure: <1 year

Responsibilities:
Ahmed is responsible for Vodafone's global commercial operations and strategy, as well as innovation and transformation projects, including the Company's digital transformation programme and the Customer eXperience eXcellence global programme.

Previous roles include:
- Vodafone Chief Executive Officer – Europe Cluster (2016–2018)
- Vodafone Egypt, Chief Executive Officer (2014–2016)
- Vodafone Group, Group Commercial Director (2012–2014)
- Vodafone Egypt, various roles including customer care and consumer business unit director (1999–2012)



Rosemary Martin

Group General Counsel and Company Secretary

Tenure: 9 years

Responsibilities:
Rosemary is responsible for managing Vodafone's legal risk and for providing legal, compliance and company secretariat services to the Group.

Previous roles include:
- Practical Law Company, chief executive officer (2008–2010)
- Reuters Group Plc, various governance roles including group general counsel and company secretary (1997–2008)
- Rowe & Maw, partner (1990–1997)

Leanne Wood

Chief Human Resources Officer

Tenure: <1 year

Responsibilities:
Leanne joined Vodafone on 1 April 2019. She is responsible for leading Vodafone's people and organisation strategy which includes developing strong talent and leadership, effective organisations, strategic capabilities and an engaging culture and work environment, thereby building strong capabilities in Vodafone to deliver growth.

Previous roles include:
- Burberry Plc, chief people, strategy and corporate affairs officer (2015–2019)
- Diageo plc, various roles including group human resources director (2000–2015)

Johan Wibergh

Group Technology Officer

Tenure: 4 years

Responsibilities:
Johan is responsible for leading Vodafone's global technology organisation. His role is integral to developing Vodafone's convergence strategy on a global scale.

Previous roles include:
- Ericsson, various roles including executive VP (1996–2015)

Joakim Reiter

Group External Affairs Director

Tenure: 1 year

Responsibilities:
Joakim leads Vodafone's engagement with external stakeholders (including governments, regulators, international institutions, the media and industry commentators) in order to project Vodafone's position on the contribution of our industry to broader policy objectives and on issues of importance to our customers and to the communities in which we operate. He is also responsible for security, and for the Vodafone Foundation, of which he is a trustee.

Previous roles include:
- United Nations, assistant secretary-general and United Nations Conference on Trade and Development, deputy secretary-general (2015–2017)
- Ministry of Foreign Affairs, Sweden, deputy director-general (2014–2015)
- World Trade Organisation, ambassador (2011–2014)
- Permanent Representation to the European Union, minister councillor (2008–2011)

Committee Meetings

Each year the Committee conducts a strategy review to identify key strategic issues facing Vodafone 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 met ten times during the year and considered the following items:

– Purpose and strategy;
– Substantial business developments and projects;
– Chief Executive's update on the business and the business environment;
– Updates on the Group's financial performance;
– Commercial and business performance updates;
– Brexit preparation;
– Talent and succession plan updates;
– Updates from the head of each Group function including updates on technology, the regulatory environment and preparation for and compliance with GDPR;
– Updates from the Chief Executive Officers of each market and region;
– Updates and reports on health and safety matters; and
– Presentations from senior managers, including from the Group Strategy & Commercial Planning Director, Group Financial Controller and Group Mergers & Acquisitions Director.

Nick Jeffery

Chief Executive Officer – Vodafone UK

Tenure: 2 years

Responsibilities:
Nick is responsible for:
– Defining Vodafone's strategy in the UK in accordance with Group strategy and operating models;
– Delivering the strategic vision and executing commercial plans; and
– Ensuring delivery against KPIs.

Previous roles include:
– Vodafone Group Enterprise, Chief Executive Officer (2013–2016)
– Cable & Wireless Worldwide, Chief Executive Officer (2012–2013)
– Vodafone Global Enterprise, Chief Executive Officer (2006–2012)
– Vodafone Group, Director, Business Marketing (2004–2006)

Dr Hannes Ametsreiter

Chief Executive Officer – Vodafone Germany

Tenure: 3 years

Responsibilities:
Hannes is responsible for:
– Defining Vodafone's strategy in Germany in accordance with Group strategy and operating models;
– Positioning Vodafone Germany as a Gigabit company, strengthening its role as Germany's leading TV provider and integrated player;
– Delivering the strategic vision, executing commercial plans and delivery against KPIs; and
– Shaping Vodafone's leadership role in digital technologies.

Previous roles include:
– Telekom Austria, group chief executive officer (2009–2015)
– A1 Telekom, chief executive officer (2009)
– Mobilkom Austria/Telekom Austria, chief marketing officer (2001–2009)

Aldo Bisio

Chief Executive Officer – Vodafone Italy

Tenure: 5 years

Responsibilities:
Aldo is responsible for:
– Defining Vodafone's strategy in Italy in accordance with Group strategy and operating models;
– Delivering the strategic vision and executing commercial plans; and
– Ensuring delivery against KPIs.

Previous roles include:
– Ariston Thermo Group, chief executive officer/ managing director (2008–2013)
– McKinsey & Company, senior partner (2007–2008)
– RCS Quotidiani, managing director (2004–2006)
– McKinsey & Company, partner (1992–2004)

António Coimbra

Chief Executive Officer – Vodafone Spain

Tenure: 6 years

Responsibilities:
António is responsible for:
– Defining Vodafone's strategy in Spain in accordance with Group strategy and operating models;
– Delivering the strategic vision and executing commercial plans; and
– Ensuring delivery against KPIs.

Previous roles include:
– Vodafone Portugal, Chief Executive Officer (2009–2012), Executive Committee member (1995–2009), Marketing and Sales Director (1992–1995)
– Apritel – Telco Association (on behalf of Vodafone Portugal), president (2005–2007)
– Vodafone Japan, Chief Marketing Officer (2004)
– Olivetti Portugal, marketing manager (1991–1992)
– Siemens Portugal, produce and sales manager (1988–1991)

Vivek Badrinath

Chief Executive Officer – Rest of the World and Interim CEO Vodafone Business

Tenure: 2 years

Responsibilities:
Vivek oversees Vodafone's operations in the Vodacom Group, India, Australia, Egypt, Ghana, Kenya and New Zealand and Vodafone's enterprise business globally. This includes:
– Defining Vodafone's strategy in these local markets in accordance with Group strategy and operating models;
– Delivering the strategic vision and executing commercial plans; and
– Ensuring delivery against KPIs.

Previous roles include:
– AccorHotels, deputy chief executive (2014–2016)
– Orange, deputy chief executive (2013–2014)

Serpil Timuray

Chief Executive Officer – Europe Cluster

Tenure: <1 year

Responsibilities:
Serpil oversees Vodafone's operations in the Netherlands, Portugal, Ireland, Greece, Romania, Czech Republic, Hungary, Albania, Malta and Turkey. This includes:
– Defining Vodafone strategy in these local markets in accordance with Group strategy and operating models;
– Delivering the strategic vision and executing commercial plans; and
– Ensuring delivery against KPIs.

Previous roles include:
– Vodafone, Chief Commercial Operations and Strategy Officer (2016–2018)
– Vodafone, Regional Chief Executive Officer – AMAP (2013–2016)
– Vodafone Turkey, Chief Executive Officer (2009–2013)

Board activities

What the Board did this year

Board activities are structured to develop the Group's strategy and to enable the Board to support executive management on the delivery of it within a transparent governance framework. The table below sets out the key areas of focus for the Board's activities and topics discussed during the year.

Business performance and strategic developments

Strategy

- Reviewed and approved the refreshed purpose and revised strategy;
- Approved the final steps with respect to the Vodafone Idea merger;
- Approved the proposed acquisition of Liberty Global's assets in Germany, Czech Republic, Hungary and Romania;
- Received updates on Vodafone's competitive landscape; and
- Approved the long-term viability statement.

Local market focus

- Reviewed the local markets with a focus on Germany, India, Italy, Spain and Rest of the World; and
- Visited the following local markets either individually or collectively: Egypt, Germany, Ireland, Italy, Romania, Spain, South Africa and Turkey.

Business developments

- Discussed 5G spectrum auctions;
- Monitored the EMF report;
- Reviewed the quarterly reports on market trends; and
- Reviewed and monitored the business development projects in the pipeline.

Financial

Group budget

- Approved the 2019/2020 budget; and
- Monitored performance against the approved budget of the Company and each of Vodafone's businesses.

Approval of the financial statements

- Approved the 2018 Annual Report and Accounts and determined they were fair, balanced and understandable; and
- Approved the 2018/2019 half-year results.

Dividends

- Recommended final dividend for 2017/2018; and
- Approved the 2018/2019 interim dividend.

Governance, risk and regulatory

Group principal risks

- Reviewed and approved the annual risk management report and approved the risk tolerance and risk management plans;
- Reviewed and approved the annual compliance and risk reports, including the assessment system of internal control;
- Reviewed and monitored the material litigation report; and
- Received briefings on cyber security, technology and risk of global economic disruption.

Slavery and Human Trafficking Statement

- Reviewed and approved the Group's Slavery and Human Trafficking Statement, for publication on the Company's website.

Corporate governance

- Reviewed and approved the Notice of AGM and corporate governance disclosures;
- Considered the key provisions of the new UK Corporate Governance Code and the application of it to the Company;
- Reviewed and approved the Matters Reserved for the Board and each of the Committees' terms of reference;
- Discussed the findings of the externally facilitated Board evaluation and agreed actions for the following year; and
- Chairman and Non-Executive Directors met without the Executive Directors present.

General Data Protection Regulation

- Received training on the key provisions of the General Data Protection Regulation and received regular updates on the Group's compliance.

Political/Regulatory

- Monitored the political and regulatory trends and developments and their implications for the business.

Committee oversight

- Received regular reports of the proceedings of the Audit and Risk Committee, Remuneration Committee and the Nominations and Governance Committee.

People and culture

Diversity and succession planning

- Reviewed and approved the Board Diversity Policy;
- Discussed talent, diversity and succession planning; and
- Reviewed the results of the annual employee opinion survey.

Health and Safety

- Reviewed updates regarding health and safety within the Group.

Approval of the recommendations of the Nominations and Governance Committee

- Approved the appointments of Nick Read, Margherita Della Valle and Sanjiv Ahuja.

Shareholders

Shareholder value

- Reviewed a report on shareholder return;
- Reviewed feedback following the investor roadshows and other institutional shareholder meetings; and
- Received updates from the Investor Relations Director on the current climate.

Further information on stakeholder engagement can be found on pages 62 to 64.

The Board's visit to South Africa

The Board's strategy day is a significant event within the annual calendar and each year it takes place in one of Vodafone's key locations. This year it was held in Johannesburg, South Africa.

Holding the strategy day off-site not only enables the Board the time to focus on Vodafone's strategy, it also facilitates the Board's engagement with employees and the community in the local market. The visit helps the Board to gain a deeper understanding of the operations and culture of the local market.

Strategy day

The annual strategy day provides the Board the opportunity to come together to discuss in detail Vodafone's strategy and implementation plans. This year Nick Read set out his vision for a revised strategy which Board members and Executive Committee members discussed in small groups before coming back together to have a wider discussion. The result of this session was our revised strategy which aims to drive shareholder returns through a focus on operational excellence and organic growth by: deepening customer engagement; transforming our operating model and improving asset utilisation.

Vodacom's business

During the Board's visit to South Africa, Vodacom's senior management showcased Vodacom World, an interactive exhibition of Vodacom's business areas. The Board, in small groups, received presentations on retail and digital services, financial services, IoT and big data. These sessions gave the Board a chance to interact with Vodacom's senior management, asking questions as they moved through the exhibition to gain a greater understanding of the opportunities available to Vodacom in each area.

Community engagement

In order to understand the work being undertaken with the local community, Board members visited the Lemoshanang Teacher Development Centre which is situated in Atteridgeville, "Oustaat" and supported by the Vodacom Foundation. The training centre offers ICT training for teachers, including curriculum implementation. This is a nationwide teacher development initiative to improve the quality of instruction at all levels with a particular emphasis on mathematics and ICT literacy. Their primary objective is to improve the youth IT skills in various regions of South Africa. The Directors also received a briefing about other projects supported by the Foundation including New Beginningz, a Gender Based Violence Command Centre and Children's Home, which supports children affected by HIV/Aids including abandoned babies.

Stakeholder engagement

At the end of the Board's visit. a gala dinner was held which the Directors, Executive Committee, senior management from Vodacom and a selection of stakeholders including key suppliers, customers and government officials attended. This provided an informal opportunity for the Board to interact with stakeholders in the local market directly.

Engaging with our stakeholders

Committed to effective engagement with all of our stakeholders

We are committed to maintaining good communications and building positive relationships with all our stakeholders as we see this as fundamental to building a sustainable business.

Our customers

Our customers are made up of individuals from multiple nationalities, gender, age group, income strata and ethnicity. We also serve a range of organisations across the globe from small enterprises to large multinationals.

Our engagements are insight based and our offerings contextual and tailored for the communication needs of our consumers. We believe in an inclusive digital society that our technologies can enable and we invite our consumers to join us on the journey to this exciting future by constantly improving their experience and delivering efficient and cost effective solutions.

Each year, we interview in excess of one million customers and potential customers across our markets. Our NPS programme is one of the largest global customer satisfaction benchmarks running.

How we engaged with our customers during the year

- We track consideration of our brand and customer satisfaction continuously in all of our markets, 12 months a year, and in a competitive context. This allows us to respond to ongoing issues, challenges and competitive threats, and also to share ideas that have been proven effective in moving customer experience or perception from one to many markets This year we supplemented our "Future is exciting. Ready?" brand promise with a dedicated identity for our enterprise customers in the form of "Vodafone Business" and significantly increased our digital marketing capabilities to connect with consumers in their channel of choice across various digital platforms.
- All new products, services and initiatives are thoroughly tested before launch, from deriving a customer need qualitatively, through to quantitative testing of appeal and optimal pricing before launch. We now have over 25 million customers on our unique offering "Pass" and 148 million consumers on our 4G offering.
- All of our markets have an independent youth offering, with 21 markets using the Future Jobs Finder to engage with our customers.
- We continue to work towards our goal of connecting an additional 50 million women living in emerging markets to mobile by 2025.

14 **Read more** about deepening customer engagement on pages 14 to 17

Our people

Our people are critical to the successful delivery of our strategy. It is essential that they are engaged and connected to our purpose and values. Throughout the year we focused on a number of areas to ensure that our people are highly engaged in group and our local markets.

How we engaged with our people during the year

- It is important for our employees to feel connected to our purpose, and this year we launched our refreshed purpose – "We connect for a better future" – which encourages and allows all our employees to get involved and contribute.
- Our HR initiatives are focused on ensuring we have good managers, the right recognition and incentives and learning and development opportunities particularly in relation to building digital skills where we launched a range of content.
- Every year, we invite all of our people to participate in our online Global People Survey which helps us to assess our employees' concerns and aspirations. Our overall Engagement Index score reached 80% – demonstrating our employees' desire to continue working with us and their inclination to recommend us as an employer.

42 **Read more** about how we engage with our employees on pages 42 to 43

Our suppliers

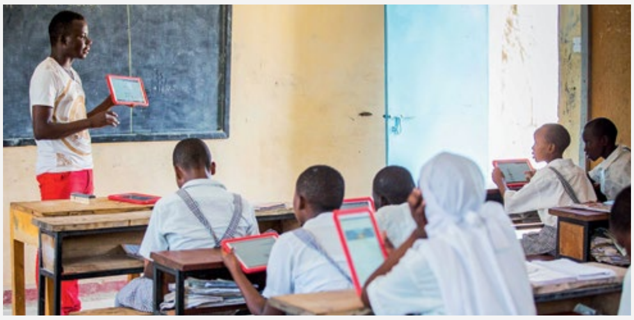
Our business is helped by more than 10,800 suppliers who partner with us, ranging from start-ups and small businesses to large multinational companies. Our annual expenditure across this diverse supply chain is €22 billion for FY19, providing us with equipment and software to run our networks, products and services to connect to our network and other services to serve our customers and colleagues.

We actively engage our suppliers to comply with our requirements given they can have a social, environmental and ethical impact.

How we engaged with our suppliers during the year

- We recognise we can make a difference working with our suppliers and regularly hold events and conferences on key issues. We held safety forums in different countries every quarter and an LGBT+ event called "Partners in Pride" to encourage adoption of UN Global LGBT+ standards.
- Over 3,500 suppliers have enrolled to access supply chain financing facilities and free e-invoicing tools we have made available. Our suppliers have the opportunity to take up early invoice payments on a completely voluntary basis, where payment can be taken in advance of agreed terms at much lower rates than they are likely to receive under traditional factoring or borrowing arrangements.
- In April 2019, we hosted a premier technology event, the Arch Summit, in Luxembourg. This event encourages our suppliers to explore the latest technologies, network with peers, engage with business leaders and, for ambitious start-ups, an opportunity to secure investment. Visit archsummit.lu for further details of the event.
- We recognise that small, innovative technology start-ups are particularly sensitive to cash flow and to support them we introduced an "Innovation Fast Lane" scheme, which has simplified contracting and enables lower payment terms, capped at a maximum of 21 days from date of receipt of invoice.

39 **Read more** about how we work with our suppliers on social, environmental and ethical impact on page 39



Our local communities and non-governmental organisations ('NGOs')

We believe that the long-term success of our business is closely tied to the success of the communities in which we operate.

Through our products and services, we interact with local communities on a daily basis. Whether in communities in some of Europe's largest cities or remote villages in Africa, we seek to be a force for good wherever we operate.

We also actively engage and work with many different NGOs around the world, on a variety of topics that range from conflict minerals to digital human rights. This engagement is essential to help us understand broader societal concerns and perspectives.

How we engaged with our local communities during the year

- Through its "Connecting for Good" programme, the Vodafone Foundation supports local community projects around the world, often run in partnership with charitable organisations and local NGOs.
- Vodafone is a Board member of the multi-stakeholder Global Network Initiative which brings together ICT companies, civil society groups, academics and investors with a shared commitment to promote and advance freedom of expression and privacy worldwide. Read more on page 40.
- We work to understand and address any public concerns about the location of our base stations. With the development of 5G technology and in preparation for commercial launches, we have worked across industry to ensure that our technology continues to be compliant with national regulations and international guidelines.

Read more about our local communities and NGOs at **vodafone.com/sbreporting**

Engaging with our stakeholders (continued)

Regulators and governments

We engage on an ongoing basis with our regulators, government stakeholders and political representatives.

This includes responding to policy consultations and formal information requests: attending, speaking at and hosting events; taking part in industry meetings; and engaging in one-to-one meetings with ministers, elected representatives, policy officials and regulators.

We also engage with industry bodies and trade associations.

How we engaged with regulators and governments during the year

- Our engagement has been focused on building an understanding of the telecoms and digital market, and its contribution to the economy and society.
- We have sought to influence the shape of the regulatory, legislative and public policy environment in a way that reflects the needs of our customers. This has included making the case for an environment that facilitates investment in technology, such as a 5G, full fibre and IoT, and promoting competition.
- We have also engaged on issues such as the allocation of spectrum and the protection of consumers. In addition, our engagement has involved identifying and putting forward areas of potential partnership between businesses, governments, regulators and others to tackle public policy issues, such as extending geographic coverage and connecting the disconnected in society.

46 **Read more** about how we mitigate political and regulatory risk on page 46

Our shareholders

We maintain an active dialogue with our shareholders throughout the year through a planned programme of investor relations activities. This ensures the views of our investors are taken into account when Board decisions are taken. In addition to the direct engagement undertaken, the Board is provided with regular updates of investor relations activities.

We 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 which includes all of our financial results presentations.

Our registrars, Computershare and Deutsche Bank (as custodians of our 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.

How we engaged with our shareholders during the year

Institutional shareholder meetings

- We held meetings with major institutional shareholders, individual shareholder groups and financial analysts throughout the year in various geographic locations to discuss the business performance and strategy. These were attended by the appropriate mix of Directors and senior management, including our Chairman, Senior Independent Director, Chief Executive, Chief Financial Officer, Executive Committee members, senior leaders and the Investor Relations team. Institutional shareholders also met with the Chairman to discuss matters of governance.
- In addition, webcasts and conference calls were held in respect of our quarterly results, with the Chief Executive and Chief Financial Officer hosting briefing sessions for our half-year and full-year results respectively.

Retail shareholders

- We continue to communicate with our retail shareholders through our dividend communications and our website.
- During 2018 we undertook a programme to reunite our shareholders with their unclaimed payments. By 31 March 2019 we had returned £2.87 million.

AGM

- The AGM is an important event in our annual programme of engagement activities. The AGM is attended by our Board and Executive Committee members 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 ask questions of the Board during the meeting. Customer Services and Investor Relations representatives are also available before and after the meeting to answer any additional questions shareholders may have.
- At the 2018 AGM, all of the resolutions put to shareholders to vote on a poll passed with percentages ranging from 92.47% to 99.91%.

Induction, development and evaluation

Board induction and development

We are committed to ensuring that our Directors have a full understanding of all aspects of our business so they can be effective in their roles, through their induction and ongoing training.

Board induction

We have a comprehensive induction programme in place for our newly appointed Directors. Each new Director is provided with a tailored induction programme to suit their individual needs. This involves meetings with other members of the Board, Executive Committee members and senior management, it also covers technical briefings and site visits. During the induction, each Director is encouraged to identify areas which they would like additional information on, or further meetings, which are then arranged by the Company Secretary. On completion of the induction programme, all new Directors have sufficient knowledge and understanding of the business to enable them to effectively contribute to strategic discussions and oversight of the Group.

On joining the Board, Sanjiv Ahuja was provided with an induction programme which has been designed to ensure he gains a full understanding of the Group, including our business, culture and values, strategy, governance and financial position.

Board training and development

To assist the Board in undertaking its responsibilities, ongoing training is provided for all Directors and training needs are assessed as part of the Board evaluation procedure. The Board programme includes regular presentations from management, site visits and informal meetings, to build their understanding of the business and sector. This year the Directors received training on the following:

Local markets

The annual strategy day is a significant event within the annual calendar. This year the Board held its strategy day in Johannesburg, South Africa. There they interacted with senior management and were given an interactive overview of Vodacom's business. Further information on the Board's visit to South Africa can be found on page 61.

Directors are also given the opportunity to visit other local markets individually. During the year, site visits were made by Board members to the following local markets: Egypt, Germany, Ireland, Italy, Romania, Spain, South Africa and Turkey. These visits help to improve the breadth and depth of their knowledge of Vodafone and engagement on an individual level with senior management and employees in the respective markets.

Local market focus sessions were also held during Board meetings covering the German, Indian, Italian, Spanish and Rest of the World markets.

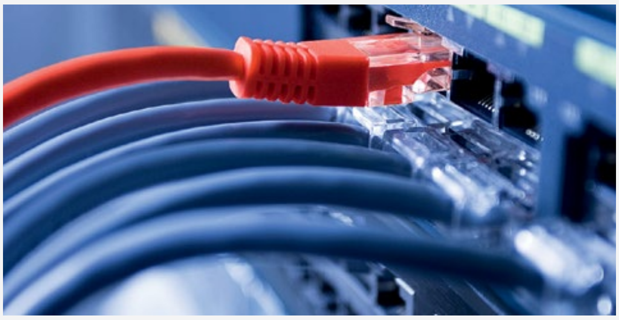
Operating environment

Board meetings also included sessions on Vodafone's competitive landscape and political and regulatory trends and developments and their implications for Vodafone in addition to the regular updates provided on business development.

Legal and governance updates

The Group General Counsel and Company Secretary provided updates on current legal and governance issues. These included updates on the General Data Protection Regulation, the Regulations and the new Code.

All Directors have access to the advice and services of the Group General Counsel and Company Secretary. Directors may take independent legal and/or financial advice at the Company's expense when it is judged necessary in order to discharge their responsibilities effectively. No such independent advice was sought in the 2019 financial year.



Training opportunity: Cyber security and technology

The 2018 Board evaluation highlighted the Board's desire for further focus on developments in technology and the benefits and risks that these could pose.

As one of Vodafone's top ten principal risks, cyber threat and information security is a key area of focus. Vodafone aims for a secure digital future for our customers. Security underpins our commitment to protecting our customers with reliable connections and keeping their data safe.

This year, the Board visited Vodafone's Cyber Defence Centre and received training on cyber security from the Head of Global Cyber Defence. The training provided an insight into the changes taking place in the cyber security landscape, external and internal cyber threats and Vodafone's key activities to managing cyber security risks. Regular briefings were also provided on cyber security throughout the year.

In addition to cyber security, the Board also received regular briefings on emerging technology, including 5G connectivity and governance of technology. The Board received a technical briefing from the Group Chief Technology Officer, ahead of the launch of 5G in 19 trial sites in March 2019.

44 See pages 44 to 51 for further details of Vodafone's principal risks

Induction, development and evaluation (continued)

Continually monitoring and improving our performance

The Board recognises that it needs to continually monitor and improve its performance. This is achieved through the annual performance evaluation, full induction of new Board members and ongoing Board development. The conclusions of this year's review have been positive and confirmed that the Board remains effective.

Process undertaken for our external evaluation

In accordance with the 2016 UK Corporate Governance Code and our three year cycle, the 2019 Board evaluation was externally facilitated. Below is an overview of the how the evaluation was conducted.

Step 1

Appointment

The Group General Counsel and Company Secretary provided a list of external board evaluation providers to the Board. Following discussion, Raymond Dinkin of Consilium was selected to undertake the Board's external evaluation in respect of financial year 2019. Consilium has no other connection with Vodafone.

Step 2

Evaluation process

The objectives of the review were to provide an independent assessment of Vodafone Group's Board effectiveness and governance, including the effectiveness of its Committees.

Mr Dinkin reviewed the prior 12 months' Board and Committee agenda, minutes, Board packs, strategy papers and analysts' reports. All Directors, the Group General Counsel and Company Secretary, Group HR Director and Group Chief Technology Officer completed a questionnaire and were interviewed by Mr Dinkin, who also consulted the Group Investor Relations Director and the Executive Committee.

In addition, Mr Dinkin attended a Board Meeting, a Nominations and Governance Committee and part of an Audit and Risk Committee meeting to observe the interactions between Directors and also with Executive Committee members and senior management.

Step 3

Evaluation findings

Following completion of the report outlining the findings of the review, it was circulated to the Board for its consideration. Mr Dinkin provided feedback to the Chairman and Senior Independent Director and facilitated a discussion of the report with the Board in March 2019 in order to agree the priority actions for the financial year 2020 which can be found on these pages. The Senior Independent Director also met with the Non-Executive Directors to review the Chairman's performance.

Board expertise

Progress against 2018 actions

It was identified that the Board would benefit from more updates in respect of Vodafone Business as it was evolving and this was built into the annual calendar.

60 **See page 60 to 61** for details on the Board's activities during the year

Board composition

Progress against 2018 actions

Following a thorough search to identify an appropriate Non-Executive Director with telecommunications experience, Sanjiv Ahuja was appointed to the Board in November 2018. Sanjiv brings extensive telecommunications experience having worked in various telecom companies including Telcordia and Orange Plc.

69 **See page 69** for details of Sanjiv's appointment process

Board training and development

Progress against 2018 actions

It was acknowledged that the Board would benefit from ongoing training, particularly on developments in technology. Accordingly, this year the Board received regular training sessions from the Group Chief Technology Officer and Cyber Security team, culminating in a Board visit to Vodafone's Cyber Defence Centre.

65 **See page 65** for details of the Board's visit to the Cyber Defence Centre

Strategy

Progress against 2018 actions

In order to balance focus on organic growth and portfolio management, the Board agenda has been carefully managed with the Chairman and Chief Executive to allocate appropriate time.

60 **See pages 60 to 61** for details of the Board's activities during the year

Our three year Board evaluation cycle

2018
Internal evaluation: with the assistance of Lintstock Limited, a London-based firm, which has no other connection with Vodafone.

2019
External evaluation: facilitated by Raymond Dinkin of Consilium which has no other connection with Vodafone. Further information can be found below.

2020
Internal evaluation: further details will be provided in next year's report.

This year's findings

Consideration should be given to further engagement between Non-Executive Directors and the business including more individual visits to local markets and interactions with senior management.

Action for 2020

Opportunities for more Non-Executive Director local market visits are being developed. After each visit Directors will give feedback to the Chief Executive. Going forward more senior managers will present at Board meetings to enable direct engagement with the Board.

This year's findings

Focus should continue to be placed on broadening the perspective of the Board and ensuring continuity of knowledge during Board changes. The Board remains intent on ensuring its composition has the diversity and skills required to be effective.

Action for 2020

The Board will continue to use opportunities in its natural lifecycle to address identified skills gaps to ensure that the Board's composition is aligned with the Company's strategic goals, including to further strengthen the telecommunications experience on the Board.

This year's findings

To ensure that the Board is kept informed and up to date with the latest developments impacting Vodafone's operating environment, the Board may benefit from more engagement with other technology companies. External speakers at Board meetings on topics such as developments in regulation and technology may also be beneficial.

Action for 2020

Arrangements are being made for speakers from other technology companies to meet with the Board. Efforts are being made to ensure Directors are provided with timely and informative material on developments impacting Vodafone's operating environment during the year.

This year's findings

To ensure continued focus on execution of the Company's strategy, more time should be found on the Board's agenda to review progress on delivery of the strategy.

Action for 2020

When deciding the agenda for Board meetings during the year, the Chairman and Chief Executive together with the Group General Counsel and Company Secretary will ensure that sufficient time is allocated to items relating to the execution of the strategy to allow time for deeper discussion.

Nominations and Governance Committee

The Nominations and Governance Committee ('the Committee') continues its work of evaluating the composition of the Board and ensuring that our governance is effective.

Chairman
Gerard Kleisterlee
Chairman of the Board

Members
Sir Crispin Davis
Valerie Gooding
Renee James

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:

– Assessing the composition, structure and size of the Board and its Committees and making recommendations on appointments to the Board;
– Succession planning for the Board and Executive Committee;
– Overseeing the performance evaluation of the Board, its Committees and individual Directors; and
– Monitoring developments in all matters relating to corporate governance, bringing any issues to the attention of the Board.

The Committee is composed solely of independent Non-Executive Directors. The Committee had five scheduled meetings and one additional meeting during the year, and attendance by members at Committee meetings can be seen on page 57. Committee meetings were attended by Committee members, with other individuals and external advisers invited to attend all or part of the meetings as appropriate.

FY19 highlights:

– Overseeing the appointment of the new Chief Executive and Chief Financial Officer;
– Appointment of Sanjiv Ahuja as a Non-Executive Director;
– Planning the succession of the Chief Human Resources Officer; and
– Responding to the 2018 UK Corporate Governance Code consultation and assessing how the new Code will impact the Company and the role of the Committee.

The Committee's key areas of focus for the next financial year are as follows:

FY20 key areas of focus:

– Board and Executive Committee succession planning in order to maintain the necessary balance of skills, knowledge and experience to remain effective; and
– Continuing to monitor compliance with the new Code and Regulations.

The terms of reference of the Committee, which were reviewed and updated in March 2019, are available on the Vodafone website at vodafone.com/governance.

Dear Shareholder,

On behalf of the Board, I am pleased to present the Nominations and Governance Committee report for the year ended 31 March 2019.

This year, the main focus of the Committee has been Board composition, succession planning and corporate governance matters. As I mentioned in my Chairman's letter on page 52, at the end of September 2018 we said farewell to Vittorio Colao and, on behalf of the Board, I would like to record our gratitude to Vittorio for an outstanding tenure and to express our confidence in Nick Read and Margherita Della Valle in the creation of and moving forward with the Company's refreshed strategy. Additionally, Samuel Jonah will be standing down from the Board following the 2019 AGM after ten years of service and on behalf of the Board, I would also like to thank Samuel for his valuable contribution to Board discussions.

The Committee is also delighted to welcome Sanjiv Ahuja to the Board who was appointed as a new Non-Executive Director in November 2018. Sanjiv brings extensive telecoms experience, having led mobile, broadband and infrastructure companies, as well as considerable international experience from operating in Europe, the US, Africa and Asia. An insight into the Committee's appointment process for Sanjiv can be found on page 69.

To find the most suitable candidates for the Board, the Committee considers the skills, experience and attributes required to create a diverse Board which is capable of driving the Company forward successfully in fulfilment of its purpose and strategic goals. The Committee also ensures that initiatives are in place to develop the talent pipeline. As Chairman of the Committee, I take an active role in overseeing the progress made towards improving diversity in appointments to the Board and Executive Committee in a way that is consistent with the long-term strategy of the Group. The Committee will continue to monitor the balance of the Board to ensure that broad expertise is available from the existing members, and will recommend further appointments as and when appropriate.

Lastly, following the publication of the new Code and Regulations in 2018, the Committee reviewed the impact of the changes on the Company.

Changes to the Board and Committees

During the year to the date of this report, the following changes were made to the Board:

Following the 2018 AGM:

– Margherita was appointed as a Director and Chief Financial Officer;
– Nick's role changed to Chief Executive Officer-Designate before he became Chief Executive in October 2018;
– Michel Demaré became a member of our Remuneration Committee; and
– Dr Mathias Döpfner stepped down from the Board after more than three years of service.

On 30 September 2018 Vittorio resigned as the Chief Executive and as a Director of the Company and was succeeded by Nick.

Additionally, as announced on 27 March 2019, at our AGM on 23 July 2019:

– Samuel Jonah will not seek re-election after ten years of service;
– Dame Clara Furse will become a member of the Remuneration Committee and step down from the Audit and Risk Committee; and
– Sanjiv Ahuja and Michel Demaré will become members of the Audit and Risk Committee.

Assessment of the independence of the Non-Executive Directors

All Non-Executive Directors have submitted themselves for re-election at the 2019 AGM, with the exception of Samuel Jonah who is standing down at the AGM. Sanjiv will be subject to election for the first time in accordance with our Articles of Association.

The Committee reviewed the independence of all the Non-Executive Directors. All are considered independent in accordance with UK requirements and they continue to make effective contributions and effectively challenge management. During the course of the financial year, Samuel Jonah's tenure exceeded nine years, however the Committee was confident that he was able to demonstrate independent judgement in Board discussions during this period.

The Executive Directors' service contracts and Non-Executive Directors' appointment letters are available for inspection at our registered office and will be available at the 2019 AGM.

Management of Conflicts of Interest

The Committee and the Board are satisfied that the external commitments of the Non-Executive Directors and of me, your Chairman, do not conflict with our duties and commitments as Directors of the Company, and that each Non-Executive Director is able to dedicate sufficient time to the Company's affairs.

Directors have a duty under the Companies Act 2006 to avoid a situation in which they have or may have a direct or indirect interest that conflicts or might conflict with the interests of the Company. This duty is in addition to the existing duty owed to the Company to disclose to the Board any interest in a transaction or arrangement under consideration by the Company.

Our Directors must: report any changes to their commitments to the Board; immediately notify the Company of actual or potential conflicts or a change in circumstances relating to an existing authorisation; and complete an annual conflicts questionnaire. Any conflicts or potential conflicts identified are considered and, as appropriate, authorised by the Board in accordance with the Company's Articles of Association. A register of authorised conflicts is also reviewed periodically.

During the financial year, no actual conflicts were identified and one new potential conflict was identified and duly authorised by the Board. The Committee is comfortable that it has measures in place to manage and mitigate this potential conflict.

Board evaluation

In accordance with the 2016 UK Corporate Governance Code (the '2016 Code'), Vodafone conducts an annual evaluation of Board and Board Committee performance, which is facilitated by an independent third party at least once every three years. This year the performance of the Board and Committees was assessed by Raymond Dinkin from Consilium. The Committee oversaw the evaluation process and was involved in the selection of the external provider for the review. Further details of the review, the process followed to appoint Consilium and the actions to be taken over the next 12 months as a result of the review can be found on pages 66 and 67. The Committee is pleased to report that the performance evaluation concluded that the Committee operated well.

Succession planning

The Committee monitors the length of tenure and the skills and experience of the Non-Executive Directors to assist in succession planning. Details of the length of tenure of each of the Directors can be found on pages 56 and 57 and a summary of the skills and experience of the Non-Executive Directors can be found opposite. The Committee is confident that the Board has the necessary mix of skills and experience to contribute to the Company's strategic objectives but aims to further strengthen the telecommunications experience on the Board during the next financial year.

Experience and skills

Non-Executive Directors

Consumer goods and services/Marketing	Media
Finance	Technology/Telecoms
Emerging markets	Political/Regulatory

Further to the publication of the new Code and the requirement that the chair should not remain in post beyond nine years from the date of their first appointment to the Board, a subset of the Committee led by our Senior Independent Director, Valerie Gooding, and excluding me, your Chairman, has instructed an external executive search consultancy MWM Consulting to assist in the search for my successor. MWM Consulting has no other connection with Vodafone and is an accredited firm under the Enhanced Code of Conduct for Executive Search Firms. No decision has currently been taken as to when I may step down from the Board and shareholders will be kept informed as required.

In addition to the succession planning for Board roles, the Committee received several presentations during the year relating to the succession planning for the Executive Committee. The Group HR Director informed the Committee of his intention to leave the Company after ten years of service and a successor, Leanne Wood, was identified. Potential successors have been identified for other top senior management positions and the Committee will continue to review succession planning and monitor the progress and success of the development plans which have been established for relevant employees.

Appointment process

When considering the recruitment of new members of the Board, the Committee adopts a formal and transparent procedure with due regard to the skills, knowledge and level of experience required as well as diversity.

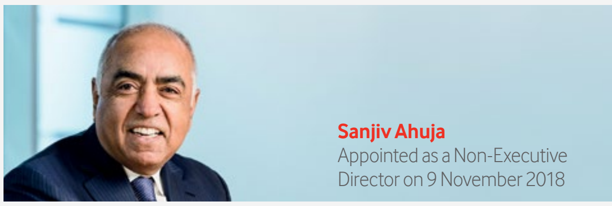
Sanjiv Ahuja – Non-Executive Director

The Committee had previously identified that the addition of a Non-Executive Director with telecommunications experience would be beneficial to the composition of the Board.

During the search for a new Non-Executive Director external search consultancy, Russell Reynolds Associates, was engaged to support the recruitment process. They have no other connection with the Company other than providing recruitment services and are an accredited firm under the Enhanced Code of Conduct for Executive Search Firms.

Details of the stages of the appointment process that were followed in respect of Sanjiv Ahuja can be found below:

- **Step 1** Engage with search consultancy and provide them with a search specification.
- **Step 2** Shortlisting of candidates by Committee.
- **Step 3** Interview process with Committee members and Chief Executive.
- **Step 4** Recommendation to the Board on the chosen candidate.
- **Step 5** Appointment terms drafted and agreed with the selected candidate.



Sanjiv Ahuja
Appointed as a Non-Executive Director on 9 November 2018

Nominations and Governance Committee (continued)

Board diversity

The Committee through Vodafone's Board Diversity Policy is committed to supporting diversity and inclusion in the Boardroom in compliance with the 2016 Code and acknowledges the importance of diversity and inclusion to the effective functioning of the Board. As set out in our Board Diversity Policy, Vodafone's long-term ambition is to increase diversity on our Board in all forms. This includes diversity of skills and experience, age, gender, disability, sexual orientation, gender identity, cultural background or belief. When selecting new members for the Board, the Committee takes these considerations into account, as well as professional background.

The Committee annually reviews and agrees the Board Diversity Policy and monitors the progress made at Board and senior management levels during the financial year.

Implementation of the FY19 policy

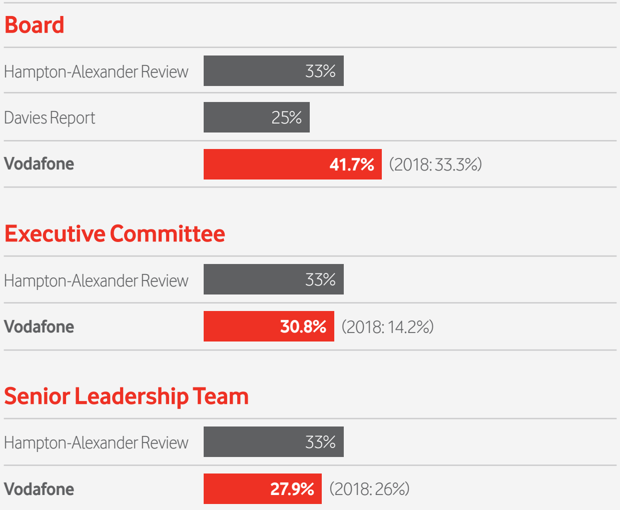
The Committee has been and continues to monitor Vodafone's compliance with gender diversity targets set out in the Davies Report and Hampton-Alexander Review in relation to gender diversity and the Parker Review in relation to ethnic diversity.

We aspire to increase the representation of women in leadership roles to meet the Davies Report recommendation that 25% of Directors on the Board be women and to meet the target in the Hampton-Alexander Review that by 2020 at least 33% of Board and Executive Committee positions, and direct reports of the Executive Committee (the 'Senior Leadership Team') are held by women. Following the appointment of Margherita as a Director in July 2018, 41.7% of our Board roles are currently held by women which exceeds both targets. At 31 March 2019, five women and seven men served on the Board.

Margherita was also appointed to our Executive Committee and, following the appointment of Leanne Wood as Chief Human Resources Officer, 4 (30.8%) Executive Committee positions are currently held by women, an improvement compared to 2018 (14.2%) demonstrating the Committee's commitment to increase female representation at this level. Lastly, 48 (27.9%) of Senior Leadership Team positions are currently held by women which has increased since 2018 (26%).

The below chart illustrates the current gender diversity statistics for our Board, Executive Committee and the Senior Leadership Team against the Hampton-Alexander Review and Davies Report:

Vodafone's gender diversity against review recommendations



The Board is mindful of the recommendation of the Parker Review Report to have at least one Director from a non-white ethnic minority by 2021 and is satisfied that it meets this requirement.

Diversity extends beyond the Boardroom and the Committee is supportive of management's efforts to build a diverse organisation and maintain a diverse talent pipeline. Vodafone's ambition is to become the world's best employer for women by 2025. While our focus has been gender and nationality, following the recommendations from the McGregor-Smith Review, Vodafone has now implemented Black, Asian and Minority Ethnic ('BAME') reporting in our people system in the UK and at Group. Additionally, we are committed to leading the way by developing the pipeline of BAME candidates through talent programmes and our BAME network. Further details on Vodafone's diversity initiatives to build a diverse organisation can be found in the "Our People" section on pages 42 and 43.

Governance

The Committee reviewed Vodafone's compliance with the 2016 Code and was satisfied that Vodafone complied with the 2016 Code during the year. The Committee also received regular updates on corporate governance developments and has considered the impact of those developments on Vodafone, including the approaches the Company has taken to comply with the Regulations and the revised elements of the new Code, which was published in July 2018. During the year, the Board and Executive Committee reviewed and approved Vodafone's revised strategy and refreshed purpose, and its alignment with Vodafone's culture. Going forward the Board will also be provided with updates on the ways in which Vodafone's culture is embedded throughout the organisation, the recognised cultural challenges and the corrective action being taken to address any material whistleblowing incidents identified through Vodafone's Speak Up programme.

In her role as Senior Independent Director, Valerie Gooding will be attending a number of employee forums including the European Workers Council and South African National Consultative Committee. In addition to this, the Board will receive updates on the actions being taken to ensure there is sufficient engagement with employees, including the results of the annual employee opinion survey. As mentioned above, the Board is committed to promoting diversity in all forms and the Committee will continue to oversee the development of a diverse pipeline at Board and Executive Committee level.

The Matters Reserved for the Board and the Terms of Reference of the Committee, the Audit and Risk Committee and the Remuneration Committee have been updated to take into account the revised elements of the new Code and were formally approved by the Board in March 2019.

During the course of the next financial year, the Committee will continue to monitor its compliance with the Regulations and the new Code, review succession plans for Non-Executive Director roles as well as continuing to ensure that adequate succession planning is in place for the Executive Directors and senior management.

Gerard Kleisterlee
On behalf of the Nominations and Governance Committee

14 May 2019

Audit and Risk Committee

The Committee plays a key role in the governance of the Group's financial reporting, risk management, control and assurance processes and the external audit. During the year, the Committee concluded an audit tender process for the next financial year. In addition, there was particular focus on the implementation of new accounting standards and how the Group is addressing cyber security threats.

Chairman and financial expert
David Nish

Members
Sir Crispin Davis
Dame Clara Furse
Amparo Moraleda

Key objectives

Provision of effective governance over the appropriateness of financial reporting of the Group, including the adequacy of related disclosures, the performance of both the internal audit function and the external auditors and oversight of the Group's systems of internal control, business risks and related compliance activities.

Responsibilities

The Committee's terms of reference are available on vodafone.com/governance. Responsibilities of the Committee are to:

- Monitor the integrity of the financial statements, including the review of significant financial reporting judgements;
- Provide advice to the Board on whether the Annual Report is fair, balanced and understandable and the appropriateness of the long-term viability statement;
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the external audit;
- Review the system of internal financial control and compliance with section 404 of the US Sarbanes-Oxley Act;
- Monitor the activities and review the effectiveness of the Internal Audit function; and
- Monitor the Group's risk management system, review of the principal risks and the management of those risks.

Dear Shareholder,

This report provides an overview of how the Committee operated, an insight into the Committee's activities and its role in ensuring the integrity of the Group's published financial information and ensuring the effectiveness of its risk management, controls and related processes.

Committee structure

The membership of the Committee, which remained unchanged during the year, has been selected with the aim of providing the range of financial and commercial expertise necessary to meet its responsibilities. Given my recent and relevant financial 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. We believe that the Committee as a whole continues to have competence relevant to the sector in which the Group operates.

Meetings

The Committee had five scheduled meetings during the year and two additional meetings to oversee the audit tender process. The attendance by members at Committee meetings can be seen on page 57.

Meetings of the Committee normally take place the day before Board meetings. I report to the Board, as a separate agenda item, on the activity of the Committee and matters of particular relevance and the Board receives copies of the Committee minutes. The external auditor is invited to each meeting and I also meet with the external lead audit partner outside the formal Committee process throughout the year. The Committee also regularly meets separately with each of PwC, the Chief Financial Officer, the Group Risk and Compliance Director and the Group Audit Director without others being present.

We routinely conduct deep dive reviews, together with specific risk management activities as set out below:

- In September and March, we assess issues affecting the Group's half-year and year end reporting and approve the principal risks;
- In November and May, we conclude this work and advise the Board on the Group's external financial reporting; and
- While each meeting has reviews of risk and compliance related matters, the January meeting is particularly focused on these.

Areas of focus

This year, the Committee has focused on the following areas:

- The adoption in the year of IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments";
- Preparations for the adoption of IFRS 16 in the next financial year;
- Cyber security given the need to ensure the Group is well placed to meet the risks and external threats in this area;
- The accounting, reporting and disclosure implications of the merger of Vodafone India with Idea Cellular to form the Vodafone Idea joint venture; and
- Assessing the continued independence of the external auditors.

Next financial year, the Committee will also focus on the accounting, reporting and disclosure implications of the proposed acquisition of Liberty Global's assets in Germany and in Central and Eastern Europe.

External audit

In early December 2018, the Committee was informed of likely developments in relation to the potential legal action between the Company and a company for which a number of PwC partners are acting as administrators. Given uncertainties over how this matter would develop, the Committee launched a competitive tender process for the statutory audit for the year ending 31 March 2020. A legal action was filed by the administrators on behalf of this company against Vodafone and others on 18 December 2018. On the 15 February 2019 it was announced that the Board had approved the appointment of Ernst & Young LLP, subject to the approval by shareholders at the Annual General Meeting on 23 July 2019. Further detail is provided on page 74.

Committee effectiveness

In order to ensure that the Committee remains effective, every three years the Board appoints an external organisation to perform an independent review of the Committee to evaluate its performance. The last review was performed in March 2019 and concluded that the Board members considered the Committee to be thorough and fully effective in meeting its objectives.

David Nish
On behalf of the Audit and Risk Committee

Audit and Risk Committee (continued)

Financial reporting

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

- The quality and acceptability of accounting policies and practices;
- Material areas in which significant judgments have been applied or where significant issues have been discussed with the external auditor;
- An assessment of whether the Annual Report, taken as a whole, is fair, balanced and understandable.
- The clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- Providing advice to the Board on the form and basis underlying the long-term viability statement; and
- Any correspondence from regulators in relation to our financial reporting.

Accounting policies and practices

The Committee received reports from management in relation to:

- The identification of critical accounting judgments and key sources of estimation uncertainty;
- Significant accounting policies;
- The adoption of IFRS 9 and IFRS 15 during the current financial year;
- The implementation programme for the adoption of IFRS 16 for the 2020 financial year; and
- Proposed disclosures in relation to these matters in the 2019 Annual Report.

Following discussions with management and the external auditor, the Committee approved the disclosures of the accounting policies and practices set out in note 1 "Basis of preparation" to the consolidated financial statements, which include details of the impacts of adopting IFRS 9, IFRS 15 and IFRS 16.

Fair, balanced and understandable

The Committee assessed 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 position and performance, business model and strategy. The Committee reviewed the processes and controls that underpin its preparation, ensuring that all contributors, the core reporting team and senior management are fully aware of the requirements and their responsibilities. This included the use and disclosure of alternative performance measures (or "non-GAAP" measures) and the financial reporting responsibilities of the Directors under section 172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as well as considering the interests of other stakeholders which will have an impact on the Company's long-term success of the entity.

The Committee reviewed an early draft of the Annual Report to enable early input and comment. The Committee also reviewed the financial results announcements, supported by the work of the Group's Disclosure Committee which reviews and assesses the Annual Report and investor communications.

This work enabled the Committee to provide positive assurance to the Board to assist them in making the statement required by the 2016 UK Corporate Governance Code.

Long term viability statement

As part of the Committee's responsibility to provide advice to the Board on the form and basis underlying the long-term viability statement as set out on pages 50 and 51, the Committee reviewed the process and assessment of the Group's prospects made by management, including:

- The review period and alignment with the Group's internal long-term forecasts;
- The assessment of the capacity of the Group to remain viable after consideration of future cash flows, expected debt service requirements, undrawn facilities and access to capital markets;
- The modelling of the financial impact of certain of the Group's principal risks materialising using severe but plausible scenarios; and
- Ensuring clear and enhanced disclosures in the Annual Report as to why the assessment period selected was appropriate to the Group, what qualifications and assumptions were made and how the underlying analysis was performed, consistent with recent FRC pronouncements.

Regulators and our financial reporting

The FRC published thematic reviews to help companies improve the quality of corporate reporting around new accounting standards, notably IFRS 9 and IFRS 15. The FRC also issued a range of guidance and performed a number of detailed reviews related to the year-end reporting process across public companies. The Group has reviewed the impact of each and whilst the Group already complied with the majority of the recommendations, the 2019 Annual Report seeks to ensure new disclosures are in line with best practice.

There has been no correspondence from regulators, including the FRC's Corporate Reporting Review Team ('CRRT'), commenting on our financial reporting during the 2019 financial year. We have been informed however that the CRRT will review the disclosures in relation to the adoption of IFRS 15 that are included in the financial statements within this Annual Report.

Significant financial reporting judgments

The areas considered and actions taken by the Committee in relation to the 2019 Annual Report are outlined below: For each area, the Committee was satisfied with the accounting and disclosures in the financial statements.

Area of focus	Actions taken/conclusion
Revenue recognition The timing of revenue recognition, presentation on a gross or net basis and the treatment of discounts, incentives and commissions are complex areas of accounting. In addition, there is inherent risk following the implementation of IFRS 15 "Revenue from Contracts with Customers". See note 1 "Basis of preparation".	The Committee reviewed and discussed with management the new accounting policy for, and related disclosure requirements of, IFRS 15 that have been presented in the Annual Report and challenged management on the systems and processes implemented for reporting. Management confirmed that controls over IFRS 15 reporting were effective for the year.
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 in 2007. Further, the Group has extensive accumulated tax losses and a key management judgement is whether a deferred tax asset should be recognised in respect of these losses. See note 6 "Taxation" and note 28 "Contingent liabilities and legal proceedings".	The Group Tax Director presented on both provisioning and disclosure of tax contingencies and deferred tax asset recognition at the November 2018 and May 2019 Committee meetings. The Committee challenged the judgements underpinning both the provisioning and disclosures adopted for the most significant components of contingent taxation liabilities and the underlying assumptions for the recognition of deferred tax assets, principally the availability of future taxable profits. During the year, the Group derecognised a deferred tax asset in Spain of €1.2 billion.
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. See note 16 "Provisions" and note 28 "Contingent liabilities and legal proceedings".	The Committee met with the Group's Counsel and Company Secretary and the Director of Litigation in both November 2018 and May 2019. The Committee reviewed and challenged management's assessment of the most significant claims, together with relevant legal advice received by the Group, to form a view on the level of provisioning.
Impairments Judgements in relation to impairment testing relate primarily to the assumptions underlying the calculation of the value in use of the Group's businesses, being the achievability of the long-term business plans and the macroeconomic and related modelling assumptions underlying the valuation process. See note 4 "Impairment losses".	The Committee reviewed and discussed detailed reporting with 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. During the year the Group has recorded impairments in respect of its investments in Spain (€2.9 billion), Romania (€0.3 billion) and Vodafone Idea (€0.3 billion). These judgements included the assessment of the recoverable amount of the Group's investment in Vodafone Idea at 31 March 2019.
Significant one-off transactions The judgements in relation to the accounting and the reporting implications of the merger of Vodafone India with Idea Cellular to create the Vodafone Idea joint venture. See note 7 "Discontinued operations and assets and liabilities held for sale" and note 26 "Acquisitions and disposals".	The Committee challenged the judgements presented by management in relation to the key accounting and disclosure impacts of the merger. As a result of the transaction, the Group recognised a net loss on the formation of Vodafone Idea Limited of €3.4 billion.

Audit and Risk Committee (continued)

External audit

The Committee has primary responsibility for overseeing the relationship with the external auditor, PwC. This includes making the recommendation on the appointment, reappointment and removal of the external auditor, assessing their independence on an ongoing basis, involvement in fee negotiations, approving the statutory audit fee, the scope of the statutory audit and appointment of the lead audit engagement partner.

PwC was appointed by shareholders as the Group's external auditor in July 2014 following a formal tender process. The lead audit partner, Andrew Kemp, has held the position for five years and, under FRC ethical rules, would have rotated off had PwC remained as statutory auditors for the year ending 31 March 2020.

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 PwC that may have a bearing on their independence and receives confirmation from PwC that they are independent of the Company within the meaning of the securities laws administered by the US Securities and Exchange Commission ('SEC').

As previously reported, the Committee has been aware that a company for which a number of PwC partners are acting as administrators, was considering litigation against the Group. As a safeguard against a number of related risks, the Committee had agreed a range of measures to preserve both Company confidentiality and auditor independence. This included the separate storage of audit working papers and other highly confidential material and the lead Group engagement partner taking sole responsible for the audit implications of the potential litigation. The Committee also agreed that both PwC's Compliance Department and its independent non-executives provide oversight of the effectiveness of the safeguards put in place and report to the Committee on these safeguards on a regular basis.

PwC confirmed to the Committee that these safeguards were in place, were monitored internally and operated effectively throughout the year. As in prior years the Committee concluded that PwC's appointment was not prohibited and that PwC remained independent for the purpose of the audit for the 2019 financial year.

In December 2018, the Committee was informed of likely developments in relation to the potential for legal action. Given uncertainties over how this matter would develop, the Committee decided to launch a competitive tender process for the statutory audit for the year ending 31 March 2020.

The Committee approved the tender participants, process, timetable and assessment criteria. As a first phase, the participants were provided access to a data room which contained information to enable the participants to gain a better understanding of how the Group is structured and operates. This information was supplemented by meetings with senior management. This process ran in parallel with each firm conducting an audit independence assessment for the purpose of the 2020 financial year. The second phase of the process included discussions as to how the firms would structure their audit at an operational level and work with our management team. The Committee then reviewed the written proposals and met with the participants who were assessed against a range of criteria, including how the participants responded in their proposal to the scale and complexity of the Group, the strength and depth of the engagement team and the opportunities arising from the use of digital tools and techniques in the audit approach.

On the 15 February 2019 it was announced that the Board had approved the appointment of Ernst & Young LLP as statutory auditor for the year ending 31 Match 2020. The appointment is subject to the approval by shareholders at the Annual General Meeting on 23 July 2019.

Going forward, the Committee anticipates that the audit will be put out to tender at least every ten years.

Audit risk

The audit risk identification process is considered a key factor in the overall effectiveness of the external audit process and during the 2019 financial year we received a detailed audit plan from PwC identifying its audit scope, planning materiality and assessment of key risks which are set outlined in the Audit Report on pages 102 to 110.

The key audit risks for the 2019 financial year were broadly consistent with those for the 2018 financial year, updated to reflect business developments as follows:

- A new risk relating to significant one-off transactions following the merger of Vodafone India with Idea Cellular to create the Vodafone Idea joint venture; and
- The removal of the risk relating to capitalisation and asset lives.

These risks were challenged by the Committee to ensure the external auditor's areas of audit focus remain appropriate. The Committee also receives reporting from PwC on its assessment of the accounting and disclosures in the financial statements.

Effectiveness of the external audit process

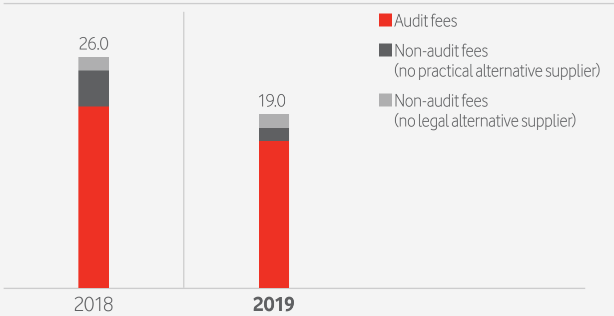
The Committee reviewed the quality of the external audit throughout the year and considered the performance of PwC, taking into account the Committee's own assessment and feedback, the results of a detailed survey of senior finance personnel across the Group focusing on a range of factors we considered relevant to audit quality, feedback from the auditor on its' performance against its own performance objectives and the firm-wide audit quality inspection report issued by the FRC in June 2018. Based on these reviews, the Committee concluded that there had been appropriate focus and challenge by PwC on the primary areas of the audit and that it had applied robust challenge and scepticism throughout the audit.

The Company has complied with the Statutory Audit Services Order 2014 for the financial year under review.

PwC audit and non-audit fees

Total fees payable during the year for audit and non-audit services amounted to €19 million (2018: €26 million).

Total PwC Fees €m



Audit fees

For the 2019 financial year, the Committee reviewed and discussed the fee proposal, was actively engaged in agreeing audit scope changes and, following the receipt of formal assurance that their fees were appropriate for the scope of the work required, agreed a charge from PwC and related member firms of €17 million (2018: €21 million) for statutory audit services. The prior year included €5 million of fees in respect of advance audit procedures for the implementation of IFRS 15 and IFRS 16.

Non-audit fees

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 which precludes PwC from playing any part in management or decision-making, providing certain services such as valuation work and the provision of accounting services. It also sets a presumption that PwC should only be engaged for non-audit services where there is no legal or practical alternative supplier and includes a cap on the amount of non-audit fees that can be billed. The Committee has pre-approved that PwC can be engaged by management, subject to the policies set out above, and subject to:

- A €60,000 fee limit for individual engagements;
- A €500,000 total fee limit for services where there is no legal alternative; and
- A €500,000 total fee limit for services where there is no practical alternative supplier.

For all other services, or those permitted services that exceed these specified fee limits, the Chairman pre-approves the service.

Non-audit fees were €2 million (2018: €5 million) of which €1 million (2018: €1 million) was for services where there was no legal alternative and €1 million (2018: €4 million) was for services where there was no practical alternative supplier. Non-audit fees represented 12% of audit fees for the 2019 financial year (2018: 24%, 2017: 24%).

The amount for the year ended 31 March 2019 is primarily in respect of certification procedures to meet routine regulatory and legal filing requirements. The amount for year ended 31 March 2018 also includes non-recurring fees that were incurred during the preparations for a potential IPO of Vodafone New Zealand and the merger of Vodafone India and Idea Cellular.

See note 3 "Operating (loss)/profit" for further details.

Ernst & Young LLP has historically provided the Group with a wide range of consulting and assurance services. Given the number and complexity of certain of these relationships, following the decision to appoint the firm as auditor for the 2020 financial year, the Committee and EY agreed a number of steps to ensure EY was independent for the purpose of conducting the audit of the 2020 financial year. The primary elements of this were that all existing EY services should cease by 31 March 2019 unless subject to a specific exemption from this requirement and all new EY services would immediately be subject to the Group's non-audit services policy. As a result of this approach, three in flight EY services which would not ordinarily have been approved under the Group's non-audit services policy, but where it was deemed to be significantly advantageous for the service to be completed, were allowed to continue into the 2020 financial year. Each was a permitted service under audit regulations with each service terminating in that year.

Internal control and risk management

The Committee has the primary responsibility for the oversight of the Group's system of internal control, including the risk management framework, the compliance framework and the work of the Internal Audit function.

Internal audit

The Internal Audit function provides independent and objective assurance over the design and operating effectiveness of the system of internal control, through a risk based approach. The function reports into the Committee and, administratively, to the Group Chief Financial Officer. The function is composed of teams across Group functions and local markets. This enables access to specialist skills through centres of excellence and ensures local knowledge and experience. The function has a high level of qualified personnel with a wide range of different professional qualifications and experience. A co-sourcing agreement with a professional firm has ensured access to additional specialist skills and an advanced knowledge base.

Internal Audit activities are based on a robust methodology and subject to ongoing internal quality assurance reviews to ensure compliance with the standards of the Institute of Internal Auditors. The function has invested in several initiatives to continuously improve its effectiveness, particularly in the adoption of new technologies. The increased use of data analytics has provided deeper audit testing and driven increased insights. In September 2018 an independent effectiveness review was performed by a professional firm and they concluded positively on the effectiveness of the function.

The Committee has a permanent agenda item to cover Internal Audit related topics. Prior to the start of each financial year, the Committee reviews and approves the annual audit plan, assesses the adequacy of the budget and resources and reviews the operational initiatives for the continuous improvement of the function's effectiveness.

The Committee reviews the progress against the approved audit plan and the results of audit activities, with a focus on unsatisfactory audit results and "cross entity audits", being audits performed across multiple markets with the same scope. Audit results are analysed by risk, process and geography to highlight movements in the control environment and areas that require attention.

During the year, Internal Audit coverage focused on principal risks, which include cyber threat and information security, data privacy, technology resilience and digital and technological transformations. Relevant audit results are reported at the same time as the Committee's in-depth review with the risk owner, which allows the Committee to have an integrated view on the way the risk is managed.

Assurance was also provided across a range of areas, including competition law, economic sanctions, employment law and core financial processes, balance sheet reconciliations and the implementation of IFRS 15 "Revenue from Contracts with Customers". There has been focus on Vodafone Business and M-Pesa, given the complexity of processes, products and services. The activities performed by the shared service organisation also received attention due to their significant bearing on the effectiveness of global processes.

Management is responsible for ensuring that issues raised by Internal Audit are addressed within an agreed timetable, and their timely completion is reviewed by the Committee.

Audit and Risk Committee (continued)

Compliance with section 404 of the US Sarbanes-Oxley Act

Oversight of the Group's compliance activities in relation to section 404 of the US Sarbanes-Oxley Act and policy compliance reviews also fall within the Committee's remit.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting and we have responsibility for ensuring the effectiveness of these controls. This is achieved by taking an active role in monitoring the Group's compliance activities, receiving reports from management in the year covering programme-level changes, the scope of work performed and the results of control testing performed. The external auditor also reports the status of its' work in each of their reports to the Committee.

Assessment of Group's system of internal control, including the risk management framework

The Group's risk assessment process and the way in which significant business risks are managed is an area of focus for the Committee. The Committee's activity here was led primarily, but not solely, by the Group's assessment of its principal and emerging risks and uncertainties, as set out on pages 44 to 51. The subjects of the reviews are outlined below and included reports from the Group Risk and Compliance Director and the Group's cyber security team, with whom the Committee Chairman met regularly during the year. Cyber security has been a major area of focus for the Committee during the year and this will continue going forward given the ongoing risks in this area. The Committee also visited the Group's Cyber Defence Centre.

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

The Committee reviewed the process by which the Group evaluated its control environment, in accordance with the requirements of the Guidance on Risk Management, Internal Control and related Financial and Business Reporting published by the FRC. Activity here was driven primarily by reports from the Group Audit Director on the effectiveness of internal controls. Although not relevant in the financial period, this would include any identified incident and fraud, including those involving management or employees with a significant role in internal controls.

The Committee has completed its review of the effectiveness of the Group's system of internal control, including risk management, during the year and up to the date of this Annual Report. The review covered all material controls including financial, operating and compliance controls. The Committee confirms that the system of internal control operated effectively for the 2019 financial year. Where specific areas for improvement were identified, there was reliance on mitigating or alternative controls and processes were in place to ensure sustainable remediation. This allows us to provide positive assurance to the Board to assist its obligations under the 2016 UK Corporate Governance Code.

Subject of review	Principal risk (see pages 44 to 51)
Cyber security and information security, including user security, external threats, customer security and cyber defence.	Cyber threat and information security.
Compliance risk in Vodafone Business, including review of internal audit findings, off footprint governance and data privacy.	Legal compliance.
Control environment in Vodafone Italy and key risks facing the business including the threat of a new entrant, regulatory pressure and the success of the IT digital transformation project.	Market disruption. Digital transformation and simplification.
Anti-money laundering and M-Pesa programme improvements including new products and services risk assessments, thematic reviews and training for M-Pesa agents.	Legal compliance.
Technology, including the Group's continuing mobile and fixed resilience programme and the improvements in the IT resilience programme.	Technology resilience.
Supply Chain Management, including the operational model and risks, including Brexit.	Geo-political risk in supply chain.
The Group Policy Compliance Review assurance process and alignment with the Group's principal risks from the Group's Risk and Compliance Director.	Legal compliance.
The risk of fraud in the organisation and how it is being managed from an overview by the Group Corporate Security Director.	Legal compliance.
Local market audit and risk committee activities and alignment with the Group Committee's activities.	–
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 and the outputs of any resulting investigations.	Legal compliance.
The local market compliance environment from the Regional Finance Directors, including joint venture entities.	Successful integration of new assets and management of joint ventures.

Remuneration Committee

During the year the Committee has continued to ensure that decisions on executive remuneration are made in line with our shareholder approved policy and in the context of arrangements elsewhere in our business.

Chairman
Valerie Gooding

Members
Renee James
Samuel Jonah
Michel Demaré

Key objectives:
To assess and make recommendations to the Board on the policies for executive remuneration and reward 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.

The Committee met five times during the year and each meeting had full attendance with the exception of the May 2018 meeting where Mathias Döpfner was unable to attend due to a prior business commitment. The terms of reference of the Committee are available on vodafone.com/governance.

Contents of the Remuneration Report

Letter from the Remuneration Committee Chairman

Dear Shareholder

On behalf of the Board, I present our 2019 Directors' Remuneration Report. This report includes both our Policy Report (as approved by shareholders at the 2017 AGM), and our 2019 Annual Report on Remuneration, which sets out how our policy was implemented during the year under review, and how it will be applied for the year ahead.

The Committee remains satisfied that the current policy is operating effectively and it is our intention to keep this framework in place until its full three year term, which concludes at the 2020 AGM, is fulfilled. This is in line with the planned approach set out to shareholders prior to the current policy's approval and helps ensure that our approach to remuneration remains both transparent and stable.

In implementing the current policy during the year, the Committee continued to base its decision-making on its core principles of:

- Ensuring our remuneration policy, and the manner in which it is implemented, drives the behaviours that support our strategy and business objectives;
- Maintaining a "pay for performance" approach to remuneration which ensures our incentive plans only deliver significant rewards if and when they are justified by business performance;
- Aligning the interests of our senior management team with those of shareholders by developing an approach to share ownership that helps to maintain commitment over the long term; and
- Offering competitive and fair rates of pay and benefits to all of our people, in line with our Fair Pay principles (which are set out in this letter below).

Alignment with our Strategic Framework
As highlighted in the principles set out above, ensuring our Remuneration Policy supports and drives our strategic and business objectives remains a core focus for the Committee.

Our strategic objective is to be a converged communications leader and an enabler of a digital society. In order to achieve this we need to build a leading Gigabit network and drive customer growth for our converged offerings across all markets. Our core priorities are therefore:

Deepening customer engagement to improve loyalty and drive revenue growth
Achieving this priority will require us to develop deeper relationships with our customers, particularly our existing user base. The importance of customer relationships is reflected in the inclusion of a customer appreciation metric in our short-term incentive. This metric was introduced in the 2015/16 financial year with a weighting of 40%.

To date the 40% weighting has reflected the significant focus on Customer Experience and Customer Obsession which has formed the core of our CXX strategic programme. As part of this year's review, the Committee considered the appropriateness of this weighting in light of the current strategic priorities. It was agreed that given the key aims of the CXX programme are now embedded in our day-to-day business, it was appropriate to rebalance the performance measures so that all four metrics are equally weighted at 25%. Further details can be found on page 95.

Remuneration Committee (continued)

Transforming our operating model for greater efficiency and agility & Improving asset utilisation with sustained network leadership

The Committee recognises that the success of our efforts to fulfil the priorities of transforming our operating model and improving asset utilisation will both rely on, and be measured against, our key financial indicators. Through creating a radically simpler Digital 'First' operating model, leveraging our Group scale, and investing in capital smart infrastructure relationships, we intend to create the foundation required for sustainable, long-term, financial growth.

Underpinning this approach is the fact that cash generation remains the key driver of value creation in our business. The importance of this particular measure is reflected through its presence as a measure in both our short-term and long-term incentive plans. Service revenue and adjusted EBIT also continue to be important financial measures, both for measuring the impact of our strategic initiatives and in helping us deliver long-term value to our shareholders.

To reflect the importance of such metrics, all three of these financial measures will see their weighting increased from 20% to 25% for the 2020 performance year. As a result, 75% of our short-term incentive will now be subject to financial performance (compared to 60% in recent years).

External considerations

Trends and guidelines

During the year the Committee received regular corporate governance updates on developing trends and guidelines in the market. It also invited the Reward Director of a peer company to attend the November meeting where the Committee received an insight into the remuneration arrangements and processes at this FTSE 30 organisation. Such an external insight is now an annual agenda item and allows the Committee to get an open and honest insight into the different ways of working and thinking at other leading businesses of a similar size and geographical scope.

Pensions

Amongst recent corporate governance developments is the desire of stakeholders to reduce the gap between executive and wider employee pension arrangements.

This is an area of governance that the Committee fully supports, and has done for many years. Executive pensions were first reduced in 2015 from 30% to 24% of salary to align with the then pension levels for senior management. After a further review in July 2018, our executive arrangements are now aligned with those of our wider UK population at 10% of base salary.

Such levels will be maintained for the year ahead and the Policy Report will be amended prior to its submission at the 2020 AGM to fully reflect this approach.

Shareholder engagement

The Committee is fully aware of the concerns that have been voiced in the external market over the last decade, and particularly in recent years, in respect of executive pay. Whilst this has generally led to positive changes in both market practices and governance structures, it is also evident that in some organisations this has led to a divide between management and stakeholders.

It is the Committee's strong belief that through genuine engagement the relationship between Committee and shareholders can be mutually beneficial. On a personal note, I have always found discussions with our stakeholders to be informative, considered, and productive, and I would like to thank you, our shareholders, for your ongoing support in this respect.

Internal considerations

Fair pay at Vodafone

As part of its review of executive remuneration arrangements, the Committee takes account of the pay policies in place across the wider business. This includes considering the structure of remuneration offerings at each level of the business to ensure there is a strong rationale for how packages evolve across the different levels of the organisation.

In addition to being a core principle of the Committee, there is a clear culture in our business of ensuring we offer competitive and fair pay to all employees. Our approach, across our business, is guided by six principles:

1. Market competitive
2. Free from discrimination
3. Ensure a good standard of living
4. Share in our success
5. Provide benefits for all
6. Open and transparent

CEO pay ratio

Whilst the revised reporting requirements are not applicable to us until 2020, the Committee requested that the CEO pay ratio be calculated for the 2019 year in line with the regulatory method. Full details of the approach taken and resulting ratios can be found on page 94.

The Committee considered the ratio as part of a wider discussion on remuneration at Vodafone which included the aforementioned fair pay topics. Such discussion preceded the decision-making on executive arrangements for the year ahead, ensuring the Committee's decision-making on executive arrangements was made in the context of wider employee arrangements.

Employee engagement

As part of the Board's aim to continually improve employee engagement, I will be attending a number of employee forums in my capacity as Senior Independent Director. This will include engaging with both our European Workers Council, to hear the views of our European colleagues, and our South African National Consultative Committee which acts as a forum for our African markets.

Such engagement will encompass matters wider than just pay arrangements, with the outputs being reported directly to the Board. Nonetheless this role will have an added benefit in respect of my capacity as Chairman of the Remuneration Committee, in providing a first-hand insight into our people's priorities.

These views will add further colour to the context in which the Committee's decision-making occurs and, on a broader note, I look forward to working with the wider Board on ensuring such engagement leads to tangible and measurable improvements in areas that matter most to our people

Arrangements for 2020

Following a March review of the executive remuneration arrangements, the Committee agreed that there would be no increase to base salary for either the Chief Executive or the Chief Financial Officer and as such their salaries will remain unchanged for the year ahead.

As set out above, whilst the Committee determined that no changes should be made to the measures used under the short-term or long-term incentive plans, it was agreed that in order to reflect the importance of our strategic priorities a re-weighting of the measures under the former to equally weighted was appropriate.

The Committee remains committed to a robust target setting basis which ensures pay and performance are linked. This is evidenced through our historic incentive payouts, the levels of which reflect our use of genuinely stretching targets (see page 93 for a ten year history).

The Committee will conduct a further detailed review of the current executive remuneration framework as part of its work and engagement ahead of the 2020 AGM where a new Policy Report will be submitted for approval.

Further information on the forward-looking arrangements for our Board can be found on pages 95 and 96 of the Annual Report on Remuneration.

Performance outcomes during 2019

Annual bonus ('GSTIP')

Annual bonus performance during the year was assessed against both financial and strategic measures. The financial metrics had a weighting of 60% which was spread across the three equally weighted metrics of service revenue, adjusted EBIT and adjusted free cash flow. The strategic measure carried a weighting of 40% of total opportunity and was linked to customer appreciation KPIs. The KPIs themselves covered metrics including net promoter score, brand consideration, churn, revenue market share and Average Revenue Per User – further details of which can be found on page 89.

During the year free cash flow performed in line with target, with a number of our markets recording above target performance, including Italy, Egypt and Turkey, with overall performance offset by particularly challenging results in Spain. Service revenue and adjusted EBIT results were below target, mainly driven by below target performance in Spain and the UK.

Our Customer Appreciation KPI performance was below target, with a detailed assessment of performance under this measure provided on page 89. The combined performance under all of these measures during the year resulted in an overall payout of 43.9% of maximum. Further details on our performance under each measure can be found on pages 88 and 89 of the Annual Report on Remuneration.

Long-term incentive ('GLTI')

The 2017 Global Long-Term Incentive award was subject to free cash flow and TSR performance, both of which were measured over the three year period ending 31 March 2019. The free cash flow measure finished in line with target during this period whilst TSR performance was below the median of our TSR peer group. Such TSR performance means there will be no additional uplift from the TSR multiplier as part of the vesting – an outcome which the Committee agreed was appropriate. Overall payout for the award was 40.1% of maximum – further details can be found on page 90.

Consideration of the use of downward discretion

Prior to approving the incentive outcomes, the Committee had a thorough discussion regarding whether the use of discretion was appropriate for the year under review.

During this discussion the Committee noted that the Chief Executive was strongly aligned with the investor experience through:

1. The impact of Total Shareholder Return performance on the upcoming GLTI vesting which will have no TSR multiplier uplift.

2. The impact of recent share price performance on the Chief Executive's shareholding which, on a like-for-like basis, has decreased in value by over 25% since 1 April 2018. During this period, the Chief Executive has continued to personally invest in Vodafone, including retaining 100% of his post-tax shares from the GLTI award vesting in June 2018, and an additional market purchase of 150,151 shares, at a cost to him of c.£250k, in September 2018.

3. The Chief Executive's commitment to retain all of his post-tax shares in respect of the GLTI award vesting in June 2019, and his further commitment to take his full post-tax bonus for 2019 in the form of Vodafone shares.

4. The decrease in the Chief Executive's single figure, which has fallen by over £1.1 million compared to 2018, despite the latter solely reflecting payments received in respect of his previous position. In the Committee's view, this illustrates that our incentive plans are operating as intended by delivering pay linked to performance and ensuring total pay of our executives is aligned with the shareholder experience.

In light of the above, the Committee agreed that the payouts under both the GSTIP, which reflects a below target payout, and the GLTI, which reflects an overall target payout but with no TSR multiplier uplift, were appropriate and that the use of downward discretion was not required on this occasion.

Changes to the Committee

Finally, as previously announced, Samuel Jonah will be stepping down from the Board at the 2019 AGM. I would like to take this opportunity to thank Samuel for his long service to both this Committee and the wider Board. Dame Clara Furse will join the Committee following the 2019 AGM and I look forward to working with both Dame Clara, and the rest of the Committee, during the year ahead.

V. Gooding

Valerie Gooding
Chairman of the Remuneration Committee

14 May 2019

Remuneration Committee (continued)

Total target remuneration at a glance – 2019 compared to 2020

The below table illustrates the arrangements in place during the year under review (2019) compared to those which will be in place for 2020.

	2019 (y/e 31 March 2019)	2020 (y/e 31 March 2020)
Base salary	**Effective 27 July 2018:** Chief Executive: £1,050,000 (8.7% decrease to the role). Chief Financial Officer: £700,000 (3.4% decrease to the role).	**Effective 1 July 2019:** Chief Executive: £1,050,000 (no increase). Chief Financial Officer: £700,000 (no increase).
Benefits	Travel related benefits and private medical cover.	Travel related benefits and private medical cover.
Pension	Pension contribution of 24% of salary for all Executive Directors until 27 July 2018 from which date contributions were reduced to 10% of salary for new executive incumbents.	Pension contribution of 10% of salary for all Executive Directors.
GSTIP	**Opportunity (% of salary):** Target: 100% Maximum: 200% **Measures:** Service revenue (20%), adjusted EBIT (20%), adjusted FCF (20%), and customer appreciation KPIs (40%).	**Opportunity (% of salary):** Target: 100% Maximum: 200% **Measures:** Service revenue (25%), adjusted EBIT (25%), adjusted FCF (25%), and customer appreciation KPIs (25%).
GLTI	**Opportunity (% of salary):** Target: Chief Executive – 230% Other Executive Directors – 210% Maximum: Chief Executive – 575% Other Executive Directors – 525% **Measures:** Adjusted free cash flow (2/3 of total award) and TSR (1/3 of total award).	**Opportunity (% of salary):** Target: Chief Executive – 230% Other Executive Directors – 210% Maximum: Chief Executive – 575% Other Executive Directors – 525% **Measures:** Adjusted free cash flow (2/3 of total award) and TSR (1/3 of total award).
Total target remuneration	Chief Executive – £4.6m (effective 27 July 2018) Chief Financial Officer – £3.0m (effective 27 July 2018)	Chief Executive – £4.6m Chief Financial Officer – £3.0m
Shareholding guidelines	Chief Executive – 500% of salary Chief Financial Officer – 400% of salary Include post employment holding requirements.	Chief Executive – 500% of salary Chief Financial Officer – 400% of salary Include post employment holding requirements.
Shareholding information	**Share ownership (as at 31 March 2018)** The share ownership values reflect an average share price over the six months to 31 March 2018 of 217.58 pence: Chief Executive (Vittorio Colao): 12,190,562 shares (2,306% of salary) Chief Financial Officer (Nick Read): 2,113,416 shares (634% of salary) **Directors' interests (as at 31 March 2018)** The following Directors' interests include both owned shares and the maximum number of unvested shares (as disclosed on page 83 of the 2018 Annual Report): Chief Executive (Vittorio Colao) – 21,274,490 shares Chief Financial Officer (Nick Read) – 6,822,235 shares	**Share ownership (as at 31 March 2019)** The share ownership values reflect an average share price over the six months to 31 March 2019 of 149.27 pence: Chief Executive (Nick Read): 2,825,550 shares (402% of salary) Chief Financial Officer (Margherita Della Valle): 846,302 shares (180% of salary) **Directors' interests (as at 31 March 2019)** The following Directors' interests include both owned shares and the maximum number of unvested shares (see page 91 for further information): Chief Executive (Nick Read) – 9,222,245 shares Chief Financial Officer (Margherita Della Valle) – 3,573,007 shares

Remuneration Policy

Remuneration policy – notes to reader

No changes have been made to our policy since its approval at the 2017 annual general meeting which was held on 28 July 2017. Our approved Policy Report is available on our website at vodafone.com, and has been reproduced below in the shaded boxes exactly as it was set out in the 2017 Annual Report. As such, a few phrases/disclosures are now out of date, including:

- **Dates/Page numbers** – Including references to the 2017 annual general meeting and page number references.
- **Pensions** – As set out on page 80, our Executive Directors receive pension contributions equivalent to 10% of salary. The policy approved at the 2017 annual general meeting allowed for 24% of salary, and this will be amended to reflect our actual arrangements when the policy is next submitted for approval.
- **Charts** – The charts on page 85 reflect the incumbents at the time of the 2017 annual general meeting.

Remuneration policy (first published in the 2017 Annual Report)

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, including an indication of the potential future value of this package for each of the Executive Directors, and the policy applied to the Chairman and Non-Executive Directors.

We will be seeking shareholder approval for our Remuneration Policy at the 2017 AGM and we intend to implement at that point. A summary and explanation of the proposed changes to the current remuneration policy is provided on pages 67 to 70. Subject to approval, we will review our policy each year to ensure that it continues to support our company strategy and if we feel it is necessary to make a change to our policy within the next three years, we will seek shareholder approval.

Considerations when determining remuneration policy

Our remuneration principles which are outlined on page 67 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 and a number of key governance stakeholders to comment on remuneration at Vodafone and to provide feedback on the proposed changes to the current policy which was approved at the 2014 AGM. A number of meetings between shareholders and the Remuneration Committee Chairman took place during this consultation period. Further details of this consultation are provided on pages 67 to 69 whilst a summary of the proposed changes to our current policy, which are incorporated in this revised Remuneration Policy section, is provided on page 70.

Listening to and consulting with our employees is very important. This can take different forms in different markets but always includes our annual people survey which attracts very high levels of participation and engagement. We do not consult directly 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 74.

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 customer appreciation KPIs 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 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 has the discretion to use either malus or clawback as it sees appropriate. In the case of malus, 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. In the case of clawback, the Committee may recover bonus amounts that have been paid up to three years after the relevant payment date, or recover share awards that have vested up to two years after the relevant vesting date. The key trigger events for the use of the clawback arrangements include material misstatement of performance, material miscalculation of performance condition outcomes, and gross misconduct. Subject to approval of this Remuneration Policy, the clawback arrangements will be applicable to all future bonus amounts paid, or share awards granted, following the 2017 AGM.

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, our all-employee share plan, 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. The strategic measures aim to ensure 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')	– 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 share ownership. – 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 awards consist of performance shares which are granted each year. – 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 24% of annual gross salary.	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) customer appreciation KPIs such as net promoter score and brand consideration.
– The target award level is 230% of base salary for the Chief Executive and 210% for other Executive Directors. – Minimum vesting is 0% of the target award level, threshold vesting is 45% of the target award level, and maximum vesting is 250% of the target award level. – Maximum long-term incentive face value at award of 575% of base salary for the Chief Executive and 525% for others Executive Directors. – The Committee has the discretion to reduce long-term incentive grant levels for directors who have neither met their shareholding guideline nor increased their shareholding by 100% of salary during the year. – 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 the following measures: – adjusted free cash flow as our operational performance measure; and – relative TSR against a peer group of companies as our external performance measure. – Measures will normally be weighted 2/3 to adjusted free cash flow and 1/3 to relative TSR.

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 and/or prior to the approval and implementation of this policy. For the avoidance of doubt this includes payments in respect of any award granted under the previous remuneration policy. 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 "2017 award" was made in the financial year ending 31 March 2017. The awards are usually made in the first half of the financial year (the 2017 award was made in June 2016).

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 the award subject to this performance element are shown in the table below (with linear interpolation between points):

Performance	Vesting percentage (% of FCF element)
Below threshold	0%
Threshold	18%
Target	40%
Maximum	100%

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 TSR vesting levels as a percentage of the award subject to this performance element are shown in the table below (with linear interpolation between points):

	Vesting percentage (% of TSR element)
Below median	0%
Median	18%
Percentage outperformance of the peer group median equivalent to 65th percentile	40%
Percentage outperformance of the peer group median equivalent to 80th percentile	100%

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

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 Committee are essentially the same as for the Executive Directors with some minor differences, for example smaller levels of share awards and local or regional performance conditions where appropriate. The remuneration for the next level of management, our senior leadership team, again follows the same principles with 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 conditional share awards without performance conditions.

Estimates of total future potential remuneration from 2018 pay packages

The tables below provide estimates of the potential future remuneration for each of the Executive Directors based on the remuneration opportunity to be granted in the 2018 financial year. Potential outcomes based on different performance scenarios are provided for each Executive Director.

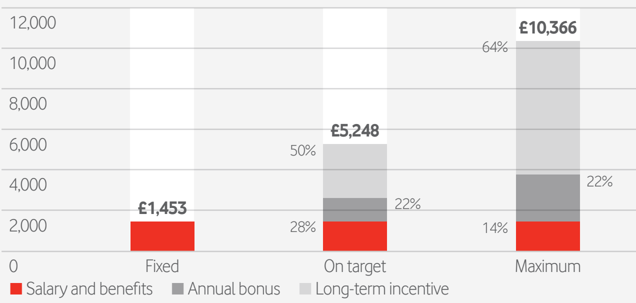
The assumptions underlying each scenario are described below.

Fixed	Consists of base salary, benefits and pension.
	Base salary is at 1 July 2017.
	Benefits are valued using the figures in the total remuneration for the 2017 financial year table on page 78 (of the 2017 report).
	Pensions are valued by applying cash allowance rate of 24% of base salary at 1 July 2017.

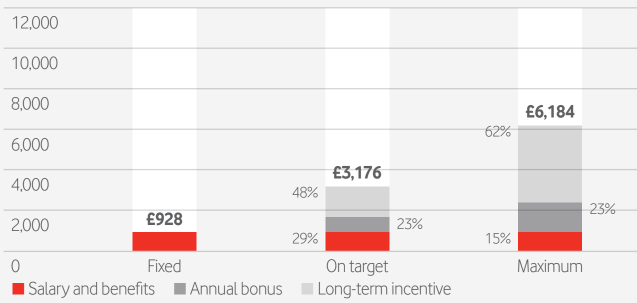
	Base (£'000)	Benefits (£'000)	Pension (£'000)	Total fixed (£'000)
Chief Executive	1,150	27	276	1,453
Chief Financial Officer	725	29	174	928

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 230% of base salary for the Chief Executive and 210% for the Chief Financial Officer. 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	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 £'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 72 and 73) 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 575% 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.

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.

Remuneration Policy (continued)

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') 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 for reasons 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.

Annual Report on Remuneration

Remuneration Committee

In this section we give details of the composition of the Remuneration Committee and activities undertaken during the 2019 financial year. The Committee is comprised to exercise independent judgement and consists only of the following independent Non-Executive Directors:

Chairman: Valerie Gooding
Committee members: Michel Demaré (appointed 27 July 2018), Dr Mathias Döpfner (until 27 July 2018), Renee James and Samuel Jonah

The Committee regularly consults with Nick Read, the Chief Executive, and Leanne Wood, the Chief Human Resources Officer, 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. During the year, and up until they stepped down from their respective positions, the Committee also consulted with Vittorio Colao and Ronald Schellekens, who were the previous incumbents of these positions, on these same matters. 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 advisers 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 advisers

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

Willis Towers Watson is 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. Willis Towers Watson has confirmed that it adheres to that Code of Conduct throughout the year for all remuneration services provided to Vodafone and therefore the Committee is satisfied that it is independent and objective. The Remuneration Consultants' Group Code of Conduct is available at remunerationconsultantsgroup.com.

Adviser	Appointed by	Services provided to the Committee	Fees for services provided to the Committee £'000[1]	Other services provided to the Company
Willis Towers Watson	Remuneration Committee in 2007	Advice on market practice; governance; provision of market data on executive reward; reward consultancy; and performance analysis.	87	Reward and benefits consultancy; provision of benchmark data; pension administration; and insurance consultancy services.

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

2017 annual general meeting – Remuneration Policy voting results

At the 2017 annual general meeting there was a binding vote on our Remuneration Policy. Details of the voting outcomes are provided in the table below.

	Votes for	%	Votes against	%	Total votes	Withheld
Remuneration Policy	17,581,245,488	97.19	507,704,367	2.81	18,088,949,855	55,312,703

2018 annual general meeting – Remuneration Report voting results

At the 2018 annual general meeting there was 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 Report	16,474,188,042	97.12	488,883,471	2.88	16,963,071,513	463,720,332

Meetings

The Remuneration Committee had five formal meetings and four formal conference calls during the year. In addition, informal conference calls can also take place. The principal agenda items at the formal meetings were as follows:

Meeting	Agenda items	
May 2018	– 2018 annual bonus achievement and 2019 targets/ranges – 2016 long-term incentive award vesting and 2019 targets/ranges	– 2018 Directors' Remuneration Report – Shareholder Update
July 2018	– 2019 long-term incentive awards	– Corporate governance matters
November 2018	– 2020 annual bonus framework	– External insights
January 2019	– Corporate governance matters – Gender Pay Gap	– Review of Remuneration Policy
March 2019	– Remuneration arrangements across Vodafone – 2020 reward packages for the Executive Committee – Chairman and Non-Executive Director fee levels – 2019 Directors' Remuneration Report	– Fair Pay at Vodafone – Committee's Terms of Reference – Risk assessment

Annual Report on Remuneration (continued)

2019 remuneration

In this section we summarise the pay packages awarded to our Executive Directors for performance in the 2019 financial year versus 2018. 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') reflects what was earned in respect of the year but will be paid out in cash in the following year. Similarly the value of the long-term incentive ('GLTI') reflects the share awards which will vest in June 2019 as a result of the performance through the three year period ended at the completion of our financial year on 31 March 2019.

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, based on the fact that final annual bonus payout and final vesting level of long-term incentives awards under the GLTI were deemed to be an accurate reflection of performance and were considered fair and appropriate, the Committee did not use its discretion to adjust final outcomes. Further information on the Committee's rationale for this decision can be found on page 79.

Board changes

Nick Read was appointed Chief Executive-Designate on 27 July 2018, and became Chief Executive on 1 October 2018. Nick's 2019 single figure therefore reflects remuneration received both in respect of his current role, as well as in respect of his previous role as Chief Financial Officer. By comparison, Nick's 2018 single figure solely reflects remuneration received in respect of his role as Chief Financial Officer.

Margherita Della Valle joined the Board as Chief Financial Officer on 27 July 2018. In line with the reporting regulations, the single figure for Margherita reflects remuneration received in respect of services rendered as a Board Director (i.e. from 27 July 2018 to 31 March 2019). This includes the value of performance share awards granted to her prior to her appointment to the Board which vest based on adjusted free cash flow performance over the three-year period to 31 March 2019.

Vittorio Colao retired from the Board on 30 September 2018. In line with the reporting regulations, the single figure for Vittorio reflects remuneration received in respect of services rendered as a Board Director (i.e. from 1 April 2018 to 30 September 2018). The single figure table does not include values in respect of Vittorio's contractual loss of office payments which can instead be found on page 93.

Total remuneration for the 2019 financial year (audited)

	Nick Read		Margherita Della Valle		Vittorio Colao	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Salary/fees	947	722	476	–	575	1,150
Taxable benefits[1]	29	24	13	–	13	25
Annual bonus: GSTIP (see below for further detail)	922	927	418	–	505	1,471
Total long-term incentive:	1,012	2,337	220	–	1,632	4,466
GLTI vesting during the year[2]	816	1,936	186	–	1,316	3,700
GLTI dividends[3]	196	401	34	–	316	766
Cash in lieu of pension	129	173	48	–	138	276
Other[4]	1	1	–	–	1	1
Total	**3,040**	**4,184**	**1,175**[5]	–	**2,864**	**7,389**

Notes:
1 Taxable benefits include amounts in respect of: – Private healthcare (2019: Nick Read £2,612, Margherita Della Valle £1,760, Vittorio Colao £937; 2018: Nick Read £2,482; Vittorio Colao £2,482);
– Cash car allowance £19,200 p.a.; and
– Travel (2019: Nick Read £6,797, Margherita Della Valle £194, Vittorio Colao £1,663; 2018: Nick Read £2,479, Vittorio Colao £2,864).
2 The value shown in the 2018 column is the award which vested on 26 June 2018 and is valued using the execution share price on 26 June 2018 of 182.42 pence. The value shown in the 2019 column is the award which vests on 30 June 2019 and is valued using an average closing share price over the last quarter of the 2019 financial year of 142.25 pence.
3 Nick Read and Vittorio Colao 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 dividend value shown in 2019 relates to awards vesting on 30 June 2019. Margherita Della Valle's figure reflects the value of dividend equivalent awards accrued during the performance period in respect of the award vesting on 30 June 2019.
4 Reflects the value of the SAYE benefit which is calculated as £375 x 12 months x 20% to reflect the discount applied based on savings made during the year.
5 In line with our SEC reporting requirements, total remuneration received by Margherita Della Valle in respect of the period 1 April 2018 to 31 March 2019, inclusive of payments received whilst Deputy Chief Financial Officer, was £1,488k.

2019 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 2019 of 87.8% of target. This is applied to the target bonus level of 100% of base salary for each executive. Commentary on our performance against each measure is provided below the table.

Performance measure	Payout at target performance 100%	Payout at maximum performance 200%	Actual payout (% of target)	Threshold performance level €bn	Target performance level €bn	Maximum performance level €bn	Actual performance level[1] €bn
Service revenue	20%	40%	14.3%	37.4	39.4	41.3	38.8
Adjusted EBIT	20%	40%	16.3%	3.4	4.4	5.3	4.2
Adjusted free cash flow	20%	40%	20.2%	4.5	5.4	6.2	5.4
Customer appreciation KPIs	40%	80%	37.0%	See below for further details			
Total annual bonus payout level	**100%**	**200%**	**87.8%**				

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.

Financial metrics

During the year under review, free cash flow performance was in line with target performance level. A number of our European markets recorded above target performance, including Italy and Hungary, whilst Egypt and Turkey also recorded above target performance. This was however offset by particularly challenging results in Spain.

Service revenue and adjusted EBIT results were below target, mainly driven by below target performance in Spain and the UK.

Customer appreciation KPIs

An assessment of performance under the customer appreciation KPIs measure was conducted on a market by market basis. Each market was assessed against a number of different metrics which included:

- Net Promoter Score for both Consumer and Enterprise business units.
- Brand consideration for Enterprise and both Consumer user and Consumer non-user.
- Churn, revenue market share and ARPU.

In respect of the measures included under the customer appreciation KPIs, net promoter score is used as a measure of the extent to which our customers would recommend us, 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 from our local markets which is collected and 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 other relevant customer factors such as churn, revenue market share, and service levels are considered.

Overall Group performance was below target for the year reflecting our current market positions, in the markets where such metrics are measured, of:

- Being ranked number 1 for Consumer NPS in 17 of 25 markets.
- Being ranked number 1 for Business NPS in 15 of 20 markets.
- Being ranked number 1 for Non-User Consumer Brand Consideration in 17 of 24 markets.

Once these figures are adjusted to reflect changes in measured markets, they illustrate a decrease in the number of markets where we are leaders for Consumer NPS, an increase in the number of markets where we are leaders for Business NPS, and a maintenance in the number of markets where we are number 1 for non-user consumer brand consideration compared to last year. Further information on specific region and market performance is provided below.

Although the continued work and passion of our people has seen us gain or retain leadership positions in a number of our markets, the Committee continues to assess performance against stretching targets reflecting our strategic ambitions in customer engagement in what remains a highly competitive market.

It is within this context that overall performance against our Customer Appreciation KPIs metrics during the year was judged to be below target. The aggregated performance for the regions and the Group is calculated on a revenue-weighted average to give an overall achievement

	Customer appreciation KPIs Achievement (% of target)
Europe	90.0%
Rest of the World ('RoW')	102.5%
Group	92.5%

The achievement percentage for Europe includes strong performance in Hungary and Portugal with the former extending our leadership position in both Consumer and Business NPS, and the latter now positioned as clear first place in non-user brand consideration. In the UK we retained our number 1 spot in Business NPS and improved our Consumer NPS although further improvement is required to gain leadership on this metric.

The achievement percentage for RoW reflects strong performance in Turkey where we regained our leadership position in Consumer NPS and significantly improved our score in Business NPS. Performance in this region also reflects improved performance in Egypt where we increased our scores and retained leadership in both NPS categories.

2019 annual bonus ('GSTIP') amounts	Base salary £'000	Target bonus % of base salary	2019 payout % of target	Actual payment £'000
Nick Read	1,050	100%	87.8%	922
Margherita Della Valle[1]	700	100%	87.8%	418
Vittorio Colao[2]	1,150	100%	87.8%	505

Notes:
1 Reflects annual bonus amounts in respect of the period 27 July 2018 to 31 March 2019.
2 Reflects pro-rated bonus (for further details see page 93).

Annual Report on Remuneration (continued)

Long-term incentive ('GLTI') award vesting in June 2019 (audited)

The 2017 long-term incentive ('GLTI') awards which were made in June 2016 will vest at 40.1% of maximum (100.2% of target) in June 2019. The performance conditions for the three year period ending in the 2019 financial year are as follows:

Adjusted free cash flow measure	£bn	TSR outperformance 0.0% p.a. (Up to median)	4.5% p.a. (65th percentile equivalent)	9.0% p.a. (80th percentile equivalent)
Below threshold	<9.95	0%	0%	0%
Threshold	9.95	50%	75%	100%
Target	11.80	100%	150%	200%
Maximum	13.65	125%	187.5%	250%

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

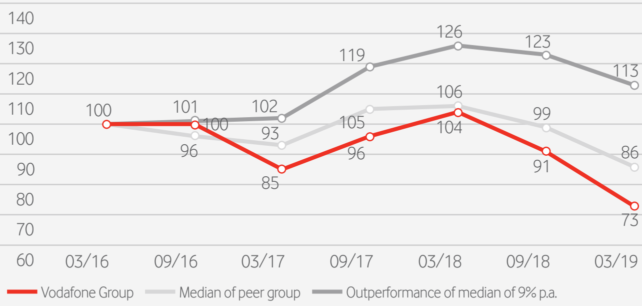
The adjusted free cash flow for the three year period ended on 31 March 2019 was £11.81 billion. This compares with a target of £11.80 billion and a threshold of £9.95 billion.

The chart to the right shows that our TSR performance over the three year period ended on 31 March 2019 was below that of the median of our comparator group resulting in no additional uplift from the TSR multiplier as part of the vesting.

Using the combined payout matrix above, this performance resulted in a payout of 100.2% of target (40.1% of maximum).

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

2017 GLTI award: TSR performance
(growth in the value of a hypothetical US$100 holding over the performance period, six month averaging)



2017 GLTI performance share awards vesting in June 2019	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)
Nick Read	1,432,123	572,849	100.2%	1.00 times	100.2%	573,708	£816
Margherita Della Valle[1]	306,547	153,273	100.6%	N/A	100.6%	154,254	£220
Vittorio Colao[2]	3,078,938	1,231,575	100.2%	1.00 times	100.2%	925,066	£1,316

Notes:
1 These performance shares reflect an award granted to Margherita Della Valle prior to her appointment to the Board (including indicative dividend equivalent shares). The award was subject to adjusted free cash flow performance in line with the ranges outlined above.
2 The number and value of shares vesting for Vittorio Colao reflect the pro-rated amount paid in respect of time served.

These share awards will vest on 30 June 2019. 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 measure is undertaken by Willis Towers Watson. Details of how the plan works can be found in the Policy Report that was approved at the 2014 AGM.

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

The independent performance conditions for the 2019 long-term incentive awards made in June 2018 are adjusted free cash flow and TSR performance as follows:

Adjusted FCF Performance (2/3 of total award)	Adjusted FCF performance (€bn)	Vesting percentage (% of FCF element)
Below threshold	<15.15	0%
Threshold	15.15	18%
Target	17.00	40%
Maximum	18.85	100%

TSR Performance (1/3 of total award)	TSR outperformance	Vesting percentage (% of TSR element)
Below threshold	Below median	0%
Threshold	Median	18%
Target	5.0% p.a. (65th percentile equivalent)	40%
Maximum	10.0% p.a. (80th percentile equivalent)	100%

TSR peer group				
Bharti	BT Group	Deutsche Telekom	Liberty Global	MTN
Orange	Royal KPN	Telecom Italia	Telefónica	

Conditional awards of shares made to Executive Directors in June 2018 were as follows:

2019 GLTI performance share awards made in June 2018	Number of shares awarded		Face value of shares awarded[1]		Proportion of maximum award vesting at minimum performance	Performance period end
	Target vesting level (40% of max)	Maximum vesting level	**Target vesting level**	Maximum vesting level		
Nick Read	**1,311,217**	3,278,043	**£2,415,262**	£6,038,155	1/5th	31 Mar 2021
Margherita Della Valle	**798,132**	1,995,330	**£1,470,159**	£3,675,398	1/5th	31 Mar 2021

Note:
1 Face value calculated based on the closing share price on 25 June 2018 (day immediately preceding the date of grant) of 184.2 pence.

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

Outstanding awards

The structure for awards made in August 2017 (vesting August 2020) and June 2018 (vesting June 2021) is set out on the previous page. Further details on the structure of these awards, and relevant targets, can be found in the Annual Report on Remuneration of the relevant year.

All-employee share plans

During the year the Executive Directors were eligible to participate in the Vodafone Group Sharesave Plan which is open to UK all-employees.

The Vodafone 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 92.

Pensions (audited)

During the 2019 financial year the Executive Directors received a cash allowance of 24% of base salary until 27 July 2018, after which they received a cash allowance of 10% of base salary.

Margherita Della Valle accrued benefits of £6,801 under the defined contribution pension plan in respect of the period she served on the Board during the year. Neither Nick Read, Margherita Della Valle, or Vittorio Colao have participated in a defined benefit scheme whilst 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 2/3 of base salary, up to a maximum benefit determined by the insurer, would be provided until the state pension age. In respect of the Executive Committee members, the Group has made aggregate contributions of £264,818 (2018: £256,913) into defined contribution pension schemes.

Alignment to shareholder interests (audited)

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 2019 of 149.27 pence.

Based on this valuation price, both Executive Directors are currently below their shareholding goals. In respect of Nick Read, this reflects a decrease in the valuation of his holding from 634% of salary, as stated in the 2018 report, to 402% as stated in the table below. This decrease is due to the 2019 measurement being calculated on Nick's latest base salary since becoming Chief Executive (compared to the 2018 figure which was based on his salary as Chief Financial Officer), and the movement in share price since the previous measurement date. The number of shares Nick has beneficial ownership of has increased from 2,113,416 to 2,825,550 over the same period.

Margherita Della Valle joined the Board on 27 July 2018 and will continue to work towards achieving her goal prior to July 2023.

At 31 March 2019	Goal as a % of salary	Current % of salary held	% of goal achieved	Number of shares owned	Value of shareholding	Date for goal to be achieved
Nick Read	500%	402%	80%	2,825,550	£4.2m	July 2023
Margherita Della Valle	400%	180%	45%	846,302	£1.3m	July 2023
Vittorio Colao (position at retirement)	N/A	N/A	N/A	13,263,145	£19.8m	N/A

The shareholding goals include a post employment condition whereby the Executive Directors will be required to continue to meet their guideline until all long-term incentives have vested. If this condition is not met, then any unvested GLTI awards will normally be forfeited.

Collectively the Executive Committee including the Executive Directors owned 17,221,392 million Vodafone shares at 31 March 2019, with a value of over £25.7 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. Margherita Della Valle's outstanding GLTR shares were granted prior to her appointment to the Board. More details of the performance shares and options follows.

At 31 March 2019	Total number of interests in shares (at maximum)[1]	Share Plans			Share options
		Unvested without performance conditions (Granted prior to appointment to the Board)	Unvested with performance conditions (at target)	Unvested with performance conditions (at maximum)	SAYE (unvested without performance conditions)
Executive Directors					
Nick Read	9,222,245	–	2,553,440	6,383,603	13,292
Margherita Della Valle	3,573,007	146,276	1,090,679	2,580,429	–
Vittorio Colao (position at retirement)	19,307,917	–	2,412,378	6,030,946	13,826
Total	**32,103,169**	**146,276**	**6,056,497**	**14,994,978**	**27,118**

Note:
1 This includes both owned shares and the maximum number of unvested shares.

Annual Report on Remuneration (continued)

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

At 31 March 2019	Total number of interests in shares
Non-Executive Directors	
Sanjiv Ahuja	14,000 (ADRs)[1]
Sir Crispin Davis	34,500
Michel Demaré	100,000
Dr Mathias Döpfner (position upon retirement)	11,500
Dame Clara Furse	75,000
Valerie Gooding	28,970
Renee James	27,272
Samuel Jonah	30,190
Gerard Kleisterlee	220,000
Maria Amparo Moraleda Martinez	30,000
David Nish	107,018

Note:
1 One ADR is equivalent to ten ordinary shares.

At 14 May 2019 and during the period from 1 April 2019 to 14 May 2019, no Director had any interest in the shares of any subsidiary company. Other than those individuals included in the tables above who were Board members at 31 March 2019 members of the Group's Executive Committee at 31 March 2019 had an aggregate beneficial interest in 13,549,540 ordinary shares of the Company. At 14 May 2019 the Directors had an aggregate beneficial interest in 4,464,802 ordinary shares of the Company and the Executive Committee members had an aggregate beneficial interest in 12,801,032 ordinary shares of the Company. The change in the number of shares held by the Executive Committee reflects a change in membership during this period. 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.

The Directors' total number of interests in shares did not change during the period from 1 April 2019 to 14 May 2019.

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	2017 award Awarded: June 2016 Performance period ending: March 2019 Vesting date: June 2019 Share price at grant: 216.8 pence	2018 award Awarded: August 2017[1] Performance period ending: March 2020 Vesting date: August 2020[1] Share price at grant: 224.0 pence[1]	2019 award Awarded: June 2018 Performance period ending: March 2021 Vesting date: June 2021 Share price at grant: 184.2 pence
Nick Read	1,432,123	1,673,437	3,278,043
Margherita Della Valle[1]	259,174	260,764	1,995,330
Vittorio Colao	3,078,938	2,952,008	–

Note:
1 Margherita Della Valle's 2018 award was granted in June 2017 at a price of 223.7 pence and will subsequently vest in June 2020.

Details of the performance conditions for the awards can be found on page 90. Margherita Della Valle's 2017 and 2018 awards are subject to adjusted free cash flow only.

Share options

The following information summarises the Executive Directors' options under the Vodafone Group 2008 Sharesave Plan ('SAYE'). HMRC approved awards may be made under all of the schemes mentioned. No other Directors have options under any schemes and, other than under the SAYE, no options have been granted since 2007. 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 2018 or date of appointment Number of shares	Options granted during the 2019 financial year Number of shares	Options exercised during the 2019 financial year Number of shares	Options lapsed during the 2019 financial year Number of shares	Options held at 31 March 2019 Number of shares	Option price Pence[1]	Date from which exercisable	Expiry date	Market price on exercise Pence	Gain on exercise
Nick Read											
SAYE	Mar 2017	4,854	–	–	–	4,854	154.51	Apr 2022	Sep 2022	–	–
SAYE	Jul 2017	8,438	–	–	–	8,438	177.75	Sep 2022	Feb 2023	–	–
Total		**13,292**	**–**	**–**	**–**	**13,292**				**–**	**–**

Note:
1 The closing trade share price on 31 March 2019 was 139.80 pence. The highest trade share price during the year was 213.95 pence and the lowest price was 131.36 pence.

At 14 May 2019 there had been no change to the Directors' interests in share options from 31 March 2019.

Other than those individuals included in the table above, at 14 May 2019 members of the Group's Executive Committee held options for 36,952 ordinary shares at prices ranging from 154.5 pence to 189.2 pence per ordinary share, with a weighted average exercise price of 162.4 pence per ordinary share exercisable at dates ranging from 1 September 2019 to 1 April 2022.

Margherita Della Valle, Hannes Ametsreiter, Aldo Bisio, António Coimbra, Ahmed Essam, Rosemary Martin, Joakim Reiter, Serpil Timuray and Leanne Wood held no options at 14 May 2019.

Loss of office payments (audited)

Vittorio Colao retired on 30 September 2018 having worked four months and 17 days of his 12 month notice period. Vittorio was entitled to receive payments in lieu of notice each month for the remainder of his notice period subject to mitigation. Vittorio received the equivalent of six months salary (£575,000) for the period 1 October 2018 to 31 March 2019. The remaining payments in lieu of notice in respect of the period from 1 April 2019 to 14 May 2019 (£139,113) were paid in April 2019 and May 2019 respectively.

Since Vittorio was employed for part of the 2019 financial year his annual bonus payment (as disclosed on pages 88 and 89) was pro-rated for time served (i.e. to 30 September 2018). Vittorio's 2017 GLTI award, the final vesting of which is described on page 90, will also be pro-rated for time worked and will vest at the normal vesting date.

Vittorio's outstanding 2018 GLTI award will be pro-rated on a time worked basis and will vest, subject to performance, at the normal vesting date in accordance with the share plan rules.

Vittorio received no further payments other than those stated above, and, other than the pro-rated 2018 GLTI award detailed above, will receive no further payments or benefits aside from the provision of a SIM card for his personal use at the Company's expense for a period of three years commencing 1 October 2018.

Payments to past Directors (audited)

During the 2019 financial year Lord MacLaurin received benefit payments in respect of security costs as per his contractual arrangements. These costs exceeded our de minimis threshold of £5,000 p.a. and, including the tax paid, were £23,186 (2018: £9,411).

Fees retained for external non-executive directorships

Executive Directors may hold positions in other companies as non-executive directors and retain the fees.

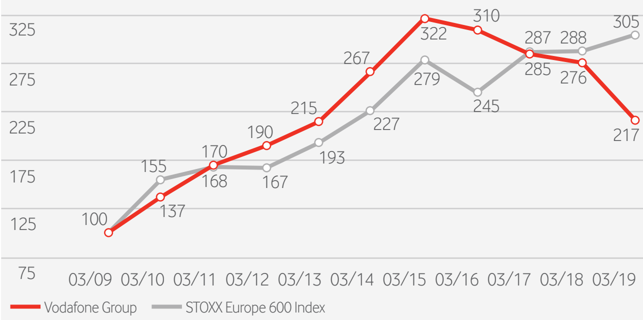
During the year ended 31 March 2019 Nick Read served as a non-executive director on the board of Booker Holdings Inc. where he retained fees of $335,000. Margherita Della Valle served as a non-executive director on the board of Centrica plc where she retained fees of £66,651 in respect of the period since 27 July 2018. Margherita stepped down from the board of Centrica plc on 12 May 2019.

Vittorio Colao served as a non-executive director on the boards of Unilever N.V. and Unilever PLC. Vittorio retained fees of €63,500 in respect of the period to 30 September 2018 (2017: €54,474 and £42,500).

Assessing pay and performance

In the table below we summarise the Chief Executive's single figure remuneration over the past ten 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 ten 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 90 and not this chart.

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



Financial year remuneration for Chief Executive	2010[1]	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Single figure of total remuneration £'000	3,350	7,022	15,767	11,099	8,014	2,810	5,224	6,332	7,389	2,864[2]	1,657[3]
Annual variable element (actual award versus max opportunity)	64%	62%	47%	33%	44%	56%	58%	47%	64%	44%	
Long-term incentive (vesting versus max opportunity)	25%	31%	100%	57%	37%	0%	23%	44%	67%	40%	

Notes:
1 The single figure reflects share awards which were granted in 2006 and 2007, prior to Vittorio Colao's appointment to Chief Executive in 2008.
2 Reflects the single figure in respect of Vittorio Colao for the period to 30 September 2018.
3 Reflects the single figure in respect of Nick Read for the period from 1 October 2018.

Change in the Chief Executive's remuneration between 2018 and 2019

In the table below we show the percentage change in the Chief Executive's remuneration (salary, taxable benefits and annual bonus payment) between the 2018 and 2019 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 2018 (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.

In line with the regulations, the table below calculates the percentage change in the Chief Executive's remuneration by comparing Nick Read's 2019 remuneration with Vittorio Colao's 2018 remuneration. This reflects the change in incumbent as detailed on page 88.

	Percentage change from 2018 to 2019	
Item	Chief Executive	Other Vodafone Group employees employed in the UK
Base salary	-17.7%	5.1%
Taxable benefits	16.0%	1.5%
Annual bonus	-37.3%	-23.9%

Annual Report on Remuneration (continued)

CEO pay ratio

The following table sets out our CEO pay ratio figures in respect of 2019. Although disclosure in this area is not required until 2020, the Committee agreed that given the methodology for calculating these figures is now available, it was appropriate to disclose early.

The CEO single figure used in the calculation of the 2019 ratios reflects a blended figure for Vittorio Colao and Nick Read, recognising the change in incumbency for this role during the year.

CEO Single Figure: £4,522k

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	Option B	174:1	111:1	60:1

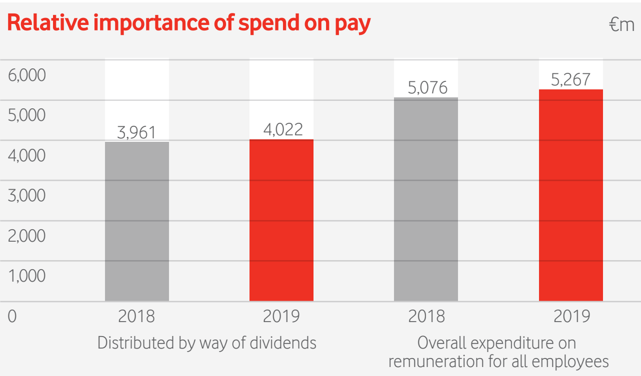
The calculation methodology used reflects Option B as defined under the relevant regulations. This utilises data analysed within our Gender Pay Gap report, with employees at the three quartiles identified from this analysis and their respective single figure values calculated.

To ensure this data accurately reflects individuals at such quartiles, the single figure values for individuals immediately above and below the identified employee at each quartile within the Gender Pay Gap analysis were also reviewed.

Year	Supporting information	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	Salary	£22.7k	£36.4k	£65.0k
	Total pay	£26.1k	£40.8k	£75.5k

Relative spend on pay

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



For more details on dividends and expenditure on remuneration for all employees, please see pages 144 and 171 respectively.

2019 remuneration for the Chairman and Non-Executive Directors (audited)

	Salary/fees		Benefits[1]		Total	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Chairman						
Gerard Kleisterlee	644	625	86	85	730	710
Senior Independent Director						
Valerie Gooding	165	157	7	10	172	167
Non-Executive Directors						
Sanjiv Ahuja (appointed 9 November 2018)	45	–	–	–	45	–
Sir Crispin Davis	115	115	1	5	116	120
Michel Demaré (appointed 1 February 2018)	115	19	17	6	132	25
Dame Clara Furse	115	115	2	6	117	121
Renee James[2]	139	139	17	19	156	158
Samuel Jonah[2]	151	151	15	12	166	163
Maria Amparo Moraleda Martinez (appointed 1 June 2017)	115	96	18	21	133	117
David Nish	140	132	37	24	177	156
Former Non-Executive Directors						
Dr Mathias Döpfner (retired 27 July 2018)	38	115	–	5	38	120
Total	**1,782**	**1,664**	**200**	**193**	**1,982**	**1,857**

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 Europe.

2020 remuneration

Details of how the Remuneration Policy will be implemented for the 2020 financial year are set out below.

As set out in the Letter from the Remuneration Committee Chairman, prior to reviewing executive remuneration arrangements the Committee was fully briefed on remuneration arrangements elsewhere in the business. This included a detailed discussion on the structure of remuneration offerings at each level of the business and how pay at these levels is determined.

The cumulative effect of these discussions was that the Committee was able to make decisions in respect of executive remuneration within the context of how, and appreciating the rationale for why, remuneration arrangements evolve across the different levels within the organisation.

2020 base salaries

In March 2019 the Committee reviewed executive remuneration arrangements against the following comparator groups:

1) A EuroTop peer group constituting the top 50 European companies (excluding financial services companies) and a few other select companies relevant to the TelCo sector; and

2) The FTSE 30 (excluding financial services companies).

Following this review, the Committee agreed that the salaries for both the Chief Executive and Chief Financial Officer would remain unchanged at:

- Chief Executive: Nick Read £1,050,000; and
- Chief Financial Officer: Margherita Della Valle £700,000.

The average salary increase for Executive Committee members will be 1.6% – this compares to a budget of 2.1% which is based on an average of the relevant local market budget for each Executive Committee member,

Pension

Pension arrangements for both the Chief Executive and the Chief Financial Officer will remain unchanged at 10% of salary, in line with the level for the wider UK population.

2020 annual bonus ('GSTIP')

The performance measures and weightings for 2020, are outlined below.

- service revenue (25%);
- adjusted EBIT (25%);
- adjusted free cash flow (25%); and
- customer appreciation KPIs (25%). This includes an assessment of churn, revenue market share, and Net Promoter Score[1] ('NPS').

Note:
1 The assessment of NPS utilises data collected in our local markets which is validated for quality and consistency by independent third party agencies.

The customer appreciation metric was introduced in the 2016 financial year with a weighting of 40%. This reflected our significant focus at the time on Customer Experience and Customer Obsession which formed the core of our CXX strategic programme.

Whilst customer experience remains crucial to our future success, the key aims of the CXX programme are now embedded in our day-to-day business. As such, for 2020, we will rebalance the performance conditions by equally weighting all measures at 25%.

Due to the potential impact on our commercial interests, annual bonus targets are considered commercially sensitive and therefore will be disclosed in the 2020 Remuneration Report following the completion of the financial year.

Long-term incentive ('GLTI') awards for 2020

Awards for 2020 will be made in line with the arrangements described in our policy on pages 82 to 84. Vesting of the 2020 award will be subject to the performance of adjusted free cash flow (2/3 of total award) and TSR (1/3 of total award). The details for the 2020 award targets are provided in the table below (with linear interpolation between points).

Following the annual review of the performance measures which included a review of analysis provided by the Committee's external advisers, the Committee decided that, in light of its geographical focus compared to our own strategic priorities, Bharti should be removed from the peer group for the 2020 award. Full details of the peer group for the 2020 award are provided on the following page.

The Committee further determined that the TSR outperformance range for the 2020 award should continue to be set at the 65th and 80th percentile equivalents for target and maximum performance respectively. For the 2020 award, this equates to outperformance of 4.25% p.a. at target and 8.50% p.a. at maximum.

Adjusted FCF Performance (2/3 of total award)	Adjusted FCF performance (€bn)	Vesting percentage (% of FCF element)
Below threshold	<15.85	0%
Threshold	15.85	18%
Target	17.70	40%
Maximum	19.55	100%

Annual Report on Remuneration (continued)

TSR Performance (1/3 of total award)	TSR outperformance	Vesting percentage (% of TSR element)
Below threshold	Below median	0%
Threshold	Median	18%
Target	4.25% p.a. (65th percentile equivalent)	40%
Maximum	8.50% p.a. (80th percentile equivalent)	100%

TSR peer group			
BT Group	Deutsche Telekom	Liberty Global	MTN
Orange	Royal KPN	Telecom Italia	Telefónica

2020 remuneration for the Chairman and Non-Executive Directors

For the 2019 review the fees for our Chairman and non-executives have been benchmarked against the FTSE 30 (excluding financial services companies). Following the review it was agreed that no changes will be made to the current fee levels which are set out in the table below.

Position/role	Fee payable £'000
Chairman[1]	650
Non-Executive Director	115
Additional combined fee for Senior Independent Director and Chairman of the Remuneration Committee	50
Additional fee for Chairmanship of Audit and Risk Committee	25

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

For 2020 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

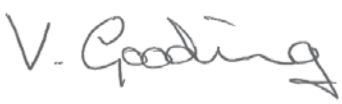
Dilution

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, including the planned June 2019 awards, is approximately 2.7% of the Company's share capital at 31 March 2019 (2.7% at 31 March 2018), whilst from all-employee share awards it is approximately 0.3% (0.4% at 31 March 2018). This gives a total dilution of 3.0% (3.1% at 31 March 2018).

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:



Valerie Gooding
Chairman of the Remuneration Committee

14 May 2019

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 2016 UK Corporate Governance Code (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 advisers. – 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 Securities Exchange Act 1934. – 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.

Directors' report

The Directors of the Company present their report together with the audited consolidated financial statements for the year ended 31 March 2019.

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 Guidance and 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 DTRs, a statement made by the Board regarding the preparation of the financial statements is set out on pages 100 and 101 which also provides details regarding the disclosure of information to the Company's auditors and management's report on internal control over financial information.

Going concern

The going concern statement required by the Listing Rules and the UK Corporate Governance Code (the 'Code') is set out in the "Directors' statement of responsibility" on page 101.

System of risk management and internal control

The Board is responsible for maintaining a risk management and internal control system and for managing principal risks faced by the Group. Such a system is designed to manage rather than eliminate business risks and can only provide reasonable and not absolute assurance against material misstreatment or loss. This is described in more detail in the Audit and Risk Committee report on pages 71 to 76.

The Board has implemented in full the FRC "Guidance on Risk Management Internal Control and related Financial and Business Reporting" for the year and to the date of this Annual Report. The resulting procedures, which are subject to regular monitoring and review, provide an ongoing process for identifying, evaluating and managing the Company's principal risks (which can be found on pages 44 to 51).

Corporate governance statement

The corporate governance statement setting out how the Company complies with the Code and which includes a description of the main features of our internal control and risk management arrangements in relation to the financial reporting process is set out on pages 52 to 96. The information required by DTR 7.2.6R can be found in the "Shareholder information" section on pages 214 to 220. A description of the composition and operation of the Board and its Committees including the Board Diversity Policy is set out on pages 68 to 70. The Code can be viewed in full at frc.org.uk.

Strategic Report

The Strategic Report is set out on pages 6 to 51 and is incorporated into this Directors' report by reference.

Directors and their interests

The Directors of the Company who served during the financial year ended 31 March 2019 and up to the date of signing the financial statements are as follows: Gerard Kleisterlee, Vittorio Colao, Nick Read, Margherita Della Valle, Sanjiv Ahuja, Sir Crispin Davis, Michel Demaré, Dr Mathias Döpfner, Dame Clara Furse, Valerie Gooding, Renee James, Samuel Jonah, Amparo Moraleda and David Nish. A summary of the rules relating to the appointment and replacement of Directors and Directors' powers can be found on page 216. 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 77 to 96.

Directors' conflicts of interest

Established within the Company is a procedure for managing and monitoring conflicts of interest for Directors. Details of this procedure are set out on page 69.

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, details of Company share repurchases and other shareholder information is contained on pages 34 and 214 to 220.

Change of control

Details of change of control provisions in the Company's revolving credit facilities are set out in note 21 "Capital and financial risk management".

Information on agreements between the Company and its Directors providing for compensation for loss of office of employment (including details of change of control provisions in share schemes) is set out on pages 85 and 86. Subject to that, there are no agreements between the Company and its employees providing for compensation for loss of office of employment that occurs because of a takeover bid.

Dividends

Full details of the Company's dividend policy and proposed final dividend payment for the year ended 31 March 2019 are set out on page 34 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 36 to 41. Also included on these pages are details of our greenhouse gas emissions.

Political donations

No political donations or contributions to political parties 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 21 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 21.

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 30 to the consolidated financial statements.

Future developments within the Group

The Strategic Report contains details of likely future developments within the Group.

Group policy compliance

Each Group policy is owned by a member of the Executive Committee so that there is clear accountability and authority for ensuring the associated business risk is adequately managed. Regional Chief Executives and the senior leadership team member responsible for each Group function have primary accountability for ensuring compliance with all Group policies by all our markets and entities. Our Group compliance team and policy champions support the policy owners and local markets in implementing policies and monitoring compliance. All of the key Group policies have been consolidated into the Vodafone Code of Conduct which applies 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).

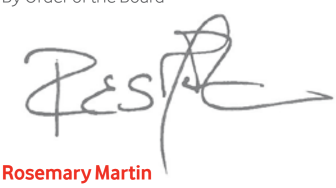
Branches

The Group, through various subsidiaries, has branches in a number of different jurisdictions in which the business operates. Further details are included in note 32.

Employee disclosures

Vodafone is an inclusive employer and diversity is important to us. We give full and fair consideration to applications for employment by disabled persons and the continued employment of anyone incurring a disability while employed by us. Training, career development and promotion opportunities are equally applied for all our employees, regardless of disability. Our disclosures relating to the employment of women in senior management roles, diversity, employee engagement and policies are set out on pages 42 and 43.

By Order of the Board



Rosemary Martin
Group General Counsel and Company Secretary

14 May 2019