

The world around us



Vodafone Group Plc

Corporate Social Responsibility
Report 2001-02



Vodafone Group Plc is determined to achieve the highest standards of corporate social responsibility (CSR). To us, CSR encompasses our total impact as a company in three main areas - society, environment and economy. This, our second report on CSR, summarises our progress on the commitments we made last year and outlines our plans for the future.

As a world leader in telecommunications we are committed to communicating effectively and comprehensively. In addition to this report, we have also launched dedicated CSR web pages –

www.vodafone.com/responsibility. This expands on the information in this document and will be updated regularly with news and case studies.



Vodafone at a Glance

- As at 31 March 2002, we served over 101 million proportionate customers in 28 countries across five continents. Including all of the customers served by Vodafone's subsidiaries and associate networks, we helped connect over 229 million customers. This is the equivalent of one in every four mobile phone users worldwide – an unrivalled global presence in mobile telecommunications.
- The Vodafone Group contains 16 cellular network operators where Vodafone has more than 50% direct equity interest and in which we have direct control over governance and management. There are also 12 companies in which Vodafone holds an equity stake. All Vodafone Group policies, principles and guidelines on CSR apply directly to our subsidiaries and we actively encourage our associates to join us in developing and promoting a strong position on CSR.

The information on the Vodafone Group contained in this report relates to Vodafone Group Plc and its subsidiaries unless otherwise stated.

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Vision and Values

Statement by Sir Christopher Gent, Chief Executive

Sir Christopher Gent and Julian Horn-Smith come face to face with Vodafone people at a 'Passion for Vodafone' Roadshow.

Throughout Vodafone there is a deep passion for what we do and how we do it.

Our shared vision is to be the world's mobile communications leader – enriching customers lives, helping individuals, businesses and communities be more connected in a mobile world.



Our vision has guided us consistently during the past five years of the company's remarkable growth. It is underpinned by core values that define what we are as a business and how we behave as individual employees. With all the uncertainties and challenges currently facing multinational businesses these shared values help us to retain our focus and consolidate our strengths.

Over the past 12 months we have refined and articulated these core values more clearly than ever before. They have become Vodafone's 'four passions' – for customers, for results, for our people, and for the world around us. They also embody our commitment to the goals of CSR. Delivering them means maximising the benefits that mobile telecommunications can bring while minimising any negative impacts. Our corporate value of **Passion for the World Around Us**, in particular, expresses our belief in the positive contribution we have to offer – a contribution with a potential undreamt of even 20 years ago.

The global reach of Vodafone's technologies and services brings real value to people's lives. As this report demonstrates, it is also delivering wider

social, environmental and economic benefits. In doing so, we are returning value to the company. For example, if the Vodafone Group minimises its environmental impact it will achieve efficiencies which will help cut our costs; and by instituting a CSR management system it means we will be able to manage environmental and social risks that much better.

The message of our Vision and Values, which Group Chief Operating Officer Julian Horn-Smith and I have personally delivered throughout the Vodafone Group, has received an impressively enthusiastic response from our people. From Newbury to Milan to Sydney they have shown their determination to deliver value to the company and to the world around us in real and practical ways. In this they are being encouraged and helped by one of many significant developments of the past year – our global CSR network. It is made up of key individuals who are now actively championing the CSR agenda in every one of our subsidiary operations.

This time last year, I said that we were determined to use Vodafone's success as a force for good. In this, our second report on CSR, we can demonstrate how

that is beginning to happen with reference to measurable achievements. We have made real progress and, most importantly, we have put in place the structures, mechanisms and patterns of behaviour that will deliver much more over time.

We have no intention of standing still. Ours is a dynamic business and our vision for the Vodafone Group is one of constant improvement. Our enthusiastic commitment to CSR, reflected in this report, is no less ambitious.

A handwritten signature in blue ink that reads "Chris Gent".

Sir Christopher Gent
Chief Executive

Snapshot of CSR Progress

Data Highlights

For the financial year ended 31 March 2002, and for Vodafone subsidiaries only.

- £9.3m voluntary contributions to community programmes
- 800 employees involved in community projects
- €7 million committed for research into health and radio frequencies
- Networks comprise 67,000 base stations
- 1,800 million kWh electrical energy used across subsidiaries
- Of all energy consumed, 80% is used by network infrastructure, the remainder by offices and shops
- Global emissions of approximately 1 million tonnes carbon dioxide throughout the Vodafone Group
- 310 tonnes of handsets returned, mostly for re-use or recycling
- £22.5 billion revenue generated of which £16.8 billion is distributed in taxes, salaries, dividends, interest and to the many thousands of suppliers who work with Vodafone
- Vodafone Group listed in FTSE4Good and the Dow Jones Sustainability Index

CSR Management and Governance

- Launch of core internal value – ***Passion for the World Around Us***
- Business Principles published
- Global CSR network established, two global workshops held and an expanded central team dedicated to CSR
- CSR integrated into Vodafone Group risk management process
- Commenced engagement on CSR with key suppliers and partners

Society

- Group Foundation established
- Policy on Social Investment published
- Review of key policies across Vodafone subsidiaries – from communications on health concerns to handset theft
- Independent research into radio frequencies and health supported
- Major additional investment in support of independent research into radio frequency (RF) and health in UK and Germany
- Policy on independent radio frequency field monitoring established
- Active support for initiatives for mobile handset manufacturers to publish Specific Absorption Rate (SAR) levels
- Engagement with Governments to ensure best possible regulatory framework on RF is in place and implemented promptly

Environment

- Review of key impacts – first set of Vodafone Group baseline data
- Established basis for setting key performance indicators
- Strategic partnerships and stakeholder engagement – Vodafone Group joined World Business Council for Sustainable Development, Global e-Sustainability Initiative and Business in the Community

Economy

- Initial review of 'cash value added' distribution
- Acknowledgement of importance of Digital Divide issue through Vodafone Group involvement in Digital Europe research project
- Global employee share ownership expanded

Workplace Health and Safety

- Appointment of Director of Group Health and Safety
- Health and Safety initiatives implemented across Vodafone Group subsidiaries

- In this report, we record our progress on CSR issues and set out our objectives. We also set out Vodafone Group data, much of which will provide a basis for quantitative targets and performance goals for future reporting.

We're moving forward...

Introduction to Key CSR Issues

Vodafone is a leading provider of mobile communications network services for all types of business, contract and non-contract customers. Our core operational areas are the provision of network services, the development and management of infrastructure, IT systems and support, customer services and retail outlets.

Over the past year, through extensive internal consultation with Vodafone Group subsidiaries and associates, we have identified key Vodafone Group CSR issues on which we will concentrate. These are shown schematically below.

This is not an exhaustive or exclusive summary of key CSR issues. We will continue to review these internally and externally with all our stakeholders.

Throughout this report, we introduce our objectives. In the Summary of Objectives and Commitments section on page 20, we set out specific commitments.



CSR and Our Business Principles

Vodafone's Vision and Values demonstrate our commitment to CSR – to attain the highest standards on social, environmental and ethical issues. Our ***Passion for the World Around Us*** sets the framework for CSR performance in a global context, supporting our brand and building sustainable business practice as we deliver the full potential of mobile communications.

1

Value Creation

We believe that competition in a market economy, pursued in an ethical way, is the best way of delivering benefits to our stakeholders.

We are committed to providing the best possible return for our shareholders.

The criteria for our investment decisions, acquisitions and business relationships will be primarily economic but they will also include social and environmental considerations.

2

Public Policy

We will voice our opinions on government proposals and other matters that may affect our stakeholders but we will not make gifts or donations to political parties or intervene in party political matters.

3

Communications

We will communicate openly and transparently with all of our stakeholders within the bounds of commercial confidentiality.

4

Customers

We are committed to providing our customers with safe, reliable products and services that represent good value for money.

We will work to understand, anticipate and respond to the needs of our customers and to provide them with innovative products and services.

We value the trust our customers place in us and will safeguard the information provided to us in accordance with relevant laws.

5

Employees

Relationships with and between employees are based upon respect for individuals and their human rights.

We will pursue equality of opportunity and diversity throughout employment policies.

We will encourage our employees to reach their full potential through training and development.

We will promote employee participation in share incentive plans.



This year, we have developed a new Social Responsibility section within www.vodafone.com/responsibility to communicate on CSR issues. We are using the web to disclose more information than is possible within a printed report. Our aim is to make the information interesting to a general audience with news, comment and features.



In 2001, Vodafone coverage near Galashiels in the Scottish Borders went down. Since the site was snowbound and isolated area, Les Weddell, a base station engineer, could not access the site initially. But with approval given, he waded uphill, off-track, for seven miles through waist-high snowdrifts to reach the site. Once the site was accessed, Les identified the problem and restored service before retracing his steps.

His efforts were recognised in the first series of Local Hero posters which exemplify the four corporate values.

Our Vision and Values are at the heart of Vodafone as we move from being a portfolio of national businesses to an integrated multinational organisation. Performance against these values is now being incorporated into work programmes throughout the Vodafone Group. In the coming year, we will also be assessing each individual's contribution to living the values.

Instrumental in helping to turn our values - for customers, for results, for our people as well as for the world around us - into corporate behaviour has

been the introduction of Vodafone Group Business Principles. This was an important commitment made in last year's CSR Report and was introduced earlier this year throughout the Vodafone Group.

These Business Principles define our relationships with all our stakeholders - shareholders, employees, customers, business partners and suppliers, communities, governments and regulators. They also guide the business decisions that affect society and the environment. They are being implemented locally by Vodafone subsidiary

companies so that every employee in the Vodafone Group understands what is expected both of the company and of the individual.

We expect to be judged on whether we live up to these principles. We have undertaken a formal assessment of this through our business risk identification process. All Chief Executive Officers of our subsidiaries are personally committed to implementing these principles. We will also promote examples of local good practice throughout the Vodafone Group and with our key suppliers.

6

Individual Conduct

We expect all our employees to act with honesty, integrity and fairness.

No form of bribery, including improper offers or payments to or from employees, will be tolerated.

All employees are expected to avoid any contacts that might lead to, or suggest, a conflict of interest between their personal activities and the business of Vodafone.

All employees are expected to avoid accepting hospitality or gifts that might appear to place them under an obligation.

7

Environment

We are committed to sustainable business practices and environmental protection.

We will use finite resources carefully.

We will promote the use of operational practices that reduce the environmental burden associated with our activities.

We will support innovative developments in products and services that can offer environmental and social benefits.

8

Communities and Society

We accept our responsibility to engage with communities and we will invest in society in a way that makes effective use of our resources, including support for charitable organisations.

9

Health and Safety

We are committed to the health and safety of our customers, employees and the communities in which we operate.

We will disclose any information that comes to our knowledge which clearly demonstrates that any of our products or services breach internationally accepted safety standards or guidelines.

10

Business Partners and Suppliers

We will pursue mutually beneficial relationships with our business partners and suppliers.

We will seek to promote the application of our Business Principles by our business partners and suppliers.

For full Business Principles document see www.vodafone.com/responsibility



Air conditioning facilities are an integral part of mobile switching centres, being necessary to prevent computer hardware and other electrical equipment from overheating. This air conditioning also has an energy demand derived from compressors and ventilators required to produce and circulate cool air respectively. Engineering experts in Vodafone Germany have successfully cut this energy demand by increasing the use of 'free flow cooling', a process that exploits the cooling energy potential of air outside the switching centre. Over a four year period, the amount of time using free air-cooling has been increased from 25% to 77%, greatly reducing the running time for compressors.



Vodafone Omnitel in Italy, in collaboration with the Association of Blood Donors Friends of Milan Polyclinic, has launched a service whereby over 16,000 voluntary, registered blood donors are alerted to blood donor sessions in their area in the Milan region. The hospital can send out an SMS to donors registered on its database through the Vodafone Omnitel short message centre, direct to donors' handsets, regardless of which operator they use and free of charge. Confirmation of successful delivery of the SMS is given to the hospital. Donors will shortly be able to confirm their attendance by sending an SMS by return.

CSR Governance and Responsibility

Vodafone's commitment to CSR is characterised by strong leadership and robust but flexible management structures and systems.

Management Structures

A cornerstone of our approach has been the development of an internal governance and reporting structure, centred around two Group committees – the Group Policy Committee and the Group Operational Review Committee. These committees are chaired, respectively, by the Chief Executive and the Group Chief Operating Officer, with members drawn from among the most senior management in Vodafone. Between them they address both policy and strategy issues, including risk management, as well as ensuring delivery at the operational level.

The CSR team based in the Group headquarters has, over the past 12 months, established a network of some 80 CSR representatives in Vodafone

subsidiaries all over the world. This global network meets regularly to shape and drive the CSR programme for the Vodafone Group. Over time, the network will become the knowledge base for CSR throughout the Vodafone Group, identifying and promoting best practice, sharing perspectives on key issues, and bringing strong operational experience to bear as specific CSR initiatives are brought forward from the higher level Group committees.

As well as reporting to and supporting these two Group committees, an ongoing objective of the CSR team is to build awareness and commitment to CSR in the workforce.

See Summary of Objectives and Commitments on page 20.

Management Systems

Our goal is to build, by the end of 2003, a Vodafone Group CSR management system that reflects Vodafone's organisational structure and provides the framework for measurable performance on CSR. Significant progress has been made this year in laying the foundations for this system. In addition to the Business Principles, Group CSR reporting templates have been developed by the CSR network to measure and report key environmental and social impacts in a consistent way. Some of the data gathered so far is presented in subsequent sections of this report.

A proprietary web-based data collection tool has also been identified (called ENVOY) and will be piloted as a means of gathering CSR data and allowing both the Group CSR team and the Vodafone subsidiary participants to view relevant information. This system will be assessed for its application as a tool to manage CSR information at the Vodafone Group level.

Vodafone's global CSR management system will set the overall direction and parameters for CSR performance while retaining operational flexibility for delivery at local level. This will be in keeping with our approach to all areas of our business – sharing a vision, setting common standards, but allowing Vodafone people who understand local context and local needs the freedom to deliver their ***Passion for the World Around Us.***

Four Vodafone Group subsidiaries already have ISO14001 and others will be reviewing and assessing the contribution that this management standard might have for their own operations.



Delivering Our Values

Statement by Julian Horn-Smith,
Group Chief Operating Officer



Vodafone has been an influential pioneer in delivering mobile telecommunications to the mass market. We constantly strive to provide our customers with new services and applications that offer imaginative solutions to the challenges of living and working in the modern world.

We also believe that our mobile telecommunications infrastructure has unique potential to deliver wider social, environmental and economic benefits. As the Vodafone Group consolidates under a global brand, centred around our Vision and Values, we are determined to grow in ways that are economically sustainable, yet compatible with our commitment to CSR. The following sections report on how we are putting our commitment into action; we are now ready to move forward with initiatives that will deliver

measurable results. By the end of 2003, I envisage that our subsidiaries will be systematically managing the impact of their businesses on the world around them and be engaged in making important social and environmental contributions.

On the following pages we introduce our CSR programme and set out the goals we aim to achieve. At the end of this report we introduce specific commitments, many of which will be the basis on which quantifiable targets are set in the coming

years. Having established the cornerstone of our CSR programme, we look forward to reporting on our progress in the future.

Julian Horn-Smith
Group Chief Operating Officer

VISION AND VALUES

ACTION

VISION

VALUES

BUSINESS
PRINCIPLES

GOVERNANCE
STRUCTURE

GROUP POLICIES

SUBSIDIARIES'
MANAGEMENT
SYSTEMS

BUSINESS
PRACTICES
& BEHAVIOURS

Delivering Our Values: Society

Vodafone Group inevitably has an impact on the societies in which it operates. That is why we are committed to acting responsibly by engaging with, and investing in, local communities. By making effective use of our resources, we believe we can add value, develop new opportunities and, ultimately, make a positive difference to the World Around Us.

Social Investment

In last year's CSR report, we committed to developing a corporate community investment programme to reflect the ambitions and values of our business. This year, we published a Vodafone Group Social Investment Policy and launched The Vodafone Group Foundation in late 2001.

Vodafone's social investment policy is:

- **At the heart of our business.** Vodafone's commitment to the community flows from our core values and principles. To us, social investment is not an add-on to business activities but is at the heart of how we engage with the communities where our customers, employees, investors and suppliers live. It is:
- **Global in scope, local in focus**
- **Consistent, clear and accountable**
- **More than just financial contributions**
- **Based on our areas of expertise**

Our social investment will focus primarily on:

- **Reaching the excluded.** We believe the benefits of developments in mobile telecommunications should be shared as widely as possible. We want to help remove the barriers that prevent people from participating fully in society and will support programmes that seek to improve access to mobile technology by:
- **Developing skills.** We want people of all ages to have the opportunity to acquire the skills that will allow them to use new technologies.
- **Including those with special needs.** We want to support adaptations of technology to meet the needs of those with physical and mental disabilities.
- **Reaching out.** We want to extend the benefits of mobile technology to communities worldwide, in countries where we operate and in those that have not yet shared in our technological developments.



The Vodafone-US Foundation together with the Vodafone UK Charitable Trust contributed \$1 million to the Liberty Disaster Relief Fund of the American Red Cross to help victims of September 11th and other disasters.

In the United States, our Foundation completed its first year as the renamed Vodafone-US Foundation. With a vision of, "Helping People Help Themselves," and a renewed focus on families, children and youth, the Foundation distributed grants totalling over \$1.3 million.



The Vodafone Telecel Foundation in Portugal is supporting Internet access at a youth centre in Dili, East Timor.

The Fr. Antonio Veira Youth Centre is a joint project between the 12 November Association and the Company of Jesus and Movjovem, which provides study facilities and organises occupational training courses, using information technology to support its activities.

It is open to the whole community and in particular to young Timorese to help their personal development and enable them to play a part in the reconstruction of their country.

The agreement to provide support for the Internet access was signed by both the CEO of Vodafone Portugal and the Chairman of the Vodafone Telecel Foundation.

Selected Partnerships During 2001

- Vodafone joined the **Global e-Sustainability Initiative (GeSI)**.

This global project promotes sustainable business practices with the support of the United Nations Environment Programme and the International Telecommunications Union.

For further information see www.gesi.org

- As a member of **Business in the Community**, we are committed to developing business and community excellence. For further information see www.bitc.org.uk

We will also support programmes that attempt to increase accessibility or that make creative use of our technology in the areas of arts and culture, community health, education and employability.

- **Promoting sustainable business practice and environmental protection.** We want to help protect the natural environment, globally and in the communities where we operate. We also want to support programmes that use our technology to help solve environmental problems.

- **Supporting the personal involvement of our employees in their local communities.** We believe that our employees are our strongest link with local communities. We want to support their voluntary efforts to improve those communities.

Within this framework, local Foundations and community programmes will retain the flexibility to identify and respond to the most local pressing needs and interests.

- **Dedicated to continuous improvement.** We are committed to accurate measurement and reporting of the value of social investment, the benefits it generates for communities and the company and its longer-term effectiveness in meeting community needs. We will consult with our stakeholders and community partners on how we can improve our social investment performance. Vodafone will encourage suppliers to develop appropriate programmes of social investment. We will regularly rethink and adapt our approach as we aspire to be at the leading edge of corporate social investment.

For full text see www.vodafone.com/responsibility

Stakeholder Engagement

A key component in the development of Vodafone's CSR strategy, and one of our main commitments from last year, has been our continuing engagement with stakeholders. This has been open and two way and has seen significant consultation both externally and internally across the Vodafone Group. We have been actively involved in public policy forums – for example, through the appointment of our Director of Corporate Responsibility to the UK Government body that advises on environmental issues connected with the development of consumer products.

We have developed partnerships with organisations such as Forum for the Future and Fauna & Flora International, leading non-government organisations in sustainable development and conservation respectively.

This year, we have also joined the World Business Council for Sustainable Development, a coalition of 160 companies with a shared commitment to sustainable development through economic growth, environmental protection and social progress. This will provide an opportunity to work with other organisations on relevant projects and to exchange learning and best practice. We have also joined the Global e-Sustainability Initiative and Business in the Community (see above). Through organisations like these we can contribute to important projects, such as the ongoing development of the Global Reporting Initiative, putting us in a position to assess accurately their relevance and application to our own programmes.

Through a range of activities, during 2002-03, including the launch of our new CSR website, we will build on such relationships, ensuring that the development of Vodafone's attitudes and practices on CSR are well-informed and soundly based.

See Summary of Objectives and Commitments on page 20.



The Vodafone UK Foundation flagship project, YouthNet, has received £3 million. YouthNet provides access to unbiased information, help and advice for young people through www.TheSite.org so that they can make informed choices for themselves. The funding has facilitated:

- 1.2 million Pls (page impressions) per month on the web site - 300% over target in the first 8 months
- Development of a National Youth Census, the first of its kind in the UK, which will collate young people's attitudes towards issues such as health, sex, work and careers
- Launch of TheSite.org internet kiosks (Surf-it)-designed to take free internet access to young people through a mix of drop-in centres and commercial venues
- Launch of the first e_bus> which provides free mobile access to the internet. It will visit places and events where large numbers of people congregate.



Canteen, a New Zealand charity for teenage cancer sufferers, recently received a NZ\$1 million donation from Vodafone New Zealand to mark the company's one millionth customer in New Zealand. The funds will be used for education and recreation programmes.

The money was donated after the New Zealand public was asked to nominate five favourite charities. Vodafone New Zealand customers competed for the chance to choose the charity from the top five by entering the Million Dollar Question competition, answering five questions via a text message or entry form.

More than 85,000 votes were cast for the top five charities. The runners up shared more than NZ\$11,000 raised by the text voting and each charity received 10,000 minutes of free Vodafone airtime.

The Vodafone Group Foundation

The Vodafone Group Foundation is driven by a ***Passion for the World Around Us***.

The Foundation, operated from the UK, makes investments that help people of the world to have fuller lives by:

- Sharing the benefits of developments in mobile communications technology as widely as possible
- Protecting the natural environment and supporting sustainable business practices
- Supporting the local communities in which Vodafone's customers, employees, investors and suppliers live.

Many organisations have already benefited from the contributions made by the Vodafone-US Foundation and the local foundations of Vodafone Group subsidiaries in Portugal, Spain and the UK. Vodacom, our associate network in South Africa, also has a well-established foundation. These local foundations will work with the Vodafone Group Foundation to maximise the impact of our social investment.

Other Vodafone Group subsidiaries are in the process of establishing foundations to formalise their commitment to community involvement.

During 2001-02, Vodafone Group gave £9.33 million in voluntary community contributions to a wide range of community projects and programmes. An additional £2.48 million was contributed to communities as part of our licence conditions. In 2002-03, the funding for the new Vodafone Group Foundation alone will be £10 million. An initial review indicates that over 800 Vodafone Group employees are already involved in community projects.

We are also committed to developing and measuring the quality of our social investment programme. We have started to apply the London Benchmarking Group model which measures the benefits of contributions made to communities over and above cash donations (see opposite).

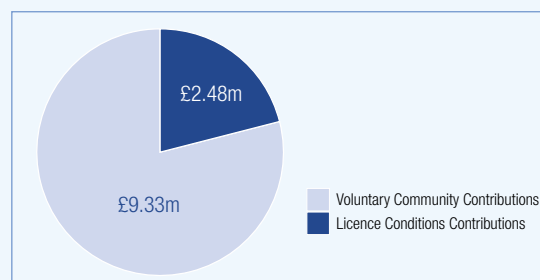
See Summary of Objectives and Commitments on page 20.

Employee Involvement Programme

A key expression of our ***Passion for the World Around Us*** is the development of our employee involvement programme. Vodafone UK is piloting a programme to increase employee participation substantially during 2002-03. As part of this programme, a network of World Around Us champions has recently been appointed in the UK. The concept is to provide a model for implementation across the Vodafone Group.



Total Community Contributions 2001-02



Regional Distribution of Community Contributions*

	£ Million
Northern Europe, Middle East and Africa	6.66
Southern Europe	3.11
Central Europe	0.47
Americas/Asia	1.20
Pacific	0.37
Total	11.81

*These groupings reflect the Vodafone organisational structure

London Benchmarking Group Assurance Statement

"Vodafone Group has been an active member of the LBG (London Benchmarking Group) for two years. The LBG has more than 65 leading companies as members and one of its purposes is to ensure greater consistency and comparability in the way businesses measure and report their contributions to the community.

As the manager of the Group, we have worked with Vodafone Group to review its understanding of the LBG model and its application to the wide range of community programmes around the world. Our aim has been to ensure that the evaluation principles are correctly and consistently applied. We are satisfied that this has been achieved. Our work has not been extended to an independent audit of the data presented in this report.

Vodafone Group companies make significant contributions to local communities around the world. The Vodafone Group has done a commendable job of measuring and reporting on

its global contributions for the first time. The company has put in place a system for the management and measurement of contributions to social projects that will include setting project objectives, providing guidance on evaluation, training operational managers and collating information on the costs, leverage, community benefits and business rationale.

One notable challenge for Vodafone Group has been to distinguish between purely voluntary contributions and those which are mandatory in that they are part of licence conditions in certain markets in which the company operates. We believe this aids comprehension about the true scale of contributions made to social projects. We commend the practice to other companies operating in regulated industries."

Michael Tuffrey
The Corporate Citizenship Company
www.corporate-citizenship.co.uk
London May 2002

Disabled and Elderly Customers

Vodafone seeks to provide value to its customers through reliable and innovative products and services. In particular, the advent of pre-pay mobile services has brought affordable telephony within reach of consumers who were previously not well served.

Vodafone in the UK is now developing a range of complementary products and approaches for disabled and elderly customers, especially those who are deaf or with poor hearing, blind, with poor sight or who have poor grip or limited manual dexterity.

These are significant and growing markets for the Vodafone Group and we are committed to serving them thoughtfully and sensitively – customising our services, offering a suitable selection of handsets and trying to ensure that access to our websites is as easy as possible. The Vodafone Group's intention is to broaden this approach throughout its subsidiaries.

As an example, at www.vodafone.co.uk, under price plans and products, there is a section containing information on a range of handsets for disabled and elderly customers as well as special bundled voice and messaging price plans.

A brochure in statutory large print and in braille is also available (see below).



Addressing Health Concerns

Vodafone Group is committed to providing information to stakeholders in a clear and open way on health concerns associated with the use of handsets and radio base stations; to developing a consultative approach with local communities in building its networks around the world; and to funding independent research into the radio frequency emissions from both handsets and radio base stations.

Vodafone's subsidiaries provide information in a variety of ways: through printed literature, via websites and/or through face to face meetings with stakeholders. During 2002, we will issue a Vodafone Group document which will cover health and other concerns. This will be made publicly available in both print and at www.vodafone.com

Vodafone supports initiatives for mobile handset manufacturers to publish Specific Absorption Rate (SAR) values of their models.

It is also our objective to review marketing policies and practices from a CSR perspective.

See Summary of Objectives and Commitments on page 20.

Liaison with Local Communities

Across the Vodafone Group there is regular monitoring of base stations' radio frequency emission levels by independent bodies. Information is made available to the public through the planning process for new base stations and, in some cases, through dedicated websites. Following the success of Vodafone Omnitel's pioneering 'Cassiopea' project in delivering information on radio frequency (RF) emissions from its base stations in Catania, Sicily, to the public via local press and community websites, the Italian Government, with the support of local environmental agencies, municipalities and Italian operators are to implement a nationwide RF monitoring network.

In Australia, the public can access a Government Agency website (www.arpana.gov.au) where measurements of emissions from the base stations of all network operators are posted.

In conjunction with the other mobile communications network operators, Vodafone in the UK has implemented the industry's Ten Commitments to best practice in base station siting, in response to the UK Government's Independent Expert Group on Mobile Phones Enquiry (The Stewart Report) into mobile phones, masts and health.

Where possible, we use innovative radio base station designs to minimise visual impact. Working with our site acquisition and design agents as well as local planners, we are helping to develop network infrastructure which minimises visual intrusion while meeting stringent performance standards.

Group Funding of Research and Development on Electromagnetic Fields (EMF)

The World Health Organisation (WHO) maintains its opinion (stated in June 2000) that "None of the most recent reviews have concluded that exposure to the Radio Frequency (RF) fields from mobile phones or their base stations causes any adverse health consequences" (WHO Fact Sheet 193). However, it has identified the need for further research to better assess health risks. (www.who.int)

During the course of the past year the Vodafone Group has updated its policy on funding of research into Electromagnetic Fields (EMF). Vodafone believes research is best conducted by independent experts and has established a funding framework for national, regional and international research programmes.

Vodafone Group Research and Development has committed €7 million on EMF research programmes and projects already completed, currently underway or to be undertaken between 1999 and 2007.

The Vodafone Group provides funding to the WHO International EMF Project (www.who.int) and contributes to national research organisations, such as the German Research Association for Radio Applications (Forschungsgemeinschaft Funk).

Participation in joint Government/industry funded EMF research programmes is also undertaken. For example, Vodafone Group is providing over £0.5 million of the £3.68 million industry funding share of the LINK Mobile Telecommunications and Health Research Programme in the UK.

(www.mthr.org.uk). The Vodafone Group also contributes funding to other research projects in order to advance the global scientific knowledge base.

A WHO summary of worldwide EMF research can be found at www.who.int/emf

Security of Handsets

Tackling mobile phone crime has received high profile coverage in the UK recently and is an emerging issue in other Vodafone subsidiaries. Initiatives adopted in the UK, including investing in technology to track and disable stolen phones and exchanging blacklists between operators, will be reviewed with all Vodafone Group companies with a view to creating a global stolen phone database by the end of 2003.

See Summary of Objectives and Commitments on page 20.

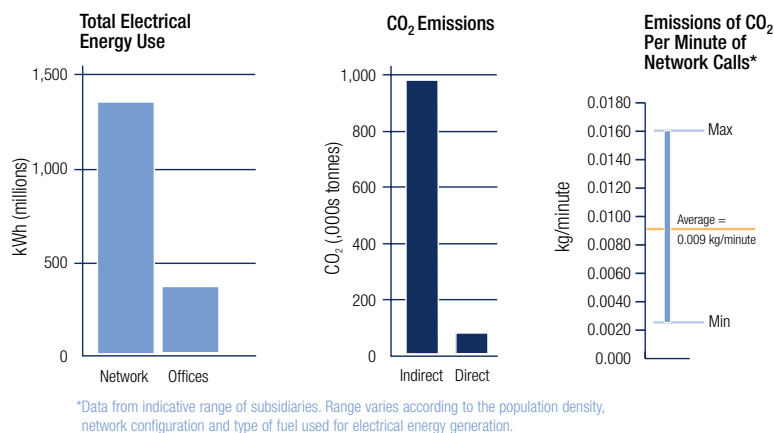
Delivering Our Values: Environment

A central pillar of Vodafone's *Passion for the World Around Us* and of our approach to CSR is our concern for the environment. One of our Business Principles is a commitment to sustainable business practices and environmental protection throughout our operations.

We have made significant progress on the environmental commitments we made last year. Our main achievements are:

- A comprehensive baseline assessment of environmental performance
- Group data that will allow us to identify and track Key Performance Indicators (KPIs), which we will report against in future years.

Energy Use Data 2001-02



Data Gathering and Reporting

Vodafone Group subsidiaries and some of our associates have worked together to define a consistent reporting framework for environmental data, allowing us to quantify our baseline performance, identify areas of existing good practice, and set the context for demonstrating target-based performance.

For the first time, we have Vodafone Group environmental data extending across our subsidiaries' customer base.

For some subsidiaries, the provision of data was a routine exercise but for others this has been a new task. Therefore, on a Vodafone Group level, the overall data quality is mixed. Vodafone's objective is to have a robust and transparent basis for reporting performance improvements. Work is required to improve the data quality.

See Summary of Objectives and Commitments on page 20.

Based on this first year's data, we are able to define some of our key environmental impacts. These are summarised as follows:-

Energy and Climate Change

Energy use and the associated generation of greenhouse gases is one of Vodafone Group's most significant environmental impacts. Data collected this year from the subsidiaries indicates that Vodafone Group used approximately 1,800 million kWh of electrical energy to run its network and offices. This equates to the annual energy requirement of approximately 110,000 UK households.

Approximately 80% of this energy is used to operate the telecommunications network, the remainder being used to run our offices and call centres. This amount of energy use represents some 0.98 million tonnes of carbon dioxide (CO₂), most of these emissions being made by electricity suppliers at the point of electrical energy generation (indirect emissions). We also make direct emissions of CO₂ through fuel consumption in our vehicles and from diesel generators that provide stand-by energy for the network. Our initial estimates for these direct sources of CO₂ indicate an additional 70,000 tonnes of emissions.

It is possible to examine our energy efficiency in a number of ways; the insert diagram presents average kilograms of CO₂ per minute of calls transmitted or received across the Vodafone Group. The range across the Group is highly variable according to the configuration of the network and call density. As new mobile technologies and services emerge, we will continue to review energy consumption patterns associated with our operations. Our objective is to improve the energy efficiency of our operations and reduce the associated emissions of greenhouse gases.

See Summary of Objectives and Commitments on page 20.

An efficient mobile telecommunications network also needs a back-up power supply. Typically, batteries kept in store or stand-by diesel generators provide this back-up, bringing additional environmental management issues. In order to help us address these across the Vodafone Group, the Vodafone R&D team in Germany earlier this year launched a project to examine the environmental benefits that may come from alternative forms of power back-up (see above).



Green Power

Vodafone Pilotentwicklung in Munich is currently undertaking an R&D Project, Green Power, to evaluate the suitability of alternative fuel technologies for backup systems in telecommunications cellsites. The initial focus is on fuel cells and photovoltaic elements (see picture left), both of which are clean energy technologies that have become much more efficient in recent years.

Currently, cellsites are equipped with batteries or generators using diesel to maintain telecommunication services during a power failure of the primary energy supply. Depending on the type of backup system, service can be maintained for several hours before the primary power supply is needed to load up the battery again or the fuel tank of the generator has to be filled.

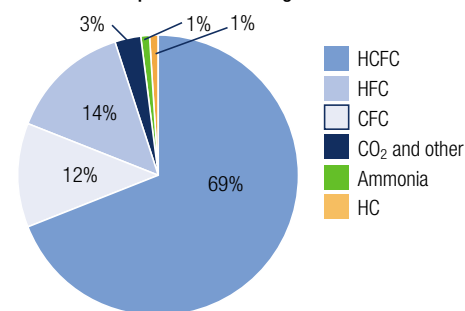
A key objective for Green Power is to show how Vodafone can reduce the environmental impact of operating its telecommunication networks. In addition, alternative energy sources provide an opportunity to be independent of the local energy supply infrastructure, improving airtime availability and introducing the possibility of providing network services in regions not served by the grid.



A Vodafone Spain base station sited close to Alfabi Gardens near Soller (Mallorca). The antennas and mast have been designed to simulate the outline of a cactus with the cabin enclosed in a stone-clad structure.

Refrigerants Data 2001-02

Types of Refrigerants Used in the Vodafone Group Network Buildings



Network Development and Visual Impacts

In order to achieve good coverage for their services Vodafone Group subsidiaries have installed approximately 67,000 base stations to date. Many of these are on structures that are shared with other operators or placed on existing structures (such as buildings or electricity pylons). For example, in Germany and the Netherlands, our initial data suggest that over 80% of the base stations are on existing or shared structures. In many cases this can help reduce visual impact. The total of 67,000 also includes micro-sites or smaller units that are often incorporated into street furniture or within buildings.

In a pilot programme, Vodafone Spain's Project Chameleon has developed a methodology to enable systematic measurement of the perception of the visual impact of its base stations in Barcelona. Each base station is scored against four factors: the type of environment in which it is sited; the legal protection given to that environment; the design measures required to integrate the antennas and mast into its environment; and the visibility of the accompanying cabin which houses hardware. The

lower the score, the less the visual intrusion.

Following this pilot programme, the methodology will be applied by Vodafone Spain across its network.

Vodafone Group is committed to responsible network development, working closely with local communities and planning authorities to ensure that inappropriate visual intrusion is avoided. This may include sharing the installations with other operators where there are opportunities without compromising the quality of our service.

See Summary of Objectives and Commitments on page 20.

Refrigerants and Fire Suppressants

Refrigerants and fire suppressants perform a vital role in maintaining safe and efficient operational conditions in Vodafone's offices and network buildings. However, we recognise that certain products have a significant environmental impact: HFCs in terms of climate change; HCFCs and CFCs in terms of ozone depletion. We are therefore committed

to responsible use and, where appropriate, to phasing out these substances. This process has started with a comprehensive update of the inventory of refrigerants and fire suppressants held in our operations. The insert diagram above summarises the typical range of refrigerants held in our networks.

The initial data indicates that approximately 160 tonnes of refrigerants are held in the network inventory, with an additional 17 tonnes in offices. The amount of fire suppressants held is estimated at 450 tonnes (network) and 45 tonnes (offices).

We are committed to employing good practice in managing potentially harmful substances.

See Summary of Objectives and Commitments on page 20.

Other Resources and Materials

For the first time Vodafone Group has estimated the amount of materials and resources used in administration functions. For example, an estimated 2,000 tonnes of paper are purchased across the subsidiaries, some 1,400 tonnes of which are recycled after use. Water use across the subsidiaries is estimated at 120,000 m³. Over 12,000 items of electronic equipment such as computers and printers were either re-used or recycled. About half of the estimated 35,000 toner cartridges that we

used last year were recycled. Local initiatives to promote the efficient and environmentally-preferred use of materials and resources in offices will be encouraged as part of involving employees in our ***Passion for the World Around Us***.

Handset Reuse and Recycling

We believe that environmental stewardship extends beyond the point of sale and, in four of our subsidiaries, handset return schemes are operated. Over the last year, these four subsidiaries processed

310 tonnes of returned handsets, batteries and accessories, 297 tonnes of which were re-used or recycled. This equates to about 500,000 handsets. Over the next year, we are targeting the collection of 500 tonnes.

See Summary of Objectives and Commitments on page 20.

Waste Management

Typical Waste Streams

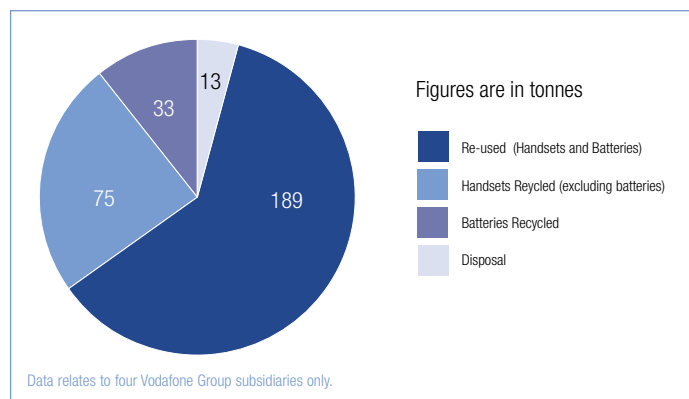
Networks

- Electrical Equipment (eg. redundant switches)
- Cables
- Metal (eg. antennas, ironwork supports)
- Wood
- Batteries

Offices, Call Centres and Retail Outlets

- Paper
- Packaging material
- Redundant IT equipment
- Toners
- Waste packaging
- Canteen waste

Handset Reuse and Recycling Data 2001-02



Waste Management

The Vodafone Group, like almost all businesses, creates waste material. Waste is generated by all of our operations, from network engineering through to offices and retail outlets. The preliminary data indicates that total waste generated in the Vodafone Group is around 18,000 tonnes, the majority of this being classified as non-hazardous waste. To put this into context, this is roughly equivalent to the weight of household waste produced by 36,000 people in the UK in 2000-01. The typical waste streams are summarised in the insert diagram.

There are some excellent examples of re-use and recycling in the Vodafone Group. In the UK, for example, Vodafone's network teams worked with Shields Environmental Ltd. to re-use or recycle over 97% of obsolete network infrastructure equipment. Looking forward, new legislation such as the proposed EU Waste Electrical and Electronic

Equipment Directive, will require organisations to examine waste management issues for the complete life-cycle of products. It is our objective to progressively increase the efficient use of materials.

Environmental Improvement Through Our Technology

Beyond managing our own environmental impact we also believe that our products and services offer significant opportunities to reduce society's pressure on the physical environment. Changes in travel, working practices and lifestyle which our technology makes possible will have significant effects and we are determined that it should be harnessed to deliver positive change. To help us improve our understanding of the issues involved we are developing a range of partnerships and collaborations.

One example - the result of working with partners in the auto industry - is the launch of Ford Telematics,

a personal in-car assistant which offers a remote operator service, traffic information, emergency and roadside assistance and a voice activated handset.

The traffic management system can help improve traffic flows, thereby reducing emissions – especially from idling engines in traffic congestion.

Closer to home, we have already taken practical steps to make the most of our own technology at the Group's Headquarters in Newbury UK. By utilising GPRS (General Packet Radio Service) we have developed a travel system that will give employees access, either through their PCs or mobiles, to real time information on the company's own shuttle buses. The system will in future be sold as part of our corporate portfolio under the name VoRTIS (Vodafone Real Time Information System).

See Summary of Objectives and Commitments on page 20.

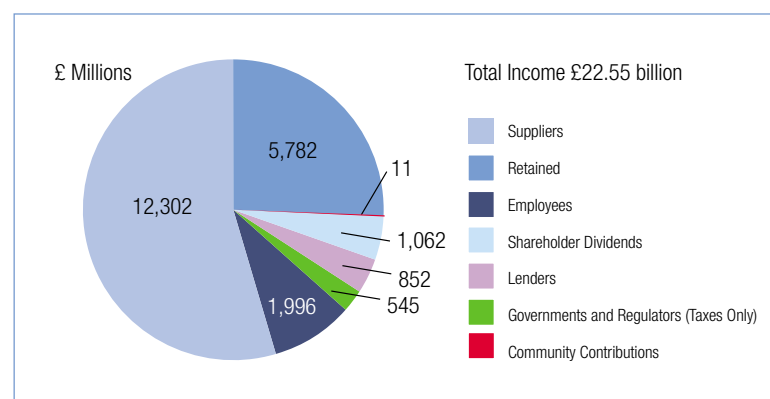
See summary of Objectives and Commitments on page 20.

Delivering Our Values: Economy

In a year when world economic conditions have been particularly challenging for the telecommunications sector, Vodafone has continued to perform strongly, with renewed vigour and clarity of purpose. Throughout, our belief that mobile telecommunications can help deliver sustainable growth for all our stakeholders has remained central to our corporate vision.

Distribution of Revenue for Year 2001-02

Our Annual Report and Accounts present a detailed examination of our financial performance in accordance with statutory reporting requirements. However, we believe it is also valuable to examine from a wider CSR perspective how our economic performance has benefited our stakeholders. One approach is to examine how the levels of cash generated by the business revenue are distributed as a part of our day-to-day business activities. In brief, we can gauge our economic contribution by looking at the payments we make to suppliers, the money we pay employees, taxes and other payments made to governments, the interest paid on money that has been borrowed, dividends we pay to our shareholders, and the contributions we make to communities. The following data have been based on information presented in full in our Annual Report and Accounts.



Customers

The total income generated by our customers through the purchase of our products and services over the last year was £22.55 billion. Our customer base is unrivalled among mobile operators and is the foundation on which our economic success is built. Our strategy is to focus on high value customers, building revenue through the provision of products and services that enrich their lives.

Suppliers

Over the last year, Vodafone made payments of more than £12 billion to our suppliers. These include the many thousands of small enterprises that work alongside our operations around the world, as well as some of the global players in the telecommunications sector. Within this network of suppliers, jobs are created and wealth is generated.

After payment to suppliers, income is distributed between five additional stakeholder groups: employees; shareholders; organisations that have made loans to Vodafone; governments and regulators; and communities. The remainder is retained for further development of the business.

Employees

The average number of employees in Vodafone Group over 2001-02 was 67,000. Our employees are a significant recipient of cash expenditure, receiving a little under £2 billion in total. Further sections of this report provide details of our employment policies and principles.

Shareholders

This year, returns to shareholders in the form of dividend payments amounted to some £1.06 billion. Dividend payments have been increasing in successive years for a total of 13 years, a trend that reflects the sustained growth and economic success of the Vodafone Group since the early days of its existence.

Lenders

This year, net interest payments of £852 million were made to lenders.

Governments and Regulators

In many of the countries where we operate, Vodafone pays governments and regulators in accordance with local laws and regulations. This

includes taxes on the profits generated and other forms of excise duty. In 2001-02, amounts paid to governments and regulators totalled £545 million.

Community Contributions

Our voluntary donations to communities are detailed in earlier sections of this report. In total during 2001-02, and including those payments made from local Foundations set up as part of licence conditions, our total community contributions amount to £11.8 million. This year we have launched The Vodafone Group Foundation to facilitate global and local contributions to community projects and programmes. The value generated by these Foundations will be reported in future years.

Retained for Business Growth

The technologies that drive the mobile telecommunications sector are fast moving and an appropriate amount of capital is required to provide the network and services that will continue to deliver value to customers. A significant proportion of capital is therefore retained for business development. This year, it amounts to £5.78 billion, or some 26% of the revenue generated.



Emergency services relied on mobile communications during flooding of River Tisza in north-east Hungary in 2001. Reuters/Laszlo Balogh.

Addressing the Digital Divide

Mobile telecommunications can bring economic and social benefits to both successful and emerging markets. It provides the infrastructure to enable societies to move towards sustainability through offering alternative ways to live and work.

One of the greatest challenges facing the telecommunications sector is that often presented as the Digital Divide – the uneven distribution of access to the benefits of new communications technologies and e-business.

Last year, we acknowledged that bridging the Digital Divide would be one of the major economic and social challenges of the new century. This year, Vodafone Group has started to examine this in more detail; and, through our involvement as a founding partner in the part EU-funded Digital Europe project, we hope to gain a better understanding of the real issues at stake.

A core element of Digital Europe will be a set of case studies exploring how each of its partner companies are using ICTs (Information and Communication Technologies) to promote social and environmental sustainability. The project is co-ordinated by Forum For the Future (FFF), a non-governmental organisation which focuses on sustainable development. Digital Europe has three main research areas: eco-efficiency and dematerialisation; social inclusion and sustainable regional development; e-business and corporate social responsibility. Vodafone has chosen the third area for project support.

Digital Europe will research the role of mobile telecommunications in promoting sustainable social and economic development in eastern Europe, and will survey the progress of the 'mobile' society. In particular, it will focus on the role of wireless as a leapfrog technology over conventional fixed line for bridging the 'Digital Divide'.

Consultation has taken place with many areas of the telecommunications industry in Poland and with those interested in Poland's social and economic development. Research will continue throughout 2002 and will aim to help develop strategies to ensure that mobile telecommunication is used to its full potential by individuals and businesses.

For further information see www.digital-eu.org

Developing Products and Services

Global businesses need to ensure that they value and build on their multinational and multicultural strength to benefit their customers, their employees and their businesses.

With this in mind, Vodafone's Global Products and Services (GP&S) team was set up in 2001 to identify and drive the potential of the company's international expansion by managing a number of operational areas on a global basis. Its initial focus is on Europe.

Selected Partnerships

- The **Vitamin-e network**, an initiative which is facilitated by Forum for the Future, brings together key stakeholders to explore the social and environmental opportunities that digital technologies create and generate practical ventures that use technology in new and exciting ways.
For further information see www.vitamin-e.net
- The **Prince of Wales International Business Leaders Forum** focuses on building partnerships as a more effective and legitimate approach to engaging business in development.
For further information see www.iblf.org

Sir Christopher Gent, Chief Executive, officially opens the Vodafone office in Beijing, China.



Led by the Chief Executive of GP&S, the team harnesses the skills and expertise of Vodafone's subsidiaries to create global ways of working. In terms of product development, GP&S works with Vodafone's subsidiaries and business partners to develop products and services which have global appeal, make use of global technology platforms and enrich and enhance customers' lives. Crucially, product offerings must be easy to use and of the highest quality.

For example, Virtual Home Environment, launched in 2001, gives customers the ease of use and seamless service they enjoy when they are in their home country. Fourteen Vodafone subsidiaries have now integrated this service into their networks. In addition, e-wallet and micropayment products are in the pipeline for 2002 and will enable customers, particularly those who do not have a credit card, to make transactions via their handsets and encourage the use of handsets beyond voice communication.

CSR Improvement Through Working With Suppliers

We are committed to promoting our Business Principles throughout our supply chain, and there are good examples of how some of Vodafone's subsidiaries have started doing this with local suppliers. For example, in September 2001, Vodafone Australia introduced environmental criteria into its procurement policy.

The UK supply chain management team, working with the CSR team, has been formulating a management tool that maps a common performance agenda between Vodafone and its key suppliers. We believe this will form an excellent basis for establishing work programmes on CSR issues.

See Summary of Objectives and Commitments on page 20.

Working With China Mobile (Hong Kong) Limited

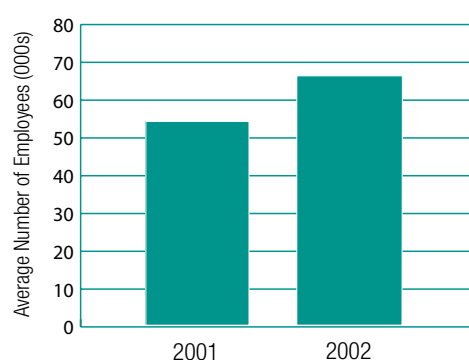
Vodafone has a small equity stake in China Mobile (Hong Kong) Limited and, in February 2001, both companies signed a Strategic Alliance Agreement reflecting their intention to work together as strategic partners.

As one element of this strategic alliance, Vodafone and China Mobile (Hong Kong) Limited have established a working group to identify and examine issues of common interest for both parties in the areas of economic development and corporate responsibility. This working group will report to the steering committee, established pursuant to the strategic alliance, on areas where both parties can exchange knowledge and findings regarding specific issues relevant to our companies and our industry.

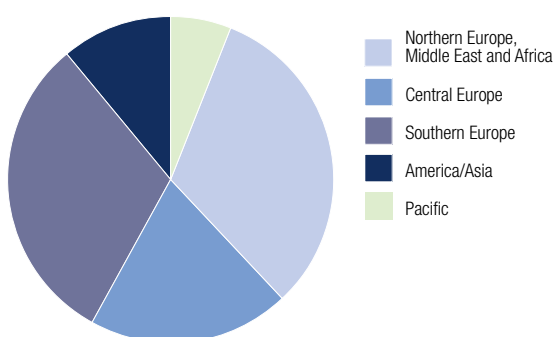
Delivering Our Values: Employment/Training/Health and Safety

Providing a safe working environment which fosters innovation and encourages employees to achieve their full potential is crucial to Vodafone's success – that is why ***Passion for Our People*** is also one of our core values. Our Business Principles state that Vodafone Group companies “are committed to the health and safety of our customers, employees and communities in which we operate.”

Employees - Vodafone Group Subsidiaries



Employees – Regional Distribution



Human Rights

Operating in different countries across five continents, it is inevitable that Vodafone Group employees work within different frameworks of national employment legislation. Nevertheless, Vodafone Group is committed to protect and uphold basic human rights by treating all employees with respect. Part of that commitment is our support of the UN Universal Declaration of Human Rights (UNDHR) and the International Labour Organisations (ILO) Core Conventions.

Equality of Opportunity

We believe that each employee has a unique contribution to make to the success of the business. We have put in place policies and procedures to ensure that all decisions about the appointment, treatment and advancement of employees are based on merit.

Under the overall direction of the Group Human Resources Director we have established a set of Vodafone Group policies on human resource issues. These set out first principles, specifying minimum standards and providing a framework for application and development locally throughout the Vodafone Group. The policies ensure consistency in:

- equality of opportunity
- fair terms and conditions of employment
- employee involvement, communication and trade union recognition, and
- a code of conduct

Training and Development

Vodafone Group is also committed to offering challenging responsibilities and training and development opportunities to assist all employees to develop their full potential.

A central example of this is the Global Leadership Programme (GLP) which identifies, early in their careers, those managers whom it is felt have the potential to fill key leadership roles in the future. The GLP covers all subsidiaries and associates of Vodafone and is designed to provide a structured learning path. It combines an MBA with various forms of projects and assignments.

An important development during 2001-02 was the introduction of the Vodafone Values and the Business Principles into training programmes across the Group. As a result, social, environmental and ethical issues will be increasingly addressed in training our staff.

For more information please go to

www.glp.vodafone.com

Workplace Health and Safety

As a responsible business and employer we take full account of our health and safety obligations to our employees, our customers and the communities in which we operate. To ensure that we apply high standards throughout the Vodafone Group each subsidiary has developed, implemented and continuously reviews a health and safety management system, consistent with local operating conditions and legislation. Each subsidiary reports annually to the Board of Vodafone Group Plc on health and safety matters, and our Vodafone Group health and safety policies are also audited annually

to ensure that they are keeping pace with best practice.

For 2001/02, all Vodafone subsidiaries were asked to report on the health and safety performance with specific reference to the numbers of accidents at work and time lost. We can report that there were no deaths resulting from work accidents.

Although the incidence of accidents is low, we do, of course, regard any accident as being one too many. We are fully committed to taking the necessary action to further reduce the already low levels around the Vodafone Group.

To meet our objective of continuously reviewing our health and safety performance, we will develop and

implement a consistent, internal accident reporting standard.

See Summary of Objectives and Commitments on page 20.

Occupational health in Vodafone's call centres is taken very seriously. Across the Vodafone Group, we are committed to providing a good environment and interesting work for all our call centre people. A good example is at Brindleyplace, the largest Vodafone call centre in the UK, where there are opportunities to work across many disciplines - monitoring and managing the centre's workflow, resource and forecasting, on the technical helpdesk and in training.

Examples of Workplace Health and Safety Improvements during 2001-02

Vodafone Greece

has introduced a system of medical examinations coupled with a preventive health intranet which tackles issues of health, lifestyle and well-being, targeted towards the results of an employees' health survey.

Health and Safety has been integrated in its quality assurance management system which is externally certified for BS 8800.

Vodafone US

has updated its health and safety manual, including a section on violence - an increasing concern for many companies worldwide. It has also held ergonomic training sessions to help people set up their workstations correctly. Vodafone US had a year free from accidents causing loss of time.

Vodafone Spain

has introduced training in safe driving techniques, which it now plans to expand. It has developed a new system of contractor control to further ensure the safety of contractor based operations.

Vodafone Ireland

has developed the capability to train in-house on construction safety with over 100 field and facility employees having undergone the training to hold the SAFE PASS qualification.

Vodafone Omnitel

in Italy has implemented a health and safety management system, which ensures that every employee understands the company health and safety systems and receives specific training targeted to their own activities.

Vodafone Australia, Vodafone New Zealand and Vodafone Fiji

have developed an online, interactive health and safety induction programme. They have developed their health and safety website to include policies, procedures and instructions as well as forms for incident reporting and investigation.

In healthcare they have focused a programme on well-being for call centre staff including health assessments, relaxation techniques and information on how to achieve a healthy lifestyle.

Share Schemes

Although many companies grant share options to their directors and senior managers, only a few have offered them to all employees - and fewer still to the majority of their employees worldwide.

However, right from the start Vodafone has been committed to providing share ownership opportunities to its employees, enabling them to become part owners and to share in the success of the company. All UK based and some non-UK based employees have for many years had the opportunity to participate in different share plans. During 2001-02, we went one-step further and granted options to all permanent employees in the majority of our subsidiary companies. This option grant, named Global Employee Options, or GEM Options for short, builds on the foundations of share purchase and option plans that already exist in Vodafone and its listed subsidiary companies.

Due to the success of GEM Options in 2001, the Company has decided to make a further GEM Option grant in 2002 to all employees of participating companies, including those in the UK and US. It is

anticipated that this will cover over 55,000 employees. As of 31 March 2002, about 85% of Vodafone Group employees either own or have an option over Vodafone Group shares in Vodafone Group companies.

The extension of the share plan globally was recognised by Vodafone being the joint recipient of the 2001 ProShare award for "Most Successful International Expansion of Employee Share Ownership". (ProShare is an independent not-for-profit organisation which promotes wider share ownership and financial education).

Employee Involvement and Communications

Through a number of key initiatives like the International Employee Communications Forum and Vodafone Group employee attitude surveys, Vodafone promotes an open and inclusive style of management with employees at all levels.

We are committed to monitoring and responding to employee attitudes and opinion in order to enhance

our status as an employer. Employees are also free to join trade unions or similar external representative organisations.

For 2001-02, the core activity of the Vodafone Group Internal Communications team has been the development and implementation of Vodafone's Vision and Values throughout the Vodafone Group. A crucial part of this has been the personal championship by Sir Christopher Gent and Julian Horn-Smith, who have addressed over 25,000 employees in 13 countries. In addition, a new Vodafone Group quarterly magazine, a news-oriented, on-line intranet channel and a staff handbook are being used to communicate the Vodafone's Group's Vision and Values.

Summary of Objectives and Commitments

Issue	Objective	Commitment	By When
Management System	A Group CSR management system.	Build from data collected in 2001/02, selecting key performance indicators that are directly relevant to our business. Other commitments set out below provide components of a management system.	End 2003
Involving Employees	Build awareness and commitment to CSR with employees and develop employee involvement strategy.	Launch a specific communications programme on CSR and monitor employee awareness and commitment.	End 2002
		Develop CSR training material and incorporate this into existing corporate training modules.	March 2003
Engaging Stakeholders	Implement a comprehensive stakeholder engagement programme on CSR.	Strengthen engagement with key partners and stakeholders and contribute to business-led initiatives on sustainable development.	Ongoing
CSR Reporting	Ensure that the information and data relating to our CSR performance are comprehensive, complete and accurate.	Start a process of internal 'peer' review of CSR performance between subsidiaries and report on findings.	March 2003
Social Investment	Measure the social/environmental value generated by the Group and subsidiaries' Foundation activities.	Use the London Benchmarking Group model to report on activities in 2002/03. This will provide a basis for setting quantitative targets for 2003/04.	March 2003
EMF and Network Development	Establish greater transparency and access to information on EMF and SAR for all our stakeholders.	Ensure the public have up-to-date information on RF field strength in selected areas which have been independently determined. This will provide a basis for setting quantitative targets for 2003/04.	March 2003
		Issue a Vodafone Group document on health and other concerns.	End 2002
		Develop Vodafone Group standards on responsible network development.	March 2003
Marketing	Ensure consistent responsible marketing practices across the Vodafone Group in relation to CSR issues.	Produce responsible marketing policy document and make it available to the public.	March 2003
		Implement training programme for retail staff. This will provide a basis for setting quantitative targets for 2003/04.	June 2003
Security of Handsets	Offer direct, practical assistance against mobile phone theft.	Create a global database of stolen phones.	End 2003
Products and Services	Promote products and services that bring social and environmental benefits.	Identify and assess these market needs and opportunities and review with a selection of independent stakeholders.	March 2003
Energy	Progressively improve the energy efficiency of our operations.	Complete an assessment of energy consumption in our operations to identify best practice and set a basis for quantitative targets by 2003/4.	March 2003
Waste	Progressively increase efficiency in the use of materials and resources.	Complete an assessment of waste management in our operations to identify and promote best practice. This will provide a basis for setting quantitative targets for 2003/04.	March 2003
Refrigerants and Fire Suppressants	Employ good practice in managing environmentally harmful substances.	Draw up and implement a time-scaled action plan to replace environmentally harmful refrigerants and fire suppressants where effective and affordable alternatives exist.	March 2003
Handsets and Accessories	Employ best practice in managing the reuse and recycling of our products.	Target 500 tonnes of handsets, batteries and accessories reused/recycled.	March 2003
Suppliers	Promote CSR best practice in our supply chain.	Initiate and report on CSR related initiatives with three of our global supply partners.	March 2003
Health and Safety	Continuously review our health and safety performance across the Vodafone Group.	Develop and implement an internal recording standard for, and reporting of, accidents across the Vodafone Group, to establish a baseline for measuring future performance improvements.	March 2003

“Telecommunications networks have a major role to play in progress towards a sustainable society. By connecting people and communities, mobile telephony has the potential to deliver new opportunities for more sustainable social and economic development.

Vodafone has grown massively in the recent past, and now represents the largest community of mobile telephone users in the world. It has been a real challenge for the CSR team to begin understanding the full range of impacts and opportunities that Vodafone’s global business creates. This report is testament to the progress that has been made. While it is clear that Vodafone is only at the start of a long road, Forum for the Future welcomes the commitment to transforming Vodafone into a more sustainable business that is evident in these pages.”

Jonathon Porritt, Programme Director, Forum for the Future.

“We were asked by Vodafone Group Plc to read the report “The World Around Us” (“the Report”) and to provide our comments.

The Report covers a broad range of issues, spanning the “triple bottom line” of environmental, social and economic performance, along the Group’s value chain but has not set out to meet any specified corporate responsibility reporting guidelines. The Report makes a series of firm commitments to improve the coverage and robustness of data reporting systems but acknowledges that performance data is incomplete and variable in quality. The information relating to the linkage of corporate social responsibility issues and corporate governance structures and processes is particularly valuable and this area could be usefully explored in more detail in future reports.

Whilst there are several areas where reporting can be strengthened, it represents a valuable development in communicating the Group’s values and commitments.

We were not asked to provide an assurance statement of any kind and we have not carried out any work in relation to the reliability of data or statements set out in the Report.”

Deloitte & Touche Environment and Sustainability Services Team, June 2002

We want to encourage the widest participation and would like to hear from you on any aspect of this report. Please send any comments or suggestions to our Corporate Responsibility Team at responsibility@vodafone.com, write to us at the address overleaf, or send us a fax.



We want to keep the environmental impact of the documents in our annual report package to a minimum. We have therefore given careful consideration to the production process. The paper used was manufactured in the UK at mills with ISO14001 accreditation. It is 75% recycled from de-inked post consumer waste. This document was printed by The Beacon Press, which is accredited to ISO14001 environmental management system, using waterless technology and inks which are vegetable based. By undertaking production on one site, further environmental savings in terms of transport and energy are achieved. All the steps we have taken demonstrate our commitment to making sustainable choices.

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