



About Vodafone

A new generation connectivity and digital services provider

Our business

We offer a range of leading connectivity products and platforms to consumers and businesses across Europe and Africa.

Consumer

Europe Mobile

We provide a range of market leading mobile services, enabling customers to reliably call, text and access data.

Fixed

Our fixed-line services include broadband, TV and voice. We offer high-speed connectivity through our next-generation network ('NGN').

Convergence

Our converged plans, which combine mobile, fixed and TV services, provide simplicity and better value for customers.

Other value added services

These include our Consumer Internet of Things (IoT) propositions, as well as security and insurance products.

Africa Mobile

We provide a range of mobile services, enabling customers to call, text and access data. The demand for mobile data is growing rapidly driven by the lack of fixed broadband access and by increased smartphone penetration.

M-Pesa & financial services

M-Pesa is our African payment platform, which has moved beyond its origins as a money transfer service. Together with Vodacom's own platform, we now provide a range of financial services, as well as business and merchant payment services.

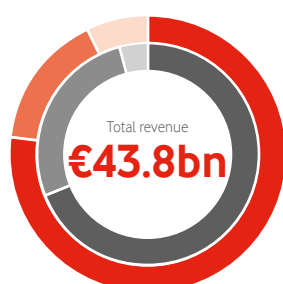
Business

We serve private & public sector customers of all sizes with a broad range of connectivity services, supported by our dedicated global network.

We have unique scale and capabilities, and are expanding our portfolio of products and services beyond core mobile and fixed connectivity into new growth areas, such as:

- Unified communications
- Internet of Things
- Cloud & security

Revenue contribution (FY21)



Our strategy (2019-21)

We have delivered the first phase of our strategy to become a new generation connectivity & digital services provider.

Delivering our strategic priorities at pace

During the first phase of our transformation we have focused on reshaping the Group and establishing a foundation from which to grow in the converged connectivity markets in Europe, and mobile data and payments in Africa.

This has been delivered through four key strategic priorities:



Deepening customer engagement

Deepening the relationship we have with our customers by offering additional products and services in order to deliver a more consistent commercial performance and improve customer loyalty.



Accelerating digital transformation

Capturing the significant opportunities we have through standardisation, digitalisation and the sharing of processes to deliver best-in-class operational efficiencies and a structurally lower cost base.



Improve asset utilisation

Undertaking a series of actions to improve the utilisation of the Group's assets as part of our focus on improving return on capital employed.



Optimising the portfolio

Actively managing our portfolio to simplify the Group and strengthen our position in converged connectivity markets in Europe, and mobile data and payments in Africa.

Over the last three years we have made strong progress against all of these strategic priorities – reshaping Vodafone to be a stronger connectivity provider.



[Read more on pages 14-15](#)

Purpose pillars

Our strategy helps us to deliver our targets across three purpose pillars: Inclusion for All, Planet, and Digital Society.



Inclusion for All

Ensuring everyone has access to the benefits of a digital society.



Planet

Reducing our environmental impact and helping society decarbonise.



Digital Society

Connecting people and things and digitalising critical sectors.



[Read more on pages 32-42](#)

Chairman's message

Enabling an inclusive, sustainable digital society

It is a great privilege to be able to share my thoughts with you for the first time since becoming Chairman of Vodafone in November 2020. Before I comment on the strong progress we have made this year, and the key role Vodafone has played in keeping society connected during the COVID-19 pandemic, I would first like to comment on what attracted to me to joining your Board.

The attraction of Vodafone

Vodafone is a dynamic and fast paced business, operating in an essential industry. It has a clear vision and purpose for society, which in light of the current pandemic is even more relevant than ever. Under Nick's leadership not only has a lot already been achieved over the last three years, there is still a great opportunity ahead of us.

The opportunity to oversee and support the long-term success of Vodafone in the next phase of its transformation to become a new generation connectivity and digital services provider for Europe and Africa, enabling an inclusive, sustainable digital society is, I believe, an exceptionally exciting one – and one I'm fully committed to.

Whilst my induction to Vodafone has been almost entirely digital, I am grateful to the Board, Executive Committee and broader team for the comprehensive on-boarding that I have received and the many extensive engagements covering all aspects of the business. I would also like to thank my predecessor, Gerard Kleisterlee, for his strong support and counsel during my transition to Vodafone.

Supporting society during the COVID-19 crisis

Since I joined the Board, I have been impressed by the Company's ability to adapt quickly to the changes in circumstances for the business and the demand placed on our service, across all of our markets. The ongoing COVID crisis represents a significant challenge for many businesses and citizens. Yet, Vodafone has continuously adapted throughout this period. The passion and commitment of all of our 105,000 people, combined with the 'can-do' spirit to get things done together, has been essential over the last year.

The connectivity we provide has been a lifeline for society, enabling people to work, businesses to remain operational, public services to function and people to stay in touch with their family and friends. As a result, the pace of the business has actually accelerated to address many of the challenges we and our customers are facing, but also to capture the opportunities that have arisen as societies embrace digital transition more than ever.

Resilient performance in a challenging backdrop

Despite the tough operating environment, and unprecedented period of global uncertainty, we delivered a resilient financial performance that was in line with our expectations and guidance for the year.

This was the result of the strong execution against our strategy, as we further deepened customer engagement and delivered a more consistent commercial performance, accelerated our digital transformation, continued to improve asset utilisation and optimised our portfolio.

Total revenue declined by 2.6% to €43.8 billion, with Group organic service revenue returning to growth in the second half of the year. This was despite lower roaming and visitor revenue following a significant reduction in international travel due to COVID-19. Group operating profit increased by €1.0 billion to €5.1 billion and basic earnings per share increased to 0.38 eurocents.

The significant progress we've made in improving asset utilisation and reshaping the Group, including the successful IPO of Vantage Towers, is also helping to drive improved returns on capital and a reduction in net debt across the Group – however there is clearly still more to be done.

This good financial performance, solid commercial momentum and robust financial position provides the Board with the confidence to declare a total

dividend per share of 9.00 eurocents for the year, implying a final dividend per share of 4.5 eurocents which will be paid on 6 August 2021.

Shaping industry structure to support the COVID-19 recovery

As we now look to the challenges faced by governments, regulators and policy makers in enabling and supporting both economic and social recovery, it is clear that the services we provide to people, businesses and public sector organisations are increasingly essential to this broader recovery. Yet, it is also clear to me that policy and regulatory decisions of the last decade have had a material impact on returns for the telecommunications industry, which still weighs heavily on operators' ability to invest in everything from connectivity infrastructure to new services.

Looking forward, and considering Europe and Africa's important digital ambitions, there is an ever more urgent need to overcome the shortcomings of the past. Clear actions – and better cooperation between governments and industry – are required to create a more healthy and sustainable industry structure that is truly pro-investment, pro-innovation and supportive of returns.

Our social contract embraces this new collaborative, partnership approach with governments, policy makers, regulators and external stakeholders. Through a shared future vision, we believe that both Europe and Africa can overcome their many digital divides and sizeable investment gaps, thereby allowing them to compete more effectively on the global stage and even become pioneers in many areas of the technology ecosystem. At the same time, while we have started to see some positive signs of a more healthy industry structure emerge, it is also clear that the steps to date fall far short of what is needed to close the widening investment gaps and build a resilient, inclusive and sustainable digital society.

Vodafone is fully committed to deliver its part to achieve truly inclusive digital societies in all communities that we serve. Guided by our purpose, our 'social contract' response to the COVID crisis (so-called 'five point plan') has been significant and, as we did even before this crisis, we will continue to do whatever we can to support the most vulnerable among us. We are also committed to taking urgent action to address the climate change emergency both in our own and our business customers' footprint. Our high-speed connectivity and digital tools will be critical enablers of the green transition. Similarly, we are rapidly reducing our own environmental footprint, taking the lead in the sector, and demonstrating the value of digital. All of our European networks will be fully powered by renewable energy by July this year, and we have set a target to reach 'net zero' for our own carbon emissions by 2030 and across our complete value chain by 2040. We have also reported for the first time our progress towards meeting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in a standalone TCFD report.

Looking ahead

On behalf of the Board, I would like to thank all of our people who have worked tirelessly over the last year to keep our customers and society reliably connected, as well as our shareholders for their continued support. As we enter FY22, we will continue to focus on delivering our purpose and strategy at pace, supported by the good underlying momentum in the business. Never has our role of 'connecting people for a better future' been more important.

Jean-François van Boxmeer
Chairman



Scan or click to watch our Chairman, Jean-François van Boxmeer, share his views on his first months at Vodafone: investors.vodafone.com/videos-chair

Chief Executive's statement

Resilient performance in FY21 and announcing next phase in our strategy

I am pleased that we achieved full year results in line with our guidance and we exited the year with accelerating service revenue growth across the business, with a particularly good performance in our largest market, Germany.

We have delivered on the first phase of our strategy to reshape Vodafone as a stronger connectivity provider – including the simplification of the group to Europe and Africa, the successful IPO of Vantage Towers (€13.2 billion market capitalisation), the fast roll out of our next generation mobile and fixed networks, share gain in broadband subscriptions and continued reduction in customer churn. Our digital transformation initiatives have generated savings of €0.5 billion over the year and the integration of the assets acquired from Liberty Global is well ahead of plan.

The world has changed. The pandemic has shown how critical connectivity and digital services are to society. Vodafone is strongly positioned and through increased investment, we are taking action now to ensure we play a leadership role and capture the opportunities that these changes create. The increased demand for our services supports our ambition to grow revenues and cash flow over the medium-term. We remain fully focused on driving shareholder returns through deleveraging, improving our return on capital, and a firm commitment to our dividend.

Nick Read
Chief Executive



Scan or click to watch our Chief Executive summarise our performance this year and introduce the next phase of our strategy: investors.vodafone.com/videos-ceo

Our strategy (2019-21) ✓

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Read more
on pages 14-15

The next phase of our strategy

We are now well positioned for the next phase in our multi-year transformation.

Our customer commitments



Best connectivity products & services

Grow revenue through providing the best core connectivity products and services in each of our markets for both consumers and businesses.



Leading innovation in digital services

Leveraging our unique platforms and partnering with leading technology firms to provide customers with a 'best on Vodafone' user experience.



Outstanding digital experiences

Using our leading digital architecture to provide a seamless customer experience across all channels – app, online, retail and physical delivery at home.

Our enabling strategies



Simplified & most efficient operator

Delivering further efficiencies through digital transformation, standardisation of products and procedures, and automation of processes at scale.



Social contract shaping digital society

Influencing policy and regulation to shape a more healthy industry structure, and build a resilient, inclusive and sustainable digital society.



Leading gigabit networks

Maintaining our leading gigabit networks as we provide our customers with the best connectivity products and 'best on Vodafone' user experience.

During this next phase of our ongoing transformation to be a new generation connectivity and digital services provider, we are committed to improving returns.



Read more
on pages 18-20


Stakeholder engagement

Engaging regularly with our stakeholders is fundamental to the way we do business

Regular engagement ensures we operate in a balanced and responsible way, both in the short and longer term.

We are committed to maintaining good communications and building positive relationships with all of our stakeholders, as we see this as essential to strengthening our sustainable business. We have summarised our interactions with key stakeholders during the year below.

Vodafone is required to provide information on how the Directors have performed their duty under section 172 of the Companies Act 2006 to promote the success of Vodafone, including how those matters and the interests of Vodafone's key stakeholders have been taken into account by the Directors. The engagement mechanisms directly involving the Directors are indicated below with a **B** symbol.

 **Read more about how the Board considered stakeholder interests on pages 71-72**

Our customers

We are focused on deepening our engagement with our customers to develop long-term valuable and sustainable relationships. In total we have hundreds of millions of customers across Europe and Africa, ranging from individual consumers to large multinational corporates.

How did we engage with them?

- Digital channels (MyVodafone app, TOBi chatbots, social media interaction and the Vodafone website)
- Call centres
- Branded retail stores

What were the key topics raised?

- Better value offerings
- Faster data networks and wider coverage
- Making it simple and quick to deal with us
- Managing the challenge of data-usage transparency
- Converged solutions for consumer and business customers
- Prompt feedback/resolution on service-related issues

How did the Board engage?

- The Board participated in a dedicated review of the Group's Net Promoter Scores, facilitated by Executive Committee members

How did we respond?

- Launched speed-tiered worry-free unlimited data offers in 10 markets
- Launched 5G in 12 markets and expanded our 4G coverage
- Leveraged our digital channels to support easy access for all of our customers during the COVID-19 crisis
- Upgraded MyVodafone app – new functionality and easier navigation
- Scaled up TOBi (our Artificial Intelligence 'AI' agent) to include voice as well as chat capabilities
- Implemented the highest safety standards possible in our stores in order to keep our customers and colleagues safe
- Introduced integrated packages offering internet, TV and mobile
- Extended our range of consumer IoT products
- Facilitated working from home and increased data allowances during the COVID-19 crisis

Our people

Our people are critical to the successful delivery of our strategy. It is essential that they are engaged and embrace our purpose and values. Throughout the year we focused on a number of areas to ensure that our people are highly motivated and we remained focused on wellbeing.

How did we engage with them?

- Regular meetings with managers
- **B** European Employee Consultative Committee
- **B** National Consultative Committee (South Africa)
- **B** Internal website & live webinars
- **B** Executive Committee discussions
- **B** Newsletters and electronic communication
- **B** Employee Speak Up channel
- **B** Global Pulse and Spirit Beat surveys

What were the key topics raised?

- Opportunities for personal and career development
- Communication and knowledge sharing across the Group
- Enhancing leadership coaching capacity
- Deepening digital skills
- Impacts of COVID-19 and Brexit
- Global Pulse & Spirit Beat survey actions

How did the Board engage?

- Valerie Gooding, in her capacity as Workforce Engagement Lead, updated the Board on employee voice engagements, and the Chief Human Resources Officer provided updates on the Vodafone Spirit

How did we respond?

- Training courses including developing new skills such as digital marketing, e-commerce, coding, big data and analytics
- Internal communication to staff on the impacts of COVID-19 and Brexit
- Introduced new digital tools and apps to improve our people experience as the majority of our employees (95%) continued to work effectively and safely from home during the year
- Provided a range of physical and mental wellbeing services
- Survey actions and monitoring progress at Executive Committee and Board level
- Launched a leadership programme called the Senior Leadership Team ('SLT') Spirit Accelerator for 277 of our senior leaders

Our suppliers

Our business is helped by more than 10,500 suppliers who partner with us. These range from start-ups and small businesses to large multinational companies. Our suppliers provide us with the products and services we need to deliver our strategy and connect our customers.

How did we engage with them?

- Virtual safety forums, events, conferences and site visits
- Tenders and requests for audits
- Supplier audits and assessments

What were the key topics raised?

- Improving health and safety standards
- Promoting diversity and inclusion
- Partnering on environmental solutions
- Timely payment and fair terms
- Supplier/product innovation

How did the Board engage?

- The Board received updates on the role of our key suppliers and geo-political factors impacting our global supply chains

How did we respond?

- Held safety forums virtually every quarter
- Hosted a technology event to encourage our suppliers to explore the latest technologies
- Provided faster payment terms to support over 1,200 smaller businesses during the COVID-19 crisis

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. We interact with local communities and NGOs seeking to be a force for good wherever we operate.

How did we engage with them?

- Through our products and services
- Community interaction on projects relating to education, health, agriculture and inclusive finance
- Participation in key international forums and working groups
- Vodafone Foundation/community partnerships
- Worked with different NGOs around the world

What were the key topics raised?

- Access to connectivity and digital services, and closing the digital divide
- Maintaining connectivity services during the COVID-19 pandemic and providing data analytics support
- Free-to-use social media, education and job sites
- Investment in infrastructure
- Delivery of global and national development goals, including UN Sustainable Development Goals

How did the Board engage?

- A comprehensive update on Vodafone's purpose and Vodafone Foundation was presented to the Board, including progress made against KPIs

How did we respond?

- Responded to COVID-19 with dedicated plans in Europe and Africa, providing donations and services in-kind, and data analytics support to World Bank, UNICEF & IMF
- Launched ConnectU in South Africa – a "free-to-use" portal providing essential services to customers
- Ensured that our technology continues to be compliant with national regulations and international guidelines
- We continued work as the largest corporate partner for Connected Education for United Nations High Commissioner for Refugees

Governments and regulators

Our relationship with governments and regulators is important to ensure policies are developed in the interests of our customers and the industry, while also enabling them to better understand the positive impact we can have on the environment and communities we operate in.

How did we engage with them?

- **B** Participation and attendance at company and industry meetings with government and regulators, public forums and parliamentary processes
- **B** Meetings with ministers, elected representatives, policy officials and regulators
- Hosting workshops to improve sector understanding

What were the key topics raised?

- Security and supply chain resilience
- The Digital Economy and Society
- Responses to COVID-19
- The European Green Deal
- Data protection and privacy
- Regulatory environment and compliance

How did the Board engage?

- Management updated the Board on how Vodafone has worked with governments and regulators during the COVID-19 pandemic
- Management provided regular updates on legal and regulatory matters

How did we respond?

- Held workshops with European and US governments as well as the European Commission
- Communications on the impact of electromagnetic fields ('EMF')
- Engaged on network design and deployment (e.g. Open RAN)
- Engaged on issues such as the allocation of spectrum and the protection of consumers
- Discussion on an environment that facilitates investment in technology
- Engaged on the Green and Digital Transformation of the EU
- Engaged on digitisation of Industries and SMEs

Our investors

Our investors include individual and institutional shareholders as well as debt investors. We maintain an active dialogue with our investors through our extensive investor relations programme.

How did we engage with them?

- **B** Personal meetings, virtual roadshows, conferences
- **B** Annual & interim reports and presentations
- Capital markets days
- Stock Exchange News Service ('SENS') announcements
- Re-platformed Investor relations website to enhance digital communication capabilities
- **B** Annual General Meeting ('AGM')
- **B** Investor perception study and regular feedback survey

What were the key topics raised?

- Strategy to deliver sustained financial growth
- Impact of COVID-19
- Allocation of capital
- Corporate governance practices
- ESG strategy and targets
- Dividend policy
- Deleveraging strategy

How did the Board engage?

- Due to restrictions on large gatherings, the 2020 AGM was closed. However, shareholders were able to submit questions to the Board
- Investor roadshows are attended by Directors for direct Q&A sessions

How did we respond?

- We conducted over 1,000 investor interactions through meetings with major institutional shareholders, debt investors, individual shareholder groups and financial analysts, and attended several conferences
- Meetings were attended by the appropriate mix of Directors and senior management, including our Chairman, Chief Executive, Chief Financial Officer, and Executive Committee members
- Capital markets day as part of the IPO of Vantage Towers and a virtual investor briefing for Vodafone Business

Our financial performance (continued)

Associates and joint ventures

	FY21 €m	FY20 €m
VodafoneZiggo Group Holding B.V.	(232)	(64)
Indus Towers Limited	274	19
Safaricom Limited	217	247
Vodafone Idea Limited	—	(2,546)
Other	83	(161)
Share of results of equity accounted associates and joint ventures	342	(2,505)

VodafoneZiggo Joint Venture (Netherlands)

The results of VodafoneZiggo (in which Vodafone owns a 50% stake) are reported here under US GAAP, which is broadly consistent with Vodafone's IFRS basis of reporting.

Total revenue grew 1.6% (Q3: 0.5%, Q4: 1.8%) to €4.0 billion. This reflected mobile contract customer base growth and strong Business fixed demand, partly offset by lower roaming, visitor and handset revenue.

During the year, VodafoneZiggo added 262,000 mobile contract customers, supported by the successful 'Runners' campaign and higher demand from businesses. Strong Business fixed performance was supported by an increase in the customer base, as well as higher demand for unified communications and remote-working solutions. The number of converged households increased by 81,000, with 44% of broadband customers and 71% of all B2C mobile customers now converged, delivering significant NPS and churn benefits. VodafoneZiggo was the first operator to launch a nationwide 5G network in the Netherlands and also completed its analogue TV switch-off during April 2021. VodafoneZiggo now offers 1 gigabit speeds to more than 3.1 million homes and is on track to provide nationwide coverage in 2022.

Adjusted EBITDA grew by 5.2%, supported by top line growth and cost synergies realisation, more than offsetting a year-on-year impact from lower roaming and visitor mobile revenue. VodafoneZiggo has now successfully delivered the €210 million cost and capital expenditure synergies targeted, one year ahead of the original plan.

During the year, Vodafone received €209 million in dividends from the joint venture, as well as €43 million in interest payments. The joint venture also drew down an additional €104 million shareholder loan from Vodafone to fund spectrum licences acquired in July 2020.

Indus Towers Associate (India)

In November 2020, we announced that the merger of Indus Towers Limited ('Indus Towers') and Bharti Infratel Limited ('Bharti Infratel') had completed. The merged company is listed on the National Stock Exchange of India and the Bombay Stock Exchange and was renamed Indus Towers Limited following the merger. Vodafone was issued with 757.8 million shares in the merged company in exchange for its 42% shareholding in Indus Towers and this is equivalent to a 28.1% shareholding in the combined company.

Indus Towers is classified as held for sale at 31 March 2021 in the consolidated statement of financial position. The Group's interest in Indus Towers has been provided as security against certain bank borrowings secured against Indian assets and partly to the pledges provided to the new Indus Towers entity under the terms of the merger between erstwhile Indus Towers and Bharti Infratel.

Safaricom Associate (Kenya)

Safaricom service revenue declined by 0.3%* (Q3: 1.6%*, Q4: 6.4%*) due to depressed economic activity and the zero-rating of some M-Pesa services in the first half of the year. The quarter-on-quarter improvement in Q4 was driven by an increase in M-Pesa revenue as service fees normalised and higher demand for fixed broadband. Adjusted EBITDA decreased by 3.3% primarily driven by a decline in revenue.

Vodafone Idea Limited Joint Venture (India)

In October 2019, the Indian Supreme Court gave its judgement in the Union of India v Association of Unified Telecom Service Providers of India case regarding the interpretation of adjusted gross revenue ('AGR'), a concept used in the calculation of certain regulatory fees. Vodafone Idea was liable for very substantial demands made by the Department of Telecommunications ('DoT') in relation to these fees. Based on submissions of the DoT in the Supreme Court proceedings (which the Group is unable to confirm as to their accuracy), Vodafone Idea reported a total estimated liability of INR 654 billion (€7.6 billion) excluding repayments and including interest, penalty and interest on penalty up to 30 June 2020. On 17 February, 20 February, 16 March and 16 July 2020, Vodafone Idea made payments totalling INR 78.5 billion (€0.9 billion) to the DoT. In September 2020, the Supreme Court of India directed that telecom operators make payment of 10% of the total dues by 31 March 2021 and thereafter repay the balance, along with 8% interest, in 10 annual instalments.

Vodafone Idea Limited ('Vodafone Idea') recorded losses for each of the six month periods ended 30 September 2019, 31 March 2020 and 30 September 2020, respectively. For the six months ended 30 September 2019, the Group recognised its share of estimated Vodafone Idea losses arising from both its operating activities and those in relation to the AGR judgement. The Group has no obligation to fund Vodafone Idea, consequently the Group's recognised share of losses in the six months ended 30 September 2019 was limited to the remaining carrying value of Vodafone Idea which was therefore reduced to €nil at 30 September 2019; no further losses have been recognised by the Group.

As part of the agreement to merge Vodafone India and Idea Cellular in 2017, the parties agreed a mechanism for payments between the Group and Vodafone Idea pursuant to the crystallisation of certain identified contingent liabilities in relation to legal, regulatory, tax and other matters, and refunds relating to Vodafone India and Idea Cellular. Cash payments or cash receipts relating to these matters must have been made or received by Vodafone Idea before any amount becomes due from or owed to the Group. Any future payments by the Group to Vodafone Idea as a result of this agreement would only be made after satisfaction of this and other contractual conditions. The Group's potential exposure under this mechanism is now capped at INR 64 billion (€747 million). See note 29 'Contingent liabilities and legal proceedings' to the consolidated financial statements for further information.

Vodafone Hutchison Australia / TPG Telecom Limited Joint Venture (Australia)

In July 2020, Vodafone Hutchison Australia Pty Limited ('VHA') and TPG Telecom Limited ('TPG') completed their merger to establish a fully integrated telecommunications operator in Australia. The merged entity was admitted to the Australian Securities Exchange ('ASX') on 30 June 2020 and is known as TPG Telecom Limited. Vodafone and Hutchison Telecommunications (Australia) Limited each own an economic interest of 25.05% in the merged unit.

Purpose, sustainability and responsible business

We connect for a better future

Purpose pillars

Our strategy helps to deliver our targets across three purpose pillars: Digital Society; Inclusion for All; and Planet – and ensures Vodafone acts responsibly and ethically, wherever we operate. We are also committed to supporting the delivery of the UN Sustainable Development Goals ('SDGs').

Inclusion for All

Ensuring everyone has access to the benefits of a digital society.

Access for all

We are finding new ways to roll-out our network to rural locations in our markets, through a number of initiatives, including network sharing.

Propositions for equality

We are providing relevant products and services to address specific societal challenges such as access to education, gender equality, financial inclusion and poverty.

48.3 million

customers using M-Pesa (or equivalent)

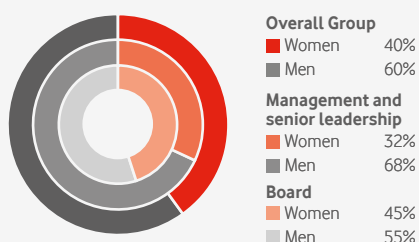
15.9 million

additional female customers in Africa and Turkey since 2016

Workplace equality

We are committed to developing a diverse and inclusive global workforce that reflects the customers and societies we serve. This year, our diversity and inclusion focus has been on removing barriers to workplace equality, by accelerating momentum on gender equality, sustaining focus on LGBT+, setting solid foundations on race and ethnicity, and ensuring our physical and digital workplace is fully accessible.

Women in management and leadership roles



Planet

Reducing our environmental impact and helping society decarbonise.

Net zero

This year, we set a 2030 Science-Based Target and committed to reaching 'net zero' emissions across our full value chain by 2040.

56%

renewable electricity purchased

Enabling our customers to reduce emissions

We have committed to helping our customers reduce their own carbon emissions by a cumulative total of 350 million tonnes between 2020 and 2030.

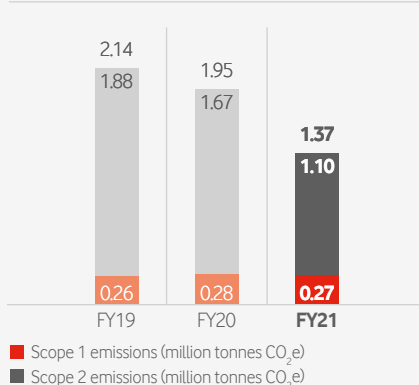
7.1 million

avoided tonnes of CO₂e as a consequence of our IoT technologies and services in FY21

Building a circular economy

We are focused on reducing e-waste, progressing against our target to reuse, resell or recycle 100% of our network waste by 2025, and driving action to reduce device waste.

Scope 1 and 2 GHG emissions



Digital Society

Connecting people and things and digitalising critical sectors.

Gigabit network

We continue to invest in our network infrastructure and coverage to deliver a high-quality service that allows individuals and businesses to connect anywhere, at any time.

Over 150 million

customers connected to our next-generation networks

Small and medium-sized enterprises ('SMEs')

Through Vodafone Business, we provide products and services which are specifically tailored for SMEs.

One million

business customers across Europe now using our free digital V-Hub service

Healthcare sector

Our connectivity and platforms are supporting the digitalisation of healthcare, ranging from enhanced hospital connectivity to connected IoT monitoring devices.

Smart cities

Our IoT platform and technology are supporting cities to become smarter to adapt to the demands of urban growth, as well as improve the lives of the citizens within them.

Agriculture sector

We are helping to increase the amount of information that farmers have available to them, enabling the optimisation of operations and use of resources.

2.1 million

smallholder farmers across Africa registered to our Connected Farmer platform



Click to read about our three purpose pillars:
vodafone.com/our-purpose

Purpose (continued)

Building platforms for financial inclusion

Goal: To connect over 50 million people and their families to mobile money services by 2025

Financial inclusion is key to reducing extreme poverty. Nevertheless, many people, especially women, still lack access to financial services with close to 1.7 billion adults currently un-banked¹. Without the ability to transfer money, people are limited in their ability to save, access loans, start a business and even be paid.

In 2007, together with our Kenyan associate, Safaricom, we developed the first mobile money transfer service, M-Pesa. This provides financial services to millions of people who have a mobile phone but limited access to a bank account. It is also widely used to manage business transactions and to pay salaries, pensions, agricultural subsidies and government grants, and reduces the associated risks of robbery and corruption in a cash-based society.

In April 2020, Vodacom and Safaricom completed the acquisition of the M-Pesa brand and the product development team from Vodafone Group through M-Pesa Africa, a newly created joint venture. The joint venture will help consolidate M-Pesa as the largest FinTech company in Africa and accelerate the growth of M-Pesa across the continent.

As of March 2021, 48.3 million customers were using M-Pesa (or equivalent), with over 15.2 billion transactions made in the year (1.7 million per hour on average) through a network of more than 918,500 agents.

In the last year we disbursed €4 billion in loans and overdrafts across our markets. We also launched a lending marketplace in Tanzania and Mozambique to enable lenders to easily integrate and offer a range of credit products with tailored pricing and terms to millions of customers and businesses.

During the COVID-19 crisis, we implemented measures to support customers across our markets and promote digital payments as a safer way to transact than cash. These included removing fees on person-to-person transactions, increasing transaction and balance limits in partnership with the regulators and creating more flexible customer registration processes.

This year we have seen a significant increase in mobile money customers, as the COVID-19 crisis has accelerated consumers moving to cashless transactions. Over the next year, we plan to evaluate our 2025 goal to ensure it better reflects our commercial ambition and opportunity.

M-Pesa and mobile money services adoption

	Number of mobile money customers (million)	% of service revenue	% M-Pesa penetration on GSM base
Kenya	28.3	33%	90%
Tanzania	7.4	37%	62%
Mozambique	4.9	19%	73%
DRC	3.0	10%	26%
Lesotho	0.9	10%	69%
Ghana	1.6	3%	40%
Egypt	2.3	1%	7%

Note:

1. World Bank 2017.

Workplace equality

We are passionate about making the world more connected, inclusive and sustainable, and committed to creating a place where everyone can truly be themselves and belong. We bring the human touch to our technology to create a better digital future for all, starting with our people.

Our people

We are committed to developing a diverse and inclusive global workforce that reflects the customers and societies we serve.

Key information

	2021	2020
Average number of employees	94,274	92,866
Average number of contractors	10,481	11,269
Employee contract types		
Permanent	87%	87%
Fixed term contracts	13%	13%
Full-time	93%	92%
Part-time	7%	8%
Number of markets where we operate	19	21
Employee nationalities	137	126
Our people across the Group		
Germany ¹	14%	14%
UK ¹	9%	10%
Italy ¹	5%	5%
Spain ¹	4%	4%
Vodacom ¹	11%	11%
_VOIS and Shared Operations ²	31%	30%
Other ³	26%	26%
Employee experience		
Employee engagement index ⁴	74	77
Alignment to purpose ⁴	93%	94%
Voluntary turnover rate ⁵	8%	12%
Involuntary turnover rate ⁵	3%	7%

Notes:

All headcount figures exclude non-controlled operations such as in the Netherlands, Kenya, Australia and India.

- The percentages reflect headcount in each operating company or group of operating companies such as Vodacom. The percentages exclude headcount in our shared services businesses (_VOIS) and other shared operations.
- _VOIS + Shared Operations constitute a significant number of our employees, and includes _VOIS headcount across our footprint (India, Romania, Hungary and Egypt) as well as in our global Group entities.
- Other includes employees based in all other operating companies (Albania, Czech Republic, Egypt, Ghana, Greece, Hungary, Ireland, Portugal, Romania, Turkey) and other countries.
- More detail on our employee survey is included on page 21. Our employee engagement index is based on a weighted average index of responses to three questions: satisfaction working at Vodafone; experiencing positive emotions at work; and recommending us as an employer. Alignment to purpose is based on a single question that asks whether employees feel their daily work contributes significantly to Vodafone's purpose.
- Turnover rates have decreased since 2020 due to the COVID-19 pandemic and a lower number of involuntary leavers. Wherever possible, we have protected the employment of our people. We have not used furlough schemes in any of our markets during the pandemic. The voluntary turnover rate includes retirements and death-in-service.

Diversity and inclusion

This year, our diversity and inclusion focus has been on removing barriers to workplace equality, by accelerating momentum on gender equality, sustaining focus on LGBT+, setting solid foundations on race and ethnicity, and ensuring our physical and digital workplace is fully accessible. Our expanded focus on multiple dimensions of diversity reflects our ambition to be a company with a global workforce that reflects the customers, communities and businesses we serve, as well as the wider societies in which we operate.

Goal: We aim to have 40% women in management roles by 2030.

We have reached 32%, and continue to drive progress through our programmes, policies and leadership incentives. Our progress and achievements to increase diversity were recognised with the inclusion of Vodafone in the Bloomberg Gender Equality Index and Refinitiv's D&I Top 100 during the year. As part of our approach, we ensure that there is gender diversity when resourcing for senior leadership roles and our leadership team is accountable for maintaining and encouraging diversity amongst their teams. Women in management targets are also embedded in our long-term incentive plans. We hired 53% women for our graduate roles, and to date have supported 564 people back into employment after a career break through our Reconnect programme, of whom 470 were women. We have also connected with over 5,000 girls via our digital skills programme 'Code Like a Girl' since 2017, including 576 this year, and continued this programme during the COVID-19 pandemic by launching a digital coding classroom experience, available to all markets.

Gender diversity

	2021	2020
Women on the Board	45%	42%
Women on the Executive Committee	29%	29%
Women in senior leadership positions ¹	30%	29%
Women in management and senior leadership roles ²	32%	31%
Women as a percentage of external hires	43%	38%
Women as a percentage of graduates	53%	53%
Women in overall workforce	40%	39%

Notes:

1. Percentage of senior women in our top 178 positions (FY20: 173).
2. Percentage of women in our 6,609 management and leadership roles (FY20: 6,372).

In 2019, Vodafone launched the first global domestic violence policy, which set out comprehensive workplace resources, security and other measures for employees at risk of experiencing, and recovering from, domestic violence and abuse. As the majority of the global workforce shifted to home working in the outbreak of COVID-19, reports of a 'shadow pandemic' of domestic violence intensified worldwide. Our markets considered the policy very important for supporting employees affected by domestic violence and abuse. Of those affected, the most frequent forms of support were counselling and advice, paid safe leave and referrals to specialist organisations with adaptations to working hours and workload. We reinforced our commitment to this area through training, technology, modified remote working policies and support for other employers. Our technology includes free apps such as Bright Sky, which provides support and information to anyone in an abusive relationship or those concerned about someone they know, reaching over 75,000 users.

To support the health and wellbeing of our people through different life stages, we commissioned a global research project which identified that 62% of women with symptoms of menopause found it impacted their work. In March 2021, we made a global commitment to support women experiencing menopause, estimated to currently affect 37% of women in Vodafone. The virtual global launch event was held during International Women's Week in March with over 1,400 participants, and was followed by the release of digital supporting toolkits and resources. During the year, we also implemented our global parental leave policy across our markets, giving every parent the opportunity to take 16 weeks of fully paid leave with a phased return to work over six months where parents work the equivalent of four days and are paid for five to spend time with new children in their family. Alongside gender equality, we retained focus on supporting the LGBT+ community, being recognised as a Top Global Employer by Stonewall. Our global LGBT+ network is thriving, with over 3,000 allies and active support from senior executives who champion inclusion.

We marked International Day of People with Disabilities with a global event attended by over 600 people, highlighting initiatives across markets that create inclusive environments for customers and colleagues with visible and invisible differences. We have also hosted training on neurodiversity and accessibility webinars to ensure our colleagues are aware of the accessibility features in our digital workplace and how to use them.

This year, we have expanded our existing diversity and inclusion agenda and focused on race and ethnicity, starting with our Global Black Lives Matter webinar listening to colleagues share their experience. To build capability in holding conversations on race in the workplace, we launched a 'Let's talk about race' session in partnership with "Business in the Community". We delivered Race Fluency sessions for our senior leaders, and launched cross-company reciprocal mentoring schemes. In October 2020, we hosted a global Black History Month webinar to reiterate our commitment, with the sponsorship of our Vodafone Business CEO, Vinod Kumar.

To better understand representation across our organisation and target diversity and inclusion programmes more effectively, we launched a campaign called #CountMeIn in November 2020, which encourages employees to voluntarily self-declare their diversity demographics. These include race, ethnicity, disability, sexual orientation, gender identity and caring responsibilities, in line with local privacy and legal requirements. Our intention is to use this data to set leadership targets around race and ethnicity, to complement our commitments on gender, by the end of 2021. We are still in the process of collecting robust and complete data for our entire workforce, however 29% of our Executive Committee members are from ethnically diverse backgrounds.

Our commitment to diversity and inclusion is reflected across our global policies and principles, such as our Code of Conduct and our Fair Pay principles.



Read more about our Fair Pay principles
on page 97



Click to read about our approach to fair pay:
vodafone.com/fair-pay

Purpose (continued)

Planet

We believe that urgent and sustained action is required to address the climate emergency. Business success should not come at a cost to the environment, and we are committed to ensure the greening of all of our activities. We also see a key role for our digital networks and technologies in helping to address climate change. Digitalisation is key to saving energy, using natural resources more efficiently and creating a circular economy.

This year, as part of the acceleration guided by our social contract, and our commitment to “build back better”, we brought forward our target to purchase 100% renewable electricity in Europe, from 2025 to July 2021. Building on previous commitments, we set a new Science-Based Target to reduce our carbon emissions and we set a ‘net zero’ goal.

To help deliver a twin digital and green transformation, we also set a target to enable our customers to reduce their emissions; and we updated our supplier evaluation criteria to include environmental considerations. In addition, we continue to focus on reducing electronic waste (e-waste), progressing against our target to reuse, resell or recycle 100% of our network waste by 2025, and driving action to reduce device waste.

We were recognised by global environmental non-profit organisation CDP for our actions and transparency on our environmental impact and secured a place on CDP’s climate change ‘A List’. This places us in the top 5% of companies that responded to CDP’s 2020 climate change questionnaire.

We also continued our work to identify potential climate change risks and opportunities through conducting Task Force on Climate-related Financial Disclosures (TCFD) scenario-based risk and opportunity assessments across key markets. We are using the insights to create mitigating controls and identify ways to embed climate risk into our risk management system and processes.

Our Planet goals

- | | |
|------|--|
| 2021 | – Purchase 100% of the electricity we use in Europe from renewable sources by July 2021 |
| 2025 | – Purchase 100% of the electricity we use globally from renewable sources
– Reuse, resell or recycle 100% of our network waste |
| 2030 | – Eliminate all carbon emissions (‘net zero’) from our own activities and from energy we purchase and use (Scope 1 and 2)
– Halve carbon emissions from our carbon footprint (against a 2020 baseline), including joint ventures, all supply chain purchases, the use of products we have sold and business travel (Scope 3)
– Enable our business customers who use our services to reduce their own carbon emissions by a cumulative total of 350 million tonnes between 2020 and 2030 |
| 2040 | – Eliminate Scope 3 emissions completely to reach ‘net zero’ across our full carbon footprint |

 Read more on Vodafone’s approach to climate change risk aligned to the TCFD on page 59

 Click to download our ESG Addendum:
investors.vodafone.com/esgaddendum

Reducing carbon emissions

Goal: To reduce our own carbon emissions to ‘net zero’ by 2030 and across the full value chain by 2040.

We set an approved 2030 Science-Based Target in line with reductions required to keep warming to 1.5°C, becoming the first major telecoms operator to follow the emission reduction pathway developed for the ICT sector (setting out specific emissions reduction trajectories for mobile, fixed and data centres).

We also committed to reaching full value chain ‘net zero’ emissions by 2040.

Driving energy efficiency

Despite ever-growing use of data and expansion of our networks, this year our total Scope 1 and 2 GHG emissions decreased by 30% to 1.37 million tonnes of CO₂e (carbon dioxide equivalent), due to our ongoing focus on energy efficiency and an increase in the proportion of renewable electricity purchased.

We are committed to continually improving the energy efficiency of our base station sites and in our technology centres, which together account for 96% of our total global energy consumption. During FY21, we invested €65 million of capital expenditure in energy efficiency and on-site renewable projects across our business, which has led to annual energy savings of 135 GWh.

This has been underpinned by the implementation of the ‘best-in-class’ ISO 50001 Energy Management System framework. To date, Albania, Germany, Greece, Ireland, Spain, Turkey and the UK have been awarded certification, with other markets due to implement the framework in the next year. Key energy efficiency initiatives we have focused on during the year include:

- sourcing and deploying more efficient network equipment and powering-down carriers during times of low traffic;
- gradually switching off the 3G network (which is typically 70% less energy efficient than 4G) and decommissioning legacy equipment in our core network;
- deploying high-density pods (modular blocks with concentrated power and cooling technology) to maximise the performance of servers and minimise cooling requirements within data centres;
- reducing energy demand by installing lower-energy power and cooling technologies; and
- using AI algorithms in our passive infrastructure, allowing us to optimise energy use in cooling.

We continue to work with eSight Energy to implement an energy data management system using data feeds from our electricity suppliers and from smart meters. This system is now live across 12 markets in Europe, with smart meters installed at 62,000 sites. This year, we developed additional functionality, including a module to validate energy savings from projects, forecasting of energy consumption, tenant billing reports and capacity and meter calibration reports.

TCFD disclosure

We recognise that climate change poses a number of physical (i.e. caused by the increased frequency and severity of extreme weather events) and transition-related (i.e. economic, technology or regulatory challenges related to moving to a greener economy) risks and opportunities for our business. As part of our commitment to operate ethically and sustainably, we are dedicated to understanding climate-related risks and opportunities and embedding responses to these into our business strategy and operations. We are aligning internal processes with the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD'). The summarised progress is detailed in this section as we aim to be fully aligned by 2022.

More in-depth information on our work to date on climate-related risks and opportunities, as well as further plans as we continue the TCFD programme can be found in our first standalone TCFD report.



Click to read our TCFD report:
investors.vodafone.com/tcfid

Governance

The Group External Affairs Director, a member of the Group Executive Committee, is the executive-level sponsor for the Planet agenda as part of our purpose-led strategy (pages 38-40) and has overall accountability for the climate change action within the Group. This includes providing updates to the Board on the progress towards our climate-related goals. In addition, at the 2020 AGM shareholders approved the current Remuneration Policy which incorporates our environmental, social and governance ('ESG') priorities in the executive long-term incentive plan. For FY21, this measure included a specific greenhouse gas reduction ambition linked to our 2025 target of reducing our emissions by 50% from the FY17 baseline. More details can be found in the Directors' Remuneration Report on pages 82-103. Further details on how TCFD is managed at Group and in key markets are available in our TCFD Report.

Strategy

This year, we have made progress in understanding the current and potential climate-related impacts on our business, strategy, and financial planning.

We have adopted three scenarios in line with the Bank of England's reference climate scenarios as outlined in their consultation document released in December 2019. This year, we conducted the required assessments to quantify the business impacts of all material climate-related risks under each scenario and over different time horizons to better understand the financial impact on our business.

To continue our TCFD programme, we will use the outputs of the scenario analysis to assist us in either adjusting or introducing policies, as well as considering the available opportunities. We continue to review each material climate-related risk and opportunity and build mitigation strategies to improve the resilience across our infrastructure portfolio and our key markets.

Risk management

We have continued to align the climate-related risk management process with the global risk management framework. The following data sources were used for this year's process:

- Climate-change publications and data;
- Relevant literature on the potential impacts of climate change on the ICT sector;
- Guidance from TCFD on potential risks and opportunities; and
- CDP (formerly Carbon Disclosure Project) data and disclosures from other companies in the ICT sector.

We evaluated the materiality of the identified risks and opportunities by assessing their likelihood and impact using our global risk management framework. This process helped us determine the relative significance of the climate-related risks in relation to other risks. We are currently working to further embed applicable climate-related risks, controls and monitoring metrics into our risk management framework using our emerging risks process.

Metrics and targets

We use a wide variety of metrics to measure climate-related current and potential impact. We have been measuring and reporting on energy and carbon emissions since 2001. In addition, we have set a number of ambitious targets to manage climate-related risks and reduce our impact on the environment, such as reaching 'net zero' emissions across our full value chain by 2040 and purchasing 100% renewable electricity in Europe by July 2021, and all markets by 2025. We constantly review whether any additional metrics and key risk indicators can be identified to measure and manage climate-related risks, and track and act on the opportunities resulting from the impact of climate change.

Material risks and opportunities

Physical risks:

- Damage to infrastructure caused by increasing frequency and severity of extreme weather events, including wildfires, flooding, storms
- Damage to infrastructure caused by sea level rise
- Interruption or reduction in the quality of our wireless services due to increased precipitation

Transition risks:

- Changing consumer preferences impacting our revenues and market share
- Increasing energy consumption due to increased global temperatures
- Changing cost of carbon impacting costs to meet Vodafone's net zero target
- Increasing risk of litigation around climate action
- Increase in carbon taxation
- Changes in regulation over infrastructure efficiency

Opportunities:

- Change in market valuation as a result of changing investor expectations with regard to climate change and Vodafone's ESG performance
- Change in the availability and cost of capital impacted by sustainability performance
- Increasing consumer attractiveness and ability to meet net zero targets through increased energy efficiency of products and services

Risk management (continued)

COVID-19

The vital role telecommunications companies play in society has become more evident during the COVID-19 pandemic. Telecommunications services are critical in enabling people to work remotely, allowing businesses to remain operational, supporting emergency services and government responses, and providing access to online education. Through our infrastructure, we have kept people and societies connected.

We have closely monitored the evolution of COVID-19 as it has continued to impact different countries to varying degrees over time and adapted our risk profile as required. We continue to maintain close contact with local health authorities and government agencies in all of our geographies, so that we minimise the risk to Vodafone, our operations and employees.

Governance

During the early stages of the pandemic, we initiated our response to this crisis by invoking the Group's crisis management process. This process enabled us to prepare a number of planning scenarios based on a range of assumptions and potential outcomes. A Crisis Steering Committee ('Steerco') continues to meet with representatives from the Group and our local markets. The Steerco receives updates and feedback on measures implemented locally, collects best practice, and assesses the adequacy of the Vodafone response as we monitor changes in the virus patterns and the impact it has on our operations.

Impact on our principal risks

We do not consider the COVID-19 pandemic as an individual risk but rather monitor how the pandemic amplifies our principal, emerging and operational risks see pages 54-58.

Using this approach, we are able to manage the 'domino effect' of different risk types while identifying both the negative and positive impacts on our operations. As shown on page 54, we assign each of our risks to a category (strategic, technological, operational and financial) which allows us to prioritise and provide the required assurance. The section below summarises the impact the pandemic had on the different risk categories.

Strategic

Given the nature of the telecommunications industry and the important role communication services have played during the pandemic, external stakeholders have focused more on our sector during the COVID-19 pandemic. We have continued to build stronger relationships and partnerships through our social contract with our stakeholders, industry players and governments when managing strategic risks.

 [Read more about social contracts on page 19](#)

We continue to monitor external impacts caused by the COVID-19 pandemic. For example we monitor potential adverse changes in regulations or further scrutiny by regulatory authorities which could lead to higher taxes as governments address the potential budget deficit following the pandemic.

More positively, we have seen an increase in consumers and business customers adopting more data services such as video conferencing and video on demand streaming.

Financial

The COVID-19 pandemic has caused significant volatility in the financial markets. This can affect both our access to capital markets and the cost of debt. However, the telecommunications industry has not been as severely impacted. We anticipate a delayed impact as inflation rises due

to an expected increase in spending, once countries begin to exit lock-downs. These inflation expectations can drive interest rates higher, which can make long-term borrowing more expensive.

Commercially, the biggest impact was related to our roaming and visitor revenue, however, we expect this to recover as vaccinations programmes are successful and travel restrictions are lifted. We anticipate that as furlough and other government support schemes start to be withdrawn, there might be a decrease in our customers' spending power.


Technological

We have seen a significant increase in data usage during the pandemic and therefore, we have focused on our capacity management processes. Additionally, some of our local markets operate critical national infrastructure which was increasingly needed during the pandemic, and we made sure that we implemented mitigations to better support our infrastructure.

With travel restrictions implemented in most countries, we were not always able to perform physical site visits for business continuity or to test our EMF exposure and therefore ran either robust desktop exercises or used new innovative ways to remotely evaluate our sites.

 [Read more about EMF operating model on page 49](#)

All organisations have seen an increase in the number of phishing cyber security attacks as cyber criminals attempted to exploit the uncertainty of the pandemic.


 [Read more about cyber security on page 46](#)

At the start of the crisis, telecommunications companies were exposed to unsubstantiated and misinformed allegations linking COVID-19 to our 5G rollout plan. This incited some vandalism to network equipment affecting our ability to service some of our customers.

 [Read more about EMF on page 49](#)

Operational

We prioritised the safety and wellbeing of our people, ensuring that we had the business continuity plans in place to operate while most of our people moved to working from home.

 [Read more about our people wellbeing and safety on page 48](#)

Additionally, to lessen the potential burden on our suppliers, we have implemented controls to assist them through our COVID-19 payment relief policy.

 [Read more about the supporting of small businesses on page 41](#)

Due to lock-down, social distancing and COVID-19 related restrictions, our ability to physically serve our customers was restricted. We have accelerated and increased our digital transformation projects providing a better customer experience and to capture opportunities as consumer confidence and markets rebound.

Conclusion

To be better prepared for future events such as the COVID-19 pandemic, we have updated our risk process. This approach, which runs parallel to our principal risk process, allows for a quicker identification of threats and risks. The process provides better visibility to our internal stakeholders and more oversight and governance across our risks. We continue to monitor the risks and threats arising from COVID-19 and similar events.

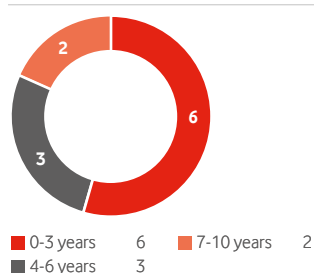
Governance at a glance

Leadership, governance and engagement

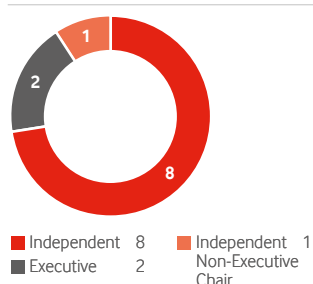
Our Board

The Nominations and Governance Committee regularly reviews the Board's composition to ensure a diverse mix of backgrounds, skills, knowledge and experience as well as deep expertise in technology and telecommunications. Each year, the Board monitors and improves its performance by conducting an annual performance review.

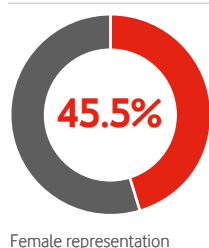
Tenure



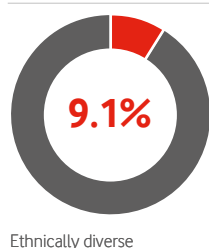
Independence



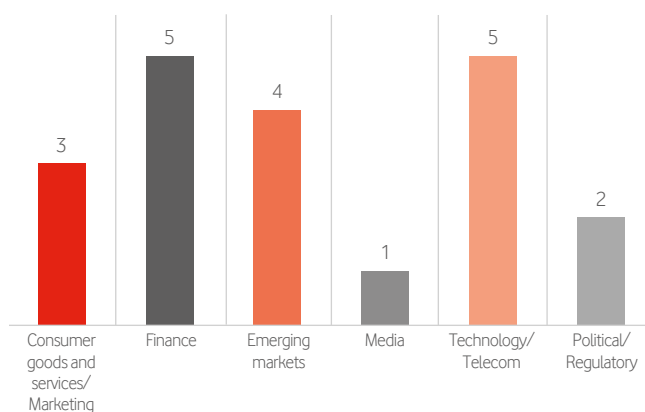
Gender diversity



Ethnicity



Skills and expertise of Non-Executive Directors



Attendance

Seven scheduled meetings of the Board were held during the year as well as five meetings of the Audit and Risk Committee, four meetings of the Remuneration Committee and three meetings of the Nominations and Governance Committee. Ad hoc meetings of the Board and its Committees were also held during the year, as required.

Name	Board ¹	Nominations and Governance Committee ¹	Audit and Risk Committee ¹	Remuneration Committee ¹
Sanjiv Ahuja	7/7	—	5/5	—
Sir Crispin Davis	7/7	3/3	1/1	—
Margherita Della Valle	7/7	—	—	—
Michel Demare	7/7	—	5/5	4/4
Dame Clara Furse	7/7	—	—	4/4
Valerie Gooding	7/7	3/3	—	4/4
Renee James ²	6/7	3/3	—	4/4
Gerard Kleisterlee	4/4	1/1	—	—
Amparo Moraleda	7/7	—	5/5	—
David Nish	7/7	—	5/5	—
Nick Read	7/7	—	—	—
David Thodey	1/1	—	—	—
Jean-François van Boxmeer	5/5	2/2	—	—

Notes:

1. The number of attendances is shown next to the maximum number of meetings the Director was entitled to attend.
2. Renee James was unable to attend one scheduled meeting of the Board due to a prior business engagement.

Board evaluation

Progress in the year

- Jean-François' succession to the Chairman role completed and induction progressed.
- Presentations to the Board to enhance understanding of emerging risks and opportunities.
- The Board's strategy meeting was successfully held via video conference where a range of senior managers presented to the Board.

Actions for coming year

- Varied forms of engagement between Directors.
- Review the mix of skills in light of the next phase of our strategy.
- Concentration on organic improvement and growth.
- Monitoring progress on ESG and cultural change.



Scan or click to watch our Chairman share his views on his first months at Vodafone:
investors.vodafone.com/videos-chair



Read more
on page 73

Committee activities

The Committees undertake focused oversight of Board composition and performance, internal processes and controls and remuneration practices. On 11 May 2021, the Board approved the establishment of an ESG Committee to enhance its oversight of the ESG programme.

ESG Committee

The objective of our new ESG Committee is to provide oversight of Vodafone's ESG programme: Purpose (Inclusion for All; Planet; and Digital Society), sustainability and responsible business practices as well as Vodafone's contribution to the societies we operate in under the social contract. The Committee also monitors progress against key performance indicators and external ESG index results.


Nomination and induction

The Nominations and Governance Committee is normally responsible for the nomination of Directors, however the Chairman search was conducted by a sub-committee led by Valerie Gooding. An overview of the process for the nomination and induction of Jean-François is shown below. At the date of this report, Step 7 was completed.



New Non-Executive Director

It is intended that Olaf Swantee will join the Board as a Non-Executive Director following the AGM on 27 July 2021, subject to shareholder approval. Olaf has extensive experience of the telecommunications sector and a consistent record of creating shareholder value.

 [Read more](#)
on page 68

Audit and risk: In-depth reviews

The Audit and Risk Committee regularly performs deep dive reviews of our principal risks and key markets and operations. In addition to being provided with regular updates in these areas, deep dives were undertaken in legal and regulatory compliance, including our Group procurement company, Vodafone Business, Vodacom and M-Pesa, Germany and the UK, global economic disruption, cyber threat and information security, strategic transformation, technology failure, and geo-political risk in supply chain.



Scan or click to watch the Chair of the Audit and Risk Committee, David Nish, explain his role:
investors.vodafone.com/videos-arc

Remuneration across the Group

The Remuneration Committee takes account of the pay policies in place across the wider business. Remuneration arrangements were reviewed across the business to ensure they fully aligned with our strategy, supported our purpose, and celebrated the Vodafone Spirit.

Principles of fair pay:

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

96%

shareholder support for the current Remuneration Policy

 [Read more](#)
on pages 84-89



Scan or click to watch our prospective Non-Executive Director introduce himself:
investors.vodafone.com/videos-ned



Scan or click to watch the Senior Independent Director and Chair of the Remuneration Committee explain her role: investors.vodafone.com/videos-rem

Chairman's governance statement

Strong corporate governance supports our continued strategy execution, business resilience and contribution to societies in which we operate

I am pleased to present the Corporate Governance Report for the year ended 31 March 2021 on behalf of the Board.

An effective and diverse Board

I was honoured to become Chairman of the Board on 3 November 2020 when Gerard Kleisterlee retired after a decade of service to Vodafone. I am grateful to him for the quality of the Board I have joined.

The restrictions imposed by the COVID-19 pandemic have meant my introduction to Vodafone has been almost entirely digital. This has reinforced for me the immense value of the connectivity Vodafone provides to customers, businesses, governments and society, enabling them to run their daily lives and operate smoothly and efficiently.

The restrictions on travel during the year meant that we held all our Board and Committee meetings by video conference. I am pleased that we were able to hold our meetings with the same cadence as usual, adjusting meeting times to account for different time zones. We also held a number of ad hoc meetings in the early days of the pandemic to ensure the Company was adapting quickly to the rapidly evolving situation.

This past year, we have seen the way the world works change profoundly and I have been impressed with the flexibility, creativity and dynamism of Vodafone in its response to the significant challenges we've faced. During the year, the Board worked with the executive team to ensure Vodafone developed and executed its strategy as well as contributing meaningfully to the efforts of governments and communities to manage the pandemic and to support our customers and employees during this unprecedented period.

The last year has been extremely challenging and I am grateful to my fellow Directors, the executive team and the people of Vodafone for their hard work and strong spirit throughout.

My colleagues on the Board are experienced business leaders who bring a wealth of knowledge and experience from diverse sectors and countries. This supports the Board's discussions on the strategic, operational and sustainability issues which affect the Company today or may do so in the future. As Vodafone moves ahead at pace with its strategy, I am working with my fellow Directors on the Nominations and Governance Committee to ensure our Board continues to comprise a mix of people who have diverse backgrounds, experiences, cultures and thinking styles and deep knowledge of the telecommunications and technology sectors. I am therefore pleased that shareholders will have the opportunity at our 2021 annual general meeting to appoint a new Director to our Board, Olaf Swantee, who has a wealth of experience in the telecommunications sector. I would also like to thank Renee James, ahead of her retirement from the Board on 27 July 2021, for her many valuable contributions to Vodafone during her tenure.

Purpose

Vodafone is a purpose led company. We connect for a better future, enabling inclusive and sustainable digital societies. The relevance of our purpose became very apparent during 2020, a year of pandemic, extreme climate events, and demands for more inclusive societies. Vodafone can, and will, play an important role in working with governments and others to address these issues. We have clear plans with targets for enabling inclusive digital societies and helping to tackle climate change. In the shorter term, we are committed to playing a key role in supporting the post-COVID economic and social recovery in the countries where we operate.

Opportunities and risks

As described in the Strategic Report, we see opportunities to grow Vodafone's business by deepening our relationship with customers and by developing new products and services for them.

We are driving forward energetically to capture these opportunities and doing so whilst also maintaining a strong focus on risk management. The Board and the Audit and Risk Committee have reviewed each of the Company's top 10 risks and during the year received detailed updates on risks relating to, amongst other topics, technology failure, geo-political risk in the supply chain, cyber threats, and information security. Furthermore, additional financial stress testing and liquidity impact analyses were carried out to reflect the impact of COVID-19 and to inform the Group's long-term viability statement.

Continued stakeholder engagement

In March, I had individual meetings with 20 of the Company's largest shareholders. Topics discussed included Vodafone's strategy, challenges and opportunities, the Company's portfolio of assets, our Board and my induction into the Company.

Our annual general meeting was held as a closed meeting on 28 July 2020 due to the restrictions imposed by the UK government at that time. It was disappointing for the Board not to be able to engage with shareholders in person. Nonetheless, the former Chairman, Gerard Kleisterlee, delivered a presentation to shareholders online and answers to questions submitted by shareholders were published on our website. These materials are available to view at vodafone.com/agm

Valerie Gooding continues to serve as the Board's Workforce Engagement Lead, gathering the views of employees through a number of employee consultative committees across all our European and African markets. As well as COVID-19 impacting the format for those meetings, it also dominated discussion at the forums. Valerie was impressed by employees' overwhelming support for Vodafone's efforts to respond to the COVID-19 pandemic.

Extensive and diverse skills, knowledge and experience

Our business is led by our Board of Directors.

Biographical details of the Directors and senior management as at 18 May 2021 are provided.

External appointments listed are only those required to be disclosed pursuant to Listing Rule 9.6.



Click to find full biographical information for the Directors:
[vodafone.com/board](https://www.vodafone.com/board)

Jean-François van Boxmeer ^N

Chairman – Independent on appointment

Tenure: <1 year

Skills and experience:

Jean-François brings to the Vodafone Board his extensive international experience in driving growth through both business-to-business and business-to-consumer business models and in-depth knowledge of the countries in which Vodafone operates. Jean-François is highly-regarded as having been one of the longest standing and most successful CEOs in Europe. He was the Chief Executive of Heineken for 15 years, having been with the company for 36 years. Jean-François held a number of senior roles in Africa and Europe before joining Heineken's Executive Board in 2001 with worldwide responsibility for supply chain and technical services, as well as regional responsibility for the operating businesses in North-West Europe, Central and Eastern Europe and Sub-Saharan Africa.

External appointments:

- Mondelez International, Inc., non-executive lead director
- Heineken Holding N.V., non-executive director

Nick Read

Chief Executive – Executive Director

Tenure: 2 years (as Chief Executive)

Skills and experience:

As Chief Executive, Nick combines strong commercial and operational leadership with a detailed understanding of the telecoms sector 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.

External appointments:

- Booking Holdings Inc., non-executive director and member of nominating and corporate governance committee

Margherita Della Valle

Chief Financial Officer – Executive Director

Tenure: 2 years

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.

External appointments:

- Reckitt Benckiser Group plc, non-executive director and member of audit committee

Valerie Gooding CBE ^N ^R

Senior Independent Director and Workforce Engagement Lead

Tenure: 7 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.

Sanjiv Ahuja ^A

Non-Executive Director

Tenure: 2 years

Skills and experience:

Sanjiv is the founder and chairman of Tillman Global Holdings, which provides telecommunications and renewable energy project development services. He has broad telecoms expertise, having led mobile, broadband and infrastructure companies, such as Telcordia (formerly Bellcore), Orange SA, Bell Communications Research and Lightsquared, as well as considerable international experience from operating in Europe, the United States, Africa and Asia.

His comprehensive knowledge of the telecoms sector is valuable to Board discussions.

Sir Crispin Davis ^N

Non-Executive Director

Tenure: 6 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.

External appointments:

- Hasbro Inc., non-executive director and member of compensation committee and nominating, governance & social responsibility committee

Committee key

- | | |
|---|--|
| ^A Audit and Risk Committee | ^R Remuneration Committee |
| ^N Nominations and Governance Committee | ● Solid background signifies Committee Chair |

Governance (continued)

Michel Demaré

Non-Executive Director

Tenure: 3 years

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-Global Polyolefins & Elastomers Division, 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.

External appointments:

- AstraZeneca PLC, non-executive director and chair of the remuneration committee and member of the nomination and governance committee and the audit committee

Dame Clara Furse DBE

Non-Executive Director

Tenure: 6 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. In 2008 she was appointed Dame Commander of the Order of the British Empire.

External appointments:

- Amadeus IT Group SA, non-executive director and chair of nominations and remuneration committee

Renee James

Non-Executive Director

Tenure: 10 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.

External appointments:

- Oracle Corporation, non-executive director
- Citigroup Inc., non-executive director and member of risk management committee and operations & technology committee

Amparo Moraleda

Non-Executive Director

Tenure: 3 years

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.

External appointments:

- Airbus Group, senior independent director, chair of nominations and governance committee and remuneration committee and member of ethics & compliance committee
- CaixaBank, non-executive director and chair of remuneration committee
- AP. Moller - Maersk, non-executive director and member of the audit committee, remuneration committee and technology and innovation committee

David Nish

Non-Executive Director

Tenure: 5 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.

External appointments:

- HSBC Holdings plc, senior independent director, chair of the audit committee and member of the risk committee and nomination & corporate governance committee

New Non-Executive Director

On 11 February 2021, it was announced that Olaf Swantee would stand for election by shareholders at the 2021 AGM. His biographical details can be found below:

Olaf Swantee

Prospective Non-Executive Director

Skills and experience:





Olaf brings a wealth of communications expertise, has a strong track record of value creation and has presided over a number of Europe's leading telecoms businesses. He is also passionate about technology and its potential to change society for the better.

Olaf was CEO of Sunrise Communications between 2016-2020 and transformed the company's brand, network and services to establish it as the quality challenger in the Swiss market. Prior to that he was CEO of EE, where he successfully merged Orange UK and T-Mobile.

External appointments:

- Mobile Zone, Chairman

Committee key

- | | |
|---|--|
|  Audit and Risk Committee |  Remuneration Committee |
|  Nominations and Governance Committee |  Solid background signifies Committee Chair |

Governance (continued)

Executive management

The Executive Committee is comprised of Nick Read, Chief Executive, Margherita Della Valle, Chief Financial Officer, a number of senior executives responsible for global commercial operations, human resources, technology, external affairs and legal, as well as the Chief Executive Officers of our largest operating companies in Germany, the UK, Italy, Spain, Europe Cluster and Vodacom Group.



Click to find biographies for each member of the Executive Committee: [vodafone.com/exco](https://www.vodafone.com/exco)

Executive Committee

Each year, the Executive 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 10 times during the year to consider the items noted below. In addition, in response to the COVID-19 pandemic, additional meetings were held weekly in the first part of FY21 to assess our response to the critical needs of our business, people and communities throughout the Group.

- Purpose and strategy;
- Updates on the Group's financial performance;
- Commercial and business performance updates;
- Sustainable business strategy and social contract;
- Developments in our business and portfolio;
- Brexit and COVID-19;
- Talent and succession plan updates; and
- Updates and reports on health and safety matters.

A new Executive sub-committee, the Global Products Board, was established during the year. This is led by Nick Read and is dedicated to overseeing our global product strategy, helping to coordinate commercial programmes by strategically evaluating capital allocation opportunities and identifying those capable of achieving scale across the Group.

Chief Executive

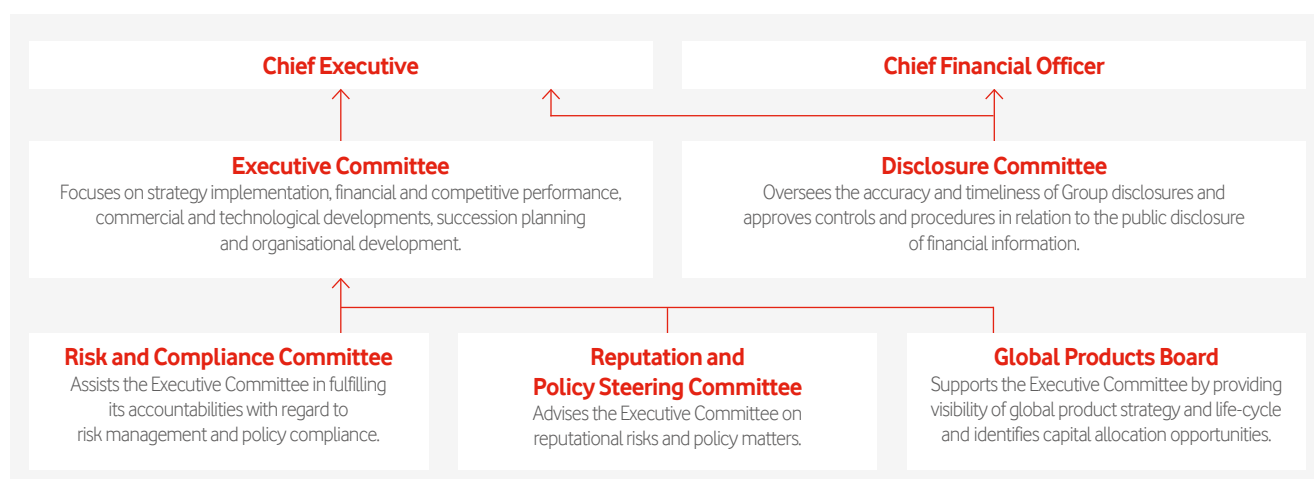
- Provides leadership of the Company, including representing the Company to customers, suppliers, governments, shareholders, financial institutions, employees, the media, the community and the public and enhances the Group's reputation;
- Leads the Executive Directors and senior management team in running 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 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.

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 ensures 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; and
- Provides advice and keeps the Board updated on corporate governance developments.



Governance (continued)

Our people

Investing in our talent and skills

Employee voice – Spirit

Progress with our newly launched cultural programme, 'The Spirit of Vodafone', was reported to, and monitored by, the Board. It was important for the Board to capture the sentiment of the workforce and measure the success of the programme.

Health and safety

The Board received reports on health and safety initiatives, considering the wellbeing of the people working for and with us throughout the Group. For incidents resulting in the death of an employee, the Board requests detailed reports on the ongoing work being undertaken to eliminate the risk of fatalities and work-related safety incidents.

Modern slavery

The Board monitors our compliance with the requirements of the UK Modern Slavery Act 2015.

Financial strength

Revenue, cost, free cash flow and balance sheet

US bonds

As part of its oversight of our business's long-term funding requirements, the Board receives annual updates on activity related to our two bond programmes; the US shelf programme listed on NASDAQ and the Euro Medium Term Note programme listed in both London and Dublin, to ensure cost efficient and dependable financial resources are available to the business. The first tranche of mandatory convertible bond matured in March 2021 and the Company issued a series of notes due between November 2021 and January 2024.

Dividend

To support each dividend approved by the Board, detailed updates are received from Group Investor Relations and Group Finance relating to financial resilience, performance outlook and external views and the Board has an opportunity to discuss those and other relevant considerations.

Key stakeholder interests considered:

- **Investors:** whilst reliable cash returns are generally positive for shareholders and attractive to prospective investors, the COVID-19 pandemic caused a divergence in views amongst institutional investors. Some were supportive of businesses retaining cash to protect themselves from the prolonged period of uncertainty, whilst others preferred that cash returns be maintained where appropriate.
- **Governments and regulators:** during COVID-19, the UK government expressed concerns over the long-term viability of businesses and encouraged businesses to consider retaining cash to 'weather the storm'.

Decision-making:

The concerns of our key stakeholders were considered by the Board. The Board's decision was supported by a robust assessment of the position, performance and viability of the business carried out by management. The Board was mindful that the Directors had continued to adopt the going concern basis in preparing the annual report and accounts and was also cognisant of available reserves to support the dividend.

On 16 November 2020, we announced a dividend of 4.5 eurocents per share and have recommended a dividend of 4.5 eurocents per share to be paid on 6 August 2021. This was consistent with dividends declared during FY20 and the expectations of our shareholders.

Other

System of internal control

Details of the operation of our internal risk and compliance processes informed the Board's discussions on cultural change and operational matters.

Risk tolerance and risk management

The Board reviewed management's identification and assessment of the top 10 principal risks and their impact on strategy and commercial initiatives.

Regulatory landscape

Executives provided regular and detailed updates on various regulatory matters, including the classification of the telecommunications sector as an 'essential service' during COVID-19, restrictions on our key suppliers, and spectrum auction structures.

COVID-19

The COVID-19 global pandemic has created an unprecedented challenge for the global economy. The Board was provided with comprehensive updates on the financial and business impact on Vodafone and the changes to the regulatory environment. The Board endorsed management's five-point plan which was launched in Spring 2020 to contribute to public efforts to respond to the COVID-19 pandemic. The Board kept under review the action taken by management to protect the health and safety of our people and continue to provide critical services to our customers, the emergency services and wider society.

Brexit

The Board considered the likelihood and potential impact of a no-deal Brexit on the Company and its stakeholders, with particular focus on Vodafone UK and Business. Following the withdrawal of the United Kingdom from the European Union on 31 January 2021, the Board continued to monitor any potential impact on our business.

ESG Committee

On 11 May 2021, the Board formally approved the establishment of a new Committee of the Board, the ESG Committee. The objectives of the ESG Committee include the oversight of Vodafone's ESG programme: Purpose (Inclusion for All; Planet; and Digital Society), sustainability and responsible business practices, as well as Vodafone's contribution to the societies we operate in under the social contract. The Committee also monitors progress against key performance indicators and external ESG index results.

Key stakeholder interests considered:

- **Investors:** strong ESG governance has become a key requirement of an ESG programme.
- **Governments and regulators:** ensure compliance with local and international legal and regulatory obligations.
- **Local Communities and NGOs:** ESG matters affect the day-to-day lives of the people in our local communities.
- **Suppliers and customers:** seek high ethical standards to be upheld end-to-end in the supply chain.
- **Employees:** seek protection from health and safety risks, but also take pride in being part of our commitment to ESG matters.

Decision-making:

The Board believed that the ESG Committee will promote the long-term success of Vodafone, for the benefit of its members as a whole and our key stakeholders, by providing the Board with enhanced oversight of ESG matters.

The establishment of a new ESG Committee is a strong signal to all our key stakeholders, and wider society, of the strength of Vodafone's commitment to its ESG programme and goals, and enhances the commitments made in the social contract.

Effective use of our skills and experience 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 Board evaluation

Since the appointment of a new Chairman of the Board in 2020, the Board decided to have an externally facilitated review of its effectiveness early in the new Chairman's tenure. Therefore it appointed Consilium Limited, an independent board review firm, to conduct the 2021 Board evaluation. Consilium had conducted the last externally facilitated review in 2019. The Board asked Consilium to assess whether the recommendations it had made in its 2019 review had been implemented and to make a new assessment of the Board's current effectiveness. Consilium is considered fully independent as it does not have a relationship with the Board or any Director.

Consilium took input from the Chairman, Senior Independent Director, Chief Executive and Company Secretary on the design of the review process and the areas to be covered by the questionnaire that was used to gather input to enable a rigorous review of the Board as a whole, its Committees and individual Directors' contributions to Board discussions and decision-making. The objectives of the review were to provide an assessment of Vodafone Group's Board effectiveness and governance.

A tailored Board questionnaire was compiled to gather and distil feedback. Consilium collated the responses from Directors, held interviews with selected Directors and the Company Secretary, made an independent assessment of the effectiveness of the Board and presented a report on its findings and recommendations to the Board which was considered at Board and Committee meetings in March 2021.

The evaluation was designed in part to evaluate the progress made on the four actions identified by the 2020 evaluation. Those were:

- Developing the Board's understanding of relevant regulatory authorities and further attention on customers.
- The effective induction of Jean-François van Boxmeer and seamless transfer of the Chairman role.
- A better understanding of customer insights and the development of its understanding and oversight of Vodafone Business.
- Enhancing the Board's Strategy meeting.

Summary of findings

Progress against 2020 actions

The evaluation determined that Jean-François' succession to the Chairman role had been successfully completed and the comprehensive induction could be improved only with personal visits to Vodafone's main operating locations once travel restrictions are eased.

Presentations to the Board on regulatory developments and consumer behaviours had enhanced the Board's understanding of emerging risks and opportunities for Vodafone.

The Board's Strategy meeting could not be held in person because of the COVID-19 pandemic but was successfully held via video conference and the Board benefited from receiving a range of presentations from senior managers.

Actions for the FY22 financial year

The 2021 Board review reported that virtual working had somewhat blunted the liveliness of discussions and the Directors, recognising the need to continue to improve the quality of conversations, agreed with Consilium's recommendations for:

- more and different forms of engagement between Directors, with and without the Executive Directors;
- refreshing the Board's composition and reviewing the mix of skills and experience on the Board in light of the next phase of strategy;
- continuing to ensure Board agendas concentrate on the specifics of organic improvement and growth and their underlying drivers; and
- understanding closely the organisation's capacity, capabilities and cultural change and monitoring progress on new proposition developments, ESG and culture change.

Details of the next Board evaluation and progress made on the above actions will be reported in the 2022 Governance Report.

Annual Report on Remuneration (continued)

UK Gender Pay Gap reporting

Each year we publish our UK Gender Pay Gap in line with the statutory UK methodology. The nature of the statutory calculation means the gap will fluctuate year on year, influenced by changes in our business structure, Company performance and the percentage of men and women at all levels and positions. The existence of a UK gender pay gap in our business is primarily a consequence of more men than women holding senior or specialist, and therefore higher-paid, roles.

With our commitment to embed an inclusive culture, we continue our work to reduce the gap and have made good progress since the publication of the first report in 2017. Our global programmes aim to support all women across different roles, areas, and geographies of our business and will, over time, reduce our specific UK Gender Pay Gap (which this year was calculated as 12.0% – a slight increase from our 2019 figure of 10.9% but below our 2018 figure of 16.1%). While we have made progress, we are committed to doing more.



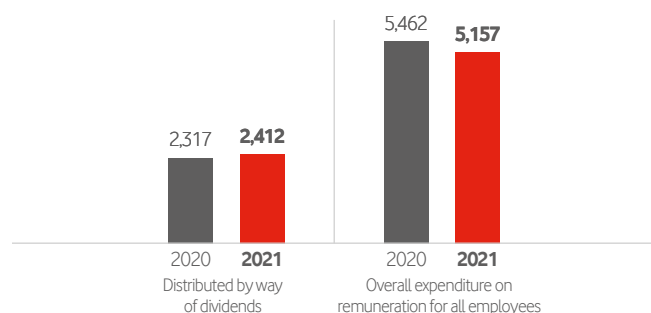
Click to learn more about our initiatives, case studies, and key statistics on our dedicated UK Gender Pay Gap webpage at vodafone.com/uk-gender-pay-gap

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 152 and 184 respectively.

£m



CEO pay ratio

The following table sets out our CEO pay ratio figures in respect of 2021, 2020 and 2019:

Year	CEO single figure	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	£3,615k	Option B	108:1	88:1	42:1
2020	£3,529k	Option B	113:1	69:1	45:1
2019 ¹	£4,359k	Option B	154:1	107:1	56:1

Note:

1. 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 the role during this year.

The pay ratio figures in the above table are calculated using the following total pay and benefits information:

Year	Supporting information	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	Salary	£30.0k	£37.1k	£71.2k
	Total pay and benefits	£33.5k	£41.0k	£85.3k
2020	Salary	£28.0k	£42.8k	£65.0k
	Total pay and benefits	£31.3k	£51.1k	£78.6k
2019	Salary	£23.1k	£36.4k	£65.0k
	Total pay and benefits	£28.3k	£40.8k	£78.2k

The calculation methodology used reflects Option B as defined under the relevant regulations. In line with the relevant regulations this utilises the most recently collected and disclosed 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.

This year our ratios have remained relatively stable when viewed on a year-on-year basis. This reflects how the single figures for both the Chief Executive and employees at the quartile positions have remained consistent when viewed over the period set out in the table above. We expect the ratios to be primarily driven by the valuation of the long-term incentive that is included in the Chief Executive's single figure for the year.

Change in remuneration for Directors and all employees between 2020 and 2021

In line with the new regulatory requirements, the table below calculates the percentage change in Directors' remuneration (salary, taxable benefits and annual bonus payment) between the 2020 and 2021 financial years compared to the average remuneration for other Vodafone Group employees who are measured on comparable business objectives and who have been employed in the UK since 2021 (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 deemed the most appropriate employee group for this comparison.

	Percentage change from 2020 to 2021		
	Base salary / fee	Taxable benefits	Annual bonus
Executive Directors			
Nick Read	0.0%	-23.8%	19.4%
Margherita Della Valle	0.0%	-4.5%	19.3%
Non-Executive Directors			
Jean-François van Boxmeer (appointed 28 July 2020)	—	—	—
Valerie Gooding	0.0%	-100.0%	—
Sanjiv Ahuja	0.0%	-66.7%	—
Sir Crispin Davis	0.0%	-95.7%	—
Michel Demaré	0.0%	-100.0%	—
Dame Clara Furse	0.0%	-100.0%	—
Renee James	-13.5%	-100.0%	—
Maria Amparo Moraleda Martinez	0.0%	-100.0%	—
David Nish	0.0%	-96.8%	—
Former Non-Executive Directors			
David Thodey (stepped down 27 July 2020)	-43.3%	-100.0%	—
Gerard Kleisterlee (stepped down 3 November 2020)	-40.8%	-92.5%	—
Other Vodafone Group employees employed in the UK	3.8%	0.2%	30.2%

Annual Report on Remuneration (continued)

Assessing pay and performance

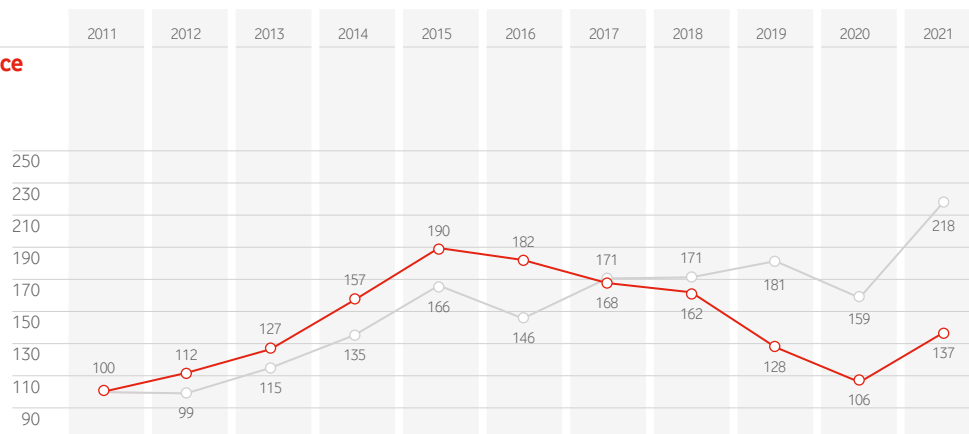
In the table below we summarise the Chief Executive's single figure remuneration over the past 10 years, as well as how our variable pay plans have paid out in relation to the maximum opportunity. This can be compared with the historic TSR performance over the same period. The chart below shows the performance of the Company relative to the STOXX Europe 600 Index over a 10-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 TSR element of the 2019 GLTI is based on the TSR performance shown in the chart on page 93 and not this chart.

10-year historical TSR performance

Growth in the value of a hypothetical
€100 holding over 10 years

Vodafone Group

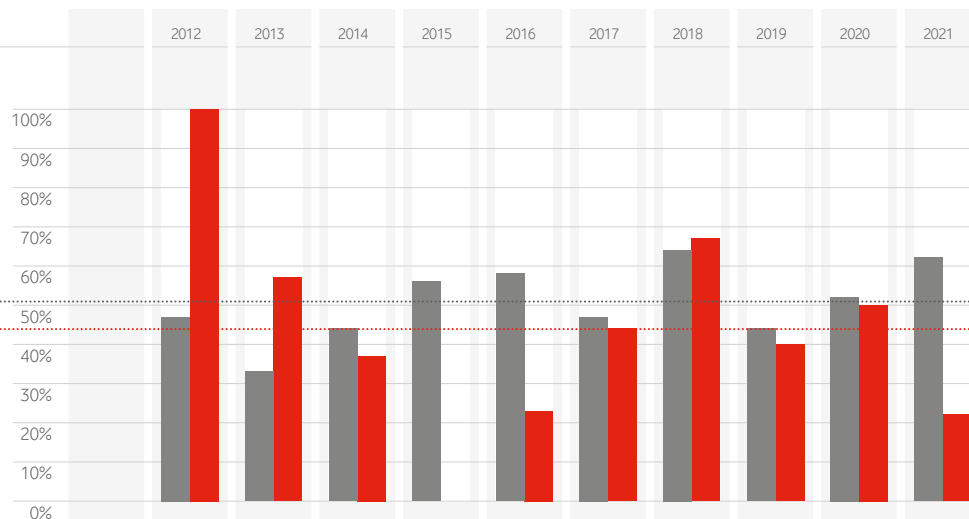
STOXX Europe
600 index



Financial year remuneration for Chief Executive

■ Annual Bonus
average 51%

■ LTI
average 44%



Single figure of total remuneration €'000

Annual bonus

(actual award versus max opportunity)

Long-term incentive

(vesting versus max opportunity)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Single figure of total remuneration €'000	15,767	11,099	8,014	2,810	5,224	6,332	7,389	2,740 ¹ /1,619 ²	3,529	3,615
Annual bonus (actual award versus max opportunity)	47%	33%	44%	56%	58%	47%	64%	44%	52%	62%
Long-term incentive (vesting versus max opportunity)	100%	57%	37%	0%	23%	44%	67%	40%	50%	22%

Notes:

1. Reflects the single figure in respect of Vittorio Colao for the period to 30 September 2018.
2. Reflects the single figure in respect of Nick Read for the period from 1 October 2018.

2022 remuneration

Details of how the Remuneration Policy will be implemented for the 2022 financial year are set out below.

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 Committee also considered the wider external context in light of the developing COVID-19 situation, and the commitments made to our wider employee population.

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.

2022 Base salaries

In March 2021 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).

As set out on page 82 in the Letter from the Remuneration Committee Chairman, neither the Chief Executive nor the Chief Financial Officer have received a salary increase since their appointment to their current roles in 2018. In the light of their strong performance and growing experience in role the Committee agreed an increase would be justified. However, in line with the restraint on salary increases for the wider leadership team, the Committee felt that salaries for both Executive Directors should remain unchanged for the year ahead at the current levels of:

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

The Committee acknowledges the importance of our arrangements remaining fair and competitive and will review this situation again next year.

The Committee further determined that salaries for Executive Committee members will also remain unchanged.

Pension

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

2022 Annual Bonus ('GSTIP')

In light of the uncertainty caused by COVID-19 and the subsequent difficulty to set an accurate one-year service revenue target for the 2021 financial year, the decision was taken to remove the service revenue condition from the 2021 plan and retain the remaining three measures.

As set out on page 82 of the Letter from the Remuneration Committee Chairman, for the 2022 plan the Committee has agreed to re-introduce service revenue given the strategic importance of growth to our business and our ability to now accurately forecast an appropriate target.

The performance measures and weightings for 2022, 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 Score¹ ('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.

Due to the potential impact on our commercial interests, annual bonus targets are considered commercially sensitive and therefore will be disclosed in the 2022 Remuneration Report following the completion of the financial year.

Long-term incentive ('GLTI') awards for 2022

Awards for 2022 will be made in line with the arrangements described in our policy on pages 86 and 87. Vesting of the 2022 award will be subject to adjusted free cash flow (60% of total award), relative TSR (30% of total award), and ESG (10% of total award) performance. Performance will be measured over the three financial years ending 31 March 2024, and any net vested shares will be subject to an additional two-year holding period (i.e. the '3+2' model). It is anticipated that the final awards will be reviewed by the Committee at the July 2021 meeting and, subject to the Committee's approval, will be granted shortly after in August 2021.

Directors' report

The Directors of the Company present their report together with the audited consolidated financial statements for the year ended 31 March 2021.

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 108 and 109 which also provides details regarding the disclosure of information to the Company's auditor and management's report on internal control over financial information.

Going concern

The going concern statement required by the Listing Rules and the UK Corporate Governance Code (the 'Code') is set out in the "Directors' statement of responsibility" on page 109.

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 mistreatment or loss. This is described in more detail in the Audit and Risk Committee Report on pages 76 to 81.

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 53 to 61).

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 page 65. The information required by DTR 7.2.6R can be found in the "Shareholder information" section on pages 227 to 232. A description of the composition and operation of the Board and its Committees including the Board Diversity Policy is set out on page 69, pages 74 to 81 and page 90. The Code can be viewed in full at frc.org.uk.

Strategic Report

The Strategic Report is set out on pages 1 to 61 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 2021 and up to the date of signing the financial statements are as follows: Jean-François van Boxmeer (appointed on 28 July 2020), Nick Read, Margherita Della Valle, Sanjiv Ahuja, Sir Crispin Davis, Michel Demaré, Dame Clara Furse, Valerie Gooding, Renee James, Maria Amparo Moraleda Martinez, David Nish, David Thodey (stepped down on 27 July 2020) and Gerard Kleisterlee (stepped down on 3 November 2020). A summary of the rules related to the appointment and replacement of Directors and Directors' powers can be found on page 229. 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 82 to 103.

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 75.

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

Ordinary shares of Vodafone Group Plc are traded on the London Stock Exchange and in the form of ADSs on NASDAQ.

ADSs, each representing 10 ordinary shares, are traded on NASDAQ under the symbol "VOD". The ADSs are evidenced by ADRs issued by Deutsche Bank, as depositary, under a deposit agreement, dated 27 February 2017 between the Company, the depositary and the holders from time to time of ADRs issued thereunder.

ADS holders are not shareholders in the Company but may instruct Deutsche Bank on the exercise of voting rights relative to the number of ordinary shares represented by their ADSs. See "Articles of Association and applicable English law" and "Rights attaching to the Company's shares – Voting rights" on page 229.

Notes to the Company financial statements (continued)

9. Equity dividends

Accounting policies

Dividends paid and received are included in the Company financial statements in the period in which the related dividends are actually paid or received or, in respect of the Company's final dividend for the year, approved by shareholders.

	2021 €m	2020 €m
Declared during the financial year:		
Final dividend for the year ended 31 March 2020: 4.50 eurocents per share (2019: 4.16 eurocents per share)	1,205	1,112
Interim dividend for the year ended 31 March 2021: 4.50 eurocents per share (2020: 4.50 eurocents per share)	1,207	1,205
	2,412	2,317
Proposed after the balance sheet date and not recognised as a liability:		
Final dividend for the year ended 31 March 2021: 4.50 eurocents per share (2020: 4.50 eurocents per share)	1,260	1,205

10. Contingent liabilities and legal proceedings

	2021 €m	2020 €m
Other guarantees	3,340	3,979

Other guarantees and contingent liabilities

Other guarantees principally comprise the Company's guarantee of the Group's 50% share of a US\$3.5 billion loan facility (2020: AUD1.7 billion and US\$3.5 billion loan facilities), which forms part of the Group's overall joint venture investment in TPG Telecom Ltd (2020: Vodafone Hutchison Australia Pty Limited), and the guarantee of €1.8 billion (2020: €1.9 billion) of subsidiary spectrum payments.

The Company will guarantee the debts and liabilities of certain of its UK subsidiaries at the balance sheet date in accordance with section 479C of the Companies Act 2006. The Company has assessed the probability of loss under these guarantees as remote.

As detailed in note 25 "Post employment benefits" to the consolidated financial statements, the Company is the sponsor of the Group's main defined benefit scheme in the UK, being the Vodafone Group UK Pension Scheme ('Vodafone UK plan'). The results, assets and liabilities associated with the Vodafone UK plan are recognised in the financial statements of Vodafone UK Limited and Vodafone Group Services Limited.

As detailed in note 29 "Contingent liabilities and legal proceedings" to the consolidated financial statements, the Company has covenanted to provide security on the Group's performance bonds and also in favour of the trustee of the Vodafone Group UK Pension Scheme and the Trustees of THUS Plc Group Scheme.

Legal proceedings

Details regarding certain legal actions which involve the Company are set out in note 29 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

11. Other matters

The auditor's remuneration for the current year in respect of audit and audit-related services was €3 million (2020: €4 million) and for non-audit services was €nil (2020: €1 million).

The Directors are remunerated by the Company for their services to the Group as a whole. No remuneration was paid to them specifically in respect of their services to Vodafone Group Plc for either year. Full details of the Directors' remuneration are disclosed in the "Annual Report on Remuneration" on pages 82 to 103.

The Company had two (2020: two) employees throughout the year.

Vodafone Group Plc is incorporated and domiciled in England and Wales (registration number 1833679). The registered address of the Company is Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.