------------------------------------------------------------------------------------------------Vodafone 2012-2013

**Mobile technology improves livelihoods and changes lives. Wireless communications play an important role in addressing some of society’s most complex challenges, from climate change and food security, to access to healthcare and education.**

In our Sustainability Report for 2012-13, we outline Vodafone’s significant social and economic contribution across our 30 operating countries and beyond.

We help enterprise customers reduce their energy needs, cut carbon emissions and enhance productivity, for example by using our machine-to-machine (M2M) services – the so-called ‘internet of things’ that connects a wide range of devices to the network – to optimise fleet management, logistics, distribution and manufacturing processes.

We help millions of consumers manage the increasing complexity of their digital lives, enabling people to work smarter, more flexibly and remotely, enhancing individual quality of life while reducing carbon emissions from travel.

And we help more than 274 million customers in emerging markets, investing more than £1.8 billion this year in building the networks and services used for everything from mobile healthcare services in rural clinics, remote learning applications for village schools and crop-price and weather forecasts for farmers, to our very successful M-Pesa mobile money service. Since its launch in 2007, Vodafone’s M-Pesa has transformed the lives of more than 18 million of the poorest people in Africa for whom conventional banking and financial services are not an option.

Mobile technology can have a profound effect on the quality of life of some of the most vulnerable groups in emerging markets. Our partnership with the US Agency for International Development (USAID) and the NGO TechnoServe will use simple mobile technology to help smallholding farmers in Kenya, Mozambique and Tanzania increase yields and secure the best prices for their produce. We’re also working with GSK and the global immunisation organisation the GAVI Alliance to use mobile technology to increase immunisation rates in sub-Saharan Africa, directly reducing childhood mortality rates.

Mobile technology also offers clear macro-economic benefits for businesses and employees in emerging markets: our Connected Worker research found that increased use of mobile technology could deliver an additional $30 billion productivity gain for companies and a $7.7 billion addition to aggregate employee earnings by 2020.

At Vodafone, we know we will be judged on how we reach our goals as well as on the commercial and strategic outcomes achieved. Financial results alone are not enough: a commitment to behave ethically and responsibly at all times is integral to ensuring the long-term sustainability of our businesses.

That commitment takes many forms. It informs our industry leadership role in working with NGOs and peers to define new global principles governing the protection of our customers’ privacy. It underpins our work with suppliers to strengthen measures intended to ensure ethical conduct and employee protection in our supply chain. And it has led to the inclusion of a new chapter in this Report setting out our total economic contribution, on a country-by-country basis, which we hope will provide greater insight and clarity amid the current public debate on corporate taxation.

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**The beliefs, aspirations and concerns of our diverse stakeholders shape our performance as much as any business decision. Everyone we deal with – our customers, shareholders, partners, suppliers, employees, elected representatives, regulators, NGOs and the media – rightly expects everyone at Vodafone to act responsibly and with integrity at all times. Financial results alone are not enough: the societies and communities within which we operate want companies to focus on enhancing lives and livelihoods, not just enhancing returns to their shareholders. Overlooking that expectation would risk undermining our prospects for long-term value creation.**

Our core business is founded on a powerful social good: we exist to help more than 430 million customers in more than 27 countries communicate, share, create, learn and grow. The rapid expansion of communications networks is having a profound impact on the way people manage their daily lives. The social consequences are significant: for example, as we explain in a new section in this report, mobile can be enormously empowering for many women in emerging markets. High-speed data networks are also changing how companies and public sector organisations operate, enhancing productivity and effectiveness and in many cases reducing energy needs, therefore helping to address global warming. The report sets out how our technologies enable our customers to reduce their climate change impact, and gives an overview of our continuing efforts to reduce our operational energy consumption and CO2 emissions.

The data revolution is shaping household habits and enterprise strategies in ways that were little more than science fiction a generation ago. However, radical change often leads to complexity, new emerging risks and new kinds of concerns. Foremost amongst the latter is growing public anxiety about access to citizens’ private information by commercial entities and government authorities. As we explain in this report, the protection of our customers’ privacy is one of our highest priorities. We also reflect the public debate arising from allegations regarding government surveillance with the publication of our first Law Enforcement Disclosure report. This illustrates our approach to responding to law enforcement demands across 29 countries, including information about intelligence agency and authority demands on a country-by-country basis, where statistical data can lawfully be disclosed.

Corporate taxation is also an ongoing focus of public debate. Here, too, we have sought to inform discussions by producing a detailed and transparent insight into our views and approach. Our Tax and Total Economic Contribution report – updated in December 2013 – provides a detailed overview of our role in funding public finances, including a country-by-country breakdown of cash taxes paid: Vodafone is the first international communications operator to do so.

These issues – and others also addressed in this report – are of interest to a wide range of stakeholders. We are accountable to all of you. We hope this report is informative and we look forward to further discussions over the year ahead.