

Vodafone Group Plc

2022 Summary



Welcome to our 2022 Summary

We have adopted a digital first approach to our reporting reflecting how we operate as a business. Whilst the Annual Report continues to be a core part of our reporting suite, we use a simplified format and include links to interactive online content, such as videos. This online material brings to life what we do and how we do it, and provides you with a better overall understanding of our business.

We have also introduced new summaries at the start of each key section in the Annual Report. This document (the '2022 Summary') is comprised of these summaries only and should be read in conjunction with our complete Annual Report.

We continue to publish a separate report that summarises our progress towards meeting the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD'), as well as a comprehensive addendum that includes data on Environmental, Social and Governance ('ESG') topics.

ESG reporting

We have also reported against a number of voluntary reporting frameworks to help our stakeholders understand our sustainable business performance. Disclosures prepared in accordance with the Global Reporting Initiative ('GRI') or Sustainability Accounting Standards Board ('SASB') guidance can be found in our ESG Addendum or on investors.vodafone.com.



vodafone.com



investors.vodafone.com/sasb



investors.vodafone.com/esgaddendum



investors.vodafone.com/tcfd



investors.vodafone.com



investors.vodafone.com/ESG

References

The Annual Report and this 2021 Summary has been designed to aid navigation. We have cross-referenced relevant material and included navigation buttons that are 'clickable' when using the digital version of the Annual Report. Online content can be accessed by clicking links on the digital version of this Annual Report, copying the website address into an internet browser, or scanning the QR code on a mobile device.



Read more
page reference



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related video content online

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Contact details

Shareholder helpline

Telephone
+44 (0)371 384 2532

Investor Relations

ir@vodafone.co.uk
vodafone.com/investor

Media Relations

vodafone.com/media/contact

Sustainability

vodafone.com/sustainability

Online Annual Report

vodafone.com/ar2022

Watch our video content

Our performance



FY22 results
summary:
Nick Read,
Chief Executive



FY22 results
detail:
Nick Read,
Chief Executive



FY22 financial
results:
Margherita
Della Valle, Chief
Financial Officer

Purpose pillars



Digital inclusion



Net zero

Our digital investor briefings



Vodafone Business



Digital Services
& Experiences



Vodafone
Technology

Responsible business



Data privacy



Cyber security



Human rights



Responsible
taxation

Our governance



Jean-François
van Boxmeer,
Chairman



Valerie Gooding,
Senior Independent
Director, Workforce
Engagement Lead
and Chair of the
Remuneration
Committee



David Nish,
Chair of the Audit
and Risk Committee



Amparo Moraleda,
Chair of the
ESG Committee

Our strategic framework

Our strategy is focused on sustainable growth to drive returns

Our purpose: **We connect for a better future****Inclusion for All**

Ensuring everyone has access to the benefits of a digital society



Read more in our Annual Report on pages 36 to 40

**Planet**

Reducing our environmental impacts and helping society decarbonise



Read more in our Annual Report on pages 41 to 44

**Digital Society**

Connecting people and things and digitalising critical sectors



Read more in our Annual Report on pages 44 to 45

Our vision: **A new generation connectivity and digital services provider for Europe & Africa**Our strategy: **Customer commitments**

Best connectivity products and services



Leading innovation in digital services



Outstanding digital experiences

Our strategy: **Enabling strategies**

Simplified and most efficient operator



Social contract shaping the digital society



Leading gigabit networks

Our advantage: **Leading connectivity provider****Our people and culture**

The 'Spirit of Vodafone'



Read more in our Annual Report on pages 21 to 23

**Europe & Africa**

Two attractive regions with scale



Read more in our Annual Report on pages 16 to 20

**Governance and risk management**

Strong frameworks in place



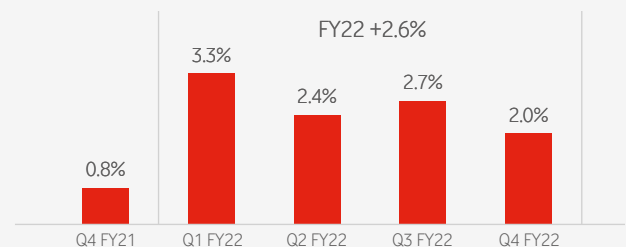
Read more in our Annual Report on pages 59 to 115

FY22 highlights

Our financial performance demonstrates our sustainable growth, despite broader macroeconomic challenges. Our results are in line with our expectations for the year and our medium-term ambitions.

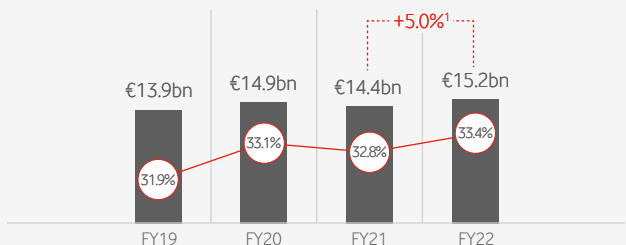
Organic service revenue growth

- Good growth throughout FY22 in both Europe and Africa
- Improving YoY trend in 10 out of 11 European markets



Adjusted EBITDAaL growth

- Our highest EBITDAaL margin of last decade
- Good improvement on pre-pandemic levels

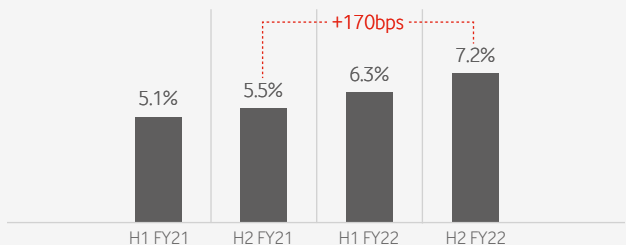


Note:

1. Organic growth. See page 223 of our Annual Report for more information.

ROCE inflection

- Significant ROCE step-up on pre-pandemic level
- EBITDAaL growth driving sustainable ROCE improvement



■ Pre-tax ROCE (LTM)

FY22 Adjusted FCF ahead of guidance

€5.4bn



Read more in our Annual Report on pages 24 to 33

Full year dividend per share

9.0

eurocents

About Vodafone

A new generation connectivity and digital services provider

How we are structured

We recognise the importance of local, in-market scale and capabilities, but also drive further value from our Group scale and breadth of our footprint.

Where we operate and what we sell

Our retail and service operations are split across three broad business lines: Europe Consumer, Vodafone Business and Africa Consumer. Our biggest market is Germany.

Infrastructure assets



Passive mobile

€16.2bn

market capitalisation¹



Active mobile

>180,000

radios²



Fixed network

1.6m

kilometres of fibre and coaxial³

Shared operations



Supplier management

>€600m

savings p.a.



Network & digital operations

>€400m

savings p.a.



Inter-network operations

>€250m

revenue and savings p.a.

Growth platforms



Digital services

>50m

Customers subscribed to a digital service



Internet of Things

150m

IoT SIM connections (FY21: 123 million)



Financial services

52.4m

M-Pesa customers⁴ (FY21: 48.3 million)

Retail & service



Europe Consumer

€20bn

service revenue



Vodafone Business

€10bn

service revenue

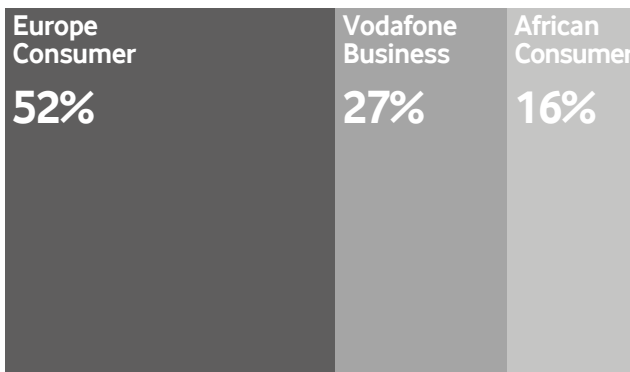


Africa Consumer

€6bn

service revenue

Share of service revenue



Europe Consumer

We provide a range of market leading mobile and fixed-line connectivity services in all of our European markets, enabling customers to reliably call, text and access data on their mobile devices, or access broadband, TV and voice services at home.

Our converged plans combine these offerings, providing simplicity and better value for our customers. Other value added services include our Consumer IoT propositions, as well as security and insurance products.

Vodafone Business

We serve private and 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 into growth areas such as unified communications, cloud & security, and IoT.

African Consumer

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.

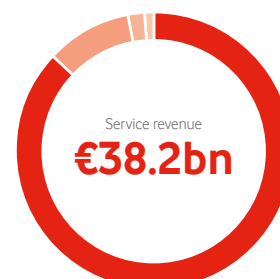
Together with Vodacom's VodaPay super-app and the M-Pesa payment platform, we are the leading provider of financial services, as well as business and merchant services in Africa.

Our products and services

Core connectivity products and services in fixed and mobile account for the majority of our revenue. However, we are constantly expanding our portfolio into high return growth areas, such as digital services, the Internet of Things (IoT) and financial services, that leverage and complement our core connectivity business.

Service revenue

■ Core connectivity	87%
□ Growth platforms	13%
■ Digital services	10%
■ IoT	2%
■ Financial services	1%



Notes:

1. Market capitalisation at 31 March 2022.
2. Group including VodafoneZiggo and Safaricom.
3. Group including Safaricom.
4. Africa including 100% Safaricom.

How we govern

Our business model is underpinned by our strong governance and risk management framework.

Governance


The Board held seven scheduled meetings this year to discuss key strategic matters, our purpose and culture, our people and stakeholder interests.

The **Nominations and Governance Committee** evaluates the composition and performance of the Board and ensures an appropriate balance of independence, skills, knowledge, experience and diversity.

The **Audit and Risk Committee** provides effective governance over the appropriateness of financial reporting of the Group, including the adequacy of related disclosures, the performance of the internal audit function and the external auditor and oversight of the Group's systems of internal control, risk management framework and compliance activities.

The **Remuneration Committee** advises the Board on policies for executive remuneration and reward packages for individual Executive Directors. The Committee also oversees general pay practices across the Group.

The **Environmental, Social and Governance ('ESG') Committee** oversees our ESG programme, including our purpose pillars, sustainability and responsible business practices, and our contribution to the societies we operate in under our social contract.

 [Read more in our Annual Report](#)
on pages 80 to 92




Click or scan to watch our Chairman and Non-Executive Directors speak about their roles in short video interviews: investors.vodafone.com/videos

Risk management

Risks are not static and as the environment changes, so do risks – some diminish or increase, while new risks appear. We continuously review and improve our risk processes in order to ensure that the Company has the appropriate level of support in meeting its strategic objectives.

Our risk framework clearly defines roles and responsibilities, and sets out a consistent end-to-end process for identifying and managing risks. We have embedded the risk framework across the Group as this allows us to take a holistic approach and to make meaningful comparisons. Our approach is continuously enhanced, enabling more dynamic risk detection, modelling of risk interconnectedness and the use of data, all of which are improving our risk visibility and our responses.

Our Board oversees principal and emerging risks, which are reported to the various management committees and the Board throughout the year. Additionally, risk owners are invited to present in-depth reviews to ensure that risks are managed within the defined tolerance levels.

 [Read more in our Annual Report](#)
on pages 59 to 67



Click or scan to watch our privacy and cyber experts explain how we protect customer data and our networks: investors.vodafone.com/videos




How we measure success

We track a range of measures that reflect our financial, operational and strategic progress and performance.

Financial targets

The Group provides guidance on Adjusted EBITDAaL¹ and Adjusted free cash flow¹.

Senior management incentive plans include the following measures: organic service revenue; adjusted EBIT; adjusted free cash flow; customer appreciation metrics; relative total shareholder return; and ESG measures.

 [Read more in our Annual Report](#)
on pages 110 to 112


Return on capital employed ('ROCE')

This is a key focus for the Group and reflects how efficiently we are generating profit with the capital we deploy. Our goal is for ROCE to exceed our cost of capital through consistent revenue growth, ongoing margin expansion, strong cash flow conversion, and disciplined allocation of capital.

 [Read more in our Annual Report](#)
on page 32


Operational metrics

We have a number of commercial metrics that are used to monitor our progress against our key strategic priorities and reflect the strong underlying momentum across the business.

 [Read more in our Annual Report](#)
on page 16

Social contract


We monitor the success we have in shaping a healthier industry structure that is pro-investment, supportive of returns, and helps build a resilient, inclusive and sustainable digital society.

 [Read more in our Annual Report](#)
on pages 6 and 9

Sustainability metrics

Our metrics are aligned to the three pillars of our purpose and the individual initiatives that underpin each pillar.

- **Inclusion for All:** Rural connectivity, our commercial propositions for equality, and workplace equality.
- **Planet:** Our carbon footprint across our full value chain, enabling our customers to reduce their own emissions, and e-waste.
- **Digital Society:** Supporting SME and the digitalisation of critical sectors, such as agriculture and healthcare.

 [Read more in our Annual Report](#)
on pages 34 to 45



Click or scan to watch short videos showing how we help improve digital inclusion and how we plan to reach net zero by 2040: investors.vodafone.com/videos



Note:

1. Adjusted EBITDAaL and Adjusted free cash flow are non-GAAP measures. See 'Non-GAAP measures' on page 223 of our Annual Report for more information.

Financial and non-financial performance

Key Performance Indicators

Our progress

We measure our success by tracking key performance indicators that reflect our strategic, operational and financial progress and performance.

Financial results summary

		2022	2021	2020
Group revenue	€m	45,580	43,809	44,974
Group service revenue	€m	38,203	37,141	37,871
Operating profit/(loss)	€m	5,664	5,097	4,099
Adjusted EBITDAaL ¹	€m	15,208	14,386	14,881
Profit/(loss) for the financial year	€m	2,624	536	(455)
Basic earnings/(loss) per share	€c	7.20	0.38	(3.13)
Adjusted basic earnings per share ¹	€c	11.03	8.08	5.60
Cash inflow from operating activities	€m	18,081	17,215	17,379
Adjusted free cash flow ¹	€m	5,437	5,019	5,700
Borrowings less cash & cash equivalents	€m	(62,596)	(61,939)	(61,368) ²
Net debt ¹	€m	(41,578)	(40,543)	(42,047) ²
Total dividends per share	€c	9.00	9.00	9.00

Customer commitments

		2022	2021	2020
Best connectivity products and services				
Europe mobile contract customers ³	million	66.4	65.4	64.4
Europe broadband customers ³	million	25.6	25.6	25.0
Europe Consumer converged customers ³	million	9.0	7.9	7.2
Europe mobile contract customer churn	%	13.6	13.7	14.6 ⁴
Africa mobile customers ⁵	million	184.5	178.0	168.4
Africa data users ⁵	million	89.9	84.9	82.6
Business service revenue growth ⁶	%	0.8	(0.6)	0.8
Leading innovation in digital services				
Europe TV subscribers ³	million	21.9	22.2	22.1
IoT SIM connections	million	150.1	123.3	102.9
Africa M-Pesa customers ⁵	million	52.4	48.3	41.5
Africa M-Pesa transaction volume ⁵	billion	19.9	15.2	12.2
Outstanding digital experiences				
Digital channel sales mix ⁷	%	25	26	21
End-to-end TOBi completion rate ^{8,9}	%	42.9	34.6	—

Enabling strategies

		2022	2021	2020
Leading gigabit networks				
5G available in European cities ⁵	#	294	240	97
Europe on-net gigabit capable connections ³	million	48.5	43.7	31.9
Europe on-net NGN broadband penetration ³	%	30	30	30
Simplified and most efficient operator				
Pre-tax return on capital employed ^{1,10}	%	7.2	5.5	6.3
Post-tax return on capital employed ^{1,10}	%	5.0	3.9	3.9
Europe markets where 3G switched off ³	#	4	3	1

Notes:

- These line items are alternative performance measures which are non-GAAP measures. See 'Non-GAAP measures' on page 223 of our Annual Report for more information.
- FY20 borrowings and net debt has been aligned to the FY21 presentation which excludes derivative movements in cash flow hedging reserves.
- Including VodafoneZiggo.
- Excluding the impact of inactive data only SIM losses in Italy during Q3 and Q4 FY20.
- Africa including Safaricom.

6. Organic growth. See page 223 of our Annual Report for more information.

7. Based on Germany, Italy, UK and Spain only.

8. Group excluding Egypt.

9. Defined as percentage of total customer contacts resolved without human interaction through TOBi.

10. We calculate two ROCE measures: i) Pre-tax ROCE for controlled operations only, and ii) Post-tax ROCE which also includes our share of adjusted results in equity accounted associates and joint ventures. See pages 230 and 231 of our Annual Report for more information.

Purpose, sustainability and responsible business

We want to enable an inclusive and sustainable digital society. To underpin the delivery of our purpose, we ensure that we operate in a responsible way. Acting lawfully and with integrity is critical to our long-term success.

Our people

		2022	2021	2020
Average number of employees and contractors ¹	thousand	104	105	104
Employee engagement index ²	%	73	74	77
Employee turnover rate (voluntary)	%	14	8	12
Women on the Board	%	50	45	42
Women in management and senior leadership roles	%	32	32	31
Women in total workforce	%	40	40	39

Inclusion for All

		2022	2021	2020
4G population coverage (outdoor 1Mbps) – Europe	%	98 ³	98 ⁴	97 ⁴
4G population coverage (outdoor 1Mbps) – Africa ⁵	%	65	62	53 ⁶
Estimated number of additional female customers in Africa ⁷ & Turkey since 2016	million	21.6	15.9	9.6

Planet⁸

		2022	2021	2020
Energy use				
Total electricity cost	€m	846	760	–
Total energy use	GWh	5,926	5,997	5,897
Energy use on base stations & technology centres	%	96	96	95
Purchased electricity from renewable sources (Group)	%	77	55	23
Purchased electricity from renewable sources (Europe)	%	96	79	33
Greenhouse gas emissions ('GHGs')				
Total Scope 1 and Scope 2 GHG emissions (market-based method)	m tonnes CO ₂ e	1.09	1.42	2.01
Total Scope 3 GHG emissions	m tonnes CO ₂ e	9.2	9.4	9.5
Total customer emissions avoided due to our IoT platform	m tonnes CO ₂ e	15.6	7.1	6.9
Waste				
Total waste (including hazardous waste)	metric tonnes	8,800	7,900	9,500
Network waste recovered and recycled	%	99	99	99

Digital Society

		2022	2021	2020
Cumulative V-Hub unique users	million	3.6	1.1	–
Connected Farmer users	million	2.9	2.1	–

Responsible business

		2022	2021	2020
Code of Conduct				
Completed 'Doing What's Right' employee training	%	89	84	92
Number of 'Speak Up' reports	#	642	623	602
Health & safety				
Number of lost-time employee incidents	#	12	7	33
Lost time incident rate per 1,000 employees	#	0.11	0.06	0.35
Responsible supply chain				
Total spend	€bn	24	24	24
Direct suppliers	thousand	9	11	11
Number of site assessments (conducted by Vodafone or Joint Audit Cooperation)	#	71	76	74
Tax and economic contribution				
Total tax and economic contribution ⁹	€bn	–	9.6	9.4

Notes:

1. Calculation considers employee pro-rated headcount.
2. 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.
3. Excluding Vodafone Ziggo and including Turkey.
4. Includes Vodafone Ziggo.
5. Based on coverage in Africa, including Egypt and Ghana. Excludes Safaricom.
6. Excludes Ghana.

7. Africa including Egypt, Ghana and Safaricom.

8. Data calculated using local market actual or estimated data sources from invoices, purchasing requisitions, direct data measurement and estimations. Carbon emissions calculated in line with GHG Protocol standards. Scope 2 emissions are reported using the market-based methodology. For full methodology see our ESG Addendum 2022.

9. Includes direct taxes, non-taxation based revenue mechanisms, such as payments for the right to use spectrum, and indirect taxes collected on behalf of governments around the world, excludes joint ventures and associates. Our tax report for 2022 will be published in the next year following the submission of our tax returns and payment of all applicable taxes. For more information, refer to our Tax and Economic Contribution reports, available at: vodafone.com/tax.

Market and strategy

Operating in a rapidly changing industry

Mega trends

The long-term trends that are shaping our industry and driving new growth opportunities.

Digital services and next-generation connectivity are increasingly central to everything we do – and will be the driving forces that redefine relationships between sectors, employers, employees, customers, and friends and family. There are a number of mega trends which we believe will shape our industry in the years ahead.

Hybrid working

Last year's trend of remote working has seen a subtle shift and hybrid working is now becoming a permanent feature of the modern working environment. The continued investment in reliable, high-speed connections for both businesses and consumers has proved to be a key factor in this transition.

Connected devices

The demand for connected devices, beyond smartphones, is growing rapidly. The Internet of Things (IoT) is expected to drive huge operational efficiencies, deliver real-time information, and can be applied to a broad range of use cases. An increasing number of connected devices are also communicating and trading with each other, which presents businesses with exciting opportunities to compete in new online markets (the 'Economy of Things').

Adoption of cloud technology

Businesses and consumers are increasingly moving away from using their own hardware and device-specific software and instead using more efficient, shared capacity and services over the cloud.

Digital and green transformation for the private and public sector

The European Union has launched a series of funding programmes with €723.8 billion available under the banner 'NextGenerationEU'. This includes a Recovery and Resilience facility, which combines €385.8 billion of loans and €338 billion of grants available to European Union Member States. Of these grants, approximately 70% are being allocated to European Union Member States in which Vodafone has an operating presence. These grants are planned to be 70% committed by the end of 2022. The range of funding presents a direct and indirect opportunity given that at least 20% of the total funding is planned to support the European Commission's digital transformation agenda. In order to remain competitive and fulfil their social and environmental commitments, companies are also increasingly looking to digitalise their operations to become more efficient and reduce their environmental impact.

Digital payments and financial services

The trend towards more digital forms of payment is growing, with a broader range of financial services now being delivered through apps and online. In Africa, the growth in smartphone penetration is allowing consumers to access digital financial services for the first time, enabling money transfers, loans, insurance and even merchant payments.



Click or scan to watch our digital services and experiences investor briefing:
investors.vodafone.com/digital-services

Our stakeholders

The demands of our stakeholders are continuously evolving. Engaging with them regularly is fundamental to how we operate.

Our customers¹

We are focused on deepening our engagement with our customers to develop long-term valuable and sustainable relationships. Vodafone is one of the largest mobile and fixed network operators in Europe and a leading global IoT connectivity provider. We have millions of customers across Europe and Africa, ranging from individual consumers to large multinational corporates.

323m

mobile customers

28m

broadband customers

22m

TV customers



Our people

Our people are critical to the successful delivery of our strategy. It is essential they are engaged and embrace our purpose and values.

104,000

employees and contractors



Our suppliers

Our suppliers provide us with the products and services we need to deliver our strategy and connect our customers. In total we have around 9,000 suppliers who partner with us, ranging from start-ups and small businesses to large multinational companies.

9,000

suppliers



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

We believe 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.

€3m

donated in contributions and services in-kind in response to the war in Ukraine



Government 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.

€9.6bn

total tax and economic contribution in 2021



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.

1,400

interactions with institutional investors in FY22

Note:

1. Includes VodafoneZiggo and Safaricom.



Read more in our Annual Report on pages 14 to 15



Read more in our Annual Report on pages 12 to 13

Our progress

Our strategy focuses on driving shareholder returns through growth. This will be delivered through three customer commitments and three enabling strategies, all of which work together towards realising our vision to become a new generation connectivity and digital services provider for Europe and Africa, enabling an inclusive and sustainable digital society. We have made strong progress and executed at pace during the year.

Our customer commitments



Best connectivity products and 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.

Flexible contract pricing structures in

3

markets

5G launched and live in

>300

cities across 14 markets¹

VodaPay 'super-app' now with

1.6m

registered users

V-Hub supported

2.5m

unique visitors with digital tools

MyVodafone app used by

52m

customers

Super-WiFi launched in

4

countries

Our enabling strategies



Simplified and 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.

Pre-tax ROCE increased by

170bps

to 7.2%

Cumulative European net opex savings²

€1.5bn

between FY19 and FY22

Rational spectrum auctions in

3

markets during FY22

Encouraging start in accessing
EU Recovery Funding

Best/co-best network quality³ in

13

markets

Marketable NGN homes of

145m

across our footprint⁴

Our people strategy

Our people strategy accelerates our transformation, by seeking to create an inclusive environment for growth, where everyone has the opportunity to thrive. It is based on four pillars:



The Spirit of Vodafone



Diverse talent and future ready skills



Agile and efficient operating model



Digital and personalised experience

Notes:

1. Group including VodafoneZiggo and Safaricom.

2. Net OpEx savings Europe, Common Functions and Vantage Towers.

3. Data lead/co-lead mobile network quality.

4. Europe including VodafoneZiggo.



Scan or click to watch our Chief Executive, Nick Read, summarise our performance this year:
investors.vodafone.com/videos



Read more about our people strategy in our Annual Report on pages 21 to 23

Business model

Structured for value creation

We have evolved our business model and organisational structures to operate in a more streamlined and agile matrix, recognising the importance of local, in-market scale and capabilities, as well as driving further value from the scale and breadth of our footprint. We manage our Group through four Group-wide operational layers.

Infrastructure assets



Our converged connectivity infrastructure is largely managed through three components: passive mobile, active mobile, and fixed and transport.

- 1 Passive mobile:** We manage over 100,000 towers across markets in Europe and Africa. Our European towers are primarily held and operated through Vantage Towers.
- 2 Active mobile:** We own and operate our own active mobile network, which includes more than 180,000 radios in Europe and Africa. We also have spectrum licences in all of our markets.
- 3 Fixed and transport:** Our infrastructure comprises connectivity networks, mobile backhaul, and international terrestrial and submarine connections. The majority of our fixed connectivity networks are based on fibre infrastructure, particularly high-demand nodes.

Shared operations



1. Supplier management



2. Network & digital operations



3. Inter-network operations

- We have consolidated our supplier management functions into a single unit, the **Vodafone Procurement Company**.
- Our **integrated IT operations, network operating centres and back-office activities** provide standardisation across our markets.
- Vodafone Roaming Services** manages our global roaming relationships, **Vodafone Carrier Services** provides wholesale connectivity services, and our **Partner Markets** team extends our reach and builds strategic alliances with operators in 48 countries.

Growth platforms



>50 million

Customers subscribing to a digital service

Digital services

We deepen our customer relationships through our growth platforms which include Vodafone TV, home services, device lifecycle services and loyalty applications.



150 million

IoT SIM connections (FY21: 123 million)

Internet of Things

Our IoT service was established in 2008 and has grown to be the largest IoT connectivity provider globally.



52.4 million

M-Pesa customers¹ (FY21: 48.3 million)

Financial services

Together with Vodacom's own platform and our African payment platform M-Pesa, we provide a range of financial services, as well as business and merchant payment services.

Retail and customer service



€20 billion

Europe Consumer service revenue

Europe Consumer¹

We are a leading converged connectivity provider in Europe, with nearly 9 million converged customers, 114 million mobile connections and 145 million marketable NGN broadband homes.



€10 billion

Business service revenue

Vodafone Business

We serve over 6 million private and public sector customers of all sizes. We offer core connectivity services, as well as new technologies such as IoT, cloud & security, and unified communications.



€6 billion

African Consumer service revenue

African Consumer²

We are a leading provider of mobile data and financial services in Africa. We have 185 million mobile customers and enable access to financial services for 66 million people via our financial services platforms.

Notes:

1. Including VodafoneZiggo.

2. Africa including 100% Safaricom.

Balancing regional scale and local agility

We are organised to ensure the optimal balance between local agility and regional scale, which delivers significant benefits through standardisation.

In-market autonomy and agility

Our local in-country teams are best placed to understand the needs of their local market and make appropriate decisions.

Full P&L accountability	<ul style="list-style-type: none"> – In-country finance, HR and legal teams – Local capital allocation and people decisions
Commercial and marketing	<ul style="list-style-type: none"> – In-country control of pricing, product and marketing – Each country operation remains agile in competitive markets – Local markets share best practices around the Group, for example: <ul style="list-style-type: none"> – Investment-linked pricing structures in five markets – Localised second-brands in six markets
Customer operations	<ul style="list-style-type: none"> – Local control of channel and customer journeys – Respond to local market characteristics and customer preferences – Local markets share best practices around the Group, for example: <ul style="list-style-type: none"> – Optimising local digital/traditional channel mix – Localisation of MyVodafone App in 12 markets

Corporate oversight

In-market operations and regionally-scaled standardisation overseen by lean and efficient corporate team.

Regional standardisation delivering scale benefits

We are structured to deliver efficient operational support through regionally-scaled services as the connectivity value chain has a high degree of replicable and repeatable services across our markets.

Networks	<ul style="list-style-type: none"> – Integrated European network and IT/digital teams drive efficiency, increase speed of execution, standardise key processes, and codify the best solutions for implementation across our markets – Improvement in network test results – 42% reduction in network incidents
Procurement	<ul style="list-style-type: none"> – Combined €24 billion purchasing power of our operations in Europe and Africa – Independent operators paying to access our pooled procurement through our Partner Markets business – Double-digit savings on Liberty procurement post-acquisition
Shared services	<ul style="list-style-type: none"> – Four shared service centres in Egypt, India and Central and Eastern Europe – Approximately 32% of our people work in shared operations – Automating processes through digitalisation – 8,200 role efficiencies over the last four years

Our approach

Our disciplined approach to capital allocation and portfolio optimisation supports our mid-term ambitions.

Capital allocation

Our capital allocation framework enables us to balance our three capital allocation priorities.

Invest in critical infrastructure

1 **€8 billion**
cash capital additions¹ in FY22

Maintain a robust balance sheet

2 **2.7x**
net debt/adjusted EBITDAaL

Shareholder distribution

3 **9.0 eurocents**
dividends per share in FY22

Portfolio optimisation

We continue to follow our three principles when managing our portfolio:

- 1** We focus on the converged connectivity markets in Europe, and mobile data and payments in Africa;
- 2** We aim to achieve returns above the local cost of capital in all of our markets; and
- 3** We consider whether we are the best owner and whether there are any pragmatic and value-creating alternatives.

Our medium-term ambition

Value model	Medium-term ambition
Consistent revenue growth	Growth in both Europe & Africa
+ Ongoing margin expansion	Mid-single digit adjusted EBITDAaL ² growth
+ Good cash conversion	Mid-single digit adjusted FCF ² growth
+ Disciplined capital allocation	Net debt to adjusted EBITDAaL ² 2.5-3.0x
= Sustainable value creation	ROCE ^{2,3} greater than WACC A minimum dividend of 9.00 eurocents per share per annum

Notes:

1. Excludes Vantage Towers' growth capital expenditure.
2. These line items are non-GAAP measures. See 'Non-GAAP measures' on page 223 of our Annual Report for more information.
3. Pre-tax return on capital employed (controlled).

Purpose, sustainability and responsible business

We connect for a better future

Our approach to ESG

Our approach to ESG (Environmental, Social and Governance topics) is an integral part of our purpose and strategy to be a new generation connectivity and digital services provider for Europe and Africa, enabling an inclusive and sustainable digital society.

Below we have set out the main elements through which our approach to ESG is delivered. Our strategy helps to deliver our targets across three purpose pillars: Inclusion for All, Planet, and Digital Society 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').

Our purpose pillars

Inclusion for All

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

Access for all

Finding new ways to roll-out our network to rural locations in our markets.

Propositions for equality

Providing relevant products and services to address societal challenges such as gender equality and financial inclusion.

Workplace equality

Developing a diverse and inclusive global workforce that reflects the customers and societies we serve.



Read more in our Annual Report on pages 36-40

Planet

Reducing our environmental impact and helping society decarbonise.

Climate change

Working to reduce our environmental impact to reach net zero emissions across our full value chain by 2040.

Carbon enablement

Helping our customers reduce their own carbon emissions by 350 million tonnes by 2030.

E-waste

Driving action to reduce device waste and progressing against our target to reuse, resell or recycle 100% of our network waste.



Read more in our Annual Report on pages 41-44

Digital Society

Connecting people and things and digitalising critical sectors.

Digitalising business

Providing products and services to support business, particularly SMEs.

Digitalising agriculture

Supporting the digitalisation of agriculture with specific products and services.

Revolutionising healthcare

Using our products, services and technology to support the digitalisation of healthcare.



Read more in our Annual Report on pages 44-45

Social contract: Activation and acceleration of our purpose initiatives

Our approach is underpinned by responsible business practices

Protecting data

Customers trust us with their data and maintaining this trust is critical.

Data privacy

We want to respect the privacy preferences of our customers and help improve society through the responsible use of data.

Cyber security

As a provider of critical national infrastructure and connectivity that is relied upon by millions of customers, we prioritise cyber and information security across everything that we do.



Read more in our Annual Report on pages 47-51

Protecting people

Health and safety

Creating a safe working environment for everyone working for and on behalf of Vodafone.

Mobiles, masts and health

Operating our networks within national regulations.

Human rights

Contributing to the protection and promotion of human rights and freedoms.

Responsible supply chain

Managing relationships with our direct suppliers, and evaluating their commitments to diversity, inclusion and the environment.



Read more in our Annual Report on pages 52-53

Business integrity

We are committed to ensuring that our business operates ethically, lawfully and with integrity wherever we operate.

Tax and economic contribution

As a major investor, taxpayer and employer, we make a significant contribution to the economies of the countries in which we operate.

Anti-bribery and corruption

We have a policy of zero tolerance towards bribery or corruption. Our policy provides guidance on what constitutes a bribe and prohibits giving or receiving any excessive or improper gifts and hospitality.



Read more in our Annual Report on page 56

Essential to our approach is transparency and measurement



Learn more about how we help improve digital inclusion:
investors.vodafone.com/videos



Learn more about our net zero goal:
investors.vodafone.com/videos



Learn more about our approach to data privacy:
investors.vodafone.com/videos



Learn more about our approach to cyber security:
investors.vodafone.com/videos



Learn more about our human rights approach:
investors.vodafone.com/videos



Learn more about our approach to tax:
investors.vodafone.com/videos

Our targets and achievements

Over the last year we have made progress against many of our key purpose targets. We also established a new Board Committee to provide oversight of our ESG programme.

100%

renewable electricity in European markets
✓Target achieved from July 2021, four years ahead of our original 2025 target.

Read more in our Annual Report on pages 42-43

23%

reduction in Scope 1 and 2 emissions
By 2030 we will fully abate all carbon emissions from Scope 1 and 2 activities and halve our Scope 3 emissions.

Read more in our Annual Report on pages 42-43

32%

women in management and senior leadership roles
We aim to have 40% women in management roles by 2030.

Read more in our Annual Report on page 39

21.6

million additional female customers (Africa and Turkey) since 2016
✓Target achieved, four years ahead of our original target.

Read more in our Annual Report on page 37

52.4

million M-Pesa customers
✓Target achieved four years ahead of our original target.

This year we set a new target, aiming to connect 75 million customers to financial services by 2026.

Read more in our Annual Report on pages 37-38

3.6m

V-Hub users
We aim to support seven million users to digitalise using V-Hub by 2025.

Read more in our Annual Report on page 44

2.9m

smallholder farmers
registered on our Connected Farmer platform, supporting them to digitalise.

Read more in our Annual Report on page 45

Materiality

We have conducted a materiality assessment to identify the material and emerging ESG issues relevant to our business, our stakeholders and the societies in which we operate.

 [Click to read our materiality matrix – vodafone.com/sustainable-business](https://www.vodafone.com/sustainable-business)

Reporting frameworks

Vodafone reports against a number of voluntary reporting frameworks to help stakeholders understand our sustainable business performance.

GRI The Global Reporting Initiative ('GRI') is the most widely accepted global standard for sustainability reporting. The GRI Standards allow companies to report their material impacts for a range of economic, environmental and social issues. Our 2022 disclosure is included in our 2022 ESG Addendum.

 [Click to download our ESG Addendum: investors.vodafone.com/esgaddendum](https://investors.vodafone.com/esgaddendum)

SASB Due to increasing demand for sustainability information that is comparable, consistent and financially material, we have published disclosures in accordance with the Sustainability Accounting Standards Board's ('SASB') Standards.

 [Click to read our SASB disclosures: investors.vodafone.com/sasb](https://investors.vodafone.com/sasb)

UNGC Vodafone is a participant in the United Nations Global Compact ('UNGC'). As part of this, Vodafone supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. Our 2022 Communication on Progress can be found in our 2022 ESG Addendum.

CDP Vodafone participates in the CDP's annual climate change questionnaire.

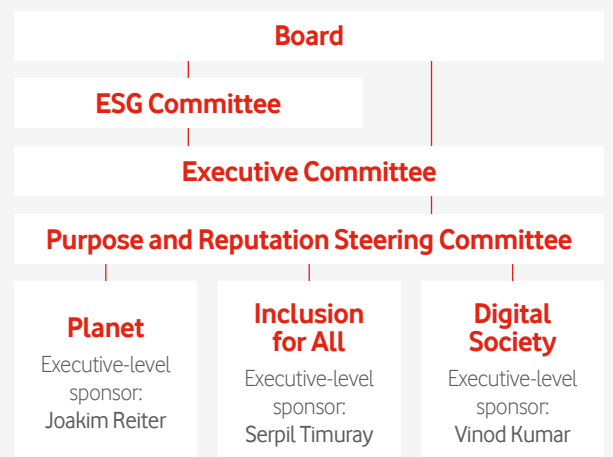
 [Click to read our CDP response: vodafone.com/sustainability-reports](https://www.vodafone.com/sustainability-reports)


Governance


The Executive Committee has overall accountability to the Board for our sustainable business strategy and regularly reviews progress. In addition, each pillar of our purpose has an executive-level sponsor. The ESG Committee held its first two meetings this year and the Board now benefits from dedicated oversight of our ESG programme. We also continue to include ESG measures in the long-term incentive plan for our senior leaders.

ESG governance structure

The role of the ESG Committee is to provide oversight of our ESG programme, sustainability and responsible business practices as well as our contribution to the societies we operate in under our social contract.



 Read more about the Board's oversight of material ESG topics in our Annual Report on page 89

 Read more about the governance underpinning our responsible business practices in our Annual Report on pages 47-57

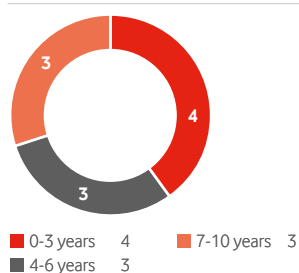
Governance at a glance

Leadership, governance and engagement

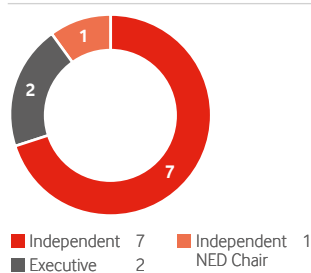
Our Board

The Nominations and Governance Committee regularly reviews the Board's composition with a view to ensuring 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.

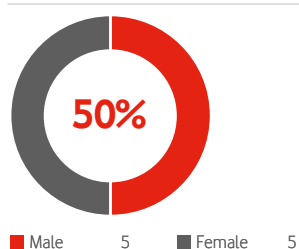
Tenure



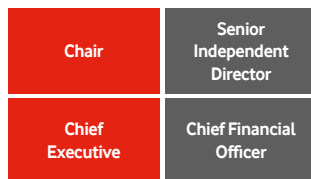
Independence



Gender diversity

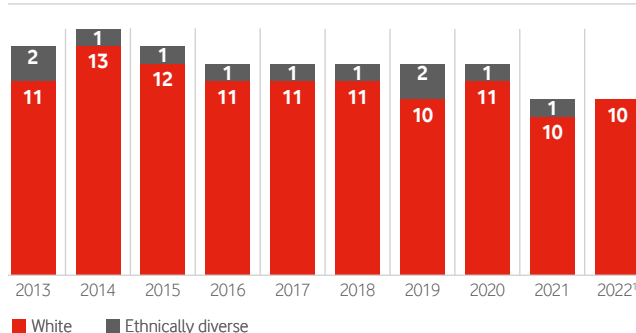


Senior Board positions



Note:
As at 31 March 2022

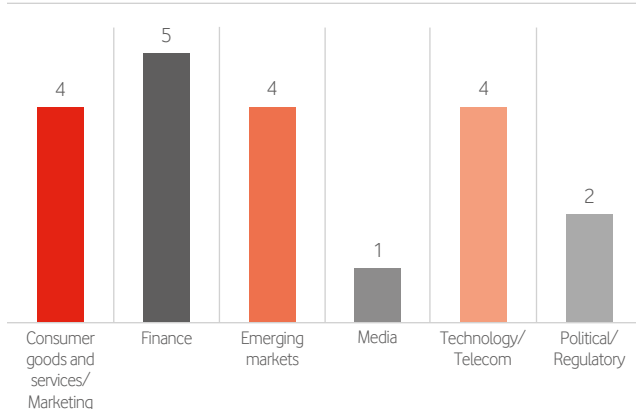
Ethnicity



Note:

1. Following an unexpected resignation during the year, it is disappointing that we do not currently meet the Parker Review target, however this does not fairly reflect our long-standing commitment to diversity. We continue to take practical and purposeful steps towards enhancing the Board's diversity.

Skills and expertise of Non-Executive Directors



Membership and attendance

The table below details the Board and Committee meeting attendance during the year to 31 March 2022. The number of attendances is shown next to the maximum number of meetings the Director was entitled to attend. Ad hoc meetings of the Board and its Committees were also held as required during the year.

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

Note:

1. Sir Crispin Davis was unable to attend one scheduled meeting of the Board due to ill health.

Board evaluation

Progress in the year	The 2022 Board evaluation reported improvements had been achieved in: <ul style="list-style-type: none"> – Review of strategy and focus on strategic priorities; – Better aligned metrics and reporting; and – Improved discussion of people and culture.
Actions for coming year	<ul style="list-style-type: none"> – Recruit Non-Executive Directors with telecoms and technology experience. – Use small Board groups to focus on particular topics. – Track progress on project execution with timelines and milestones.



Read more in our Annual Report on page 79



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

Committee activities

To operate efficiently and to ensure matters are given the right level of focus, the Board delegates some of its responsibilities to its Committees. These provide focused oversight on: Board composition, performance, and succession planning; financial reporting, internal processes and controls; remuneration practices; and environmental, sustainability and governance topics.

Audit and Risk Committee

The Committee oversees the Group's financial reporting, risk management, internal control and assurance processes and the external audit. This includes in-depth reviews of our principal risks, the review of our Annual Report and a programme of deep-dives across multiple business units with a focus on the risk and control environment. The Committee also monitors the activities and effectiveness of the Internal Audit function and has primary responsibility for overseeing the relationship with the external auditor. Deep-dive topics this year were undertaken in cyber threats and information security, privacy and supply chain resilience. Entity deep-dives included Vodafone Business, Vantage Towers, Vodafone Germany, Vodafone Egypt and our shared services centres (_VOIS).



Read more in our Annual Report
on pages 83-88



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

ESG Committee

The Committee provides 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. Focus this year centred on establishing the governance arrangements for the Committee, including the Terms of Reference and standing agenda items to reflect the Committee's purpose. Key discussion topics included carbon enablement, Digital4Green, device lifecycle management and the external ESG context.



Read more in our Annual Report
on pages 89-90



Scan or click to watch the Chair of the ESG Committee,
Amparo Moraleda, explain her role:
investors.vodafone.com/videos

Nominations and Governance Committee

In addition to keeping under review developments in corporate governance and the Company's responses to them, the Nominations and Governance Committee makes recommendations to the Board about Board composition and ensures Board diversity and the necessary balance of skills. The Committee recognises the need to anticipate the skills and attributes that will be needed on the Board as the Company develops. In light of several Board changes in recent years and the scheduled retirement of a number of Directors in the next several years, the Committee is currently undertaking a process to find and appoint directors with telecoms and technology sector experience.



Read more in our Annual Report
on pages 80-82

Recent and prospective appointments

Deborah Kerr was appointed to the Board as a Non-Executive Director on 1 March 2022. Deborah brings a wealth of technology expertise across a range of sectors and her knowledge and strategic insights on the technology market provide invaluable experience to the Board as Vodafone continues its evolution into a new generation connectivity and digital services provider. MWM Consulting was engaged as search consultants and an overview of the appointment process is shown below.



A detailed role specification was formulated with strong experience in the technology sector a key focus following the departure of a long standing Board member



A list of potential candidates from diverse backgrounds was produced



Interviews took place with Committee members and the Chief Executive, Nick Read



The Committee agreed the preferred candidate for recommendation to the Board

In May, we announced that Stephen Carter, Delphine Ernotte Cunci and Simon Segars will be joining the Board as Non-Executive Directors following the Company's AGM on 26 July 2022, subject to shareholder approval. Stephen brings a track record of value creation and has extensive commercial and regulatory experience in the telecoms and media sectors. Delphine has considerable experience in the telecoms sector and, more recently, in media and technology. Simon brings significant experience and insights on technology trends and how these are reshaping industry landscapes.

Remuneration Committee

The Remuneration Committee sets, assesses and recommends for shareholder approval the Remuneration Policy for Executive Directors, sets the remuneration of the Executive Directors and approves the remuneration for the Chair of the Board and members of the Executive Committee. It also reviews remuneration arrangements across the Group to ensure they are aligned with our strategy, support our purpose and celebrate the 'Spirit of Vodafone'.

Fair pay principles:

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

96%

shareholder support for the current Remuneration Policy



Read more in our Annual Report
on pages 91-112



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

Vodafone Group Plc

Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN
England

Registered in England
No. 1833679

Telephone
+44 (0)1635 33251

vodafone.com

Contact details**Shareholder helpline**

Telephone
+44 (0)371 384 2532

Investor Relations

ir@vodafone.co.uk
vodafone.com/investor

Media Relations

vodafone.com/media/contact

Sustainability

vodafone.com/sustainability

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vodafone.com/ar2022