

Vodafone Spain, S.A.

Corporate Responsibility Report 2005-06

We Said
We Have
We Will



vodafone

0. Purpose of this Report

This is Vodafone Spain, S.A.'s third Corporate Responsibility Report, which covers our financial year 2005-06 (1 April 2005 to 31 March 2006).

Selection of Information

In this Report we will provide information and relevant data on our socio-economic, ethical and environmental performance. When deciding upon its content, we held numerous consultations with our Stakeholders to select the issues they believed should be given higher priority. You will find details on these issues in Chapter 3 'Stakeholder Engagement'.

The Report has been structured so that it will clearly show not only the degree of performance of our past commitments but also our future commitments, for each area of activity.

Scope of Information and Data

The information and data given in this Report refer to activities carried out by Vodafone Spain at its headquarters and regional offices, on its telecommunications network and at its retail outlets.

Report Guidelines

This Report has been written in accordance with Vodafone Group **Internal Guidelines** for the production of CR Reports, as well as the requirements of the 2002 version (in force at the time of issue of this Report) of the Global Reporting Initiative (**GRI**) Guidelines for Sustainability Reports, and the Telecommunications Industry GRI Supplement (2003). Chapter 19 'GRI Guidelines' shows the location on our Corporate Responsibility Report of the indicators set forth in the GRI Guidelines.

Vodafone Group Internal Guidelines for the collection of information and data describe the Corporate Responsibility key performance indicators, as well as the system for documenting data sources, checking their accuracy, and their approval by a member of the Steering Committee.

To offer objective and credible information, our Corporate Responsibility Report has been subjected to an independent verification procedure in accordance with standard AA1000AS, whereby we wish to demonstrate:

- > Our commitment to correct identification of the social, economic and environmental aspects associated with our activities.
- > Our commitment to considering and offering an adequate response to our Stakeholders' expectations.
- > Our commitment to duly communicating the decisions we adopt to our Stakeholders, as well as reporting on actions undertaken.

This report is published on paper and is also available on our web site to facilitate its dissemination

(www.vodafone.es/responsabilidad), where supplementary information on the issues discussed can be found. At the same time, the six Group reports published to date are available on the Vodafone Group web site (www.vodafone.com/responsibility), as well as additional Corporate information.

Vodafone Group



Vodafone Spain



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Environmental, social and employee-related information and data has been verified by Deloitte, as well as the procedure for information reporting to the Vodafone Group. Deloitte's Assurance Report can be found in chapter 18 "Assurance".

Deloitte has undertaken assurance work of Vodafone Spain's Corporate Responsibility Report in accordance with International Standard Assurance Engagement 3000 (ISAE 3000) and AccountAbility Standard 1000 (AA 1000 AS) on three specific areas within to the report (See Chapter 18 on the Deloitte's External Verification Report):

- Analysis of the conformity of the contents of the CR Report to the content of the GRI Guidelines 2002 and validation of indicators.
- Included information in the CR Report related to the principles of completeness, materiality and responsiveness set out in the AA1000AS.
- Provided information regarding to the degree of completion and 2005/06 CR commitments fulfillment, envisaged in the 2004/05 CR Report.

1. Letter from the Chairman and the CEO

This is our third Corporate Responsibility Report. It has been prepared in accordance with GRI Guidelines 2002, and represents a balanced and reasonable presentation of the economic, environmental and social performance of our organisation.

When we first embarked on our Corporate Responsibility Programme, in 2001, we opted for an ambitious approach to this issue and, accordingly, we set as one of our six strategic goals "To be a Responsible Business". Since then we have made considerable progress and have integrated Corporate Responsibility in our various business processes.

During the financial year 2005-06, the Corporate Responsibility Strategic Plan 2005-2010 was approved, which sets forth our priorities and goals in this area: Ethical Behaviour, Stakeholder Engagement and response to their expectations, Responsibility towards our Customers, Reuse and Recycling of Mobile Phones, Energy Efficiency and Climate Change, Accessibility and Products with a high social value, etc. In this way, the activities we carried out during this financial year, and the targets we set for future years, were addressed at accomplishing the priorities and goals described in that Strategic Plan.

Here, we would like to stress the following activities carried out in financial year 2005-06, which, like all others, are described in greater detail in this Report:

- > We have continued to develop products and services which contribute towards the social and employment integration of vulnerable groups (persons with any type of disability, the chronically ill, the elderly, immigrants, victims of domestic violence, etc.), as well as the response to emergencies caused by disasters. Furthermore, we would particularly mention the social investment we continue to make through our Foundation in the areas of innovation for integration (with particular emphasis on telemedicine and telecare projects), training, sponsorship and dissemination, to which we allocated €5.6 million during this financial year.

- > Regarding measures addressed at fostering responsible use of our numerous mobile services, including Internet access and the possibility to download videos and pictures, we have introduced content services access controls in our Vodafone live! Portal, so that our customers can safely enjoy the possibilities offered by mobile telephony. These measures obey the concern expressed by parents over potential access by their children to adult contents. Similarly, we have continued to develop activities relative to virus protection, safety and privacy of customer information, chat control, price plans, etc.
- > The activities that we carry out may entail environmental impacts, which we try to minimise through diverse programmes. Thus, our first Energy Efficiency Plan contributed towards achieving our target to save more than 3% of energy consumption per network element; the launch of our Responsible Network Deployment Policy and Guidelines is enabling us to minimise, among other things, the visual impact of our stations, more than 68% of which have shared use or are housed in existing infrastructures; to date, our Mobile Phone Reuse and Recycling campaigns have collected more than 87 tons of handsets and accessories, thus avoiding environmental pollution while at the same time permitting a more efficient use of materials. In addition, we have continued our activities addressed at responding to the concern expressed by a sector of society on the potential effects of radio-frequency emissions from mobile telephony on health, by publishing objective and independent information, and through our participation in an open and transparent dialogue at numerous workshops and seminars.
- > Our Code of Ethical Purchasing has now been included in contracts with our suppliers, and we are evaluating its social and environmental performance.

Even when bearing in mind the particular relevance of the progress we have achieved during all these years, we are aware that Corporate Responsibility is an ongoing challenge and we will therefore continue to respond appropriately to new issues and expectations now emerging in relation to our technology and services, and we will inform on developments in our next annual CR report.



José Manuel Entrecanales
Chairman

A handwritten signature in black ink.



Francisco Román
CEO

A handwritten signature in black ink.

2. Information on Vodafone

Vodafone Group is the world's leader in mobile telephony and offers a broad spectrum of voice and data communications services (SMS, MMS, Internet access, etc.).

Vodafone Group has experienced an extraordinary growth since its incorporation in the 80's, as a result of acquisitions and investments in highly developed mobile technology. Our brand stands out for the high quality of our services, innovation and trust.

Vodafone Group is listed on the London and New York Stock Exchanges and, at 26 May 2006, had a market capitalisation of approximately £72 billion, ranking fifth among large companies in the Financial Times Stock Exchange 100 Index (FTSE 100), and 22nd in the world ranking of large companies by market capitalisation.

Where we are



Vodafone Group

Local Operating Companies	% Ownership	No. customers (*000)	Affiliates	Partner Markets
Albania	99.9	773	Belgium	Argentina
Australia	100	3,177	China	Austria
Czech Rep.	100	2,214	Fiji	Bahrain
Egypt	50.1	6,615	France	Brazil
Germany	100	29,191	India	Chile
Greece	99.8	4,479	Kenya	Colombia
Hungary	100	2,063	Poland	Croatia
Ireland	100	2,075	South Africa	Cyprus
Italy	76.9	24,056	Switzerland	Denmark
Malta	100	175	USA	Ecuador
Netherlands	99.9	3,913		El Salvador
New Zealand	100	2,068		Estonia
Portugal	100	4,276		Finland
Romania	100	6,384		Guatemala
Spain	100	13,521		Honduras
U. Kingdom	100	16,304		Hong Kong
				Iceland
				Indonesia
				Kuwait
				Latvia
				Lithuania
				Luxembourg
				Malaysia
				Mexico
				Nicaragua
				Paraguay
				Peru
				Singapore
				Slovenia
				Sri Lanka
				Sweden
				Uruguay

Main Figures of Vodafone Group

(Figures at 31 March 2006)	2005/06	▲ With respect to 2004/05
Total turnover (million £)	29,400	+ 7.5 % (*)
Revenue from services (million £)	28,100	+ 6.7 % (*)
Revenue from data services, excluding messaging (million £)	800	+ 60.4 % (*)
No. proportional customers (million)	170	+ 14.9 %
3G devices (million)	7.7	+450%
EBITDA (million £)	11,766	+ 6.9 % (*)
Total dividend per share (pence)	6.07	+49%
Adjusted EPS (pence)	10.11	+ 13 %
No. employees (**)	62,672	+8.5%

(*) Organic growth

(**) Average for financial year 2005/06

Corporate Responsibility-related Organisations of which Vodafone Group is a member:

- World Business Council for Sustainable Development (WBCSD)
- Forum for the Future (FFF)
- Global e-Sustainability Initiative (GeSi)
- International Business Leaders Forum (IBLF)
- CSR Europe
- Business in the Community (BiTC)

How Vodafone Group is rated by investors and CR benchmarks

Research carried out by Sustainable Investment Research International (SiRi) found that on 30 June 2005 Vodafone was the number one stock most frequently selected by socially responsible funds in Europe.

Rating/Benchmark	Vodafone's Performance
AccountAbility	Vodafone was ranked 3rd out of the Global Fortune 100 in AccountAbility's 2005 Rating
Dow Jones Sustainability Indexes	Vodafone was included in the 2005 Dow Jones Sustainability World Index
FTSE4Good Index	Vodafone was included in the FTSE4Good Index
Global 100 Most Sustainable Companies (Corporate Knights)	Vodafone was included in the Global 100 Most Sustainable Companies, based on research by Innovest Strategic Value Advisors
Governance Metrics International	Vodafone received the maximum score of 10 in 2005

Vodafone Spain aims to offer its customers the most advanced solutions for mobile communications through innovation and latest generation technologies.

Mobile telecommunications represent a unique opportunity for development of the information society in Spain:





- > Given their generalised use and the acceptance of services provided.
- > Because Spain holds key positions in the international comparison.
- > Because firms are now incorporating mobility in their day-to-day management and in their offers to customers. And this results in higher productivity and competitiveness.
- > Because mobility opens up new communications channels between the Administration and citizens.

Vodafone Spain contributes towards this development with the provision of services through its GSM, GPRS and UMTS telecommunication networks.

Vodafone Spain's excellent results are a consequence of the strong growth in voice and data services, which stems from a considerable increase in our customer database, and from the launching of new services, more competitive rates, and promotions.

Main Figures of Vodafone Spain		
(Figures at 31 March 2006)	2005/06	▲ With respect to 2004/05
Total turnover (€ million)	5,857	+ 22.6 %
Revenue from services (€ million)	5,300	+ 22 %
Revenue from voice services (€ million)	4,534	+ 21 %
Revenue from data services (€ million)	766	+ 29.3 %
No. customers (thousands)	13,521	+ 17.9 %
3G devices	902,000	+ 925 %
Average monthly ARPU (€)	35.6	+ 3 %
No. employees	4,085	+ 1.7 %

To ensure the consistence of information provided by Group Operating Companies, the figures shown have been prepared in line with the Group reporting system used by Vodafone Spain.

What we do	What are the Issues?
 <p>Network</p>	<ul style="list-style-type: none"> • Radio-frequency Emissions and Health • Energy Consumption and Climate Change • Waste Management • Responsible Network Deployment and Regulatory Compliance • Site Selection and Planning • Communications and Consultations with Stakeholders • Relations with Landlords' Associations
 <p>Voice and Data Services Customer Care</p>	<ul style="list-style-type: none"> • Products/Services Accessibility • Content Control (adults, violence, chats, localisation based services, privacy, spam) • Mobile Telephony Theft • Responsible Usage of Mobile Telephony
 <p>Brand Presence and Retail Outlets</p>	<ul style="list-style-type: none"> • Responsible Marketing • Mobile Phone Recycling • Clear rates • Supply Chain (Human Rights, Ethics) • Socio-economic impact • Role of Communications in Disaster Relief
 <p>Employment</p>	<ul style="list-style-type: none"> • Job creation • Staff Welfare Benefits • Training • Employee satisfaction • Professional development • Balanced Working and Personal Life

During the year 2005 (January-December), Vodafone Spain obtained more than 50% of net subscriptions in the Spanish market and the growth of our turnover in absolute figures also represented more than 50% of the revenue growth in the mobile telephony industry in Spain.

At 31 March 2006, Vodafone Spain had entered into roaming agreements with 362 operators in 158 countries.

Main Corporate Responsibility-related Organisations of which Vodafone Spain is a member:

	• Club de Excelencia en Sostenibilidad (Sustainability Excellence Club)
	• Fundación Empresa y Sociedad (Business and Society Foundation)
	• AETIC, Spanish Association of Electronics, Information Technologies and Telecommunications Companies
	• ASIMELEC, Multisectorial Association of Spanish Electronic and Communications Companies

2. Information on Vodafone

We would particularly like to highlight the following Products and Services addressed at Residential and Corporate Customers during the financial year 2005-06:

Products and Services for Residential Customers

Vodafone Vitamins (Tarifa Vitamina)

New price plan for both contract and prepay customers, which offers a flat and simple rate, 24/7, regardless of the number called, for fixed and mobile national numbers.

“Talk for 1 cent/minute” Promotion

Contract customers who subscribe to this promotion can talk for 1 eurocent per minute for the rest of their lives with other Vodafone mobile and fixed national numbers, evenings and the whole of the weekend.

Christmas Promotion

Customers who subscribed to the Christmas promotion can talk for as long as they wish and pay half rate until summer 2006.

Family flat voice rate

It allows all members of the same family to call each other, with no limitation, any time and any day.

Messagemania

During the last financial year we held various flat rate SMS and MMS promotions.

Vodafone Simply

New user-friendly mobile phones were launched, particularly designed for voice calls and SMS. These mobile phones have a large screen for easy reading.

MSN – Vodafone: integrated messaging

This service offers conversations in real time between mobile phones and PCs.

New range of Vodafone live! phones

A range of smaller and lighter mobile phones, with longer battery life, faster services and more competitive prices. Following the launch of these new products, Vodafone has consolidated its position as the Spanish operator that offers the broadest range of 3G handsets.



Further information can be found on:
www.vodafone.es/informacion

Products and Services for Corporate Customers

MÁS Plans

Voice and data solutions for large companies addressed at SMEs and Self-employed persons. These MAS Plans incorporate flat rates, which are included in minimum spend amount, and allows unlimited calls between members of the same company and also to the Vodafone or fixed number of their choice.

Mobile Broker

Based on Blackberry and launched by Vodafone and Bankinter. This service allows real time transactions on the Electronic Market and in more than 20 international Stock Exchanges.

“Push to Talk” Service

This service offers users new and better communications possibilities at a touch of a single key and without the need for additional applications or devices.

Vodafone Real Mail

Developed in collaboration with Visto Corporation, this solution allows real time access to e-mail from a varied selection of advanced devices, some of which use 3G technology.

Vodafone BlackBerry®

Vodafone Spain offers customers a complete range of Blackberry devices (8700v, 7100v, 7290, 7230, 7730), which permit permanent interconnection between e-mail and Internet, with a flat rate.

New HSDPA services

These services are available through laptops with access to Vodafone's broadband mobile network, enabling immediate and simple access from mobile environments to Internet, e-mail and corporate Intranet.

3G/UMTS Router

Advanced communications equipment developed jointly by Vodafone, Linksys and Cisco Systems, which offers broadband and mobility access to user groups, whereby groups of up to 5 persons can use the wireless local area network function, now built into most laptops, to access broadband data services in the Vodafone 3G network.

Roaming

Vodafone Passport

Vodafone Spain Roaming customers can make calls at their domestic rate plus a connection charge. The new Vodafone Spain rate has been available since 1 June 2005 for Vodafone Spain customers travelling within Europe (Albania, Belgium, France, Germany, Greece, Hungary, Ireland, Italy, Malta, Netherlands, Portugal, Sweden, Switzerland and the United Kingdom) and outside Europe (Australia, Japan and New Zealand).

Vodafone Accesible

Particularly worth mentioning are Vodafone Spain Products and Services available for the convenience of persons with special needs (See Chapters 10 and 11). Among these are:

- > Blackberry 7100v for deaf people.
- > T-loop for those with hearing impairments.
- > Mobile Accessibility for those with sight impairments.
- > Medical Guard Diabetes for diabetics.

3. Stakeholder Engagement

All Corporate Responsibility strategies must be based on relations with Stakeholders and on the balanced satisfaction of their expectations. In this way, we will contribute added value and facilitate the accomplishment of our goals.

A fundamental element of our approach to managing Corporate Responsibility issues consists of the establishment of communication and information plans with the various Stakeholders, on the one hand to know and understand their views, opinions, expectations and priorities and, on the other, to clearly convey messages from the company on our activities, policies and programmes.

Dialogue, fluid information and transparency are basic elements of our Corporate Responsibility Programme, as well as far broader agreements, such as participation and collaboration in projects, and the establishment of trustful relations with Stakeholders.

Identification of Stakeholders and their Expectations

Through the different communications channels with our Stakeholders, we obtain information on priority CR issues related to the activities of our company, and on their perception of our performance in CR matters.

In the very few cases in which we do not agree with or cannot respond to expectations, we try to explain our reasons honestly and openly.

Stakeholder engagement adopts diverse forms, which include meetings, opinion surveys, alliances and industry initiatives. The majority of our Stakeholder engagement activities are conducted by the company's organisational units most closely related to the respective Stakeholders. In this way, information from Stakeholders is far more effective and centres on specific issues and solutions that can be provided by our respective in-house experts.

Below we give a brief summary of the various communications channels used by Vodafone Spain to identify Stakeholders and their respective expectations:

Strategic Analysis of Stakeholders

During the financial year 2004-05, Vodafone Spain prepared a study in which, in addition to establishing the "Map of Stakeholders", including their prioritisation based on their positioning vis-à-vis Vodafone, a list of priority issues or expectations was obtained, which was taken as one of the starting points when defining Vodafone Spain's Corporate Responsibility Programme.

Vodafone Group's Strategic CR Programme

During the financial year 2005-06, Vodafone Group established a 5-year Strategic Plan which includes the priority lines of action in the Group's Corporate Responsibility Programme.

These lines of action are a result of the identification of expectations made by Vodafone Group based on Stakeholders' expectations that refer to our activities in general. This identification is also borne in mind by Vodafone Spain when identifying and prioritising the expectations of our Stakeholders.

Perception/Opinion Surveys

Every quarter, Vodafone Spain commissions a market research firm to conduct surveys among customers and general public, which enables us to ascertain:

- > Corporate Responsibility issues on which they believe we should concentrate our actions (see figure 1).
- > How these Stakeholders perceive the performance of Vodafone Spain in social and environmental issues (see results in the respective chapters of this Report).

The frequency of these surveys helps us to assess the evolution of the expectations and perceptions of our Stakeholders, and the Corporate Responsibility Programme is upgraded accordingly.

Can you tell me on which of the following issues (one only) mobile telephony operators should concentrate during the coming year?

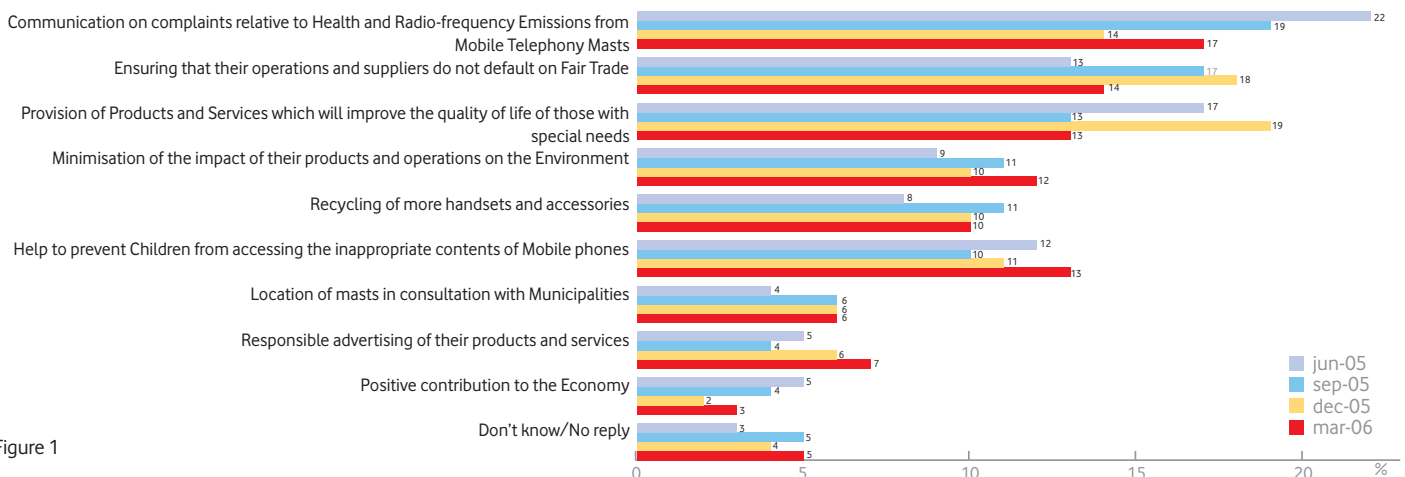


Figure 1

Vodafone Spain Stakeholders	
Shareholders, Investors and Financial Institutions	Public Administrations and Regulatory Authorities
Customers	Landlords' and Residents' Associations
Employees	Knowledge and Opinion Makers
Strategic Partners and Suppliers	Society and the General Public

3. Stakeholder Engagement

Customer Incidents

Vodafone Spain has various systems to engage with our customers as part of our everyday activities; for example, through our retail outlets, customer care centres, and surveys/interviews with customers.

At the same time, Vodafone Spain's customers have different incident-reporting channels (Customer Care Centres, www.vodafone.es, mail, etc.), which we use to identify those areas where improvement is needed.

Every week, we prepare the "Top Five Incidents" report, which determines and highlights the main measures adopted for improvement extracted from contacts with our customers; in short, whatever affords us a more realistic and detailed view of our customers' opinions (see figure 2).

Meetings with Consumers' Associations

We try to remain in permanent contact with Consumers' Associations by holding periodic meetings to ascertain their main concerns (see chap. 9: "Corporate Responsibility and Customers").

Survey on Radio-frequency Emissions and Health

Bearing in mind that one of our Stakeholders' concerns to date is the possible health effects of radio-frequency emissions associated with Mobile Telephony, every year Vodafone Spain commissions MORI (Market and Opinion Research International) to conduct a survey among customers, the general public, and social and environmental NGOs, to increase our awareness of their expectations in this regard (see chap. 7: "Mobile Telephony and Health").

Survey among Site Landlords

One of the measures introduced as a result of the Landlords' Satisfaction Survey conducted in April 2004 was the commissioning of the Landlords' Call Centre, during the financial year 2004-05. Its degree of use, along with its results, are shown in chap. 8 "Responsible Network Deployment".

Meetings with Public Administrations and Regulatory Authorities

Vodafone Spain meets periodically, either at specific or industry meetings, with representatives of the Administrations and Regulatory Authorities to discuss matters of interest relative to the business, including Roaming, call termination costs, customer data privacy, radio spectrum policies, etc. (see chap. 9: "Corporate Responsibility and Customers").

Surveys among Employees

Our employees are one of our principal Stakeholders. Accordingly, a Satisfaction Survey is conducted every two years. The measures that derived from the result of the survey conducted during the financial year 2004-05, as well as the degree of progress thereof, are summarised in chap. 15: "Employees".

At the same time, we maintain a close relationship with workers' representatives, which enables us to identify their expectations and needs, and which are included in the pertinent collective bargaining agreements.

Corporate Responsibility Web Site

Our web site www.vodafone.es/responsabilidad offers our Stakeholders a vehicle for expressing any type of opinion on issues related to the CR Programme, as well as suggestions or areas for improvement.

The level of use of this channel during the financial year 2005-06 is shown in figures 3 and 4.

Follow-up of the Media

Vodafone Spain's Communications Department analyses the extent to which the CR Programme's actions infiltrate society through the Media. Thus, during the financial year 2005-06, both the press, and radio, television and digital media particularly highlighted the advent of new products for the deaf, the blind or diabetics; the use of telemedicine, or the Vodafone Spain Foundation's "The Mobile close to you" scheme for training elderly persons in how to use the Mobile.

Customer Incidents: types of calls

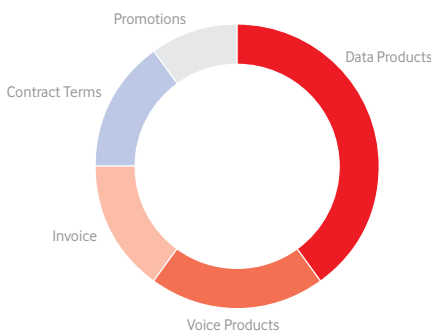


Figure 2

Communications via CR web.

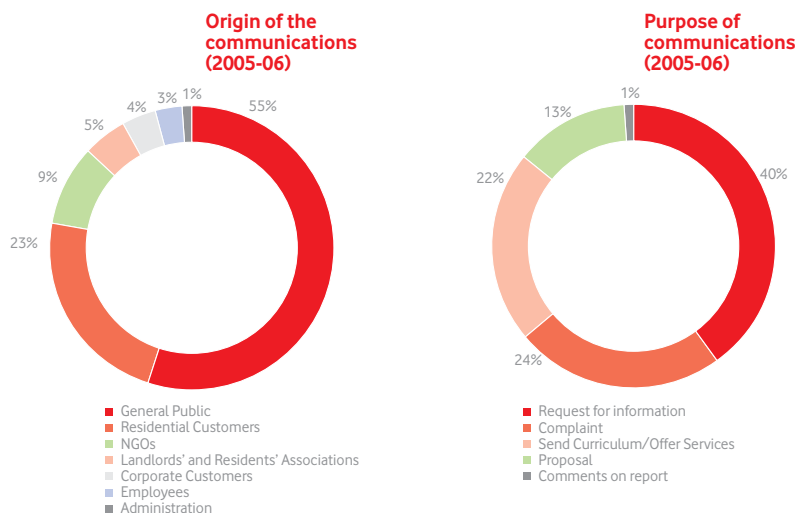


Figure 3

Figure 4

In addition, Vodafone Spain has shown itself to the Media as a particularly responsible company, with a proactive response to newsworthy topics. The responsible driving campaign addressed at safe use of the Mobile on the road, the scrupulous measurement of base station radio-frequency emissions, and the control of access to adult contents using a special PIN, are some of the initiatives undertaken by Vodafone Spain in the past few months, and in which the Media have expressed their interest and acknowledgement.

Industry Organisations

A part of our Stakeholder engagement is performed by active participation in a group of Corporate Responsibility related organisations, such as the Sustainability Excellence Club, the Business and Society Foundation, AETIC, Asimelec, etc.

Relevant issues for Stakeholders

Having identified our Stakeholders' expectations, the information gathered from the various communications channels is used to improve Vodafone Spain's Corporate Responsibility performance. Accordingly, a Risk Analysis is conducted to identify and prioritise those issues that can be deemed most relevant (see table on page 10).

This process enables us to identify those issues that require our immediate attention and to upgrade the activities that comprise our Corporate Responsibility Programme. Our approach to management and reporting on Corporate Responsibility consists in concentrating on the most important issues, in line with the Principles of Standard AA1000: completeness, materiality and responsiveness, as described below.

Completeness

Vodafone Spain, following a specific analysis of Stakeholders and their expectations conducted during the financial year 2004-05 (and which is updated with periodic Stakeholder expectation analyses), identified its Stakeholders and assessed which of these were significantly affected by the company and which could have a significant impact thereon.

In addition, we obtained the views of opinion makers on our CR Report (for example, we commissioned an analysis thereof to the Business and Society Foundation), and identified the pertinent opportunities for improvement. Similarly, as we have already said, we also made a follow-up of news published in the communications media and surveys among various Stakeholders to verify their expectations on specific issues relative to Vodafone Spain.

Materiality

This principle of standard AA1000 refers to measures adopted to assess the relative importance of the issues and to define the content of our CR Report.

First of all, we must bear in mind that no natural reference exists to compare the relevance of one issue with another. Nevertheless, it is important to prioritise efforts and resources. Accordingly, we evaluate the complete list of issues and analyse their relevance.

The evaluation process is not an exact science and requires a decision. Our assessment for the financial year 2005-06 shows that the most relevant issues for Vodafone Spain are: Mobile Telephony and Health, Social Products and Services, Contents, Environmental Impact, Prices, and Supply Chain.

These issues are addressed in the pertinent chapters of this Report, where we concentrate on the most relevant. A few less relevant issues are also discussed on our web site.

Stakeholder Communications Channels

	Shareholders, Investors and Financial Institutions	Customers	Employees	Partners & Suppliers	Public Administration & Regulatory Authorities	Landlords' & Residents' Associations	Knowledge/Opinion Makers	Society & General Public
Vodafone Group's Strategic CR Programme	•	•	•	•	•	•	•	•
Strategic Analysis of Stakeholders		•	•	•	•	•	•	•
Perception/Opinion Surveys		•						•
Customer Incidents		•						
Meetings with Consumers' Associations		•					•	
Radio-frequency Emissions and Health Surveys		•					•	•
Surveys among Site Landlords						•		
Meetings with Public Administrations and Regulatory Authorities					•			
Employee Surveys			•					
CR web site	•	•	•	•	•	•	•	•
Media Follow-up	•	•	•	•	•	•	•	•
Industry Organisations				•			•	•

3. Stakeholder Engagement

When identifying relevant issues, we must bear in mind that a procedure based on asking external Stakeholders to identify issues will always tend to emphasise negative rather than positive issues. We accept this fact as a reality of how Stakeholders relate to companies, especially if these are global, as occurs with Vodafone. Our internal relevance assessment is centred on the opportunities our technology can offer society. We believe Vodafone Spain has a significant socially and economically positive impact, based on improved access to communications. Thus, taking communications to those who previously had no access thereto is part of both our business and CR strategy (See Chap 6: "Socio-economic Impact of Mobile Telephony", Chap. 10: "Vodafone Spain Foundation", and Chap. 11: "Social Products and Services").

Responsiveness

This Principle of standard AA 1000 refers to how we respond to our Stakeholders' expectations.

The knowledge and information we obtain from our Stakeholder engagement is used to analyse and define possible actions and solutions. When these are feasible, we assume an appropriate commitment, which we publish in this Report.

It may occur that we disagree with the opinion expressed by a given Stakeholder, or are unable to offer an adequate solution to some of their expectations; in this event, we clearly and publicly state our opinion.

The table below summarises both our relevant issues and our respective responses thereto.

Preparation of this Report

This report was prepared in three stages to ensure that it observes the principles of Standard AA 1000

- > Planning: we began with an assessment of the issues and analysed information provided by the various Stakeholders to decide upon a pattern for its content. We held meetings with in-house specialists in the various issues to analyse the best way to report on each issue. We adopted a simple structure for the Report ("We said; We have; We will") to achieve transparency, consistence and clarity. This makes it easier for readers to verify our performance in relation to past commitments.
- > Drafts: two drafts were prepared for distribution to the various heads of departments for their comments; the second draft was also distributed to members of the Company Management team.
- > Verification: the final draft was also reviewed by our Report verifiers and their comments are included in the final document. The verifiers conducted a formal procedure (see chap. 18: "External Verification") to check that we had addressed all relevant issues in an accurate and balanced way.

We believe this Report offers a fair balance of our performance in socio-economic, ethical and environmental issues, which are the most relevant for Vodafone Spain. We also believe this Report does not contain any significant distortions or omissions, and that it contains the information required by our Stakeholders, so that they can make informed decisions on Vodafone Spain.

Vodafone Spain's response to its Stakeholders' expectations

Issue	Main Stakeholders affected	Vodafone Spain's Response
Mobile Telephony and Health	Society and General Public, Landlords' and Residents' Associations, Knowledge/ Opinion Makers, Customers, Public Administrations and Regulatory Authorities	Publication of objective information deriving from analysis conducted on the potential health effect of radio-frequency emissions from Mobile Telephony (see chap. 7 "Mobile Telephony and Health")
Social Products and Services	Customers (customers with any disability, chronic illness, the elderly, etc.), Society & General Public, Opinion Makers, Partners and Suppliers	Development of social products and services to foster the removal of barriers and contribute towards the integration of certain disadvantaged groups (see chap. 10: "Vodafone Spain Foundation" and chap. 11 "Social Products and Services")
CR issues relative to customers <ul style="list-style-type: none"> • Responsible Marketing • Responsible Use and Contents • Prices • Data Privacy • Incidents • Customer Care... 	Customers, Opinion Makers, Content Providers, Regulatory Authorities, Society and General Public	Development of tools to favour the responsible use of Mobile Telephony by our customers: Responsible Marketing Guidelines, Access Control to Adult content, Anti-spam measures, Implementation of clear and transparent price policies, etc. (see chap. 9 "Corporate Responsibility and Customers")
Environmental Impact <ul style="list-style-type: none"> • Energy and climate change • Wastes • Responsible Network Deployment • Handset Recycling 	Society and General Public, Public Administrations, Landlords' and Residents' Associations, Opinion Makers, Customers	Definition and implementation of Energy Efficiency Plans to contribute towards reducing the impact on climate change, Waste Management Plans, Responsible Network Deployment Policies and Guidelines (see chap 8: "Responsible Network Deployment"; Chap. 13: "Energy and Climate Change"; Chap. 14: "Waste and Ozone Depleting Substances")
Supply chain	Suppliers, Opinion Makers, Society and General Public	Implementation and follow-up of Code of Ethical Purchasing (see chap. 12 "CR in the Supply Chain")
Taxes	Public Administrations	Our Tax Policy clearly sets forth that we apply legal methods to minimise taxes, but without evading tax (see chap. 5: "CR in Vodafone Spain")
Employee satisfaction	Employees	Implementation of working and personal life balance, staff welfare benefits, professional development and training schemes (see chap. 15: "Employees")
Ethics	Public Administrations, Opinion Makers, Society and General Public, Employees	Our Business Principles establish zero tolerance with regard to bribery and corruption, and require that all employees observe anti-corruption laws and regulations applicable (see chap 5: "CR in Vodafone Spain")

4. Our Stakeholders' Opinions

Vodafone Spain particularly bears in mind the opinions of its Stakeholders. By way of example, below we give some extracts from comments made by different opinion leaders on CR issues that now pose a challenge to Vodafone Spain.

Each of these CR opinion leaders gave their opinion and comments on the following three questions:

- 1) How do you think Mobile Telephony can contribute towards the main challenges posed by Sustainable Development (based on a three-way approach: economic, social and environmental)?**
- 2) How do you rate Vodafone Spain's performance in these issues?**
- 3) On which issues do you believe Vodafone Spain should place more emphasis?**

1) "...Mobile handsets will become an increasingly essential item and will contribute towards the sustainable development of our society, inasmuch as they are now becoming a tool as useful as computers"

2) "...Over these years, we have seen Vodafone Spain becoming more and more involved in matters of vital importance such as telecare, telemedicine, telephony for the deaf, the implementation of screen reading programmes in certain handsets for the blind... We believe it extremely significant that all these measures have been adopted on the basis of expert opinions and, even more importantly, of the end users of these services, without whose collaboration the resulting products and services would not fulfil expectations".

3) "...Perhaps a greater emphasis on specialised services for people with less common needs would be interesting. To wit:

- Specialised call centres for the elderly and/or disabled
- Specialised retail outlets.
- R&D actions"



Enrique Varela Couceiro
Accessible Technology and R+D Director
ONCE FOUNDATION

1) "...It is clear that CSR in Mobile Telephony can help to achieve such important social and environmental goals as:

- Obtaining the best social benefits from an innovation that may lead to a higher level of social integration.
- Improved working conditions
- Favouring sustainable environment development
- In the international scenario, Mobile Telephony plays a major part in respect of CSR in accordance with European values".

2) "...Encouraging innovation to create products and services that respond to the needs of society (the one created by Vodafone for diabetics is a good example).

- With initiatives that help to solve serious problems in social groups with the highest risk of social exclusion (the elderly, the disabled and other marginal groups). This is the case, for example, with technological innovations being developed by Vodafone and other operators for application to the deaf, the elderly and those with a high degree of dependence, among others".

3) "...One of these challenges, given its leadership in Spain and in Vodafone with regard to its strategies to allow women to join the job market, would perhaps be to make enforcement of the Equality Act a reality. One half of consumers are women, therefore one half of Vodafone customers are also women. Accordingly, Vodafone Spain has a splendid opportunity to comply meticulously with the new Spanish laws on Equality and Family Harmonization".



Francisca Pleguezuelos
MEMBER OF THE EUROPEAN PARLIAMENT

1) "From an economic perspective, by enabling access from anywhere, not only to the voice service, but also to the multiple possibilities offered by data transmission and reception... From the social perspective, it already plays a fundamental part in the provision of Mobile telecare services for the elderly or for women exposed to gender violence. Or to favour communications with and between persons with impaired hearing... Finally, from an environmental perspective, it should explore the potential for automated acquisition of data (dumping of waste in rivers, outbreaks of forest fires...) and its immediate transmission via the mobile network...".

2) "Vodafone is undeniably a mobile communications provider that has made possible not only complex, long and costly research in mobile telecare, but also its implementation and development by adopting a very low cost policy on communications, and facilitating access, know-how and management capacity for the acquisition of handsets. Vodafone did not hesitate to stand to the fore of international disasters, such as the tsunami in Indonesia, facilitating channels for the donations between the population and organisations such as ours".

3) "Without doubt, there are two fundamental keys: the inclusive design in mobile communications equipment and technology... The large operators which are, in turn, large buyers of equipment, must encourage manufacturers to conduct research into social care and the design of accessible equipment for everyone (the elderly and the disabled). The other key refers more to the possibility for access to the service from the economic perspective... what we mean is that data transmission and reception and permanent open or "on line" type communications is still rather expensive... Finally, from the environmental perspective, one challenge has now been addressed and that is the reuse and recycling of handsets...".



Jaime Gregori
Director of Fund Raising and Collaboration with Companies
SPANISH RED CROSS

4. Our Stakeholders' Opinions

1) "...from the UCE's perspective, nor can a socially responsible company merely limit itself to sporadic actions that may or may not make the headlines. Thus, its commitment to Sustainable Development must be a comprehensive conviction that has a bearing on each and every aspect of the company's business activities".

2) "...If one analyses events over the past few years, it is evident that Vodafone Spain has taken a serious approach to integrating Corporate Responsibility into management, addressing aspects relative to stakeholder engagement (customers and the general public, employees, neighbours and, of course, consumers and users, via their representative organisations), responsible marketing (opting for a responsible use of mobile telephony), its concern for products and services with high social value (telemedicine, attention to those with impaired hearing, the blind, etc), its Foundation's different programmes, its concern for the study of mobile telephony and its health effects, responsible network deployment, or its environmental programmes (reuse, recycling, energy, etc.)".

3) "...If we had to mention just one specific issue, we would insist on Vodafone Spain's modus operandi for relations with end consumers and users. As a socially responsible company, it must acknowledge liaison with consumers through their representative organisations, offer channels for mediation and participate in institutional dialogue".



Juan Moreno Rodríguez
Secretary General
UCE – SPANISH CONSUMERS' ASSOCIATION

1) "...From an economic perspective, it is enabling new relations between people and organisations, which unquestionably contributes towards its capacity to create value. From an environmental perspective, mobile telephony has enabled numerous emerging countries to progress from a pre-industrial phase in telecommunications to the 21st century, sidestepping fixed telephony, with the tremendous saving in natural resources this entails. Finally, from a social perspective, mobile telephony is enabling millions of people, who had never before been able to make a phone call, to access a technology which boosts their capacity to generate resources and improve their quality of life".

2) "Of all the companies operating in Spain, Vodafone is one of the greatest and best performers in terms of sustainability and corporate responsibility. Its relations with its diverse Stakeholders, the development of products intended to satisfy the needs of disadvantaged social groups, its managers' altruistic participation in seminars, conferences, etc., to promote Sustainable Development and Corporate Responsibility, or its founder-membership of the Sustainability Excellence Club, all represent tangible evidence of this".

3) "...Vodafone Spain must commit itself to ensuring that development reaches the six billion-plus human beings in existence at the present time, and for this to be environment-friendly and respectful towards cultural diversity and to guarantee the possibilities of future generations. There can be no doubt that Vodafone Spain's membership of the consortium of companies of the "Base of the Pyramid Learning Laboratory" recently set up at IESE, represents a major step forward in this direction".



Miguel Ángel Rodríguez
Director of the Center for Business in Society (CBS)
IESE BUSINESS SCHOOL

1) "... The greatest challenges facing the sector stem from the social facet, in relation, among others, to: research on the health effects of electromagnetic fields, procedures for consultation with communities in most location areas, or respect for human rights in the supply chain".

2) "... We would point out the fact that, in its Corporate Responsibility Report, Vodafone Spain publishes the qualitative commitments assumed, as well as their degree of performance".

3) "... It must continue to publish increasingly more accurate and quantitative information on its social and environmental performance, which will enable consumers and investors to reward those companies with a firm commitment towards these issues".



Víctor Viñuales
Director
FUNDACIÓN ECOLOGÍA Y DESARROLLO
(Foundation for Ecology and Development)

1) "The GRI for this sector of Telecommunications makes various recommendations, and I would particularly like to mention those that refer to the fact that fast progress in this industry need not necessarily imply the obsolescence of hardware. It also encourages fostering these initiatives among its suppliers. Work should also be undertaken to remove all types of barriers to access by the population in general".

2) "I believe it to be one of the operators that is most committed to the environment in which both the Company and its Foundation operate. Vodafone runs a variety of specific programmes and its Foundation is one of the most active players in community involvement. We, in particular, collaborate with Vodafone by reusing its disused computers in social projects, and I believe this relationship is most cordial and rewarding for both sides, and is conducted in a climate of trust and mutual understanding, which is not always the case in NGO-business relations".

3) "I believe it should forge ahead in the same way it began: by facilitating access to technology by the disabled and other specially challenged groups, as well as insisting more strongly on management of the waste produced by its activity, giving priority to the reuse of handsets".



May Escobar
General Manager
BIP-BIP FOUNDATION

5. Corporate Responsibility at Vodafone Spain

One of our six strategic goals is “To be a Responsible Business”. Corporate Responsibility requires an understanding of our Stakeholder expectations and action to fulfil these in a balanced manner.

Our Corporate Responsibility Strategy

During the financial year 2005-06, we drew up a 5-year Corporate Responsibility Strategic Plan. That Plan sets forth the following priorities for action:

- > To maintain the highest levels of ethics.
- > To understand and respond to the priority expectations of our Stakeholders, by developing measures to respond to the issues that concern them.
- > To place emphasis on three key areas: responsibility towards our customers, reuse and recycling of handsets, and energy efficiency and climate change.
- > To use the potential of mobile telephony to expand accessibility by different groups.

Effective implementation of CR is made at all times bearing in mind the references of Vision, Values and Business Principles of the Company, based on international recommendations such as the Declaration of Human Rights, the Declaration of Rights of the Child, and the ILO Principles on Labour Rights.

A follow-up of emerging CR issues enables us to identify future risks and opportunities for our company. This follow-up is made via diverse communications channels with our Stakeholders (see chap. 3: “Stakeholder Engagement”).

During the financial year 2005-06, we developed a CR issue management procedure and, as a result, every quarter progress in the most significant CR issues is recorded and these are built into the CR strategy insofar as may be necessary.

Our Values

Vodafone has established four Values, known internally as “Passions”. One of our Values is “Passion for the World Around Us”, and refers to how Vodafone contributes towards enriching the lives of people through our products and services and through our impact on the world around us.

CR Management in Vodafone Group

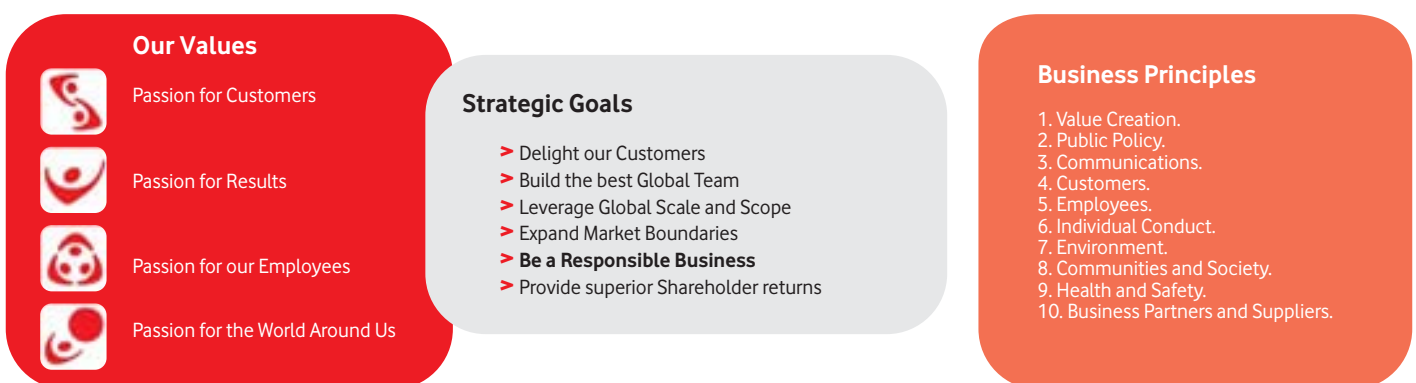
The ultimate responsibility for CR lies with the Group Executive Committee, thus reflecting the strategic importance we attach to CR. The Group Corporate Responsibility Manager reports to the Group Corporate Affairs Manager, who is the Executive Committee member responsible for CR. CR Management is reviewed periodically by the Executive Committee and at least once a year by the Board of Directors.

Vodafone Group holds working meetings every 6 months with the CR Managers of each of Group Companies, to analyse and define CR strategies and to pool best practices.

CR Management in Vodafone Spain

At Vodafone Spain, the CEO holds general responsibility for CR, and there is a CR Unit dedicated to its management and which is also responsible for implementation of the Vodafone Spain CR Programme, by coordinating the procedures of the various organisational units involved and working directly with the Group CR team. The CR Unit reports to the Institutional Relations Director, who is the Institutional Committee member with responsibility for these issues. The Institutional Committee approves and handles follow-up of the Vodafone Spain CR Programme and its targets, by holding periodic meetings.

Our Evolution in Corporate Responsibility



5. Corporate Responsibility at Vodafone Spain

The CR Unit liaises with the pertinent organisational units to ensure that CR is built into the Company's Business Processes.

Periodically, we review progress in the CR Programme to analyse possible changes and to ensure that the relevant issues for our company are addressed continuously (see chap. 3: "Stakeholder Engagement").

Internal Communication

Appropriate management of Corporate Responsibility depends, among other aspects, on our employees' understanding each of the CR priorities laid down and on the role to be played by each one when implementing our CR Policies and communicating these to the various Stakeholders.

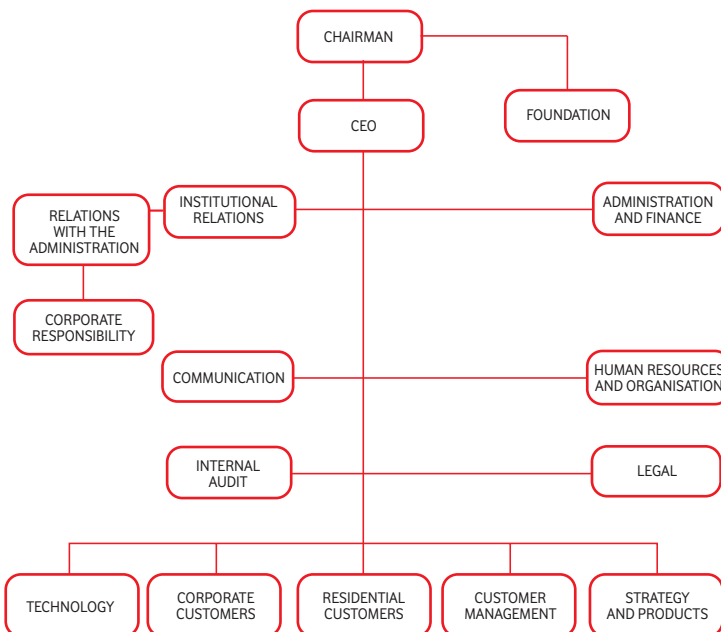
Accordingly, the Internal Communication Plan 2005-06 sets forth, among others, the following goals:

- > Awareness by Vodafone Spain employees of the Corporate Responsibility Programme and its various activities.
- > Encouraging the participation of our employees in Corporate Responsibility activities so that they will contribute towards accomplishing the strategic goal "To Be a Responsible Business".

During the financial year 2005-06, the third Internal (specific for employees) Report on Corporate Responsibility was distributed, which gave a summary of the issues under way at each of the Group companies (see below).

In 2005, Vodafone's Internal Communications efforts won the CR Internal Communication Strategy Prize, awarded by the "International Visual Communications Association", following on from the "Prize for the Best Employee Portal for companies with more than 1,000 workers" that was awarded to Vodafone Spain in 2004 by the Internal Communication Observatory of the Instituto de Empresa (Business Institute).

The communications tools used are increasingly sophisticated and diverse, mainly to tailor the range of communication channels to the different employee segments as far as possible, to offer a service more in line with their respective needs, the most noteworthy of which is the company's Intranet.



CR Performance Measurement

Vodafone has developed an information system that collates and reports CR indicators, including qualitative and quantitative indicators, for issues such as energy efficiency and climate change, waste management, handset recycling, contributions to the community, etc.

These indicators comprise the CR Measurement System by means of the monitoring of what are known as CR Key Performance Indicators (KPIs):

- > CR Management Framework KPI: every quarter, we analyse the degree of progress achieved by the company in Corporate Responsibility Programme Management. This KPI weighs up progress in the Degree of Commitment, Integration of CR in Business Processes, and Management of CR issues.
- > CR Perception KPI: based on market surveys, every year the Vodafone Group gauges Stakeholder perception with regard to social and environmental performance of each Group operating company. These studies are complemented by Vodafone Spain with quarterly analyses of the level of perception by the general public and its customers. At the same time, these quarterly analyses provide information on our Stakeholder expectations (see chap 3: "Stakeholder Engagement").

CR Indicators are included in the Company's Balanced Score-card, based on the relevant KPI, and target achievement is followed up on a quarterly basis.

This information is shared with the Vodafone Group's other Operating Companies for benchmarking purposes, in order to identify and implement the best practices among the Group's companies.



Internal Communication. Vodafone Spain Intranet

- 93% of the company accesses Intranet contents
- 90% reads mails sent via Internal Communication
- 72% accesses linked content via mail

Environmental CR Indicators also form part of our Environmental Management System, which has been implemented and certified in accordance with Standard ISO 14001 since 1997, and which remains in force as a result of the pertinent follow-up audits.

In addition, Vodafone Spain, in application of its Quality Policy, has a Quality System, which was first certified in November 1996, to evidence that this system conforms to International Standard ISO 9001 (see below).

Committees

Vodafone Spain has set up the following Committees:

- > Executive Committee: responsible for steering Vodafone Spain towards the achievement of its targets and strategic priorities.
- > Operating Committee: responsible for monitoring and controlling the operations and initiatives that are relevant for the Company.
- > Sales Committee: this Committee makes and communicates its decisions regarding promotions, campaigns, marketing plans and everything that has to do with the sales channel.
- > Product Committee: this Committee is responsible for monitoring the Product Development Plan, approving the Product Plan, etc.
- > Institutional Committee: the Institutional Committee deals with legal issues, market regulation, the Foundation, Institutional Relations, and Corporate Responsibility.

Corporate Governance

Given that Vodafone Spain is a 100% investee of Vodafone Group, it is subject to all the Corporate Governance policies and procedures laid down by Vodafone Group, such as Business Principles, the Code of Conduct on Tax, the Anti-bribery and Corruption Policy, etc. (see below).

The Board of Directors has very high levels of Corporate Governance, which are critical for the integrity of our business and to maintain the trust of our investors. See additional information on www.vodafone.com/governance

Here, we must stress that Vodafone was one of the 33 companies (of a total of 3,200) to receive the top score in the 2005 Corporate Governance Ratings published by Governance Metrics International.

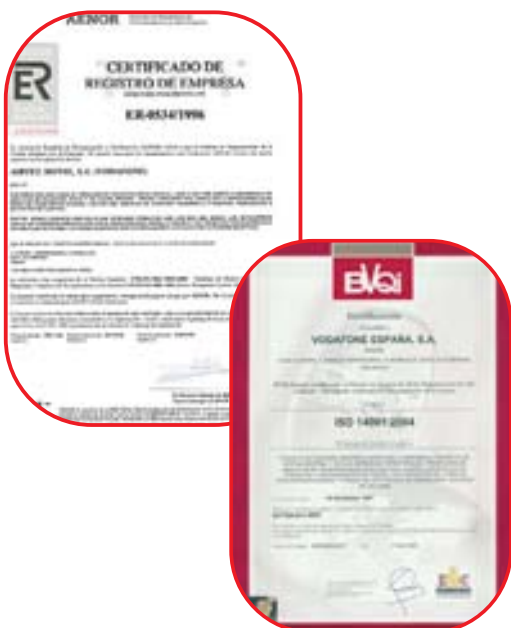
Observance of the Sabarnes-Oxley Act

The United States Sarbanes-Oxley Act was signed into law in July 2002 and imposed stricter Corporate Governance and Financial Information requirements, and applies to companies listed in the New York Stock Exchange, as is the case of Vodafone Group.

Section 404 of this Act sets forth the documentation, evaluation and certification of efficiency of internal controls and procedures that apply to financial information contained in the Annual Accounts; it also requires certification by the External Auditors at close of the financial year. Vodafone Group has the obligation to comply with this Act as from close of the financial year ending on 31 March 2007.

During the financial year 2005-06, Vodafone Spain documented and evaluated the Company's Business Process controls and Information Technology controls, and identified critical controls required to mitigate risks inherent to the business. A new phase is now beginning in which we will perform the evaluation accrediting efficiency of those controls to ensure compliance with this Act.

To confirm that the operating and financial controls associated with the Company's Business Processes work properly, Vodafone Spain uses the Key Control Questionnaire (KCQ), a self-evaluation tool that plays a key role in the annual internal control system.



Extracts from Vodafone's Code of Conduct on Tax

"Shareholders' returns will be maximised in relation to taxes on all business activities:

- Within the Company's general strategy
- In accordance at all times with applicable laws, requirements and regulations
- And protecting the reputation and brand of Vodafone"

"With regard to tax issues, and the application of the legal and fiduciary obligations of directors and employees of the Company, account shall be taken of the Reputation, Brand and Corporate Responsibility, all of which form part of the general decision-making and risk evaluation procedure".

Bribery and Corruption

Our Business Principles establish a Policy of zero tolerance with regard to bribery and corruption, and accordingly:

"We expect all employees to act honestly, fairly and with integrity.

- No form of bribery shall be tolerated, including dishonest offers or payments to or by employees.
- All employees shall avoid any contact that could lead to, or suggest, a conflict of interests between their personal activities and the business activities of Vodafone.
- All employees shall refuse to accept privileged treatment or gifts that could be construed as the assumption of an obligation".

6. Social and Economic Impact of Mobile Telephony

Mobile Telephony is making a significant contribution towards the growth of the economy and benefits society, increasing the wellbeing of citizens and providing valuable solutions to companies.

Vodafone Spain contributes directly to the national economy with the wealth we generate, the taxes and licence fees we pay, as well as the suppliers from which we purchase and the people we employ.

At the same time, we also stimulate economic development by providing greater access to communications which, in turn, extends access to other services such as finance, education, health, etc.

Economic Contribution of Mobile Telephony

The Spanish economy needs to be driven by Information and Communications Technologies (ICT) to continue its growth through increased productivity. Figure 1 shows how ICT's have contributed to the growth of Gross Added Value in Spain.

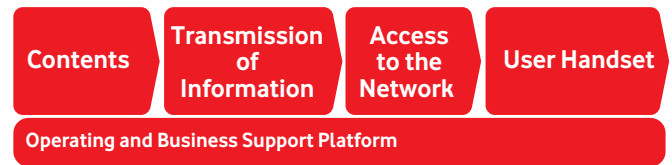
Centring now on the mobile industry, Spain presently holds a noteworthy position among EU countries, and the mobile communications market has experienced a spectacular growth in recent years (see figures 2, 3, 4 and 5).

At the end of March 2006, there were 44.33 million mobile telephony customers in Spain and the rate of penetration of mobile telephony in the Spanish population was 100.5%. "Customer" is understood to mean the number of active SIM cards, i.e., all those subject to a postpay contract and all those subject to a prepay contract which operators believed to be active during the last three months of the reference period.

The mobile voice services value chain has not varied significantly since provision of the first analogue, or 1G, telephony services. The leading role is played by the operator, which integrates the business vertically, and is usually the provider of the user handset, network access and the transmission of information.

Accordingly, the operator normally has only one external agent, the equipment and handset supplier, which provides the operator the network infrastructure necessary to roll out the mobile network, and the handsets the operator uses to prepare its service and promotional offers. At the same time, the operator manages the business support and operating platform, i.e., the development of billing systems, customer care, marketing, distribution and sales.

Mobile Voice Services Value Chain



Source: GAPTEL. Report September 2005

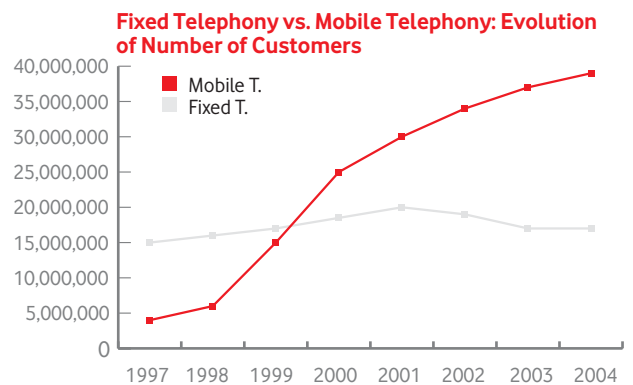


Figure 2 Source: GAPTEL. Report September 2005

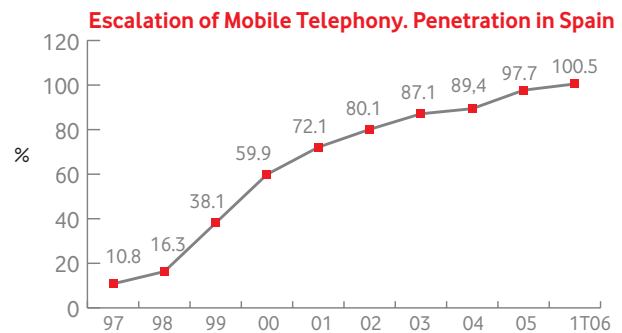


Figure 3 Source: Cinco Días, 5 June 2006

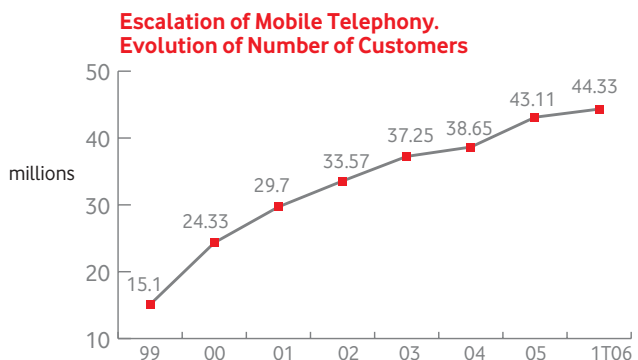


Figure 4 Source: Cinco Días, 5 June 2006

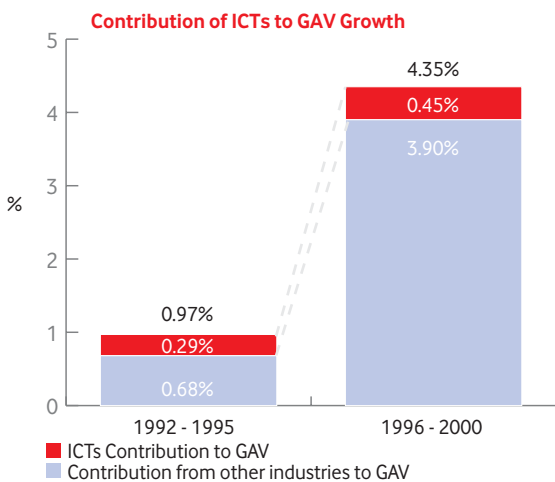


Figure 1 Source: GAPTEL 2004

This model has remained valid throughout the various generations of mobile telephony developed. However, the communications services convergence process, which began with 2.5G networks (GPRS) and continued with 3G (UMTS), has led to a slight modification to the traditional links in the value chain shown to make room for new agents and new forms of presenting services, closer to the world of Internet and contents.

To measure the contribution made by Vodafone Spain to the Spanish economy, we can use the Added Cash Value as an indicator, which consists in the value of sales minus the cost of materials, components and services we purchase from our suppliers. Based on this indicator, Vodafone Spain contributed 2,203 million to the Spanish economy in the financial year 2005-06, representing an increase of 18.2% compared with 1,864 million in the financial year 2004-05.

The table below shows the Direct Economic Value of Vodafone Spain.

Direct Economic Value of Vodafone Spain (€ mm). Payments for:	
Procurement of goods and services	4049.3
Tax	557.9
Retained for growth	1158.1
Salaries and Bonuses	194.5
Social Security	38.1
Pension Plan Contributions	4.1

Social Contribution of Mobile Telephony

One cannot deny that mobile telephony has had a noteworthy influence on how we relate and communicate, and has indeed represented a revolution in communication between people (see figure 7 on the following page).

Figure 6 displays the importance of mobile as a tool in everyone's everyday life.

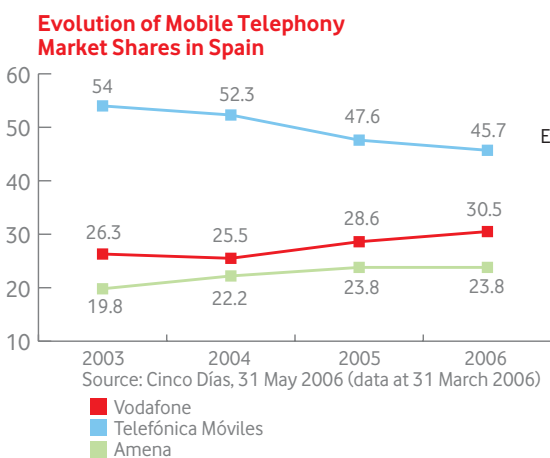


Figure 5

Mobile Telephony and Accessibility

Act 51/2003, on Equal Opportunities, Non-discrimination and Universal Accessibility for the disabled, sets forth the obligation for public property and services to be accessible to all citizens, regardless of their physical and economic possibilities, gender, etc.

In this regard, Communications and Access to Information Systems must be configured and/or designed so that all users are able to transmit and receive information, regardless of their degree of disability, age or other limitations.

As society becomes more global and technology-based, the pace of growth in the demand and use of technology in relation to people with disabilities and the elderly goes from strength to strength. The progress of technology means that we have a population with an increasing life expectancy, which means that, in turn, there is a higher number of persons with some type of disability, often age-related.

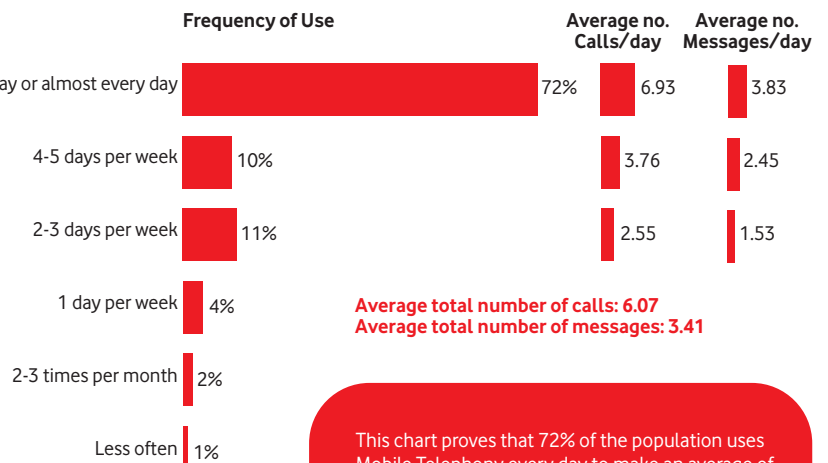
Technology must be easily tailored to differing circumstances and users, which is why there is such a wide range of products designed to compensate limitations, stimulate functions or enable actions. Appropriate technological solutions offer economic and social advantages and allow everyone to make use of their potential, and also allow more attention to be paid to diversity.

Technological development and convergence between the new platforms are offering new services which are increasing the presence of ICT in our everyday life. Access by the disabled to the Information Society is crucial for their integration, participation and development in the same way as all citizens, and with the same rights.

It has been demonstrated that the influence of ICT is extremely helpful in disability-related situations and that by pooling their efforts, the representatives of organisations, technology experts and members of the Administration can produce solutions for the future of the more than 3.5 million disabled persons in Spain.

Use of Mobile Telephony in Spain

(Report prepared by Millward Brown for Vodafone Spain Foundation)



This chart proves that 72% of the population uses Mobile Telephony every day to make an average of 6.93 calls per day and to send an average of 3.83 messages.

Figure 6

6. Social and Economic Impact of Mobile Telephony

The features of the new and ubiquitous mobile environments offered by ICT, and particularly by mobile telephony, are a clear sign of how technology provides solutions for some of the problems found in various groups.

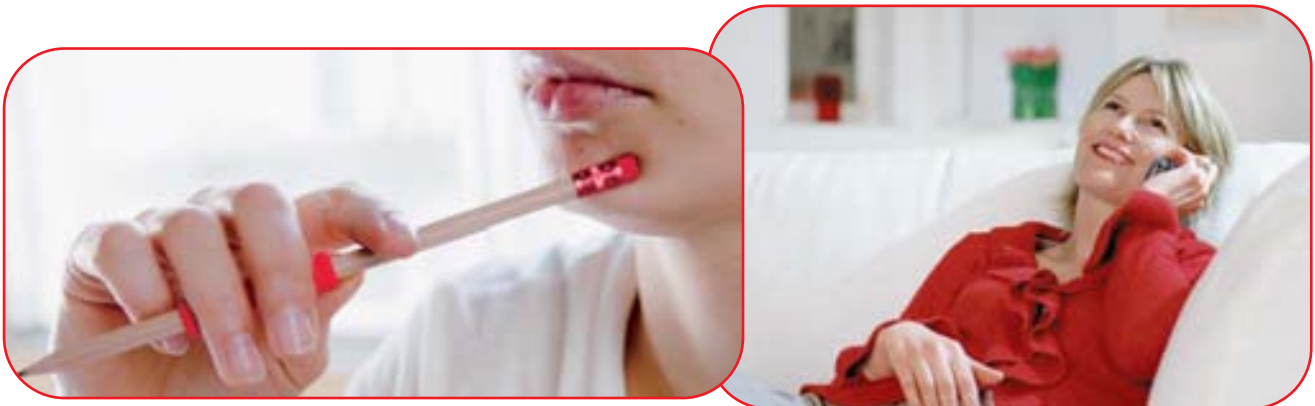
It is evident that this new technological offering must go hand in hand with an offering of new services, including companies specifically acting as service providers, channelling all information of interest to special needs groups and which encompass all possible dimensions: leisure, holidays, job integration, training, orthopaedic prosthesis management, and care and attention services in general, thus adding value to the mere provision of services.

A significant percentage of people with special needs need to receive social and health services at home. At the same time, one of the sectors in which Mobile Telephony generates most value is Health, by improving efficiency in hospitals and the quality of life of patients.

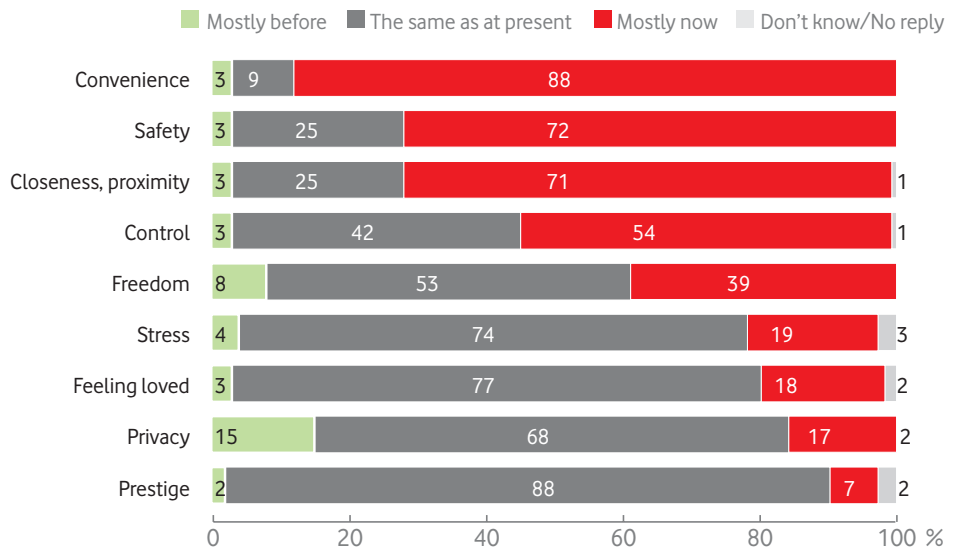
Finally, it must be borne in mind that the ICT are moving forward at a dizzy pace, so special attention must be paid to the digital divide to prevent it from widening in these special needs groups. Consequently, Strategic Roadmaps must include specific lines of innovation in these technologies, both to expand and consolidate those that already exist and with a view to the early adoption of anticipative technologies.

At Vodafone Spain, we try foster and encourage access to and use of Information Society services, particularly by the disabled and other vulnerable groups, through:

- > The expansion of adequate infrastructure in terms of coverage and capacity, as a basic form of access to new services.
- > Collaboration with public powers and civil society in the establishment of regulatory or tariff measures to favour the inclusion of specific groups in the new Information Society.
- > Strict compliance with rules and regulations on accessibility and disability in the services offered, as well as effective integration of the Design for All philosophy in product and service development procedures.
- > Orientation of Corporate Responsibility programmes and actions towards the specific inclusion of special needs and other socially vulnerable groups, to particularly help to decrease the digital divide.
- > Placing adequate infrastructures and handsets at the disposal of specific special needs groups.
- > Promotion of the dissemination of good practices and innovative projects in relation to ICT and disability.



Aspects of your life that have changed most thanks to Mobile Telephony



According to this graph, the aspects that have most changed the lives of users since they acquired a mobile phone are those that refer to convenience (88%), safety (72%), closeness and proximity (71%), and control (54%).

Figure 7

Source: Report prepared by Millward Brown for the Vodafone Spain Foundation

7. Mobile Telephony and Health

The safety of our customers, the general public and employees is essential for Vodafone. Accordingly, we have embarked on numerous courses of action to respond to the concern shown by a part of society over the potential health effects of radiofrequency emissions from mobile telephony, and we are committed to reducing that concern by providing objective information to our Stakeholders and taking part in an open and transparent dialogue.

The rapid growth of mobile telephony has brought significant personal, business and social advantages. However, some people are concerned over the possible health effects of radiofrequency emissions from mobile telephony (base stations or handsets).

Radiofrequency emissions are generated by a wide range of devices, including mobile phones, TV remote controls, wireless security alarm systems, etc.

Over the last 60 years, the scientific community has monitored the situation to ascertain whether exposure to different radiofrequency fields has any effect on human health.

Vodafone Spain does not conduct research activities of this nature because they are performed and coordinated at Vodafone Group level.

The widespread use of mobile telephony sparked special scientific interest and led to intense research on the potential effects on health of exposure to various ranges of the frequency spectrum, bearing in mind, in addition, that the emission potential from base stations is far lower than other sources of emission, such as radio or television.

Thus, a total of 250 million dollars was invested worldwide in scientific research on the possible health effects of radiofrequency emissions.

The World Health Organisation (WHO) concludes that an analysis of scientific studies made by reputed organisations, covering the whole range of 0-300 GHz frequencies, does not evidence any known harmful effect on health as a consequence of exposure to those emissions below the limits recommended in the ICNIRP (1998) Guidelines for Radiofrequency Emissions. Similarly, the WHO concludes that the symptoms attributed to hypersensitivity to radiofrequency emissions cannot be scientifically associated with exposure to electromagnetic fields.

Vodafone's position and policies on this matter are based on studies made by groups of experts under the auspices of national and international health agencies, such as the WHO or the Ministry of Health and Consumer Affairs.

At the same time, we must stress that the mobile telephony infrastructures are deployed with three types of guarantees:

- > The Ministry of Industry, Tourism and Commerce, which regulates the framework for regulations and recommendations, in accordance with scientific and technical reports with a national and international scope; and which takes readings.
- > Suppliers, which apply the regulations and install officially certified equipment.
- > Strict compliance of these rules by Vodafone Spain and the use of officially certified equipment. Emissions from this type of equipment are subsequently checked and monitored periodically by professionally qualified and independent inspectors, each inspection having to be approved by the Association of Telecommunications Engineers. Furthermore, each station is inspected by technicians from the Directorate General for Telecommunications.

Regulatory compliance

Vodafone Spain complies with regulations in force relative to Electromagnetic Emissions:

- > Royal Decree 1066/2001, of 28 September, approving the Regulation setting forth conditions to protect the public radio spectrum, restrictions on radiofrequency emissions and radiofrequency emission health protection measures. This Royal Decree sets forth the criteria of the European Union Council of Health Ministers Recommendation, of 12 July 1999, concerning the exposure of the public to electromagnetic fields.

Mobile phones follow the same principles as television and radio, and use radiofrequency emissions to transmit information. Mobile telephony requires a network of base stations to connect calls from customers' phones. The emission level of mobile phones is automatically adjusted to the minimum necessary to communicate with base stations, so that the closer the base station, the lower the level emitted by the phone.



Both the mobile handsets we sell and the base stations in our network comply with national and international regulations on human exposure to electromagnetic fields.

7. Mobile Telephony and Health

> Order CTE/23/2002, of 11 January, which sets forth the conditions for the presentation of certain research and certificates by radiocommunications services operators.

We said

- > To continue to engage with the general public, customers, opinion makers, public administrations and employees, regarding mobile telephony and health related issues.
- > To show SAR (Specific Absorption Rate) levels of the different types of handsets marketed by Vodafone on our website.

We have

In an attempt to reduce concern in this area, Vodafone Spain is conducting various activities in the following categories:

- > Engagement with local communities as part of our Responsible Network Deployment process (see chap. 8 "Responsible Network Deployment").
- > Dissemination of user-friendly information through diverse channels, including our website and informative leaflets, so that the public can form their opinions based on information given by health specialists.
- > The commitment to report to customers and the general public on relevant new conclusions of scientific research published by experts.

During the financial year 2005-06, Vodafone Spain continued to improve communications with a wide spectrum of Stakeholders, including customers, the general public, employees, Public Administrations (national, regional and local), opinion makers, health authorities, etc. In these communications, we offered updated, consistent and relevant information on developments in research into mobile telephony and health issues.

Similarly, we conducted surveys among Stakeholders to determine their levels of concern and their reasons on which they based their concern.

Communications Campaigns

Communications campaigns centred on providing objective information on the matter, and involved the following actions, among others:

- > Seminars for the general public with the participation of health professionals.
- > Meetings with representatives of the various Public Administrations.
- > Meetings and seminars with Consumers' Associations.
- > Meetings with the Sector Committee for Radiocommunications Infrastructures Deployment, set up by the Ministry of Industry on 15 July 2004, at which all Autonomous Communities, town halls (through the FEMP), Telecommunications Engineers Professional Associations on behalf of the telecommunications sector, and AETIC, and the Ministry of Industry, Tourism and Commerce, were represented.

With regard to internal communications campaigns, in 2005-06 Vodafone Spain concentrated on increasing the level of information and knowledge of this area among employees having direct relation with customers and management staff.

Stakeholders Opinion

Vodafone commissions independent annual and quarterly surveys among the general public and customers, to ascertain their opinion in relation to their level of concern and our actions relative to Communication on Mobile Telephony and Health issues.

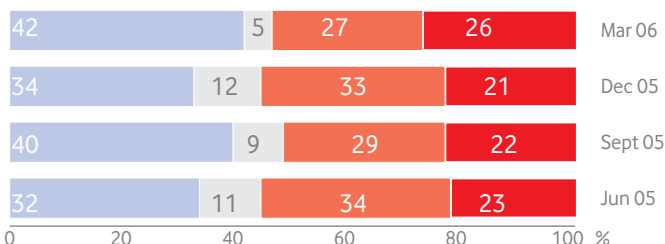
The conclusions drawn from MORI surveys are that:

- > Radiofrequency emissions from mobile telephony and their potential bearing on health is a sensitive issue, but is not a priority health concern among the general public: it ranked 11th-12th among the issues mentioned by respondents (see figure 1).
- > Concern among the general public was triggered mainly by information they had heard or read on potential effects on

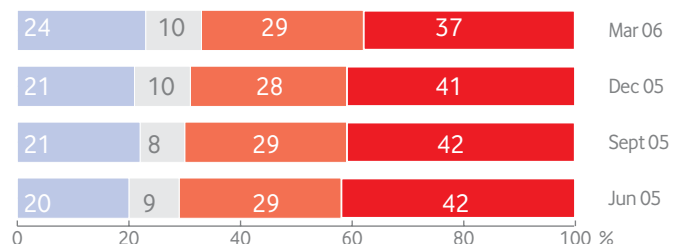
"Can you tell me how you rate Vodafone Spain's performance with regard to the following issue?"

Communication on complaints relative to health and radiofrequency emissions from mobile telephony masts and mobile phones

General Public



Customers



Legend: Don't know/No reply (blue), Poor/Very Poor (grey), Neutral (orange), Good/Very Good (red)

information they had heard or read on potential effects on health (76% out of respondents who said they were

- > There was very little knowledge of the matter: 30% believed mobile phones could work without a base station nearby (see figure 2).
- > A significant percentage of respondents believed the sector was withholding information, and 17% wished their operator was more proactive when disseminating information.

Regarding the latter point, Vodafone Spain conducts quarterly surveys among our customers and the general public on our communications actions regarding the radiofrequency emissions of mobile telephony, and we have seen that customers have a far more positive opinion than the general public (see graph on page 20).

Agreements with Municipalities

During the financial year 2005-06, the Spanish Federation of Municipalities and Provinces (FEMP) and the Spanish Association of Electronics, Information Technologies and Telecommunications Companies (AETIC) signed a collaboration agreement for the creation of a Code of Good Practices on criteria that should govern the deployment of mobile telephony masts.

At the same time, the FEMP and mobile telephony operators also signed an agreement for the creation, in the FEMP, of a Technical Advisory and Information Service (SATI) for Municipalities, with a view to improving their capacity to handle issues relative to base station deployment and local regulations on masts.

SAR Levels

When someone is exposed to a radiofrequency field, this penetrates their body for a few centimetres and is absorbed in the form of heat. This specific absorption rate is denominated SAR (Specific Absorption Rate).

The International Commission for Non-ionising Radiation Protection (ICNIRP) has established SAR levels for mobile phones (measured in watts per Kg), and has set a maximum of 2 watts per Kg. All mobile phones marketed by Vodafone conform to ICNIRP limits, and have maximum SAR values of between 0.24 and 1.05 watts per Kg in the head test and 0.25-1.94 watts per Kg in the body test.

SAR levels of mobile phones marketed by Vodafone Spain are referenced on our website. At the same time, Guidelines are also included, consistent with WHO recommendations, for those customers who wish to reduce exposure to the radiofrequency emissions from their mobile phones.

More information on:
www.vodafone.es/antenasysalud
www.who.int/peh-emf/research/en
www.who.int/mediacentre/factsheets/fs296/en

We will

Establish targets based on Stakeholder opinion on the performance of Vodafone with regard to Mobile Telephony and Health (March 2008).

"Masts and Health" rank low on the list of health concerns

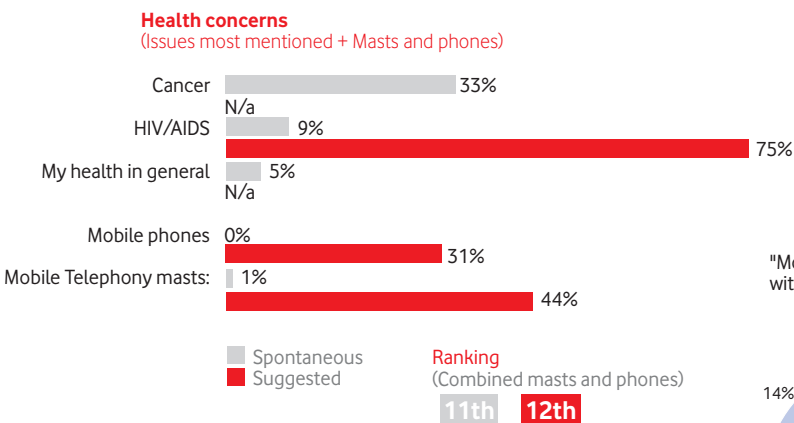


Figure 1

30% of the Public does not understand the need for masts for mobile telephony to work

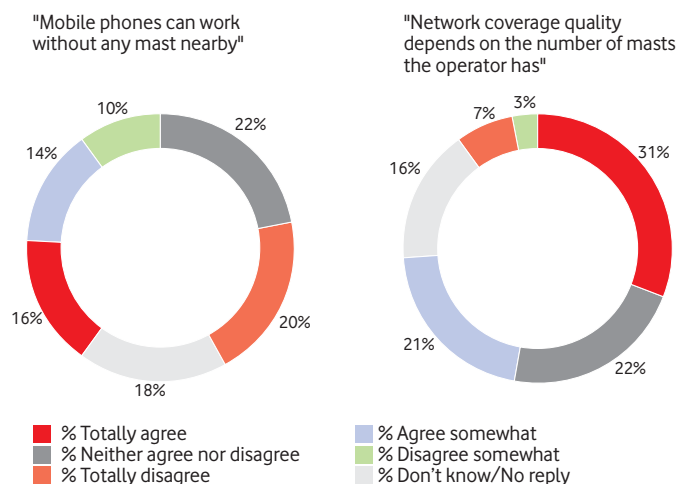


Figure 2

8. Responsible Network Deployment

Our mobile telephony services are provided using a network of base stations which transmit and receive voice and data. We are aware that, on occasions, the development of our network can cause concern among some communities in the vicinity of these stations. Accordingly, we hold consultations with local Stakeholders and attempt to minimise those concerns among the community.

Vodafone Spain is continuously investing in its network to improve its coverage and capacity for our customers and to guarantee access to new technologies, such as UMTS. On a first level, the Network consists of a series of base stations (each of which contains transmitters and receivers), a support structure and a cabin housing network equipment. Each base station provides coverage to a specific area, which may vary from 5 Km in open land, to less than 100 metres in densely built-up areas or inside buildings.

Communication and consultations with local Stakeholders play a major role when selecting and renting base station sites.

The selection of a site and the design of each new base station represents a challenge, so we must therefore strike a balance between a wide range of considerations relative to network deployment in order to satisfy both technical and business requirements as well as concerns among the community where these are located. By way of example, the highest masts can improve coverage for our customers and, at the same time, can have a greater visual impact. (See Chart 1)

Although the greater part of base station deployment does not lead to controversy, when concerns are raised over base stations we listen to the opinions of all those involved, and attempt to adapt ourselves to these, insofar as possible, by providing information or solutions that offer a response to those concerns.

Vodafone is firmly committed to responsible network deployment, in which visual and environmental impact is reduced as far as possible.



BTS at Hotel Meliá Tamarindos. San Agustín Beach. Gran Canaria.

We have

Responsible Network Deployment Policy and Guidelines

During the financial year 2005-06, the Responsible Network Deployment Policy (RND) was communicated to our Network Implementation teams, and supplementary Guidelines were updated by incorporating the contributions from those teams. The Guidelines describe best practices and recommendations to fulfil the objectives of the RND Policy in the following areas: legislation compliance, environmental impact, radiofrequency emissions, site planning and selection, communication and consultations, and relations with landlords.

The RND Guidelines contain examples of best practices with regard to design solutions to reduce visual impact, including the use of existing structures to site our stations, the construction of cabins painted or built with materials that blend in with the surroundings, etc.

We have established a series of key indicators to measure our performance in relation to the Policy and the Guidelines, and we will start to report on these in the financial year 2006-07.

During the financial year 2005-06, we commissioned a survey among the general public on mobile telephony and health (see chap. 7: "Mobile Telephony and Health"), which included some questions on concerns relative to base station deployment. The results of the survey evidenced that, among those who knew of the existence of a base station in their vicinity, the majority (52%) was indifferent, a minority believed they had no say in location of the station, and a very low percentage had lodged some type of complaint about the station's site. (Figure 1)

Site selection criteria

Technical aspects

- > Good Communication Coverage and Capacity.
- > Resistant and safe construction.
- > Efficient deployment.
- > Direct Vision of other stations for transmission issues.
- > Easy access and maintenance.
- > Electricity supply.

Community concerns

- > Compliance of Radiofrequency Emission levels
- > Visual impact on the landscape.
- > Compliance of planning regulations
- > Access to Information and Consultations.

Chart 1

Reactions to the location of a mast in the vicinity (residential customers aware of masts in their vicinity - spontaneous)

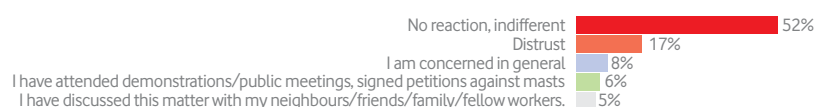


Figure 1

Deployment Targets

During the financial year 2005-06, Vodafone Spain accomplished 100% of its deployment targets, and installed 2,900 new base stations, of which almost 70% use UMTS technology. Accordingly, Vodafone Spain has a vast network of more than 14,000 network elements, which guarantees an excellent quality of communication coverage and capacity.

These network infrastructure deployment targets represented an investment of €587.1 million during the financial year 2005-06.

Shared uses

During the financial year 2005-06, we continued to foster the shared use of infrastructures with other operators. Accordingly, this year we deployed almost 200 new stations in external infrastructure, whereas other operators used more than 100 Vodafone Spain structures. By way of innovation, this year we began shared use of flat roofs with other operators, making an efficient contribution towards reducing visual impact in urban surroundings. (Figure 2)

With these shared use measures, less waste was generated during construction and fewer resources and energy were consumed. At the same time, we must bear in mind that, in some cases, shared use of locations can lead to a slightly higher visual impact than individual base stations, because higher and more robust structures are normally necessary to house additional masts.

Regulatory compliance and Radiofrequency Emission-related measures

Vodafone Spain complies with sector regulations on telecommunications that refer to network deployment, i.e., General Telecommunications Act 32/2003, of 3 November.

In relation to regional and local regulations in force on network deployment (Bylaws regulating the installation of mobile telephony masts), there is a legal controversy under way in Spain concerning mobile telephony operators, in relation to their lawfulness. Here, regional and local regulations are observed on some occasions in the terms set forth in judicial resolutions adopted by the Courts. In this regard, no final binding penalties or fines have yet been imposed in significant amount in relation to breach of regulations.

More information on:
www.vodafone.es/comunidades

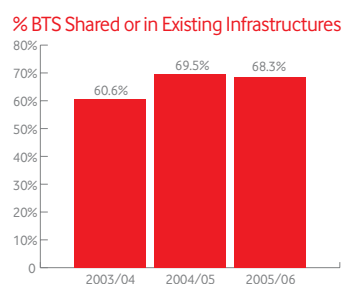


Figure 2

At the same time, Vodafone Spain successfully obtained the annual certification of its network elements, a procedure that requires a vast campaign to read the radiofrequency emission levels of its base station network. The result confirmed that, once again, all Vodafone Spain stations have radiofrequency emission levels below the legally permitted limits.

All Vodafone Spain base stations observe state legislation on radiofrequency emissions, and these emissions are normally between 1/50 and 1/1000 of legal limits, depending on the amount of traffic in the network and whether the station is in a high density population zone or in a rural area. (See chap. 7: "Mobile Telephony and Health").

Commitments to Stakeholders

At the same time, Vodafone Spain, through the industry Association (AETIC), assumed a Code of Good Practices with the Spanish Federation of Municipalities and Provinces (FEMP), whereby it undertook to deploy its network seeking maximum integration in the surroundings at all times, acting transparently to provide the maximum information to citizens and public administrations, and sharing its stations with other mobile telephony operators whenever possible. (see chap. 7: "Mobile Telephony and Health").

In addition, we participated actively in training seminars for Town Halls which were held in various Spanish municipalities, to explain how a mobile telephony network works and its safety to their respective technicians.

Site Landlord Management

During the financial year 2005-06, Vodafone Spain set up the Landlords' Call Centre, a service provided to facilitate communication between the company and base station site landlords. During the year, we received almost 14,500 calls from landlords, to which we responded with a service level of more than 80% (% of calls answered within 30 seconds). It is striking that more than 50% of queries or applications were solved in the first call. Furthermore, 6,204 incidents arose, which were solved by our technicians. On some occasions, it was necessary to remedy certain deficiencies, and Network Implementation subcontractors intervened on 400 occasions. (Figure 3).

We will

Establish targets related to Stakeholder opinion, on the Vodafone's performance with regard to Responsible Network Deployment.

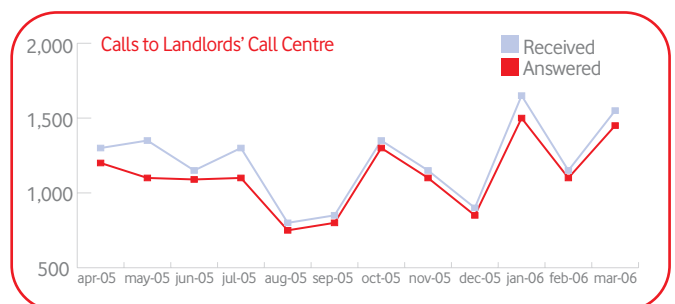


Figure 3

9. Corporate Responsibility and Customers

At Vodafone, we are aware that honest communication with our customers is fundamental to generate their trust, with regard to both marketing and information material, as well as rates and billing.

Vodafone Spain values its long term reputation among customers and, accordingly, acts at all times to procure and maintain their trust and loyalty. Here, we have identified various key issues to maintain the trust of our customers, such as: responsibility in our advertising and marketing material, how we handle the privacy of personal information and particulars of our customers, or the clarity of our rates.

To achieve these goals, communications with our customers and our potential customers must always be clear, transparent and precise.

In June 2005, Vodafone Spain was awarded the TopBrands prize, organised by The Brand Council, for the **Development of Exceptional Marketing**. The Brand Council, an independent trademark authority, was created in the United Kingdom in 1995 to sponsor Brand discipline and to pay tribute to the outstanding brands of each country.

We said

- > To develop a customer communication campaign on relevant aspects of Responsible Marketing.
- > To introduce a Responsible Marketing Training Plan.

We have

Responsible Marketing Programme

For Vodafone Spain, Responsible Marketing (RM) means ensuring that all our communications are lawful, fitting, precise, honest and true. This entails sensitivity to all sectors of society, including women, children, the elderly and minorities.

At Vodafone, we are convinced that Responsible Marketing helps to recruit and secure the loyalty of customers, because consumers place an increasingly higher value on those companies that take care over their products and services, as well as their advertising.

During the financial year 2005-06, Vodafone Spain continued to implement its Responsible Marketing Guidelines, which were developed in 2003-04 and which include the compliance of basic principles:

- > User-friendly, fair, honest and accurate information.
- > Respect towards all people and groups.
- > No stereotypes.

To back up the communication plan for the RM Guidelines drawn up during the financial year 2004-05 (external for Marketing agencies and internal for our Marketing staff), in 2005-06 we developed an on-line RM course, addressed at all personnel involved in Marketing activities.

At the same time, during this financial year Vodafone Spain continued to conduct quarterly surveys among our customers and the general public, with a view to ascertaining their opinion on our RM activities, and the results evidenced the high esteem in which customers held our performance in this area (see figure 1).

"Can you tell me how you rate Vodafone Spain's performance with regard to the following issue?"

Responsible advertising of its products and services.

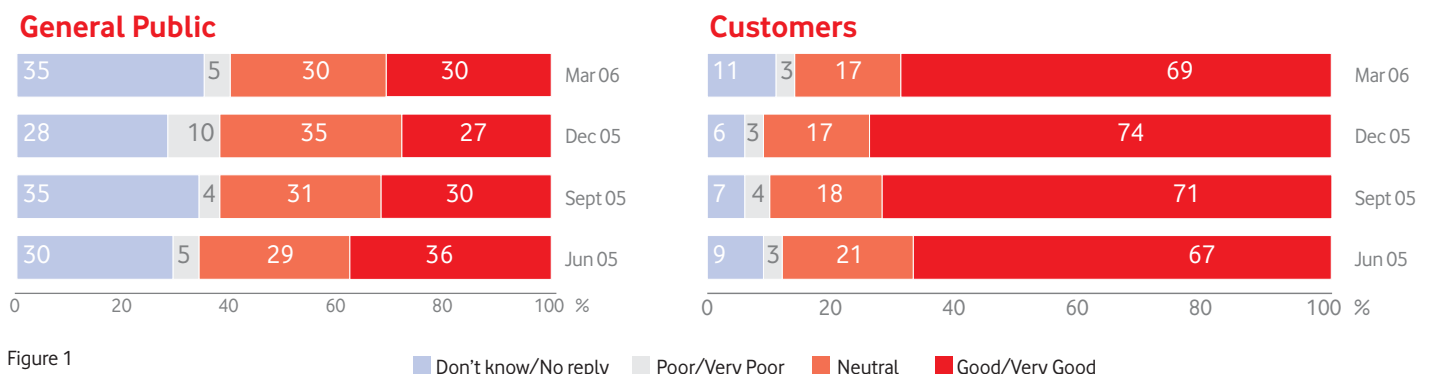


Figure 1

■ Don't know/No reply ■ Poor/Very Poor ■ Neutral ■ Good/Very Good

Compliance with Advertising and Marketing Codes

Vodafone Spain's business activities comply with all general advertising regulations (General Advertising Act 34/1988, of 11 November; General Consumer Defence Act 26/1984, of 19 July; Unfair Competition Act 3/1991, of 10 January, etc.), and ensure consumer protection and upholds the values and rights acknowledged in the Spanish Constitution.

All the departments involved in the creation and design of advertising campaigns take particular care not to incur in misleading, unfair or subliminal advertising or which could breach any other aspects of legislation in force.

In this regard, Vodafone Spain uses the necessary mechanisms to inform consumers, and reports positively on the characteristics of each campaign.

Customer Data Protection

Vodafone Spain handles confidential information on million of customers and we are committed to the compliance of Spanish legislation on the protection of personal data.

How we manage this information is a fundamental part of general responsibility towards our customers. Furthermore, in November 2005 Vodafone adopted a Privacy Policy regarding the collection, storage and use of confidential information on our customers, and trading of this type of information is prohibited.

When an application for collaboration is received, following a legal requirement from the authorities, we perform this obligation with due consideration for the diverse interests at stake.



Contents

The services offered by mobile telephony represent a major step forward in technology and enrich our possibilities for communication, including multimedia messages, image and video downloads and Internet access.

At the same time, those services can give rise to new concerns and, accordingly, through the various communication channels (see chap. 3: "Communication with our Stakeholders"), customers have expressed their concern over various issues relative to mobile contents: violent or adult contents, chats, localisation-based services, spam, etc.

Our aim is to ensure that our customers are satisfied with our services and with controls in place for their use; this is why we adopt diverse content control practices.

Violent or adult contents

Our customers can access information services and download contents to their mobiles using our Vodafone live! portal. Parents are particularly concerned over the possibility that their children may access inappropriate contents and want operators to provide the pertinent controls.

Vodafone Spain has continued to develop content access control systems so that children cannot access inappropriate contents. Thus, we have established the following access controls depending on the classification of the content it is intended to access:

- > **Contents suitable for everyone:** are available by default to all users. There are no control mechanisms for access to these contents.
- > **Contents not recommended for children under the age of 18:** available to all users by default, but which Vodafone Spain believes should be subject to parental control. If they

9. Corporate Responsibility and Customers

wish, customers can disable access to these contents for themselves or for children in their care.

- > **Contents not suitable for children under the age of 18:** contents developed specifically for the adult market. These are blocked for all users by default, and require a special Code (adult PIN) for access. This PIN will be given to adults, having verified their age.

For the financial year 2006-07, Vodafone Spain is preparing to extend these control systems to the entire off-net browsing environment, i.e. outside the Vodafone live! portal.

WAP Chats and SMS Chats

A WAP Chat is a service that lets users make friends in a mobile Internet environment. An SMS Chat is a service that lets users communicate by text messaging each other over their mobile phones.

Both types of Chat are controlled in the Vodafone live! portal by automated tools which block the publication of messages containing particular words predetermined by Vodafone Spain, as well as by moderators who supervise the messages sent in their chatrooms. Both tools are intended to prevent the publication of inappropriate messages, in accordance with Vodafone Spain rules and standards.

Our goal for the financial year 2006-07 is to extend present access controls on this type of services so that general and moderated Chat will be subject to parental control, and those parents who so wish can disable access to this service by their children or minors in their care. At the same time, there will be specific chats for adults, and an adult PIN will be necessary to access these services.

Spam

Spam (unsolicited commercial e-mails) is a nuisance for mobile telephony users, because third parties can use our network to send advertising messages to our customers; being particularly sensitive those messages sent to our customers inviting them to subscribe to Premium services.

Accordingly, we have drawn up an Anti-Spam Policy and are adopting a twofold approach to spam:

- > By checking extraordinarily high numbers of e-mails sent and disconnecting the sender.
- > By providing spam filters so that our customers can avoid unsolicited messages.

Vodafone Spain has now developed a set of initiatives so that spam and viruses can be blocked in the Vodafone Mail service. This initiative consists in a series of filters to detect mails that contain spam, and any such mail detected is directly eliminated.

At the same time, each customer can define which mailing addresses are to be classified as spam, and transfer these to a list which will block any mail sent from those accounts.

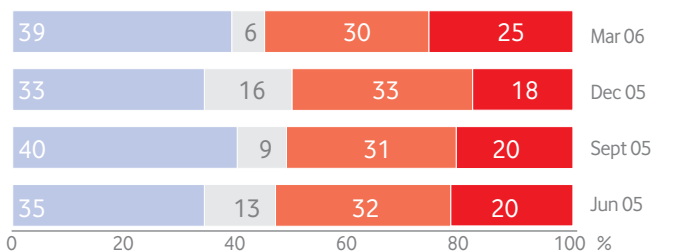
In addition to our Anti-Spam Policy, the Vodafone Group took part in drafting the Mobile Telephony Sector Association (GSMA) Code of Practice. This Code was published in February 2006 and commits network operators to work jointly in the investigation of cases of mobile spam and to adopt measures whenever necessary.

For the financial year 2006-07, with the inauguration of the off-net world for customers, Vodafone Spain is developing a series of virus and spam protection systems for Vodafone live! browsers.

"Can you tell me how you rate Vodafone Spain's performance with regard to the following issue?"

To help prevent children from accessing inappropriate (adult) contents on mobile phones.

General Public



Customers

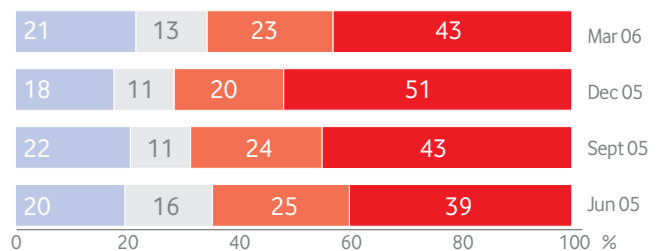


Figure 2

■ Don't know/No reply ■ Poor/Very Poor ■ Neutral ■ Good/Very Good

SMS Premium

Our customers can subscribe to external services through their Vodafone account (for example, to receive news text messages, or whenever their football team scores a goal). However, we have received complaints on confusing subscription services where our customers have not been informed that they have entered into a subscription contract and do not know how to cancel these services. It must be borne in mind that in a considerable number of these cases the problem lies in advertisements in the Media, over which Vodafone has no type of control.

During the financial year 2005-06, Vodafone prepared a set of guidelines asking providers of these services to offer clear advertisements, and to send a customer confirmation text when a subscription is made, explaining the charges applicable and clearly indicating how to cancel that subscription.

Localisation Services

Localisation services identify the location of a mobile phone to provide local information upon request and permit the location of customers.

Vodafone developed a Localisation Services Policy during the financial year 2004-05 to protect the privacy of customer information and to ensure that localisation services cannot be used without their prior consent. During the financial year 2005-06, we introduced a self-assessment questionnaire to appraise compliance of that Policy.

Users of this type of services can apply for inclusion on different types of lists and, depending on the list on which the user is included, the mechanics of localisation services will vary:

- > White list: the user agrees to be located by default.
- > Grey list: the user authorises location for a given service.
- > Black list: the user does not authorise location at any time.

As a result of all these content-related measures, Vodafone Spain customers have a very positive opinion of our activities in this area (see figure 2, page 26).

Digital Rights Management

In its agreements with content providers, Vodafone Spain sets forth the rights and obligations of both parties with regard to intellectual property including, among other aspects, granting the necessary intellectual property rights to contents licence to Vodafone Spain, so that we can provide the pertinent services to our customers.

Customer Care

The priority aim of Vodafone Spain is to satisfy our Customers. This satisfaction policy is based on our Customer Care Service.

The Customer Care Service is fundamental and critical in the business of a telecommunications operator. It enables customers to carry out different processes (see figure 3).

- > Request information.
- > Purchase/Provisioning a service.
- > Use the service (information, billing...).
- > Deactivation and Reactivation Requests.
- > Problems Management.

Service Quality

The report "Las Telecomunicaciones en la Empresa 2005" (Telecommunications in Business 2005), produced by the Penteo Group, shows data collated in a market survey conducted among Spanish companies. According to this study, Service Quality is the main criterion applied by companies when selecting their communications operator.

This was the result of 75% of companies interviewed. Support and maintenance came second (69%), and price ranked third (45%).

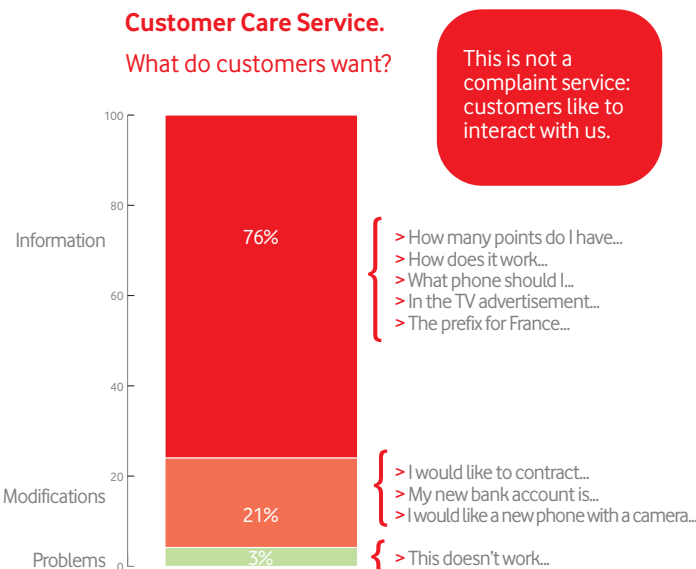
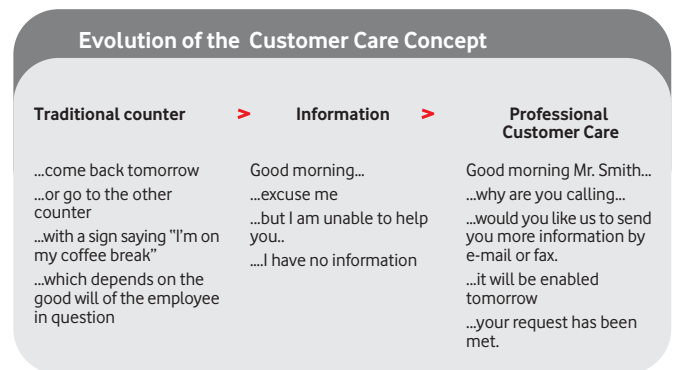


Figure 3



9. Corporate Responsibility and Customers

According to this report, Vodafone Spain is the most highly-rated mobile operator (7.2). Vodafone Spain scored highest in customer management, integration, technical support, rates and technologies available.

At Vodafone Spain, we consider a problem to be any event not included in the definition of Request for Information, or request for modification and/or provisioning of a service (see figure 4).

Consumer Associations Engagement

In the same way as previous years, we have interacted with national consumers' associations in order to maintain constant communication which will enable us to ascertain at all times where the interests and concerns of consumers lie. Accordingly, this year we concentrated our activities mainly on two areas:

- > On the one hand, we continued to organise Mobile Telephony and Health information seminars with the twofold aim of disseminating information on how mobile telecommunications work and the need for base stations.
- > On the other, we began to hold quarterly meetings in order to receive information and more updated knowledge of their members' expectations and problems with regard to Vodafone Spain products and services.

Another aim of these meetings is to report to consumers' associations on changes in rates or services, before these take place and once they have been approved. Accordingly, we ensure that the associations are informed and can offer their members a better service in the event of any problem that may arise in this regard. At these meetings, Vodafone Spain obtains valuable information which allows us to improve those aspects that may be causing problems, either with interpretation, billing or any other aspect.

Another activity carried out with Consumers' Associations was the distribution of leaflets on Responsible Marketing among their members, such as that relative to Responsible Use of Mobile Phones.



Figure 4

Mobile Phone Theft

To fight mobile phone theft, a mechanism has been in place in Spain since May 2003, which blocks stolen handsets.

As soon as a customer reports that their mobile phone has been stolen, it will be blocked in the three Spanish mobile telephone networks using International Mobile Equipment Identity (IMEI), which is the number that identifies the handset. At the present time, more than 400,000 handsets have been blocked for this reason, which can be used again when recovered by their legitimate owners.

Price Plans

One of the issues that appears to cause most concern among our customers and the general public is the availability of clear and simple billing systems or price plan structures. Among the most noteworthy measures during the past financial year 2005-06 addressed at offering simpler rates, we can mention:

Billing by seconds

With the launch of Tarifa Vitamina (Vitamin Rate), Vodafone became the first operator in Spain to introduce billing by the second in the market, right from the start of the call, as one of the advantages of this new Rate, addressed at those customers who normally make short calls. This new price plan broadens rate options offered to customers, who can choose the plan most suited to their needs.

Tarifa Vitamina Options

- > Vitamina per second: billing by the second as from the first second.
- > Vitamina 60x1 minutes: talk for 60 minutes and pay only the first.
- > Vitamina messages at 50%: all SMS to Spanish mobiles are billed at half-price.
- > Vitamina €10 free: extra balance of €10 in the event of a monthly spend amount of €20 in domestic calls.



Vodafone Passport

Some customers are concerned or confused by the cost of calls when they travel abroad. At the same time, international Roaming has been paid particular attention by regulatory authorities, especially the European Union, which intends to draft regulations on international roaming costs.

Within this framework, we launched Vodafone Passport, which leads the response by our industry to these concerns. With this service, roaming customers can make their calls at domestic rates plus a connection fee. Accordingly, our customers have profited from significant price reductions for international Roaming, as well as clearer and more easily understood prices.

Mobile Telephony and Driving

Mobile phones can offer security to drivers travelling alone and improve road safety; for example, when they are used to report traffic accidents to the authorities. While driving, mobiles must only be used with a hands-free kit, and for the shortest time possible, given that they represent a hazardous distraction.

In any event, the safest way to use a mobile phone in a car is to leave the road and stop the vehicle before making or answering a call.

Although Vodafone Spain cannot assure that all drivers behave responsibly, we are trying to increase road safety awareness with Guidelines issued on mobile telephony and driving, intended for both our customers and our employees.

Network Coverage and Quality

One of the aspects or attributes that most influences the degree of customer satisfaction is the level of coverage and quality offered by our network. Accordingly, we closely monitor the quality of voice and data services, on both the 2G and dual (2G-3G) networks, as well as 3G or UMTS Videotelephony.

With this in mind, and among other measures, we take daily readings in the main towns and roads in Spain, and an analysis of all this data enables us to detect areas for improvement and continuously enhance the quality of our network. By way of example, during the financial year 2005-06, a voice coding system was introduced which has considerably improved the perception of voice quality.

Information on the coverage of our telecommunications network is shown on our website.

More information on:
www.vodafone.es/usoresponsible
www.soporte.vodafone.es
www.vodafone.es/tiendas

We will

- > Offer an on-line Responsible Marketing course to the personnel concerned.
- > Define a Communications Plan for customers on CR issues (contents, accessibility...).
- > Extend content access control systems in the entire off-net browser environment (outside Vodafone live!).
- > Chats subject to parental control.
- > Develop Virus and Spam protection systems in the entire off-net browsing environment (outside Vodafone Live!).
- > Establish a registration and cancellation control system, and a restriction mechanism for SMS Premium Services.

Vodafone Passport won the prize for Best Roaming Product or Service in the 2006 awards made by the GSM Association for initiatives designed to provide high value to customers. Vodafone Passport was acclaimed for introducing a new Roaming price structure, which offered customers simplicity and value.



10. Vodafone Spain Foundation

During the financial year 2005-06, the Vodafone Spain Foundation celebrated its first ten years of existence and renewed its commitment to work for the sake of society, based on the possibilities offered by new Information and Communications Technologies (ICT).

The foundational aim of the Vodafone Spain Foundation is to bring society closer to new developments in Information and Communications Technologies.



- > Heart failure: studies to improve clinical monitoring and follow-up (reduction in the number of visits to emergency services).
- > Oral anticoagulation: research addressed at the automated calculation of individual weekly treatment necessary, by SMS between the patient and the doctor.

To carry out its different courses of action, it relies on the collaboration of institutions, universities, associations and public administrations, as well as the continued support from Vodafone Spain, which provides 55% of funds allocated to social projects, and from Vodafone Group, through the Group Foundation, which contributes 41% of funds.

We said

To extend collaboration with the various entities for the development of joint projects that represent social benefits, by using new technological supports.

We have

Innovation: National Projects

Airmed Project

During the financial year 2005-06, we completed work on the AIRMED project in the area of cardiology (Airmed-Cardio), based on collaboration between health care and new technologies. This project was carried out between the Carlos III Health Institute, the Ministry of Health and the Vodafone Spain Foundation.

AIRMED Cardio was concentrated on three areas:

- > High Blood Pressure: stabilisation at home and reduced medication.

Mobile Telecare – Tecsos Foundation

The Mobile Telecare Project (MTC) introduced by the Vodafone Spain Foundation and the Spanish Red Cross, following creation of the TECSOS Foundation, continued its activities during the financial year 2005-06. Mobile Telecare offers users:

- > Permanent connection with Red Cross Alert Centres.
- > Coverage in any location with access to mobile telephony.
- > Location by the GPS system and by the Vodafone Spain network.
- > Immediate support via mobile telephony.
- > Mobilisation of the user's resources (family, neighbours, etc.) and the necessary resources available locally.

During the financial year 2005-06, MTC specifically helped gender violence victims, following the official tender called by the Administration with the cooperation of the F.E.M.P. (Spanish Federation of Municipalities and Provinces), as a result of which Red Cross was appointed co-provider of this service.

HeadDev Project

The Vodafone Spain Foundation works with the Foundation for the Integration of Disabilities in Network to incorporate the principle of "Universal Accessibility and Design for Everyone". The HeadDev project includes the development of a software package for computer access by persons with severe mobility disabilities. A beta version has been created, based on common PC devices, which applies computer viewing techniques to replace the PC mouse. Accordingly, person-computer interaction is possible without the use of hands, cables, sensors, etc.



Projects for the deaf

The Vodafone Spain Foundation collaborates with the CNSE (Spanish Confederation of the Deaf) Foundation in the DILSE III Project (First Regulatory Dictionary of Spanish Sign Language). The project, in which the ONCE Foundation also participates, includes the creation of a multimedia lexicographical database, which will be presented in CD-Rom/DVD format.

The Project also includes the preparation of a Multimedia Lexicographical Database of Spanish Sign Language, which will enable the storage of all lexicographical works and will contribute towards research and consultation; it will also be available in DVD and will be accessible via Internet and mobile telephony.

Seneca Project (SENilitat i Endarreriment mental a Catalunya; Mental Senility and Deficiency in Catalunya)

The Vodafone Spain Foundation collaborates in this project, which was introduced by the Catalan Health Service and the APPS (Catalan Federation of Mentally Handicapped People). Conceived as a multidisciplinary study on the influence of aging on mentally handicapped people, the SENECA Project is scheduled to last five years. It is intended to determine the care and social needs, both present and future, of people over 40 who suffer slight and moderate mental deficiency.

Innovation: European Projects

MyHeart

The MyHeart Project is developing a technological solution which permits an improvement in the quality of life of those with cardiovascular diseases, by sponsoring measures to foster a preventive life style, as well as enabling early diagnosis.

This Project, which forms part of the Sixth European Union R+D Framework Programme, is included in e-Health projects. It will last four years (having begun in 2004) and its Consortium is composed of 33 institutions from 11 European countries, plus the Mayo Rochester Clinic in the US.

MyHeart includes the use of intelligent "wearable devices" which permit the monitoring of vital signs and the transmission of this information for evaluation using mobile communications systems. The use of intelligent clothing that incorporates sensors to monitor vital signs (Intelligent Biomedical Clothes) will permit ubiquitous customised diagnoses and therapies under the supervision of health professionals. The system also incorporates a protocol which enables the user to ascertain his state of health, at any time and anywhere, so that health professionals only have to become involved at critical moments.

Tell-It ("Towards an Effective and Life Long training of people with special needs for help desk operations utilising IcT")

Between 1 January 2003 and 31 December 2005, Tell-It developed a multimedia, flexible and ongoing training programme, particularly addressed to users with special needs. It was intended to enable them to access ongoing training from their work station to facilitate their insertion and improve their working lives, and was focused on Help Desk jobs in the services industry.

ISLANDS ("Integrated Systems for Long distance psychiatric assistance and non-conventional Distributed health Services")

The goal of this service was develop a services platform providing remote psychiatric and psychotherapeutic help. A final validation phase of its capacities was also carried out in three scenarios (Canary, Martinique and the Cyclades Islands). Its Consortium, composed of 12 institutions from seven European countries (Spain, Greece, Switzerland, Germany, Czech Republic, France and Ireland), sent the final reports on results to the EU for the necessary final approval.

Training

During the financial years 1995-96 to 2005-06, the Vodafone Spain Foundation organised various Master Degree and Post-graduate Courses, which were attended by 1424 students, and the main activities carried out during the financial year 2005-06 are summarised below.



10. Vodafone Spain Foundation

Vodafone Chair – Madrid Polytechnic University (U.P.M.)

This forum was created to promote development of the Information Society, and bases its activities on university and postgraduate training programmes (master degrees, freely chosen courses, technical seminars, etc.), which are complemented with other learning activities.

During the financial year 2005-06, in addition to commencing the Sixth Edition of the Master Degree in Mobile Communications and completing the Second Master Degree in Domotics, the Vodafone Chair organised diverse activities, including various courses ("Introduction to Design for Everyone in ICTs", "Practical course on health IT", etc.), as well as the Third Vodafone Seminar on "M-city: the world of the future".

Parallel to holding Seminars, the Chair organised the Exhibition "The interactive intelligent Universe", which offered an innovative multimedia collage of virtual reality.

Master Degree in Mobile Communications: Eleventh Edition – U.P.C. / Sixth Edition U.P.M.

The programme is designed to offer students a structured framework which integrates all disciplines necessary to obtain a high training qualification. Accordingly, it includes 330 hours of theory and 100 hours of laboratory, and also offers students the possibility of work experience in companies.

Master Degree in Mobile Communications – U.P.V.

The Valencia Polytechnic University, sponsored by the Vodafone Spain Foundation, organises this Master Degree, which is now in its Second Edition. Having completed the seven learning modules and prepared the pertinent thesis, students obtain the title of University Master Degree in Communications and Development of Mobile Services.

Specialist Course in Mobile Communications – University of Seville

Now in its Fourth Edition, its syllabus includes the most recent developments in mobile communications, with particular emphasis on the field of applications, services and business.

Master Degree in Computer Science applied to Telecommunications – University of Málaga

The syllabus for the Third Edition of this Master Degree is structured in two stages: the first consists purely of classroom teaching; in the second stage, students carry out remunerated work experience in industry companies.

Programme in Design for Everyone and Universal Accessibility in ICTs – ONCE Foundation

Held at the School of Industrial Organisation (E.O.I.), with the collaboration of the ONCE Foundation, this is the first top level course to be given on this subject and fills the need for training with a twofold technological/social profile.

It was set up as a specialisation course for ICT specialists seeking an in-depth knowledge of how to design, develop or implement products and services in the new market, from the perspective of "design for everyone". Students, irrespective of having mobility, visual or hearing impairments, receive the same qualified training, helped by technical support and interpreters.

Vodafone Spain Foundation Classrooms

These are premises with multimedia computers for training and introduction to new technologies. They are installed in conjunction with other institutions (City and Town Halls, residents' associations, etc.) and offer free courses on introduction to the knowledge and use of those technologies. During the financial year 2005-06, the following Classrooms were open, with a total of 280,000 users:

- > Vodafone Foundation– Alcobendas Town Council Classroom.
- > Vodafone Foundation– Madrid Institute for Development (Imade) / Puerta de Toledo Classroom, Madrid.
- > Balia Foundation– Vodafone Foundation Classroom.
- > Vodafone Foundation–Movement for Peace, Disarmament and Freedom (MPDL) Classroom, Madrid.
- > Malaga City Council– Vodafone Foundation Classroom.
- > Vodafone Foundation Classroom in Jerez de la Frontera.
- > Vodafone Foundation– Fuenlabrada Town Council Classroom.
- > Vodafone Foundation– Mataró Town Council Classroom.
- > Vodafone Foundation– Association for Paraplegia and Major Disabilities (Aspaym) Classroom, Ferrol.
- > Vodafone Foundation– Association for Paraplegia and Major Disabilities (Aspaym) Classroom, Murcia.



Project for the Detection and Stimulation of Early Mathematical Talent (ESTALMAT)

The ESTALMAT Project, carried out in collaboration with the Royal Academy of Exact, Physical and Natural Sciences, seeks to detect, guide and stimulate the mathematical talent of pupils between 12 and 13 years of age.

During the academic year, ESTALMAT was held in Madrid, Catalonia, Castilla-León (in Burgos, León, Valladolid and Segovia), Eastern Andalusia (Seville, Córdoba, Cádiz and Huelva) and the Canary Islands (Las Palmas, Tenerife and Lanzarote), to provide a response to the social demand for specialised programmes for mathematically-gifted children. So far, 560 pupils have benefited from this project.

Other Fora, Courses and Seminars

Vodafone Spain Foundation continues to collaborate with city and town halls, regional governments, universities, associations, etc. in the organisation of fora and seminars.

Their contents are grouped into four subject areas:

- > Telemedicine, Telecare and Integration.
- > Technology.
- > Ethics and Corporate Responsibility.
- > The Information Society.

During the financial year 2005-06, 50 seminars and fora were held, which were attended by more than 13,000 people.

Patronage

This area refers mainly to Social Integration Projects, based on new technologies. They are performed in collaboration with different associations and institutions representing vulnerable groups, to sponsor their insertion in society, employment, education, culture, etc.

The main projects carried out during the financial year 2005-06 were:

- > Galicia Adapted Sailing 2005.
- > First Contemporary Art Biennial: Works Created by the Capacity for Feeling. ONCE Foundation.
- > TIFLOINNOVA 2005.

- > Congresses and Courses for Integration, in collaboration with Predif (Physically Disabled Representative Platform).
- > Phone Marketing Courses for the handicapped, with the AFIM Foundation.
- > Adapted diving courses in collaboration with the "También" (Also) Foundation, and adapted skiing courses in collaboration with the Deporte y Desafío (Sport and Challenge) Foundation.
- > First International Multidisciplinary Congress on Attention Deficit Syndrome and Behavioural Disorders, in collaboration with the Ramón y Cajal Hospital.
- > International Forum on Spinal Injury Repair, in collaboration with the National Paraplegic Hospital in Toledo.
- > Training Courses for Integration of the Elderly, held in Madrid, Andalusia, Galicia and Valladolid.
- > "The forest of dreams" (El bosque de los sueños) Camp, in collaboration with Aspaym (Association for Paraplegia and Major Disabilities).

Dissemination

Publications

During the financial year 2005-06, we published and co-published the following:

- > "ICT Law Yearbook 2005".
- > Sixth S.E.I.S. Report
- > Report on "Mobile telephony and family".
- > "Beyond sport".
- > "Education, diversity and accessibility in the European environment".
- > "NBIC – Technological convergence".
- > Second Report on ICTs and disability "Dependence and diversity".

Journalism Award, 7th Edition

The Award is intended to encourage the dissemination of increasing technological progress and the extensive possibilities of mobile telephony.

This 7th Edition was entitled "Life in a mobile world. Practical applications of the Third Generation". The winners were: Ana Gamazo, in the category "Award to a communication professional" and Ignacio S. Galán, in "Special Lifetime Achievement Award".



10. Vodafone Spain Foundation

The 8th Edition was announced in spring of 2006, and is dedicated to "The technological evolution of Information and Communications Systems and their Social Applications"

Innovation Award, 1st Edition

This new Award was created during the financial year 2005-06 with the aim of:

- > Contributing towards the development of knowledge in the mobile telecommunications sector.
- > Developing the innovation of technical proposals.
- > Supporting the creation of innovative products and services that may have a widespread repercussion on the Information Society.

The Award will be decided during 2006, in the two categories announced: "Award to mobile development and innovation project in the field of research" and "Award to mobile development and innovation project in the field of business".

Accessible Website

During the financial year 2005-06, the Vodafone Spain Foundation website was enhanced with the necessary technical developments, and was awarded the AA accessibility certificate.

This means that the majority of people with disabilities (hearing, visual or mobility) can access information with the same possibilities as all other users.

Awards received

During the financial year 2005-06, the Vodafone Spain Foundation received various awards or acknowledgements for its work. Among others worth mentioning were:

- > Spanish Red Cross Gold Medal.
- > University of Alcalá Silver Medal.
- > Aspaym Galicia Silver Chariot.

More information on:
www.fundacion.vodafone.es

We will

- > Promote actions for the development of social well-being using ICTs, which we will extend to new vulnerable and dependent groups.
- > Hold 22 fora on the social applications of technology.
- > Implementation of new technical developments to improve accessibility of the website using sign language.



11. Social Products and Services

Vodafone Spain is committed to extending the social advantages of Mobile Telephony. We are improving the accessibility of handsets, developing products and services for health and personal safety, and we are placing our network at the disposal of social organisations.

Mobile phones have changed our way of life and are now an important part of our everyday lives.

However, a significant percentage of the population that could benefit from mobile telephony has not yet done so because present designs have so far been difficult to use; for example:

- > Small screens, which are of no help to the blind or to those with any type of visual impairment.
- > Volume control is of no use to the deaf.
- > Small keys can be troublesome for those with limited dexterity.
- > Price plans are inadequate unless the services included and their advantages can be read or understood.

We must remember that we all have different personal communication needs, and Spanish legislation thus provides: "non-accessibility to environments, products and services represents, without doubt, a subtle but very efficacious form of discrimination, albeit indirect, as it generates a certain disadvantage for disabled persons in relation to others, in the same way as when a regulation, criterion or practice treats a disabled person less favourably than someone who is not disabled. Accordingly, the issues of accessibility and non-discrimination converge" (Act 51/2003, of 2 December 2003).

Accessibility is normally associated with disability, but experience has shown that the difficulty in using given products, including mobile phones, is, in fact, far more widespread.

Difficulties in accessibility can vary from the frustration of someone who has problems with the numerous features of a multifunctional handset to the potential total exclusion experienced by a blind, deaf or severely disabled person.

Accordingly, a number of people who would not be considered disabled have difficulties in using all handset features, pressing the keys or reading the screen. This exclusion increases as handsets

become smaller and more complex, and can be overcome with a design for everyone.

At the same time, we need special products for the severely disabled (the deaf, the hard of hearing, the blind or visually impaired).

We said

- > To develop a least 3 social products/services to enable special needs groups to access to our services.
- > To develop "global accessibility or design for everyone" projects (accessible website, accessibility in retail outlets).

We have

Social Products and Services

Social Products and Services

During the financial year 2005/06, Vodafone Spain managed and consolidated relations with customers and third sector Organisations involved, relative to social products and services launched in previous years. We also stimulated activities for the design of new social products and services and planned actions to address the needs of groups that have not yet been met by "conventional" Mobile Telephony products and services.

Social products and services are developed in consultation with organisations representing the groups concerned, public administrations and accessibility experts. In this regard, participation by Vodafone Spain in the Business and Disability



Seminars in which Vodafone Spain took part during 2005-06

- Organisation of Training Courses: "Senior citizens command the mobile- An Integral Use Project".
- Seminar on MOBILE TELECARE.
- Fifth Salvslaboris Showroom: Prevention, Environment and Health.
- SIMO, International Computer Science, Multimedia and Communications Showroom.
- Tifloinnova: organised by ONCE-CIDAT.
- Serproma, Services and Products for the Elderly Trade Fair.
- Tres Olivos School Race.
- Seminar on Business & Disability.
- Mapfre-Quavitae Seminar for Senior Citizens.
- Joint Seminars with the Royal Board on Disability (RPD) and PREDIF on Global Accessibility in Towns and Cities.
- Second Workshop "Telerehabilitation, an extension of clinical intensive care". Institut Guttmann.

11. Social Products and Services

Programme, coordinated by the Business and Society Foundation, enabled us to increase relations with those organisations. We also took part in various seminars that addressed accessibility by persons with some type of disability.

The most noteworthy actions this year in this field were:

Launch of BlackBerry Vodafone Accessible (for the deaf)



BlackBerry Vodafone Accessible is a mobile solution launched in collaboration with the Spanish Confederation of the Deaf (CNSE), which offers access to mobile communication to this group.

BlackBerry Vodafone Accessible is a wireless solution that permits e-mails to be sent and received in real time and also allows users to communicate in various ways, either by SMS, email or "BlackBerry Messenger" (an application which permits real time exchange of messages between users anywhere and any time).

As this offer is made by Vodafone Spain and the CNSE, BlackBerry Vodafone Accessible is available with a price plan specially designed for this group, and in no event will these users pay more than the usual average because of their disability. Furthermore, Vodafone Spain and the CNSE have introduced a customer care system for those with hearing disabilities.

Launch of "Mobile Speak" (MS)



"Mobile Speak" is an application for mobile phones developed in collaboration with ONCE-CIDAT (National Organisation for the Blind – Tiflotechnical Applications Research and Development Centre), based on the Symbian operating system. It acts as a mobile phone screen reader and enables the blind and visually impaired to access all features of mobile telephony.

All interactions with the phone reach users by sounds, and users are aware of and can control what they are doing with their phones at all times.

It also incorporates an additional software package, which includes the following: an accessible calculator, an accessible sound recorder, an MP3 reproducer and a file explorer which permits mobile file browsing and handling.

Launch of "Mobile Magnifier"

Also in collaboration with ONCE-CIDAT, "Mobile Magnifier" is the first mobile phone screen magnifier software intended for those with visual disabilities.

The programme magnifies and highlights the elements that appear on the mobile phone screen, and offers 7 different colour schemes. Furthermore, it automatically detects and magnifies the area of interest on the mobile phone screen as the user browses the handset options, and luminous borders around the area magnified can be pre-set.

"Mobile Magnifier" can be set to start automatically when the handset is switched on, and can also be installed as a complement to the "Mobile Speak" option, which offers users a vocal support and magnifies the screen at the same time.

"Mobile Magnifier" was designed to run with most Series 60 phones (such as Nokia 7650, 3620, 3650, 3660, 6600, 6620, 6260, 6630, 6670, 7610, N-Gage, N-Gage QD, Siemens SX1 and new models in the market that fulfil the specific technical requirements for this type of applications).

T-Loop. Collaboration with FIAPAS



When used in magnetic induction equipment, the T-Loop favours access to mobile telephony communication by people with hearing impairments and who use a "T" loop hearing aid.

During the financial year 2005-06, Vodafone Spain entered into agreements with Ulloa Ópticos and Audio, and a new hearing aid outlet was analysed and assessed to prescribe the T-Loop service.

In a joint undertaking, these hearing aid centres demonstrate the T-Loop, and explanatory leaflets and promotional videos are available.

In parallel, Audio prepares studies on the experiences of hearing aid users who tried the T-Loop, and compares results before and after.

Mi País (My Country)

During the financial year 2005-06, Vodafone Spain launched the "Mi País" contract, particularly aimed at foreign residents in Spain. With "Mi País", users can select the country they wish to call most frequently, and avail themselves of international rates with

It is not necessary to see to talk on the phone. Nor to use mobile features.



Vodafone for everyone
With the new Vodafone T-LOOP, there will be no interference or background noise between your mobile and your hearing aid.



discounts of up to 25% on all calls to the country chosen, to fixed and mobile phones alike.

In November 2005, "Mi País" received the "Pueblo Nuevo" (New Town) Award, which acknowledges the work carried out by people and institutions to improve coexistence among residents in Spain. We must emphasise that the winners were voted by the listeners of "Pueblo Nuevo" Radio and readers of the magazine (mainly immigrants).

Vodafone Solidarity Messages

The Donations programme, launched in 2004 with 9 NGOs, has been receiving greater acknowledgement and backing from Spanish organisations and, at the end of this financial year, 22 entities had benefited from this programme and backed the creation of this initiative, which can be extended at any time to all NGOs wishing to incorporate new mobile technologies in their fight for solidarity (See chart below).

During the financial year 2005-06, a total of €75,135 was donated under this Programme.

Emergency Response to Disasters

Vodafone is sensitive to human tragedies caused by disasters of any nature. Accordingly, and in addition to Vodafone Solidarity Messages or specific donations, we are analysing systems to help in the response to emergencies caused by disasters, either natural or intentional.

Mobile technology has the potential to provide solutions in crisis situations, and permits emergency services to communicate among themselves and those affected by the disaster to ascertain the situation of their families and friends.

Mobile telephony networks can usually be repaired far faster than fixed networks and, at the same time, portable base stations can be quickly deployed to replace infrastructures damaged in the disaster or to provide additional capacity in peak periods of use.

At the present time, we are holding consultations with diverse organisations to determine how we can best collaborate.

Cost-benefit study on the introduction of Medical Guard Diabetes® in four hospitals managed by the Regional Government of Catalonia

Medical Guard Diabetes® is a product that permits the blood-

glucose values of patient to be sent via mobile communication to a database that can be freely accessed by patients and specialists, using a password.

The purpose of the study is to ascertain and quantify the advantages offered by this innovation, not only for diabetic patients but for society in general, based on the reduction in care costs associated with the self-monitoring procedure, or even the improvement of glucose parameters.

In short, it weighs up to what extent Medical Guard Diabetes® is a mechanism for reporting on the control of diabetes, and how far it permits, as primary targets, metabolic control to be maintained, health costs to be reduced and the number of patients treated to be increased.

Alter Project



The Countryside Technology Literacy Project (ALTER) investigates new forms of dealing with problems concerning various types of discrimination and inequality.

Alter is being developed in collaboration with COCEMFE, and was conceived as a result of COCEMFE's experience with its Job Integration Services in the past. An integrated system has been developed to improve and unify all tools and procedures that exist in job integration regarding new technologies, and new elements have been added to this new way of working towards the job insertion of those groups that are most excluded.

The target group lives in rural environments, where there is a patent absence of resources: normally, they lack training centres, home help schemes, and the chances of finding employment are few or even non-existent.

The technology literacy process requires a given technology, for both users and technicians themselves. In this regard, technical staff has a complete mobile office consisting of a Vodafone Blackberry handset, a laptop computer and a Vodafone Mobile Connect Card. In this way, they can access Internet any time and anywhere, including users' homes, thus enabling the use of all on-line active job search modules. As a complement, inasmuch as they are not working in a permanent office, technicians can manage their appointments agenda and maintain direct contact with project users, thus increasing the efficacy of their intervention to unprecedented levels, all thanks to use of new technologies.

Vodafone Solidarity Messages: List of member NGOs

- Adena (Spanish WWF)	- Vicente Ferrer Foundation
- Amnesty International	- Greenpeace
- Aprocor	- Intermón Oxfam
- Ayuda en Acción	- Manos Unidas
- Cooperación Internacional	- Movement for Peace, Disarmament and Freedom.
- Spanish Red Cross	- Mundo Cooperante
- Entreculturas	- Plan Spain
- Federación Ayuda contra la Drogadicción (FAD)	- Red Deporte y Cooperación
- El Olivo Foundation	- Save the Children
- Nelson Mandela Foundation	- Talita
- Teodora Foundation	- UNICEF



11. Social Products and Services

Universal Accessibility Seminars: Cities and Towns for Everyone

This is an initiative of the Royal Board on Disability, in relation to the Queen Sofia Award to Universal Accessibility in Towns and Cities, the purpose of which is to reward ongoing work performed by Towns and Cities over a period of at least five years in the field of universal accessibility by the disabled to the material world, education, leisure, culture, sport, transport, tourism and new ICTs.

"Universal Accessibility Seminars: Towns and Cities for Everyone", co-sponsored by Vodafone Spain with the collaboration of Predif, are addressed to those responsible for the various departments of local Public Administrations and representatives of the main sectors of private enterprise in the town: trade, leisure, culture, sport, etc. They are mainly intended to make technicians, professionals and the population aware of the need to work on the basis of the initial design and in day-to-day matters to create a Town for Everyone, and to prevent the discrimination of some its inhabitants.

Accessible Website

Internet Portal Accessibility is defined as a set of technologies and rules on implementation and design which facilitate the use of Internet to the highest possible number of people, including the disabled. This means that everyone, irrespective of their disability, age, or the technology used, can access a high volume of information and services available on Internet.

During the financial year 2005-06, Vodafone Spain's accessible website obtained the 'level AA' certificate from 'Technosite', an Internet integral solutions firm, based on international recommendations for the design of accessible websites drawn up by the "World Wide Web Consortium" (W3C), under the Web Accessibility Initiative.



This accessible website represents another step forward in bringing the information society closer to those with special needs.

At the same time, with this initiative, Vodafone Spain stimulates the dissemination of products and services in the "Vodafone Accessible" range, which contributes towards reinforcing the principle of "Mobile Accessibility for Everyone".

Study on Accessibility in Retail Outlets

During the financial year 2005-06, Vodafone Spain, with the collaboration of the Spanish Confederation of the Physically Disabled (COCEMFE), prepared a study to assess the status of accessibility in Vodafone retail outlets. The aim pursued was to

draw up guidelines on how to achieve full access to these premises by all types of users.

The study was made "in situ", and visits were made to a representative sample of Vodafone retail outlets, bearing in mind both State legislation* and the regional laws of Madrid, Catalonia and Castilla-La Mancha** and regulations for application in the last two Autonomous Communities. The reason for this selection was that their criteria were the most suitable for a good accessibility study.

As a result of the study, we identified and prioritised a series of general and particular characteristics that must exist in order to achieve adequate accessibility to the stores. As from the financial year 2006-07, the pertinent changes will be made.

Acknowledgements

Vodafone Spain's activities in the field of Social Products and Services are receiving a high degree of external acknowledgement, as shown in both quarterly surveys conducted among the general public and our customers to analyse their perception of our performance in Corporate Responsibility issues (see below), and in the report published in December 2005 by the Business and Society Foundation, according to which Vodafone Spain ranks fourth among Spanish firms for its Social Products and Services (moving up from last year's fifth place).

We can also mention external acknowledgement of the Vodafone Spain website, which ranks second among the 75 best Spanish websites with regard to its Social Action content, according to the report published in October 2005 by the Business and Society Foundation.

More information on:
www.vodafone.es/accesible
www.vodafone.es/tiendas
www.cnse.es
www.once.es
www.fiapas.es
www.cocemfe.es

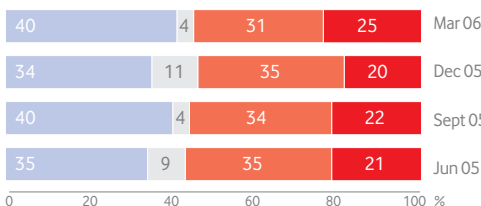
We will

- > Awareness campaign on technology available for the various special needs groups.
- > Introduction of 3 products/services with characteristics to reduce social exclusion and improve the quality of life of vulnerable groups through communications.
- > Introduction of accessibility measures in retail outlets.

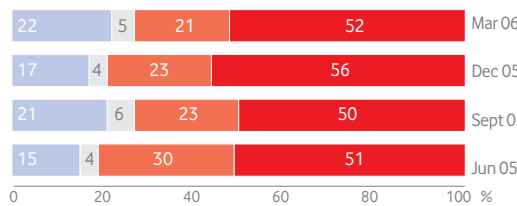
"Can you tell me how you rate Vodafone Spain's performance with regard to the following issue?"

Provision of Products and Services which will improve the quality of life of those with special needs (disabled, chronically ill, disadvantaged groups)

General Public



Customers



Legend: Don't know/No reply (blue), Poor/Very Poor (grey), Neutral (orange), Good/Very Good (red)

*Act 5/2003 on Equality, Non-discrimination and Universal Accessibility by the Disabled (LINDAU)
 *RD 556/1989, of 19 May, which regulates minimum measurements for accessibility in buildings
 **Act 8/1993, of 22 June, on the promotion of accessibility and removal of architectural barriers in the Madrid Autonomous Community
 **Act 1/1994, of 24 May, on accessibility and removal of barriers in Castilla-La Mancha
 **Decree 158 / 1997, of 2 December: Accessibility Code for Castilla-La Mancha
 **Act 6/2002, of 27 June, on the promotion of accessibility and removal of architectural barriers in Catalonia
 **Decree 135/1995, of 24 March, Accessibility Code for Catalonia

12. Corporate Responsibility in the Supply Chain

Our Code of Ethical Purchasing sets forth the social and environmental criteria to be observed by Vodafone Spain Suppliers.

The Vodafone Code of Ethical Purchasing (CEP) sets forth the behavioural criteria for suppliers with regard to the following aspects: Child Labour, Forced Labour, Health and Safety, Freedom of Association, Discrimination, Disciplinary Practices, Working Hours, Wages, Individual Conduct and the Environment.

Our CEP is based on Vodafone Values and on international regulations or standards, including the Universal Declaration of Human Rights and Conventions on core principles of the International Labour Organisation.

Vodafone Spain does not manufacture mobile handsets, network equipment or marketing products, but is a major buyer of large quantities of these products. Mobile phones, network equipment, marketing products and information technologies represent approximately 75% of our total purchases.

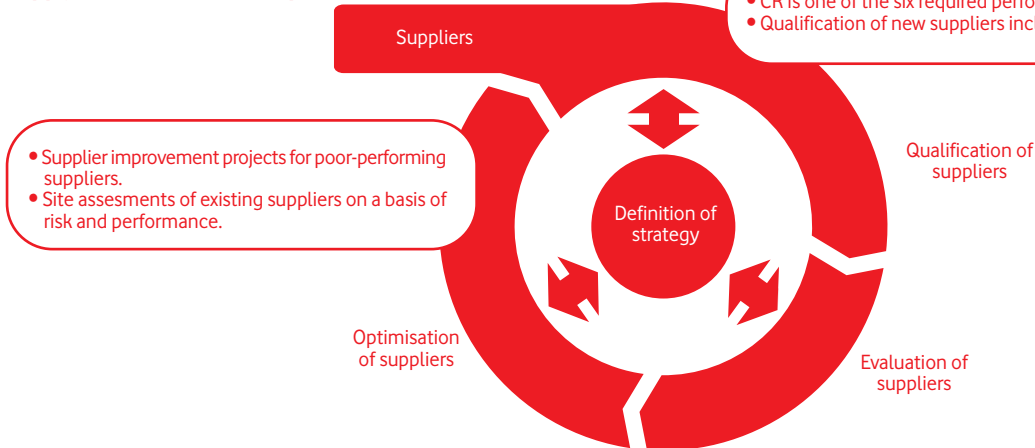
There are numerous levels in the communications industry supply chain, starting with the extraction of raw materials, material processing, component manufacturing and, finally, assembly of the end products. Vodafone Spain maintains trade relations with the companies that sell the finished products (first level of suppliers), and which are basically other multinationals (usually well-known brands).

Vodafone is concerned over working conditions and respect for the environment in the sector's supply chain. We perform our responsibility in this field by:

- > Establishing commitments and conducting assessments of our first level of suppliers (direct suppliers), to ensure that they observe the criteria set forth in our Code of Ethical Purchasing.
- > Working with our direct suppliers to ensure that they draw up similar programmes with their supply chains.

All contracts with our suppliers are paid in accordance with the terms and conditions agreed therein. Vodafone Spain's five main suppliers represent 32.1% of annual product and service acquisitions. Of these, only one supplies more than 10% of total acquisitions, representing 11.88%

The Supply Chain at Vodafone Spain



The Six Pillars analysed when qualifying Vodafone suppliers



We said

- > To complete our assessment of observance of the Code of Ethical Purchasing by local suppliers, in accordance with a risk map.

We have

Management Programme to ensure observance of the Code of Ethical Purchasing.

In-house Training

The first step taken at Vodafone Spain when introducing the CEP among its suppliers was to give training in that Code, and this was given to more than 80% of managers of each supply family. During the financial year 2005-06, an on-line training course was given to the remaining members of the Purchasing Department.

The training outlines the background to the CEP, the risks and challenges facing our supply chain, and the role and responsibility of Purchasing Managers with regard to implementation of the CEP.

CEP in Contracts

To ensure observance of the CEP by suppliers, it was included in purchase orders and contracts, as another of the binding clauses. As of the date on which it was included, when suppliers renew an existing contract or sign a new contract, they also sign the Code of Ethical Purchasing as proof of acceptance.

At the same time, the group of selected suppliers that were working under a contract in force, with no CEP clause, were given the pertinent letter of acceptance, in which they had to confirm receipt of the CEP, their understanding and their undertaking to observe the standards set forth therein.

12. Corporate Responsibility in the Supply Chain

Evaluation of observance of the CEP by Suppliers

To verify the degree of observance of the principles set forth in the CEP by high risk suppliers, Vodafone Spain made a priority selection of suppliers, based on a risk analysis, which underwent a self-evaluation process and, depending on the results, in some cases it was decided to verify observance by "in situ" audits.

When preparing the Supplier Risk Map, aspects such as the following were taken into account: geographical focus, type of company, countries where they operate, main country to which products are supplied, whether the product shares the Vodafone brand, whether the image of Vodafone could be damaged in the media, etc.

Similarly, account was taken of product or service suppliers which, in the event of default or serious variations in relation to the CEP, could adversely influence the image of Vodafone, reliability of the service provided by Vodafone to its end customers, and operating costs.

Based on the Risk Map, a priority selection was made of suppliers to verify their observance of the CEP. Selection was made bearing in mind:

- > Whether they belonged to the group of critical supply families, from the perspective of the Risk Map.
- > Whether they belonged to the group of suppliers whose aggregate turnover represented 80% of total turnover.

Using the procedure described, 22 suppliers were selected, of which 11 were self-assessed under a questionnaire, 5 of which were subsequently audited. As a result of the audits, a total of 25 opportunities for improvement were detected, which were followed up and closed.

Risk Prevention Policies at Suppliers

Following efforts to consolidate and implement Occupational Hazard Prevention Policies at Vodafone Spain (see chap. 15: "Employees"), we are now concentrating on other areas. One of these is to foster a preventive culture, stimulated by the CEO and his Steering Committee, among our suppliers and, therefore, among their employees. Our aim is to go beyond regulatory observance, and to attempt to extend the same levels of employment quality existing at Vodafone Spain.

During the past year 2005-06, Vodafone Spain concentrated on the Franchise Channel. Accordingly, managers and salesmen alike received basic training in Occupational Hazard Prevention regulations applicable. In addition, a specific section was included in the Operating Standards Manual to help them in the deployment of preventive policies. Results could not have been better: 100% of the Franchise Channel has established Occupational Hazard Prevention Plans. 69 managers and 203 salesmen from franchises took part in training activities.

Partnerships with suppliers

"Mobile Vodafone Expo" (MOVE) is a forum at which Vodafone Spain, its strategic partners, collaborators and those companies widely represented in the telecommunications market present the latest solutions to their corporate clients on how to obtain higher productivity and profits from their businesses, through showcases, round tables, conferences, presentation of applications and practical demonstrations.

The financial year 2005-06 saw the holding of the 2nd Edition of "Mobile Vodafone Expo" (MOVE 05), an event that is now consolidated as a reference point in the national mobile telecommunications sector.

MOVE is a demonstration of how Vodafone Spain, along with its partners and collaborators, can boost the mobile revolution among its customers.

More information on:
www.move06.es

We will

- > Introduce an application whereby all Vodafone Spain suppliers can make a self-assessment.

Move 05 Figures

Nº. attending: 2,500
Nº. stands: 57
Nº. solutions presented: 130
Nº. conferences: 38
Nº. demonstrations: 19



13. Energy and Climate Change

Energy consumption represents our most significant environmental impact. Accordingly, one of Vodafone Spain's priorities is to reduce our contribution to Climate Change.

Our absolute energy consumption is increasing as a result of the constant growth of our network and our number of customers. However, with the energy efficiency measures we are adopting and with the help of our equipment suppliers, Vodafone Spain is improving specific consumption per network element, so that voice and data can be transmitted with a lower relative energy consumption.

Distribution of Electricity Consumption (2005/06)

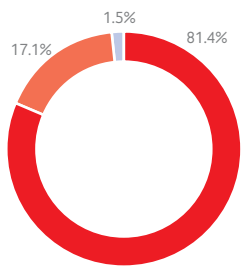


Figure 1

Energy is consumed on three different fronts: in the Network (base stations that send and receive radiofrequency signals, switching and data processing centres to route calls and capture information); Offices and Customer Care Centres (CCC); and Retail Outlets.

As shown in Figure 1, most energy consumption at Vodafone Spain refers to Network operation (81.4% of the total).

Indirect energy consumption at Vodafone Spain S.A. during the financial year 2005-06 was 596,608 MWh.

We said

- > In 2003-04: introduction of a three-year Energy Efficiency Plan, which would permit a saving of at least 3% of forecast network energy consumption.
- > In 2004-05: viability study for the use of proprietary or green (from electricity producers) renewable energies in Offices and Network.

The saving in CO₂ emissions achieved by Vodafone Spain three years after implementation of the Energy Efficiency Plan was 4637.2 Tonnes of CO₂, which is equivalent, according to the ASEMFO (Spanish Association of Forestry Enterprises) report "Forests as a Carbon sink. June 2004", to the quantity that would be absorbed by a forest area of 649.2 Ha in one year.

% Estimated saved / CO₂ generated = 3.06%

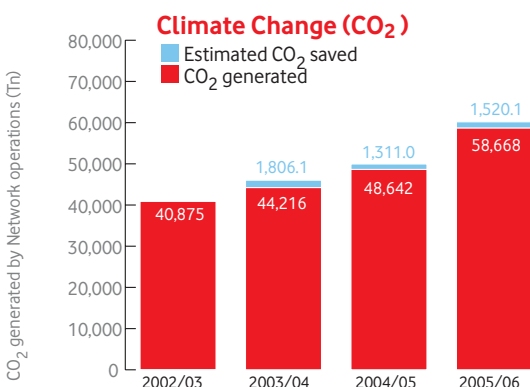


Figure 2

We have

Energy Efficiency Plan

During the financial year 2005-06, the continuous growth of our business drove up total network energy consumption, which amount to 169,446 MWh, 24.2% higher than the previous year. This consumption implied 58,668 Tonnes of CO₂ being released, 20.6% more than the previous year.

To steadily improve energy efficiency in our activities and to lower environmental impact, during the financial year 2003-04 we undertook to introduce an Energy Efficiency Plan in the Network, which would allow us to save at least 3% of the total energy consumption forecast from the beginning of the financial year 2003-04 until the end of the year 2005-06.

The cooling systems fitted in our network facilities lengthen the life of batteries and reduce the probability of network equipment failures. Cooling represents a significant percentage (estimated at around 25%) of network energy consumption. That is why the activities launched or stepped up during the past three years had a bearing on network cooling systems:

- > Installation of Free Cooling systems in Base Stations. These systems use fresh air from outside to cool network equipment housed in the cabinet, thus reducing the need for air conditioning.
- > Adjustment of the operating temperature in Switching Centres.
- > Installation, whenever advisable, of a complementary cooling system to extract warm air from the cabinets.

Figures 2 and 3 show the results of this Energy Efficiency Plan. Savings were estimated on the basis of calculations and projections made by Vodafone Spain Network technicians.

During the financial year 2005-06, average network energy consumption was 12.5 Kwh/ customer, with an emission of 4.3 Kg of CO₂/ customer. (That CO₂ emission is equivalent to driving 27 Km in a family car with a 1.6 litre petrol engine).

% Estimated saved / Total energy consumption = 3.09%

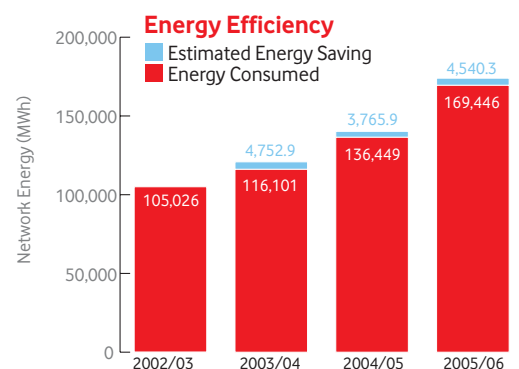


Figure 3

13. Energy and Climate Change

The effectiveness of this Energy Efficiency Plan has been demonstrated and we will continue to implement the measures adopted in our Network Deployment. Vodafone Spain is committed to analysing other possible complementary measures to reduce the environmental impact produced by energy consumption, which will be defined in a new Energy Efficiency Plan addressed at accomplishment of the Group goal to reduce CO₂ emissions per MB of traffic deriving from our network consumption by 40% by year 2011.

Renewable energies

During the financial year 2005-06, Vodafone Spain conducted a viability study on the use of renewable energies in our most representative corporate facilities. First of all, this study proposed solar energy as the most appropriate source of renewable energy, more specifically photovoltaic.

Photovoltaic solar energy has the advantage of producing electricity safely and without pollution, and can also work with sunlight without the need for any thermal effect, and energy can thus be obtained even on cloudy days in winter, as both direct radiation and diffuse radiation are used.

The study enabled us to identify and dimension the construction of a potential photovoltaic solar panel facility, and its implementation will be analysed next year.

Actions with manufacturers

To monitor energy consumption by equipment used in the network, Vodafone continues to work with our main manufacturers to design and supply more energy efficient equipment.

Accordingly, despite our high volume of activity (higher number of base stations deployed and larger network traffic) and the introduction of new technologies (UMTS) which, a priori, require a higher electricity consumption than earlier technologies (GSM and GPRS), we are managing to lower specific network energy consumption, and therefore the specific CO₂ generated as a result of this network activity is also lower (see figures 4 and 5).

Here, we identified the following solutions to reduce energy consumption in base stations:

- > Relocation of the energy supply closer to the mast to reduce energy losses. This system can lower energy requirements by up to 20%. We will start to install this technology in our stations as from the financial year 2006-07 and we are encouraging our network equipment suppliers to offer this system.
- > More efficient power amplifiers (about 10% more efficient).

Other energy consumptions

Vodafone Spain also monitors the following energy consumptions, although they are less relevant than those associated with network operation (see figures 6, 7 and 8):

- > Fuel consumption by fleet vehicles.
- > Staff flights.

During the financial year 2006/07, Vodafone Spain intends to offer the "Video Conference Class" Programme, whereby special videoconference rooms will be set up, with the following aims:

- > To decrease the number of trips and visits.
- > To hold quick, simple and efficient meetings and training sessions.
- > To increase productivity.

In May 2006, 3 international videoconference rooms (at main offices) had been set up, and it is planned to install 8 new rooms during the financial year 2006-07.

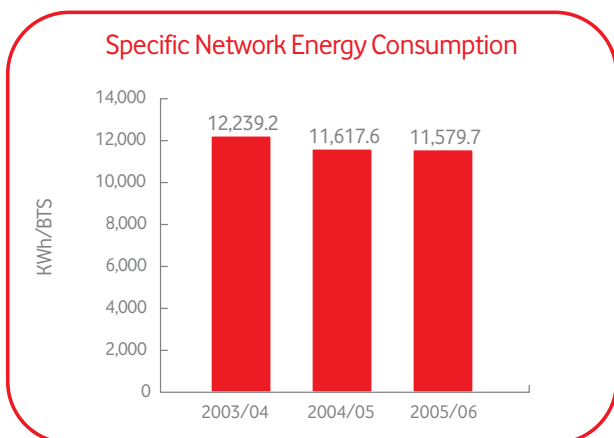


Figure 4

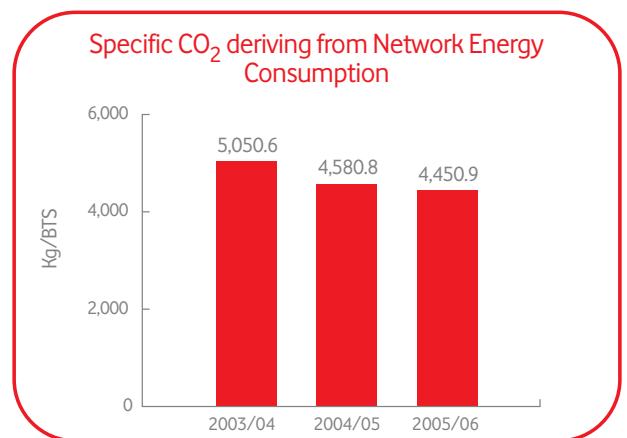


Figure 5

How Performance is perceived

All activities underway to increase the energy efficiency of our network and thus reduce our impact on climate change have been perceived by the general public and our customers, as may be seen in the results of quarterly surveys conducted to ascertain their perception of activities carried out by Vodafone Spain in this area (see below).

We will

- > Establish a new Energy Efficiency Plan.
- > Develop a Renewable/Green Energies pilot plan (March 2008).

Fuel Consumption/Nº. Fleet Vehicles

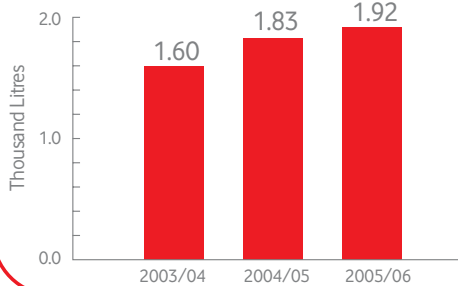


Figure 6

Nº. Flights

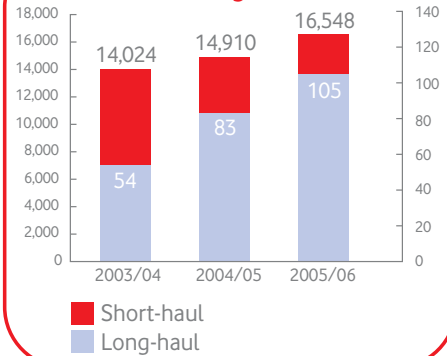


Figure 7

Nº. short-haul flights / Average Nº. employees

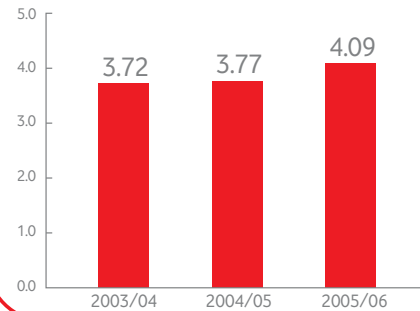
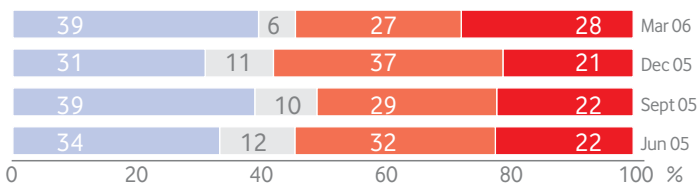


Figure 8

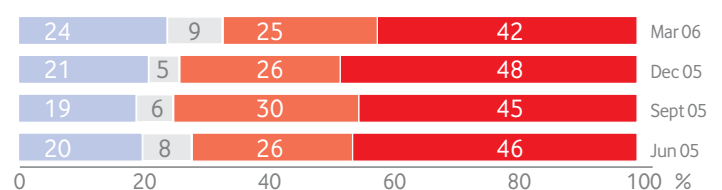
"Can you tell me how you rate Vodafone Spain's performance with regard to the following issue?"

Minimisation of the impact of their products and operations on the environment

General Public



Customers



■ Don't know/No reply ■ Poor/Very Poor ■ Neutral ■ Good/Very Good

14. Waste and Ozone Depleting Substances

The Mobile Telephony industry is developing so fast that both handsets and network equipment become obsolete in a very short time. The majority of handsets and network equipment can be reused or recycled into new materials and products.

In addition to energy consumption analysed in the previous chapter, the other relevant environmental aspects associated with Vodafone Spain's activities refer to waste produced by disused mobile phones and accessories, and waste management as a consequence of network operation, ozone depleting substances (used in cooling and fire extinguishing systems), and paper and water consumption.

Environmental impact occurs during each stage of the equipment's life cycle. Although Vodafone Spain only has direct control over the operating and end of life phases of the equipment, we use our influence to encourage equipment manufacturers to act as responsibly as possible from the environmental perspective.

Accordingly, although we do not manufacture mobile phones or network equipment, we encourage our suppliers to design handsets that are easier to recycle and to use more environmentally-friendly materials in production. In this regard, worth recalling is that the Directive restricting the use of certain hazardous substances (RoHS Directive) in electric and electronic equipment come into force in July 2006 and that the Directive on Waste Electric and Electronic Equipment (WEEE Directive) has been transposed to the Spanish legal system and has been in force since August 2005; accordingly, we have been working with our electric and electronic equipment suppliers to ensure that the products sold by Vodafone Spain are property labelled.

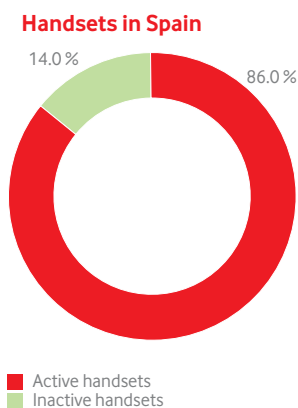


Figure 1

*According to the Red.es report "Mobile telephony in Spanish homes (3rd Quarter 03-3rd Quarter 05)" published by the Telecommunications and Information Society Observatory.

We said

- > To extend the handset recycling system to franchises by April 2007.
- > To develop a handset reuse scheme during the financial year 2005-06.
- > To continue implementing the Waste Management Plan and to establish a Plan for the Replacement of Ozone Depleting Coolant Substances.

We have

Handsets and Accessories

There are 44.3 million mobile telephony lines in Spain. 44.5% of mobiles were replaced during the past year although, according to a survey, 64.9% of users have no plans to change their handsets*. The fact is that technological progress in handsets is unstoppable, and users want the latest developments, which means that handsets quickly become obsolete (see figure 1).

Replacing handsets generates waste containing substances that are potentially hazardous for the environment, unless properly managed. Handsets have two particularly pollutant components: batteries and integrated circuits (among the most hazardous of these elements are Cadmium and Beryllium).

To pursue our environmental responsibility in relation to mobile phone waste management, since 2001 we have been taking part in the "Mobile Muncher Initiative", sponsored by ASIMELEC (Multisectorial Association of Spanish Electronics and Communications Companies), by providing containers for the collection of obsolete handsets and accessories at all our retail outlets (see figure 2).

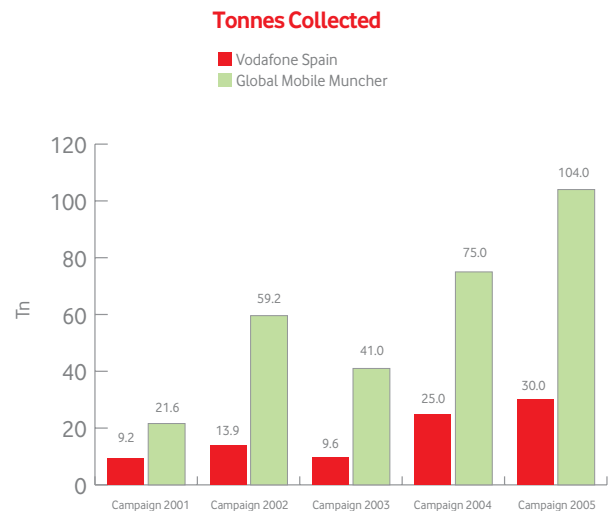


Figure 2

The Mobile Muncher Initiative allows the public at large to contribute towards improving the Environment by recycling old mobile phones. There are now more than 300 collection points distributed throughout the whole of Spain.

Phones, batteries and accessories collected are sent to a processing plant to be disassembled and recycled. Almost 100% of this material is reused by the industry as a raw material for other products, thus eliminating the need to mine these materials.

Accordingly, we also fully comply with the obligations laid down for distributors in regulations in force on Waste Electric and Electronic Equipment; Royal Decree 208/2005, of 25 February, on electric and electronic equipment and waste management (BOE [Official State Gazette] no. 49, of 26 February 2005), by receiving all handsets left by users at our stores.

At the same time, and in accordance with our commitments, during the financial year 2005-06 we designed and developed a new scheme at our stores for the collection and reuse of handsets from residential customers. Under this scheme, which supplements the recycling scheme, we encourage customers to leave their old handsets (which must work and be in a good state of repair) when they buy a new mobile phone. The old handset is then prepared for reuse in emerging or developing markets, thus accomplishing a twofold aim:

- > Socio-economic, as access is provided to mobile telephony in emerging or developing countries, at affordable prices, which helps towards their economic progress.
- > Environmental, as it avoids the consumption of natural resources that would occur in the event of having to manufacture new mobile phones.

The success of both these schemes (recycling and reuse) depends on users. The fact is that only a small proportion of handsets are now returned (most are kept, unused, at users' homes). Accordingly, we have introduced an economic incentive system in the reuse scheme to encourage users to hand in their old phones.

At the same time, during the financial year 2005-06 we developed a campaign with Vodafone Spain employees to collect their old



handsets (their own and those of family and friends) for subsequent recycling or reuse, emphasising the social and environmental advantages of doing so.

We conducted this campaign in collaboration with the Spanish Red Cross and the Entreculturas Foundation, and these two NGOs applied the revenue obtained to care and educational projects.

By conducting quarterly surveys among the general public and customers, we monitor their perception of Vodafone Spain's performance in the recycling and reuse of mobile phones and, once again, we saw the excellent opinion of many customers in this regard (see chart on page 46).

Other Electronic Waste

Vodafone performs all the activities described in the Waste Management Plan, particularly those deriving from the enactment of Royal Decree 208/2005, of 25 February, on electric and electronic equipment and waste management, which has had a major repercussion on our industry.

Network Waste

During the financial year 2005/06, the Vodafone Spain network generated slightly more than 250 Tonnes of waste, including radio and air conditioning equipment, cables masts, etc. All this waste was delivered to an authorised waste manager for destruction and recycling (see figures 3 and 4).

The increased generation of this type of waste is justified by both measures adopted in our network to incorporate UMTS technology (in some cases, this involves the replacement of network equipment), and by the need to replace equipment that has become obsolete or has reached the end of its useful life.

Types of Network Waste Recycled 2005-06 (% in weight)

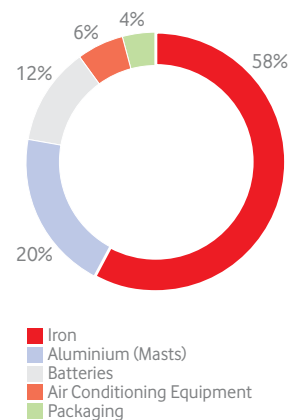


Figure 3

Network Equipment Recycled (Tn)

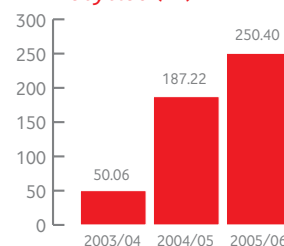


Figure 4

14. Waste and Ozone Depleting Substances

Ozone Depleting Substances

During the financial year 2005-06, Vodafone Spain launched a Plan for the Replacement of Ozone Depleting Substances in Coolants and accordingly, by 2012, our air conditioning equipment will no longer contain these substances. These new measures mark the completion of the Waste and Ozone Depleting Substances Plan launched in May 2004 (see figure 5).

Office Waste

With regard to waste generated in our offices, 290 Tonnes of paper were recycled during the financial year 2005-06 (see figures 6 and 7). At the same time, we consumed less paper during that year due, among other reasons, to:

- > Adaptation of our data processing systems so that printers will print on both sides by default.
- > Awareness campaigns to prevent documents being printed unnecessarily.

All the Paper/Cardboard packaging materials used with products marketed by Vodafone Spain comply with the packing and packaging waste management system run by ECOEMBES (packaging recycling company), and the quantities reported in recent years are shown in figure 8.

Finally, total water consumption during the financial year 2005-06 was 134,898.3 m³.

Tonnes Paper Recycled at Vodafone

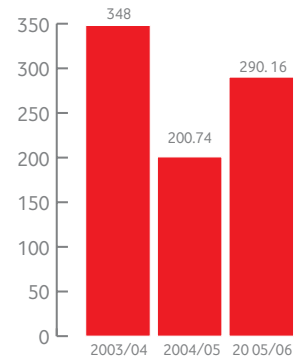


Figure 6

Content of recycled paper in office paper used

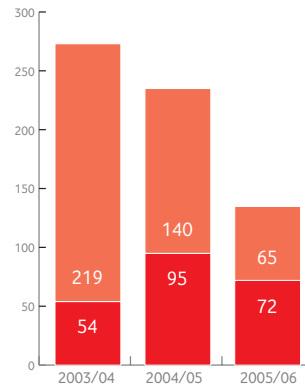


Figure 7

Ecoembes: tonnes paper/cardboard

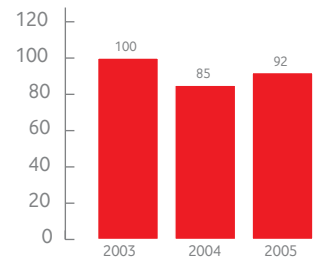


Figure 8

Content in Ozone Depleting Substances

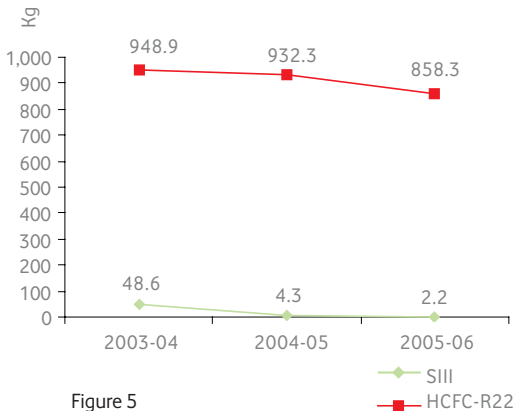


Figure 5

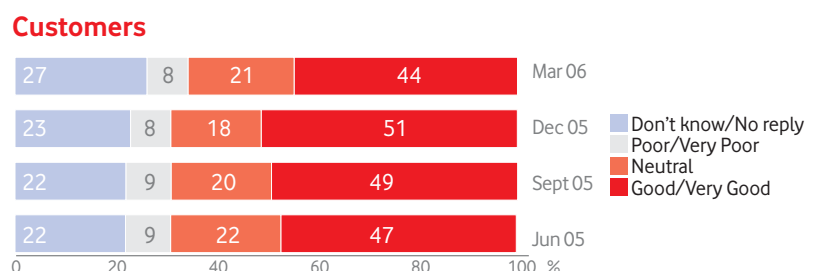
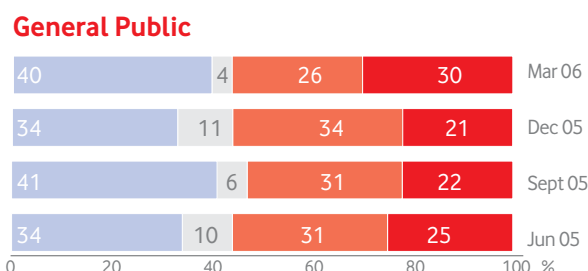
More information on:
www.vodafone.es/tiendas
www.tragamovil.com

We will

- > Extend the handset collection scheme to franchises.
- > Develop a Reusage Scheme for Corporate Customers.

"Can you tell me how you rate Vodafone Spain's performance with regard to the following issue?"

Recycling of handsets and accessories



15. Employees

Vodafone Spain has more than 4,000 employees. Our aim is "To create the best global team"; accordingly, we strive to employ and keep those who are most qualified and motivated. We pursue this aim by providing a good working atmosphere, treating people with respect and offering attractive incentives, as well as professional development opportunities.

Vodafone Spain not only creates a high number of direct and indirect jobs, but offers quality employment, with a very high percentage of open-ended contracts (see figures 1 and 2).

The voluntary turnover rate during the past financial year was 1.1%, but it must be pointed out that this percentage includes vacancies caused when Vodafone Spain employees move to other Vodafone Group companies.

Given below are some figures for the financial year 2005-06 in respect of that Balance Plan:

- > More than 1,000 people availed themselves of measures on Career and Family Life Balance.
- > More than 200 women took maternity leave.
- > More than 150 women opted for shorter hours for breast-feeding.
- > More than 1,000 employees benefited from child allowances.
- > More than 60 women enjoyed 15 days pre-maternity leave.

We said

- > Draw up an Internal Communication Plan that includes: Distribution of back-pocket guides to employees on issues relating to Corporate Responsibility and Dissemination of Environmental Good Practices.
- > Continue implementing the Employee Occupational Hazard Prevention Training/Information Plan, and foster development of the best preventive practices among our partner companies.

We have

Career and Family Life Balance Plan

At Vodafone Spain, we are convinced that Balance of Career and Family Life will contribute not only towards personal but also to professional success. Accordingly, during the financial year 2005-06, we continued implementation of this Plan, which materialised in specific measures that anticipated and went beyond legislation in force.

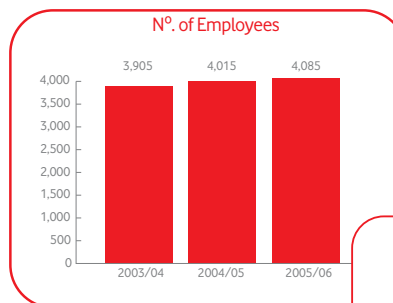


Figure 1

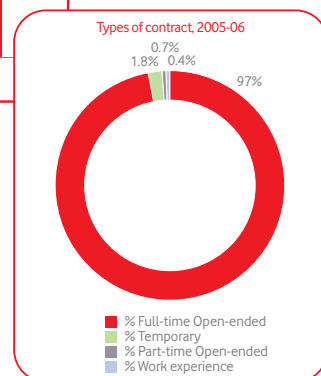


Figure 2

All Vodafone Spain employees have a variable pay component (at least 5%), linked to target achievement.

Career and Family Life Balance Plan

Maternity: pre-maternity leave: paid leave can be applied for 15 days before the expected date of birth.

Paternity: while the legally provided period is 2 calendar days, which may be extended to 4 in the event of having to travel, Vodafone Spain has extended the legal term from two to five working days, for birth or adoption. If travel is necessary, it will be extended to seven days.

Maternity leave in the event of a multiple birth: as provided in legislation, except that two weeks are added for each child in addition to the second born in the same birth. In other words, in the event of triplets, 20 weeks leave will be granted, and so on successively.

Nursery allowance: those employees with children between the ages of 0 and 4, irrespective of attending nurseries, can apply for a monthly allowance of 61.30 euros per child.

Extension of breast-feeding hours: these are increased from 1 to 2 hours and from 9 to 12 months, without any reduction in salary.

Child care leave: employees can take leave to look after children from birth until their 4th birthday (legislation stipulates a maximum of 3 years of age). This measure also includes adoption and fostering. This leave will be calculated for the purpose of seniority and the employee's job will be reserved for one year.

Paid leave: 2 days will be granted for hospitalisation of family members up to the second degree of consanguinity or kinship, or 4 days if travel is necessary. (The Workers' Charter only refers to serious illness or death).

Family care leave: leave may be taken for up to one year by those employees who so wish, to take care of a family member, up to the 2nd degree of consanguinity or kinship, who cannot fend for themselves due to age or illness.

Large family allowance: those employees with 3 or more children, and up to the age set forth for Income Tax deduction, will receive an annual lump sum of 306 euros gross per child.

Disabled children's allowance: a monthly allowance of 122.60 euros gross will be paid for each disabled child up to the age of 15.

15. Employees

Labor Relations at Vodafone Spain

Vodafone Spain has a permanent interest in maintaining stable and productive channels of communication with employees' representatives.

Accordingly, communication, relations and participation of those representatives are channelled through the Department of Industrial Relations, which ensures permanent contact between Management and employees' representatives.

Contacts are ongoing and meetings are held, whenever requested by either party, in a natural forum for cooperation and information, to discuss any issue that may be of interest, given its relevance and bearing on the workforce. Meetings to discuss general matters are held at least once a fortnight. Conditions regarding the suggestions and proposals that either party can put forward exceed the limits set forth in traditional industrial relations legislation, because the ultimate aim is not so much to observe the law but to make participation, information and joint action a natural *modus operandi*.

Issues range from employees' individual concerns to the performance of Vodafone Group worldwide. The Group's evolution, organisational changes, general policies that concern employees, etc., are some of the matters discussed at meetings as a matter of course.

This dialogue allows us to report on changes in sufficient time and to trigger proactive mechanisms to adapt changes and policies to employees' expectations and desires, so that avoid such issues turning into problems if no solutions are found or they are not corrected in time.

The workers' committee at Vodafone Spain is formed by 50 trade union representatives. Vodafone Spain attaches great to workers' participation and consequently provides more material and human resources than it is legally required to in these cases.

The following committees are an example of some the issues that are addressed jointly:

- > Collective transport committee.
- > Training Committee.

- > Wage bill rise monitoring committee.
- > General job performance assessment system monitoring committee.
- > New organisations in the Vodafone Group.

At the time of preparing this report (June 06), a 3-year bargaining agreement had just been signed.

All the Occupational Hazard Prevention actions performed by Vodafone Spain implicitly involve effective employee participation, through Health and Safety Committees. Each region has its own discussion board, where Company Management representatives and Prevention Delegates (employees' representatives) draw up plans and programmes for preventive measures. In addition, the Company, Delegates and the Prevention Department set up working parties to discuss specific issues for the promotion and fostering of health.

Similarly, the Vodafone Group has set up the "Vodafone European Employee Consultative Council", an European forum for debate and employee representation formed by representatives from all the European operating companies, and currently chaired by a Spanish representative.

Integration of the Disabled

In accordance with Act 13/1982, of 7 April, on Social and Labour Integration of the Disabled (LISMI), Vodafone Spain complies with the Act's provisions and its associated regulations, both by creating direct jobs and implementing the alternative measures described therein. In the latter regard, Vodafone has chosen to donate to Foundations or public interest Associations whose goals, *inter alia*, include the professional training, job insertion or creation of jobs for the disabled.

Equal Opportunities

One of the Vodafone Group Policies refers to "Equal Opportunities", and any type of discrimination based on gender, race, beliefs or orientation is prohibited.

Figures 3 and 4 show the evolution of the percentage of women employees and the percentage of managerial jobs held by women.

Other Welfare Benefits

Pension Scheme: Vodafone Spain employees can make individual contributions to their pension schemes. The company contributes twice the amount contributed by each member, up to a maximum of 4% of the regulatory salary, and employees can make additional contributions.

Health Insurance: Vodafone Spain offers employees with open-ended contracts, or a seniority of more than one year, payment of the full cost of the employee's policy and additional advantages for family members

Merit Award: to acknowledge the effort of combining work and studies, and in addition to paying cash compensation, the company facilitates continuation of this effort with training schemes to allow employees to complete their personal and career development.

Luncheon Vouchers: all Vodafone Spain employees, irrespective of their duties or position, receive luncheon vouchers.

Relat Plan: this is a special scheme for Vodafone Spain employees which offers advantages in mobile telephony services.

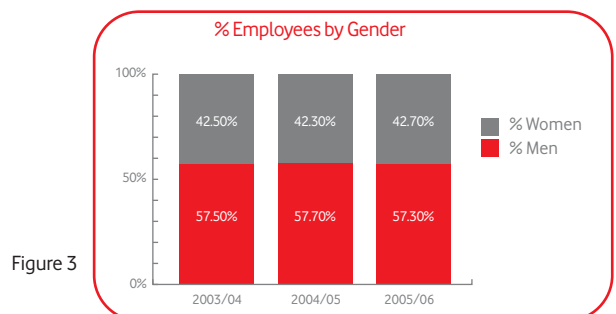


Figure 3

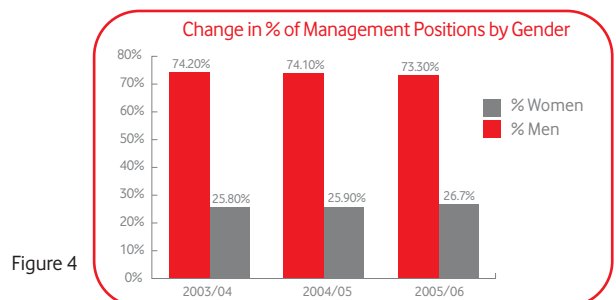


Figure 4

Career Development

Career Development at Vodafone Spain is understood as the ongoing improvement of knowledge, skills and attitudes of all Company employees, to achieve:

- > The highest individual and collective contribution towards business targets.
- > Personal and professional growth of employees, thus boosting their career potential.

To analyse Development needs, Vodafone Spain has introduced the new Performance Dialogue system, a business and management process that simplifies earlier tools, and is designed to analyse development opportunities and establish individual development goals, concentrating on closer dialogue between the immediately hierarchical superior and the collaborator.

Once Development needs have been analysed, various types of programmes are drawn up:

- > One Way Programme: a three-year programme aimed at more than 600 team managers, the strategic purpose of which is to improve team management skills and change management.
- > Global Leadership Programme: its aim is the early identification and development of employees with the highest potential.
- > Global International Turnover Programme: its aims are to foster international mobility, encourage the competitive development of high potential employees and the sharing of experiences among the various Group Operating Companies,
- > Grant Programme: its main aim is the professional preparation of employees with a high potential and little or no professional experience.

Training

Employees are trained at Vodafone Spain in specific or general knowledge and skills detected during the needs analysis process, based on criteria of profitability and quality of actions carried out, and attempting to incorporate the use of New Technologies in those actions whenever possible (see figure 6).

There are two types of training:

- > Corporate Training: this includes all actions addressed at improving professional skills.
- > Technical Training: actions addressed at improving professional know-how.

During the financial year 2005-06, Vodafone Spain invested around 5% of the total wages bill in training.

Internal Communication

The Plan introduced by Internal Communication includes dissemination among Vodafone Spain employees of the Corporate Responsibility Programme and its various activities (see chap. 5: "Corporate Responsibility at Vodafone Spain").

At the same time, in line with the commitment set forth in the CR 2004-05 Report, the "Manual of Good Environmental Practices in the Office" was distributed among all Vodafone Spain employees in June 2005, to mark with World Environment Day.

Employee satisfaction

During the financial year 2004-05, we conducted our two-yearly Employee Satisfaction Survey. This survey showed high levels of satisfaction among our employees and, at the same time, enabled us to identify a series of areas for improvement.

As a result of that survey, we drew up an Action Plan, which we developed during the financial year 2005-06. The Plan focused on four main initiatives (see page 49).

Employee Satisfaction Survey	%2004/05	▲ 03/04
General satisfaction and commitment	79	+ 8 p.p.

Employee Satisfaction Survey: Company Action Plan	
Initiative	Actions
Manager's Duties	Development of One Way Programme.
Career Development	Performance Dialogue.
	Improvements in the Internal Vacancy Selection Process.
Compensation	Study on status of market remuneration.
	Specific survey to compare total remuneration at Vodafone Spain with other industry companies.
	Comparison of Vodafone Spain welfare benefits and those of other companies.
Welfare	Luncheon Vouchers.
	Flexi-time.

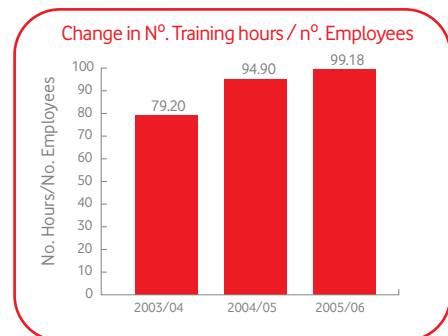


Figure 5

15. Employees

To gauge our employees' opinion about progress in the Action Plan, we are now conducting an anonymous and confidential on-line follow-up survey among 30% of our employees, selected at random and anonymously.

Health and Safety

Vodafone Spain has a large team whose exclusive mission is to promote and develop the highest levels of safety, health and welfare among its employees. The team is formed by 4 members of the Medical Department and 8 from the Technical Prevention Area, all of whom make up the Vodafone Health and Safety Department (H&SD). The H&SD is responsible for the application of all preventive specialities (Health Surveillance, Safety, Hygiene and Ergonomics and Psycho-sociology). Its work goes beyond merely complying with regulations, and instead is geared towards ongoing improvements in the quality of life at work which will, therefore, also boost employees' well-being in their free-time. By way of example, the Medical Department, along with Red Cross (in Madrid) and the Blood Bank (in Barcelona), holds annual blood donation campaigns. 309 employees have taken part in these.

Preventive Activities

The Occupational Hazard Prevention Department made 148 inspection visits to 95% of all workplaces, to check safety conditions. Respective budget items were planned and allocated was made to solve the irregularities detected.

Emergency drills continued to be held. 38 drills were held in which 68% of the workforce took part. Accordingly, the Emergency Committees identified areas to be improved during the financial year 2006/07.

3,630 voluntary and 346 compulsory (work in heights) medical check-ups were performed. The companywide Medical Department, in addition to monitoring the health of employees, also offers Medical Care Services. Accordingly, 16,058 medical visits were made during the year.

The H&SD has an annual Safety and Health Training and Information Programme, in line with the strategic aims pursued

by Vodafone. Thus, Information and Dissemination Campaigns were held during the financial year 2005-06 on:

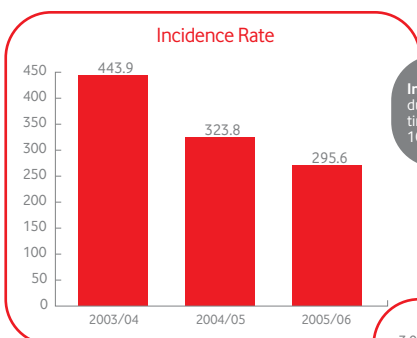
- > Road Safety.
- > How to act in an emergency.

New campaigns were also held on aspects such as:

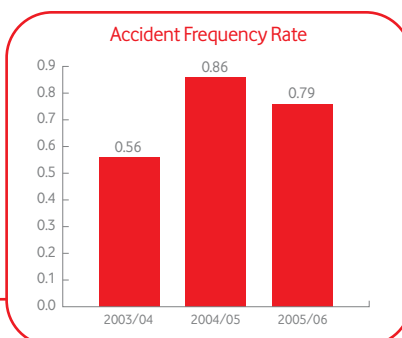
- > "Healthy working habits", in which our Medical Service gave tips on how to improve our quality of life at work and in our free time.
- > "Working without smoke", which referred to the introduction of non-smoking regulations at workplaces and offered advice on how to quit smoking.
- > "Protect yourself against flu", in which, as well as promoting the annual common flu vaccination, information was given on bird flu.

At the same time, the H&SD gave a total of 9,159 hours of training courses, attended by 1,400 employees, on issues such as:

- > "First Aid and Fire Prevention training". Attended by 491 employees.
- > "Safe Driving in a 4x4". Attended by 240 employees.
- > "Work in Heights. Basic Level". Attended by 200 employees.
- > "Safe Driving, Road Safety". Course given via the E-learning platform. The course was taken by 123 employees.
- > "Introduction to the Vodafone Spain Prevention Management System for new employees". Attended by 105 employees.

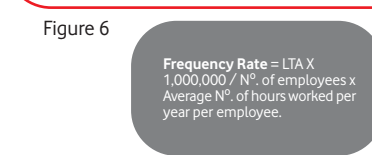


Incidence Rate = Accident during working hours with time lost from work [LTA] X 100,000 / N^o. of Employees.

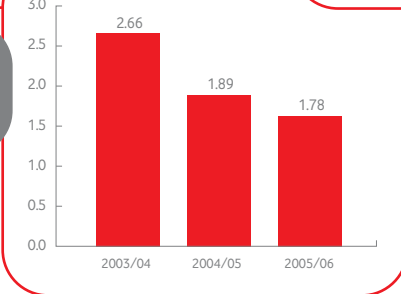


Accident Frequency Rate = (Non-commuting accidents with and without LTA X 100) / N^o. employees.
"Accident Frequency Rate" is the rate reported to the Vodafone Group, using the British system.

Figure 8



Frequency Rate = LTA X 1,000,000 / N^o. of employees x Average N^o. of hours worked per year per employee.



Severity Rate = Lost time from work due to accidents during working hours resulting in LTA X 1,000 / N^o. employees x Average N^o. of hours worked per year per employee.

Figure 7

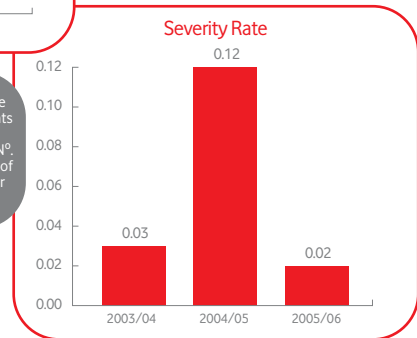


Figure 9

Note: Incidence, Frequency and Severity Rates were calculated using the criteria set forth in the 2002 Industrial Accidents Statistical report, published by the Ministry of Labour and Social Affairs.

Accident Rate

All indicators were satisfactory (see figures 6 to 9).

For the fourth year running, the number of traffic accidents during working hours, the main component of the accident rate, fell considerably, as did the length of time necessary for recovery. The number of traffic accidents with LTA was 50% lower than in 2004-05 (see figures 10 and 11).

Such significant reductions, both in the number of accidents and their severity, are undeniably a result of Safe Driving Campaigns held during the past four years.

Through these campaigns, Vodafone has reinforced key messages on safe driving, using text messages, banners on our Intranet and written communications as awareness-raising tools. Finally, employees who drive 4x4s attend 10-hour long training courses on this type of driving.

More information on:
www.vodafone.es/empleo

We will

- Introduce the Performance Dialogue Process.
- Reduce the General Absenteeism Rate by 5%.

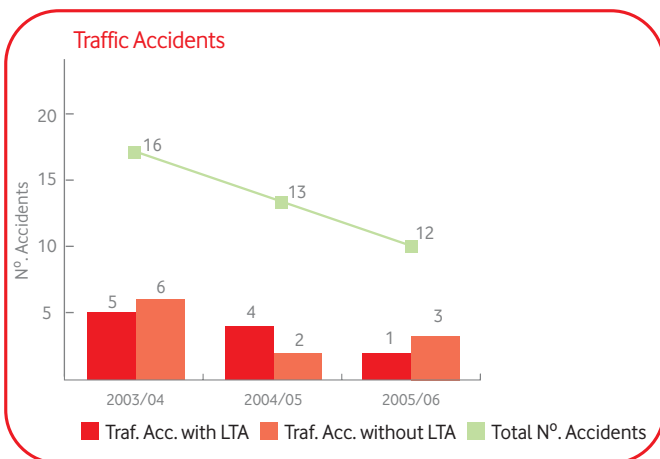


Figure 10

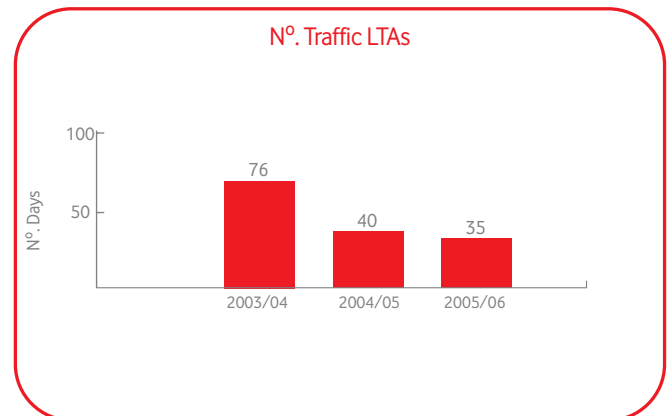


Figure 11



16. Commitments

Subject	Commitment	What have we done?
Mobile Telephony and Health	<ol style="list-style-type: none"> To show SAR (Specific Absorption Rate) levels of the different types of handsets marketed by Vodafone on our website. To continue to engage with the general public, customers, opinion makers, public administrations and employees, regarding mobile telephony and health related issues. 	<ol style="list-style-type: none"> Shown on website www.vodafone.es/antenasysalud Development of a far-reaching communication plan on radiofrequency emissions (seminars, conferences, meetings, etc.). Surveys to ascertain the level of perception were conducted.
Responsible Network Deployment	<p>During the financial year 2003-04, we undertook to lead the Group Project addressed at preparation of Responsible Network Deployment Guidelines.</p>	<p>The Responsible Network Deployment Policy has been communicated to our Implementation managers.</p> <p>A series of key indicators has been established to measure our commitment relative to Policy and Guidelines.</p>
Corporate Responsibility and Customers	<ol style="list-style-type: none"> To introduce a Responsible Marketing Training Plan. To develop a customer communication campaign on relevant aspects of Responsible Marketing. 	<ol style="list-style-type: none"> An on-line course on Responsible marketing has been developed and is expected to be available to users in the financial year 2006-07. Responsible Marketing Programme leaflets were issued. Products with clearer and more easily understood rates were launched.
Vodafone Spain Foundation	<p>To broaden collaboration with the various entities for the development of joint projects that represent social benefits, by using new technological supports.</p>	<p>Collaborations and new agreements with various associations and organisations were entered into.</p>
Social Products and Services	<ol style="list-style-type: none"> To develop "global accessibility or design for everyone" projects (accessible website, accessibility in retail outlets). To develop at least 3 social products/services to enable special needs groups to access to our services. 	<ol style="list-style-type: none"> Vodafone Spain and Vodafone Spain Foundation accessible websites. Study on accessibility at retail outlets completed. Blackberry Accessible, Mobile Speak and Mobile Magnifier launched, among other products/services.
CR in the Supply Chain	<p>To assess the Code of Ethical Purchasing among 10 suppliers, in accordance with the risk map.</p>	<p>Completed with 11 suppliers.</p>
Energy and Climate Change	<ol style="list-style-type: none"> To continue development of the Energy Efficiency Plan and to report on the evolution of CO₂ emissions. Viability study for the use of proprietary or green (from electricity producers) renewable energies in Offices and Network. 	<ol style="list-style-type: none"> Energy Efficiency Plan (2003-06) completed. Target to reduce specific energy consumed by 3% of that forecast achieved. Completed.
Waste and Ozone Depleting Substances	<ol style="list-style-type: none"> Extend the handset collection scheme to franchises. Develop a handset reuse scheme for Corporate Customers. Continue to implement the Waste Plan. Establish the Plan for Replacement of Ozone Depleting Substances (coolants). 	<ol style="list-style-type: none"> Application continued, 2-year plan. Scheme for residential customers developed. Measures for the financial year 05-06 completed. In place and now being substituted.
Employees	<ol style="list-style-type: none"> To draw up an Internal Communication Plan that includes: Distribution of back-pocket guides to employees on issues relating to Corporate Responsibility and Dissemination of Environmental Good Practices. To Continue implementing the Employee Occupational Hazard Prevention Training/Information Plan, and foster development of the best preventive practices among our partner companies. 	<ol style="list-style-type: none"> Dissemination of: Vodafone Spain CR reports and Internal Group Report, Manual of Good Environmental Practices, Internal Handset Collection Campaign, periodic communications... Completed.

Progress	What will we do?	Date
<u>100%</u>	Establish targets for Stakeholder opinion on the Vodafone's performance with regard to Mobile Telephony and Health.	March 2008
<u>100%</u>		
<u>100%</u>	Establish targets for Stakeholder opinion on the Vodafone Spain's performance with regard to Responsible Network Deployment.	March 2007
<u>100%</u>		
<u>50%</u>	<ul style="list-style-type: none"> ➤ Offer an on-line course on Responsible Marketing to employees concerned. ➤ Define a Customer Communications Plan for CR issues (contents, accessibility...). ➤ Extend content access control systems in the entire off-net browser environment (outside Vodafone Live!). ➤ Chats subject to parental control. ➤ Develop Virus and Spam protection systems in the entire off-net browsing environment (outside Vodafone Live!). ➤ Establish an activation and deactivation control system, and a restriction mechanism for SMS Premium Services. 	March 2007
<u>100%</u>		
<u>100%</u>	<ul style="list-style-type: none"> ➤ Promote actions for the development of social well-being through the use of ICTs, extending them to new vulnerable and dependent groups. ➤ Hold 22 seminars on the social applications of technology. ➤ Introduce new technical developments to improve accessibility of the website using sign language. 	March 2007
<u>100%</u>	<ul style="list-style-type: none"> ➤ Awareness campaign on technology available for the various special needs groups. ➤ Introduce 3 products/services purpose-designed to reduce social exclusion and improve the quality of life of vulnerable groups through communications. ➤ Introduce accessibility measures in retail outlets. 	March 2007
<u>100%</u>		
<u>100%</u>	Introduce an application whereby all new Vodafone Spain suppliers can perform a self-assessment.	March 2007
<u>100%</u>	<ul style="list-style-type: none"> ➤ Establish a new Energy Efficiency Plan. ➤ Develop a Renewable/Green Energies pilot plan. 	March 2007 March 2008
<u>100%</u>		
<u>March 2007</u>	<ul style="list-style-type: none"> ➤ Extend the handset collection scheme to franchises. ➤ Develop a Reusage Scheme for Corporate Customers. 	March 2007
<u>100%</u>		
<u>100%</u>		
<u>100%</u>		
<u>100%</u>	<ul style="list-style-type: none"> ➤ Introduce the Performance Dialogue Process. ➤ Reduce the General Absenteeism Rate by 5%. 	March 2007
<u>100%</u>		

17. Main Figures

MAIN FIGURES OF VODAFONE SPAIN	2005-06 (% ▲)	2004-05	2003-04
Financial Data			
Total turnover (€ mn.)	5,857 (+22.6%)	4,778	3,866
Turnover per services (€ mn.)	5,300 (+22%)	4,343	3,561
ARPU per annum (€)	427 (+3%)	414	377
Nº of Customers (millions)	13.52 (+17.9%)	11.47	9.7
Vodafone Live! devices activated (thousands)	5,514 (+84.3%)	2,992	625
3G Devices (thousands)	902 (+925%)	88	-
Nº of ported customers (annual net balance as at 31 March)	213,891	456,781	-1,481
Environmental			
% of shared base stations or in existing infrastructures (cumulative)	68.3 % (-1.2 p.p.*)	69.5 %	60.6 %
Specific Energy consumed in Network activities (Kwh/BTS)	11,579.7 (-0.3 %)	11,617.6	12,239.2
CO ₂ generated by Network activities (Kg/BTS)	4,450.9 (-2.8 %)	4,580.8	5,059.6
Energy efficiency: Energy consumption saving (Cumulative Mwh since 2003-04)	13,059.1	8,518.8	4,752.9
Energy efficiency: CO ₂ emission saving (Cumulative Tn since 2003-04)	4,637.2	3,117.1	1,806.1
Handset recycling (Cumulative Tn. Historic since 2001)	87.7	57.7	37.1
Recycled Paper (Cumulative Tn. since 2002-03)	1,150.4	860.0	659.3
Social			
Funds allocated by the Vodafone Foundation Spain (€000's) to community involvement projects	5,677,9 (+1,5%)	5,592.2	3,641.5
Nº of Students on University and Postgraduate Courses (cumulative historic)	1,424	1,237	1,050
Employment			
Nº of employees	4,085 (+1.7%)	4,015	3,905
% Open-ended contracts (full-time and part-time)	97.0% (+0.1 p.p.*)	96.9 %	98 %
% Women	42.7% (+0.4 p.p.*)	42.3%	42.5%
% Women in Management Positions	26.7% (+0.8 p.p.*)	25.9%	25.8%
Nº hours training/ Nº employees	99.2 (+4.6%)	94.9	79.2
Employee satisfaction %	N.A. (biennial)	79%	71 %
Accident Frequency Rate	271.0 (-16.3%)	323.8	443.9
* p.p.: percentage points			

Glossary of Acronyms and Abbreviations

AETIC: Spanish Association of Electronics, Information Technology and Telecommunications Companies	ISO: International Organization for Standardization
APPS: Catalanian Federation for Mentally Handicapped People	KCQ: Key Control Questionnaire
ARPU: Average Revenue Per User	KPI: Key Performance Indicator
ASEMFO: National Forestry Industry Association	LISMI: Act on the Social and Labour Integration of the Handicapped
ASIMELEC: Multisectorial Association of Spanish Electronic and Communications Companies	MIT&C: Ministry of Industry, Tourism and Commerce
ASPAYM: Association for Paraplegia and Major Disabilities	MMS: Multimedia Messaging Service
BITC: Business in the Community	MORI: Market and Opinion Research International
BTS: Base Transceiver Station	MOVE: Mobile Vodafone Expo
CBS: Center for Business in Society	MPDL: Movement for Peace, Disarmament and Freedom
CEP: Code of Ethical Purchasing	MTC: Mobile Telecare
CIDAT: Institute for Research and Development into Applications for Blindness Technology	NBIC: Nano-Bio-Info & Cogno
CINSE: Spanish Confederation of the Deaf	NGO: Non-Governmental Organization
COCEMFE: Spanish Coordinator of the Physically Disabled	ONCE: Spanish National Blind Organization
CR: Corporate Responsibility	PIN: Personal Identification Number
EU: European Union	PREDIF: The Physically Disabled Representative Platform
FEMP: Spanish Federation of Municipalities and Provinces	RM: Responsible Marketing
FFF: Forum for the Future	RND: Responsible Network Deployment
FIAPAS: Spanish Federation of Associations of Parents and Friends of the Deaf	SAR: Specific Absorption Rate
FTSE: Financial Times Stock Exchange	SATI: Technical Advice and Information Service
GAPTEL: Telecommunication Industry Analysis Group	SEIS: Spanish Society of Health Informatics
GAV: Gross Added Value	SIRI: Sustainable Investment Research International
Gesi: Global e-Sustainability Initiative	SMS: Short Message Service
GPRS: General Packet Radio Service (2.5G: 2.5 Generation)	SPAM: Unsolicited commercial email
GPS: Global Positioning System	SPV: Vodafone Own Service
GSM: Global System for Mobile Communications (2G: 2nd Generation)	UCE: Spanish Consumers' Union
GRI: Global Reporting Initiative	UMTS: Universal Mobile Telecommunications System (3G: 3rd Generation)
HSDPA: High Speed Downlink Packet Access	UPC: Catalonia Polytechnic University
IBLF: International Business Leaders Forum	UPM: Madrid Polytechnic University
ICNIRP: International Commission on Non-Ionizing Radiation Protection	UPV: Valencia Polytechnic University
ICT: Information and Communication Technologies	WBCSD: World Business Council for Sustainable Development
ILO: International Labour Organisation	WHO: World Health Organization

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INDEPENDENT ASSURANCE REPORT ON VODAFONE SPAIN'S 2005/06 CORPORATE RESPONSIBILITY REPORT

To Management of Vodafone España, S.A.:

Vodafone España, S.A. has engaged us to give assurance relating to the information included in the scope of Vodafone Spain's 2005/06 Corporate Responsibility Report:

- Analysis of the conformity of the content of the Corporate Responsibility Report with the content of the Global Reporting Initiative (GRI) Guide 2002 and validation of central and telecommunications sector indicators, both quantitative and qualitative.
- Included information in the 2005/06 Corporate Responsibility Report of Vodafone Spain related to the principles of completeness, materiality and responsiveness set out in the AA1000AS.
- Provided information regarding to the degree of completion and 2005/06 Corporate Responsibility commitments fulfillment, envisaged in the 2004/05 Corporate Responsibility report.

The preparation and content of the Corporate Responsibility Report is the responsibility of Vodafone Spain's Corporate Responsibility Unit, which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in the limited review.

We conducted our work in accordance with *International Standard on Assurance Engagements 3000* (ISAE 3000) of the International Auditing and Assurance Standards Board (IAASB) for the performance of non-financial audits and with the *AccountAbility 1000 Assurance Standard (AA1000AS)* issued by AccountAbility.

The limited review consisted of interviewing Vodafone Spain management and the various units of Vodafone Spain that participated in the preparation of the Corporate Responsibility Report and of conducting the following analytical procedures and sample-based verification tests:

- Meetings with Vodafone Spain personnel to gather the information required for external verification.
- Analysis of the processes used to obtain and validate the data presented in the 2005/06 Corporate Responsibility Report.
- Review of the degree of completion of, and compliance with, the sustainable development commitments for 2005/06 envisaged in the 2004/05 Corporate Responsibility Report.
- Review of the steps taken in relation to the identification and consideration of the parties involved throughout the year, and of the materiality and completeness of the information included in the Corporate Responsibility Report based on Vodafone Spain's understanding of the stakeholders' expectations of the interest groups (responsiveness).

- Analysis of the conformity of the content of the Corporate Responsibility Report with the content of Global Reporting Initiative (GRI) Guide 2002 and verification that the central and telecommunications sector indicators of the Report are in line with those recommended by the aforementioned Guide.
- Verification, by means of sample-based tests, of the calculation of the quantitative information provided by the GRI central and telecommunications sector indicators included in the Corporate Responsibility Report for 2005/06 and the adequate compilation thereof based on the data furnished by Vodafone Spain's information sources.
- Verification of the qualitative information provided by the GRI central indicators included in the Corporate Responsibility Report for 2005/06.

The scope of a limited review is substantially less extensive than a reasonable assurance engagement. Accordingly, we do not provide reasonable assurance on Vodafone Spain's 2005/06 Corporate Responsibility Report.

The Table of Contents and GRI Indicators included in Chapter 20 contain a detail of the indicators reviewed and identify the indicators which do not cover all the matters required by the GRI. Our limited review did not disclose any other matter that causes us to believe that the information are materially misstated.

Nothing has come to our attention that causes us to believe that the management assertions included in Vodafone Spain's 2005/06 Corporate Responsibility Report, in relation to the application of the AA1000AS principles of materiality, completeness and responsiveness, and provided information regarding to the degree of completion and 2005/06 Corporate Responsibility commitments fulfillment, envisaged in the 2004/05 Corporate Responsibility report, are materially misstated.

We have also presented to Vodafone Spain's Corporate Responsibility Unit forward-looking recommendations relating to areas for improvement in managing the consolidation of the processes, programs and systems associated with sustainability development. The most significant recommendations relate to strengthening the internal fulfillment function.

This report was prepared solely for the interests of Vodafone Spain.

Madrid, July 21, 2006

DELOITTE, S.L.



Helena Redondo

19. GRI Guide

There follows a list of the pages of the Vodafone Spain Corporate Responsibility Report 2005/06 in which the contents of the 2002 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) are complied with, and the indicators set out in the GRI supplement for the telecommunications industry.

Point	Page	Definition
Vision and strategy		
1.1	13	Statement of the organisation's vision and strategy regarding its contribution to sustainable development.
1.2	3	Statement from the CEO (or equivalent senior manager) describing key elements of the sustainability report.
Profile		
2.1	Title page, 2	Name of reporting organisation.
2.2	6	Major products and/or services, including brands if appropriate.
2.3	14	Operational structure of the organisation.
2.4	4, 14	Description of major divisions, operating companies, subsidiaries, and joint ventures.
2.5	4	Countries in which the organisation's operations are located.
2.6	Title page, 4, 15	Nature of ownership; legal form.
2.7	4, 16, 17, 18	Nature of markets served.
2.8	5, 54	Scale of the reporting organisation.
2.9	7, 8, 9 y 10	List of stakeholders, key attributes of each, and relationship to the reporting organisation.
2.10	Back page	Contact person(s) for the report, including e-mail and web addresses.
2.11	2	Reporting period (e.g., fiscal/calendar year) for information provided.
2.12	2	Date of most recent previous report (if any).
2.13	2	Boundaries of report (countries/regions, products/services, divisions/facilities/joint ventures/subsidiaries) and any specific limitations on the scope.
2.14	4,5, 6, 54	Significant changes in size, structure, ownership, or products/services that have occurred since the previous report.
2.15	2	Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, outsourced operations, and other situations that can significantly affect comparability from period to period and/or between reporting organisations.
2.16	NA (1)	Explanation of the nature and effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).
2.17	Def.in each point.	Decisions not to apply GRI principles or protocols in the preparation of the report.
2.18	5	Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits.
2.19	NA (1)	Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information.
2.20	13, 14	Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report.
2.21	2, 55	Policy and current practice with regard to providing independent assurance for the full report.
2.22	2, Def.in each chapter	Means by which report users can obtain additional information and reports about economic, environmental, and social aspects of the organisation's activities, including facility-specific information (if available).
Governance Structure		
3.1	14, 15	Governance structure of the organisation, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organisation.
3.2	Information not available(1)	Percentage of the board of directors that are independent, non-executive directors.
3.3	13, 14, 15	Process for determining the expertise board members need to guide the strategic direction of the organisation, including issues related to environmental and social risks and opportunities.
3.4	13, 15	Board-level processes for overseeing the organisation's identification and management of economic, environmental, and social risks and opportunities.
3.5	47	Linkage between executive compensation and achievement of the organisation's financial and non-financial goals (e.g., environmental performance, labour practices).
3.6	13, 14	Organisational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies.
3.7	13	Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance and the status of implementation.
3.8	NA (2)	Mechanisms for shareholders to provide recommendations or direction to the board of directors.
3.9	7, 8, 9	Basis for identification and selection of major stakeholders.
3.10	7, 8, 9	Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group.
3.11	8, 9, 10	Type of information generated by stakeholder consultations.
3.12	9, 10	Use of information resulting from stakeholder engagements.
3.13	19, 23	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.
3.14	21, 44	Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses.
3.15	5	Principal memberships in industry and business associations, and/or national/international advocacy organisations.
3.16	5, 7, 10	Policies and/or systems for managing upstream and downstream impacts.
3.17	10	Reporting organisation's approach to managing indirect economic, environmental, and social impacts resulting from its activities.

Point	Page	Definition	Verified by
3.18	22, 23	Major decisions during the reporting period regarding the location of, or changes in, operations.	
3.19	14	Programmes and procedures pertaining to economic, environmental, and social performance.	
3.20	15	Status of certification pertaining to economic, environmental, and social management systems.	
Economic			
Customers			
EC1	5	Net sales.	✓
EC2	17	Geographic breakdown of markets. For each product or product range, disclose national market share by country where this is 25% or more. Disclose market share and sales for each country where national sales represent 5% or more of GDP.	✓
Suppliers			
EC3	17	Cost of all goods, materials, and services purchased.	✓
EC4	39	Percentage of contracts that were paid in accordance with agreed terms, excluding agreed penalty arrangements. Terms may include conditions such as scheduling of payments, form of payment, or other conditions. This indicator is the percent of contracts that were paid according to terms, regardless of the details of the terms.	✓
Employees			
EC5	17	Total payroll and benefits (including wages, pension, other benefits, and redundancy payments) broken down by country or region. This remuneration should refer to current payments and not include future commitments.	✓
Providers of Capital			
EC6	Information not available (2)	Distributions to providers of capital broken down by interest on debt and borrowings, and dividends on all classes of shares, with any arrears of preferred dividends to be disclosed. This includes all forms of debt and borrowings, not only long-term debt.	
EC7	17	Increase/decrease in retained earnings at end of period.	✓
Public Sector			
EC8	17	Total sum of taxes of all types paid broken down by country.	✓
EC9	Information not available (3)	Subsidies received broken down by country or region. This refers to grants, tax relief, and other types of financial benefits that do not represent a transaction of goods and services. Explain definitions used for types of groups.	
EC10	54	Donations to community, civil society, and other groups broken down in terms of cash and in-kind donations per type of group.	✓
EC11	39	Suppliers, broken down by organisations and country.	✓
Environment			
Materials			
EN1	46	Total materials use other than water, by type. Provide definitions used for types of materials. Report in tonnes, kilograms, or volume.	(1)
EN2	46	Percentage of materials used that are wastes (processed or unprocessed) from sources external to the reporting organisation. Refers to both post-consumer recycled material and waste from industrial sources. Report in tonnes, kilograms, or volume.	(2)
Energy			
EN3	41, 42, 43	Direct energy use segmented by primary source. Report on all energy sources used by the reporting organisation for its own operations as well as for the production and delivery of energy products (e.g., electricity or heat) to other organisations.	✓
EN4	41	Indirect energy use. Report on all energy used to produce and deliver energy products purchased by the reporting organisation (e.g., electricity or heat). Report in joules.	✓
Water			
EN5	46	Total water use.	✓
Biodiversity			
EN6	NA (3)	Location and size of land owned, leased, or managed in biodiversity-rich habitats.	
EN7	NA (4)	Description of the major impacts on biodiversity associated with activities and/or products and services in terrestrial, freshwater, and marine environments.	
Emissions, effluents, and waste			
EN8	41, 42	Greenhouse gas emissions. (CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆). Report separate subtotals for each gas in tonnes and in tonnes of CO ₂ equivalent for the following: • direct emissions from sources owned or controlled by the reporting entity; • indirect emissions from imported electricity heat or steam. See WRI-WBCSD Greenhouse Gas Protocol. http://www.ghgprotocol.org/	✓
EN9	45	Use and emissions of ozone-depleting substances. Report each figure separately in accordance with Montreal Protocol Annexes A, B, C, and E in tonnes of CFC-11 equivalents (ozone-depleting potential). http://www.conam.gov.pe/Temp/Sust_Quim/Montreal.pdf	✓
EN10	NA(5)	NO _x , SO _x , and other significant air emissions by type. Include emissions of substances regulated under: a) local laws and regulations, b) Stockholm POPs Convention (Annex A, B, and C) – persistent organic pollutants; c) Rotterdam Convention on Prior Informed Consent (PIC); d) Helsinki, Sofia, and Geneva Protocols to the Convention on Long-Range Trans-boundary Air Pollution.	
EN11	44, 45, 46	Total amount of waste by type and destination. "Destination" refers to the method by which waste is treated, including composting, reuse, recycling, recovery, incineration, or landfilling. Explain type of classification method and estimation method.	✓
EN12	NA (6)	Significant discharges to water by type. See GRI Water Protocol.	
EN13	NA (7)	Significant spills of chemicals, oils, and fuels in terms of total number and total volume. Significance is defined in terms of both the size of the spill and impact on the surrounding environment.	
Products and services			
EN14	41, 44	Significant environmental impacts of principal products and services. Describe and quantify where relevant.	✓
EN15	45	Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed. "Reclaimable" refers to either the recycling or reuse of the product materials or components.	✓
Compliance			
EN16	23	Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional, and local regulations associated with environmental issues. Explain in terms of countries of operation.	✓

19. GRI Guide

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Point	Page	Definition	Verified by
Social			
Employment			
LA1	47, 48, 49	Breakdown of workforce, where possible, by region/country, status (employee/non-employee), employment type (full time/part time), and by employment contract (indefinite or permanent/ fixed term or temporary). Also identify workforce retained in conjunction with other employers (temporary agency workers or workers in co-employment relationships), segmented by region/country.	✓
LA2	5, 47	Net employment creation and average turnover segmented by region/country.	✓
Labour/Management Relations			
LA3	48	Percentage of employees represented by independent trade union organisations or other bona fide employee representatives broken down geographically OR percentage of employees covered by collective bargaining agreements broken down by region/country.	(3)
LA4	48	Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organisation's operations (e.g., restructuring).	✓
Health and Safety			
LA5	50, 51	Practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.	✓
LA6	48, 50	Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees.	✓
LA7	50	Standard injury, lost day, and absentee rates and number of work-related fatalities (including subcontracted workers).	✓
LA8	Information not available (4)	Description of policies or programmes (for the workplace and beyond) on HIV/AIDS.	
Training and Education			
LA9	49	Average hours of training per year per employee by category of employee.(e.g., senior management, middle management, professional,technical, administrative, production, and maintenance).	✓
Diversity and Opportunity			
LA10	48	Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring. Equal opportunity policies may address workplace harassment and affirmative action relative to historical patterns of discrimination.	✓
LA11	48	Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate.	✓
Strategy and Management			
HR1	13, 14	Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results. State how policies relate to existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the ILO.	✓
HR2	39, 40	Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors.	✓
HR3	39, 40	Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and results of monitoring. "Human rights performance" refers to the aspects of human rights identified as reporting aspects in the GRI performance indicators.	✓
Non-discrimination			
HR4	13	Description of global policy and procedures/programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring.	✓
Freedom of association			
HR5	48	Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programmes to address this issue.	✓
Child Labour			
HR6	13	Description of policy excluding child labour as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	✓
Forced Labour			
HR7	13	Description of policy to prevent forced and compulsory labour and extent to which this policy is visibly stated and applied as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring. See ILO Convention No. 29, Article 2.	✓
Community			
SO1	22, 23	Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring. Include explanation of procedures for identifying and engaging in dialogue with community stakeholders.	✓
Corruption			
SO2	15	Description of the policy, procedures/management systems, and compliance mechanisms for organisations and employees addressing bribery and corruption. Include a description of how the organisation meets the requirements of the OECD Convention on Combating Bribery.	✓
Political Contributions			
SO3	13	Description of policy, procedures/management systems,and compliance mechanisms for managing political lobbying and contributions.	✓
Customer Health and Safety			
PR1	19, 20, 21	Description of policy for preserving customer health and safety during use of products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	✓
Products and Services			
PR2	21, 44	Description of policy, procedures/management systems,and compliance mechanisms related to product information and labelling.	✓
Respect for Privacy			
PR3	25	Description of policy, procedures/management systems,and compliance mechanisms for consumer privacy. Identify geographic areas covered by policy.	✓
TELECOMMUNICATION SECTOR SPECIFIC INDICATORS			
Internal Operations			
Investments			
IO1	23	Capital investment in telecommunication network infrastructure broken down by country/region.	(4)
IO2	NA (8)	Net costs for service providers under the Universal Service Obligation when extending service to geographic locations and low-income groups, which are not profitable. Describe relevant legislative and regulatory mechanisms.	
Health and Safety			
IO3	50	Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plant. Related health and safety issues include working at heights, electric shock, exposure to EMF and radio frequency fields, and exposure to hazardous chemicals.	✓

Point	Page	Definition	Verified by Deloitte
IO4	21	Compliance with ICNIRP standards on exposure to radio frequency emissions from handsets.	✓
IO5	19	Compliance with ICNIRP guidelines on exposure to radiofrequency emissions from base stations.	✓
IO6	21	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets.	✓
Infrastructure			
IO7	22, 23	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts. Describe approach to evaluate consultations and quantify where possible.	✓
IO8	23	Number and percentage of stand-alone sites, shared sites, and sites on existing structures.	✓
Providing access			
Bridging the digital divide			
PA1	37	Policies and practices to enable the deployment of telecommunications infrastructure and access to products and services in remote and low population density areas. Include an explanation of the business models applied.	✓
PA2	6, 30, 31, 35, 36, 37, 38	Policies and practices to overcome barriers for access to and use of telecommunications services, including: language, culture, lack of education, income, disabilities, and age. Include an explanation of the business models applied.	✓
PA3	29	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specific time periods and locations of down time.	✓
PA4	29	Quantify the level of availability of telecommunications services in areas where the organization operates (e.g.: Number of customers /sharing of markets, addressable market, percentage of population covered, percentage of land covered).	✓
PA5	35, 36, 37, 38	Types of telecommunication services provided to and used by low income sectors of the population.	✓
PA6	37	Programmes to provide and maintain telecommunication products and services in emergency situations and support in catastrophes.	✓
Content access			
PA7	24, 25, 26, 27, 28, 29	Policies to manage human rights issues relating to access and use of telecommunications products and services (e.g., participation in initiatives regarding the freedom of expression, censorship, access restrictions, registration, safety and security issues in collaboration with the government, theft, crimes, unethical contents, child protection, etc.).	✓
Customer relations			
PA8	19, 20	Policies and practices to publicly communicate on EMF related issues.	✓
PA9	19	Total amount invested in research activities in electromagnetic field and health. Description of those in which it is participating at present and those that the organization has founded.	✓
PA10	28	Initiatives to ensure clarity of charges and tariffs.	✓
PA11	24	Initiatives to inform customers about responsible, efficient, cost effective, and environmentally preferable use of products.	✓
Technology Applications			
Resource efficiency			
TA1	41	Provide examples of the resource efficiency of telecommunication products and services.	✓
TA2	35, 36, 37, 42	Examples of telecommunication products, services or applications with the potential to replace physical objects (e.g.: a diary by a networked database or a trip by a videoconference).	✓
TA3	18	Disclose any measures of transport and/or changes of resources derived from customer use of the telecommunication services listed above. (Provide some indication of scale, size of the market or potential savings).	✓
TA4	16, 17, 18	Estimates of the rebound effect (indirect consequences) of customer use of products and services, and lessons learned for future development. This may include both social and environmental consequences.	✓
TA5	27	Practices relating to intellectual property rights and open source technologies.	✓

NA (1) No information presented in previous reports has been reformulated, nor have there been any significant changes with respect to previous years in the methods of calculation.
NA (2) No external shareholders from outside the Vodafone Group have any stakes in Vodafone Spain, so no specific mechanism is applicable for providing such communications.
NA (3) Our stations are located throughout the country, but the surface area occupied is minimum due to the small size of the infrastructures.
NA (4) Our activities do not have any significant impact on biodiversity (in accordance with our Environmental Management System).
NA (5) Our air emissions of NOx, SOx are not significant.
NA (6) Not significant, as they only involve sanitary sewage.
NA (7) Figure not significant in Vodafone Spain.
NA (8) The Universal Service Obligation does not apply to Vodafone España, S.A.

Information not available (1) the indicator is not relevant for the organization (Vodafone Spain is a fully-owned subsidiary).
Information not available (2) The entity does not know when this information might be disclosed.
Information not available (3) The entity does not know when this information might be disclosed.
Information not available (4) This information is not significant due to the activities engaged in by Vodafone Spain.

Deloitte Verification:
(1) Only paper consumption is reported.
(2) Recycled paper use is reported.
(3) Only trade union representation is reported.
(4) Reported in qualitative terms.



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We would like to know your opinion on our Corporate Responsibility performance and on this Report. Please send your comments to:

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