

Vodafone Spain, S.A.

Corporate Responsibility Report 2006-07



vodafone

About the Report

This is Vodafone Spain S.A.'s fourth Corporate Responsibility Report, and covers our financial year 2006-07 (1 April 2006 to 31 March 2007).



The Report is structured in keeping with the priority Corporate Responsibility (CR) issues concerning our business.

The section on "Stakeholder Engagement" in Chapter 3 of this Report describes the process in place in Vodafone for identifying such priority issues, a process in which the key activity is the ongoing consultation and dialogue with our different Stakeholders.

This Report has been drawn up in accordance with the Vodafone Group's Internal Guidelines, and the recommendations of the "Sustainability Reporting Guidelines" (version 3, published in 2006) of the Global Reporting Initiative (GRI3), and the 2003 GRI Supplement for the Telecommunications Industry, as well as the AA1000 Assurance Standard.

This year, we have focused our Corporate Responsibility actions on activities related with "Access to communications", because we believe that is where Vodafone can contribute most to society.

This report is published on paper, and is also available in electronic format on our webpage www.vodafone.es/responsabilidad, where you will find further information about the issues addressed. This document also contains details about the extent to which our CR Report conforms to GRI Guidelines in terms of compliance and assurance of its indicators, which is why we can declare our **A+** application level.

Vodafone Spain has submitted its self-assessment to verification by an independent assurance firm, which confirmed such self-assessment to be A+. Their report may be found in Chap. 15: "Assurance Report".

Subsequently, the whole process has been revised by GRI itself, which has assigned the Report the highest possible rating that can be awarded to this kind of report: **A+**.



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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Table of contents

Contents	Pages
0. About the Report	01
1. Letter from the Chairman and the CEO	02
2. Vodafone's Profile <ul style="list-style-type: none">• Vodafone Group• Vodafone Spain• Social and Economic Impact of Mobile Telephony	03
3. Corporate Responsibility at Vodafone <ul style="list-style-type: none">• CR Strategy and Corporate Governance• Stakeholder Engagement	09
4. Corporate Responsibility and Customers	16
5. Corporate Responsibility and Employees	26
6. Corporate Responsibility and Suppliers	34
7. Social Products and Services	37
8. Vodafone Spain Foundation	45
9. Mobile Telephony and Health	51
10. Responsible Network Deployment	54
11. Energy and Climate Change	58
12. Wastes	62
13. Commitments	66
14. Main Figures	68
15. Assurance Report	69
16. Appendices <ul style="list-style-type: none">• Report Criteria• GRI Indicators• Glossary of Acronyms and Abbreviations	70



José Manuel Entrecanales
Chairman



Francisco Román
Chief Executive Officer

We are presenting the 2006-07 Corporate Responsibility Report to communicate in a balanced, transparent and rigorous way our performance in the main aspects of the ethical, social and environmental areas identified through dialogue with our Stakeholders.

This year we have made progress in developing our 2005-10 Corporate Responsibility Strategic Plan, designed to fulfil one of six long-term goals: "To be a Responsible Business". We are therefore highlighting the following activities within the four priority areas of the Plan.

Social Products and Services designed for vulnerable groups.

- In 2006-07 we developed, amongst other things, new services such as mobile telecare, the system for monitoring alerts for people with Alzheimer's disease or the parentage of children through mobile telephones.
- Furthermore, our Foundation has been busy in innovation, training, patronage and dissemination areas. In total, more than €5.8 million was allocated to actions in these areas during the year.

Actions related to customers, the reuse and recycling of mobile phones, and energy efficiency and climate change:

- For customers, we have adapted rates to the new legal framework, so that in addition to improving their clarity and transparency, they had a neutral global impact on customers.

So that customers can responsibly use our services, we have implemented further controls according to our policies on contents, chats and blogs, or the actions for reducing spam and malicious communications.

- With regard to reusing and recycling mobile phones, we continue to participate in the "Mobile Muncher" Initiative, and have developed a Reusing Plan in our stores, having collected more than 100 tonnes since the start of both initiatives.

- We have approved the Energy Efficiency Plan 2006-10, which provides for an 8% saving in forecast energy consumption and a reduction of 35% in CO2 emissions for traffic carried.

Since the beginning of the Energy Efficiency Plans in 2003, we have managed to prevent the emission of 6,606.3 tonnes of CO2 into the atmosphere.

Other actions in response to our Stakeholders' expectations:

- With regard to mobile telephony radiofrequency emissions and health, we have continued disseminating information on this matter during the year, highlighting in particular the publication of the results of the longest research carried out to date, which discounts any risk relationship.

- In line with our Responsible Network Deployment Policy and Code of Good Practices for installing mobile telephony infrastructures, developed between the FEMP and the sector, we have extended agreements for sharing and consolidating infrastructures with other operators, minimising environmental impact.

- With regard to the Code of Ethical Purchasing, we have implemented a supplier classification system to guarantee their adequate social and labour and environmental behaviour.

- For our employees, we have promoted job training and development actions, actions that help combine their professional and personal lives, as well as social, health and security benefits.

Ethical Behaviour:

- We have made progress in developing Vodafone's Good Governance policies and actions, including our Business Principles which amongst other issues cover anti-bribery, corruption and fraud policies. In addition, the documentation and testing of the operation of business process controls for complying with the requirements of the Sarbanes-Oxley Act has been completed.

We believe behaving responsibly helps achieve our goals, while at the same time promoting socioeconomic development and environmental protection. Consequently, and in order to continue improving this type of behaviour, we encourage you to provide us with your opinions on our actions in this field.

José Manuel Entrecanales

Francisco Román

Vodafone's Profile

The Vodafone Group is the world's leading mobile telecommunications group, offering its voice and data communications services (voice calls, SMS messages, MMS messages with video and images, Internet access, etc) to more than 200 million proportionate customers globally.

The Vodafone Group's main characteristics are its global presence and brand, as well as mobile telecommunications specialisation. Vodafone is working hard to turn these competitive advantages into direct services and benefits for our customers.

As at 31 March 2007, the Vodafone Group was made up of 17 subsidiaries and 7 associated companies, also having 38 partner network agreements.

Figure 1

Vodafone: Vision and Objectives



The Vodafone Group's highlights during 2006/07 were:

- More than 200 million proportionate customers.
- Acquisitions: Agreement for acquiring control of Hutchison Essar in India and purchase of Telsim in Turkey.
- Signing of strategic alliances or agreements with YouTube, MySpace, Yahoo! (extension of its agreement in Europe), Google (Vodafone live! will offer Google maps for mobiles), eBay, etc.

Main external recognitions of Vodafone Group's Corporate Responsibility (CR) actions:

- Since September 2006, Vodafone has ranked number 1 in the Accountability Rating, prepared by Accountability and CSRnetwork among the companies on the Fortune Global 100 list.
- 2006 prize awarded by the Association of Chartered Certified Accountants (ACCA) for the best CR report.
- The Vodafone Group's CR report rates 7th in the ranking prepared by UNEP/Sustainability Global Reporters Survey.
- Dow Jones Sustainability Index 2006 (World and Stoxx): Vodafone ranks number one in the Mobile Telecommunications Operators Sector.



Vodafone Group

Main Figures of Vodafone Group

(Figures as at 31 March 2007)	2006/07	▲ With respect to 05/06
Total turnover (€ mn)	31,104	+ 5.8%
Revenue from data services (€ mn)	1,428	+30.1%
EBITDA (€ mn)	11,960	+ 1.6%
Free cash flow (€ mn)	6,127	-4.5%
Market capitalization as at 31 March (€ bn)	71.6	- 1.1%
N° proportionate customers (millions)	206.4	+ 21.2%
3G devices (millions)	15.9	+ 106.5%
N° employees (proportionate)	66,343	+5.86%

Vodafone in the world

Europe

Subsidiaries	N° customers (000's)	Key figures in Europe
Albania	955	<ul style="list-style-type: none"> • Turnover (€ bn): 24.6 • Contribution to Group Turnover: 79% • Adjusted Operating Profit (€ bn): 5.6 • Contribution to the Group Adjusted Operating Profit: 59%
Germany	30,818	
Greece	5,051	
Holland	3,880	
Ireland	2,177	
Italy	21,034	
Malta	186	
Portugal	4,751	
Spain	14,983	
UK	17,411	

EMAPA (Eastern Europe, Middle East, Africa, Asia and Pacific)

Subsidiaries	N° customers (000's)	Key EMAPA figures
Australia	3,367	<ul style="list-style-type: none"> • Turnover (€ bn): 6.4 • Contribution to Group Turnover: 21% • Adjusted Operating Profit (€ bn): 3.8 • Contribution to the Group Adjusted Operating Profit: 39%
Czech Republic	2,475	
Egypt	5,299	
Hungary	2,163	
New Zealand	2,244	
Romania	7,954	
Turkey	13,900	

Associated companies (% interest): South Africa (50%), Fiji (49.0%), United States (44.4%), France (44.0%), Kenya (35.0%), Poland (19.6%), China (3.3%)

Partner Network Agreements:

Argentina, Austria, Bahrain, Belgium, Bermudas, Brazil, Bulgaria, Caribbean¹, Chile, Cyprus, Colombia, Croatia, Denmark, Ecuador, El Salvador, Estonia, Finland, Guatemala, Honduras, Hong Kong, Indonesia, Iceland, Jersey, Kuwait, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Nicaragua, Paraguay, Peru, Singapore, Slovenia, Sri Lanka, Sweden, Switzerland and Uruguay.

¹The list of Caribbean islands is available for consultation in the Vodafone Group's Annual Report.

Vodafone's Profile

Vodafone Spain

What do we do? (Figures at 31/03/07)	CR related issues
Network <ul style="list-style-type: none"> Total base stations: >17,000 Total switching centres: 34 (total MSCs: 57) 	<ul style="list-style-type: none"> Energy Consumption Radiofrequency Emissions and Health Waste generation Network Roll-Out
Services <ul style="list-style-type: none"> Total voice calls: >30 billion minutes Total SMS and MMS: >5 billion Vodafone Passport: 815,000 customers Roaming: 386 agreements with operators in 168 countries 	<ul style="list-style-type: none"> Products/Services Accessibility Own content control (adults, "chats"), localisation services, privacy, spam, etc. Responsible use of the mobile Rates Reporting to Customers
Brand Presence and Stores <ul style="list-style-type: none"> Own stores: 74 Franchises: 91 Total annual transactions (in own stores): 800,283 Total personnel in own stores: 338 Customer Care: 353,476 calls a day (average) 	<ul style="list-style-type: none"> Responsible advertising and marketing Reuse and recycling of mobile phones Suppliers Accessibility to facilities
Employment <ul style="list-style-type: none"> Total no. of employees: 3,959 No. of women in workforce: 1,718 No. of employees that receive a family allowance: approx. 1,150 a month 	<ul style="list-style-type: none"> Combining work and family life Social benefits, professional development, etc.

Main Figures of Vodafone Spain

(Figures as at 31 March 2007)	2006/07	▲ With respect to 2005/06
Total turnover (€ mn)	6,637	+13.3 %
Revenue from services (€ mn)	5,992	+13.1 %
Voice services revenue (€ mn)	5,067	+11.8 %
Messaging services revenue (€ mn)	561	+16.8 %
Data services revenue (€mn), excluding messaging	364	+27.5%
EBITDA (€ mn)	2,312	+15.0 %
Nº customers (000's)	14,893	+10.1%
% contract customers	54.8%	+5.2 p.p.
3G devices (mn)	2.89	+ 68.8 %
Average monthly ARPU (€)	35.2	-1.1%

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.

Vodafone Spain headed growth in the mobile telephony sector in Spain during 2006, as a result of a customer-oriented strategy, striving for continuous improvement, innovating and maintaining team spirit.

The main events in Vodafone Spain during 2006/07 were:

- Launch of "Vodafone Office".
- Launch of first complete TV programmes on the mobile with Vodafone live!.
- Launch of "Digital + Mobile" with Sogecable.
- Launch of 3G –HSDPA broadband services.
- Launch with Sony of "SV", the first virtual record label in Spain.
- Launch of "Browse and Talk".
- Launch of "Push to Talk" service.
- Launch with Disney of a telephone for children.
- Holding in Madrid of the MOVE 06 conference (meeting with strategic partners, collaborators and telecommunications companies) and the Business Mobility Solutions Conferences "Vodafone Business Forum" in Valladolid, Barcelona, Valencia, Seville, Zaragoza, Bilbao, Las Palmas and Malaga.
- Presentation of Vodafone McLaren Mercedes Formula 1 team at the City of the Arts and Sciences in Valencia.
- Official mobile network operator at the 32nd America's Cup.

It should also be mentioned that:

- Vodafone Spain **has adapted its rates** to the new legal framework so that they have a neutral impact on the customer globally. Consequently, all calls are priced per second since 1 March 2007. According to the figures provided by the Telecommunications Market Commission (CMT) the objective has been achieved since Vodafone Spain's rates represent a 1% reduction with respect to the previous rates, as a result of this adaptation.
- Vodafone Spain **will share 3G networks with Orange** in towns with less than 25,000 inhabitants in order to improve both operators' coverage to around 25% and reduce the number of sites necessary for deploying networks.

Commercial Offering

The main changes to Vodafone Spain's Commercial Offering in 2006-07 were:

Products and Services for Corporate Customers

- **Vodafone Office with flat business rate:** Vodafone Spain offers its corporate and self-employed customers the "Vodafone Office" with a new flat rate enabling significant savings in access to all the company's communications integrated in the mobile infrastructure.



Vodafone's Profile

Vodafone Spain

- **"Vodafone Navigator"**: This complete GPS Mobile navigation service, updated in real time, for Vodafone BlackBerry users is based on the Telmap Navigator solution.

Products and Services for Residential Customers

- **Launch of the first USB modem for accessing 3G broadband Internet.** This new "Mobile Connect USB Modem" with 3.6 Mbps HSDPA technology offers Internet access from any type of computer.
- **Launch of Vodafone Browse and Talk.** Vodafone Spain has completed the launch of the "Mobile Connect USB Modem" with "Browse and Talk", an unlimited flat browsing rate for the Internet and fixed national calls from any place, at any time and on any day of the week.
- **Launch of "Push to Talk" service.** Service for residential customers that makes it possible to send a voice message to one or more users simultaneously, just like a walkie-talkie through the GPRS network
- **Launch of the "Vodafone live! Online Downloads Store".** Vodafone Spain has launched the "Vodafone Live! Downloads Store", a new channel enabling our customers to download the contents of Vodafone Live! onto their mobile through the Internet.
- **Extension of agreement between Vodafone and Yahoo! in Europe.** Extension to take instant messaging services to both the mobile and PC.
- **eBay services on mobile.** The eBay application is incorporated in the telephones of Vodafone's customers and enables its free download in Vodafone live!
- **Exclusive agreement with My Space.** MySpace.com and Vodafone have announced an exclusive agreement where Vodafone's customers will be able to access "MySpace Mobile".
- **Google Maps for mobiles.** Vodafone and Google have joined forces to develop a version of Google Maps for mobiles, offering easy-to-use maps, local lists, local searches and browsing.
- **Launch of "Digital + Mobile".** With Sogecable "Digital + Mobile", Vodafone has launched the first pay TV platform offering 10 digital channels available on all Vodafone live! mobiles with 3G.
- **Extension of "Vodafone live! TV" offering to 25 channels.** After the launch of "Vodafone live! TV" in May 2006, the number of thematic channels has been increased to 25 and is available in all Vodafone 3G mobiles.
- **Christmas Campaign:** calls and video calls for 0 eurocents. For its 2006 Christmas campaign, Vodafone offered calls and video calls for 0 euro cents/min between Vodafone mobiles, every day of the week and at any time, until Easter 2007.
- **Launch of a children's telephone designed for parents.** Launch of "Mini Disney D100" telephone with Disney which guarantees security, simplicity and control. (See additional information in Chapter 4: "Corporate Responsibility and Customers").

- **Extension of "My Country" offer.** Vodafone Spain has added to the "My Country" offer with calls at reduced prices between My Country customers and with a special international SMS rate. (See additional information in Chapter 7: "Social Products and Services").



Further information at:

www.vodafone.es

CR prizes and rankings

- **COCEMFE prize** for its work in helping people with some type of limitation/disability (2006).
- **"Juan Luis Marroquín" prize** awarded by the CNSE to Vodafone Spain for its work in helping deaf people (2006).
- **ComputerWorld 2007 prize** in the Social Commitment category for its work in minimising the effects of the digital divide and allowing more disadvantaged groups to join the Information Society with full rights.
- **Finalist in the "Prize for the Best Sustainability Information among Spanish Companies"** awarded by the Chartered Accountant Institute in Spain (Instituto de Censores Jurados de Cuentas de España) and the Spanish Association of Accounting and Business Administration (Asociación Española de Contabilidad y Administración de Empresas) (2007).
- **"Economic News" (Actualidad Económica, Business Magazine) prize** for the mobile telecare service developed jointly with Alares, as the best innovation initiative in the CSR category (2007).
- **MERCO** (Spanish Monitor of Corporate Reputation): Vodafone Spain ranks 16th in the general rankings in 2007 (and is the first subsidiary of global companies with a presence in Spain).
- According to the 2006 report of the Business and Society Foundation, Vodafone is the 9th best perceived company for its overall Social Action and ranks 6th for its community involvement based on Products and Services.



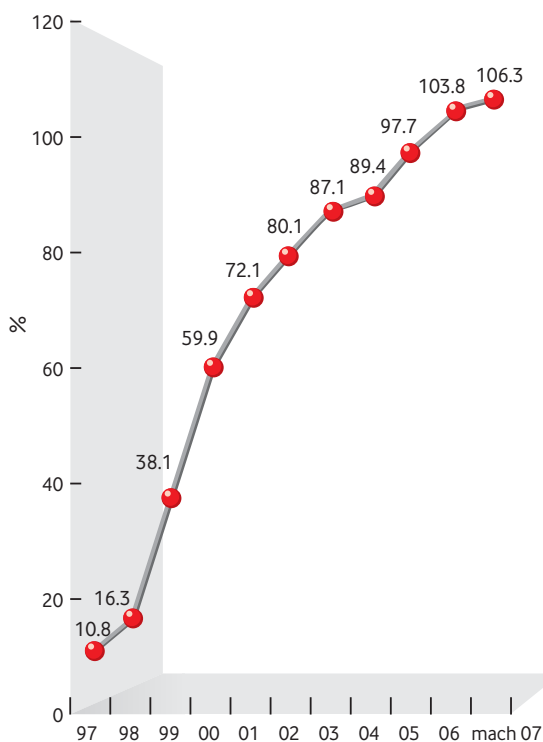
Vodafone's Profile

Socioeconomic Impact of Mobile Telephony

Developing access to communications is Vodafone's main opportunity for making a significant contribution to society. Telecommunications, in particular mobile telephony, have a major potential to improve people's lives, providing greater socioeconomic development.

Diagram 1:

Mobile Telephony Penetration



Source: **Cinco Días**, 02/05/07

According to the conclusions of the 8th annual Trust Barometer study by Edelman, a survey carried out among 3,100 opinion leaders measuring the level of confidence in institutions, companies and media in 18 countries, most of those surveyed in 16 out of 18 of the countries considered that companies from the mobile telephony sector "have a more positive than negative impact on society".

Apart from offering innovative services, mobile telephony contributes to economic growth and social development. The sector as a whole has become one of the main driving forces of the Spanish economy.

Economic Contribution of Mobile Telephony

The mobile telephony industry directly and indirectly creates 2.8 million jobs in the EU and generates 83.9 billion in revenue for governments in the form of taxes and national insurance contributions (Source: La Razón newspaper, 25/02/07).

The mobile telephone has become a vital communication tool in the new culture of the 21st century. The mobile telephone's penetration rate has increased spectacularly in Spain over the last few years (see Diagram 1), making it one of the leading countries in the use of this technology, even ahead of countries with a higher level of income and technological development, such as Germany, France, Japan or the United States.

In addition, according to a recent survey carried out by the Spanish Institute of Statistics (Instituto Nacional de Estadística – INE) (see Diagram 2), 83.3% of the population use a mobile phone every day.

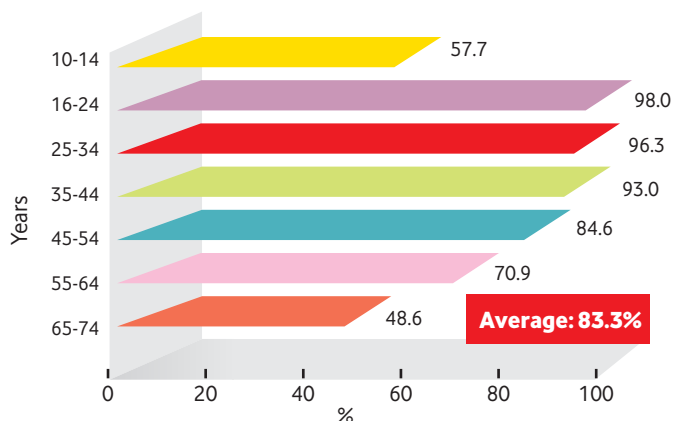
In these differences between penetration and use percentages, it should be remembered that the INE only takes into consideration the population between 16 and 74 years old for its general analysis, although it does add a sub-survey of children between 10 and 14 years old, of which 57.7% use a mobile telephone.

Mobile telephony is by far the most widespread technology, but not everybody responds to it in the same way. As with any technological advance, it is young people that most use mobile telephones in a curve that decreases as age increases.

Another factor to be taken into account in the advance of the mobile phone is its replacement of fixed telephony in Spanish homes. According to INE figures, for the first time there are more homes that only have a mobile than those that only have a fixed telephone, which is below 10% (see Diagram 3, pag 8). This figure is even more relevant since the INE

Diagram 2:

% of people who use a mobile.



Source: **Cinco Días**, 02/05/07

Socioeconomic Impact of Mobile Telephony

only considers main homes for this analysis, with second homes (summer residences, unoccupied houses, etc) not included in the study.

Up until now, the supremacy of fixed lines has been down to broadband. Without copper pair or cable network it was not possible to make a high-speed Internet connection. But this reality has changed. Undoubtedly, 2006 was the year of 3G/UMTS, third-generation mobile telephony. Furthermore, thanks to the benefits reported with HSDPA, Internet access through mobile telephony will continue to win followers over the next few years, as a result of which it is expected that almost half of all users will connect to the Internet through their mobile telephones by 2008, according to a study carried out by the Spanish Association of Consulting Firms (Asociación Española de Empresas de Consultoría - AECC).



A major part of UMTS development in Spain is due to Vodafone, which has shown clear leadership in this sector. As at 31 March 2007, Vodafone had 2.89 million 3G devices on the market.

Another increasingly important matter associated with mobile telephony is portability (facility enabling change of operator, keeping the same number). Vodafone Spain has led portability results since this system was launched, even after the entry of new mobile companies in the market in 2006. According to figures published by the Telecommunications Market Commission in December 2006, there were more than 10 million numbers carried in total, with operators exchanging 288,441 numbers in December 2006 alone.

Comparative figures between operators from December 2006, according to the CMT report with historic figures, are indicated in the table below:

MOBILES EXPORTED (Lost)	MOBILES IMPORTED (Won)	CUMULATIVE NET BALANCE
Cumulative (since 2000): 10,291,328	Cumulative (since 2000): 10,291,328	
Vodafone: 2,803,107	Vodafone: 3,680,236	Vodafone: + 877,129
Movistar: 3,843,301	Movistar: 4,278,481	Movistar: + 293,753
Orange: 3,503,352	Orange: 2,327,831	Orange: - 1,175,521
Others(**): 141	Others(**): 4,780	Others(**): +4,639
Moviline: 141,427		

(**) Carrefour, Euskaltel and Yoigo.

Economic Contribution of Vodafone Spain

An indicator for measuring Vodafone Spain's contribution to the Spanish economy is the "Added Cash Value". This is the value of sales from our products and services, less the cost of the materials, components and services we purchase from our suppliers. In recent years the indicator has evolved very positively, having contributed €2.54 billion in 2006/07 (see Diagram 4, pag 8).

The attached chart shows the Direct Economic Value of Vodafone Spain

Direct Economic Value of Vodafone Spain (€ mn)

- Purchases of Products and Services 4,619.7
- Taxes: 726.4
- Withholding for Growth: 698.4
- Salaries and bonuses: 223.8
- Social Security: 39.6
- Pension plan contributions: 4.5

Vodafone assumes its tax payment obligations in compliance with applicable regulatory rules and procedures. We also have an obligation with our shareholders, having to maximise share value and manage our financial and reputational risks; this includes minimising the cost of our taxes in the same way as other business costs (see Figure 3 in Chapter 3: "Corporate Responsibility in Vodafone"). We are therefore clearly against some Spanish town councils trying to charge mobile telephone companies the public tax and agree with the position held by AETIC, the industry' association: public use of mobile telephony is basically the spectrum by means of which contributions are already being made to central government.

Social Contribution of Mobile Telephony

Vodafone Group

One of Vodafone's strategic objectives is to achieve strong growth in developing and emerging markets. Vodafone currently has subsidiaries in developing countries such as Albania, Egypt, Romania and Turkey, as well as a presence in Kenya, South Africa and other African countries through associated companies.

In 2005, there were 1.4 billion mobile telephony users in developing markets and the World Resources Institute (WRI) estimates this figure will double by 2010.

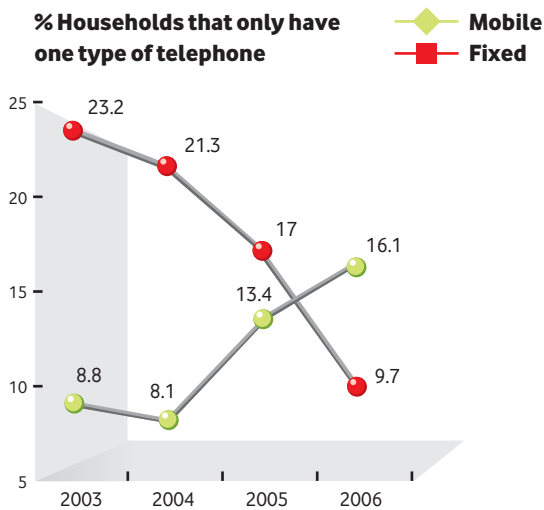
India is the market with the biggest worldwide development

Vodafone's Profile

Socioeconomic Impact of Mobile Telephony

Diagram 3:

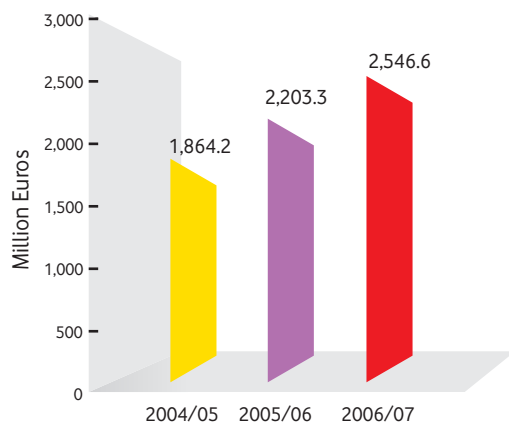
% Households that only have one type of telephone



Source: National Institute of Statistics

Diagram 4:

Cash Value Added of Vodafone Spain



potential. With a population of 1.1 billion people, 87% of them do not have mobile telephony coverage. The Vodafone Group has announced investment plans of around 2 billion dollars in India to improve the network and mainly increase cover in rural areas.

It is believed the mobile phone will boost productivity in less developed countries because it helps business. For example, in India you need to purchase a mobile phone in order to be awarded a microcredit, since you will have an office afterwards. In China, the mobile telephone is one of the most prized assets for a worker because it means they can answer job adverts and therefore prosper.

According to the UN Conference on Trade and Development (UNCTAD), the mobile telephone is the only Information and Communication Technologies (ICT) tool that has more users in the developing than developed world (figures from November 2006).

Unquestionably Third World countries are the next major mobile telephony market, but their circumstances mean that manufacturers and operators will have to adapt to them.

Vodafone Spain

According to the sociologist Manuel Castells, mobile telephony "is the fastest spreading communication instrument in history; and communication is the main human activity", indicating that the mobile has given more independence rather than mobility. "Most calls are made from places where there is already a fixed telephone, such as at home or work. The mobile provides connection, personal autonomy and the possibility of extending the work day and social relationships".

New Information and Communication Technologies (ICT) are a key element for including vulnerable groups, such as people with some type of limitation, disability or chronic disease, or the elderly. From Vodafone's point of view this is precisely one of the basic roles companies from the sector should perform, creating products that enable and help accessibility for these users. In particular, when bearing in mind that the population has an ever increasing dependence and age. In Spain there are more than 7.2 million people over 65 years old (17% of the population) and it is forecast that by 2050 this figure will have risen to 30.8%, as a result of which Spain will be the second country in the world, after Japan, with the oldest population by then.

In terms of accessibility, the telecommunications sector's main task is to study the new needs of the population and get companies from the sector to work together to respond to them. Vodafone's main actions for meeting the communication needs of vulnerable groups are summarised in Chapter 7: "Social Products and Services".

Further information at:

www.cmt.es

Corporate Responsibility at Vodafone

CR Strategy and Corporate Governance

CR Strategy

Vodafone has six long-term goals, one of which is **"To be a Responsible Business"** (see Figure 1 on page 3). In order to achieve this goal, it has developed the second Corporate Responsibility Strategic Plan 2005-10, whose priorities are to (see Figure 1):

- Maintain the highest levels of ethics.
- Understand and meet the priority expectations of our Stakeholders, establishing Coherent Operational Standards with these expectations.
- Place emphasis on three key areas: Responsibility with our Customers, Reuse and Recycling of Mobile Telephones, and Energy Efficiency and Climate Change.
- Use the potential of the mobile telephony to increase accessibility of vulnerable groups.

Taking the Strategic Plan 2005-10 as a base, the relevant Corporate Responsibility Programme is established annually in which different risks and opportunities identified through the established channels for communicating with our Stakeholders are considered.

CR in Vodafone Group

The Vodafone Group's Executive Board is responsible for CR policy and management, periodically analysing priority matters. The Vodafone Group's Corporate Responsibility Director reports to the Group's Corporate Affairs Director, who is the Executive Board member responsible for CR.

CR in Vodafone Spain

The CEO takes general responsibility for CR in Vodafone Spain, relying on the Institutional Committee, which approves the CR Programme and annual objectives.

CR programme management and coordination and the periodic monitoring of its objectives are carried out by the CR department, periodically reporting to the Institutional Committee through the Director of Institutional Relations, to whom it is accountable.

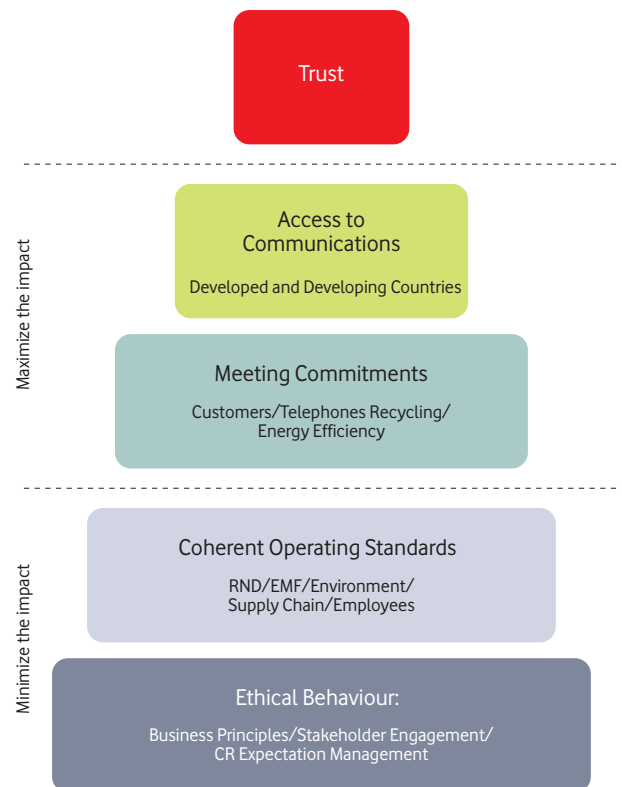
All of Vodafone Spain's current senior managers are Spanish (see attached organisation chart).

Measuring CR management

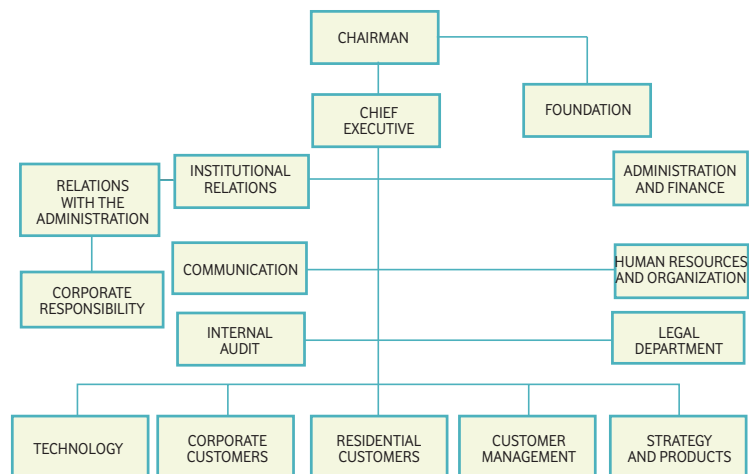
Both qualitative and quantitative KPIs (Key Performance Indicators), established in the Vodafone CR management system, are monitored quarterly, with the Director of Institutional Relations checking the suitability of data.

These KPIs cover all significant CR Strategy and Programme issues and are used to define annual objectives, which are also included in the Company's Balanced Scorecard. Furthermore, monitoring and completion of the objectives established are communicated quarterly to the Vodafone Group.

Figure 1
2005-10 CR Strategic Plan.



Vodafone Spain's Organizational Structure



Corporate Responsibility at Vodafone

CR Strategy and Corporate Governance

Figure 2

Business Principles

- Value Creation.
- Public Policy.
- Communications.
- Customers.
- Employees.
- Individual Conduct.
- Environment.
- Communities and Society.
- Health and Safety.
- Business Partners and Suppliers.

Figure 3

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
- 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".

Figure 4

Bribery and Corruption Policies

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

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

- No form of bribery shall be tolerated, including dishonest offers or payments to or by employees.
- All employees are expected to avoid any contacts that might lead to, or suggest, a conflict of interest between their personal activities and the business of Vodafone.
- All employees are expected to avoid accepting hospitality or gifts that might appear to place them under an obligation.

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

Further information at:

www.vodafone.com/responsibility
www.vodafone.es/responsabilidad

Furthermore, Vodafone Spain has an **ISO 14001 certified environmental management system and an ISO 9001 certified quality system**. These systems are kept up-to-date and certified through the relevant audits carried out by Authorised Certification Bodies.

Internal Communication

To increase our employees' awareness of Corporate Responsibility matters, we continuously carry out communication activities, communicating CR messages to our employees and making relevant CR information available to them. Consequently, the Corporate Responsibility Internal Communication Programme includes, amongst other things, the following actions:

- Distribution of Vodafone Spain's Annual Corporate Responsibility Report to all Company employees.
- Annual information on CR activities carried out by the Vodafone Group.
- Maintenance of CR microsite on the Intranet.
- Specific e-mail address for employee opinions, suggestions, etc.
- Inclusion of CR news in the most appropriate Internal Communication channels according to type of information.

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 Figures 2, 3 and 4).

The Vodafone Board of Directors has very high levels of Corporate Governance, which are critical for the integrity of our business and maintaining the trust of our investors.

The members of the Board of Directors of Vodafone Spain, S.A. are:

- Chairman: Mr. José Manuel Entrecanales (Non-executive independent Director).
- Chief Executive Officer: Mr. Francisco Román.
- Director: Mr. Julián Oncina.
- Secretary (Non-Member): Mr. Pedro Peña

Vodafone Spain observes all the guidelines established for avoiding conflicts of interest, on anti-corruption policy and managers' remuneration, contained in the Vodafone Corporate Governance Manual.

Corporate Responsibility at Vodafone

CR Strategy and Corporate Governance

The members of the Audit Committee are:

- Mr. Francisco Román.
- Mr. Julián Oncina.
- Mr. John Otty.
- Secretary (Non-Member): Ms. Marta López.

Ethics and Business Principles

The Vodafone Group's success depends on our commitment to caring how we manage the business and how we interact with our Stakeholders (shareholders, employees, customers, strategic partners and suppliers, public administrations and regulators, associations, opinion and knowledge makers and society in general).

Our Business Principles outline the procedures to be followed by all people that work in the Company, requiring that they act with honesty, integrity and justice. (see Figure 2)

The Business Principles form part of the welcome programme for employees with their signature, and therefore the compliance commitment, being required when agreeing to the contract.

Employee mechanisms for communicating recommendations or indications to government bodies.

Employees can suggest to area directors that different matters of importance are included on the committees for information or decision-making purposes. For this they will need to contact the CEO's Director of Programme Management (one of whose functions is to plan Executive Boards, the Business Update Committee and Extended Executive Boards) to request their inclusion in the agenda of the boards and committees. (see Figure 5)

Sarbanes-Oxley Act:

The Sarbanes Oxley Act of 2002 is the United States Federal Law introduced as a result of a series of corporate accounting scandals in which a number of major corporations were caught up in and which resulted in a loss of confidence in the financial markets.

This Act has a very broad scope, with the aim of strengthening corporate governance mechanisms and financial information of companies listed on the US stock market, such as the Vodafone Group, which is listed on the New York Stock Exchange (NYSE).

Section 404 of this Act requires the documentation, assessment and certification of the effectiveness of internal controls and procedures for financial information contained in the Vodafone Group's consolidated financial statements; it also requires the certification of external auditors at year-end closing. Vodafone Group has the obligation to comply with this Act annually after the end of the financial year on 31 March 2007.

Figure 5

Decision-Making Committees

Vodafone Spain has set up the following Decision-Making Committees:

- **Executive Committee:** every week. This is the top decision making body at ordinary/internal operational level for the daily running of the company.
- **Extended Executive Committee:** every fortnight. Special sessions to fully examine key business areas, such as the Products and Services Plan, acquisition and retention costs, customer satisfaction, etc.
- **Business Update Committee:** Its aim is to make sure that the entire management team has an up-to-date and shared vision of the business's progress in all its fundamental aspects. A periodic monitoring of key initiatives and KPIs associated with the Company's strategic priorities is carried out in this Committee.
- **Institutional Committee:** its aim is to review and take decisions on legal matters and those relating to regulation, institutional relations, network deployment, corporate responsibility and the Foundation's projects.
- **Investments Committee or Project Prioritisation Board (PPB):** is responsible for reviewing and approving the operating plan and virtual budget, resolving conflicts in assigning funds or the prioritisation of projects, approval of procedures and monitoring of projects.
- **Product Committee:** is responsible for coordinating and monitoring all phases of the Company's product development process. The quarterly review of the Company's Products Plan, approved in this Committee, is presented in the Extended Executive Board on products and services.
- **Fraud Committee:** Its aim is to make sure that different areas of the Company, through the interlocutors represented, have an up-to-date and shared vision to identify and prevent fraud and security risks that might affect Vodafone Spain's revenue, image and reputation. This Committee also tries to create and develop a security culture amongst employees. Likewise, the extent to which fraud actions, policies and procedures affecting the business's development are completed is reviewed in this Committee.
- **Crisis Committee:** body responsible for managing any crisis situation declared.

Corporate Responsibility at Vodafone

CR Strategy and Corporate Governance

During 2006-07, Vodafone Spain carried out the documentation and testing of the operation of the business process controls and information technology control areas in two phases: a preliminary phase began halfway through the year and a final phase carrying out an effectiveness assessment in the design and operation of the processes and controls implemented to show that significant risks are duly mitigated and thereby assure the observance of this Act.

The process ends with local certification by the CEO and Vodafone Spain's Director of Administration and Finance, and is sent to the Vodafone Group.

"Key Control Questionnaire" (KCQ): management control and improvement tool

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 key self-assessment tool in the annual internal control system.

In addition, at the end of the 2006-07 financial year, the KCQ was used with the Sarbanes Oxley review to confirm the operating effectiveness at the end of the year of the controls assessed in accordance with section 404 of this Act.

Fraud and Corruption

Taking into account both the general criteria established by the Vodafone Group as well as the standard criteria carried out on best practices in relation to controlling the risk of corruption resulting from the observance of the requirements associated with the Sarbanes-Oxley Act, the Fraud, Risk and Security Department was created in Vodafone Spain on 1 September 2006, with one of its functions being to control fraud.

At the beginning of 2007 the Risk Map identifying possible fraud and corruption scenarios was approved in the Vodafone Spain Fraud Committee (which includes representatives from the Internal Audit, Customer Management, Legal Advice, Revenue Assurance and Fraud, Risk and Security Departments).

This report is in line with controls established through Sarbanes Oxley for fraud risk management and is reviewed annually to update the risk scenarios covered.

Every quarter the Fraud Report is sent to the Vodafone Group by the Fraud, Risk and Security Department in which all fraud and corruption incidents that occurred during the period are detailed.

Since the implementation of the aforementioned Risk Map, there have been no corruption incidents recorded in Vodafone Spain.

CR in Vodafone Spain Stakeholder Engagement

The importance of CR in companies

According to a study published in November 2006 by the Spanish Confederation of Consumers and Users (Confederación Española de Consumidores y Usuarios - CECU), more than 55% of Spaniards would choose responsible brands, even if the price were higher. Likewise, most of those interviewed said they did not have enough information to make purchases responsibly; however, only a small percentage of them acknowledge that they look for this type of information actively.

The role of NGOs is valued very positively in the same survey. They are considered organisations that inspire greater confidence, while companies do the opposite. Furthermore, according to the conclusions of the 8th annual Trust Barometer study by Edelman (see page 6 "Socioeconomic Impact of Mobile Telephony" in

Chapter 2), companies inspire greater confidence in opinion leaders than governments or the media. According to Edelman's chairman, "companies have witnessed a re-emergence of confidence due to the economy's strong growth, the specific consequences of incorrect executive behaviour and greater swiftness in resolving social problems".

Identification of our Stakeholders' expectations

Over the last few years we have implemented channels and mechanisms for communicating and becoming involved with our Stakeholders. As a result, we have promoted the use of surveys, as well as interviews and meetings for dealing with diverse CR matters that concern each of them. We can therefore then tackle them with a higher probability of success.

The results of these processes identifying their expectations help us in this report to focus on CR matters which they consider should be given priority treatment by a mobile communications services company.

Corporate Responsibility at Vodafone

Stakeholder Engagement

After the stakeholder identification process in previous years, during 2006-07 we have continued to periodically measure their expectations and opinions, promoting and improving the different channels used. (See Figure 6).

In addition, another of the pillars used by Vodafone Spain for identifying priority CR issues to be tackled is the Vodafone Group's involvement process which consists in using some of the communication channels established in Figure 6 (meetings with stakeholders, focus groups, participation in associations, opinion surveys, etc). The Vodafone Group has strengthened the dialogue process for specific issues so that specific solutions are identified with Stakeholders (see additional information in the Vodafone Group's 2006-07 report, (www.vodafone.com/responsibility))

Of particular note in the Involvement Programmes with Stakeholders is the Business and Parliament Programme.

During 2006-07, we developed new Business and Parliament Programmes together with the Businessmen's Circle (Círculo de Empresarios), with highly satisfactory results. The programme, carried out in monthly sessions from October 2006 to May 2007, comprised the most essential elements for understanding business, such as:

- Present and Future of Mobile Telecommunications
- Network planning and deployment, development of products and services
- Customer service process

Main CR-related Forums/ Associations in which Vodafone has been involved during 2006-07:

- High Level Group on Safer Mobile Use (Sponsored by the EU)
- GSM Association
- GeSI (Global e-Sustainability Initiative)
- MPPI (Mobile Phone Partnership Initiative)
- MMA (Mobile Marketing Association)
- BSR (Business for Social Responsibility)
- WBCSD (World Business Council for Sustainable Development)
- CSR Europe
- Sustainability Excellence Club
- AETIC, Spanish Association of Electronics, Information Technologies and Telecommunications Companies
- ASIMELEC, Multisectorial Association of Spanish Electronic and Communications Companies
- Fundación Empresa y Sociedad (Business and Society Foundation)



Figure 6

Stakeholder Communications Channels

	Shareholders Investors and Financial Institutions	Customers	Employees	Partners and Suppliers	Public. Admin. and Regulator	Landlords/ Owners	Associations Knowledge/ Opinion Makers	Society and General Public
Vodafone's CR Strategic Plan	x	x	x	x	x	x	x	x
Perception/ Opinion Surveys		x	x			x		x
Customer Complaints		x						
Meetings with Sector Organisations				x	x		x	
Participation in CR events and forums				x	x	x	x	x
CR web site	x	x	x	x	x	x	x	x
Media Monitoring Communication	x	x		x	x	x	x	x

Corporate Responsibility at Vodafone

Stakeholder Engagement

Corporate Responsibility and Mobile Telephony

• What is the situation of this matter?

As I see it, mobile telephony, and in this case Vodafone, has a major responsibility in the relationship and communication between people in family, work, institutional or social environments. Very special mention should be made of the possibilities of improving the integrating conditions of groups with special difficulties such as the elderly, the disabled, women who are victims of domestic violence etc. Through mobile telephony, all of them have better possibilities of being catered for. As an example of these possibilities, the Vodafone campaign with rates programmes for immigrants, helping them to communicate with their countries of origin, look very interesting in my opinion.

• What is Vodafone doing in this area?

I therefore believe that Vodafone is adapting its business to all these expressions of our social life upon which it can have an effect so that it not only benefits its customers, but also any person or group.

• What other actions could be carried out by Vodafone Spain?

As objectives to which it should pay special attention, the following are already being worked on effectively in my opinion.

- Transparency in information on rates and their advertising.
- Restriction of minors' access to adult contents.
- Insistence on information about supposed health risks from mobile telephony and its facilities.
- Sponsorship of activities designed to bring new technologies to the groups most distanced from them.



José Ramón Calpe
Parliament Member for Castellón

- Regulation and other telecommunications legal aspects such as security and privacy
- Corporate Responsibility
- Vodafone Foundation

In this year's programme edition, and always with the aim of bringing the business environment closer to those responsible for legislating, information of interest for parliamentary members has been exchanged by helping contacts between Spanish and UK parliament members. Contacts promoted through the Vodafone Group, given the global nature of our company and necessary corporate communication with legislative authorities in the above-mentioned European environment.

In terms of future activities, introduction programmes to other Stakeholders such as those in the legal field have been initiated. In addition, there has been participation in administration forums and events related to mobile telephony and activities where communication and information are a priority.

Stakeholder priorities and Actions

With the information extracted from the different communication channels established with our Stakeholders, expectations are prioritised using the relevant Risk Analysis so that the most important matters to be dealt with in our annual Corporate Responsibility Programme are identified, matters which are also covered in the Corporate Responsibility Report. (See Figure 7).



Corporate Responsibility at Vodafone

Stakeholder Engagement

According to the Risk Analysis of 31 March 2007, our Stakeholders' priorities are as follows:

- Development of Products and Services with High Social Value
- Clear and transparent communication of prices and rates
- Responsible Deployment of Network/environmental impact
- Recycling and Reusing of Mobile Phones
- Communication in mobile telephony and health matters
- Responsible use and control of content access
- Responsible advertising/marketing
- Supply Chain: Ethical/responsible purchases

Our approach to Corporate Responsibility management and reporting consists in concentrating on the most important areas for our Stakeholders, in line with the Principles of Standard AA1000AS: Completeness, materiality and responsiveness (see Chapter 16: "Appendices – Report Criteria").



Figure 7

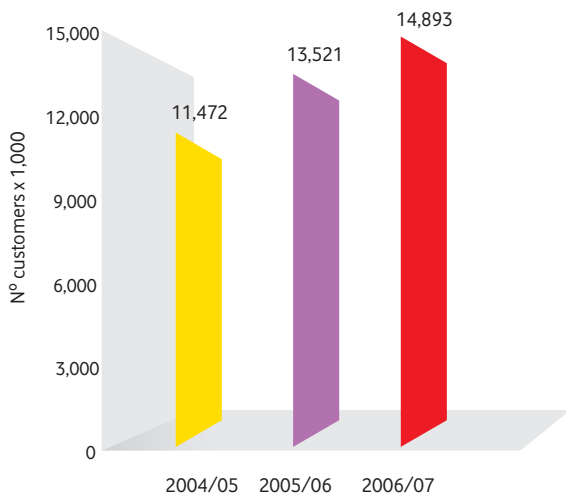
Response to our Stakeholders' CR expectations

What are the CR expectations?	Main stakeholders involved	What do we do?
Ethics and Corporate Governance	Shareholders, Public Administrations, Opinion Makers, Society and General Public, Employees	See Chap. 3: "Corporate Responsibility in Vodafone"
Concerning Customers: <ul style="list-style-type: none"> • Responsible Marketing • Tariffs and Prices. • Responsible use of the mobile: Control of adult contents, Spam, SMS Premium, localisation services, safe driving, etc. • Data Privacy • Incidents and Complaints • Quality of Service • Customer care • ... 	Customers, Society and General Public, Opinion Makers, Public Administrations and Regulatory Authorities	See Chap. 4: "Corporate Responsibility and Customers"
Employee Satisfaction and Implication	Employees	See Chap. 5: "Corporate Responsibility and Employees"
Suppliers' Social, Employment and Environmental Performance	Partners and Suppliers, Opinion Makers, Society and General Public	See Chap. 6: Corporate Responsibility and Suppliers
Mobile Telephony and Health	Society and General Public, Customers, Public Administrations and Regulatory Authorities, Opinion Makers, Landlords' and Residents' Associations	See Chap. 9: "Mobile Telephony and Health"
Social Products and Services and Community Involvement	Customers, Society and General Public, Opinion Makers, Public Administrations	See Chap. 7: "Social Products and Services" and Chap. 8. "Vodafone Spain Foundation"
Environmental Impact: <ul style="list-style-type: none"> • Responsible Network Deployment • Energy and Climate Change • Waste and Ozone Depleting Substances • Recycling and Reusing of Mobile Phones 	Society and General Public, Public Administrations, Opinion Makers, Landlords' and Residents' Associations, Customers	See Chap. 10: "Responsible Network Deployment"; Chap.11 "Energy and Climate Change" and Chap. 12 "Waste"

Corporate Responsibility and Customers

Diagram 1:

Nº Customers



Amongst other aspects, Vodafone's reputation depends on our ability to win and increase our customers' confidence, with their loyalty vital to our Company's success. This chapter outlines all CR matters of importance for winning and increasing their confidence, including clarity on prices and rates, suitability of marketing and advertising material, promoting responsible mobile use, quality of the service we offer (customer service and network quality), etc.

All these actions help to capture and retain customers, with their evolution shown in Diagram 1.

We said

- 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!).
- Develop chats subject to parental control.
- Develop Virus and Spam protection systems in the entire off-net browsing environment.
- Establish an activation and deactivation control system, and a restriction mechanism for SMS Premium Services.

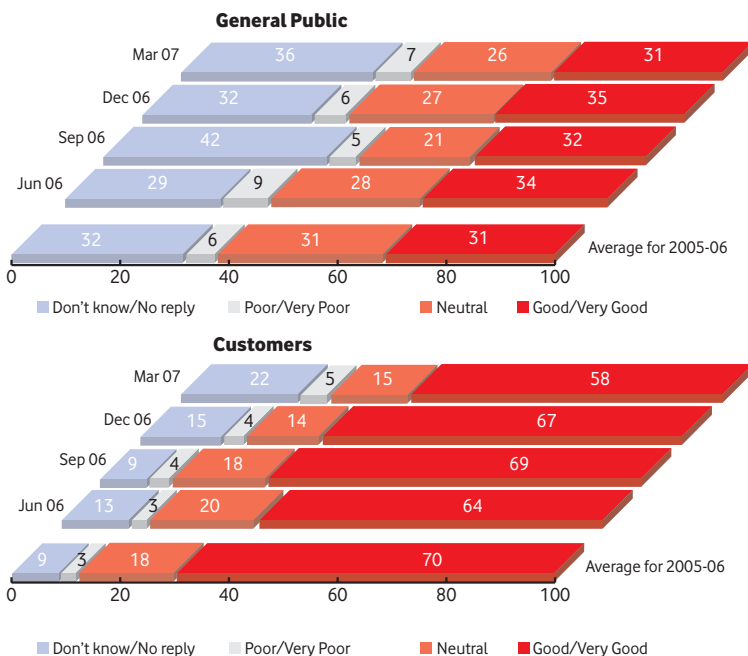
Figure 1



Diagram 2:

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

They advertise their products and services responsibly (truthfully, legally, honestly and loyally)"



We have

Responsible Marketing

Since 2004-05, Vodafone has had its **Responsible Marketing Guide** to guarantee that our product and service communications are clear and understandable, legal, decent, fair, honest, truthful and verifiable.

During 2006-07, Vodafone Spain developed a Responsible Marketing online training course, designed for marketing, sales, legal services and Corporate Responsibility personnel, who make up around 300 employees (see Figure 1).

Furthermore, we have continued to conduct surveys among customers and the general public to find out their opinion of our Responsible Marketing activities (see Diagram 2).

Corporate Responsibility and Customers

Customer Communication on CR matters

Over the past year, customers have been informed of different Corporate Responsibility matters (CR Report, Social Products and Services, content access control, rates, the environment, etc.) through press releases and information accompanying their invoice. (See adjoining Figures).

Compliance with Advertising and Marketing Codes

Vodafone Spain's business activity is designed to comply with general regulations on advertising (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), ensuring consumer protection, as well as the values and rights recognized in the Constitution.

Vodafone Spain aims to be one of the companies in the sector that most protects the consumer, positively communicating the characteristics of each campaign to them, without using any misleading advertising.

Vodafone Spain is a member of the Spanish Association for Self-Regulating Business Communication (Asociación para la Autorregulación de la Comunicación Comercial: Autocontrol). This non-profit body, created in 1995, is responsible for managing the Spanish advertising self-regulation system. (See Figure 2).

Consumers benefit from this self-regulation system, aimed at guaranteeing responsible advertising through a free complaints system which is quickly and efficiently resolved by a panel of independent experts. The advertising industry also benefits as acts of unfair competition are reduced.

The Autocontrol system for resolving controversies is the only private Spanish body recognized by the European Commission for complying with the requirements and principles of independence, transparency, efficiency, freedom of choice and right of representation by the consumer, established in Recommendation 98/257/EC. As a result, Autocontrol joined the Commission's EEJ Net (European Extra-Judicial Network) in 2000.

During 2006-07, Vodafone Spain only received three final judgements for non-compliance on advertising matters, which is a much reduced amount when taking into account that the Company is included among the 10 main organisations in terms of advertising volume:

- 2 of them for actions brought by the Madrid Regional Government, with amounts of €7,500 and €15,000.
- Another brought by Autocontrol, which was not associated with any economic amount.

Customer Data Protection

Our customers entrust us with personal and confidential information from their private communications. The way we handle that information is vital to winning their confidence.

CR press releases (2006-07):

- 17 press releases on Social Action
- 6 press releases on socially responsible product and service
- 2 press releases on content access control
- 1 press release on responsible network deployment
- 1 press release on CR Report 2005-06



Invoice information (June 2006)



Invoice information (December 2006)



Invoice information (January 2007)

Figure 2

Autocontrol codes

As a member of the Autocontrol Association, Vodafone Spain adopts the following ethical codes developed by this Association:

- **Code of Advertising Practice** based on the **ICC International Code of Advertising Practice** and its basic principles of truthfulness, legality, honesty and loyalty in business communications.
- **Ethical Code of Electronic Trade and Interactive Advertising** ("Online" trust) which covers business communications and contractual aspects in business transactions carried out with consumers over the Internet and through other electronic media, without forgetting the safeguard of personal data protection.

Corporate Responsibility and Customers

Ethical code for Free Internet Expression

Together with some of the world's leading technology companies (Google, Microsoft, Yahoo!, etc) and in collaboration with academic institutions, ethical investment funds and human rights organisations and freedom of the press, Vodafone is preparing an Ethical Code for Free Internet Expression, whose aim is to "safeguard the right to free expression and user privacy on the Internet".

In addition to establishing the relevant actions for guaranteeing observance of personal data protection legislation, Vodafone Spain is implementing the new Vodafone Group Privacy Policy, by virtue of which the Company is adopting commitments and actions on processing the personal details of customers, employees and other natural persons, while carrying out its functions. Likewise, Vodafone has a Data Protection Committee, comprised of members from different areas in the Company, responsible for ensuring that the policy is complied with, communicated and promoted.

With regard to network data privacy, Vodafone is working on the preparation of an Ethical Code for Free Internet Expression. (See attached chart.)

Furthermore, when an application for collaboration is received, following a legal requirement from the authorities, we fulfil this obligation with due consideration for the diverse interests involved.

Responsible use of the Mobile

Our customers can access a wide range of products and services which include multimedia messages, games downloads, music, photos, video clips, Internet access and mobile television.

Our objective is to assure that customers are satisfied with our products and services as well as the controls implemented for enabling their responsible use. As a result, Vodafone has established a series of its Own Contents Policies (see Table 1).

Control of Contents, Chats and Blogs

In the words of Viviane Reding, the European Commissioner for the Information Society, "protecting minors with regard to mobile telephony is the responsibility of all industry players: companies, child protection associations and public bodies. The more effective the self-regulation, the less the amount of state intervention necessary".

Consequently, in February 2007 Vodafone signed the Self-Regulation Agreement called "European Framework for safer mobile use by younger teenagers and children". By signing this agreement, Vodafone agrees to:

- Promote the classification of content received through the mobile, in accordance with national decency models.
- Sponsor awareness campaigns for parents and children.
- Try to control minors' access to adult contents.
- Fight against the dissemination of unlawful messages using filters.

During 2006-07, we fulfilled our commitment to increase the use of content access control systems in the entire off-net browser environment (outside Vodafone live!).

In addition, chats have been kept under control, being protected using a PIN, helping to prevent contacts with strangers. Our moderation policy in Vodafone live! chats and blogs prevents personal data exchange for establishing contacts through our portal.

Table 1

Own Contents Policies	
Classification of Contents and Services	According to age, restriction of classified contents according to Spanish legislation and regulations, and classified contents according to ages approved by the Contents Policy Management Committee.
Video and Audio Contents Policy	Any age restriction (+18) content is automatically blocked for Vodafone users. Only customers with an ADULT PIN (having previously verified their age) can access these contents.
Classification of Games and Categorisation	All games have been evaluated according to PEGI (Pan European Game Information) and information has been included in the handset and on the website.
Chat Services	Chat guides have been published on the website and terminal. Public chat rooms are pre-controlled by supervisors.
Adult Content Access Control	We have introduced all the contents policy requirements on Vodafone live! (on net) contents and off-net filters (outside Vodafone live!).
Music	Labelled tracks are not allowed on our Vodafone live! portal. The music producer is responsible for approving or rejecting any track, as well as introducing content publishing policies.
Spam and Malicious Communications	Our platform filters spam in incoming mail and in unified messaging traffic. It enables blacklists in real time and includes businesses or companies on whitelists even if it is known that they are sources of spam. Fraud protection (two protection levels), virus protection and consumption with two separate antiviruses.
Localisation	Neither the children nor friends' localisation systems are available. Only the Points of Interest are available. User authorisation is requested once every session.

Corporate Responsibility and Customers

We have continued to conduct customer and general public surveys to find out their opinion on how we are doing in preventing minors from accessing unsuitable contents. (See Diagram 3).

Anti-spam and SMS Premium Policy

Spam (unsolicited electronic business communications) is beginning to be used in mobile telephones. With texts promoting prizes or attempting to appear as a personal message from a friend, the user is encouraged to respond through another SMS to a generally short four digit number (SMS Premium). Once the user has sent this SMS, they may have unwittingly requested subscription to a service they do not actually want.

Spam, including that sent by SMS, is prohibited by the Spanish Law of Information Society Services and Electronic Commerce.

The law states that the sending of these messages must previously receive the recipient's consent, identify the message with the word "advertising" and establish simple procedures for enabling the user to withdraw their consent. The Ministry of Industry, Tourism and Trade is also preparing a specific regulation for premium SMS.

To avoid these bad practices, and in addition to adhering to the GSMA Code of Practice on spam, Vodafone has an anti-spam policy (see Table 1) that includes carrying out the following actions being introduced and finalised for 2007-08:

- Restrictions of Premium services, by numbers, number ranges or the entire service, at the customer's request.
- Control of activations and deactivations by Vodafone for subscription services.
- Restriction on receiving SMS in our platforms which arrive with a different heading from the country where they were sent.

With regard to the numbering regulation, a decision is awaited from the Ministry of Industry, Tourism and Trade on numbering ranges and characteristics to begin to make changes.

Mobile Telephone for Children

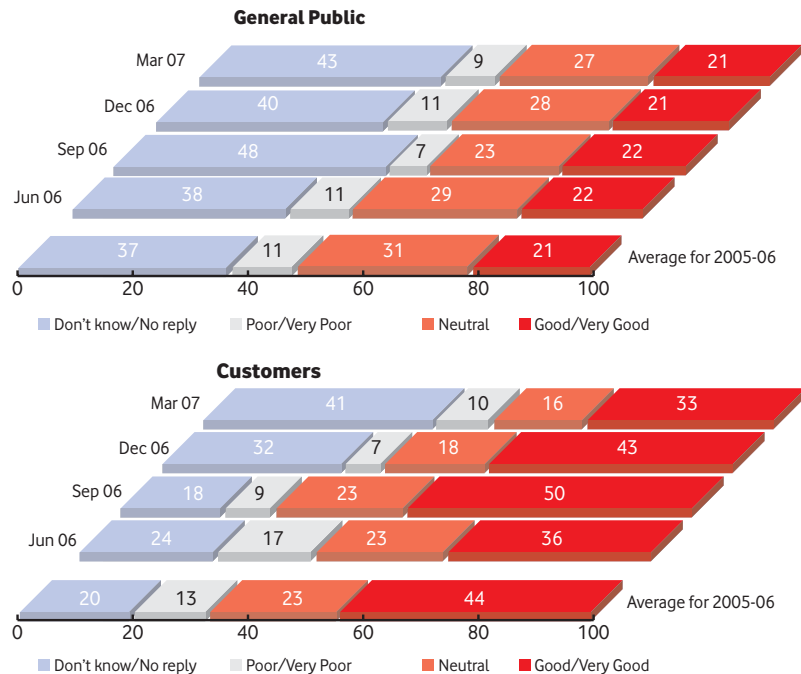
According to a market study from the Research and Analysis organisation, one in two children aged between 8 and 13 years old has a mobile telephone. These telephones have generally been given to them by parents or siblings, and may well be unsuitable for use by a minor. In this study, 65% of parents interviewed considered it a good idea for their child to have a mobile.



The main reasons why parents decide to give their children a mobile telephone are related to peace of mind and safety, pointing out that children can call whenever necessary while parents can contact their children too.

Diagram 3:

"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"



Mobile Telephony Industry Association (GSMA) Code of Practice

This Code, which Vodafone helped to develop, was published in February 2006 and commits network operators to working jointly in investigating cases of mobile spam and to adopt measures whenever necessary.

Figure 3



Corporate Responsibility and Customers

In December 2006, Vodafone Spain and the Walt Disney Company Iberia launched a telephone designed and manufactured to cover the communication and safety needs of parents who want to give a telephone to their children responsibly. One of the characteristics of the Vodafone Mini Disney D100 phone is its security because it lets parents know at all times with whom their child is speaking or exchanging messages, since it only allows calls and SMS to or from telephone numbers previously entered into the address book.

The telephone is accompanied by a simple manual which contains responsible use instructions for both children and parents. (See Figure 3, pag 19).

Localisation Services

Localisation services are based on identifying the location of a mobile telephone in order to provide local information on request.

Vodafone Spain is continuing with its Localisation Services Policy developed in 2004-05 for protecting the customer's information privacy and assuring that localisation services are not used without their prior consent. (See Table 1, pag 18).

Management of Digital Rights

In its agreements with content providers, Vodafone Spain sets forth the rights and obligations of both parties with regard to intellectual and industrial property including, inter alia, granting the necessary intellectual property rights licence on contents to Vodafone Spain so that it can provide its customers with the appropriate services.

Prices and Rates

Rates

The restructuring of rates in 2006-07, as a result of the coming into force of the Consumer Protection Improvement Act, has been one of the hottest discussion topics. In this section we aim to clearly explain the reasons that led to this restructuring, as well as the consequences of it.

Description of the new Act. Main aspects:

With the coming into force of the Act approved in December 2006, it is prohibited to round up rates and obligatory to charge for real time and actual use in all services, invoicing in seconds from the start.

Implications for the Industry:

All mobile operators have had to alter their rates to adapt them to the requirements of the aforementioned Act:

- Rounding up. From 1 March 2007 all operators invoice for the exact communication time, i.e. in seconds from the beginning of each national or international call or video call.
- Call set-up. Vodafone Spain has set the domestic call set-up fee at 15 euro cents (except for "Vodafone Vitamina per second", now marketed as "Clásica", which is 12 euro cents). This does not mean an increase in cost to Vodafone customers, as invoicing in seconds results in a reduction of up to 49% per call, depending on its duration.
- Vodafone Spain has continued to communicate the price per minute (even though it charges per second) as it believes this is a more transparent and relevant method of conveying information to customers.

Reaction of consumer organisations

- As a result of the announced call set-up price increase, certain consumer associations requested that the Telecommunications Market Commission (CMT) consider the change of rates as an increase in the prices of the services of companies in the sector.
- Likewise, the Competition Defence Service was urged to investigate possible price collusion between operators.

According to the report prepared by the CMT at the government's request, changes in mobile telephony rates are so varied and complex that collusion between operators cannot be considered.

Main arguments of Vodafone Spain's offer

- The rise in the call set-up charge does not mean an increase in customers' invoices in general, as there is an implicit saving in billing per second, especially in short calls.
- The structure of Vodafone Spain's offering remained unchanged, as promotions and special rates for our customers continued.
- Customers can change their plan free of charge.

According to the ruling delivered by the Madrid County Court in April 2007 in sentence number 75, it is considered that not only were the previous billing methods transparent, but they also responded to an economic rationality and were not arbitrary. The sentence indicates that these methods are absolutely normal in many other industries, without it being possible to discuss their validity, as they affect an essential part of the contract in the form of the service's price, which would restrict the principle of freedom when setting prices.

To help its customers adopt the rates most suited to their level of use, Vodafone Spain has a rates recommendation website: (<http://tienda.vodafone.es>).

Corporate Responsibility and Customers

Furthermore, during 2006-07, Vodafone Spain included the measurement of the perception of rate clarity within periodic surveys carried out among customers and the general public, noting a significant improvement in our customers' perception. (See Diagram 4).

By way of conclusion, we can point out that Vodafone Spain was the only operator to reduce its prices after the application of the Consumer Protection Act. According to the May communiqué sent by the Telecommunications Market Commission, "in general terms and with regard to the impact of rate changes on each operator's total revenue, the results obtained by the CMT analysis indicate that Movistar's revenue would increase by 1.79%, Vodafone's decrease by 1% and Orange's increase by 2.62%". As a result, Vodafone Spain fulfilled its commitment that the rate readjustment would have an overall neutral effect on its customers. (See Figures 4, 5 and 6).

Roaming

In July 2006, the GSM Association announced the launch of a web page with figures from around 75 companies representing the industry in Europe (including Vodafone), where users can consult and compare prices of calls made and received abroad, according to the national and foreign operator they use.

In addition, and irrespective of the initiatives recently adopted by the European Union for reducing roaming rates in Europe, Vodafone has continued to offer and improve its products and services in this field, introducing major innovations designed to facilitate their use and reduce their cost to the customer.

To offer a good service to its customers when they are outside their country, Vodafone has a Vodafone Passport service, which enables its customers to take their domestic rate with them abroad, paying for their calls as if they were in Spain, plus an international call set-up charge which varies according to the country they are in. Vodafone Passport is available in more than 30 countries, most of which are European.

This service not only represents a major saving for Vodafone customers in their calls abroad, but also reflects simplicity and transparency with its rates.

Another price plan offered is "Vodafone World", which makes it possible to apply a single roaming rate for all voice calls made or received outside Spain at any time of the day.

Figure 4



El País newspaper, Saturday 12 May 2007

Figure 5



Cinco Días newspaper, Wednesday 9 May 2007

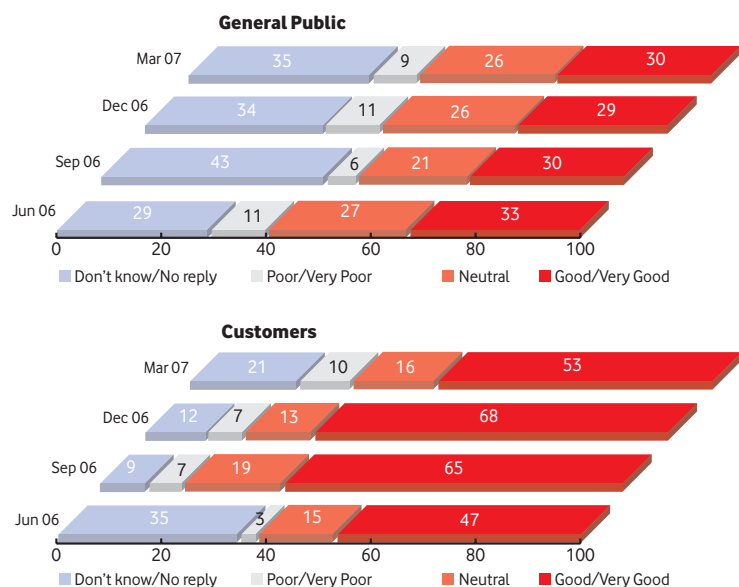
Figure 6



El País newspaper, Wednesday 9 May 2007

Diagram 4:

"Can you tell me how you rate Vodafone Spain's performance with regard to the following issue?"
Clearly and transparently communicating prices and rates*



Corporate Responsibility and Customers

Likewise, in order to help customers use their mobile abroad as much as possible, Vodafone has introduced the Info Roaming service, by means of which customers can find out roaming rates directly on their mobile by simply sending an SMS, writing the name of the country to which they are going to travel and sending this to 106, with the same cost as that of any roaming message, or by request through a code by dialling *106# plus the call key, with no cost to the user (option only available from abroad).

Quality of Service

Customer Care

One of the Company's cultural values is "Passion for our Customers" and this is reflected with a commitment when dealing with any queries or complaints that might arrive through the various channels made available to our customers for such purpose. Customers can currently choose between several different service channels:

- **Phone.** Personalised service or through an award-winning powerful voice recognition system (IVR), which enables our customers to request information, activate and deactivate products and services, clarify doubts, etc.
- **Distribution/Shop.** We have more than 1,600 points-of-sale between our own stores and exclusive dealers, spread across Spain.
- **Web.** Through www.vodafone.es our customers have access to the Company's products and services information, while through "My Vodafone" they can manage their mobile lines, make any changes to them or cash in Loyalty Programme Points, amongst other options. One of the novelties of the website is the possibility of sending and receiving video calls with Vodafone mobiles.
- **E-Mail.** We offer our customers the opportunity of communicating their requests through this channel, with a commitment to responding through the same channel.

To improve the service and contact with our customers, around 80 projects were introduced in 2006-07 to meet this goal, including:

IVR

Together with the personalised service system, Vodafone Spain has introduced a simple and intuitive voice recognition system (IVR) for its customers which eliminates waiting time in both receiving information and making requests for activating or changing products and services.

The most requested queries are therefore automated, providing a complete service and achieving high satisfaction levels. The IVR is also used as a continuous and immediate survey in many process in which the customer is involved.

In April 2007, the Vodafone Spain IVR received the "Best Customer Experience 2007" prize at the Congress in Cannes organised by Nuance, the leading company in voice recognition systems.

In 2006, the Vodafone Spain IVR also received the Most Innovative Solutions Prize awarded by Speech Technology Magazine.

Information proactivity

By analysing our customers use habits, we can anticipate their needs, proactively informing them of new products we consider of interest to them, or complementary products they can use to make their communications more efficient. For example in 2006-07, we offered our customers the SMS Invoice product, which informs them through an SMS of the amount of their monthly invoice before it is actually charged to their bank account.

Furthermore, to confirm any customer request made, they receive a communication through an SMS just a few seconds after having made this request.

We also have a service which, on request, informs residential customers of product and service innovations.

Workforce specialisation

Vodafone Spain is a pioneer in launching the Customer Management Masters Degree, which is 450 hours in length, for training and specialising our employees in this industry. There have been two courses of this Masters degree to date, with 54 people having undertaken it.

Specialised telephone service platforms have been created according to the needs of the different customer groups (such as a specific customer service platform on data transmission).

We currently deal with our customers in various different languages: English, Arabic and Romanian, as well as the official languages of Spain, Spanish, Catalan, Galician and Basque.

Complaints

Since we are aware that adequately managing complaints is a customer loyalty linchpin, a section is devoted exclusively to this matter in the General Conditions of the Contract with our customers, subject at all times to current legislation. (See Figure 7).

As part of our customer commitment, Vodafone Spain adheres to the **Consumer Arbitration System** governed by Royal Decree 636/1993 of 3 May, by means of which our customers can freely approach it on any matter related to the service we render, if they are in disagreement with us.

Corporate Responsibility and Customers

There is an independent "Customers' Ombudsman" department which deals with all complaints arising from arbitration bodies. All these bodies have a direct contact telephone number for this department.

Diagram 5 shows the evolution in 2006 of complaints received through official bodies (Arbitration and Secretary of State for Telecommunications and the Information Society), in contrast to the evolution of number of customers. As shown, the evolution of complaints received from these official bodies has a moderately stable trend compared to the significant increase in the customer portfolio. The average annual number of these types of complaints per 1,000 customers was 0.839.

The type of complaints received, either directly from customers or through official bodies during 2006-07 is indicated in Diagram 6.

Vodafone believes complaints are not only a way of controlling and correcting a discrepancy communicated to us by a customer, but also an opportunity for improving to prevent possible similar situations. As a result, we believe that adequately dealing with complaints helps to increase general customer satisfaction.

These actions led to a customer satisfaction rate of 68.7% during 2006-07.

Furthermore, we have a close relationship with the main consumer associations in order to respond to their expectations. (see Figure 8, pag 25)

Network Quality

Vodafone Spain's extensive experience in designing and deploying telecommunication networks, the high reliability of elements used in our network's architecture and the excellence achieved in its operation and maintenance help us to meet our customers' service quality expectations through the high availability and quality parameters established by international regulations. To achieve these results, Vodafone has a robust mobile telephone network with redundant routing, diversity and protection against failures.

The Continuous Quality Improvement Process is a key element in the adequate evolution of service quality parameters. By using different sources of information such as satisfaction surveys, samples of the customer's actual experience, traffic statistics and measurements generated by network elements, field measurements and customer complaints, it basically consists in analysing the causes of incidents in detail and working to resolve them to turn them into improvement opportunities.

Figure 7

Extract of the General Terms and Conditions of the Contract

"9. Complaints.

"(...), should the Customer fail to obtain a satisfactory answer from Vodafone within one (1) month, he/she shall be entitled to have recourse to the Consumer Arbitration Board or to the Secretariat of State for Telecommunications and for the Information Society within the next three (3) months. (...) The Customer will find the information about the procedures for making the complaints, claims and requests on the Vodafone website, www.vodafone.es".

Diagram 5:
Complaints received through Government Organizations

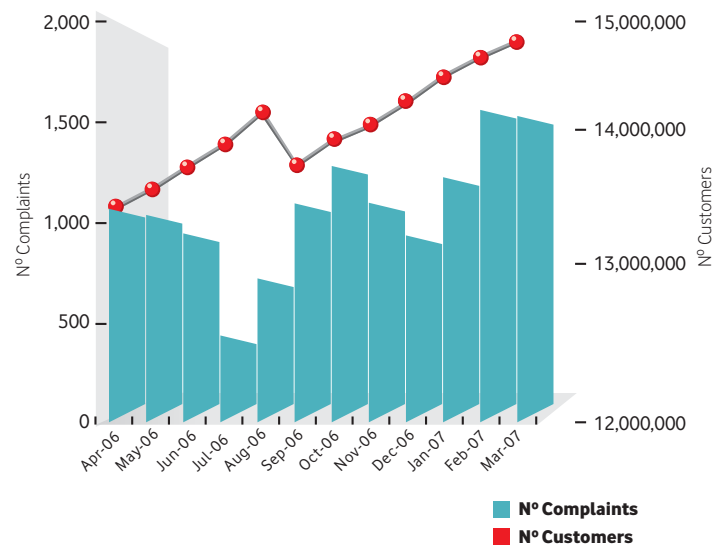
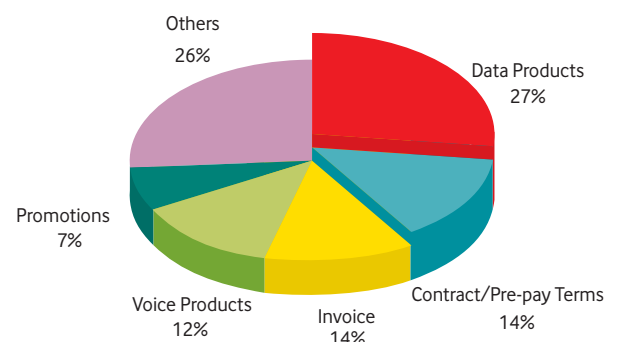


Diagram 6:
Most frequent complaints



Corporate Responsibility and Customers

Corporate Responsibility and Customers

• What is the situation in Spain?

Companies are also recognizing the impact of Corporate Social Responsibility in Spain as an instrument for creating value in a competitive environment where leadership is increasingly linked to business commitments to Corporate Social Responsibility. Production methods contrary to the sustainability of the environment or social development, accounting practices that do not defend shareholders interests and the transparency/reliability of markets and misleading advertising and promotion techniques are just some of the variables that are now included in the business success equation and in specifically managing Corporate Social Responsibility.

Undoubtedly, Spanish companies now understand that Corporate Social Responsibility is not a management trend, but rather an instrument for sustained value creation.

• What is Vodafone doing in this area?

Vodafone's positioning on Corporate Social Responsibility has been recognized with the award for the best sustainability information among Spanish companies, setting it apart from other organisations. In our opinion, Vodafone has got it right in its CSR commitment and will surely receive business recognition, but more importantly: the recognition and loyalty of its customers.

• What other actions could be carried out by Vodafone Spain?

Carrying out specific programmes for the development of the information society and knowledge in social groups with access limitations.



Óscar Gómez Barbero
Corporate Director
of Information Systems
Renfe Operadora

Continuous customer satisfaction measures are implemented, focusing on the most important attributes that identify the characteristics of operating a telecommunications network. Based on these measurements, the results of the improvement actions are verified since only measuring the customer's satisfaction will determine whether we have been successful or not in these improvement actions.

During 2006-07 and following the trend in previous years, many improvement actions have crystallised as a result of the Continuous Quality Improvement Process. A clear example of this is our leadership in deploying the third-generation (3G) telecommunications network, managing to provide coverage to 78% of the population by March 2007. In addition, deploying mobile broadband (also known as HSDPA) in our 3G network provides customers with an efficient and rapid connection to data networks, with speeds of up to 1.8 Mbps.

Another example of our methodology are the changes made in the digital voice processing elements in our base stations, enabling an improvement in the quality of sound during conversation and an increase in capacity in congestion situations, which undoubtedly results in a better service to our customers.

Vodafone Spain complies with the technical regulations on rendering an automatic mobile telephony value-added telecommunication service. It therefore periodically communicates diverse service quality parameters agreed between operators and the SETSI according to different international regulations.

The service quality quarterly values are audited externally and can be consulted on the Ministry of Industry, Tourism and Trade website (www.mityc.es) in its Telecommunications section.

During 2007-08, 3G network coverage will continue to improve, strengthening deployment in urban areas and making the most of network sharing agreements with other operators to extend 3G technology to rural areas. (See Chap. 10: "Responsible Network Deployment"). New functionalities (HSDPA) will also be implemented that increase data transmission speed.

Other quality certifications for our products and services:

- ISO 9001:2000 certificate issued by AENOR
- "Qualicert" certificate issued by SGS

Corporate Responsibility and Customers

Corporate Responsibility and Customers

• What is the situation on this issue?

Significant progress has been made recently, particularly over the last few years; at the moment CSR policies are being implemented horizontally in all major companies and are an additional element in customer perception of the quality of these companies' services.

• What is Vodafone doing in this area?

Actions such as commitments towards different stakeholders (including customers-consumers) helping to resolve conflicts and increasing the quality/clarity of information provided to them, as well as actions resulting from the responsible mobile use commitment (including sectors requiring greater protection, such as children) and initiatives for providing a better quality of life to certain sectors of the population with difficulties (the elderly, people with hearing or visual disabilities, groups that are especially unprotected in today's world) are very important and indicate in particular a commitment to society.

Vodafone is adequately promoting these commitments with the population.

• What other actions could be carried out by Vodafone Spain?

Perhaps more detailed information on the Company's actions and involvement of different departments in the general CSR policy, adapting this information to comments which might be transmitted from consumer associations (as with other stakeholders). It would be very interesting to find out the measures adopted by Vodafone for improving information systems and resolving complaints received. Likewise, adherence to the Consumer Arbitration System would merit a section in the report.



María Rodríguez
Chairwoman
Confederation of Consumers
and Users (CECU)

Further information at:

www.vodafone.es/conocenos
www.soporte.vodafone.es
www.vodafone.es/tiendas
www.autocontrol.es

Figure 8

Relations with Consumer Associations.

The positive results obtained after establishing close communication channels with consumer associations in previous years have shown the right path for bringing our Company nearer to these associations' expectations.

In this respect, we work with these consumer associations in keeping users up-to-date on how they can make the best possible use of mobile telephony products and services.

That is why we have continued to organise conferences spreading, communicating and informing about masts and health, and we are working with consumer associations in preparing explanatory brochures on mobile telephony, responsible marketing etc. Furthermore, we have signed collaboration agreements with other associations, including those established in Spain's autonomous regions.



We will

- Continue with CR communication campaigns for customers.
- Launch the Young Person's Profile.
- Continue with chats subject to parental control.
- Continue to develop virus and spam protection systems in the entire off-net browsing environment. Anti-spam platform.
- Launch an online awareness programme on matters of privacy to describe Vodafone's Privacy Policy and what it means to employees.
- Continue to establish restriction systems for SMS Premium. Control of activations and deactivations.

Corporate Responsibility and Employees

Diagram 1:
N° of employees

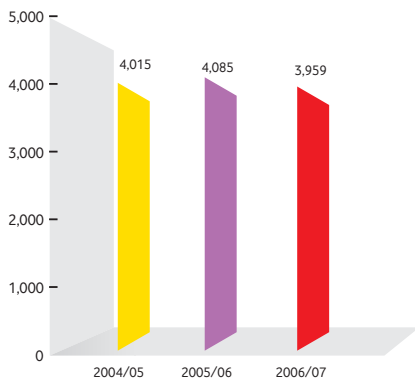


Diagram 2:
List of types of contracts 2006/07

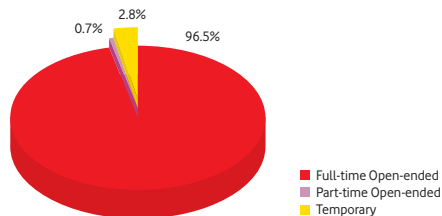


Diagram 3:
% employees per gender

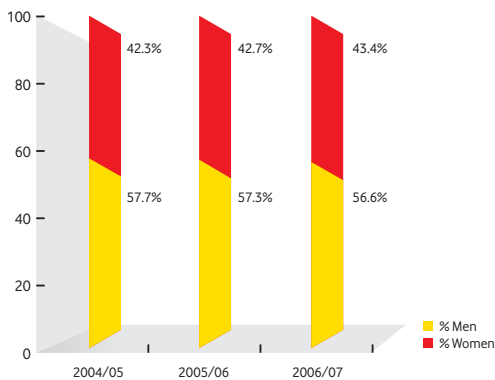
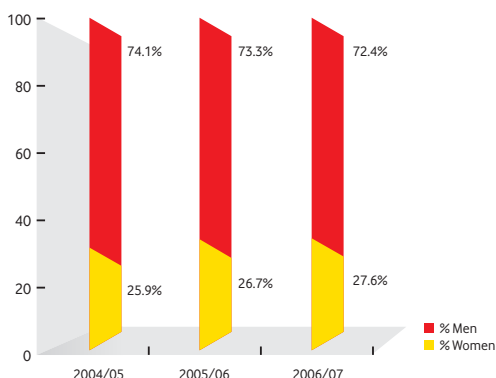


Diagram 4:
% of managerial positions by gender



Vodafone Spain has around 4,000 employees. Our objective is to recruit and retain the most qualified and motivated people in order to “build the best global team”. We aim to meet this objective by offering a good working environment, by treating people with respect and by offering attractive incentives as well as opportunities for professional development.

During the 2006-07 financial year, Vodafone introduced a new Human Resources Strategy in order to increase employee engagement, clearly setting out what Vodafone expects from them and detailing the company’s commitment to them. This strategy identifies six key areas: Organisation and change; Resources; Communication and implication; Learning and development; Reward and recognition; and Health, safety and well-being.

Diagrams 1 and 2 respectively, show the evolution of the number of employees, and the type of job and contract, characterised by an extremely high percentage of permanent contracts. Meanwhile, the voluntary staff turnover rate during the 2006-07 financial year was 1.9%.

We said

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

We have

Staff structure and equal opportunities

Diagrams 3, 4 and 5 respectively, show the proportions of employees by gender, and the management position distribution by gender, as well as the age pyramid.

In March 2007, the “Law for effective equality between women and men” came into force. The key element of the law focuses on preventing discriminatory behaviour and drawing up active policies to promote the principle of equal opportunities between women and men.

The Law pays particular attention to correcting inequality in the field of labour relations. The right to a balanced personal, family and professional life is recognised through a series of provisions, and increased joint responsibility between women and men for family commitments is encouraged. The Law seeks to promote the adoption of specific measures in favour of equality in companies, placing them in the framework of joint negotiation so that it is the parties who agree the content freely and responsibly.

Corporate Responsibility and Employees

In this respect, the general Vodafone Spain agreement referred to in the "Labour Relations at Vodafone Spain" section includes the basic salaries of Vodafone Spain employees, by grade, with no difference on the grounds of gender.

Furthermore, at Vodafone Spain, we are convinced that Balancing Work and Family Life will not only lead to personal but also to professional success. Consequently, a long time before the Law was passed, we implemented an extensive series of measures which went beyond what was provided for by the Law, as detailed below:

- **Maternity.** Previous Leave: Vodafone offers all future mothers the chance to request 15 days' paid leave to rest before their due date. In the last financial year, 2006-07, this was taken up by 42 mothers.
- **Paternity.** In addition to the 13 consecutive days provided for by the law, Vodafone Spain offers 5 working days leave from the day the child is born or the adoption takes place.
- **Breast-feeding period extension** These are increased from 1 to 2 hours and from 9 to 12 months, without any reduction in salary. This was taken up by 250 people during 2006-07.
- **Child care.** Vodafone offers the possibility of reducing the working day by between 1 and 4 hours until the child is 8 years old (on 31 March 2007, there were 197 people in this situation). It is also possible to ask for leave of absence to care for children until the child is 4 years old, with the right to keep your position for the first year (26 leaves of absence during the 2006-07 financial year).
- **Care of relatives.** It is possible to request a reduction in the working day of between 1 and 4 hours to take care of relatives up to the second degree of consanguinity or by marriage, who due to their age or illness cannot look after themselves and do not carry out paid work, as well as asking for leave of absence for up to 2 years (keeping your position for the first year).
- **Health Insurance for children.** Vodafone offers the chance to take out health insurance for children, with advantageous discounts.
- **Family allowances.** Vodafone offers a monthly allowance of €64.84 for children from 0-4 years of age; if you have a large family, it offers an annual allowance of €323.69 per child; if you have a disabled child the monthly allowance is €129.69 until the child reaches the age of 15.
- **Flexi-time.** Possibility of flexible working hours, reducing the time taken for lunch by between 30 and 45 minutes.

Around 1,150 employees receive different types of family allowances each month.

Diagram 5:
Age pyramid 2006/07

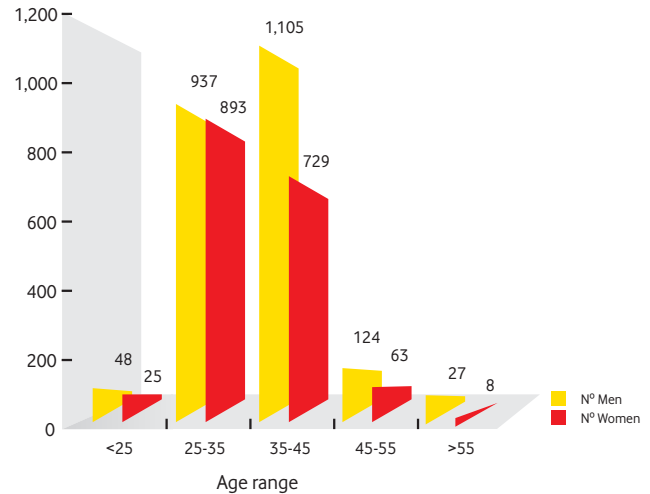


Figure 1

Employee Satisfaction Survey	2004-05
General satisfaction and commitment	79 %

Diagram 6:
Nº hours training/employee

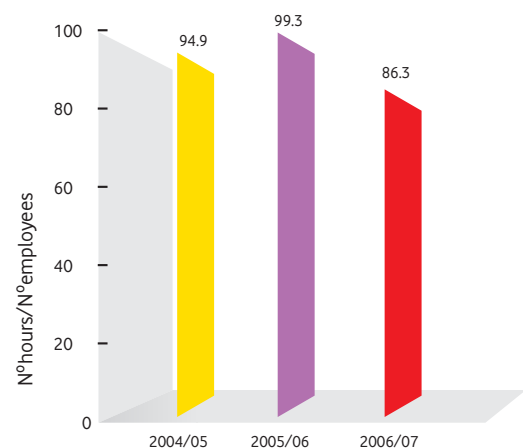


Figure 2

"One way" Programme
• Hours of Training/Manager: 29.8

Corporate Responsibility and Employees

"Vodafone Wellness"

- **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 their regular salary. Approximately 75% of employees benefit from this option.
- **Health Insurance.** Vodafone Spain offers to pay 100% of the insurance policy cost for employees with a permanent contract or more than a year's service.
- **Life and Accident Insurance.** From the moment they join the company, all employees have a joint Life and Accident Insurance policy.
- **Medical Department.** All medical services at Vodafone Spain offices have a waiting room and a medical office.
- **Variable remuneration.** All employees who do not form part of sales incentive plans, have a variable bonus linked to the company's strategic objectives, which are paid at the end of the financial year to which they apply, as long as the minimum levels set for each objective have been achieved.
- **Shares.** Vodafone has Schemes which award shares to all employees as a way of sharing company profits. In the 2006-07 financial year, 340 shares were awarded to each employee. Furthermore, Vodafone offers the chance to buy shares in the Company, with highly profitable Schemes.
- **Relat Plan.** Vodafone offers up to 50% discount on private mobile phone use, as well as in the "Navegay Habla" ("Browse and Talk") service.
- **Staff Shop,** where staff can buy mobile telephony items at advantageous prices.
- **Visa Gold.** Vodafone offers a Corporate Visa Gold card, at no cost, including free travel insurance.
- **Virtual Bank Branch.** It is an Office with all of the products and services of a traditional bank branch, with significant benefits for Vodafone employees at which you can perform all banking transactions via your mobile telephone, by Internet or by speaking to an agent over the telephone.
- **Merit Award.** If whilst working at Vodafone, you are studying for a university degree or higher professional qualification, you can compete for this prize which seeks to recognise the effort required in combining study and work.
- **Luncheon Vouchers.** Vodafone offers all employees the sum of 7.81€, from Monday to Thursday throughout the 9 months of standard working days (from September to June).

Social and Employment Integration of Disabled People

Vodafone Spain complies with the provisions of Law 13/1982, of 7 April, on the Social and Employment Integration of the Disabled (LISMI), and the associated regulations, opting to both recruit disabled people and adopt alternative measures, by making donations to foundations of public interest whose social objective is, amongst other things, professional training and job insertion or creation in favour of the disabled.

In this respect, Vodafone Spain is making donations amounting to 285% more than the value that would apply to them in accordance with the provisions of the LISMI legislation, enabling it to top the ranking drawn up by the Business and Society Foundation.

Welfare benefits

As well as the measures for the Balance of Work and Family Life previously mentioned, during the 2006-07 financial year Vodafone Spain has promoted its Social Benefits Programme known internally as "Vodafone Wellness". (See additional information in table enclosed).

Employee Satisfaction

The results of the Employee Satisfaction Survey carried out in 2005 showed that, irrespective of the high level of pride displayed by employees at working for Vodafone (see Figure 1, pag 27), there were some points for improvement which featured in the associated Action Plan for improvement.

With all of the suggestions and proposals which emerged in the meetings held in each department in May 2005 in order to analyse the results and identify the actions to be undertaken in order to improve the least favourable aspects of the working environment, in June 2005 the associated Action Plan was drawn up, setting March 2007 as the completion date for the actions.

On 31 March 2007, as a consequence of the aforementioned Action Plan, all the initiatives launched were fully implemented. (See Table 1).

During April 2007, a new Follow-up Employee Survey is to be completed by approximately 30% of employees. It is a survey made up of a short text, with follow-up questions covering the most important topics. The most relevant results of this survey will be published in June 2007, and will be included in the Corporate Responsibility Report for the 2007-08 financial year.



Corporate Responsibility and Employees

Professional Development and Training

In order to analyse the development needs of its professionals, Vodafone has a performance evaluation system known as "Performance Dialogue", a process used to analyse development opportunities, and establish individual development objectives through greater dialogue between the direct superior and the collaborator. During the 2006-07 financial year, 96% of staff used this process, largely fulfilling the commitment set out in the Corporate Responsibility Report of 2005-06.

As part of the "Performance Dialogue" process, Vodafone offers numerous tools and training courses so that employees can develop their full potential:



• Corporate training

Activities aimed at improving the professional skills of the company's human team, with the objective of assisting with their continual professional development. It includes training in general competencies, both for managers and other employees. Furthermore, Corporate Training includes training in languages, computer applications and technology.

• Technical-Operational Training

Activities aimed at improving the professional knowledge required to improve job performance and keep up-to-date with new techniques and technologies. The company's organisational units of Customer Management, Technology, Administration and Finances have decentralised technical-operational training.

• Cross Training

Overall training activities aimed at all company employees with the objective of raising their awareness and informing them about certain subjects. They may be optional or compulsory for all employees; and include, amongst other things, courses in Preventing Occupational Hazards, Corporate Security, etc. (See Diagram 6, pag 27)

As mentioned above, one of the actions on the Action Plan drawn up from the conclusions from the Employee Satisfaction Survey of 2005, was the design and implementation of the One Way programme.

One Way is a Professional Development programme which is especially designed for team managers in the company and lasts 3 years, the first year of the programme having started in the 2006-07 financial year. (see Figure 2, pag 27)

Table 1

Initiatives implemented from the Action Plan derived from the 2005 Employee Survey

Welfare

- **Flexi-time.** Since 15 September 2006 employees can enjoy flexible working hours (depending on the needs of each department).

Manager Function

One Way Programme

- 100% of managers (a total of 602 people) have participated in this management skill development programme.
- The degree of satisfaction for these sessions exceeded 90%.

Compensation

"Vodafone Wellness"

Via the Intranet, all employees have access to all of the information concerning their overall benefits at Vodafone.

"Red Online"

Channel through which employees have access to all useful information. The latest features added to this channel are:

- The option to receive your salary in two accounts.
- A greater number of functions in the Pension Plan Tool.

Furthermore, 1% of the total wage bill is allocated to compensating possible inappropriate employee salary situations. Identifying these cases is done by comparing salaries with market averages and those at other companies.

Luncheon Vouchers

Increase in value to €7.81, from Monday to Thursday, throughout the 9 months of standard working days (from September to June). This represents a 95% increase on the previous financial year (2005-06).

Career Development

"Performance Dialogue"

The Training Plan for the 2006-07 financial year has been designed based on the needs detected through the "Performance Dialogue" process.

Vacancy Recruitment Process

- Improvements to the process and the tool (Vacancies Portal): more information about the vacancy, such as the name of the manager of the position, the wage scale of the vacancy or searching for vacancies by region. Furthermore, this information is communicated by internal mail, with a reminder in the weekly Internal Communication.

Corporate Responsibility and Employees

This programme represents an investment in our managers with the aim of contributing to the success of a high performance organisation and improving the perception that collaborators have of their manager's involvement in their development.

This programme is aimed at supporting the professional development of our senior staff as people managers at Vodafone, helping with the specific improvement of their skills, as well as the overall development of Vodafone as a successful company.

Moreover, as part of the recruitment process, Vodafone Spain, in accordance with the Action Plan drawn up using the conclusions from the Employee Satisfaction Survey mentioned above, announces all vacancies via the Intranet, with the aim of increasing the efficiency of internal recruitment and boosting employee development. As such, 55% of all vacancies were covered internally (76% in the case of managers, and 54% in the case of specialists).

Labour Relations at Vodafone Spain

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

Consequently, Labour Relations Management is a permanent point of contact between employee representatives and Company Management, channelling communication, relationships and participation between both areas.

As such, as soon as one of the two parties feels that a subject that, due to its importance or impact on our staff, is of interest, it requests a meeting with the other, in a natural way always maintaining a working environment and mutual cooperation. In any case, this work method exceeds the terms set out in Spanish legislation for classic labour relations, which is logical if you think about the spirit that reigns in labour relations in our company, which seeks to make participation, information and joint action between all social and business partners the natural *modus operandi*.

The issues tackled in the aforementioned meetings range from individual employee matters to Vodafone Group's performance around the world. The Group's progress, organisational changes, general policies affecting employees both individually and collectively, etc, are just some of the matters which are most frequently addressed.

Furthermore, this dialogue facilitates the provision of information sufficiently in advance of those changes and policies being introduced and, more importantly, it enables proactive mechanisms to be established and constructed in order to adapt the said changes and policies to employees' expectations, stopping them from becoming problems due to a lack of solutions or time to correct them.

At present, 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.

By way of examples of subjects addressed jointly by the company and the employee representatives, we can cite the Committees for:

- Mass Transport
- Training
- Wage bill rise monitoring committee.
- Organisation Changes (the outsourcing of AD&M, for example).
- New organisations in the Vodafone Group.
- Joint Committee for Monitoring and Controlling the Vodafone Spain General Agreement.

The company has inserted the results of the negotiations held with the trade unions CCOO and UGT into the current General Agreement. They performed their duties responsibly and engaged in dialogue when conferring with staff representatives on matters affecting the working relationship of Vodafone employees.

Likewise, they have included some suggestions made via the Employee Satisfaction Survey, Suggestions Box and feedback from other players, such as senior staff and managers.

With the objective of giving greater stability to Labour Relations, it was considered pertinent to sign the 3rd General Agreement, affecting all staff, with a validity of two years (from January 2006 until December 2007). This period will automatically be extended for a third year, if none of the parties (Company, UGT and/or CCOO) object in advance.

Vodafone believes that the improvements made to the General Agreement, extensively negotiated and agreed with the Employees' Committee, are of general interest and boost the mutual commitment which is necessary in order to fulfil the ambitious challenges awaiting us at both a business and personal level over the coming years.

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

Responsible Restructuring

In January 2006, the Vodafone Group decided to study the feasibility of outsourcing the functions related to Application Development and Maintenance (AD&M) of Information Technology (IT) at Group level. This initiative had a dual objective. Firstly, to standardise the AD&M activity in order to increase the organisation's overall effectiveness and secondly, to gain in efficiency and flexibility so as to be able to adapt to the changing environmental conditions. The scope of this initiative reaches the IT applications related to our commercial activity, customer support, billing processes and corporate management.

In order to align our strategy with the Vodafone Group objectives, a team was set up in Vodafone Spain made up of representatives

Corporate Responsibility and Employees

from all of the affected departments (Purchasing, Technology, Human Resources, etc.) with the aim of managing the efficiency of the measure and minimising the possible negative effects on the staff.

This was all documented in a formal agreement with the union representatives guaranteeing the Vodafone working conditions at the new supplier, the transaction taking place on 1 February 2007.

This restructuring is the main reason why the total number of staff in the company has reduced slightly compared to the previous financial year (see Diagram 1).

In the process of selecting the company awarded the outsourcing contract (IBM), aspects related to incorporating Vodafone professionals in that organisation were valued especially highly, ensuring that they would move to that company with at least equivalent working conditions to those they had at Vodafone.

In this respect, it must be pointed out that IBM is a worldwide leader in Information Technology Services and also stands out due to the resources it invests in developing its professionals and its strong commitment to the societies in which it operates.

Health, Safety and Well-being

Vodafone Spain places particular importance on ensuring the safety, health and well-being of its employees and in safeguarding that of

people who collaborate with us or may be affected by our actions (customers, collaborating companies, companies in the sector, official bodies...).

Occupational Hazard Prevention Audit

Vodafone Spain's Occupational Hazard Prevention Management System is subjected to a continual review and auditing process. In addition to the internal audits scheduled by Vodafone Spain and the Group, for the second consecutive time we have subjected our Management System to the control of a Legal Audit by an external body. This activity is not regarded as a mere legal procedure and has become a fundamental tool for identifying and defining opportunities for improving our current system. The results are used to establish the risk prevention strategies for the coming years.

The opportunities for improvement detected in the aforementioned audit include:

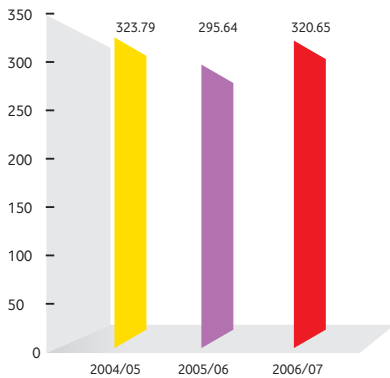
- Improving employee accessibility to information concerning prevention using the corporate communication resources.
- Greater efficiency in integrating the coordination of business activities by increasing the engagement of collaborating companies.

Table 2
Initiatives for Promoting Prevention and Health

Objectives	Measurements	Results
To improve the employees' working and development conditions in order to guarantee their safety and well-being at work	<ol style="list-style-type: none"> 1. Risk Prevention training (Safe driving, well-being in the office, working at height, emergency measures, etc.). 2. Information campaigns about risk control (Road safety, Healthy Christmas holidays, Look after yourself in the summer too, For your own well-being, Welcome Vodafone, Care and recommendations for allergy sufferers, etc.). 3. Risk assessment of places of work 4. Emergency drills in the main offices. Conferences on managing emergencies at Telecommunications facilities. 5. Investigation of accidents/incidents with and without casualties. 6. Voluntary and compulsory medical check-ups 7. Health Care <ul style="list-style-type: none"> • Medical awareness campaigns (flu jab, eye tests, blood donation, etc.) 8. Assessment of accessibility conditions for people with reduced mobility in the Vodafone owned stores network. 	<ol style="list-style-type: none"> 1. Around 6,500 hours of training received. <ul style="list-style-type: none"> • Around 1,000 employees trained in preventing risks at work. • Average score of training activities more than 8 points. 2. More than 40 communications sent 3. Over 100 workplaces assessed (representing 73% of the total). 4. 100% increase in the level of incident resolution. 5. 100 % accidents/incidents investigated. 6. Over 60% of employees have undergone medical examinations. 7. Around 18,500 medical care services provided. 8. 88% of offices assessed in terms of accessibility.
To improve the efficiency of business activity and internal process coordination.	<ol style="list-style-type: none"> 1. Review and internal audit relating to the coordination of business activities. 2. Promotion of the development of a business activity coordination protocol with other telecommunications operators. 3. Meeting with remote Site Design Engineers to standardise criteria and constructive solutions. 	<ol style="list-style-type: none"> 1. 23 contractors participated in a review and control process. 2. 11 coordination agreements signed with temporary work agencies, telecommunications operators and others. 3. 4 meetings held with a high number of engineers participating.
To update, improve, roll out and monitor the implementation of the occupational hazard prevention management system.	<ol style="list-style-type: none"> 1. Publication of corporate information concerning prevention via the Red Online website within the corporate Intranet. 2. Updating regulations and procedures in accordance with the new Group organisations and standards. 3. Internal and external audits. 	

Corporate Responsibility and Employees

Diagram 7
Incidence Rate



Incidence rate = (LTA's X 100,000) / N° of employees).

Severity Rate = (Lost time from work due to accidents during working hours resulting in LTA X 1,000) / (No. employees X Average No. of hours worked per year per employee).

Diagram 9
Severity Rate

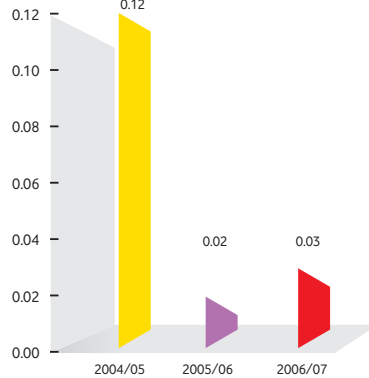
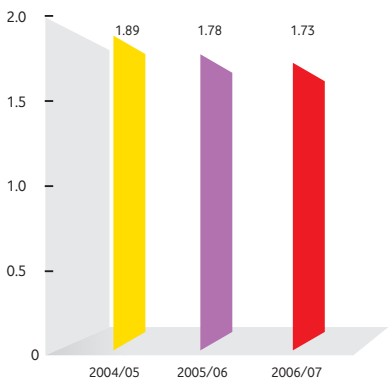


Diagram 8
Frequency Rate

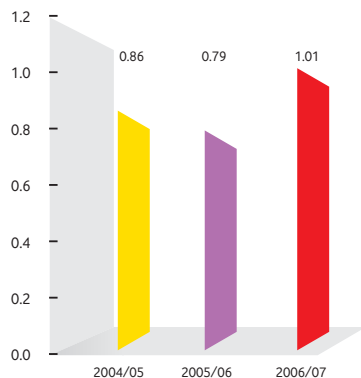


Frequency Rate = (LTA X 1,000,000) / (N° of employees X Average No. of hours worked per year per employee).

Accident Frequency Rate = (Non-commuting accidents with and without LTA X 100) / No. employees.

N.B.: The Incidence, Frequency and Severity rates have been calculated in line with the criteria set out in the 2002 Labour Accidents Statistical Report published by the Ministry of Work and Social Affairs. "Accident Frequency Rate" is the rate reported to the Vodafone Group, using the British system.

Diagram 10
Accident Frequency Rate



Initiatives for Promoting Prevention and Health

During the 2006-07 financial year, the development of policies and standards concerning Prevention and Health at Work has continued, applying and carrying out the actions indicated in Table 2, (pag 31)

The company's Medical Services are made up of a Basic Health Unit formed by a doctor specialising in Workplace Medicine and two other specialists in Workplace Medicine. The Medical Care Services include:

- Caring for the cases of illness that emerge during working hours.
- Performing blood and urine tests.
- Performing first aid and emergency care.
- Pharmacological treatment.

In March 2007, the "1st Meeting on Managing Emergencies at Telecommunications Facilities" was held in Toledo (see Picture 1). The meeting, jointly organised by Vodafone and the CCOO union, sought to be a forum for dialogue between Telecommunications Operators and Public Emergency Services. The issues that can arise when coordinating internal protocols on how to act in the event of an accident at rural sites were analysed with the participation of the public services. Likewise, the Emergency Services had the opportunity to learn and practice rescue techniques on telecommunications towers. Members of the Civil Defence, fire stations, collaborating companies, telecommunications operators and suppliers participated in the event.

Accident Rate and Absenteeism

The evolution of the main accident rates is shown in diagrams 7 to 10, rates which have settled at minimum levels. The Frequency Rate has continued the downward trend it has maintained for the last 5 years.

The Incidence and Severity Rates show slight upturns caused by one more accident than the previous year. Finally, the Vodafone Group Frequency Rate reflects the increase in the number of medical duties performed at accidents that did not lead to sick leave.

Corporate Responsibility and Employees

Once again, the number of very serious accidents and fatalities, either of Vodafone employees or their contractors, was zero. Neither has there been any serious incident at any of our facilities.

The company's rate of Absenteeism¹ due to Work-related sickness has grown during the last year by almost 0.5%. As a result, Vodafone has launched different initiatives with the aim of analysing and correcting the possible causes. These initiatives were implemented as a pilot scheme in the Point of Sale Unit where there was a significantly higher than average level of absenteeism. The initiatives carried out included the following:

- Increase in resources
- Definition of new roles
- Improving the places of work.
- Improving the replacement times with external resources.

The results in this Unit have been excellent, reducing the value of the absenteeism indicator by about 35% as a result of the aforementioned actions.

We will

- Produce a Plan derived from the new Equality Act, setting objectives to meet and actions.
- Implement the actions on the equality Plan (March 2009).
- Establish a programme of healthy habits at work.



Picture 1



¹ N° of hours lost due to sickness/real number of hours worked

Corporate Responsibility and Suppliers

Aspects covered by the Code of Ethical Purchasing

1. Child Labour
2. Forced Labour
3. Health and Safety
4. Freedom of Association
5. Discrimination
6. Disciplinary Practices
7. Working Hours
8. Wages
9. Individual Conduct
10. Environment

Vodafone considers it necessary that, as a purchaser of communication services and equipment, its suppliers comply with some reasonable working and environmental conditions. In this respect, in addition to developing our own actions for tackling Stakeholders' CR expectations concerning the supply chain, we are contributing towards establishing a common approach for the entire industry.

Vodafone Spain does not manufacture any goods whatsoever, but it purchases products and services to a value of 4,619.7 million euros. Our product supply chain starts with the extraction of raw materials and finishes with the assembly of the end products. Furthermore, we buy services from both local and global companies.

Local suppliers are understood to be those whose financial conditions have been negotiated and formalised in a contract by local operations units.

Global suppliers are those whose financial conditions have been negotiated and formalised in a contract by Supply Chain Management (SCM).

There are mixed suppliers which are those where part of the supply is associated to a global deal (usually goods) and the other part is associated to a local deal (usually services).

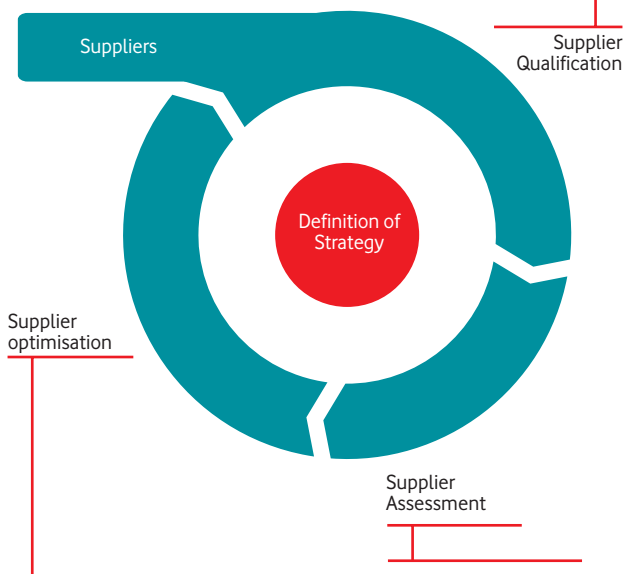
32% of purchases are associated to local suppliers.

Vodafone is hoping that its influence does not stop at the first level of suppliers (direct suppliers), we hope that instead our principles, summarised in our Code of Ethical Purchasing, are reflected in the entire supply chain through:

- Promoting the launch, by our strategic suppliers, of programmes engaging their respective supply chains.
- Working with large companies in the electronics industry, who have relationships with a wide range of suppliers, in order to develop a common framework of action with regard to the social and environmental requirements required from suppliers in the industry.

- Register and Self-assessment Questionnaire.
- CR is one of the 3 Qualification criteria for medium or high risk suppliers.
- "In situ" Qualification Audit depending on the risk.

The Supply Chain at Vodafone Spain



- Improvement Projects identified during the supplier assessment.
- "In situ" audits of existing suppliers, depending on the risk and their performance.

- CR is one of the 6 pillars analysed in the Assessment of supplier performance.

We said

- To implement an application via which all new Vodafone Spain suppliers can carry out their self-assessment.

We have

Our Code of Ethical Purchasing sets out the principles of social and environmental conduct required from our suppliers, having implemented a new Qualification System during the 2006-07 financial year in order to ensure that only suppliers which have previously met the Corporate Responsibility, Financial and Technological criteria may be included in the Vodafone supplier database.

Corporate Responsibility and Suppliers

This process gives significant weight to the CR criteria, given that if, as a consequence of the result of the self-assessment questionnaire, the risk is medium or high, it is a necessary requirement to carry out a prior analysis of the compliance with the CR requirements and subsequent possible audit, before accepting them as an approved supplier.

During the 2006-07 financial year, training/information sessions for the new supplier qualification process have been carried out, aimed at people from all of the departments involved in approving the three kinds of criteria mentioned above.

The qualification process is carried out using a specific application which covers the following stages:

- New suppliers are registered, either on Vodafone's invitation or via a link on our web page. One of the requirements of this registration stage is the supplier's acceptance of Vodafone's Code of Ethical Purchasing.
- Once the suppliers have been registered, if they are of interest to the company, they are sent a self-assessment questionnaire including questions relating to Corporate Responsibility, Financial and Technological issues.
- The supplier must do the self-assessment and then be approved by the Vodafone managers who are qualified for this process.

Vodafone Spain commissions quarterly surveys of our customers and the general public on how they perceive our actions aimed at ensuring that our suppliers conduct themselves responsibly with regard to working conditions and the environment (see Diagram 1).

Some organisations have published reports during the 2006-07 financial year, providing examples of unsuitable practices relating to working, health, safety and environmental conditions in the industry supply chain. In this respect, we can refer to the reports produced by the NGO SACOM (Students and Scholars Against Corporate Misbehaviour) and the Dutch research organisation SOMO (Centre for Research of Multinational Companies).

Issues such as low salaries, long working hours, a lack of trade unions and the use of chemical products, were reported in countries such as China, India, Thailand and the Philippines.

Partnerships with suppliers

Vodafone Spain organises the annual Business Mobility Forum (MOVE) which has become a key event in the mobile telecommunications industry. At MOVE, Vodafone brings together its technological allies and a selection of its developers and integrators, in order to present all of its latest solutions and products to the corporate customers present.

Supplier Qualification Application

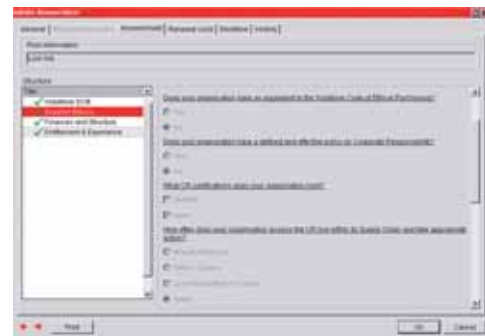
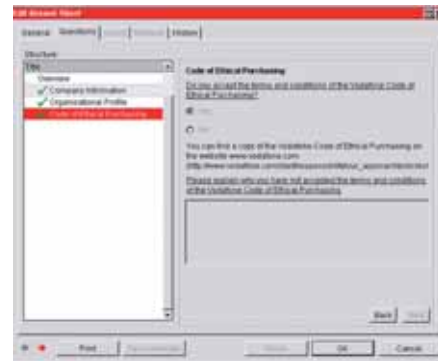
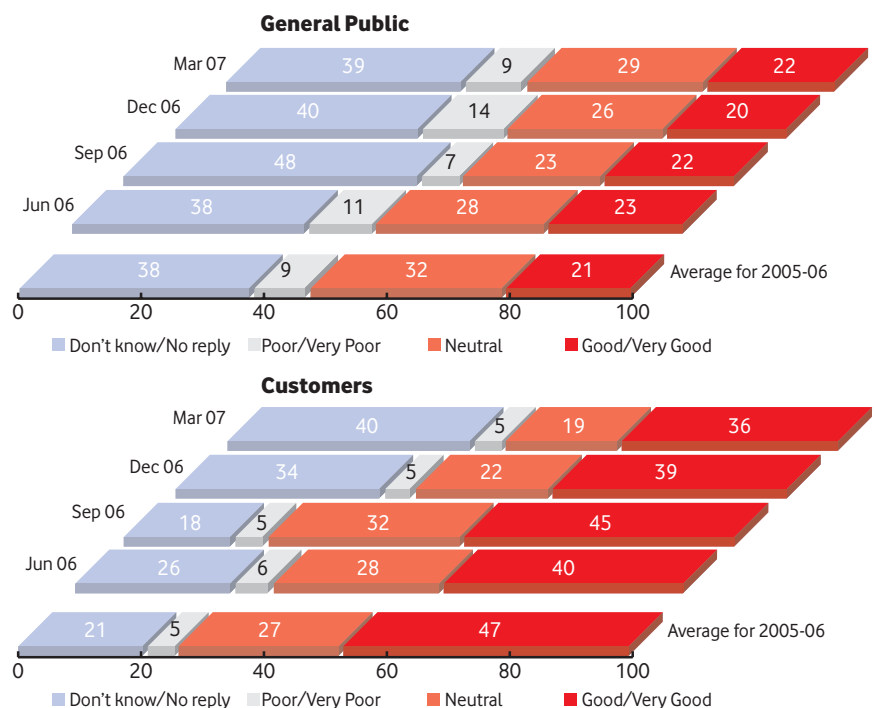


Diagram 1

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

Ensuring that its suppliers behave responsibly with regard to working conditions and protecting the environment."



Corporate Responsibility and Suppliers

Supply Chain

• What is the situation on this issue?

The 2006 Forética Report states that 30% of Spanish companies have some control over the responsible management of their suppliers. Although the control is still linked to legal, quality and environmental aspects, the trend shows an increase in recent years and a growing inclusion of ethical and responsible management aspects.

This increase is not free of issues which companies must resolve. Open debates include operational aspects (do we prefer to audit suppliers or just try to influence them?, shall we review thousands of suppliers or just the main ones?), issues of scope (where does a company's responsibility end and where does a supplier's responsibility begin?) and even everyday management issues (how does a purchasing manager reconcile the objective of reducing costs whilst adhering to the social and environmental responsibility policies in the supplier chain, for example).

• What is Vodafone doing in this area?

Vodafone's Code of Ethical Purchasing (CEP) and its management and assessment mechanisms display a significant level of progress in its suppliers' responsible management and are a positive differential compared with other companies. Increasing the number of suppliers involved in this management and the extent of their commitment is a challenge for the coming years.

• What other actions could be carried out by Vodafone Spain?

Apart from preventing risks, the biggest benefits of responsibly managing the supplier chain are experienced when a proactive social and environmental responsibility policy is adopted in the relationship with them. Competitive advantage and cost benefits can be obtained from this relationship for all those involved not to mention constant mutual productive learning. Including the discussion about social and environmental responsibility in the Mobile Vodafone Expo (MOVE) forum would be an excellent commitment to further development.



Germán Granda
General Director
FORÉTICA

In 2006-07, the third edition (MOVE 06) was held at the Madrid Conference Centre, becoming a meeting point at which our corporate customers can set out their business needs and receive a real and concrete response to them in the services offered by Vodafone and its suppliers and collaborators.

MOVE has an exhibition area where mobile product and services demonstrations are carried out, and a conference area, where leading companies share their experience in mobility, as well as the latest technological developments.

We will

- Assess the performance of 10 suppliers locally, as one of the basic pillars for assessing Corporate Responsibility.
- As part of the NGO engagement process, we will include a specific section concerning the supply chain.

Further information at:

www.move06.es
www.sacom.org.hk
www.somo.nl

MOVE 06 in numbers

Participants: 4,000
Stands: 60
Solutions presented: 130
Lectures: 28



Social Products and Services

A key objective in the Vodafone Corporate Responsibility strategy is to reduce the level of avoidable exclusion, in other words, to increase the level of accessibility to our products and services. Accessibility is normally associated with disability, but difficulties in using mobile phones may also affect other groups (the elderly, the chronically ill, people with reduced dexterity, etc.). Recent studies confirm that at least 9% of the adult population in the European Union is excluded, for different reasons, from using mobile phones.

Vodafone Spain offers special products and services in order to increase access to communications for the deaf, the hard of hearing, the blind and sight impaired. Moreover, there are people who although they do not suffer from any disability, have difficulties using mobile phones, which increase as mobile phones become smaller and more complex. These difficulties can be kept to a minimum by incorporating the "design for all" concept from the moment that products and services are developed.

During this financial year, the market has displayed greater dynamism and a higher level of awareness and demand in relation to the importance that mobile technologies have in improving the communication, quality of life and social and employment insertion of the disabled and elderly. A large part of this new change in recognising the important role played by technology is down to the civil service along with third sector Organisations which are being particularly proactive in their proposals and initiatives.

We said

- 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 stores.

We have

With the aim of making progress in increasing the accessibility of our products and services, and ensuring that they offer more and more social value, Vodafone Spain's initiatives and resources during the 2006-07 financial year have been particularly focused upon:

- Listening to and addressing the new demands and expectations of institutions, and organisations representing vulnerable groups in relation to new social and communication needs.
- To continue to broaden the portfolio of existing products and services in order to give an appropriate response to the needs of users and institutions.

Mobile Telephony Products and Services with High Social Value

• What is the situation on this issue?

... For me CSR is the joint responsibility of the company and its employees. I believe that company employees should feel proud to belong to and form part of a company that allocates part of its profits to making the planet more sustainable or to social projects.

... With CSR a lot can be done to strengthen the third sector, the uncommitted donor that hands over funds but does not follow the projects still exists but is a figure facing extinction in the medium-term. If sustainable, committed projects with long-term, feasible plans are supported through CSR, this will reinforce the fabric carrying out these projects.

• What is Vodafone doing in this area?

...We have to recognise that mobile telephony is basic in the twenty-first century and it makes all of our lives much easier ; it is hard to imagine living without it. Using mobile telephony we can propose all sorts of solutions to various social issues and the problems of the disadvantaged, and companies in this industry are there to respond. We must be grateful for the effort they make in their R&D departments.

...Our experience with Vodafone is positive, we see it more as a travel companion in the many battles we must face, than as a sponsor.

I consider it to be a pioneering company in many areas; we are grateful for its R&D effort and its involvement with the third sector and, in general, its good knowledge of the subject."

• What other actions could be carried out by Vodafone Spain?

Things to improve: the size of large companies is always an obstacle to working quickly and sometimes having so many departments and resources means that communication is lost.

I think that it is a company that is highly capable of creating "brand pride" amongst its employees in the near future, committed to making a practical and effective contribution towards improving the situation of dependent people in Spain

Blanca Clavijo
Chairwoman
AFAL



Picture 1



Social Products and Services

Table 1

Social products and services developed by Vodafone Spain (prior to the 2006-07 financial year)	
<p>BlackBerry Vodafone Accessible</p> 	<p>Offers deaf people access to communication using mobile devices. Furthermore, it offers a specific Customer Care Service for people with hearing disabilities.</p>
<p>BlackBerry Vodafone Accessible Training</p>	<p>Considering all of the aspects and characteristics of deaf people, the highest possible profile is given to the BlackBerry Accessible solution, using information circulars and the Internet.</p>
<p>T-Loop</p> 	<p>Gives people with hearing impairments who use hearing aids with T-coils access to mobile telephony.</p>
<p>Mobile Speak</p> 	<p>It is a screen-reading application for mobile telephones which enables people who are blind or severely sight impaired to have access to all mobile phone functionality, by converting each interaction with the telephone into sound references.</p>
<p>Mobile Magnifier</p>	<p>Aimed at the visually impaired, it is an application that increases the size of the elements that appear on the mobile telephone screen.</p>
<p>Vodafone Simply</p> 	<p>It is a range of handsets that are very easy to use, making them highly useful for the elderly, for example.</p>
<p>Training for the Integration of the Elderly</p>	<p>It seeks to make the new Communication and Information Technologies accessible to the elderly and assist their adaptation to the new era of the Information Society.</p>
<p>Accessible Town Training</p>	<p>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.</p>
<p>Medical Guard Diabetes</p> 	<p>Makes diabetics' regular glucose checks easier.</p>

In this respect, we have encouraged and achieved a higher degree of maturity in the relationship and communication with Third Sector Organisations, which has translated into a more appropriate response to their needs and an improvement in the climate of trust in the joint projects carried out, which are described in this chapter.

A relevant occurrence in the 2006-07 financial year, which may have a significant impact on the development of Social Products and Services, was the passing of the "Law promoting personal autonomy and care of dependent people" in November 2006, which seeks to regulate the basic conditions guaranteeing equality when citizens exercise their subjective right to promote personal autonomy and care for dependent people, in the terms established by the law, by creating a system for Autonomy and Care for Dependent People, with the collaboration and participation of the civil service and the Spanish government's assurance of a minimum common content of rights for all citizens in any part of Spain.

Meanwhile, Vodafone Spain, along with other operators, institutions and associations, has taken part in drawing up the "Accessibility Recommendations for Mobile Communications Handsets" for the Accessibility Working Group of AENOR's Standardisation Technical Committee 133 "Telecommunications".

The Dissemination of Technology Available for Different Groups of Disabled People

Coinciding with the United Nations General Assembly's approval of the "International Convention on the Rights of Disabled People", the Ministry of Employment and Social Affairs' Department of Social Services, Family and Disability, in collaboration with the Ministry of Foreign Affairs and Cooperation, the ONCE Foundation and the CERMI (Spanish Council of Representatives for the Disabled), put together an action plan with the aim of making Spain one of the first countries to implement it and disseminate it.

As such, the Spanish Centre for Personal Autonomy and Technical Aids (CEAPAT), part of the Ministry of Employment and Social Affairs, opened its new facilities, becoming a leading European Centre in terms of accessibility and exhibiting technical aids.

With the aim of fulfilling the public commitment of last year's CR Report to disseminate the technology available for different groups of disabled people, Vodafone Spain accepted CEAPAT's invitation to have a permanent exhibition of the main social mobile telephony products and services developed by Vodafone Spain at its new facilities (see Picture 1, pag 37).

In order to complement the Social Products and Services developed by Vodafone Spain in previous years (see table 1), in the 2006-07 financial year new products and services with a high social value have been developed which are described below, significantly exceeding the commitment made in last year's Corporate Responsibility Report

to introduce 3 products/services to reduce social exclusion and improve the quality of life of vulnerable groups.

Mobile Telecare (MTC)

Vodafone Spain, in collaboration with the Spanish Alzheimer's Association (AFALContigo) and with Alares®, experts in family care, has started developing Preventive Mobile Telecare Services, via the "Siempre Contigo" (Always with you) Service.



This service has been launched with the intention of addressing recent social needs, using the latest developments in technology and telecommunications, and offering broad coverage in welfare services, in order to assist the person concerned both inside and outside of the home.

The "Siempre Contigo" service aims to compensate the limitations of traditional telecare (fixed) in terms of mobility, bringing added values such as independence and safety for dependent people, at all times.

"Siempre Contigo" is designed not only for people who may be in a situation of risk, either because of their professional or personal activity or because they have some kind of dependency (in other words, elderly people who living alone or with others may have an emergency), but also for disabled people, the chronically ill, convalescents, pregnant women, etc.

The device associated to this service is very simple as it only has two buttons:

- Green button. When it is pressed, it connects the user to the telephone of a primary contact; if they are not available, it tries a second contact.
- Red button. When it is pressed, it connects to the Alares Mobile Telecare Service, via which the user is immediately attended to or assisted, even if they are not in their home.

Its basic function is to establish a voice call in handsfree mode, with the configured telephone number at the press of a button.

Moreover, it allows users to send pre-programmed text messages (SMS) of alarms created manually by the user (buttons), or by the built-in sensors (temperature, movement, battery) which do it automatically.



Intelligent System for Monitoring Personal Alerts (SIMAP)

Vodafone Spain, along with the Spanish Red Cross, the Spanish Alzheimer's Association (AFAL Contigo), the Spanish Confederation of Families of Sufferers of Alzheimer's Disease and other Dementias (CEAFA), and the Spanish Alzheimer's Foundation (FAE), has developed the Intelligent Personal Alert Monitoring System (SIMAP) via which it intends to address the special care and tracing needs of people with Alzheimer's disease, by using the latest developments in technology and telecommunications.



Thanks to its alerts application, SIMAP allows information about the location and movements of the person carrying the device to be obtained continually. SIMAP is aimed at Alzheimer's patients, which accounts for over 800,000 people in Spain.



Social Products and Services

This service encourages the personal autonomy of the dependent person and guarantees immediate intervention in the event of a personal, social or health crisis, at the same time as offering safety for the users and peace of mind for their relatives.

There are different options for accessing the service:

- **Call-Center:** available 24 hours per day, 365 days of the year, in order to ascertain their location at that time. Each user is identified by a personal code, such that authorised people wishing to know their location must provide this code and a password which is supplied to them when they are registered in the system.
- **SMS Service:** this service allows you to access the system using a text message with a specific format, including the codes to validate both the person requesting the trace and the device carrier. If the system identifies them as an authorised person, it responds with an SMS detailing the user's location.
- **MMS Service:** in this case, in addition to text directions, the authorised person receives a multimedia message (MMS), containing the photograph of a map with the exact location of the device carrier.
- **Web Service:** this service enables those with an Internet connection to find out the location of the dependent person themselves. In order to use this service they must correctly identify themselves using a user code and password (www.simapglobal.com).
- **SMS Alerts Service:** this allows you to automatically receive at different times of day, an SMS (subscription service) detailing the location of the device holder (access to dangerous areas, flat battery, leaving safe areas, increase in speed, news service, etc.).



Sponsoring children via mobile phone

As a result of an agreement between Vodafone Spain and the World Vision Spain Foundation, an initiative was launched in the 2006-07 financial year enabling people to sponsor children using their mobile phone.

Until now, mobiles had been used to make single donations; it is now possible to sponsor and help children in Guatemala, Mali, Mongolia and the Philippines in a continual and lasting way.

In order to sponsor using your mobile, you just need to enter the Vodafone live! Portal and send your personal details. This system also allows you to request information about sponsoring with World Vision, which will subsequently be sent via ordinary mail. Sending data via a mobile phone is as secure and reliable as using Internet web pages with a security system.

By March 2007, the number of visits to the sponsoring page was 182,233.

With this initiative and in the words of María López-Escorial (Communication and Marketing Director of World Vision Spain), "our country is a pioneer in this sort of actions. This option has not even been developed in other countries, like Japan and Finland, which have massive mobile use."



Vodafone Solidarity Messages

The donations programme, launched in 2004 with 9 NGOs, has been receiving greater recognition and support from Spanish organisations and, at the end of the 2006-2007 financial year a total of 20 organisations had benefited from this programme and backed the creation of this initiative, which can be extended

Social Products and Services

at any time to all those NGOs wishing to incorporate new mobile technologies in their charity campaigns.

As a result of the agreements signed with the NGOs participating in the initiative, the total cost of the SMS Premium received is donated to them. As such, the donations made via this system during the 2006-07 financial year amounted to 136,033 euros, and the amounts accumulated since the programme was launched come to approximately 2.5 million euros.

World Press Photo 06

Vodafone Spain sponsored and participated in the World Press Photo 06 event organised by the Photographic Social Vision Foundation, at the Barcelona Contemporary Culture Centre, in November 2006.

The annual exhibition of the winning WPP photographs can be visited each year in 80 cities in over 40 countries. In addition to displaying the best photography of the year in question, it can be interpreted as a historical compilation containing the main events of the year.

The fact that thousands of visitors from all over the world see this exhibition illustrates the power of photography to cross linguistic and cultural boundaries.

My country (Mi País) service

The Vodafone Spain strategy is based on offering social products and services adapted to the needs of each customer type.

According to data from the Spanish National Statistics Institute (INE), the draft census at 1 January 2007 indicates that the number of foreigners in Spain amounts to 4.48 million, 9.9% of the population, and according to forecasts by this body, the number of foreigners residing in Spain in 2010 could reach 5.7 million (12.6% of the population).

Of the 4.48 million foreigners currently registered, 1.7 million are Europeans, and around 64% of the foreigners resident in Spain come from three specific places: Latin America, the Maghreb and Eastern Europe.

Over 90% of the people from these three geographical areas have a mobile telephone and, only around 30% of them have a fix line.

Bearing these circumstances in mind, Vodafone Spain was a pioneer in offering mobile telephony services aimed specifically at immigrants. As such, the My Country Service was launched exclusively in Spain by Vodafone in 2003 and since then it has been constantly extended as shown in Table 2.

NGO's participating in "Vodafone Solidarity Messages"

Amnesty International
Aprocor
Ayuda en Acción
Cesal
Cruz Roja Española (Spanish Red Cross)
Entreculturas
Foundation for Help against Drug Addiction
Mandela Foundation
Vicente Ferrer Foundation
Greenpeace
Intermón Oxfam
Manos Unidas
Movement for Peace, Disarmament and Freedom (MPDL)
Red Deporte y Cooperación
Plan Spain
Save the Children
Talita
Teodora
UNICEF
WWF/Adena

WORLD PRESS PHOTO



Social Products and Services

Table 2

Evolution of Mi País (My Country)						
	March 2003	October 2003	November 2004	February 2006	September 2006	March 2007
Nº countries	17	27	50	50	50	50
Type of Customer	Only for pre-pay	Pre-pay and contract	Pre-pay and contract	Pre-pay and contract	Pre-pay and contract	Pre-pay and contract
Type of Tariffs	Only for pre-pay	Cheaper in pre-pay	Cheaper in pre-pay	Cheaper in pre-pay	Cheaper in pre-pay	Same in contract and pre-pay
Happy Day	No	No	No	Yes	Yes	Yes
Happy Hour	No	No	Yes	Yes	Yes	Yes
Discount on international tariffs	Up to 25%	Up to 25%	Up to 25%	Up to 25%	Up to 25%	Up to 50%
SMS	60 eurocents	60 eurocents	60 eurocents	60 eurocents	60 eurocents	30 eurocents
Activation channels	IVR	IVR	IVR	IVR, USSD (via sms)	IVR, USSD, My Vodafone	IVR, USSD, My Vodafone, Store
What's new?	-	More countries, contracts now included	Happy Hour, more countries	Happy Day, USSD-based activation	Longer Happy Hour, web-based activation	Equalization of tariffs, further discounts, SMS



Recently, the Comprehensive Languages Service has been launched in English, Romanian and Arabic, which is free for the customer and is composed of:

- IVR Service and customer care operator service in the aforementioned languages.
- www.vodafone.es web page with information on Vodafone Products and Services in the aforementioned languages.
- An option for the customer to sign their contract with Vodafone in one of the aforementioned languages.
- The option for the customer to receive the Vodafone User Guide in the aforementioned languages.

Leaflets are published in Spanish, English, Romanian, French, Arabic, Chinese and Russian.



Accessibility of the Vodafone stores

Once the Vodafone shop physical Accessibility Study was carried out in the 2005-06 financial year, in line with the recommendations in the COCEMFE (Spanish Confederation of the Physically Disabled) Accessibility Guide (urban, architectural and technological), and the adjustments/corrective measures to be applied in both owned shops and franchises during 2006-07 had been identified and prioritised, the implementation process began. In this respect, the actions carried out were as follows depending on where the shops were in the expansion and adaptation plan:

- Selection Process for new premises. Conditions concerning the accessibility of the premises (both inside and outside) were included on the approval form. The failure or impossibility to adapt the premises may result in the contract being rejected.
- New shop Design Process. In all new shop designs, be they owned or franchises, both the accessibility recommendations of the COCEMFE study and those of the Department for Preventing Occupational Hazards are being considered. In this respect, the objective is to have an access which is considered to be "totally accessible", or at least "practicable", in all owned shops and franchises.
- Modification of existing Shops. The accessibility requirements are also considered for the Vodafone Shop periodic remodelling Plan.
- On 31 March 2007, the percentage of accessible and/or practicable shops, in accordance with the stated accessibility criteria was 87.3%.

Other actions

- Collaboration with the CNSE (Spanish Confederation of Deaf People) in order to facilitate access to information and communication for people who are deaf or have hearing problems, by developing ICT Training Workshops. During the 2006-07 financial year, a total of 57 people were trained.

The main task of this initial phase has been focused on organising and developing training sessions related to the BlackBerry Accessible solution. Training seminars have been held at the different CNSE Federations, which has involved work and training within the Federation as well as at the different local associations of which it is made up, making it possible for a larger number of people to access the training.

- Universal Accessibility Seminars: "Cities and towns for everyone". This is an initiative of the Royal Disability Board, which is linked to the Queen Sofía Award for Universal Accessibility in Towns, the purpose of which is to reward continual effort over a period of no less than five years, in the field of universal accessibility for the disabled to the physical environment, education, leisure, culture, sport, transport, tourism and new information and communication technologies. Seminars have been held in Ávila, Daimiel (Ciudad Real), Melide (A Coruña) and Milagro (Navarra).
- ALTER Project (Technological Literacy and Employment Insertion of the Physically Disabled in the Rural Environment): the objective of this project is to assist socially excluded people living in the country, aiming to encourage social integration by giving disabled people living in rural areas access to work. In order to achieve this, this project, implemented in collaboration with COCEMFE, covers technological literacy, the development of social and work-related skills, family involvement and a session on community resources.

The training is carried out at the users' homes, using the new technologies.

This year Vodafone has maintained a valuable level of commitment with the association for deaf people, represented by the CNSE. There have been numerous initiatives, which have been highly useful and significant.

Vodafone, for example, has offered its support to initiatives as relevant as the fifteenth World Congress of the World Federation of the Deaf. Furthermore, throughout these twelve months, initiatives such as encouraging deaf people to use mobile telephones and the new tools offered by new technology have been held, in which we have been able to rely on your participation.

It is also worth highlighting the assistance received in producing instruments which have helped to standardise the Spanish sign language.

Consequently, we value the contribution that Vodafone has made for yet another year enormously.

Mar Amate García
Managing Director
CNSE

Social Products and Services

The ALTER project started out as a pilot initiative carried out in Seville in 2004, and in the 2006-07 financial year it has been carried out in the following areas:

- Asturias: assisting 60 users, having reached 39.2% of recruitment, exceeding the 35% established as an objective.
- Vizcaya (Bilbao and Baracaldo): 60 people took part with the aim of reaching 35% employment insertion in the ordinary market with contracts lasting no less than 6 months.
- Collaboration with the ONCE (Spanish Organisation for the Blind), holding the ONCE-Vodafone Workshop, where the "User study of accessible mobile applications" was presented.
- Agreement with the Spanish Confederation of Organisations for the Elderly (CEOMA) and the Democratic Pensioners Union (UDP), as part of the "Programme to involve the elderly in the Information Society". During the 2006-07 financial year, a total of 1,519 people were trained.
- Participation along with COCEMFE at the sixth Scientific Conferences on Research into Disabled People.

Finally, we can confirm that the development of Social Products and Services is a highly valued topic both by our customers and by the general public (see Diagram 1).

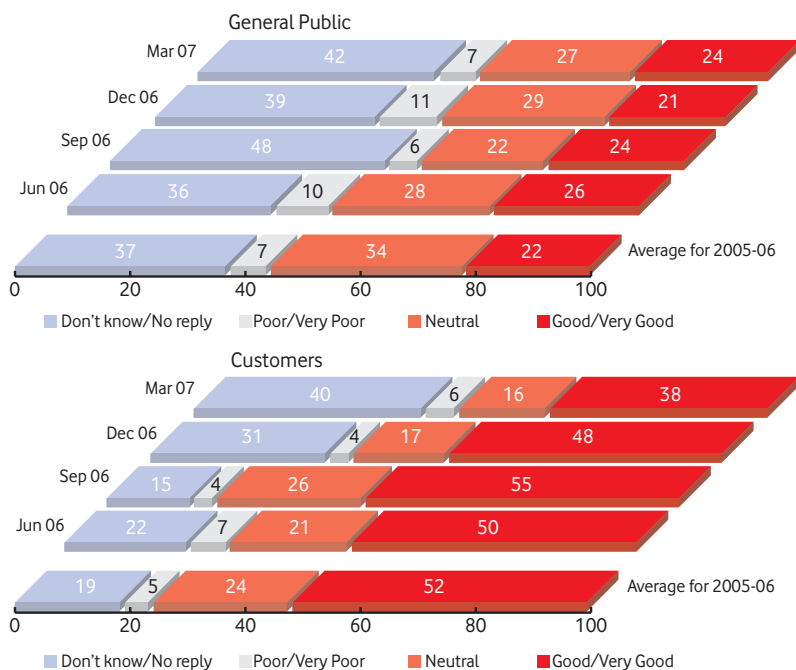
We will

- Develop new awareness campaigns on technology available for the various special needs groups.
- Introduce 2 new products/services with characteristics to reduce social exclusion and improve the quality of life of vulnerable groups through communications.
- Continue with the actions in order to increase the percentage of practicable or accessible shops and franchises, both in terms of access to the shop and inside the sales and customer care areas.



Diagram 1

"Can you tell me how you rate Vodafone Spain's performance with regard to the following issue?"
Provide products and services that improve the quality of life of people with special needs (disabled, patients, disadvantaged population groups...)"



Further information at:

- www.vodafone.es/accesible
- www.vodafone.es/tiendas
- www.afal.es
- www.cnse.es
- www.cocemfe.es
- www.cruzroja.es
- www.once.es
- www.simapgglobal.com

The Vodafone Foundation Spain, in keeping with its foundational objective, has continued and furthered its activities in the field of innovation, training, promotion and dissemination of mobile telecommunications and the benefits that they can bring to society.



**Fundación
Vodafone
España**

We said

- 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.

We have

Innovation

Spanish Projects

Mobile Telecare (MTC) projects in collaboration with Spanish Red Cross

In the financial year 2006-07, Mobile Telecare has continued providing services to those vulnerable population groups that are already benefitting from it, as well as embarking on new social applications to other groups, such as senior citizens, in keeping with the respective commitment that we made last year.

Most notable among the former have been the services to protect gender violence victims. MTC lets them:

- Stay in permanent touch with Red Cross Alert Centres.
- Have coverage anywhere with access to mobile telephony.
- Be located by GPS systems and by the Vodafone network.
- Receive immediate support through mobile telephony.
- Mobilize the user's own resources: (relatives, neighbours, etc.) and the necessary resources available locally.

Complementa Project

The TECSOS Foundation (founded by the Vodafone Foundation and Red Cross) has launched this Mobile Telecare initiative aimed at senior citizens. In addition to the telecare features already in use, the Project includes passive safety elements at home (detection of smoke, gases, intruders, etc.) and allows users to stay in touch with carers and family members by videoconferencing, thereby helping the interested party better and more extensively (see Pictures 1 and 2).



Picture 1



Picture 2



Picture 3



Telemedicine Projects, in collaboration with the Carlos III Health Institute

This year, the conclusions drawn from the previous AIRMED programme were taken as the point of departure for launching a new Telemedicine and e-Health project. Research has been conducted in a search for new ICT applications for welfare, independent life and health, paying special attention to services for chronic patients, senior citizens and people with special needs. That is why the Telemedicine and e-Health Research Unit, which will be geared towards R&D in integrated mobile services for population groups with special needs, is being set up.

Projects for deaf people

In collaboration with the CNSE Foundation and Spanish Confederation of the Deaf, this year the following initiatives have been conducted:

- DILSE Project III: this project entails developing the First Dictionary of the Spanish Sign Language. In 2006, the Spanish Sign Language database has been upgraded for multi-language support and sign parameterization purposes. It will be available on DVD, the web and mobile applications in 2008 (see Picture 3).
- V3G/HSDPA videocall for the Spanish Sign Language (LSE). Special terminals and software are being developed to enhance the sharpness of the signs that people make with their hands.
- LSE accessibility for web pages.
- LSE web contents on the mobile and MMS.
- Sign-Guide project.

PLATAS (social welfare platform) Project

Part of the Ministry of Industry, Tourism and Commerce's Avanza Plan, PLATAS proposes new ICT-based social and health services that allow elderly people with a slight or moderate degree of dependency to keep on living in their habitual environment.

The project is being carried out in collaboration with the Spanish Red Cross and the Carlos III Health Institute, and was awarded an Honourable Mention in the Avanza Plan Prize in the category of "Inclusion in the Information Society: Senior Citizens and Disabled". (See Pictures 4 and 5).

European Projects

MyHeart

Included in the European Union's Sixth Framework Programme in the e-Health projects, MyHeart seeks to promote primary and secondary prevention and the early diagnosis of cardiovascular diseases to improve patients' quality of life and cut the costs associated to these diseases (see Picture 6).

"Smart wearable devices" monitor the patients' vital signs and send them via mobile communications systems for evaluation by health personnel. These devices provide a constant flow of information about the wearer's state of health, anywhere and at any time, thereby reducing involvement by specialist doctors.

Picture 4



Picture 5



Picture 6



The consortium is formed by 33 institutions from 11 European countries plus the Mayo Rochester Clinic in the US and has been working on this project for three years, since 2004.

Persona

This project, which was launched in January 2007, will be developing a platform providing ubiquitous and transparent access to services for the elderly. These solutions will enable users to spend more time in their usual environment, thereby boosting their independence and quality of life.

Part of the European Union's Sixth Framework Programme, the Consortium, which is coordinated by Vodafone Italy, is formed by more than 20 institutions from Spain, Germany, Denmark, Italy and Greece.

Training

Postgraduate Courses

The Vodafone Spain Foundation organizes different Master's Degree with several Spanish Universities. Between 1995-96 and 2006-07, 1,620 students have attended these postgraduate courses (see Picture 7). The most significant are summarised below:

- **Vodafone Chair – Madrid Polytechnic University (UPM)**

The Vodafone Chair is a forum for fostering the development of the Information Society. Its key activities include the Master's Degree in Mobile Communications (60 credits), the 7th Edition of which has been held in the 2006-07 academic year. Students specialize in communications networks and systems, from GSM to UMTS. During the course, the Chair also organized seminars, congresses and technical workshops to broaden the students' training.

- **Master Degree in Mobile Communications – Catalonia Polytechnic University (UPC)**

This Master's Degree (60 credits), which is currently in its 12th Edition, teaches students everything they need to know about GSM, GPRS and UMTS systems, as well as the legal and economic aspects of the mobile communications market. At the end of the course, students are given the chance to gain work experience in the industry.

- **Master's Degree in Communications and Development of Mobile Services – Valencia Polytechnic University (UPV)**

The 3rd edition of this 610-hour Master's Degree, which is one of the activities organized by the Vodafone-UPV Classroom, aims to equip students to become future professionals of the telecommunications industry. The Classroom also conducts different Mobile Communications research, dissemination and training projects, with the help of different departments of the UPV School of Telecommunication Engineering.

Picture 7



Picture 8



- **Specialist Course in Mobile Communications – University of Seville**

The 5th Edition of the Specialist Course in Mobile Communications, titled "Mobile Technologies and Applications: GPRS and UMTS" gives students the opportunity to further their training as engineers. The programme consists of 250 hours of theoretical classes and practicals, and is the outcome of a careful selection of subjects that are divided into 8 modules.

- **Master Degree in Computer Science applied to Telecommunications – University of Malaga**

This postgraduate programme (96 credits), which is being held for the 4th year, teaches students all they need to know about information technology applied to the new technologies of GSM, GPRS and UMTS mobile communications, and is divided into theoretical classes and practicals. When they complete the course, the students gain work experience in the industry's leading companies.

- **Master's Degree in Design for All in Information and Communication Technologies – ONCE Foundation**

This 303-hour programme, which is being held for the second year running, is aimed at ICT professionals who want to learn how to design, develop or implement services and products conceived under the "design for all" label. Furthermore, to allow people with disabilities to enjoy this qualified postgraduate training, the classes include technical support and

Vodafone Spain Foundation

Picture 9



Picture 10



interpreters. This Master's Degree is being held at the School of Industrial Organisation (EOI, Escuela de Organización Industrial), as a result of the collaboration between the ONCE Foundation and Vodafone Spain Foundation.

Vodafone Spain Foundation Classrooms

The classrooms are facilities equipped with multimedia devices and are designed to provide free and basic training in new technologies for social groups who have limited access to such technologies, for social, economic or disability-based reasons.

The Classrooms project is possible due to collaboration agreements with different Local Councils, associations and institutions. During 2006-07, the following Centres were open and were used more than 134,000 times:

- Vodafone Foundation - Alcobendas Town Council Classroom
- Balia Foundation– Vodafone Foundation Classroom.
- Malaga City Council– Vodafone Foundation Classroom.
- Vodafone Foundation – Movement for Peace, Disarmament and Freedom Classroom
- Vodafone Foundation – Jerez de la Frontera Classroom
- Vodafone Foundation – Fuenlabrada Town Council Classroom
- Vodafone Foundation-Murcia Aspaym Classroom
- Mataró City Council – Vodafone Foundation Classroom

- Vodafone Foundation– Association for Paraplegia and Major Disabilities (Aspaym) Classroom, Ferrol.

ESTALMAT – Project for the Detection and Stimulation of Early Mathematical Talent

In order to detect, orient and stimulate early talent in Mathematics, the ESTALMAT Project is being carried out in collaboration with the Royal Academy of Exact, Physical and Natural Sciences. For two academic years, and once a week, children aged between 12 and 13 years old with superb mathematical skills attend tutored classes designed to boost their talent.

The ESTALMAT courses are held in Madrid, Catalonia, Andalusia (having been extended this year to all the provinces), Castille-Leon (Burgos, Valladolid, Segovia and Leon) and the Canary Islands (Tenerife, Gran Canaria and Lanzarote). 260 students followed this programme in 2006-07.

Other Courses and Seminars

The Vodafone Spain Foundation has continued to organise congresses, workshops and seminars in collaboration with universities, Local Councils and institutions (see Pictures 8, 9 and 10). During 2006-07, the Foundation arranged nearly 60 of these events, which were attended by more than 10,000 people and focused on four themes:

- Telemedicine, Telecare and Integration.
- Technological.
- Ethics and Corporate Responsibility.
- Information Society.

Sponsorship

Boosting the social, employment and cultural integration of vulnerable population groups, through support of ICTs, is the goal of the projects handled by the Sponsorship Area. These activities are carried out in liaison with different associations and institutions that represent these population groups.

There follows a list of just some of the activities organised during 2006-07:

- 10th Edition of the Adapted Skiing Course in Sierra Nevada organized by the Sports and Challenge Foundation (20 people) (see Picture 11).
- ASAPYM Camp for children and teenagers with physical disabilities in "The forest of dreams" (El bosque de los sueños) located in Cubillos del Sil, Leon. (150 children and teenagers, plus 50 monitors and volunteers)
- Adapted scuba diving courses in collaboration with the También Foundation (50 disabled people, plus 20 companions).

Vodafone Spain Foundation

Picture 15



Award for Innovation and Development in Mobile Communications - 1st Edition

This prize was launched in 2006 to encourage the emergence of new technological proposals that are based on mobile communications and that put forward new products and services (see Picture 16).

This year's prizes in the different categories were awarded as follows:

- "Mobile Development and Innovation Project in the field of Research" Category: team formed by Ms. Noelia Caceres, Mr. Francisco García and Mr. Johan Wideberg, from the University of Seville for their project "Use of GSM network data for the inference of data on the interurban mobility of vehicles".
- "Mobile Development and Innovation in the field of Business Development" Category: David Atauri for his project "Remote monitoring of beehives".

Picture 16



Accessible Website

After having its website certified Double AA level for its accessibility, in 2006-07 the Foundation, in keeping with its previous year's commitment, has put up sign language videos on the main pages of its portal. This allows people with hearing disabilities to understand the website's contents better.

Awards received

- COCEMFE 2006 Prizes (see Picture 17).
- Honourable Mention in the Avanza Plan.
- Distinction for Disseminating Culture from Alcobendas Town Council.

Further information at: www.fundacion.vodafone.es

Picture 17



We will

- **Boost the application of ICT for the support of dependent groups, including Alzheimer patients, in a larger number of the interested parties' environments (their household, neighbourhood and town).**
- **Hold 30 seminars with educational establishments and NGOs on the social applications of new technologies.**
- **Extend the multimedia developments of the web, to make it easier for other vulnerable groups, such as the elderly, to access the information.**

Mobile Telephony and Health

In December 2006, the media offered extensive coverage of the results of the research carried out by the Danish Cancer Institute, pointing to the absence of any relationship between the radiofrequency emissions of mobile telephony and cancer, having carried out the broadest study in terms of scope and duration which has been performed to date.

This study stands out because the research spanned more than 20 years and as the basis of the analysis, the evolution of the health of over 420,000 people has been exhaustively monitored.

Another relevant event in this area during 2006-07 was the High Court ruling dated 19th April 2006, which endorsed the legislation in force and stated that the radio-frequency emissions from mobile telephone antennas are not damaging to human health, as scientific reports from the World Health Organisation (WHO), the European Union, the Spanish Ministry of Health and Consumer Affairs, the Spanish Cancer Association (AECC), the Spanish Council for Scientific Research (CSIC), the Spanish Consumers and Users Organisation (OCU) and other independent bodies have indicated over the last five years.

However, despite the growing number of independent reports being published indicating that there is no evidence of a relationship between mobile telephony radiofrequency emissions and health, there is a section of the public that continues to express concern about this issue. Consequently, Vodafone Spain is maintaining its commitment to improve the information given to citizens so that they need not worry about coexisting with a technology that is making an ever increasing contribution towards improving society's quality of life.

We said

To set objectives reflecting the Stakeholders' opinion on Vodafone's performance in relation to Mobile Telephony and Health (March 2008).

We have

Compliance with legislation. Site certification.

Our network is formed, amongst other elements, of Base Stations which emit and receive radio- frequency signals and of Switching Centres and Data Centres which route the calls and capture the information.

Where radiofrequency emissions are concerned, the legislation that applies to Vodafone Spain, is as follows:

- **European:** Recommendation of the EU Health Ministers Council, of 12 July 1999, concerning the general public's exposure to electromagnetic fields.

Descartan la relación entre el móvil y el cáncer tras estudiar a 421.000 voluntarios

La investigación más amplia realizada hasta la fecha durante 21 años **no halla vínculo alguno**, ni siquiera en las personas que más hablan por teléfono

N. R. C.

MADRID. Uno de los estudios más numerosos y prolongados de los realizados hasta la fecha vuelve a alejar la sospecha. No importa si se habla mucho o poco tiempo, la utilización del teléfono móvil no aumenta las posibilidades de sufrir un cáncer, según una investigación realizada en Dinamarca que ha seguido a más de 420.000 usuarios durante 21 años. Los investigadores daneses no hallaron ninguna relación con la aparición de leucemias ni con el desarrollo de tumores en la cabeza o en el cuello.

La población estudiada no se libró del cáncer, pero la similitud entre los casos esperables y los que aparecieron en el estudio descartan un mayor riesgo para tumores cerebrales, ocu-

El miedo a los campos electromagnéticos

Lo que preocupa de los móviles son las radiaciones no ionizantes que liberan, como otros aparatos y tendidos eléctricos. Este tipo de radiaciones son capaces de ocasionar cáncer si se alcanza cierta dosis. En cambio, no existe ningún mecanismo físico o biológico por el que se pueda justificar que sean cancerígenas. Nadie ha demostrado que sea capaz de transformar en maligna una célula normal.

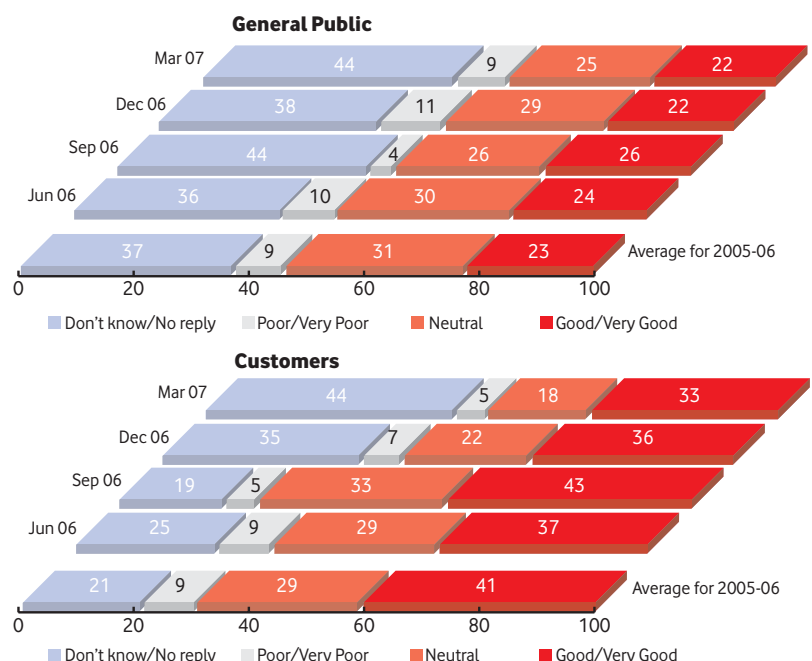
No se encontraron más tumores de cabeza y cuello ni leucemias en población con más de

ABC newspaper, Friday 8 December 2006

Diagram 1

"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



Mobile Telephony and Health

- **National:**

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

Vodafone Spain complies with all of the requirements provided for in RD 1066/2001 and the Ministerial Order CTE/23/2002, having certified all of the required urban sites and taken the necessary measurements at stations which are a year old or close to sensitive centres (schools, hospitals, parks...).

Certification involves verifying that emission levels have not changed over the last 12 months, and has been carried out at the 6,450 sites required. Of them, measurements have been taken at the 3,055 stations required.

The result of these measurements has once again proven that all Vodafone Spain stations emit levels of radiofrequency emissions which are notably lower than the limits permitted by the legislation in force.

Meanwhile, in June 2006, the Secretary of State for Telecommunications submitted the Government Plan for the control of telecommunications antennas in Spain, which included the installation of 200 radiofrequency emission measuring stations in Spain by 2007.

This Radiofrequency Emission Control Measures Plan is to be launched in four phases. The first consists of preventive studies of emission levels, installation inspections, and the annual certification of mobile telephony operators. A second phase involves launching a complementary Continual Radiofrequency Emission Security System; the third covers the information provided to citizens via a web page. Finally, a Technical Monitoring Committee will coordinate new measures and produce an annual report detailing the result of the actions carried out.

Compliance with Vodafone's Electromagnetic Emissions Management Policy

During 2006-07, the Vodafone Group carried out an internal audit of Vodafone Spain with the objective of ensuring that it was observing its Radioelectric Emission Management Policy. The audit was carried out on both the company's base stations and on the handsets and mobile devices that they sell.

The conclusions of the auditing process were as follows:

- Risk prevention forms part of the base station selection process

and the appropriate public bodies are responsible for approving each site before and after its construction, also carrying out annual measurements in sensitive places (schools, hospitals, parks...).

- In Spain, the levels the public are exposed to are significantly below those stipulated in Vodafone's Radiofrequency Emissions Management Policy.
- Site landlords receive the information concerning Antennas and Health, and have a specific telephone number for getting in touch with Vodafone when they need to.
- Information is published and disseminated via Internet and leaflets. (see Figure 1).

Figure 1



- There is a department responsible for ensuring that the handset emission absorption values are within the standard limits, and apply to all the equipment and mobile devices sold by Vodafone Spain.

The SAR (Specific Absorption Rate) levels of all of the mobile telephones we sell are detailed on our web page www.vodafone.es/antenasysalud

Code of Good Practices for Mobile Telephony Facilities

One of the most important milestones reached during the 2006-07 financial year was the launch of a "Code of good practices for deploying mobile telephony infrastructures".

The Code was written by the FEMP (Spanish Federation of Municipalities and Provinces) in collaboration with AETIC (The Spanish Association of Electronics, Information Technology and Telecommunications Companies) and, in addition to the Code of Good Practices, it contains information about the new Technical Advice and Information Service (SATI) available to town councils.

The SATI operates in the following areas:

- Advising on aspects concerning the technical characteristics (equipment types, suitability...) contained in the documentation

Mobile Telephony and Health

submitted in order to obtain municipal licences for the radiocommunication infrastructures.

- Answering queries about the application of the Code of Good Practices.
- Drawing up legal reports about official projects or modifying the existing ones and adapting them to the legislation in force.
- Providing information about radiofrequency emissions from telecommunications base stations.
- Answering enquiries related to biomedical aspects.
- Providing support for addressing local concerns about electromagnetic emissions and the associated health implications, from both a scientific and communication point of view.

Vodafone Spain as a signatory of the FEMP- AETIC Agreement, and the companies which are responsible for installing, maintaining and modifying infrastructures in its name, are committed to using the Code of Good Practices as a guide and reference for their actions and proposals with those local corporations who have adopted it.

Likewise, the local corporations who endorse the Code of Good Practices by signing the FEMP-AETIC Agreement, will use it as a reference for assessing the licence requests in the field of mobile telephony infrastructures.



Information

Vodafone Spain has carried out actions in order to improve and increase the different channels for providing information to the public so that they can address queries, enquiries and concerns that they may have about radiofrequency emissions from mobile telephony and health. As such, during the 2006-07 financial year, a specific module on "Antennas and Health and Mobile Telephony" has been created on the Commercial Portal to which owned shops and franchises and the consumer channel all have access, representing over 900 points of sale.

The commercial channel has also been polled in order to find out how many enquiries related to the subject are received and the result shows that, although there is still some general concern, the fear of radiofrequency emissions from mobile telephony has been decreasing in recent months. In fact, 86% of the salespeople who completed the survey stated that the number of enquiries related to concerns about health issues makes up between 0% and 5% of all enquiries received.



Meanwhile, we have observed that this topic is starting to drop down the list of issues raised by our Stakeholders (see Chapter 3, "CR in Vodafone Spain: Stakeholder Engagement").

In the latest Satisfaction Survey carried out during the first quarter of 2007 on the owners of sites with a Vodafone facility, 79% said they were satisfied or very satisfied with the information that Vodafone Spain provided them with about how a mobile telephone station worked when they signed the contract. Likewise, the real estate management sector, agents and residents' committee presidents are demanding regular information in order to resolve the odd queries they receive from property owners which may arise after use of the site has been agreed.

Vodafone Spain commissions quarterly surveys of our customers and the general public about our communication actions related to the radiofrequency emissions from mobile telephony. (See Diagram 1, page 51).

We will

- **Extend stakeholder engagement activities, with the aim of improving their opinion of Vodafone Spain's performance with regard to Mobile Telephony and Health (in relation to the 2006-07 survey results).**

Further information at:

www.vodafone.es/antenasysalud
www.cancer.dk
www.who.int/es
<http://jnci.oxfordjournals.org/>

Responsible Network Deployment

Responsible network deployment

• What is the situation of this issue from your point of view?

It is true that the deployment of mobile telephony infrastructures in recent years has created a completely new technical and legal situation to be dealt with by the vast majority of Town Halls.

Deployment commenced amid a vacuum in regulations and a lack of definition of authority, aggravated by a dearth of information and increasing social alarm as to the potential negative effects of antennae on human health, and this was of no help to the municipal authorities in their decision-making processes.

There is now a legal framework which has been enhanced by a number of telecommunications regulations at state level, regulations applicable to the regional Governments, or local regulations, and a more stable social context secured thanks to the work of municipalities and operators through dialogue, and by involving neighbourhood associations in the deployment of telecommunications infrastructures.

It is for this reason that, although we are well aware that the incorporation of 3G technology means that Town Halls will be compelled to deal with a much greater number of licence applications, we feel that the situation reached in terms of the legal security of this deployment, and of the environmental and town planning commitments taken on board by operators, will lead to an extension of the network.

• What is Vodafone doing in this area?

Like all other operators which are members of the AETIC association, Vodafone Spain was involved with the Spanish Federation of Municipalities and Provinces (FEMP) in drawing up a Code of Good Practices for sound deployment of mobile telephony infrastructures, which sets out the criteria in terms of the law, town planning and the environment to produce orderly, responsible deployment.

• What other action do you think we could take?

Encourage the general public to get involved in parallel to the work of municipal representatives in final selection of the sites for deployment, continue to implement share strategies with other operators for town-planning-friendly deployment, and maintain communication campaigns to inform the public of the results of scientific investigations into the possible effects of radio frequency emissions on human health.



Gonzalo Brun Brun
Técnico-Jurídica
Coordination Director
FEMP

Among other components, our mobile telephony services depend on a network of base stations to send and receive calls and data. Vodafone invests constantly in the deployment of its network to improve coverage and capacity for our customers, and provide back-up for new technology such as 3G/UMTS.

Our 3G network, in fact, improved spectacularly during 2006-07 financial year as a good follow-up to the work carried out during the previous year to equal out our customers' perception of the use of both networks (2G and 3G).

During 2006-07 financial year Vodafone Spain deployed over 2,500 base stations in accordance with its Deployment Plan, an investment package of approximately 700 million euros. We now have over 17,000 network components, of which almost 7,000 use 3G technology.

At the same time we are aware that occasionally development of our network can constitute a source of concern to some, either due to the visual impact they may cause or to issues relating to radiofrequency emissions (see Chap 9: "Mobile Telephony and Health"). In this regard, during our selection process for station sites, in addition to technical requirements, requirements concerning service quality and licence obligations, we consider the expectations of the Stakeholders involved in deployment of the network, insofar as these are applicable.

In general, deployment of the base stations is no source of controversy. However, when this arises our Responsible Network Deployment Policy stipulates that we will listen to their opinions and attempt to find solutions as far as this is possible. We feel sure that provision of timely information is a factor of pacification, and helps secure acceptance for deployment of our network.

We said

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

We have

Responsible Network Deployment Policy and Guidelines

Not only does Vodafone Spain comply with national telecommunications regulations affecting its network deployment (Telecommunications Act 32/2003 of 3 November), but it also applies the Vodafone Responsible Network Deployment Policy and additional Guidelines, setting out what our conduct must be in relation to the following issues:

- Radiofrequency emissions. (see Chap 9: "Mobile Telephony and Health").
- Environmental Impact

Responsible Network Deployment

- Planning and selection of sites.
- Communications with authorities and communities in close proximity to the sites.
- Relations with site owners.

Implementation of this Policy is measured through a number of indicators we set up during 2006-07 financial year. We continue to work with the various authorities to make it clear that licence concession periods not only affect development of the network, but also have an impact on the process of providing coverage for certain areas which have none at all, and on extending the benefits of the information society.

Stakeholder Engagement

The perception of various Stakeholders of our conduct in matters relating to Responsible Network Deployment has been taken on board as one more aspect to be considered in our quarterly survey of Customers and the General Public (see Diagram 1). Moreover, monitoring has been implemented for a number of indicators in connection with this issue, with the intention of increasing public acceptance of our Network Deployment.

Furthermore, through signature of the "Code of Good Practices" between the association representing mobile telephony operators (AETIC) and the Spanish Federation of Municipalities and Provinces (see Chap 9: "Mobile Telephony and Health"), in our network deployment we have undertaken to constantly strive for maximum integration with the surroundings, act in all transparency (furnishing maximum information to the general public and the authorities), and as far as possible share our stations with other mobile telephony operators.

Relations with Site Landlords

In February 2007 Vodafone Spain organised the first "Site Landlords' Conference", attended by a large number of operators in the Vodafone Group. The event constituted a chance to share the best practices in terms of site landlord management relations.

Vodafone Spain contributed its two years of experience in this area with its exclusive Site Landlord Platform, and a Special Prices Plan comparable to plans targeting employees. (See Figure 1, pag 56).

The Site Landlord Platform is open from 8.00 a.m. to midnight, and took a total of 11,638 calls during 2006-07 financial year. When a site landlord notifies an incident, this is immediately passed on to those responsible for the area around the site to allow them to deal with it directly.

The vast majority of the calls received relate to billing or the radiofrequency emissions covered in "Mobile Telephony and Health". With reference to the latter, they are passed on to Vodafone's team of experts (see Figure 2).

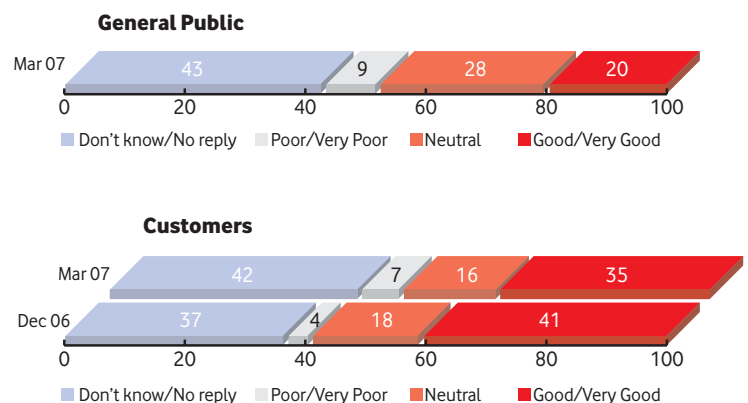
Site landlords are a key factor in the deployment of our



Diagram 1

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

Implement a mast selection and design that endeavours to minimize the environmental impact".



Responsible Network Deployment

network, and so we draw up plans to involve them in the process, and most particularly to deal with their needs and suggestions.

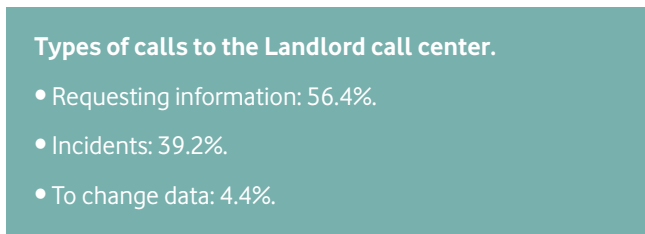
In application of Vodafone's Responsible Network Deployment Guidelines, we have launched a new telephone survey of 5% of Site Landlords with a Vodafone network leasing contract. The aim here is to ascertain their main expectations and the improvements we can implement in our relation with them. The main conclusions of the survey showed that:

- 86% of those interviewed consider themselves satisfied or extremely satisfied after drawing up the lease for the site with Vodafone Spain, and the vast majority (70%) would recommend it to family and friends.
- Vodafone Spain emerges as the operator offering best competitive advantage to its Site Landlords.
- Operation of the Specific Site Landlord Platform has solved the problem, already identified in previous surveys, of a lack of knowledge on the part of Site Landlords as to how to contact Vodafone.
- There is a high level of satisfaction in terms of the solutions provided, and also the support service provided by Vodafone.

Figure 1



Figure 2



Site sharing

Vodafone feels that site sharing is set to be a considerable factor in the deployment of mobile telephony networks.

This is why Vodafone, in a bid to secure better and more effective practices, is making a special effort to optimise our network deployment, using the infrastructures of our competitors and drawing up agreements with them to ensure top quality service for our customers.

We are, in fact, the operator in our industry which shares the greatest number of sites with other operators, and we are also planning new projects with a view to sharing the 3G access network with other operators.

By the end of the 2006-07 financial year the approximate total number of shared facilities at our own sites will be 750, with 900 at other operators' sites. Of these, 81% and 68% respectively were completed during the 2006-07 financial year.

Consolidation of sites and sharing of the 3G access network

In October 2006 Vodafone Spain and Orange signed an addendum to the existing infrastructure-sharing agreement.

In the terms of this agreement, both operators will share the infrastructures of their networks in towns with populations of under 25,000, and this will help streamline the expansion of UMTS technology nationwide. The agreement will improve coverage of both operators by 25%, and will reduce the total number of sites required for network deployment in these areas by 40%. Vodafone and Orange will be sharing at least 5,000 network nodes by the end of



El Mundo newspaper, Monday 23 April 2007

Responsible Network Deployment

2009, although communications traffic management and quality will depend on each operator individually, as has been the case to date.

The agreement makes provision for the possibility of extending cooperation to the 2G infrastructure over the same area.

The context of the agreement signed by Vodafone Spain and Orange likewise contemplates consolidation of sites, consisting of merging the 2G site pairs run by both operators into a single infrastructure, thereby:

- Maintaining the service quality in place prior to consolidation in terms of all technical parameters.
- Ensuring that all components of both infrastructures can be hooked up to a single infrastructure.
- Reducing the environmental impact as a result of the dismantling of one of the two sites.

At the same time, the consolidation of 2G sites is considered as a project interlocking with the 3G Access Network sharing facility, since Site Consolidation will share 2G infrastructures in towns with populations of under 25,000, and the 3G Access Network Share facility will share 3G equipments in these towns.

All this will mean that infrastructures where site consolidation is implemented will be used to share the 3G Access Network.



We will

- Provide training/communication in relation to Responsible Network Deployment Policy and Guidelines for employees and suppliers.
- Evaluate compliance with the Responsible Network Deployment Policy.
- Continue monitor public opinion on our behaviour in terms of Network Deployment, and improve public acceptance on the basis of the results for 2006 - 07.

Further information at:

www.vodafone.es/comunidades

Energy and Climate Change

Diagram 1
Distribution of Electricity Consumption (2006/07)

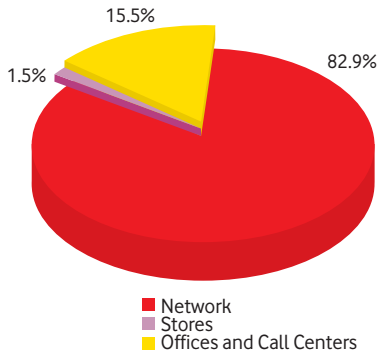


Diagram 2
Network Energy Consumption (MWh)

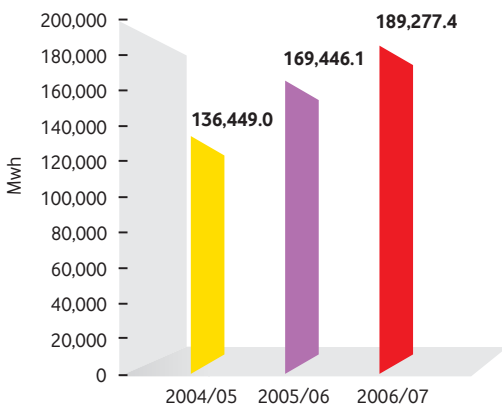
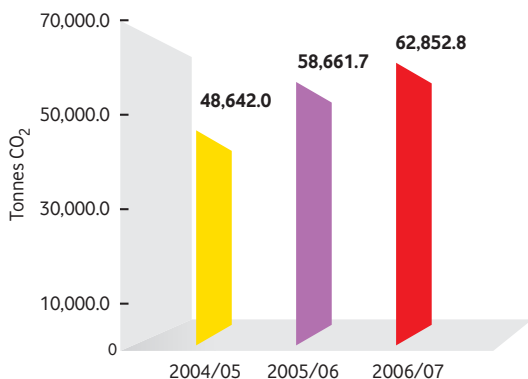


Diagram 3
CO₂ deriving from network energy consumption (Ton)



By "climate change" we mean a change in the climate directly or indirectly attributable to human activity, altering the composition of the world's atmosphere and contributing to the natural variability of climate observed over comparable periods of time.

As the November 2006 United Nations Framework Agreement on Climate Change acknowledges, "human activities have substantially increased concentrations of greenhouse gas in the atmosphere, and this increase in turn intensifies the natural greenhouse effect, the mean result of which will be additional warming of the earth's surface and atmosphere, which may have adverse effects on natural ecosystems and humans".

Limiting our contribution to climate change is a priority for Vodafone Spain. As in the vast majority of business activities, development of telecommunications goes hand in hand with a demand for energy to operate the Network.

The energy used to operate our Network accounts for almost 83% of Vodafone Spain's total consumption (see Diagram 1).

A significant increase in our business activity during 2006-07 led to an 11.7% increase in the consumption of energy to operate our network with respect to the previous year to 189,277.4 Mwh. In similar way, emissions of CO₂ produced by our energy consumption increased by 7.1% to 62,852.8 Tn (see Diagrams 2 and 3).

This overall increase in energy consumption and the consequent increase in associated emissions of CO₂ were transformed by Vodafone Spain's 2003-06 Energy Efficiency Plan into significant reductions of energy consumption by network component and associated emissions of CO₂ - specifically, 5.4% and 11.9% respectively.

We said

- Establish a new Energy Efficiency Plan.
- Develop a renewable/green Energies pilot plan (March 2008).

We have

Energy Efficiency Plan 2006-10

In order to secure gradual improvement of our network's energy efficiency and reduce its environmental impact, during 2005-06 financial year we completed the Energy Efficiency Plan initiated in 2003-04. As a result of this Plan, over the three years we secured total energy savings of 13,059 Mwh, what means a 4,637.2 Tn. reduction in CO₂ emissions. According to the report by the Spanish Association of Forestry Companies ASEMFO, "Forests as a carbon drain. June 2004", this is equivalent to the amount of CO₂ that a 649.2 Ha. forest would absorb in one year.

Well aware of our responsibility with the environment and society,

Energy and Climate Change

and although Vodafone Spain already operates one of the Vodafone Group's most energy-efficient networks, we have introduced a new 2006-10 Energy Efficiency Plan (see Diagram 4), even more ambitious than the previous 2003-06 Plan. It envisages more efficient future investment in technology and improvement objectives, and has been given the green light by our Chief Executive and Director of Technology. (See Diagram 4).

The Plan contemplates courses of action to increase energy efficiency in our Access Network and also at Switching Centres (see additional information enclosed).

"In situ" measurements have also been carried out in at least 10 base stations – direct meters have been fitted to detect any other potential energy savings in individual equipments.

Considering our plans to implement the measures envisaged, and taking into account the foreseeable increases in voice and data traffic on our Network, **Vodafone Spain is set to secure planned energy savings of 8% between the beginning of 2006-07 and the end of 2009-10** (see Diagram 4).

This means savings in CO₂ emissions of at least 8%, and a reduction of 35% in CO₂ emissions per network traffic (see Diagrams 5 and 6).

During 2006-07 financial year 6,231.5 Mwh of energy were saved following application of this Energy Efficiency Plan. This means savings of 1,969.1 Tn. in CO₂ emissions – as noted in the ASEMFO report "Forests as a carbon drain. June 2004", this is equivalent to the amount of CO₂ that would be absorbed by a 275.7 Ha. forest in one year.

Energy Efficiency Plan (2006-10)

Courses of Action at Switching Centres

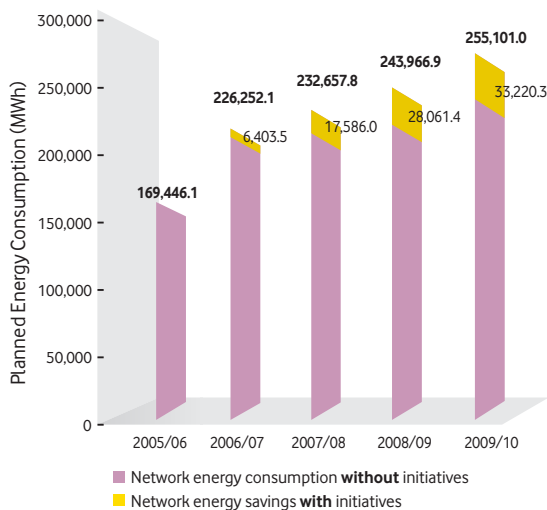
- Installation of "Free Cooling" systems.
- Shutdown of unoccupied zones.
- Removal of obstacles around elevated flooring for better cooling.
- Closure of certain Switching Centres.

Courses of Action on the Access Network

- Installation of "plenum" heat removal systems at stations with split air conditioning units with no "Free Cooling".
- Installation of new energy-efficient air conditioning systems.
- Increasing the Access Network's service temperature.
- Installation or replacement of units with more efficient equipment at the new 3G stations.
- Share agreements with other operators.

Diagram 4

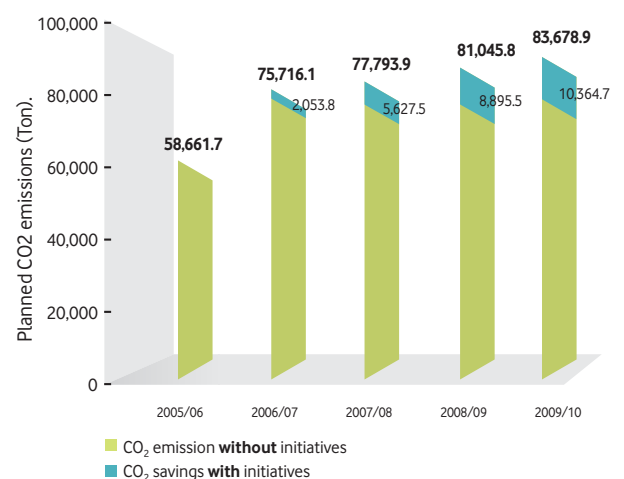
Energy Efficiency Plan 2006-10



Planned % energy consumption savings: 8%

Diagram 5

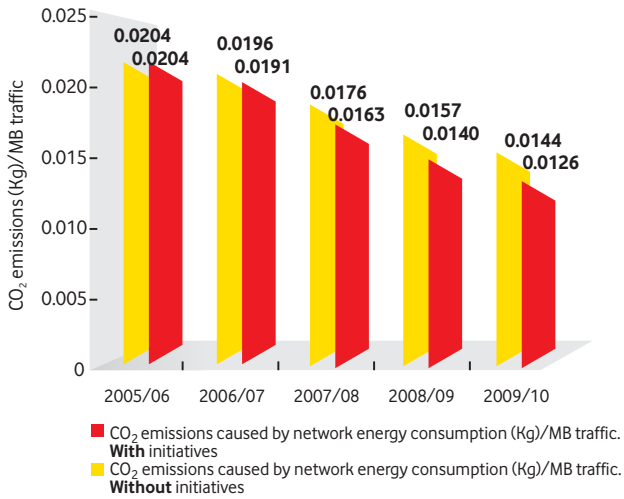
Energy Efficiency Plan 2006-10



Planned % savings in CO₂ emissions: 8%

Energy and Climate Change

Diagram 6
Energy Efficiency Plan 2006-10



Planned % savings in CO₂ emissions: 8%

Diagram 7
Office electricity consumption (Mwh)

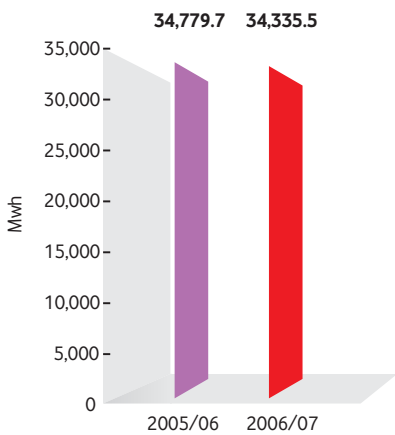
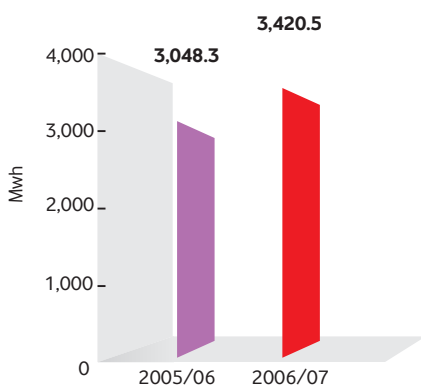


Diagram 8
Stores electricity consumption (Mwh)



Thus, since the commencement of its Energy Efficiency Plans in 2003–04, Vodafone Spain has secured total CO₂ emission savings of 6,606.3 Tn, the equivalent amount of CO₂ that would be absorbed by a 924.9 Ha. forest in one year.

Renewable/Green Forms of Energy

Following the technical-economic feasibility survey conducted in 2005-06 by Vodafone Spain on the use of renewable or green forms of energy at major corporate facilities, we undertook to analyse implementation during 2006-07 financial year.

Following this analysis and the undertaking to carry through the 2006-10 Energy Efficiency Plan mentioned above, Vodafone Spain decided to focus its efforts on this Plan, and thus postpone any decisions concerning renewable or green forms of energy to a later date.

Other energy consumptions

Although consumption of electricity at offices and shops is a much less representative factor in comparison with energy consumption by the network, this is also under control (see Diagrams 7 and 8).

In order to increase energy efficiency at offices and shops, energy-saving action has been taken such as the installation of presence detectors, low-consumption lamps, adaptation of temperature ranges in offices (air conditioning in summer and heating in winter), or implementation of "Free Cooling" systems at major offices.

Moreover, road and air transportation cause CO₂ emissions as the result of combustion of petrol and diesel, and so we also monitor these means of transport.

Despite a significant increase in our business activity, Vodafone Spain is working to contain the gases emitted by consumption of fuel by our fleet of vehicles and the flights we use (See Diagrams 9, 10 and 11).

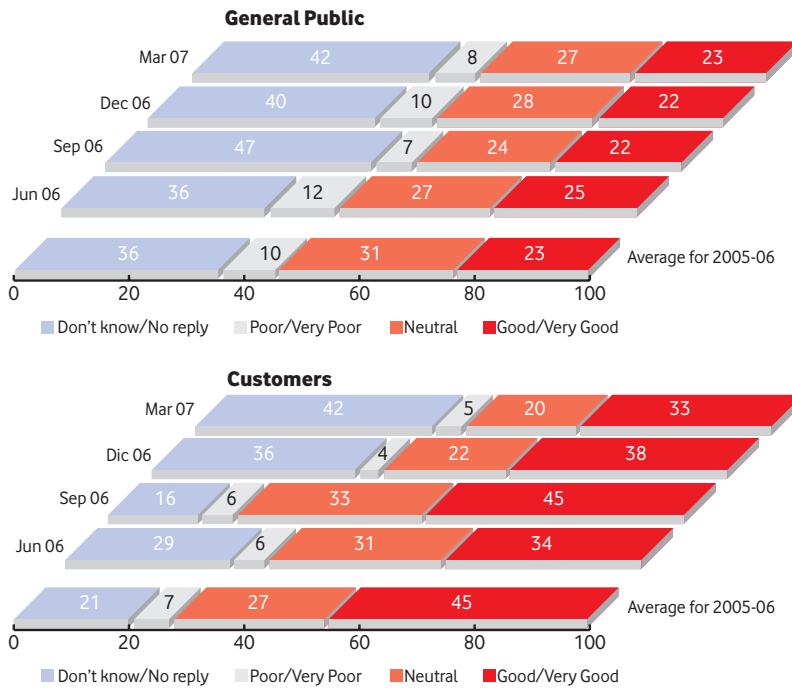
We may likewise add to all these courses of action our regular monitoring of the perception by customers and the general public of Vodafone Spain's conduct in terms of minimisation of our company's impact on the Environment (see Diagram 12).

Energy and Climate Change

Diagram 12

"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".



We will

- Reduce our planned network energy consumption by 8% (2010).
- Secure a 35% reduction in emissions of CO₂/MB of traffic (2010).
- Implement Direct Energy Measurement Systems at more than 10 sites (2008).

Diagram 9

Vehicle fleet consumption (Thousand litres)

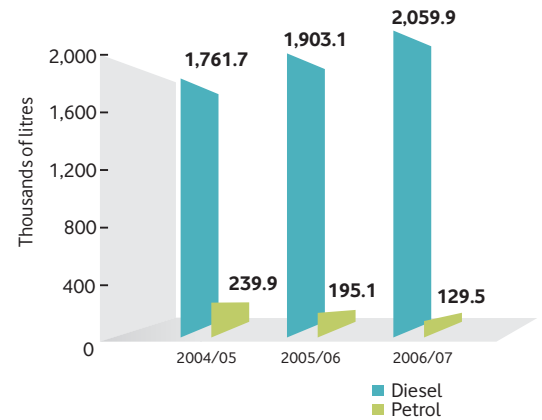


Diagram 10

N° Short-Haul Flights/N° Employees

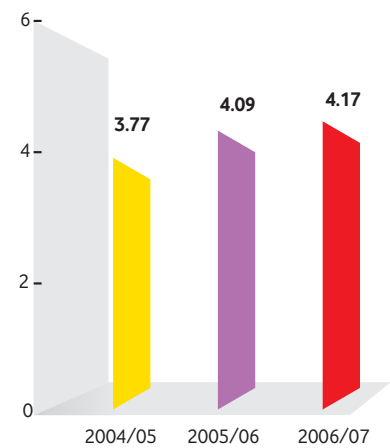
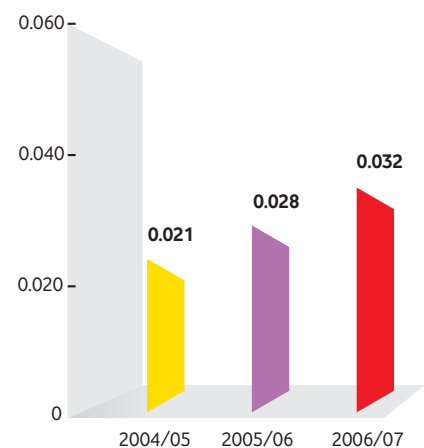


Diagram 11

N° Long-Haul Flights/N° Employees



Wastes

Mobile telephony is evolving on a constant basis, and this means that both mobile phones and network equipment rapidly become obsolete. When mobile phones and network equipment reach the end of their service life, however, they may be reused or recycled to considerable social and environmental advantage.

Diagram 1
Total (Tn) collected by Vodafone in the Mobile Muncher Initiative

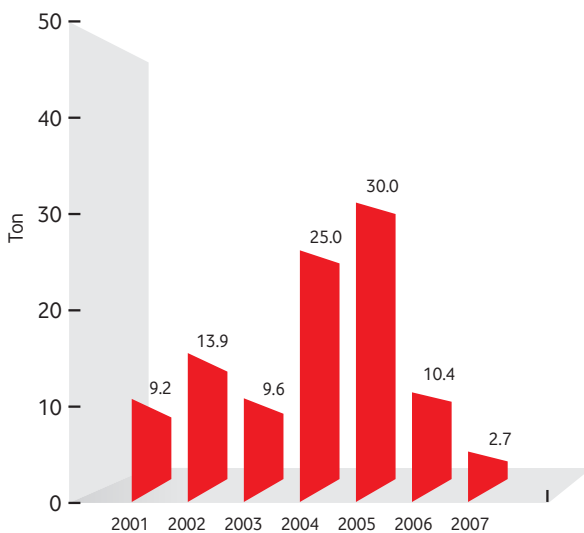
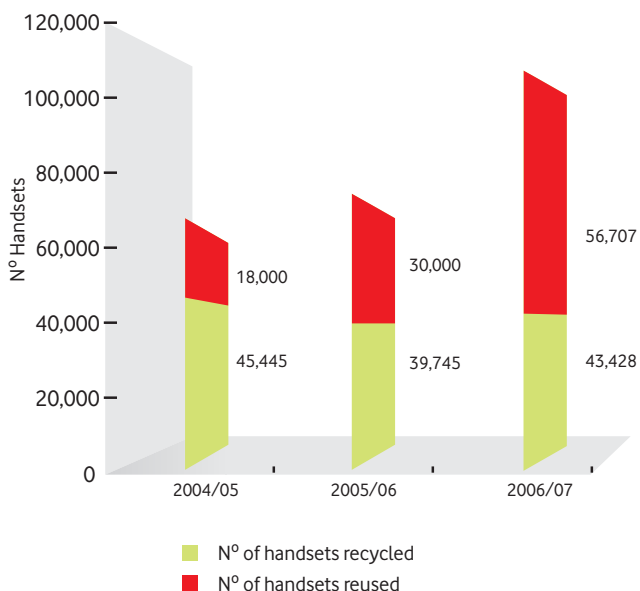


Diagram 2
Nº Handsets collected by Vodafone for Reutilization and Recycling



In this regard, effective management of “end of service life” is an essential factor, since these units may contain both extremely valuable materials and materials which can be dangerous if not properly managed. Recovery of these materials prevents pollution of the environment, and also reduces the quantity of raw materials which have to be taken from nature to produce new equipment. Effective management and a sound design during the manufacturing phase help to significantly reduce the environmental impact of equipment throughout its life cycle.

It has been estimated that the average usage life of a mobile phone in Spain is 18 months, and that users have owned an average of four mobile phones in their lives. Most frequently, the new phones replace old phones which are still in perfect working order.

Vodafone Spain has been drawing up programmes to reuse and recycle mobile phones, and so we encourage our customers and the general public to hand in the mobile phones they no longer use to allow them to be properly managed, either by reusing them or by recycling.

Mobile phones which are still in good working order can be refurbished, reused, and sold at a low price in developing and emerging countries. This is an obvious major social advantage, since it gives these countries access to mobile telephony systems, and it also benefits the environment by eliminating the need to use new raw materials to make new phones.

In the case of mobile phones which are no longer working, their components can be retrieved (batteries, screens, casings, electronic circuits, etc.), and after proper processing and recycling the metals, plastics and other materials can be recovered and used for new applications in an efficient, profitable and environmentally compatible way.

The success of any reusing or recycling programme largely depends on cooperation by phone users, and the extent to which they are willing to hand in unused mobile phones. Some 20 million mobile phones were sold in Spain in 2006, although at national level the number of non-operational phones collected was much lower, since what actually happens is that most unused phones tend to be kept by their users for no specific purpose.

We said

- To widen the scope of collection of handsets to franchises.
- To implement schemes for reusing of handsets by corporate customers.

We have

Mobile phones

Vodafone Spain is committed to developing systems to help with the collection and proper processing of unused mobile phones handed in by users. Thus since 2001 we have run an initiative for the collection and recycling of mobile phones known as “Tragamóvil” (Mobile Murcher), promoted by ASIMELEC, the Multisectorial Association of Spanish Electronics and Communication Companies. Following the introduction of Royal Decree 208/2005 governing the management of waste from electrical and electronic equipment, this became an integrated management system run by major mobile phone operators and the vast majority of manufacturers.

Since the launch of “Tragamóvil”, over 715 tonnes of waste have been managed by the initiative, of which over 100 tonnes were collected at Vodafone Spain’s shops (See Diagram 1).

As Diagram 1 shows, the quantities collected by Vodafone Spain through the “Tragamóvil” initiative fell significantly during the 2006-07 period. This was due to Vodafone Spain’s introduction of the Reusing System, which we will discuss below.

Mobile phones, batteries and their accessories (and any other telecommunications equipment) collected by the “Tragamóvil” initiative are sent to a processing plant for disassembly and recycling. Almost 100% of these materials are reused by the industry as raw material for other products. This system also prevents damage to the environment, since it means that potentially hazardous components and materials within the waste cannot enter our surroundings to pollute soil, surface water or aquifers.

In 2006 Vodafone Spain also launched a new programme to collect used mobile phones belonging to residential customers. In addition to the environmental benefits (in conjunction with the “Tragamóvil” initiative), this also presents a social advantage for developing countries, and incentives for our customers to hand in their old phones. This is Vodafone's Reusing Plan, launched in cooperation with Fonebak, a firm specialising in safe collection, reusing and recycling of mobile phones and accessories.



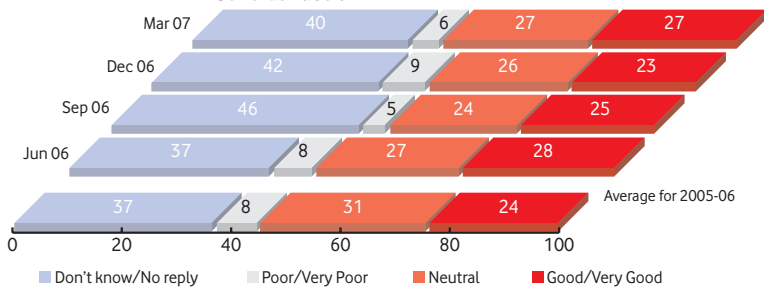
Wastes

Diagram 3

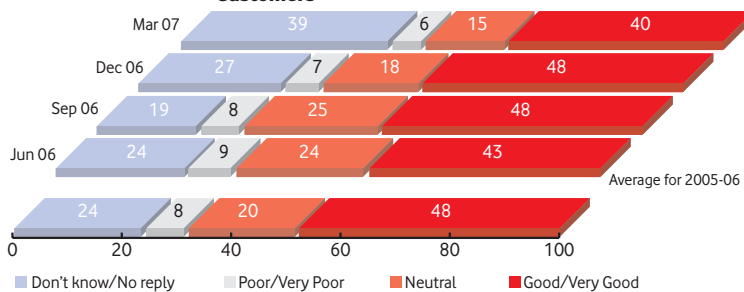
"Can you tell me how you rate Vodafone Spain's performance with regard to the following issue?"

Recycling of more handsets and accessories"

General Public



Customers



The programme is already available to our residential customers at Vodafone points of sales, of which there are over 1,800 (our own shops, franchises or distributors), and in exchange for their unused mobile phones customers accrue a certain amount of points to be added to their loyalty programme.

Our main approach in the Reusing Plan was to unify the system at all our points of sales, in such a way that our customers always have a location to hand in their old mobile phones and can be certain that this is the best destination for the phones from the social and environmental point of view.

The Reusing Plan was extended in 2006-07 to corporate customers in a pilot programme.

Application of the Reusing Plan in 2006-07 allowed Vodafone Spain to collect over 56,000 mobile phones (including our residential and corporate customers, and distributors).

Moreover, for the second year running we launched an internal mobile phone collection scheme in conjunction with the Entreculturas Foundation and the Spanish Red Cross, and 100% of the profits made were used to finance social projects run by these two NGOs.

Through our handsets Reusing and Recycling initiatives, Vodafone Spain collected over 100,000 mobile phones in 2006-07 (See Diagram 2 on page 62).

Next year we plan to deploy the scheme in Corporate Customers' Business Unit, and extend the equivalent handsets collection and reusing scheme not only to the customer loyalty process, but also to secure new customers, with other kinds of benefits to provide incentives for collection.

Our quarterly surveys of customers and the general public continue to monitor their perception of Vodafone Spain's conduct in terms of recycling and reusing of mobile phones (See Diagram 3).

Diagram 4

Recycled Network Equipment

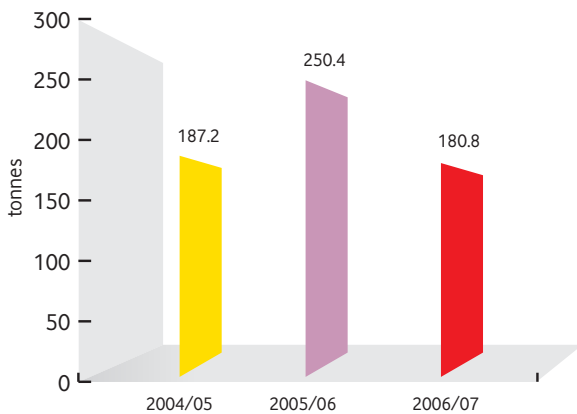
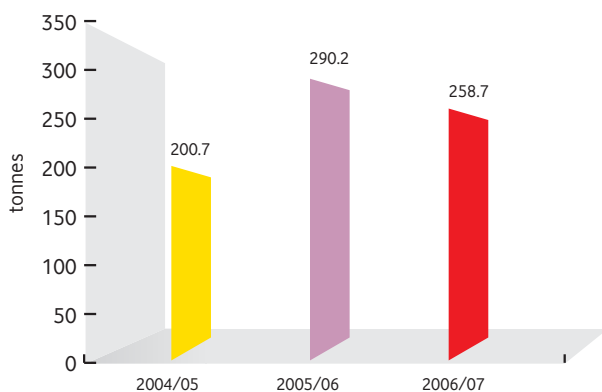


Diagram 5

Paper recycled in Vodafone



Other Wastes, Water, and Substances which damage the ozone layer

Our office and shop activities, the deployment, operation and maintenance of our mobile phone network generate all kinds of waste (paper, cardboard, comparable urban waste, electronic waste, hazardous waste, inert waste etc.). In accordance with Vodafone Spain's¹ environmental policy, one of our priority courses of action is waste recycling.

In 2006-07, Vodafone Spain generated over 180 tonnes of waste from our network, including radio units, air conditioning equipment, cables, masts, etc. All this was sent to official waste managing companies for destruction and recycling (see Diagram 4).

¹Vodafone Spain's Environmental policy is available at www.vodafone.es/responsabilidad

We also recycled over 250 tonnes of paper from our operations (see Diagram 5). This year, thanks to the implementation of a number of means such as digital filing and an employee awareness campaign as the result of internal information schemes, we have also managed to reduce the amount of paper used by 30% (see Diagram 6).

Also, to market our services and products we used 284 tonnes of containers and packaging materials (mostly paper and cardboard). This was all part of the Ecoembes Integrated Waste Management System, of which we are a member.

Total water consumption for 2006-07 was 154,320 m³, all produced by the public water supply system (See Diagram 7). Water disposal (mainly sanitary wastewater) was mostly through the public drainage systems, and in 2006-07 we did not sustain any significant accidental spillages or major outflows.

Another of our priority courses of action is minimisation of substances which destroy the ozone layer, and to this end we have set up and carried through a plan to replace these substances used in our cooling or fire extinguishing systems.

In this area, the ODP (Ozone Depletion Potential²) of our equipment is currently 816.6, and GWP (Global Warming Potential³) is 36,561,797.95.

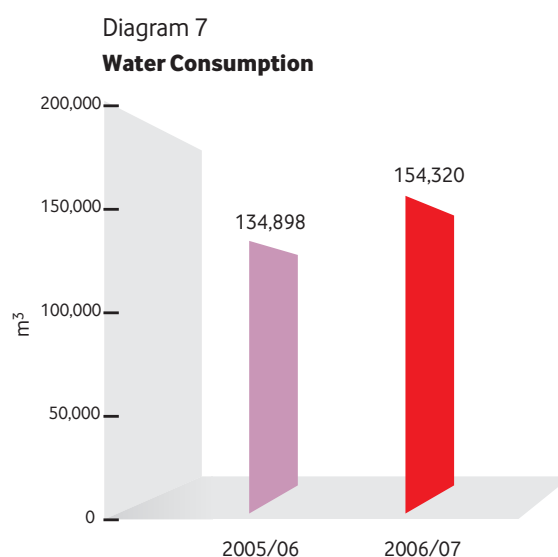
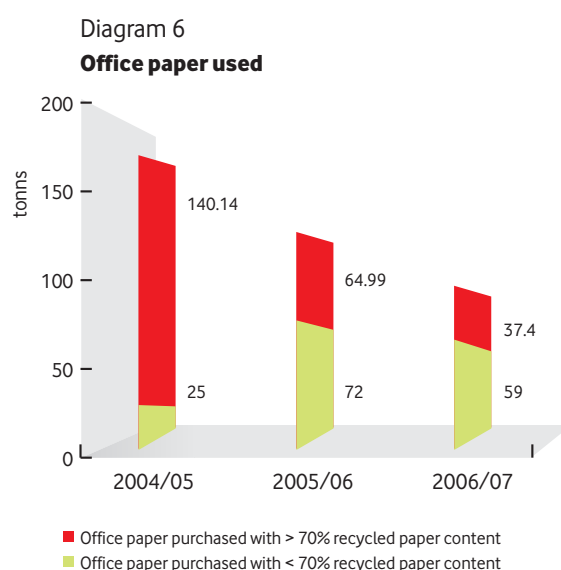
We will

- Continue our handsets collection schemes for reusing and recycling, and conduct an audit on their operation.

Further information at:
www.vodafone.es/tiendas
www.tragamovil.com

²ODP for each substance is calculated on a scale with a Kg CFC-11 base, which is allocated a value of 1.

³GWP of substances is calculated on the basis of 1 Kg of CO₂, which is allocated a value of 1.



Commitments

Issue	We said:	We have	Progress	We will	Date
Mobile Telephony and Health	Establish targets, on Stakeholder opinion, about Vodafone's performance with regard to Mobile Telephony and Health. (2008)	Issue included in different surveys. The results are the point of departure for establishing the targets.	Underway.	Extend stakeholder engagement activities, with the aim of improving their opinion on Vodafone Spain's performance with regard to Mobile Telephony and Health (in relation to the 2006-07 survey results).	March 2008
Responsible Network Deployment	Establish targets, on Stakeholder opinion, about Vodafone Spain's performance with regard to Responsible Network Deployment.	Issue included in survey. Indicators have been developed that will be tracked to allow us to assess the level of improvement achieved in terms of public acceptance.	✓ 100 %	Training/Communication on RND Policies and Guidelines to Employees and Suppliers.	March 2008
				Assess Vodafone Spain's compliance with the RND Policy.	March 2008
				Continue measuring public opinion about our Network Deployment and improve public acceptance (on the 2006-07 basis).	March 2009
Corporate Responsibility and Customers	Offer an on-line course on Responsible Marketing to employees concerned.	Course held. Among others, it was attended by Marketing, Sales and Legal Department personnel.	✓ 100 %	Launch an online awareness programme on matters of privacy to describe Vodafone's Privacy Policy and what it means to employees.	March 2008
	Define a Customer Communications Plan for CR issues (contents, accessibility, etc.)	Communiqués on different subjects issued to customers both through leaflets and information on invoices.	✓ 100 %	Continue with CR communication campaigns for customers.	March 2008
	Extend content access control systems in the entire off-net browser environment (outside Vodafone live!).	Done. We have also applied a filter that blocks access to pages with adult contents.	✓ 100 %	Launch Young Person's Profile.	March 2008
	Chats subject to parental control.	Currently working on the issue.	Underway	Continue with chats subject to parental control.	March 2008
	Develop Virus and Spam protection systems in the entire off-net browsing environment (outside Vodafone Live!).	Currently working on the issue.	Underway	Continue to develop virus and spam protection systems in the entire off-net browsing environment. Antispam platform.	March 2008
	Establish an activation and deactivation control system, and a restriction mechanism for SMS Premium Services.	Scheduled for June 07.	Underway	Continue to establish restriction systems for SMS Premium. Control of activations and deactivations.	March 2008
Vodafone Spain Foundation	Promote actions for the development of social well-being through the use of ICTs, extending them to new vulnerable and dependent groups.	Among others, the Foundation has extended the work to develop telecare not only for senior citizens, but also their carers and families.	✓ 100 %	Boost the application of ICT for the support of dependent groups, in a larger number of the user (their household, neighbourhood and town).	March 2008
	Hold 22 seminars on the social applications of technology.	More than 25 seminars held.	✓ 100 %	Hold 30 seminars with educational establishments and NGOs on the social applications of new technologies.	March 2008
	Introduce new technical developments to improve accessibility of the website using sign language.	The website now includes sign language videos with explanations about the Foundation and its more significant activities, for the benefit of deaf people.	✓ 100 %	Extend the multimedia developments of the web, to make it easier for other vulnerable groups, such as the elderly, to access the information.	March 2008

Commitments

Subject	We said:	We have	Progress	We will	Date
Social Products and Services	Awareness campaign on technology available for the various special needs groups.	Customers have been informed about Social Products and Services via information on their invoices.	✓ 100 %	Develop new awareness campaigns about the technology available to the different groups of disabled people.	March 2008
	Introduce 3 products/services purpose-designed to reduce social exclusion and improve the quality of life of vulnerable groups through communications.	Done: MTC, SIMAP, Sponsoring children via mobile telephone.	✓ 100 %	Introduce 2 new products/services purpose-designed to reduce social exclusion and improve the quality of life of vulnerable groups through communications.	March 2008
	Introduce accessibility measures in stores and offices.	Done.	✓ 100 %	Continue with the actions in order to increase the percentage of practicable or accessible shops and franchises, both in terms of access to the shop and inside the sales and customer care areas.	March 2008
Corporate Responsibility in the Supply Chain	To implement an application via which all new Vodafone Spain suppliers can carry out their self-assessment.	The application has been developed and is already being used by the new suppliers.	✓ 100 %	Assess the performance of 10 suppliers locally, as one of the basic pillars for assessing Corporate Responsibility.	March 2008
				Monitor all the suppliers identified as being high-risk in the qualification process.	March 2008
				As part of the NGO engagement process, we will include a specific section concerning the supplies chain.	March 2008
Energy and Climate Change	Establish a new Energy Efficiency Plan.	The Plan for 2006-10 has been approved.	✓ 100 %	Reduce our planned network energy consumption by 8%.	March 2010
	Develop a Renewable/Green Energies pilot plan.	Analysis of its applicability on the basis of the Energy Efficiency Plan 2006-10.	Postponed	Secure a 35% reduction in emissions of CO ₂ /MB of traffic.	March 2010
				Implement Direct Energy Measurement Systems at more than 10 sites	March 2008
Wastes	Extend the handset collection and/or reusing scheme to franchises.	Completed in 100% of franchises.	✓ 100 %	Continue our collection schemes for reusing and recycling, and conduct an audit on their operation.	March 2008
	Develop the Reusing Scheme for Corporate Customers.	The scheme has been developed and the pilot phase has started.	✓ 100 %		
Employees	Introduce the "Performance Dialogue" Process.	96% of the workforce took part.	✓ 100 %	Produce a Plan derived from the new Equality Act, setting objectives to meet and actions.	March 2008
	Reduce the General Absenteeism Rate by 5%.	In place at Points of Sale, absenteeism having dropped 35%. The General Absenteeism Rate target has not been achieved.	0 %	Implement the Equality Plan actions.	March 2009
				Establish a programme of healthy habits at work.	March 2008

Main Figures

	2006-07 (%Δ)*	2005-06	2004-05
Financial Data			
Total turnover (€ mn)	6,637 (+13.3%)	5,857	4,778
Turnover per services (€ mn)	5,992 (+13%)	5,300	4,343
EBITDA (€ mn)	2,312 (+15.0%)	2,010	1,674
Average monthly ARPU (€)	35.2 (-1.1%)	35.6	34.5
Nº of Customers (millions)	14.89 (+10.1%)	13.52	11.47
3G Devices (000's)	2,890 (+220%)	902	88
Environment			
Network Energy Consumption (MWh)	189,277.4 (+11.7%)	169,446.1	136,449
CO ₂ emissions derived from Network energy consumption (Tn)	62,852.8 (+7.1%)	58,661.7	48,642
Energy efficiency: Energy consumption saving (Cumulative Mwh since 2003-04)	19,290.6 (N.A.)	13,059.1	8,518.8
Energy efficiency: CO ₂ emission saving (Cumulative Tn since 2003-04)	6,606.3 (N.A.)	4,637.2	3,117.1
Handset recycling (Cumulative Tn. Historic since 2001)	100.7 (N.A.)	87.7	57.7
Recycled Paper (Cumulative Tn since 2002-03)	1,409.1 (N.A.)	1,150.4	860.0
Social			
Funds allocated by the Vodafone Spain Foundation (€000's) to community involvement projects	5,887.3 (+3.7%)	5,677.9	5,592.2
Nº of Students on University and Postgraduate Courses (cumulative historic)	1,620 (N.A.)	1,424	1,237
Employment			
Nº of employees	3,959 (-3.1%)	4,085	4,015
% Open-ended contracts (full-time and part-time)	97.2% (+0.2 p.p.*)	97.7%	96.9%
% Women	43.4% (+0.7 p.p.*)	42.7%	42.3%
% Women in Management Positions	27.6% (+0.9 p.p.*)	26.7%	25.9%
Nº hours training/ Nº employees	86.3 (-13.1%)	99.3	94.9
Accident Frequency Rate	320.7 (+8.5%)	295.6	323.8

* p.p.: percentage points



ASSURANCE REPORT

SCOPE

SGS ICS Ibérica (hereinafter SGS) has carried out, commissioned by VODAFONE ESPAÑA, S.A. (hereinafter VODAFONE ESPAÑA), an independent verification of the document CORPORATE RESPONSIBILITY REPORT 2006-07 VODAFONE SPAIN.

The scope of the verification includes the text and data contained in the reference document; not including the information and/or data referenced and not introduced in the document.

INDEPENDENCE

The information contained in the verified document and its elaboration is the sole responsibility of VODAFONE ESPAÑA. SGS has not participated nor advised in the elaboration of the verified document, only participating as independent verifier, checking the adequacy of the document contents.

The content of this Report of Verification and the opinions contained in it is the sole responsibility of SGS.

VERIFICATION

Methodology and verifier team

The methodology used was the one developed by SGS for the Verification of Sustainability Reports, which consists in audit procedures according to ISO 19011 and verification mechanisms according GRI Guidelines (G3) 2006, supplementary guidelines for Telecommunication sector dated in 2003 and AA1000 Assurance Standard (2003). These include:

- Interviews with the personnel responsible for data obtaining and preparation.
- Documents and records review (internal and public ones)
- Verification of data and its validation with the sources.

Particularly, for this verification the data of the economic area were assessed against the certification of the annual accounting audit carried out by Deloitte, S.L., Accountancy and Reporting audits developed for VODAFONE GROUP plus accountancy dates traceable to IT system and its records .

The verification team was formed by SGS personnel (Mr. Alvaro Rodríguez de Roa Gómez and Miss Belén de Rábago Gómez) and it was assembled based on their knowledge, experience and qualifications for the accomplishment of this task.

Evidences for an appropriate evolution and achievement of commitments in 2006-07, described in CORPORATE RESPONSIBILITY REPORT 2005-06. VODAFONE SPAIN's stakeholder-related actions have been reviewed

Annex 16 of the 2006-07 CORPORATE RESPONSIBILITY REPORT on GRI indicators contains the verified indicators, showing no mistakes or significant indicators missing once the review has been done.

AREAS FOR IMPROVEMENT

- Broaden the actions and commitments in the area of Corporate and Client Responsibility, as 3 of the 6 commitments are still being executed, due to be completed in the first quarter of 2008.
- Continue establishing processes for improvement in the area of Human Resources, to encourage a reduction in the general rate of absenteeism in the organization.

STRENGTHS POINTS

- The systems for analysing and understanding Stakeholder information and requirements are very positive and represent additional progress from the CORPORATE RESPONSIBILITY REPORT of 2005-06.
- Very positive areas are the internal compliance and rollout at all levels of the organisation, in the data reflected in the CORPORATE RESPONSIBILITY REPORT 2005-06.
- Another highlight is the effort and progress made as a consequence of the Energy Efficiency Plan
- There has been a major and innovative effort in the development of Products and Social Services, exceeding the commitments established in number and time in the CORPORATE RESPONSIBILITY REPORT 2005-06.

CONCLUSIONS

Based on the verification carried out, the SGS verification team considers the following:

- CORPORATE RESPONSIBILITY REPORT 2006-07 – VODAFONE SPAIN, contains reliable information and data, these are a coherent representation of the activities and its results for the period reflected in the document, which has been elaborated according to the requirements of Sustainability Reporting Guidelines G3 2006 from Global Reporting Initiative (GRI), supplementary guidelines for Telecommunication sector dated in 2003 and AA1000 Assurance Standard (2003).
- The GRI Application Level declared by VODAFONE SPAIN (A+) is appropriate
- VODAFONE SPAIN has implemented management systems to identify and respond to social, economic and environmental impacts of its activities, including identification and answer to stakeholder views.

Madrid, May 7 th 2007

Signed: Álvaro Rodríguez de Roa Gómez (SGS ICS Ibérica, S.A.)

Appendices

Report Criteria

Scope and coverage of the CR Report

This is Vodafone Spain S.A.'s fourth Corporate Responsibility Report, and covers our financial year 2006-07 (1 April 2006 to 31 March 2007). The reports that we have issued to date are annual reports, and refer to each of our previous financial years.

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 shops.

Report Guidelines

In drawing up this Report, consideration has been given both to the requirements of the Vodafone Group's Internal Guidelines, and to the contents of different standards and recommendations regarding Corporate Responsibility information, including the following:

- Version 3.0 of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI3), published in 2006, and the 2003 GRI Supplement for the Telecommunications Industry.
- AccountAbility1000 Assurance Standard (AA1000AS), 1999 Guidelines.

Principles of the Report

Our approach to management and reporting on Corporate Responsibility consists in concentrating on the most important areas, in line with the Principles of Standard AA1000AS.

This standard is based on the key principle of Stakeholders' expectations and needs being included in all stages of the process. In turn, the inclusiveness principle rests on three pillars:

- Vodafone Spain's commitment to identify and understand our social, economic and environmental impact.
- Vodafone Spain's commitment to consider and respond coherently to our Stakeholders' expectations and needs with our policies and practices.
- Vodafone Spain's commitment to properly communicate our decisions, actions and impacts to our Stakeholders.

Based on compliance with this general principle of inclusion, Vodafone Spain intends to guarantee compliance with the other principles described by AA1000AS:

a. Principles regarding the extent and nature of the process carried out by the organization:

- Materiality: including significant information liable to affect one or more of our Stakeholders.
- Completeness: clarifying, where appropriate, which issues have been included and which have been excluded, and the reasons for such exclusion.
- Periodicity and timeliness of the information: acting in a periodic, systematic and timely manner throughout management to support the decision-making process.

b. Principles regarding the significance of the information:

- Assurance: the information is assured by independent experts.
- Accessibility: communicating with our Stakeholders appropriately and effectively.
- Quality of the information: measuring it in terms of "Comparison-Reliability-Materiality- Comprehensibility".

c. Principles regarding the management of the process


- Integration in Processes: integrating the whole Corporate Responsibility Programme in our management.
- Continual Improvement: in order to improve our results.

Rigor and assurance

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

Both the information and the figures given in the Report have been assured by an independent body, and its assurance report can be found in chapter 15 "Assurance Report".

The A+ self-assessment has been corroborated by the independent auditing firm, and subsequently GRI has reviewed the whole process, assigning the Report the highest possible rating: A+.

		2002 In Accordance	C	C+	B	B+	A	A+
Mandatory	Self Declared							✓
	Third Party Checked			Report Externally Assured		Report Externally Assured		✓
Optional	GRI Checked							

Appendices

GRI Indicators

Point	Page	Definition	Assurance
Strategy and Analysis			
1.1	2	Statement from the most senior decisionmaker of the organization.	✓
1.2	15	Description of key impacts, risks, and opportunities.	✓
Organizational Profile			
2.1	Front page	Name of the organization.	✓
2.2	5	Primary brands, products, and/or services.	✓
2.3	9	Operational structure.	✓
2.4	1	Location of organization's headquarters.	✓
2.5	3	Number of countries where the organization operates.	✓
2.6	Front page 3	Nature of ownership and legal form.	✓
2.7	4, 5	Markets served: geographic breakdown, sectors and types of customers.	✓
2.8	4	Scale of the reporting organization.	✓
2.9	4, 68	Significant changes during the reporting period.	✓
2.10	3, 5, 22, 50	Awards received in the reporting period.	✓
Report Parameters			
Report Profile			
3.1	1, 70	Reporting period.	✓
3.2	70	Date of most recent previous report.	✓
3.3	70	Reporting cycle.	✓
3.4	1	Contact point for questions regarding the report.	✓
Report Scope and Boundary			
3.5	70	Process for defining report content.	✓
3.6	70	Boundary of the report.	✓
3.7	70	State any limitations on the scope.	✓
3.8	N. A. (1)	Aspect that can affect comparability from period to period and/or between organization.	✓
3.9	9	Data measurement techniques.	✓
3.10	N. A. (1)	Effects of any re-statements of information provided in earlier reports.	✓
3.11	N. A. (1)	Significant changes from previous reporting periods in the scope and boundary.	✓
GRI Content Index			
3.12	71-74	Location of the Standard Disclosure in the report.	✓
Assurance			
3.13	70	Policy and practice with regard to seeking external assurance.	✓
Governance, commitments and engagement			
Governance			
4.1	10	Governance structure.	✓
4.2	10	Nature of the Chair of the Board.	✓
4.3	10	Independent and/or non-executive board members.	✓
4.4	11	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	✓
4.5	10	Linkage between compensation for executives and the organization's performance.	✓
4.6	10	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	✓
4.7	9	Qualifications of the members of the Board on sustainability topics.	✓
4.8	9, 10	Statements of mission or values and codes of conduct on sustainability.	✓
4.9	9	Board's assessment of the organization's sustainability performance.	✓
4.10	9	Assessment of the Board's own sustainability performance.	✓
Commitments to External Initiatives			
4.11	15	Precautionary approach.	✓
4.12	45-50	Externally developed economic, environmental, and social principles or initiatives.	✓
4.13	13	Main associations of which it is a member and degree of involvement.	✓
Stakeholder engagement			
4.14	13	List of stakeholder groups engaged by the organization.	✓
4.15	12, 13	Basis for identification and selection of stakeholders with whom to engage.	✓
4.16	13	Approaches to stakeholder engagement.	✓
4.17	15	Key topics and concerns that have been raised through stakeholder engagement.	✓

Appendices

GRI Indicators

Point	Page	Definition	Assurance
ECONOMIC			
Management approach			
	4, 6-15, 34		
Economic Performance			
EC1	7	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	✓
EC2	N.A. (2)	Financial implications and other risks and opportunities for the organization's activities due to climate change.	✓
EC3	7	Coverage of the organization's defined benefit plan obligations (pension schemes).	✓
EC4	7	Significant financial assistance received from government.	✓
Market Presence			
EC6	34	Policy, practices, and proportion of spending on locally-based suppliers.	✓
EC7	9	Procedures for local hiring and proportion of senior management hired from the local community.	✓
Indirect economic impacts			
EC8	68	Infrastructure investments and services provided for public benefit.	✓
ENVIRONMENTAL			
Management approach			
	9-15, 54-65		
Materials			
EN1	65	Materials used by weight or volume.	✓
EN2	64	Percentage of materials used that are recycled input materials.	✓
Energy			
EN3	58	Direct energy consumption by primary energy source.	✓
EN4	58	Indirect energy consumption by primary source.	✓
Water			
EN8	65	Total water withdrawal by source.	✓
Biodiversity			
EN11	N.A. (3)	Description of land owned, leased or managed in areas of high biodiversity value outside protected areas.	✓
EN12	N.A. (4)	Impacts on protected areas and areas of high biodiversity value outside protected areas.	✓
Emissions, effluents, and waste			
EN16	65	Total direct and indirect greenhouse gas emissions by weight.	✓
EN17	65	Other relevant indirect greenhouse gas emissions by weight.	✓
EN19	65	Emissions of ozone-depleting substances by weight.	✓
EN20	N.A. (5)	NO, SO, and other significant air emissions by type and weight.	✓
EN21	65	Total water discharge by nature and weight.	✓
EN22	64	Total weight of waste by type and disposal method.	✓
EN23	N.A. (6)	Total number and volume of significant spills.	✓
Products and services			
EN26	59, 60, 63, 64	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	✓
EN27	64, 65	Percentage of products sold and their packaging materials that are reclaimed by category.	✓
Compliance			
EN28	55	Cost of fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	✓
SOCIAL			
Management approach			
	9-15, 26-33		
LABOR PRACTICES AND DECENT WORK			
Employment			
LA1	26	Total workforce by employment type, employment contract, and region.	✓
LA2	26, 27	Total number and rate of employee turnover by age group, gender, and region.	✓
Labor/Management Relations			
LA4	30	Percentage of employees covered by collective bargaining agreements.	✓
LA5	31	Minimum notice period(s) regarding organizational changes.	✓
Occupational Health and Safety			
LA7	32	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	✓
LA8	31	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	✓

Appendices

GRI Indicators

Point	Page	Definition	Assurance
Training and Education			
LA10	27	Average hours of training per year per employee by employee category.	✓
Diversity and equal opportunity			
LA13	26	Composition of governance bodies and breakdown of employees according to gender, age group and minority group membership (diversity).	✓
LA14	27	Ratio of basic salary of men to women by employee category.	✓
HUMAN RIGHTS			
Management approach			
	9-15, 26-36		
Investment and Procurement Practices			
HR1	34, 35	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	✓
HR2	34, 35	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	✓
Non-discrimination			
HR4	10	Total number of incidents of discrimination and actions taken.	✓
Freedom of association and Collective Bargaining			
HR5	30	Operations in which the freedom of association may be at significant risk, and actions taken to support these rights.	✓
Child Labor			
HR6	10	Operations having risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	✓
Forced Labor			
HR7	10	Operations having risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	✓
SOCIETY			
Management approach			
	9-15, 37-57		
Community			
SO1	37-57	Programs and practices that assess and manage the impacts of the organization's operations on communities.	✓
Corrupción			
SO2	11-12	Percentage and total number of business units analyzed for risks related to corruption.	✓
SO3	11	Percentage of employees trained in anti-corruption policies and procedures.	✓
SO4	12	Actions taken in response to incidents of corruption.	✓
Public policy			
SO5	10	Public policy positions and participation in public policy development and lobbying.	✓
Compliance			
SO8	17	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	✓
PRODUCT RESPONSIBILITY			
Management approach			
	9-18, 51-53		
Customer Health and Safety			
PR1	51-53	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	✓
Product and service labeling			
PR3	52	Product and service labeling and information procedure.	✓
Marketing Communications			
PR6	16-17	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	✓
Compliance			
PR9	17	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	✓
TELECOMMUNICATION SECTOR SPECIFIC INDICATORS			
Internal Operations			
Investments			
IO1	54	Capital investment in telecommunication network infrastructure by country/region.	✓
IO2	N.A. (7)	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 the legislation and the regulatory mechanisms applicable.	✓

Appendices

Point	Page	Definition	Assurance
Health and Safety			
I03	31	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 safety and health issues, including working at heights, electric shock, exposure to EMF and radiofrequency fields, and exposure to hazardous chemicals.	✓
I04	52	Compliance with ICNIRP standards on exposure to radiofrequency emissions from handsets.	✓
I05	52	Compliance with ICNIRP guidelines on exposure to radiofrequency emissions from base stations.	✓
I06	52	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets.	✓
Infrastructure			
I07	54-57	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.	✓
I08	54, 57	Number and percentage of shared sites and sites on existing structures.	✓
Providing access			
Bridging the digital divide			
PA1	43	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	37-50	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	23-24	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	23-24	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	37-44	Types of telecommunication services provided to and used by low income sectors of the population.	✓
PA6	41	Programmes to provide and maintain telecommunication products and services in emergency situations and support in catastrophes.	✓
Content access			
PA7	10	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	53	Policies and practices to publicly communicate on EMF related issues	✓
PA9	51, 52	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	20-22	Initiatives to ensure clarity of charges and tariffs.	✓
PA11	18-20	Initiatives to inform customers about responsible, efficient, cost effective, and environmentally preferable use of products.	✓
Technology Applications			
Resource efficiency			
TA1	58, 59	Provide examples of the resource efficiency of telecommunication products and services.	✓
TA2	4, 5	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	6-8	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	6-8	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	20	Practices relating to intellectual property rights and open source technologies.	✓

N.A. (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.

N.A. (2): Vodafone Spain's activities has no direct and significant financial consequences due to Climate Change.

N.A. (3): Our stations are located throughout the country, but the surface area occupied is minimum due to the small size of the infrastructures.

N.A. (4): Our activities do not have any significant impact on biodiversity (in accordance with our Environmental Management System).

N.A. (5): Our air emissions of NOx, SOx are not significant.

N.A. (6): Figure not significant in Vodafone Spain.

N.A. (7): The Universal Service Obligation does not apply to Vodafone Spain.

Glossary of Acronyms and Abbreviations

- **AA1000AS:** AccountAbility 1000 Assurance Standard
- **ACCA:** Association of Chartered Certified Accountants
- **AEC:** Spanish Association of Consultancy Firms
- **AECA:** Spanish Association of Accounting and Business Administration
- **AECC:** Spanish Cancer Association
- **AETIC:** Spanish Association of Electronics, Information Technology and Telecommunications Companies.
- **AFAL Contigo:** National Alzheimer Association
- **AFIM:** Help, education and integration of the handicapped
- **ANAR.** Help for Children and Teenagers at Risk
- **APROCOR** Association of Occupational and Residential Centres
- **ARPU:** Average Revenue Per User
- **ASEMFO:** National Forestry Industry Association
- **ASIMELEC:** Multisectorial Association of Spanish Electronic and Communications Companies.
- **ASPAYM:** Association for Paraplegia and Major Disabilities
- **BCP:** Business Continuity Plan
- **BTS:** Base Transceiver Station
- **CAC:** Customer Care Center
- **CEAFA:** Spanish Confederation of Relatives of People with Alzheimer's and Related Dementias
- **CEAPAT:** National Centre for Personal Autonomy and Technical Aids
- **CECU:** Confederation of Consumers and Users
- **CEOMA:** Spanish Confederation of Senior Citizens' Organizations
- **CEP:** Code of Ethical Purchasing
- **CERMI:** Spanish Committee of Representatives of Disabled People
- **CNSE** Spanish Confederation of the Deaf
- **COCEMFE:** Spanish Coordinator of the Physically Disabled
- **CR:** Corporate Responsibility
- **CRE:** Spanish Red Cross
- **CSR:** Corporate Social Responsibility
- **CSIC:** Spanish Scientific Research Council
- **EBITDA:** Earnings Before Interest, Tax, Depreciation and Amortization
- **EMAPA:** Eastern Europe, Middle East, Africa, Asia Pacific and Affiliates
- **EMF:** Electromagnetic Fields
- **EU:** European Union
- **FAE:** Spanish Alzheimer's Foundation.
- **FEMP:** Spanish Federation of Municipalities and Provinces
- **FTSE:** Financial Times Stock Exchange
- **GDP:** Gross Domestic Product
- **GPRS:** General Packet Radio Service (2.5G: 2.5 Generation)
- **GPS:** Global Positioning System
- **GRI:** Global Reporting Initiative
- **GSM:** Global System for Mobile Communications (2G: 2nd Generation)
- **GSMA:** GSM Association
- **HSDPA:** High Speed Downlink Packet Access
- **IC:** Internal Communication
- **ICJCE:** Spanish Institute of Chartered Accountants
- **ICT:** Information and Communication Technologies
- **INE:** National Institute of Statistics
- **ISO:** International Organization for Standardization
- **IVR:** Interactive Voice Response
- **KCQ:** Key Control Questionnaire
- **KPI:** Key Performance Indicator
- **LISMI:** Act on the Social and Labour Integration of the Handicapped
- **LSE:** Spanish Sign Language
- **LSSI:** Information Society Services Act
- **MERCO:** Spanish Corporate Reputation Monitor
- **MMS:** Multimedia Messaging Service
- **MOVE:** Mobile Vodafone Expo
- **MPDL:** Movement for Peace, Disarmament and Freedom
- **MSC:** Mobile Switching Centre
- **MTC:** Mobile Telecare
- **NGO:** Non-Governmental Organization
- **NYSE:** New York Stock Exchange
- **OCU:** Organisation of Consumers and Users
- **ODS:** Ozone Depleting Substances
- **OHP:** Occupational Hazard Prevention
- **ONCE:** Spanish National Blind Organization
- **PC:** Personal Computer
- **PEGI:** Pan European Game Information
- **PIN:** Personal Identification Number
- **PPB:** Project Prioritisation Board
- **PREDIF:** The Physically Disabled Representative Platform
- **RD:** Royal Decree
- **RND** Responsible Network Deployment
- **RPD:** Royal Board on Disability
- **SACOM:** Students and Scholars against Corporate Misbehaviour
- **SAR:** Specific Absorption Rate
- **SATI:** Technical Advisory and Information Service for Town Halls
- **SETSI:** Secretariat of State for Telecommunications and for the Information Society
- **SIM** Subscriber Identity Module
- **SIMAP:** Intelligent System for Monitoring Personal Alerts
- **SMS:** Short Message Service
- **SOMO:** Stichting Onderzoek Multinationale Ondernemingen (Centre for Research on Multinational Corporations)
- **TRC:** Telecommunications Regulatory Commission
- **UCE:** Spanish Consumers' Association
- **UDP:** Democratic Association of Pensioners
- **UM:** Unified Messaging
- **UMTS:** Universal Mobile Telecommunications System (3G: 3rd Generation)
- **UN:** United Nations
- **UNCTAC:** United Nations Conference on Trade and Development
- **UNEP:** United Nations Environment Programme
- **UNICEF:** The United Nations Children's Fund
- **UPC:** Catalonia Polytechnic University
- **UPM:** Madrid Polytechnic University
- **UPV:** Valencia Polytechnic University
- **USB:** Universal Serial Bus
- **USSD:** Unstructured Supplementary Service Data
- **WHO:** World Health Organization
- **WRI:** World Resources Institute

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