



Responsible Innovation

Corporate Responsibility Report 2007-08



vodafone



Table of Contents

0. Vodafone's Profile	3
• Vodafone Group	3
• Vodafone Spain	4
1. Letter from the Chairman CEO	5
2. Innovation in Telecommunications	6
• Commercial Offering	6
• Value Creation	6
• Innovation in Vodafone Spain	7
3. Corporate Responsibility at Vodafone	8
• CR Strategy	8
• Managing CR	8
• Corporate Governance	9
• Stakeholder Engagement	12
4. Socially Responsible Products and Services	13
• Dissemination of technology available for disabled people	13
• New Socially Responsible Products and Services	14
• Accessibility of the Vodafone stores	15
• Partnerships	15
5. Vodafone Spain Foundation	17
• Innovation	17
• Training	18
• Patronage	19
• Dissemination	19
6. Customers	21
• Engaging with Customers	21
• Customer Communications	21
• Responsible Mobile Use	22
• New Services on the Mobile	24
• Prices and Tariffs	24
• Service Quality	25
• Network Quality	26
7. Environment	27
• Energy Consumption	28
• Telephone Reuse and Recycling	29
• Wastes	29
• Ozone Depleting Substances	30
8. Deployment of our Network	31
• Mobile Telephony and Health	31
• Responsible Network Deployment	32
9. Employees	34
• Personnel Recruitment and Career Development	34
• Internal Communication	35
• Welfare Benefits and Equal Opportunities	35
• Health, Safety and Well-being	36
• Employee Satisfaction	38
10. Suppliers	39
11. Appendices	41
• CR Report Criteria	41
• List of GRI Indicators	42
• Assurance Report	44
12. Commitments	45
13. Main Figures	47

This is Vodafone Spain's fifth Corporate Responsibility Report, and covers our financial year 2007-08 (1st April 2007 to 31st March 2008). The motto of this Report is "Responsible Innovation", as this is one of the key areas of Vodafone's Corporate Responsibility strategy.



The Report is structured according to our company's strategic priorities (see Chap. 3: "Corporate Responsibility at Vodafone"). In addition, chapters that describe the activities of Vodafone's Corporate Responsibility strategy are organised under the headings: "We said", "We have" and "We will" in order to emphasise the transparency in our actions.

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 (GRI), and the 2003 GRI Supplement for the Telecommunications Industry, as well as the AA1000 Assurance Standard.

This report is published on paper and is also available in electronic format on our website: www.vodafone.es/responsabilidad. This address and others indicated throughout the report provide additional information on matters dealt with in the printed report, plus a list of all acronyms and abbreviations used.

This document also contains details about the extent to which our CR Report conforms to GRI Guidelines (see Chap. 11: "Appendices") in terms of compliance and assurance of its indicators, which is why we can declare our A+ level of application

Vodafone Spain has submitted its self-assessment to verification by an independent assurance firm, which confirmed such self-assessment to be A+. The external assurance report can be found in Chapter 11: "Appendices".

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

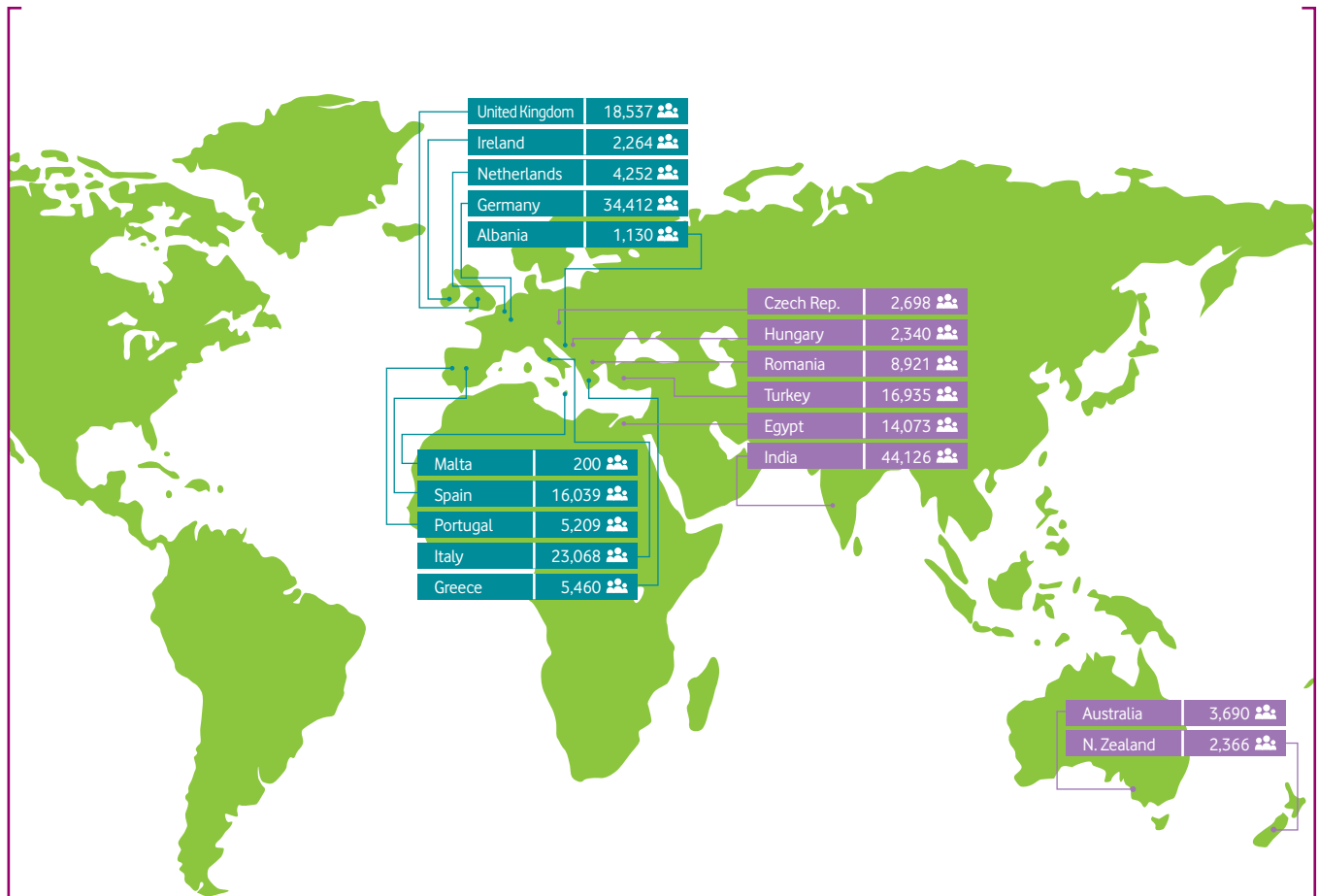


We would like to know your opinion on our Corporate Responsibility performance and on this Report. Please send your comments to:

José Manuel Sedes García
Corporate Responsibility Manager
Avenida de Europa, 1.
28108 Alcobendas
Madrid (Spain)

Or email them to: responsabilidad@corp.vodafone.es

Vodafone Group



Key Figures	Europe	EMAPA
Total Turnover (million £)	26,081	9,345
Adjusted Operating Profit (million £)	6,206	3,729

Nº customers (000's) of Subsidiaries (18)

Associated Companies (7):

China, Fiji, France, Kenya, Poland, South Africa and United States.

Partner Network Agreements (42):

Afghanistan, Argentina, Austria, Bahrain, Belgium, Brazil, Bulgaria, Caribbean, Channel Isles, Chile, Cyprus, Colombia, Croatia, Denmark, Ecuador, El Salvador, Estonia, Faroe Islands, Finland, Guatemala, Honduras, Hong Kong, Indonesia, Iceland, Japan, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Nicaragua, Norway, Paraguay, Peru, Republic of Macedonia, Serbia, Singapore, Slovenia, Sri Lanka, Sweden, Switzerland and Uruguay.

Vodafone Group's Key Figures

(Figures as at 31 st March 2008)	2007-08	▲ with respect to 2006-07
• Total Turnover (£ mn)	35,478	+ 14.1 %
• Revenue from Data Services (£ mn)	2,180	+ 52.7 %
• EBITDA (£ mn)	13,178	+ 10.2 %
• Free Cash Flow (£ mn)	5,540	- 9.6 %
• Market Capitalization (£ bn)	81.1	+ 13.3 %
• Adjusted Earnings per Share (pence)	12.5	+ 11.0 %
• Nº proportional customers (millions)	260	+ 26.0 %
• 3G Devices (millions)	27.1	+ 70.4 %
• Nº employees ¹	71,003	+ 7.0 %

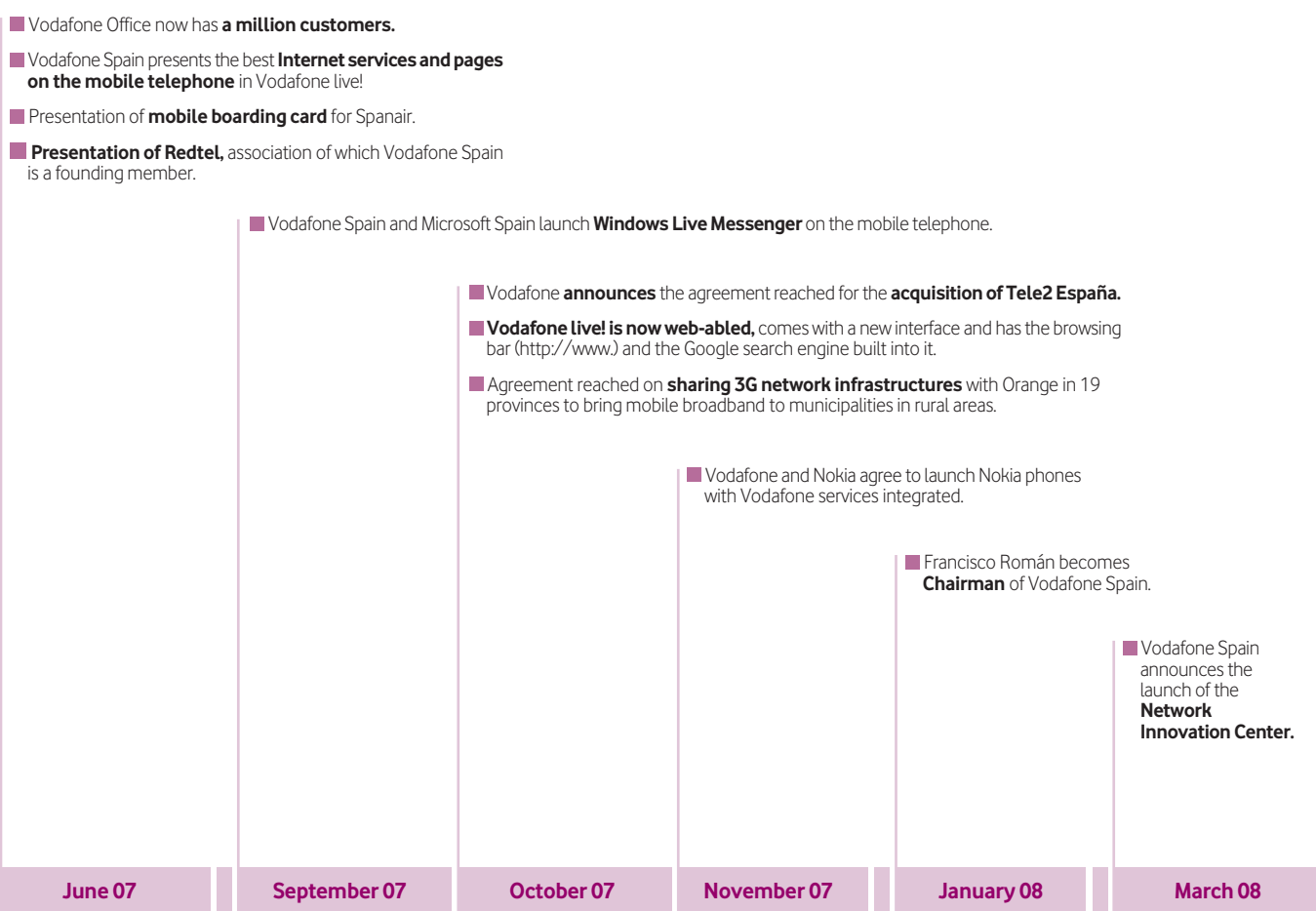
¹ Average Number of Employees in the financial year.



Vodafone Spain

During 2007-08 Vodafone Spain led Internet and mobile integration in order to offer our customers access to their preferred services any time and anywhere.

Key events in the 2007-08 financial year



Vodafone Spain's Key Figures

(Figures as at 31 st March 2008)	2007-08	▲ with respect to 2006-07
• Total Turnover (€ mn)	7,170	+ 8.0 %
• Total Revenue from services (€ mn)	6,576	+ 9.7 %
• Voice Services Revenue (€ mn)	5,373	+ 6.7 %
• Messaging Services Revenue (€ mn)	602	+ 7.3 %
• Revenue from Data Services (€ mn), excluding messaging	483	+ 32.5 %
• EBITDA (€ mn)	2,566	+ 11.0 %
• N° Customers (000's)	16,039	+ 7.7 %
• % Contract Customers	58 %	+ 3.2 p.p.
• 3G Devices (mn)	5.26	+ 82.1 %
• Average monthly ARPU (€)	35.4	+ 0.6 %



Francisco Román
Chairman CEO

“Over the last few years we have seen how Corporate Responsibility has become consolidated as a new business management model, resulting from a new form of understanding companies’ relations with their stakeholders, designed to satisfy different stakeholders’ expectations in a balanced way”.

Francisco Román. Chairman CEO of Vodafone Spain.

Vodafone has adopted a CR implementation approach which aims to integrate its values and principles in the core of its business culture, strategy and processes so that it transversely affects all the organisation’s areas from top to bottom, and covers economic, corporate governance, social and environmental aspects.

Vodafone Spain’s results this year illustrate the effective execution of a strategy based on a strong commitment to leading growth, developing new businesses, carrying out effective cost management and always understanding and satisfying its customers’ needs and expectations.

This year Vodafone Spain has led the sector’s growth in terms of both net subscriptions and income growth. It has also made progress in developing new business, being pioneers in the launch of the “Mobile Internet”. Consequently, our development of mobile broadband has enabled us to lead the development of new HSPA services, resulting in the penetration of 3G devices in 33% of our customer base. Furthermore, the recent acquisition of Tele2 will enable us to respond to our customers global telecommunications demands.

We have achieved our economic-commercial objectives, with awareness too of our strategic objective of being a responsible company, which is why value creation through our results has been obtained by pursuing the very highest levels of responsible behaviour from an ethical, work, social and environmental point of view.

In the external social sphere, Vodafone’s CR strategy considers as one of its key elements increasing the accessibility of its products and services to vulnerable groups. That is why during the past year we have continued to develop social products and services, having launched four new products, published two informative guides on technology available to vulnerable groups and initiated a new accessibility project in our stores. What’s more, our Foundation has continued to develop projects in areas of innovation, training, patronage and dissemination, having allocated over 6 million euros to these projects.

Over the course of the year we have concentrated more on customer-related CR activities, emphasising CR communications with customers, as well as responsible use of the mobile, especially with regard to minors, plus new services such as mobile marketing, as a consequence of the development of Internet mobile access based products and services. Worthy of mention here is the presentation of the Spanish mobile operators’ Code of Conduct for safe and responsible use of the mobile telephone by minors in accessing content services.

Furthermore, bearing in mind that, as in any business activity, we can have an impact on the environment, we develop actions designed to minimise this. Consequently, in terms of energy consumption, we have continued with the actions outlined in our 2nd Energy Efficiency Plan, which is enabling us to reduce our contribution to climate change, having avoided the emission of 13,397 tonnes of CO₂ since these actions were initiated in 2003.

I would therefore like to highlight the Vodafone Group’s recent commitment to reducing our CO₂ emissions by 50% by the year 2020 with regard to the 2006-07 emissions. Through this commitment we aim to contribute to tackling one of the greatest environmental challenges facing society today.

In addition, in application of our Responsible Network Deployment Policy we have continued with activities of sharing sites with other operators and other site suppliers, as a result of which over 50% of the stations deployed this past year have been at shared sites. Likewise, we have continued to share the 3G access network in populations of under 25,000 inhabitants in order to reduce the total number of sites required in these areas by 40%.

With regard to employee-oriented activities, we have continued with the professional development, social benefits and safety, health and well-being plans, with special mention being made of the initiatives for promoting prevention and health through campaigns focused on healthy habits and safe work.

Finally, I would like to emphasise our commitment to promoting the application of the principles of our Code of Ethical Purchasing among our suppliers, by virtue of which over this past year we have focused our activity on processes of assessing and optimising the behaviour of our main suppliers.

Our CR strategy for next year will continue to be based on Responsible Innovation because we believe that CR integration in our business strategy will help us to successfully and sustainably face challenges and opportunities.

I hope this fifth Vodafone Spain Corporate Responsibility Report is of use and interest to you and, as always, we await your comments to help us to continue improving and responding to our stakeholders’ expectations.

Francisco Román



2 Innovation in Telecommunications

Vodafone is committed to innovation and investment in research and development, enabling us to lead the industry in customer-oriented product and service innovation.

Internal
Opinion



A. Alemán
Director General Corporate and Institutional Business Unit, Vodafone Spain.



Innovation in Business Applications

"At the Corporate and Institutional Business Unit, innovation is the basis of our business strategy designed to mobilise processes for improving customer productivity, our adaptation and continuously satisfying customer needs and expectations. This has resulted in us developing applications such as electronic signature in the mobile and Spanair e-ticketing. Just as interesting are sector applications for upcoming launch such as tourist guides and museums on the mobile, eCall and corporate applications on the SIM".

Some of our Business Figures (Figures as at 31.03.08)

Network

• Base Stations:	> 20,000
• Co-located sites (2G and 3G):	5,524
• Switching Centres:	34
• Stations shared with other companies:	5,825

Services

• Voice Calls (million minutes):	> 35,000
• SMS and MMS (millions):	> 5,300
• 3G Device Penetration (as % of customer base):	~33%
• Internet browsing flat rate Customers:	> 250,000
• Vodafone Passport Customers:	> 1,180,000
• Roaming:	412 agreements with operators in 202 countries

Brand Presence and Retail Outlets

• Own stores:	74
• Franchises:	144
• Annual transactions (in own retail outlets):	918,286
• Own store personnel:	322
• Customer Service (average nº of calls/day):	392,260

Employment

• Total no. of employees:	3,939
---------------------------	-------

Commercial Offering

Vodafone Spain's commercial offering is based on developing and launching innovative products and services specifically catering for the needs of our corporate and residential customers in an increasingly dynamic environment from both a technological and customer-oriented point of view.

For more information on products and services commercialised by Vodafone Spain: www.vodafone.es/particulares and www.vodafone.es/empresas

A. Alemán, Director General Corporate and Institutional Business Unit, Vodafone Spain
«Innovation in Business Applications».

A. Garcia-Urgelés, Director General Residential Business Unit, Vodafone Spain
«Innovation in PC / Mobile Internet applications».

Value Creation

ICT is one of the most dynamic sectors and a growing contributor to the country's GDP, as well as helping to improve the quality of life and well-being of society today. The turnover of the electronics, information technologies and telecommunications industry rose by 5% in Spain in 2007, reaching €77.977 bn, with telecommunications making up 44% of this total¹.

The number of mobile lines around the world continues to grow, despite the high level of penetration already achieved in most developed countries. In fact, in 2006 there were twice as many mobile lines around the world as fixed lines (2.602 billion compared to 1.213 billion)².

According to Spain's National Institute of Statistics (October 2007):

- 99% of Spanish homes have a telephone, either fixed or mobile.
- 73.1% of homes have both a fixed and mobile telephone.
- 8.1% of homes only have a fixed telephone.
- 17.7% only have a mobile for communicating from home.

In addition, the National Institute of Statistics (INE) points out that the installation of fixed telephones has gone down by two points per year and 8.8 points since 2004. On the other hand, the use of mobiles has increased by almost 3 points over the past year and 8.5 points over the last three years.

¹ Source: Público newspaper (24.04.08)

² Source: IDATE.

Internal
Opinion



A. García-Urgelés
Director General Residential Business Unit, Vodafone Spain.



Innovation in PC/Mobile Internet applications

"At Vodafone we are committed to innovation for enabling communication between people through the services we render. We therefore have tariffs that adapt to the specific needs of each of our customers, such as Mi País, Vitamina 60x1 and Vodafone en Casa, we are leaders in the introduction of new technologies such as 3G, through our range of terminals or the development of mobile Broadband Internet access services, and we set the pace in the development of Internet services on the mobile and advertising. All of this without forgetting those vulnerable groups who, for various reasons, have greater difficulties in forming part of the information society, an area where we have developed successful programmes".

In Spain, the number of mobile telephones at the beginning of 2008 nearly topped 50 million, resulting in a penetration of over 110%³.

Furthermore, mobile telephony has become one of the main fields of innovation in the ICT industry, leading to a high rate of evolution in its devices and shortening of their life-cycle. This innovation in mobile telephony is closely related to innovation in services and, in fact, progress in devices is often necessary for providing new services (for example, telephones with cameras or MP3 have enabled the launch of multimedia services in mobiles), which is why innovation in mobile telephony can be considered one of the driving forces behind the ICT revolution.

In terms of portability (a facility that makes it possible to change mobile telephone operator, keeping the same number), Vodafone Spain has topped global results since the launch of the system, even after the entry in the market of new mobile companies during 2006.

Comparative figures between operators, as of 31st March 2008, according to the historic figures of the Telecommunications Market Commission, are indicated in the table below:

Mobiles exported (Lost)	Mobiles Imported (Won)	Cumulative Net Balance
Cumulative (since 2000): 16,469,667	Cumulative (since 2000): 16,469,667	
Vodafone: 4,795,647	Vodafone: 5,651,214	Vodafone: 855,567
Movistar: 6,200,447	Movistar: 6,464,439	Movistar: 263,992
Orange: 5,396,718	Orange: 3,890,209	Orange: -1,506,509
Yoigo: 28,959	Yoigo: 200,361	Yoigo: 171,402
Others (*): 47,896	Others (*): 263,444	Others (*): 215,548

(*BT, Carrefour Móvil, Dia Móvil, Eroski Móvil, Euskaltel, Happy Móvil, Lebara, Más Móvil, ONO, Pepephone, R and Telecable.

If Vodafone Spain's contribution to the Spanish economy is measured according to the "Added Cash Value" (the value of the sales of products and services, minus the cost of materials, components and services purchased), the evolution shown in figure 1 is obtained.

The table below displays the Direct Economic Value of Vodafone Spain:

Direct Economic Value of Vodafone Spain (€ mn)			
	2005-06	2006-07	2007-08
Purchases of Products and Services	4,049.3	4,619.7	4,988.5
Taxes	557.9	726.4	623.6
Withholding for Growth	1,158.1	698.4	1,222.4
Salaries and Bonuses	194.5	223.8	210.3
Social Security	38.1	39.6	40.1
Pension Plan Contributions	4.1	4.5	4.5

Furthermore, the main subsidies received from the Administration over the past year came to:

- Operating grants: €1.2 mn
- Interest-free loans: €6.1 mn

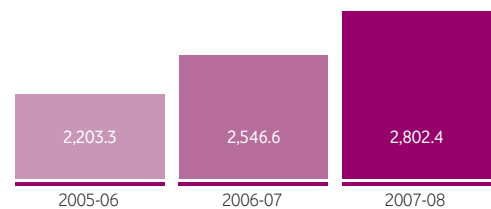
Innovation in Vodafone Spain

At Vodafone, we understand innovation as any type of novelty beneficial to the customer.

We innovate in:

- **Network.** Increase in mobile broadband coverage, increase in speed, uniform experience throughout the whole network.
- **SIM.** Health services, bank transactions, digital signature...
- **User interface.** The user interface is being redefined to enable access to more demanded services (including those related to customer support).
- **PC, Internet and mobile convergence.** Integration of applications (Facebook, Tuenti, Windows Messenger...). Launch of new business models (sharing of income with customers around content generation).
- **Third-party developments.** Advanced mobile solutions with companies, public administrations and universities: online broker (Bankinter), boarding card in mobile (Spanair)...
- **Social Applications.** Products and services for improving personal autonomy of dependent groups.

Cash Value Added (€ mn)



(Fig 1)

Main Awards and Recognitions received by Vodafone Spain in 2007-08

- Innovation Award within the **CSR Marketplace** organised by Forética.
- **Fundal Award** (Alcobendas Sports Foundation) for Corporate Social Responsibility.
- **University-Business Award 2007**, in the Information Technologies category, to the **Minerva Project**, awarded by the University-Business Foundations Network.
- **Best Practices in Internal Communication Award**, organised by the Internal Communication and Corporate Identity Observatory.
- **Best Impact on Citizens Award** to the joint Vodafone and Amorebieta Town Council project on Modernisation of Local Police, awarded by the 3rd ICT Modernisation Forum of the Public Administration.
- **Gold Award in Media Effectiveness** to the Vodafone roaming campaign, at the 9th Commercial Communication Effectiveness Awards.
- Prize to the **Vodafone Audio-Guide** for the Maritime Museum, awarded at the 3rd Citizen Modernisation Forum held in Barcelona.
- The **Conecta Vodafone E272** modem has received **various design and functionality awards**: the IF Product Design Award at the International Design Forum in Hannover; five-star product from the magazine PC World, and Guarantee Recognition from the magazine Dealer.
- **Best website 2007** award, in the Communications Web category, awarded by Internet users through a Metrixlab and Nielsen initiative.
- Award for the best **Corporate Responsibility Report** from Vodafone Group.
- **Prever Award 2007** to Vodafone Spain for its track record and good work in the health and safety field, awarded by the General Council of Industrial Relations and Work Sciences.

Vodafone Spain Innovation Centres	In Collaboration
Walqa - Huesca	Minerva (VF+Andalusian Regional Govt, Seville).
Centre of Excellence - Madrid	Citizens' Welfare Institute (VF+Andalusian Regional Govt, Malaga).
Castelfell - Barcelona	Huawei Innovation Centre (Madrid).

³ Source: TMC (Telecommunications Market Commission) press release dated February 08.

3 Corporate Responsibility at Vodafone

One of Vodafone's strategic goals is "To be a Responsible Business". This strategic goal is based on the company's culture, summarised in its four cultural Values and in its ten Business Principles, which cover the general criteria that everybody working in the company should bear in mind, requiring that they act honestly, fairly and with integrity.

For further information: www.vodafone.es/rcenvodafone

Vodafone Group: Awards and position in CR rankings

- Vodafone is included in the FTSE4Good index and Dow Jones Sustainability Index.
- Over the last three years, Vodafone has been among the first five companies in the Accountability Rating.
- Vodafone ranks third in the survey carried out by MORI (Market and Opinion Research International) in 2007, where NGOs and CR experts identify leading CR companies.
- Vodafone won the Corporate Register award for the best CR report in 2007.
- 2006 Award for the best Report and 2007 Award for the best information on Taxes and Public Policies awarded by the Association of Chartered Certified Accountants (ACCA).

Vodafone Spain: Position in CR rankings

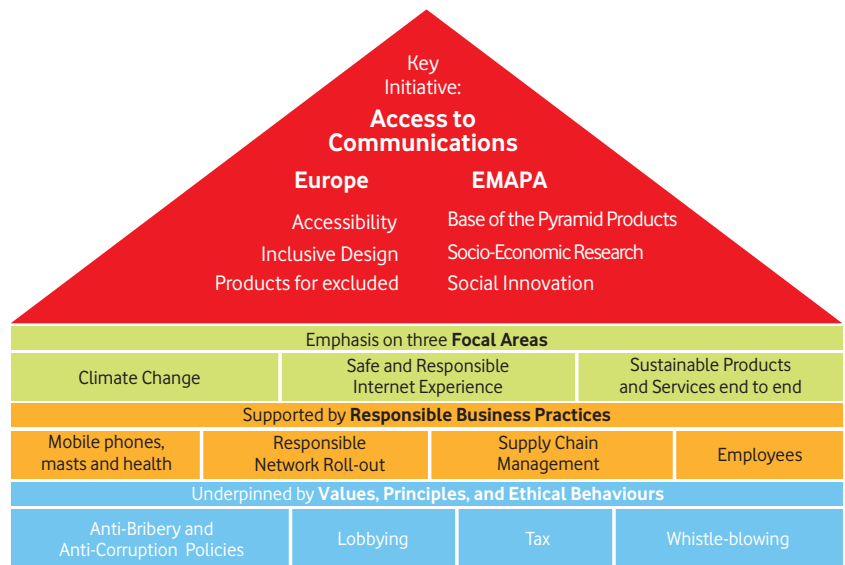
- MERCO (Spanish Monitor on Corporate Reputation): Vodafone Spain ranks 14th in the 2008 general rankings (and is the first subsidiary of global companies with a presence in Spain).
- Fundación Empresa y Sociedad (Business and Society Foundation): Vodafone Spain ranks sixth among Spanish companies for its Social Products and Services in the report published in 2007 on "Companies and savings banks best perceived for their actions related to integrating disadvantaged people".
- Fundación Empresa y Sociedad (Business and Society Foundation): Vodafone Spain is one of 5 companies highlighted for its actions in making stores and products accessible to dependent people and immigrants in the report published in 2007 on "Treatment of actions related to integrating disadvantaged people in the 2006 annual reports".

Figure 1

CR Strategy

Since 2000 when Vodafone Group included Corporate Responsibility in its business strategy, one of its objectives has been to become recognised as a leading CR company. (See Figure 1).

To achieve this objective, it has been developing five-year CR strategic plans. Currently in effect is the 2005-10 Strategic Plan, with the aim of achieving the vision of Vodafone becoming one of the most trustworthy companies by 2010. The CR strategy developed in 2005 is illustrated in the following figure:



The following priorities are established in this 2005-10 CR Strategic Plan:

- Maintaining the very highest levels of Ethical Behaviour, through the development and application of specific Values and Business Principles.
- Understanding and meeting our stakeholders' priorities, carrying out responsible business practices, in line with their expectations.
- Developing CR actions in three key areas, in line with our stakeholders' expectations:
 - Energy and Climate Change.
 - Responsibility with our Customers.
 - Reuse and Recycling of mobile telephones.
- Using the potential of the mobile telecommunications to increase the positive socioeconomic impact, through greater Access to Communications in both developed and developing markets.

The chapters of this CR report have been structured according to the actions covered in the above figure illustrating the 2005-10 CR Strategic Plan.

Managing CR

Management and coordination of the CR Strategic Plan is carried out in Vodafone Spain by the CR Department, periodically reporting to the Institutional Committee through the Director of Institutional Relations, to whom it reports. The Institutional Committee is the body that establishes strategic actions to be followed on Corporate Responsibility, and annually approves the relevant CR programme.

The Vodafone Spain organisation chart can be viewed at www.vodafone.es/conocenos, and shows that our top executives are Spanish nationals.

Vodafone Spain has a strong internal information system (called Envoy), through which its Key Performance Indicators (KPIs) in the different Corporate Responsibility areas are compiled and communicated periodically to Vodafone Group.



These CR KPI include qualitative and quantitative indicators on topics such as energy efficiency and climate change; waste management; mobile phone collection, reuse and recycling; contributions to the community; etc.

The qualitative indicators provide a weighted valuation of the performance level on the management of priority issues within the CR strategy.

The results of the qualitative and quantitative indicators are used for measuring level of progress in CR management and establishing annual progress objectives, whose completion is presented to the Institutional Committee.

In addition, sharing these results among the Vodafone Group's different operators enables benchmarking, helping to identify and implement best practices among the Group's companies.

Vodafone Spain also has an ISO 14001 certified environmental management system and an ISO 9001 certified quality system (see www.vodafone.es/medioambiente). These systems are kept up-to-date and certified through the relevant audits carried out by the duly authorised certification bodies.

Internal Communication

The success of the five-year Strategy and annual CR Programmes depends on employees understanding and involvement in CR issues related to their line of activity. At the same time it is vital that employees are able to adequately communicate CR issues to stakeholders they have dealings with.

Maintaining our employees awareness of CR issues requires continuous communication activities. That is why, and to assure that information on CR issues reaches all employees, different channels are used:

- Annual CR Report.
- CR microsite on the Intranet.
- Specific CR email for receiving opinions, suggestions, etc.
- Internal dissemination of CR news.

Periodic CR communications include, amongst other things, contents on:

- Products and social services, as well as Vodafone Spain Foundation activities.
- Mobile phone collection, reuse and recycling.
- Responsible Mobile Use.
- Initiatives for reducing contribution to climate change.
- Mobile telephone radiofrequency emissions and health.
- Occupational Health and Safety.
- Welfare benefits.

Corporate Governance

All the Vodafone Group's policies on Corporate Governance are detailed in the "Group Governance and Policy Manual" (GGPM), which also establishes the limits of Vodafone Spain's Corporate Governance Framework, based on a series of policies and local procedures.

By way of example, figures 2, 3, 4 and 5 show extracts of some of Vodafone's policies on Corporate Governance.

Vodafone Spain guarantees the alignment of its policies and local procedures with the GGPM through a procedure defined and coordinated by the Internal Control Department. This procedure assures the analysis of each new GGPM version, the notification of changes to those people responsible and departments affected, and the definition and implementation of action plans for adapting Vodafone Spain's policies and procedures to changes that have occurred in the Vodafone Group's governance framework.

Every six months, both the Vodafone Spain Chairman and the Director of Administration, Finance and Control inform the Vodafone Group of the level of fulfilment of the policies included in the GGPM, through the "Financial Certificate".

Furthermore, the GPM (Generic Process Model) together with the RCM (Risk Control Matrix) are used by Internal Audit as a control and good practices guide. They make it possible to identify potential risks in the study area, checking and revising independently the suitability of existing controls for risks identified and, in the event of any risks identified without adequate control, recommending appropriate actions.

The Board of Directors of Vodafone complies with the strictest Corporate Governance criteria, in order to assure the integrity of our business and to maintain our investors' confidence. For further information: www.vodafone.com.

Furthermore, the members of the Board of Directors of Vodafone Spain are:

- Chairman CEO: Mr. Francisco Román.
- Director: Mr. Julián Oncina.
- Director: Mr. Antonio Alemán.
- Director: Mr. Antonio García-Urgelés.
- Secretary (Non-Member): Mr. Pedro Peña.

Extract from the Tax Code of Conduct

"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 Vodafone's reputation and brand".

"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".

(Fig 2)

Extract from the Bribery and Corruption Policy

"Our Business Principles establish a policy of zero tolerance with regard to bribery and corruption, and accordingly we expect all 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 contact that might lead to, or suggest, a conflict of interests 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".

(Fig 3)

Extract from the Equal Opportunities Policy

Vodafone does not condone unfair treatment of any kind and employees are required to act honestly, with integrity and with respect for their colleagues and customers.

Diversity within the workforce is an asset. Each employee has a unique and individual contribution to make to the success of the business and each company will put in place policies and procedures to ensure that all decisions about the appointment, treatment and advancement of employees are based on merit.

Each company will implement procedures to enable employees who believe themselves to have suffered unfair treatment at work, to have their concerns investigated promptly and objectively.

(Fig 4)



3 Corporate Responsibility at Vodafone



Fernando Moner
Chairman of AVACU and
Vice-Chairman of CECU



"It is obvious that social and environmental related actions are improving each day, but even so there should be a priority to provide clear, truthful and up-to-date information to society on the repercussions of using new technologies, of which there would be many examples:

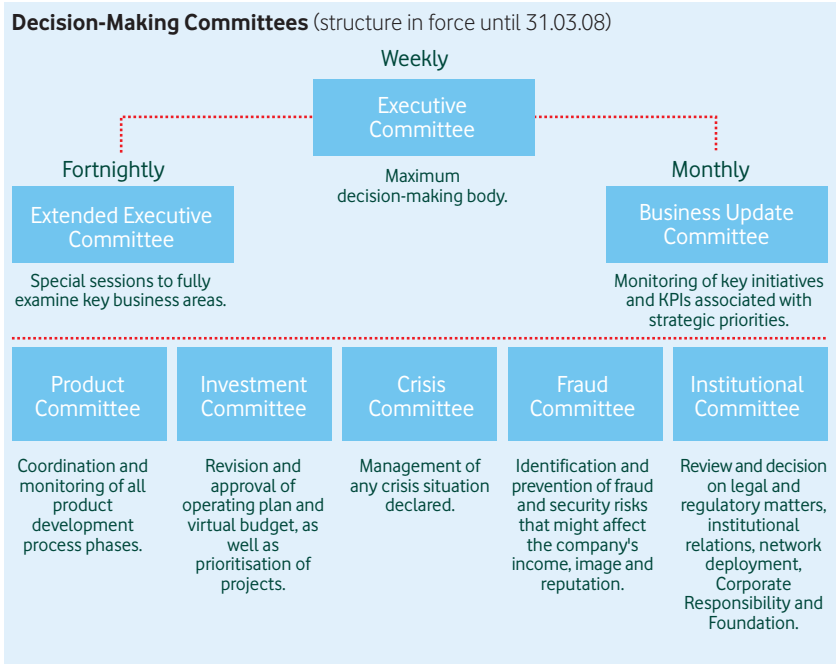
- Responsible use of mobiles by consumers with special emphasis on children and youngsters.
- Clear information on waste generated by the mobile telephony sector (where the hundreds of thousands of mobiles discarded each year will end up and, particular, the most toxic components such as batteries).
- To not abandon the study of the effect of radio frequencies on people (mobile handsets, etc.) despite the lack of concern on this matter in present studies.
- Everything that current events or society requires from us of the associations we represent and where operators can collaborate".

AVACU: Valencia Association of Consumers and Users.
CECU: Spanish Confederation of Consumers and Users.

The members of the Vodafone Spain Audit Committee are:

- Mr. Francisco Román.
- Mr. Julián Oncina.
- Mr. John Otty.
- Attending non-members:
 - Mr. José Ángel Hernández.
 - Mr. Sergio Regueiro.
 - Mr. Pedro Peña.

Any employee can propose to their Area Director the inclusion of different matters of interest for the information or decision of the relevant Committee. By request to the CEO's Director of Programme Management, these matters will be included in the applicable Committee's agenda according to the following table.



Sarbanes-Oxley Act

The 2002 Sarbanes-Oxley Act ("SOX") aims to strengthen Corporate Governance mechanisms and financial information of companies quoted on the US stock market, such as the Vodafone Group, which is quoted on the New York Stock Exchange (NYSE).

The PCAOB (Public Company Accounting Oversight Board) is the body that ensures companies comply with the requirements established under the Sarbanes-Oxley Act. For this it has an Auditing Standard, AS, by means of which companies and their external auditors have to align themselves with the documentation and operating assessment of controls and procedures that affect financial information reported to the markets. The above-mentioned standard was revised in 2007, with the new standard (AS5) coming into effect on 15th November 2007. Vodafone has taken the necessary actions for making sure it was aligned with AS5 at the end of 2007-08.

Furthermore, during 2007-08, Vodafone Spain updated documentation and proof of the operating effectiveness of the controls implemented in the various business processes, as well as the Information Systems control environment.

Likewise, during the course of the year, Vodafone Spain has provided training and information to employees more involved in SOX certification so as to raise their awareness and knowledge of existing processes in Vodafone for alignment with the Act.

The process finishes annually with local certification by the Chairman and Director of Administration, Finance and Control of Vodafone Spain, and is sent to the Vodafone Group.

Vodafone Spain's external auditor has certified the effectiveness of its Financial Reporting Internal Control System during 2007-08.



Key Control Questionnaire (KCQ)

In addition to work strictly associated with complying with the Sarbanes-Oxley Act, Vodafone Spain uses a self-assessment tool called Key Control Questionnaire (KCQ), which is a management control and improvement tool. The KCQ is both an additional element for monitoring the Financial Reporting Internal Control System as well as a way of measuring the level of existing operating control in Vodafone Spain processes.

At the end of 2007-08, the KCQ, completed by key people responsible for business processes, and after the review and approval of the Chairman and Director of Administration, Finance and Control of Vodafone Spain, was used to confirm the operating effectiveness of controls related to section 404 of the Sarbanes-Oxley Act from their verification through to closure, with its results being sent to the Vodafone Group's Internal Audit Director.

Privacy Policy

During 2007-08, Vodafone Spain obtained a satisfactory result in an audit checking compliance with the Privacy Policy (see figure 5) carried out by the Vodafone Group.

In addition, with regard to observing Organic Law 15/1999 on Personal Data Protection and Regulations, Vodafone Spain:

- Has registered files with the Personal Data Protection Agency.
- Has a Security Measures Document.
- Is subject to a biennial audit to make sure it complies with Regulations.

Fraud and Corruption

Considering both the general criteria established by the Vodafone Group and the standards on best practices for controlling the risk of corruption resulting from observing the requirements of the Sarbanes-Oxley Act, a summary is provided below of measures taken in this area during 2007-08.

On 13th February 2008, the Risk Map identifying possible fraud and corruption scenarios was revised and approved in the Vodafone Spain Fraud Committee (on which the following departments are represented: Internal Audit; Customer Management; Legal Department; Revenue Assurance; and Fraud, Risk and Safety).

This risk map is in line with controls established through the Sarbanes Oxley Act 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 occurring during the relevant period are detailed.

As indicated in these reports, during 2007-08 no corruption incidents were recorded in Vodafone Spain.

Stakeholder Engagement

An extensive study was carried out in previous years which made it possible to establish Vodafone Spain's Stakeholders Map, with stakeholders being prioritised according to their position in relation to the company.

Our Corporate Responsibility Programme is reviewed annually to make sure it considers our stakeholders' priorities, adapting to variations in these priorities over time. Consequently, not only its compliance with the Materiality principle (see Chapter 11: "Appendices") is assured, but also emerging issues are taken into account to determine future risks and opportunities in our business.

Listed below are the main channels used for ascertain and update our Stakeholders' expectations.

Extract from the Privacy Policy

"This policy concerns the handling of customer personal information, which includes the collection, storage, access, use, updating, disclosure, disposal, destruction or any other processing of such information. It is intended to provide a comprehensive set of rules for the management of customer personal information throughout the customer lifecycle, including:

1. Requirements concerning the collection of customer personal information.
2. Requirements concerning obtaining consent from the customer, where necessary.
3. Identification of permitted business purposes for the collection and use of customer personal information.
4. Usage and data management principles.
5. Security requirements for customer personal information.
6. Requirements concerning the use of third parties for handling customer personal information.
7. Requirements concerning disclosures and transfers of customer personal information.
8. Requirements concerning the destruction, retention and anonymisation of customer personal information.
9. How to manage customer requests about their personal information.
10. Specific requirements concerning intra-Group management of customer personal information."

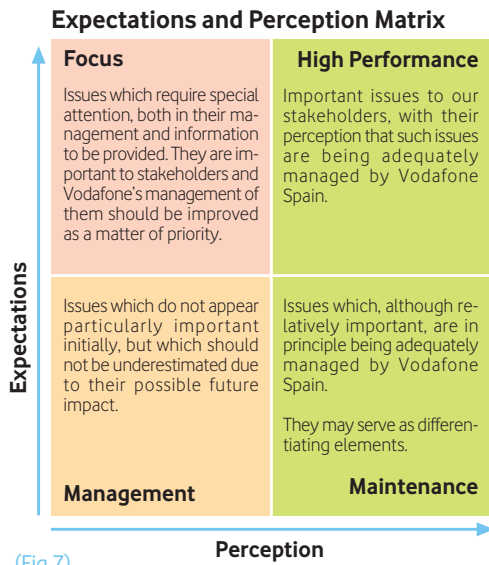
(Fig 5)



The "Business, Magistrates and Judges Programme" was carried out in collaboration with the Businessmen's Circle (Círculo de Empresarios) from 23rd – 26th April 2007. This programme covered issues of potentially greatest interest to those present for a greater understanding of what mobile communications and its products and services are about: Basic essentials of mobile communications, infrastructure and deployment, radiofrequency emissions and health, regulations, legal matters, unsolicited email (spam),etc.

(Fig 6)

3 Corporate Responsibility at Vodafone



(Fig 7)

Channel of communication	Stakeholder	Frequency
Perception/ Opinion Surveys	Customers	Quarterly
	Society and General Public	Quarterly
	Employees	Every two-years ¹
	Opinion Leaders	Every two-years
	Site Owners	Annual
Focus Group on specific subjects	General Public	On an ad hoc basis
Trouble reports	Customers	Ongoing basis
Meetings	Consumer Associations	Annual
	Public Administration and Regulator	Ongoing basis
	Third Sector Organizations	Ongoing basis
	Suppliers	Annual
Media tracking	Knowledge and Opinion Makers	Ongoing basis
Participation in Sector Organisations	Knowledge and Opinion Makers	Ongoing basis
CR website	Society and General Public	Ongoing basis
Training/Information activities	Consumers' Organizations	Annual
	Knowledge and Opinion Makers	On an ad hoc basis
	Society and General Public	On an ad hoc basis

Vodafone Spain encourages participation in sector organisations as another channel for identifying our stakeholders' priorities. (For further information: www.vodafone.es/rcenvodafone).

An example of engagement activities carried out in 2007-08 are those with Consumer Bodies (See chapter 6: "Customers"). Another noteworthy example is the Training Programme with Magistrates and Judges (See Figure 6).

With all the information extracted on the analyses of stakeholders' expectations and perceptions, a list of priorities is drawn up for each issue. This therefore identifies the most important issues to be dealt with in each annual Corporate Responsibility Programme, which must be included in the relevant CR Report, and also enables the analysis of which issues we should focus our attention on, through preparation of the relevant expectations and perception matrix (See Figure 7).

From the information extracted on the prioritisation of issues for the year plus the relevant risk analysis which identifies the most important issues for our business, we provide a list below, dated 31 March 2008, of our stakeholders' priorities, as well as the chapters of this report where a response is provided to each of these expectations (see Figure 8).

Priorization of Expectations	What we do
1. Clear and transparent communication of prices and tariffs.	See Chap.6: "Customers".
2. Products and Services with High Social Value.	See Chap.4: "Socially Responsible Products and Services". See Chap.5: "Vodafone Spain Foundation".
3. Communication on Mobile Telephony and Health.	See Chap.8: "Deployment of our network".
4. Responsible Use of Mobile.	See Chap.6: "Customers".
5. Environmental Impact.	See Chap.7: "Environment".
6. Recycling and Reuse of Mobile Phones.	See Chap.7: "Environment".
7. Responsible Network Deployment.	See Chap.8: "Deployment of our network".
8. Responsible Advertising/Marketing.	See Chap.6: "Customers".
9. Responsibility in the Supply Chain.	See Chap.10: "Suppliers".
10. Employees.	See Chap. 9: "Employees".

(Fig 8)

¹ An annual survey monitoring a percentage of employees is also carried out (known as a "Pulse Survey").

According to data published by the ONCE (Spanish Association of Blind People) Foundation and IMSERSO (2006), approximately 39% of the Spanish population is at some time within one of the groups facing various obstacles that make people's accessibility and independence more difficult.

According to the "Elderly people in Spain" report published in 2006 by IMSERSO, by 2010 a total of 17.2% of the Spanish population will be over 65 years old with this percentage having risen to 34.1% by 2050, Spain having at that time the world's third highest percentage of people over 65 years old, behind Japan and Italy.

A key element within Vodafone's CR Strategy is finding a way of making mobile telephony products and services easier to use, especially for vulnerable groups (elderly people, deaf people or those with hearing impairments, blind people or those with sight disabilities, or with some other type of disability, chronic disease, etc.); in short, making products and services accessible.

Accessibility is normally associated with disability, but the difficulty of using certain products, including mobile telephones, is far more widespread. In fact, a study commissioned by the Vodafone Group (further information at www.vodafone.com/responsibility) indicates that at least 9% of the adult population in the European Union is excluded from using mobile telephones. This circumstance represents a major social challenge for Vodafone.

Vulnerable groups comprise a potentially very large number of users. In addition, they are generally groups with a high level of organisation who can therefore assert their preferences in the market. Consequently, the development possibilities of information technologies are very important especially since there are going to be an increasing number of users of them.

J. M. Azorín, Socially Responsible Products and Services Manager, Vodafone Spain
«Innovation in Socially Responsible Products/Services».

We said

- 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.

We have

During 2007-08, Vodafone Spain's activity in the Social Products and Services area grew markedly for reasons such as the strong influence of Public Administration with the introduction of various initiatives in the form of public services projects and, in particular, the publication of new regulatory and legal measures:

- Act 27/2007 of 23rd October, which recognises the Spanish sign language and governs measures supporting oral communication for deaf people, those with impaired hearing or blind and deaf people.
- Act 30/2007 of 30th October, on Public Sector Contracts.
- Royal Decree 1494/2007 of 12th November, approving regulations on basic conditions for access of disabled people to technologies, products and services related to the information society and social communication media.
- Act 56/2007 of 28th December, on Information Society Promotion Measures.

Dissemination of technology available for disabled people

With the collaboration of the main organisations, bodies and institutions that represent the interests of disabled and/or elderly age groups, Vodafone Spain has published two information guides.

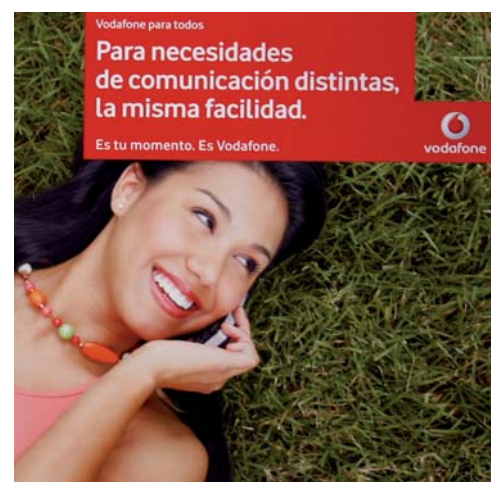
These guides not only include a list of the range of our products, services and applications for each need, but also include the main functional characteristics of the different mobile telephones



Innovation in Socially Responsible Products/Services

"The speed of demographic, technological and social changes taking place has led to us developing and adapting social products and services designed to achieve a real improvement in everybody's living conditions.

Due to its portability and availability, the mobile telephone has represented a social communication tool, security device and means of achieving a very significant increase in autonomy for elderly people, even more so for disabled people, making it often possible to dispense with third-party help."



Picture 1



4 Socially Responsible Products and Services

and provide useful recommendations on those which adapt better to users different capabilities (See Picture 1).

New Socially Responsible Products and Services

Assuming our commitment made in last year's CR Report and with the conviction that the mobile telephone can significantly improve the quality of life of vulnerable people, during 2007-08 we continued to expand our portfolio of existing Social Products and Services (more information: www.vodafone.es/vodafoneparatodos), as indicated below.



Picture 2

Emporia Life

Mainly designed for the elderly age group, the new "Emporia Life" phone has a simple and easy-to-use menu with basic functions for sending and receiving calls and text messages, and accessing contacts in the address book (See Picture 2).

It has a large screen especially designed for people with sight impairment, as well as large keys. The ring tone and speaker have a suitable volume so that people with hearing difficulties can hold conversations without any problem.

One of its main characteristics is a red button which can be programmed with up to five numbers for making emergency calls: family, doctor, telecare, etc.

In addition, Vodafone Spain has established a Telecare Insurance agreement so that this service can be accessed through the Emporia Life telephone. As a result, all Telecare Insurance customers that contract the Vodafone line will have this mobile telephone.

This mobile telephone makes it possible to speak directly to the Telecare Switchboard, wherever the user is, having the same range as any other everyday telephone device.



Picture 3

"T-Loop"

The "T-Loop" is a device that allows people with hearing impairments who use a hearing aid to access mobile telephones.

The new "T-Loop", together with the Vodafone 710 phone, launched by Vodafone Spain during 2007-08, allows users with hearing aids to hold a telephone conversation with a mobile, without any interference from the hearing aid or other noise, in many cases improving the user's hearing ability (See Picture 3).

"Medicronic Salud" Service

Vodafone Spain and Medicronic Salud launched the Bluetooth Blood Pressure Monitoring and Control Service which enables the remote blood pressure monitoring of patients with high blood pressure whenever they want or require this, 24 hours a day, 365 days year.

The system consists of a digital device for taking blood pressure, a small modem the size of a remote control and a Bluetooth technology telephone provided by Vodafone Spain. The blood pressure figures obtained are encrypted and sent via SMS to the control centre. As a result, the patient, their family members or doctors can directly access this information through the <http://www.medicronic.com> website with the relevant access codes.

MEDICRONIC

"Dicta SMS" Service

In collaboration with Spinvox, Vodafone Spain launched the "Dicta SMS" service exclusively for Vodafone customers (See Picture 4). The service allows our customers to convert voice calls into text through two service modes:

- Automatic "Dicta SMS". This allows Vodafone customers who call another Vodafone telephone which is "unavailable" and does not have the voicemail service activated to leave a voice message, which will be received as an SMS by the recipient.
- "Dicta SMS 115". The customer will only have to make a call to the number they wish dialling the 115 code, and the voice message will be received by the recipient as an SMS. In this case, the message's recipient can belong to any operator without any additional cost to them.

In either of these two cases, receiving text messages is free for the recipient.

Extension of Vodafone Solidarity Messages

The Donations Programme launched in 2004 with 9 NGOs had 40 organisations as of the 31st March 2008. Over the last few months international organisations such as UNICEF, ACNUR, the World Food Programme and Action against Hunger, as well as Spanish bodies such as Fundación Multiópticas, Ayudemos a un Niño (Help a Child) and the Education, Sports and Health Foundation have joined the programme. (For the complete list of participating organisations and further information, visit www.vodafone.es/vodafoneparatodos).



Our customers most notable contribution to the Donations Programme this past year was emergency action at the earthquake catastrophe in Peru in August 2007. Their donations were sent to the Red Cross, Alas Foundation and Spain's Official Chamber of Commerce in Peru.

Our customers have been targeted with a total of 30 campaigns this past year, raising €166,206. Since its launch, this programme has raised over 2.7 million euros.

Evolution of My Country (Mi País) Service

According to INE (Spanish Institute of Statistics) data, the number of foreigners registered as of 1st January 2007 was 4.48 million, representing 9.93% of Spain's population. According to the report issued in November 2006 by the Prime Minister's Economic Office, 50% of GDP growth over the last five years can be attributed to immigration.

Furthermore, according to a study by the consultancy Nielsen, the most used form of communication by the immigrant population is the mobile telephone, with a figure of 94%.

Bearing in mind the above figures, Vodafone Spain, a pioneer in offering mobile telephony services especially for immigrants, continued to improve its proposals during 2007-08 (for further information see www.vodafone.es/mipais) with products and services such as:

- Vitamina Comunidad Mi País: The launch of this new price plan has resulted in a new benefit within the Mi País service (See picture 5).
- Increase in number of countries available in Mi País: from 50 to 70 countries.
- Reduction in Happy Day rate.

We continue to stand out with our offer of the Comprehensive Language Service, available in English, Arabic and Romanian. It is a free service where customer care is provided through an agent and voice recognition system.

The 2007-08 financial year finished with more than 950,000 Mi País service customers and with a market share over 40% of mobile telephone users being immigrants.

Vodafone Spain has been carrying out periodic surveys to determine both our customers' and the general public's perception of the Development of Social Products and Services, with figure 1 showing the results of the perceptions of the surveys expressing their opinion.

Accessibility of the Vodafone Stores

In line with our commitment to continue broadening our actions on accessibility to our stores, during this past year an accessibility project has been launched in our stores in Spain.

The aim of this project is to identify possible existing deficiencies in our stores, which make accessibility for groups with some type of disability or limitation more difficult, by implementing an accessibility management system.

Collaborations

Project INREDIS

The INREDIS project (INTERfaces for RELations between people with DISabilities and their environment) was presented in February 2008 and aims to develop base technologies that help create communication and interaction channels between people with some type of special need and their surroundings.

The project is based on the active participation of a representative group of almost 1,500 users with functional diversity who will help define real technology needs, the main research areas and development of experimental platforms.

The INREDIS project is managed through a business consortium that will promote the development of products suited to the real needs of users with functional diversity and will improve all citizens' relations with information systems in their surroundings.

This consortium is led by Technosite, the ONCE Foundation's technology company, and includes major corporations such as Vodafone and Inabensa; financial institutions such as La Caixa and Bankinter, and technology companies such as Ibermática, Alma and TMT Factory. The project also includes a wide group of public research bodies and technology research centres, such as the Vodafone Spain Foundation.

To carry out this basic research, the INREDIS Consortium has a 23.6 million euro budget for 2007-2010.

For further information, go to www.inredis.es.



Picture 4



Picture 5



4 Socially Responsible Products and Services

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

«**Provision of Products and Services which will improve the quality of life of those with special needs**».

General Public			
	Good / Very Good	Neutral	Poor / Very poor
Average for 2005-06	35	54	11
Average for 2006-07	41	44	15
Average for 2007-08	35	50	15

Customers			
	Good / Very Good	Neutral	Poor / Very poor
Average for 2005-06	64	30	6
Average for 2006-07	66	27	7
Average for 2007-08	62	31	7

(Fig. 1)



A. Sidaty
Chief of the World Food Day and Special Initiatives Branch, FAO

■ "Vodafone Spain has collaborated with the Food and Agriculture Organisation (FAO) of the United Nations in the campaign against hunger organised for World Food Day. The awarding of the service and total cost of a number of humanitarian SMS enabled the FAO to count on the solidarity of many thousands of people at the RTVE FAO Gala and at the "Football League with the FAO against hunger" campaign. Thanks to the funds raised, we are financing agricultural micro-projects, cattle breeders and fishing, enabling poor families and communities to produce their own food. A good example of the more than 2,500 projects the FAO has implemented in 130 countries are the kitchen gardens and school farms that allow pupils to eat at school and learn to how to breed and raise animals."

Cibermix Project

Vodafone Spain works with the Fundación Cibervoluntarios (literally Cyber-volunteers Foundation) in the Cibermix project. This initiative is co-financed by the Ministry of Industry, Tourism and Trade, as part of the Avanza Plan.

The aim of the project is to communicate the advantages of using technological tools and broadband in a colourful and demonstrative way, mixing contents, leisure and services with administrative, social and innovation aspects.

The project will be executed during 2008, organising 50 Cibermix in the same number of Spanish rural communities in Spain's 9 autonomous regions.

For further information, go to www.cibervoluntarios.org/cibermix



Chorist Project

Vodafone is involved in developing a system of alerts for citizens warning of possible disasters or emergency situations through different media such as mobile telephones, Internet messaging, sirens with voice announcements, or digital television and radio. This action forms part of the CHORIST project, led by EADS and financed by the European Union within the 6th Framework Programme for Research and Technological Development for the creation of solutions that increase the speed and effectiveness of actions after a natural or industrial disaster. (For further information, go to the project's official website: www.chorist.eu)



Alter Project

In the Alter Project (Technological Literacy and Job Placement of people with physical disabilities in the rural environment), in which Vodafone Spain has been involved since 2004, various actions were carried out in 2007-08 in the Basque Country (Biscay), Asturias and Castilla y León (Palencia, Soria and León), with a total of 300 disabled people benefiting from this project.

"Towns and cities for Everyone" Universal Accessibility Seminars

Towns and cities where training was given during this period include: Jaen, Yecla (Murcia), Linares (Jaen), Milagro (Navarra), Ribadesella (Asturias), Segovia, Carballo (Corunna) and San Sebastian. A total of 196 people attended these seminars during 2007-08.

Support of "Urgent International Sign Language Interpretation Service"

During the "15th WFD (World Federation of the Deaf) World Congress", Vodafone Spain provided the Emergency Interpretation Service for Spanish Sign Language and International Sign Language. The aim of the service was to respond to the communication needs of deaf people in situations such as emergencies, hospital emergencies, police stations, etc.

Independent Life Centre (Centro de Vida Independiente - CVI)

Through an agreement signed with the Association for Independent Life, Vodafone Spain, together with other companies, has agreed to collaborate in the first centre which will combine home automation, care and research for dependent and/or disabled people.

The Independent Life Centre, promoted by MUTUAM and Mutual Médica, is a new space created to offer comprehensive care to disabled and elderly people. To achieve this, the centre recreates a totally accessible, automated real home, where users will be able to access the most advanced type of technical and technological support, and in which a multidisciplinary team will provide a personal diagnosis of the most suitable elements for minimising people's dependence, with the help of researchers from the Polytechnic University of Catalonia.

For further information, go to www.avi-bcn.org

National Centre of Accessibility Technologies

Vodafone Spain has been involved with the creation of the National Centre of Accessibility Technologies. This is a project backed jointly by the Secretary of State for Social Services, Families and Disability, the Royal Board on Disability, and the Secretary of State for Telecommunications and the Information Society, the promotion and development of which has been entrusted to the National Institute of Communication Technologies (INTECO).

■ We will

- Introduce at least one new purpose-designed product/service to reduce social exclusion and improve quality of life of vulnerable groups through communications.
- Broaden the scope of Vodafone Spain's web page accessibility.
- Implement an accessibility management system in stores.



This year, in accordance with its founding aim, the Vodafone Spain Foundation has continued with its innovation, training, patronage and mobile telecommunications diffusion activities, all aimed mainly at helping vulnerable groups.

We said

- Boost the application of ICT for the support of dependent groups 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.

We have

Innovation

Spanish Projects

Through the TECSOS Foundation (created jointly with the Spanish Red Cross), research and development work has continued on new **advanced telecare services**, for healthy ageing and dependency prevention, as well as services to support carers (See Picture 1).

With the Carlos III Health Institute, a Department of Health Ministry, it has consolidated the **Telemedicine and e-Health** Joint Unit in order to encourage the use of ICT in welfare and promotion of an independent life and health.

It has maintained its collaboration with the Spanish Confederation for the Deaf (CNSE) and CNSE's Foundation such that, in addition to completing the multimedia Spanish Sign Language Dictionary (DILSE), exceptional projects have been carried out such as the first Sign-Guide in Spanish and Catalan Sign Language for visiting the Maritime Palace in Barcelona (See Picture 2).

In addition to these actions, it has increased R&D&I work into the use of ICT to support dependent groups. In this respect, it has continued with the **PLATAS Project**, which forms part of the Department of Industry, Tourism and Trade's "Plan Avanza", which the Foundation is carrying out in collaboration with the Spanish Red Cross and the Carlos III Health Institute. This Welfare Platform offers services to enable elderly people with a minor or moderate dependency to be able to remain in their own environment for as long as possible. Over 100 users and their carers participated in the pilot test in Huesca, La Palma, Valladolid, Salamanca and Leon.

Furthermore, as part of the aforementioned "Plan Avanza", in 2007, the same Consortium that is carrying out the PLATAS project launched another project called **m-AVANTIC** (elderly people progress with ICT) which consists of producing and piloting applications which help to improve the quality of life, social participation, information and knowledge of elderly people by using ICT.

The Vodafone Spain Foundation also participates in the INREDIS project, as a Technology Research Centre.

M.Satur Torre, Technical Director, Vodafone Spain Foundation.
«Innovation in Social Projects».

European Projects

During the 2007-08 financial year, the **PERSONA project** has continued its work to develop a platform for widespread and instant access to services aimed at elderly people. This project forms part of the European Union's Sixth Framework Programme and twenty institutions from Spain, Germany, Denmark, Italy and Greece are participating in its Consortium, all coordinated by Vodafone Italy.

In the field of e-health, **HEARTCYCLE** is developing solutions for managing patients with heart failure or coronary heart disease, including, monitoring and analysing vital parameters, risk alarms, therapy recommendations, etc. The Foundation has also joined the **AALLIANCE** (European Ambient Assisted Living Innovation Alliance) coordination action, the aim of which is to identify the priorities in terms of the use of ICT for the personal autonomy of dependent groups.



Picture 1



Picture 2

M. Satur Torre
Technical Director,
Vodafone Spain Foundation

Innovation in Social Projects

"The Foundation has been innovating with new technologies to help people for over twelve years.

Our projects include ICT applications for personalised health management: from monitoring the chronically ill, to prevention, promoting healthy lifestyles and self-care.

Another of our priorities is the use of ICT for self-autonomy. Currently using a solution to enable elderly people to contact the Red Cross, their friends and relatives through the TV and via a 3G video call.

Our view is that ICT are a complementary and facilitating element with which to improve care and human communication in health services and promote independent life."



Training

The Foundation is continuing its training programme, which includes several new activities. The purpose of this area of the Foundation is to make a range of useful information available to society for those people who are interested in new technologies, irrespective of their level of education: from Masters courses for university students, to shorter courses lasting a single afternoon, for elderly people who need basic knowledge of tools that will increase their level of comfort.

Postgraduate Courses

The Vodafone Spain Foundation continues to collaborate with various Spanish universities in offering various Masters courses which promote teaching the latest technological developments (See picture 3). 171 students attended the different courses held during the 2007-08 academic year, as follows:

- Vodafone Chair – Madrid Polytechnic University – Master's Degree in Mobile Communications (8th Edition).
- Master's Degree in Mobile Communications – Catalonia Polytechnic University (13th Edition).
- Master's Degree in Communications and the Development of Mobile Services – Valencia Polytechnic University (4th Edition).
- Specialist Course in Mobile Communications – University of Seville (6th Edition).
- Master's Degree in Computer Science applied to Mobile Telecommunications – University of Malaga (5th Edition).
- Master's Degree in Network and Resources Management for Dependent People – Universitat Oberta de Catalunya (1st Edition). This new course, which began this year, is designed to train professionals capable of assessing the needs of dependent people needs and their relatives and giving them available resources, ensuring efficient management of such resources.



Picture 3



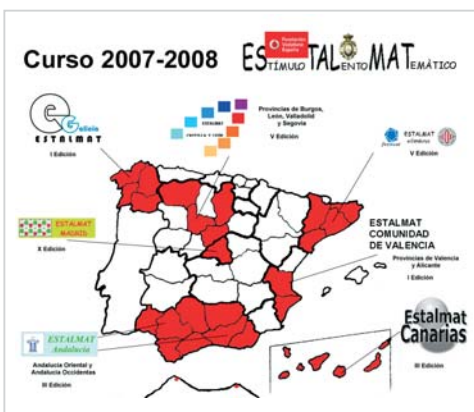
Picture 4

Vodafone Spain Foundation Classrooms

Thanks to its collaboration with different councils, associations and institutions, there are centres equipped with multimedia systems which offer free introductory courses in new technologies. The Vodafone Foundation Classrooms are a tool for trying to reduce the digital divide into which different groups have fallen which, due to social, financial or vulnerability reasons, cannot access ICT (See Picture 4).

There are 8 Classrooms at different points throughout Spain, which in total were used nearly 120,000 times during 2007-08.

- 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 (MPDL) Classroom.
- Vodafone Foundation – Fuenlabrada Town Council Classroom.
- Mataro City Council – Vodafone Foundation Classroom.
- Vodafone Foundation– Ferrol Association for Paraplegia and Major Disabilities (Aspaym) Classroom.
- Vodafone Foundation-Murcia Aspaym Classroom.



Picture 5

Estalmat Project

This programme seeks to detect, guide and stimulate early mathematical talent in children between the ages of 12 and 13 years old, for two years through tutored classes. During the 2007-08 academic year, over 400 children from the 7 Autonomous Regions participating in ESTALMAT, have taken part in the programme. This activity helps pupils with special potential, especially for geometric abstraction, and encourages and stimulates them so that their potential future contribution to society is not wasted (See Picture 5).

Estalmat is carried out with the institutional backing of the Royal Academy of Exact, Physical and Natural Sciences and that of various universities in each Autonomous Region, as well as other private and public contributions.



During the academic year 2007-08, new courses began in Galicia, Valencia and Alicante, adding to those already underway in Madrid, Catalonia, Andalusia, Castille-Leon (in Burgos, Segovia, Leon and Valladolid) and the Canary Islands.

Other Courses and Seminars

In accordance with the commitment made in the previous CR Report, throughout this financial year, the Foundation has organised, either directly or in collaboration with other institutions, forums of debate and analysis of new technologies and the various ways in which they impact our everyday life.

These meetings have focussed upon four central themes: Technology, Innovation in Telemedicine and Telecare, Corporate Responsibility and the Information Society, and Social Ethics.

At the end of the financial year, 31 meetings attended by almost 6,000 people have been organised directly by the Foundation (See Picture 6).



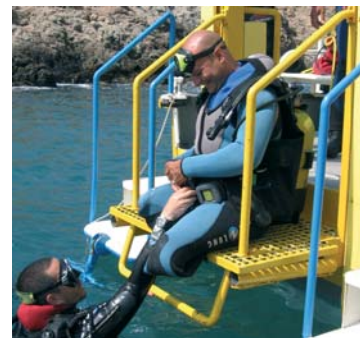
Picture 6

Patronage

Integration

Direct support continues to be offered to the various dependent groups, carrying out activities with the associations that represent them. The work is fundamentally aimed at promoting their social and labour insertion, with actions which encourage training and doing sporting activities.

Throughout this financial year, the Foundation has collaborated with just short of 60 associations, working in local or regional environments. The high level of acceptance of sporting activities must be highlighted which, in addition to increasing the autonomy of many dependent people, help them to boost their self-esteem and motivation to take on new challenges. In this respect, it is worth highlighting the adapted skiing, diving, sailing, golf and glider flying lessons (See Picture 7).



Picture 7

Training of Elderly People

During this financial year, more than 10,000 elderly people all over Spain have received mobile telephone training. These short courses are organised in collaboration with various institutions, including the Spanish Red Cross. They enable elderly people to familiarise themselves with mobile telephones and learn the most basic functions, such that with this minimal knowledge they can benefit from welfare services which improve their quality of life (See Picture 8).

“Build a new world” project

The Vodafone Spain Foundation has launched this initiative which selects two people who want to carry out a social activity in Spain for a year, endorsed by a non-profit making organisation. The objective of the project is to support the development of voluntary work, not only during our free time, but also as an activity that launches sustainable projects which are of clear benefit to society.

The deadline for submitting candidatures almost coincided with the end of the financial year. Out of all of the candidatures received (120 in this first edition), an independent jury will select the winners, who will leave their regular activity for a year in order to devote their time to the social project they have proposed (See Picture 9).

The “Build a new world” programme has arrived in Spain on the back of the social acceptance which it has achieved through the Vodafone Foundations of Australia, New Zealand, Ireland and the Netherlands.

Dissemination

Publications

The following publications have been edited or co-edited during the 2007-08 financial year: (See Picture 10):

- Guide to the creation, survival and development of non-profit making organisations.
- Adolescence, its vulnerabilities and ICT.
- Pigmentary retinosis. Questions and Answers.
- Knowledge society and social capital in Spain.



Picture 8



Picture 9





Picture 10



Picture 11

- Guide to 100 tourist accommodation options which are accessible to all.
- Health and the revolution of the convergence of new technologies – NBIC.
- White Paper on University and Disability.
- Institutional Paper “12 years of the Foundation”.

Award for Innovation and Development in Mobile Communications – 2nd Edition

Right at the end of this financial year, the 2nd Edition of the Innovation Award was announced, with the objective of encouraging the development and innovation of technological solutions which are either being analysed or launched in society. There are two categories in which to compete: the Prize for the best innovation project in the field of research and the Prize for the mobile innovation project in the field of business development; each worth €20,000 (See Picture 11).

Accessible Website

In accordance with the commitment reflected in the previous Corporate Responsibility Report, as well as being one of the Foundation’s lines of work, several improvements have been made this year in order to enable other vulnerable groups to access the information on the Foundation’s website. Specifically, work has focussed upon helping elderly people to explore the Internet in a way that is easier for them. For this purpose, a new icon has been added, via which they can watch short videos detailing the Foundation’s most representative activities: the video of the Journalism Award, and that of the adapted diving and skiing classes, are just some of those that can already be enjoyed by elderly people.

(For further information, go to: www.fundacion.vodafone.es).

Awards received

- CERMI Award (Spanish Committee of Representatives for the Disabled) for social and cultural action.
- FUINSA Award (Health Research Foundation) for clinical research in the field of Corporate Social Responsibility to Vodafone and Vodafone Spain Foundation (See Picture 12).
- APROCOR Award (Association of Occupational and Residential Centres) for supporting the labour integration of people with disabilities.
- Association for the Integration of the Disabled (AID) Award for the continued support of adapted sport (“Memorial Leal” wheelchair race).
- Recognition by the Guardia Civil Foundation for the Vodafone Spain Foundation’s collaboration in various activities (training, children’s camps).

We will

- Carry out at least two projects with the aim of promoting the use of ICT to provide solutions in the field of health, the promotion of personal autonomy, and the social and labour integration of people with disabilities.
- Help introduce elderly people and other dependent groups to the Information Society: training 15,000 people.
- Promote design and accessibility for all: European accessibility certification for the Foundation’s web page.



Picture 12



During the 2007-08 financial year, we have paid particular attention to the Corporate Responsibility activities which are related to our customers, especially those activities involving and communicating with customers and related to responsible mobile use, particularly where minors and new services such as mobile marketing are concerned.

We said

- Launch an online Awareness Programme on issues of privacy to describe Vodafone's Privacy Policy and what it means to employees.
- 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.
- Continue to establish restriction systems for SMS Premium. Control of activations and deactivations.

We have

Engaging with Customers

"Be the Customer"

During this financial year, all employees had access to the online "Be the Customer" course, with the aim of renewing a passion for our customers using a different and practical approach which helps us to discover how we influence and, above all, how we can help to improve our customers' experience when using our products and services.

The course was taken by 90% of Vodafone Spain employees.

Actions with Consumer Institutions and Organisations

This year, training and information activities have focussed upon the Consumer Bodies who are responsible for handling citizens' complaints, as well as imposing fines. Vodafone Spain believes that the best way of understanding consumers' expectations and concerns is to listen to them directly, whilst supplying information about how certain products and services work. The result of these actions has been considered highly positive by both parties and we are collaborating on training activities for regional and provincial technical inspection managers who we believe will help to improve the relationship between the service offered by Vodafone and the consumer.

During this financial year, meetings have been held with a total of 25 Consumer Organisations.

Furthermore, work has continued with Consumer Associations in order to contribute to the task of keeping partners and consumers permanently informed, so as to facilitate the best possible understanding of the use and operation of new mobile communication products and services.

Customer Communications

Figure 1 shows both the evolution of our customers and their regional distribution. During the 2007-08 financial year, customer communications have included various CR topics. These communications have taken place both via press releases, (see Figure 2) and via the information enclosed with the invoice (see Figures 3 and 4).

During the 2007-08 financial year, Vodafone has released a new version of the "Responsible Marketing, Content and Use Guidelines". This new version brings the information concerning Responsible Marketing up-to-date and addresses other aspects such as restricted access to content and responsible use.

For further information, go to: www.vodafone.es/usoresponsable

In all the communications issued, Vodafone places particular emphasis on fulfilling the general regulations which may affect advertising activity¹, consumer protection regulations, as well as the values and rights recognised by the Spanish Constitution and other legislation.

Evolution in N° of Customers (x 1,000)

13,521	14,893	16,039
2005-06	2006-07	2007-08

Distribution of Customers by Regions

Andalusia	19.1 %	Extremadura	1.6 %
Aragon	2.0 %	Balearic Islands	2.4 %
Asturias	2.3 %	Canary Islands	4.2 %
Cantabria	0.7 %	La Rioja	0.5 %
Castilla-La Mancha	3.4 %	Madrid	16.7 %
Castilla-Leon	3.4 %	Murcia	2.3 %
Catalonia	18.2 %	Navarra	0.8 %
Ceuta and Melilla	0.2 %	Basque Country	4.4 %
Galicia	6.2 %	Valencia Region	11.7 %

(Fig 1)

CR-related Press Releases: 49

- Community Involvement: 24
- Socially Responsible Products and Services: 17
- Clear Tariffs: 1
- CR Awards: 2
- Content Access Control: 1
- CR Report Presentation: 1
- Responsible Network Deployment: 1
- Energy Efficiency and Climate Change: 1
- Reuse and Recycling of Mobile Phones: 1

(Fig 2)

Invoice information (April 2007)



(Fig 3)

Invoice information (November 2007)



(Fig 4)

¹The General Advertising Act 34/1988, of 11 November; Royal Decree 1/2007 of 16th November, approving the revised text of the General Consumer and User Defence Act, and other supplementary laws; the Unfair Competition Act 3/1991, of 10th January, etc



6 Customers

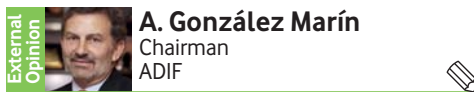
■ Can you tell me how you rate Vodafone Spain's performance with regard to the following issue?

«Responsible advertising of its products and services».

General public			
	Good / Very Good	Neutral	Poor / Very poor
Average for 2005-06	46	45	9
Average for 2006-07	51	38	11
Average for 2007-08	46	42	12

Customers			
	Good / Very Good	Neutral	Poor / Very poor
Average for 2005-06	77	20	3
Average for 2006-07	75	20	5
Average for 2007-08	73	22	5

(Table 1)



A. González Marín
Chairman
ADIF

■ "From our point of view as a customer, the most important Corporate Responsibility actions are those related to quality of service, transparency and innovation. A quality service that satisfies the customer is basic to creating a relationship of trust and being able to speak of responsible behaviour by Vodafone. Furthermore, we consider it very important that there is information and dialogue with the customers, as well as innovative solutions and improvements which address current and future needs."

Against Child Pornography Content

Vodafone is a founding member of the "Mobile Alliance against Child Sexual Abuse Content", an organisation which seeks to combat child pornography in the mobile telephony world.

This organisation, introduced during the "Mobile World Congress 2008", is made up of the main European mobile telephony operators, and seeks to prevent the consumption of child pornography via its networks. As such, all access to Internet sites with content relating to the sexual abuse of minors will be blocked and channels via which users can report the existence of child pornography on mobile telephony networks and the Internet will be promoted.

The departments involved in designing and creating advertising communications take special care not to produce misleading, unfair or subliminal advertising or to make use of any other aspects which may infringe the regulations in force. Furthermore, Vodafone Spain is a member of the Association for Self-regulated Commercial Communication (Autocontrol), a non-profit making association which is responsible for managing the Spanish system of self-regulated advertising.

Throughout the 2007-08 financial year, Vodafone Spain received 6 rulings for advertising issues:

- 1 fine for proceedings brought by the Andalusian Regional Government (€400).
- 1 fine for proceedings brought by the Almerian Government Office (€2,000).
- 1 fine for proceedings brought by Barcelona City Council (€265.5).
- 3 actions before Autocontrol, with no associated economic amount.

Furthermore, we continue to measure the opinion that our customers and the general public have concerning our advertising (See Table 1).

Responsible Mobile Use

Mobile telephones are no longer only used for talking. Telecommunications have recently evolved in an extraordinary way, and the mobile telephone is now seen as a device which combines voice communication, data, photos and video.

Users increasingly demand to be able to access services everywhere. Along with this tendency, a significant and increasing percentage of users access Internet services on the move, for increasing periods of time.

As a result, the mobile telephone content market has experienced enormous growth in recent years. In the specific case of our Vodafone live! portal, access to the content it offers represents added value for our customers and it is now a reality with 9 million users.

Vodafone live! is a portal that offers numerous services such as sports news, the weather, financial news, as well as information about travel and entertainment. Furthermore, it enables users to download ringtones, music, games and even access mobile television. Likewise, using Vodafone live! you can chat, access any web page and perform searches, as well as using shortcuts to the best national and international Internet services: Google, Yahoo, Windows Live, Hotmail, YouTube, eBay, etc.

Every opportunity carries an associated risk, and in a field as broad as content supply, these risks are related to minors possibly accessing unsuitable content. In accordance with the "Childhood and Adolescence in the Information Society" report published by Red.es, half of children aged between 10 and 15 years have a mobile telephone and 31% of them use it on a daily basis. Meanwhile, 78.4% of young people between the ages of 16 and 17 years old have a mobile telephone and 63% of them use it on a daily basis.

Restricted content access

Vodafone has been making a continuous effort to control access to the content available on Vodafone live! and Mobile Internet. At the same time, mechanisms to ensure that Vodafone live! browsing is secure are being developed.

During the 2007-08 financial year, Vodafone Spain has continued to work on our Access Control Policies, classifying the content of our pages according to the defined content categories. See www.vodafone.es/usoresponsable.

The content access controls established by Vodafone Spain can be split into two large groups, depending on the medium used to access it:

- Access via Vodafone live!:
 - Adult content (people above the age of 18): in order to gain access you must have an "Adult PIN".
 - Content not recommended for people below the age of 18: in this area, the main change this financial year has been the introduction of the "Youth Profile", fulfilling the commitments acquired in the previous CR report.

The Youth Profile involves blocking access to all content that is not recommended for people below the age of 18 and all adult content, with the result that customers with such a profile will encounter the following restrictions:

- In their Vodafone live! menu, those sites whose content is classified as not recommended for people below the age of 18, or as adult content, will not appear.



- If the customer performs a search via Vodafone live!, the results of this search will not be shown when they refer to any of those sites which are not recommended for people below the age of 18 or which contain adult content.
- If the customer tries to access a site that is not recommended for people below the age of 18 or which contains adult content, either via a highlighted address, or directly by typing in the address, a blocked content warning will appear.

Activating the Youth Profile is free for our customers, and the only prerequisite is to have an adult PIN either for their own telephone or for another handset which is associated to their account. That way we can be sure that the customer requesting the Youth Profile is over the age of 18.

b. Access via Internet:

In order to guarantee safe browsing outside Vodafone live!, you can activate the Off-Net Filter, which blocks access to pages which are classified as adult content.

In addition to the actions that Vodafone Spain has been carrying out in terms of content access controls, this year we have taken part in an industry initiative resulting in a Code of Conduct for minors' safer use of content access (See Figure 5), the criteria of which are perfectly aligned with the actions we have been carrying out in this field.

Chat Services

Chat services allow instant written communication via mobile telephone between two or more people who may or may not know each other.

At Vodafone Spain, all of our contact, data and chat "sites" are subject to access control, including our Vodafone live! Chat. Depending on the moderation level and who is providing the service (a third party or Vodafone), a greater or lesser level of access control is established.

Spam and SMS Premium

In the field of mobile telephony, "spam" (unsolicited electronic commercial communication), usually comes from companies who are trying to sell a product or service, and they request that users call or send a message to a certain number. In this case, messages sent to our customers about subscribing to premium services are particularly sensitive.

In this respect, during the 2007-08 financial year, Vodafone Spain established a series of restrictions which will also result in greater control, once the Ministry of Industry, Tourism and Trade Order comes into force, which applies to both Network Operators and SMS Service Providers, the objective of which is to regulate the use of public numeration resources for providing short message services. This Order establishes the number ranges which can be used to provide short message services, the number management and control criteria for providing additional tariff services, and the process for replacing the numbers currently used for this kind of service.

As a consequence of the aforementioned Order, a "Code of Conduct for the provision of Additional Tariff Services based on sending messages" is being drawn up, which contains regulations which are particularly and specifically aimed at protecting the rights of vulnerable social groups, such as minors, elderly people and people with disabilities. It also seeks to prevent basic rights which are recognised by the Spanish legal system from being infringed, as well as promoting compliance with all specific, sectorial and general regulations affecting the provision of these services within the scope of its powers.

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. Vodafone Group has established a Privacy Policy which Vodafone Spain has implemented satisfactorily (See Chapter 3: Corporate Responsibility at Vodafone).

During the past year, Vodafone Spain implemented an Online Awareness Programme on privacy issues. This Programme formed part of a Logical Security Course and was taken by 81.5 % of Vodafone Spain employees.

Digital Rights Management

Vodafone Spain sets out the intellectual and industrial property rights and obligations of both parties through its contracts with content suppliers, covering, amongst various other aspects, the granting of the licence for the necessary intellectual property rights concerning content to Vodafone Spain, so that it can provide the associated services to its customers.

External
Opinion



G. Cánovas
Chairman
PROTÉGELES



"At Protégeles we consider that Vodafone is working genuinely and effectively to ensure that minors use mobile telephony in a secure and responsible manner, also creating guides and tools which are useful to both children and their parents. The work with discussion groups made up of teachers and counsellors, is proving to be a success and marking out the path to follow: to convert the mobile into a useful tool in the educational environment."



Code of Conduct for Minors' Safer Use of Services Accessing Mobile Electronic Communications Content in Spain

Aside from the content access control mechanisms that it has been applying since 2004, in December 2007, Vodafone Spain along with other domestic operators, signed this Code which complements a Framework agreement signed in February 2007 between the European Mobile Operators Association and the European Commission, in order to increase and boost the measures for protecting minors when they access content using their mobile.

The fact that access to mobile Internet can be obtained anywhere creates the need to establish mechanisms to enable parents to control the kind of services and content which minors they are responsible for use and download.

This Code, signed with the support of the Ombudsman for Minors in the Madrid Region and the "Protégeles" association (an organisation for the protection of children in information and communication technologies), is the first of these characteristics to be signed in Europe

The operators established a period of nine months, from when the Code was signed, to standardise the classification of content and implement parental control. Furthermore, they committed to forcing content providers to apply their content classification system, such that even if they use third-party supplier services, the systems must be used.

For further information, go to
www.vodafone.es/usoresponsable

(Fig 5)



6 Customers


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

«Ensure mobile phones are used responsibly».

General public			
	Good / Very Good	Neutral	Poor / Very poor
Average for 2005-06	33	50	17
Average for 2006-07	38	45	17
Average for 2007-08	36	50	14

Customers			
	Good / Very Good	Neutral	Poor / Very poor
Average for 2005-06	55	29	16
Average for 2006-07	56	29	15
Average for 2007-08	63	27	10

(Table 2)

Internal Opinion  **J. Jaquotot**
Director of Strategy and Business Analysis. Vodafone Spain.

Innovation in the SIM

"The development of applications in the SIM, with facilitators such as the electronic signature, presents itself as an opportunity for Vodafone and third parties. These services will be a powerful channel of interaction with our customers since they can be managed remotely and they use the SIM as a security element.

The user retains all of the options of a mobile service, but it also becomes a personal service that is independent from the handset.

The SIM will be the base for developing other technologies, such as NFC (Near Field Communication) and widgets (useful applications), which will improve the user's experience."

New Vodafone Spain tariffs during the 2007-08 financial year:

- New Contract 1 – At the time it was launched, in June 2007, it was the cheapest tariff for calls to the same operator in any time slot (1 euro cent per minute).
- Relax Plans – This is the first tariff aimed at residential customers which applies an increasing discount depending on the customer's consumption, and applicable to all of their national consumption (voice calls, SMS text messages, MMS Messages and video calls).
- Vodafone at Home Flat Rate – It is the first fixed telephony service without connection, installation or maintenance charges. It enables customers to keep their fixed number in order to receive calls when they are at home, benefiting from a flat-rate tariff for calls to national fixed lines.

(Fig 6)

Table 2 shows the evolution of the opinion of our customers and the general public concerning our performance in topics related to Responsible Mobile Use.

New Services on the Mobile

During the 2007-08 financial year, Vodafone's extensive deployment of its mobile broadband network (3G and HSPA), the launch of a range of mobile telephones with advanced multimedia functionality and mobile broadband HSPA technology, as well as the widespread popularity of PC connectivity services (USB modem, PC cards...) has led to an increasing use of data services.

 **J. Jaquotot. Director of Strategy and Business Analysis. Vodafone Spain.**
«Innovation in the SIM».

Mobile Marketing

In October 2007, Vodafone Spain presented its strategy for developing mobile telephony as a marketing platform, announcing the companies which would take part in its first "Mobile Marketing" programme. The aim of the programme was to develop a new service with low advertising pressure for the user and high value for the advertiser.

The programme was carried out for four months, at a flat rate and limited to ten big brands from the Spanish market, with sector exclusivity: Heineken, Mercedes-Benz, Nestlé, Cepsa, HP, Atrapalo.com, BBVA, Línea Directa Aseguradora, Microsoft and Red.es.

The advertisements on the Vodafone Life! portal are integrated into the page content, with no more than two "banners" per session, which when clicked, take the user to the advertiser's page where the customer can obtain free content.

Another type of advertising forming part of the programme is that where the user sends a direct request for content via SMS, or advertising within content, such as in a game, or before or after accessing free news or videos.

There are also push campaigns where the user expressly consents to receiving, via subscription, SMS messages containing advertising and receives a discount in return.

The results of the programme are being used to devise the services model that Vodafone will offer the advertising market, which will fully respect the regulations which develop the Law on Personal Data Protection, published in the Official Spanish Gazette on 19 January 2008, as well as the new Responsible Marketing, Content and Use Guidelines produced by Vodafone this year.

Prices and Tariffs

National tariffs

During the 2007-08 financial year, Vodafone Spain's range of national tariffs has continued to evolve in our customers' favour, as shown by the data extracted from the quarterly reports produced by the Telecommunications Market Commission:

- In 2007, Vodafone Spain's average price per minute was 15% lower than our competition's average.
- Furthermore, Vodafone Spain lowered its average price per minute by 6% in 2007.

Our commercial offering is based on simple price plans which adapt to our customers' different needs and which are complemented by other products which make it possible to make even bigger savings on regular calls. (See Figure 6).

In order to make it easier for customers to adopt the tariffs which are most appropriate for their level of use, Vodafone Spain has a tariff recommendation tool on its website <http://www.vodafone.es/particulares/tarifas/recomendador/> (See Figure 7).

Roaming

In March 2007, complying with the Law on Improved Consumer Protection, Vodafone Spain adapted its roaming tariffs, charging its customers by the second from the first second.

Furthermore, in the 2007-08 financial year, roaming has also been affected by the European Commission's new regulation of voice tariffs. As such, in June 2007, the European Commission passed a regulation obliging all operators in the 27 member states of the European Union to charge no more than 49 euro cents/min for an outgoing call and 24 euro cents/min for an incoming call, the deadline for implementing this change being September 2007. Vodafone Spain

adapted its tariffs before this date offering its post-paid customers the opportunity to contract this tariff from 29th June (See Figure 8).

This European regulation did not affect customers that already had Vodafone Passport, whose tariff was recognised as being advantageous to the customer by the European Commission. On 31st March 2008, Vodafone Passport was available in 36 countries with 103 operators from around the world, making the offering much more transparent and clearer for customers.

Likewise, in order to improve the transparency of roaming tariffs, in September 2007, a free telephone number (106) was made available to all of our customers, via which they can consult, when they are in the European Union, both voice and SMS tariffs, as well as those for all other services.

Vodafone Spain has also worked on simplifying and reducing SMS and MMS tariffs. As such, customers pay a single tariff for SMS messages sent from inside the European Union or for messages sent from anywhere else in the world. This initiative has resulted in a 53% reduction in the price of this kind of SMS.

Finally, taking into account Vodafone's commitment to mobile data and connectivity, in June 2007, the Flat Rate 24-hour Roaming Tariff (designed for browsing using a laptop) was more than halved.

For further information, go to www.vodafone.es/roaming.

Table 3 shows the opinion of both customers and the general public in relation to the transparency of our communication on the subject of Tariffs.

Service Quality

Customer Satisfaction

At Vodafone, we are not satisfied with being the market leader in terms of Customer Satisfaction, we aspire to enjoy an undisputed leadership that is sustainable over time.

All of the continuous improvement actions that we have implemented during the 2007-08 financial year have helped us to end the year with a score of 67.3% for the Satisfaction Indicator.

Customer Service

We continue to innovate in order to offer the best customer service, making it easy to communicate with us whilst simplifying everyday customer transactions. As such, our customers have the option of choosing between various ways of contacting us, using both traditional and innovative methods:

- Telephone support.
- Via our points of sale.
- Via the Web.
- Via e-mail.

The innovations introduced during the 2007-08 financial year include:

- Redesigning our customer web channel, incorporating new functionality and services, including a self-service option for those customers wishing to manage the relevant activities themselves.
- Increasing the use of the USSD channel (service activations from the mobile handset), which makes it easier to subscribe to and modify services quickly, easily and efficiently, as our customers confirm through the Products and Services surveys.
- Self-management from the mobile, having successfully tested mobile applications throughout the year which enable our customers to manage their own services, quickly and easily, wherever they are.

In order to offer a more comprehensive service, we are combining our customer care channels, adapting them to our customers' needs, working as a team to make our professionalism available to them.

For further information, go to www.vodafone.es/atencion-al-cliente.

Workforce specialisation

We continue to offer a service via specialist customer service platforms such as customer care in other languages (Romanian, Arabic, English and the official Spanish languages), and our specialist billing platform.

Our customer care professionals have the opportunity to develop professionally through Vodafone's "Customer Management Advanced Program". With a customer-oriented approach and largely practical in nature, the course is 210 hours long, and its objective is to train Vodafone employees in the field of customer management. To date, the course has been run four times and 119 professionals have completed it.



(Fig 7)



(Fig 8)

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

«Clearly and transparently communicating prices and rates».

General public			
	Good / Very Good	Neutral	Poor / Very poor
Average for 2006-07	48	38	14
Average for 2007-08	44	43	13

Customers			
	Good / Very Good	Neutral	Poor / Very poor
Average for 2006-07	72	19	9
Average for 2007-08	66	23	11

(Table 3)



% of complaints and trouble reports / total contacts in call centres	
2006-07	2007-08
4,1 %	3,74 %

(Table 4)

Types of complaints received	
Data Product	25%
Invoice	21%
Contract/Prepay Terms	19%
Voice Products	14%
Points/Order	12%
Promotions	9%

(Table 5)

Complaints

At Vodafone we are aware that managing customer incidents and complaints must be done quickly and appropriately so as not to fall short of their expectations. For this reason, all possible channels are open for them to communicate suggestions, incidents and complaints.

During the 2007-08 financial year, the percentage of customer contact consisting of complaints is lower than last year (See table 4), despite the notable increase in the use of data products and services.

The type of complaint received is indicated in table 5.

One of the channels via which customer complaints are received is the Official Channel (Official Bodies and Consumer Associations). During the 2007-08 financial year, the monthly average for complaints received via this channel was 1730.5 complaints/month.

Network Quality

Vodafone's vast experience in designing telecommunication networks, the high reliability of the elements used in our network architecture, and the level of excellence reached in operation and maintenance enable us to aspire to satisfy our customers' Quality of Service expectations and to be leaders in achieving the availability and quality objectives established by international regulations. In order to achieve this objective, Vodafone has a robust mobile telephony network with redundant routing, diversity and protection against faults.

A key factor in reaching and maintaining the Quality of Service parameters lies in the Continuous Quality Improvement Process. Basically, this involves the Technology Department carrying out a detailed analysis of the causes of incidents using various sources of information such as satisfaction surveys, examples of real customer experiences, statistics and traffic levels generated by network elements, field measurements and contact with our Customer Service centres, and working to resolve them so as to convert them into opportunities for improvement.

Customer satisfaction is regularly measured, highlighting the most relevant attributes which identify the operating characteristics of a telecommunications network. Using these measurements, which as we have said, also form part of the initial incident diagnosis, the results of the improvement actions will be verified.

During 2007-08, 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 88% of the population by March 2008.

We have also continued to deploy Mobile Broadband (HSPA) throughout our 3G network, giving our customers an efficient and fast connection to data networks with file download speeds of up to 7.2Mbps and upload speeds of 1.8Mbps. Vodafone is the market leader in terms of HSPA data speed, according to the external audit carried out by the company P3 Solutions.

Vodafone Spain complies with the Technical Regulation and that on the Provision of Automatic Mobile Telephony Value-Added Telecommunication Services. Consequently, it produces periodic reports on various elements of Quality of Service agreed between the operators and the SETSI (Secretary of State for Telecommunications and for the Information Society) based on different international regulations. The quarterly Quality of Service values are subject to external audits and can be consulted on the Ministry of Industry, Tourism and Trade web page (www.mityc.es) in the Telecommunications section.

We will

- Communication Campaign concerning the Code of Conduct on minors' safer mobile use when accessing content and associated actions (classification criteria and content access controls, portal for the education sector, etc.).
- Complement the current Youth Profile design, in order to make it easier to activate it in the Vodafone live! environment ("On Net" content), to activate the "Off Net" Filter ("Off Net" content) and restriction for Mobile Marketing.
- Produce and distribute Guides on Secure and Responsible Use of Mobile.



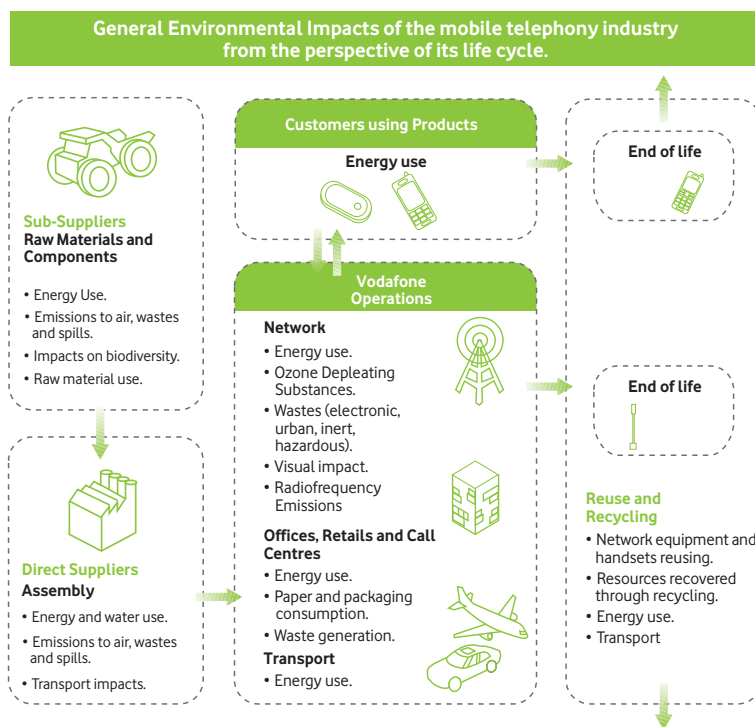
Like any other business activity, mobile telephones and the networks that connect them have a certain impact on the environment throughout their life cycle (from their manufacturing and use to their disposal).

Vodafone strives to reduce the negative environmental impact that may be caused during the different phases of the life cycle of its products and services where it has direct control. Furthermore, we try to reduce negative environmental impact through our purchasing decisions, agreements and collaborations with our suppliers, and by informing our customers.

For example, during the 2007-08 financial year, we offered our customers the option of requesting an electronic invoice, which is helping to reduce the amount of paper used in billing operations.

At the same time, we try to make the most of the positive environmental impact associated to our business, encouraging its use (for example, meetings via video conferences, which avoid the pollution associated with transport, or developing products and services which promote environmental protection).

The diagram below presents a general outline of the environmental impact of the mobile telephony industry.



We said

- Reduce our planned network energy consumption 8% by March 2010.
- Achieve a 35% reduction in CO₂ emissions/MB of traffic by March 2010.
- Implement Direct Energy Measurement Systems at more than 10 sites.
- Continue our collection schemes for reusing and recycling, and conduct an audit on their operation.

	2005-06	2006-07	2007-08
Network Energy Consumption (Mwh)	169,446.1	207,365.1 ¹	216,185.5
Energy Consumption per Network Element (Kwh/BTS)	12,847.5	12,815.7	10,985.0


(Table 1)

	2005-06	2006-07	2007-08
CO₂ derived from network energy consumption (Ton)	58,661.7	68,568.3 ¹	68,826.3
CO₂ issued per network element (kg/BTS)	4,447.8	4,237.7	3,499.4

(Table 2)

	2006-07	2007-08
Network Energy Savings due to PEE 2006-10 (Mwh)	6,231.5	21,490.5
Reduction in CO₂ emissions due to PEE 2006-10 (Ton)	1,969.1	6,790.8

(Table 3)

Internal Opinion  **J. Bustillo**
Chief Technology Officer.
Vodafone Spain

Network Innovation

"Technology is an area in which innovation is part of our raison d'être. Undoubtedly the most significant technological development that we have incorporated this year, which has contributed towards greater energy efficiency, is the deployment of 3G based on remote radio heads. This involves dividing the radio communications equipment (base stations) into two: baseband and radio. The former is the station control and the latter amplifies the power and signal emission/reception. With remote heads, the radio phase is next to the antennas achieving energy savings of close to 30% and the equipment does not need air conditioning."

¹ There is a slight variation with respect to the figure reported in the 2006-07 CR Report, due to energy consumptions received after the year end.



Vehicle fleet consumption (Thousand litres)	2005-06	2006-07	2007-08
Diesel	1,903.1	2,059.9	1,933.9
Petrol	195.1	129.5	76.1

(Table 4)

	2005-06	2006-07	2007-08
N° Short-Haul Flights/N° Employees	4.09	4.17	4.15
N° Long-Haul Flights/N° Employees	0.026	0.032	0.048

(Table 5)

	2005-06 y 2006-07	2007-08	TOTAL
Videoconferencing rooms (cumulative)	29	47	---
N° of national videoconferences	8,086	3,584	11,670
N° of international videoconferences	1,875	4,594	6,469
Estimated CO ₂ emission saving (Tn)	546	769	1,314

(Table 6)



(Fig 1)

	2005-06	2006-07	2007-08
N° of Handsets recycled	39,745	43,428	74,652
N° of Handsets reused	30,000	56,707	95,477

(Table 7)

We have

Energy Consumption

Network Energy Efficiency Plan

The energy consumed in operating and cooling the telecommunications network equipment represents more than three quarters of the total consumption. The network equipment uses energy in order to function, but the majority of the energy is consumed in the cooling operations required to regulate the temperature of our equipment.

The increase in our activity in recent years has been spectacular. However, due to the measures devised in order to control energy consumption, we have ensured that this does not increase proportionally to the development of our business (See table 1). In fact, the reduction of our energy consumption/BTS average, compared to the 2005-06 financial year was 14.5%.

Likewise, we are managing to control the CO₂ emissions associated to network electricity consumption (See table 2), having reduced the CO₂ emissions derived from our network consumption/BTS average, by 21.3% compared to the 2005-06 figure.

With the aim of continuing to improve the energy efficiency of our network which began with the first Energy Efficiency Plan 2003-06, during 2006-07, we released the 2nd Energy Efficiency Plan 2006-10 (See www.vodafone.es/medioambiente), which contains the following goals:

- To achieve savings of 8% on the foreseen energy consumption between the start of the 2006-07 financial year and the end of the 2009-10 financial year.
- To reduce foreseen CO₂ emissions by at least 8% and reduce CO₂ emissions related to network traffic by 35%.

During 2007-08, by applying the aforementioned Energy Efficiency Plan 2006-10, we have achieved savings of 21,490.5 Mwh, which represents a 6,790.8 tonnes reduction in CO₂ emissions (See Table 3).

Since the start of our Energy Efficiency Plans in the 2003-04 financial year, we have achieved a total CO₂ emission reduction of 13,397.1 tonnes, which is equivalent to the amount that a 1,875.6 Ha forest would absorb in a year.

As a sign of Vodafone's continued environmental commitment, on 21st April 2008, the Vodafone Group CEO, Arun Sarin, announced that the company was committed to reducing CO₂ emissions to 50% of the 2006-07 figure by 2020.

 **J. Bustillo. Chief Technology Officer. Vodafone Spain.**
«Network Innovation».

Other energy consumptions

Although the impact caused by electricity consumption in our offices and shops is not as high as that of our network operations, we are also implementing energy efficiency measures in our offices and shops which are enabling us to control consumption, of which the following are worth special mention:

- Adapting the temperature range in all buildings.
- Replacing the air conditioning system, installing other more energy efficient models.
- Installing presence detectors in some offices.
- Installing low-energy light bulbs.
- Insulating shop windows.

Furthermore, Vodafone Spain is encouraging its employees to use Video Conference Rooms, so that it can control and optimise the number of trips and journeys made (See tables 4 and 5), and as such, the associated environmental impact in CO₂ emissions, particularly when compared with the sizeable annual increase in our activity (See Table 6).

Installing video conference rooms also facilitates balancing employees' personal and working lives, and both business meetings and training are carried out practically in real time, being a quick and effective method of communication which saves time and increases productivity.

Telephone Reuse and Recycling

The rapid development of mobile technology means that mobile telephones soon become obsolete; in Spain on average they are replaced every 18 months. In the 2007-08 financial year, Vodafone Spain sold over 8 million mobile telephones, many of which replaced telephones which were still in good working order.

Vodafone Spain collects unused mobile telephones, as well as their accessories (batteries, chargers, earphones, etc.), in order to refurbish and reuse them, and when they cannot be refurbished, the components are separated and recycled.

This reuse and recycling scheme has several environmental and social benefits:

- It reduces waste generation and prevents the generation of potential environmental pollutants since they are not taken to rubbish dumps.
- It increases the life of useful components, reducing the need for raw materials and the energy used to produce them.
- It facilitates developing countries' access to mobile telephony, since they can acquire reused telephones at a lower cost with the associated social and financial benefits.

Vodafone Spain has a handset reuse and recycling programme for both residential and business customers. We encourage recycling and reuse through our Loyalty and Acquisition Programmes. (See Figure 1).

During the 2007-08 financial year, Vodafone Spain collected over 170,000 handsets, 56% of which have subsequently been reused in developing countries. (See Table 7).

We also measure the perception that our customers and the general public have concerning our performance in relation to recycling and reusing handsets. (See Table 8).

Wastes

Our operations generate waste, both in the network and in our offices, shops and customer care centres. Vodafone Spain is committed to reducing, reusing and recycling wastes wherever possible.

- Network wastes: as technology advances, we are updating and replacing our equipment, which generates wastes. We reuse everything we can internally, and wastes that cannot be reused are sent to a specialist recycling firm. (Table 9).
- Other wastes: the main types of wastes that we generate in our offices, shops and customer care centres are paper, toner, packaging, and computer equipment. (Table 10).

As you can see, paper consumption, and as such paper recycling, has been reducing every year both as a result of employee awareness campaigns and the implementation of solutions to reduce the need for paper in printers (double-sided printing).

During the last financial year, Vodafone Spain launched electronic billing as another way of helping to reduce resource consumption and waste generation. A total of 122,289 residential customers and 2,164 corporate customers have registered for electronic billing and no longer receive a paper invoice.

Although it is not a significant environmental aspect of our business, we also control water consumption (Table 11). We collect and pour the majority of the water we use into the drainage system. There have not been any significant accidental spillages this year.

During 2007, we have used 203,994 kg of packaging (the majority made of paper and cardboard or plastics) for telephone sales, all of them having been notified to Ecoembes. We are implementing plans to minimize our packaging, such that it generates less or more easily recyclable waste. (Table 12).

Vodafone Spain does not manufacture either telephones or network equipment, but we encourage our suppliers to design equipment and devices which are easily recyclable and produced using more environmentally-friendly materials. In this respect, at Vodafone Spain we ensure that the equipment that we buy and distribute complies with the requirements set out in the European (RoSH and WEEE)² and national (RAEE) regulations concerning electronic wastes.

All of these actions are complemented by periodically monitoring the perception that our customers and the general public have of Vodafone Spain in terms of its performance in the area of reducing its environmental impact (See Table 13).

■ 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			
	Good / Very Good	Neutral	Poor / Very poor
Average for 2005-06	38	49	13
Average for 2006-07	44	44	12
Average for 2007-08	40	47	13

Customers			
	Good / Very Good	Neutral	Poor / Very poor
Average for 2005-06	63	26	11
Average for 2006-07	62	28	10
Average for 2007-08	63	29	8

(Table 8)

	2005-06	2006-07	2007-08
Recycled Network Equipment (Tons)	250.4	180.8	62.5

(Table 9)

	2005-06	2006-07	2007-08
Tons of Paper Purchased	137	97	81
Tons of Paper Recycled at Vodafone	290.2	258.7	196.7

(Table 10)

	2005-06	2006-07	2007-08
Total water used (m ³)	134,898	154,320	123,443

(Table 11)

	2005	2006	2007
Kg of packing and packaging	129,572	283,821	203,994

(Table 12)

2 RoHS: Restriction of Hazardous Substances
WEEE: Waste Electrical and Electronic Equipment



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

«Minimisation of the impact of their products and operations on the Environment».

General public			
	Good / Very Good	Neutral	Poor / Very poor
Average for 2005-06	36	48	16
Average for 2006-07	39	46	15
Average for 2007-08	36	49	15

Customers			
	Good / Very Good	Neutral	Poor / Very poor
Average for 2005-06	57	34	9
Average for 2006-07	54	39	7
Average for 2007-08	59	35	6



(Table 13)

	2006-07	2007-08
ODP ³ content in equipment	816.6	721.9
Recharged ODP	155.2	84.7

(Table 14)

	2006-07	2007-08
GWP ⁴ content in equipment	36,561,798.0	30,836,028.8
Recharged GWP	10,265,600.3	6,869,883.8

(Table 15)

External Opinion  **A. de Marichalar.** Earl of Ripalda Chairman.. FORO SORIA XXI 

"For years, Vodafone Spain has been backing responsible practices to protect the environment, but more than anything it has known how to get ahead in terms of working towards a sustainable development which links economic progress and profit with social and cultural progress, whilst protecting the environment that shelters us all along with any activity that we wish to undertake, thinking about the rights we must leave to future generations.
 (...)

 In this respect, we have been particularly interested in Vodafone's commitment and observed the conviction of its main asset, its human team, working in all areas of sustainability.
 (...)

 My congratulations to all Vodafone staff and their directors, for this example of a deep ethical commitment to sustainable development."

Ozone Depleting Substances

The ozone layer forms part of the earth's atmosphere. It is essential to the survival of human beings and other living creatures because it filters harmful solar ultraviolet radiation. Certain gases (including CFCs and HCFCs) contained in air conditioning systems, damage the ozone layer and cause higher levels of ultraviolet radiation, which can have negative effects on people's health. (Tables 14 and 15).

At Vodafone Spain, we are implementing a plan to replace these gases with others which do not damage the ozone layer (R 407 or R 410).

With the aim of increasing employees' environmental awareness we have been carrying out information campaigns with recommendations in order to minimise the environmental impact of our everyday activity. Some of these recommendations are listed below:

What can you do for the environment?

- Unplug your charger when your telephone is charged. Chargers continue to consume energy while they are plugged in.
- Request your electronic bill via the Internet, that way you will not consume paper or generate wastes.
- Use video conferences in your work instead of driving or flying to a meeting. You will save energy and reduce CO₂ emissions which contribute to climate change and other pollutant emissions, as well as you will improve your work/life balance.
- Recycle your old mobile, don't throw it away. You will help to reduce waste generation, stop dangerous materials affecting the environment and reduce the need to produce new handsets and components. Furthermore, if you take it to any Vodafone shop, you will obtain points and will help developing countries to have access to this technology.

We will

- Reduce network energy consumption by 8%. March 2010.
- Achieve a 35% reduction in CO₂ emissions/MB of traffic. March 2010.
- Reduce CO₂ emissions with the aim of contributing towards achieving the Vodafone Group objective of reducing emissions by 50% compared to the 2006-07 figures. March 2020.
- Continue to implement Reuse and Recycling Systems, with the aim of collecting 17% more telephones than last year.

³ The ODP (Ozone Depletion Potential) for each substance is calculated on a scale with a Kg CFC-11 base, which is allocated a value of 1.

⁴ The GWP (Global Warming Potential) of substances is calculated on the basis of 1 Kg of CO₂, which is allocated a value of 1.

Our mobile services rely on a telecommunications network which is composed, among other elements, of switching centres and base stations which handle the sending and receipt of voice and data calls.

Base station infrastructures are often located on towers, on building roofs and existing structures. Some people think that there are lots of base stations due to the number of mobile telephony operators and users, but the number of base stations is also determined by the technology used. The continual improvement of our coverage and capacity, as well as the launch of new services such as video calls, Internet and mobile television, mean that more base stations are required to support network traffic levels.

We are aware that part of the population is concerned about the radiofrequency emissions from mobile telephony. As such, Vodafone is promoting and encouraging studies and research into electromagnetic fields. Some of the most important studies can be viewed on our website.

www.vodafone.es/antenasysalud

We said

- Extend stakeholder engagement activities, with the aim of improving their opinion about Vodafone Spain's performance with regard to Mobile Telephony and Health (in relation to the 2006-07 survey results).
- Provide training/communication in relation to Responsible Network Deployment Policy and Guidelines for employees and suppliers.
- Assess Vodafone Spain's compliance with the RND Policy.
- Continue monitoring public opinion about our Network Deployment and improve public acceptance (on the 2006-07 basis) for March 2009.

We have

Mobile Telephony and Health

In May 2007, the telecommunications operators with their own networks (Ono, Orange, Telefónica and Vodafone) created Redtel. This association is making a big effort to inform not only councils, but also citizens, about the fact that base stations are safe because they comply with the European and Spanish legislation on emission levels by a significant margin.



Regulatory compliance

Vodafone Spain base stations comply with European and domestic legislation in force concerning radiofrequency emissions. (See Table 1).

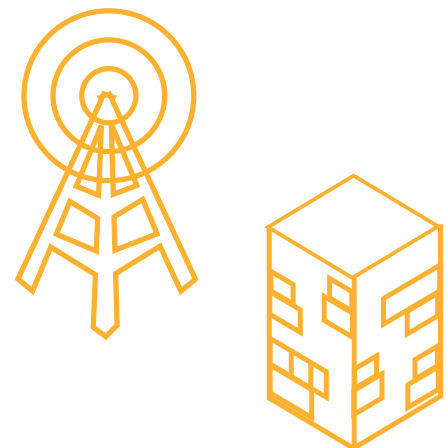
By way of continuation of the "Code of Good Practice for Mobile Telephony Facilities" produced by FEMP (Spanish Federation of Municipalities and Provinces) in collaboration with AETIC (Spanish Association of Electronics, Information Technology and Telecommunications Companies), in December 2007, FEMP approved the Draft Bylaw on the Installation and Operation of Radioelectric Infrastructures. This draft bylaw transfers the spirit which led to the approval of Additional Provision 12 of the General Telecommunications Law 32/2003 to the municipal jurisdiction, establishing the need to resolve the issues which are being encountered when deploying communications infrastructures whilst respecting the municipal authorities with regards to town planning and environmental protection. (See further information at www.femp.es/sati).

The purpose of the aforementioned Draft Bylaw is to regulate the town planning and environmental conditions which must apply to the location, installation and operation of telecommunications infrastructures within the municipal district, in order to ensure that they are implemented with every safety guarantee, and that the visual and environmental impact on the town and countryside is kept to a minimum. This Draft Bylaw also provides for the establishment of a swift procedure for processing the compulsory municipal licences, in accordance with the provisions of section 29 of the General Telecommunications Law 32/2003, of 3rd November.

Radiofrequency emissions: applicable regulations

- **European:**
 - Recommendation of the EU Health Ministers Council, of 12th July 1999, concerning the general public's exposure to electromagnetic fields.
- **Statewide:**
 - Royal Decree 1066/2001, of 28th September, approving the Regulation that sets out conditions to protect the public radioelectric spectrum, restrictions on radiofrequency emissions and radioelectric emission health protection measures.
 - Ministerial Order CTE/23/2002, of 11th January, which sets out the conditions for the submission of certain research and certificates by radiocommunications services operators.

(Table 1)



8 Deployment of our network

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

«Responsible handling of radiofrequency emissions of mobile telephone masts and their relation to health».

General public			
	Good / Very Good	Neutral	Poor / Very poor
Average for 2005-06	37	49	14
Average for 2006-07	40	45	15
Average for 2007-08	35	51	14

Customers			
	Good / Very Good	Neutral	Poor / Very poor
Average for 2005-06	52	37	11
Average for 2006-07	54	37	9
Average for 2007-08	58	35	7

(Table 2)

External Opinion  **A. Ros Domingo. Mayor of Lleida**
Chairman of the Information Society and New Technologies Area.
FEMP

■ "The diffusion of telecommunications and their use in society have facilitated a change in social model not unrelated to the organisational transformation of local organisations, moving from a hierarchical and centralised model towards more open and delocalised management environments, by creating offices in the neighbourhoods or districts, specialist technical units in the customer care department, etc, eventually reaching a management model based on the Web, which is currently moving towards social web models in the Internet 2.0 environment.

The path taken has been long and productive, although it is not completely over, as there is still a lot of work to do.

Just as in the private sphere, where companies organise themselves in line with objectives and a strategic plan that can be identified and associated with their value chain and with the creation of value (private), before creating a business plan based on their own value chain, us governments must channel our resource usage so as to develop processes and services, to devise our modernisation strategy focussing on the creation of public value, on synergies with the environment.

Without the contribution of telecommunications, and the service offered by companies like Vodafone, it would be hard to achieve these objectives. At the FEMP Information Society committee, and with the operators' collaboration, we have generated services such as SATI (Technical Advice and Information Service), elements which enable us to invigorate and support the harmonious, orderly and safe deployment of radiocommunication infrastructures. We must continue to combine our efforts in this fruitful line of collaboration."

Generally, we continue to work with the various local governments in order to make them understand that the time taken to award licences not only has an impact on network development, but also affects the process of providing coverage to certain areas that are without it, as well as that of spreading the benefits of the Information Society.

Compliance with SAR (Specific Absorption Rate) levels

The website www.vodafone.es/antenasysalud details the SAR levels of the handsets sold by Vodafone Spain.

Furthermore, in January 2008, the Vodafone Group carried out an audit covering all of the handsets Vodafone Spain sells, in order to verify the level of compliance with our policy of information on electromagnetic emissions.

The overall result of the audit was highly satisfactory, only having detected a need to correct the information provided on certain handsets to our customers in the user guide. These corrections have now been made by the handset suppliers.

Transparency in Communication

Vodafone Spain continues to carry out quarterly surveys on our customers and the general public concerning our communications related to mobile telephony radiofrequency emissions. (See Table 2).

Furthermore, during the first quarter of 2008, the consultancy Nunwood carried out a study for Vodafone, in order to find out the stakeholders' perception of the responsibility shown in relation to issues concerning mobile telephony antenna and handset emissions. The study was carried out via a series of interviews with local authorities, health organisations, NGOs, media, members of the scientific and academic community, and business associations.

The result of the study was that 87.8% of those interviewed thought that Vodafone took its responsibilities concerning mobile telephony and health seriously. This percentage represents a 13.8% increase on last year's result.

Responsible Network Deployment

During the 2007-08 financial year, Vodafone Spain has continued to deploy its 3G network, increasing it by more than 2,300 additional network elements, which has involved an investment of more than 700 million euros. We currently have over 20,000 network elements, of which almost 9,000 have 3G technology.

In order to deploy these network elements, Vodafone Spain has taken into account both its Responsible Network Deployment Policy and associated Guidelines, and the Code of Good Practice signed by the mobile telephony operators. See further information at www.femp.es/sati

Furthermore, in order to ensure adequate knowledge and application of the said policy, the Corporate Responsibility unit has offered internal and external courses on the environment, aimed at employees and suppliers, in which particular emphasis was placed on the aspects covered by the Responsible Network Deployment Policy.

Meanwhile, in adherence to RD 1066/2001, 3,300 base station radiofrequency emission level readings have been taken, verifying that all emission levels were significantly below the limits established by the Royal Decree.

Shared Sites

Vodafone Spain has continued to make a special effort to share as many sites as possible with the other operators, in order to reduce the associated environmental impact. In this respect, the 2007-08 financial year has been the first year in which over 50% of the deployment has taken place on existing sites belonging to other mobile telephony operators or on towers already installed by other site landlords.

Our strong commitment to sharing base stations with the other mobile telephony companies who have their own network has enabled us to install our antennas at over 800 sites in addition to our own, as well as allowing other operators to place their systems at more than 900 of our sites.

It must be highlighted that during the 2007-08 financial year, Vodafone, along with other operators, and after significant technical effort, has completed the joint deployment of the network which will provide coverage to the new sections of the AVE that have opened this year: Madrid-Valladolid; Barcelona-Roda de Bara; and Malaga-Antequera.

3G Access Network

The 2007-08 financial year saw the start of the implementation of the agreement signed with Orange in October 2006, which stipulates that both operators will share their 3G network infrastructure in towns with less than 25,000 inhabitants, thus speeding up the deployment of UMTS technology throughout Spain. As a result of the aforementioned agreement, the coverage of both operators will increase by 25% and the total number of sites required for network deployment in these areas will decrease by 40%.

As part of this project, and in towns with less than 25,000 inhabitants, Vodafone and Orange have exceeded 800 3G installations at the other operator's sites, with the resulting improvement in UMTS coverage in these towns.

Consolidation of 2G sites

Furthermore, the aforementioned contract signed between Orange and Vodafone also provides for the consolidation of both operators' 2G sites into a single infrastructure and the dismantling of the other infrastructure.

During the 2007-08 financial year, over 200 existing 2G installations have been consolidated.

Relationship with site landlords

During the 2007-08 financial year, Vodafone Spain has taken over 11,000 calls from our site landlords via the Site Landlord Platform. (See www.vodafone.es/comunidades).

Monitoring these calls enables us to quickly resolve not only your queries, but also the various incidents which occur at the sites. (See Figure 1).

In Table 3 you can observe the perception that both the general public and our customers have of the actions that Vodafone Spain is carrying out in relation to Responsible Network Deployment.

We will

- Continue measuring stakeholder opinion on Vodafone Spain's performance as regards Mobile Telephony and Health and increase Information Campaigns.
- Continue measuring public opinion about our Network Deployment and improve public acceptance (on the 2006-07 basis).
- Verify/Audit sub-contractors' compliance with the Responsible Network Deployment Policy. March 2010.

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

«Select and design its masts in a way that minimizes the environmental impact».

General public			
	Good / Very Good	Neutral	Poor / Very poor
Average for 2006-07	35	49	16
Average for 2007-08	34	51	15

Customers			
	Good / Very Good	Neutral	Poor / Very poor
Average for 2006-07	63	29	8
Average for 2007-08	57	33	10

(Table 3)



Figure 1



A company's value is measured by its people, and in the case of Vodafone Spain, we are convinced that the sum of our individual actions helps to shape both our customers' experience and the company's reputation, and this is the reason why the "Building Vodafone Together" plan was created.



Together We Seek

Recruitment:
know, adapt, advance.



Together We Connect

Communication and Involvement:
fluidity, transparency, interaction.



Together We Advance

Career Development:
improve, aspire, act.



Together We Assess

Compensation and Acknowledgement:
understand, assess, acknowledge.



Together We Assure

Wellbeing at work:
safeguard, look after, assure.



Together We Change

Organisation and change:
know, assume, participate.

■ We said

- Produce a Plan derived from the new Equality Act, setting objectives to meet and actions to implement.
- Implement the actions of the Equality Plan. March 2009.
- Establish a Programme of Healthy Habits at work.

■ We have

Vodafone Spain, in addition to creating significant direct and indirect employment, is characterised by creating quality employment and by its commitment to diversity and equal opportunities. (See tables 1 to 5).

Personnel Recruitment and Career Development

In order to help identify professional development opportunities, Vodafone Spain has a performance assessment tool called "Performance Dialogue". This is a key business process which has turned out to be an excellent opportunity to give and receive feedback, to set team and individual objectives, as well as agreeing actions that will help to achieve them. This process also helps to improve the dialogue between managers and co-workers.

In the 2007-08 financial year, 99.03% of staff used this process.

Furthermore, as a key tool for contributing towards professional development, Vodafone Spain is committed to training its professionals. (See tables 6 and 7).

During the 2007-08 financial year, numerous programmes and actions have been implemented related to Professional Recruitment and Career Development, of which the following are worth special mention:

• Recruitment

- Implementation of specific recruitment processes for shop and Customer Services staff.
- Launch of new Trainee and "Top Talent" programmes. (See Figure 1).
- Implementation of new policy and recruitment and training process for Human Resources service providers.

• Training and Career Development

- Implementation of the first phase of the "One Way" Programme (specific training programme for staff managers).
- Consolidation of the "Performance Dialogue" system.
- Adaptation of the corporate training programme.
- Significant increase in online training: in the 2007-08 financial year, online/blended training represented 25% of all training time, the following initiatives standing out:
 - Corporate training: Online English programmes (350 employees and 90 trainees), Trainee Programme "Basic eLearning Internship Programme" (BEIP), Catalogue of online training (technology for non-technologists, digital conferences, etc.), and Induction Training for the "Talent Program". Likewise, two compulsory cross-training courses have been carried out via the online channel: "Business Continuity Planning" and "Be the Customer", with a take-up of more than 90% of the company.
 - Business Unit Training: training actions on products and services in the Business Unit Sales Schools.

External Opinion



L. García Esteban
Vice Provost for Students Affairs
Madrid Polytechnic University

■ "The Polytechnic University of Madrid (UPM) appreciates Vodafone's outstanding initiatives related to the conciliation programmes it carries out, as well as the social benefits. We also value their programmes for attracting, developing and retaining talent.

In an environment that promotes initiative, autonomy and joint responsibility, Vodafone facilitates students' and recent graduates' integration and development through specific training programmes, collaboration and knowledge management tools (teamrooms, wikis, blogs, podcasts, etc.), and tutoring, evaluation and personal development plans."

Internal Communication

The Internal Communication tools used are increasingly more sophisticated and diverse, with the main objective of customising the communications offering as much as possible for the different internal customer segments, in order to offer a service which is closer to their needs.

The Internal Communication channels used include:

- Specific communications campaigns, depending on the specific objective that is to be communicated.
- Global Intranet.
- News in video format accessible via the Intranet and mobile telephone.
- Information bulletin "The weekly summary".
- Sending SMS and MMS messages to employees' mobile telephones.
- Intranet-based contests.
- Events, conventions, internal meetings: organisation, communications and logistics
- Video conferencing.

As part of the Plan implemented by Internal Communication there is a set of actions for announcing the Corporate Responsibility Programme and the associated activities to Vodafone Spain employees. (See Chap. 3: "Corporate Responsibility at Vodafone").

During the 2007-08 financial year, Vodafone Spain received the "Award for the Best Internal Communication Practices", sponsored by the Internal Communication and Corporate Identity Observatory.

Welfare Benefits and Equal Opportunities

Vodafone offers an extensive Social Benefits Programme which includes the Balancing Work and Family Life Plan. (See www.vodafone.es/rcyempleados) (See figure 2).

The "Law on Effective Equality for men and women" of 2007, stipulates that companies with over 250 employees must draw up and apply an Equality Plan which must be negotiated with the employee representatives as part of company-wide Collective Agreements.

The set of measures that will make up our Equality Plan will be defined following the analysis of the situation that we are currently dealing with. We have also held Equality Committees with the employees' legal representatives in order to progress in this area.

The current Collective Agreement includes the basic salaries of Vodafone Spain employees by grade, there being no difference on grounds of gender. Furthermore, all Vodafone Spain employees have a variable element to their salary (at least 6%), linked to achieving their objectives.

We are currently in the process of negotiating what will be our 4th Vodafone Spain Collective Agreement, and the Equality Plan is scheduled to be implemented once this Agreement is signed. Objectives, strategies and specific actions will then be defined, as well as effective systems for monitoring the fulfilment of the objectives.

Labour Relations at Vodafone Spain

Labour Relations Management constitutes a constant source of contact between the social representatives and company management, channelling communication, relations and participation between them.

As such, when either of the parties decides that a subject is of interest, due to its relevance or impact on our employees, it will request a meeting with the other, in a natural way, always maintaining a working and cooperative climate. The subjects addressed will range from individual employee issues to Vodafone Group's position in the world. The Group's evolution, organisational changes, general policies affecting the employees individually or as a whole, etc. are the issues which are most commonly discussed between the social representatives and Labour Relations Management.

This dialogue makes it possible to pass on advance information concerning those changes and policies that warrant it, enabling proactive mechanisms to be established and set up so as to consider the employees' expectations concerning these changes and policies, preventing them from turning into problems due to a lack of timely solutions to correct them.

	2005-06	2006-07	2007-08
Nº of Employees	4,085	3,959	3,939

(Table 1)

	2005-06			2006-07			2007-08		
	Full-time Open-ended	Part-time Open-ended	Temporary	Full-time Open-ended	Part-time Open-ended	Temporary	Full-time Open-ended	Part-time Open-ended	Temporary
% Types of contracts	97.0	0.7	2.3	96.5	0.7	2.8	96.5	1.3	2.2

(Table 2)

	Work force by Age									
	2006-07					2007-08				
	<25	25-34	35-44	45-55	>55	<25	25-34	35-44	45-55	>55
Men	48	937	1,105	124	27	36	696	1,250	179	29
Women	25	893	729	63	8	18	684	940	99	8

(Table 3)

	Voluntary Turnover 2007-2008				
	<25	25-34	35-44	45-55	>55
Men	0.2%	1.1%	0.7%	0.1%	0.0%
Women	0.1%	0.7%	0.3%	0.0%	0.0%

(Table 4)

	2005-06		2006-07		2007-08	
	% Men	% Women	% Men	% Women	% Men	% Women
% of Employees by gender	57.3	42.7	56.6	43.4	55.6	44.4
% Managerial Positions by gender	73.3	26.7	72.4	27.6	72.8	27.2

(Table 5)



9 Employees

	2005-06	2006-07	2007-08
Nº of hours of Training/Employee	99.3	86.3	72.9

(Table 6)

	Specialists	Managers	Directors
Nº of hours of Training/group (2007-08)	76.8	55.6	30.0

(Table 7)



(Fig 1)



(Fig 2)

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.

The current Collective Agreement covers the entire work force.

By way of examples of topics addressed jointly by company management and social representatives we can list the following Committees:

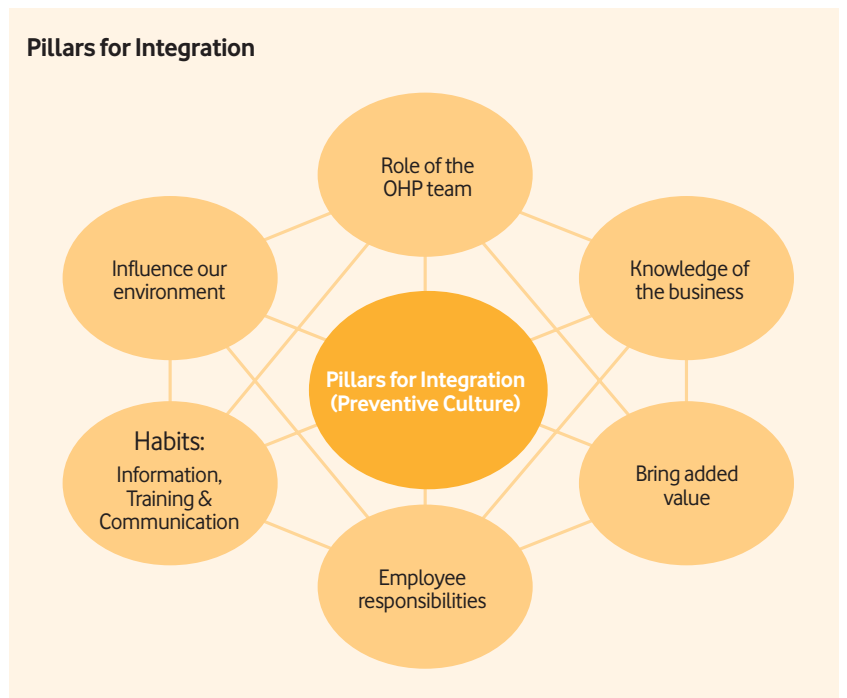
- Training.
- Wage bill rise monitoring.
- Equality Plan.
- Technology.
- Customer Management.
- Commercial.
- Joint Committee for Monitoring and Controlling the Vodafone Spain Collective Agreement.
- Mass Transport

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.

Health, Safety and Well-being

Vodafone continues to work towards developing a culture that focuses upon the Safety, Health and Welfare of its employees, as well as safeguarding those of the people who collaborate with us or who may be affected by our actions (customers, collaborating companies, companies in the sector, official bodies...).

The development of a preventive culture is carried out through 6 basic pillars which are outlined in the following diagram:



- Role of OHP team (Occupational Hazard Prevention): this pillar implies proactiveness; supporting managers and staff so that they can do their job; replacing bureaucratic work by the search for added value; collaboration instead of control; etc.
- Knowledge of the business: Aligning and integrating prevention in the business through knowledge of the business objectives, strategy, brand values, its needs, the competition, etc.
- To bring added value to the company, such that any OHP activity exceeds the mere formal fulfilment of legal obligations.
- Employee responsibilities must be clearly defined and communicated in order to guarantee everyone's participation and involvement.
- Habits: training, information and communication. Development of this kind of initiative in order to instil changes in attitude in people inside and outside work; in other words, to ensure that safety, health and welfare become part of their lifestyle.
- To influence our environment because we are a responsible company that seeks the best for everyone; for employees, contractors, customers, etc. and, furthermore, to assist the internal implementation of this culture by ensuring that our environment develops similar habits.

Initiatives for Promoting Prevention, Health and Welfare

Healthy Habits

A "Healthy Habits" campaign was implemented for six consecutive weeks in order to promote the health and welfare of company employees, with the slogan "Healthy habits? Vodafone cares about you. You should too". The objective of this campaign was to inform employees of the resources that the company makes available to them in order to look after their welfare and persuade them to commit to such practices. The campaign covered five health aspects:

1. "If you want to reduce your cholesterol level, do so wholeheartedly", aimed at specific health care.
2. "A green diet reduces your weight and your worries", promoting healthier eating habits.
3. "Quit smoking", to encourage people to give up smoking.
4. "If you don't move, you lose", encouraging people to take physical exercise.
5. "Look after yourself with a big smile", complementing the previous aspect with mental health development and training.

The campaign was launched via the place mats used in the company's cafeterias and restaurants (65,000 were printed on 100% chlorine-free paper) (See figure 3), banners, and by expanding the content on the company intranet, sending MMS messages to employees' mobiles and other events, such as setting up stands at company premises in order to promote giving up smoking, in collaboration with the "HELP" campaign sponsored by the EU in which over 1,000 employees participated.

Safe Working Habits

During 2007-08, the following initiatives stand out in the field of Safe Working Habits:

- Regional OHP Week: they have been promoted by the different Regional Technical Managers of our company and their objective was to reflect on the OHP practices and processes carried out by Vodafone Spain and its suppliers, as well as spreading the company's preventive policies and the influence of these practices on the company's Corporate Responsibility. This initiative was carried out in the Central, North, North-East, North-West, East Coast and Balearic Island Regions.
- "6 months, 6 causes" campaign: via which methodologies have been disseminated through recurring messages, in order to facilitate the development of safe practices and improve the supervision of work carried out by external companies. The scope of this initiative went beyond the 120 suppliers.
- Project to bring the suppliers' commitment to comply with the OHP requirements set out by Vodafone up-to-date and to encourage the development of practices aimed at achieving the goal of "0 accidents at work". The scope of this initiative went beyond the 120 suppliers.

Furthermore, numerous training activities have been carried out, including the following:

- Emergency Measures.
- Safe driving.
- Welfare at the office.
- Road Safety.
- First Aid.

In total, 1,484 hours of Prevention Training have been given.

"Prever 2007" Award

Vodafone Spain's work promoting the spreading and implementation of OHP in Spain's socio-labour fabric has been recognised with the "Prever 2007" award, and is the first national telecommunications operator to receive it. This prize was awarded by the General Council for Industrial Relations and Labour Sciences Graduates, and the Employment Department of the Galician regional government, with the collaboration of some of the most important bodies in the OHP world such as the European Agency for Safety and Health at Work, and the Occupational Hazard Prevention Foundation.



(Fig 3)





P. Díaz
Director of Human Resources.
Vodafone Spain



“As a company with a true vocation for customer service, Vodafone Spain’s most prominent values include its commitment to its employees. This translates into a culture based on mutual respect and trust, making it possible to create an environment where employees can give their best, as well as facilitating the development of their professional abilities and aspirations.

The Vodafone Human Resources function believes that applying policies which promote and foster meritocracy, commitment, diversity, collaboration and teamwork, responsible working relationships, objective and result orientated approaches and a sense of responsibility, favour the attraction and retention of the best professionals, whilst giving the best service to our customers and fulfilling the commitments we have to our shareholders”.

Accident Rate and Absenteeism

This year, the evolution of the accident rate has not been as positive as in previous years due to five accidents resulting in people being signed off work which occurred during activities performed outside work (kick-off meetings or open-air training courses). Without these accidents, our accident rate would have been practically the same as last year’s figures (see Table 8).

Worth special mention is the fact that once again, the number of serious accidents and fatalities involving both Vodafone Spain employees and its suppliers, was zero.

Over the last few years, we have started to manage the company’s absenteeism. In order to be able to manage this accurately, we have been working on and learning about how to set up an attendance system that would produce reliable information, which has meant that this system has been updated over time.

It is highly likely that this increase in the attendance system reliability is one of the causes of the increase in the rate of absenteeism. The 2007-08 financial year is the first full year that the new attendance system has been used, however, the overall rate at the end of the year showed only a slight increase on last year’s figure.

Employee Satisfaction

In October 2007, the “People Survey 2007” process came to an end, with a participation rate of 91%, which shows the high degree of commitment of Vodafone Spain employees.

According to the results of this survey (See table 9), the indicator that measures the level of commitment and pride in belonging to the company (the Satisfaction Indicator) has gone up considerably compared to last year.

Generally, Vodafone Spain employees particularly value the innovative nature of the company, its market leadership and the good long-term business perspectives. Also highly positive is the Vodafone Spain employees’ assessment of factors such as strategy comprehension, the objectives setting, and their pride in the products and services offered to our customers.

Nevertheless, there are other results which can be improved, such as those concerning the planning and organisation of the teams’ work, and the need to encourage and evaluate suggestions and new ways of doing things.

The overall results of this survey form part of the information used to devise and produce the Company Strategy Plans.

P. Díaz.
Director of Human Resources. Vodafone Spain

	2005-06	2006-07	2007-08
Incidence Rate ¹	295.64	320.65	456.27
Frequency Rate ²	1.78	1.73	2.61
Severity Rate ³	0.02	0.03	0.07
Absenteeism Rate ⁴	2.53	2.97	3.03

(Table 8)

	Survey 2006	Survey 2007
Level of Satisfaction	72.9	74
Level of Satisfaction with Training	42	58
Level of Satisfaction with Welfare Benefits	35	50

(Table 9)

We will

- Improve the Satisfaction Indicator in the Welfare section of the Employee Survey by 10% (using the 2007-08 baseline figure). March 2011.
- Implement the actions which came out of the Equality Plan.
- Implement an Induction Programme for new employees.
- Reduce the Rate of Accidents resulting in employees being signed off by 10% (using the 2007-08 baseline figure). March 2011.
- Run campaigns on the safe and healthy use of our products for both employees and anyone else in our environment.

¹ LTA's x 100,000 / N° of employees.

² LTA x 1,000,000 / N° of employees x Average No. of hours worked per year per employee.

³ 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.

⁴ Percentage of days off work due to sick-leave with respect to actual number of work days.

According to our Business Principles, Vodafone undertakes to “encourage the application of those Principles among out Strategic Allies and Suppliers.”

Vodafone Spain is not a manufacturer, therefore the equipment required for our network and the cell phones we sell to our customers are acquired from manufacturers who in turn buy components and products from other suppliers.

Unlike in other sectors, our suppliers of telecommunications and IT equipment are mainly large multinational companies (with well-known brands enjoying a certain prestige), which either have their own factories or buy from independent manufacturers (or both options). We also hire services from other (domestic and international) companies, both locally and globally.

Local suppliers are deemed to be those with whom Vodafone Spain has negotiated and secured conditions set down in an agreement. On the other hand, global suppliers are those with whom the economic conditions have been negotiated and set down in an agreement by the “Supply Chain Management” (SCM). There are also mixed suppliers, where part of the supply corresponds to globally negotiated conditions (normally involving goods) and the other part has been negotiated locally (normally services).

Our purchases of Products and Services in financial year 2007-08 amounted to €4.98 billion. 32% of purchases are associated to local suppliers.

We said

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

We have

Our Vodafone Code of Ethical Purchasing, CEP, (See Figure 1) considers aspects relating to Human Rights and labour standards, and it has been incorporated to the agreements entered into with all of our suppliers (both global and local suppliers). (For further information, go to www.vodafone.es/rcyproveedores).

Our strategy consists in directly involving all of our suppliers, stressing that they must in turn involve their suppliers, so that we can reach the entire supply chain, regardless of whether we have entered an agreement with each one of them.

As part of our Supplier Performance Management process, which consists of the Qualification, Evaluation and Optimisation stages (See Figure 2), in financial year 2007-08 we focused our actions on extending these processes particularly to our major local suppliers.

The Qualification stage was applied during the year to the new suppliers incorporated to the database, which after going through the registration and self-evaluation process (See Figure 3) have been evaluated according to a questionnaire based on the 6 pillars of supplier performance, one of which corresponds to Corporate Responsibility. (See Figure 4).

In the Assessment stage, in which 24 local suppliers participated, they were evaluated under the CR pillar, also in respect of their commitment with our CEP, and regarding other issues such as the publication of information on CR issues; the implementation of internationally accepted labour, environmental, safety and healthcare standards; as well as the procedures they have implemented to monitor environmental or labour hazards in their own supply chain.

The CR pillar is allocated 10% of the total weighting in the following matters:

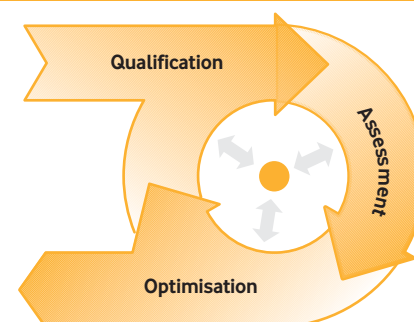
- Acceptance of the Vodafone Group Code of Ethical Purchasing.
- Publication of CR Reports including their performance regarding safety, healthcare, well-being and environmental issues.
- Availability of Environmental (such as ISO14001 or EMAS) or Labour Standards (such as SA8000) Certificates.

Aspects covered by the Code of Ethical Purchasing

1. Actions to avoid Child Labour.
2. Policies to prevent Forced Labour
3. Health and Safety.
4. Freedom of association.
5. Non-discrimination.
6. Policies to avoid Disciplinary Practices.
7. Working Hours.
8. Wages.
9. Individual Conduct.
10. Environment.

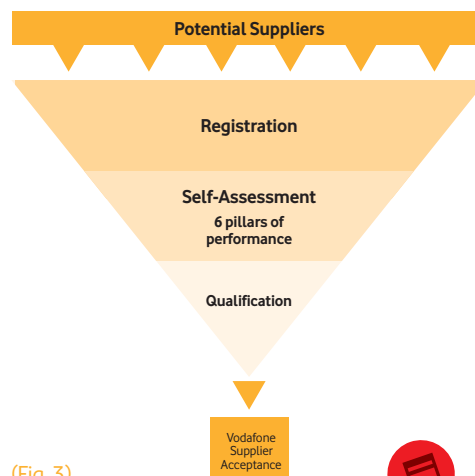
(Fig. 1)

Supplier Performance Management



(Fig. 2)

Supplier Qualification Stage



(Fig. 3)

6 Pillars of Performance
Corporate Responsibility
Financial Stability
Technological Characteristics
Commercial
Delivery Capacity
Quality management

(Fig. 4)



J. López-Galiacho
Director of Corporate Responsibility. FCC



"FCC, as a supplier of Vodafone logistics activities, has been selected in its suppliers' socially responsible evaluation process. Our Group highly values this process insofar as it represents an additional motivation and incentive for strengthening and consolidating the corporate responsibility policies within any kind of company.

FCC, however, subject to an increasing internationalisation, has already implemented actions to safeguard the ethical values in the activities in the aggregate (adherence to the Global Compact or FCC Group's Ethical Code), and these actions surely represent an incentive to reinforce the mission, vision, and socially responsible values of companies.

At our Group we consider that it would be interesting in the future for Vodafone to encourage alliances with suppliers for the creation of synergies in corporate responsibility actions. And we must not forget the potential relevance of the dissemination, collaboration and support in these issues for suppliers with a lower capacity to implement policies that ensure ethical values".

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».

General Public			
	Good/ Very Good	Neutral	Poor/ Very Poor
Average for 2005-06	34	51	15
Average for 2006-07	37	46	17
Average for 2007-08	37	49	14

Customers			
	Good/ Very Good	Neutral	Poor/ Very Poor
Average for 2005-06	59	35	6
Average for 2006-07	57	36	7
Average for 2007-08	63	31	6

(Table 1)

- Availability of Healthcare and Safety System Certificates (such as OHSAS18001).
- Handling of labour, environmental, safety and healthcare issues in their own supply chain.
- Proactive information supplied to Vodafone in connection with CR-related incidents.

Also, in financial year 2007-08 Vodafone introduced the CR Involvement Awards for suppliers, aiming to improve the performance and commitment of our suppliers in CR related issues. The award is a distinction that is bestowed upon suppliers who have made significant changes to enhance the effectiveness of their own CR program. In 2007 the first award went to Sun Microsystems, and in 2008 it was for CapGemini Group.

After conducting this Evaluation and analysing the results, the Optimisation stage began and agreements have been arrived at to seek improvements that are to be carried out by suppliers with the collaboration of Vodafone Spain. To this end they are given the necessary information, collaboration and monitoring, leading to the implementation in some cases and the enhancement in other cases of CR procedures.

The implementation of the established plans of action will contribute to enhance the results in the next Evaluation round, thereby ensuring excellence in the future performance of our suppliers.

We also work with other companies in our sector, via industry associations, in the development and implementation of standards and regulations to foster and enhance the products and services provided by the telecommunications industry:

- Equipment energy efficiency.
- Batteries and storage batteries.
- Electromagnetic Fields.
- Waste (WEEE).
- Packing.
- Environmental responsibility.
- Regulations: REACH, RoHS, etc.

For instance, we have collaborated with the European Information, Communications and Consumer Electronics Technology Industry Association (EICTA) in the publication of a report on the role of the European digital technology sector against climatic change.

For further information, go to: www.eicta.com

Vodafone Spain continues to conduct quarterly surveys among our customers and the public at large on how they perceive our actions, in order to ensure that our suppliers behave in a responsible manner in respect of labour conditions and respect for the environment (See Table 1).

Supplementing these surveys, in financial year 2007-08 we also conducted a study on Stakeholders (including NGOs) and Vodafone Reputation factors, some of which are related to the Supply Chain, in keeping with the commitments of the previous CR Report.

This study analyses, for each Stakeholder, the valuation of their expectations and perceptions for each reputation factor, enabling us to identify the priority reputation factors in terms of actions that need to be developed.

We will

- Evaluate the performance of 30 local suppliers, using CR as one of the basic pillars of the evaluation, to check what they know, how they act and how they report on the compliance with the Vodafone CCE requirements.
- Design and Implement a System for Handling Non-Compliances in order to systematically assess CR issues in the Supply Chain.

CR Report Criteria

Scope and Coverage of the CR Report

This is Vodafone Spain's fifth Corporate Responsibility Report, and covers our financial year 2007-08 (1st April 2007 to 31st March 2008). 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 retail outlets.

Further information supplementing this Report may be found on the Vodafone Spain website: www.vodafone.es

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.
- 1999 AccountAbility1000 Guidelines.

Principles of the Report

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 AA1000. One of the key principles underpinning this standard is the 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 economic, social 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 inclusivity, Vodafone Spain intends to guarantee compliance with the other principles described by AA1000:

- **Completeness:** inclusion of all the areas of activity regarding ethical, social and environmental performance and clarifying, where applicable, which aspects have been included, which have been excluded and the reasons for such exclusion.
- **Materiality:** inclusion of information that is significant for our Stakeholders and their opinion about our performance.
- **Integration:** integrating the Corporate Responsibility programme in our management (policies, systems and operations).


- **Regularity and timeliness of the information:** acting in a periodic, systematic and timely manner throughout management to support the decision-making process, both of the company and of its Stakeholders.
- **Quality of the information:** reporting on our performance in a comparable, balanced, relevant and comprehensible manner.
- **Assurance:** the information is assured by an independent and competent third party.
- **Accessibility:** communicating with our Stakeholders appropriately and effectively, and giving them easy access.
- **Continuous Improvement** in order to improve our performance.

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 auditing firm (SGS). Its assurance report can be found in chapter 11: "Appendices. 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 Extremely Assured				✓
Optional	GRI Checked			Report Extremely Assured				



List of GRI Indicators

Point	Pag.	Definition	Assurance
Strategy and Analysis			
1.1	5	Statement from the most senior decision-maker.	✓
1.2	11-12	Description of key impacts, risks and opportunities.	✓
Organizational Profile			
2.1	Cover	Name of the organization.	✓
2.2	6	Primary brands, products and/or services.	✓
2.3	8	Operational structure.	✓
2.4	2	Location of organization's headquarters.	✓
2.5	3	Countries where the organization operates.	✓
2.6	Cover,3	Nature of ownership and legal form.	✓
2.7	6	Markets served, geographic breakdown, sectors and types of customers.	✓
2.8	4,6,8	Scale of the reporting organization.	✓
2.9	4	Significant changes during the reporting period.	✓
2.10	7	Awards and distinctions received.	✓
Report Parameters			
Report Profile			
3.1	2,41	Reporting period.	✓
3.2	41	Date of most recent previous report.	✓
3.3	41	Reporting cycle.	✓
3.4	2	Contact point for questions regarding the report.	✓
Report Scope and Boundary			
3.5	41	Process for defining report content.	✓
3.6	41	Boundary of the report.	✓
3.7	41	State any limitations on the scope.	✓
3.8	N.A.(1)	Aspects that can significantly affect comparability.	✓
3.9	9	Data measurement techniques.	✓
3.10	27	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, boundary or measurement methods.	✓
GRI Content Index:			
3.12	42-43	Location of the Standard Disclosures in the report.	✓
Assurance			
3.13	41	Policy and practice with regard to external assurance.	✓
Governance, Commitments and Stakeholder Engagement			
Governance			
4.1	9,10	Governance Structure.	✓
4.2	9,10	Nature of the Chair of the Board.	✓
4.3	9,10	Independent and/or non-executive board members.	✓
4.4	10	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	✓
4.5	35	Linkage between compensation for executives and the organization's performance.	✓
4.6	9-11	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	✓
4.7	8,9	Qualifications of the members of the Board on sustainability topics.	✓
4.8	8,9	Statements of mission values and codes of conduct, and principles on sustainability.	✓
4.9	8,9	Board's assessment of the organization's sustainability performance.	✓
4.10	8,9	Assessment of the Board's own sustainability performance.	✓
Commitments to External Initiatives			
4.11	12	Precautionary approach or Principle.	✓
4.12	17-20	Externally developed economic, environmental, and social principles or initiatives.	✓
4.13	12	Main associations of which it is a member and degree of involvement.	✓
Stakeholder Engagement			
4.14	12	List of stakeholder groups engaged by the organization.	✓
4.15	11	Basis for identification and selection of stakeholders with whom to engage.	✓
4.16	11-12	Approaches to stakeholder engagement.	✓
4.17	12	Key topics and concerns that have been raised through stakeholder engagement.	✓
Economic			
Management Approach			
	4,8-12,39		✓
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	39	Policy, practices, and proportion of spending on locally-based suppliers.	✓
EC7	8	Procedures for local hiring and proportion of senior management hired from the local community.	✓

Point	Pag.	Definition	Assurance
Indirect Economic Impacts			
EC8	47	Infrastructure investments and services provided primarily for public benefit.	✓
Environmental			
Management Approach			
	8-12,27-33		✓
Materials			
EN1	29	Materials used by weight or volume.	✓
EN2	29	Percentage of materials used that are recycled input materials.	✓
Energy			
EN3	27	Direct energy consumption by primary energy source.	✓
EN4	27	Indirect energy consumption by primary energy source.	✓
Water			
EN8	29	Total water withdrawal by source.	✓
Biodiversity			
EN11	N.A.(3)	Description of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	✓
EN12	N.A.(4)	Impacts on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	✓
Emissions, Effluents, and Waste			
EN16	27,30	Total direct and indirect greenhouse gas emissions by weight.	✓
EN17	27,30	Other relevant indirect greenhouse gas emissions by weight.	✓
EN19	30	Emissions of ozone-depleting substances by weight.	✓
EN20	N.A.(5)	NO _x , SO _x , and other significant air emissions by type and weight.	✓
EN21	29	Total water discharge by quality and destination.	✓
EN22	29	Total weight of waste by type and disposal method.	✓
EN23	N.A.(6)	Total number and volume of significant spills.	✓
Products and Services			
EN26	28-29	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	✓
EN27	29	Percentage of products sold and their packaging materials that are reclaimed by category.	✓
Compliance			
EN28	31	Cost of fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	✓
Social			
LABOUR PRACTICES AND DECENT WORK			
Management Approach			
	8-12,34-38		✓
Employment			
LA1	35	Total workforce by employment type, employment contract, and region.	✓
LA2	35	Total number and rate of employee turnover by age group, gender, and region.	✓
Labour/Management Relations			
LA4	36	Percentage of employees covered by collective bargaining agreements.	✓
LA5	36	Minimum notice period regarding operational changes.	✓
Occupational Health and Safety			
LA7	38	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	✓
LA8	37-38	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	✓
Training and Education			
LA10	36	Average hours of training per year per employee by employee category.	✓
Diversity and Equal Opportunity			
LA13	35	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	✓
LA14	35	Ratio of basic salary of men to women by employee category.	✓
HUMAN RIGHTS			
Management Approach			
	8-12,34-40		✓
Investment and Procurement Practices			
HR1	39	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	✓
HR2	39-40	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	✓
Non-discrimination			
HR4	11	Total number of incidents of discrimination and actions taken.	✓
Freedom of association and Collective Bargaining			
HR5	35-36	Operations in which the freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	✓

Point	Pag.	Definition	Assurance
-------	------	------------	-----------

Child Labor

HR6	8	Operations having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	✓
-----	---	--	---

Forced and Compulsory Labor

HR7	8	Operations having significant risk for incidents of forced or compulsory labor, and corrective measures.	✓
-----	---	--	---

SOCIETY

Management Approach

8-12,13-20,31-33			✓
------------------	--	--	---

Community

SO1	13-20 31-33	Programs and practices that assess and manage the impacts of the organization's operations on communities.	✓
-----	----------------	--	---

Corruption

SO2	9-11	Percentage and total number of business units analyzed for risks related to corruption.	✓
-----	------	---	---

SO3	9-10	Percentage of employees trained in organization's anti-corruption policies and procedures.	✓
-----	------	--	---

SO4	11	Actions taken in response to incidents of corruption.	✓
-----	----	---	---

Public Policy

SO5	11	Public policy positions and participation in public policy development and lobbying.	✓
-----	----	--	---

Compliance

SO8	22	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	✓
-----	----	--	---

PRODUCT RESPONSIBILITY

Management Approach

8-12,21-24,31-32			✓
------------------	--	--	---

Customer Health and Safety

PR1	31-32	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 Labelling

PR3	32	Product and Service labelling and information procedure.	✓
-----	----	--	---

Marketing Communications

PR6	21-23	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	✓
-----	-------	--	---

Compliance

PR9	22	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	✓
-----	----	---	---

TELECOMMUNICATION SECTOR SPECIFIC INDICATORS

INTERNAL OPERATIONS

Investment

IO1	32	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 relevant legislative and regulatory mechanisms.	✓
-----	---------	---	---

Health and Safety

IO3	37	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.	✓
-----	----	--	---

IO4	32	Compliance with ICNIRP standards on exposure to radiofrequency emissions from handsets.	✓
-----	----	---	---

IO5	32	Compliance with ICNIRP guidelines on exposure to radiofrequency emissions from base stations.	✓
-----	----	---	---

IO6	32	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets.	✓
-----	----	--	---

Infrastructure

IO7	32-33	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts. Describe approach to evaluate consultations and quantify, where possible.	✓
-----	-------	--	---

IO8	6,33	Number and percentage of stand-alone sites, shared sites and sites on existing structures.	✓
-----	------	--	---

Point	Pag.	Definition	Assurance
-------	------	------------	-----------

Providing Access

Bridging the Digital Divide

PA1	16	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	13-20	Policies and practices to overcome barriers for access and use of telecommunications services, including: language, culture, lack of education, income, disabilities, and age. Include an explanation of the business models applied.	✓
-----	-------	---	---

PA3	26	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time.	✓
-----	----	--	---

PA4	26	Quantify the level of availability of telecommunications services in areas where the organization operates (e.g.: Number of customers /market share, addressable market, percentage of population covered, percentage of land covered).	✓
-----	----	---	---

PA5	13-16	Types of telecommunication services provided to and used by low income sectors of the population.	✓
-----	-------	---	---

PA6	16	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief.	✓
-----	----	---	---

Access to Content

PA7	22-23	Policies and practices to manage human rights issues relating to access and use of telecommunications products and services. (e.g., participation in industry initiatives regarding the freedom of expression, censorship, limiting access, registration, safety and security issues in collaboration with the government, theft, crimes, unethical contents, child protection, etc.).	✓
-----	-------	--	---

Customer relations

PA8	32	Policies and practices to publicly communicate on EMF related issues.	✓
-----	----	---	---

PA9	31-32	Total amount invested in programmes and activities in electromagnetic field research. Description of programmes currently contributed to and funded by the reporting organisation.	✓
-----	-------	--	---

PA10	24-25	Initiatives to ensure clarity of charges and tariffs.	✓
------	-------	---	---

PA11	21-22	Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use.	✓
------	-------	---	---

Technology Applications

Resource Efficiency

TA1	28	Examples of the resource efficiency of telecommunication products and services delivered.	✓
-----	----	---	---

TA2	6,28	Examples of telecommunication products, services and applications with the potential to replace physical objects (e.g. a telephone book by a database on the web or travel by videoconferencing).	✓
-----	------	---	---

TA3	6-7	Disclose any measures of transport and/or resource changes of customer use of the telecommunication services listed above. (Provide some indication of scale, market size or potential savings).	✓
-----	-----	--	---

TA4	6-7	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	24	Practices relating to intellectual property rights and open source technologies.	✓
-----	----	--	---

N.A.(1) - There have been no significant changes that affects the comparability of the report.

N.A.(2) - Vodafone Spain's activities have 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.





ASSURANCE REPORT

SCOPE

SGS ICS Ibérica (hereinafter SGS) has been engaged by VODAFONE España, S.A. (hereinafter Vodafone Spain) to perform an independent assurance of Vodafone Spain's 2007-08 Corporate Responsibility Report.

The scope of the assurance covers the text and data included in the Corporate Responsibility Report, and does not cover any information and/or data referred to but not included in the document.

INDEPENDENCE

VODAFONE Spain is responsible for the preparation and content of the Corporate Responsibility Report.

SGS has not taken part in nor advised on the preparation of the Corporate Responsibility Report, and has only acted in an independent assurance role, checking that the document's content is appropriate.

The content of this Assurance Report and the opinions set forth herein are the sole responsibility of SGS.

ASSURANCE

Methodology and assurance team

The SGS methodology for the Assurance of Sustainability Reports consists in audit procedures according to ISO 19011 and assurance mechanisms according to GRI Guidelines (version 3, published in 2006), the 2003 GRI Supplement for the Telecommunications Industry, and the AA1000 Assurance Standard (2003). These include:

- Interviews with the personnel responsible for gathering and preparing data.
- Review of internal and public documents and records.
- Verification of data and its validation with the sources.

In particular, the financial information was analysed for conformity with the annual accounting audit conducted by Deloitte, S.L., Accountancy and Reporting audits issued for Vodafone Group plus accountancy data traceable to the IT system and records.

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

Assessment of AA1000AS principles:

The Corporate Responsibility Report has been assessed in accordance with Assurance Standard AA1000AS. Vodafone Spain's Corporate Responsibility Report applies AA1000AS principles of Materiality, Completeness and Responsiveness, thereby guaranteeing the quality and credibility of the data and information it gives.

- *Materiality:* Vodafone Spain's Corporate Responsibility Report gives balanced and fair information about environmental, social and economic issues.
- *Completeness:* Vodafone Spain ensures that the identification of material issues and their relation to the stakeholders for whom they are material is fair and balanced in the report.
- *Responsiveness:* Vodafone Spain provides systematic responses to important and relevant issues, and communicates this information to stakeholders without any misstatement.

We have reviewed the degree of progress and fulfillment of the CR commitments for 2007-08 described in the 2006-07 Corporate Responsibility Report, as well as Vodafone Spain's stakeholder-related actions.

Appendix 11 of the 2007-08 Corporate Responsibility Report, regarding GRI indicators, lists the verified indicators, showing no mistakes or significant indicators were missing once the review had been conducted.

OPPORTUNITIES FOR IMPROVEMENT

- The information given in Vodafone Spain's 2007-08 Corporate Responsibility Report does not afford a complete picture of the important and successful work carried out in areas such as Employees, Vodafone Spain Foundation and Social Products/Services.

STRENGTHS

- Inclusion of managers and employees as stakeholders is identified as a clear positive positioning of Vodafone Spain as an internal communication strategy in response to GRI values.
- Vodafone Spain has devoted significant efforts to preventive and follow-up actions in complying with the Sarbanes Oxley Act and also to its KCQ and associated processes.
- Assessment and tracking of Vodafone Spain employees to align their goals with general Vodafone Spain goals.
- Vodafone Spain Foundation engages in social activities and projects that provide benefits and continuity in time.
- R&D&I applied to improve products/services for vulnerable population segments

CONCLUSIONS

Based on the assurance work performed, the SGS assurance team considers the following:

- Vodafone Spain's 2007-08 Corporate Responsibility Report contains reliable information and data that coherently represent its activities and results during the period in question, and has been prepared according to the recommendations of the Sustainability Reporting Guidelines (version 3, published in 2006) of the Global Reporting Initiative (GRI), and the 2003 GRI Supplement for the Telecommunications Industry, as well as the AA1000 Assurance Standard.
- The GRI Application Level declared by Vodafone Spain (A+) is appropriate
- Vodafone Spain has implemented management systems to identify and respond to the social, economic and environmental impacts of its activities, including identification and answer stakeholders' views.

María Belén de Rábago
Madrid, 18 de julio de 2008
SGS ICS Ibérica, S.A



Subject	We said:	We have	Progress	We will	Date
Social Products and Services	Develop new awareness campaigns about the technology available to the different groups of disabled people.	Produced information leaflets for elderly people and/or the disabled.	✓ 100 %	• Introduce at least one new purpose-designed product to reduce social exclusion and improve quality of life of vulnerable groups through communications.	• March 2009
	Introduce 2 new products/services purpose-designed to reduce social exclusion and improve the quality of life of vulnerable groups through communications.	Done: Emporia Life, Telecare, New T-Loop, "Medicronic Salud" Service, Dicta SMS.	✓ 100 %	• Broaden the scope of Vodafone Spain's web page accessibility.	• December 2008
	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.	Project to implement accessibility management system in stores launched.	✓ 100 %	• Implement an Accessibility Management System in stores.	• March 2010
Vodafone Spain Foundation	Boost the application of ICT for the support of dependent groups, in a larger number of environments of the user (their household, neighbourhood and town).	Projects with the Tecos Foundation, CNSE, and Carlos III Health Institute Launched: Platas and Inredis projects.	✓ 100 %	• Carry out at least two projects with the aim of promoting the use of ICT to provide solutions in the field of health, the promotion of personal autonomy and the social and labour integration of people with disabilities.	• March 2009
	Hold 30 seminars with educational establishments and NGOs on the social applications of new technologies.	More than 30 seminars held, and attended by nearly 6,000 people.	✓ 100 %	• Help introduce elderly people and other dependent groups to the Information Society: Training of 15,000 elderly people.	• March 2009
	Extend the multimedia developments of the web, to make it easier for other vulnerable groups, such as the elderly, to access the information.	A new icon has been added to allow watching short videos detailing the Foundation's most representative activities.	✓ 100 %	• Promote design and accessibility for all: obtain European accessibility certification for the Foundation's web page.	• March 2009
Customers	Launch an online awareness programme on matters of privacy to describe Vodafone's Privacy Policy and what it means to employees.	Held an "Information Security" course on privacy-related issues.	✓ 100 %	• Communication Campaign concerning the Code of Conduct on minors' safer mobile use when accessing content and associated actions (classification criteria and content access controls, portal for the education sector, etc.).	• September 2008
	Continue with CR communication campaigns for customers.	Communiqués on different CR subjects (CR Report, Socially Responsible Products and Services, Contents, etc.) issued to customers both through leaflets and invoice stuffers.	✓ 100 %		
	Launch Young Person's Profile.	Launched and working properly.	✓ 100 %	• Complement the current Youth Profile design, in order to make it easier to activate it in the Vodafone live! environment ("On Net" content), to activate the "Off Net" Filter ("Off Net" content) and restriction of Mobile Marketing.	• March 2009
	Continue with chats subject to parental control.	All chats are subject to access control.	✓ 100 %		
	Continue to develop virus and spam protection systems in the entire off-net browsing environment. Antispam platform.	Currently working on the issue.	Underway		
	Continue to establish restriction systems for SMS Premium. Control of activations and deactivations.	Implementing restrictions in accordance with the Ministerial Order. Scheduled to be in place before end of November 08.	Underway	• Produce and distribute Guides on Secure and Responsible Mobile Use.	• March 2009





Subject	We said:	We have	Progress	We will	Date
Energy and Climate Change	Reduce our planned network energy consumption by 8% (March 2010).	Developing the 2006-2010 Energy Efficiency Plan.	Underway	• Reduce network energy consumption by 8%.	• March 2010
	Achieve a 35% reduction in CO ₂ emissions/MB of traffic (March 2010).	Developing the 2006-2010 Energy Efficiency Plan.	Underway	• Achieve a 35% reduction in CO ₂ emissions/MB of traffic.	• March 2010
	Implement Direct Energy Measurement Systems at more than 10 sites.	Implemented in more than 40 sites.	✓ 100 %	• Reduce CO ₂ emissions with the aim of contributing towards achieving the Vodafone Group objective of reducing all emissions by 50% compared to the 2006-07 figures.	• March 2020
Handsets and Waste	Continue our collection schemes for reutilisation and recycling, and conduct an audit on their operation.	Systems are functioning and audit has been conducted.	✓ 100 %	• Continue to implement Reuse and Recycling Systems, with the aim of collecting 17% more telephones than last year.	• March 2009
Mobile Telephony and Health	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).	The situation remains fairly similar to previous years, albeit with fewer alarming news articles in the press.	✓ 100 %	• Continue monitoring stakeholder opinion on Vodafone Spain's performance as regards Mobile Telephony and Health and increase Information Campaigns.	• March 2009
Responsible Network Deployment	Training/communication in relation on RND Policies and Guidelines to employees and suppliers.	Provided RND training to suppliers through internal and external courses.	✓ 100 %	• Continue measuring public opinion about our Network Deployment and improve public acceptance (on the 2006-07 basis). • Verify/Audit sub-contractors' compliance with the Responsible Network Deployment Policy.	• March 2009
	Assess Vodafone Spain's compliance with the RND Policy.	Regular tracking of compliance with the different points of the Policy through the measurement of different indicators.	✓ 100 %		• March 2010
	Continue measuring public opinion about our Network Deployment and improve public acceptance (on the 2006-07 basis) (March 2009).	Underway.	Underway		
Employees	Produce a Plan derived from the new Equality Act, setting objectives to meet and actions to be taken.	Drawn up a proposed plan for analysing it during collective bargaining with workers' representatives.	✓ 100 %	• Improve the Satisfaction Indicator in the Welfare section of the Employee Survey by 10% (using the 2007-08 baseline).	• March 2011
	Implement the Equality Plan actions (March 2009).	Underway.	Underway	• Implement the actions related to the Equality Plan.	• March 2009
	Establish a programme of healthy habits at work.	Launched campaign: "Healthy habits? Vodafone cares about you. You should too."	✓ 100 %	• Implement an Induction Programme for new joiners. • Reduce the rate of accidents resulting in employees being signed off by 10% (using the 2007-08 baseline). • Run campaigns on the safe and healthy use of our products for both employees and anyone else in our environment.	• March 2009 • March 2011 • March 2009
Suppliers	Assess the performance of 10 suppliers locally, being Corporate Responsibility one of the basic pillars to be assessed.	Done. 24 suppliers evaluated.	✓ 100 %	• Evaluate the performance of 30 local suppliers, using CR as one of the basic pillars of the evaluation, to check what they know, how they act and how they report on the compliance with the Vodafone CCE requirements. • Design and Implement a System for Handling Non-Compliances in order to systematically assess CR issues in the Supply Chain.	• March 2009
	Monitor all the suppliers identified as being high-risk in the qualification process.	No high-risk supplier has emerged among the new suppliers qualified this year, so no specific monitoring has been necessary.	✓ 100 %		• March 2009
	As part of the NGO engagement process, we will include a specific section concerning the supplies chain.	We conducted a study on Stakeholders (including NGOs) and Vodafone Reputation factors, some of which are related to the Supply Chain.	✓ 100 %		

Vodafone Spain's Main Figures

Financial Data	2007-08(% Δ)*	2006-07	2005-06
Total turnover (€ mn)	7,170 (+8,0 %)	6,637	5,857
Turnover per services (€ mn)	6,576 (+9,7 %)	5,992	5,300
EBITDA (€ mn)	2,566 (+11,0 %)	2,312	2,010
Purchased Products and Services (€ mn)	4,988.5 (+8,0 %)	4,619.7	4,049.3
Average monthly ARPU (€)	35,4 (+0,6 %)	35.2	35.6
N° of Customers (millions)	16,04 (+7,7 %)	14.89	13.52
3G Devices (000's)	5,264 (+82,1 %)	2,890	902

Environmental Data	2007-08(% Δ)*	2006-07	2005-06
Network Energy Consumption (MWh)	216,185.5 (+4.3 %)	207,365.1	169,446.1
CO ₂ emissions derived from Network energy consumption (Tn)	68,826.3 (+0.4 %)	68,568.3	58,661.7
Energy efficiency: Energy consumption saving (Cumulative Mwh since 2003-04)	40,781.1 (NA)	19,290.6	13,059.1
Energy efficiency: CO ₂ emission saving (Cumulative Tn since 2003-04)	13,397.1 (NA)	6,606.3	4,637.2
N° Handsets recycled and reused	170,129 (+69.9 %)	100,135	69,745
Recycled Paper (Tn)	196.7 (-24.0 %)	258.7	290.2

Social Data	2007-08(% Δ)*	2006-07	2005-06
Funds allocated by the Vodafone Spain Foundation (€000's) to community involvement projects	6,123.3 (+4.0 %)	5,887.3	5,677.9
N° of Students on University and Postgraduate Courses (cumulative historic)	1,791 (NA)	1,620	1,424

Employment	2007-08(% Δ)*	2006-07	2005-06
N° of employees	3,939 (-0.5 %)	3,959	4,085
% Open-ended contracts (full-time and part-time)	97.8 % (+0.6 p.p.)	97.2 %	97.7 %
% Women	44.4 % (+1.0 p.p.)	43.4 %	42.7 %
% Women in Management Positions	27.2 % (-0.4 p.p.)	27.6 %	26.7 %
Accident Frequency Rate	456.3 (+42.2 %)	320.7	295.6

* p.p.: percentage points

In order to minimise any environmental impact, this document has been printed on paper made from 50% pure cellulose fibre (ECF), 40% selected pre-consumer recycled fibre and 10% post-consumer deinked recycled fibre.

Inks based exclusively on vegetable oils with a minimum volatile organic compound (VOC) content.

Varnish based predominantly on natural and renewable raw materials.

