



Company report review

Vodafone Corporate Social Responsibility Report 2003/04

Maplecroft

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Company report review – Vodafone

Vodafone is the world's largest mobile telecommunications company, with 60,000 employees and 146.7 million customers in Continental Europe, the United Kingdom, the United States and the Far East. Vodafone was formed in 1984 and became an independent company in September 1991. Today it has a total market capitalization of approximately £93.7 billion.

The present CSR report is the fourth to be produced by Vodafone. It is available both on-line, as a pdf at <http://www.vodafone.com> and in hard-copy (30 pages A4).

A. Impact of mobile phones on society

The report discusses the rapid take-up of mobile phone technology, particularly in developing countries in recent years. The benefits and drawbacks of mobile phones are outlined. Mobile phones allows us to: save time (doing business on the move); provide security (emergency services are close at hand); provide entertainment (games and pictures); keep us in touch with family and loved ones. However, they can also mean high invasion of personal space (people talking loudly in public); the creation of personal space bubbles when people text or play games in public. This section emphasizes the benefits of mobile technology to large and small companies alike, allowing them to cut the number of journeys or delivery runs and respond faster to customers.

Vodafone has started a program of research into the socio-economic impact of the mobile, covering the developed and developing world, led by an advisory panel of experts.

B. Responsible marketing, content and use

Work falls into three main areas:

- Responsible marketing – Vodafone has agreed guidelines for responsible marketing this year.
- Customer advice –Vodafone has produced new group-wide brochures – to be rolled out in 2004/05 – giving customers objective advice about mobile phone issues such as driving, health, content, and etiquette.
- Initiatives to protect customers – risks associated with new forms of content, unwanted marketing, phone theft and driving. In particular, Vodafone has
 - **Defined content standards for Vodafone live!** which gives access to pictures, games, interactive messaging and the internet. UK mobile operators including Vodafone launched a joint Code of Practice for the self-regulation of new forms of content in January 2004 (details available on the website). The development of content control tools is underway
 - **Introduced measures to tackle spam.** Vodafone UK claims to have blocked revenue to 350 separate spam message sources and has seen a drop in customer complaints relating to spam from 1000/month in July 2003 to 50-75/month at the end of the reporting period
 - **Taken measures to combat crime:** Equipment Identity Registers (EIRs) have now been set up in 12 operating companies to block stolen phones.

C. 'Services that make a difference'

In 2003, Vodafone committed to identify and implement three global initiatives that use mobile applications to deliver specific environmental and social benefits by June 2004.

- Commenced the global roll-out of the Speaking Phone which converts text and other phone screen information to speech
- Sponsored a new Mobile in the Community Award to recognize the best use of mobiles for accessibility, emergency situations and special-needs customers.
- Launched a project to explore how mobile technology can enable the provision of microfinance in the developing world, with UK government funding

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- Held a global workshop on developing products and services with high social value

D. Mobile phones, masts and health

Last year, Vodafone committed to complete an assessment of stakeholder perceptions relating to health issues by March 2004.

- Assessed stakeholder perceptions of health issues around mobile phones and masts. Over 17,000 interviews, including 6,000 with Vodafone customers, were carried out by market research organization MORI in 14 countries.
- Invested in research on mobile telecommunications health & safety (MTHS), including EMF, with more than £6 million assigned over the nine-year period from 1999. We invested £1.2 million in MTHS research in the calendar year 2003.
- Produced a leaflet for customers about health and handsets and one for local communities about health and base stations
- Our existing EMF Committee was expanded into a Group EMF Council which reports twice yearly to the Board. The Council published new guidance in 2003 to help operating companies develop internal and external communications material on EMF.

E. Supply chain

Last year, Vodafone committed to launch a Code of Ethical Purchasing (CEP) by March 2004 and measure implementation of the CEP with three major suppliers over the same period. The company reports the following progress over the reporting period:

- Developed a Code of Ethical Purchasing (CEP) in consultation with employees, suppliers, investors and NGOs
- Sent the CEP to a number of global and started to include it in contracts with them. A pilot assessment of one factory has been carried out
- Held a CSR workshop for Vodafone supply chain managers
- Developed a tool-kit on the CEP for purchasing teams.

F. Environment

Vodafone's network accounts for 90% of its energy use. Due to the expansion of its network in 2003/04, the company's energy consumption increased to 2,243 GWh. This is equivalent to the average annual energy consumption of around 100,000 UK households.

- Continued to work on the development of Group-wide guidelines on responsible network deployment.
- Set up a new working group on responsible network deployment which will take forward the work on developing guidelines. The new initiative will ensure the company takes a more consistent approach across the business on key issues.
- On track to meet commitment to complete an assessment of the impact of 3G on energy consumption.
- Developed energy efficiency strategies in ten of our operating companies, covering 95% of the customer base.
- Reduced holdings of ozone-depleting substances (CFCs and HCFCs) which are used in cooling systems to prevent network equipment overheating.

G. Employees

Vodafone states that its employment policies are consistent with the principles of the United Nations Universal Declaration of Human Rights and the International Labor Organization's Core Conventions. An employee survey in 2003 showed that 69% of the respondents rate Vodafone as a good 'corporate citizen'. The following points are also of particular interest:

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- Developed global standards on seven key health and safety risk areas following a Group-wide health and safety audit in December 2003
 - Vodafone conducted an Employee Satisfaction Survey in March 2003 which found that 75% of staff enjoy working at Vodafone compared to other organizations.
 - Addressed the findings of the employee survey by developing an internal communications package and establishing a Global People Development Program which is also designed to promote gender diversity. In 2003/04, women accounted for 23 of the top 215 senior managers.
 - Established a confidential email facility for employees to report any concerns.
 - In the UK, employees are given three days paid leave for volunteer work.

H. Foundations and social investment

Vodafone has established a 'family' of 19 Foundations. During the year, Vodafone and its Foundations made total contributions of £23 million (including cash and employee volunteering) to social projects, an increase of 58% over last year. Approximately 1,900 employees volunteered on company time, delivering over 17,500 hours of support to charitable and other social projects. Vodafone has also designed a pilot scheme for 1,200 employees of Vodafone Group Services Ltd which, if successful, will be extended to the whole employee base.

I. CSR management

The Group Policy Committee, chaired by the Chief Executive, sets CSR policies. The Group Operational Review Committee (GORC), chaired by the Group Chief Operating Officer, sets commitments and targets. The GORC is also responsible for policy implementation. Global CSR workshops are held twice a year to bring together CSR manager from across the group.

In 2003/04 Vodafone established an issues management process, taking into account feedback from stakeholder dialogue. An assessment of Vodafone's approach to stakeholder engagement was undertaken by a CSR consultancy. Vodafone collects environmental and community information using a web-based data management system. A new performance measurement system has recently been implemented, with operating companies reporting CSR alongside financial indicators on a quarterly basis.

Tables of Vodafone's 2002 targets, progress against these targets in 2003 and commitments for 2004/05 and 2006/07 are presented. Commitments going forward relate to: responsible marketing, content and use; social services and products; mobile phones, masts and health; supply chain; reuse and recycling of mobile phones; environmental impacts; and employees.

J. Assurance and verification

Deloitte and Touche carried out 'limited assurance procedures' in accordance with International Standard on Assurance Engagements 3000 on the disclosures in the web-based group CSR Report. The assurance statement is available in the present report and on the Vodafone website.

The London Benchmarking Group provides an assurance statement on internal measurement and reporting systems for voluntary contributions.

In July 2003, the Global Reporting Initiative (GRI) published a telecoms sector supplement to the GRI reporting guidelines. A table on the Vodafone website shows a selection of core and telecoms sector indicators the company has chosen to report against, including references to pages in its CSR report. This table is available at http://www.vodafone.com/assets/files/en/GRItable_CSR.pdf

Our comments



Vodafone has produced an excellent CSR Report. The report addresses the central issue of the social impact of mobile phones, and offers more discussion than most CSR reports on relevant social issues, in this case relating to responsible marketing, content and use and health issues surrounding mobile phones and masts. In each section, the commitments made last year are followed up with an explanation of actions taken during the reporting period, and key objectives are set going forward. A summary table of progress against CSR commitments provides easy reference. The report includes selected core and sector specific GRI indicators and is third party assured.

Vodafone's CSR management framework is also noteworthy. Senior managers oversee CSR policy development and implementation. Following a recent benchmarking assessment of CSR management systems by a specialist CSR organization, the report highlights specific areas where short-term development effort could be focused. There is less emphasis on environment management systems which are not yet in place in all operating companies.



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