

**Vodafone Group Plc**  
2021 Summary



# Welcome to our 2021 Summary

## Our new approach to reporting

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

We have also introduced new summaries at the start of each key section in the Annual Report. This document (the '2021 Summary') is comprised of these summaries only and should be read in conjunction with our complete Annual Report.



For the first time we have also published a separate report that summarises our progress towards meeting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), as well as a comprehensive addendum that includes data on environmental, social and governance (ESG) topics.



## References

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



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



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## Contact details

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### Media Relations

vodafone.com/media/contact

### Sustainability

vodafone.com/sustainability

### Online Annual Report

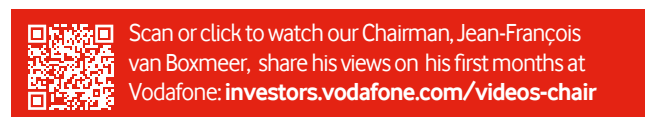
vodafone.com/ar2021

## Videos:

### Our new brand



### Governance



### Strategy



### Financial performance



## Our strategic framework


# Our next phase to drive returns through growth

### Our purpose: **We connect for a better future**



#### **Inclusion for All**


Ensuring everyone has access to the benefits of a digital society

 [Read more](#)  
on pages 34-37 in our Annual Report



#### **Planet**


Reducing our environmental impact and helping society decarbonise

 [Read more](#)  
on pages 38-40 in our Annual Report



#### **Digital Society**

Connecting people and things and digitalising critical sectors

 [Read more](#)  
on pages 41-42 in our Annual Report

### Our strategy: **The new generation connectivity and digital services provider** for Europe & Africa, enabling an inclusive & sustainable digital society

#### **Customer commitments**



#### **Best connectivity products & services**

Providing the best core connectivity for consumers and businesses



#### **Leading innovation in digital services**

Leveraging our unique platforms and partnering with leading technology firms to provide customers with a 'best on Vodafone' user experience



#### **Outstanding digital experiences**

Using our leading digital architecture to provide a seamless customer experience

#### **Enabling strategies**



#### **Simplified & most efficient operator**

Through digital transformation, standardisation, and automation of processes at scale



#### **Social contract shaping the digital society**

Influencing policy and regulation to shape a more healthy industry structure, and build a resilient, inclusive and sustainable digital society



#### **Leading gigabit networks**


Maintaining our leading gigabit networks as we provide our customers with the best connectivity products and 'best on Vodafone' user experience

### Our advantage: **Leading connectivity provider**



#### **Our people & culture**


The 'Vodafone Spirit'

 [Read more](#)  
on pages 21-22 in our Annual Report



#### **Europe & Africa**


Two attractive regions with scale

 [Read more](#)  
on pages 16-20 in our Annual Report



#### **Governance & Risk Management**

Strong frameworks in place

 [Read more](#)  
on pages 53-81 in our Annual Report

## About Vodafone

# A new generation connectivity and digital services provider

## Our business

We offer a range of leading connectivity products and platforms to consumers and businesses across Europe and Africa.

### Consumer

#### Europe

##### Mobile

We provide a range of market leading mobile services, enabling customers to reliably call, text and access data.

##### Fixed

Our fixed-line services include broadband, TV and voice. We offer high-speed connectivity through our next-generation network (NGN).

##### Convergence

Our converged plans, which combine mobile, fixed and TV services, provide simplicity and better value for customers.

##### Other value added services

These include our Consumer Internet of Things (IoT) propositions, as well as security and insurance products.

#### Africa

##### Mobile

We provide a range of mobile services, enabling customers to call, text and access data. The demand for mobile data is growing rapidly driven by the lack of fixed broadband access and by increased smartphone penetration.

##### M-Pesa & financial services

M-Pesa is our African payment platform, which has moved beyond its origins as a money transfer service. Together with Vodacom's own platform, we now provide a range of financial services, as well as business and merchant payment services.

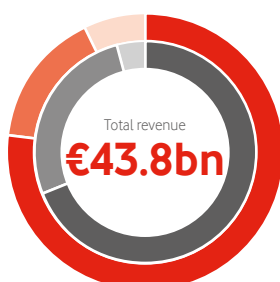
### Business

We serve private & public sector customers of all sizes with a broad range of connectivity services, supported by our dedicated global network.

We have unique scale and capabilities, and are expanding our portfolio of products and services beyond core mobile and fixed connectivity into new growth areas, such as:

- Unified communications
- Internet of Things
- Cloud & security

### Revenue contribution (FY21)



#### Total revenue

Europe	77%
Africa	16%
Other	7%

#### Service revenue

Consumer	69%
Business	27%
Other	4%

## Our strategy (2019-21)

We have delivered the first phase of our strategy to become a new generation connectivity & digital services provider.

### Delivering our strategic priorities at pace

During the first phase of our transformation we have focused on reshaping the Group and establishing a foundation from which to grow in the converged connectivity markets in Europe, and mobile data and payments in Africa.

This has been delivered through four key strategic priorities:



#### Deepening customer engagement

Deepening the relationship we have with our customers by offering additional products and services in order to deliver a more consistent commercial performance and improve customer loyalty.



#### Accelerating digital transformation

Capturing the significant opportunities we have through standardisation, digitalisation and the sharing of processes to deliver best-in-class operational efficiencies and a structurally lower cost base.



#### Improve asset utilisation

Undertaking a series of actions to improve the utilisation of the Group's assets as part of our focus on improving return on capital employed.



#### Optimising the portfolio

Actively managing our portfolio to simplify the Group and strengthen our position in converged connectivity markets in Europe, and mobile data and payments in Africa.

Over the last three years we have made strong progress against all of these strategic priorities – reshaping Vodafone to be a stronger connectivity provider.



Read more  
on pages 14-15 in our Annual Report

### Purpose pillars

Our strategy helps us to deliver our targets across three purpose pillars: Inclusion for All, Planet, and Digital Society.



#### Inclusion for All

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



#### Planet

Reducing our environmental impact and helping society decarbonise.



#### Digital Society

Connecting people and things and digitalising critical sectors.



Read more on  
pages 32-42 in our Annual Report

## How we manage our Group

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



### Governance

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

#### Nominations and Governance Committee

This Committee evaluates the composition and performance of the Board to ensure it remains comprised of an appropriate balance of independence, skills, knowledge, experience and diversity.

#### Audit and Risk Committee

This Committee provides effective governance over the appropriateness of financial reporting of the Group, including the adequacy of related disclosures, the performance of both the internal audit function and the external auditor and oversight of the Group's systems of internal control, business risks and related compliance activities.

#### Remuneration Committee

This Committee assesses and makes recommendations to the Board on the policies for executive remuneration and reward packages for the individual Executive Directors.

#### ESG Committee

On 11 May 2021, the Board approved the establishment of a new Committee to oversee our ESG programme and monitor progress against ESG key performance indicators.



### Risk management

As the risk landscape becomes more complex and fast moving, we have to be more agile and adaptive in our identification and response to risks. We continue to evolve our risk processes to support the organisation's goals and strategy.

#### Risk framework

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

#### Board oversight of principal and emerging risks

To provide adequate oversight, we report on our principal and emerging risks throughout the year to the different management committees and the Board. Additionally, risk owners are invited to present in-depth reviews to ensure that risks are managed within the defined tolerance levels.

 [Read more on pages 53-61 in our Annual Report](#)

## How we measure success

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

### Financial targets

The Group provides guidance on adjusted EBITDAaL<sup>1</sup> and adjusted free cash flow<sup>2</sup>.

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

 [Read more on pages 20 and 101-103 in our Annual Report](#)

### Return on capital employed ('ROCE')

This is a key area of focus for the Group, reflecting how efficiently we are generating profit with the capital we deploy.

Our goal is to deliver a sustainable improvement in ROCE through a combination of consistent revenue growth, ongoing margin expansion, strong cash flow conversion, and disciplined allocation of capital.

 [Read more on pages 20 and 31 in our Annual Report](#)

### Operational metrics

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

 [Read more on pages 14-15 in our Annual Report](#)

### Social contract

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

 [Read more on page 19 in our Annual Report](#)

### Sustainability metrics

We monitor metrics that are aligned to the three pillars of our purpose.

- **Inclusion for All:** Rural connectivity, our commercial propositions for equality, as well as workplace equality.
- **Planet:** Our carbon footprint across the full value chain, enabling our customers to reduce their own emissions, and waste.
- **Digital Society:** Customers connected to our gigabit networks, supporting SMEs, and the digitalisation of critical sectors.

We have also included Environmental, Social and Governance ('ESG') KPIs in the long-term incentive plan for our senior leaders.

 [Read more on pages 32-42 in our Annual Report](#)

Notes:

1. Adjusted EBITDAaL is equivalent to FY21 definition and calculation of adjusted EBITDA.
2. Adjusted free cash flow is free cash flow before spectrum, restructuring, integration costs and Vantage Towers growth capital additions.

## Financial and non-financial performance

## Key Performance Indicators

## Our progress

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

Financial results summary<sup>1</sup>

		2021 IFRS 15/16	2020 IFRS 15/16	2019 IFRS 15/ IAS 17
Group revenue	€m	<b>43,809</b>	44,974	43,666
Group service revenue	€m	<b>37,141</b>	37,871	36,458
Operating profit/(loss)	€m	<b>5,097</b>	4,099	(951)
Adjusted EBITDA (non-GAAP <sup>2</sup> )	€m	<b>14,386</b>	14,881	13,918
Profit/(loss) for the year	€m	<b>536</b>	(455)	(7,644)
Basic earnings/(loss) per share	€c	<b>0.38</b>	(3.13)	(29.05)
Adjusted basic earnings per share (non-GAAP <sup>2</sup> )	€c	<b>8.08</b>	5.60	6.27
Cash flow from operating activities	€m	<b>17,215</b>	17,379	12,980
Free cash flow (pre spectrum, restructuring and integration costs) (non-GAAP <sup>2</sup> )	€m	<b>5,019</b>	5,700	5,443
Borrowings less cash & cash equivalents	€m	<b>(61,939)</b>	(61,368) <sup>3</sup>	(39,318)
Net debt (non-GAAP <sup>2</sup> )	€m	<b>(40,543)</b>	(42,047) <sup>3</sup>	(27,033)
Total dividends per share	€c	<b>9.00</b>	9.00	9.00

## Strategic progress

		2021	2020	2019
<b>Deepening customer engagement</b>				
Europe mobile contract customers <sup>4</sup>	million	<b>65.4</b>	64.4	63.2
Europe broadband customers <sup>4</sup>	million	<b>25.6</b>	25.0	18.8
Europe on-net gigabit capable connections <sup>4</sup>	million	<b>43.7</b>	31.9	21.9
Europe Consumer converged customers <sup>4</sup>	million	<b>7.9</b>	7.2	6.6
Europe mobile contract customer churn	%	<b>13.7</b>	14.6 <sup>5</sup>	15.5
Africa data users <sup>6</sup>	million	<b>84.9</b>	82.6	75.6
M-Pesa transaction volume <sup>6</sup>	billion	<b>15.2</b>	12.2	11.0
Business fixed-line service revenue growth <sup>7</sup>	%	<b>3.0</b>	3.3	3.8
IoT SIM connections	million	<b>123.3</b>	102.9	84.9
<b>Accelerating digital transformation</b>				
Europe net opex savings <sup>8</sup>	€bn	<b>0.5</b>	0.4	0.4
Europe digital channel sales mix <sup>9</sup>	%	<b>26</b>	21	17
Europe frequency of customer contact	contacts per year	<b>1.4</b>	1.4	1.5
Europe MyVodafone app penetration	%	<b>63</b>	65	62
<b>Improving asset utilisation</b>				
Average mobile data usage per customer in Europe	GB/month	<b>7.2</b>	5.7	3.7
Europe on-net NGN broadband penetration <sup>4</sup>	%	<b>30</b>	30	28
Pre-tax return on capital employed (controlled) <sup>10</sup> (non-GAAP <sup>2</sup> )	%	<b>5.5</b>	6.3	5.9
Post-tax return on capital employed (controlled and associates/joint ventures) <sup>10</sup> (non-GAAP <sup>2</sup> )	%	<b>3.9</b>	3.9	3.5

## Our people

		2021	2020	2019
Average number of employees and contractors	thousand	<b>105</b>	104	102
Employee engagement index <sup>11</sup>	%	<b>74</b>	77	80
Employee turnover rate (voluntary)	%	<b>8</b>	12	13
Women on the Board	%	<b>45</b>	42	42
Women in management and leadership roles	%	<b>32</b>	31	31
Women in total workforce	%	<b>40</b>	39	40

## Notes:

- IFRS 16 "Leases" was adopted on 1 April 2019 for our statutory reporting, without restating prior period figures. As a result, the Group's statutory results for the years ended 31 March 2021 and 31 March 2020 are on an IFRS 16 basis, whereas the comparative period for the year ended 31 March 2019 is on an IAS 17 basis.
- These line items are alternative performance measures which are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See "Non-GAAP measures" on page 217 of our Annual Report for more information.
- FY20 borrowings and net debt has been aligned to the FY21 presentation which excludes derivative movements in cash flow hedging reserves.
- Including VodafoneZiggo.

- Excluding the impact of inactive data only SIM losses in Italy during Q3 and Q4 FY20.
- Africa including Egypt, Ghana and Safaricom.
- Organic growth.
- Europe and Common Function operating costs.
- Based on Germany, Italy, UK and Spain.
- We calculate two ROCE measures: i) Pre-tax ROCE for controlled operations only, and ii) Post-tax ROCE which also includes our share of adjusted results in equity accounted associates and joint ventures. See pages 223 and 224 of our Annual Report for more information.
- For 2020 and 2021, our employee engagement index is based on a weighted average index of responses to three questions: satisfaction working at Vodafone, experiencing positive emotions at work, and recommending us as an employer. Different methodology applied in 2019.

## Purpose, sustainability and responsible business

We want to enable an inclusive and sustainable digital society.

We are also dedicated to ensuring that Vodafone operates responsibly and ethically.

### Purpose, sustainability and responsible business

#### Inclusion for All

		2021	2020	2019
4G population coverage (outdoor 1Mbps) – Europe <sup>1</sup>	%	<b>98</b>	97	95
4G population coverage (outdoor 1Mbps) – Africa <sup>2</sup>	%	<b>62<sup>3</sup></b>	53	42
Estimated number of additional female customers in Africa <sup>4</sup> & Turkey since 2016	million	<b>15.9</b>	9.6 <sup>5</sup>	9.5 <sup>5</sup>
M-Pesa and mobile money customers <sup>4</sup>	million	<b>48</b>	42	37

#### Planet<sup>6</sup>

##### Energy use

Total electricity cost	€m	<b>760</b>	–	–
Total energy use	GWh	<b>5,832</b>	5,790	5,770
Energy use on base stations & technology centres	%	<b>96</b>	95	94
Purchased electricity from renewable sources (Group)	%	<b>56</b>	23	14
Purchased electricity from renewable sources (Europe)	%	<b>80</b>	33	19

##### Greenhouse gas emissions ('GHGs')

Total Scope 1 and Scope 2 GHG emissions (market-based method)	m tonnes CO <sub>2</sub> e	<b>1.37</b>	1.95	2.14
Total Scope 3 GHG emissions	m tonnes CO <sub>2</sub> e	<b>9.4</b>	9.5	10.7
Total customer emissions avoided due to our IoT platform	m tonnes CO <sub>2</sub> e	<b>7.1</b>	6.9	5.9

##### Waste

Total waste (including hazardous waste)	metric tonnes	<b>7,900</b>	9,500	8,500
Network waste recovered and recycled	%	<b>99</b>	99	94

#### Digital Society

Europe gigabit capable connections <sup>1</sup>	million	<b>69</b>	42	26
5G available in countries <sup>1</sup>	#	<b>12</b>	8	1
5G available in cities (>100k population) <sup>1</sup>	#	<b>244</b>	75	1

#### Responsible business

##### Code of Conduct

Completed 'Doing What's Right' employee training	%	<b>84</b>	92	–
Number of 'Speak Up' reports	#	<b>623</b>	602	738
Employee trust in Speak Up	%	<b>87</b>	– <sup>7</sup>	84

##### Health & safety

Number of lost-time employee incidents	#	<b>7</b>	33	64 <sup>B</sup>
Lost time incident rate per 1,000 employees	#	<b>0.06</b>	0.35	0.62 <sup>B</sup>

##### Responsible supply chain

Total spend	€bn	<b>24</b>	24	22
Direct suppliers	thousand	<b>11</b>	11	11
Number of site assessments (conducted by Vodafone or Joint Audit Cooperation)	#	<b>76</b>	74	85

##### Tax and economic contribution

Total tax and economic contribution <sup>9</sup>	€bn	–	12.4	12.7
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#### Notes:

- Includes VodafoneZiggo.
- Based on coverage in Africa, including Egypt. Excludes Safaricom.
- Includes Ghana.
- Africa including Egypt, Ghana and Safaricom.
- 2019 and 2020 restated to include Egypt.
- Data calculated using local market actual or estimated data sources from invoices, purchasing requisitions, direct data measurement and estimations. Carbon emissions calculated in line with GHG Protocol standards. Scope 2 emissions are reported using the market-based methodology. For full methodology see our ESG Addendum 2021.
- Figure not available due to change in employee survey methodology during the year.
- Data includes lost-time incidents in Vodafone India up until 1 September 2018.
- Includes direct taxes, non-taxation based revenue mechanisms, such as payments for the right to use spectrum, and indirect taxes collected on behalf of governments around the world. Our tax report for 2021 will be published in the next year following the submission of our tax returns and payment of all applicable taxes.



For more information, refer to our Tax and Economic Contribution reports, available at:  
[vodafone.com/tax](https://www.vodafone.com/tax)

## Market and strategy

# Operating in a rapidly changing industry

## Mega trends

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

### Remote working

The trend towards remote working for employees is growing and this has been further accelerated by the COVID-19 pandemic. Providing reliable high-speed connections for consumers and businesses working from home or remotely is becoming increasingly essential.

### Connected devices

The demand for connected devices, beyond smartphones, is growing rapidly. The Internet of Things is expected to drive huge operational efficiencies, deliver real-time information, and can be applied to a broad range of use cases.

### Adoption of cloud technology

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

### Digital and green transformation for the private & public sector

The European Union has launched a series of support mechanisms totalling €750 billion under the banner "NextGenerationEU". This includes a Recovery & Resilience facility, which combines €360 billion of loans and €312 billion of grants available to European Union Member States. This funding presents a direct and indirect opportunity given at least 20% of the total funding is planned to support the European Commission's digital transformation agenda.

In addition, in order to remain competitive and fulfil their social and environmental commitments, companies are increasingly looking to digitalise their operations to become more efficient and limit their environmental impact.

### Digital payments & financial services

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

 [Read more](#)  
on pages 10-11 in our Annual Report

## Our stakeholders

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



### Our customers<sup>1</sup>

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

**315m**  
mobile customers

**28m**  
broadband customers

**22m**  
TV customers



### Our people

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

**105,000**  
employees and contractors



### Our suppliers

Our suppliers provide us with the products and services we need to deliver our strategy and connect our customers. In total we have more than 10,500 suppliers who partner with us, ranging from start-ups and small businesses to large multinational companies.

**10,500**  
suppliers



### Our local communities and NGOs

We believe the long-term success of our business is closely tied to the success of the communities in which we operate. We interact with local communities and NGOs, seeking to be a force for good wherever we operate.

**€150m**  
donated in contributions and services in-kind in response to the COVID-19 crisis



### Government and regulators

Our relationship with governments and regulators is important to ensure policies are developed in the interests of our customers and the industry, while also enabling them to better understand the positive impact we can have on the environment and communities we operate in.

**€12.4bn**  
total tax and economic contribution in 2020



### Our investors

Our investors include individual and institutional shareholders, as well as debt investors. We maintain an active dialogue with our investors through our extensive investor relations programme.

**>1,000**  
investor interactions in FY21

Note:

1. Includes VodafoneZiggo and Safaricom



[Read more](#)  
on pages 12-13 in our Annual Report



## Our strategy (2019-21)

Reflecting the long-term opportunities and challenges that we face.

## Our progress

We have made strong progress and executed at pace across all four of our strategic priorities. As a result we have completed the first phase of our transformation.

### Our strategic priorities



#### Deepening customer engagement

##### Consumer

We are deepening the relationship we have with our customers by selling additional products and services, particularly fixed and converged products in Europe and mobile data and financial services in Africa.

We believe this will enable us to deliver a more consistent commercial performance, drive revenue growth and improve customer loyalty.

##### Business

We are expanding our portfolio of products and services beyond core connectivity into new growth areas such as unified communications, Internet of Things, and cloud & security.



#### Accelerating digital transformation

Through standardisation, digitalisation and sharing of processes we are capturing the significant opportunities available to us to deliver best-in-class operational efficiencies and a structurally lower cost base.



#### Improving asset utilisation

Through a series of initiatives we are improving the utilisation of the Group's assets as part of our focus on improving the Group's return on capital.



#### Optimising portfolio

We are actively managing our portfolio of assets in order to simplify the Group, and strengthen our position in converged connectivity markets in Europe, and mobile and data payments in Africa.

### FY21 achievements

#### Europe

NGN broadband customers added

**+1.4m**

Customer loyalty

**0.9pp**

year-on-year improvement in mobile contract customer churn

#### Africa<sup>1</sup>

Data users

**84.9m**

M-Pesa transaction volume

**15.2bn**

+ 25% year-on-year

#### Business

Fixed line service revenue growth

**3.0%**

IoT SIM connections

**+20m**

total base now 123 million

Cumulative European net opex savings<sup>2</sup>

**€1.3bn**

c.15% reduction over 3 years

Role efficiencies in shared services

**5,500**

over 3 years

Unitymedia cost & capex synergies realised

**>65%**

Countries with network sharing agreements

**7**

Vantage Towers IPO

**€2.2bn**

proceeds<sup>3</sup>

Portfolio optimisation

**19**

M&A transactions since FY19



Read more

on pages 14-15 in our Annual Report



Scan or click to watch our Chief Executive, Nick Read, summarise our performance this year and introduce the next phase of our strategy:  
[investors.vodafone.com/videos-strategy](https://investors.vodafone.com/videos-strategy)

Notes:

1. Africa including Ghana, Egypt and Safaricom.
2. Europe and Common Functions.
3. Includes greenshoe proceeds of €0.2 billion received in April 2021.

## Business model

# Creating a new generation connectivity & digital services provider

## The next phase of our strategy

We have completed the first phase of our strategy to reshape Vodafone. We are now well positioned for the next phase in our multi-year transformation.

The next phase of our strategy focuses on three customer commitments and three enabling strategies, all of which work towards growing our revenues, expanding our margins, improving our cash conversion, and ensuring capital is allocated effectively.

These areas of focus, combined with our existing strategic execution, will create sustainable value for our shareholders and returns above our weighted average cost of capital.

## Our customer commitments



### Best connectivity products & services

Grow revenue through providing the best core connectivity products and services in each of our markets for both consumers and businesses.



### Leading innovation in digital services

Leveraging our unique platforms and partnering with leading technology firms to provide customers with a 'best on Vodafone' user experience.



### Outstanding digital experiences

Using our leading digital architecture to provide a seamless customer experience across all channels – app, online, retail and physical delivery at home.

## Our enabling strategies



### Simplified & most efficient operator

Delivering further efficiencies through digital transformation, standardisation of products and procedures, and automation of processes at scale.




### Social contract shaping digital society

Influencing policy and regulation to shape a more healthy industry structure, and build a resilient, inclusive and sustainable digital society.



### Leading gigabit networks

Maintaining our leading gigabit networks as we provide our customers with the best connectivity products and 'best on Vodafone' user experience.

 [Read more on pages 18-20 in our Annual Report](#)



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[investors.vodafone.com/videos-strategy](https://investors.vodafone.com/videos-strategy)

## Investing in our key differentiators

Our leading scale and assets provide us with a significant advantage.

### Leading scale in core connectivity

In Europe<sup>1</sup>, we are the leading converged connectivity provider with 7.9 million converged customers, 113 million mobile connections, 142 million marketable NGN broadband homes, cover 98% of the population in the markets we operate in with 4G, and have launched 5G in 240 cities across 10 markets.

In Africa<sup>2</sup>, we are the leading provider of mobile data and mobile payment services. We have 178 million customers and are the leading connectivity provider in seven out of eight of the markets we operate in covering 62% of the population where we operate with 4G services.

### Differentiated platforms

We have developed a range of unique and differentiated platforms that leverage on our connectivity base, and provide customers with a 'best on Vodafone' experience. These platforms also make us a 'strategic partner of choice' for large global technology companies, enabling them to distribute their content and services across multiple markets via a single platform. We have:

- one of Europe's leading TV platforms with over 22 million users<sup>1</sup>
- a market leading IoT platform with over 123 million connections
- M-Pesa – Africa's leading mobile payment platform processed over 15 billion transactions during the year, and has 48 million active users
- MyVodafone app – digitally serving customers
- scaled shared service centres – centralising and automating our processes

### Our people & culture

Our employees' passion, commitment and expertise are key to delivering our strategy and purpose. It is important that we continue to invest in the right talent and skills for the future in order to help accelerate our digital transformation.

 [Read more about our people strategy on pages 21-22 in our Annual Report](#)

### Governance & risk management

We have strong governance and risk management frameworks that ensure that we operate responsibly and take a consistent and holistic approach to the identification, management and oversight of risks.

### Our brand

We have one of the world's most recognised brands. Our purpose is also the basis of our new brand positioning: 'Together we can'. It conveys our belief that technology and innovation can help millions of people and their communities to stay connected. We feel positively about the opportunity technology gives us all when combined with the right human spirit.

Notes:

1. Including VodafoneZiggo
2. Africa including Egypt, Ghana and Safaricom

## Our financial strengths

We have a resilient operating model, a robust financial position, and a disciplined approach to capital allocation.

### Resilient and growing revenue streams

We generate revenue primarily through monthly recurring contracts or subscriptions – providing us with robust and resilient revenue streams. We are also growing quickly in new growth areas such as IoT, cloud & security, and next-generation fixed-line services.

### Significant opportunities to lower our cost base

By being Digital First, radically simpler, and leveraging our Group scale we are able to structurally transform our cost base. Over the past three years we have delivered €1.3 billion of net opex savings in Europe, and are targeting a 20% reduction in our European cost base over five years to FY23.

### Robust balance sheet

Our average tenure of debt is 12 years (excluding debt issued by Vantage Towers), we have no significant short-term refinancing needs, and we have a strong liquidity position with cash and short term Investments of €9.8 billion and unused facilities of €7.4 billion.

 [Read more](#)  
on pages 23-31 in our Annual Report

## Disciplined approach to capital allocation

### Our capital allocation framework

Enabling us to balance our three capital allocation priorities:

#### Invest in critical infrastructure

**1** €7.9 billion  
cash capital additions in FY21

#### Maintain a robust balance sheet

**2** 2.8x  
net debt/adjusted EBITDA

#### Shareholder distribution

**3** 9.00 eurocents  
dividends per share in FY21

 [Read more on our capital allocation framework](#)  
on page 20 in our Annual Report



Scan or click to watch our Chief Financial Officer summarise our financial performance in FY21:  
[investors.vodafone.com/videos-cfo](https://investors.vodafone.com/videos-cfo)

## Our medium-term ambitions

Disciplined capital allocation to drive shareholder returns.

Value model	Medium-term ambition
<b>Consistent revenue growth</b>	<b>Growth in both Europe &amp; Africa</b>
<b>+</b> Ongoing margin expansion	<b>Mid-single digit adjusted EBITDAaL<sup>1</sup> growth</b>
<b>+</b> Good cash conversion	<b>Mid-single digit adjusted FCF<sup>2</sup> growth</b>
<b>+</b> Disciplined capital allocation	<b>Net debt to adjusted EBITDAaL: 2.5-3.0x</b>
<b>=</b> Sustainable value creation	<b>ROCE<sup>3</sup> greater than WACC</b> <b>A minimum dividend of 9.00 eurocents per share per annum</b>

Notes:

- Adjusted EBITDAaL is equivalent to FY21 definition and calculation of adjusted EBITDA.
- Adjusted free cash flow is free cash flow before spectrum, restructuring, integration costs and Vantage Towers growth capital additions. Growth capital additions is on a cash basis and includes expenditure on new sites, ground lease optimisation and other adjacency opportunities as defined by Vantage Towers.
- Pre-tax return on capital employed (controlled).

## Our sustainable business strategy

Our purpose is to connect for a better future. We believe that Vodafone has a significant role to play in contributing to the societies in which we operate and we want to enable an inclusive and sustainable digital society. Our sustainable business strategy helps the delivery of our targets across three purpose pillars: Inclusion for All, Planet and Digital Society. We have clear and robust short, medium and long-term targets across all three pillars.

 [Read more](#)  
on pages 32-52 in our Annual Report

Purpose, sustainability and responsible business

# We connect for a better future

## Purpose pillars

Our strategy helps to deliver our targets across three purpose pillars: Digital Society; Inclusion for All; and Planet – and ensures Vodafone acts responsibly and ethically, wherever we operate. We are also committed to supporting the delivery of the UN Sustainable Development Goals (‘SDGs’).

### Inclusion for All

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

#### Access for all

We are finding new ways to roll-out our network to rural locations in our markets, through a number of initiatives, including network sharing.

#### Propositions for equality

We are providing relevant products and services to address specific societal challenges such as access to education, gender equality, financial inclusion and poverty.

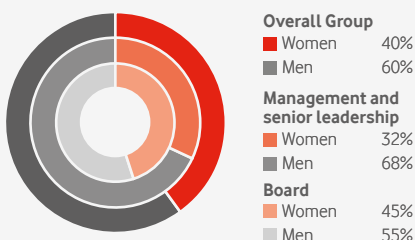
**48.3 million**  
customers using M-Pesa (or equivalent)

**15.9 million**  
additional female customers in Africa and Turkey since 2016

#### Workplace equality

We are committed to developing a diverse and inclusive global workforce that reflects the customers and societies we serve. This year, our diversity and inclusion focus has been on removing barriers to workplace equality, by accelerating momentum on gender equality, sustaining focus on LGBT+, setting solid foundations on race and ethnicity, and ensuring our physical and digital workplace is fully accessible.

#### Women in management and leadership roles



### Planet

Reducing our environmental impact and helping society decarbonise.

#### Net zero

This year, we set a 2030 Science-Based Target and committed to reaching ‘net zero’ emissions across our full value chain by 2040.

**56%**  
renewable electricity purchased

#### Enabling our customers to reduce emissions

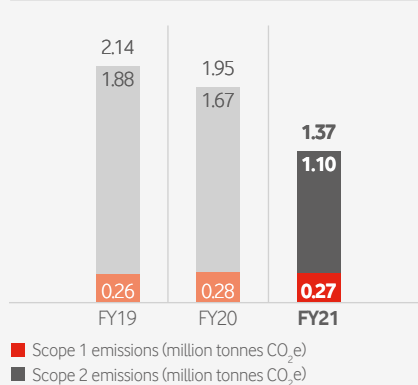
We have committed to helping our customers reduce their own carbon emissions by a cumulative total of 350 million tonnes between 2020 and 2030.

**7.1 million**  
avoided tonnes of CO<sub>2</sub>e as a consequence of our IoT technologies and services in FY21

#### Building a circular economy

We are focused on reducing e-waste, progressing against our target to reuse, resell or recycle 100% of our network waste by 2025, and driving action to reduce device waste.

#### Scope 1 and 2 GHG emissions



### Digital Society

Connecting people and things and digitalising critical sectors.

#### Gigabit network

We continue to invest in our network infrastructure and coverage to deliver a high-quality service that allows individuals and businesses to connect anywhere, at any time.

**Over 150 million**  
customers connected to our next-generation networks

#### Small and medium-sized enterprises (‘SMEs’)

Through Vodafone Business, we provide products and services which are specifically tailored for SMEs.

**One million**  
business customers across Europe now using our free digital V-Hub service

#### Healthcare sector

Our connectivity and platforms are supporting the digitalisation of healthcare, ranging from enhanced hospital connectivity to connected IoT monitoring devices.

#### Smart cities

Our IoT platform and technology are supporting cities to become smarter to adapt to the demands of urban growth, as well as improve the lives of the citizens within them.

#### Agriculture sector

We are helping to increase the amount of information that farmers have available to them, enabling the optimisation of operations and use of resources.

**2.1 million**  
smallholder farmers across Africa registered to our Connected Farmer platform

## Responsible business

To underpin the delivery of our purpose, we ensure that we operate in a responsible way. Acting ethically, lawfully and with integrity is critical to our long-term success.

### Code of Conduct

Our Code of Conduct outlines the requirements that every single person working for and with Vodafone must comply with, regardless of location.

### Protecting data

#### Data privacy

We respect the right to privacy and always seek to protect our customers' lawful rights to hold and express opinions and share information and ideas without interference. We are committed to looking after our customers' data, only using it for its stated purpose, and we are always open about what we collect.

#### Cyber security

Our networks connect millions of people, homes, businesses and things to each other and the internet. The security of our networks, systems and customers is a top priority and a fundamental part of our purpose.

### Protecting people

#### Health and safety

Keeping our people safe is one of the most important responsibilities we hold as an employer. Our ongoing focus is to create a safe working environment for everyone working for, and on behalf of, Vodafone and the communities in which we operate.

#### Mobiles, masts and health

We always operate our mobile networks strictly within national regulations, which are typically based on, or go beyond, international guidelines set by the independent scientific body the International Commission for Non-Ionizing Radiation Protection ('ICNIRP').

#### Human rights

We believe that wherever we operate, our contributions help to advance the protection and promotion of a number of fundamental human rights and freedoms, supporting socio-economic development.

#### Responsible supply chain

We spend approximately €24 billion a year with more than 10,500 direct suppliers around the world. This year we updated our processes to evaluate suppliers on their commitments to diversity, inclusion and the environment when they tender for new work.

### Business integrity

#### Tax and economic contribution

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

#### Anti-bribery and corruption

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



Click to read about how we operate responsibly:  
[vodafone.com/operating-responsibly](https://www.vodafone.com/operating-responsibly)

### Governance

The Executive Committee has overall accountability to the Board for Vodafone's sustainable business strategy and regularly reviews progress. In addition, each pillar of our purpose has an executive-level sponsor: Digital Society (Vinod Kumar, CEO Vodafone Business), Inclusion for All (Serpil Timuay, CEO Europe Cluster) and Planet (Joakim Reiter, Group External Affairs Director).

Reflecting its ownership of environmental, social and governance matters ('ESG'), the Board has approved the establishment of a new ESG Committee as a Committee of the Board and the Board will benefit from its dedicated oversight of our ESG programme. We have also included ESG measures in the long-term incentive plan for our senior leaders.



Read more about our new ESG Committee on page 72 in our Annual Report

### Materiality

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



More information on our 2021 materiality assessment can be found on our website: [vodafone.com](https://www.vodafone.com)

### Reporting frameworks

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



The Global Reporting Initiative ('GRI') is the most widely accepted global standard for sustainability reporting. The GRI Standards allow companies to report their material impacts for a range of economic, environmental and social issues. Our 2021 disclosure is included in our 2021 ESG Addendum.



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



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



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



Vodafone participates in the CDP's annual climate change questionnaire. This year we secured a place on CDP's climate change 'A List'.



Vodafone is a participant in the United Nations Global Compact ('UNGC'). As part of this, Vodafone supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. Our 2021 Communication on Progress can be found in our 2021 ESG Addendum.

## Governance at a glance

# Leadership, governance and engagement

## Our Board

The Nominations and Governance Committee regularly reviews the Board's composition to ensure a diverse mix of backgrounds, skills, knowledge and experience as well as deep expertise in technology and telecommunications. Each year, the Board monitors and improves its performance by conducting an annual performance review.

### Tenure



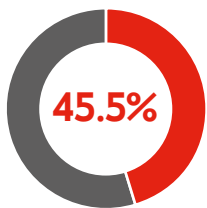
0-3 years 6  
4-6 years 3  
7-10 years 2

### Independence



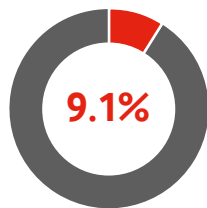
Independent 8  
Executive 2  
Independent Non-Executive Chair

### Gender diversity



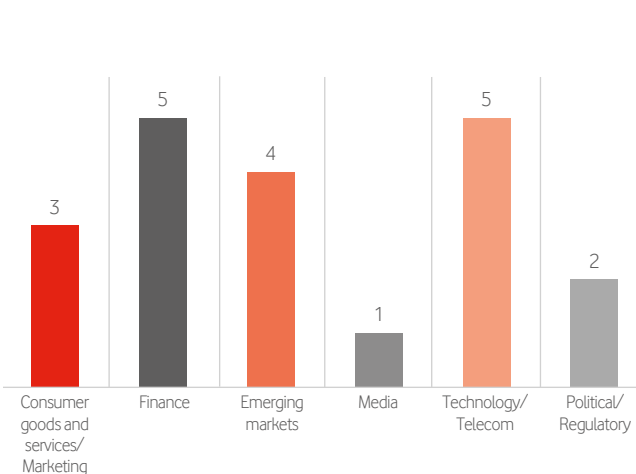
Female representation

### Ethnicity



Ethnically diverse

### Skills and expertise of Non-Executive Directors



### Attendance

Seven scheduled meetings of the Board were held during the year as well as five meetings of the Audit and Risk Committee, four meetings of the Remuneration Committee and three meetings of the Nominations and Governance Committee. Ad hoc meetings of the Board and its Committees were also held during the year, as required.

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

#### Notes:

- The number of attendances is shown next to the maximum number of meetings the Director was entitled to attend.
- Renee James was unable to attend one scheduled meeting of the Board due to a prior business engagement.

### Board evaluation

#### Progress in the year

- Jean-François' succession to the Chairman role completed and induction progressed.
- Presentations to the Board to enhance understanding of emerging risks and opportunities.
- The Board's strategy meeting was successfully held via video conference where a range of senior managers presented to the Board.

#### Actions for coming year

- Varied forms of engagement between Directors.
- Review the mix of skills in light of the next phase of our strategy.
- Concentration on organic improvement and growth.
- Monitoring progress on ESG and cultural change.



Scan or click to watch our Chairman share his views on his first months at Vodafone:  
[investors.vodafone.com/videos-chair](https://investors.vodafone.com/videos-chair)



Read more  
on page 73 in our Annual Report

## Committee activities

The Committees undertake focused oversight of Board composition and performance, internal processes and controls and remuneration practices. On 11 May 2021, the Board approved the establishment of an ESG Committee to enhance its oversight of the ESG programme.

### ESG Committee

The objective of our new ESG Committee is to provide oversight of Vodafone's ESG programme: Purpose (Inclusion for All; Planet; and Digital Society), sustainability and responsible business practices as well as Vodafone's contribution to the societies we operate in under the social contract. The Committee also monitors progress against key performance indicators and external ESG index results.


### Nomination and induction

The Nominations and Governance Committee is normally responsible for the nomination of Directors, however the Chairman search was conducted by a sub-committee led by Valerie Gooding. An overview of the process for the nomination and induction of Jean-François is shown below. At the date of this report, Step 7 was completed.



### New Non-Executive Director

It is intended that Olaf Swantee will join the Board as a Non-Executive Director following the AGM on 27 July 2021, subject to shareholder approval. Olaf has extensive experience of the telecommunications sector and a consistent record of creating shareholder value.

 [Read more](#)  
on page 68 in our Annual Report

### Audit and risk: In-depth reviews

The Audit and Risk Committee regularly performs deep dive reviews of our principal risks and key markets and operations. In addition to being provided with regular updates in these areas, deep dives were undertaken in legal and regulatory compliance, including our Group procurement company, Vodafone Business, Vodacom and M-Pesa, Germany and the UK, global economic disruption, cyber threat and information security, strategic transformation, technology failure, and geo-political risk in supply chain.



Scan or click to watch the Chair of the Audit and Risk Committee, David Nish, explain his role:  
[investors.vodafone.com/videos-arc](https://investors.vodafone.com/videos-arc)

### Remuneration across the Group

The Remuneration Committee takes account of the pay policies in place across the wider business. Remuneration arrangements were reviewed across the business to ensure they fully aligned with our strategy, supported our purpose, and celebrated the Vodafone Spirit.

#### Principles of fair pay:

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

## 96%

shareholder support for the current Remuneration Policy

 [Read more](#)  
on pages 84-89 in our Annual Report



Scan or click to watch our prospective Non-Executive Director introduce himself:  
[investors.vodafone.com/videos-ned](https://investors.vodafone.com/videos-ned)



Scan or click to watch the Senior Independent Director and Chair of the Remuneration Committee explain her role:  
[investors.vodafone.com/videos-rem](https://investors.vodafone.com/videos-rem)