INTOUCH

Integrated Report 2013-2014

Interview with CEO Rob Shuter

❝ Being successful as a company starts with winning the battle for the best employees ❞
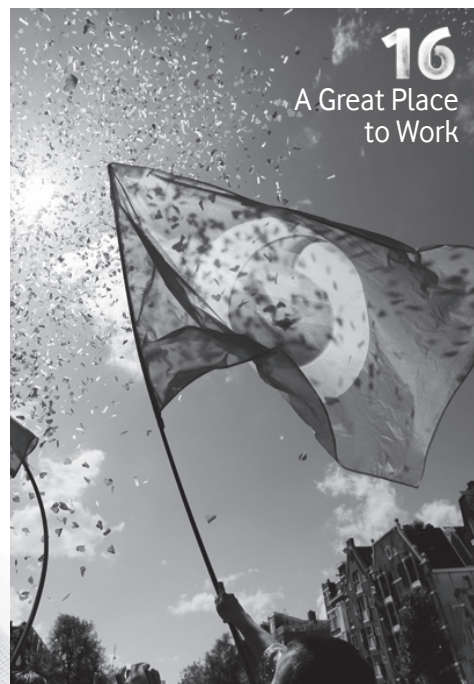
Strategy Review
A closer look at the strategic pillars

Vodafone
Power to you

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"A restless desire to do things differently and better„

At Vodafone nobody has a fixed workstation, including the Chief Executive Officer, Rob Shuter. Every day he looks for a spot in a department amongst colleagues. The interview is conducted in a lounge room on the tenth floor of the head office in Amsterdam. Rob walks in wearing dark red All Stars, jeans and a polo shirt, coming across as relaxed, friendly and approachable. We sit down on white sofas.

This is a special office with a special atmosphere and a unique location. What prompted this choice?
"Being successful as a company starts with winning the battle for the best employees. These employees only opt for you if you provide a pleasant and challenging environment. An environment that reflects the times that we live in. Private time and work time are no longer separate entities and have not been for some time – they have become intertwined. People no longer just work from 9 to 5 and no longer use their private time solely for private matters. We therefore work in a building that is close to public transport links and in the heart of Amsterdam, a place where living and working are integrated. The office ties in with our integrated approach, our culture and our philosophy regarding mobile working."

Is that also the reason behind an integrated report?
"An integrated report is the logical consequence of an integrated operation. Our company is interconnected, not just on the outside, but also on the inside, and everything must be in balance: giving our customers the right experience, looking after our financial results, keeping our employees

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motivated and energetic, ensuring a good network now and in the future, etc. We cannot look at these things in isolation. We need to identify and manage connections. That means we have no choice but to communicate in an integrated way."

In reality it seems that very few people actually read this kind of report, so why go through all this effort to prepare a second integrated report?
"A report is one of the ways to engage our stakeholders with our company. It is our challenge and responsibility to tell our story in an accessible, interesting and impactful manner so that as many stakeholders as possible read it. Preparing the report also contributes to our own organisation. Departments get to see what their contributions are to the greater whole, and it helps us to regularly measure and evaluate our performance. This therefore not only takes place annually, but also monthly and even weekly."

Can you give an example of how everything is linked?
"Take the construction of our 4G network. This is not just about technology and the investment required. It also has an impact on the experience of our customers, business opportunities and the environment, for example. A new network can broadly be built in two ways. One way is to build a new network on top of the existing network. This is the fastest method and it offers commercial advantages,

> **We are not a traditional telecommunications company. Innovation and progress are in our genes**

but in reality it means that more cabinets, cables and antennas are added to the same location. This does not look very attractive and it consumes a great deal of power. You will also have to go back to the site in future to integrate the equipment, which costs yet more time and money. We therefore decided on the second option: replacing the old equipment. This required a larger investment, but it means that we are immediately ready for the future, consume less power and have avoided spoiling the horizon with even more antennas. This obviously took us a bit longer, which means that our customers had to wait longer for 4G, but these are not decisions that you can take lightly. We carefully considered all aspects and consequences."

It took Vodafone approximately six months longer to introduce 4G than one of its main competitors. That must have been painful?
"We were second and that was a conscious choice. Of course it was not nice to introduce this later than a competitor, but I'm glad we did it that way. We now have a robust network that is ready for the

future. We also innovated during the process. We were the first to offer 4G for the iPhone 5 and we also have a few other great innovations that we will announce in the next few months."

A few years ago you introduced a five-pillar strategy. Is that still relevant?
"This five-pillar strategy was the result of a scan of our environment and a critical look at our own company. We looked at the trends we noticed, where we are as a company, where we want to go and what we need to get there. The five pillars are still relevant because we focused on how the telecommunications sector will develop in the next few years, i.e. the telecommunications sector of the future. Over the coming years we will continue to build on what we have already achieved in this regard."

> **Our motto is: Be good and tell it**

The 'Reputation' pillar is a bit of an odd one out as it suggests 'greenwashing'.
"Our industry has a poor reputation and we have no choice but to work on our reputation and that of the sector as a whole. After all, what one telecommunications company does reflects on the entire sector. 80% of our efforts are going into actually changing and improving things. Afterwards we have

to communicate about it, otherwise no one will know what we are doing. Our motto is therefore: Be good and tell it. It takes considerable patience to restore a reputation and to rebuild trust. We have done thousands of little and big things to improve our company and will continue to do so. It is all about consistently making the right decisions."

Bad reputation or not, people cannot live without telecommunications. What would happen if Vodafone were no longer around?
"Mobile technology has become an indispensable part of society and it has a great impact on our business and personal lives. As one of the three (soon to be four) players, we make an important contribution to the functioning of this technology. Vodafone was born from the mobile revolution. We are not a traditional telecommunications company. Innovation and progress are in our genes. We always have a restless desire to do things differently and better. For example, we were the first to integrate data into basic subscriptions, the first to introduce faster speeds on the 3G network and the first to offer unlimited texting and calling. We therefore 'push' the industry and carry the telecommunications sector as a whole with us."

In September 2013 Ronald van Raak, a member of the Lower House for the Socialist Party, suggested that you pass on details of Members of Parliament to foreign secret services. Can you imagine that this caused quite a stir?

"I can imagine that people were frightened, just like when Edward Snowden came out with his allegations. There are many monitoring activities that consumers don't know about. Once these become public knowledge, people get a fright. The accusation made by the member of the Lower House is unfounded, however. We did not provide this information. We do, on the other hand, release information to Dutch investigation and security services when they submit formal requests that comply with laws and regulations. This is laid down in law and I have the feeling that people now accept that, despite the negative feelings it evokes. However, I believe that the Dutch government and telecommunications companies can and must be more transparent about phone tapping requests. We are currently engaged in discussions on this matter."

Another issue that caused a great deal of commotion was the announcement in early 2014 that the particulars of more than 90,000 customers had been inadvertently included in the telephone directory and number information services, or omitted in error.

"I can be brief here: this was a terrible mistake. We took immediate action to prevent the particulars of even more customers being disclosed and we recovered the details provided. We also reported the incident to the Authority for Consumers & Markets. We were then faced with a dilemma. How should we communicate our mistake to our customers and when? Some people have important reasons for not wanting to make their details public, such as people who are dealing with or have had to deal with stalking or an abusive relationship. And what does a person do who is looking for someone and then hears information has been made public erroneously? They simply look in the phone book. This dilemma – how to comply with the legal obligation to report the incident without placing our customers at risk – genuinely kept me awake at night. We consulted extensively on the matter. In the end we informed our customers discreetly and personally and also publicly apologised."

Looking back at the past year, what are you proud of?

"I always think immediately of the five pillars. Our people are the most important element. We are building an environment that makes it easier for our people to do their work. One that is simpler, less bureaucratic and more straightforward in terms of

> **We are building an environment that makes it easier for our people to do their work. One that is simpler, less bureaucratic and more straightforward**

processes. The key aspect here is leadership development. We are investing the most energy in this area, as it is managers who support and coach people. Although we have made progress for our people, we have not yet achieved what we want to achieve. We are therefore facing a challenge over the coming year. In order to offer our customers the best experience as possible, we have introduced a real shift in our culture. We consider how our customers will receive everything that we do. You cannot change a company's culture overnight. This is a great achievement, of which I am proud. We are still facing challenges to become even better, however. With the roll-out of our 4G network we are making sure we are technically ready for the future. We have also replaced underlying IT systems, such as those used for customer service, billing and the website. This process went very well. In addition, we have made progress in communicating our story more consistently to promote our brand. We are also 'pushing' and 'challenging' more when it comes to our communication. However, marketing also presents a constant dilemma. How do you match the commercial challenge of selling with the long-term objective of building your brand? We have taken some excellent steps in integrating these two aspects. Finally, when it comes to reputation, we won an award for our approach. Something else I am pleased about is that we have managed to further expand our market share. That is very important too."

> **There is no doubt that we experienced a 'perfect storm'**

A lot has happened in the past year. How do you deal with the impact that this has on employees?

"If you join a company in the mobile industry you sign up for change. But I realise that a lot has happened during the past 12 months: construction of the 4G network and IT systems, internal changes, changes in legislation and increasing competition. There is no doubt that we experienced a perfect storm. Our way of handling this is to have a clear objective in mind. Our people therefore know why they come here every day and how their efforts contribute to the bigger picture. And, as stated earlier, we devote considerable attention to the development of our managers. Incidentally, I think we are the most stable company in the industry, with a long-term strategy and stable management team."

What are the main challenges for the coming year?

"We must ensure that we can deliver on four aspects: our 4 Cs. Firstly, we must provide our Customers with an even better experience. Secondly, 'Coverage': we need to offer a thick blanket of 4G coverage, both indoors and outdoors. Thirdly,

'Convergence': we must transform ourselves from a mobile player to a player that combines fixed , mobile and TV offerings, with a full portfolio of products. Finally, we need to improve our 'Commercial execution'. For me it's like speed chess. Changing and improving every day and thinking many moves ahead when it comes to our long-term objective. We can only make investments by continuing to perform well on a commercial level. It is much easier to do good things in a company that is performing well."

And the challenge for the longer term? What about the next 3 to 5 years?
"Our challenge in the long term will always be to provide our customers with a better experience than our competitors do to ensure that our market share and our business grow. We must always be better. Our people are of paramount importance here. We can only achieve sustainable innovation and differentiate ourselves sustainably through their efforts of our people. That's why they are our number one priority."

Interview: Annelies Vlap

> " We can only achieve sustainable innovation and differentiate ourselves sustainably through the efforts of our people. That's why they are our number one priority "

Strategy & Vision

Our Relevance

Vodafone provides quality fixed and mobile tele-communications and television services for Dutch residents, businesses and the government. To do this, we make use of labour, investments and nat-ural resources. These are shown in the figure below as input. We want our customers to connect with confidence at all times ('Empower customers to be confidently connected'). And we always want to be easy to work with ('Always Easiest'). For further details, please see the explanation of our vision, mission, strategy and values. What we do and how we do it ultimately determines the value we create (see the figure below) and how relevant we are.
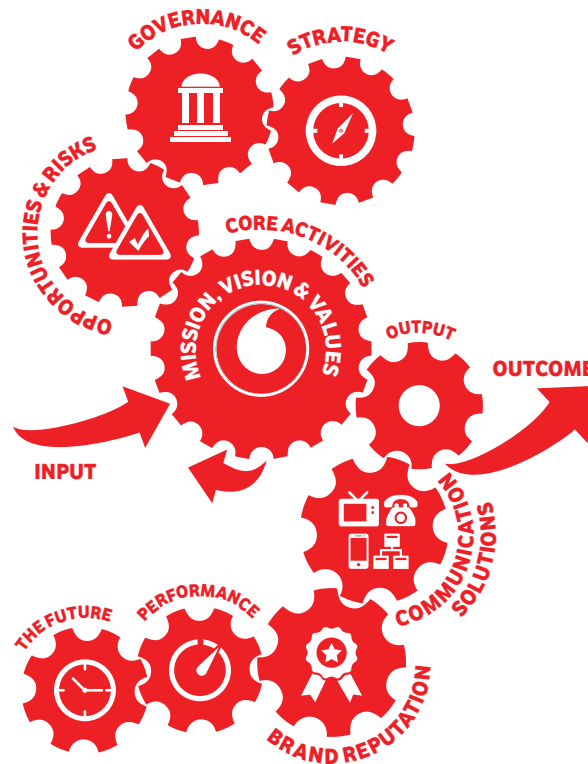
Employees

3.711 — Employees

Financial

263MN — Investments in network and IT

260MN — To Dutch suppliers

827K — Vodafone Foundation

Service

248 — Vodafone and BelCompany shops

650 — FTEs providing service to customers

Natural resources

1.010K GJ — Energy consumption

2G — GSM 900/1800

3G — UMTS 2100

4G — LTE 800/1800/2600

Social relations

Suppliers and business partners, government, NGOs, sector

GOVERNANCE — STRATEGY — CORE ACTIVITIES — OUTPUT — OUTCOME — OPPORTUNITIES & RISKS — MISSION, VISION & VALUES — COMMUNICATION SOLUTIONS — BRAND REPUTATION — PERFORMANCE — THE FUTURE — INPUT

Customers

5,3MN — Customers

10,7BN — Call minutes

12,1BN GB — Data

Economical

1,89BN — Turnover

185MN — Salaries

224MN — VAT

55MN — Wage tax

1,4BN — For spectrum
We paid this amount last year to the Dutch government for spectrum licences.

Environmental

0,92% — Energy efficiency

88.497 — Collected phones

Employees

30ENPS — Employee Net Promoter Score

30EES — Employee Engagement Score

958HRS — Voluntary work

22 — Companies started with support from Vodafone

94 — Jobs created by Startup Bootcamp

25% — Of economic growth is the result of investments by the telecommunications sector
In the past 40 years, according to research by Dialogic, as commissioned by ICT Netherlands in 2013.

The World Around Us

The world around us is constantly changing. Many developments have an impact on our business. We divide these developments into five categories:

➕ **Socio-cultural and demographic developments:** work and leisure are increasingly becoming intertwined, social media have become an integral part of society, people are more concerned about privacy, consumers are better informed and have high expectations, the population is ageing and the need for security is growing.

➕ **Ecological developments:** the climate is changing and there is a shortage of raw materials.

➕ **Economic developments:** the eurozone is unstable, new companies are entering the telecommunications market, the telecommunications sector is shrinking and the recession is continuing.

➕ **Technological developments:** technologies are converging and we are seeing continuous innovations, such as big data and machine-to-machine technology.

➕ **Political and legal developments:** many new laws and regulations are being introduced in the Netherlands and Europe, and there are uncertainties about legislation affecting the telecommunications industry, e.g. on net neutrality, roaming and access regulation.

Purpose, Values and Vision

Purpose
Empower customers to be confidently connected

Our main objective is to enable our customers to be connected with friends, family or clients without any hassle – at home, on the move and in the office, indoors and outdoors, in the Netherlands and abroad. Our customers must also be able to access the content and information that they require at any time and in any place. We want to set ourselves apart by being the best network, offering the best experience for our customers and providing the best integrated solutions. We assume that this will have a positive effect on our operating results. We also realise, however, that our financial results alone are no longer the only factor that counts. An integral part of our operations is therefore our commitment to improving our social impact and to conducting ourselves in an ethical and responsible manner at all times. Only then can we be sustainable. Our company is constantly evolving to adapt to changes in consumer behaviour, laws and regulations and the competitive landscape. Our strategy is our response to these changes. It is our guide that helps us operate in a responsible manner.

Values
The Vodafone Way

How can we achieve our vision and mission? The Vodafone Way provides the framework. Throughout the world we encourage our people to work with the customer in mind and to be innovative, ambitious and competitive. The way we work is similar in all the countries in which we operate, with consideration for local values. Our three shared values are speed, simplicity and trust. For us, speed means that we focus on the dynamics of the market and that we improve, innovate and solve problems quickly, while taking the quality, security, financial future and reputation of our company into account. For us simplicity means that we make it easy for our customers, our partners and ourselves. We do this by providing simple solutions and by removing obstacles that cause unnecessary complexity. For us, trust means that we are reliable, that we conduct ourselves with honesty and integrity and that we respect the trust our customers, business partners, employees and other stakeholders put in us.

Vision
Always Easiest

Our society can no longer function without mobile and fixed communication technology. People are constantly connected to each other, making their personal and business lives faster and easier, but also more fragile and more complex at the same time. Our customers must therefore be able to rely completely on our products, services and service delivery, 24 hours a day, seven days a week. We always want to provide our customers with the same easy experience. It must be easy to use our products and services, to cooperate with us and to work for us. We have articulated our aim through the words 'Always Easiest'. 'Easiest' stands for distinctiveness and always knowing where we can do better than our competitors. 'Always' stands for continuous improvement.

Strategy

Our vision, articulated through 'Always Easiest', is central to our operations. It makes it clear what we want to achieve. We focus on five aspects to achieve our goals:

1 A Great Place to Work

We focus on our people and their talents. The quality of the people we recruit, how we retain them and how we invest in them are essential to our success. Our people are the foundation of our organisation. We therefore want to increase their involvement and make them proud ambassadors of our products and services. We also want to work in an easier and simpler way.

2 The Easiest Place to do Business

We focus on how we deal with our customers, how we communicate with them, what products we develop for them and the experience we offer them. We want to make an effort for them, make processes simpler and be accessible online.

3 Build for the Future

We invest a considerable amount to ensure our network and IT systems are ready for the future. We want to be able to respond rapidly to changing needs and we encourage and facilitate innovation by means of mobile and fixed technology.

4 A Playful and Connected Brand

How do we carry our brand and how do we engage in dialogue with our customers? We want to stand apart when it comes to convenience and playfulness and we want to be warmer in the way we communicate. Most of all, we want to exude fun.

5 An Improved and Leading Reputation

A good reputation makes us an attractive option for employees, customers and partners alike. It also makes us a reliable partner for the government and regulators. We want to know and understand the most important concerns and needs of our stakeholders. We want to change where possible. Furthermore, we want to adopt clear stances on important issues and proactively communicate these, thereby assuming a leading position in the market.

Risks & Opportunities

Themes	Issues	Opportunities	Risks
Network performance	• Regional roaming • Compensation for failures • IMEI blocking • Coverage in border areas & 112	Make customers aware of what is possible and not possible with a mobile network and help them to deal with these aspects properly and responsibly.	The difference between what customers expect and what we deliver can lead to dissatisfaction with the quality of our network, organisation and people.
Digital rights	• Transparency on phone tapping requests • Information security • Mobile analytics/commerce • Net neutrality • Privacy legislation • Deep Packet Inspection (DPI)	Customers must be able to use our products and services safely, responsibly and, above all, without any concerns. We do our best to make our customers aware of both the opportunities and the risks involved and support them in dealing with these.	Legislation is putting our business models under increasing pressure, while technological developments are also presenting new opportunities. Developments are also demanding continued investment in our network, our IT systems and frequency licences.
Fair and transparent prices	• Shelf life of bundle packages • Debt prevention • Device subsidy • Responsible marketing • Transparency	Enable customers to make an informed decision. No difference between what people expect to pay and what they see on their bills. Finding the balance between offering various subscription options that meet the needs of different types of users and keeping these offers clear, transparent, affordable and manageable for everyone.	Unless it is offered in the correct manner, maximum transparency could lead to a profusion of information and eventually to indifference. This could result in customers making uninformed choices and then being faced with unpleasant surprises.
Sustainability	• Electromagnetic fields • Electronic waste • Durable phones • Climate change	Vodafone supports the COSMOS study in the Netherlands (duration of 30 years). We hope that this study will provide more insight into the long-term effects of radiation and how people can best use their phones. Together with Monet we engage in discussion with communities when there is unhappiness about the construction of masts. Cooperation in the chain is essential to solve complex problems.	To date, no adverse health effects have been established as far as the use of mobile phones is concerned. Since much research is still needed in this area, the topic could lead to social unrest. This can sometimes affect decisions on the placement of masts. Misconduct in the chain could seriously harm our reputation. Financial implications and other risks resulting from water damage to base stations due to flooding, the impact of heavy rain on network quality, the loss of the radio link with mobile masts due to extreme storms and higher costs due to increased energy prices.
Economic contribution and innovation	• Tax ethics of multinational companies	Telecommunications is an industry that is essential to the functioning of our society and economy. It is an engine for innovation. Not only do the services we provide have a major impact, but the employment opportunities created in the sector and the investments that the industry makes are also of great significance.	The difference between what people expect from multinationals operating in the Netherlands and how they pay taxes. Ambiguities about regulations in the Netherlands compared to other countries.
Reliable & in control	• Investigation of the ACM into price fixing	Remove suspicion with respect to the sector.	The image may emerge that the industry is less competitive than it actually is.

Core KPIs

A Great Place to Work		KPI 2013-2014	2013-2014	2012-2013	2011-2012
Employee Engagement Index[1]	Measures the engagement of employees at Vodafone, a combination of pride, loyalty and motivation.	80	75	76	75
Employee Net Promotor Score[2]	Measures the extent to which employees recommend Vodafone to others.	>30	28	21	24
Diversity in top management[3]	Number of women in top management with a view to obtaining more balanced skills and management styles in our organisation.	38%	38%	33%	28%

The Easiest Place to do Business		KPI 2013-2014	2013-2014	2012-2013	2011-2012
Net Promotor Score[4]	Measures the extent to which customers recommend Vodafone to others.	1st place with at least 5 points ahead of the next highest scoring competitor	3rd place with 2 points ahead of the next highest scoring competitor	Joint 1st place place with the highest scoring competitor	1st place with 8 points ahead of the next highest scoring competitor
Customer Effort Score[5]	This score indicates how much effort the customer has had to make to do business with Vodafone, e.g. taking out a subscription or understanding the costs involved.	>80%	74%	77%	Not available
Social Media Monitor[6]	Research into the use of social media by the top 100 advertisers in the Netherlands, based on gross media spending in the Netherlands.	Top 5	5e overall, 1e in telecom	2e	1e
Number of collected phones	Old phones are collected for recycling and reuse through charities and via Vodafone Trade-In Deals.	100.000[7]	88.497	114.279	69.379

We set the bar high. It is better to run a little harder and fall a little short than to take it easy and be sure of the finish line. That is our motto. We therefore do not always achieve our objectives, but we keep working on them.

[1] The index is calculated on the basis of the average score for seven questions (both positive and negative answers are included) and it has a maximum score of 100.

[2] The Employee Net Promoter Score uses a 10-point scale, where 9 and 10 mean the employees are Promoters (ambassadors of Vodafone) and 0 to 6 mean they are Detractors (employees who do not recommend Vodafone or are negative about it). The Net Promoter Score is calculated by subtracting the percentage of Detractors from the percentage of Promoters.

[3] Reference date of 31 December, consisting of women in board-level and senior management positions. The goal is 50% growth in the number of women in top management positions in 2016 compared with 2011. This is enshrined in the 'Talent to the Top' charter.

[4] The Net Promoter Score uses a 10-point scale, where 9 and 10 mean the customers are Promoters (ambassadors of Vodafone) and 0 to 6 mean they are Detractors (customers who do not recommend Vodafone or are negative about it). The Net Promoter Score is calculated by subtracting the percentage of Detractors from the percentage of Promoters. We have been measuring our Net Promoter Score for a few years now in all customer contact channels (shops, customer service, online) and for the Vodafone brand in general.

[5] The Customer Effort Score is measured on a 5-point scale, where 1 represents little effort and 5 considerable effort. The % concerns the respondents who gave a score of 1 or 2 on the 5-point scale. For 2014-2015 the definition of the score has been modified.

[6] The study by Social Embassy consists of a survey amongst the companies which looks at their organisation of social media, their ambitions and their results, as well as an assessment by Social Embassy in terms of activity, interactivity and the building of communities. Based on this information the companies are given a score between 0 and 100.

[7] This KPI has changed following the decision not to set up any major collection campaign, like the one for Serious Request in 2012-2013, due to cost-saving measures.

Core KPIs

Build for the Future[1]		KPI 2013-2014	2013-2014	2012-2013	2011-2012
Upgrading of network	Network innovation programme to increase capacity and improve coverage and quality.	**33%** of 3G sites upgraded	48% of 3G sites upgraded	33% of 3G sites upgraded	20% of 3G sites upgraded
Energy efficiency	In absolute terms, our energy consumption is increasing due to an increase in data usage. We are limiting energy consumption by taking energy-efficiency measures.	**2%** (30% more energy efficient in 2020 compared to 2005)	**0,92%**	**-0,05%**	**2,53%**

A Playful and Connected Brand		KPI 2013-2014	2013-2014	2012-2013	2011-2012
Brand Equity Share[2]	Measures brand perception among Dutch consumers compared to competitors.	**15**	**14**	**13,9**	**15**
Campaign Health Tracker Cut Through Score[3]	Measures campaign recognition and whether consumers associate the campaign with Vodafone.	**40/50**	**50**	**40/50**	**40/50**

An Improved and Leading Reputation		KPI 2013-2014	2013-2014	2012-2013	2011-2012
Position in RepTrak[4]	Study that compares companies on the basis of reputation.	**Top 10**	**14th**	**12th**	**22nd**
Position in Transparency benchmark[5]	Study examining the content and quality of the social reporting of Dutch companies.	**Top 10**	**12th**	**8th**	**29th**

[1] We had a CO_2 reduction target of 50% in 2020 compared with 2006. Despite the expansion of production (increase in mobile antennas and use of services such as mobile internet, etc.), we have achieved this target over the past three years by purchasing green energy. We have therefore decided not to continue reporting this target.

[2] The Brand Equity Share is based on five components: performance, emotion, value, distinctiveness and brand awareness (measured by research agency Millward Brown).

[3] The Campaign Health Tracker Cut Through Score is calculated by research agency Millward Brown.

[4] The Reputation Institute's RepTrak® Framework measures the stakeholder perception of companies by measuring the relationship between a stakeholder's emotional connection and the perception of seven rational dimensions: products/services, innovation, workplace, citizenship, governance, leadership and performance.

[5] The Transparency Benchmark is an annual study examining the content and quality of the social reporting of Dutch companies. It is an initiative of the Ministry of Economic Affairs.

Strategy Review

1 A Great Place to Work

2 The Easiest Place to do Business

3 Build for the Future

4 A Playful and Connected Brand

5 An Improved and Leading Reputation

A Great Place to Work

People who are given opportunities create opportunities

Challenge

The Dutch economy is starting to find its feet, but unemployment is still rising. At the same time it is more difficult than ever to find talent for specialist positions. The emerging generation also wants different things: an entrepreneurial way of working and inspirational leadership. Vodafone wants to be a great employer, a 'Great Place to Work'. To guarantee our success in the future, it is essential to hire the right people, invest in their development and ensure that we retain them. As a company we can only achieve good results with motivated and committed employees. Our reputation plays an important role here as it affects how we are seen as an employer.

Everything we do, we do 'The Vodafone Way'. Our core values of 'speed', 'simplicity' and 'trust' play a pivotal role here. An internal stakeholder dialogue revealed that our employees feel we could learn more from our mistakes. We therefore view it as a challenge to make Vodafone even more of a learning organisation: learning should be in our DNA. Trust is essential in this regard as it encourages innovation, commitment and change.

A Great Place to Work

Approach

To ensure we are actually a 'Great Place to Work', we focus on three strategic pillars: Effective organisation, Leadership & teamwork and Community.

Effective organisation

In 2013 we worked on preparing our organisation for the future. Efficiency and effectiveness are of great importance. We therefore integrated and reorganised several departments and also simplified processes and structures, thereby making people's work simpler. Through sixteen sessions involving a total of 112 people we established what people consider to be complex in their work and why. In response we implemented appropriate measures. For example, we introduced a buddy system for new employees and an 'IT Walk-in Desk'. An employee survey showed that these measures had proven to be very effective for some departments, while other departments still consider their organisation to be very complex. We will therefore pay even more attention to this issue during 2014.

Another step aimed at increasing the effectiveness of our organisation is the extension of our partnership with Maastricht-Bereikbaar (Accessible Maastricht) (part of the Dutch national programme Beter Benutten (Optimising Use)). Together with government, providers of mobility services and more than twenty other companies in the region, we are working on smart work and smart travel – this means being able to work anywhere and be as mobile as possible. That is what we stand for and is our aim.

We have also developed a new reward system, which came into effect on 1 April 2014. With this new system we want to ensure that we treat employees fairly and consistently. We have introduced a market-driven method for salary increases and have thereby ensured that the annual salary review process can take place easily and efficiently.

During the past year we have also started recruiting new employees ourselves again. This was previously the responsibility of external parties. Taking care of recruitment ourselves means that potential employees get to experience Vodafone at first hand.
We hope that by the end of 2015 we will no longer need to post job advertisements. Our aim is for all new employees to approach us through personal and social networks. To achieve this, we will have to show our employees and the market how important we consider the well-being of our employees to be. It should be clear that 'employees are our most important asset' is not an empty phrase for us and that Vodafone is a good and responsible employer. In this context we developed 'Experience Vodafone' in 2013, a platform where employees can share stories with each other. We will also be opening up this platform to outsiders in 2014.

Leadership & teamwork

Our managers form the basis for a 'Great Place to Work'. Our employees are responsible for their own development, but the managers are responsible for coaching and support. To ensure our managers can become good people managers, we organised line

> **Everything we do, we do The Vodafone Way: speed, simplicity and trust**

manager days in 2013 where we made managers aware of their role. During the coming year we will focus on developing skills in order to achieve the desired result, e.g. through teambuilding, people development and communication. With the help of the Centre for Conscious Leadership we have also provided training for the board and senior management team. The result for participants was a better understanding of themselves and of the impact they have on others.

Teams grow and improve by reflecting on how they work. That is why we encourage and facilitate ongoing dialogue within teams. We are also focusing increasingly on learning and 'on the job' support. It has been shown that 70% of learning occurs while working, 20% is achieved through feedback from managers or colleagues and only 10% stems from training and education. By learning 'on the job', people can immediately apply what they have learned in their daily tasks, whilst also enhancing teamwork. This means that we end up spending less money on training, but invest more in manpower and man hours. We are therefore investing more effectively in our people.

Each employee at Vodafone agrees targets with his or her manager, which we refer to as a Performance Dialogue (PD). This is not just about what we expect from an employee, but also how the employee goes about achieving this. Based on this PD all employees are given a formal assessment annually. A formal mid-term review takes place halfway through the year. Managers and employees also discuss progress regularly (both the 'what' and the 'how') during bilateral consultations.

A Great Place to Work

Community

Collaborating is one way of having contact with each other. We consider it important that our employees also have the opportunity to be in contact with one another and have fun in a different way, e.g. by organising a range of activities through our personnel society. We also offer various sporting activities inside and outside an office context, e.g. yoga, kick boxing, boot camps, hockey and running. In addition, we organise participation in various sporting events, such as URBANATHLON and Maastrichts Mooiste.

We also encourage employees to volunteer. Through our intranet platform employees have access to the activities calendar and they can register for voluntary activities with the Vodafone Foundation and Netherlands Cares. Activities take place throughout the country every week and four times a year we organise a team activity for about thirty employees. Netherlands Cares also organises custom voluntary activities for teams, e.g. collecting Saint Nicholas presents for children from poor families, training people with learning disabilities on how to use tablets and refurbishing the playground of a school for disadvantaged children in Amsterdam. In 2013-2014 a total of 958 staff hours were spent on voluntary work. Over the coming year we want to place the emphasis on team activities, as there seems to be a greater need for these than individual activities.

Lastly, the Vodafone Foundation doubled the amounts that employees raised for charity, allowing the Foundation to donate € 27,495 to various good causes.

A Great Place to Work

Results			
Core KPIs	**KPI 2013-2014**	**Result 2013-2014**	**KPI 2014-2015**
Employee Engagement Index[1] Measures the engagement of employees at Vodafone, a combination of pride, loyalty and motivation.	80	75	77
Employee Net Promotor Score[2] Measures the extent to which employees recommend Vodafone to others.	>30	28	35
Diversity in top management Number of women in top management with a view to obtaining more balanced skills and management styles in our organisation.	38%	38%	39%
Other Performance Indicators	**KPI 2013-2014**	**Result 2013-2014**	**KPI 2014-2015**
Good leadership and teamwork	Management Index 75	72	75
Diversity & inclusion[3]	>80	81	The same level or improvement
Speed[4]	>62	64	67
Simplicity[4]	50	52	59
Trust[4]	>69	70	The same level or improvement

[1] The Employee Engagement Index consists of three elements: commitment to Vodafone, willingness to continue working for Vodafone and the will to go the extra mile for the company. The index is calculated on the basis of the average score for seven questions (both positive and negative answers are included) and has a maximum score of 100.

[2] The Employee Net Promoter Score is used to measure the extent to which employees recommend Vodafone to others. The Net Promoter Score uses a 10-point scale, where 9 and 10 mean the employees are Promoters (ambassadors of Vodafone) and 0 to 6 mean they are Detractors (employees who do not recommend Vodafone or are negative about it). The Net Promoter Score is calculated by subtracting the percentage of Detractors from the percentage of Promoters.

[3] The extent to which employees feel that Vodafone is committed to diversity and the extent to which a person's background is a barrier to his/her development within the organisation.

[4] The extent to which employees experience Vodafone's values – speed, simplicity and trust – within the organisation.

A Great Place to Work

TOP 4

Greatest impact

Often it appears that there is a difference between what people learn and what is required in practice. For this reason we entered into a partnership with the University of Maastricht in 2013. As of September 2014, the university will be selecting a number of second-year students from the top 25 to work with a company for a period of three years alongside their studies. The split between working and learning will gradually shift from 50/50 in the first year to 70% working and 30% learning in the third year. The intention is to offer the students a job at the end of the process. In 2014 we are keen to welcome six students into our company for training as part of this programme.

Biggest mistake

In 2013 we tried our best to simplify our processes and structures. Unfortunately we found that some departments are not experiencing our core value of 'Simplicity' sufficiently and still consider our organisation to be too complex. This is a great disappointment. Simplifying matters therefore remains a major challenge for us over the coming year. We want to try and understand the causes of problems and address the root of these. At the same time we will be introducing minor changes on an ongoing basis to achieve more simplicity.

Most difficult dilemma

We invest a considerable amount in preparing our company for the future. This means that we ask a lot of our people. At the same time we must also take a very critical look at how we spend every euro. Pressure on expenses remains high and our people therefore have to achieve a lot with a limited budget. How do we keep them motivated and engaged? That is the challenge we face.

Best performance

The training provided by the Centre for Conscious Leadership had a tremendous impact. With this training people worked in teams, which gave them a real emotional connection with each other, linked to our core values, mission and vision. These training courses have brought people closer together and given them a lot of energy.

What others say

Diversity is important to us. We are therefore working on creating a culture and environment where individual differences are respected and celebrated. On the initiative of a number of employees we participated in the Canal Parade during Amsterdam Gay Pride. This was a memorable moment and there was great enthusiasm to participate. Vodafone employees from various countries came over to sail on the boat. In 2013 our efforts to achieve a good gender balance in top positions were rewarded: we won the Talent to the Top Award.

Employees on participation in the Canal Parade:

Anna Wilson from Vodafone UK in Manchester: **"It was one of the most unique experiences of my life. In some parts of the world people are openly hostile towards homosexuals. I am proud that I work for a company that considers diversity to be very important and that I spent time in a city that is so friendly and welcoming to all."**

Organisers Bart Cloosen, Mike Verbunt and John Huijnen: **"The positive energy that we experienced over the weekend was fantastic. We also received a lot of positive feedback afterwards. The fact that Vodafone gave us the opportunity to organise such a celebration of diversity makes us very proud to be Vodafone employees. It proves that Vodafone truly is a 'Great Place to Work'."**

And now?

In 2014 we will continue to build on the three strategic pillars and the programmes that fall under them. Within the 'Effective organisation' pillar the emphasis will be on simplicity: proper management of our resources and simplification of processes and structures. Within 'Leadership & teamwork' we will be focusing on putting the right people in the right place and enhancing the skills of our managers. Under the 'Community' pillar the focus will be on strengthening the sense of unity. This will contribute to people taking pride in and deriving enjoyment from their work for Vodafone.

MORE INFORMATION: see the appendix for **'Social'** facts and figures.

The Easiest Place to do Business

Always the easiest experience

Challenge

Our society is constantly changing. We live and work at an ever-increasing pace and we are becoming more connected and more international. This in turn makes our lives more complex. People have little time but they want a lot. Mobile technology can make a positive contribution to our lives and work. Customers must naturally be able to fully rely on our products and services, 24 hours a day, 7 days a week. It should always be easy to deal with Vodafone: the 'Easiest Place to do Business'.

We listen carefully to our customers so that we can build trust and learn how we can improve our products and services. Our goal is to always offer customers the easiest experience.

The Easiest Place to do Business

Approach

We want to be able to assist all of our customers without complication in any situation. In 2013 we therefore started working on simplifying and improving our products, services and processes.

Self-service, choice and control

Self-service makes our service more efficient and also easier for our customers, as they can settle matters quickly on their own. The My Vodafone app allows customers to see their consumption and access key services via their mobile phone, anywhere and at any time. With the launch of Vodafone Red 2.0 we also launched an update to the My Vodafone app, which provides more insight into consumption and gives customers more options, e.g. it allows them to manage data flexibly. If a customer has almost used up his/her bundle, he/she receives a warning in the form of a text message (at 80% and 100%). The customer can then choose how he/she wants to continue to use the internet: free of charge, but at a much lower speed (throttling), with a one-off or monthly additional bundle, or at the same high speed at a tariff that is 80% lower than before. The My Vodafone app also lets customers see how they can use their remaining bandwidth, e.g. how many WhatsApps they can still send, for example. In addition, our Netperform app provides an overview of the amount of data customers are using via their mobile signal or WiFi. They can also check the quality of network coverage and the internet connection.

We want to give our customers choice and control. For that reason we have also introduced Hybrid in addition to prepaid. This is a combination of prepaid and a monthly subscription that allows customers to adjust the level of their credit on a monthly basis or stop their bundle permanently or temporarily. They therefore have an influence over how much they pay. Customers do not need to take out a contract, can make flexible use of our services and have full control over their costs.

We are also making Vodafone Thuis (Vodafone Home) easier – the combination of fixed, internet and TV services (triple play). Customers can change their internet speeds to suit their needs, e.g. if they watch less TV or spend less time behind the computer in summer than in winter. For business customers we are making it easier to integrate the internet, mobile calling and fixed calling. The One Business campaign was the starting signal for the launch of our full portfolio of converged communications services for the business market.

We are keen to help customers make a conscious decision when buying a mobile phone. We have therefore developed an Eco-Rating, which we clearly display with the telephones. As of this year the Dutch Eco-Rating has entered into use in fourteen other countries, such as Australia and New Zealand. We have also started the return programme 'Vodafone Trade-In Deals', through which we are making it easy and attractive for customers to trade in their old de-

vices. Customers receive an average of 80 euros for their old phones. The number of customers taking advantage of this option grew by an average of 50% per month last year. In 2013-2014 we bought back a total of 23,805 phones. Another initiative is 'New Phone Every Year', which allows customers to receive a new phone every year if they hand in their old phone. We then recycle the old phones or give them a second life in Africa, ensuring that old phones do not simply get tucked away in a drawer.

> ## " We give customers choice and control "

Simple contact with customer service staff

Although we are continuously offering customers more and improved self-service options, good customer service levels provided through staff remain very important. We therefore devote considerable attention to improving and facilitating customer contact. For this reason, last year we significantly expanded the chat option as a customer contact channel, which has proven to be easier than e-mail for many customers. We have also enabled chat as an option in the My Vodafone app, allowing customers to access customer service anywhere and at any time. Our customers seem to be happy with this, as evidenced by the high satisfaction scores that we have received. We have also cut the waiting time for customer service by nearly half a minute, bringing the average

waiting time to less than a minute and a half.

In consultation with customers, the government and the sector

We consider it important to know what our customers think about our new services and products and have therefore organised 'service design' workshops, for example. We have also launched 'Vodafone Pitch', a social co-creation platform on Vodafone Forum. Through this platform we present topics to our customers and ask them to provide ideas on how to further improve our services. We also organise focus groups several times a year where a selection of the senior management team and/or the Board of Directors engage in consultation with customers.

Our employees are also involved in the process of improving the experience of our customers, e.g. via 'EASY66', an internal crowdsourcing project. In response to comments and ideas from our employees we have made more than a thousand minor and major improvements to our customer systems, processes and communication. For instance, we have added an end date for contracts in My Vodafone for business customers, something that often appeared unclear. We have also introduced a special number for blocking a phone if it is stolen.

Questions were posed in the Lower House regarding debt in relation to mobile charges. In response to these questions we entered into consultation

The Easiest Place to do Business

with State Secretary Klijnsma, together with other telecommunications providers. As a sector we have made agreements on making mobile internet usage transparent and on issuing warnings. These agreements are included in the Code of Conduct for Transparent Mobile Data Usage. Minister Kamp and State Secretary Klijnsma are positive about these measures.

System upgrade

Customers want to decide for themselves how they are assisted, make purchases or gain an insight into their account: via self-service or through contact with an employee (by phone, in store or online via chat, Twitter or Facebook). Irrespective of the channel that our customers opt for, they must receive the same information everywhere. The people behind each channel must also have access to the same data. That may sound logical and simple, but IT systems are complex and it is not a simple process to integrate them. Much has changed in the nearly twenty years that we have been active in the Netherlands. Over the years we have continued to expand our systems and connect them to each other. For this reason we started a project a few years ago aimed at streamlining all back-office processes and customer systems. This is the largest IT infrastructure upgrade in the history of Vodafone Netherlands. Our goal is to create a new IT system through which we sell, deliver, support and invoice our products and services. This will allow us to offer our customers an optimal experience in the future.

Customer service facts & figures

	2013-2014	2012-2013	2011-2012
Total number of customer contacts	89.301.335[1]	65.392.466	48.101.457
Total number of complaints	25.838	45.075	68.512
% telephone contact	6,2%[2]	9,0%	11,8%
% self-service via PC or mobile phone	93,8%	90,7%	88,1%
% online via social media[3]	0,8%	0,3%	0,1%

[1] The increase in the number of customer contacts is the result of more self-service and chat contacts through the My Vodafone app.

[2] The decrease in telephone contact, in favour of self-service, serves as confirmation of our approach to enable customers to do more by themselves. The primary channels used are My Vodafone on our website and the My Vodafone app.

[3] Online via social media: direct customer contact via Facebook, Twitter and other social media. Vodafone Forum is also an important online platform where customers can ask for assistance from other users or make a contribution themselves by responding to the questions of others. The Vodafone Smartphone Crew provides support on the forum. The number of users of the forum increased substantially over the past year.

The Easiest Place to do Business

Results			
Core KPIs	**KPI 2013-2014**	**Result 2013-2014**	**KPI 2014-2015**
Net Promotor Score[1] Measures the extent to which customers recommend Vodafone to others.	**1st place** with at least 5 points ahead of the next highest scoring competitor	**3rd place** with 2 points ahead of the next highest scoring competitor	**1st place** with at least 5 points ahead of the next highest scoring competitor
Customer Effort Score[2] Measures how much effort the customer has had to make to do business with Vodafone, e.g. taking out a subscription or understanding the costs involved.	**> 80%**	**74%**	**> 73%**
Social Media Monitor[3] Research into the use of social media by the top 100 advertisers in the Netherlands, based on gross media spending in the Netherlands.	• Top 5 • Social media response time: respond on Facebook and Twitter within 1 hour • Resolution within 24 hours	• 5th overall, 1st in the telecommunications sector • Response time: on average around 20 minutes per case • Resolution time: within 1.5 hours, excluding time for customer to respond to Vodafone	• Top 5 • Social media response time: respond on Facebook and Twitter within 1 hour • Resolution within 24 hours
Number of phones collected Old phones are collected for recycling and reuse through charities and via Vodafone Trade-In Deals.	**100.000[4]**	**88.497**	**100.000**
Other performance indicators	**KPI 2013-2014**	**Result 2013-2014**	**KPI 2014-2015**
Customer channel satisfaction (average for all channels)	**5-point improvement**	**6-point improvement**	**5-point improvement**
Promotion of self-service	**-**	**93,8%**	More than 90% of all customer contacts via self-service options (e.g. via website and app)
% devices with an Eco-Rating	**100%**	**92%[5]**	**100%**

[1] The Net Promoter Score uses a 10-point scale, where 9 and 10 mean the customers are Promoters (ambassadors of Vodafone) and 0 to 6 mean they are Detractors (customers who do not recommend Vodafone or are negative about it). The Net Promoter Score is calculated by subtracting the percentage of Detractors from the percentage of Promoters. We have been measuring our Net Promoter Score in all customer contact channels for a

few years now (shops, customer service, online) and for the Vodafone brand in general.

[2] The Customer Effort Score is measured on a 5-point scale, where 1 represents little effort and 5 considerable effort. The % relates to the respondents who give a score of 1 or 2 on the 5-point scale. For 2014-2015 the definition of the score has been modified.

[3] The study by Social Embassy consists of a survey amongst the companies which looks at their organisation of social media, their ambitions and their results, as well as an assessment by Social Embassy in terms of activity, interactivity and the building of communities. Based on this information the companies are given a score between 0 and 100.

[4] This KPI has changed following the decision not to set up any major col-

lection campaign, like the one for Serious Request in 2012-2013, due to cost-saving measures.

[5] The remaining 8% consist of iPhones, which do not have an Eco-Rating because the manufacturer Apple does not want to collaborate on this issue.

The Easiest Place to do Business

TOP 4

Greatest impact
With the launch of Vodafone SmartPass and Vodafone Wallet, we were the first telecommunications provider to introduce contactless mobile payment in the Netherlands. Vodafone SmartPass is an innovative mobile payment product that enables customers to pay without a card or PIN code, making it quick and easy to pay by mobile phone.

Biggest mistake
Over the years we have used many different subscription options. A large number of these subscriptions contain different conditions and additional bundles and discounts, etc., which did not facilitate transparency for us, and especially not for our customers. We therefore took steps last year to simplify our subscription options. We converted hundreds of different old subscriptions into current subscriptions. We informed customers about this in a letter and made them personal offers. Some customers did not understand how the offer had been established and the reasons behind this change, however. We should have explained much better why we did this and how we put together a personal offer, both to our customers and to our own customer service staff.

Most difficult dilemma
We always want to make things as easy as possible for our customers, also in the event that their phone is lost or stolen. For this reason our customers were able to block their phones online themselves 24 hours a day, 7 days a week. It was announced in the media, however, how this option could be misused by people with malicious intent. This led to a considerable increase in the risk of abuse. As a result we were faced with a dilemma: do we opt for convenience or security? Although convenience is a strategic priority, we decided to opt for security in this case and immediately decided to adapt our process to avoid large-scale abuse. Customers can now only block their numbers through the intervention of a staff member. This staff member personally verifies whether the request has actually been made by the owner of the mobile number. This reduces the risk of abuse.

Best performance
Our customer research has revealed that experiences of our contact points (shops, online, customer service and telephone sales) improved over the past year. This is evidenced by the increase in the customer satisfaction score. We are pleased that we have been able to achieve this, but are naturally working continuously on further improvements.

What others say

Children are a vulnerable target group and they are increasingly using mobile technology. We want them to be able to do so in a safe and responsible manner. Experts are emphasising the role of parents in this regard. Vodafone offers a range of tools to make it easier for parents to guide their children in the use of media. For example, we provide information on our website. We have also developed several apps that make the use of mobile phones safer for children. In 2013, together with Mijn Kind Online (My Child Online), Digibewust (Digital Awareness) and Mediawijzer.net (Media Guide), we also published the magazine 'WIJS de online wereld in' (WISE in the online world). This free magazine for parents with children aged 5 to 15 years provides expert advice on how they can assist their children with media use. 50,000 copies have since been distributed through schools, libraries and Vodafone and BelCompany shops. An **online** copy is also available to read.

Quotes from parents:

"The world of today largely takes place online. Having the knowledge to navigate through it is therefore essential. WIJS makes an excellent contribution to this and creates awareness. I think it is a very useful magazine. A must read for parents."

"I have children of different ages, so I find it convenient that the magazine gives tips for different age groups. It's an attractive magazine and the articles are easy to understand."

The Easiest Place to do Business

And now?

Implementation of a new IT system

Much of our attention over the next few years will be focused on the phased implementation of our completely new IT system. This will allow us to ensure that our customers have a consistently good experience, irrespective of the channel they use.

Clear one-to-one communication

We want to offer our customers even more insight into their consumption and credit, make this information more current and increase the focus on clear one-to-one communication with our customers. For instance, we are going to provide our major business customers with one-to-one information on incidents and work on the network that could cause them inconvenience. We will also provide a more extensive explanation about network usage (3G, 4G). In addition, we will be addressing complaints related to coverage by, for example, improving coverage for business customers in their office complexes through small cell technology (for more information see 'Build for the Future'). Finally, we will be introducing more self-service capabilities and improving existing options. This will allow our customers to easily find what they need online.

Additional focus on Eco-Rating

Research conducted by Vodafone in collaboration with TU Delft has shown that consumers do not yet pay much attention to the Eco-Rating, a sustainability label for phones. We want to create more awareness among our customers of the added value of the Eco-Rating. We will therefore be focusing more attention on this in 2014 through tips and a game.

Expanding parental control systems

Finally, we will be expanding parental control systems to other products and services, e.g. fixed internet and TV.
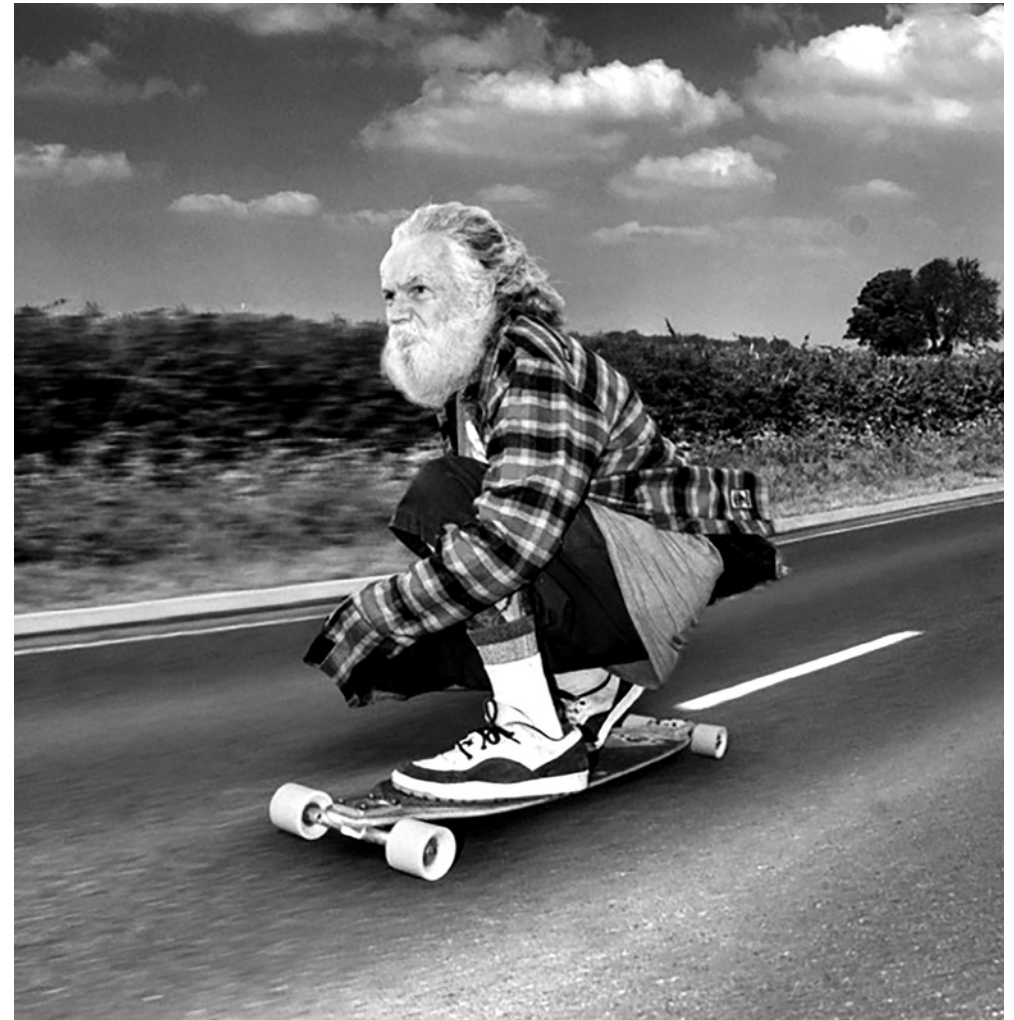
Build for the Future

Focus on upgrading and innovation

Challenge

Mobile networks have become indispensable, to the extent that a mobile connection is taken for granted almost as much as water from the tap. If a mobile network is not functioning or is not functioning properly, this has major implications for society and our economy. This means that we and our customers are extremely demanding when it comes to quality, continuity, speed and security – now and in the future.

Although the Netherlands already has the best and fastest mobile infrastructure in Europe, 100% availability (anytime, anywhere) is not feasible, even with maximum investment.

The reason for this is that we always have to deal with external factors that are outside our control, such as weather conditions and buildings in the area.

Management, innovation and the continued construction of a mobile network for the future are therefore complex tasks. You could almost compare this to replacing the engines of a Boeing during a flight. We want to make customers aware of this to ensure they understand and are prepared for any limitations in the technology.

Build for the Future

Approach

Vodafone is an innovative telecommunications company with a strong global base. The industry and society are developing at a rapid pace. If we want to maintain our position as a leader, we must look ahead and anticipate. Our focus is on upgrading our network and providing innovative products and services. Because we work on the basis of an integrated strategy, our impact on the environment and security are of course taken into account as a matter.

Upgrading of network

After the major fire at our network hub in Rotterdam in April 2012, we stepped up the pace of our network innovation programme, known as Fast Forward, which is preparing our network for the future. One part of this involves anticipating the massive growth in data usage and the emergence and integration of new services. We therefore invest more than € 250 million annually in our network and IT systems. A further € 270 million will be invested over the next three years through Project Spring, which is an international programme funded by the sale of the Vodafone Group share in Verizon Wireless in the United States.
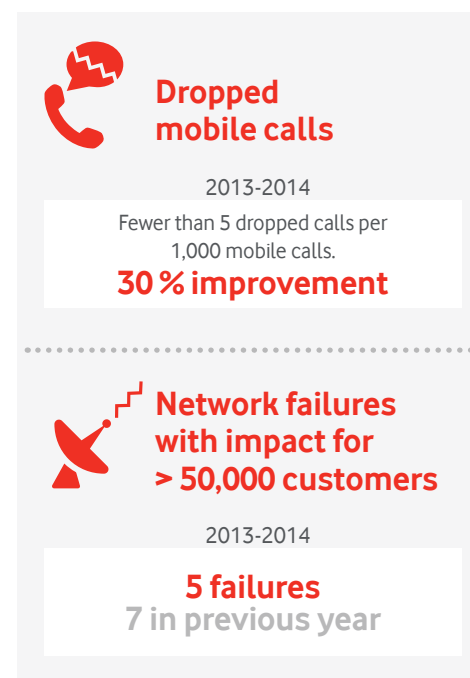
We have been building the 4G network since 2012 and in March 2014 we achieved 60% geographical network coverage. We are striving for nationwide 4G network coverage by September 2014. Vodafone was the second company in the Netherlands to roll out a 4G network, which was a deliberate decision on our part. Instead of quickly installing a network on top of 2G and 3G systems, we decided to carry out a thorough network upgrade. That means we are not simply installing extra cabinets, cables and antennas alongside the 2G and 3G equipment. We are replacing the antennas, base stations and cabling at approximately 4,500 antenna sites in total. The installed equipment is powerful and efficient and it consumes less energy. By placing 2G, 3G and 4G in a single cabinet, we are also avoiding equipment cluttering.

As a part of the network innovation programme we are also increasing capacity and enhancing the quality of mobile internet in busy city locations. We are the first telecommunications operator in the Netherlands to use small cell technology for this. Traffic sent over this network is more secure than in the case of WiFi. In the end we will achieve a transformation into a network that handles all services (fixed and mobile telephony, data, audio and video) in the same manner and using the same infrastructure: an 'All-IP network'. We are also reducing the number of network exchanges in our network from twelve smaller ones to three large, powerful exchanges, which are heavily secured and serve as a backup for each other during an outage.

Customers assess network quality on the basis of aspects including the number of outages and the number of times that calls are suddenly interrupted, which we refer to as the dropped call rate. Over the past year we invested in reducing the number of network incidents and dropped calls, which has resulted in a significant improvement.

Dropped mobile calls

2013-2014

Fewer than 5 dropped calls per 1,000 mobile calls.

30 % improvement

Network failures with impact for > 50,000 customers

2013-2014

5 failures
7 in previous year

New products and services

Vodafone started out as a mobile company, but we are also increasingly offering bundled fixed and mobile services. We are integrating the advantages of fixed and mobile telephony for our business customers, for instance, and are providing television, internet and telephony to consumers through fibre-optic lines. The market is increasingly moving towards the full integration of fixed and mobile telephony and we have to cater for that in our range of products and services. We do this on the one hand by developing new products and services ourselves, while on the other we take over companies, which allows for faster integration.

Machine-to-machine (M2M) technology connects devices to each other and Vodafone is the leader in this area in the Netherlands and on the global stage. With 1.1 million SIM cards, our market share in the Netherlands stands at 54%. We want to expand this market share by providing total solutions. Our M2M division develops new services independently and in collaboration with our customers, e.g. M2M connections within healthcare that are used for measuring and monitoring blood pressure remotely. This enables people to stay at home for longer. This is more convenient for patients and also reduces costs. M2M solutions can also lead to a reduction in CO_2 emissions. For instance, street lighting can be switched on only when traffic is approaching. We are currently conducting a pilot involving four projects to make CO_2 reductions quantifiable.

We do not want to limit innovation to ourselves and are also keen to encourage and facilitate innovation elsewhere. For that reason we are actively collaborating with the government, educational

Build for the Future

institutions and start-up companies, e.g. via Startup Bootcamp. This is an accelerator programme that lasts for several months for young, innovative companies. We sponsor the initiative and we are also shareholders in it. In addition, we are currently housing the Startup Bootcamp on the sixth floor of our head office in Amsterdam. The nineteen start-up companies that participated in Startup Bootcamp in 2013-2014 have already created 94 new jobs.

" We are striving for nationwide 4G network coverage by September 2014 "

Security
Information security is essential for the continuity of our services and developments in this field are moving incredibly fast. We constantly need to look ahead and try to stay ahead of any threats. We adhere to international guidelines and local laws and regulations when it comes to the protection of information.

Our customers must be able to rely on our products and services. It is therefore essential that we provide adequate protection against data leaks, hacking, etc. Responsibility for this lies with our security

team. Our security management system has been structured in accordance with ISO 27001. We conduct regular tests to check that we are complying with all internal and external requirements and expectations. External parties also regularly conduct assessments. To detect malicious activities and hacking attempts at an early stage and prevent them, we use the services of the Global Security Operating Center (GSOC) of the Vodafone Group. GSOC monitors our infrastructure 24 hours a day, seven days a week. In addition, the incident management team of GSOC also coordinates and manages all security incidents together with Vodafone Netherlands. This allows us to prevent any impact on our customers or to limit this as far as possible.

One year ago we launched a 'responsible disclosure' contact point together with five other telecommunications providers (working with industry association Nederland ICT). Responsible disclosure refers to the responsible reporting of potential security problems and vulnerabilities in ICT systems. All telecommunications providers have a contact point on their own website. Users and ethical hackers can report issues here, anonymously if preferred. We are all positive about the results of the 'responsible disclosure' contact point and are continuing with this initiative. In the first year the six major telecommunications operators received 380 reports, 75 of which contributed to the resolution of a vulnerability. We are using the highest level of encryption possible for the conversion of our network to 4G. However, it is important that we realise

that technology in general will never be 100% hacker proof, in much the same way as a house can never be completely burglar proof.

We also pay attention to physical safety, of course, and worldwide Vodafone uses the 'Absolute Rules' for this purpose. These are safety rules that apply to all employees. We have also contributed to a new safety standard for working around antennas within the context of the mobile operators' partnership Monet (KPN, T-Mobile and Vodafone). Agreements have been made on switching off power during maintenance work on antenna masts used by a number of mobile operators.

Environment
A future-proof business needs to be economical with its resources. We have set key objectives in three areas: energy efficiency, CO_2 emissions and the collection of phones (see targets and results on the next page). In May 2013 we received ISO 14001® certification, which guarantees our environmental policy. It was found that we are proactive in improving our environmental performance and that our management's commitment to the ISO 14001 standard and our environmental performance are very high.

92% of the energy we consume is green energy. Until 2012 we used green energy certificates from Scandinavian hydropower. Following feedback from Greenpeace we have held green energy certificates from Dutch wind energy since 2013. We can therefore now

refer to our electricity consumption as 'dark green'. With the Eco-Rating, a sustainability label for phones, we are encouraging suppliers to improve their environmental impact during phone production.

" 92% of the energy we consume is green energy "

Build for the Future

Results			
Core KPIs[1]	**KPI 2013-2014**	**Result 2013-2014**	**KPI 2014-2015**
Upgrading of network Network innovation programme to increase capacity and improve coverage and quality.	**33%** of 3G sites upgraded	**48%** of 3G sites upgraded	**67%** of 3G sites upgraded **99%** national 4G coverage
Energy efficiency In absolute terms, our energy consumption is increasing due to an increase in data usage. We are limiting energy consumption by taking energy-efficiency measures.	**2%** per year	**0,92%** [2]	**2%**
Other performance indicators	**KPI 2013-2014**	**Result 2013-2014**	**KPI 2014-2015**
IT infrastructure	New organisation-wide IT system	Phase 1, commercial launch in September 2013	Mass market release including customer migrations completed
Innovative products and services	Remain the market leader in Machine-to-machine (M2M)	**54%**	**> 54%**
	Development and roll-out of new data services	Mobile payment via SmartPass and Wallet	Loyalty card functionality in the Wallet and ICS as a partner

[1] We had a CO_2 reduction target of 50% in 2020 compared with 2006. Despite the expansion of production (increase in mobile antennas and use of services such as mobile internet, etc.), we have achieved this target over the past three years by purchasing green energy. We have therefore decided not to continue reporting this target.

[2] Energy consumption has increased by 6% due to an increase in sites (+148) and the implementation of 4G. We want to become 2% more energy efficient every year. In the past year we achieved 0.92%, which means that we did not meet our target. The main cause is the construction of our 4G network, which consumes energy, and because the network is not in full operation yet it is only making a limited contribution to productivity. The number of sites has also increased.

Build for the Future

TOP 4

Greatest impact
Since the end of March 2014 ambulances in the North of the Netherlands have been using an additional warning system for road users in addition to flashing lights and sirens: Sireneradar (Siren Radar). This system in the ambulance warns road users when the ambulance is in their vicinity. It does this via the popular traffic information app FlitsMeister and via its own smartphone app. With our SIM cards and our network we are providing a modest but essential contribution to the operation of Sireneradar.

Biggest mistake
The quality of our network is extremely important. Customers who opt for us want to be able to rely on us, now and in the future. That's why we invest considerable time and money in our network. The one issue that we have underestimated, unfortunately, is how important communication is when it comes to network investments and activities. We have communicated too little about what we have been doing and why. Customers and part-ners have taken us to task in this regard and it has had an impact on customer trust and satis-faction. In the first half of 2014 we will therefore be improving our communication.

Most difficult dilemma
We contribute to national and international scientif-ic research on the effects of radiation, e.g. the COS-MOS study by the IRAS Institute of the University of Utrecht. Based on current knowledge, the World Health Organisation and the Dutch Health Council have concluded that there is no indication of any effects on health. Should we provide more informa-tion at this stage, which could lead to an increase in anxiety (perhaps unnecessarily) and have a negative impact on the Vodafone brand? Or would it be better not to?

Best performance
A business client switched over from landlines and desktop computers to mobile phones and laptops, only to find that network coverage was insufficient within the building. We were keen to resolve this issue as quickly as possible. An indoor coverage solution, known as SpiderCloud, was successfully installed on top of the existing inter-net infrastructure, to the great satisfaction of the customer. We can also now offer this solution to all our existing business customers.

What others say
Mobile healthcare, also known as mHealth, con-tributes to better care at a more competitive price. Many applications provide support to healthcare professionals, whilst also ensuring better health-care for patients. With the 'Mobiles for Good Challenge', the Vodafone Foundation and Waag Society are accelerating this process. We called on anyone with a good idea to take up the challenge and work on the digital future for our healthcare system. The three winners each received € 40,000 to bring their ideas to life. We are also offering them professional support in the implementation of their ideas and a workplace at our head office in Amsterdam.

Neelie Kroes, Vice President of the European Com-mission responsible for the Digital Agenda:
"The makers of mHealth apps are real heroes. mHealth applications give us more control over our most valuable asset: our health. The more we can do to help doctors and healthcare professionals to do their jobs and to support people to remain fit and healthy, the better."

MORE INFORMATION: see the appendix for envi-ronmental facts & figures.

Build for the Future

And now?

Finishing the network upgrade

The sale of our stake in Verizon Wireless has provided us with an additional budget that we are using to complete projects such as the nationwide roll-out of 4G in the Netherlands. We are also investing in additional small cells to increase the capacity of the network at specific locations and are introducing additional customer-specific services, such as improved coverage within 'difficult buildings'. We are also reducing the number of network exchanges from twelve to three, which is more efficient, more secure and more energy efficient. The fewer exchanges there are, the better we can manage them, which also reduces the risk of failures and their impact.

We are also keen to increase the level of knowledge about network technology in the Netherlands, which we are doing by developing '2 minute colleges', for example. In these short videos we demonstrate why some seemingly obvious solutions are not always a good or appropriate choice. So-called white spots, areas with no coverage, are not being resolved by installing additional antennas, for instance. They are sometimes caused by reinforced concrete that radiation simply cannot penetrate. In other places we may not be able to get a permit to install more antennas because local residents are opposed to this.

Focus on M2M total solutions

Vodafone is the market leader in Machine-to-machine (M2M). M2M, also called 'the internet of things', makes it possible to exchange data between devices without human intervention. SIM cards connect the devices to each other. In 2014 we will increasingly focus on total solutions. For example, we are busy developing a device for vehicles that reads all kinds of technical information in the vehicle. This data is then sent to a database for analysis. This can allow a leasing company, for instance, to see how the vehicle is doing remotely and send it for preventative maintenance if necessary. We like taking the lead with this kind of total solution so that we can advise our partners on product development, e.g. on how to handle technical or legal challenges, such as privacy, with the necessary care.

Efficient service through integration of IT systems

Over the years we have linked together various IT systems, but this has also led to the restriction of our services and product development. A few years ago we started integrating our IT systems, a process we will complete in 2014. This will make our service even better and more efficient. We are also now able to develop products and services that better match the wishes and needs of our customers.

A Playful and Connected Brand

In contact with customers

Challenge

The telecommunications market is extremely competitive and there are many providers who invest heavily in marketing to attract new customers and retain existing customers. Anyone who opens the newspapers Metro or Spits in the morning will see one telecommunications advertisement after another. These ads often focus on price, which is an important criterion for consumers when making a purchase.

Vodafone stands for an excellent network, good service, innovative services and value for money. Customers consider us to be a relatively expensive telecommunications provider and in the current economic climate we have noticed that more people are switching to other providers with less of a focus on quality. Over the coming year we therefore intend to emphasise even more clearly what the real value of quality is. Our brand values of 'playful, professional, passionate and personal' will be at the heart of all our communications. The feeling that we want to convey is that we are an energetic and challenging telecommunications company. We are in touch with customers and other stakeholders through our social media channels (Vodafone Forum, Twitter, Facebook) and through customer surveys and our Smartphone Crew. By engaging in conversation with each other we understand what our customers and stakeholders need and want. This gives us the opportunity to improve our processes, products and services proactively and to highlight this in our advertising campaigns.

A Playful and Connected Brand

Approach

In 2013 we endeavoured to depict Vodafone as a playful brand that is in touch with its customers and stakeholders. A brand that differentiates itself from others and that has a reliable company behind it. Vodafone is at the service of its customers. We made it clear what we stand for in two different ways: by creating connections and via intensive, broad communication campaigns.

Creating connections

Social media play an important role in our contact with customers. In 2013 we focused on Facebook and actively posted in a humorous way on this medium, offering tips, tools and information, for example. Our SmartPhone Crew responded quickly and effectively to questions and comments. Thanks to our approach we have achieved the biggest fan base among telecommunications providers.

We believe that the digital world is changing creative industries. The programme 'Firestarters' was created as a result of this conviction and gives creatives the opportunity to share knowledge, exchange ideas and create partnerships. Within the framework of this programme we are collaborating with Discovery Channel Benelux. Together we have developed a documentary series in which various 'Firestarters' have their say and talk about their new initiatives involving photography, music, art, film, fashion and media. In this way we are making these fields more accessible to a wider audience.

In 2013 we launched the global initiative 'Vodafone

Firsts'. When you do something for the first time, you help yourself to develop. However, you have to be willing to walk the extra mile. When it comes to doing something for the first time, mobile technology is increasingly playing an important role. When human effort and technology converge, wonderful things can happen. From 2014 we are calling on people in the Netherlands to pitch their own 'First'. Through sponsorship we will help them to realise their dream and to share their story to inspire others.

In 2013 we became a partner in the new online platform Blendl. This platform allows people to browse through newspapers and magazines free of charge, and makes it possible to follow what friends, colleagues and celebrities are reading. You only pay for articles you read. To do this you need to download

credit. Vodafone temporarily doubled the download credit that people topped up and we were also the first to offer a corporate account, which we will use to suggest noteworthy and interesting articles. The platform was launched in April 2014.

> "We help people to realise their dreams and to share their story to inspire others"

Intensive communication campaigns

In our radio campaign last year we focused on all the unique benefits we offer, e.g. our offerings in the area of mobile internet and making calls from abroad. In the commercials Tijl Beckand (a Dutch comedian/ television presenter) explained the difference between Vodafone and other providers in a humorous manner. To ensure the benefits were thoroughly explained, the commercials lasted longer than average and were broadcast every month for a period of two weeks. This radio campaign yielded the best results in Vodafone's history. With the campaign around the launch of 4G we placed the emphasis on the speed and quality of our network. In a series of TV commercials, we also demonstrated in a humorous manner how quick our 4G network is. Recognisable situations that normally take forever now take no time at all.

Results			
Core KPIs	**KPI 2013-2014**	**Result 2013-2014**	**KPI 2014-2015**
Brand Equity Share[1] Measures brand perception among Dutch consumers compared to competitors.	**15**	**14**	In 2014 we are switching to a new research method, to be implemented by a new research company. We are therefore not yet able to complete the KPIs for 2014-2015.
De Campaign Health Tracker Cut Through Score[2] Measures campaign recognition and whether consumers associate the campaign with Vodafone.	**40/50**	**50**	In 2014 we are switching to a new research method, to be implemented by a new research company. We are therefore not yet able to complete the KPIs for 2014-2015.

[1] The Brand Equity Share measures the brand perception amongst Dutch consumers in comparison with competitors and is based on five components: performance, emotion, value, distinctiveness and brand awareness (measured by research agency Millward Brown).

[2] The Campaign Health Tracker Cut Through Score measures campaign recognition and whether consumers associate the campaign with Vodafone (measured by research agency Millward Brown).

A Playful and Connected Brand

TOP 4

Greatest impact
In 2013 we launched Vodafone Firsts with a film of two grandmothers from Brabant who went flying for the first time. This film went viral throughout the world, achieving more than 4 million views, and was even featured on De Wereld Draait Door (a Dutch television show).

Biggest mistake
Over the past year the Advertising Code Committee upheld one complaint against Vodafone, which concerned a radio commercial about 4G coverage. In this we stated: "Only Vodafone can connect your iPhone 5 to the 4G network." The Committee considered the advertisement to be in breach of Article 7 of the Dutch Advertising Code due to the limited availability of 4G at the time (only in the Randstad region and Maastricht). According to the Advertising Code Committee this was a major constraint and we should have pointed that out to consumers in the radio commercial.

Most difficult dilemma
Price is the main consideration for many customers. How do we ensure that service, innovative services, commitment and an excellent national and international network are taken into account in the decision-making process? To achieve this aim, we will continue communicating the same message in 2014.

Best performance
Our radio campaign delivered the best results ever, also when compared with the results of 300 other brands. We received first prize for our commercial 'Dubbel' (Double) from the Radio Advertising Awards (RAB) jury. The RAB public jury awarded the public prize to our commercial entitled 'Ouwe' (Old one) (trade-in deals). This is very important to us because we like to stay connected with the public. The public prize shows that the public appreciates what we do. We are very proud of that and are extremely pleased with this result.

What others say
We believe that mobile technology is changing our lives. Because we want to show to a wider audience what this change could mean, the Firestarters programme was launched. Together with the public and partners who have a passion for innovation we create content on a daily basis, such as a documentary series about creative pioneers who reveal the impact that mobile technology has had on their lives and industry. This series was developed with Discovery Channel Benelux. For more information about the programme, Firestarters events and stories please go to: www.vodafonefirestarters.nl.

And now?
In 2014 we want to make our brand even stronger. We will continue to show that Vodafone stands for an excellent network, good service, innovative services and value for money. We will also continue to provide real benefits and actively communicate these, using the two methods of communication referred to above. Here we will focus increasingly on putting people in touch with each other. We will do this by engaging in consultation with our customers and other stakeholders ourselves, but also by facilitating contact between people in their daily lives.

> " **It's great to work with a team that gives innovation in mobile technology a platform. Before Firestarters little attention was paid to my area of expertise, which is mobile photography. That has now changed, thanks to Firestarters** "

Eelco Roos, the country's most popular Instagram photographer (@croyable, 437K followers)

MORE INFORMATION: go to the Vodafone **YouTube channel** (campaigns).

An Improved and Leading Reputation

Be good and tell it

Challenge

The telecommunications sector has acquired a poor reputation, which is understandable if you consider the many incidents that have taken place, e.g. poor service and unfair and non-transparent prices. To ensure that customers receive a good, fair service, the government subjects the industry to strict regulation. The downside to that is that telecommunications companies cannot operate and innovate very freely. It is therefore in our interest to improve the reputation of the sector as a whole and to stand out in a positive light from other telecommunications providers.

After all, a good reputation means that we can attract the best people to work for us, more customers will opt for us and we will gain more trust from stakeholders.

An improved and leading reputation

Approach

Reputation

Improving our reputation: to many people this may sound like glossing things over, but that is certainly not the case. We are keen to establish real change and embed it in our organisation, i.e. we want to 'walk the talk'. To this end, in 2013 we formulated our approach and appointed task groups. This approach focuses on two levels: the sector and ourselves.

Reputation of the telecommunications sector as a whole

To improve the reputation of the sector, we are collaborating with the industry association Nederland ICT on three topics: the continuity of telecommunications as a critical infrastructure, the security of telecommunications services and insight into the contribution of the telecommunications sector to Dutch society and the Dutch economy.

Through task groups we are developing specific initiatives that contribute to themes that cause the greatest concern to stakeholders. For example, following a major fire at a Vodafone network hub in Rotterdam in 2012, as a sector we considered how we can help each other reduce the impact of major failures as far as possible. We are currently working on regional roaming. Soon customers will be able to make temporary use of a competitor's network if a major failure occurs. To further improve the security of telecom-

munications as a critical infrastructure, since last year we have been providing ethical hackers with the opportunity to report weaknesses in telecommunications systems (responsible disclosure).

Our own reputation

We are naturally also working on our own reputation, which involves looking at our own behaviour and the way we interact with our stakeholders.

We are systematically mapping stakeholder interests through our reputation management programme. In addition, we are facilitating a constructive and continuous dialogue between relevant Vodafone employees and external stakeholders. We change our own behaviour, process or proposition where possible. If this is not possible, we create better mutual understanding of the viewpoints held. Finally, we are communicating our views and improvements under the motto "Be good and tell it." We are doing this in the most effective manner possible, e.g. via the media and social media, face-to-face or by speaking at conferences.

Stakeholders and reputation drivers

Within the reputation management programme we have identified fifteen stakeholder groups and ten universal reputation drivers, such as network performance, digital rights and fair and transparent pricing. We have established task groups for each reputation driver comprising people from various relevant departments. Within these task groups we

Issue		Decision
Advertising with 'free iPhone'		Replace with '€ 0 when combined with a subscription'.
Compensation for failures		Consult on the details with the Ministry of Economic Affairs and investigate what is possible in anticipation of forthcoming legislation.
IMEI blocking		Put forward suggestions to the government on how to effectively combat smartphone theft.
Data bill shock		Set general data block at € 100 of data charges to prevent bill shock.
Phone-book incident		Communication approach, customer service process and how to deal with risky situations.

An Improved and Leading Reputation

address stakeholder issues and discuss how we can capitalise on opportunities. If a driver task group cannot resolve an issue, e.g. because it is in conflict with a substantial commercial interest, the driver task group passes it on to the reputation steering committee. The steering committee consists of our CEO and a broad cross-section of our management. The reputation steering committee meets six times a year. The overview on the previous page shows a number of issues that have been discussed within the reputation steering committee.

This way of working on our own reputation and that of the sector delivered some good results in 2013.

RepTrak

Every year we participate in a reputation measurement (RepTrak) by the Reputation Institute. In September 2013 we ended in 14th position, which is not a bad result, but we are not satisfied yet. Our goal is to achieve a position in the top 10. Our score fell slightly by 1.0 point to 65.9. According to the Reputation Institute this is not a significant decrease. Slightly more people than in the previous year indicated that 'Vodafone generally has a good reputation', but slightly fewer people said that 'Vodafone is a company that they feel good about or that they trust, admire or respect.'

Although the RepTrak ranking is a good benchmark, we do not believe it offers us sufficient starting points for implementing improvements. We are therefore switching over to a custom measurement that fits in well with our specific approach.

A social business

The Social Media Monitor, an initiative of Social Embassy, is an independent study into the use of social media by top brands. In the 6th Social Media Monitor (October 2013) we came in 5th position overall and in 1st position in the telecommunications sector.

Transparent about performance

Every quarter we measure the extent to which our customers feel we interact positively with them through the Net Promoter Score (NPS). Until now we have only used this data internally, but with effect from 2014 we plan to publish this information twice a year. We also want to tell people what we will be doing to improve our score.

Results			
Core KPIs	**KPI 2013-2014**	**Result 2013-2014**	**KPI 2014-2015**
Position in RepTrak[1] Study that compares companies on the basis of reputation.	**Top 10**	**14th place**	We will be measuring our reputation differently from the next financial year so that it ties in better with our specific approach.
Transparency benchmark[2] Study examining the content and quality of the sustainability reporting of Dutch companies.	**Top 10**	**12th place**	**Top 10**

[1] The Reputation Institute's RepTrak® Framework compares companies on the basis of reputation. It measures the stakeholder perception of companies by measuring the relationship between a stakeholder's emotional connection and the perception of seven rational dimensions: products/services, innovation, workplace, citizenship, governance, leadership and performance.

[2] The Transparency Benchmark is an annual study examining the content and quality of the social reporting of Dutch companies. It is an initiative of the Ministry of Economic Affairs.

An Improved and Leading Reputation

TOP 4

Greatest impact
In November 2013 the Authority for Consumers & Markets (ACM) announced that it had not established any breaches in its investigation into price fixing in the telecommunications sector. The investigation took almost two years to complete and it was a very stressful experience for our organisation and the employees involved. We are therefore pleased that the investigation is over and that the ACM has delivered this ruling.

Biggest mistake
In January 2013 an error in one of our systems caused the preference of 91,215 of our customers to be included in or excluded from the telephone directory and number information services to be inadvertently reversed. We informed the Authority for Consumers & Markets (ACM) and as a precaution all telephone numbers were removed from the online number information services. It took a lot of time to identify how each customer had been affected by the error and we only managed to inform everyone concerned in March, which is later than we would have liked.

Most difficult dilemma
We would like the national authorities to be transparent about the number of telephone conversations that they tap through telecommunications companies. The Dutch government has since started publishing figures, but this is less than critics, including Bits of Freedom, several MPs and we ourselves, would like. We will be considering this topic in a government and industry task group over the next few months. Our hope is to have good news in this regard in our next report. To ensure we remain engaged in constructive dialogue with the government, we have decided not to publish tapping details ourselves for the time being. Bits of Freedom complimented us on the way we are dealing with this issue. In early June, the Vodafone Group published its first Transparency Report in which it provided an insight into the number of information and tapping requests received from the authorities in 29 countries. In six countries Vodafone (as well as other telecommunications operators in those countries) is legally obliged to provide the authorities with direct access to its network.

Best performance
Vodafone Netherlands is the winner of the first National Reputation Management Award. A professional jury nominated our reputation programme and a public jury selected the winner from the five nominees. We received 38% of the votes, which was well ahead of the second-placed company.

What others say
Henk Noort of Stakeholderslab wrote the following about Vodafone winning the first Reputation Management Award: **"...the voting proves that the new vision of reputation as a multi-stakeholder phenomenon is increasingly becoming self-evident for communications professionals too. As far as I'm concerned the winner fully deserved its award. While similar companies are still monitoring their reputation from the outside through the eyes of the general public and then trying to manage it, Vodafone has proven itself to be the thought leader by conducting a 360° multi-stakeholder dialogue."**

The Social Media Monitor examines the use of social media by top brands. In 2013 we finished in 5th position overall and in 1st position in the telecommunications sector.

Social Media Monitor:
"Vodafone is fast becoming a social business and, with a management team that is active on social media, it is well on the way. The forum plays an important function for Vodafone in the service that it provides. Vodafone is strongly committed to the use of social media to further improve its internal organisation with new customer knowledge and insights."

And now?
Over the coming year we are keen to inform our stakeholders better and on an ongoing basis about our progress. We also want to communicate more extensively with them on the matters they regard as important. We are therefore switching from one integrated report per year to integrated reporting throughout the year, for which we are developing a new, interactive platform. This platform will replace our current news centre during the course of 2014.

**An appendix accompanies
this integrated report.**

This appendix contains the following: