

# Corporate Responsibility at Vodafone

Charlotte Grezo, Director of Corporate Responsibility

March 2006, Sydney



# Agenda

About Vodafone

Understanding Stakeholders

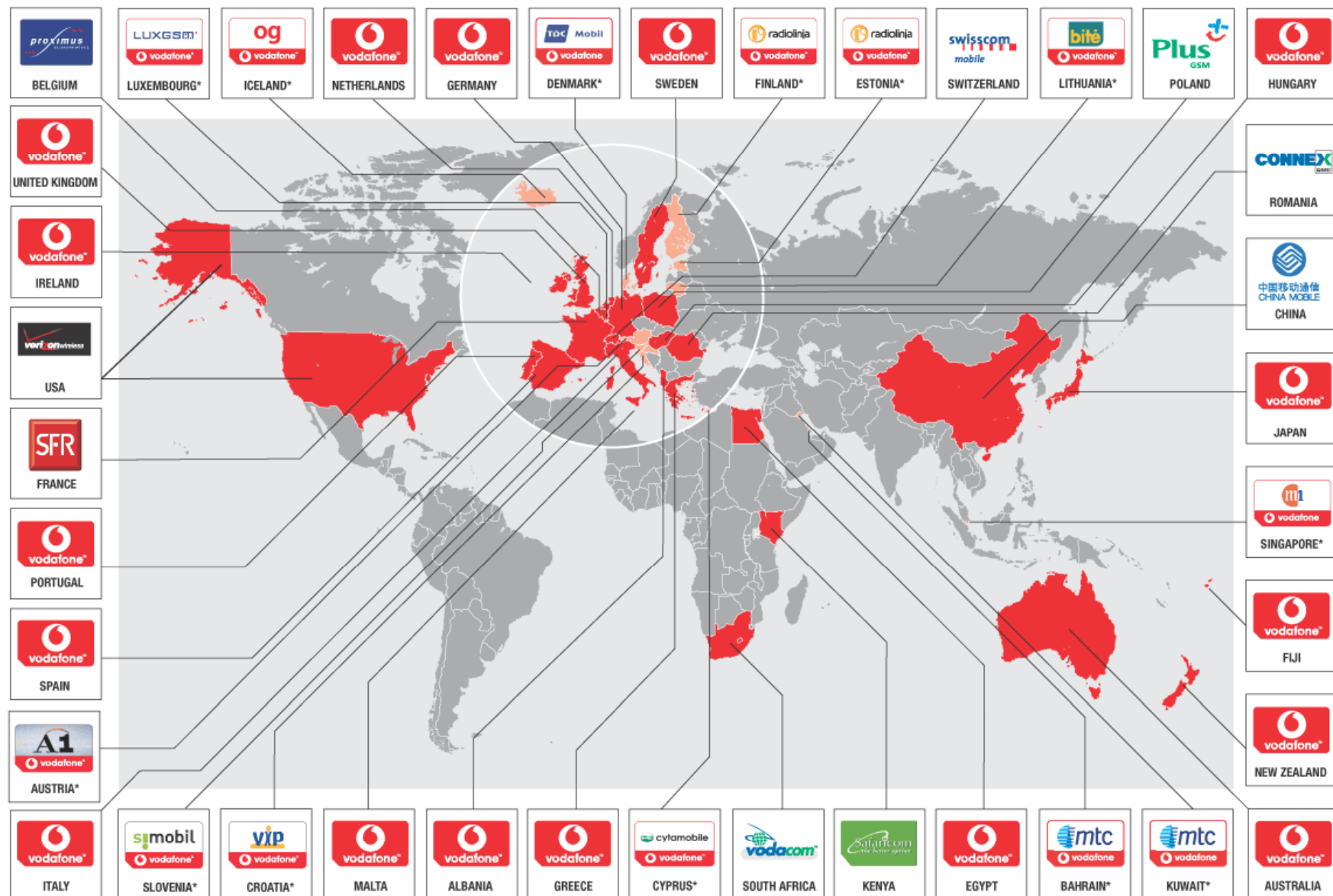
CR & Competitive advantage: issue by issue

Embedding CR

# What is Vodafone?

- Leading mobile telecommunications operator
- Provides mobile voice and data communications services
- Approx 60,000 employees
- Approx 180 million proportionate customers
- One of the 30 largest companies in the world by market cap.

# Where do we operate?



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# Corporate Responsibilities. Expectations of Companies

“Companies Held Completely Responsible for,”



Source: Globescan Monitor 2005

# Stakeholder Engagement

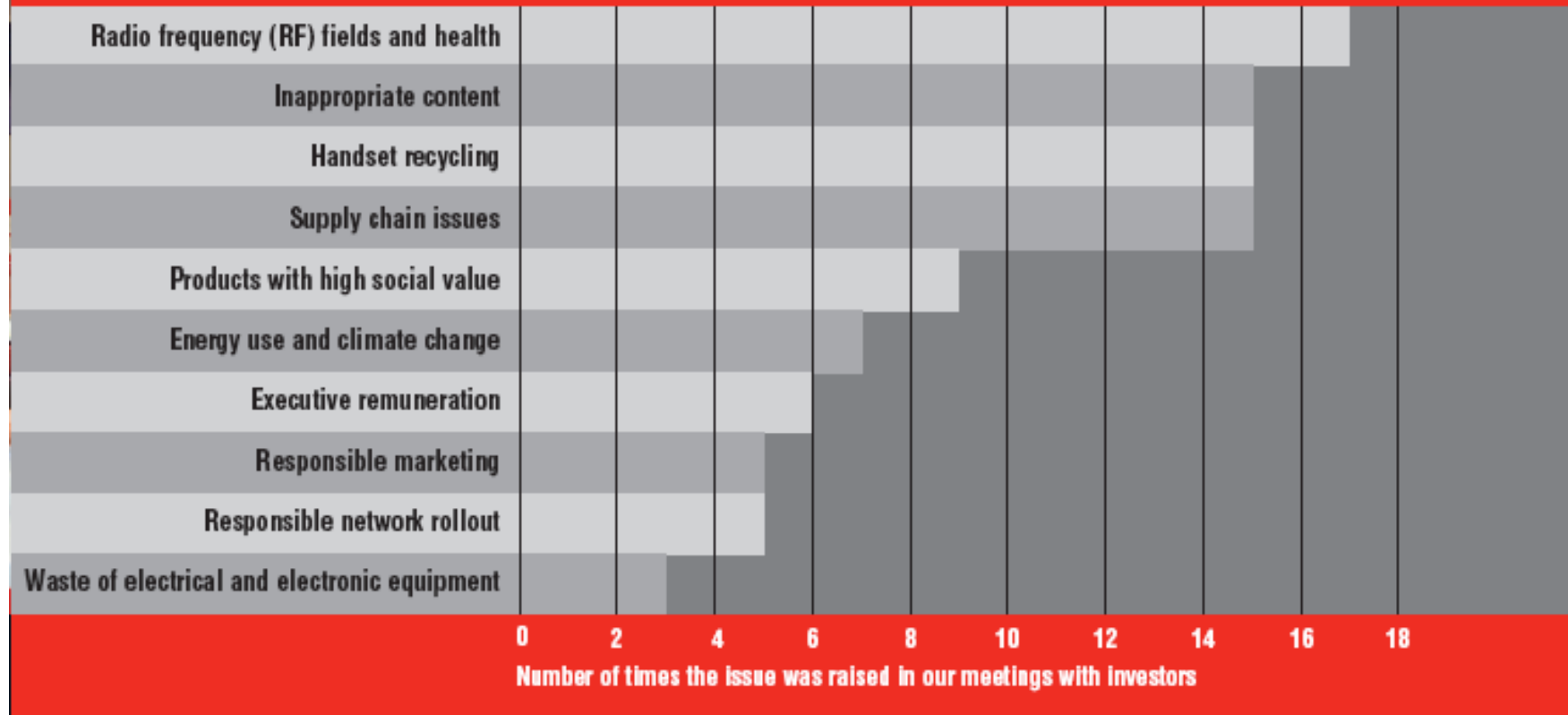
Stakeholder	Main methods of engagement on CR issues
NGOs	Face to Face meetings, Issues roundtables, Partnerships
Consumers	Focus groups, leaflets, special products, surveys
Investors	Road show, responses to questions
Employees	Surveys, Volunteering, Communications
Governments	Face to face meetings, Roundtables
Suppliers	Supplier performance management, face to face meetings and capacity building
Local communities	Consultation, providing information

Other methods: Members of organisations (e.g. WBCSD), Industry Codes, Partnerships

# Investor Feedback

## Top 10 CR issues raised most frequently by investors

During 2004, we held meetings with over 20 large institutional investors. The following issues were the most frequently raised.





## Employee survey – key findings

	2005 (% that agree)	Difference versus 2003
Vodafone is socially responsible (a good 'corporate' citizen)	76	+7
Vodafone is ethical in its business dealings	71	+2
The Vodafone Business Principles have been communicated to me	66	N/A
I understand the Vodafone Business Principles	63	N/A
My objectives are consistent with the Vodafone Values	74	N/A
My operating company takes a genuine interest in the well-being of its employees	40	N/A
My line manager treats employees with respect	75	+1
My line manager treats all employees fairly and without discrimination	70	+6
Overall, Vodafone is a good place to work compared to other organisations I know about	72	+4

# Consumers



"I want to know how to protect my children from inappropriate content"

"I don't like using my mobile when I'm abroad because I never know how much it's going to cost"

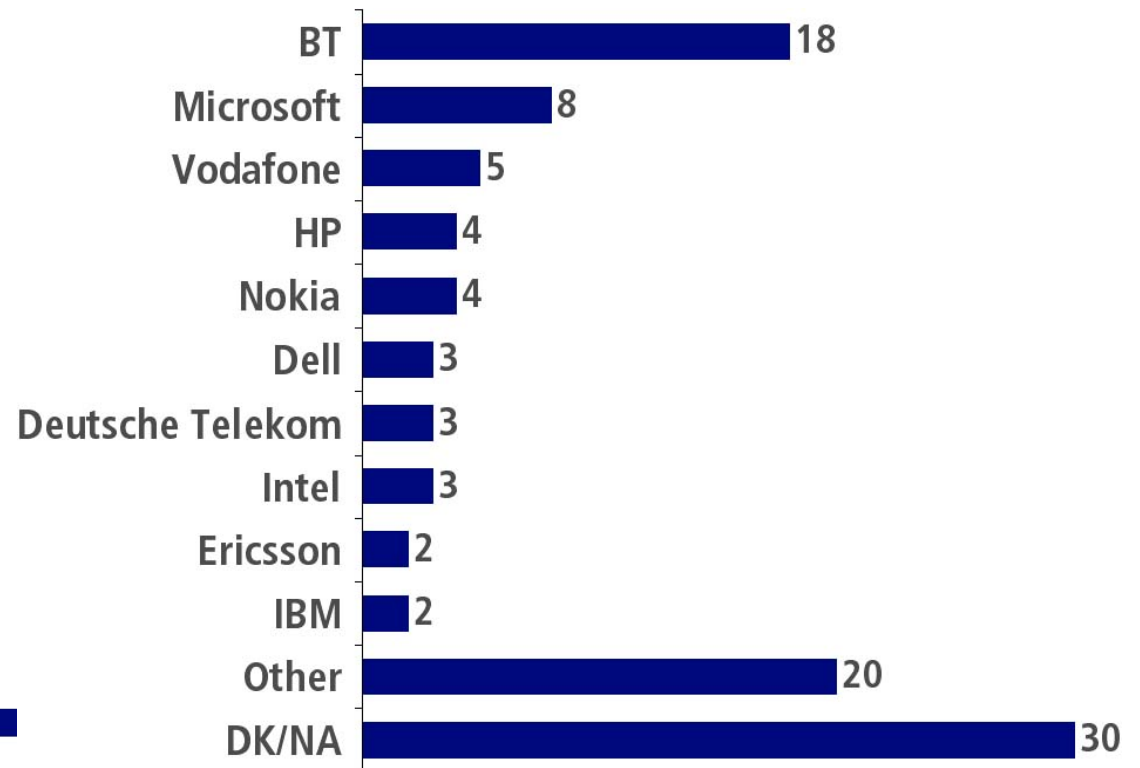
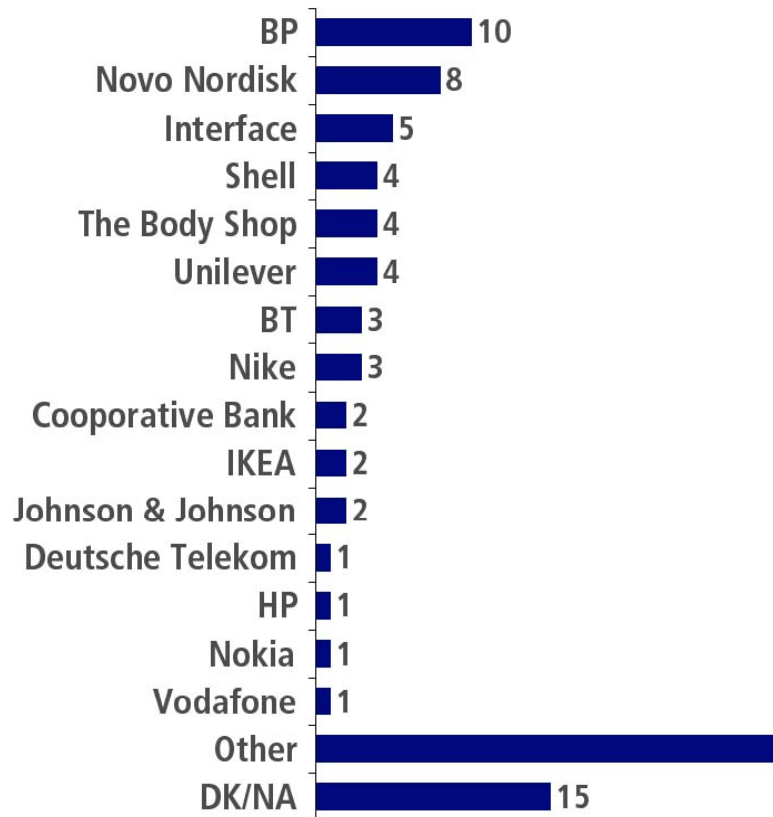
## Level of customer approval for Vodafone's CR performance

Values from the countries with the highest and lowest levels of approval

Issue	Highest	Lowest
Communication on RF fields and health	74%	30%
Encouraging recycling of handsets	91%	31%
Responsible marketing	87%	50%
Ethical purchasing	69%	36%
Minimising environmental impact	73%	33%
Preventing children accessing inappropriate material	59%	21%
Consultation on base station locations	66%	25%
Providing products and services for people with special needs	69%	33%

## Companies Leading in CR

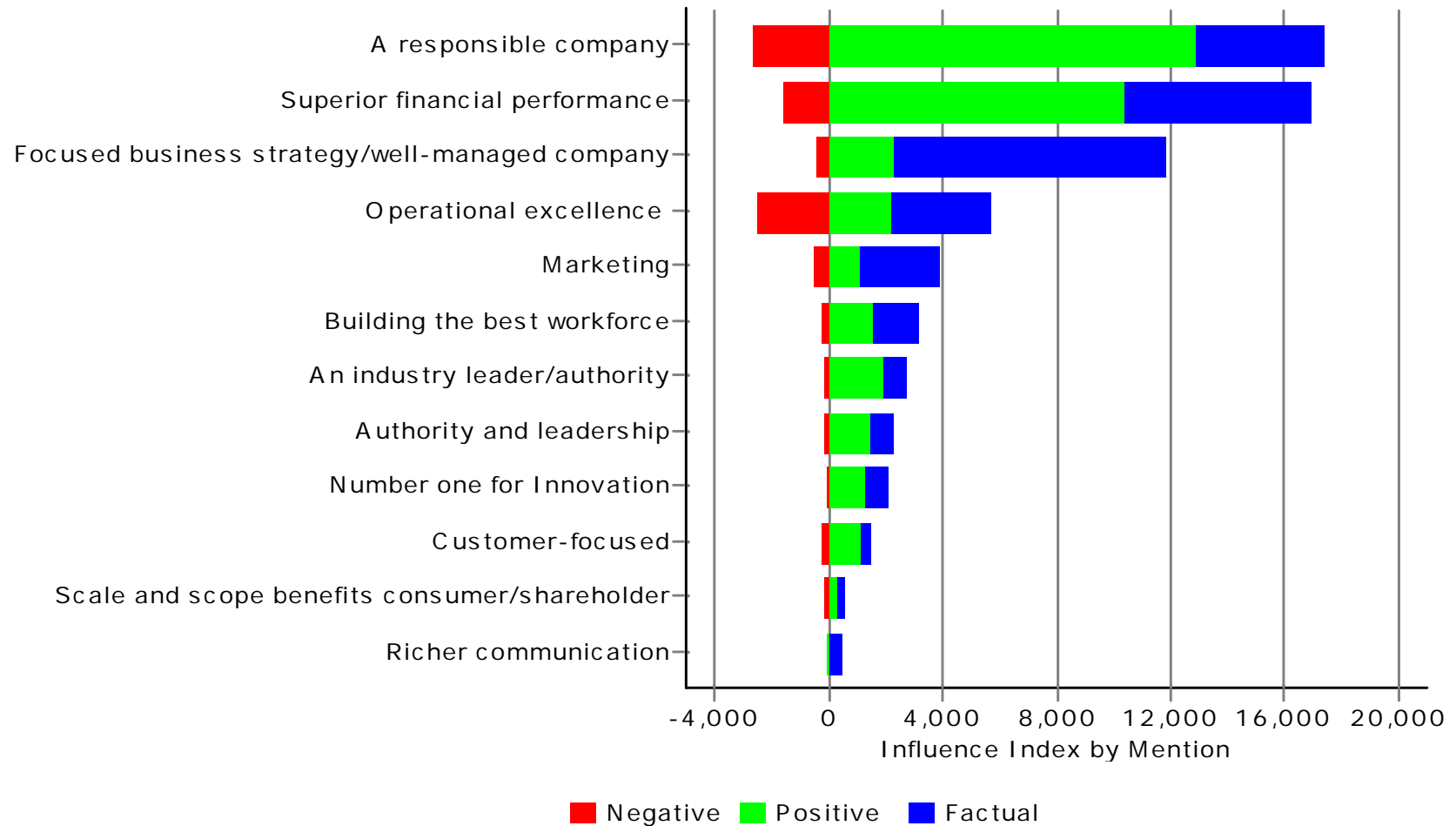
Unprompted



•Almost 30% are unable to name an ICT company leading in CR.

Source: Globescan “European Strategic Stakeholder Research” for Vodafone

# CR contributes substantially to media coverage



Millward Brown, July-Sep 05 coverage

# Agenda

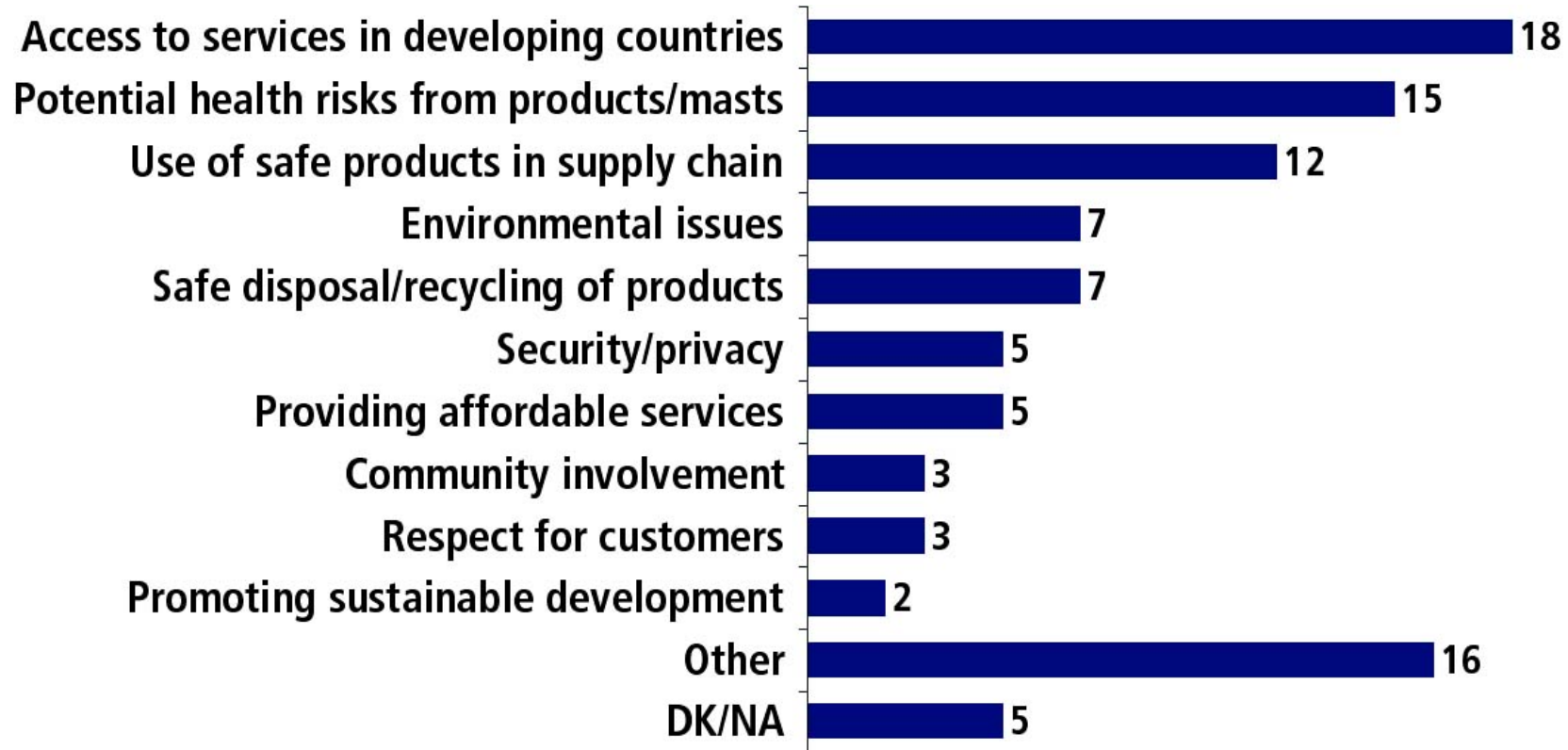
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## CR Issues for Mobile Telecommunications Companies



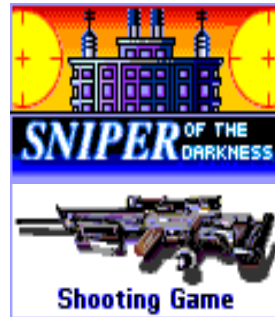
Source: Globescan, Nov 05

# Content Controls

*Erotic*



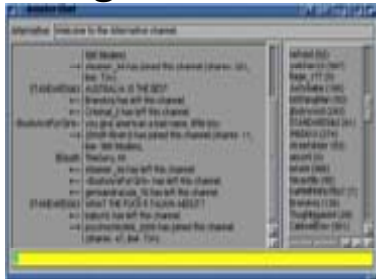
*Violence*



*Location*



*Dating / Chatrooms*



*Gambling*



*SPAM*



**Content Controls are critical to maintain trust in 3G services**



# Mobile phones, masts and health

 **Evening Standard**  
LONDON, WEDNESDAY, 1 OCTOBER 2003 www.thisislondon.co.uk Incorporating THE EVENING NEWS 40p

**M&S goes sporty**  
PAGE 3

**Will sounds off**  
PAGE 14

**FREE**  
Pint of lager or glass of wine for every reader  
PAGE 46

**£1M PROPERTY GIVEAWAY** THREE FANTASTIC FLATS MUST BE WON - SEE PAGE 46 Token collect

## NEW MOBILE PHONE MAST HEALTH FEAR

Tests reveal how transmitters cause nausea and headaches

**A MAJOR** survey today highlighted new health fears over mobile phone masts.

Experts discovered that people within range of powerful 3G transmitters — typically two miles — experienced headaches, trailing sensations and nausea.

Thousands of the masts have been set up in the South-East over the last year as the phone industry's competition on the new technology.

A 3G network allows phone users to make video calls and download video clips to their handset. Most of the major phone companies are expected to build 3G networks, following an intense bidding war over the licenses needed to operate them.

However, the Dutch experts, viewed as the most advanced in their field, say their findings could have a "significant impact" on 3G development. Today British experts called for a major inquiry into the report.

The Dutch government-backed study, the first to look specifically at 3G networks, used simulated base stations to recreate the radiation levels. Radiation experts backed the research, claiming it was "credible" that the levels used for 3G could have adverse effects.

So far only one mobile operator, Three, offers a 3G video-calls service in Britain. Three is still erecting masts to complete its network, but it is believed to need around 35,000 to cover the country.

**By Mark Prigg**  
Technology Correspondent

Continued on Page 2

**How mother Kate fared on her return to the catwalk**  
See Page 16

**Best of British: Kate Moss modelling Burberry in Milan on her first catwalk appearance since giving birth**  
See Page 16

**Continued on Page 7**

## We must switch on to dangers of mobile phones

PROFESSOR Archie Bleyer at the University of Texas, Houston, states that cancer is now the most common cause of natural death for those between 13 and 24. Is it because of mobile phones?

Not enough is understood about the harmful invisible pollution emitted continually by the mobile phones carried by millions of youngsters today.

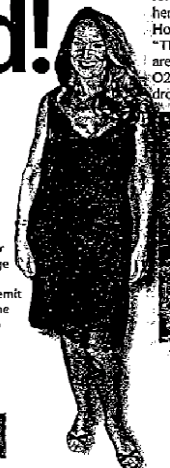
We are still susceptible to the harmful emissions through passive mobile phone use even if we don't own one.

## Not in my landscaped backyard!

Celebs are an easygoing bunch — until someone dares threaten their peaceful lives. *By Nick Harding*

It seems Jerry Hall can't get no satisfaction — she's locked in a battle against proposed mobile phone masts near her London home. The ex of Rolling Stone Mick Jagger first went on the offensive in 2000, when phone firm Orange announced plans for a mast close to a primary school near the family's Richmond pad. Jerry, who believes "the masts emit microwaves," won that dispute, but not the war. Last year, the company announced another scheme, this time seeking to place a transmitter in the bell chamber of a nearby church.

**"These masts emit microwaves" Jerry Hall**



## The terror of Tetra masts

by **BRENDAN MONTAGUE**

IT WAS the dead of night

removed from the beauty spot because of the lack of power lines. The anti-Tetra campaign in

chief executive, said: "We're very disappointed with the inspector's decision. The council made its deci-

be associated with anything causing a lot of health concerns." Arun councillor Paul Wells

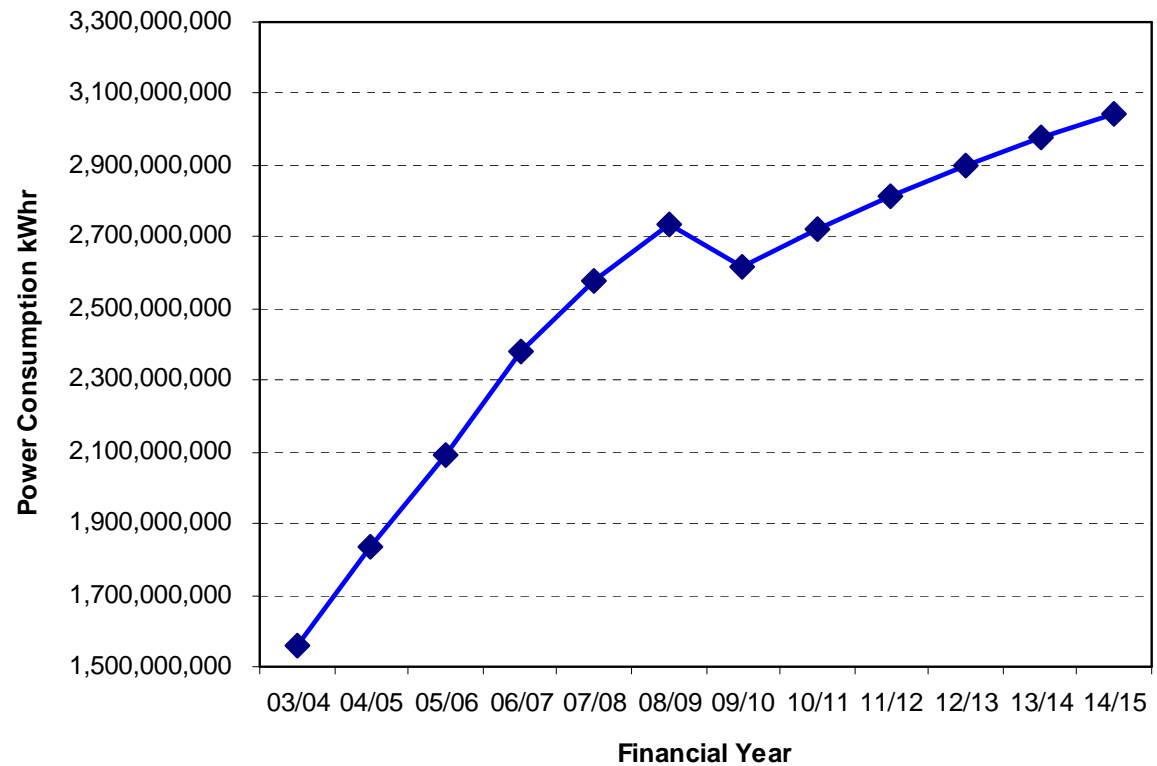


# Environmental impact

## Phone recycling



## Energy / Climate change



# Socio economic impact



“The Digital is a myth. Poor countries don’t need a PC in a every home. What they need is mobiles phones”

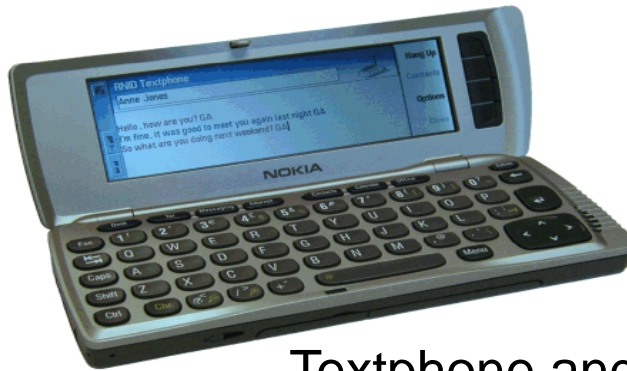
From “The Economist”,  
March 2005

- A developing country which has an average of 10 more mobile phones per 100 population between 1996 and 2003 had 0.59 percent higher GDP growth than an otherwise identical country
- Africa has been the fastest-growing mobile market in the world during the past 5 years
- In 19 African countries mobiles now account for at least three quarters of all telephones
- Mobile phones are proving important for job search in South Africa, with 24 percent of people saying they had made or received a call about an employment, business or training opportunity

## Social products e.g. Special needs



Blackberry IM



Textphone and Relay



Loopsets



Vodafone  
Speaking  
Phone

"Tue 12 Oct 2003.  
10.00 Sales  
meeting ..."

## Social Products e.g. Mobile Microfinance in Africa

- 'stand alone' money management platform
- Pay off loans (e.g. from micro finance institute)
- Withdraw cash from airtime dealers and other 'agents'
- Transfer funds to somebody else
- Deposit cash
- Pay for goods /services



1. Select "Withdraw cash"



2. Select "Withdraw"



3. Enter the phone number you want to withdraw cash from



4. Enter the amount you want to withdraw



5. Enter your secret PIN



6. Check the details are correct then press OK to send an SMS to M-PESA

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# Embedding CR: Company's Framework

## Our Values, Goals and Business Principles

**Values** – We have four Core Values, described internally as Passions:



for Customers



for Results



for our People



for the World Around Us

**Strategic Goals** – We have six strategic goals:

- > Delight our customers
- > Build the best global Vodafone team
- > Leverage global scale and scope
- > Expand market boundaries
- > Be a responsible business
- > Provide superior shareholder returns

**Business Principles** – Our approach to business is underpinned by the Business Principles. They cover ethical issues, including: bribery and corruption, conflicts of interest, data protection, environment, health and safety, human rights, political contributions and lobbying, and transparency.

# Corporate Responsibility (CR)

*“For me corporate responsibility is not altruism. Nor is it just a form of risk management. CR is integral to the future success of business”*

*“A brand is what a brand does”*

*“My policy is that if you are running a large company today, you have to be absolutely transparent”*

*Arun Sarin*

# Embedding CR: the process

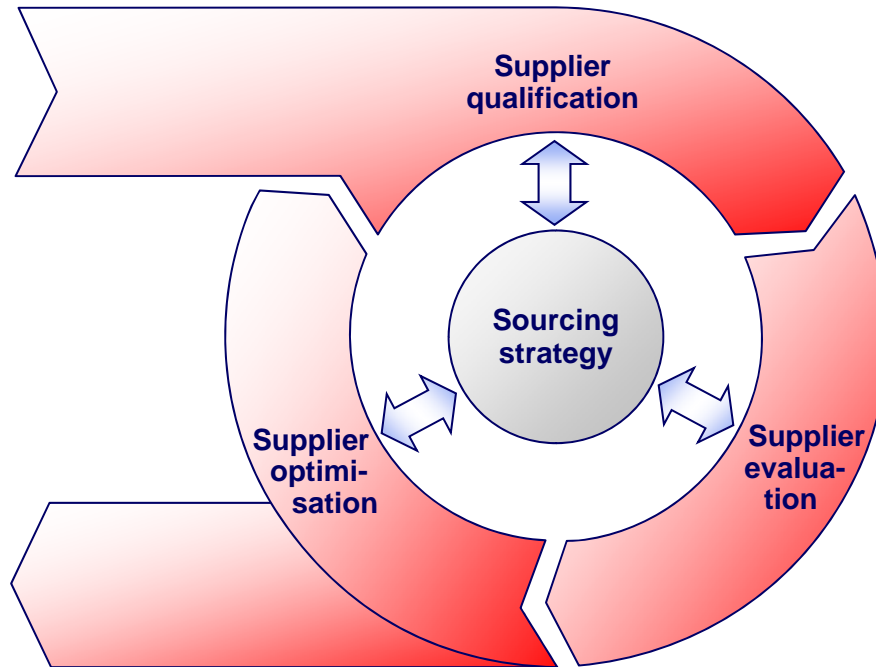
- Listening to society
  - Stakeholder engagement
  - Issues Management
- Developing programmes to tackle issues
  - Targets and public commitments
  - Making changes to the way we operate. Consistent standards
- Measuring progress
  - Data collection, reporting systems
- Reporting back to society
  - CR reporting



# Embedding CR in the business

- **Technology**
  - Network Rollout
  - Energy efficiency
  - Supply chain management
- **Marketing**
  - Content Standards
  - Spam, premium services
  - Responsible marketing
  - Phone re-use and recycling
- **Human Resources**
  - Health and Safety
  - Equal opportunities, diversity
- **Cross-functional committees**
  - Mobile phones, masts and health
  - Privacy
  - Content Standards

## Example of integration of CR: Supply Chain management



CSR	Financial stability	Technology
		Portfolio
Commercial	Delivery capability	Quality management
Commercial	Operations	Technology & Quality

### CR Supply Chain Strategy

- **Overall:** Public goal for 2005/06 to deliver CR supply chain training to 80% of purchasing managers in all operating companies
- **Qualification**
  - CR is one of 6 required performance pillars (quality, commercial, technology, financial, operations)
  - Qualification site assessments of new suppliers on a basis of risk and spend
  - Include the Code of Ethical Purchasing in Global Contracts
- **Evaluation**
  - Ongoing bi-annual monitoring of 1<sup>st</sup> tier through score card (refer to example)
  - Supplier awards based on score card results
- **Optimisation**
  - Supplier improvement projects for poor performing suppliers
  - Site assessments of existing suppliers on a basis of risk and performance
  - Engage with Network Suppliers on energy efficiency and ensure environmental compliance
- **Industry Engagement**
  - Active member of GeSI Supply Chain Group which is developing a common ICT industry approach

# Creating CR culture: Internal comms

## Building trust: our Corporate Responsibility plan

We want to be one of the most trusted companies in the markets where we operate. How?



operate responsibility at Vodafone lives through our Passion for the world around us, is the key thread in our strategic goal to be a responsible business, and is supported by a set of Business Principles that underpin how we work.

Now we have a Corporate Responsibility (CR) plan that clearly articulates what we are doing to achieve our vision of being one of the most trusted companies in the markets where we operate.

The CR plan began life when Chief Executive Arun Sarin asked Charlotte Grace, Group Corporate Responsibility Director, to lead its creation. She in turn consulted

with Executive Committee members and a number of local operating company chief executives, and worked it into its final shape with input from CR teams worldwide. The result is a plan that sets out our CR vision and strategy, will have measurable targets – and which now needs Vodafone people to deliver it.

'I think it's fantastic that we have

a plan that shows how we can build sustainable success for the future and a company that people are proud to work for,' says Charlotte. 'The challenge for each one of us is to behave in ways that deliver the plan and to get involved. This plan reflects the work that has been done up to now and gives us all the opportunity to do so much more.'



Female technicians working phone handsets before reuse



Conversations often express strong views



An example of mobile access by Vodafone Contact Centres

The CR plan is about building trust with all our stakeholders and it has four elements:

**1. Having the highest ethical standards and an effective reputation management process.**

This means: every one of us behaving ethically and honestly and in a way that reflects our Business Principles. Integrity is embedded in everything we do, whether we are managing external issues like negative media coverage on CR issues or making business choices

**2. Having consistent operating standards.**

This means: we measure compliance against consistent standards across all our local operating companies and work to address issues where society expects good performance. Examples include managing risks associated with

our supply chain and access to adult content.

**3. Delivering on three CR 'promises' to society. These address:**

- Responding to issues of concern to our customers, such as mobile phones, masts and health, and being responsible in our advertising
- Phone reuse and recycling through high profile retail and business customer return schemes
- Climate change, where we will play our part by being more energy efficient

This means: we're giving a clear message to the outside world, and in particular our customers, investors and opinion formers, that we are focusing on the things that concern them most and intend to have a high public profile on these issues.

**4. Developing a flagship CR initiative around the concept of better access to mobile telecommunications.**

This means: mobile technology can play a critical role in responding to social needs. From supporting developing countries with social and economic development, to using mobile technology in disaster situations, to products for people with special needs, our technology is in a privileged position to make a difference.

Charlotte Grace says: 'The plan reflects the fact that, while CR opinion formers see us in a good light, the public and customers are not really aware of what we do under this heading.'

A key part of the plan is generating real, reportable performance improvements through targets and proper accountability – so that we and our stakeholders all know how we are doing.'



In Dar es Salaam, victims of poverty have developed a service to make mobile calling call-free



Five per cent of Vodafone's base stations in Greece have solar panels, with 131 solar base stations in total

The challenge for each one of us is to behave in ways that deliver the plan and to get involved. This plan reflects the work that has been done up to now and gives us all the opportunity to do so

much more

Charlotte Grace,  
Group Corporate  
Responsibility Director

### Fast facts

- Our vision for Corporate Responsibility (CR) is to be one of the most trusted companies in the markets where we operate
- CR is about how we, as the world's leading mobile telecommunications company, can bring sustainable benefits to society and the environment
- What do you need to do? See the 2005 Internal CR review. Around the world in 80 ways, for ideas. Go familiar with our Business Principles, which set the framework on which to base decisions and state our standards of business conduct. Go to the global intranet, click on 'Our Company' and then 'Policies and Guidelines'
- Go to: [www.vodafone.com/responsibility](http://www.vodafone.com/responsibility) to read 'We said, we have, we will', the Group's CR Report 2004-05, and reports from individual local operating companies

### People make the difference

Emmanuel Perakis in Greece and Caterina Torcia in Italy helped to shape the CR plan. What do they think of it?

**Emmanuel:** 'The plan is the "missing link" between our strategic goal of "being a responsible business" and everyday actions to achieve it. It defines clearly the areas we should focus on, and I think that everybody within the business can identify their work somewhere within these areas.'

'Being a responsible business comes down to all of us being responsible employees, within the policies, processes and priorities our company defines. The plan will help people to consider how their own work can become more responsible and how they can deliver better business results, while at the same time taking into account the impact their work has on the World Around Us.'

**Caterina:** 'The plan is the result of intensive work which has, for the first time, deeply involved top management. We took a constructive and critical approach in looking at the contents and objectives.'

'The most important part of the plan is the specific commitments. There has previously been internal debate on the proposed objectives so having them stated so clearly as they are in the plan is a useful tool to work with other departments to prioritise objectives, get commitment and achieve the goals.'

# Summary

There are critical ingredients that are needed to make CR a tool for competitive advantage:

- Top Management leadership
- Process to understand stakeholder's expectations
- Issues management and consistent operational standards to manage risks
- Clear issue owners (reporting to the line organisations)
- Create a culture to empower employees to take decisions and be accountable for CR issues (leadership, issue owners and staff)
- Materiality: Focus on the most important issues
- Look at opportunities: Social products, Cause related marketing