VODAFONE TAX RISK MANAGEMENT POLICY

Objective/Risk

This policy supplements the Vodafone Group ("Vodafone", "Group", "we") Delegation of Authority and addresses the management of tax risks for Vodafone. Its primary purpose is to set out the framework for management of the tax risks and to define the tax risk management requirements that need to be implemented within Group. These tax risk management requirements are also consistent with the OECD recommendations for responsible business conduct in a global context.

Scope and Compliance

This extract is sourced from the Group policy, and it has been adapted to comply with Schedule 19 of the Finance Act 2016 and applies to Vodafone Group Plc and to all UK affiliates companies and joint ventures with an interest of 50%, or more, or management control.

Compliance levels are monitored and reviewed by appropriate governance bodies. Any breach will be treated as a serious disciplinary offence and may be subject to disciplinary action.

Contents

1. Vodafone over-riding principle and approach to risk appetite

Over-riding principle

Vodafone believes its obligation is to pay the amount of tax legally due in any territory, in accordance with the rules set out by governments. In certain aspects of tax law there can be ambiguity about the application of rules which can lead to differing interpretations by taxpayers and tax authorities, and which might result in tax disputes. Vodafone aims to prevent unnecessary tax disputes but recognises that from time to time there might be a need to litigate to ensure that the technical basis of a tax authority decision is correct or to establish the appropriate understanding or interpretation of the law.

Vodafone aims to prevent unnecessary disputes by:

- Having strong technical tax positions and clearly explaining those positions
- Thoroughly documenting the facts and the underlying business transaction, and keeping such evidence as long as required by law
- Establishing good working relationships with tax authorities
- Implementing strong compliance procedures to ensure accurate and complete tax returns
- Following the OECD Transfer pricing Guidelines, including adherence to the arm's length principle, and using consistent intercompany pricing methodology for identical intercompany transactions across different markets within the Group.

Risk appetite

Vodafone follows "the more likely than not" principle for making decisions on tax matters. Although there may be materiality considerations, the Vodafone tax team use this principle in their day-to-day roles to guide their decision making.

For example, when concluding on the tax treatment of an item, actions should not be undertaken unless they are at least more likely than not that the proposed treatment and/or interpretation (of facts and law) would stand up to examination by tax authorities and courts.

In appropriate circumstances, we seek certainty on tax treatment of complex and uncertain issues by obtaining advice or by proactively engaging with the relevant tax authorities, in respect to transfer pricing matters also via advance pricing agreements.

2. Vodafone attitude towards tax planning

The Vodafone tax team support the achievement of Vodafone's strategic objectives by partnering with the business in

- Providing the appropriate input as part of the approval process for business proposals to ensure a clear understanding of the tax consequences
- Ensuring the tax implications of new propositions are understood as soon as possible.
- Ensuring transactions are compliant with the arm's length standard.

This means that we do not undertake transactions that are designed solely for tax benefit.

Transfer pricing is only used to help implement business transactions, and not to drive them. The establishment of an appropriate transfer price and the assessment of the tax technical work required is the responsibility of the tax team. The business community and, where relevant, the appropriate legal entity Boards are responsible for ensuring that a) the tax team's understanding of the facts and circumstances, on which intercompany pricing is based, is accurate and complete, and b) there is sufficient budget for a Top 10 accounting firm to document the transfer pricing in accordance with the OECD Transfer pricing Guidelines.

3. Level of risk in relation to UK taxation that Vodafone is prepared to accept

Vodafone adhere to tax regulations and disclosure requirements, demonstrating a commitment to accurate representation of Vodafone's tax position through due professional care.

As mentioned, Vodafone follows "the more likely than not" principle for making decisions on tax matters. This means that all decisions are assessed on a case-by-case basis based on fact and circumstances, within the context of the business activities and with the assistance of external advisors where appropriate.

4. Vodafone's approach towards its dealing with tax authorities

We seek open, transparent, and interactive relationships with tax authorities, governments and other related third parties, conducting all dealings professionally and promptly.

We proactively manage relationship with the tax authorities to minimise the risk of challenges, disputes, or damage to Vodafone's credibility.

We engage with tax officials, by disclosing matters and when appropriate by seeking certainty on tax treatment of complex and uncertain issues upfront (such as via Advance Pricing Agreements).

We actively participate to consultations that might impact our business.

5. Roles and responsibilities

A Group Policy Champion is appointed and is responsible for setting tax risk policy and controls, providing specialist support, and measuring compliance levels.

The Group function CFO is responsible for maintaining compliance levels with tax risk policy and legislation within their local markets or group function.

The Head of Tax usually has the delegated responsibility from the FD/CFO for ensuring compliance with the tax risk policy and with tax legislation within their local market or group function.