

# **Vodafone GmbH**

# **Policy Statement**

Implementation of the due diligence obligations pursuant  
to section 6 (2) Supply Chain Due Diligence Act  
(Lieferkettensorgfaltspflichtengesetz)

**Version of 5 June 2023**

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## 1. Preamble

Our mission is: We connect for a better future. We know that we have a significant role to play in a digital society. We intend to operate where we contribute to wealth and development. And we do so in a way that protects and promotes fundamental human rights, freedoms and the environment. We are also aware that our business activities could be associated with risks for people and the environment.

We have a responsibility to respect human rights and protect the environment. In our [Code of Conduct](#) we have declared that we respect all internationally proclaimed human rights, including the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. We are also committed to implementing the United Nations Guiding Principles on Business and Human Rights throughout our business operations.

That means: We identify actual and potential negative impacts on human rights and the environment, that we ourselves cause or are involved in through our business relationships or products and services, and we define suitable preventive measures or remedial actions.

This policy statement explains how we fulfil our obligations under the Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz; hereinafter referred to as "Supply Chain Act"), and which human rights as well as environmental risks exist in our own business area and at our suppliers.

## 2. Expectations of our employees and suppliers with regard to human rights and the environment

We are committed to respecting human rights and the environment and to ensuring and promoting their protection within our own business area as well as with our suppliers as far as we are able to exercise our influence. We treat our employees and business partners with respect and promote sustainable business practices and processes that are in line with our social responsibility. We expect both our employees and our suppliers to respect human rights and the environment and to share our principles and values.

Our [Code of Conduct](#) sets out our expectations of every single person working for and with Vodafone, i.e. employees, directors, managers, contractors, subsidiaries, joint ventures and suppliers.

We expect our suppliers to commit to our principles and to develop and implement appropriate and effective processes to address and remediate the risks and violations we identified as well as to identify and minimise other potential risks. Our [Code of Ethical Purchasing](#) is a binding part of our contracts that formulates our expectations and values towards our suppliers and business partners. It is the foundation of cooperation. We communicate it to our suppliers as part of our onboarding process.

### **3. Our approach to implementing the due diligence obligations related to human rights and the environment**

Our risk management system for fulfilling the statutory due diligence obligations of the Supply Chain Act is an ongoing process consisting of the following steps, which build on each other:

#### **3.1 Responsibilities**

We established a Supply Chain Act risk management system that takes into account the industry-specific characteristics of our company and implemented it in our relevant business processes using appropriate measures. The basis of every risk management system is a clear assignment of responsibilities. We defined clear and distinct responsibilities for both the operational implementation of the due diligence obligations as well as the monitoring of the risk management system.

The Executive Board has the overall responsibility for the due diligence obligations related to human rights and the environment. Corporate Integrity and Supply Chain Management (SCM) are responsible for the operational implementation of the due diligence obligations. In particular, the Corporate Integrity team is responsible for the operational implementation of the due diligence obligations within the own business area as well as the complaints procedure and the internal and external reporting regarding the Supply Chain Act. The Supply Chain Management team focuses on the implementation of the due diligence obligations with our suppliers.

In order to manage the implementation of the due diligence obligations, we established a committee consisting of members from both Corporate Integrity and SCM, the so called Supply Chain Act-Board (“LkSG-Board”). This Board is a decision-making body acting on behalf of the Executive Board. Its objective is the operational and central management as well as monitoring of the appropriate and effective implementation of the due diligence obligations according to the Supply Chain Act.

The Human Rights Officer is responsible for monitoring the risk management system throughout the company. At Vodafone, this function is held by the Head of Corporate Integrity. He reports to the Executive Board on the Supply Chain Act risk management system at least once a year and, if necessary, on an ad-hoc basis. We appointed risk owners and risk managers in our subsidiaries and in all relevant business units including SCM who are responsible for the implementation of the Supply Chain Act risk. The risk owners and risk managers are responsible for the risks of the respective subsidiary or business unit. The risk managers, as delegates of the risk owner, are responsible for identifying and assessing the risks of the respective subsidiary or business unit.

#### **3.2 Risk analysis**

We perform annual risk analyses in order to identify the human rights and environmental risks within our own business area and with our suppliers. In addition, we implemented processes for ad-hoc risk analyses in case the risk situation in the supply chain is expected to significantly change or escalate due to our business activities, or in case we have concrete indications that indirect suppliers are violating human rights.

The results of the risk analysis serve as the basis for this policy statement as well as for the definition of (additional) preventive and possible remedial actions.

### **Process for regular risk analyses in our own business area**

The risk analysis in our own business area is performed on the basis of risk catalogues that contain examples of risk scenarios for the human rights risks and environment-related risks of the Supply Chain Act. These catalogues were created by the relevant risk owners at Vodafone GmbH. The risk managers use the risk catalogues as the starting point for the identification and assessment of risks. They can then be supplemented with company- or business unit-specific risks.

For each risk scenario, the risk managers assess the probability of occurrence and the possible severity of the violation. This entails both a gross assessment and a net assessment.

After a plausibility check by the risk owner, the risks are reported to Corporate Integrity. Corporate Integrity documents the risks and the assessment in a risk inventory, which is used as the basis for the reporting.

### **Process for regular risk analyses with our direct suppliers**

The starting point for the risk analysis of direct suppliers is the identification of all suppliers with order or invoice volumes in the period under review. We perform an abstract risk assessment and determine the high-risk suppliers by factoring in country and industry risks. We then evaluate these suppliers individually in a specific analysis.

For this purpose, the risk managers collect the necessary information about the respective supplier using questionnaires and assess the probability of occurrence and the possible severity of the violation for each risk scenario. This entails both a gross assessment and a net assessment.

After a plausibility check by the risk owner, the risks are reported to Corporate Integrity. Corporate Integrity documents the risks and the assessment in a risk inventory, which is used as the basis for the reporting.

### **Process for ad-hoc risk analyses**

An ad-hoc risk analysis may be necessary, for example, due to the launch of new products or due to changes in business activities or in the business environment, which may lead to significant changes to the risk situation in our own business area or relating to a supplier. The affected department is obliged to report such events immediately to Corporate Integrity so that it can take the necessary further steps or involve relevant departments or business units. Corporate Integrity, possibly together with the relevant departments, checks the report to see whether any significant event-related risk changes or escalations in the supply chain are to be expected. If the result is positive, another risk analysis is performed during the year using the same methods that are used for the regular risk analysis.

In addition to the ad-hoc risk analysis due to changes in the risk situation, we implemented a process for the analysis of risks relating to indirect suppliers. After becoming aware of a potential human rights or environment-related risk at an indirect supplier of Vodafone GmbH or one of its subsidiaries, e.g. through information provided in the complaints procedure, SCM first examines the facts of the matter to establish whether risk indications actually exist. If a human rights or environment-related violation is possible, we perform a risk analysis using the

same methods that are used for the regular risk analysis. If the outcome of the analysis indicates it necessary, we design and implement preventive measures and/or remedial actions.

### **3.3 Preventive measures in our own business area**

In order to address identified risks, we follow an integrated prevention concept that takes into account both our own business activities and the business activities of our suppliers. To reduce the risk of human rights and environment-related violations, we implemented the following measures in our own business area:

- **Communication & training:**

We raise awareness among our employees regarding the requirements of the Supply Chain Act and the associated respect for human rights and the environment through various communication measures, e.g. articles on the intranet or presentations at department and board meetings. In this way, we aim to ensure that all employees are aware of human rights-related and environment-related obligations and our corresponding values. We also trained the persons involved in the risk management separately and in more detail on the requirements of the Supply Chain Act to ensure they have the necessary expertise to perform their tasks. We regularly impart knowledge to improve the competence of procurement employees by providing in-depth information and training to buyers inside and outside Supply Chain Management, as well as buyers at international Group companies, especially the Vodafone Group's central procurement entity, Vodafone Procurement Company (VPC).

- **Sourcing strategies & procurement practices:**

When selecting suppliers, we take human rights and environment-related expectations into account and apply appropriate sourcing strategies and practices that prevent or minimise identified risks. We will also take the due diligence obligations of the Supply Chain Act into account in the supplier screening and onboarding process.

We review whether the measures in our own business area are effective in preventing or minimising the identified risks and in complying with human rights and environmental obligations at least once a year and, if necessary, on an ad-hoc basis.

### **3.4 Preventive measures for our (direct) suppliers**

To reduce the risk of human rights and environment-related violations, we implemented the following measures with regard to our (direct) suppliers:

- **Code of Ethical Purchasing**

Our Code of Ethical Purchasing is a binding contractual document that forms part of our contract terms for all direct contractual partners. With this document we address our expectations and values with regard to human rights and the environment.

- **Contractual assurance**

If we identify relevant risks at direct suppliers during the risk analysis, we ensure by way of contractual clauses that they make a binding commitment to comply with our human rights and environmental

expectations in their own business area, and that they also address these human rights and environmental expectations appropriately in their own supply chains. At the same time, we agree on suitable control mechanisms so that we can audit compliance with our expectations.

We review whether our measures for (direct) suppliers are effective at least once a year and, if necessary, on an ad-hoc basis.

### **3.5 Remedial action**

If we become aware that a violation of a human rights-related or environment-related obligation has occurred or is imminent, we take immediate remedial action to prevent, end or minimise the extent of the violation. If the action taken does not lead to the desired outcome, the termination of the business relationship with the supplier may be considered as a last resort.

We review whether our measures to prevent or minimise the identified violation are effective at least once a year and, if necessary, on an ad-hoc basis.

### **3.6 Complaints procedure**

We reject all forms of human rights-related and environment-related violations. An appropriate and effective management of complaints is therefore an important part of our due diligence processes. It helps us to effectively prevent and remedy potential adverse human rights and environmental impacts caused by our company and our business activities. We have established a complaints procedure that enables all affected persons to report human rights and environment-related risks as well as violations of human rights-related or environment-related obligations. Further information about the complaints procedure can be found on our [website](#). There are also [Rules of Procedure](#) on the website setting out the complaints handling procedure.

We review the effectiveness of our complaints procedure at least once a year and, if necessary, on an ad-hoc basis and report on the results of the review.

### **3.7 Documentation & reporting obligation**

We continuously document the fulfilment of our due diligence obligations. We also prepare an annual report on the fulfilment of our due diligence obligations in the previous fiscal year. We publish the report on our website by 31 July of each year at the latest and make it available free of charge for 7 years. Further details will be published in due course.

#### 4. Priority risks identified & preventive measures and remedial action taken

Based on our risk analysis, we consider the following human rights-related and environment-related risks to be priorities for our companies:

- **Identified priority risks in our own business area**  
Within the scope of the risk analysis of our own business area and taking existing measures into account, we have not identified any significant or high net risks.
- **Identified priority risks at our direct suppliers**  
Within the scope of the risk analysis of our direct suppliers on the basis of questionnaires, we have not identified any significant or high net risks.

We have implemented the following remedial actions to manage the identified priority risks:

- **Remedial actions in our own business area**  
The risk analysis of our own business area did not identify any risks that require remedial actions. Therefore, there is no need for further action at this time.
- **Remedial actions relating to direct suppliers**  
In the specific risk analysis we only identified low or medium net risks. Therefore, as described above, no remedial actions are necessary in principle for these suppliers. As a precautionary measure, we asked suppliers for which a full risk analysis was not possible to agree to our Code of Ethical Purchasing, which has been supplemented to include Supply Chain Act related topics.

#### 5. About this policy statement & continuous review process

This policy statement describes our approach to fulfilling our corporate due diligence obligations under the Supply Chain Act and contains binding principles for respecting human rights and the environment along our entire supply chain. The processes we implemented to ensure compliance with human rights-related and environment-related due diligence obligations are subject to continuous review, particularly with regard to our business activities and applicable national and international standards. We will review the policy statement on a regular and ad-hoc basis and update it promptly when necessary.

#### 6. Revision history

Version	Date	Changes	Approved by
1.0	5.6.2023	Initial creation and approval of the policy statement	ExCo