

Vodafone Group Sustainability Report 2009-10

Forward thinking

By Aleksandra Dobkowski-Joy

Vodafone's developing world focus is reflected in its reporting

Vodafone's ambitious growth plans are rapidly focusing the company's sustainability efforts – and reporting – on developing markets. As such, Vodafone's 2009-10 sustainability report barely touches on the company's home territories. Rather, Vodafone concentrates on how it is translating sustainability challenges into global business opportunities.

For example, Vodafone describes how its mobile offerings support low-cost money transfers and the exchange of clinical health information. One case study highlights the SMS for Life programme, which helps maintain stocks of malaria medicines in rural clinics. Vodafone also touts its own-brand handsets in basic, affordable models as supporting women's empowerment. It says lower cost phones are frequently handed down rather than resold, with women as key beneficiaries in patriarchal societies.

Such innovations support the company's desire to contribute to the United Nations Millennium Development Goals. In addition to a full-page millennium goals table in the report, Vodafone's website includes an interactive world map containing numerous case studies, tagged by location and development goal.

Although the title of Vodafone's report, *Pressing Forward*, plays on texting, there is a more insistent undertone of new and continuing challenges throughout the report. To Vodafone's credit, the company speaks plainly of the rocky road it is travelling in developing markets. Vodafone dutifully lists the number of compliance issues related to base station zoning disputes (mostly attributed to "conflicting local and regional planning regulations"). The company also delves into the complexities of establishing data tracking systems across far-flung networks.

This laborious process is most evident in the company's accounting for greenhouse gas emissions in India. Because of continuing difficulties with data reliability, India's emissions are reported separately. Even so, it is clear that India alone constitutes a whopping 60% of Vodafone's global emissions.

Because Vodafone's presence in developing markets is growing so rapidly, Vodafone has backed away from its 50% carbon dioxide emissions reduction goal, restricting that target to developed markets only. Vodafone is instead working to set an intensity target for developing countries, with the "hope" of establishing an absolute reduction goal some time in the unspecified future.

Vodafone drops a bombshell with its abysmal safety performance. A total of 41 people (27 contractors and employees and 14 civilians) were killed in Vodafone-related motor vehicle crashes, falls, electrocutions, accidents involving falling objects, and criminal activity during the reporting year.

This unheard-of level of fatalities (double the number in the previous report, and triple the report before that) prompted the company to take serious action. The chief executive's message describes the safety management and oversight activities put in place to stem any further loss of life. The safety section of the report is hefty, with detailed discussion of fatality prevention plans and rules for avoiding unsafe behaviour.

Safety critical

Vodafone has got it right here providing appropriate context for these tragic accidents and committing its highest executive ranks to carrying out a safety overhaul. Vodafone's quick actions also allowed it to document a bit of a turnaround, showing a decreased rate of accidents for the second half of the reporting year. The company's vigorous response will probably spare it from serious reputation damage, if the positive trending continues.

Vodafone has not escaped challenges closer to home, specifically the UK public backlash against its alleged tax avoidance. The report's one page discussion of the company's approach to tax policy and behaviour, though perhaps appropriate at time of publication, is insufficient in the face of the current furore.

Vodafone's online sustainability content has been refreshed to obliquely address the company's tax woes. Yet the company takes primarily a defensive stance, claiming: "We have a responsibility to our shareholders to legally minimise and control our tax costs. We accept that some may not share this view." Vodafone promises transparency, and one hopes that the company will share further details regarding these tax controversies in future reports – if not sooner.

In its reporting, Vodafone takes the sanguine approach of a veteran sustainability player, addressing challenges and revealing shortcomings with equanimity. As Vodafone continues to press into new markets, a continued emphasis on transparency, substance, context, and business opportunity will serve it well. ■



Snapshot

Follows GRI? Yes
(Self-declared application level of B+).

Assured? Yes, using the AA1000 standard.

Materiality analysis? Yes

Goals? Yes

Targets? Yes

Stakeholder input? Yes

Seeks feedback? Yes

Key strength?

Transparency and quantitative data around safety, ethics violations, supply chain issues, and compliance.

Chief weakness:

Broken links from the report PDF to Vodafone's "rebuilt" website.

Pleasant surprise:

Explicit linkages to the Millennium Development Goals.

One page of discussion about the company's approach to tax policy is insufficient in the face of the current furore

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