



Telefónica's Responsible Business *Principles*

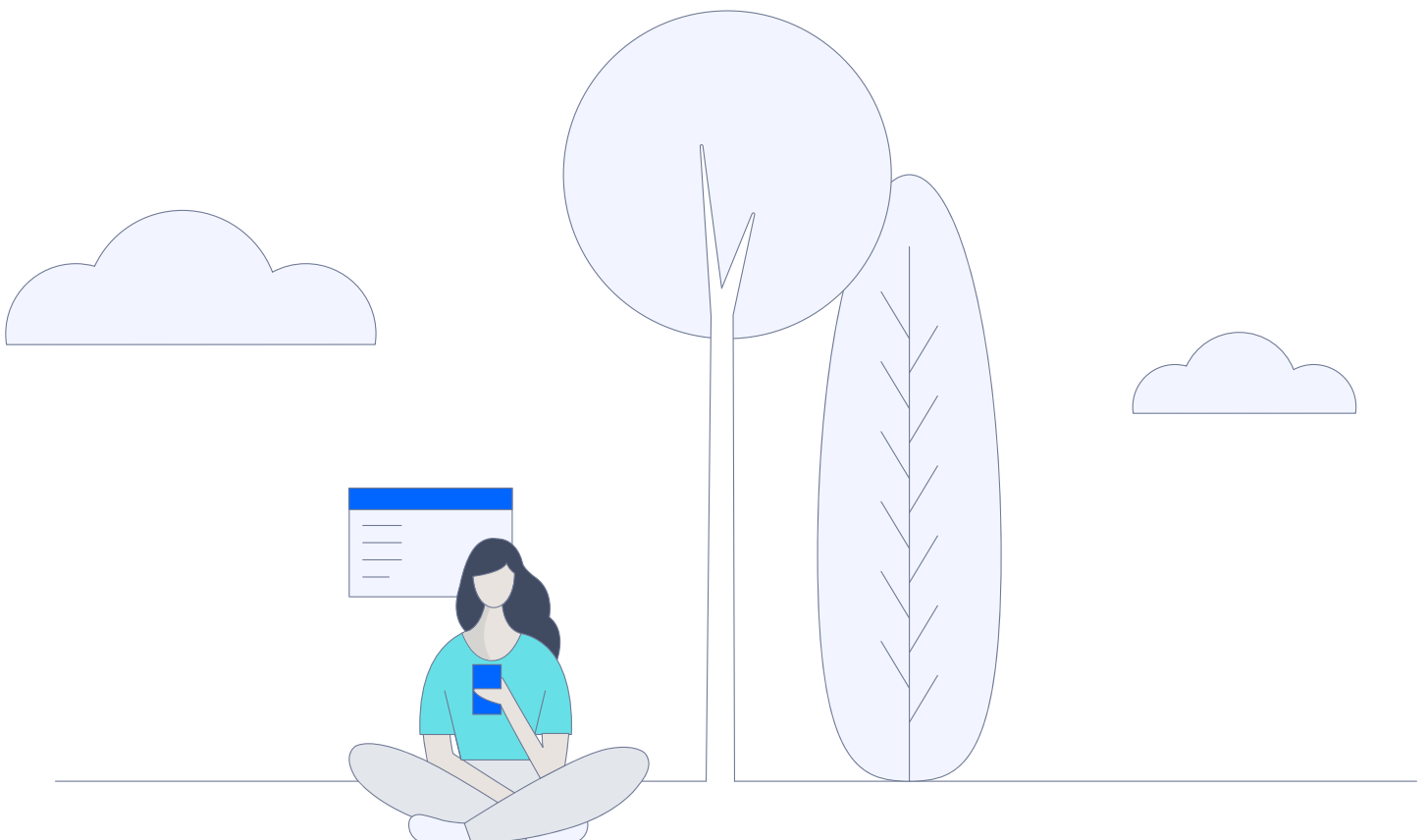
Our way of working *reflects the type of company we want to be* and how we want to be seen by everyone that engages with us.

We want to be a company that our clients, employees, suppliers, shareholders, and society in general, can trust. To achieve this, we must clearly communicate the principles that guide our actions to all our stakeholders.

This document is intended to do just that, and our Responsible Business Principles describe the gui-

delines we follow as a company in all that we do.

Business partners and suppliers are an important part of our value chain, and we have a responsibility to make sure they adopt our Principles, or an equivalent set of their own, to ensure we comply with what we stand for.



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I. Introduction

At Telefónica we are committed to a long-term and ethical management that promotes fairer and more sustainable social and environmental development through our *Responsible Business Principles*.

We are a company that our customers, employees, suppliers, shareholders and society in general can trust.

This document constitutes our code of ethics and conduct, it defines what we say and do in our daily activities, both when we act individually and as a team, and is also our sustainability policy.

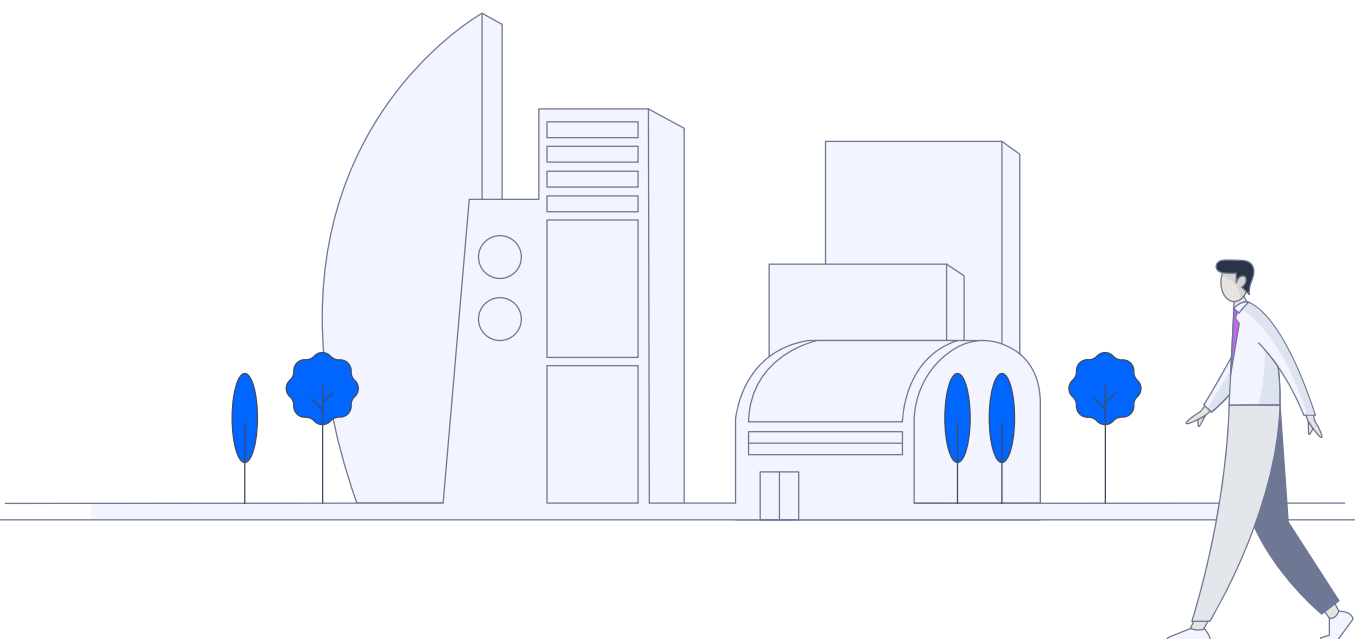
All Telefónica employees have a responsibility to act with **integrity, transparency and commitment** in order to generate a relationship of trust with all our stakeholders.

Our **integrity** implies operating in accordance with ethical standards that are non-negotiable.

Our **transparency** means that clear and accessible information about our strategy and activities is available to our customers, employees, suppliers, shareholders and society in general, and that they can look any concerns or doubts they may have in this regard at any time.

Our **commitment** means delivering what we promise.

These principles reflect the kind of company we want to be and enable us to build long-lasting, ethical business relationships with like-minded partners and associates, with the common goal of making our world more humane by connecting people's lives.



II. Our Business Principles

1. Ethical and responsible management

At Telefónica we require all our employees to work in an ethical and responsible way. For us, this means acting in strict compliance with the law; zero tolerance of corruption and bribery; a solid commitment to transparency, protection of corporate assets, no insider trading, fair competition and maintaining a politically neutral stance.

Respect for the law

At Telefónica we ensure that our activities are carried out in accordance with the applicable national and international legislation in force at any time. In addition, our employees must be familiar with and comply with the Group's internal regulations, which develop the principles of this code. This commitment to legality is particularly relevant when it comes to the rejection of corruption.

Honesty

We are committed to zero tolerance of corruption, bribery and fraud. We avoid any actions that could be interpreted as dishonest, and we guard against conflicts of interest and, in general, situations that generate undue advantages for the Company. We require that all employees act with personal integrity, and always hold the interests of the Company above personal interests.

This means that:

- Bribery of any kind is strictly prohibited: we do not allow promises or offers of gains or perks of any kind to individuals in order to influence decisions of any kind (including governmental, administrative or judicial) or to obtain improper advantage for the Company. We also prohibit the acceptance of any gains or perks that may result in a breach of the obligations and duties of Company employees.
- Not offering or accepting gifts, invitations, or other incentives that could reward or influence a business decision either directly or indirectly.
- We have tools in place to prevent potential conflicts of interest so as to ensure the professionalism and impartiality of our employees as they carry out their roles.

Market transparency

We provide all relevant information immediately and indiscriminately.

We are aware of the importance to all our stakeholders of sharing truthful, complete, timely and clear information in the reports that we submit to the relevant securities market supervisory bodies, as well as in other public communications from the Company.

We refrain from using privileged information for our own benefit or that of third parties, protecting confidentiality and ensuring the controls and processes legally required by the supervisory bodies of the securities markets in all related actions.

Taxation

We are committed to acting with honesty, transparency and respect for the law while managing our tax matters, and are committed to our obligation to correctly pay the legally required taxes in all the countries where we operate, thereby contributing to their social and economic progress. In addition, we ensure transparency and full local and global information, to make it easier to understand the Company's tax aspects.

We do not use corporate structures, nor are we present in any of the jurisdictions included in the legally applicable list of tax havens, with the objective or concealing or reducing the transparency of our activities vis a vis the tax authorities or any other stakeholder.

Business assets

We maintain and conserve our physical, financial and intellectual assets and make proper and efficient use of them.

Fair competition

We believe in free markets and fair competition. We therefore undertake to make decisions responsibly and respectfully, to comply with competition protection regulations and avoid any practices or conduct whose purpose may in any way be to restrict or distort free competition.

Political neutrality

At Telefónica we remain politically neutral. Under no circumstances do we take a direct or indirect position in favour of, or in opposition to, any political party.

We do not make donations to political parties, nor to public or private organisations linked to political parties.

This does not hinder us complying with the current legislation, from making our points of view known regarding issues that may affect the Company's management or sustainability through lobbying activities. We provide transparent information on our lobbying activities and relationships, as appropriate, by means of the different records kept for this purpose.

2. Corporate governance and internal control

Our fundamental corporate governance principles are contained within our internal regulations, specifically in the Articles of Association, Board of Directors' bylaws, in the General Shareholders' Meeting Rules of Procedure and in certain related Policies.

With regard to the principles that guide our corporate governance, we highlight the following:

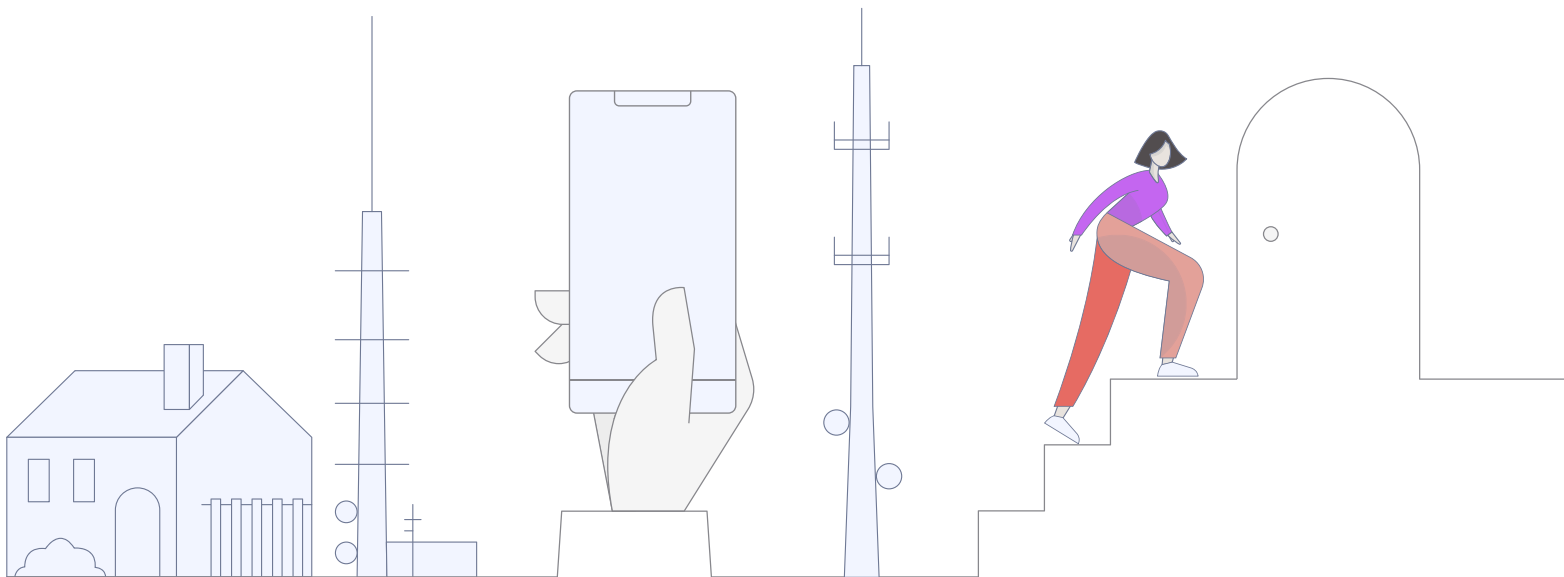
- a. the maximisation of the Company's value in the interest of the shareholders;
- b. the essential role played by the Board of Directors in overseeing the management and administration

of the Company; and,

- c. the transparency of information in the relationships with our stakeholders, including among others, our employees, shareholders, investors and customers.

Likewise, at Telefónica we have also designed a specific and precise organisational structure to address our strategic objectives with maximum guarantees. These objectives are geared towards a long-term sustainable company model.

This is achieved by:





Continuous improvement of corporate governance

At Telefónica we are firmly committed to continuously improving our corporate governance framework, increasing, strengthening and consolidating best practices in this area.

In this regard, we constantly analyse and review our corporate governance structures and the degree of compliance with the main existing recommendations on good governance, in accordance with the highest standards and guided by international best practices.

Likewise, the Company at all times considers possible short and medium-term improvement initiatives, seeking at all times a governance formula that best defends the interests of the shareholders and the creation of value.

Protection of shareholders' interests

We have mechanisms and tools in place which protect our shareholders and guarantee them access to financial, non-financial and strategic information, giving them fair access to information and decision-making.

We have a Shareholders' Office, aimed at serving retail investors, and an Investor Relations area, to serve institutional investors and financial analysts, protecting the interests of all shareholders and investors through continuous, direct contact with them via virtual or face-to-face meetings.

In addition, we make all updated information on the

Company available to everyone via our website: our share performance, financial information registered with supervisory bodies, conference and forum presentations, Insider Information and Other Relevant Information, financial calendars and contact details, among other items.

Internal control and risk management

We have laid down appropriate controls to evaluate and manage all relevant risks for Telefónica. Internal control is integrated in the daily activity of our Company, in all areas and within each scope of action, ensuring the achievement of operational objectives with accurate information and in strict compliance with the law, as well as assessing risks, defining insurance structures for possible contingencies and supervising these activities.

Our risk management process uses the Company's strategy and objectives as the basis for identifying the main risks. It is supervised by the Internal Audit area, which is an independent area of the Company's management responsible for ratifying, through timely evidence, that our internal control and risk management structures are working properly.

The Internal Audit department receives full cooperation from all internal departments in the Company, who are responsible for identifying and implementing risk management plans whenever a situation so requires. These plans respond to risks by anticipating or mitigating them. Regulatory compliance activities, carried out by the area in charge, complement this system of controls.

3. Respect for and promotion of Human Rights and Digital Rights

We respect and actively promote internationally recognized human and labour rights, including, among others, the United Nations Universal Declaration of Human Rights, as well as the principles related to the rights recognized by the International Labour Organisation (ILO) and the eight Fundamental Conventions which implement them. In accordance with the United Nations Guiding Principles on Business and Human Rights, we perform ongoing due diligence (with the support of external experts and in close consultation with our stakeholders) to identify, prevent, mitigate and remediate potential human rights impacts of our activities and those of our suppliers, partners and customers.

Human rights relevant to us include, among others, freedom of speech, privacy and data security.

Freedom of Speech

We are committed to the fundamental right of Freedom of Speech. As a multinational telecommunications company operating in regulated markets, in exceptional and legally envisaged circumstances our compliance with the law will require us to respond to requests from the competent authorities for certain information on our customers' communications or the blocking of contents. In these situations, we undertake to follow the internal procedures to ensure compliance with the applicable legislation while, at the same time, protecting the fundamental rights of the individuals concerned. Our activity in this area is the subject of specific publications issued on a regular basis as a sign of our commitment to the principle of transparency.

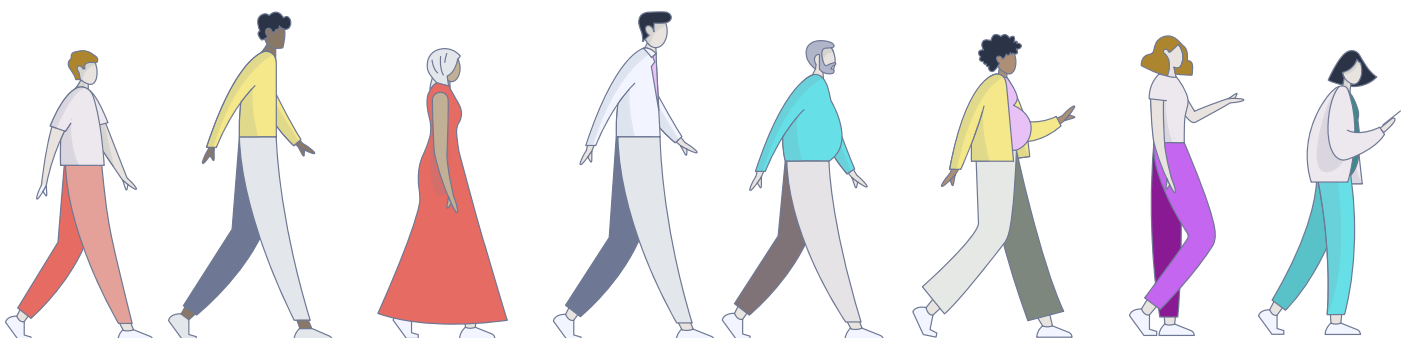
Privacy and Security

At Telefónica we attach particular importance to the rights and freedoms related to the confidentiality of communications and the privacy of personal data, as well as the security of the information that passes through our networks. To this effect, we facilitate robust and reliable connectivity and offer value-added products and services to safeguard our customers' privacy and protect their personal data.

Respect for data **privacy** is basic to our business and a primary concern when designing our products and services. We are committed to compliance with the regulations on data protection and privacy in the markets in which we operate. In any case, our customers have the possibility to know what personal data we collect, how and for what purpose we use it, as well as the option to control its use. In this regard, our **local Privacy Centres** are particularly relevant.

Our **security** commitment is to anticipate, prevent and respond to threats related to our information systems, guaranteeing a standardized minimum level in accordance with the needs of each business. We implement the necessary security measures to protect people and their property: the confidentiality, integrity and availability of the information we manage.

In the case that security is compromised, we act swiftly and responsibly to solve the problem.



4. Our commitment to the environment

Protecting the environment is essential to sustainable development, and as companies we have a responsibility to contribute to its conservation.

At Telefónica we work to minimise our negative impact on the environment while maximising the positive impact of digitalisation, helping companies in other sectors to reduce their own impact and collaborating with business partners, suppliers and other stakeholders with whom we share common goals.

We make specific commitments on the most relevant aspects of our operation, such as energy consumption, greenhouse gas emissions and the use and recycling of electrical and electronic equipment.

In this way we promote decarbonisation and circularity in the Company, through renewable energies, energy efficiency, eco-design and the reuse of equipment.

Environmental management

We have environmental management systems in place in all of the Telefónica Group's telecommunications operations. This, in addition to guaranteeing compliance with environmental legislation, helps us improve resource management and minimise our impact on biodiversity.

Furthermore, we incorporate environmental standards into our purchasing processes, thereby engaging our suppliers in the reduction of the environmental footprint of our entire value chain.

To honour our commitments, we encourage our employ-

ees, partners and suppliers to adopt environmentally responsible behaviours and raise awareness among our end customers of our progress in this field.

Energy and climate change

We are well aware of the urgent need to reduce CO2 emissions, which is why we have bolstered our targets to help limit the global temperature increase to 1.5°C and reach zero net emissions.

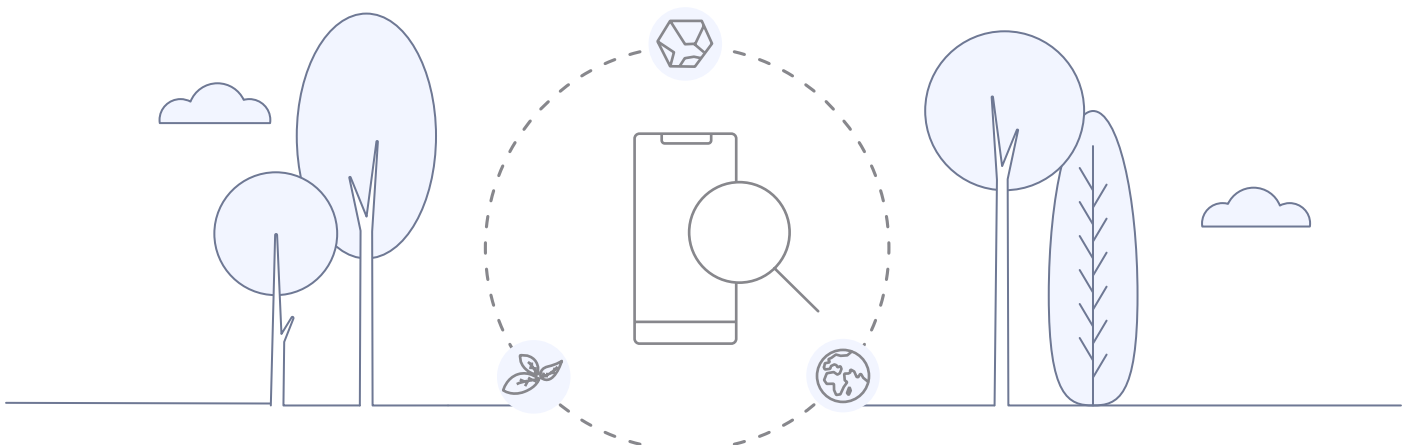
To this end, our main levers are our Energy Efficiency and Renewable Energy Plans, as well as the Energy Management Systems that we are progressively implementing in our operations.

In addition, we assess the risks arising from climate change and seize the opportunities of a decarbonising economy, where digitalisation and our Eco Smart services have a very important role to play.

Circular Economy

We embrace the principles of the Circular Economy both internally and externally with our suppliers and customers.

Redesign, reduce, reuse and recycle are the basis for minimising the waste of resources and improving our efficiency in their use. The eco-design of our products and the reuse and recycling of electrical and electronic equipment are fundamental for us to move towards becoming a zero-waste company.



5. Innovation, development and responsible use of technology

We monitor and guarantee compliance with safety and quality standards in the design, manufacture, distribution and maintenance of our products and services, as well as those we distribute.

We are also committed to sustainability by design in order to avoid potential risks, minimise possible negative externalities and promote a positive social and environmental impact of our products and services. If and when we detect a safety risk in this regard, we report the situation and take appropriate actions to remove it.

We make a special effort to promote the responsible use of technology in order to contribute to the positive impact of the Internet and digital tools in all areas of our lives.

- Focused on people, so it is at the service of society and only generates real benefits. In no case can it have a negative impact on human rights or the achievement of the UN Sustainable Development Goals.

- Respectful of the "Privacy and Security by Design" rights of the personal data used.

Eliminating obstacles

We want to ensure that people with disabilities can access the benefits of technology, building a more accessible world. Therefore, we are committed to incorporating accessibility criteria in our products and services from the design stage, while improving the accessibility of all our facilities and customer service and information channels.



Artificial Intelligence

At Telefónica, we are firmly committed to ethics in Artificial Intelligence, and we believe that it should be:

- Fair, i.e., not resulting in discriminatory outcomes on the basis of skin colour, ethnicity, nationality, religion, gender, age, sexual orientation and gender identity, or disability.

- Transparent and clear, we are explicit about the type of data used, whether personal or not, and what we use it for.



6. Responsible communication

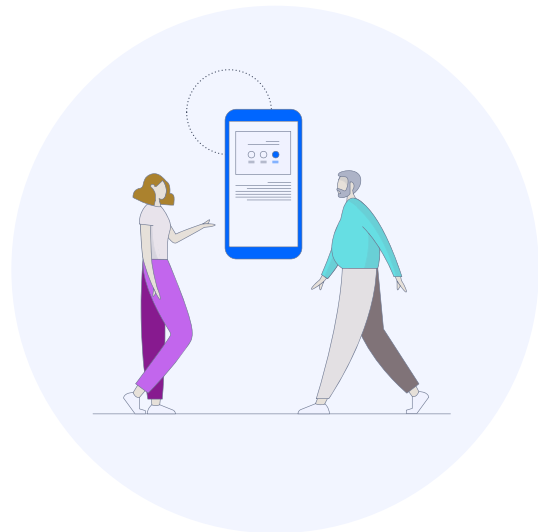
We promote freedom of speech, pluralism, diversity, as well as freedom of opinion, and we are committed to truthful information, education, awareness and inclusion. As a company dedicated not only to facilitating communication, but also to generating cultural, sporting, advertising and entertainment, etc., content that could impact and influence society, we take ownership of promoting responsible, ethical and quality communication. We apply ethical and editorial standards to all our advertising messages and/or sponsorships prior to broadcasting to ensure that they:

- Do not take advantage of the good faith of the consumer.
- Do not infringe upon people's dignity.
- Do not include messages or images promoting alcohol consumption, smoking, drug-taking, eating disorders or terrorism.
- Do not incite hatred, violence or discrimination based on racial, ethnic, national, religious, gender or sexual orientation; we promote the use of neutral and non-sexist language.

- Do not encourage illegal behaviour or behaviour that harms the environment.
- Do not take advantage of minors' naivety.

Use of social networks

The use of social media (any digital communication channel that allows the creation, sharing or publication of content) by employees must comply with internal guidelines.



7. Our commitment to our customers

Our customers not only demand quality products and services, they also expect us to act transparently and honestly. Our priority at all times is to deliver on this commitment, in order to establish a relationship of trust and mutual benefit.

The customer is and must be the guiding principle in everything we do, and we therefore strive to understand and anticipate their needs and opinions, measuring their degree of satisfaction with our products and services. We must always adhere to the standards of trust that constitute **Telefónica's Customer Promise**: a firm commitment to act with transparency, simplicity and integrity. We must only ever offer what we are sure we can fulfil.

By reporting with clarity and acting with consistency and coherence, we earn our customers' trust. We include truthful, clear, useful and accurate information when marketing our products and services and ensure that

they meet all required and advertised specifications.

We provide customers with the necessary information to understand the scope of the product or service and the costs associated with it, as well as detailed information on invoicing and charging.

We offer our customers different channels so that they can contact us to request information or express their dissatisfaction with our products or services whenever this occurs.

We act quickly and diligently to resolve any accredited request.

8. Our commitment to our employees

At Telefónica we believe the motivation of our teams and professionals is essential. *Their enthusiasm and commitment to the Company's purpose and values is key to achieving the Company's objectives.*

This is why, in addition to ensuring compliance with our workers' labour rights and protecting their health and safety, we are committed to maximising their potential. To achieve the above, we are committed to continuous learning of those skills that are most in demand in the market in order to achieve the professional enhancement of our employees, we implement new ways of working, we promote a culture of well-being and we facilitate the work/life balance. We also promote diversity and inclusion in our teams and ensure gender equality in all company processes, thus reducing the pay gap.

Career development

We support our employees' career development, enhancing their skills, ensuring their employability and improving their future prospects in the workplace. To this end, we provide employees with the necessary tools to ensure continuous training, in particular by enhancing their digital skills. Our internal selection, hiring, training and promotion processes are based on clear criteria of integrity, equality, ability, skill and professional merit.

We encourage our employees to find out how their contributions to the achievement of the Company's objectives are evaluated. We also encourage employees to actively participate in the evaluation process while fostering the practice of having regular meetings with their leaders.

We seek to ensure equal opportunities throughout all the stages of a workers' lifecycle, ratifying our commitment to diversity and equality in the selection and recruitment, promotions, talent management, remuneration and training processes implemented by the Company.

Compensation

We undertake to ensure that our compensation is fair and appropriate to the labour markets in which we operate and, to guarantee the above, we use indicators that measure our employees' compensation against the wider market. In addition, our remuneration policies are

based exclusively on merit and ability in relation to the job requirements, which is why we are committed to reducing and eliminating the pay gap. Complementary to this, we offer benefits that can be chosen by our employees, respecting their individuality and stage of life.

Labour rights

We guarantee that all employees have their labour rights respected, and we do not tolerate under any circumstances forced labour, threats, coercion, abuse, discrimination, violence or intimidation, or child labour in our work environment.

We respect the right of our employees to belong to the trade union of their choice and we will not tolerate any retaliation or hostile action towards employees who take part in trade union activities.

Diversity and inclusion

At Telefónica, we are firmly committed to the principles of equality and non-discrimination. We believe in the importance of working with diverse and inclusive teams, to attract and retain talent, get the best out of our employees, empathise with our customers, drive innovation and be more productive. That is why we promote equal opportunities, we encourage having a diverse team and we work to ensure an organisational culture of equity, plurality and inclusion, in which the unique skills, abilities and ways of thinking of our employees help us to make the best decisions.

In view of the above, we categorically oppose any conduct or practice associated with prejudice on the basis of, inter alia, nationality, ethnic origin, skin colour, marital status, family responsibility, religion, age, disability, social status, political opinion, health (e.g., HIV status), gender, sexuality, sexual orientation, gender identity and expression.

Safety, health, and well-being

At Telefónica we understand that safety, health and well-being at work encompasses physical, mental and so-

cial well-being. We therefore implement initiatives that foster a culture of well-being at all levels of the organisation, generating a positive impact on the well-being and motivation of our employees, as well as on other stakeholders and their environment.

We have all the necessary procedures in place to prevent workplace accidents, injuries and illnesses associated with our regular business activity through strict compliance with our regulatory environments, training and preventive labour risk management.

We encourage all employees to take care of their physical and mental health, as well as the health of those around them.

Work/life balance

We are committed to work/life balance as a key factor in attracting, retaining and developing talent. That is why we are working on more flexible working time models

that increase the commitment, satisfaction and productivity of our teams.

In this respect, we recognise the right to digital disconnection of all our employees in an agreement signed with the most representative trade unions in the countries where we operate.

New ways of working

We foster the implementation of more agile and transversal ways of working, which allow us to focus on our customers' needs, prioritise the delivery of value by being more efficient and innovative, and provide teams with greater autonomy and speed in decision-making.

In addition, we are developing hybrid work models that enable a better work/life balance while increasing productivity by optimising the use of technology.



9. Our commitment to the societies in which we operate

As a telecommunications and value-added technology services company, we want to meet our responsibility to contribute to the social, technological and economic progress of the countries in which we operate, investing in telecommunications infrastructures, generating employment and developing services that improve access to technology and people's quality of life. Therefore, we see the achievement of the United Nations Sustainable Development Goals (SDGs) as a privilege an opportunity to leave no one behind, a goal aligned with our objective.

At Telefónica, we believe that our contribution to society must go beyond the value generated by our commercial activity and we are working to integrate the SDGs into the heart of the Company so that they can serve as a framework for monitoring, evaluating and communicating our contribution and impact on society and the planet.

Likewise, we collaborate with civic, community-based, not-for-profit organisations and public initiatives focused on eradicating social issues in local communities where we operate, by offering our skills and technology.

10. Responsible management of the supply chain

Sustainability in the supply chain is a key issue in the telecommunications sector, where companies increasingly share parts of the value chain with their suppliers and contractors.

We promote sustainability to broaden the positive impact on society and the planet of the products and services we offer to our customers, as they are always the result of a mutually beneficial relationship with our business partners and suppliers. Our relationships balanced and built on trust, and generate a joint commitment to quality, innovation and end-customer satisfaction.

We are committed to acting with rigour, objectivity, transparency and professionalism in relation to our business partners and suppliers.

For that purpose, we use a global purchasing system that promotes competition and guarantees transparency and equal opportunities for all our current or potential partners and suppliers.

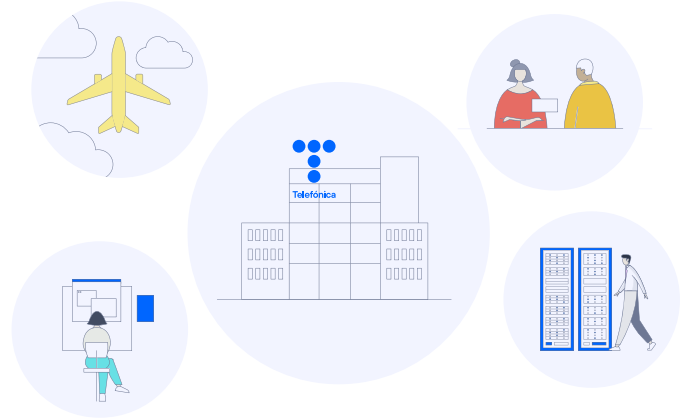
In order to meet our commitment to responsibility throughout our value chain, we require our business partners and suppliers to comply with Telefónica Group's minimum criteria for responsible business.

It is important that those employees that carry out purchases or acquisitions for the Company take individual responsibility for working with responsible suppliers and partners, and that they carry out reasonable controls to ensure, beyond the quality of the service provided or product delivered, that they act responsibly towards their stakeholders at all times.



III. Scope of coverage

These principles are directed towards all of us who form part of Telefónica Group, independent of where we perform our activities or of our specific role or function in the Company. These principles are also directed at our suppliers and business partners, with the goal of ensuring their compliance throughout the value chain by means of the approval thereof or their equivalent.



IV. Compliance with the Principles for Responsible Business

All Telefónica Group employees have an obligation to learn about and comply with these Principles.

All employees, customers, suppliers, shareholders, partners and any other stakeholders have an anonymous and secure communication channel allowing them to communicate their concerns, requests, suggestions, queries or complaints in relation to compliance with these principles. **Through the Concern and Whistle-blowing Channel**, the Company diligently and respectfully follows up on any communication that reaches it, and is committed to respond and act, if necessary, within a reasonable period of time.

We train our professionals with a compulsory online course, which we complement with in-person activities to further some principles, insisting on the importance of putting them into practice.

Non-compliance with these principles by employees will be considered a labour infringement that is liable to be penalised in accordance with the specific provisions of the applicable legislation, without detriment to any other actions that may be legally applicable in the criminal or administrative field.

V. How to put these Principles into practice

If you are ever unsure of how to act, ask yourself the following:



- Is my action coherent with our principles?
- Is it legal?
- Is it ethical?
- Does it foster a relationship of trust with my customer, my partner or my colleague?
- Would it create a problem for the Company were it to appear in the press?
- What would the people I most respect do in this situation?

If you are still not sure, ask for advice. There are many situations that are not directly covered by our principles, but you can get help by consulting us:



POLICIES:

Here you will find resources to help you learn more about our standards and other matters related to these principles. In addition, the Compliance and Sustainability areas can assist you in understanding the Responsible Business Principles.



EMPLOYEES:

If you are an employee, ask your manager, Compliance or the Whistleblowing Channel, where you can ask questions, seek advice or raise issues relating to the principles confidentially and anonymously, if you wish.



SUPPLIERS:

If you are a supplier or other interested party, you can contact us through the Queries Channel on our website. We will examine each enquiry in the strictest confidence and respond within a reasonable period of time.

[Access here](#)

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