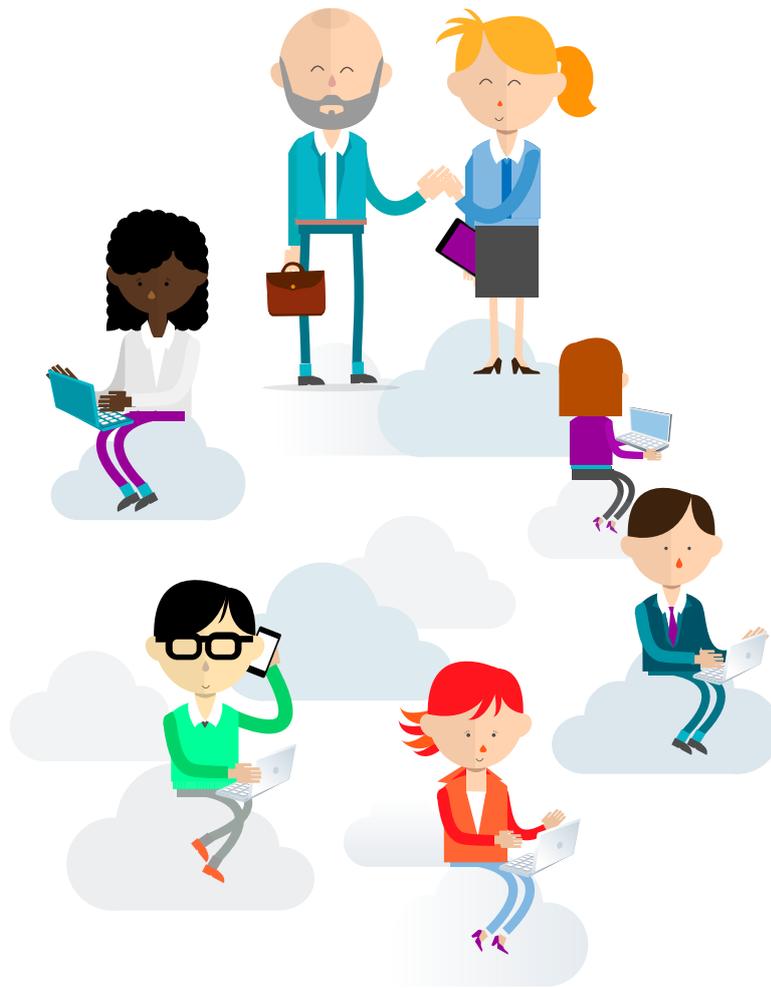


Telefónica

Telefónica Business Principles_





The way we work reflects the type of company that we want to be and how we are seen by everyone that interacts with us.

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

This document is intended to be a response to that need: it describes our Business Principles and the ethical standards we follow as a

company for all things we do.

Business partners and suppliers are an important part of our value chain, and so we must require that they also adopt our Principles or their own equivalent ones so as to ensure our compliance with what we defend.



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INTRODUCTION_

1 What are the Telefonica Business Principles?

They are principles, standards and behaviours that must govern everything we say and do during our daily activities, when working individually and as a team. We have an individual and shared responsibility to act with integrity, transparency, and commitment in order to generate and establish a trusted relationship with all our stakeholders, and these Principles are our guide to fulfilling that responsibility.

2 Why are they important?

Because they reflect the type of company we want to be, they help us build and maintain long-term relationships with our stakeholders, and they directly affect our professionalism and productivity. In addition, they enable us to establish business relations with associates and partners who have similar principles, with the shared goal of contributing to making the world a better place to live.

These Principles must serve as a guide for all our actions and decisions when communicating with others, both within and outside the company.

3 Who do they apply to?

These Principles are directed towards everyone who forms part of this company, 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 that our principles are complied with throughout the entire value chain.



4 Adherence to our Business Principles

Everyone's observance of these Principles will help the company act in an ethical and responsible manner for all its stakeholders and society in general, which is why it is important that we have tools available so we can act when we believe compliance with these principles, or an internal standard approved under these Principles, is lacking.

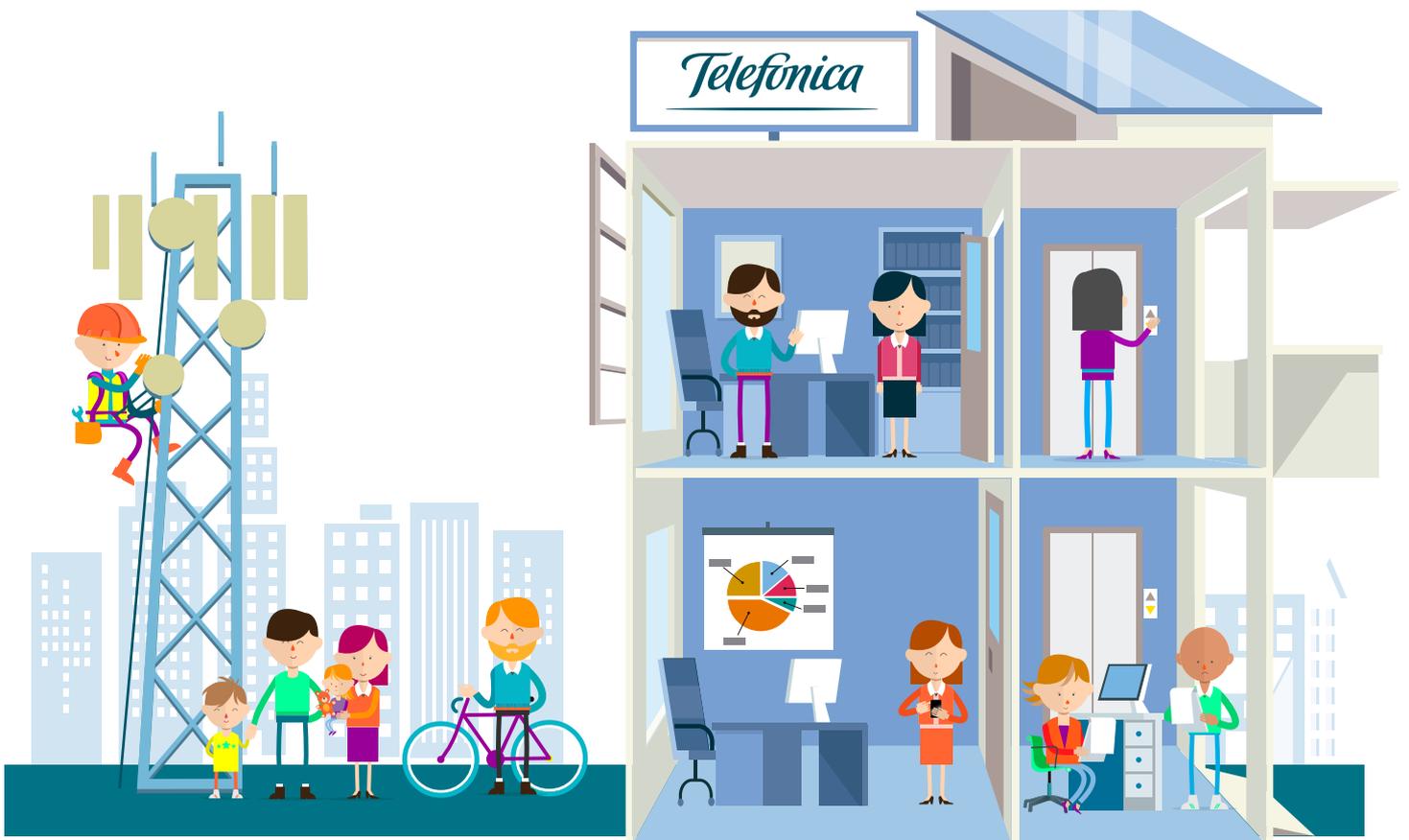
Any customer, employee, supplier, shareholder, partner or other stakeholder must have an anonymous and secure communication channel that enables communication of doubts or reports regarding compliance with these Principles. As such, employees have the

👉 **Reports Channel** while other stakeholders can communicate with us through the

👉 **Responsible Business Channel** .

In both cases, the company will diligently and respectfully follow up with any received communication, and is committed to responding and acting, when necessary, within a reasonable period of time.

In cases in which the Company confirms that an employee has consciously violated any of these Principles, the company reserves the right to act, either imposing the corresponding penalty or taking the allowed legal action according to the applicable penal and/or employment arrangements in each case.





OUR CORE PRINCIPLES _

Our Responsible Business Principles arise from three basic values: integrity, commitment and transparency, values which are essential in promoting the relationship of trust we wish to sustain with our stakeholders.



INTEGRITY

Integrity for us means honesty and acting in accordance with non-negotiable ethical standards.



COMMITMENT

The relationship we undertake with each of our stakeholder groups is based on a commitment to always act in a responsible manner and to stand by our commitments.



TRANSPARENCY

We commit to providing our customers, employees, suppliers, shareholders and society in general with clear and accessible information about our strategy and our activities and that they may ask questions or raise doubts they may have in this respect at any time.



OUR BUSINESS PRINCIPLES _

1 Ethical and responsible management

Respect for the Law

We ensure compliance with all regulations and standards that are applicable to us, nationally and internationally, and we develop policies and internal standards the purpose of which is to encourage compliance by all company employees.

Honesty

We avoid any actions that could be interpreted as dishonest, including situations of conflicts of interest or situations that generate improper 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:

> We prohibit all forms of bribery. We do not permit promising, offering or giving any benefit or advantage of any nature to persons, to influence any kind of decisions (including official, administrative or judicial decisions) or obtain improper advantages for the Company. It is also prohibited to accept any benefit or advantage that might result in a failure of the duties and obligations of a Telefonica employee.

> We do not offer or accept gifts, hospitality or other types of incentives which may reward or influence a business decision.

> We avoid or declare any conflict of interest which could place personal interests ahead of company interests.

Business Assets

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

Transparency of Information

We provide, immediately and indiscriminately, all relevant information. 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 Regulators, as well as in other public communications by the Company.

Privileged Information

We refrain from using, to our own benefit or that of third parties, privileged information, safeguarding confidentiality and implementing the control mechanisms and processes legally required by the Supervisory Authorities of the Stock Markets in all activities related to these Markets.



Fiscal Transparency

We act 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 information, both locally and globally, to facilitate comprehension of our tax matters.

We do not make donations to political parties or public or private organisations whose activities are clearly linked to politics. This does not hinder us from making our points of view known through lobbying or relationship building activities regarding issues that may affect the Company's management or sustainability. We provide transparent information regarding our lobbying and relationship building activities through various registers for this purpose.

Fair Competition

We believe in free and fair competition and commit to fair business practices in all our markets.

Human Rights

We respect and actively promote internationally recognised human and labour rights, including those contained in the United Nations Universal Declaration of Human Rights, and the principles related to the rights recognised by the International Labour Organization and its Eight Fundamental Conventions.

Political Neutrality

The company is politically neutral. Under no circumstances does it take a direct or indirect position in favour of or in opposition to any political party.





2 Our customer commitment

Our customers not only demand quality products and services, but also ask that **we do so in a transparent and honest manner**. The priority for each and every one of us is, and must be, **to fulfil that commitment at all times**. This must be with the aim of establishing a relationship of trust and mutual benefit.

The customers are and must be the centre of everything we do. This is why we endeavor to understand their opinions and needs and work to anticipate them, as well as to measure customer satisfaction.

We must always abide by a standard of trust, which constitutes the **Telefónica Customer Promise**: a firm commitment to act on the basis of transparency, simplicity and integrity.

We must only ever offer what we are sure we can fulfil. We include truthful, useful and precise information when selling our products and services. We check that they meet all the required and advertised specifications.

We verify and ensure that our products and services, as well as those that we distribute

meet manufacturing quality and safety standards. When, in spite of our diligence, we detect a safety risk, we report the situation and take the appropriate actions to eliminate it.

We provide our customers with the required information in order to understand the scope of the services we offer and their associated costs, and we provide detailed information with respect to invoicing and charges.

We offer our customers different channels so they can communicate with us when dissatisfied with our products or services, and we act swiftly and diligently to resolve any warranted request.

3 Our employee commitment

Employees are the company's most valuable asset. Their enthusiasm and commitment to the Telefónica strategy is key to Telefónica achieving its vision.



Professional Development

We support our employees' professional development and encourage the improvement of their skills and abilities. To this end, we provide everyone with the tools required for their continued training.

Our selection, training, recruitment and promotion processes are based on clear criteria of ability, skill and professional merit.

We promote awareness of how employees' contributions are evaluated in the process of achieving company goals. We promote active participation in the evaluation process so that together we can all continue improving in our jobs. We also want to contribute to our employees' personal development through training and information resources and tools, so they can achieve a balance between their professional and personal lives.

Compensation

We ensure that compensation is fair and appropriate to the labour markets where we manage our operations.

Labour Rights

We guarantee that all employees may exercise their labour rights, and do not tolerate any situations of forced labour, threats, coercion,

abuse, discrimination, violence or intimidation, or child labour in our working environment.

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

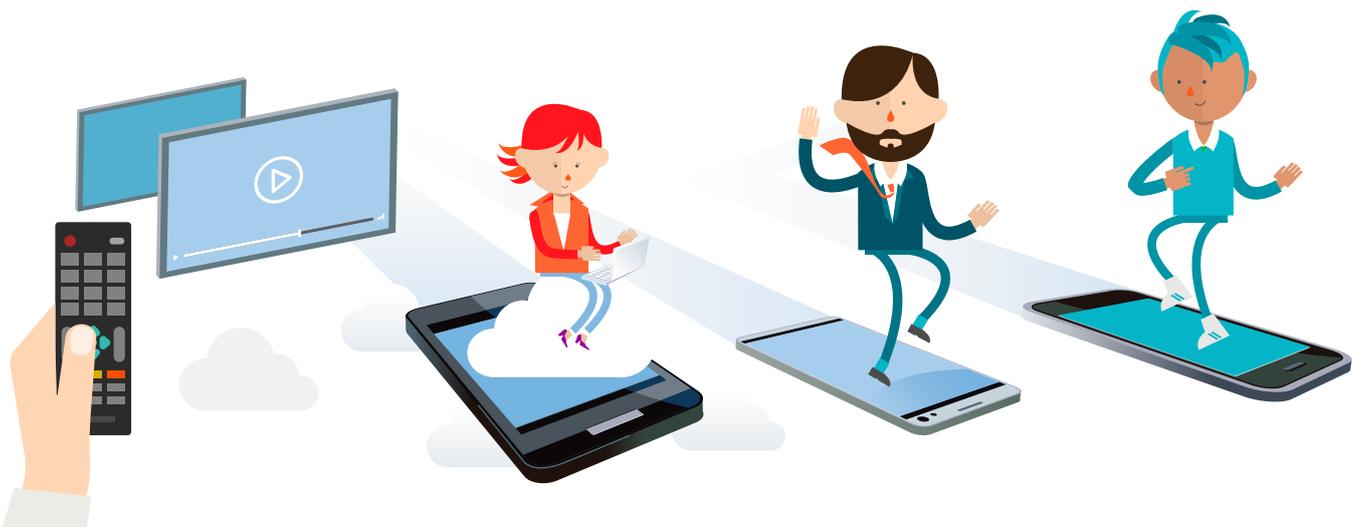
Diversity

We believe in the importance of working with diverse teams, in order to reflect the reality of the communities we operate in and better anticipating their needs.

We promote diverse teams and guarantee equal opportunity. We treat all people fairly and impartially, without prejudices related to race, colour, nationality, ethnic origin, religion, gender, sexual orientation, marital status, age, disability or family responsibilities.

Health and Safety

We establish all the necessary processes to prevent workplace accidents, injuries and illnesses associated with our professional activity through strict compliance with our regulatory environments, training and preventive labour risk management. We encourage all our employees to take care of their health and the health of the people around them.





4 Corporate governance and internal control

Corporate Governance

The company is managed according to the highest standards regarding corporate governance. We are guided by international best practice, and most specifically by the codes and regulation applicable to us in the markets where we are listed.

Shareholders

We have mechanisms and instruments that protect minority shareholders by guaranteeing them access to appropriate financial and strategic information that allows them to depart from the necessary equity with regard to access to information and decision-making. For this reason we have a Shareholder's Office and an Investor's Relations Department, and we make available to all, all updated information

about stock performance, all financial information for official records, quarterly results, presentations from conferences and forums, relevant facts, financial calendars and contact points.

Internal Controls and Risk Management

We establish appropriate controls to evaluate and manage all relevant risks to the Company.

Our risk management activities are coordinated with the internal auditing department and are supported by collaboration from all internal company departments, who are responsible for identifying and implementing risk management plans whenever a situation so requires. Our regulatory compliance activities complement these control systems





5 5. Respect for privacy rights and the freedom of expression

As a company dedicated to **information and communication technology**, we place special emphasis on the protection of users' rights that affect **confidentiality, privacy and information security**. By facilitating connectivity and offering added value services, we are particularly careful when protecting our customers in these areas, inasmuch as we can influence the control over these rights.

Security and respect for data privacy are the foundation of our business and are of paramount concern when designing our services. We are committed to compliance with all regulation in force in the markets in which we operate. In any case, our customers must know what personal data we collect, how and what we use it for and they must be able to control its use.

Our commitment to legal compliance will require, in exceptional circumstances and always expressly prescribed by national law, a response to administrative or judicial requests with reference to certain information regarding our customers' communications or the blocking of content. In these situations, we are committed to following internal procedures that guarantee compliance with the applicable legislation.





6 Our commitment to information security

Our commitment to security includes anticipating, preventing and responding to threats ensuring common minimum standards in accordance with the requirements of each business.

We implement the necessary security measures to protect the confidentiality, integrity and availability of the information we manage. In the case that security is compromised in any way, we act swiftly and responsibly to solve the problem.

7 Responsible communication

We promote freedom of expression, pluralism, diversity and are committed to inclusion, education and truthful information. As a company dedicated not only to facilitating communication, but also to generating cultural, sporting, advertising and entertainment and

other content that could have an impact and influence over society, we assume the responsibility of promoting responsible, ethical and quality communication.



8 Responsible management of our supply chain

The **products and services** we offer to customers are always the result of a **mutually beneficial relationship** with our business partners and suppliers. We must try to ensure that these **relationships are balanced and of mutual trust**, and that they generate a commitment to quality, innovation, and satisfaction of the end customer.

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

In order to fulfil our commitment of responsibility throughout our entire value chain, we demand that our business partners and suppliers comply with our Business Principles or ones equivalent to our own, in addition to requiring compliance with our  **Sustainable Supply Chain Policy**. Everyone within the company performs purchases or contracting in order to fulfil our functions. It is important that we assume our individual responsibilities to work with responsible suppliers and partners and perform the reasonable controls to ensure, over and above the quality of the delivered product or provided service, that at all times they act in a responsible manner regarding their stakeholders.

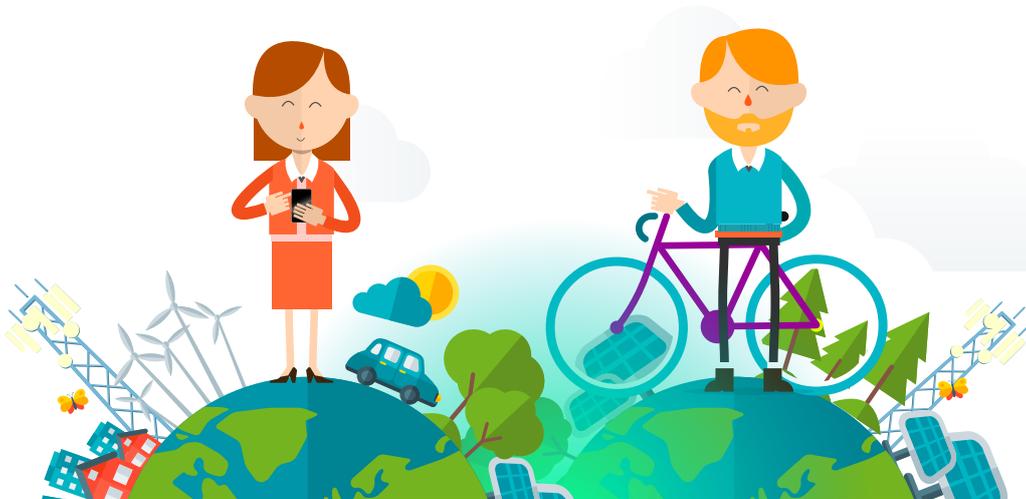


We use a global purchasing system that promotes competition and guarantees transparency and equal opportunities for all our current or potential partners and suppliers.



9 Our environmental commitment

Protecting the environment is essential to sustainable development, and as companies we have a responsibility to contribute to its conservation. Telefónica works to **minimise its negative impact on the environment** and to generate services that help mitigate the harmful effects of other sectors.



We take on specific commitments in key aspects, such as energy efficiency, emissions reduction, and the use of renewable energies, thus contributing to decarbonisation of the economy. We implement environmental management systems that, in addition to guaranteeing compliance with environmental legislation, help us improve efficiency of our

resources consumption, reduce or reuse our waste, and minimise our impact on biodiversity.

In order to be able to comply with these commitments, we promote that each one of us adopt environmentally responsible behaviour, and that we continue raising awareness among our end customers of our progress in this field.



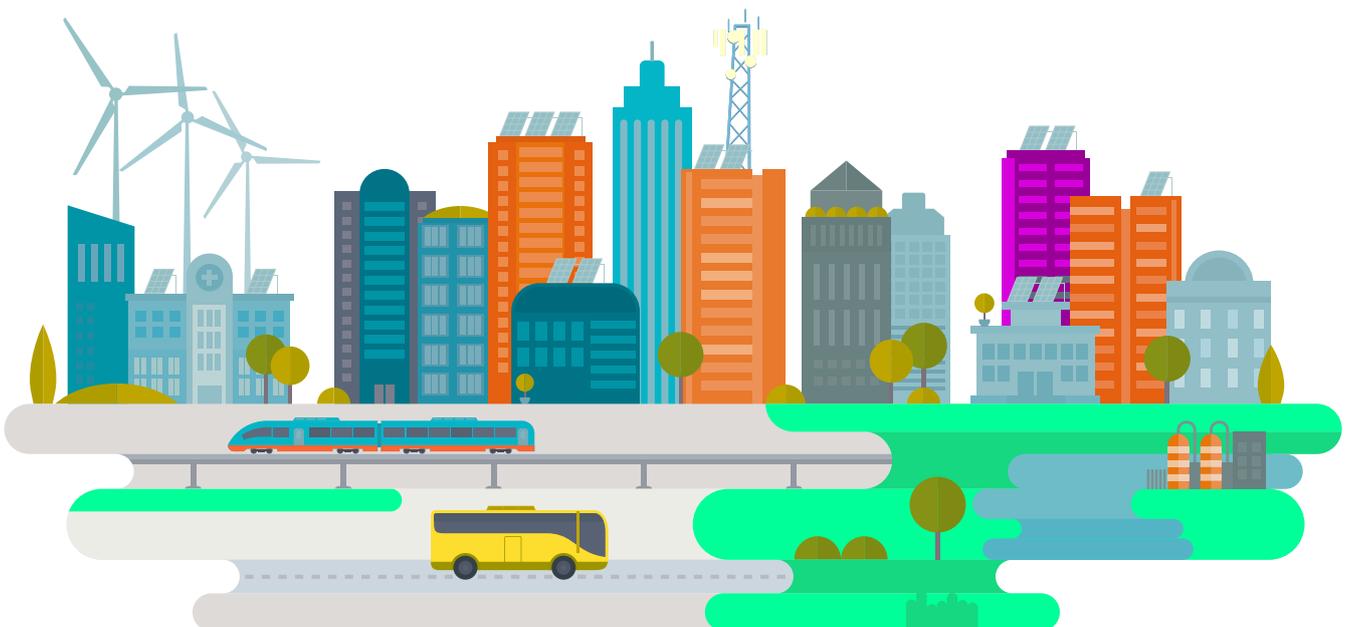
10 Our commitment to the societies in which we operate

As a company focussed on telecommunications and added-value technology services, we want to assume responsibility for our contribution to the social, technological and financial progress of the countries where we operate by investing in telecommunications infrastructure, generating employment and developing services that improve people's access to technology and quality of life.

We make a special effort to promoting responsible technology use, with the goal of

contributing to technology having a positive impact on all aspects of our daily lives. We are especially committed to protecting children and young people online.

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





HOW CAN I 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?
- > It is legal?
- > Is it ethical?
- > Does it foster a relationship of trust with my customer, my partner, my work 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 exist many situations that are not directly described in our Principles. You can get help by consulting:



POLICIES_

Our **policies and norms**. Here are some resources that will help you discover further in depth our policies, norms and manuals. In addition, Compliance area can help you in the interpretation of the norms that develop our Business Principles.



EMPLOYEE_

If you are an employee, consult your superior, **the Responsible Business Office** in your country, or the Responsible Business channel, the confidential and anonymous line where you can ask questions, request advice, raise questions regarding compliance with the norms, and express concerns or register complaints.



SUPPLIER_

If you are a supplier or other interested party, you can raise your concerns or make complaints through the **Responsible Business Channel on our web page**. We examine each enquiry with the strictest confidentiality and will respond in a reasonable period of time according to each enquiry.



Telefonica
