

# Action principles of the Fundación Telefónica



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# 1. General Action Principles

At its meeting held on 20 November 2009, the Board of Trustees of the **Fundación Telefónica** approved its Action Principles, principles that inspire and define the way in which it carries on its activity, principles which must be applied by all employees in carrying out of all their activities, and principles whose main pillars are integrity, transparency, and commitment. These Principles, prepared taking into account the most demanding international standards and ethical principles, apply to the **Fundación Telefónica** as a whole, to the functioning of its Board of Trustees specifically, and also to the entities and providers with which the Fundación collaborates.

The Action Principles of the **Fundación Telefónica** are further complemented with the Statutes of the Fundación that, together with the internal regulations approved by the Board of Trustees and the Law, constitute the basis on which the responsible management of its projects and its interaction with society in general, are built. At the **Fundación Telefónica**, and on the basis of these Principles, we build our reputation, we earn the trust of our stakeholders, and we maximise the long-term value for society in general. Our reputation is built, and is impacted, by decisions and actions taken by each of the employees of the **Fundación Telefónica**. Compliance with our Action Principles helps us to make decisions, and act with integrity and professionalism.

To do so, at the **Fundación Telefónica**, within the strategic framework of responsible management:

- We identify real needs.
- We design and implement effective strategies (projects) adapted to these needs.
- We define objectives and impact indicators.

- We establish alliances and collaborations with the best-qualified partners.
- We measure and assess progress.
- We communicate our progress to stakeholders.
- Our Principles are addressed to all those who form part of the **Fundación Telefónica**, and those who collaborate with it, regardless of where we operate, and what is their position or function within the organisation.

In addition, given that the activities of our partners, collaborators, and providers may affect our reputation, we trust that they comply with the same action principles and encourage them to do so.

The observance of these Principles is essential; it is therefore necessary to have tools for reporting when they are not being complied with. Our employees have a confidential and secure communications channel that makes it possible to report incidents in relation to compliance with said Principles.

The **Fundación Telefónica** diligently and respectfully monitors any communication that it receives through said channel, and is committed to responding and acting, if necessary, within a reasonable period.

In the cases in which the **Fundación Telefónica** confirms that an employee has consciously breached any of these Principles, the **Fundación Telefónica** reserves the right to act, taking the measures that it deems appropriate and, if necessary, imposing the pertinent penalty and/or taking the legal actions permitted, in accordance with the employment law and/or penalty applicable in each case.

## 2. Our Basic Principles

Our Action Principles arise from three basic values: integrity, commitment, and transparency, essential values for promoting the relationship of trust that the **Fundación Telefónica** wants to have with its stakeholders. The relationship we have with each of our stakeholders is based on a commitment to always act responsibly and to keep our promises.

### Integrity

Our integrity entails honesty and acting in accordance with non-negotiable ethical standards.

### Commitment

The relationship we have with each of our stakeholders is based on a commitment to always act responsibly and to keep our promises.

### Transparency

We are committed to beneficiaries, employees, providers, partners, and society in general having clear and accessible information about our strategy and activities, and to their always being able to ask any questions, or clarify any doubts they may have related thereto.

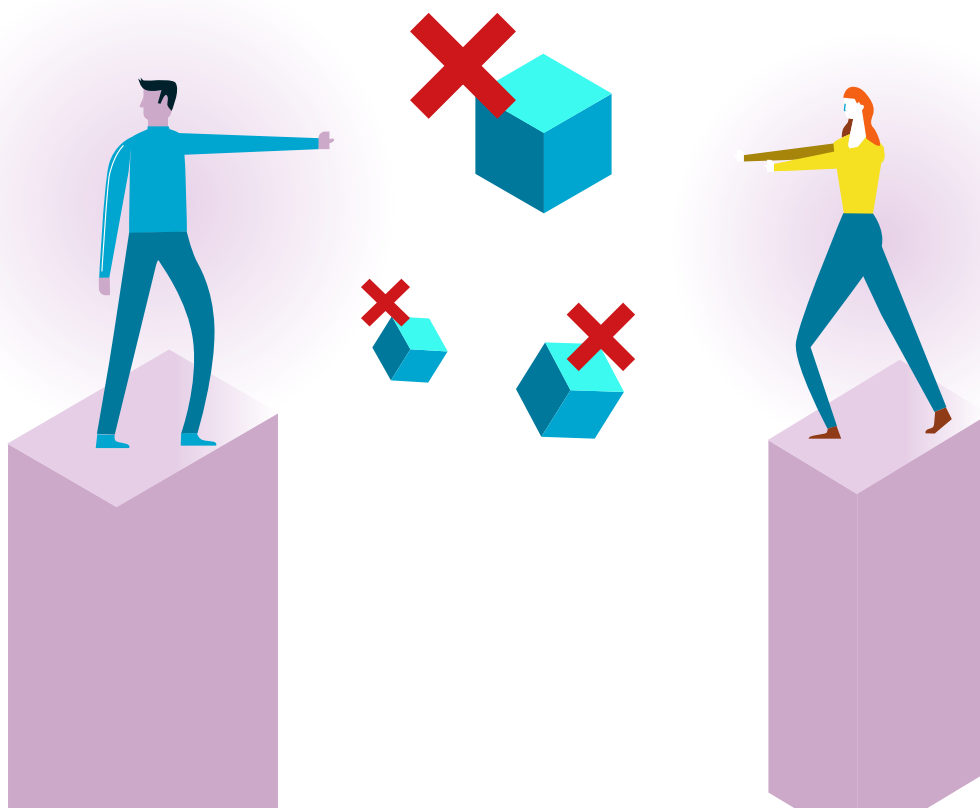


# 3. Guiding Action Principles in the Performance of Our Activity

## A. Ethical and Responsible Management

### HONESTY

- We are honest and trustworthy, fulfilling the commitments acquired regarding our stakeholders.
- We avoid any action that could be interpreted as dishonest, including conflict of interest situations or situations that generate undue advantages for the Fundación. This means that:
  - Any kind (including governmental, administrative or judicial) or obtaining undue advantages for the Fundación, is forbidden, as well as accepting any benefit or advantage that may result in a non-fulfilment of the obligations and duties of our employees;
  - we do not offer or accept gifts, invitations, or any other type of incentive that may reward or influence a decision-making process;
  - we avoid any conflict of interest that may prioritise personal interests ahead of the Fundación's interests.



## RESPECT FOR THE LAW

- We ensure compliance with all laws, regulations, and regulatory obligations, both domestic and international, also taking into account, among them, the internal policies and regulations whose goal is to promote the fulfilment thereof by our employees.

## POLITICAL NEUTRALITY

- We act institutionally with absolute political neutrality and we refrain from any direct or indirect adoption of positions, whether for or against the legitimate processes and political actors.
- Specifically, we do not make donations in cash or in kind of any kind whatsoever to political parties, organisations, factions, movements, or entities, whether public or private, whose activity is clearly linked with political activity.

## HUMAN RIGHTS

- We respect and actively promote the internationally recognised human and labour rights, including the content of the United Nations Universal Declaration of Human Rights, as well as the principles related to the rights recognised by the International Labour Organization (ILO) and the eight Fundamental Conventions which implement them.

## TRANSPARENCY OF INFORMATION

- We immediately and indiscriminately provide all relevant information.
- We are aware of the importance of sharing truthful, complete, timely, and clear information in the reports that we

present to our control bodies and society in general.

- The **Fundación Telefónica** discloses, in general, its purposes, projects, and activities that it carries on, the beneficiaries of its action, and any other relevant information using, as the main medium for this purpose, its web page [www.fundaciontelefonica.com](http://www.fundaciontelefonica.com)

## FISCAL TRANSPARENCY

- We act with honesty, transparency, and respect for the law while managing our fiscal affairs, and are committed to our obligation to correctly pay the legally required taxes, thus contributing to social and economic progress.

## PRIVILEGED INFORMATION

- We refrain from using privileged information for our own benefit or that of third parties, safeguarding confidentiality, and establishing the controls and processes legally required by our governance and control bodies.

## B. Commitment to the Beneficiaries of and Participants in Our Projects

- Beneficiaries and participants must be at the centre of attention on which our projects are implemented.
- We must only offer what we are sure about in order to be able to meet the commitments and obligations acquired in our projects with integrity.
- As guarantors of the development of said projects, we attempt to ensure that our

partners and allies also comply with their commitments and obligations.

- We provide the participants with the necessary information to be able to understand the scope of the project or activity which they will be part of.

## C. Commitment to Our Employees

### PROFESSIONAL DEVELOPMENT

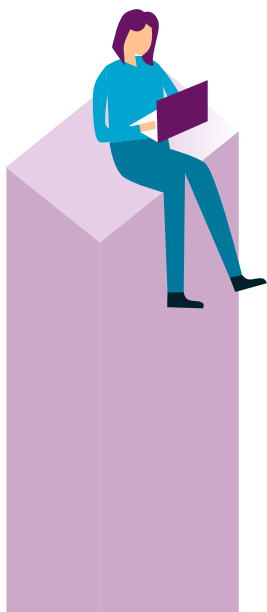
- We support the professional development of our employees, encouraging the improvement of their capabilities and competencies, making the tools necessary to ensure their continuous training and information available to them.
- We promote the active participation of employees in the achievement of objectives and in the assessment process of said objectives so as to jointly continue to improve our performance.
- Furthermore, we seek to contribute so that employees can achieve a balance between their personal and professional lives.

### LABOUR RIGHTS

- We guarantee that all employees enjoy their labour rights, in no case whatsoever tolerating forced labour, threats, coercion, abuse, discrimination, violence or intimidation, or child labour in our work 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 those who participate in trade union activities.

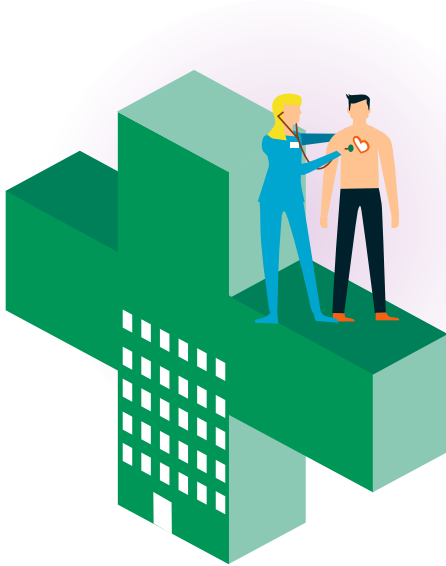
### DIVERSITY

- We believe in the importance of working with diverse teams in order to reflect the reality of the society to which we are oriented, and to be able to anticipate its needs.
- We promote diverse teams, guaranteeing equal opportunity. We treat all people fairly and impartially, without prejudices associated with race, colour, nationality, ethnic origin, religion, gender, sexual orientation, marital status, age, disability, or family responsibilities.



## HEALTH AND SAFETY

- We offer our employees a safe working environment. We establish all the necessary processes to prevent occupational accidents, injuries, and illnesses associated with our professional activity through strict compliance with all regulations, training, and preventive management of occupational risks. We encourage all our employees to take care of their health and the health of the people around them.



## COMPENSATION

- We try to ensure that our compensations are fair and appropriate to the labour markets in which we carry on our activity.

## D. Corporate Governance and Internal Control

### CORPORATE COVERNANCE

- The **Fundación Telefónica** is managed according to the highest standards regarding corporate governance. We are guided by the main domestic and international recommendations regarding the good governance of non-profit entities, and principles of founding social responsibility.

## INTERNAL CONTROL AND RISK MANAGEMENT

- We establish appropriate controls for assessing and managing the risks that stem from our activity, as well as their impact and probability of occurrence, taking into account factors such as the loss of value for the Fundación or reputational risks.
- All of the Fundación's departments participate in the identification of risks, implementing the action plans whenever the situation requires it. The regulatory compliance activities complement this control system.

## E. Privacy

- Security and respect for the privacy of personal information are the basis of our activity and our priority from the design of the Fundación's projects.
- We inform our beneficiaries, counterparts, volunteers, providers, and collaborators how we use and protect their information so that they have greater control over it, and thus comply with the current law regarding personal information protection, the privacy of users, and the secrecy and security of personal.

## F. Information Security

- Our commitment in terms of security involves anticipating, preventing, and responding to threats guaranteeing compliance with the security measures necessary to protect people and their assets, including confidentiality, integrity, and availability of the information we manage.
- If the security is compromised in any way, we act swiftly and responsibly to solve the problem.



## G. Responsible Communication

- We promote freedom of expression, pluralism, and diversity, and undertake the commitments of truthful information, education, and inclusion, assuming a responsible, ethical, and quality communication.

## H. Responsibility with the Supply Chain

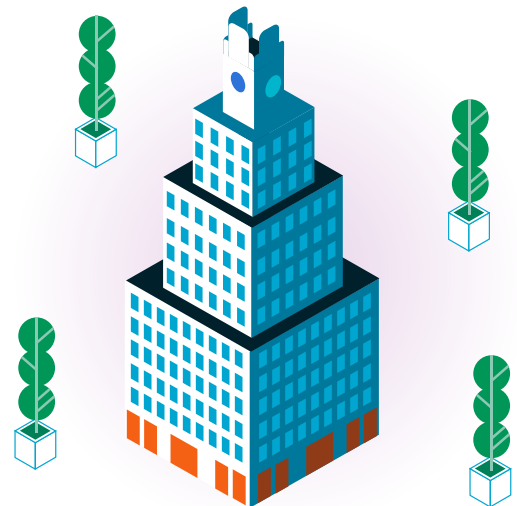
- The **Fundación Telefónica** is committed to acting with rigour, objectivity, transparency, and professionalism in relation to the entities and providers with which it collaborates.
- We require that our providers and allies develop their activities applying principles that are similar to those indicated in these Principles in order to ensure that they act responsibly at all times towards their stakeholders, and we require that they comply with the laws and regulations that exist in each country.
- We use a global procurement system that promotes competition, and guarantees transparency and equal opportunities for all our current or potential providers. We honour the payment commitments agreed with providers.

## I. Environment

- We are committed to sustainable development, the protection of the environment, and the reduction of any negative impact that our operations may have on the environment.
- In order to honour these commitments, we encourage all **Fundación Telefónica** employees to adopt environmentally responsible behaviour.

## J. Development of Society

- We contribute to the social, cultural, digital, and economic progress of the countries where we are present, fundamentally through collaboration projects that improve the quality of life of the local community.
- We seek to collaborate with non-profit and community organisations and civil institutions, and with public initiatives aimed at the reduction of social problems in the regions in which we operate, fundamentally through the use of our capabilities and technology so that our activity has a greater social impact.





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