

Telefónica

FUNDACIÓN

Guiding principles

Fundación Telefónica



December 2018

Index

1. General Guiding Principles	3
2. Our Core Principles	4
Integrity	4
Commitment	4
Transparency	4
3. Guiding Principles in the Exercise of Our Activity	5
A. Ethical and Responsible Management	5
B. Commitment to the Beneficiaries and Participants of Our Projects	6
C. Commitment to Our Employees	7
D. Corporate Governance and Internal Control	8
E. Privacy	8
F. Information Security	9
G. Responsible Communication	9
H. Responsibility with the Supply Chain	9
I. Environment	9
J. Development of Society	9

1. General Guiding Principles

The Board of Trustees of **Fundación Telefónica** approved its Guiding Principles at the meeting held on 20 November 2009, . These principles inspire and define how **Fundación Telefónica** operates and must be applied by all employees while performing their activities. These principles have three main pillars, which are integrity, transparency and commitment, and they have been defined under the most demanding international standards and ethical principles. These Guiding principles apply to **Fundación Telefónica** as a whole, and more precisely to the Board of Trustees and also to the collaborating entities and providers.

The Guiding Principles of **Fundación Telefónica** are further complemented by the Statutes of Fundación that, together with the internal regulations approved by the Board of Trustees and the Law, constitute the basis of the responsible management of our projects and our interaction with society in general. Based on these principles, at Fundación Telefónica we build our reputation and create trustworthy relations with our stakeholders, striving to maximise the long-term value for society in general. Our reputation is built and affected by the decisions and actions taken by each employee of Fundación Telefónica. Compliance with our Guiding Principles helps us to make decisions and act with integrity and professionalism.

To perform our activity within the strategic framework of responsible management, at **Fundación Telefónica**:

- 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 everyone who takes part of **Fundación Telefónica** and its partners, regardless of their role within the organisation or where we exercise our activity.

Moreover, given that the activities of our partners, collaborators, and providers may affect our reputation, we trust and encourage their compliance with the same Guiding Principles.

The observance of these Principles is essential, making it necessary to have reporting tools in case they are not being accomplished. Our employees have a confidential and secure communication channel to report any incident related to compliance with said Principles.

Fundación Telefónica diligently and respectfully monitors any communication received through this channel, and is committed to responding and acting, if necessary, within a reasonable period.

In case **Fundación Telefónica** confirms that an employee has consciously breached any of these Principles, 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 Core Principles

Our Guiding Principles arise from three basic values: integrity, commitment, and transparency, considered essential in the promotion of trustworthy relationships between Fundación Telefónica and its stakeholders. The relationship we have with each of our stakeholders is based on a commitment to always act responsibly and to stand by our promises.

Integrity

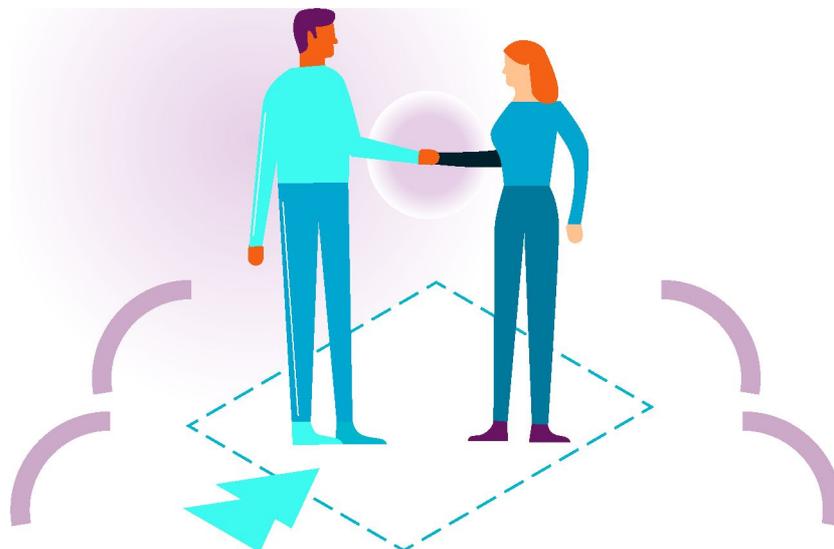
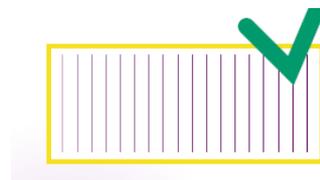
Our integrity entails honesty and acting in accordance with non-negotiable ethical standards.

Commitment

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

Transparency

We are committed to beneficiaries, employees, providers, partners, and society in general by providing clear and accessible information about our strategy and activities, and that they may ask any questions, or doubts they may have in this respect at any time.



3. Guiding Action Principles in the performance of our activity

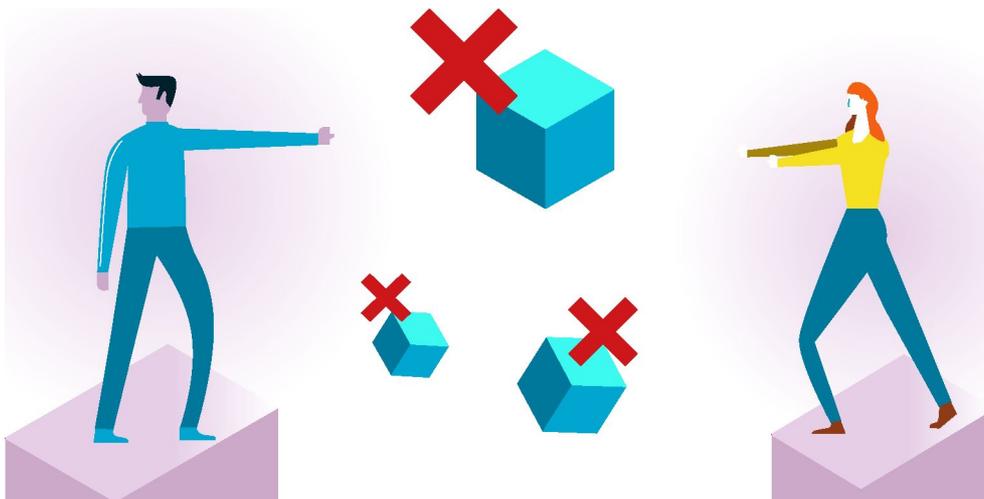
A. Ethical and responsible management

HONESTY

- We consider ourselves honest and trustworthy, given that we fulfil our commitments with stakeholders.
- We avoid any action that could be interpreted as dishonest, including conflicts of interest or situations that could generate undue advantages for Fundación. This means that:
 - All kinds of bribery are prohibited; promising, offering, or giving any benefit or advantage of any nature whatsoever to individuals in order to influence decisions of any kind (including governmental, administrative or judicial)

or to obtain undue advantages for Fundación. It is also forbidden to accept any benefit or advantage that may result in a breach 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 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.
- We do not make donation in cash or in kind 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.
- **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

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 the cornerstone of our projects.
- We must only offer what we can attain to ensure we are able to meet the commitments and obligations of our projects with integrity.

- As guarantors of the development of our projects, we work 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, encourage the improvement of their capabilities and competencies, and provide them with the necessary tools to ensure their continuous training and to make information available for them.
- We promote the active participation of employees in the achievement of objectives and their assessment process to jointly continue improving our performance.
- Furthermore, we seek to achieve a balance between the personal and professional lives of our employees.



LABOUR RIGHTS

- We guarantee that all employees can exercise 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 GOVERNANCE

- **Fundación Telefónica** is managed according to the highest standards regarding corporate governance. We are guided by the main domestic and international recommendations concerning

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, considering factors such as the loss of value for Fundación or possible reputational risks.
- All 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 partners about 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 information.

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

- **Fundación Telefónica** is committed to acting with rigour, objectivity, transparency, and professionalism in relation to our collaborating entities and providers.
- We ask our providers and allies to develop their activities applying principles that are similar to those indicated in these Principles in order to ensure that they act responsibly with their stakeholders. At the same time, we require them to 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, primarily 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, essentially using our capabilities and technology so that our activity has a greater social impact.



Telefónica

FUNDACIÓN

www.fundaciontelefonica.com