

Fundación Telefónica's Principles of Action

Fundación Telefónica plays a very important role in society in general. We have a responsibility to it, to our beneficiaries and partners, and to other stakeholders.

Our way of working reflects the type of organisation we aim to be and how we want to be seen by everyone that interacts with us. We want to be an organisation in which the beneficiaries of our projects, the entities we work with to achieve the general interest goals we pursue, employees, suppliers, and society in general, can place their trust. To achieve this, we must clearly communicate to our stakeholders the principles that guide our actions.

This document is intended to respond to that need: **our Principles of Action set out the values and guidelines we follow as an entity in all we do.**

The partners with whom we develop our projects and the suppliers we contract are an important part of our value chain, so we have a responsibility to require them to adopt our Principles, or equivalent ones set by their own, that guarantee compliance with everything we stand for.



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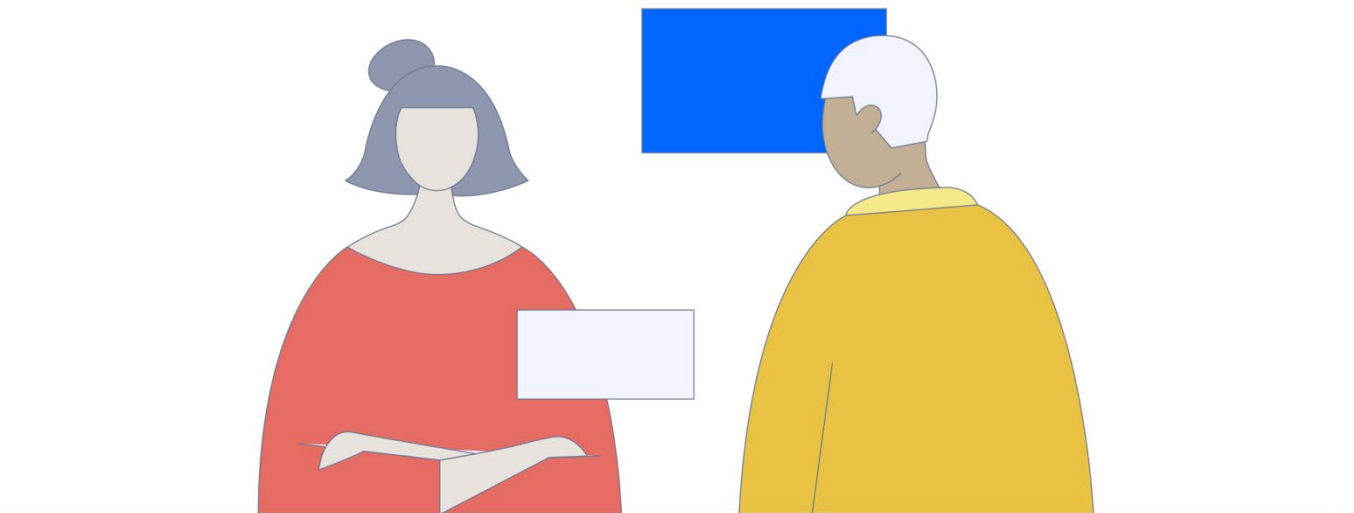
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I. Introduction

At Fundación Telefónica, we are committed to an ethical and long-term management that promotes a fairer and more ethical and sustainable social and environmental development through our Principles of Action.



We are a foundation in which our collaborating entities, employees, suppliers, beneficiaries, and society in general can trust.

These Principles constitute our **code of ethics and conduct**, so they govern what we say and do in our daily activities, both when we act individually and as a team.

All employees and trustees of Fundación Telefónica have a responsibility to act with integrity, transparency and commitment in order to build a relationship of trust and confidence with all our stakeholders.

Our **integrity** means acting in accordance with ethical standards that are non-negotiable.

Our **transparency** means that we undertake that our collaborating entities, employees, suppliers, beneficiaries and society in general have clear, truthful

and accessible information about our strategy and activities, and that at any time they can make any queries and ask any questions they may have in this regard.

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

These Principles reflect the kind of organisation we want to be and allow us to establish ethical and long-lasting relationships with collaborators and partners, who have similar principles, with the common goal of making our world more humane by putting digitalisation at the heart of our strategy. Thus, we remain committed to and responsible for the use of new technologies, such as artificial intelligence, and the issues raised in relation to the protection of Fundamental Human Rights.

II. Our Principles of Action



1. Ethical and responsible management

At Fundación Telefónica we require all our employees to work in an ethical and responsible manner, which is translated into common patterns of behaviour based on **strict compliance with the law; zero tolerance of corruption and bribery; a firm commitment to integrity, transparency, data and asset protection;** and the maintenance of **political neutrality**.

Respect for the law

At Fundación Telefónica we ensure that our activities are carried out in accordance with the applicable **law** in force in all the areas in which we operate. In addition, our employees must know and comply with the Foundation's **internal regulations**, in which the principles of this code of ethics are adopted. This commitment to legality is particularly important when it comes to the rejection of corruption.

Honesty

We are committed to zero tolerance of corruption, bribery and fraud. **We refrain from any action** that could be interpreted as **dishonest**; and **we prevent, mitigate and resolve conflicts of interest** and, in general, situations that would generate undue advantages for the Foundation and/or its employees. We insist that all employees act with **personal integrity**, and always placing the long-term interests of the Foundation above the personal ones.

This means that:

- We prohibit all forms of bribery, not allowing promises or offers of benefits or advantages of any nature, in order to influence decisions of any kind (including governmental, administrative agencies or judicial/court decisions) or to obtain undue advantage for the Foundation. We also prohibit the acceptance of benefits or advantages that may result in a breach of the obligations and duties of the Foundation's employees, or for our commitments with collaborating entities and suppliers.
- We do not offer or accept gifts, invitations, or other types of incentives that could reward or influence any business decision and/or collaboration, whether direct or indirect.
- We have tools to prevent potential conflicts of interest in order to guarantee the professionalism and impartiality of our employees and trustees in the performance of their responsibilities.

Transparency

We provide all relevant information about the use of our funds and the activities we carry out to achieve our purposes.

We are aware of the importance of sharing **accurate, complete, timely and clear information** with all our stakeholders. We publish this information on our institutional website and register it with the relevant bodies (including the Foundations Authority).

Taxation

We act with **honesty, transparency and respect for the law in managing our tax affairs**, and we 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 make it easier to understand the Foundation's tax affairs. Finally, as a non-profit organisation with a special tax regime, we are particularly rigorous in our fiscal management.

Heritage

We maintain, conserve and employ the Foundation's assets, consisting of physical, financial and intellectual assets, for the achievement of the **general interest purposes** we pursue, based on criteria of **efficiency and diligence**. In accordance with the intention of our founder, Telefónica, S.A., we manage, promote, foster, disseminate, protect and defend the artistic, cultural and historical-technological heritage of Telefónica, S.A., in addition to our own heritage.

Political neutrality

At Fundación Telefónica we remain **politically neutral**. Under no circumstances 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 public or private organisations linked to political parties. This does not exclude from entering into collaboration agreements with public entities, in compliance with current law, and in the promotion of the general interest purposes we pursue. We provide transparent information on our joint projects with the Public Administration through our website, in accordance with the provisions of Law 19/2013, on transparency, access to public information and good governance, and other implementing regulations.

2. Governance and internal control

Governance

Our fundamental principles of governance are set forth in our **Articles of Incorporation**, which comply with the provisions of **Law 50/2002**, on Foundations, and other implementing regulations, as well as with **best practices in the field of good governance in the third sector**.

With regard to the principles that inspire our governance, it is worth highlighting the following:

- the essential role of the **Board of Trustees** in overseeing the management and administration of the Foundation, as a supervisory and controlling body;
- the transparency of information in the relationships with our stakeholders: among others, our employees, the Foundations Authority, our

collaborating entities and our beneficiaries.

Furthermore, at Fundación Telefónica we have designed a specific organisational structure to address our strategic objectives with maximum assurances. These objectives are geared towards a **long-term sustainable organisational model**.

Internal control and risk management

We establish appropriate controls to assess and manage all relevant risks for Fundación Telefónica. Internal control is characterised as a process integrated into the daily activity of our organisation, in all areas and within each sphere of action, ensuring the achievement of the general interest goals we pursue, 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, which parts from the Foundation's strategy and objectives as the basis for identifying the main risks, is supervised by the Internal Control areas, which are responsible for confirming, through timely evidence, the proper functioning of the

internal control and risk management structures.

Risk identification analyses are carried out in order to implement risk management plans, as long as the situation so requires. These plans respond to risks by preventing or mitigating them. Regulatory compliance activities, carried out by the department in charge, complement this control system.

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

We respect and proactively promote the internationally recognised Human Rights, including, among others, those established in the United Nations Universal Declaration of Human Rights, as well as the principles related to the rights recognised by the International Labour Organisation (ILO) and the eight fundamental conventions which implement them.

Human Rights relevant to us include, in particular, **equality, non-discrimination, education and privacy**. In compliance with our founding aims, we promote and collaborate with initiatives that contribute to the improvement and visibility of the living conditions of society in general, fostering the development of education and equal opportunities among people. We promote and implement training projects, including vocational and teacher training, focused on the new digital skills and competencies demanded by the labour market, with the aim of improving people's employability and helping them to make decisions about their professional future.

At Fundación Telefónica we give special importance to the rights and freedoms related to the **protection of personal data**, as well as to **information security**. We care for the privacy and protect the personal data we process of our beneficiaries, partners and other user groups, stakeholders or participants in our activities.

Respect for privacy and the protection of personal data are essential to achieve the general interest purposes we pursue, and a primary concern when designing our activities and projects. We are committed to comply with personal data protection and privacy regulations in the areas in which we operate. In any case, our beneficiaries and other users 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 their processing by the Foundation.

4. Our commitment to the environment

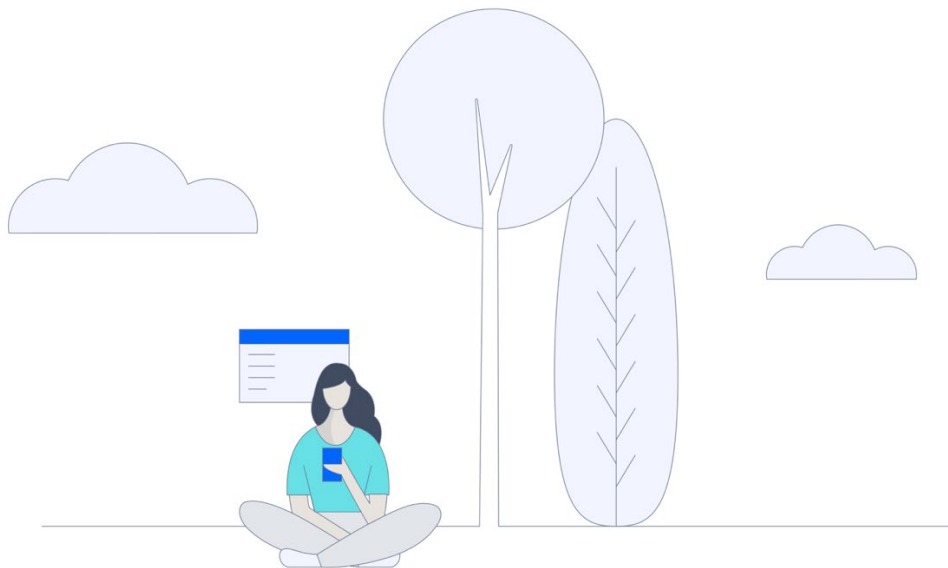
Protecting the environment is essential for **sustainable development**, so we as companies, market carriers and other organisations have a responsibility to contribute to its conservation.

At Fundación Telefónica we work to minimise our negative impact on the environment and, at the same time, maximise the positive impact of digitalisation.

We promote the recycling of electrical and electronic equipment.

We have adopted the Telefónica Group's purchasing processes, which incorporate environmental standards, with the aim of involving our suppliers in **reducing the environmental footprint** of the entire value chain.

We encourage our employees and suppliers to **behave in an environmentally responsible** manner.



5. Innovation, development and responsible use of technology

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, and especially in the projects we develop.

Breaking down barriers

We want to ensure that the most vulnerable people can access the benefits of technology, by building a **more accessible world**. For this reason, we drive projects that, through technology, seek to contribute to the eradication of social barriers, promoting education and putting digitalisation at the service of people.

6. Responsible communication

We promote **freedom of speech, pluralism, equality and freedom of opinion**, and we are committed to truthful information, education, awareness and inclusion.

Use of social networks

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

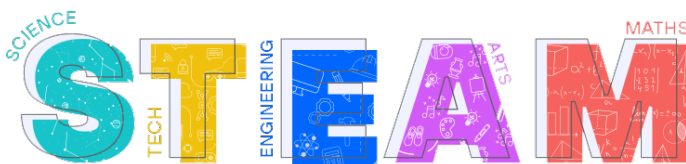
7. Our commitment to the societies in which we operate

As a foundation, we play a very significant role in contributing to the social, technological and economic development of society. Through our projects, we contribute to improving people's opportunities by providing innovative solutions to three major challenges facing our society: **employability, education and social and digital vulnerability**.

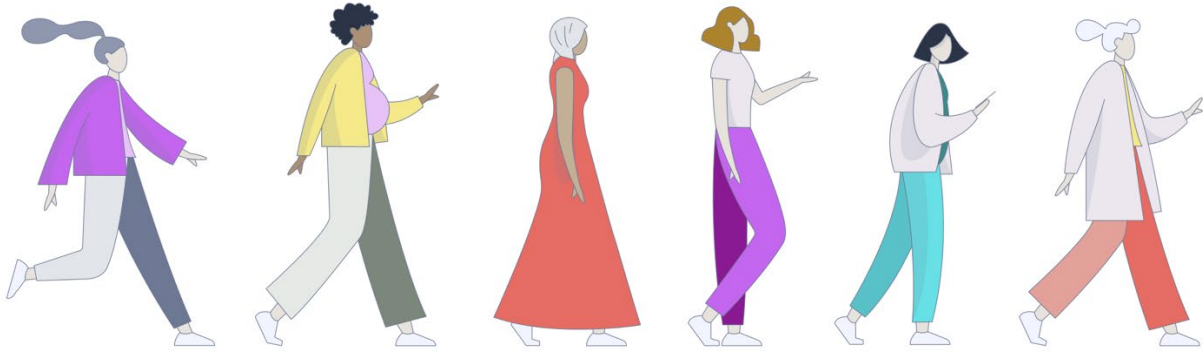
Our solutions are based on the opportunities offered by **technology and digital innovation**.

Our stakeholders also ask us to act with **transparency, integrity and honesty**. Our priority is always to live up to this commitment in order to establish a relationship of mutual trust and thus to contribute to the betterment of society. Society in general, and the beneficiaries of our action in particular, must be the starting point in everything we do, and that is why we strive to try to stay ahead of the curve, seeking solutions to the problems that arise.

We earn the **trust** of our stakeholders through clarity when we inform them, and through consistency and coherence when we act.



8. Our commitment to our employees



At Fundación Telefónica we consider *motivation* of our teams and professionals as essential. Their *enthusiasm* and *commitment* to the purpose and values of Fundación Telefónica are key to achieving our goals.

That is why, in addition to ensuring compliance with our employees' **labour rights** and protecting their **health and safety**, we are committed to maximising their potential. To accomplish the above, we are committed to continuous learning of the skills most in demand in the labour market, in order to achieve the **professional development** of our employees; we implement new ways of working; we promote a culture of **well-being**, and we facilitate the **balance** between personal and working life. We also promote **diversity and inclusion** in our teams and ensure gender **equality** in all organisational processes, thereby reducing the pay gap.

Professional development

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

We encourage our employees to be aware of how their contributions to the achievement of the Foundation's objectives are evaluated. In addition, we encourage employees to actively participate in the performance appraisal process by fostering the practice of having continual meetings with leaders.

We seek to ensure equal opportunities at all stages of the life cycle of our employees, ratifying our commitment to diversity and equality in the selection and recruitment processes, promotion, talent management, remuneration and training implemented by Fundación Telefónica.

Compensation

We are committed to ensuring that our compensation is fair and appropriate to the labour market and, to ensure this, we rely on indicators that measure the level of compensation of our employees in the marketplace. In addition, our remuneration policies are based on merit and ability criteria in relation to job requirements, which is why we are committed to **reducing and eliminating the pay gap**. In a complementary way, we offer benefits to our employees while respecting their individuality and time of life.

Labour rights

We guarantee that the labour rights of all employees are respected, and we do not tolerate under any circumstances forced labour, threats, coercion, abuse, moral, labour or sexual harassment, 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 Fundación 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 beneficiaries, drive innovation and be more efficient. That is why we promote equal opportunities, encourage a diverse workforce and 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.

Based on all the above, we categorically reject any discriminatory conduct or practice on the grounds of, inter alia, nationality, ethnic origin, skin colour, marital status, family responsibility, religion, age, disability, social status, political opinions, serological and health status, gender, sex, sexual orientation, and gender identity and expression.

Safety, health and well-being

At Fundación Telefónica, we understand safety, health

and well-being in the workplace as a single concept which encompasses a state of complete physical, mental and social well-being. We therefore implement initiatives that foster a **healthy work culture** 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 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 occupational 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

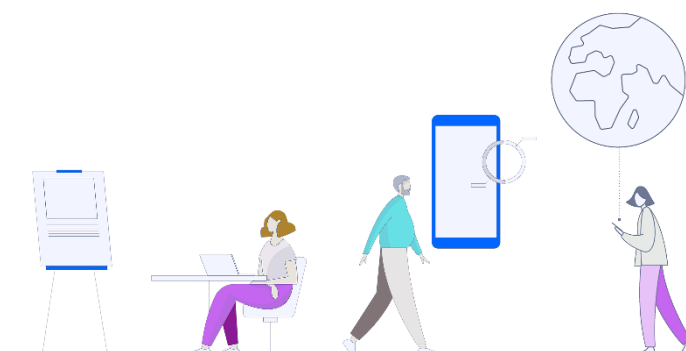
We are committed to work/life balance as a key factor in attracting, retaining and developing talent. Thus, we work with more flexible working time organisation models that increase the commitment, satisfaction and productivity of our teams.

Accordingly, we recognise the right to **digital disconnection** of all our employees.

New ways of working

We promote the implementation of more agile and cross-cutting ways of working, which allow us to focus on our objectives, prioritise the delivery of value in our projects, being more efficient and innovative, and provide teams with greater autonomy and speed in decision-making.

We are also developing hybrid work models that allow for a **better work/life balance** while increasing productivity by optimising the use of technology.



9. Responsible management of the supply chain

We promote **sustainability** to extend the positive impact on society and the planet.

We are committed to acting with **rigour, objectivity, transparency and professionalism** in relation to our collaborating entities and suppliers.

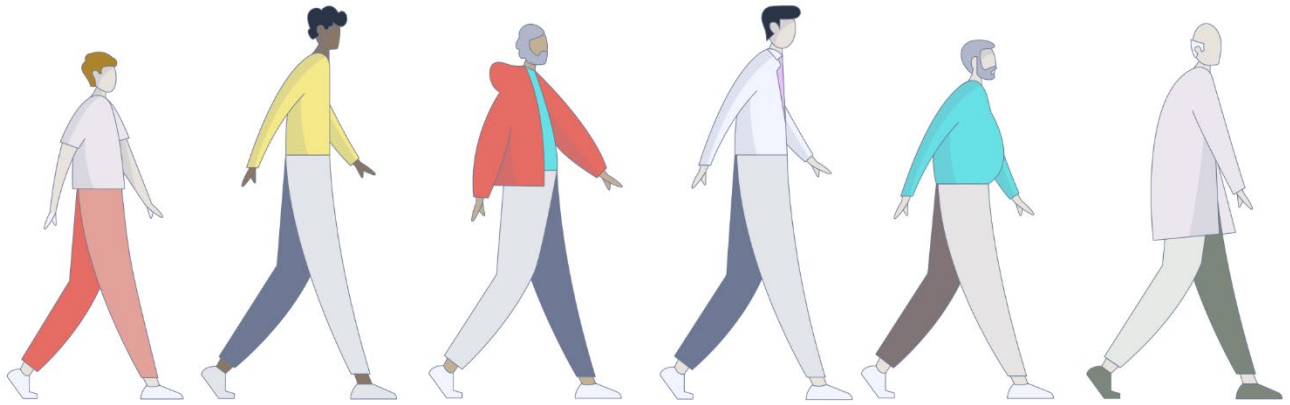
In order to fulfil our commitments, in reference to the value chain of the projects that we develop together with **collaborating entities**, we require them to comply with these Principles of Action, and we inform them thereof.

Regarding to **suppliers and service providers**, we use the Telefónica Group's purchasing system that promotes **competition** and guarantees **transparency**

and equal opportunities for all our current or potential suppliers.

With the goal of achieving our commitment to responsibility throughout our supply chain, we require our and suppliers to comply with Fundación Telefónica's Principles of Action.

It is important that those employees that participate in the processes of procurement of goods or hiring of services for our organisation take individual responsibility for working with responsible suppliers and partners, and that they carry out the established 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 Application

These Principles are addressed to all of us who form part of Fundación Telefónica, that means, its trustees, directors, employees, suppliers and collaborating entities.



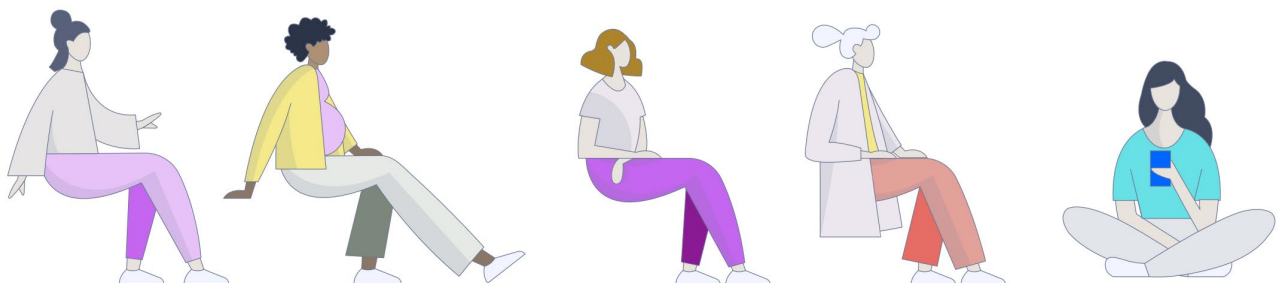
IV. Compliance with the Principles of Action

At Fundación Telefónica we have an obligation to know and comply with these Principles.

All trustees, employees, suppliers, collaborating entities and any other stakeholders have an anonymous and secure communication channel allowing them to communicate doubts, queries, requests, suggestions or complaints in relation to compliance with these Principles. Through the **Enquiries Channel and the Whistleblowing channel**, as appropriate, we diligently and respectfully follow up on any communication that is received, and we are committed to respond and act, if necessary, within a reasonable period of time.

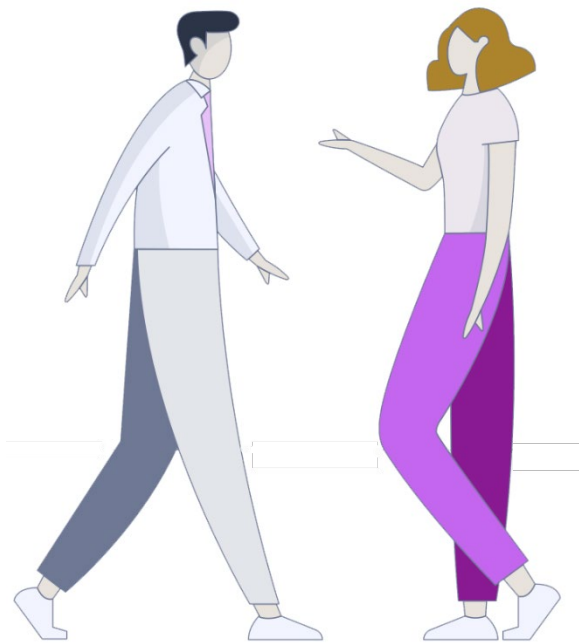
We train our professionals with courses on the subject, which we complement with different **awareness-raising** activities to deepen the understanding of certain principles, stressing the importance of putting them into practise.

Non-compliance with these Principles by the Foundation's employees shall be considered a labour infringement, punishable in accordance with the specific provisions of the applicable law, without prejudice to any other actions that may be applicable under criminal or administrative law.



V. How to put these Principles into practise

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



- Is what I am about to do consistent with our Principles of Action?
- Is it legal?
- Is it ethical?
- Does it foster a relationship of trust with my collaborating entity, beneficiaries or my work colleague?
- Would it create a problem for Fundación Telefónica if it appeared in the press?
- What would the people I most respect do in this situation?

If you are still unsure, ask for advice. There are many situations that are not directly addressed in our Principles, but you can get help by consulting.

