

Telefónica Group Diversity and Inclusion Policy

Corporate Regulation

Approved by the Board of Directors of Telefónica S.A. at their meeting on
February 22, 2017.

Telefónica SA
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1. INTRODUCTION

At Telefónica, we live diversity as a competitive element, which allows us to move closer to a diverse and changing society. Our teams should reflect the diversity of the communities that we operate in. Diversity promotes empathy and innovation, and as such, generates value for the company, and has a positive impact on our results.

Promoting diversity is a key component of our talent management strategy in all our markets, and we wish to confirm this commitment by way of this global policy, applicable to all companies which are part of the Telefonica group.

This Policy originates from our Business Principles, which emphasise the relevance of diversity in our business and for society in general.

The diversity we promote includes the following dimensions: cultural diversity, gender, sexual orientation, generational diversity, and diversity in skills, abilities, and disabilities.

2. SCOPE OF APPLICATION AND REACH

These Regulations constitute Corporate Policy, and, as such, are to be applied in all Telefónica Group companies.

Telefónica, S.A., as the parent company of the Group, is in charge of establishing the foundations, instruments and mechanisms required to adequately and efficiently coordinate this Company and all the other companies that make up the Group; all of the above is to be applied without prejudice to and without impairing the autonomous decision-making capacity of each of the said companies, in accordance with their own corporate interests and with the fiduciary duties owed by the members of their management bodies to their shareholders.

3. COMMITMENTS

In compliance with the Telefonica Business Principles, our Corporate Policy of Responsible Business and the commitment to which we subscribe in favour of the protection and promotion of human rights, and applicable laws on diversity and inclusion, we guarantee equal opportunities and non-discriminatory, fair and impartial treatment in all areas of our organisation, without prejudice to race, nationality, ethnic origin, religion, gender, sexual orientation (LGTB), marital status, age, disability, or family responsibilities. For this reason, we promote the following measures throughout our organisation:

1. Access to employment, professional classification, remuneration and career development

We implement policies and practices for the selection, hiring, remuneration, promotion, training, professional classification, retribution, and other working conditions, that follow the criteria of merit and capability in relation to the requirements of the position.

We promote a working environment based on cooperation and respect, avoiding any manner of deliberate or unintentional discrimination, and we create an inclusive working atmosphere which implies respect and value for individual differences, and the providing of opportunities.

2. Work-life balance

We promote measures that favour a healthy work-life balance for our employees.

3. Non-sexist or discriminatory language or communication

We do not use in our internal or external communication any discriminatory reference or expression of prejudice.

4. Work environment free of harassment

We provide a working environment where any type of harassment and/or offensive and/or disrespectful behavior is not accepted. We guarantee an environment that respects the physical and moral integrity of all people, individual differences and the diversity of social groups with equality, equity and justice.

5. Removal of physical barriers

We are committed to making progress with effective employment integration by introducing the technical aid and support to reduce and eliminate barriers to employees with a disability, to ensure that they can participate in the workplace under equal conditions.

6. Promotion of integration and non-discrimination through our products and services

We are moving forward with the incorporation of the concept of "design for all" in the various levels of our process of product and service creation, in order to promote and encourage the inclusion of everyone, eliminating all barriers to facilitate inclusion.

4. GLOBAL DIVERSITY COUNCIL

The Global Diversity Council is created, made up of diversity ambassadors which commit to promoting diversity, and the implementation of this policy in particular, in the company which they are part of. The mission of the Global Diversity Council is to drive initiatives throughout the company, directed at consolidating diversity as a key lever towards digital transformation, guaranteeing multiculturalism, and a variety in gender, profiles and experiences among our professionals.

5. DIVERSITY IN THE BOARD OF DIRECTORS

Telefonica S.A. is governed by a specific and verifiable Director Diversity Policy in relation with the Board of Directors and the selection of Directors, approved by the Board of Directors, which aims at ensuring that the appointment and re-election proposals are based on a prior analysis of the needs of the Board of Directors of the Company and on promoting the diversity of knowledge, academic background, professional experience, age and gender within the Board, without any explicit bias which could lead to any form of discrimination, in particular, based on gender, disability, or any other personal condition.

7. COMPLAINTS AND COMMUNICATION CHANNELS

Telefónica provides an internal channel for communication and complaints (the Business Principles Channel) and an external Responsible Business Channel through which our employees or any other interested party can, anonymously or not, consult or report on matters related to the Telefonica Business Principles in general, or diversity in particular. All communications through these channels are dealt with in accordance with the principles of respect, confidentiality, substantiation, and completeness.

8. EFFECTIVE DATE

This Policy shall be effective as of the date of approval by the Board of Directors of Telefónica, S.A.