

# **Telefonica Group Regulation about the Management of the Business Principles Channel**

## **Corporate Regulation**

Approved by Global Corporate Ethics and Sustainability Department

Telefónica, S.A.  
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## 1. INTRODUCTION, PURPOSE, AND SCOPE OF APPLICATION

In accordance with the commitment to our stakeholders as explained in our Business Principles, the purpose of this document is to describe the management of our Business Principles Channel, that is, the process of receiving, processing and registering of communications sent by any person or group of interest (hereafter 'interested party') that asks for information, makes a request or puts forward a grievance about a subject related to our Principles of Responsible Business.

This procedure is applicable to all the companies that make up the Telefónica Group. To that end, the Telefónica Group (or Group), is understood to be Telefónica S.A. and those companies of whose social capital Telefónica disposes, directly or indirectly, the majority of shares, interests, or voting rights, or in whose governing or administrative body it has been designated, or has the faculty to designate, the majority of its members, in such a way that it effectively controls the company.

In its condition of parent company of the Group, Telefónica, S.A. is responsible for establishing the basis, instruments, and mechanisms necessary for an adequate and efficient coordination between this Company and all the other companies that make up the Group. All of the aforementioned without prejudice to, and without impairing, the autonomous decision-making capacity of each of said companies, in accordance with their own corporate interests and the fiduciary duties that the members of their management bodies maintain towards their shareholders.

The management of Communications will be carried out in accordance with section 6.

## 2. RELATED DOCUMENTS

- Telefónica Business Principles
- Policy on Whistleblowing Channel Management

### 3. GLOSSARY

- **Business Principles Channel** – The Business Principles Channel (henceforth, the “Channel”) is where any stakeholder or person can send any communication that is enabled on the in Telefonica web page
- **Communication** For the purposes of these regulations, Communications are understood to be any notification received through the Telefónica Group’s Business Principles Channel. These notifications can be queries, requests, or claims.

Not included in this definition are the messages received that are not related to the Business Principles, such as, for example, advertising messages, job applications, etc.

- **Complaint.** - a complaint will be understood like any report that may allege irregularity or act contrary to the law or the internal rules of the Telefónica Group.
- **Whistleblowing Channel.** - mechanism enabled by the Company for the reception of information about the existence of a possible irregularity, act contrary to the law or internal regulations; including also any irregularities related to accounting issues, issues related to audits, and/or aspects related to the internal control over the financial report, in compliance with section 301 of the Sarbanes-Oxley Act of the United States and other requirements in this regard.

### 4. PRINCIPLES THAT GOVERN THE PROCESSING OF THE COMMUNICATIONS

All communications will be handled according to the following principles:

- **Confidentiality:** All communications are managed with strict confidentiality.
- **Diligent response:** All communications are treated with due diligence and respect. Every communication will be answered within a reasonable period of time, taking into account the specificities of each communication.  
The urgency to process a communication will depend on its content.
- **Privacy and Security:** Communications that are received will be treated with the necessary measures and guarantees of data protection and security, that are also applicable to the mailbox, where the communications are sent to

## 5. RESPONSIBLE BUSINESS PRINCIPLES CHANNEL

The Business Principles Channel is a secure database, owned by Telefónica, S.A., in which is recorded every Communication received through a public and accessible form. The channel is enabled on the institutional websites of Telefónica, through the following link:

<https://www.telefonica.com/es/web/negocio-responsable/contactenos>

The person interested in sending a Communication must fill out a form with the following fields:

- Country to which the Communication refers to
- The subject that the Communication deals with.
- The relationship of the person with the corresponding Telefónica Group company.
- The option to send the Communication anonymously or not.

All Communications received through the Business Principles Channel are registered in a generic mailbox known as the “Oficina de Negocio Responsable”. This mailbox automatically sends an answer when it receives the communication.

People authorised to enter in this mailbox are members of Global Corporate Ethics and Sustainability Department of Telefónica S.A. The Communications are registered in order of reception for the purpose of monitoring all the Communications received and detecting any deletion of information.

## 6. COMMUNICATIONS PROCESSING PROCEDURE

Communications received through the Channel can result in one of the following options:

**1. The message received is considered irrelevant**, since it is not related to the Business Principles or it is inappropriate. In this case, the answer sent to the interested party is a pre-established message in which, depending on the case in question (i) we provide the interested party an alternative Telefónica channel for his/her petition (e.g. in the case of a commercial complain) or (ii) it will be indicated that the Business Channel does not handle this type of requests or queries (in the case of advertising messages and other inadequate communications).

**2. The communication is considered a complaint:** whenever a communication is received that could be against the law or an internal Telefónica Group regulation, the communication in question will be treated as a complaint and, consequently, be redirected to the relevant department and be processed in accordance to the Policy on Whistleblowing Channel Management.

In accordance with the provisions of this policy, the measures to protect the interested party will not be implemented by the company until the transfer of the communication from the Business Principles Channel to the whistleblowing Channel or to those who are in charge in Internal Audit, with the latter sending to the interest party the proof of its complaint registration in accordance with section 4.2 of the Policy on Whistleblowing Channel Management.

**3 The communication is relevant because it is related to the Business Principles.** Depending on the subject matter addressed and the company of the Group referred to in the communication, the Global Corporate Ethics and Sustainability Area will proceed as follows:

**In case the communication should be processed at a global level:**

- The communication is passed to the corresponding department at the global level.
- The corresponding global department is responsible for resolving and/or remedying the issue referred to in the communication and for responding to the interested party within a reasonable time, taking into account the specificities of the communication.
- The global department in question communicates the response and its Justification to the Global Ethics and Sustainability area.
- The Global Ethics and Sustainability area will proceed to inform the interested party of the response according to the information given by the corresponding global department.
- The Global Corporate Ethics and Sustainability area is responsible for registering and archiving the file regarding said communication.

### **In case the communication should be processed at the country level:**

- The communication is passed to the area of Ethics and Sustainability at the country level, which will send it to the corresponding department within the country. The latter department is responsible for resolving and/or remedying the issue referred to in the communication and for responding to the interested party within a reasonable time, taking into account the specificities of The communication.
- The department in question at the country communicates the response and its Justification to the Ethics and Sustainability area at the country level.
- The Ethics and Sustainability area at the country level informs the Global Ethics and Sustainability area of the resolution of the communication.
- The Global Ethics and Sustainability area will proceed to inform the interested party of the response according to the information given by the Ethics and Sustainability area at the country level.
- The Global Corporate Ethics and Sustainability area is responsible for registering and archiving the file regarding said communication. If, as a result of the processing of the request, the Ethics and Sustainability department at the country or global level comes to the conclusion that the communication is inadequate or irrelevant, the interested party will be informed with a corresponding response. All actions and steps taken in relation to the communication will be continuously recorded in the database of the Business Principles Channel

## **7. PERSONAL DATA PROTECTION**

Personal data that may be included in the Communications received through the Business Principles Channel will be treated in accordance with the applicable legislation regarding data protection.

## **8. CHANGES AND UPDATES TO THE REGULATIONS**

This regulation will be reviewed and updated by the Global Corporate Ethics and Sustainability Department

## 9. INTERNAL AUDIT

The enforcement and compliance of the procedure included in the present regulation may be audited by the internal audit department in order to perform analyses and verifications considered convenient for verifying the correct application

## 10. EFFECTIVE DATE

This Policy shall be effective as of the date of approval by Global Corporate Ethics and Sustainability Department

## 11. EDITIONS AND REVISION

The list of all the editions of this document available is included, with the OBSERVATIONS-MODIFICATIONS column corresponding to the references to the sections that have been modified with respect to the previous edition.

EDITION	DATE	OBSERVATIONS-MODIFICATIONS
1st	FEBRUARY 2019	Original document
2nd		