Supplier Code of Conduct – Minimum Sustainability Criteria

Telefónica, S.A.

Telefónica, S.A.
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In line with Telefónica's commitment to sustainable management, clear requirements are established for suppliers to **ensure more ethical, fair and sustainable social, environmental and governance development** in their activity and throughout their own supply chains.

This Code has been **drawn up in accordance** with **international standards and instruments** such as the Global Compact, the International Bill of Human Rights, the Convention on the Rights of the Child, the UN Guiding Principles on Business and Human Rights and the Universal Declaration of Human Rights, the conventions of the International Labour Organization, the OECD (Organisation for Economic Co-operation and Development) Guidelines and ISO (International Standards Organization) criteria, among others.

The provisions of this **Code of Conduct** constitute **minimum requirements**, so if applicable local legislation establishes commitments in this area, **the regulation most favourable to the rights to be safeguarded shall apply**.

This Code **applies to all acquisitions of products and services of the Telefónica Group**, regardless of their operation and location.

It also **applies to the entire Telefónica supply chain**, applying both to **direct suppliers** and **to their own supply chain**. In this regard, the supplier will be jointly and severally liable for non-compliance in its supply chain (which includes subcontractors) with respect to the minimum criteria set out in this Code.

Telefónica will take into account the size, characteristics and limitations of the supplier concerned, paying particular attention to small and medium-sized enterprises in implementing this Code. In relation to their sustainability performance, suppliers must act with transparency and have the reporting capacity required in the event that Telefónica requests information in this regard.

The Company reserves the right to make, directly or through third parties, requests for information and/or documentation, as well as its own and sectoral audits to verify compliance.

If particular risks or non-compliance with this Code are identified, Telefónica will require suppliers to establish corrective or remedial action plans, which will also be monitored.

In cases where the supplier refuses to establish corrective action plans or where these are unable to prevent or sufficiently mitigate the adverse effect caused, Telefónica may temporarily suspend or terminate business relations with respect to the activities concerned, or request appropriate indemnities or compensation, all in accordance with the provisions of the contract.

MINIMUM CRITERIA THAT OUR SUPPLIERS MUST COMPLY WITH:

1. General

- **Ensure respect for human rights** in their own operations, subsidiaries and supply chains. Establish due diligence processes to detect significant risks in this area and, where applicable, cooperate with Telefónica in their proper management.
- **Comply** with, and ensure compliance in their own supply chains with, **the obligations and requirements included in applicable national and international laws and instruments**, as well as with the provisions of this Code.

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2. Social

2.1. Working conditions

- **Employment relationship and job security:**
  - Ensure that work carried out by their employees is based on an employment relationship recognised and established in accordance with applicable local legislation, supported by a written employment contract in the employee's mother tongue.
  - Prohibit abuse of service contracts or repeated use of subcontracting, to avoid legal obligations.
  - Prohibit workers from paying recruitment fees to employers or agents, or other related charges during recruitment.
- **Working time:**
  - Establish **working hours** that do not exceed the maximum permitted by applicable local legislation and never more than 48 hours per week or 60 hours including overtime (as established by the International Labour Organization).
  - Provide workers with at least one uninterrupted day off for every period of seven days.
  - Ensure that overtime is voluntary, within legal limits.
  - Grant workers the right to paid holidays and leave provided for under applicable local legislation.
  - Respect the right to digital disconnection during daily and weekly rest periods, leave, holidays or other equivalent time.
- **Wages:**
  - Provide **fair remuneration** for all workers. Ensure that it covers at least the minimum wage required by applicable law or collective agreement in each country for normal and overtime hours. In any case, wages must not be paid in kind and must be sufficient to meet basic needs.
  - Prohibit wage deductions as a disciplinary measure.
- **Violence and harassment at work:**
  - Promote an environment of **zero tolerance towards violence and harassment**.
  - Prohibit abuse or discipline by physical means, threats of physical abuse, sexual or other harassment, verbal abuse or other forms of intimidation.
- **Forced labour and human trafficking:**
  - **Prohibit any form of modern slavery**, **forced labour** and **human trafficking** in their activity and throughout their supply chain.
  - Refrain from retaining identity documents issued by government authorities from workers.
  - Ensure that workers are free to leave their jobs after giving the legally established notice.
- **Child labour and young people:**
  - Prohibit the **use of child labour**, preventing the hiring of workers who have not reached the minimum age for employment or for completing compulsory education provided for under applicable local legislation, and, in any case, the age of 15.
  - Prohibit young people under 18 who may enter the labour market from working at night or in hazardous conditions, in accordance with local legislation.

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  - Ensure that any action taken to eliminate a child labour situation will be carried out considering the best interests of the child.

- **Freedom of association and right to collective bargaining:**
  - Respect **trade union freedom and freedom of association**, as well as the right to form trade unions and to join associations permitted by local legislation. Where local legislation limits the right to freedom of association and collective bargaining, the employer shall consider facilitating, and not hindering, the development of parallel legal means for free and independent association and for bargaining.
  - Respect workers' right to **collective bargaining** and to carry out representative functions at work, such as participation in workers' committees and peaceful meetings, in accordance with local legislation.
  - Prohibit any form of discrimination or unfavourable treatment directed at workers' representatives.

- **Equal treatment and opportunities for all:**
  - Implement an **equality policy that prohibits discrimination** in hiring, remuneration, compensation, access to training, promotion, termination or retirement on grounds of gender, gender identity, ethnic origin, caste, colour, pregnancy, family status, national origin, religion, age, disability, sex, marital status, sexual orientation, trade union membership or political affiliation, or any other circumstance.
  - Promote respect for reasonable religious practices of their workers.
  - Ensure the implementation of **work-life balance measures** that promote respect for employees' personal and family life.
  - Prohibit requiring employees to undergo medical or physical examinations that may be used against them in a discriminatory manner.

- **Health and safety:**
  - Provide employees with a **safe and healthy working environment**, in line with the hazards/risks specific to each activity. In particular, special measures must be taken to protect vulnerable groups. When accommodation is provided, it must be clean, safe and decent.
  - Provide to workers at no cost:
    - **Training in health and safety** to identify risks associated with the activity and the working environment, the practices needed to minimise them and how to respond in the event of accidents and health problems.
    - **Personal or collective protective equipment** that ensures the minimum safety conditions required according to the risks to which they are exposed.
    - **Access to clean toilets, drinking water** and, if applicable, hygienic facilities for storing and consuming food.
  - Assign a senior executive as the party responsible for health and safety.
  - Have (or be developing) a health and safety policy and procedures to identify, manage and minimise occupational safety and industrial hygiene risks, as well as occupational accidents, emergencies and diseases.

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2.2. Minerals from conflict-affected and high-risk areas (conflict minerals[1]): *(in cases where applicable to their activity)*

- Have a clear policy and processes that will be aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

2.3. Economic, social and cultural rights:

- Respect the economic, social, cultural, property, civil and political rights of groups such as local communities, vulnerable groups, minorities and indigenous peoples, with the aim of maintaining collaborative relationships in a framework of trust.
- Boost local employment, encouraging the hiring of local labour for providing the service as much as possible.

2.4 Accessibility

- Ensure the **accessibility of the products and services offered**, promoting the inclusion of people with disabilities. These must be designed so that they can be perceived, understood and used autonomously by as many people as possible, without the need for adaptations.

3. Environmental

3.1 Legal Compliance and Environmental Management

- Comply with all applicable **environmental regulations** concerning atmospheric emissions, polluting discharges (water and soil), waste, protection of biodiversity (flora and fauna), hazardous substances and chemicals (REACH), as well as the requirements relating to electrical and electronic equipment (RoHS), batteries and accumulators or other similar requirements, irrespective of the country of use, including non-European countries.
- Maintain and update all **environmental permits** necessary for the performance of their activity.
- Refrain from carrying out **commercial or industrial activities** involving forest raw materials without a permit from the competent authority.
- Have an **Environmental Policy** that includes the commitment to environmental protection and adherence to the precautionary principle, seeking to minimise impact throughout the entire value chain.
- Establish processes that ensure legal compliance with environmental requirements, such as Environmental Management Systems.
- Suppliers must take measures to reduce **impacts on biodiversity**, committing to the following actions: apply the mitigation hierarchy (avoid, minimise, restore and offset) at all stages of production, from planning, implementation, operation and demobilisation of its activities; avoid deforestation associated with its activities and/or in the upstream and downstream supply chain; avoid construction in protected areas.

[1]These are those that meet the following two conditions: (1) When said minerals are any of the following: Cassiterite (Tin), Columbite-Tantalite (Coltan), Gold, Wolframite (Tungsten), Cobalt, Lithium, Mica, Nickel and (2) When those minerals have been extracted from an area affected by armed conflict or a high-risk area. Excluded from this category will be those minerals which, although extracted in such areas, have the corresponding certificate (by an independent entity) attesting that their extraction has not encouraged armed conflict and/or human rights abuses there.

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3.2 Climate Change

Suppliers will make efforts to identify and reduce the impact of all its products and services to contribute to the Telefónica Group's global target of reaching **net zero emissions in 2040**, including the value chain.

- Maintain a complete and transparent **inventory of Greenhouse Gas (GHG) emissions** that considers the **Carbon Footprint** (CF) throughout the entire value chain (Scopes 1, 2 and 3) and submit, when requested, the greenhouse gas inventory, preferably verified by a third party.
- Define **reduction targets for its GHG emissions** over the next two years that, where possible, are science-based.
- Promote the establishment of **energy efficiency plans** and advance in the use of **renewable energy** according to availability.
- Provide information on the **calculation of product carbon footprint** when requested by Telefónica.

3.3 Circular Economy

Suppliers will establish circularity measures aligned with the target of contributing to Telefónica being a **Zero Waste company,** including:

- **Minimise waste generation** in the course of their activity, paying special attention to hazardous waste, its proper management, record keeping and traceability.
- Promote the **elimination of single-use plastics.**
- Integrate responsible design criteria that promote **Life Cycle analysis of its products and services**, from the extraction of raw materials to the final treatment of waste, including aspects such as repair, reuse and recycling, both of products and of the packaging used.
- Promote **sustainable use of natural resources**.

4. Governance

4.1 Ethics and Integrity

- Act with integrity and always within the applicable legal framework, avoiding any situation that may be contrary to applicable national or international law. This entails prohibiting all types of corruption, bribery and money laundering.
- Maintain mechanisms to avoid conflicts of interest and that ensure independence in actions carried out within the framework of their relationship with Telefónica.
- Operate in the market and in business fairly and in accordance with competition law, avoiding anticompetitive behaviour, such as agreements with competitors on price fixing or abuse of a dominant market position, among others.

4.2 Privacy, confidentiality of information and freedom of expression:

- Process personal data following Telefónica's instructions and the applicable personal data protection legislation; in no case may this data be used for its own purposes.
- Have measures to protect the privacy and personal data of workers.
- Use the information provided exclusively for the purpose for which it was provided.
- Refrain from disclosing personal data to third parties, except where authorised by Telefónica.

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- Refrain from disclosing to third parties any information or material to which they may have access as a result of the business relationship with Telefónica, even after it has ended.
- Destroy or return the information and, where appropriate, the personal data processed once the service has been provided.
- Apply the technical and organisational measures necessary according to the risk to protect information from unauthorised access, alteration or misuse, and immediately notify Telefónica of any situation or incident that affects the confidentiality, integrity or availability of any such information.
- Without prejudice to the above obligations, if the supplier acts as processor for information on communications from Telefónica's customers and/or users, it shall have procedures in place that ensure Telefónica's compliance with obligations regarding cooperation with the competent authorities, while respecting the rights to privacy and freedom of expression of those affected.

4.3 Cybersecurity and artificial intelligence (AI):

- Comply with Telefónica's AI Principles, or equivalent principles of their own, as well as applicable national and international laws and instruments.
- Establish effective and reviewable measures that ensure the ethical, responsible and human rights-compliant use of AI.

5. Monitoring:

- Identify, remedy and monitor any activity that may not comply with the minimum requirements set out in this Code (including subcontractors).
- Provide Telefónica, when requested to do so, with accurate, complete and up-to-date information necessary to assess compliance with the requirements set out in this Code.
- Facilitate access to documentation, facilities and personnel in the event of audits or reviews.
- Implement appropriate corrective action plans when significant non-compliance or risks are detected, with the aim of achieving remediation, sustainable over time, of the cause that gave rise to them.

6. Management of non-compliance:

- Inform Telefónica as soon as they becomes aware of any non-compliance with this Code, as well as any risk of adverse effect on the commitments undertaken.
- Use the channels[2] enabled by Telefónica to communicate them, as well as to raise queries related to the application of the Code.
- Inform their employees and subcontractors about the existence and functioning of these channels, as well as refrain from adopting measures that discourage their use.
- Collaborate with Telefónica in any actions arising from communications of non-compliance with this Code.

[2] Whistleblowing Channel ->Whistleblowing Channel - Telefónica
Responsible Business Queries Channel ->Queries Channel - Telefónica

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