

RESPONSIBLE MANAGEMENT

Sustainability in the supply chain

Managing the impact associated with the acquisition of goods and services has become a key issue in our sector, where companies share ever more links in the value chain with their suppliers and contractors

Sustainable management by our suppliers multiplies the positive impact of our activity

The identification and management of risks associated with the supply chain is an inherent responsibility of each company, as is made clear by the UN's Guiding Principles on Businesses and Human Rights, and the sectoral guides created by the European Union, published in June 2013.

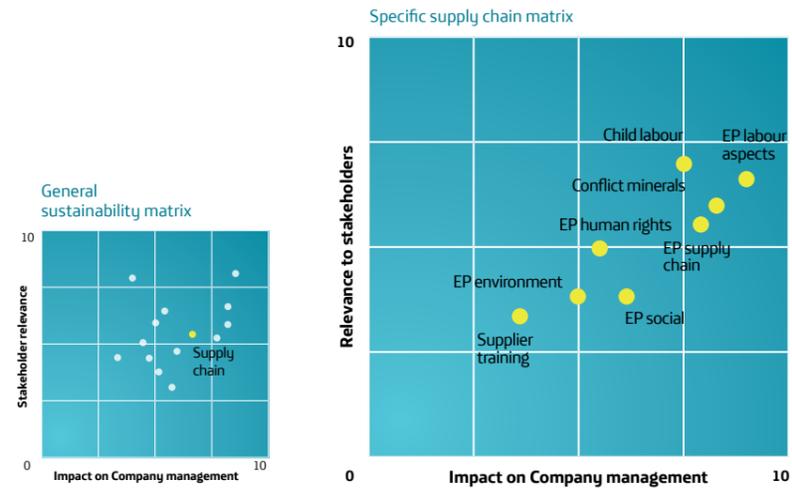
Telefónica Group undertook a public commitment in 2010 to sustainability in its supply chain, incorporating social, working and environmental aspects into its purchasing criteria. The commitment, laid out in detail in internal policy and regulatory standards, has become a relevant aspect of our global procurement model.

A significant commitment given the presence and scope of our supply chain

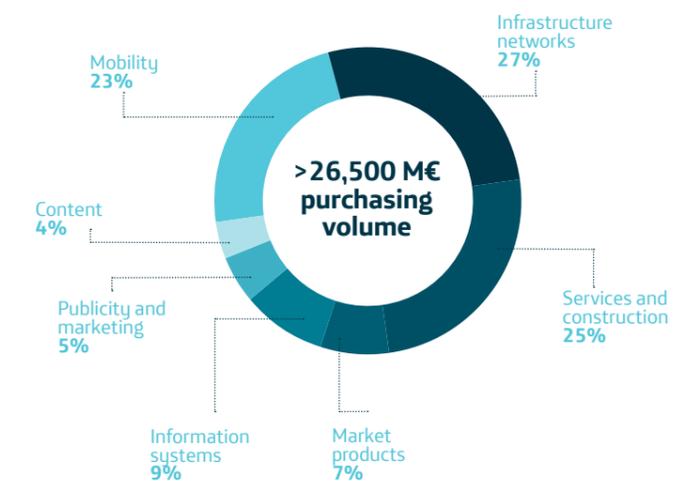
This commitment by the Group has let us set out the positive impact of our activity through an international chain of value, but with a high local component.

- More than 800 professionals in 19 countries.
- Over 15,700 suppliers from 73 countries used.
- Nearly 84% of supplier contracts awarded locally.
- Volume of purchasing above 26,500 million euros.
- Over 247,000 professionals from our suppliers carry out key support and customer service activities in Latin America, playing a fundamental role in the satisfaction of our customers.

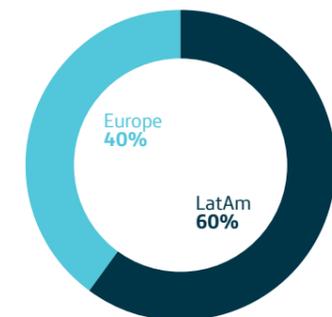
Materiality matrix



Details of adjudications by product line



Details of adjudications by region





Through Telefónica Global Services, the Group handled over 22,000 purchasing processes to the value of 16,900 million

A global and transparent purchasing model

Our purchasing model is focused on a global approach which, at the same time, addresses the needs of the different markets and countries, guaranteeing coordinated and transparent management between Telefónica Group and its suppliers.

The main suppliers in 2013 by value were: Apple, Samsung, Huawei, Ericsson, Atento, NSN, Nokia, Sony Ericsson, Publicis Group, Alcatel-Lucent.

In 2013, we continued to consolidate our objective of managing purchasing globally and strengthening relations with our suppliers, negotiating more than 22,000 procurement processes through Telefónica Global Services whose total value exceeded 16,900 million euros.

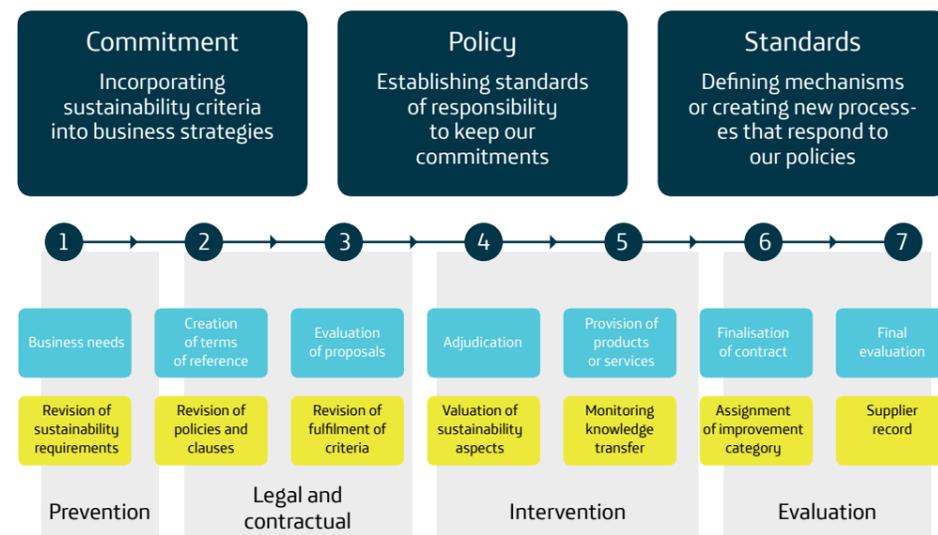
Likewise, in 2013 we have advanced in a project to transform the buying process into an end-to-end (E2E) process to raise the added value of Purchasing in the supply chain. This project was also aimed at making the relations with our suppliers more efficient, through greater standardisation of specifications and greater involvement by Purchasing in the activities following adjudication.

We at Purchasing are also working towards the objective of Telefónica to be a Digital Telco. Ecommerce tools help us contribute to this target and to ensure that our activity is carried out with transparency and integrity. In fact, in 2013:

- We negotiated over 28,000 million euros electronically, as well as nearly four million euros through online auction.
- We carried through more than 18,500 million operations of electronic formalisation which includes letters of adjudication, orders and contracts.
- We received 598,484 invoices issued electronically.
- We carried out further interconnection of Group company systems with those of our suppliers, reaching more than 16,500 orders.
- More than 2,000 suppliers received training in handling negotiations, ordering and electronic invoicing.

Our Business Principles

These are the basis for building trust with our stakeholders



More info in the Suppliers Portal



Sustainability of the supply chain (value drivers)



A general sustainability framework integrated into the purchasing process

Since 2010, and in compliance with the commitment undertaken, we have incorporated sustainability into all the key phases of the purchasing process.

At Telefónica we understand sustainability in the supply chain as a management framework that lets us mitigate risks and identify opportunities, while it is a key driver of the reputation of the Group. The sustainability in the supply chain framework is based on the global purchasing model, and rests on four basic pillars that allow minimisation of our negative impact, at the same time as it encourages innovation and efficiency.

Governance, management and transparency model

On the basis of our Business Principles we require that our suppliers carry out their activity applying similar principles and that they respect compliance with the law and regulations in force in the countries in which they operate.

Our Business Principles include the minimum requirements on social, occupational, environmental and ethical matters with which all our suppliers must comply. For this, we have made an online course available to them, accessible at our supplier portal. The standards which we require of our providers are as follows:

- Business Principles of Telefónica Group.
- Commitment to sustainability.
- Policy of responsibility in the supply chain.
- Commitment to human rights.
- Commitment to responsible trade in minerals.
- General conditions for the supply of goods and services.

We use different tools to ensure that these requisites are fulfilled by our suppliers, from pre-evaluation processes to audits in situ.

If a supplier does not reach the required level or cannot provide the information requested, an internal process with multiple phases and tools is triggered. The final objective is to ensure that the supplier does comply with our requirements.

Risk management is the key pillar in the sustainability model



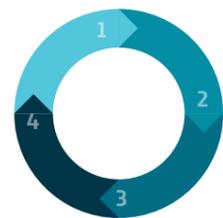
The EcoVadis process: a virtuous circle
All providers evaluated go through these four stages

1. Preselection

- Online registry and rating of all suppliers
- Priorities in evaluations

2. Evaluation

- Compilation from multiple sources (online questionnaires, etc.)



3. Results

- Dynamic easy-to-use evaluation records available online
- Supplier performance rating and qualitative information

4. Improvement

- Corrective action plan: module
- Evaluation records to improve supplier performance

In extreme cases, when this is not feasible, on the basis of the agreement initially entered into by both parties, relations with that provider are suspended until they can show that the situation has been rectified and that they do attain the levels demanded.

Risk management

A key pillar of the supply chain sustainability model, risk management consists of four basic processes:

- Evaluation and analysis of key aspects.
- Map of at-risk suppliers.
- Definition of aspects that need to be improved.
- Follow-up and reporting.

It is fundamental for Telefónica to perform an *a priori* risk evaluation of our providers. Because of the size of our supply chain, this has to be carried out by an external and independent source. For this reason, in 2012 we decided on the solution offered by EcoVadis.

Deployment of 360° tool for evaluating our suppliers

At the end of 2012 Telefónica reinforced the prior evaluation that it carries out of its at-risk providers, thanks to the agreement reached with EcoVadis. The solution offered by this company is based on international standards of corporate responsibility – in addition to having the contribution of experts in sustainability who analyse the information supplied by providers or published by organisations of reference – which allows a 360° analysis of the performance of our suppliers.

We have 21 CSR criteria

Policies	I Environmental	II Social	III Ethical
	Energy consumption and GHG (CO ₂) Water Biodiversity Local pollution Materials, chemical products and waste	Occupational health and safety Working conditions Social dialogue Career management and training	Identify the smelters or refineries (SORs) – included in the supply chain
Shares	Use of product End of useful life Customer health and safety Responsible consumption	Child labour Discrimination Basic rights	
Profit and loss	Supplier environmental performance Social practices		IV Providers

Audits carried out in Latin America



The platform evaluates the policies, actions and results of our suppliers in terms of 21 sustainability criteria. This sets in motion a complete risk management process.

The assessment carried out gives Telefónica an objective and independent point of reference. Similarly, the suppliers can share the results of their evaluation with other EcoVadis clients, so taking advantage of the exercise performed. At the end of the first year of use of the platform, 86 suppliers had been evaluated and 36 more were in process.

Auditing the performance of our suppliers

The evaluation model just described is complemented by the Annual Audit Plan that takes account of the critical aspects in each region.

The audits made by Telefónica in 2013 were in response to different needs in the two regions in which we are active:

- Europe
 - Manufacturers of terminals and network infrastructure equipment
 - 12 audits carried out in the UK, of a global nature, with seven improvement plans put into operation.

- Latin America
 - Suppliers whose activity is labour-intensive, in direct contact with the customer. Especially, contracts and *call centers*.

Under the aegis of the Aliados programme, more than 14,000 administrative audits, over 1,400 audits *in situ* on the basis of local conditions, and 100 corporate audits were carried out, using uniform sustainability criteria. All these activities led to over 750 improvement plans being put into operation around the world.

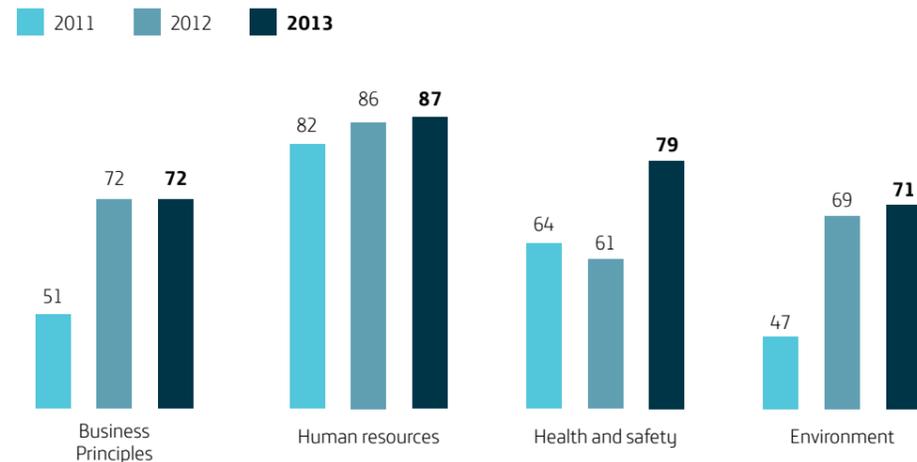
In the context of the *Annual Corporate Audit Plan 2013*, 100 audits of suppliers were carried out, representing 79% more than in the previous year. The graph above displays the distribution of the corporate audits carried out in LatAm.

While the graph on the following page shows the results of the evaluation in terms of the four pillars of the model.

Slight improvements were detected in the degree of compliance of the suppliers in the disciplines Business Principles (BP) (0.5%), HR (1%), and Environment (2%). The most significant rise was in the area of Health and Safety (18%).

EcoVadis audits Telefónica suppliers so that they comply with the criteria established by the company

Corporate audits in Latin America



For cases of noncompliance, all the suppliers have started improvement plans, there being 100 of these this year. We should mention the case of Peru, where a software module to facilitate management and follow-up of noncompliances detected in the audits has been implanted.

Some of the most common risks were: medical-occupational, tidiness and hygiene, illness with a common cause, examinations of work relocation and readaptation (HS), claims assistance procedure, pay settlement, pay policy, disability (HR) and energy efficiency policy, rational and efficient use of water (Environment).

Efficient production

Telefónica deployed the Marco Polo project in 2013 so as to have end-to-end management of the supply chain for residential modems (xDSL, FTTH). This project allowed participation by the Company in the whole process, from the definition of the product and technical specifications, up to scheduling the manufacturing and quality control.

The main benefit of the project arises from the direct relationship with manufacturers (ODMs & Chipsets), and promoting local manufacture in some key countries for Telefónica, such as Brazil. In addition to the improvement in quality and reduction of the time to market, this project has also simplified operational relationships with

manufacturers as it ensures them direct contact with Telefónica. So far, over one million units from the Marco Polo project have been deployed and it is expected that this number will grow rapidly in 2014.

Culture of sustainability

We believe that communication is a strategic axis to generate commitment and closeness to our suppliers and allies in fulfilling the commercial targets that we propose month by month, so helping us to meet the said targets.

So, in 2013, in addition to reinforcing the existing channels of communication with our suppliers like the Allies' Portal, online platforms, e-bulletins, etc., we have promoted physical meetings with the main providers throughout our geography, in particular:

I LatAm Regional Supply Chain Meeting, held in Brazil.

II Authorised Distributors and Providers Meeting that took place in Ecuador:

Here, spaces for dialogue were created and the exchange of good practices with our strategic partners was encouraged, so as to reduce risks to the business and make the most of the opportunities of having

all together the nearly 200 authorised distributors and providers for Telefónica in Ecuador. In addition, a training course of five hours was held during the meeting.

The event was also propitious for driving home the policy of zero tolerance of child labour in the network of companies.

In response to the multiple concerns that arose during this meeting, a virtual seminar was held later, on the Health and Safety at Work Management System: Compliance with Legal Requirements. This digital event was designed specifically for our value chain and meant that more than 100 of our suppliers and authorised distributors, from different cities, could participate from their own offices.

During the 90 minutes that the event lasted, participants formulated over 100 questions online. Further, 94% of participants stated that the matters dealt with by the seminar would help them with their business management.

'Marketplace' on responsible purchasing and hiring people with a disability:

Within the scope of the Telefónica *Ability Awards*, and in collaboration with BBVA, the different agents implicated from both the supply and demand sides of the labour market gathered to discuss the solutions, barriers and myths that special employment centres encounter; in the case of Spain, these employ 61,851 disabled people.

Managing the opportunities

We at Telefónica recognise that suppliers have a fundamental role to play in achieving a sustainable model, and so we manage not only the potential risks, but also the opportunities. With regard to this two-pronged approach, the actions of Telefónica UK should be highlighted, which boosted new sustainability practices in 2013 that go beyond routine compliance with basic requirements.

In 2012, Telefónica UK, as part of the *Think Big* scheme, made 40 public commitments, of which 20% affected the procurement process.

To comply with these obligations, and with the aspiration that the provisioning model become an effective engine of change, Telefónica United Kingdom requires that its suppliers:

- Have a sustainability plan, as well as sustainability certificates for their products.
- Comply ahead of time with the law on the elimination of dangerous substances.
- Raise their purchasing levels for renewable energy, in line with market availability, and commit themselves to ongoing improvement in energy efficiency.
- Commit themselves to support the Telefónica *GoThinkBig* programme, oriented at improving young people's skills so that they can cope in a society that is evolving rapidly.
- Revise their purchasing processes so as to allow greater participation by SMEs and social organisations.

In addition to the above, Telefónica UK introduced a further measure in 2013 that facilitates the inclusion of SMEs and social organisations in our supply chain, direct or indirect, thanks to an improvement in settlement terms. So, a Buyers' Forum was held for them, also attended by some of our largest suppliers, where the SMEs and social organisations learned in detail what and how we buy, the support team we have at their disposal and what is required to be a Telefónica supplier.

With regard to risk management, the activity of Telefónica UK in 2013 was centered, in accordance with the principle of due diligence, on the categories of greatest risk, taking two fundamental factors into account:

- The adoption of the EcoVadis platform, that offers an analysis of behaviour in the context of sustainability.
- Greater coordination and involvement with the procurement team, requiring, for all purchases in excess of one million pounds, an express declaration by the supplier that they comply with the requirements set out in the Supply Chain Responsibility Policy or that, if not, they have set improvement plans in motion in response to the stipulations of the said policy.

In 2013, Telefónica UK introduced a measure to give access to the supply chain to SMEs and social organisations



In addition, suppliers are contractually obliged to extend our supply chain sustainability requirements into their own supply chain, and to supply evidence that they have evaluated the risks associated to their own value chain, defining and/or implementing the projected due diligence actions within the period defined.

This model allowed Telefónica UK to work jointly for the first time with suppliers of level two, to deal with critical aspects.

Here are some key data about the results obtained by Telefónica United Kingdom in 2013, in relation to supply chain sustainability management:

- Nearly 7,000 employees of contractor organisations were positively and directly affected by the evaluations of suppliers in 2013.
- Over 150 jobs created thanks to contracts from Telefónica O2.
- A total of 776 jobs were maintained to fulfil Telefónica O2 contracts.
- Up to 85% compliance recorded by corporate audits of suppliers. Regarding revisions with suppliers, the values were between 80% and 95%.
- Twelve audits and revisions performed on at-risk providers.
- Seven supplier improvement plans.

Sustainable products

Telefónica is aware that the global risks that affect the supply chain need sectoral multistakeholder solutions, so that the goods and services acquired are ever more sustainable.

To this end, we at Telefónica collaborate at a global level with two key organisations in the area of supply chain sustainability:

Global e-Sustainability Initiative (GeSI)

Telefónica is a founder member of GeSI, an organisation of ICT companies and industry associations committed to the creation and driving of technologies and practices that improve social, economic and environmental sustainability. Created in 2001, GeSI foment

open, global cooperation, informs the public about the voluntary actions of its members to improve their sustainability and encourages technologies directed at sustainable development.

In relation to the supply chain, in June 2013 GeSI signed an accord with EcoVadis to update and administer the new version of eTASC: a collaborative platform among ICT sector companies that sets their sustainability requirements of providers on a uniform footing, in addition to reducing the associated workload through the exchange of its results with multiple clients.

PPA: the Public-Private Alliance for responsible trade in minerals

Telefónica renewed its participation in the PPA, which campaigns for responsible trade in minerals. The PPA was proposed by the United States Under-Secretary of State for Democracy and Global Affairs; it is a multisector and multistakeholder initiative, and it currently has more than 48 associated organisations.

The Alliance promotes and carries out initiatives that respond to the various challenges faced in supply chains which could include minerals from areas of conflict. The PPA provides finance and coordinates support for organisations that work in the region, to develop supply chains that can be shown not to involve conflict, to align the programmes and practices in the chain of custody, encourage responsible provisioning from the region, promote transparency and strengthen civil society and government writ in the region.

In addition, we can mention at a local level other organisations with which we collaborate on supply chain sustainability management, like the Latin America and the Caribbean Regional Compact, CERES, CemeFi, local chambers of commerce and Forum for the Future, among others.

Eradication of child labour: 'Aquí Estoy y Actúo'

'Aquí estoy y Actúo' (I'm here and I'm acting) helps companies to eradicate child labour totally from their value chain, in both their own scope of activity and in that of their suppliers and distributors. Similarly, it invites the public to



report a problem that affects 168 million boys, girls and adolescents.

'Aquí estoy y Actúo' forms part of Telefónica's efforts at a global level to foment a sustainable supply chain. The Group's strategy in this area is structured along three lines of action:

- Compliance with the responsibility to respect the Rights of the Child in our operations and our supply chain.
- Promotion of respect for the Rights of the Child, especially in relation to education and infancy free of child labour.
- Incentivisation of activities and promotion of alliances to achieve greater impact in eradicating child labour.

The basis of 'Aquí estoy y Actúo' is the guide for identifying and mitigating the risk that there could be child labour in the value chain of companies. The guide was compiled in 2011 by Movistar and Fundación Telefónica in Colombia, as part of their work with the Colombian Global Compact Network. In 2012 we put the publication at the disposal of the UN in New York, with the determination to pass it to other Latin American companies, and we began to build a programme around a web platform 'Yo digo aquí estoy' (I say I'm here).

Currently the initiative offers four lines of support to companies:

- Make workers aware of the responsibilities of employers and professionals to eradicate child



More info
Link to 'Aquí Estoy y Actúo'

Telefónica is committed to the eradication of child labour, which affects 168 million children all over the world



The 'Aquí estoy y Actúo' platform has received 15 recognitions, among them the UN's Social Investment Pioneer Award

- labour, as well as tell them how to act should they become aware of a case.
- Create internal teams in companies to undertake the implementation of a voluntary plan of ongoing improvement in this matter.
- Provide tools and guides so as to prevent child labour throughout the activity (including providers and supply chains).
- Evaluate companies with a model that lets their actions be assessed and drives progress through a commitment to continuous improvement.

In addition, 'Aquí estoy y Actúo' includes an app so that anybody can report cases of child labour.

The programme, launched in 2011 and implanted in 2012, is managed and operated in 12 countries of Latin America, through a network made up of those responsible for the focal points of the UN Global Compact for America and the Caribbean, and by members of the sustainability department of Telefónica and social programmes of Fundación Telefónica.

At the end of 2013, 'Aquí estoy y Actúo' is being used by over 100 companies in 12 Latin American countries, meaning that it has reached a total of 180,000 employees. Indeed, Telefónica/Movistar is already using the platform in Colombia, Costa Rica, Guatemala, Mexico, Nicaragua, Panama and Peru. Further, there are many other companies from different sectors who have also incorporated it into their processes.

The initiative has already received 15 public acknowledgements, among them a *Social Investment Pioneer Award* from the United Nations. In addition, UNICEF, Save the Children and the UN itself all recommend it as a reference for compliance with the Rights of the Child and Business Principles.

In 2014, in addition to carrying on with this initiative, two key lines of action have been defined:

- Support and monitoring for companies that carry out a self-diagnosis; for this a toolkit to help companies to follow up the activities to which they have committed has been created.
- Holding of awareness-raising and self-diagnosis workshops, both for new companies and those that already exist on the platform.

Aliados

Objectives

Aliados is a transformation and commitment initiative with our collaborating companies and third parties who become 'aliados' (allies) of the Company. The importance of this initiative, that began in Latin America in 2008, lies in the fact that about 80% of direct contact with Telefónica customers is made by third parties.

Alignment of third parties is a fundamental element in achieving the Group's targets, so the scheme aims to:

- Ensure the creation of strategic allies.
- Guarantee compliance with organisational objectives and technical security, and develop early halting and risk prevention mechanisms:
- Raise contractors' awareness of compliance with Telefónica's standards.

The programme monitors compliance with social, occupational and ethical standards, facilitates the progress of allied companies in sustainability and promotes excellence in customer service.

Management Model

A global third party management model has been defined, and which has given rise to common tools, among which are: the minimums policy,



1. Contractor Classification and Policies

2. Outsourcing of activities

- 2.1 Supporting analysis and building a business case
- 2.2 Inclusion HR annexes
- 2.3 Final validation and approval

3. Administration of allies

- 3.1 Induction
- 3.2 Communication
- 3.3 Training and development
- 3.4 Intervention and assurance
- 3.5 Working climate
- 3.6 Reports

4. Closure contracts allies

- 4.1 Evaluation
- 4.2 Legal report

5. Allies' Committee

the Third Party Committee, the model for risk detection and management, work audits and the online supplier training platform.

In addition, and respecting the legal framework in force locally, sustainability practices are shared with allied companies through workshops, certificates and communication bulletins.

The keystone of this initiative is the Allies' Committee, the body responsible for putting the model into practice, and following up and updating the same. The Committee, present in the principal countries of the region, is made up of key departments in the relationship with allied companies: HR (guarantor of work and health and safety aspects), Purchasing (ensuring that sustainability criteria are incorporated into the purchasing process), Sustainability (in charge of ensuring the sustainability of suppliers: evaluation and monitoring), General Secretariat and departments of management or petitioners (who identify key providers for the performance of the service, who will be incorporated under the umbrella of Aliados following analysis by the Committee).

Principal lines of work

The scheme has different lines of work, both internal and external, developed in each country in terms of the local framework in force.

The scale of the work carried out in 2013 is made manifest in the following data:

- More than 14,000 administrative audits.
- Over 1,400 in situ audits and over 750 improvement plans.
- More than 9,000 courses offered by our Company to allied companies, from which about 27,680 collaborators benefited.

What makes the Aliados programme different is it has shown that this is a purchasing process aligned with sustainability standards during all its phases in all the countries, and in a continuous and consistent way.

This is the only initiative of its kind that works uniformly throughout the region, guiding suppliers in the key aspects of sustainability, though without interference. Similarly, it has a high impact on controlling occupational liabilities and on labour-intensive suppliers.

The lines of work of Aliado



The aspects of sustainability are the most valued by our suppliers overall.

Awards

Telefónica Mexico, recognised for its supplier management:

- In 2013 the Aliados programme received an award from the Mexican Center for Philanthropy (Cemefi), the Alliance for Corporate Social Responsibility in Mexico (AliaRSE), and the Business Forum, in recognition of its Best Practices in Corporate Social Responsibility 2013.
- The practice was exhibited at the 8th International Seminar on Best CSR Practices held in Monterrey, Nuevo Leon, on 30 September and 1 October.
- The Aliados management model was selected for publication in 'The Contribution of Latin America and the Caribbean to Responsible Supply', by the Latin America and the Caribbean Regional Center for the UN Global Compact, and the Business Administration Faculty of Externado University in Colombia.
- The UN Global Compact gave an award to Telefónica Colombia for its fight against child labour, with the *Social Investment Pioneer Award*.
- Our 'Aquí estoy y Actúo' app was a winner at the APPCircus in Bogotá.

Milestones

- Monitoring of sustainability throughout the supply chain, with progressive implementation of a 360° evaluation system for suppliers of high or medium risk. Evidence: implantation of the EcoVadis platform.
- Adaptation of sustainability criteria to the Purchasing platform. Evidence: choice of the EcoVadis platform to evaluate suppliers of high risk; inclusion of EcoVadis scores in RFQs to high-risk providers.
- Reinforcement of monitoring, assurance, awareness-raising and dialogue mechanisms with suppliers. Evidence: activities of Aliados in each country, as well as projects like Marco Polo and the meetings or events held with providers.

Challenges 2014

- To implement the EcoVadis evaluation process in the top 150 Telefónica suppliers
- To consolidate the Aliados programme in global suppliers.

Best practice Aliados

Argentina

Supplier relations development model implementation

Telefónica considers that this is the most ideal mechanism for sustainable development in relations with suppliers, especially in Argentina, where the economic context is complex because suppliers have to meet their obligations as employers, paying and committing to pay the AFIP (federal tax office) and for social work, which in some cases may reach 120, for periods of up to ten years.

So:

- An information and communication mechanism for the status of each supplier was developed, with web access, letting each provider have up-to-date information about the status of their documentation and aspects pending.
- Together with the Quality department, all the contracts were segmented by activity so as to define a suitable model of certification for each segment (COPC, ISO, National Quality Prize or, where appropriate, special ad hoc certification of activity, as in the case of Agents or Channels).

Colombia

Transparency Programme for Colombia

Within the framework of the Aliados scheme, and in line with Telefónica's purpose of accompanying the development and growth of its contractor companies through extension of the corporate practices, the programme Rumbo Pymes (SME Course) was started in 2012, in alliance with Transparency for Colombia (the local affiliate of Transparency International – TI – one of the world's leading NGOs in the fight against corruption).

The programme, designed by Transparency for Colombia, is a self-contained tool for managers that helps SMEs to bring ethics into their management model, and create value and trust in the business. It includes over 280 hours of assistance. During 2013 a second group of allies was constituted, made up of eight companies that received accredited training in building and implementation of the ethics programme.

Ecuador

New suppliers' web section

We launched the new suppliers' web section in 2013, which offers tools to our suppliers and partners for them to implant responsible management. The section is divided into six subsections, including: the commitment of Telefónica Group to responsible supply chain management, our Business Principles (BP), responsible environmental management, occupational health and safety, and taxation matters. In addition, the annexes to contracts with local suppliers are included: in the BP section, a manual for creating ethical codes and standard clauses against child labour are given, and our providers can take these as models for their own contracts.

In 2013, Telefónica Ecuador had over 2,600 visits to this subsection after only five months in operation.

Mexico

Sociabilisation and recognition of the Aliados programme

Telefónica Mexico received the Best CSR Practice Award 2013 in the value chain category for its programme 'Third Party Management'. The distinction is awarded by the Mexican Center for Philanthropy (Cemefi), the Alliance for Corporate Social Responsibility in Mexico (AliaRSE), and the Business Forum.

The award followed exhaustive analysis of the information supplied by Telefónica to the technical evaluation committee, and confirms that its practices contribute to sustainable management in the Company and affect all those involved positively, while adding to the overall success and value of the business.

The main criteria for selecting this practice were: it is a creative response to a business need, taking the expectations of its stakeholders into account; it integrates social responsibility into the management of the business; it requires allocation of resources for its implementation, and it has measurable, innovative, sustainable and replicable results.

In addition, the third party management practice was presented at the 8th International Seminar on Best CSR Practices held in Monterrey, Nuevo Leon, on 30 September, before an audience of over 200 domestic and international companies who attended the event.

Peru

Implementation of the Monitoring Module 'No Conformidades':

The aim was to ensure correct flagging of and action on 'No Conformidades' (noncompliances) encountered during regional audits. Through this, the consultancy's auditors could follow the action plans established for each supplier and validate the evidence furnished thereby on the closure of noncompliances.

Promotion of ABE certification

To get Telefónica suppliers, the object of the Aliados programme, to obtain ABE (Good Employers' Association) certification as awarded by AMCHAM (the American Chamber of Commerce), which certifies companies who comply with their labour obligations and follow good people management processes.

At December 2013, 62% of third party staff audited were working in companies with 100% fulfilment of the AMCHAM evaluation criteria for obtaining ABE certification.