CORE BC
CORE BUSINESS CONSULTING

INTERNAL REPORTING SYSTEM POLICY

TELEFÓNICA FACTORING ESPAÑA

Telefónica Factoring

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REGISTER OF UPDATES

Telefónica Factoring España, S.A. (hereinafter "Telefónica Factoring" or "TFE"), has to date made the following updates to its Internal Reporting System (hereinafter, the System) policy:

name	approval	date
Internal Reporting System Policy	Board of Directors	22/06/2023

INTRODUCTION

Telefónica Factoring, being aware of the convenience of having an "Internal Reporting System", has designed one in accordance with the provisions of Act 2/2023, of February 20, regulating the protection of persons who report on regulatory infringements and corruption (hereinafter, "the Act" or "Act 2/2023"), which shall be used as preferential channel to report infringements, guaranteeing compliance with all necessary requirements for the infringement to be dealt with effectively.

In this respect, it hereby implements a "Compliance Mailbox" (hereinafter, "internal channel" or "compliance mailbox") managed by a third party, with the main goal of protecting persons who, within the framework of a working or professional relationship, should detect any actions or omissions that may constitute criminal offences or serious or very serious administrative infringements, in accordance with the provisions of the material scope of this policy.

Accordingly, this System shall enable employees and third parties linked to the firm by a working or professional relationship, to report, in good faith and based on reasonable indications, any facts that may involve the materialisation of a legal or criminal risk for TFE.

Likewise, persons who submit any reports via this Internal System shall be informed, in a clear and accessible manner, of the possibility of using external information channels before the competent authorities (e.g. the independent whistleblower protection authority "AAI") and, where applicable, before any institutions, bodies or organs of the European Union.

The System implemented by Telefónica Factoring likewise includes:

a) A policy setting forth the general principles concerning Internal Reporting Systems and the defence of whistleblowers, which must be duly publicised within the firm.

b) A procedure to process any reports received (compliance mailbox), setting forth the necessary provisions for the Internal Reporting System and any existing internal reporting channels to comply with the requirements set forth in Act 2/2023.

GOVERNING PRINCIPLES

The configuration of Telefónica Factoring's System must meet certain requirements, among which we highlight the following:

a) Transparency and accessibility

The System's policy and the essential principles governing management of TFE's compliance mailbox shall be made known to the public through its website, where they must be included in the homepage, in a separate and easily identifiable section.

b) Confidentiality and anonymity

Telefónica Factoring shall adopt the necessary measures to protect the whistleblower's identity, and any details of any irregular activities reported via the compliance mailbox.

The managers of the internal channel, and any supervisory bodies thereof, undertake to maintain due confidentiality in all their actions and in connection with all persons involved. Likewise, they will take suitable measures to prevent and neutralise any kind of reprisal that may be intended by any third party because of the complaint.

c) Good faith

Any person who submits a report must do so in accordance with the non-renounceable principle of good faith, based on sufficient grounds and providing objective evidence demonstrating the existence of the infringement. The submission of false or misrepresented information, or any information which has been unlawfully obtained, must therefore be avoided.

d) Objectivity and impartiality

Any reports received by TFE through its internal channel shall be dealt with and managed pursuant to the same criteria, irrespective of who submits them and whom they concern, without any difference or privilege based on personal circumstances or position in the firm's hierarchical and functional organisational chart.

e) Choice of channel

The informant may choose the reporting channel considered most suitable, with the possibility of going through external channels if deemed fit, mainly on the basis of the reported facts.

f) No reprisals

TFE's Internal Reporting System expressly forbids any acts of reprisal, including threats of reprisal and attempts at reprisal against persons who submit a report through the internal channel.

Reprisals shall be understood as any actions or omissions forbidden by law or which, directly or indirectly, involve an unfavourable treatment that places any person suffering it in a particular disadvantage with respect to another in a working or professional context, only as a result of his/her condition as whistleblower.

g) Protection of the whistleblower

Telefónica Factoring's System protects all whistleblowers against any kind of reprisals that may be carried out by the firm because of their report.

Among the principal requirements to obtain protection, we highlight the following:

- The information concerning irregularities must have been obtained in the context of a work relationship.
- The person reporting the irregularity must have reasonable grounds to believe that this information is true, even if no conclusive evidence is provided; reasonable suspicion is sufficient.

h) Presumption of innocence and right of defence of affected parties

The respondents must be informed of the investigation process under way so that, in view of the accusations, they may exercise their right of defence and allege anything that allows them to prove their innocence.

Finally, please note that TFE's System ensures that persons who report or disclose infringements via the compliance mailbox shall have access to different support measures (e.g. information, legal advice etc.).

OBJECTIVE SCOPE

The present policy regulates the operation of Telefónica Factoring's Internal Reporting System, whereby any person included in the subjective scope hereof who considers that certain infringements are taking place may submit a report to make the issue known and suitably resolved, preventing undue delays and resulting damage to the company and the parties implicated in the report.

As well as protecting whistleblowers on infringements of EU Law, the System shall likewise protect whistleblowers who report actions or omissions that may constitute a criminal offence or a serious administrative infringement of the Spanish legal system.

CRIMINAL OFFENCES

SERIOUS OR VERY SERIOUS ADMINISTRATIVE INFRINGEMENTS

EU LAW

TFE's Internal Reporting System fully complies with the following points set forth in the law:

- Its design, implementation and management are secure, guaranteeing the whistleblower's confidentiality and that of any third party included in the report.
- It allows the submission of reports orally or in writing, or both.
- It integrates the different internal reporting channels existing in the firm.

SUBJECTIVE SCOPE

The System extends to all persons who maintain professional or working links with the firm, and any others who have already ended their professional relationship, voluntary workers, interns, trainees or even persons taking part in selection processes.

The protection measures shall also apply to individuals who assist the whistleblower, to persons within his/her circle who may suffer reprisals, and to any legal entities owned by the whistleblower.

Similarly, the protection measures also apply to any workers' representatives who advise and support the whistleblower.

INTERNAL REPORTING SYSTEM OFFICER

Telefónica Factoring's Board of Directors includes the position of "Internal Reporting System Officer", who shall be in charge of processing any reports made through the aforementioned System, and to ensure the proper operation thereof.

The System Officer, who shall be an individual and an executive of the company, shall therefore exercise his/her duties independently and autonomously in respect of the remaining organisational bodies of the company.

Telefónica Factoring has entrusted the management of the System to the General Manager of the firm, who shall also assume the duties resulting from the implementation of the internal channel, always complying with the requirements set forth in Act 2/2023.

The duties entrusted to the System Officer, as well as others that may be assigned, are as follows:

- Processing reports received from the external third party engaged for such purposes to receive reports from the compliance mailbox, who shall classify the reports received through the internal channel.
- Coordinating the investigation of each report.
- Imposing the corresponding disciplinary sanctions.
- Drawing up regular reports on the functioning of the channel.

Below is a breakdown of who will assume the duties of the System Officer, and the body in charge of admitting, processing and resolving reports.

Internal Reporting System Officer	General Manager
Receipt of reports	Core Business Consulting
Admission and processing of the report	General Manager/Chief Financial Officer
Resolution of the report	General Manager/Chief Financial Officer Board of Directors

MANAGEMENT OF THE INTERNAL REPORTING SYSTEM

Telefónica Factoring's System shall be managed by an external third party expert on these issues, which shall be in charge of all matters relating to receipt of the reports, to be subsequently forwarded to the General Manager, Chief Financial Officer or, in the absence thereof, the Board of Directors, for their processing and final resolution, taking into account for these purposes any possible conflicts of interest that may arise between them.

Management of the System by an external third party complies, inter alia, with the following guarantees:

1. Independence.
2. Confidentiality.
3. Data protection.
4. Secrecy of communications.

Likewise, management of TFE's System by a third party does not in any way diminish the guarantees and requirements applicable to the System set forth in Act 2/2023, nor does it attribute responsibility for the same to any person other than the System Officer.

The external third party managing the System shall be considered data processor for the purposes of applicable personal data protection legislation.

DATA PROTECTION

The processing of personal data, and any files and other documentation analysed within the scope of Telefónica Factoring's System shall be governed by:

- Regulation (EU) 2016/679, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.
- Organic Act 3/2018, on personal data protection and guarantee of digital rights.
- Organic Act 7/2021, on the protection of personal data processed for the purpose of preventing, detecting, investigating and putting on trial criminal offences and the enforcement of criminal sanctions.
- Act 2/2023, of February 20, regulating the protection of persons who report on regulatory infringements and corruption.

Telefónica Factoring warrants, and shall be responsible for, compliance with any suitable technical and organisational security measures concerning personal data and confidentiality of information.

No personal data shall be collected that are not manifestly pertinent to deal with a specific report or, if collected accidentally, they will be deleted without undue delay. No data included in special categories shall be collected and, if included by the whistleblower in the report submitted through the Internal Reporting System, they shall be deleted immediately, without registration or subsequent processing thereof.

Access to the personal data included in the System shall be limited exclusively to the following persons, within the scope of their competences and duties:

- The System Officer and its direct manager.
- The head of human resources, only if it should be necessary to adopt disciplinary measures against an employee.
- The firm's chief counsel, if it should be necessary to adopt legal action in connection with the facts included in the report.
- Any data processors that may be appointed.
- The Data Protection Delegate.

The details of the whistleblower and any employees and third parties must be kept in the System only for the time strictly necessary to decide whether to initiate an investigation on the reported facts.

In any case, after three months have elapsed from receipt of the report without any investigation being initiated, the data must be deleted, unless the purpose of their conservation is to provide evidence of the System's performance.

Any reports that have not been acted upon may only be recorded in anonymized form, without applying the obligation to block the data as provided in article 32 of Organic Act 3/2018.

Telefónica Factoring has appointed a Data Protection Delegate, who shall be competent for any data processing, including said System.

SANCTIONS REGIME

The System shall be subject to a sanctions regime, and shall deem an infringement, inter alia, any action that entails an effective limitation of the rights and guarantees set forth in any contracts or agreements at an individual or collective level, any attempt to hinder the submission of reports or the effective hindering thereof, or to prevent, frustrate or delay the processing thereof, including the submission of false information or documentation by any persons requested to do so, the adoption of any reprisals or the violation of confidentiality and anonymity, among others.

Individuals and legal entities that perform any of the actions described as very serious, serious and minor infringements as provided in title IX of Act 2/2023 shall be subject to sanctions.

APPROVAL AND ENTRY INTO FORCE

The present policy has been approved by Telefónica Factoring’s Board of Directors and has entered into force on the day following its approval.