

Modern slavery statement

2019

➤ Enter report

This statement covers our approach to minimising the risk of slavery and human trafficking in our operations and supply chain. It outlines specific measures and activities undertaken during the financial year ended 31 December 2019.



Summary

At Telefonica UK Limited (Telefonica UK), we're committed to making sure modern slavery does not exist in our operations or supply chain – this commitment is supported by our values, our Business Principles and our Supply Chain Sustainability Policy. We uphold the law and protect Human Rights wherever we operate and trade. We're committed to fulfilling our obligations under the Modern Slavery Act and to use our influence to increase transparency on key issues such as protecting vulnerable workers and preventing human rights violations.

We do not tolerate forced labour, child labour, threats, coercion, abuse, violence or intimidation within our operations or supply chain. This position is clearly stated in our Business Principles and our Supply Chain Sustainability Policy.

The risk of modern slavery continues to be very low within Telefonica UK. We believe that our extended supply chain is where any risk could reside and that's where we've directed our due diligence effort using tools, sector initiatives and direct activities.

We've found no instance of modern slavery in our business operations or supply chain during the financial year ended 31 December 2019.

The UK Modern Slavery Act 2015 requires that we publish a Modern Slavery statement. This statement describes our business, where we perceive there may be heightened modern slavery risks, the policies we operate and the steps we have taken to combat modern slavery risks.





About Telefonica UK

O2 is a mobile network operator and the main commercial brand of Telefonica UK Limited, which is part of the Global Telecommunications group Telefonica S.A. O2 offers mobile phones, tablets and wearable devices to its customers as well as a range of mobile services and products, including mobile voice, messaging and data services. It also provides wifi, cloud services, digital payment services, fixed-line services for businesses and some insurance products.

Telefonica UK operates entirely within the UK and delivers services to government, corporate and consumers. We have some 34.5 million connections. We operate from 450 retail stores 3 corporate offices and have around 6700 direct employees. Many of our stores are operated by independent franchisees who must follow our values and Business Principles. Our products and services are underpinned by a global supply chain. Although we mainly contract with UK based businesses, contract fulfilment may be undertaken across the globe and we will have workers in Asia, Africa, Europe and North America involved in the fulfilment of Telefonica UK contracts.

34.5 million connections on our network 

 6,700 direct employees

 450 stores total





About Telefonica UK

During the period Telefonica UK had two wholly owned subsidiaries, Weve Limited media business that has ceased operation and giffgaff Limited, a mobile virtual network operator. In both cases their employees and supply chains are managed by Telefonica UK Limited and operate to Telefonica UK policies.

Our company purpose is to make every day better through personal experiences that count. Our daily activities are underpinned by our company values (Bold, Open and Trusted), Business Principles and a clear focus on putting customers at the heart of everything we do. Throughout 2019 we continued to pursue our 'customer led, mobile first' strategy focused on delivering a differentiated customer experience and helping customers get the most out of mobile connectivity.

A key objective in our organisation is to enhance and enrich the everyday lives of our customers by embracing new technology. We continue to invest in our network infrastructure, the technology to innovate whilst making sure we operate in an efficient and cost-effective way.

Our approach to responsible business and sustainability centres on doing the right thing for our customers, our people and society. We'll continue helping to reduce our (and our customers') impact on the environment and delivering positive social impact. We demonstrate this through activities in relation to our environment, employees, community, suppliers, human rights and anti-bribery and anti-corruption matters.

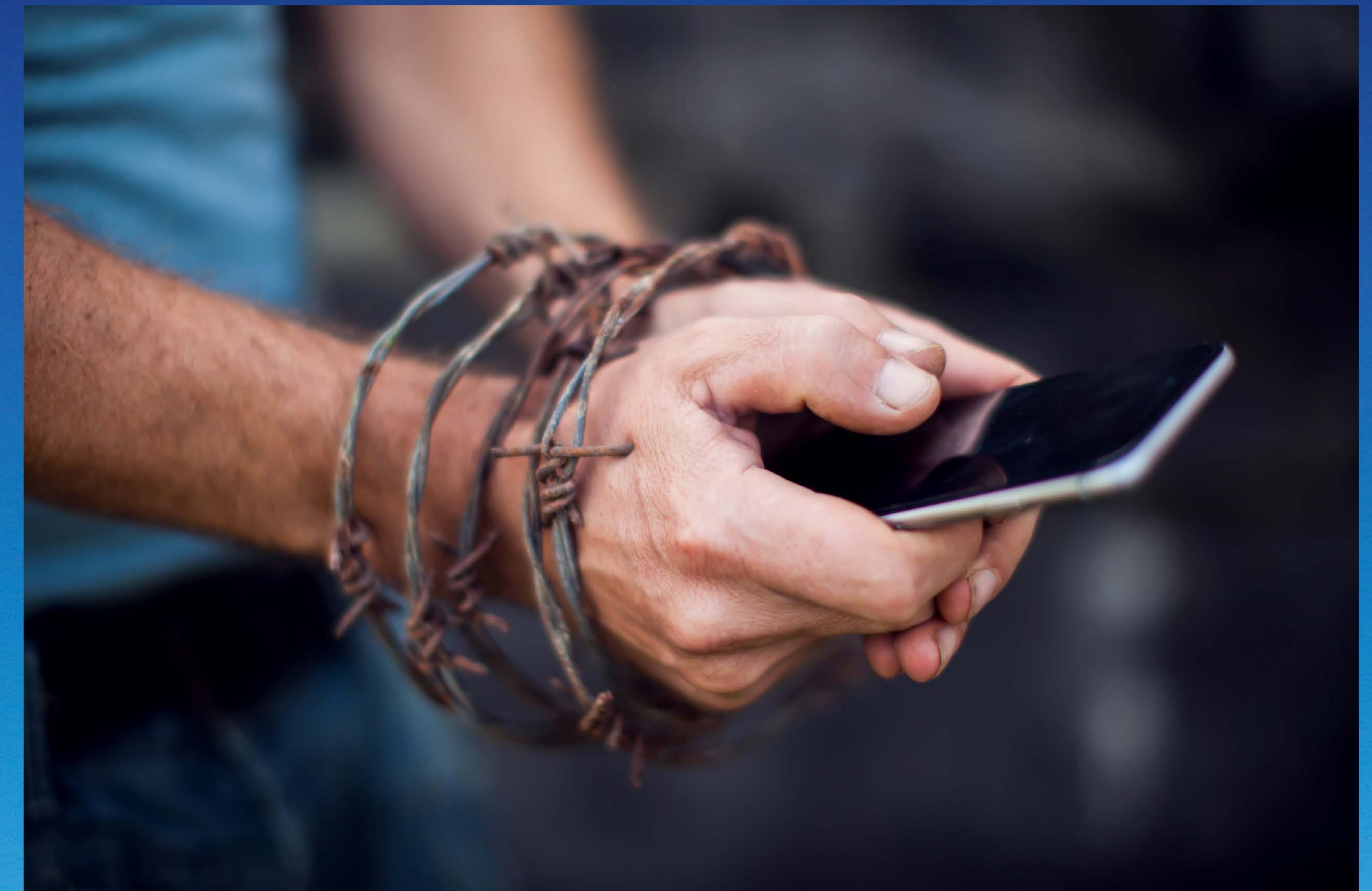
We believe our values and Business Principles employed throughout our operations and supply chain along with our supply chain policies and annual spend provides a significant and positive influence that helps to reduce the risk of modern slavery within our business ecosystem including our extensive supplier community.



Modern Slavery in brief

Modern slavery takes several forms including:

- Forced labour – forced to work under the threat of some form of punishment.
- Debt bondage or bonded labour – when a person is forced to work to pay off a debt or other obligation. The world's most widespread form of slavery.
- Human trafficking – transporting, recruiting people for exploitation, using coercion.
- Descent-based slavery – people born into slavery because their parents or other family members are / were enslaved.
- Child slavery – Not just child labour but child trafficking, child soldiers, child domestic slavery or child marriage.

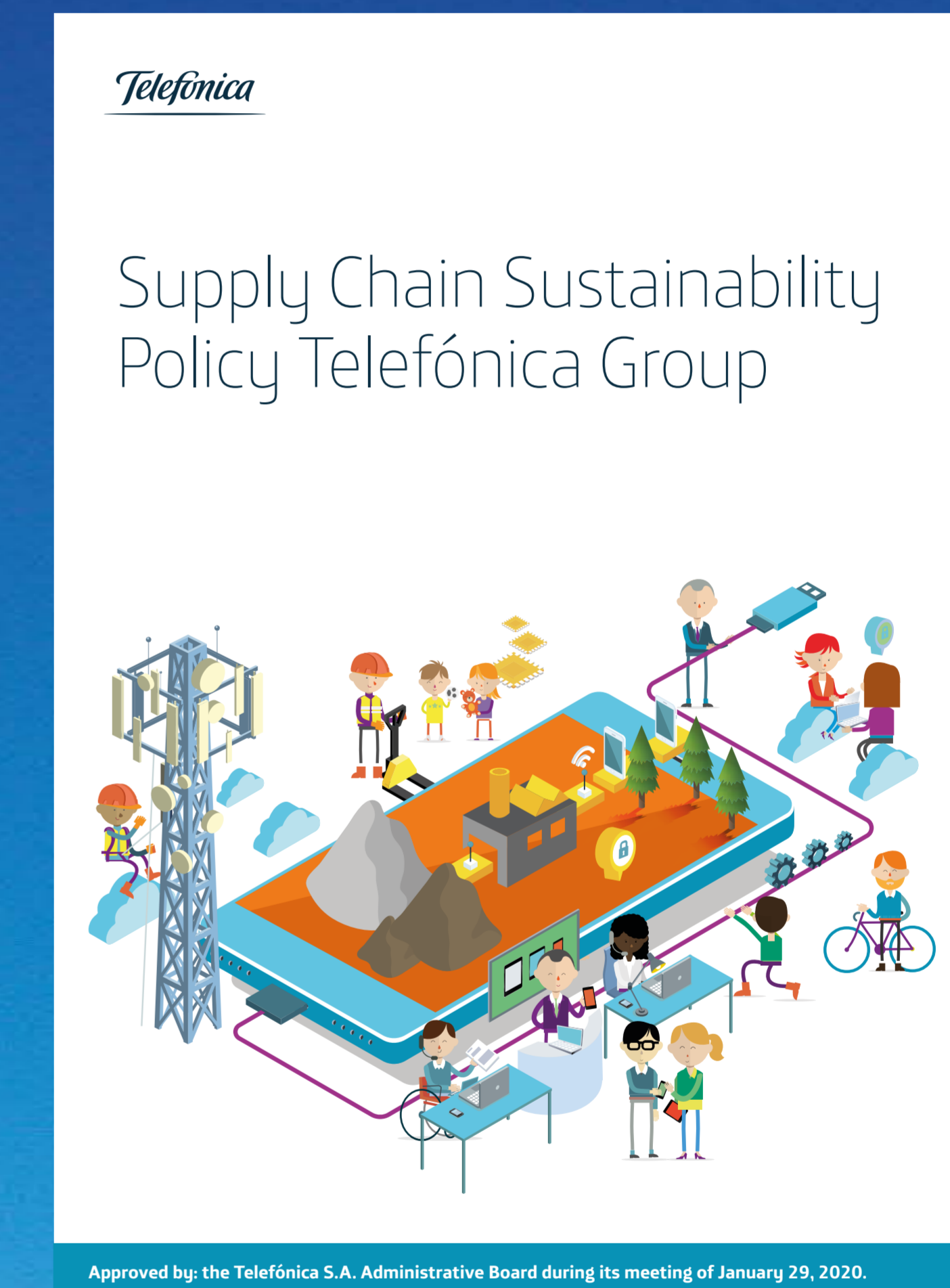




How do we reduce the risk of Modern Slavery?

We have several policies and procedures that address modern slavery, some act both internally and externally. The relevant policies apply to all our employees, suppliers and partners and are policed based on our assessment of risk.

Our Business Principles along with our Human Rights Policy and Supply Chain Sustainability Policy, are the key policies that address the risk of modern slavery in our business. Where suppliers are found to be in breach of our policies we will require them to make improvements and if they fail to do so, may elect to terminate our engagement with the supplier in question.





Our policies

Telefonica Business Principles

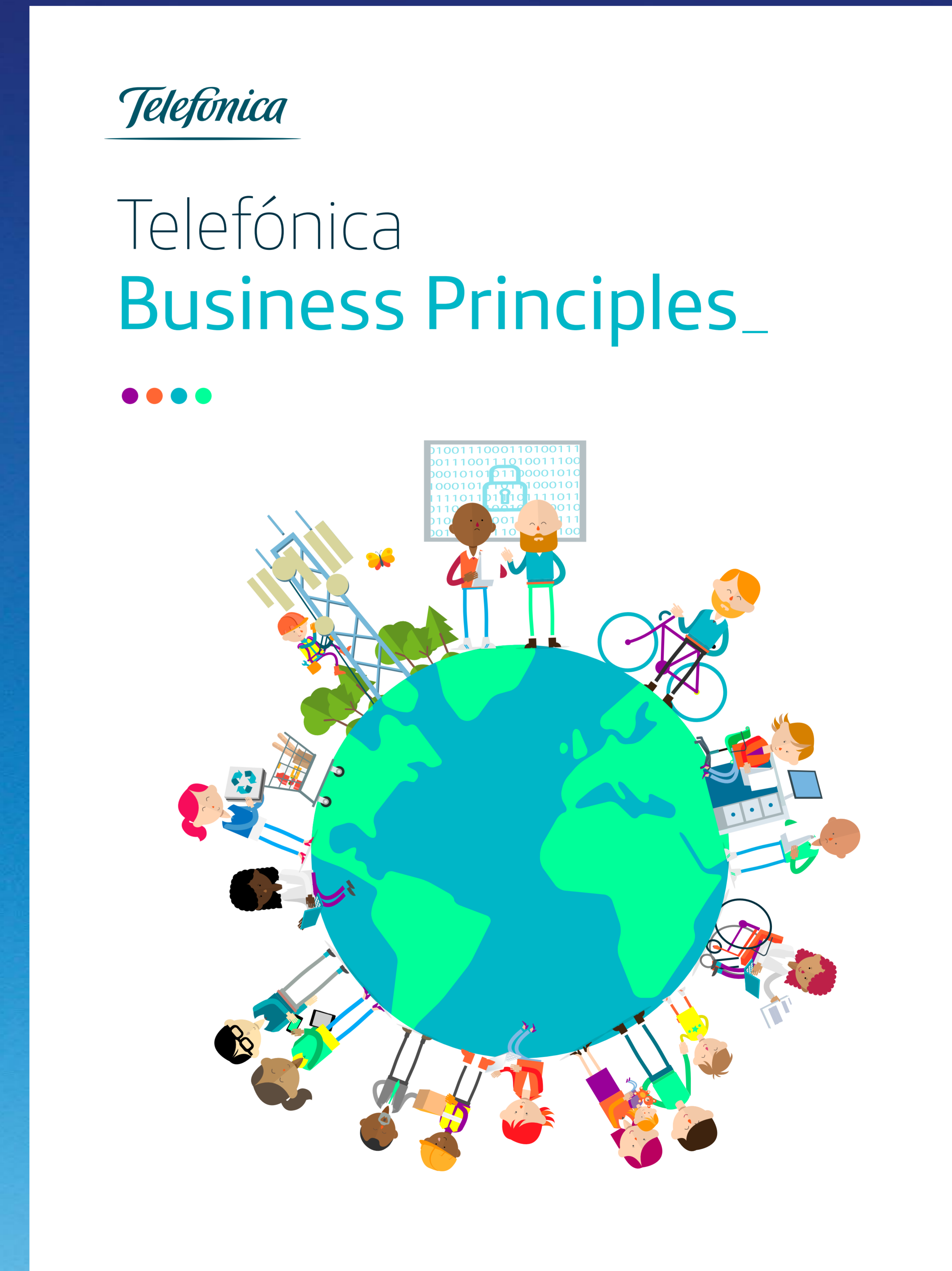
Scope

This policy applies to all our operations and all who we work with.

Key Points

It requires that we and those who work with us:

- Do not tolerate (directly or indirectly) any type of child labour, forced labour, threats, coercion, abuse, violence or intimidation in our work environment.
- Promote equal opportunities and seek to treat all individuals fairly and impartially, without discriminating with regard to race, colour, nationality, ethnicity, religion, gender, sexual orientation, civil status, age, disability, or family responsibilities.
- Respect the principles of the UN Universal Declaration of Human Rights, as well as the declarations of the International Labour Organization.





Our policies

[Supply Chain Sustainability Policy](#)

Scope

Applies to all suppliers and must be carried forward by our suppliers into their supply chains either directly or via their respective ethical codes.

Key Points

- This Policy reflects our support for and adoption of international standards including the Governing Principles for Companies and the UN Universal Declaration of Human Rights, the International Labour Organization conventions and the Organisation for Economic Co-operation and Development (OECD) guidelines.
- Establishes our standards across many sustainability topics including labour conditions. It strictly prohibits any form of forced labour or trafficking.
- Identifies and prohibits practices that are often the enablers of forced labour.

- Requires suppliers to report to Telefonica UK the measures they have taken to ensure that their operations and supply chains are free from modern slavery and trafficking and on the success of these measures.

The policy stipulates the following:

On Labour Relations: Workers must be provided with a written employment agreement in their native language. Agreements that respect all applicable legislation. That prohibit abuse of service provision contracts or the recurring use of subcontracts, to avoid legal obligations.

On Working Hours and Salaries:

Requires that:

- workers are provided with at least one day off for every period of 7 days;
- all overtime is voluntary;
- salaries reach or exceed the minimum legal requirement.

Prohibits:

- deductions as a disciplinary measure;
- workers being demanded to work more than 48 hours per week.

On Forced Labour & Trafficking:

Prohibits:

- any form of involuntary or forced labour.
- Physical abuse or discipline, as well as the threat of physical abuse, sexual harassment of any other kind, verbal abuse, or other forms of intimidation.

Requires that:

- Supplier must operate defined policy and process to ensure that slavery and human trafficking is not taking place in any of its supply chains, or in its own business.
- Workers cannot be required to provide deposits or identification documents and shall be free to leave their employment after reasonable notice.



Our policies

[Human Rights Policy](#)

Scope

Business-wide

Key Points

Based on the United Nations Guiding Principles on Business and Human Rights we have developed a global policy about the human rights that applies to our employees, members of the community, customers and business partners, as well as the millions of people who we influence every day through our products and services.

- We prohibit any form of forced labour, slavery or human trafficking within our operations and require risk-based due diligence to minimise any possible risk in our supply chains.
- We respect our employees, defining and implementing labour, environmental, health and safety standards, as well as fair, equitable, high-quality labour conditions.

- We are fully aware that, as a leading global technology provider, our company can help to promote Human Rights.
- We extend the responsibility to respect human rights to our business relations. Requiring high performance levels from our supply chain – in labour, environmental and health and safety conditions – is for us a way of promoting and obtaining the best result to achieve changes and thus mitigate the risks related to abusive behaviour in business relations.
- With due consideration to Human Rights and through our products, services and knowledge of the challenges of the local communities, we respond to some of society's most relevant needs.
- We undertake to explore all relevant opportunities for participation or alliance with external stakeholders to enable us to promote systemic changes and respect for human rights.





Our policies

Parental leave Policy

Scope

Employees

Key Points

Parental leave allows parents to take up to 18 weeks of leave to care for or spend time with their child until their 18th birthdayRights.

Family leave Policy

Scope

Employees

Key Points

Allows Maternity & Adoption leave of up to 39 weeks

Paternity Leave

Scope

Employees

Key Points

Allows Paternity leave of up to 14 weeks for new and adopting parents

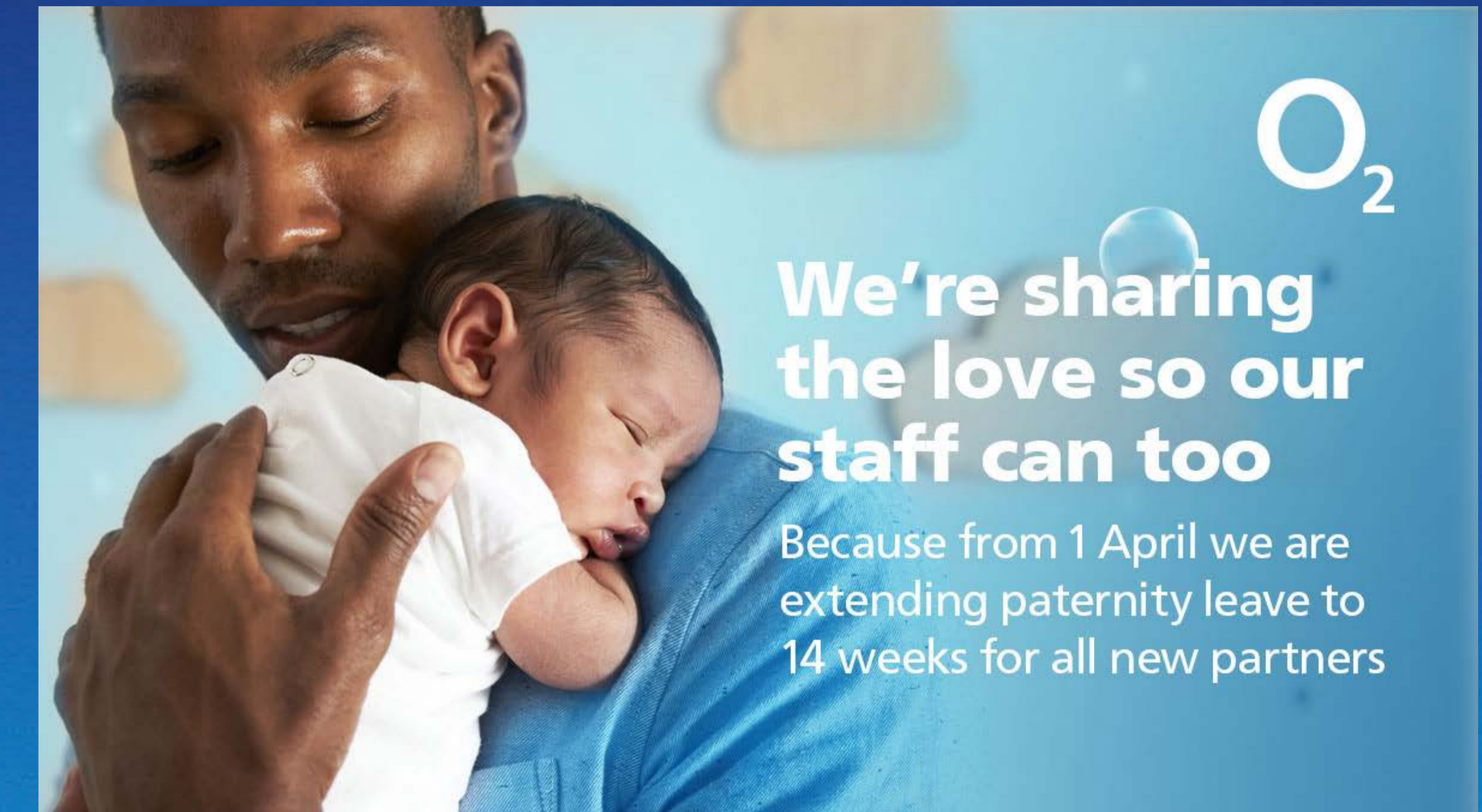
Other workplace policies

Scope

Employees

Key Points

These policies cover several areas that help to make O2 a workplace of choice, e.g. Policies against Bullying & Harassment, enabling Flexible & Home Working along with policies that prevent discrimination and enable, and drive inclusion all help to make O2 a great place to work.





Internal Operations

Our people are key to our customer experience and the success of our business, so we continue to focus on ensuring Telefonica UK is a workplace of choice. This is reflected in Telefonica UK's ranking in Glassdoor's Top 50 Best Places to Work for the last three years. In 2019 we were ranked 27.

Inclusivity sits at the heart of our organisation and it does so because we know it makes both human and commercial sense, we need to be representative of our customers and communities to ensure we continue to make the right decisions for them. Our supportive people policies covering life events such as maternity, paternity and adoption sit alongside guides on topics including flexible working, transitioning, mental health and menopause to ensure our people are supported, included and enabled to bring their whole self to work. Through our leadership teams, employee networks (BAME, LGBT+, Women) and wider initiatives such as reverse mentoring we work constantly to drive inclusion and dialogue at all levels in the organisation. As well as these informal channels, employees have a wealth of opportunities to share and raise concerns via grievance procedures and an employee speak up line and are professionally supported via AXA wellbeing services. We therefore perceive internal risks to be very low.

Telefonica



Careers

glassdoor

2019 **BEST PLACES TO WORK**





Supply Chain: Risk, Due Diligence and Outcomes

We believe that our supply chain is the main area with potential for modern slavery risk with our business.

Our products and services are highly dependent on a global supply chain. However, we chiefly contract with UK companies, some of which will rely on non-UK operations and suppliers to fulfil their delivery 80% of our 2019 non-handset spend was with fewer than 60 suppliers.

The delivery of procured product and services will often rely on suppliers in the lower tiers of our supply chain who may be in at-risk geographies like India or other areas of Asia.

We work with our direct suppliers to ensure they are aware of modern slavery risks, can identify its indicators and have risk-based due diligence in place. We aim to ensure that they manage this risk internally and in their own supply chains.

Our due diligence approach can, and does, extend to the lower levels of our supply chain and include capability development in our direct and indirect suppliers.

O2



- Strong Contractual Terms & Supplier facing code of conduct
 - Request for Proposal Evaluations
 - EcoVadis Assessment of High Sustainability Risk Suppliers
 - Sustainability Reviews with Major Network and service suppliers
 - On site audits by Telefonica UK
 - Workshop with Accessory suppliers
 - Mandated to adopt OECD guidelines
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- Flowed down of our code of conduct
 - Audit capability Development in suppliers via JAC Academy
 - On site JAC Audits
 - Mandated to adopt OECD guidelines





Supply Chain: Risk, Due Diligence and Outcomes

We have integrated our management of modern slavery risk into our business as usual supply chain sustainability management process and conduct specific modern slavery reviews in areas of heightened risk i.e. with suppliers involved in at risk sectors. This has seen the following activities and initiatives during 2019:

1. The deployment of clear contractual terms that prohibit any form of forced labour and that require all suppliers to produce modern slavery statements.
 2. Reviews of the position taken by suppliers involved in tenders on modern slavery risk management.
 3. A workshop with our major accessory suppliers who produce and source products that by their nature can be both low tech and involve at risk geographies. A situation that has potential to heighten exposure to modern slavery risk. At the workshop we reviewed their approach to modern slavery risk management and provided guidance on best practice.
 4. Sustainability reviews with our major network and service suppliers that have included a focus on modern slavery risk management.
 5. Identifying our most at risk UK suppliers by considering their sector of operation and held modern slavery risk management reviews with them. This has included our Build and Facility suppliers, i.e. suppliers involved in the construction industry and additionally suppliers with a significant involvement with the agriculture sector.
 6. Work with the JAC (Joint Audit Cooperation) to:
 - a. ensure that labour conditions in both our direct and indirect supply chains meet our standards and were audited by competent third parties.
 - b. To help develop the audit capability of our direct suppliers to assess sustainability including labour conditions in our indirect supply chain.
 7. Identified our high sustainability risk suppliers and ensured that each has been subjected to an EcoVadis assessment of their Sustainability policy and process. And that any that have fallen below our expectations have implemented improvement plans.
 8. Conducted a small number of direct onsite sustainability audits that have addressed modern slavery risk management.
 9. Require our franchisees who operate under the O2 brand to provide their modern slavery statements for our review and to make improvements where necessary.
 10. Additionally, we have strengthened the Telefonica Supply Chain Sustainability policy so that it now requires suppliers to Telefonica to highlight the measures they have taken to ensure that their operations and supply chains are free from modern slavery and trafficking and on the success of these measures.
- As a result of our activities in 2019, we have found no evidence of modern slavery in our operations or supply chain.**





Supply Chain: Risk, Due Diligence and Outcomes

Conflict minerals

Minerals that are mined and/or smelted in conditions of armed conflict and human rights abuses continue to be a potential risk in our deep supply chain. These minerals are used in electronic equipment including mobile phones. Although we don't have a direct commercial relationship with foundries and mines, we continue to contractually require any of our suppliers that do, to minimise this risk as outlined in our Supply Chain Sustainability Policy by adopting policy and processes aligned to [OECD guidelines](#). Additionally, at a Group level we're a member of the [Responsible Minerals Initiative](#).

Training

- **Suppliers:** We have trained selected suppliers via the JAC Academy initiative to be proficient in conducting sustainability assessments of themselves and their suppliers. This of course includes evaluation of labour conditions. This training sees auditors receive classroom training, be mentored in real audits and ultimately certified as competent.

We have held a workshop with representatives from our accessories supply chain to focus on promoting best practice in the management of selected sustainability topics including modern slavery risks.

- **Employees:** We have held sustainability awareness sessions with the Buying community to ensure they are aware of all sustainability risk areas including Modern Slavery risks and the action required of buyers to support out management of sustainability in the supply chain.





Supply Chain: Risk, Due Diligence and Outcomes

Collaboration

We have continued working with several external organisations and initiatives to improve our ability to drive responsible business practices across our business environment. Our collaborations include:

The [Joint Audit Co-operation \(JAC\)](#). This is an industry initiative consisting of major telecom operators with the common objective to raise social, environmental and ethical standards within the ICT supply chain - as part of this collaboration we are working to strengthen our knowledge of how best to manage modern slavery risks. Additionally, we have broadened the JAC initiative to include supplier Audit Capability building, strengthening the ability of the involved suppliers to identify and address risks internally and in their supply chain. Through the JAC collaboration and its 2019 activities we have access to 114 professional sustainability

audits of suppliers spanning several tiers of the sector's supply chain. None of the audits found any instance of forced labour.

We are also signatories, at a Group level, of the [UN Global Compact](#) and have embodied their Ten Principles on human rights, labour, environment and anti-corruption within our ethical codes.

EcoVadis a web-based collaborative platform, operated by a third party which assesses the quality of a company's responsible business and sustainability management system in a consistent manner. It produces a scorecard that can be shared with interested parties that identifies the responsible business and sustainability management strengths and weaknesses of a business and provides a score that we can use to manage suppliers. One area of the scorecard relates specifically to labour management.

Raising any concerns

Recognising that we all can play a role, we encourage anyone with concerns about modern slavery relating to Telefonica UK or our supply chain to use our [Confidential Help facility](#). This facility allows employees, suppliers or members of the public to ask questions, make suggestions, report incidents, or lodge complaints anonymously.



Declaration

This statement has been made in accordance with the reporting requirements of the UK Modern Slavery Act for the year ending 31 December 2019.

This statement applies to all parts of the Telefonica UK business. This statement was approved by the Board on 13 May 2020.



Mark Evans
Chief Executive Officer

