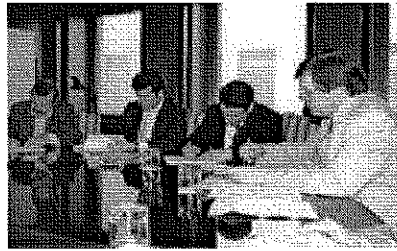


Historic agreement signed with Telefonica



UNI and the global telecommunications company, Telefonica, signed a historic agreement today in Madrid. A joint protocol has been signed with the company agreeing that Telefonica will recognise and consult with UNI affiliates wherever they may operate throughout the world. Telefonica have agreed that they will consult with UNI unions on matters affecting employees that will bargain with unions, and that they will hold annual meetings to discuss future plans for the company. This historic protocol was signed by Telefonica CEO, Juan Villalonga and UNI Deputy General Secretary, Philip Bowyer.

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PREAMBLE

The present agreement is being signed as a follow up to the Protocol signed between the parties in April 2000 in which "the negotiation of a code of conduct" to maintain trade union and workers rights in all Telefónica activities world wide had been agreed.

In their capacities the General Secretary of UNI and the President of Telefónica S.A. agree on the following code of conduct based on the following principles:

THE PARTIES COMMON RECOGNITION OF FUNDAMENTAL HUMAN RIGHTS IN THE COMMUNITY AND THE WORKPLACE:

1. UNI and Telefónica affirm their support for fundamental human rights in the community. That is:

- ✍ **Employment is freely chosen.** In agreement with ILO Conventions 29 and 105.
- ✍ **There is no discrimination in employment,** all workers shall have equality of opportunity and treatment regardless of their ethnic origin, colour, gender, religion or political opinion. Workers shall receive equal pay for work of equal value. (ILO Conventions 100 and 111)
- Abolition of Child labour**
- ✍ Child labour shall not be used. Only workers above the age of 15 years, or over the compulsory school-leaving age if higher, shall be employed. (ILO Convention 138)
- ✍ Children under the age of 18 shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or education of children. (ILO Convention 182)

2. UNI and Telefónica affirm their support for fundamental human rights in the workplace.

In that respect the company agrees to; comply with the ILO conventions on freedom of association and trade union rights, to recognise the right to organise and the right of trade unions to represent and negotiate on behalf of the workers, and to comply with minimum standards in respect of wages and working conditions.

Freedom of association and the right to collective bargaining

- ✍ All workers shall have the right to form and join trade unions. (ILO Convention 87)
- ✍ Where UNI affiliates represent the workers employed in companies owned by Telefónica – and its subsidiaries – the company shall recognise the right of unions to represent said workers in:
 - a) Collective bargaining. (ILO Convention 98) On their part unions will agree to negotiate in good faith, are aware of the necessity to find the best practices which guarantee the development of the companies and their viability, which eventually is the best guarantee of the employment of for the workers.
 - b) Any procedures settlement of disputes.
 - c) Negotiations and consultations in all matters affecting jobs and training.
 - d) Where no trade union exists, the company shall adopt a neutral view and shall not prevent workers from organising. It shall also respect the right of trade unions to organise employees.

The right to represent workers

The company guarantees that workers representatives shall not be discriminated against and shall have access to all workplaces necessary to enable them to carry out their representation functions. (ILO Convention 135)

Minimum wages

Workers shall be paid wages and benefits that are at least as favourable as those established by national legislation or agreements, for work of the sector concerned. No worker shall be paid less than the legal minimum wage which shall always be sufficient to meet basic needs of workers and their families. (ILO Conventions 94, 95, and 131)

All workers will be provided with clear information about wage conditions.

Working day

The working day will meet as a minimum, the requirements of appropriate national legislation, or national agreements and/or industry standards (ILO Conventions 1, 47 and Recommendation No. 116). Overtime shall be voluntary wherever possible, and shall not be a substitute for inadequate regular wages.

THE PARTIES COMMON RECOGNITION OF THE NEED TO CONTRIBUTE TO IMPROVEMENT OF CONDITIONS IN THE WORKPLACE AND THE COMMUNITY:

3. UNI and Telefónica confirm their support and respect for applicable standards for the environment, security, and health and safety at the workplace. That is:

- ✍ The guarantee that work places are safe and do not imply risk for the security and health of workers (ILO Convention 155).

Best occupational health and safety practice shall be observed, safety equipment shall be provided when necessary, to prevent as much as possible, accident hazards, and harmful affects for health.

- ✍ The co-operation of workers and their representatives for the observance of the adopted measures to guarantee health and security and they will receive the appropriate information and training in the area of occupational health and safety.

- ✍ **Respect for others at work**

Workers should observe harmonious relations avoiding any behaviour that implies a lack of respect or scorn towards other employees. Those that are responsible for a working team should fairly distribute tasks, both in the amount and the quality of that work.

4. UNI and Telefónica reaffirm their support for the conditions in Telefónica's community

- ✍ **Training**

All workers shall be given the opportunity to participate in training programmes especially those meant to improve workers skills to use new technology.

- ✍ **Employment stability**

National legislation and agreements shall be respected, trying wherever reasonably possible to create stable employment.

✍ **Respect for the environment**

UNI and Telefónica share concerns about the impact that the operation of Telefónica's business may have upon the environment and will commit to taking all efforts to ensuring that all environmental concerns are met.

IMPLEMENTATION

- ✍ Telefónica S.A. will provide information concerning this agreement to all companies of the Group.
- ✍ Both parties shall be responsible for the administration and implementation of this agreement. To that end they will engage in ongoing dialogue and they will meet regularly. Any difference arising from the interpretation or implementation of this agreement will be examined jointly, for the purpose of making recommendations to the parties in conflict. A group will be appointed that comprises three members from Telefónica and three members from UNI (UGT/CC:OO -UNI) to examine and report to the President of Telefónica and the General Secretary of UNI.
- ✍ As Telefónica considers the respect for workers rights mentioned in this agreement are to be an element of progress in the industrial relations, the company will tell the companies that would like to provide contracts and services the need to adhere to these principles.

DURATION

The duration of this agreement is five years, after which this agreement will be evaluated and may be prolonged for a new period

Signed this 12th day of March 2001

Philip J Jennings
UNI General Secretary

César Alierta
President Telefónica

Alenjandro de Llano
Unión General de Trabajadores -UGT

Jesús Vesperinas
Comisiones Obreras -CC.OO