



# A connected world, a sustainable world

An analysis of the direct and indirect impacts of Telefónica's activity on the United Nations Sustainable Development Goals



---

**Do you want to know what Telefónica is doing to build a more sustainable, more equal world?**

In this report, we research, compile, analyse and explain the direct and indirect impacts of our activities on the United Nations Sustainable Development Goals. We're committed to transparency. Our mission is to make the world more human by connecting people's lives.





# “Making our world more human by connecting people’s lives”

The world is in transition and our global society and economy are facing huge challenges and rapid changes. Achieving equality and bringing an end to poverty remain an unfinished task, while climate change and the loss of key natural resources are exerting growing pressure. Against this backdrop, there was an urgent need for a set of social and environmental guidelines for global economic development to guarantee greater inclusiveness, improved protection of ecosystems and biodiversity and greater shared wealth for present and future generations.

The United Nations 2030 Agenda provided a path to progress, setting out 17 Sustainable Development Goals (SDGs) and 169 targets with the aim of transforming our global development model by 2030.

For the first time, the 2030 Agenda acknowledges the fundamental role of business organisations in achieving these goals. Companies in the information and communications technology (ICT) sector in particular bear a large part of this responsibility. We have the opportunity and the duty to put the full potential of the internet and digital solutions to work to implement the 2030 Agenda and achieve the SDGs as quickly as possible.

At Telefónica, we want to play our part in meeting these Goals. We are a key player in the sector and we operate in regions where many countries are facing major social and environmental challenges.

We view this opportunity as a responsibility and a privilege. We want to see a world where nobody is left behind. This goal is fully aligned with our company purpose:

We are convinced that the SDGs are an excellent tool for ensuring the development and resilience of our business model and value proposition. Moving forward in alignment with the 2030 Agenda will guarantee the sustainability of our business and our ability to adapt and respond to changing social, economic and physical contexts.

Therefore, we believe that our contribution must go beyond the value directly generated by our commercial activity and we are seeking to incorporate the SDGs into the company's very identity, using them as a framework for monitoring, evaluating and reporting on our contribution to and impact on society and the planet.

The Sustainable Development Goals give us a realistic opportunity to make a significant contribution to a project that is key for the future of humankind, a project that will allow us to create a greener digital future, encourage social and economic progress through digitalisation and build trust to guarantee a people-centred digital transition.

**José María Álvarez-Pallete**  
CEO Telefónica

# Contents

---

<b>Telefónica and the Sustainable Development Goals</b> .....	5
Our work programme.....	6
Maximising our contribution, minimising negative impacts.....	16
<b>Our approach</b> .....	18
<b>Prosperity</b> .....	19
Inclusive connectivity.....	26
<b>Responsibility</b> .....	28
Gender diversity at all levels.....	32
<b>Planet</b> .....	33
Digital services for a green transition.....	41
<b>2030: an urgent deadline</b> .....	42
Boosting digitalisation to achieve sustainability.....	43
<b>Appendix. Setting targets</b> .....	45





# Telefónica and the Sustainable Development Goals

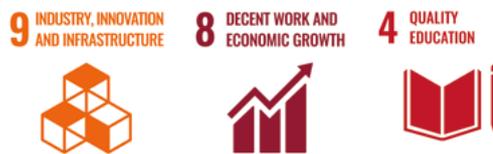
# Our work programme

---

At Telefónica, we have conducted an in-depth analysis of the goals and targets that we can make the most productive contribution to. As part of this analysis, we reflected on our technical and commercial capacities and the connections between the different SDGs, focusing on three main areas:

---

Helping society to prosper by encouraging socioeconomic development through digitalisation.



---

Beyond responsibility: building trust.

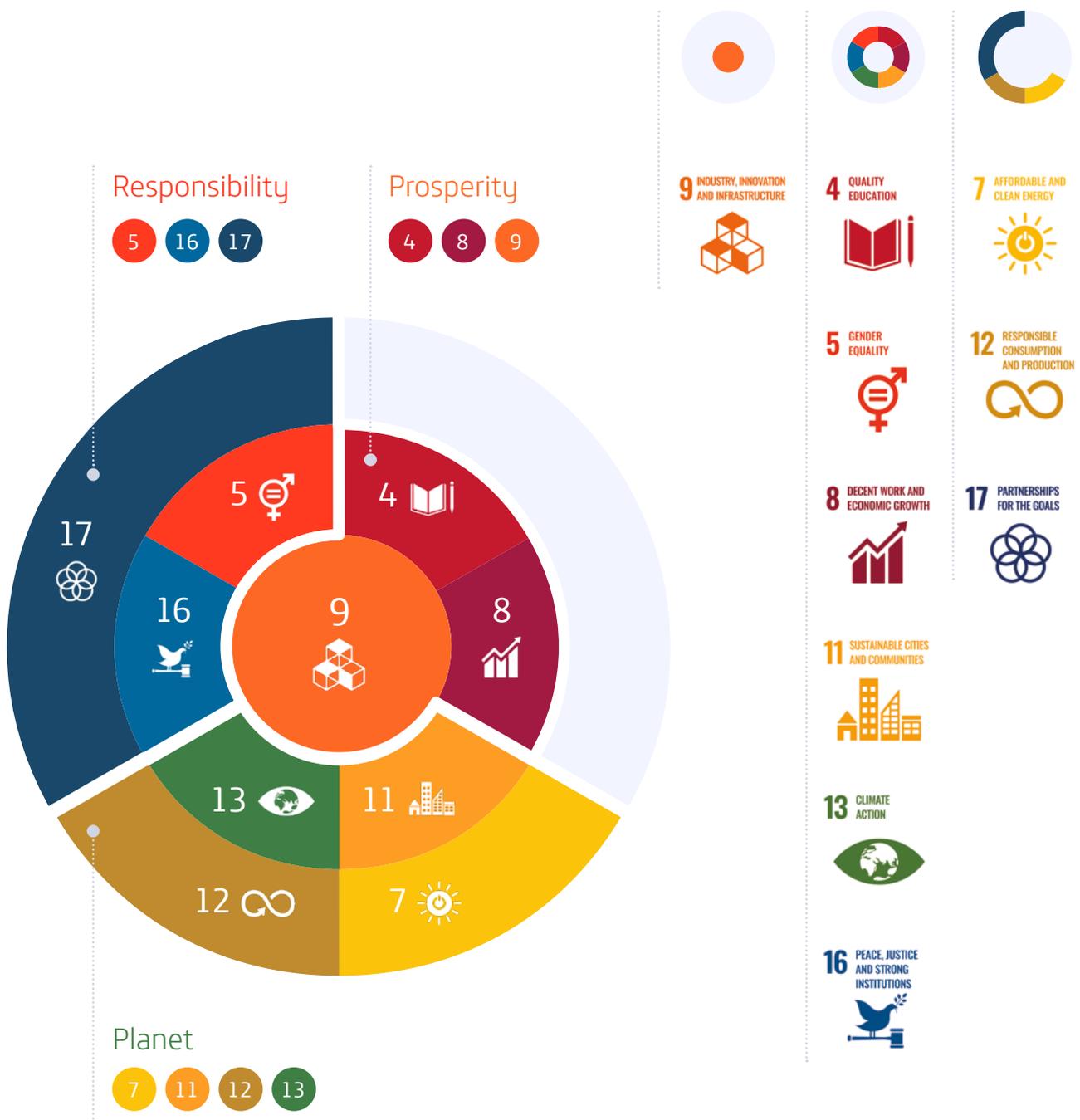


---

Creating a greener digital future.



We have established a work programme revolving around **Goal 9**, which aims to build sustainable, resilient, high-quality infrastructure and foster innovation to tackle the major challenges facing the planet.





As a global telecommunications operator, our biggest contribution is to **Goal 9**. The infrastructure and services that we provide are one of the main drivers of socioeconomic development in the regions where we operate. We invest more than 5 billion euros each year in rolling out and improving communication networks and we are responsible for extending broadband coverage (fibre-optic, LTE, 5G) to many regions, including remote and hard-to-reach areas, as well as for boosting innovation and entrepreneurship by helping companies and startups to find new solutions and create new digital services.

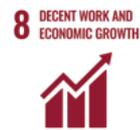


Other goals such as **SDG 4 (Education)**, **5 (Equality)**, **8 (Economic Growth)**, **11 (Sustainable Communities)**, **13 (Climate Action)** and **16 (Peace, Justice and Strong Institutions)** are also highly relevant to our work, as we are able to contribute to reducing the digital divide in all social and educational spheres, use technology to protect the environment and drive economic growth for industrial and technological development.



The other goals covered by our work programme focus on the environment (**SDG 7 and 12**) or aim to facilitate achievement of other goals, such as **SDG 17**, which centres around building partnerships and cooperation so that we can tackle the major challenges facing our global society together.

## Prosperity

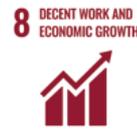


### Building inclusive, sustainable connectivity

**Aim:** To deliver faster, better quality internet to individuals and companies

- Reinforce and invest in the very high capacity networks that have proven to be fundamental for future competitiveness:
  - Increase high-speed mobile network coverage (LTE) and accelerate the rollout of new 5G networks.
  - Increase ultra-broadband network coverage (fibre-optic) across all regions.
- Bring connectivity to areas where there is no such service, connecting millions of people in rural or remote areas who do not have access to the internet or have very limited access.
- Encourage domestic innovation and entrepreneurship via different programmes and vehicles for investing in startups.

## Prosperity



### Boost digitalisation to create a more sustainable society and economy

**Aim:** To ensure that small and medium-sized companies have digital services and that our procurement processes are based on ethical, social and environmental principles

- Support key sectors by accelerating the green transition and the digitalisation of SMEs and public institutions.
  - Encourage investment in companies.
  - Work in partnership with national and international organisations to drive economic development and digitalisation.
- Promote a sustainable supply chain by incorporating ethical, social and environmental criteria into the procurement process.

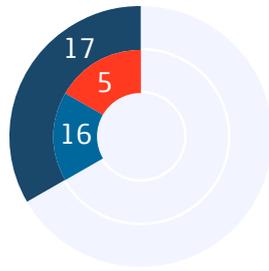


### Tackle inequality by investing in digital skills

**Aim:** To launch programmes to develop digital capacities and empower internal talent through training in new digital skills

- Train and upskill individuals for the digital world.
- Ensure that all employees have access to personalised programmes to retrain them in digital skills.
- Encourage modernisation and digitalisation in the education sector.

## Responsibility



### Promote inclusion, equality and equity

**Aim:** To ensure that 33% of the company's managers are women and achieve equal pay, reducing the gender-adjusted pay gap to +/- 1%.

- Increase female leadership within the company and eliminate pay gaps of any kind.
- Implement measures and programmes to close the gender digital divide and promote STEM (science and technology) careers among young women.

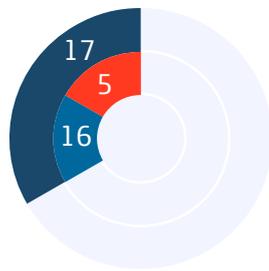


### Promote transparency, good governance and respect for human rights through ethical, responsible use of technology.

**Aim:** To maintain our top position on Ranking Digital Rights and to design our products and services based on clarity, transparency, consistency and reliability.

- Improve citizens' trust by using technology ethically and responsibly, respecting and promoting the fundamental rights to privacy, freedom of expression, access to information and other digital rights.
- Promote data protection and transparency in data use and empower citizens to control the use of their personal data.
- Build trust and boost the development of fairer, more inclusive societies, supporting effective governance to prevent corruption in all its forms.

Responsibility



Encourage global partnerships for sustainable development

- Promote collaboration on innovation and increase access to technology, information and ICT use.
- Reach agreements with public and private organisations to promote sustainable development.

Planet



**Roll out the most efficient telecommunications network (fibre-optic and 5G), powered by renewable energy sources**

**Aim:** To maintain 100% renewable electricity in our main markets

- Improved energy efficiency: reduce energy consumption per unit of traffic (MWh/PB) by 90% of 2015 levels by 2025.
- More renewable energy: continue to use 100% renewable electricity in our main markets, encouraging the sector's development through long-term contracts and self-generation (LatAm 100% renewable by 2030).



**Become a leading provider of solutions helping our customers to reduce their CO<sub>2</sub> emissions**

**Aim:** To avoid the emission of 5M tCO<sub>2</sub> per year by our customers by 2025 as a result of the digital services that we offer in our main markets.

- Promote the development of digital services and solutions with a positive impact on the environment and help to create more sustainable, resilient cities.
- Help our customers reduce their carbon footprints through technological solutions.

## Planet



### 12

#### Promote the circular economy in the use of electronic equipment through eco-design, reuse and recycling

**Aim:** To become a zero-waste company

- Internal eco-efficiency: Reduce waste and encourage reuse and recycling.
- Customers: Incorporate eco-design into our products and services from the initial stages. Increase recovery and reuse of customer equipment through reverse logistics programmes.
- Suppliers: Develop programmes to promote the circular economy throughout the supply chain.

### 13

#### Fight climate change and improve resource efficiency and use

**Aim:** Achieve net zero emissions by 2025 (Scope 1+2) in our main markets and by 2040 in our value chain and LatAm

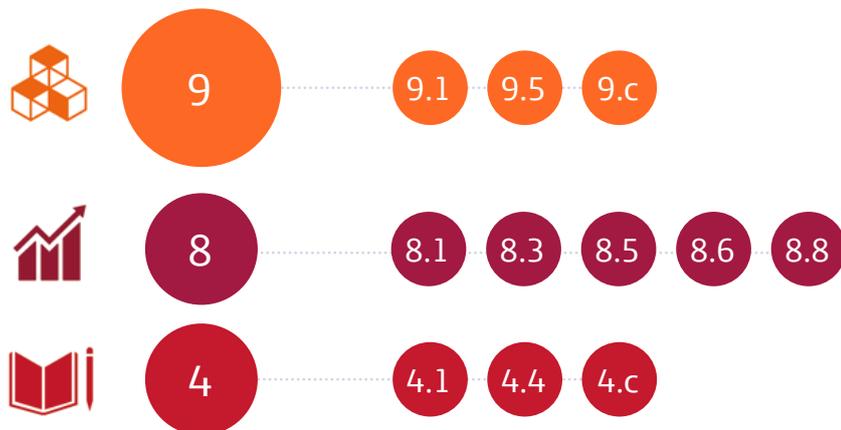
- Reduce our scope 1 and 2 emissions by 90% by 2025 in our main markets and by 70% globally.
- Neutralise 100% of our residual emissions through nature-based projects with social and biodiversity benefits that meet recognised standards.
- Reduce CO<sub>2</sub> emissions in our value chain by 39% by 2025 and achieve net zero in 2040.

## SDGs and their direct impacts

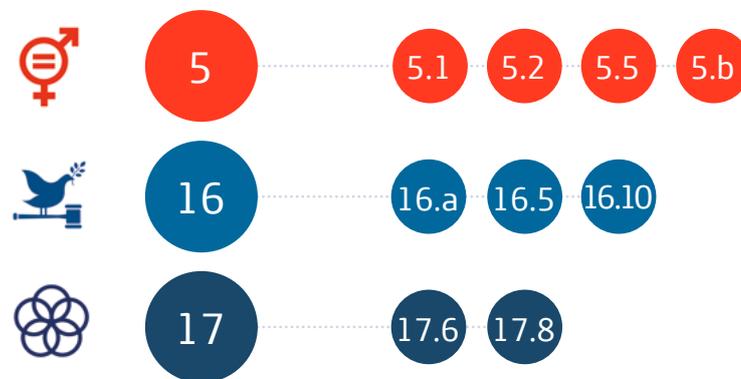
Goals

Targets

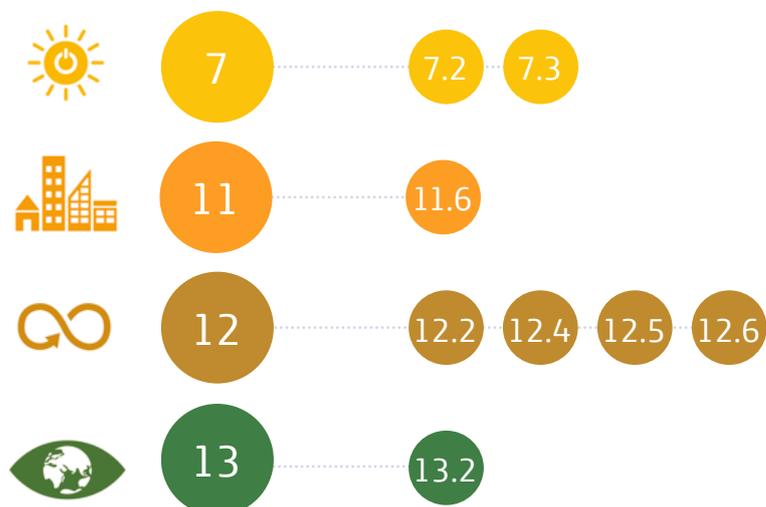
### Prosperity



### Responsibility



### Planet



# Maximising our contribution, minimising negative impacts

---

Far from being isolated goals, the SDGs are interlinked through a series of connections between their corresponding targets, forming a **system or network**. This makes it possible to have a direct impact on several SDGs and an indirect impact on others at the same time. This interconnection represents an opportunity **to innovate in an attempt to make the greatest possible impact**.

At Telefónica, we analysed the connections and **interactions between the SDGs** we are working towards and explored how our work programme impacts on the targets for these goals.

We also determined and calculated **the intensity of the interrelationships** between the different targets, highlighting unwanted effects, opportunities to enhance our positive contributions and possible knock-on effects or feedback loops.

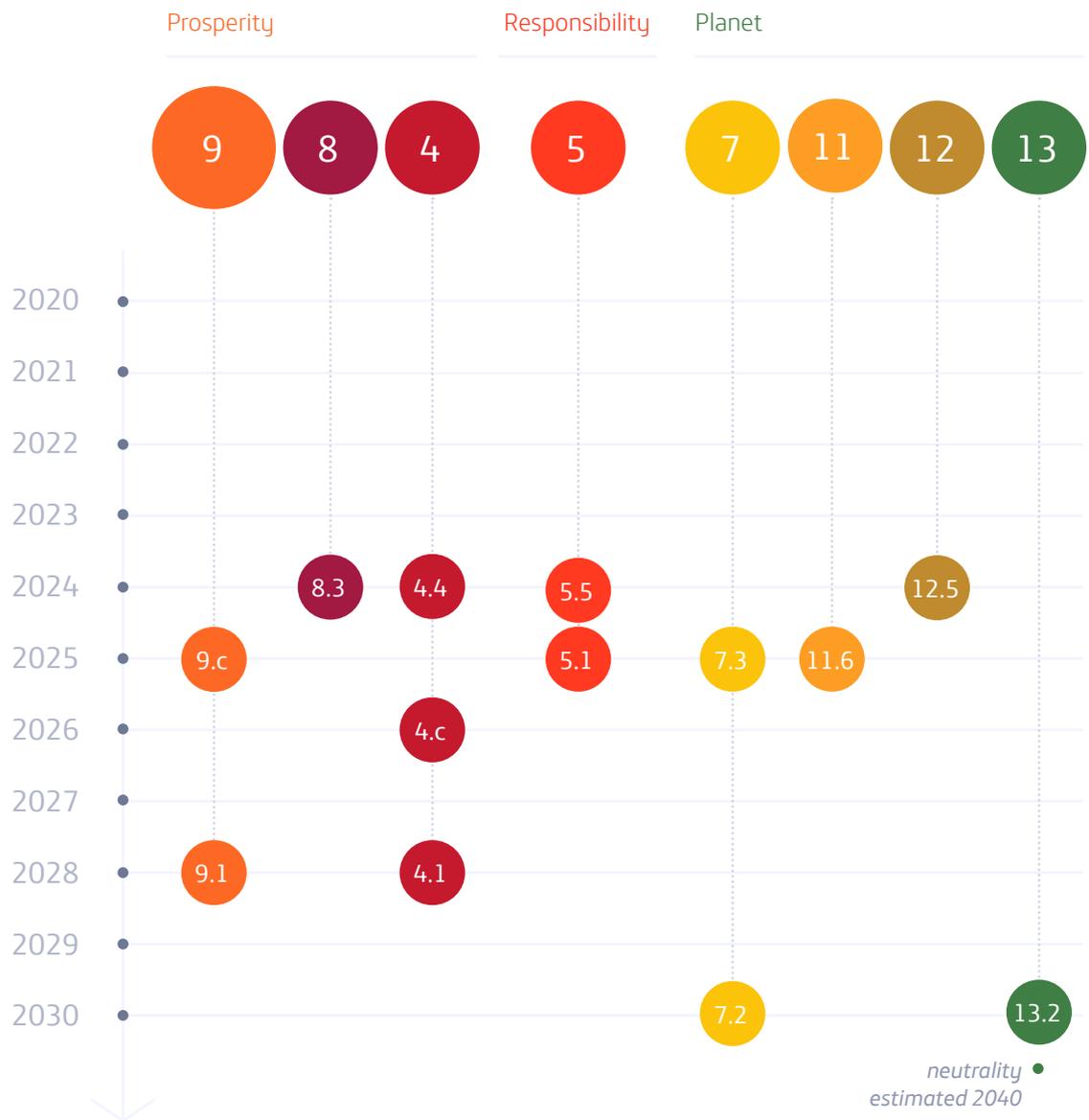
We identified the targets that had a positive impact on others and those that fed back into one another, allowing us to boost the impact of our strategy and detect potential problems or inadequate results in advance.

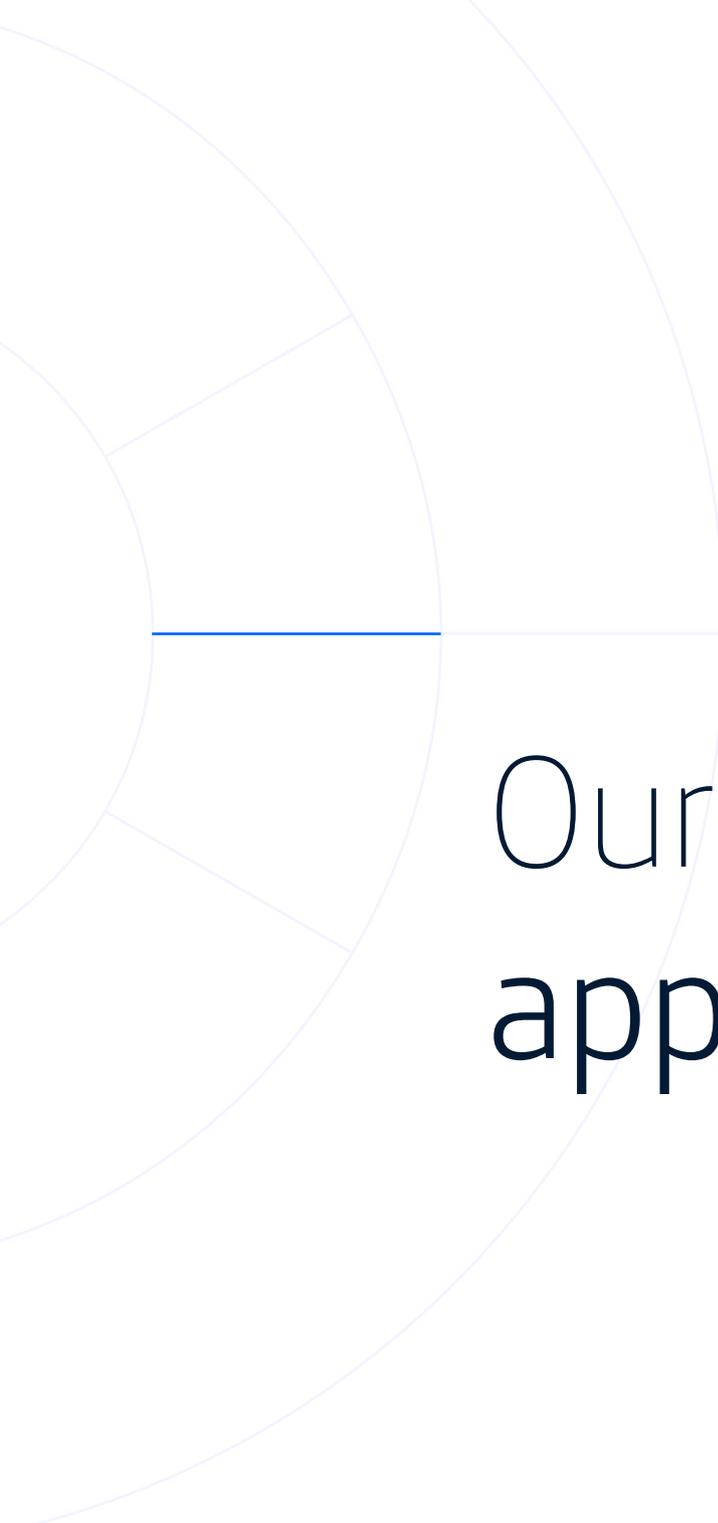
This knowledge gave us a more dynamic overview of our work towards the SDGs and its predictive value enabled us to make **clear projections for compliance**.

Through this analysis, we are able to **design our strategy with greater precision and adapt it over time**, establishing the action to be taken or the products and services that meet our aim of **maximising our contribution** to socioeconomic development in the regions where we work and **minimising any negative social or environmental impacts** that our activities may cause.



## Estimated year of achievement for our commitments to the SDG targets





# Our approach



# Prosperity

---

Promoting more inclusive connectivity by bringing digitalisation to all and promoting social and economic development in the communities where we work

# Prosperity

---



Telefónica aims to provide the world with the best telecommunications and the latest technology. We advocate for people-centred digitalisation as a way to tackle the digital divide and as a strategy to address inequality of opportunity.

We know that this goal has great potential for contributing to the 2030 Agenda while enabling us to secure our long-term development and evolution as a company.

**Technological and digital transformation** can break down barriers that currently appear to be insurmountable. Digital solutions have proven capable of reaching to the very source of social problems and triggering positive change in communities and productive and economic models. The rollout of next-generation broadband networks, along with measures to boost digitalisation, has a direct impact on the socioeconomic development of entire regions and on the lives of many people who are able to access services and opportunities that were previously unattainable.

For example, the rollout of fibre-optic internet and the development of digital services in rural areas could **increase average annual income by up to 3.9% or reduce unemployment rates by approximately 1%** through the promotion and creation of service companies<sup>2</sup>. Equally, digitalisation could help **increase productivity among SMEs by 15-25%**.

But simply rolling out technology is not enough; we must also make sure it works for people. To do so, one of the priorities in our work programme for digital inclusion is to make our solutions accessible.

<sup>2</sup> Internal study on the impact of fibre-optic internet on rural areas by Telefónica.



By encouraging innovation and entrepreneurship, programmes such as Telefónica Venture Capital and Wayra are preventing the loss of young talent to other parts of the world and driving innovation and economic development in many locations.

At Fundación Telefónica, we are also working towards digital inclusion and education with projects such as **Conecta Empleo**, **enlightED** and **ProFuturo**, among others.

Conecta Empleo, one of the most widely known employability programmes, **offers free online courses, programmes and digital tools for training in the most in-demand ICT professions**. It aims to adapt career guidance to the challenges of the digital era and the constantly changing labour market.

Meanwhile, enlightED is a **global conference on education, technology and innovation** that brings together leading experts and institutions from around the world each year.

ProFuturo provides schools with a **digital learning platform** featuring educational resources, multimedia activities and **technological equipment** where needed. Since it was launched in 2016, ProFuturo has reached **40 countries in Latin America, the Caribbean, Africa and Asia**, training **more than 400,000 teachers and improving the education of 16 million children**. The programme aims to reach **25 million children by 2030**.

**9** INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



Building inclusive,  
sustainable  
connectivity

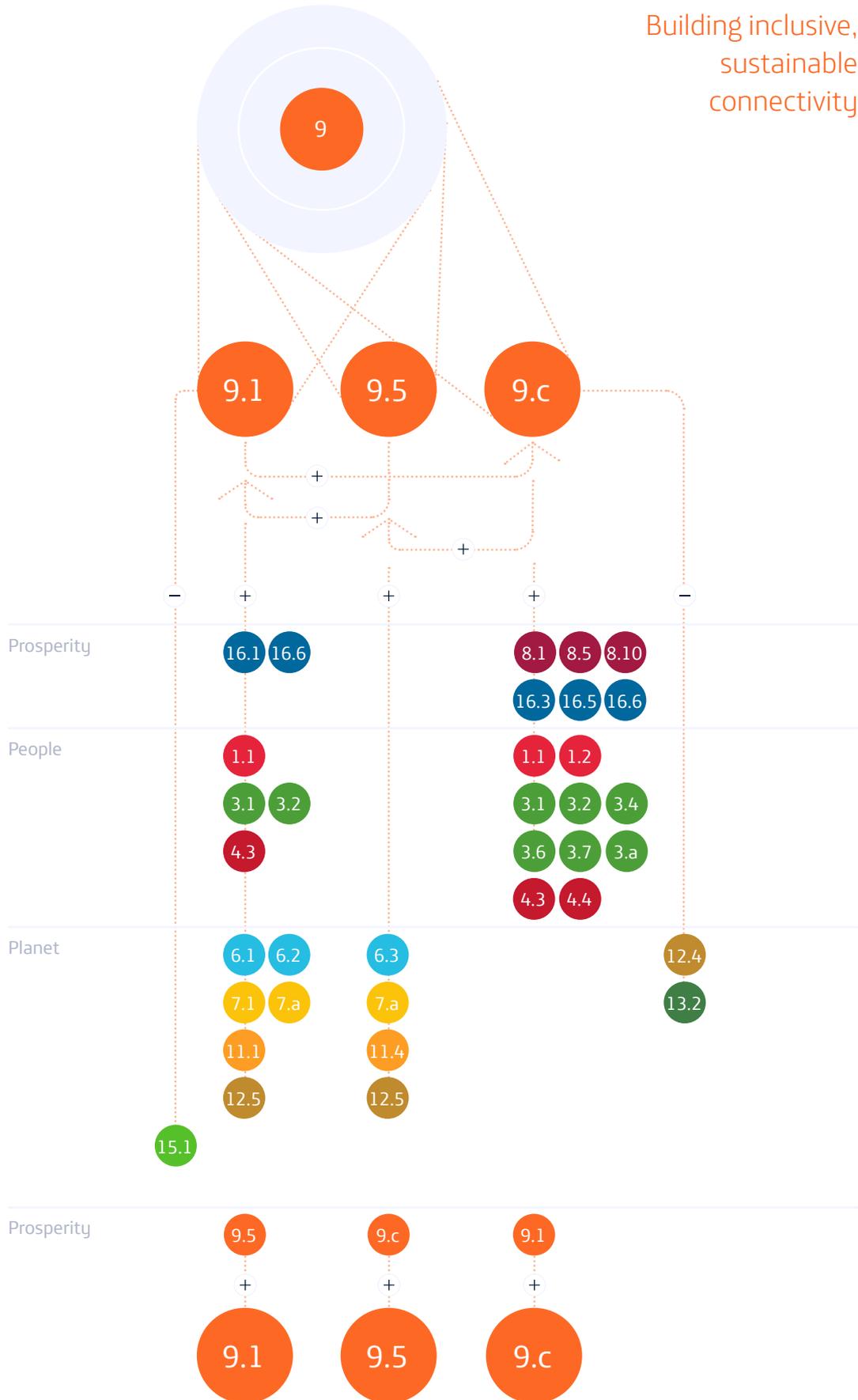
Direct impacts

Indirect impacts

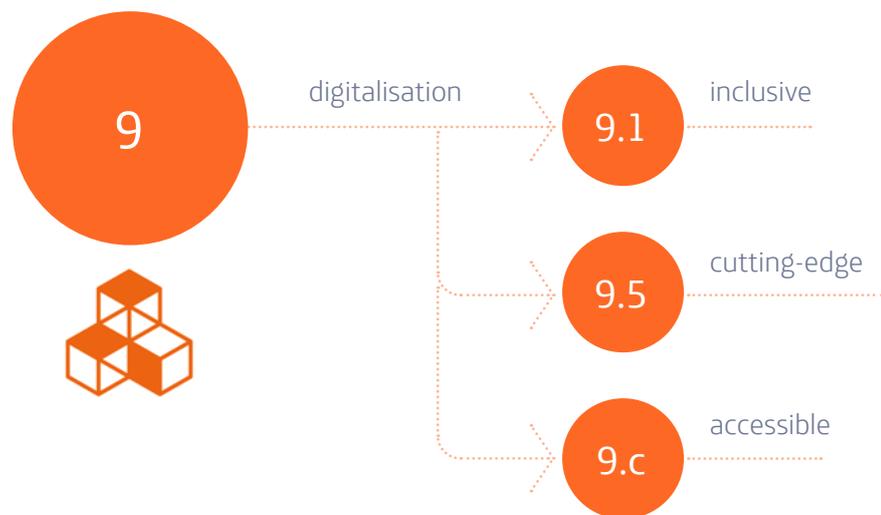
- + Positive
- Negative

Received impacts

- + Positive
- Negative



Telefónica's commitment to **digital inclusion** and **SDG 9** is the main guiding framework for the direct and indirect impacts of our activity on the 2030 Agenda.



Our work towards SDG 9 contributes to an **inclusive (9.1), accessible (9.C), cutting-edge (9.5) digitalisation**. At Telefónica, we are rolling out next-generation networks in the aim of leading the markets we operate in and providing a reliable, resilient service, as well as connecting as many people as possible. Our digital services are based on the most cutting-edge technology, making us pioneers in the digital revolution, and our innovation is underpinned by a social vision – for us, progress must not leave anyone behind.

This allows us to make a direct contribution to the attainment of SDG 9, as well as an indirect contribution to other key goals: **decarbonisation** of the economy (**SDG 13**), **poverty reduction (SDG 1)** and, in developing countries, reduction of **maternal and child mortality rates (SDG 3)** and **access to quality advanced education (SDG 4)**.

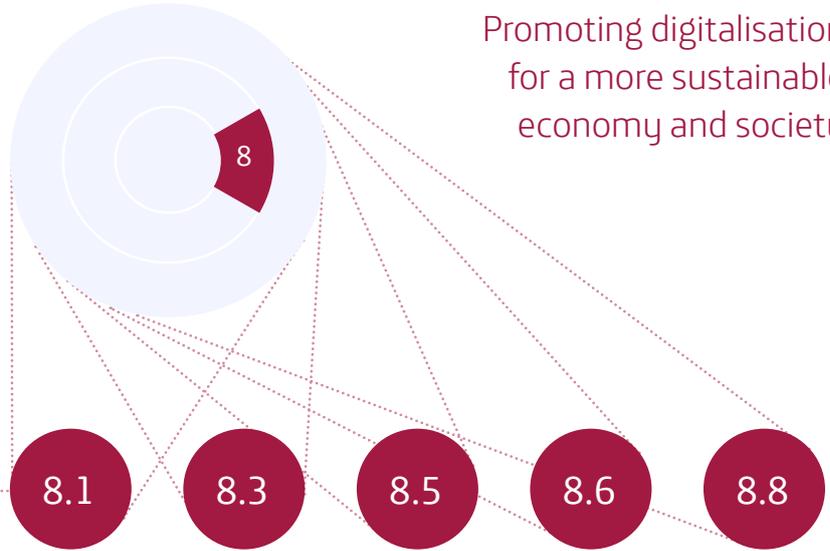
Other targets of particular relevance in **SDG 9**, such as increasing scientific research, have an indirect impact on measures to safeguard and protect **cultural and natural heritage (SDG 11)**, the development of advanced **wastewater infrastructure (SDG 6)** and the development of **clean energy systems** in rural areas (**SDG 7**).

**8** DECENT WORK AND ECONOMIC GROWTH



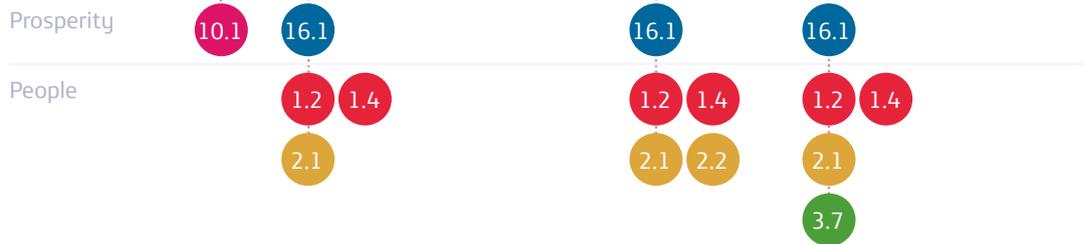
Promoting digitalisation for a more sustainable economy and society

Direct impacts



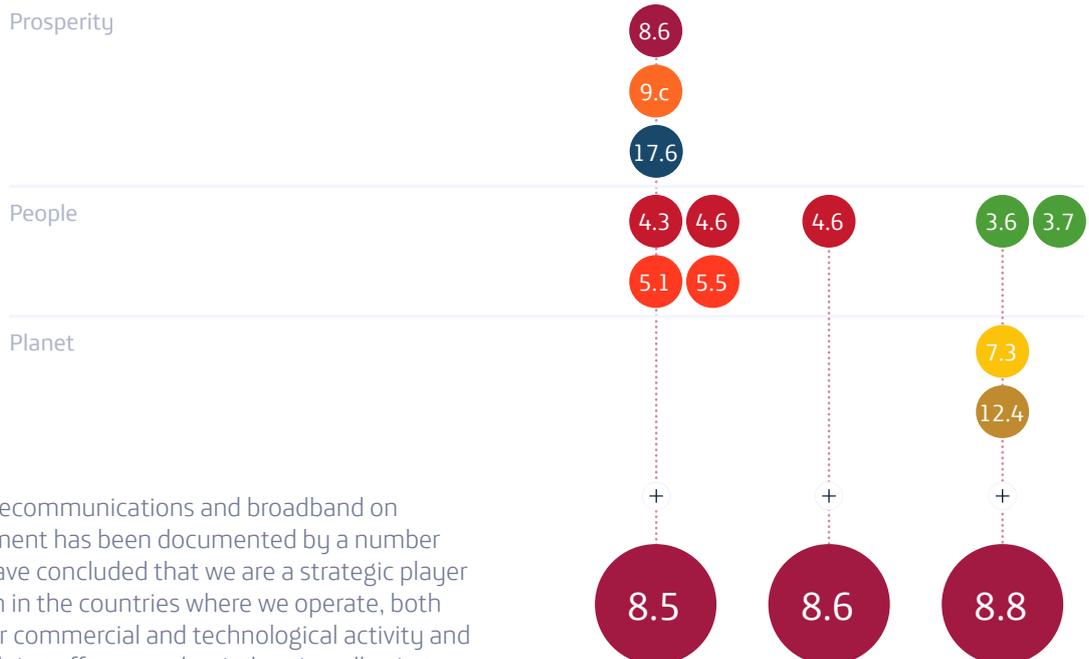
Indirect impacts

- + Positive
- Negative



Received impacts

- + Positive
- Negative



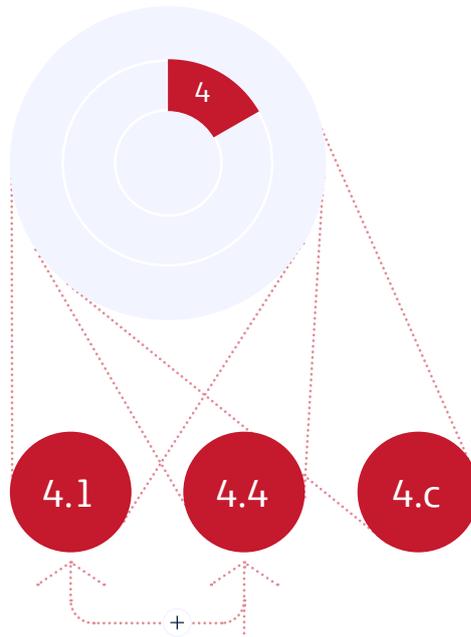
• The impact of telecommunications and broadband on economic development has been documented by a number of studies, which have concluded that we are a strategic player in economic growth in the countries where we operate, both directly through our commercial and technological activity and through our multiplying effect on other industries, allowing us to progress and adapt to the emerging needs and demands of an increasingly globalised, interconnected market.

**4** QUALITY EDUCATION



Tackle inequality by investing in digital skills

Direct impacts



Indirect impacts

- + Positive
- Negative

Prosperity



Planet



Received impacts

- + Positive
- Negative

Prosperity



People



- Education is a key tool for guaranteeing inclusion and driving progress and growth. The rapid changes brought about by technology are affecting every stratum of society, but they also offer new opportunities if we are able to adapt and prepare for these emerging conditions.

Digital skills education helps us to drive economic development, promote equal opportunities and build a fairer, more equal society.

> FROM COMMITMENT TO ACTION

# Inclusive connectivity

SDG  

Internet access and the progress brought about by digital products and services create a significant divide between those who can access them and those who cannot. This digital divide is a source of inequality that limits the opportunities of many individuals, as well as of entire communities.

In this context, information and communication technologies have been at the forefront of the COVID-19 response, just as they have in previous humanitarian disasters. Yet the pandemic has also accelerated the digitalisation of many businesses and services, including remote working and video conferencing systems, as well as influencing access to healthcare, education and essential goods and services.

At Telefónica, we design projects to bring the benefits of digitalisation to more people day after day. **We aim to make sure that nobody is left behind.**

To do this, we must tackle the various obstacles to digital inclusion, which involves extending internet access to all and addressing personal and socioeconomic barriers among users.

The challenges we will tackle to ensure that nobody is left behind are:

- Guaranteeing quality internet access in all locations.

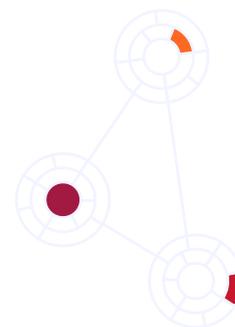
- Ensuring that everyone, including disadvantaged and disabled people, can access internet services and take advantage of digital solutions.
- Educating people in digital skills and responsible use of technology.

## Guarantee internet access

To achieve the widest possible internet access, Telefónica is rolling out next-generation networks with higher capacity and improved energy efficiency. We are also making particular efforts to reach areas where internet access is more difficult. For example, our project **Internet para Todos** has already connected 3,000 communities in remote parts of Peru, benefiting around 600,000 people. We also plan to deliver fibre-optic internet to 100% of the rural population in Spain by 2025 and we have established a partnership in Germany to speed up the rollout of fibre-optic internet in rural and semi-rural areas.

## Facilitate access and use

Once internet access is available, it is important to offer affordable, accessible, worthwhile digital services and solutions for all. At Telefónica, we are developing new business models to allow us to offer prices and products that are accessible and can be used by the whole population.



---

One aspect of our work is to facilitate access to our basic services (television, devices, applications and web portals) for people with disabilities. One example of this is the **content for people with disabilities** available on Movistar+, the first private television platform in the world to address the needs of this group of people. It offers a comprehensive accessibility solution featuring more than 5,000 pieces of **content for people with hearing and sight problems**.

## Education and training

We provide digital skills training and education programmes, which are led by Fundación Telefónica and Telefónica Educación Digital. These courses allow large numbers of young people to learn to use new technologies and improve their chances of finding work. One example of these courses is **Proyecto 42**.

The rapid digitalisation of the economy calls for a growing number of professionals who are able to manage and steer the process. This transformation is a source of excellent career opportunities. However, there is a shortage of skilled digital workers. In Spain alone, 300,000 job positions went unfilled in 2019<sup>3</sup> and almost 60% of **companies struggle to find the most in-demand digital professionals**.

Fundación Telefónica launched Proyecto 42 to make digital skills training an appealing, accessible educational option to more young people.

Based on an innovative methodology tested in other countries, Proyecto 42 offers free, open training. The educational model underpinning the project is based on **peer-to-peer learning**. It is **participatory and gamified**, involving **projects** linked to different branches of programming. Each student sets the pace for their own learning and group work is prioritised to encourage **education in values** such as hard work, frustration tolerance, resilience and team work.

The educational content is related to the digital challenges and profiles required by the labour market and is intended to open up career opportunities in technologies such as cybersecurity, big data, artificial intelligence, blockchain and the IoT, among others.

Proyecto 42 is active in Madrid, as well as in Urduliz, Vizcaya. It will soon be launched in Málaga and Alicante.



<sup>3</sup> Infoempleo report, ADECCO



# Responsibility

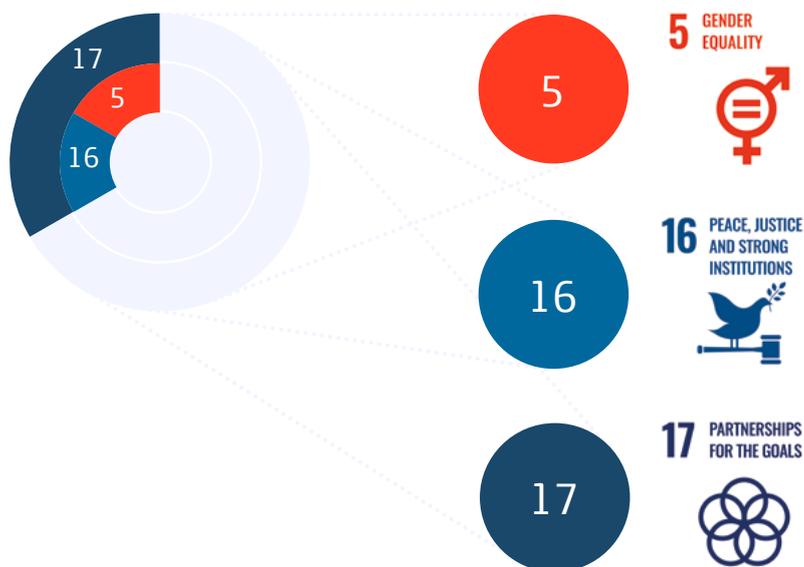
Boosting confidence through our actions and commitments, and promoting inclusion and equality for all

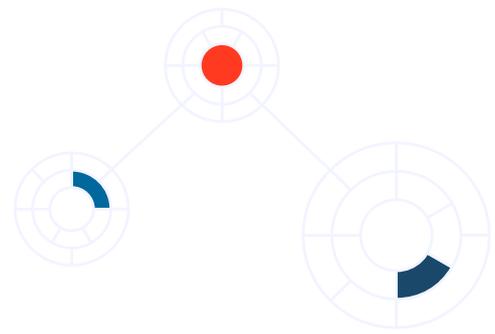
# Responsibility

---

People-centred digitalisation must focus on boosting confidence in using technology. It must be based on values and on the ability to use technology responsibly, fairly and equally.

At Telefónica, we acknowledge our responsibility as social leaders. We are aware of our duty to move towards a more equal, diverse, inclusive world by driving these values in the societies in which we operate and harnessing the potential of technology to achieve our goals.





---

For us, diversity is a source of talent and we are working very hard to achieve gender equality and promote the use of technology as a means of empowering women. Therefore, our aim is to achieve and ensure equality within the company in terms of executive positions and the elimination of any kind of pay gap.

But diversity is about much more than just numbers at Telefónica; above all, it is about inclusion. It is about forging a working culture where different beliefs, backgrounds, abilities and lifestyles help us to make the best decisions and make a collective commitment to improving the communities where we are present.

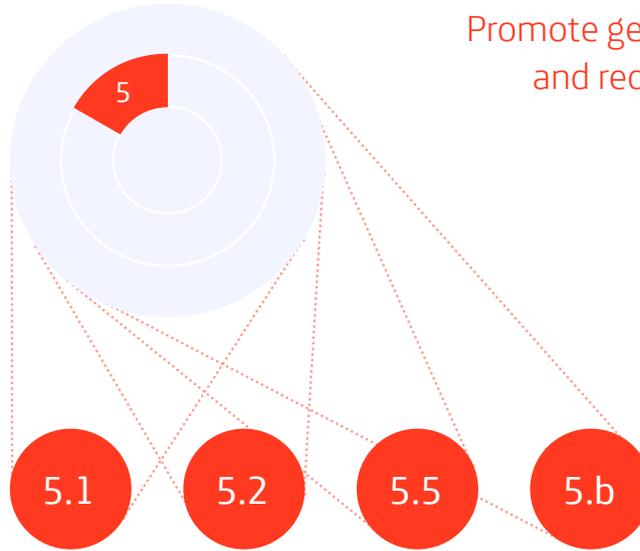
We are convinced of the importance of alliances and partnerships in addressing the challenges we face. Therefore, as part of our commitment to international collaboration (SDG 17), we are stimulating the agricultural sector with **Smart Agro** services alongside the FAO (Food and Agriculture Organisation). These solutions involve installing sensors with IoT connectivity in fields to inform farmers about factors such as soil moisture and water consumption, **allowing them to optimise irrigation and improve the performance of their crops**. They are intended to promote a more sustainable agricultural model that is capable of tackling the difficulties caused by climate change and rising food demand by improving crop management and efficiency among farmers, who can also improve their digital skills via the use of innovative solutions.

**5** GENDER  
EQUALITY



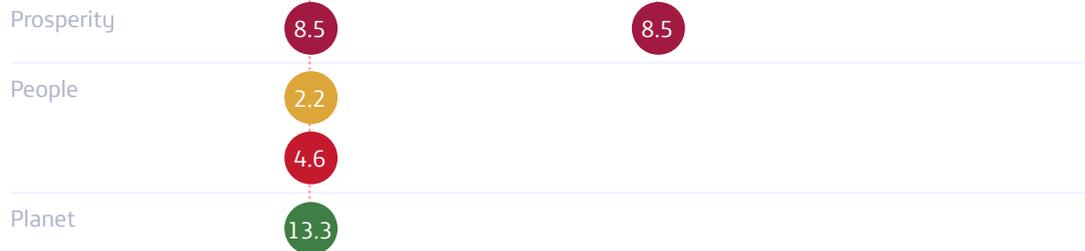
Promote gender equality  
and reduce pay gaps

Direct  
impacts



Indirect  
impacts

- + Positive
- Negative



• Promoting equal opportunities is one of our key values, as we believe that it offers a source of talent that can help to encourage personal and human growth and improve education and economic development in society.

> FROM COMMITMENT TO ACTION

# Gender diversity at all levels

---

SDG **5**

For Telefónica, **gender diversity and equality are key cross-cutting elements of our strategic work programme.**

Operating in a traditionally male sector has prompted us to adopt a wide variety of measures intended to promote gender equality and ensure that there is a greater balance of male and female talent at every level of the company.

We are aware that gender equality is structural in many cases, especially in the ICT sector. For that reason, Telefónica has created **a specific line of activity to tackle the shortage of women in STEM professions**, laying the foundations to ensure that this problem does not persist.

In addition, a range of initiatives have been taken internally to guarantee equitable access to professional opportunities.

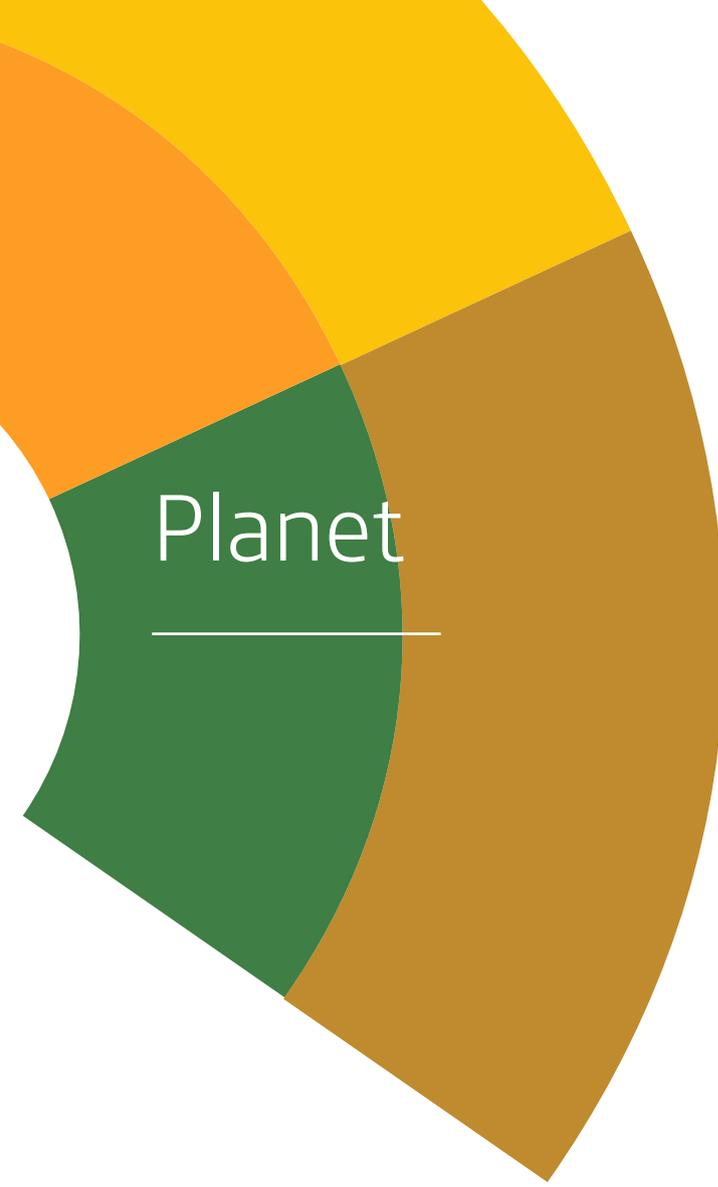
Firstly, a project was set up to identify **bias in the drafting of job descriptions**, which can act as a barrier to female candidates in some cases. Once the descriptions had been analysed, nine criteria were selected and applied to make job advertisements more inclusive.

Procedures have also been put in place to ensure the presence of both genders among the **final three candidates selected for executive positions** and a **Transparency Committee** has been created to oversee compliance with this policy. This committee is made up of the CEO and four members of the Executive Committee.

Finally, gender diversity criteria have been included in the **variable pay scheme** for company employees.

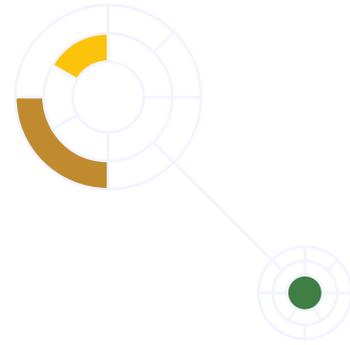
Alongside the other initiatives implemented, these measures demonstrate the strength of Telefónica's commitment to diversity and inclusion at every level of the organisation.

---



Planet

Building a greener, digital future and  
reducing our environmental impact  
for more sustainable development



# Planet

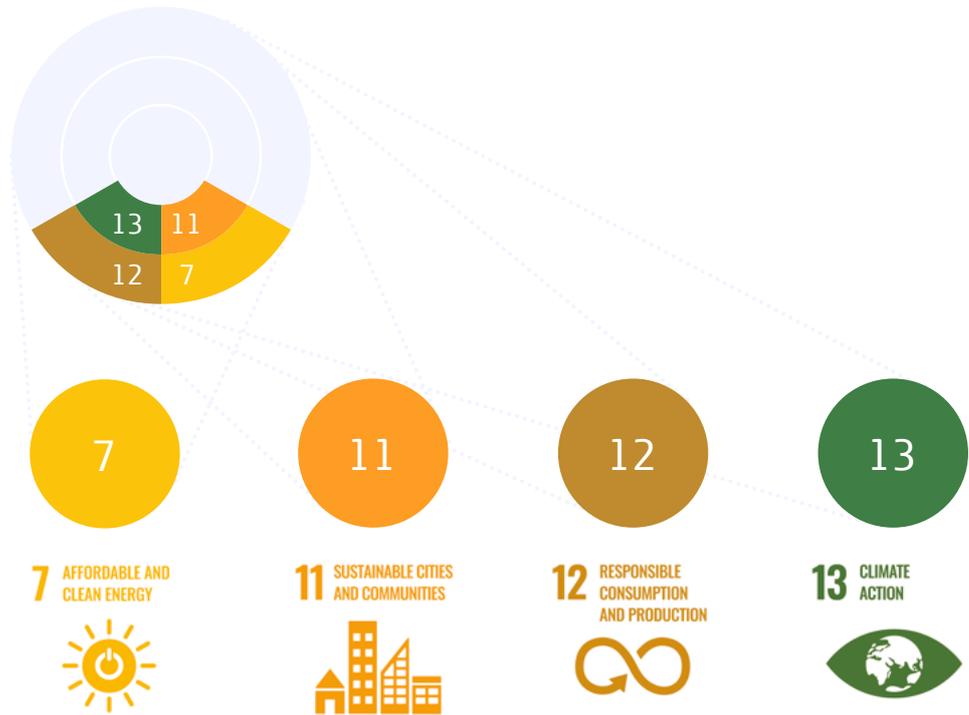
---

At Telefónica, our approach to protecting our planet focuses primarily on four of the environmental SDGs in the 2030 Agenda. It is characterised by efficiency and innovation, seeking improvements and solutions to reduce our own impact and that of our partners and customers.

In this context, **incorporating considerations relating to climate change into the company's decision-making and day-to-day management** is key. Climate change is a pivotal issue in the 2030 Agenda due to its ability to jeopardise attainment of all the other Sustainable Development Goals. At Telefónica, we are conscious of the magnitude of the task ahead and we are taking ambitious steps to address the situation.

Our Energy and Climate Change goals for 2025, 2030 and 2040 are aligned with the 1.5°C scenario in the Paris Agreement and have been validated by the **Science-Based Targets initiative (SBTi)**. A Sustainable Financing Framework has been in place at the company since 2018 and two green bonds have been issued – the very first green bond and hybrid green bond in the telecommunications sector worldwide. In 2020, we issued our first sustainable bond and published reports based on the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**. Climate change is embedded in the key corporate governance tools at Telefónica, including the governance model, the corporate strategy and the objectives and monitoring metrics.

In order to fulfil our commitments on climate change and contribute to SDG 11, 13, 12 and 7, our focus is on achieving **greater energy efficiency, gradually increasing our renewable energy consumption, reducing our own carbon footprint and that of our supply chain and promoting digitalisation in other sectors, encouraging a reduction in their emissions**. This approach also allows us to take advantage of **opportunities for decarbonisation**, be more competitive and offer our customers low-emissions telecommunications, decoupling our company's growth and the incorporation of new technologies such as 5G and the fibre-optic internet rollout from increasing greenhouse gas emissions.



In this way, we have been able to reduce our emissions and operating costs despite the growth of our communications networks through efficiency plans and the use of renewable energies. Our electricity consumption has fallen by 2.4% since 2015, despite data traffic through our networks increasing fivefold. In 2020, we launched 173 initiatives in our networks and offices, allowing us to save 192GWh (692.507GJ) and avoid the emission of more than 43,727 tCO<sub>2</sub>eq. **87.5% of the electrical energy consumed by our customers around the world (100% in Europe, Brazil and Peru) now comes from renewable sources.** We are making progress towards a digital transformation that is aligned with the low-carbon economy.

The **circular economy** plays a fundamental role in this process. For this reason, we are focusing on three lines of action to incorporate the principles of the circular economy into every layer of the company:

**Internal eco-efficiency:** We are committed to becoming a zero-waste company through reuse and recycling. In 2020, 98% of our waste was recycled; 77% of this recycled waste was made up of cables from the network transformation process, while 11% was electronic waste from our operations and offices. In 2020 alone, 74% of the electronic waste collected was recycled, 25% was reused and around 0.1% was incinerated or sent to landfill.

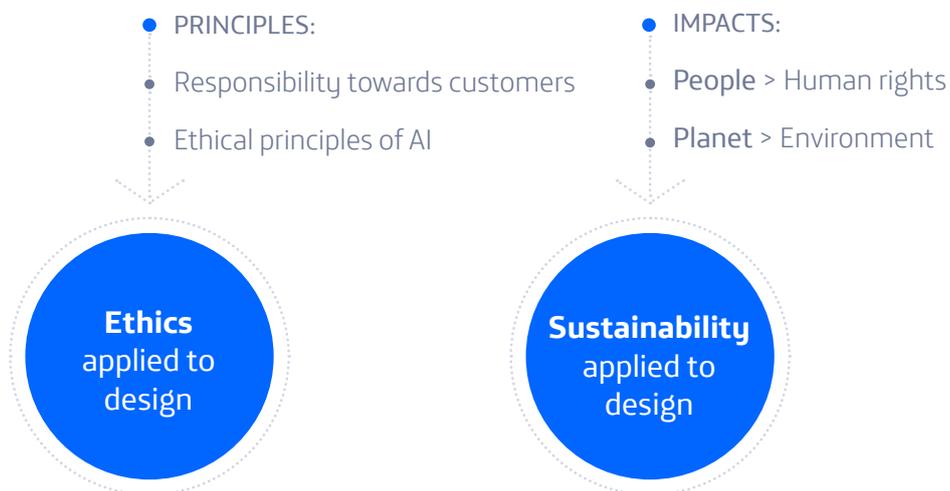
We have also adopted eco-efficient measures to reduce water and paper consumption. In 2020 alone, we reduced our water consumption by 28% compared to 2015 and saved more than 77,000 trees from being cut down by issuing more than 912 million electronic invoices.

**Customers:** We inform our customers about the environmental impact of their telephones via the Eco Rating and encourage them to use our buyback scheme for their old telephones. We also repair routers instead of manufacturing new ones (the Smart Wifi Router contains less plastic, metal and other components than a conventional device). In 2020 alone, we successfully reused more than 4 million electronic devices, representing an increase of 450% compared to 2015.

**Suppliers:** Our relationship with our suppliers is shaped by the principles of the circular economy and they are key allies in our transition. As part of our Supply Chain Sustainability Policy, we ask our suppliers to apply eco-design, to reduce single-use plastics and to protect the environment as much as they can. To manage waste, we use a single digital platform and we also work together to reduce greenhouse gas emissions.

Once we have reduced the environmental impact of our operations as much as possible, the second part of our environmental strategy is to promote digitalisation and connectivity as key factors allowing our customers to be more efficient and sustainable.

With regard to responsible production (SDG 12), Telefónica has begun to apply the 'Responsible Design' philosophy, allowing us to incorporate ethical principles and sustainable development considerations into a product from its initial design to its delivery and use by the customer.



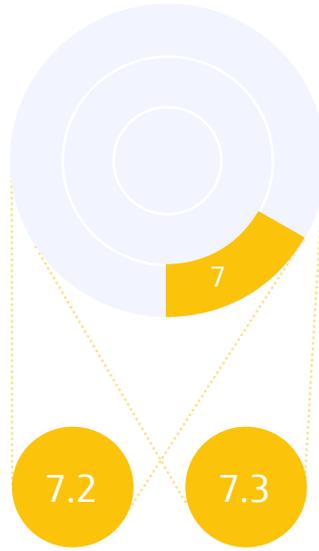
Our approach  
Planet

7 AFFORDABLE AND  
CLEAN ENERGY



Develop the most efficient telecommunications network powered by renewable energy

Direct impacts



Indirect impacts

- + Positive
- Negative



Received impacts

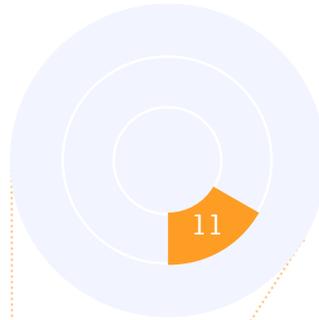
- + Positive
- Negative



● We reduce the impact of climate change by decarbonising our activities, aiming to decouple the rise in traffic through our networks from greenhouse gas emissions. In this way, we help to address the issues arising from climate change while boosting socioeconomic development and promoting more sustainable consumption.

Our approach  
Planet

11 SUSTAINABLE CITIES AND COMMUNITIES



Develop solutions to optimise consumption, reduce emissions and improve mobility and security for people and communities

Direct impacts



+

Indirect impacts

Prosperity



Planet



- + Positive
- Negative

Received impacts

Prosperity



+



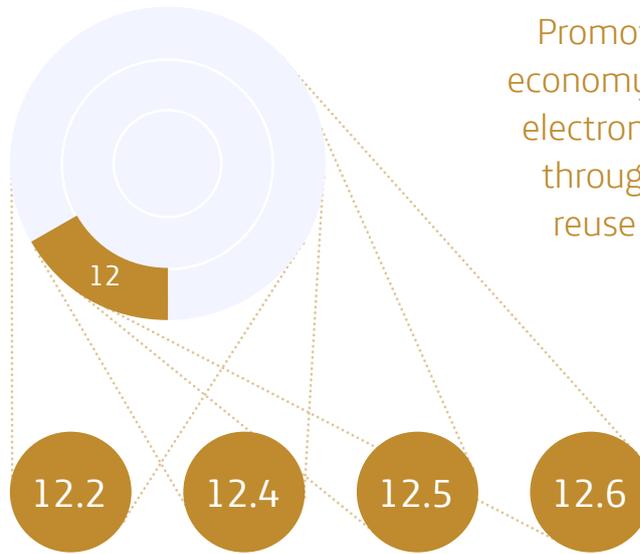
- + Positive
- Negative

• Our greatest contribution to mitigating and adapting to climate change lies in our work to expand the process of digitalisation, which is fuelled by solutions aimed at tackling major environmental challenges. Through our Eco Smart services, we are able to reduce carbon emissions in other sectors and help to decarbonise the economy.



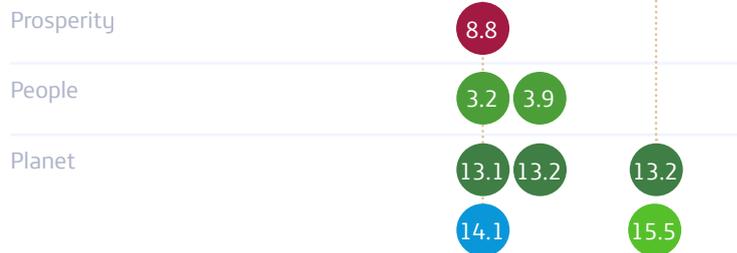
Promote the circular economy in the use of electronic equipment through eco-design, reuse and recycling

Direct impacts



Indirect impacts

- + Positive
- Negative



Received impacts

- + Positive
- Negative



● In recent years, electronic waste has become a challenge that must be addressed at all levels of society. For this reason, we have launched initiatives aiming to develop and define our internal processes to maximise the reuse and recycling of this type of waste. Through these initiatives, we contribute to tackling climate change, improving people's health and protecting biodiversity.

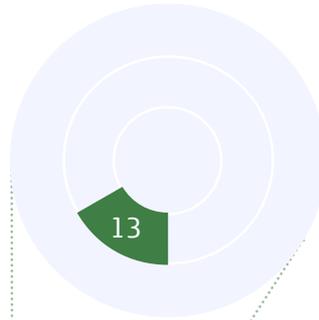
Our approach  
Planet

**13** CLIMATE ACTION



Fight climate change and improve resource efficiency and use

Direct impact



Indirect impact

- + Positive
- Negative

Prosperity

9.c

17.6

Planet

7.2

12.4

12.5

- We have set ambitious targets to reduce and neutralise the greenhouse gas emissions caused by our industrial activity and the activities of our value chain with a clear ambition to build a better future for forthcoming generations.

> FROM COMMITMENT TO ACTION

# Digital services for a green transition

---

SDG 

We aim to make the digital transformation work for people and to protect natural ecosystems and resources. **Our digital services with a positive environmental impact are a step on the path towards a more sustainable future for us all.**

We want to be a driving force towards a green, inclusive digital transformation. For that reason, we have set the following objective for 2025: **to reduce our customers' emissions by 5 million tCO<sub>2</sub> by 2025 through our products and services.**

Connectivity-based services, the Internet of Things (IoT), cloud technology and big data have huge potential for generating solutions to tackle climate change, water shortages, waste, pollution and biodiversity loss.

**Connectivity** and related products such as broadband, fibre-optic internet and audio/videoconferencing allow mobility for professional reasons to be reduced, lowering energy consumption and carbon emissions for thousands of users.

**IoT** technology allows objects to be connected in real time, providing information about their condition and behaviour. This opens up a wealth of opportunities, including the possibility of configuring multiple devices in real time to ensure that they consume the right amount of energy at any given time.

By analysing patterns of movement through mobile use, combined with other open data or IoT sensors, **big data** allows us to offer services such as transport management in a city or an improved response to natural disasters.

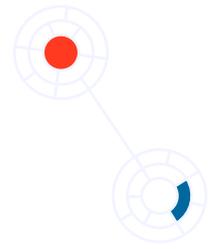
Meanwhile, with regard to **cloud technology**, our data centre hosting, hybrid management and multicloud services contribute to dematerialisation, reducing energy consumption and maximising the use of space.

The **Eco Smart Label** is used to identify the environmental benefits provided by our products and services once they are in use. It helps our customers to incorporate sustainability criteria into their purchase decisions, allowing them to play their part in the transition to a more sustainable society.





2030:  
an urgent  
deadline



# Boosting digitalisation to achieve sustainability

---

The COVID-19 pandemic and its consequences have prompted many organisations to change their plans and projects in relation to the 2030 Agenda. In some cases, they have been postponed so many times that they are now irrelevant.

However, Telefónica believes that the current circumstances require us to view the Sustainable Development Goals as an inevitable endpoint that we must aspire to with more conviction now than ever before.

The pandemic is widening an inequality gap that was already sizeable before the economy was paralysed and countries went into lockdown. It has exacerbated the challenges that we already faced and accelerated destructive processes that were already underway, including climate change and massive biodiversity loss.

By contrast, the fight against COVID-19 has accelerated the process of digitalisation and revealed the opportunities offered by a sustainable digital transition, as well as the digital divide that hinders our progress in this regard.

In the midst of all these issues, the need for a people-centred approach to building an inclusive digital society based on ethical principles and humanist values has become clear.

By adopting this approach, we can achieve a sustainable digitalisation that not only reflects the philosophy of the 2030 Agenda but also achieves the specific milestones required.

At Telefónica, we believe that a Digital Pact is needed to rebuild our societies and economies with guaranteed prosperity and wellbeing for all. The proposed Pact forms part of our commitment and work towards the SDGs and is based on the priorities and objectives described in this document.

## Agenda



---

We must boost digitalisation to achieve sustainability. Digital tools have allowed us to make progress in an extremely hostile environment and will continue to do so if we extend them and use them to promote the green transition and fight economic stagnation.

We cannot accept exclusionary economic dynamics. There can be no economic prosperity worthy of the name if the majority see none of the benefits. Digitalisation will be a great source of wealth if we invest in digital skills and adapt the welfare state.

Ultra-fast fibre broadband and 5G are fundamental for decarbonising economies and reducing emissions from the digital sector. They are also an important resource for a more inclusive connectivity. Ambitious measures are needed to connect all those who are not already connected.

Finally, we must boost people's confidence in the use of digital services. This is an essential precondition of a people-centred digital transition. A set of data ethics principles must now be produced to ensure greater transparency, control and choice. We also believe that a 'Digital Rights Charter' is necessary to safeguard established fundamental rights and freedoms in the context of the internet.

The Sustainable Development Goals have shown us a way forward and the pandemic must prompt us to step up the pace in the areas that have proven to be sufficiently resilient to keep us on track. The digital transformation can and must serve these goals. Let's keep moving forward.



# Appendix. Setting targets

---

## Prosperity targets



9

9.1

Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

9.5

Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

9.c

Significantly increase access to information and communications technology and strive to provide universal and affordable access to the internet in least developed countries by 2020.

## Prosperity targets



8

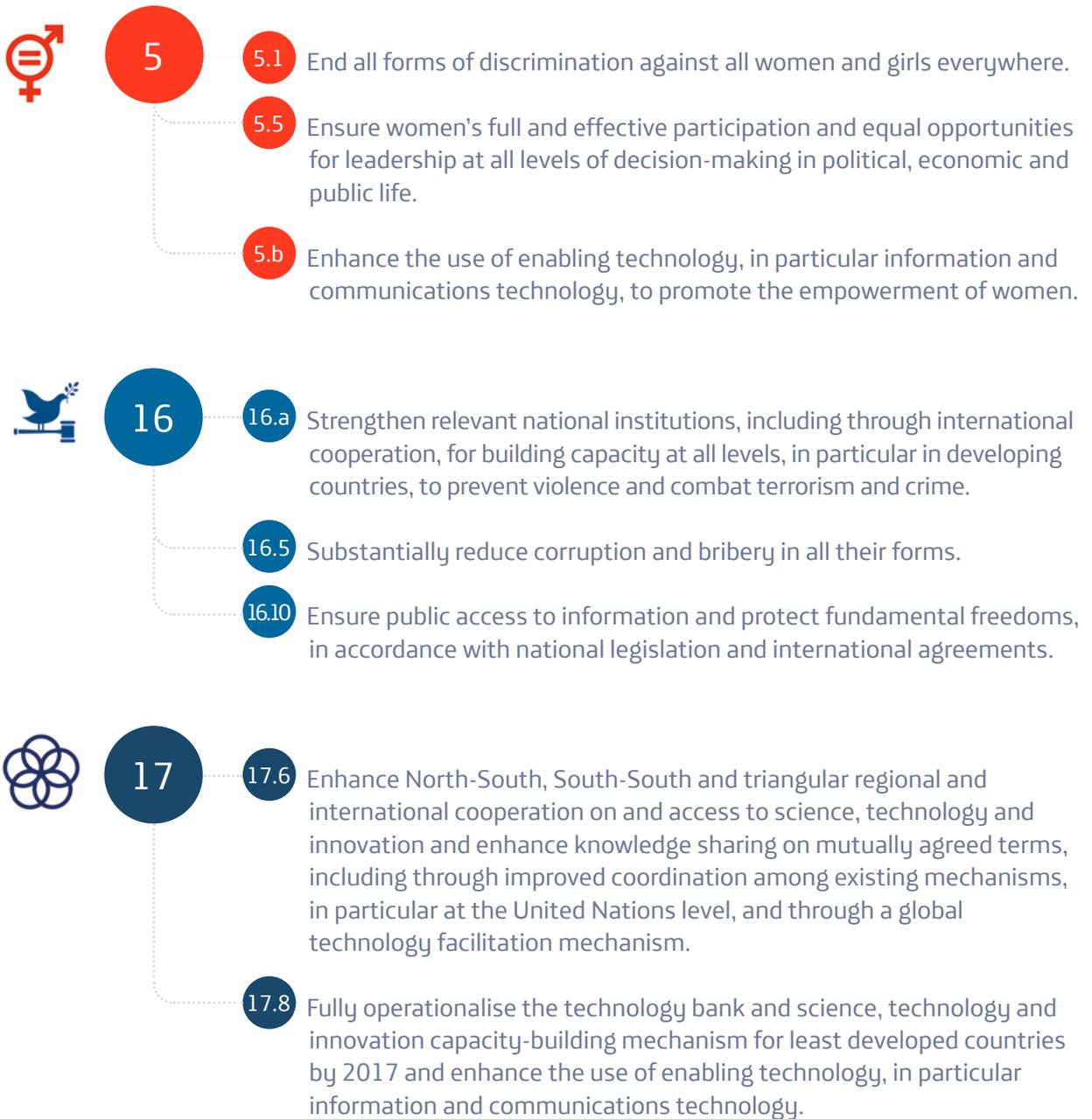
- 8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.
- 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.
- 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.



4

- 4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes.
- 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
- 4.c By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing states.

## Responsibility targets



## Planet targets



7

7.2

By 2030, increase substantially the share of renewable energy in the global energy mix.

7.3

By 2030, double the global rate of improvement in energy efficiency.



11

11.6

By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.



12

12.2

By 2030, achieve the sustainable management and efficient use of natural resources.

12.4

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.

12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

12.6

Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.



13

13.2

Integrate climate change measures into national policies, strategies and planning.

