Energy Management Policy

Telefónica, S.A.

Telefónica S.A.
Approved by the Board of Directors of Telefónica S.A. at its meeting of 26 January 2022
2nd edition - January 2022
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1. OBJECTIVE

The Energy Management Policy is defined as part of the Telefónica Group's Environmental Policy and develops the principles of environmental management in the field of energy.

This Policy seeks to provide a common frame of reference for setting targets and undertaking actions based on Telefónica's commitment to consume energy efficiently and reduce its greenhouse gas emissions in its move towards a company with net-zero carbon emissions.

2. SCOPE OF APPLICATION

The energy management policy applies to all Group companies regardless of their geographical location or activity.

As parent company of the Group, Telefónica, S.A. is responsible for establishing the bases, instruments and mechanisms necessary to ensure successful, efficient coordination between itself and the other companies in the Group. This does not affect the autonomous decision-making capacity that corresponds to each company in accordance with their individual corporate interests and the fiduciary duties the members of their management bodies have towards all their shareholders.

3. ENERGY MANAGEMENT GUIDELINES

Today's energy challenges affect society as a whole. Growing demand, climate change, rising prices and the development of renewable energy sources are matters for Telefónica's consideration when defining its energy management because they have a direct effect on results and an impact on the environment.

All Telefónica Group companies are committed to:

1. Implementing continuous energy improvement across the Company through systematic performance evaluation.

2. Setting ambitious global and local energy efficiency and carbon emission targets and providing the resources needed to achieve them.

3. Moving forward in the use of energy from renewable sources, including electricity (up to 100%) and fuels, and replacing fossil fuels with others from renewable sources.
4. Applying common energy management standards, sharing best practices and gradually implementing energy management systems that help reduce energy consumption and optimise process efficiency.

5. Ensuring compliance with current energy legislation and other commitments to which the organisation subscribes.

6. Gradually incorporating criteria for internalising the cost of energy and carbon, such as the total cost of ownership (TCO) and the internal price on carbon.

7. Actively engaging with the value chain to encourage progress on its energy commitments and standards to reduce indirect carbon emissions, especially in:
   a. The supply chain: working with our suppliers to reduce their emissions.
   b. Customer equipment: gradually improving the management and design of equipment to increase energy efficiency and reduce associated carbon emissions.

8. Communicating this policy and the Company's energy performance, having our performance verified by an external organisation.

9. Collaborating with others to achieve a low-carbon economy, e.g. exchanging practices with industry.

10. Fostering greater awareness and commitment to energy consumption and efficiency.

11. Using the potential of the digital world to promote energy efficiency and the reduction of emissions among employees, partners and customers.

4. IMPLEMENTATION

The Chief Sustainability Officer (CSO), in conjunction with the GCTIO Area of Telefónica S.A., will be the lead for implementing these Guidelines, which are to be applied locally by the various Telefónica Group companies.

5. ENTRY INTO FORCE

This standard will enter into force once approved by the Board of Directors of Telefónica S.A.
6. POLICY CHANGES AND UPDATES

This text updates and repeals the Energy Management Policy published and ratified on 29 June 2016.

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<th>VERSION</th>
<th>CHANGES MADE</th>
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<tr>
<td>1.0</td>
<td>First edition</td>
<td>Board of Directors</td>
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<tr>
<td>2.0</td>
<td>Update to adapt the policy to the Telefónica Group’s renewed energy and climate change strategy</td>
<td>Board of Directors</td>
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