






Helping society thrive

2.6. Human capital

GRI 103

KEY POINTS

-  Our eNPS indicator exceeded 67% in 2021, demonstrating growing levels of employee engagement and job satisfaction.
-  We continue to make progress in developing competencies for the future, with more than 70% of our employees in upskilling and reskilling programmes.
-  Bloomberg has included us for the fifth year running in the Gender Equality Index for our commitment and progress in gender equality.

2.6.1. Vision

With people at the centre of our strategy, we are convinced that maximising the potential of employees and increasing their motivation are the enablers of change and sustainable growth.

Our vision of people management is based on two pillars: team strength and a growth mindset. Through a strength of our teams, we are focusing on transforming the organisation, creating more agile structures, and fostering new ways of working to increase the impact of our teams. Through a growth mindset, we focus on developing the skills we need in the future through ongoing learning, self-development, and mobility.

To continue building the Company we want in the coming years, it is vital to empower and connect these two pillars, connecting our diverse talent with flexible and agile ways of working and a personal growth mindset.

with the Group's ESG strategy are presented by both the corporate People Area and the CEOs of the operators.

- **Appointments, Remuneration and Corporate Governance Committee:** among other functions, this committee verifies and supervises appointments and remuneration of the Chairman of the Board of Directors, as well as the executive directors and the senior management of the Company.
- **Audit and Control Committee:** reviews the control of the Company's risks, including those related to human capital.

In addition, we have **specific bodies and figures for the management of our diversity strategy**.



For more information, see section 2.6.5.2. Diversity and inclusion.

2.6.2. Governance

- The strategic lines of global talent management and the applicable targets are set by the **Global Human Resources Committee**. Consisting of the heads of the People Area of Telefónica's main operators and regions, it meets on a monthly basis.
- **Global Executive Committee:** this is where key aspects of global employee management are analysed and monitored, from skills and critical talent for the future to Telefónica's remuneration and organisational strategy.

In addition, People issues are regularly reported to three committees of our Board:

- **Quality and Sustainability Committee:** once a year, the objectives and monitoring of performance in the aspects of Talent Management and Diversity aligned

> Labour relations. Social dialogue

GRI 103, 403-4, 404-2, 407-1

At Telefónica, we are committed to the core standards of the International Labour Organization (ILO), particularly with regard to freedom of association and the right to collective bargaining in all the companies in the countries in which we operate.

We ensure that **worker representatives** receive fair treatment that is free of discrimination and that they have all the facilities to be able to perform their representative duties. 100% of Telefónica's employees are covered by a labour framework that regulates their working conditions. In addition, all collective agreements include occupational health and safety clauses adapted to local legislation.

Trade union activity

As a company, we reaffirm the important role played by trade unions in defending the interests of workers and we recognise the UNI (Global Union) and the European Works Council as key partners in worldwide labour management.

In the same way, at local level, we understand that management of Works Councils is guided through policies and rules established by their legal entity and therefore the procedures to report, consult and negotiate have different meanings, but are always in line with Telefónica's guiding principles.

Maintaining a **neutral position** with regard to trade union activity is essential to ensure a free, open environment which allows rights of association to be exercised. If workers wish to become members of a trade union, Telefónica will recognise trade unions which meet the conditions set by ILO Convention 87, and always in accordance with local legislation.

Voluntary redundancy scheme

In order to adapt our workforce to the needs of the business, 2021 saw the culmination of several voluntary redundancy schemes. All of them are based on the premise of being voluntary, universal, and non-discriminatory.

In Latin American countries, the voluntary redundancy plan known as the Plan de Desvinculación Voluntaria (PDV) was launched, and a total of 2,737 people took part in the scheme; 50% of this total corresponds to our operation in Argentina.

In Telefónica Spain, and as part of the Social Pact for Employment signed by the Company and supported by the main trade unions, an Individual Suspension Plan (PSI from its Spanish initials) was approved for 2022. This will allow the size of the workforce to be adjusted to the new reality of the Company, as well as balancing the activities carried out, thus becoming a fundamental lever in the transformation process.

The Individual Suspension Plan (PSI) was aimed at employees born in 1967 or earlier who have been with the company for at least 15 years. The adherence rate in relation to the maximum amount of departures authorized in the plan was 77,4%. A differential element with respect to other measures in our business environment is that these are socially responsible plans since they do not involve any cost to the state treasury.

2.6.3. Policies

A large part of our internal rules and policies relate to human capital. The most important are the following:

- Regulations of the Appointments, Remuneration and Corporate Governance Committee.
- The Policy on Appointments and Removal of Executives guarantees transparency and meritocracy in recruiting and promoting executive talent.
- Telefónica, S.A.'s Directors' Remuneration Policy: aligned with the Company's long-term strategy and the interests of its stakeholders, it complies with best practices in good governance.
- Agreement on the right to digital disconnection: signed in 2019 with the most representative trade unions in the different countries where we are present.
- The Global Diversity and Inclusion Policy, updated in 2021, guarantees equal opportunities and non-discriminatory, fair and impartial treatment of people in all areas of our Company, without prejudice associated with nationality, ethnic origin, skin colour, marital status, family responsibility, religion, age, disability, social status, political opinion, HIV or health status, gender, sex, sexual orientation, gender identity or expression.
- The Diversity Policy with regard to the Board of Directors and the Appointment of Directors: this ensures that proposals to appoint or re-elect Directors are based on a prior analysis of the competencies required by the Board of Directors, favouring diversity of knowledge, experience, age and gender.
- The Supply Chain Sustainability Policy: this lays down the supplier's obligation not to discriminate against any sort of group in its hiring, training, and promotion policies.
- Global Policy on Occupational Health, Safety and Well-being of the Telefónica Group.
- Global Human Rights Policy: this sets out the Company's commitment against forced labour, slavery and child labour. It also promotes diversity, inclusion and equal opportunities, freedom of association and health and safety at work. See our policies on the Telefónica website / Sustainability-Innovation/ How-We-Work/ Business-Principles/

2.6.4. Risks and opportunities

The main challenges we face in human capital management stem from the **rapid digital transformation** in which we are immersed, reflected in the world of work. The technological revolution, automation and artificial intelligence require new capabilities. Therefore, we need to attract and retain highly qualified professionals as well as develop the necessary in-house skills.

We have the opportunity to be a pioneer in implementing **new flexible working models** and to play an essential role in defining the professional profiles of the future, capable of adapting to new situations with great versatility. With innovation, we can reduce inequalities, create jobs, and help make the future more sustainable, fair, inclusive and competitive.

We could not lead the digital revolution without having the best talent, ensuring that all people, without exception, thrive in an **inclusive work environment**. This also allows us to empathise better with our customers and reflect their diversity in our commercial value proposition.

These challenges are included in Telefónica's Risk Management Model as emerging risks in the People area:



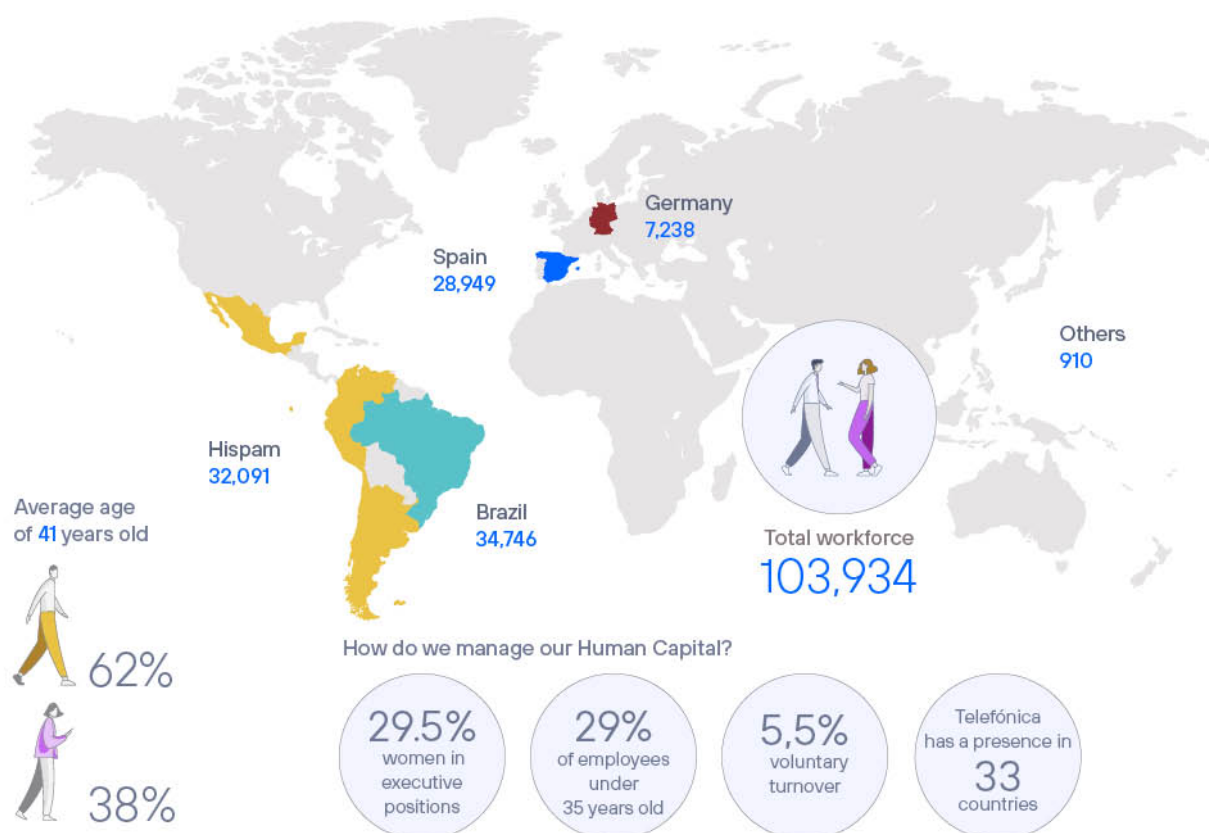
[Go to chapter 3.1. Risk management and control model](#)

2.6.5. Strategy and commitments

Telefónica's people strategy aims to transform and adapt our teams to the context of permanent change in which we find ourselves, evolving the way we work to increase the impact of our teams and maximising our internal capabilities.

In this respect, our main lines of action are focused on:

- **Attraction, retention, and skills development:** we are driving continuous learning by orienting our training and development policies towards **massive reskilling and upskilling** programmes on the one hand, and managing talent using a skills-based model on the other, including leadership skills.
- **We promote diversity and inclusion** by fostering an inclusive work culture and leadership style with the aim of ensuring a working environment in which all people can give their best and develop on a level playing field.
- **New ways of working.** We are **redefining our ways of working so they are more agile, digital, flexible, and collaborative** to increase the engagement, satisfaction, well-being and productivity of our teams.
- **Safety, health, and well-being at work**, understood as a concept that encompasses both physical and emotional well-being, are also part of our model.



Targets

- 33% of executive positions held by women in 2024. The fulfilment of this target is linked to the variable remuneration of our employees and the attraction of sustainable financing



[Go to chapter 1.7. Sustainable finance](#)

- Achieve an adjusted gender pay gap of +/-1% in 2024.
- Eliminate the gender pay gap in 2050. Refers to the gross gender pay gap.
- Gender parity in the Company's highest governance bodies in 2030. Applicable to the management committees of the main operators and to the Board of Directors. Parity defined as no more than 60% and no less than 40% representation of each gender.
- Be part of Bloomberg Gender Equality index each year.
- Work towards the integration of people with disabilities in the workplace (commitments made in The Valuable 500) in 2024.
- 50% of the workforce in skilling programmes each year.
- 100% of eligible workers (those whose activity can be carried out remotely) in hybrid work in 2024.
- Reach an Employee Net Promoter Score (eNPS) score of 60% at least.

2.6.5.1. Attraction, retention and professional development

GRI 103, 404-1, 404-2

Careers have moved from being vertical and stable to more cross-cutting and flexible, so that development is no longer conditioned by our current job, but by what we want to become in the future.

Our Skills Workforce Planning process seeks to ensure alignment between the skills we have in the organisation and those we need, in order to grow our businesses, enabling us to make the right decisions to close the skills gap. We are therefore firmly committed to internal development of new skills we need, combined with incorporation of external talent.

- For **talent recruitment**, in addition to traditional mechanisms, we are committed to using new channels to ensure incorporation of appropriate profiles in a more global, digital, and efficient way, establish a long-term relationship with candidates and simplify our selection processes. Specifically, we have a very active presence in digital job fairs, forums, employability round tables, social media, and universities with technological specialities.
- For **internal skills development**, we are promoting massive reskilling and upskilling programmes that develop critical skills for our business and improve employability. We are also evolving the learning model to use artificial intelligence engines to personalise and adapt the training offer to the preferences of each professional (learning on demand).

The situation arising from the COVID-19 pandemic has presented us with an opportunity to accelerate the **digitalisation of learning**. Thus, we offer our employees a much **larger number of training programmes, in digital or hybrid formats**. The shift towards mostly digital training means they are shorter in duration than in the past, but more **tailored and focused** to their needs. Examples of these programmes are video formats, podcasts, video games, interviews, roleplay sessions and articles adapted to the needs of each person in skills of their choice.

One of the key elements of our skills development model is **SkillsBank**, a software tool developed internally using big data and artificial intelligence that helps us to know in real time what skills are active in our organisation. SkillsBank incorporates recommendations for employees of positions that best match our/their skills and training content based on our/their preferences and motivations.

For the **development of new skills**, we also encourage **geographic and functional mobility**, which is a key aspect of talent retention. We therefore foster an open and innovative environment that facilitates the matching of our employees' interests and backgrounds with real

opportunities that maximise learning and movement into the roles of the future.

Universitas Telefónica

Telefónica's development offer combines **technical and human skills**. Universitas Telefónica presents a complete range of online training actions, open to our professionals, to accelerate the transformation and adoption of new ways of working and leadership, aligning priorities and nurturing a single culture throughout the Company by empowering employees.

Its technological evolution, together with the opening of a new physical campus at the Company's headquarters, equipped with face-to-face, virtual and hybrid executive education facilities, will enable us to offer, by early 2022, a personalised, ordered and on-demand proposal, ensuring the greatest possible impact.

With all these actions we hope to achieve the goal that more than 50% of employees take part in skilling programmes and actions each year.

> Commitment and motivation of our employees

The commitment of our professionals has always been high on Telefónica's agenda. For several years now, we have been measuring this through the employee Net Promoter Score (eNPS), which indicates the degree to which the Company's employees recommend the organisation by answering the question:

How likely would you be to recommend your company to people close to you as a good place to work? (1=Definitely would not recommend, 10=Definitely would recommend).

This procedure align ourselves with the customer satisfaction measurement, using the same logic as the Net Promoter Score, (those who award scores of between 9 and 10) minus the percentage of detractors (those who award scores from 1 to 6).

This result is calculated directly for each country and weighted by the number of local employees to give the overall figure. In 2021, we achieved a result of 67% which is an improvement of 2 percentage points on the 2020 result.

A result above 40% is considered excellent and we are part of the select group of companies that are above 60%.

Our challenge now is to keep increasing our professionals' pride in belonging to our Company, in the conviction that their motivation is the multiplier factor driving these results.

In addition to this annual measurement, we conduct various internal listening exercises in each of our operations, such as opinion surveys as well as regular engagement pulses to gauge the commitment level.

This is complemented by performance appraisals, exit interviews, incident tracking and whistleblowing channels.

Formula for calculating the eNPS



> Culture of recognition: Valuable People

This programme aims to promote a culture of meritocracy through personal recognition by leaders towards employees and among employees themselves, giving visibility to those individuals and teams that stand out both for their differential contribution and their day-to-day behaviour. It also recognises 'social volunteers or volunteer teams' for their extraordinary contribution to a social cause or in an emergency or humanitarian crisis.

During 2021, we adapted the badges to the new brand and created new ones, such as Leadership, Positive and Exceptional Work.

In total, we recorded around 53,854 awards to colleagues and teams, showing that recognition remains in Telefónica's DNA and we will continue to promote it to connect talent.

> Recognising effort: remuneration policy

GRI 103, 102-35, 102-36, 102-37, 404-3

Telefónica's remuneration strategy is characterised by its competitive and demanding nature, and its main focus is to attract, retain and motivate the Company's professionals, so that it can meet its strategic objectives within the highly competitive and globalised framework in which it operates, fostering the generation of long-term value in a sustainable manner for its shareholders.

We encourage **growth** of our team through the variable remuneration, increasing operating income and return on investment for shareholders, as well as **efficiency** through improving our OIBDA margin and generating free cash flow. Telefónica is also a company that is fully committed to **sustainability**; therefore, from 2019, factors such as customer trust, the trust of society at large, diversity and contributing to the fight against climate change, have been

given weighting in the variable remuneration of our entire team.

Telefónica offers a **competitive and fair remuneration package** which can be made up of fixed components, short- and long-term variables, as well as remuneration in kind and other social benefits, adapted to the local practices in the markets where it operates, allowing for customisation and tax efficiency through flexible compensation plans. For example, health insurance, social well-being systems, life insurance, childcare assistance (including day-care services) and food assistance, among others. All these benefits are also part of the family planning aids that the Company makes available to employees.

Telefónica is a company that **fosters meritocracy** and **equal opportunities**. Therefore, a significant part of the total remuneration for professionals is on a variable basis and payment is linked to achieving financial, business, value creation and sustainability targets. These objectives must be concrete, measurable, and aligned with the Company's strategic plan.

Telefónica's professionals are remunerated **consistently** according to the level of responsibility, leadership, and performance with the organisation. To meet this premise, we ensure that we do not discriminate on the basis of gender, age, origin, sexual orientation, and identity, religion or race, in the application of remuneration practices and policies.

To favour the retention and motivation of key professionals and attraction of the best talent, the emotional salary is also relevant, expressed through new ways of working, work-life balance, a firm commitment to learning and professional development, and a culture of commitment and recognition of our employees.

Similarly, Telefónica is committed to ensuring that the salaries of all its employees exceed, in any case, what is considered to be the 'living wage', which not only covers basic needs but also guarantees a good quality of life in each of the countries in which the Group operates, and is committed to maintaining decent remuneration packages that exceed this threshold.

In relation to our Board of Directors, we have a Remuneration Policy for the Directors of Telefónica, S.A., which ensures compliance with best practices in matters of good governance.



[Go to chapter 5.1. Annual Report on Remuneration](#)

> Performance reviews

GRI 404-3

Telefónica has a worldwide performance review process for all the employees of the Group. This process is equal for all and the same timetable, guidelines and tools are shared. Although the process is coordinated globally, its managed locally to adapt better to business needs.

This process is aimed at all Group employees who are outside the agreement, around 72% of the workforce.

> Outplacement programs

Since the beginning of 2016, we have had an outplacement service to help relocate employees who leave the Company as a result of redundancy or by joining one of the mutually agreed termination programs launched at certain times.

For six months, we offer:

- Individual work sessions.
- Group sessions and workshops.
- A technological platform to find new opportunities.

The main purpose of all these actions is to help employees to find new opportunities in other companies or in their own businesses.

Progress in 2021

The global skills identification platform, SkillsBank, was rolled out to more than 90,000 employees and more than 35,000 employees have already uploaded their profiles.

In 2021, our professionals completed more than **1.3 million courses**, with an average of 13 courses per employee, and an average of 39 hours of training per employee. It is important to note that almost all of our training offer has been digitalised, from 30% of virtual activities in 2019, to 92% today, which means less training in terms of hours but more targeted in terms of impact and relevance.

Universitas Telefónica, as a human skills factory, provided content on personal leadership, team leadership, strategy, and business vision, reaching **more than 15,000 people in 2021**. The change of method at Universitas has been accompanied by a notable increase in satisfaction with all the training deployed (from 8.2 in 2019 to 8.58 at present).

During 2021, 70% of employees invested in the acquisition and development of new abilities needed for the future in different skilling programmes (Reskilling/ Upskilling), among which we can highlight:

- In Spain, the largest Sales Network Transformation and Certification programme in the B2B environment, in which more than 3,000 professionals participated (Key Account, Medium and Customer Engineering sales representatives and team managers) with the aim of boosting IT capabilities and consolidating ourselves as the best partners for our customers in their Digital Transformation process.
- In Brazil, we launched the new Vivo Explore learning platform to promote a **culture of learning** and knowledge sharing among the company's 33,000 employees, offering training around technology and digital services, creativity and innovation, wellness, self-care, and personal leadership. More than 89% of the workforce was registered and participating in development actions in 2021.
- In Germany, the Digital Basics programme was launched to provide the entire workforce with an insight into the main **key topics of digital transformation**: analytics and data science, cloud computing, cybersecurity and data protection, Internet of Things (IoT), Agile, human-centred design or digital ethics. 46% of employees have participated in the programme.

In 2021, we encouraged mobility between the different areas of Telefónica so that 6,422 employees found new professional opportunities within the Group.

In the latest 2020 performance appraisal, conducted between March 2020 and March 2021, we found 74,844 **employees eligible** for the process and already registered in the Success Factors tool. Of these employees, 62% completed the process successfully.

The results obtained are very positive, not only in terms of numbers but also the quality of the conversations that take place between employees and their managers.

In addition, during 2021, the tool was upgraded improving the reporting systems and including information relating to employee gender and job category, by breaking down the detail of performance appraisal data.

Awards

Telefónica was awarded Best Employer Brand in 2021 by LinkedIn Talent Awards, consolidating the Company as a powerful employer brand within the technology sector and digital world.



We also ranked third in LinkedIn's Top 25 Companies in Spain, which for the first time included a ranking of the best companies to work for.

SAP Quality Awards 2021 also recognised us as a finalist in the Innovation category for the Skilling Program project.

2.6.5.2. Diversity and inclusion

GRI 102-15, 103, 405-1

At Telefónica, we incorporate diversity and inclusion management as a cross-cutting element of our strategy. Diversity, in addition to responding to principles of social justice, helps us to achieve better business results. We therefore design **initiatives** aimed at fostering a diverse workforce and promoting an organisational culture of equity, plurality, and inclusion, where the unique skills, abilities and ways of thinking of our employees help us make the best decisions for the business.

Diversity management helps us to attract and retain high-potential professionals, to get the best out of our employees, empathise with our customers and innovate.

Governance

We have a structure of internal bodies and figures that evaluate and monitor progress on equality, diversity, and inclusion. These bodies also monitor compliance with performance indicators and alignment with strategic objectives and ensure the involvement of senior management.

- **Global Diversity Council:** made up of top-level executives, its purpose is to implement and monitor the Company's diversity strategy.
- **Transparency Committee:** made up of the Chairman and four executives, it ensures the presence of both genders in the shortlists for the selection processes.
- **Chief Diversity Officer:** supports the Board and the People department.
- **Diversity Champions:** they act as internal change agents in all areas of the Company.

- **Monitoring Committees** for local Equality Plans.

> Committed to equal opportunities

The Global Diversity and Inclusion Policy promotes equality of treatment and opportunities between men and women, as well as between all the demographic groups present in the Company.

The Policy's priority is to pursue the objective of creating working conditions and environments free of harassment, both in an in-person and digital work environment, and establishes specific procedures for its prevention. At the local level, equality plans establish action protocols aimed at preventing and combating any moral, sexual or gender-based harassment at work.

In addition, the **whistleblower channel** allows all employees and stakeholders to report, anonymously or personally, if they experience any form of discrimination. A total of 955 complaints were received in 2021, of which 389 were found to be substantiated. Among these, only about 1% were for harassment at work, sexual harassment and/or discrimination. Once analysed, the confirmed cases of discrimination were 0 and, therefore, there were no disciplinary measures or terminations due to discrimination. The total number of substantiated complaints resulted in 152 terminations of employment contracts.



[Go to chapter 2.12. Ethics and compliance](#)

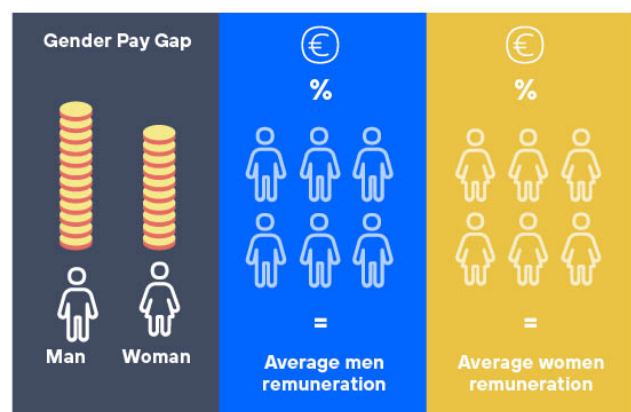
Beyond our local policies and plans, in all our operations we ensure the presence of both genders in final shortlists of candidates for internal and external recruitment processes for executive positions. The aforementioned Transparency Committee monitors compliance with this rule.

> Committed to pay equity: closing the pay gap

Telefónica not only promotes **equal treatment and opportunities** for men and women, but also reinforces the **application of the principle of equal pay** for equal work or work of equal value, i.e. equal pay for equal work regardless of the gender of the employee.

In order to offer clear and transparent communication, we conduct detailed analyses of gender pay data within the Group in order to identify possible inequalities and establish measures to correct them. We do this by considering all items related to salary, benefits and other short- and long-term incentives, i.e. all payments received by the employee during the year.

Salary **inequalities or differences**, often known as gender pay gaps, are based on a comparison between the average total pay of men versus the average total pay of women in the workforce.



In making this comparison, the most important thing to understand is the way the comparison is made, what items are included and how the difference between the average total pay of men and women is measured.

$$\text{Pay gap} = \frac{\text{average men remuneration} - \text{average women remuneration}}{\text{average men remuneration}}$$

If we only compare the average total pay, without taking into account factors other than gender, we are talking about the **gross pay gap**. When, in addition to gender, it takes into account country, legal entity, professional category, functional area in which each employee works, seniority and working time pattern (full-time or part-time), then we are talking about an **adjusted pay gap**. This concept brings us closer to pay equity: equal pay for jobs of equal value.

The result of this comparison between average total pay of men versus average total pay of women is much more than a number, it provides us with information at all levels. We not only analyse wage information but also the socio-economic situation, labour structure, challenges, and business stakes. This is information that helps us to implement measures to close the gap and drive projects forward.

The main reasons for the gender pay gap are very diverse and depend on the country, the nature of the business and the history of the Company. Of these, the most common are:

- Higher proportion of men overall and in leadership and income-generating positions in the telecommunications sector. In 2015, we had 19% women in executive positions and in 2021, 30.4% (including UK) and 29.5% (excluding the UK operation). The number of women in revenue-generating positions in the Company in 2021 was 38%.
- Higher proportion of women on reduced working time: six out of 10 employees on reduced working time are women. To reverse this situation, new models of flexible working can serve as a lever for improvement



For more information, see section 2.6.5.3. New ways of working

- Low presence of women in STEM (Science, Technology, Engineering and Mathematics) careers. We have therefore implemented various initiatives to foster and promote improved access by women and young people to these courses. Currently, 20% of the Company's STEM positions are held by women.

Understanding the reasons behind the data allows us to guide the strategy and implementation of initiatives that guarantee equal opportunities for all, ultimately leading to the closing of the pay gap.

> Programmes and actions to promote diversity and inclusion

To support our talent management policies, at Telefónica we implement a variety of actions, plans, and programmes which deal with specific issues.

Accordingly, we encourage the recruitment of **female talent**, young talent and/or talented people with disabilities through the "Talentum" grants. We have therefore launched internship programmes exclusively for women, with a heavy technical component. In addition, we develop career acceleration and visibility enhancement programmes for female employees, which aim to train them in leadership skills and enrich their network of contacts.

In the case of **people with disabilities**, we promote their integration by implementing employability programmes with training and internships in the Company. In parallel, we provide the necessary tools to remove barriers. In addition, we offer resources to facilitate teamwork, such as the guide, 'Disability at Work: Everyone's Responsibility'. Access the guide on the Telefónica website at Talent / Diversity and Inclusion.

At the same time, we work to ensure the accessibility of our facilities, communication channels, products, and services.



Go to chapter 2.7. Digital inclusion

In terms of **generational diversity**, we have programmes for the development of talent and the empowerment of young professionals selected for their high contribution and projection. In addition, we have launched initiatives to promote employability of over 50s.

In the area of **racial and ethnic diversity**, we are committed to implementing initiatives to promote ethnic minority leadership. In addition, in those geographies where legislation is favourable, we monitor the racial pay gap and accompany this report with plans for its reduction.

We are also committed to ensuring that our **LGBT+ employees** work in safe environments where they feel comfortable and give their best. In this respect, we have specific initiatives to promote the attraction, development, and well-being of transgender people.

In addition to promoting the development of our employees, we have implemented actions that have an impact on their families and immediate environment:

- In the LGBT+ area, we offer specific benefits for LGBT+ couples and parents that go beyond the legal requirements.
- In the area of disability, Telefónica has ATAM, a private social protection system for the families of Telefónica employees with disabilities and dependency. The association offers comprehensive expert advice and direct financial support.

Additionally, in relation to our **supply chain**, we include diversity criteria in the assessment of our high-risk suppliers through the EcoVadis tool.



Go to chapter 2.16. Responsible supply chain management

> Awareness-raising and affinity groups

The value of differences, awareness of unconscious bias and prejudice, and the importance of inclusive leadership are some of the issues we address during our workshops, manuals, and online courses. In addition, we have conducted mandatory diversity workshops for members of the Board of Directors.

In addition, we have **affinity groups** for LGBT+ employees, employees with disabilities, employees of different races or ethnicities, young people, and women. These groups, as well as giving visibility to their members, have an important responsibility to raise awareness and sensitise the workforce as a whole.

We assume our responsibility as a social benchmark

At Telefónica, we want to help build a more equal, diverse, and inclusive world, supported by technology. That is why we encourage women to take up STEM careers and entrepreneurship. One example is Scale Up Women, a space dedicated to enabling women entrepreneurs to improve their network of contacts and seek new business opportunities.

> Alliances

In line with our commitment, we have joined different global initiatives which seek to promote the economic and social empowerment of diverse demographic groups, particularly in the workplace, such as:

- GSMA principles for advancing digital inclusion for people with disabilities.
- The Valuable 500 initiative, through which we made four concrete commitments to strengthen the weight of disability on the global agenda.
- The UN standards of conduct for business to protect the rights of LGBT+ people.
- The ClostinGap group of companies to reduce the gender gap in Spain.
- In Brazil, Argentina, Ecuador and Colombia, the initiative, "Women's Empowerment Principles", prepared by UN Women and the United Nations Global Compact.

Progress on diversity in 2021

In May 2021, our Board of Directors approved the second edition of the **Diversity and Inclusion Policy**. It maintains the objective of ensuring a free of prejudices management style, but with a more holistic and transversal vision of diversity.

In relation to the fulfilment of corporate objectives, in 2021 we managed to increase the percentage of women in executive positions by two points, reaching 29.5% of executive women (which rises to 30.4% including the UK). The continued growth of this percentage, which accelerated in 2021, is bringing us closer to meeting our target of 33% in 2024.

At the same time, we exceeded a 30% female presence on our Board of Directors, reaching 33.3% in 2021.

With the aim of promoting equality at all hierarchical levels and closing the gender pay gap, in 2021 we developed different actions to accelerate the careers of our female employees, develop the pipeline of pre-executive talent and attract female talent. Some examples:

- Women in Leadership, a programme to accelerate professional careers and increase visibility aimed at pre-executive staff, whose objective is to provide training in leadership and enrich the network of contacts. It also has a mentoring programme at the end of the course. Approximately 130 women participate in it.
- Empowering Women, which is aimed at all the women in the Company and explores female leadership and the key issues and barriers faced by women who want to lead. Approximately 1,000 women participated in it during its first year of existence.

- Internship programmes exclusively for women, with a notable technical component. In Germany, the Woman in Data programme enabled us to train 50 women data analysts.

Regarding the pay gap, the analysis in 2021 shows that the gross **pay gap** was 21.8% and the adjusted pay gap 1.2%, 1,3 points below the rate in 2020. At Telefónica, during the year, we established a new model for diagnosing salary differences that allowed us to analyse demographic, organisational and remuneration information with a holistic view of all employees.

In 2021, the results of the gender pay gap have increased because T. UK no longer consolidates in the Group annual report. If third parties in United Kingdom were considered within the calculation, the result would have been closed to 19.41%. Following our commitment to transparency of previous years, we publish results taking into account all salary concepts paid during the year.

In addition, we have signed an **Equality Framework Agreement** with most trade unions to standardise equality plans in all Group companies in Spain, ratifying our ongoing commitment to equality, diversity and co-responsibility between men and women.

In the area of **disability**, globally, we launched an online course for all employees, with information on the different types of disabilities and tools to facilitate equal treatment. In addition, we provided specific sessions for Recruitment and People teams.

In addition, throughout 2021 we signed agreements with entities that help us to locate candidates with disabilities, with profiles in line with the Company's needs. Through the Include Programme, developed with the GoodJob Foundation, we trained people with disabilities in cybersecurity, integrating 38 employees into our teams.

Outside the boundaries of our Company, in 2021 we worked to train people with disabilities in the digital skills required by the market. Through our Foundation, we served almost 170,000 people with disabilities. More information on social action in the area of diversity, disability and universal accessibility in the [Fundación Telefónica Annual Report located at Fundación Telefónica /Get-to-know-us/Annual-Report website](#).

In the area of **young talent**, in 2021 we launched new editions of programmes such as TOP100, a training project for the development of 100 young professionals in Spain; Digital Transformation Development Program, which offers an individual personalised plan for young people in Germany, and; Joven Aprendiz and Trainee, which provides scholarships to young people from ethnic minorities, with disabilities, and from the LGBT+ community in Brazil. In this exercise, Telefónica also supported the Sondersland youth employability and empowerment event.

In terms of diversity by **origin, ethnicity, or race**, in Brazil we strengthened our Career Development Programme,

with new tools to help participants grow professionally, reaching around 100 employees. In addition, we helped fund scholarships for more than 400 employees who declare themselves to be black, and we have made a major effort to promote racially inclusive language, both internally and externally.

In terms of **LGBT+** diversity, in 2021 we strengthened our commitment to trans talent. In Spain, we joined FELGTB's YesWeTrans project and provided training sessions to the selection teams. In Brazil, we hired trans people, approaching 50 employees by the end of the year, and conducted an internal census to better understand our LGBT+ employees.

Beyond promoting gender diversity in our workforce, we **work to close gender gaps in society**. Along these lines, we joined the CloSinGap group of companies, which seeks to be an engine of social and economic transformation that helps to facilitate the personal and professional development of women.

We are also working to promote the presence of **women and young people in STEM careers** and entrepreneurship through a total of 52 programmes and initiatives. Some examples are Mujer e Ingeniería, Delas por Elas, #SheTransformsIT, #MujeresHacker and the STEAM Alliance for Female Talent, promoted by the Spanish Ministry of Education and Vocational Training.

Finally, in 2021, we committed to diversity and inclusion in our communications, using different tools and resources. In this respect, we developed the Inclusive Communication Implementation and Best Practices Manual in Spanish and the Vivo Diversidade guide in Portuguese.

Awards

- Bloomberg Gender Equality Index 2021: this distinguishes Telefónica as one of the companies most committed to gender equality in the world.
- The Financial Times recognised Telefónica as one of Europe's most inclusive employers in its Diversity Leaders ranking.
- Equality in the Company Award from the Institute for Women and Equal Opportunities (DIE): obtained by Telefónica Móviles España, S.A. and Telefónica Soluciones de Informática y Comunicaciones de España S.A.U.
- IBEX Gender Equality Index: selected Telefónica as one of the 33 Spanish listed companies with the greatest presence of women in senior management positions.
- Great Place to Work: this recognised Telefónica Brazil as one of the best companies for professional women in its Ranking Mulher.
- Employers for Youth: considered Telefónica to be one of the best employers for young people in several Latin American countries.

- The 19th Expansión 'Innovation in Human Resources' Awards recognised our Equal Pay: People Equality initiative as one of the most innovative in Human Resources management, recognising our efforts and skill in establishing a model for diagnosing wage differentials. We analyse demographic, organisational and remuneration information with the most innovative technology to identify pay differentials, analyse the reasons behind the numbers, and set up a holistic view of all employees to add value to the business and facilitate decision-making.



2.6.5.3. New ways of working

Before the COVID-19 pandemic, Telefónica was in the process of transforming the way we work, implementing a working culture that allowed us to focus on our customers' needs, prioritising the delivery of value by being more efficient and innovative, and providing teams with greater autonomy and speed in decision-making. All these changes have been accelerated by the pandemic where, thanks to the road we had travelled and to digitalisation and internal innovation, we managed to have 95% of the staff working remotely in the worst moments of the crisis. Thanks to such lessons, during 2021 we consolidated a **new hybrid, flexible and digital working model** in all our operators: a working model that increases the engagement, satisfaction, and value delivery of our teams.

The redefinition of our workspaces to be more digital, flexible and collaborative, and a commitment to digital disconnection (Telefónica was a pioneer with an agreement in 2019 with all trade union organisations) and **physical and emotional well-being** of our people, are also part of this new work model.

> Where and how we work

To design our post-pandemic working model, we consulted employees through surveys and focus groups on how we should work and what activities it makes sense to carry out at the office. Following the input we received, we decided to go for a hybrid model, which gives us **flexibility** and allows us to obtain the **benefits** of working in the office (recommended for team-building activities or creative workshops) and at home (suitable for analytical activities and those that require concentration). In addition, the employee may also choose to work from a second residence (always within the country of employment).

The commitment to a hybrid model is having a positive impact on the motivation, value delivery and well-being of our employees, as can be seen from the various surveys we are conducting. In Spain, 80% of employees believe

their team is **more productive** working within a hybrid model.

The model, agreed with the main trade union bodies in the different countries where we operate, was adapted locally according to the evolution of the pandemic, the needs, and the legal framework of each country.

Outside the workplace, we are focusing on **agility** as a key lever to become a **more flexible** and adaptable **organisation**, more agile and focused on **delivering value** to our customers.

The new agile ways of working are much more than methodology for Telefónica, they are a means of boosting cultural transformation underpinned by the different local Agile offices. These offices, which combine Business Transformation and People teams, are the main drivers and enablers of change, and allow agile frameworks to be adapted to the particularities of each business and aligned with the strategic priorities of each Unit.

> How we lead

We know that these new ways of working require a **change of mindset**, so we aim to develop the role of leaders and teams in the new working environments to achieve a flexible and digital culture.

We foster leaders and teams to acquire different competences related with new ways of working based on a culture of flexibility, trust and commitment, as well as the necessary skills required for a **collaborative and dynamic** work environment based on project management, autonomy and teamwork.

> Digitalised environment

With a hybrid work model, the office becomes less of a place to perform a task and more a space for inspiration, co-creation, and networking among colleagues, thus fostering collaborative work and knowledge management.

Telefónica's workspaces are therefore open and shared and are technologically equipped for the hybrid model. In addition, we have space management tools and in those places that do not yet have these tools, we are carrying out pilot programmes to implement them in the future.

Similarly, we provide employees with the necessary equipment to be able to perform their work remotely in an appropriate manner, enabling interaction and fostering innovation with **collaborative technology such as Microsoft Teams or the corporate social network, Workplace**, where we also share relevant news and inspirational content.

In addition, in Spain, we provide our employees with different tools so that they can record the start and end of the working day from any location, as required by current local labour legislation.

> Work-life balance

GRI 103

We develop the hybrid model by putting the employee and his or her family at the centre and taking care of their digital health. These new ways of working bring with them new healthy habits where the physical and emotional well-being of our workers in a holistic way takes precedence.

In addition, depending on the geographical area where we operate, we provide our professionals with ergonomic chairs, mobile phones with unlimited data tariffs and the possibility of acquiring office furniture with good conditions.

Reinforcing the **digital disconnection agreement**, the Company signed in 2019, we delivered courses with new routines and tips to maintain a healthy balance between work and free time, and organise teamwork in the best possible way.

In addition, we create spaces to promote emotional well-being with virtual cafés where we encourage networking.



For more information on emotional health initiatives, go to the section 2.6.5.4 Safety, health and well-being at work

Progress in 2021

Throughout 2021, we worked on the consolidation of a hybrid model consisting of 2-3 days of work in the office and the rest at home, agreeing on the days of attendance with the teams and leader of each area. In some units, the model began being implemented gradually. However, due to the explosive increase in infections due to the spread of the Omicron variant of COVID-19, high levels of remote working continue to be maintained today, with 70% of workers teleworking.

During 2021, further progress was made in adopting agile ways of working in all Group units. In the motivation survey, 38% of employees indicated that they used some kind of agile framework (scrum, kanban, design thinking, lean etc.) and we currently have more than 400 teams working on agile initiatives in all countries.

In Spain, more than 10,000 employees developed their digital capabilities and teleworking skills.

100% of our employees have access to Office 365 and Microsoft Teams to facilitate collaboration in a digital environment.

60% of employees are active users of the corporate social network, Workplace.

In Germany, 800 employees attended information sessions on how to structure their daily work routine effectively. In addition, virtual cafés have been held with 300 participants to ensure team cohesion in a hybrid environment.

In addition, Universitas (our corporate university) provided live training with an average duration of 6 hours to help transform the new ways of working: coaching for leaders, leading virtually, Growth Mindset, the art of gathering (or how to have better virtual meetings) among others, with a total of 16.000+ registered participants and 115 courses delivered.

A number of results-based leadership courses were held, through which more than 600 managers in Spain participated in Breaking Point.

More than 500 participants took part in Multiply your Productivity with the aim of helping to increase productivity.

Team leadership programmes have also been carried out in different areas of the Company (CTO, Movistar+ etc.).

More than 1,700 of the Company's leaders went through the fully virtual global programme, Ahead of the Unexpected, where we shared and socialised our corporate strategy.

2.6.5.4. Safety, health and well-being at work

GRI 403-1, 403-8, 403-9, 403-10

At Telefónica, we understand the concept of occupational health and safety to cover a state of complete physical, mental, and social well-being in harmony with the environment. The measures that promote health in the Company not only help employees and ensure long-term business success, but also have positive effects in society as a whole.

The Quality and Sustainability Committee is responsible for promoting the development of the Global Responsible Business Plan, which was approved by the Board of Directors and places emphasis on safeguarding and promoting the Health, Safety and Well-being (HSW) of our employees in the workplace.

Our safety, health and well-being policy

We are committed to:



> Management systems: prevention of work-related accidents and occupational diseases

GRI 403-1, 403-2

We establish procedures to identify hazards and assess risks in order to prevent work-related accidents and occupational diseases, ensuring compliance with the legal requirements in force in each country. Additionally, we adopt, in a complementary manner and in accordance with the principle of prevention, other requirements based on local regulations or international standards.

The processes for identifying hazards, assessing risks, and preventing accidents and occupational diseases are set out in the Global Health and Safety Policy, as well as in the various local health and safety policies. These processes vary from country to country, but all are aimed at eliminating hazards and minimising risks.

In Spain, risk identification is carried out in various ways: specific reports are produced to analyse a given situation; risk assessments are carried out in workplaces, and accident investigations are carried out. The results of this technical activity are included in the so-called 'Preventive Planning', which is sent to the corresponding management units so they can plan and develop the necessary corrective actions.

In Brazil, we have a platform for identification and evaluation of Hazards and Risks, called the SOGI PRSSO (Hazards and Risks at Work) module.

In Germany, there is an accident-reporting process. Accidents are registered in the accident database and an analysis of the accidents is performed by occupational safety specialists using a checklist.

We also have **processes** in place at each operator to **investigate work-related accidents.**

In Spain, once the accident has been determined by the occupational doctor, it is reported to the Service for the Prevention of Industrial Hazards, which assigns a prevention technician to conduct the accident

investigation. The investigation report includes a series of conclusions and recommendations of which the employee and his or her immediate superior are informed. If any additional action is required, it is also communicated to the management unit for repair or adaptation of the detected accident.

In Brazil, we have a Technical Instruction for the Management of Workplace Incidents and Accidents and a standard form for the recording and investigation of accidents at work.

In Germany, key problems identified are discussed in occupational safety committees and measures are drawn up.

Currently, 98% of our employees are covered by a safety, health and well-being management system, where 44% are covered by a certified system (based on ISO 45001 or OHSAS 18001 standards). Due to the increase in the workforce considered for the calculation, this percentage has been reduced compared to 2020.

Our work plan with regard to 2022 covers the implementation of a health, safety and well-being system at all our operators; the main markets will be certified under the new ISO 45001 standard.

> Occupational health services

GRI 403-3

In all countries, we have health services with essentially preventive and health-promoting functions.

In some countries they are covered by their in-house staff:

- In Spain, this occurs with the Joint Service for the Prevention of Industrial Hazards.
- In Brazil, it occurs with specialised providers that we contract for acupuncture programmes, mental health (psychologists), nutrition, physiotherapy, meditation, primary care (Einstein Clinic), pregnancy programmes,

exercise in the workplace, chronic disease management, telemedicine, executive check-up, etc.

In most workplaces, we have on-site medical care, and where this is not available, employees have access to medical services through the various health plans.

In addition, in all operations we have an Emergency Plan in which there are teams of people trained in first aid who act in the event of any emergency or natural disaster. We also have early warnings and specially trained teams (through drills) prepared to deal with such events.

> Health and safety training and worker representation

GRI 403-4, 403-5

Training and awareness-raising

All employees have online courses available to them on occupational health, safety and well-being. In addition, ongoing and specific training is undertaken with the local teams in the countries on implementation of health, safety and well-being management systems and numerous health and awareness-raising campaigns.

Worker representation and participation

We promote information, consultation and participation for workers and other stakeholders to ensure healthy and safe workplaces. Worker representation on joint health and safety committees is the established model in the different countries where we are present; 90% of our employees are represented on these committees.

In Spain, we have a central Health and Safety Committee, which meets monthly, and we reinforce it with provincial committees that meet every three months. In Germany, its occupational safety committee meets every quarter.



[See section 2.6.5.3. New ways of working](#)

> Promotion of employees' health

GRI 403-3, 403-6

At Telefónica, we encourage and promote the physical and mental health of our employees, both in the workplace and their personal and family environments. In line with our aim to be a benchmark for corporate well-being, generating a positive impact on our employees, collaborators, their environment and the organisation, we implement initiatives that promote a culture of well-being at all levels of the organisation, offering workers health and well-being benefits.

In addition, we raise awareness through various health programmes such as the Wellness Community in Spain, Feel Good in Spain and Germany, and Vivo Bem-Esta in Brazil. Through these programmes, we promote initiatives that raise awareness of nutrition, health, physical activity, and emotional issues.

We offer a portfolio of social benefits tailored to local practices in markets where we operate, including universal health insurance for all employees and support for people with disabilities.

We promote well-being and the psycho-social environment in the workplace to reduce emotional and mental stress. Along these lines, in Brazil there is the Conte Comigo programme, which offers support from social workers and psychologists with consultations. In Spain, the health and well-being programme addresses stress as a psycho-social risk. In Germany, we have Feel Good Balance, where we offer relaxation courses, stress management courses or resilience offers.

All these programmes help to implement corrective and preventive measures in each country.

In addition, the psycho-social working environment is one of the performance indicators that Telefónica publicly committed to address.

We facilitate workers' access to these services and wellness programmes through comprehensive communication campaigns. In addition, we run various training courses on emotional health, stress management, time management, leadership style and suicide prevention, among others.

In most countries, we have platforms that help us promote physical activity, such as Gympass. In addition, we provide our employees with healthy products in the vending machines and nutrition programmes with nutritionists, who draw up a dietary plan adapted to each participant.

In addition, we help to build environments that promote a higher quality of life and comfort by including lactation rooms, bicycle parking and changing rooms in our buildings.

> Commitment to our suppliers

GRI 403-7

We foster best practices regarding health, safety, and well-being in our supply chain and with our partners. All our suppliers sign up to the Supply Chain Sustainability Policy, which sets out compliance obligations in this area.

It is in the activities of our suppliers where there is a greater risk of having an occupational accident, and therefore we focus on promoting and reinforcing best practices in health, safety, and well-being in working with them. Proof of this is the Proyecto Aliados initiative, whereby audits oriented towards occupational health and safety are performed and complemented by meetings with contractors and development of improvement schemes.

Supplier management

Step 1	All our suppliers must accept and sign our minimum standards regarding health and safety at work.
Step 2	Risk analysis and identification of high-risk suppliers.
Step 3	Audits (administrative or on-site) of high-risk suppliers.
Step 4	Engagement with suppliers to improve the health and safety of those who work with us in our supply chain.



[Go to chapter 2.16. Responsible supply chain management](#)

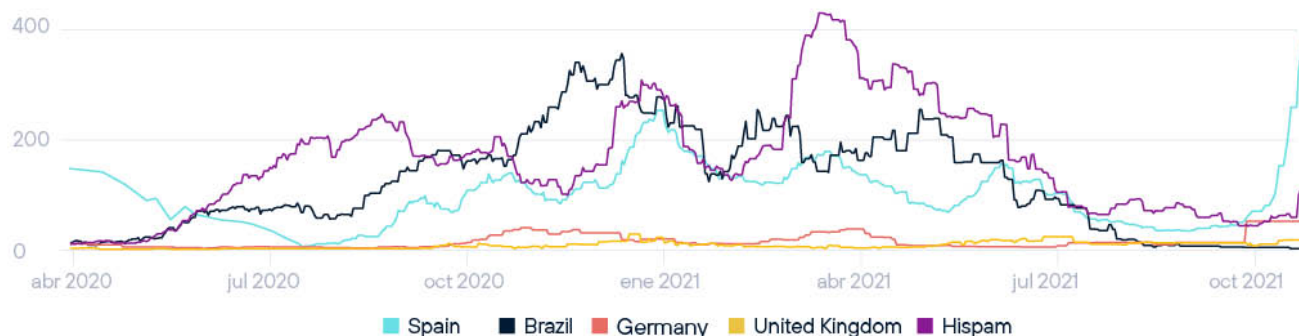
> Employee health and safety: COVID-19 crisis management

GRI 103

In 2021, the pandemic context posed numerous challenges in all the countries where we are present. Our management focused on the safety of our employees, customers, and partners.

COVID-19 Telefónica Global

Active Cases



We have made a significant effort to protect our employees by ensuring safe and healthy workplaces. In 2021, we thus continued to move forward with the previously designed Return Plan, which aims to safeguard health and safety, ensure the activity of people and the service to our customers, and prevent future risks.

The formula that has allowed us to manage this pandemic is a balanced mix of data analysis, active participation in international forums (WHO and United Nations) and daily interpretation of qualitative information (press, trends, news agencies, specialised studies).

With minor adaptations to existing tools, we have extracted maximum performance from the data and made safe progress on both health protection objectives and business challenges.

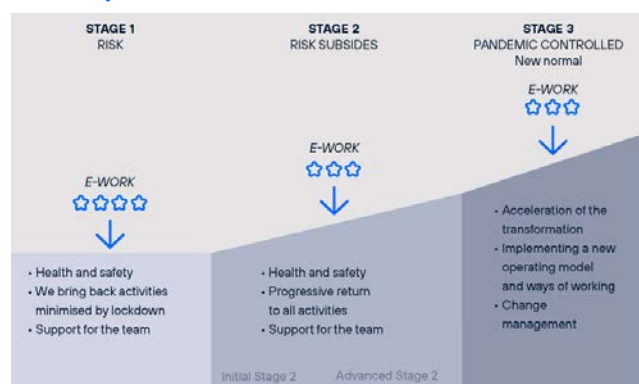
Currently, **16% of the workforce has had the disease**. We have recorded 102 deaths, but so far we have had no outbreaks in our workplaces. These data are the result of a major coordination effort between many areas and countries.

The impacts per country are very different. The graph below shows the distribution by organisation and geography:

The actions to meet these objectives varied, based on the evolution of the pandemic and criteria based on business activities and employee groups.

Each of these stages was agreed with the main trade union bodies, both in Spain and globally: UGT, CC.OO. and UNI Global Union (trade union coordination)

Return plan



Time planning is different in each country and subject to many variables: key country indicators, active cases of the Company in this location, conditions for return. For this reason, although the plan is the same, implementation occurs at different times.

At the close of this report, the status of our footprint was as indicated in the graph. However, due to the arrival of the Omicron variant, we have adapted our prevention measures to the situation at any given time. As always, protecting our health is our top priority, which is why we again prioritised the option of telework and flexibility in all countries until the pandemic is brought under control again.

Stages of the return



Trade union coordination for the COVID-19 return plan

At all times, the Return Plan has been addressed jointly between Telefónica and the main trade unions in Spain, UGT and CC.OO., as well as UNI Global Union.

During 2021, appropriate systems were established locally in each country through health and hygiene committees, temporary committees linked to COVID-19, or other instruments of dialogue to ensure compliance with the agreements and review any extraordinary accidents that may arise before the pandemic is under control.

It also includes a commitment to create spaces for collaboration in the field of collective bargaining, with the aim of analysing and capitalising on the lessons learned

from the management of the pandemic in order to consolidate teleworking and flexibility schemes, as well as new health and coexistence protocols.

Progress in 2021

- In Spain, we have a 'well-being' community where activities and talks on well-being and health that are closely connected to the three main pillars of health: emotional, physical, and nutritional health. Some examples in the field of mental health are: *Shinrin Yoku* (forest baths) and laughter therapy workshops. In nutritional health, we give different webinars: how to transform your health - from the Rafa Nadal Academy - and energy nutrition are examples. In physical health, we have held weekly virtual sessions with personal trainings and introductory outdoor yoga sessions.
- Launch of Vivo Bem-Estar to promote physical and mental health and a more diverse and collaborative work environment.
- We held a wellness week in different countries where we shared content on emotional health, physical activity, healthy eating, self-awareness, and happiness.
- Brazil carried out the Living Wellness challenge to encourage the practice of physical activity and meditation through gamification with more than 1,300 participants and 16,000 hours of sports and meditation activities.
- Brazil launched the Wellness Space in +600m², where acupuncturists, psychologists, nutritionists, and physiotherapists serve 33,000 employees and can be accessed in person or online.
- Germany took part in the Digital O2 Telefónica Run, where more than 1,600 employees participated in collecting the highest number of steps via an app to raise money to support a charity project.
- Regarding the prevention of addictive behaviours, Brazil, through its 'Conte Comigo' programme, initiated a pilot programme and Spain has included it in the agenda to be developed within its health and well-being programme.
- During 2021, cancer awareness and prevention activities (colon, breast, prostate) were carried out in Spain, Brazil and Germany.
- We have specific COVID-19 monitoring committees at local level to ensure that prevention and health surveillance actions are adopted with the full participation of workers' representatives. In this way, we fulfil the dual objective of preserving health and monitoring the safe return to the office.
- We implemented a new working model that focuses on four pillars.



For more information, see section 2.6.5.3. New ways of working

In line with the evolution of the pandemic, all measures adopted in 2020 have been updated to ensure the health and safety of our employees.

Awards

- Germany wins Corporate Health Award 2021, the most prestigious award related to occupational health management in Germany.
- Renewal of the Healthy Company certification (Spain).
- “Quirón Protocolo Seguro COVID-19” Seal (Sep 2021): this is one of the most rigorous certifications in Spain and endorses the hygienic, sanitary, interpersonal distancing and organisational measures that have been taken in our Company with regard to COVID-19.
- Renewal of the AENOR certificate for the protocols implemented in a total of 900 Movistar shops throughout Spain in relation to COVID-19.



MILESTONES

- We launched hybrid working models: remote and in-person at 100% of our operators.
- We were included in the Bloomberg Gender Equality Index in 2021.
- We increased the percentage of women in executive positions in the Group to 29.5% (30.4% including the UK operation).

2.6.6. Main indicators

GRI 102-8, 102-38, 102-39, 102-41, 202-1, 401-1, 403-8, 403-9, 403-10, 404-1, 404-3, 405-1, 405-2

2.6.6.1. Health and safety at work

GRI 103, 403-8, 403-9, 403-10

Main occupational health and safety indicators

Indicators (1)	Germany		Brazil		Spain		United Kingdom		Hispan (4)	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Number of hours of absenteeism (men)	494,016	378,696	774,808	1,767,032	132,288	618,168	292,904	148,216	808,480	784,838
Number of hours of absenteeism (women)	485,904	381,496	771,592	2,110,544	177,592	902,192	302,920	189,280	587,648	574,964
Number of hours of absenteeism TOTAL	979,920	760,192	1,546,400	3,877,576	309,880	1,520,360	595,824	337,496	1,396,128	1,359,802
Absenteeism rate (men)	0.05	0.04	0.02	0.05	0.00	0.02	0.04	0.05	0.02	0.02
Absenteeism rate (women)	0.09	0.08	0.03	0.08	0.01	0.05	0.07	0.10	0.02	0.03
Absenteeism rate TOTAL	0.07	0.05	0.02	0.06	0.01	0.03	0.05	0.06	0.02	0.02
Lost day rate / severity (men) (2)	11.64	12.13	7.02	3.04	3.92	45.99	2.01	0.00	58.61	82.01
Lost day rate / severity (women) (2)	14.35	8.18	0.72	0.41	6.20	8.26	12.47	10.84	22.54	19.76
Lost day rate / severity TOTAL (2)	12.60	10.77	4.48	1.97	4.72	32.73	5.94	4.07	45.58	59.13
Lost day rate / severity (men) (3)	11.64	12.13	7.02	3.04	3.92	45.05	2.01	0.00	107.60	179.00
Lost day rate / severity (women) (3)	14.35	8.18	0.72	0.41	6.20	8.26	12.47	10.84	59.56	112.16
Lost day rate / severity TOTAL (3)	12.60	10.77	4.48	1.97	4.72	32.12	5.94	4.07	90.25	154.44
Accident frequency rate (men)	0.25	0.37	0.57	0.40	0.12	0.24	0.00	0.00	1.12	1.50
Accident frequency rate (women)	0.94	0.33	0.05	0.14	0.12	0.16	0.04	0.00	0.52	0.36

Indicators (1)	Germany		Brazil		Spain		United Kingdom		Hispan (4)	
Accident frequency rate TOTAL	0.49	0.36	0.36	0.30	0.12	0.21	0.02	0.00	0.91	1.08
Occupational disease rate (men) (2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00
Occupational disease rate (women) (2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.00
Occupational disease rate TOTAL (2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00
Occupational disease rate (men) (3)	0.00	0.00	0.00	0.12	0.00	0.00	0.00	0.00	2.43	6.61
Occupational disease rate (women) (3)	0.00	0.00	0.00	0.17	0.00	0.00	0.00	0.00	2.33	6.86
Occupational disease rate TOTAL (3)	0.00	0.00	0.00	0.14	0.00	0.00	0.00	0.00	2.39	6.71
Total number of occupational injuries with major consequences (Men) (5)	0	0	0	0	0	0	0	0	1	8
Total number of occupational injuries with major consequences (Women) (5)	0	0	0	0	0	0	0	0	1	0
Total number of occupational injuries with major consequences TOTAL (5)	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	8
Rate of occupational injuries with major consequences TOTAL (5)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	8.00
Total number of recordable occupational injuries (Men)	12	11	0	0	22	49	0	0	274	419
Total number of recordable occupational injuries (Women)	25	4	0	0	12	37	1	0	75	58
Total number of recordable occupational injuries TOTAL	37	15	0	0	34	86	1	0	349	477

Indicators (1)	Germany		Brazil		Spain		United Kingdom		Hispan (4)	
Rate of recordable occupational injuries (TOTAL)	0.49	0.22	0.00	0.00	0.12	0.32	0.02	0.00	1.03	1.55
Number of deaths resulting from an occupational injury (Men)	0	0	0	0	0	0	0	0	1	0
Number of deaths resulting from an occupational injury (Women)	0	0	0	0	0	0	0	0	0	0
Number of deaths resulting from an occupational injury (TOTAL)	0	0	0	0	0	0	0	0	1	0
Rate of deaths resulting from an occupational injury TOTAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Number of hours worked (TOTAL)	14,996,612	13,909,860	62,885,220	62,957,490	56,321,381	54,162,018	11,918,370	5,263,110	67,724,712	61,617,883
Number of deaths resulting from an occupational disease or illness (TOTAL)	0.00	0	0	0	0	0	0	0	0	0
Number of employees covered by the Health and Safety Management System	7,701	7,368	33,064	33,072	17,497	27,271	100	5,632	15,642	28,042
% of employees covered by the Health and Safety Management System	100%	100%	98%	97%	76%	100%	2%	98%	47%	88%
Number of employees covered by the Health and Safety Management System subject to internal audit	7,701	0	0	32,761	17,497	26,332	100	5,632	10,673	27,403

Indicators (1)	Germany		Brazil		Spain		United Kingdom		Hispan (4)	
% of employees covered by the Health and Safety Management System subject to internal audit	100%	0%	0%	97%	76%	96%	2%	98%	32%	86%
Number of employees covered by the Health and Safety Management System subject to third party certification or auditing	7,701	7,368	0	0	17,497	24,193	100	5,632	20,613	31,125
% of employees covered by the Health and Safety Management System subject to third party certification or auditing	100%	100%	0%	0%	76%	89%	2%	98%	62%	98%

Due to the joint venture with Virgin Media UK, the companies included in the UK region were removed from the Group's scope of consolidation as of 1 June 2021, and therefore only the information up to that date is reflected.

Notes on the indicators:

-Absenteeism rate = total number of days lost due to absence / total days worked per year.

-Lost day rate (severity) = total number of days lost due to accidents in the workplace with leave and occupational disease / total hours worked per year) x 200,000

-Accident frequency rate = (total number of accidents in the workplace with leave / total number of hours worked per year) x 200,000.

-Occupational disease rate = (total number of occupational diseases / total number of hours worked per year) x 200,000.

-Rate of occupational injuries with major consequences = (number of occupational injuries with major consequences (excluding deaths) / Number of hours worked) x 200,000.

-Rate of injuries due to recordable occupational accidents = (number of injuries due to recordable occupational accidents / Number of hours worked) x 200,000

-Death rate as a result of occupational accidents = (Number of deaths resulting from injuries due to occupational accidents / Number of hours worked) x 200,000.

(1) To improve the quality of the data, we have reported data related to occupational diseases based on two criteria: 1. On the basis of a global definition based on the list of occupational diseases from the International Labour Organization (ILO). 2. On the basis of local legislation, regulations and rules, as in previous years. This distinction is necessary in order to understand the differences between countries, e.g., the employment regulations in the United Kingdom contain a larger number of occupational diseases (e.g., stress) than the rest of the regions in which Telefónica operates, and therefore the rates associated with occupational diseases are higher in the United Kingdom. Additionally, in 2020 in Argentina, according to local legislation, COVID-19 is being considered as an occupational disease.

(2) Based on the list of occupational diseases from the International Labour Organization.

(3) Based on the list of occupational diseases in local legislation, regulations and rules.

(4) In 2020 and 2021, Hispan comprises: Argentina, Chile, Colombia, Ecuador, Mexico, Perú, Uruguay, and Venezuela.

(5) Not including deaths.

Relevant indicators joint venture O2 UK and Virgin Media UK⁽⁶⁾

-**Work absenteeism rate:** O2 UK = 5%; Virgin Media UK= 10%

-**Accident frequency rate:** O2 UK = 0.28; Virgin Media UK = 0.32

-**Incidence Rate of Occupational Diseases (Based on legislation, regulation and local standards):** O2 UK = 0 ; Virgin Media UK = 14.67

*O2 UK data consolidates the information from January 1 to December 31, and Virgin Media UK information is consolidated from January 1 to October 31, 2021.

Coverage of the health and safety management system at work

Indicators (*)	Total Group (%)
	2021
% of employees covered by Health and Safety management system implemented and certified under ISO 45001 standard	44.1 %
% of employees covered by Health and Safety management system implemented without certification	54.3 %
% of employees covered by Health and Safety management systems implemented	98.4 %

(*)For 2021, coverage has been calculated on the basis of the average physical workforce, both for employees who have been part of the Group and those who are covered at year-end.

The indicators reflect the percentage of employees covered by a certified health and safety management system (ISO 45001 standard) or a management system in place but not certified.

98.4% indicates the sum of the percentage of employees who are covered by a certified or uncertified management system.

⁶Absenteeism Rate:

- **O2 UK:** Total no. of days lost due to any cause / Total annual working days. Note 1: "Any cause" refers to "Total number of days lost due to: accident at work with sick leave, non-occupational accident, occupational disease, common disease and non-permitted absences". Note 2: Allowed absences such as holidays, study leave, maternity or paternity leave and free days are not included.
- **Virgin Media UK:** (total days lost due to work-related and non-work related illnesses/accidents, e.g. flu)/"total days worked per staff"(Total number of employees (headcount, year-end)*221.4).
Absence: an employee absent from work due to a disability of any kind (e.g. illness/flu), not only as a result of a work-related injury or illness. Permitted absences such as holiday, study, maternity or paternity and family leave are excluded.

Accident frequency rate:

- **O2 UK:** (Total no. of accidents at work resulting in time off work / Annual working hours) * 200 000. Note: Including accidents resulting in death.
- **Virgin Media UK:** Total number of recordable workplace injuries*200 000/"Total hours worked per workforce"(Total number of employees (headcount, end of year)*221.4).
Accident rate (per 200,000 hours worked). Injury: A fatal or non-fatal injury arising out of or in the course of work. Generally, this should include injuries reported on the way to and from work, as well as during work, whether on or off-site. Please note that we only collect "Recordable Injuries". These are those where medical attention from a health professional is required and time loss occurs.

Incidence rate of occupational diseases:

- **O2 UK:** (Total no. of occupational diseases / Annual working hours) * 200000 Note 1: If local legislation, regulation or standard is based on the ILO list of occupational diseases, this indicator does not need to be reported. Note 2: Include occupational diseases that are required to be reported by legislation, regulation or local standard, but are not included in the ILO list of occupational diseases (e.g. stress or other psychosocial diseases). Note 3: Common diseases are not considered as occupational diseases.
- **Virgin Media UK:** Number of employees who reported an occupational disease (e.g. stress) and/or work-related accident" * 200000 / Total hours worked per workforce' (Total number of employees (number of employees, end of year)*221.4). Occupational disease rate (per 200,000 hours worked).

2.6.6.2. Staffing and diversity indicators

GRI 102-8, 401-1, 405-1

> Structure of the Board of Directors

Members of the Board of Directors by gender and age in 2021

Age range	Men	%	Women	%	Total	%
50 or more	10	77 %	3	23 %	13	87 %
From 35 to 49	—	— %	2	100 %	2	13 %
Under 35	—	— %	—	— %	—	— %
TOTAL	10	66.7%	5	33.3%	15	100 %

> Indicators of distribution of employees and contracts

Total number and distribution of employees by country

Country	Physical Staff		% Physical Staff	
	2020	2021	2020	2021
Spain	28,560	28,949	25.4 %	27.9 %
Brazil	34,432	34,746	30.6 %	33.4 %
Germany	7,926	7,238	7.1 %	7.0 %
Hispan	34,687	32,091	30.9 %	30.9 %
Argentina	13,618	12,276	12.1 %	11.8 %
Chile	4,269	4,053	3.8 %	3.9 %
Colombia	6,435	5,965	5.7 %	5.7 %
Ecuador	1,028	922	0.9 %	0.9 %
Mexico	1,843	2,097	1.6 %	2.0 %
Peru	5,148	4,557	4.6 %	4.4 %
Uruguay	633	580	0.6 %	0.6 %
Venezuela	1,713	1,641	1.5 %	1.6 %
Others	422	910	0.4 %	0.9 %
Total Group	112,349	103,934	100 %	100 %

(1) The Group's average physical staff in 2021 was 107,416 employees.

(2) The Group's equivalent (FTE) staff in 2021 was 100,325 employees.

(3) Due to the joint venture between O2 UK and Virgin Media UK, the companies that make up the joint venture, and were included in the UK region, were removed from the Group's consolidation perimeter as of 1 June 2021, so that at the report's closing date (31 December 2021) they were not accounted for. At the end of 2021 (31 December), O2 UK headcount was of 6,153 (2,392 women, 3,749 men and 12 non-gender-identified). At the end of October 2021, Virgin Media UK headcount was of 11,697 (3,185 women and 8,512 men).

On the other hand, employees of companies that were not part of the joint venture, but were part of the geography, became part of the scope of Others in the 2021 financial year.

However, indicators reflecting the cumulative staffing situation between 1 January and 31 May 2021 are reflected.

Total number and distribution of employees by gender, age range, professional category and region

TOTAL GROUP		50 or more		From 35 to 49		Under 35		Total	
		2020	2021	2020	2021	2020	2021	2020	2021
Executives	Men	959	736	2,220	1,946	179	139	3,358	2,821
	%	5%	4%	7%	6%	1%	1%	5%	4%
	Women	289	246	1,120	1,025	103	87	1,512	1,358
	%	5%	4%	5%	5%	1%	1%	4%	3%
	TOTAL	1,248	982	3,340	2,971	282	226	4,870	4,179
	%	5%	4%	6%	6%	1%	1%	4%	4%
Middle Management	Men	1,916	1,516	4,362	3,462	1,028	652	7,306	5,630
	%	10%	9%	14%	11%	5%	4%	10%	9%
	Women	529	355	2,137	1,602	592	361	3,258	2,318
	%	8%	6%	10%	8%	4%	3%	8%	6%
	TOTAL	2,445	1,871	6,499	5,064	1,620	1,013	10,564	7,948
	%	10%	8%	12%	10%	5%	3%	9%	8%
Other Professionals	Men	16,090	14,678	25,051	25,683	17,833	15,568	58,974	55,929
	%	85%	87%	79%	83%	94%	95%	85%	87%
	Women	5,601	4,951	17,739	18,075	14,601	12,852	37,941	35,878
	%	87%	89%	84%	87%	95%	97%	89%	91%
	TOTAL	21,691	19,629	42,790	43,758	32,434	28,420	96,915	91,807
	%	85%	87%	81%	84%	94%	96%	86%	88%
Total	Men	18,965	16,930	31,633	31,091	19,040	16,359	69,638	64,380
	%	27%	26%	45%	48%	27%	25%	62%	62%
	Women	6,419	5,552	20,996	20,702	15,296	13,300	42,711	39,554
	%	15%	14%	49%	52%	36%	34%	38%	38%
	TOTAL	25,384	22,482	52,629	51,793	34,336	29,659	112,349	103,934
	%	23%	22%	47%	50%	31%	29%	100%	100%

GERMANY		50 or more		From 35 to 49		Under 35		Total	
		2020	2021	2020	2021	2020	2021	2020	2021
Executives	Men	77	65	96	93	3	6	176	164
	%	6%	5%	4%	4%	0.3%	1%	4%	4%
	Women	18	18	34	39	3	2	55	59
	%	3%	3%	2%	3%	0.4%	0%	2%	2%
	TOTAL	95	83	130	132	6	8	231	223
	%	5%	5%	3%	3%	0.3%	0.5%	3%	3%
Middle Management	Men	121	108	371	356	69	67	561	531
	%	9%	9%	15%	15%	6%	7%	11%	12%
	Women	38	33	107	99	25	24	170	156
	%	6%	6%	7%	7%	3%	4%	6%	6%
	TOTAL	159	141	478	455	94	91	731	687
	%	8%	8%	12%	12%	5%	6%	9%	9%
Other Professionals	Men	1,123	1,016	2,002	1,962	1,101	904	4,226	3,882
	%	85%	85%	81%	81%	94%	93%	85%	85%
	Women	609	486	1,397	1,352	732	608	2,738	2,446
	%	92%	91%	91%	91%	96%	96%	92%	92%
	TOTAL	1,732	1,502	3,399	3,314	1,833	1,512	6,964	6,328
	%	87%	87%	85%	85%	95%	94%	88%	87%
Total	Men	1,321	1,189	2,469	2,411	1,173	977	4,963	4,577
	%	27%	26%	50%	53%	24%	21%	63%	63%
	Women	665	537	1,538	1,490	760	634	2,963	2,661
	%	22%	20%	52%	56%	26%	24%	37%	37%
	TOTAL	1,986	1,726	4,007	3,901	1,933	1,611	7,926	7,238
	%	25%	24%	51%	54%	24%	22%	100%	100%

BRAZIL		50 or more		From 35 to 49		Under 35		Total	
		2020	2021	2020	2021	2020	2021	2020	2021
Executives	Men	155	128	813	836	109	112	1,077	1,076
	%	8%	7%	8%	8%	1%	1%	5%	5%
	Women	43	41	413	440	59	73	515	554
	%	6%	7%	7%	7%	1%	1%	4%	4%
	Total	198	169	1,226	1,276	168	185	1,592	1,630
	%	8%	7%	8%	8%	1%	1%	5%	5%
Middle Management	Men	217	204	978	1,006	306	290	1,501	1,500
	%	12%	12%	10%	10%	4%	4%	8%	7%
	Women	29	22	354	352	230	175	613	549
	%	4%	4%	6%	6%	3%	2%	4%	4%
	Total	246	226	1,332	1,358	536	465	2,114	2,049
	%	10%	10%	9%	8%	3%	3%	6%	6%
Other Professionals	Men	1,465	1,432	7,810	8,299	8,116	7,713	17,391	17,444
	%	80%	81%	81%	82%	95%	95%	87%	87%
	Women	596	551	5,099	5,502	7,640	7,570	13,335	13,623
	%	89%	90%	87%	87%	96%	97%	92%	93%
	Total	2,061	1,983	12,909	13,801	15,756	15,283	30,726	31,067
	%	82%	83%	83%	84%	96%	96%	89%	89%
Total	Men	1,837	1,764	9,601	10,141	8,531	8,115	19,969	20,020
	%	9%	9%	48%	51%	43%	41%	58%	58%
	Women	668	614	5,866	6,294	7,929	7,818	14,463	14,726
	%	5%	4%	41%	43%	55%	53%	42%	42%
	Total	2,505	2,378	15,467	16,435	16,460	15,933	34,432	34,746
	%	7%	7%	45%	47%	48%	46%	100%	100%

SPAIN		50 or more		From 35 to 49		Under 35		Total	
		2020	2021	2020	2021	2020	2021	2020	2021
Executives	Men	394	358	693	661	16	12	1,103	1,031
	%	5%	4%	9%	8%	1%	1%	6%	6%
	Women	142	133	343	368	16	9	501	510
	%	5%	4%	6%	6%	1%	1%	5%	5%
	Total	536	491	1,036	1,029	32	21	1,604	1,541
	%	5%	4%	8%	7%	1%	1%	6%	5%
Middle Management	Men	639	567	1,134	699	187	41	1,960	1,307
	%	7%	7%	15%	9%	8%	2%	11%	7%
	Women	218	175	665	394	103	24	986	593
	%	7%	6%	12%	7%	7%	2%	10%	6%
	Total	857	742	1,799	1,093	290	65	2,946	1,900
	%	7%	6%	14%	8%	8%	2%	10%	7%
Other Professionals	Men	7,667	7,722	5,640	6,529	2,016	2,086	15,323	16,337
	%	88%	89%	76%	83%	91%	98%	83%	87%
	Women	2,755	2,790	4,564	5,095	1,368	1,286	8,687	9,171
	%	88%	90%	82%	87%	92%	97%	85%	89%
	Total	10,422	10,512	10,204	11,624	3,384	3,372	24,010	25,508
	%	88%	90%	78%	85%	91%	98%	84%	88%
Total	Men	8,700	8,647	7,467	7,889	2,219	2,139	18,386	18,675
	%	47%	46%	41%	42%	12%	11%	64%	65%
	Women	3,115	3,098	5,572	5,857	1,487	1,319	10,174	10,274
	%	31%	30%	55%	57%	15%	13%	36%	35%
	Total	11,815	11,745	13,039	13,746	3,706	3,458	28,560	28,949
	%	41%	41%	46%	47%	13%	12%	100%	100%

HISPAM		50 or more		From 35 to 49		Under 35		Total	
		2020	2021	2020	2021	2020	2021	2020	2021
Executives	Men	233	170	461	329	41	9	735	508
	%	4%	3%	4%	3%	1%	0%	3%	2%
	Women	59	50	238	167	19	3	316	220
	%	4%	4%	3%	2%	—%	—%	3%	2%
	Total	292	220	699	496	60	12	1,051	728
	%	4%	3%	4%	3%	1%	—%	3%	2%
Middle Management	Men	698	606	1,377	1,353	295	237	2,370	2,196
	%	11%	12%	13%	13%	5%	5%	11%	11%
	Women	147	113	747	736	143	131	1,037	980
	%	10%	9%	11%	11%	4%	4%	8%	8%
	Total	845	719	2,124	2,089	438	368	3,407	3,176
	%	11%	11%	12%	12%	5%	4%	10%	10%
Other Professionals	Men	5,325	4,408	8,489	8,625	5,294	4,708	19,108	17,741
	%	85%	85%	82%	84%	94%	95%	86%	87%
	Women	1,321	1,089	5,918	6,028	3,882	3,329	11,121	10,446
	%	87%	87%	86%	87%	96%	96%	89%	90%
	Total	6,646	5,497	14,407	14,653	9,176	8,037	30,229	28,187
	%	85%	85%	84%	85%	95%	95%	87%	88%
Total	Men	6,256	5,184	10,327	10,307	5,630	4,954	22,213	20,445
	%	28%	25%	46%	50%	25%	24%	64%	64%
	Women	1,527	1,252	6,903	6,931	4,044	3,463	12,474	11,646
	%	12%	11%	55%	60%	32%	30%	36%	36%
	Total	7,783	6,436	17,230	17,238	9,674	8,417	34,687	32,091
	%	22%	20%	50%	54%	28%	26%	100%	100%

OTHERS		50 or more		From 35 to 49		Under 35		Total	
		2020	2021	2020	2021	2020	2021	2020	2021
Executives	Men	19	15	26	27	—	—	45	42
	%	20%	10%	17%	8%	—%	—%	16%	6%
	Women	2	4	9	11	—	—	11	15
	%	3%	8%	13%	8%	—%	—%	7%	6%
	Total	21	19	35	38	—	—	56	57
	%	13%	10%	15%	8%	—%	—%	13%	6%
Middle Management	Men	62	31	98	48	15	17	175	96
	%	64%	21%	64%	14%	63%	10%	64%	14%
	Women	20	12	51	21	9	7	80	40
	%	33%	24%	71%	16%	64%	11%	54%	16%
	Total	82	43	149	69	24	24	255	136
	%	52%	22%	66%	15%	63%	10%	60%	15%
Other Professionals	Men	16	100	30	268	9	157	55	525
	%	16%	68%	19%	78%	38%	90%	20%	79%
	Women	39	35	12	98	5	59	56	192
	%	64%	69%	17%	75%	36%	89%	38%	78%
	Total	55	135	42	366	14	216	111	717
	%	35%	69%	19%	77%	37%	90%	26%	79%
Total	Men	97	146	154	343	24	174	275	663
	%	35%	22%	56%	52%	9%	26%	65%	73%
	Women	61	51	72	130	14	66	147	247
	%	41%	21%	49%	53%	10%	27%	35%	27%
	Total	158	197	226	473	38	240	422	910
	%	37%	22%	54%	52%	9%	26%	100%	100%

> Distribution of employees by type of contract

Total number and distribution of employment contract types by gender and region

Region	Permanent Contract Men		Permanent Contract Women		Permanent Contracts		Temporary Contracts Men		Temporary Contracts Women		Temporary Contracts	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Germany	4,531	4,220	2,707	2,482	7,238	6,702	432	357	256	179	688	536
Brazil	19,922	20,020	14,392	14,723	34,314	34,743	47	—	71	3	118	3
Spain	18,015	18,299	9,858	9,941	27,873	28,240	371	376	316	333	687	709
Others	268	655	144	245	412	900	7	8	3	2	10	10
Hispan	21,715	20,006	12,123	11,408	33,838	31,414	498	439	351	238	849	677
Total Group	68,244	63,200	41,685	38,799	109,929	101,999	1,394	1,180	1,026	755	2,420	1,935

Relevant KPIs from O2 UK and Virgin Media UK joint venture.

-O2 UK: Indefinite term contract = 5,867; Temporary contracts = 286.

-Virgin Media UK: Indefinite term contracts = 11,596; Temporary contracts = 101.

*O2 UK data is the closing data as of December 31 and Virgin Media UK data is the closing data as of October 31.

Total number and distribution of working day types by gender and region

Region	Full-Time contracts Men		Full-Time contracts Women		Full-Time contracts		Part-time contracts Men		Part-time contracts Women		Part-time contracts	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Germany	4,560	4,244	1,784	1,640	6,344	5,884	403	333	1,179	1,021	1,582	1,354
Brazil	17,495	20,018	9,389	14,726	26,884	34,744	2,474	2	5,074	—	7,548	2
Spain	18,373	18,618	10,139	10,132	28,512	28,750	13	57	35	142	48	199
Others	275	663	146	223	421	886	—	—	1	24	1	24
Hispan	22,189	20,427	12,387	11,545	34,576	31,972	24	18	87	101	111	119
Total Group	66,233	63,970	35,534	38,266	101,767	102,236	3,405	410	7,177	1,288	10,582	1,698

Average annual number of permanent, temporary and part-time contracts; by gender, age range and professional category⁽⁷⁾

Average contracts by gender

Indicators	Men		Women		Total	
	2020	2021	2020	2021	2020	2021
Permanent contracts	68,478	65,445	41,745	40,175	110,223	105,620
Temporary contracts	1,432	1,089	1,087	707	2,519	1,797
Part-time contracts	3,984	751	7,589	1,823	11,573	2,575

Average contracts by age

Indicators	50 or more		From 35 to 49		Under 35		Total	
	2020	2021	2020	2021	2020	2021	2020	2021
Permanent contracts	25,716	22,026	52,443	53,125	32,064	30,469	110,223	105,620
Temporary contracts	106	57	560	492	1,853	1,247	2,519	1,797
Part-time contracts	757	375	3,533	1,190	7,283	1,009	11,573	2,575

⁷ The calculation is based on the cumulative average for the year by type of contract and by type of working day.

Average contracts by professional category

Indicators	Executives		Middle Management		Other Professionals		Total	
	2020	2021	2020	2021	2020	2021	2020	2021
Permanent contracts	4,868	4,331	10,421	8,630	94,934	92,658	110,223	105,620
Temporary contracts	7	7	18	11	2,493	1,779	2,519	1,797
Part-time contracts	25	17	125	49	11,422	2,509	11,573	2,575

Distribution of employees by nationality

Nationality	Employees (%)
Brazilian	33.4
Spanish	27.4
Argentina	11.7
German	6.2
Colombian	5.8
Peruvian	4.4
Chilean	3.7
Venezuelan	2.1
Mexican	2.0
Ecuadorian	0.9
Uruguayan	0.6
British	0.3
Other nationalities	1.5

The figure of 1.5% for Others is made up of 87 nationalities.

> Diversity indicators

Gender diversity

Indicators	2020	2021
Women in the workforce	38.0%	38.1 %
Women on the Board of Directors	29.4%	33.3 %
Women in all management positions ⁸	— %	30.3 %
Women in executive positions	27.4%	29.5 %
Women in middle management positions	31.0%	29.2 %
Women hired under 35 years of age	45.0%	45.7 %

Employees with disabilities

Indicator	2020	2021
People with disabilities on the staff	1,118 ⁹	1,347

Young people

Indicator	2020	2021
Under 35	31%	29 %

⁸ Executive, management and middle management positions.

⁹ The number of people with disabilities in the workforce for the year 2020 published in Note 26 of the Consolidated Annual Accounts, includes Central America.

Cultural diversity by region¹⁰

Region	Employees		Nationalities		Women		Men	
	2020	2021	2020	2021	2020	2021	2020	2021
Germany	7,926	7,238	80	75	58	51	67	64
Brazil	34,432	34,746	26	25	14	14	23	22
Spain	28,560	28,949	54	51	44	41	42	39
Others	422	910	35	29	26	20	25	27
Hispan	34,687	32,091	40	37	29	27	33	30
Total Group	112,349	103,934	117	99	92	71	106	89

> New employee recruitment

Total number and rate of hiring by age range, gender and region

Region	Age range	Men		%		Women		%		Total	
		2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Germany	50 or more	89	89	7 %	6 %	66	158	5 %	10 %	155	247
	From 35 to 49	254	336	21 %	21 %	183	381	15 %	24 %	437	717
	Under 35	367	347	30 %	22 %	279	292	23 %	18 %	646	639
Brazil	50 or more	86	182	2 %	2 %	51	97	1 %	1 %	137	279
	From 35 to 49	797	1,393	15 %	15 %	624	1,141	12 %	12 %	1,421	2,534
	Under 35	1,837	3,073	35 %	33 %	1,927	3,427	36 %	37 %	3,764	6,500
Spain	50 or more	556	1,950	8 %	13 %	258	1,621	4 %	11 %	814	3,571
	From 35 to 49	1,617	2,771	22 %	18 %	985	1,789	13 %	12 %	2,602	4,560
	Under 35	2,323	4,152	32 %	27 %	1,590	2,990	22 %	20 %	3,913	7,142
United Kingdom	50 or more	22	12	4 %	4 %	18	6	3 %	2 %	40	18
	From 35 to 49	91	47	16 %	17 %	49	35	8 %	12 %	140	82
	Under 35	216	100	37 %	35 %	185	83	32 %	29 %	401	183
Others	50 or more	3	112	8 %	18 %	—	30	0 %	5 %	3	142
	From 35 to 49	17	205	46 %	33 %	5	68	14 %	11 %	22	273
	Under 35	9	157	24 %	25 %	3	54	8 %	9 %	12	211
Hispan	50 or more	157	172	4 %	4 %	40	35	1 %	1 %	197	207
	From 35 to 49	695	1,271	19 %	27 %	487	598	13 %	13 %	1,182	1,869
	Under 35	1,354	1,610	36 %	34 %	1,020	1,095	27 %	23 %	2,374	2,705
Total Group	50 or more	913	2,517	5 %	8 %	433	1,947	2 %	6 %	1,346	4,464
	From 35 to 49	3,471	6,023	19 %	19 %	2,333	4,012	13 %	13 %	5,804	10,035
	Under 35	6,106	9,439	33 %	30 %	5,004	7,941	27 %	25 %	11,110	17,380

¹⁰ The nationalities indicator, at the level of cultural diversity, represents the number of different nationalities that make up the workforce in that region. This number is also indicated between the number of male and female staff.

> Employee turnover

Total number and turnover rate by age range, gender and region⁽¹¹⁾

Region	Age range	Men		%		Women		%		Total		%	
		2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Germany	50 or more	119	224	1 %	3 %	107	288	1 %	4 %	226	512	3%	7 %
	From 35 to 49	302	538	4 %	7 %	271	503	3 %	7 %	573	1,041	7%	14 %
	Under 35	382	391	5 %	5 %	286	338	4 %	4 %	668	729	8%	10 %
Brazil	50 or more	140	251	0 %	1 %	84	153	0 %	0 %	224	404	1%	1 %
	From 35 to 49	1,124	1,698	3 %	5 %	722	1,386	2 %	4 %	1,846	3,084	5%	9 %
	Under 35	1,637	2,633	5 %	8 %	1,674	2,841	5 %	8 %	3,311	5,474	10%	16 %
Spain	50 or more	657	1,982	2 %	7 %	307	1,620	1 %	6 %	964	3,602	3%	13 %
	From 35 to 49	1,574	2,666	6 %	9 %	1,020	1,793	4 %	6 %	2,594	4,459	9%	16 %
	Under 35	2,124	3,976	7 %	14 %	1,466	2,896	5 %	10 %	3,590	6,872	13%	24 %
United Kingdom	50 or more	96	791	1 %	14 %	76	400	1 %	7 %	172	1,191	3%	21 %
	From 35 to 49	190	1,656	3 %	29 %	137	1,079	2 %	19 %	327	2,735	5%	48 %
	Under 35	348	1,518	5 %	27 %	272	1,107	4 %	19 %	620	2,625	10%	46 %
Others	50 or more	6	35	1 %	6 %	3	6	1 %	1 %	9	41	2%	7 %
	From 35 to 49	8	50	2 %	8 %	5	25	1 %	4 %	13	75	3%	12 %
	Under 35	4	28	1 %	5 %	7	38	2 %	6 %	11	66	3%	11 %
Hispan	50 or more	913	1,257	3 %	4 %	249	318	1 %	1 %	1,162	1,575	3%	5 %
	From 35 to 49	916	1,958	3 %	6 %	636	1,059	2 %	3 %	1,552	3,017	4%	9 %
	Under 35	1,164	1,646	3 %	5 %	968	1,198	3 %	4 %	2,132	2,844	6%	9 %
Total Group	50 or more	1,931	4,540	2 %	4 %	826	2,785	1 %	3 %	2,757	7,325	2%	7 %
	From 35 to 49	4,114	8,566	4 %	8 %	2,791	5,845	2 %	5 %	6,905	14,411	6%	13 %
	Under 35	5,659	10,192	5 %	9 %	4,673	8,418	4 %	8 %	10,332	18,610	9%	17 %

Dismissals by gender

Region	Men		Women		Total	
	2020	2021	2020	2021	2020	2021
Germany	182	408	99	305	281	713
Brazil	1,804	2,381	1,562	2,603	3,366	4,984
Spain	157	130	116	99	273	229
United Kingdom	228	29	183	15	411	44
Others	6	28	5	12	11	40
Hispan	1,158	2,229	495	1,033	1,653	3,262
Total Group	3,535	5,205	2,460	4,067	5,995	9,272

¹¹ Turnover percentage is calculated by dividing departures by the average physical workforce.

Dismissals by age range

Region	50 or more		From 35 to 49		Under 35		Total	
	2020	2021	2020	2021	2020	2021	2020	2021
Germany	48	223	102	308	131	182	281	713
Brazil	173	304	1,234	1,705	1,959	2,975	3,366	4,984
Spain	69	64	151	122	53	43	273	229
United Kingdom	133	10	189	15	89	19	411	44
Others	2	17	6	18	3	5	11	40
Hispania	883	1,361	486	1,183	284	718	1,653	3,262
Total Group	1,308	1,979	2,168	3,351	2,519	3,942	5,995	9,272

Dismissals by professional category

Region	Executives		Middle Management		Other Professionals		Total	
	2020	2021	2020	2021	2020	2021	2020	2021
Germany	7	3	22	39	252	671	281	713
Brazil	90	129	108	254	3,168	4,601	3,366	4,984
Spain	66	19	41	13	166	197	273	229
United Kingdom	47	1	61	6	303	37	411	44
Others	3	2	4	2	4	36	11	40
Hispania	85	92	239	330	1,329	2,840	1,653	3,262
Total Group	298	246	475	644	5,222	8,382	5,995	9,272

Voluntary leavers (resignations) by age range, gender and region⁽¹²⁾

Region	Age range	Men		%		Women		%		Total		%	
		2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Germany	50 or more	21	11	0.3%	0.1 %	25	9	0.3%	0.1 %	46	20	0.6%	0.3 %
	From 35 to 49	78	62	1%	0.8 %	59	44	1%	0.6 %	137	106	2%	1.4 %
	Under 35	98	72	1.2%	1.0 %	73	61	0.9%	0.8 %	171	133	2.1%	1.8 %
Brazil	50 or more	14	29	0%	0.1 %	17	20	0%	0.1 %	31	49	0%	0.1 %
	From 35 to 49	284	648	0.8%	1.9 %	176	480	0.5%	1.4 %	460	1,128	1.3%	3.3 %
	Under 35	593	1,155	1.7%	3.3 %	552	1,157	1.6%	3.3 %	1,145	2,312	3.3%	6.7 %
Spain	50 or more	14	30	0%	0.1 %	7	18	0%	0.1 %	21	48	0%	0.2 %
	From 35 to 49	81	132	0.3%	0.5 %	47	87	0.2%	0.3 %	128	219	0.5%	1.0 %
	Under 35	80	132	0.3%	0.5 %	63	72	0.2%	0.3 %	143	204	0.5%	0.7 %
United Kingdom	50 or more	15	14	0.2%	0.2 %	9	5	0.1%	0.1 %	24	19	0.4%	0.3 %
	From 35 to 49	80	44	1.2%	0.8 %	44	14	0.7%	0.2 %	124	58	1.9%	1.0 %
	Under 35	262	96	4.0%	1.7 %	212	92	3.3%	1.6 %	474	188	7.3%	3.3 %
Others	50 or more	2	5	0.5%	0.8 %	3	2	0.7%	0.3 %	5	7	1.2%	1.1 %
	From 35 to 49	2	10	0.5%	1.6 %	3	4	0.7%	0.7 %	5	14	1.2%	2.3 %
	Under 35	3	10	0.7%	1.6 %	4	3	1.0%	0.5 %	7	13	1.7%	2.1 %
Hispan	50 or more	18	32	0.1%	0.1 %	8	12	0.0%	0.0 %	26	44	0.1%	0.1 %
	From 35 to 49	243	364	0.7%	1.1 %	125	169	0.4%	0.5 %	368	533	1.1%	1.6 %
	Under 35	443	504	1.3%	1.5 %	326	355	0.9%	1.1 %	769	859	2.2%	2.6 %
Total Group	50 or more	84	121	0.1%	0.1 %	69	66	0.1%	0.1 %	153	187	2.4%	0.2 %
	From 35 to 49	768	1,260	0.7%	1.2 %	454	798	0.4%	0.7 %	1,222	2,058	1.1%	1.9 %
	Under 35	1,479	1,969	1.3%	1.8 %	1,230	1,740	1.1%	1.6 %	2,709	3,709	0.1%	3.5 %

¹² The percentage of voluntary turnover is calculated by dividing the number of departures by the average physical workforce.

Turnover by type of leave⁽¹³⁾

Region	Dismissals ¹⁴		%	Voluntary leavers ¹⁵		%	Change of perimeter and internal movements ¹⁶		%	Other departures ¹⁷		%	Total	
	2020	2021		2020	2021		2020	2021		2020	2021		2020	2021
Germany	281	713	19.2%	31.2%	354	259	24.1%	11.4%	13	526	0.9%	23.1%	819	784
Brazil	3,366	4,984	62.6%	55.6%	1,636	3,489	30.4%	38.9%	374	468	7.0%	5.2%	5	21
Spain	273	229	3.8%	1.5%	292	471	4.1%	3.2%	1,516	3,863	21.2%	25.9%	5,067	10,370
United Kingdom	411	44	36.7%	0.7%	622	265	55.6%	4.1%	8	6,211	0.7%	94.8%	78	31
Others	11	40	33.3%	22.0%	17	34	51.5%	18.7%	4	76	12.1%	41.8%	1	32
Hispania	1,653	3,262	34.1%	43.9%	1,163	1,436	24%	19.3%	905	1,848	18.7%	24.9%	1,125	890
Total Group	5,995	9,272	30%	23%	4,084	5,954	20.4%	14.8%	2,820	12,992	14.1%	32.2%	7,095	12,128

Relevant KPIs from O2 UK and Virgin Media UK joint venture

-O2 UK: Total leaves = 1,019; voluntary leaves = 836; involuntary leaves = 183.

-Virgin Media UK: Total leaves = 1,048; voluntary leaves = 808; involuntary leaves = 240.

*O2 UK and Virgin Media UK data consolidates the information from June 1 to December 31.

Average staff turnover by type of leave⁽¹⁸⁾

Region	Dismissals		Voluntary leavers		Change of perimeter and internal movements		Other departures		Total	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Germany	3.5	9.4	4.4	3.4	0.2	6.9	10.3	10.3	18.4	30.1
Brazil	9.8	14.4	4.7	10.1	1.1	1.4	0.01	0.1	15.6	25.9
Spain	1.0	0.8	1	1.6	5.3	13.5	17.8	36.2	25.2	52.1
United Kingdom	6.3	0.8	9.6	4.6	0.1	108.5	1.2	0.5	17.2	114.4
Others	2.6	6.5	4.1	5.6	1.0	12.4	0.2	5.2	7.9	29.8
Hispania	4.7	9.8	3.3	4.3	2.6	5.6	3.2	2.7	13.9	22.4
Total Group	5.3	8.6	3.6	5.5	2.5	12.1	6.3	11.3	17.7	37.6

¹³ % calculated on the total number of departures.

¹⁴ Dismissals layoffs

¹⁵ Resignations

¹⁶ Departures due to a change to other companies within the Group's consolidation perimeter or due to a change of perimeter (departure to another company outside the Group's consolidation perimeter).

¹⁷ Attrition due to licences and/or works/services contracts.

¹⁸ % calculated on average headcount.

2.6.6.3. Commitment and motivation

Employee Net Promoter Score (eNPS)⁽¹⁹⁾

Region	eNPS Total		eNPS Men		eNPS Women	
	2020	2021	2020	2021	2020	2021
Germany	54	60	52	57	57	66
Argentina	58	57	60	60	55	53
Brazil	79	80	70	77	76	84
Chile	75	68	75	67	76	68
Colombia	86	80	86	80	87	81
Ecuador	83	65	85	68	82	61
Spain	62	63	59	61	65	67
Mexico	81	70	79	68	84	73
Peru	35	39	34	37	36	41
Uruguay	78	63	76	56	81	70
Venezuela	91	86	89	83	92	89
Others	43	38	41	34	46	45
Hispan	67	63	66	63	68	64
Total Group	65	67	64	64	70	71

2.6.6.4. Collective bargaining agreements

GRI 102-41

Percentage of total employees covered by collective bargaining agreements⁽²⁰⁾

Country	2020	2021
Germany	86.1%	0.0%
Argentina	76.3%	76.4%
Brazil	93.3%	94.3%
Chile	84.6%	88.0%
Spain	63.7%	60.5%
Peru	38.8%	36.6%
United Kingdom	59.0%	0.0%
Total Group	68.5%	62.5%

¹⁹ See definition in 2.6.5.1 Attraction, retention and skills development.

²⁰ 100% of Telefónica's employees, both in 2020 and 2021, were covered by a labour framework regulating their working conditions. For the year 2021, a modification has been made in the German remuneration system, which is not based on collective agreements, so that the coverage representativeness for Germany becomes 0%. On the other hand, the total Group data for 2020 included the coverage of the employees of the United Kingdom operation. After the joint venture (which became effective in June 1 2021) between O2 United Kingdom and Virgin Media United Kingdom, for 2021 the data for this group of employees is not taken into account at the end of the year.

2.6.6.5. Training indicators

GRI 404-1

Total number of hours of training by professional category, gender and region

Region	Hours of training		Hours of training for Executives (men)		Hours of training for Executives (women)		Hours of training for Middle Management (men)		Hours of training for Middle Management (women)		Hours of training for Other Professionals (men)		Hours of training for Other Professionals (women)	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Germany	91,186	130,944	1,420	1,318	612	653	6,996	7,411	2,104	2,770	46,757	69,666	33,297	49,126
Brazil	1,044,302	2,562,667	21,258	15,187	10,077	8,379	34,302	56,275	22,250	60,004	461,333	1,114,088	495,082	1,308,733
Spain	1,074,212	693,782	15,622	15,330	7,178	6,420	53,868	34,571	27,122	17,277	620,435	410,532	349,987	209,652
United Kingdom	147,021	151,996	1,969	1,732	746	1,121	14,868	15,304	6,430	6,845	69,851	76,150	53,156	50,844
Others	5,047	2,911	430	303	125	82	2,239	194	1,161	65	501	1,194	591	1,072
Hispania	1,187,357	672,323	18,898	7,378	9,296	3,386	70,150	43,115	39,943	24,663	596,350	334,451	452,719	259,330
Total Group	3,549,124	4,214,623	59,596	41,247	28,035	20,042	182,423	156,870	99,009	111,625	1,795,228	2,006,081	1,384,832	1,878,759

Hours of training per employee; by professional category, gender and region(*)

Region	Hours of training per employee		Hours of training per Executive employee (men)		Hours of training per Executive employee (women)		Hours of training per Middle Management employee (men)		Hours of training per Middle Management employee (women)		Hours of training per Other Professionals employee (men)		Hours of training per Other Professionals employee (women)	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Germany	12	17	8	8	11	12	12	14	12	17	11	17	12	19
Brazil	30	74	20	14	20	16	23	38	36	103	27	64	37	97
Spain	38	24	14	15	14	13	27	25	28	28	40	26	40	23
United Kingdom	23	27	9	9	7	11	20	23	17	21	24	29	27	28
Others	12	5	10	7	11	5	13	6	15	4	9	3	11	7
Hispania	34	20	26	13	29	15	30	19	39	24	31	18	41	24
Total Group	32	39	18	14	19	15	25	26	30	43	30	35	36	51

(*) For the year 2021, a review of the methodology for calculating hours per employee has been carried out thanks to the provision of a more detailed set of information, improving the indicator as it is more exhaustive (calculation carried out through the ratio of hours with respect to the average physical workforce of employees of the reporting period, for each dimension). However, due to the exercise carried out during 2021 to adapt the exhaustiveness of the calculation, this methodology differs from the calculation carried out in 2020, so comparability between the two exercises is not guaranteed.

2.6.6.6. Remuneration indicators

GRI 102-38, 103, 202-1, 405-2

Average remuneration and its evolution, broken down by gender, age range and professional category

Telefónica Group		Women		Men		Pay Gap			
Professional Category	Age range	Average Total Remuneration (*)		Average Total Remuneration (*)		Base Salary (%)		Total Remuneration (%)	
		2020	2021	2020	2021	2020	2021	2020	2021
Group		31,513	30,831	39,316	39,422	19.26%	20.77%	19.85%	21.79%
Executives	50 or more	146,967	142,911	167,922	178,565	9.42%	13.10%	12.48%	19.97%
	From 35 to 49	93,832	91,733	103,555	103,279	7.18%	7.82%	9.39%	11.18%
	Under 35	56,829	51,029	56,432	55,798	-1.32%	7.81%	-0.70%	8.55%
Middle Management	50 or more	64,274	65,096	61,950	59,357	-5.35%	-10.80%	-3.75%	-9.67%
	From 35 to 49	49,952	43,403	50,266	44,028	-0.25%	0.48%	0.62%	1.42%
	Under 35	33,069	26,126	33,657	27,573	4.23%	7.75%	1.75%	5.25%
Other Professionals	50 or more	46,012	48,718	49,385	52,205	5.63%	5.45%	6.83%	6.68%
	From 35 to 49	29,909	29,126	32,818	32,398	6.70%	8.41%	8.86%	10.10%
	Under 35	16,455	14,714	19,123	18,126	15.57%	20.76%	13.95%	18.82%

(*) In order to report the total average remuneration of all the employees of the Group, all the executive positions of the Company have been joined up under the same category, "Executives", including directors and managers, given that the design of the remuneration mix (fixed remuneration, annual variable remuneration, eligibility to the long-term incentive plan and other items) is aligned with business, value creation, sustainability, and financial objectives.

Average Total Remuneration includes all salary concepts paid during 2021. These concepts are total base salary, bonuses, commissions, and commercial incentives paid, long-term incentives paid and benefits in-kind, including social benefits, accumulated in one year.

In 2021, the results of the gender pay gap have increased because T. UK no longer consolidates in the Group annual report. If third parties in United Kingdom were considered within the calculation, the result would have been closed to 19.41%.

Following our commitment to transparency of previous years, we publish results taking into account all salary concepts paid during the year.

Total Average Remuneration Ratio relative to Executive Chairman (CEO)

	Executive Chairman (CEO)	Total average remuneration ratio (*)
2021	6,801,849	106:1

(*) The ratio of the total annual remuneration of the Executive Chairman (CEO) and the average total remuneration of all employees based in Spain during 2021 is 106:1. This analysis considers the total remuneration accrued by the Executive Chairman in 2021, which includes the sum of the fixed remuneration, short-term variable pay, long-term incentive and the benefits; the same elements have been considered for all active employees based in Spain as of December 31, 2021.

Total Average Remuneration of Directors by gender

Directors	Women		Men	
	2020	2021	2020	2021
	147,987	140,577	969,026	1,504,502

More complete and detailed information can be found in the chapter 5 of this report (Annual Report on Directors' Remuneration) and on the Telefónica website.

Ratio of minimum wage paid in Telefónica to local minimum wage

Country	Women	Men
Germany	1.02	1.02
Argentina	1.29	1.13
Brazil	1.06	1.06
Chile	1.13	1.18
Colombia	1.00	1.00
Ecuador	1.00	1.00
Spain	1.01	1.01
Mexico	1.39	1.39
Peru	1.00	1.00
Uruguay	1.75	1.42

> Gender pay gap Gross and adjusted pay gap

Country	Employees		% Men		% Women		Gross Gap		Adjusted Gap (3)	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Group Total ⁽¹⁾	109,703	101,520	62%	62%	38%	38%	19.85%	21.79%	2.50%	1.18%
Germany	7,801	7,094	63%	63%	37%	37%	20.63%	21.03%	3.93%	4.28%
Argentina	13,599	12,267	68%	67%	32%	33%	8.21%	7.18%	1.61%	-0.41%
Brazil	34,255	34,368	58%	58%	42%	42%	23.34%	24.55%	3.65%	2.71%
Chile	4,266	4,053	69%	70%	31%	30%	12.91%	14.93%	3.86%	2.32%
Colombia	6,160	5,730	57%	58%	43%	42%	19.89%	13.94%	4.95%	-0.80%
Ecuador	1,026	922	61%	62%	39%	38%	17.67%	17.51%	-1.51%	-0.14%
Spain	28,268	28,943	65%	65%	35%	35%	15.38%	15.08%	2.48%	2.43%
Mexico	1,840	2,096	68%	66%	32%	34%	6.07%	14.39%	1.65%	0.08%
Peru	5,185	4,559	66%	65%	34%	35%	6.77%	7.82%	3.38%	2.32%
United Kingdom	6,251	0	61%	0%	39%	0%	14.07%	0.00%	1.18%	0.00%
Uruguay	632	580	50%	49%	50%	51%	32.20%	31.88%	2.37%	-0.94%
Others (2)	840	908	69%	73%	31%	27%	25.17%	20.98%	—	0.00%

The information refers to 100% of the total workforce.

(1) Information of all Telefonica countries except Venezuela, due to its hyperinflation economic situation.

(2) Others includes other countries such as: Bolivia, Belgium, China, Denmark, Estonia, France, Greece, Netherlands, Hungary, Ireland, Italy, Luxembourg, Poland, Portugal, Puerto Rico, Romania, Sweden, Switzerland, United States.

(3) The adjusted gender pay gap is calculated using a mathematical regression model that relates employee pay to personal characteristics such as job responsibility and specialization, personal and professional experience, country, seniority, legal entity and the working time schedule (full and part time).

Gender Pay Gap calculation

In order to calculate the gender pay gap, we have taken into account the total average remuneration from men minus total average remuneration from women divided by total average remuneration from men.

The total average remuneration includes all salaries received by the employee for one year. These concepts are:

- » Total Annual Base Salary
- » Bonus, commissions, commercial incentives, and other payments in one year
- » Benefits in kind, including social benefits accumulated in one year
- » Long term incentives (shares) paid in one year

The scope of this analysis considers all the employees in Telefonica Group up to 31st December of the analysed year.

2.7. Digital inclusion

GRI 102-2

KEY POINTS

-  Driving digital inclusion and people-centred digitalisation is an intrinsic part of our purpose as a company.
-  The World Benchmarking Alliance recognised us as the world's largest operator in the digital technology (ICT) sector for our commitment and work towards digital inclusion.
-  During 2021, we maximised the roll out of broadband networks, digital skills training and the development of solutions designed to help people reap the full benefits of the new digital revolution.

2.7.1. Vision

Reliance on digital services for the functioning of society - from commerce to education - has accelerated in recent years, largely in the wake of the health crisis, and this has shed light on how ill-equipped some sectors are to take advantage of the benefits and opportunities the digital revolution offers.

Thus connectivity and digitalisation are, and will be, key elements in the recovery and reconstruction process.

Technological and digital transformation can remove obstacles that currently seem insurmountable. Digital solutions have shown that they can have a positive impact to tackle social challenges and contribute to transform communities and boost the economy.

In this regard, **digital inclusion**, defined as the expansion of global connectivity and the adoption of digital services and use of new technologies, is the main catalyst that facilitates access to those populations that were not previously connected, or to groups and social groups with difficulties in making use of new digital services.

2.7.2. Risks and opportunities

Although the deployment of telecommunications infrastructure in recent years has connected a large part of the world's population to the Internet and new digital services, there are still challenges and barriers that need to be overcome to bridge the digital divide. According to studies by the GSMA, the international association of mobile operators, there are five main barriers:

1. Availability of high-speed networks enabling access to broadband services, mainly in remote or rural environments;
2. Lack of digital knowledge and skills among the population;

3. Affordability: the ability of consumers to afford new digital services;

4. Relevance and usefulness of new services that make them attractive to use, and;

5. Concerns about the security and privacy of technological solutions, and the risks associated with the use of online services.

In addition to these barriers, we must consider the risks related to increasingly stringent regulations in matters related to digitalisation and access to communications, which change the context in which we operate.

Despite the complexity of some of these challenges and associated risks, the opportunities for society are enormous: **digitalisation**, as demonstrated during the pandemic, **has become a key pillar of economic development**, health, education, public administration management, and so on. In this context, telecommunications companies have become central to keeping society and the economy active and connected, and delivering solutions capable of addressing the major challenges ahead.

It is, therefore, a question of growth opportunities for our business due to the new possibilities opened up by being able to reach new market segments, and also a question of social commitment due to the impact that our activity and services have on the socio-economic development of the regions in which we are present.

2.7.3. Strategy and commitments

As part of our purpose to “**make our world more human by connecting people’s lives**”, we are committed to bringing the best connectivity and the latest technology to everyone, leaving no one behind, advocating for **ethical, people-centred digitalisation**.

Our strategy is thus to connect and digitalise society, making it easier for the majority of the population to have access to technology and avoiding the inequality of opportunities that could arise from the digital divide.

We promote inclusive connectivity, bringing digitalisation to all people and driving the social and economic development of communities.

Our lines of action to boost digital inclusion are based on four pillars:



Inclusive access

- **Connectivity deployment**
Ensuring that everyone has access to broadband communication networks in all regions, both urban and rural
- **Accessibility**
Making sure that our digital services are accessible so that everyone, regardless of physical capabilities, can make use of them
- **Affordability**
Working to prevent cost being a barrier to using new technologies, by offering options and rates that are affordable for the whole population



Training about digital skills

- **Basic digital skills**
Offering our knowledge and capabilities to improve the digital skills of those who most need it
- **Intermediate digital skills**
The goal is to train up in the use of programming tools and technology to improve the skills of the entire population
- **Employability and training in advanced digital skills**
Training young people in the professions of the future which will require advanced knowledge of technology and communications



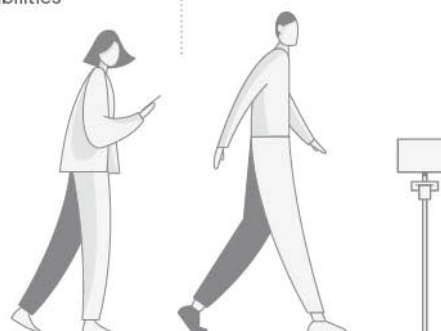
Innovation and relevant services

- **Sustainable Innovation: new services with a social impact**
Developing new solutions and innovative services that improve people’s lives and which are useful and relevant
- **Technology at the service of people with disabilities**
We ensure that technology becomes a key tool to improve the lives of people with different abilities



Safe and responsible use of technology

- **Privacy and security**
Ensuring that products and services meet the strictest privacy and security standards to generate confidence in use of new technologies
- **Responsible use**
Protecting and fostering responsible use of technology



2.7.3.1. Inclusive access

Internet access and new digital services are a cornerstone in achieving many of the Sustainable Development Goals (SDGs). In this regard, as well as to ensure that everyone has access to digitalisation, we are working on several lines of action.

> Connectivity roll-out

The roll-out of next generation broadband networks, together with measures to boost digitalisation, has a direct impact on socio-economic development and on the lives of many people.

Specifically, the roll-out of fibre optics and the development of digital services in rural areas could **increase the average annual income per inhabitant by up to 3.9% and reduce the unemployment rate by approximately 1%** through the promotion and creation of service companies²¹.

Our strategy focuses on the following lines of action:

Connecting the unconnected

Millions of people still do not have access to the internet, or the connectivity available to them is very limited, especially in rural or hard-to-reach regions.

This is why we launched the *Internet for All* project in Latin America a few years ago, starting with Peru, where we have already connected more than 4,000 communities in remote areas.

In countries such as Brazil, Colombia and Germany, we have also announced plans to extend coverage and share infrastructure with other operators in order to provide mobile broadband and fibre service to these regions.

We improve and adapt old networks to new social demands

We evolve older communications networks to provide the capacity needed for an increasingly digitalised economy.

New digital services require new advanced infrastructure to ensure sufficient capacity to be used. For this reason, we are upgrading and expanding our networks to next-generation technologies that offer ultra-broadband services (5G or fibre optic).

> Accessibility

People-centred digitalisation needs to focus on building confidence in the use of technology and the ability to use technology responsibly, so that no one is left behind due to lack of access.

Currently, many people with disabilities do not have access to the online world such as e-commerce, financial solutions, health services, entertainment, etc. For this reason, we are constantly working to facilitate access to digital services: television, devices, mobile applications or web portals.

- Television: our Movistar+ platform has a functionality that is unique in the world, which allows access to content adapted for the hearing and visually impaired through the Movistar+ 5S functionality.
- Terminals and mobile devices: we work with terminal manufacturers to enhance new capabilities in mobile devices that make them more accessible and easier to use for people with different disabilities.
- Mobile applications and web portals: through our responsible design framework, we have incorporated the accessibility of our online developments as a requirement, following the guidelines defined by the Web Accessibility Initiative (WAI) of the international organisation World Wide Web Consortium (W3C).
- Development of innovative solutions through technology to facilitate the quality of life of people with disabilities.



[Go to chapter 2.9 Responsibility in our products and services](#)

> Affordability

The roll-out of connectivity always entails a cost that is passed on in the prices of the services offered.

Although the take-up costs of fixed broadband, and especially mobile broadband, have fallen significantly over the last decade, we are continuing to work on new business models that will allow us to offer increasingly affordable rates and thereby ensure universal access to communications services.

Pay-as-you-go mobile service, specific broadband packages and service packages for small businesses and entrepreneurs are just some of the key tools we use at Telefónica to facilitate access to telecommunications services.

In each of the countries where we provide our services, we analyse and seek business models that facilitate access to all segments of the population and, in some of these countries, we contribute to the Universal Service Fund or collaborate with public administrations to offer subsidised or regulated services.

The Universal Service Fund is a public investment fund whose objective is to guarantee services for all users regardless of their geographical location in compliance with quality standards and at an affordable price. The

²¹ Source: Report on the Impact of Fibre Optic Deployment in Rural Areas - Telefónica 2020.

investment is controlled by the public bodies designated for this purpose in each country.

2.7.3.2. Training in digital skills and new technologies

We are committed to placing the great opportunities brought about by the technological revolution at the service of as many people as possible, and we know that a key part of this is ensuring they have the digital skills to make effective use of digital services.

Moreover, the entire new digital revolution is irreversibly changing the labour market and new needs are emerging and new skills are being demanded from professionals and workers in many industrial sectors.

For this reason, as part of our corporate purpose, *Fundación Telefónica* and our business unit, *Telefónica Educación Digital*, **work every day to help people to acquire the digital knowledge and skills necessary to access the Internet** and make use of new services, facilitating education at several levels:

> Training in basic technology skills

We work on initiatives, both our own and those conducted in collaboration with third parties, that help people who do not have basic knowledge of new technologies to learn how to use them. The following programmes are examples:

- **Digital mobil im Alter** (digital mobile for seniors) in Germany: training programme in the use of mobile terminals such as tablets or smartphones for seniors.
- **O2 Gurus**: specialised sales staff help answer questions about technology and services, as well as giving indications and advice for better use of mobile devices.
- **Conecta Educación**: personalised online training programme (courses and workshops) aimed at promoting the digital transformation of social action and adapted to different levels of digital literacy and labour market needs.



> Training in intermediate technology skills

At this level, the programme run by *Fundación Telefónica* (*Conecta Empleo*) is one of the most renowned employability programmes, offering free online courses, programmes and digital tools to train for the most demanded jobs.

In addition, the programme has two tools aimed at facilitating the user's decisions: Employment Map, which helps in the choice of courses by showing the most in-demand digital jobs, and Virtual Career Advisor, a chatbot based on artificial intelligence and big data that advises participants in designing the most suitable professional path for themselves.

The programme also includes the *Lanzadoras Conecta Empleo* shuttles: *Lanzadera Conecta Empleo* (LCE), *Satélites de Empleo* (SE) and *Alfabetización Digital* (AD). They aim to adapt career guidance to the challenges of the digital age and ever-changing labour market.

> Education and training in advanced digital skills

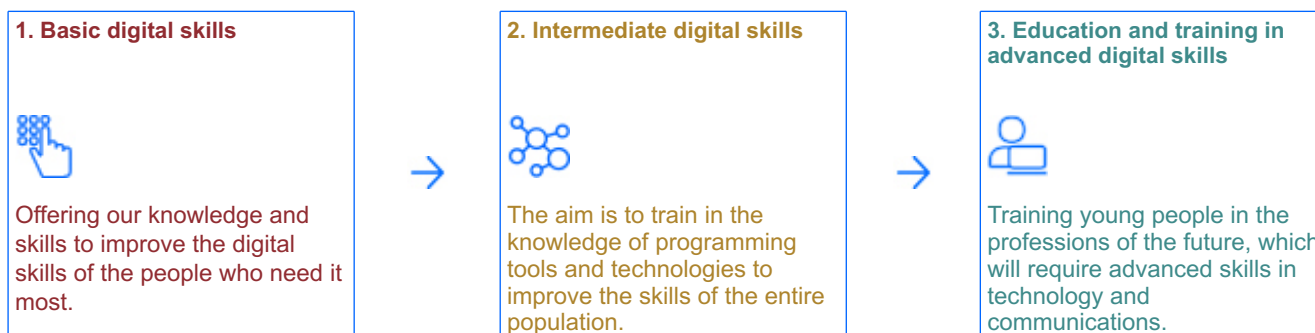
In this regard, *Fundación Telefónica* has reached an agreement with the international organisation *École 42* to promote the *42: Programming Campus* project. This initiative aims to make digital training an attractive and accessible educational option for many young people.

Based on an innovative methodology of proven effectiveness in other countries, '42' offers free and open training. Its educational model is based on peer-to-peer learning. It is participatory and gamified, and developed through the implementation of projects in different branches of programming. Each student sets his or her own pace of learning and the emphasis is on collaborative work in order to also teach values such as effort, tolerance of frustration, the ability to improve, and teamwork.

'42' has been recognised in the Top 10 World's Universities with Real Impact (WURI) for its high level of excellence in programming education.

Training in digital skills

We want everyone to have technology know-how at their fingertips



2.7.3.3. Innovation and development of services relevant to society

Having access to networks, and ensuring people have the necessary skills and knowledge, is essential but not enough to ensure everyone is ready to make use of new digital capabilities. **Solutions, services and content are needed to add value to people's daily lives.**

The development of such solutions and content also allows us to respond to social challenges related, for example, to health, education, rural economic development and security, among other issues.

Therefore, on the one hand, we innovate in new ranges of services and, on the other, we encourage technology to become a key tool in the development of a more inclusive society for people with disabilities.

> Sustainable innovation: new services with social impact

Financial inclusion

We facilitate access to loans and insurance through mobile financial products (*Movistar Money*), thereby reducing barriers to accessing finance and financial resources.

Health solutions

We bring healthcare closer to people, relying on technology, facilitating the connection between patients and health professionals with products such as *Movistar Salud* in Spain or *Vida V* in Brazil. In this way we contribute directly to achieving Sustainable Development Goal 3 (Good Health and Well-being).



Digitalisation of the rural environment

Smart Agro solutions that inform farmers about factors such as soil moisture and soil water consumption, allowing them to optimise irrigation and thus improve crop yields. A solution designed to drive a more sustainable model of agriculture able to cope with the challenges caused by climate change.

Data and artificial intelligence solutions

Services which look to solve social or environmental problems (**big data/AI for Social Good**) with applications for monitoring infectious diseases or analysing air quality in large urban environments.

Security services

Products that help guarantee the security and integrity of people and businesses, such as the range of commercial services offered through *Movistar Prosegur*.

> Technology serving people with disabilities

Technology has become one of the main allies of people with disabilities. Therefore, we want to build a more accessible world, ensuring access to the benefits of the digital transformation for everyone. This objective is aligned with the firm commitment to be a more inclusive company: "we want to put the customer at the center of everything we do, leaving no one behind".

An example of this commitment is Telefónica's adherence to the Principles for Driving the Digital Inclusion of Persons with Disabilities promoted by the GSMA, which seek to close the digital divide for people with disabilities through a specific framework for action for telecoms operators.

This commitment is reflected in the development of products and services adapted to the needs of people with disabilities and in actions aimed at improving the accessibility of customer service and communication channels.

Along these lines, and within the global *Telefónica Accessible* project, we are seeking to integrate the concept of *Design for All* into our value chain, from the conception of our products and services, through the *Responsibility by Design* project.

In addition to **training and raising awareness** in the areas responsible, achieving technological solutions that enable access to information for people with disabilities requires us to work with benchmark associations in the field of disability to gain a better understanding of the needs and demands of this segment. In Spain, this is with *Fundación ONCE*, *ILUNION* and *CNSE*, among others.

At the same time, we are working to ensure the same user experience for all our customers, by improving the **accessibility of our customer service and communication channels**, whether online or offline. Along these lines, we guarantee the accessibility of call centers in some of our operations, such as Colombia or Spain, where our hearing-impaired customers can communicate through video interpretation.

As far as shops are concerned, we offer video interpreting services in countries such as Chile and Brazil. In addition, in Argentina, we have developed and implemented the inclusive customer service API tool, which reduces barriers in in-person communication with our customers through an application. Besides, we train our operations sales force in specific approaches when attending people with disabilities.

Regarding terminals, we provide information on the accessibility features of the new mobile devices in our catalogue. This means customers can identify the best terminals for overcoming visual, auditory, cognitive and dexterity difficulties through a set of icons.

2.7.3.4. Safe and responsible use of technology

The last major milestone in bridging the digital divide is to build trust in new services and thereby minimise concerns and misgivings about the security, risks or privacy of the services.

For this reason, we are working on two lines of action that allow us to address this problem from a holistic viewpoint, not only by responding to all risks related to information privacy or security of services, but also by promoting responsible use of new technologies, mainly aimed at the most vulnerable groups such as those most affected by inappropriate use of services, such as children.

> We guarantee the privacy and security of people accessing digital services

Data privacy and the security of our services are two strategic elements within the company.

In addition to our policies and commitments, we also have commercial solutions such as *Conexión Segura* ('Secure Connection') which is offered with smart Wi-Fi devices and ensures secure Internet browsing from devices connected to the network. This free service filters out more than 250 million threats annually. For more information on privacy and security see chapter 2.15 Privacy and security.



[Go to chapter 2.15 Privacy and security](#)

> We encourage and train people in the responsible use of technology

In this line of activity, we promote the training and awareness-raising of the population regarding the responsible and correct use of new technologies, as well as the capacity to know how to respond appropriately to attempts at fraud and infringements of the privacy or security of the people who use the services. For more information, please see the chapter on Responsibility in our products and services.



[Go to chapter 2.9 Responsibility in our products and services.](#)

Targets

> Connectivity roll-out

In the coming years, we have ambitious goals to further deploy the best and most efficient connectivity:

- Achieve broadband coverage of 90-97% of the population, within our main markets in 2024, strengthening our commitment to the development of rural areas.
- Spain: to achieve 100% fibre optic coverage by 2024.
- Germany: 50% of the population with 5G by 2022, as well as boosting fibre roll-out in rural municipalities in collaboration with other partners. Over the next six years, our joint venture with Allianz aims to serve 2.2 million people, predominantly in rural areas, by investing €5 billion. This will allow 50,000 km of fibre optics to be installed in the next 6 years.
- Colombia: the new company created by Telefónica and KKR will bring Fibre-To-The-Home (FTTH) to 4.3 million covered premises in around 90 cities over the next three years.
- Brazil: FiBrasil (a new joint venture created between Telefónica Group and CDPQ) aims to bring fibre infrastructure to 5.5 million homes and businesses in the next 4 years.
- Internet for All (Peru): aims to reach more than 6 million Peruvians in rural localities on the coast and in the highlands and jungle of the country with 4G mobile broadband coverage.

> Accessibility

Our goal is to ensure 100% accessibility of our digital solutions, so that they can be used by all people regardless of their physical capabilities.

> Education and training in digital skills

We are converting the 140,000m² of our headquarters in Madrid (*Telefónica District*) into a network of intelligent buildings connected to each other to optimise the exchange of information and technology. It will have the capacity to train 100,000 people a year in new digital skills.

> Technology at work for people with disabilities

In Spain, we have set ourselves the goal that **100% of products and services will be integrally designed with this approach by 2022.**

2.7.4. Progress in 2021

In 2021, we were recognised by the World Benchmarking Alliance, an international organisation that evaluates the top 150 companies in the technology and communications sector, as the world's top company for our commitment to digital inclusion.

We were recognised in 2021 as the No. 1 company in the ICT sector worldwide in the Digital Inclusion Benchmark.

Highlights of our progress in the financial year include the following:

> Connectivity roll-out

At year-end, we had achieved 4G/LTE coverage of more than 90% of the population in the four main countries in which we operate.

In addition, we managed to bring 5G to more than 80% of the population in Spain and are developing an ambitious project in Germany to cover all rural areas with broadband technology.

Similarly, we reached agreements in Germany, Colombia and Brazil to boost and accelerate fibre optic deployments, mainly in rural areas, and started working with Skydweller Aero Inc. to explore the development of new connectivity solutions to accelerate the expansion of mobile coverage in remote regions.

Meanwhile, and in line with the objective of continuing to invest in connecting the unconnected, we issued two sustainable hybrid bonds in February and November, which incorporate, as commitments to society, the deployment and improvement of broadband connectivity in areas that were disconnected or whose connectivity was limited.

Finally, we renewed our partnership with CAF (Development Bank of Latin America) until 2022 to promote digitalisation in the Latin American region, with special emphasis on the 'Internet for All' project, where we participate directly with CAF, Facebook and IDB Invest. Specifically, in Peru by the end of 2021, 13,485 rural communities had access to 4G, enabling connectivity to more than 2.4 million people.

> Affordability

During 2021, we have invested in Universal Service in 7 countries.

Universal Service (€ millions)

	2020	2021
Argentina ⁽¹⁾	39	47
Brazil ⁽²⁾	70	62
Colombia ⁽³⁾	40	36
Ecuador ⁽⁴⁾	3	3
Spain ⁽⁵⁾	8	8
Peru	13	11
Venezuela	1	2

(1) Argentina: the value reported for 2021 includes only contributions for the period January-November 2020.

(2) Brazil:

2020: FUST 272,159,651.65 and FUNTEL 136,079,828.11

2021: FUST 265,473,846.59 and FUNTEL 132,736,925.05

(3) Colombia: includes payments derived from revenues from the provision of telecommunications services, plus the use of spectrum frequencies. Includes a recurring percentage (%) agreed with the Ministry for mobile spectrum renewal.

(4) Ecuador: Payments correspond to 1% of Universal Service (FODETEL, payment made quarterly based on the previous quarter's income). Includes payments for SMA, LDI, Carrier Service and VAS.

(5) Spain: The data for the years 2020 and 2021 includes adjustments of revenue provisions from years prior to that date, in accordance with the final

tourist sites, reached 31,000 mapped locations by the end of 2021.

- ViveLibre, a digital service specially designed to enhance autonomy of people with support needs. In 2021, prototypes of the ViveLibre Hogar sensor devices began to be deployed, through which we aim to generate predictive models that allow for the identification of alerts in a proactive and non-intrusive manner.
- Accessible terminals for ONCE lottery sellers were rolled out in 2021. These incorporate text-to-voice conversion systems, special protection systems to withstand falls and adverse weather conditions, a more powerful scanner and bar code reader, and a screen using the Braille system, among other accessibility features.

In relation to our **customer service and communication channels**, the new corporate website, updated in 2021, maintained compliance with the Web Content Accessibility Guidelines 1.0 (WCAG 1.0), in its double-A level, established by the W3C (World Wide Web Consortium).

In addition, we expanded the number of shops that have a magnetic loop for the hearing impaired in the UK and Spain, increasing the previous offering.

Finally, it should be noted that in 2021 we reinforced accessibility training in key areas of the Company such as Communication, Marketing and Branding.

> Digital skills training

The '42' programme has continued its expansion in Spain and is already active in the cities of Madrid and Urduliz, Vizcaya, Málaga and Barcelona.

Miríadax was consolidated in 2021 as one of the five most important e-learning platforms worldwide, being a benchmark for online training in Spanish. It currently has more than 7.6 million registered students, over 100 educational partners and a teaching community of more than 3,500. The Profuturo programme has more than 19 million beneficiaries in 40 countries.

In addition, we continued our training programmes for older people in digital skills ('Mobil im Alter' in Germany) to prevent digital exclusion, and started to prioritise telephone support to older people in Spain, aware that they may have difficulties using other digital channels.

> Accessibility and innovation

During 2021, we enhanced our flagship solutions to address the needs of people with disabilities and the elderly:

- Movistar+ 5S, the functionality that allows customers with hearing or visual disabilities to access content on the Movistar+ television platform, increased its content offering, providing around 900 triple-accessible contents.
- Mapcesible, the collaborative platform to facilitate travel and identify the accessibility of buildings, venues and






MILESTONES

- Telefónica was recognised in 2021 as a global leader in digital inclusion by the World Benchmarking Alliance.
- At year-end, we exceeded 90% 4G/LTE coverage in our main markets.
- We reached agreements in Germany, Colombia and Brazil to boost and accelerate fibre optic deployments, mainly in rural areas.

2.8. Human Rights

KEY POINTS

-  **We have a strong commitment to respecting and promoting human rights, governed at the highest level with a clear accountability process.**
-  **We have a due diligence process in place and carry out impact assessments in all our operations in order to identify, prevent, mitigate and remedy potential human rights impacts.**
-  **We have been ranked as the 1st telco worldwide by Ranking Digital Rights for our commitment to human rights, privacy and freedom of expression.**

2.8.1. Vision

There are many challenges facing us as a planet and as a society. The climate crisis, digital divide, social inequality and the violation of people's rights are just a few examples. But, fortunately, today more than ever, we have strong commitments and tools to address them at all levels (government, business and civil society).

From a business viewpoint, and more specifically at Telefónica, we want to contribute to the sustainability and we see ourselves as part of the solution to many of the aforementioned challenges. Specifically, on human rights, we embrace the UN Declaration of Human Rights of 1948, as well as subsequent standards such as the UN Guiding Principles on Business and Human Rights of 2011, and assume the corresponding responsibility to respect and promote human rights.

What is more, we go beyond our internal ecosystem and ensure respect for human rights throughout our value chain. To this end, we implement various initiatives and measures to ensure the respect for human rights of our suppliers in the supply chain as well as our customers through the development of responsible products and services.

2.8.2. Governance

We have defined a governance model led by the Board of Directors that involves all relevant hierarchies and areas of the company at global and local level (more information in the box below: Human rights governance) to ensure that our commitment to human rights permeates our day-to-day business at all levels.

Human rights governance

 Board of Directors	Periodicity: permanent Responsibilities: approves Responsible Business Plan (including human rights objectives/projects).
 Sustainability and Quality Committee*	Periodicity: monthly * Permanent Committee of the Board Responsibilities: supervision of Responsible Business Plan (and therefore human rights issue) through regular reporting by Responsible Business Office.
 Responsible Business Office	Periodicity: permanent supervision and quarterly reporting Responsibilities: defines and monitors Responsible Business Plan (and thus human rights issue). Brings together all the company's strategic department heads and is led by the Corporate Ethics and Sustainability Department
 Coordination and dialogue with teams at local level	Periodicity: permanent Responsibilities: ongoing dialogue with local teams to ensure consistent implementation of the human rights policy in the company

2.8.3. Policies

Our main internal human rights policies and standards of conduct are:

- Global Human Rights Policy
- Supply Chain Sustainability Policy Regulation of the Responsible Business Channel
- Global Privacy Policy
- Global Security Policy
- Occupational Safety, Health and Well-being Policy
- Diversity and Inclusion Policy
- Responsible Communication Policy
- Global Environmental Policy
- Anti-Corruption Policy
- Global Regulation on Requests by Competent Authorities
- Principles of Artificial Intelligence

2.8.4. Risks and opportunities

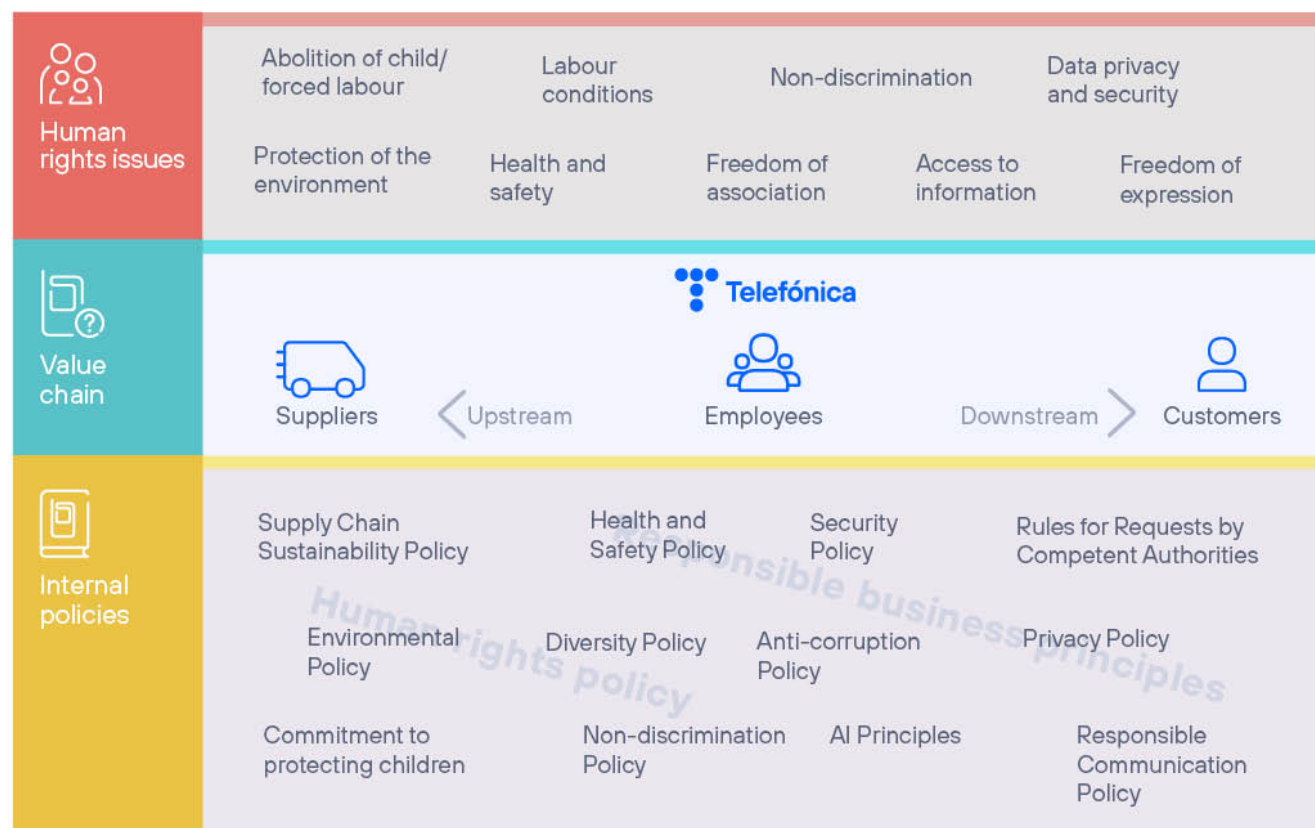
We are fully aware that the nature and reach of our business means that we face risks of potential human rights' violations along the value chain

Data privacy and security, freedom of expression and decent working conditions are some examples of rights over which we play an essential role and must enforce, internally (employees) and externally (suppliers and customers).

Having said that, connectivity is also a key tool to facilitate and promote people's rights, for example through access to information and the exchange of ideas.

At Telefónica, we see this potential as an opportunity to develop products and services that encourage economic and social development.

Human rights in the value chain



2.8.5. Strategy and commitments

Our strategy is to conduct a due diligence process along the entire value chain to respect and promote human rights throughout Telefónica's footprint. This is how we are able to manage the risks and opportunities arising from the analysis.

To this end, we have a **due diligence** system in place to help us identify, prevent, mitigate and remedy our (potential and actual) human rights impacts.

> Telefónica's due diligence on human rights

GRI 103, 102-29, 408-1, 409-1, 412-1, 412-2, 412-3



Our due diligence system is based on the United Nations (UN) Guiding Principles on Business and Human Rights. As set out there, a public commitment to human rights endorsed at the highest level is essential.

> Phases of due diligence

1. Policy

We have a **Global Human Rights Policy (phase 1)**, approved by the Board of Directors, which aims to reaffirm our responsibility to respect and promote human rights and establish general guiding principles. From this, we derive other internal policies and procedures (see examples in figure mentioned before) that serve as instruments to ensure respect for human rights in more specific areas.

2. Impact assessments

From an internal management perspective, the starting point are the **Global Human Rights Impact Assessments (phase 2)** that are conducted every three to four years with the help of external experts and in close

consultation with our stakeholders. The aim is to understand how our business activities/relationships and products/services impact on human rights and, on this basis, , to identify the salient issues we need to work on.


Also, based on the Global Assessments and material issues identified in them, we conduct more detailed analyses:


- Annual risk assessments in all our markets in accordance with Telefónica's Enterprise Risk Management process.
- Local impact assessments in cases where it is considered relevant to have a more accurate picture of the national situation in order to address risks in a specific context.
- Thematic impact assessments when we need to take a detailed view of an issue because we have identified a particular risk or concern.








Human rights impact assessment process



Priority issues identified in the Global Impact Assessments: issues and groups impacted

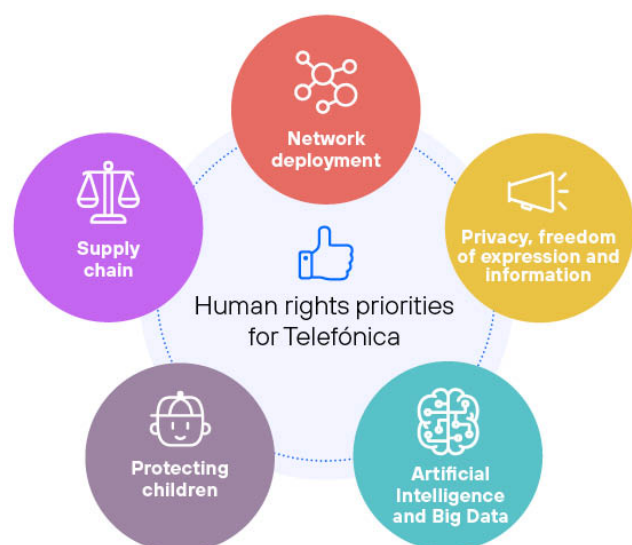
 Direct action	Network deployment	Terms and Conditions of Products/Services	New technologies and developments related to artificial intelligence	Employees
	<ul style="list-style-type: none">• Ownership• Health and safety• Environment• Information	<ul style="list-style-type: none">• Equality and non-discrimination• Freedom of opinion and expression• Responsible communication• Privacy and data security• Health and safety• Intellectual property, industrial property and copyright	<ul style="list-style-type: none">• Privacy• Security• Equality and non-discrimination• Other rights that may be affected	<ul style="list-style-type: none">• Equality and non-discrimination• Health and safety• Fair and satisfactory working conditions• Freedom of association, social dialogue and trade union rights• Combating forced labour and other modern forms of slavery• Child labour
	<ul style="list-style-type: none">• Indigenous peoples• Local communities• Own employees• Workers in our supply chain	<ul style="list-style-type: none">• Minors/Seniors• Women• Persons with disabilities• Another group potentially facing discrimination	<ul style="list-style-type: none">• Minors/Seniors• Women• Persons with disabilities• Ethnic minorities• Other groups potentially facing discrimination	<ul style="list-style-type: none">• Own employees• Minors/Seniors• Women• Persons with disabilities• Ethnic minorities• Other groups potentially facing discrimination

 Indirect action	Supply chain	Mergers, acquisitions and strategic alliances
	<ul style="list-style-type: none">• Equality and non-discrimination• Employment rights• Rights associated with conflict minerals• Forced labour and other modern forms of slavery• Child labour	
	<ul style="list-style-type: none">• Workers in our supply chain• Migrant workers• Minors/Seniors• Women• Persons with disabilities• Ethnic minorities• Other groups facing a potential impact	

 Contribute	 Environmental impact	 Anti-competitive practices	 Fiscal responsibility	 Digital divide	 Prevention of corruption and bribery	 Education
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 Issues
  Impacted groups

Taking our global impact assessment as a reference point, we have selected a number of issues that are priorities for Telefónica and for which we are conducting specific actions, set out in the section on Progress below. The issues are:



Network deployment: the core of our business, since connectivity is based on our fixed and mobile networks. It is thus essential that decisions and actions related to network deployment, enabling us to serve our customers, are developed and implemented with respect for the rights of workers involved, and those of local communities and potentially-affected ecosystems.

Privacy, freedom of expression and information: as an ICT company that handles personal data of customers, we use and protect their information with maximum security, providing transparency and control over its use and purpose. The same commitment to privacy and freedom of expression applies to requests we receive from competent authorities regarding interceptions of communications, access to metadata, blocking and restriction of content, and geographical suspensions and/or service restrictions.

Artificial intelligence and big data: the relationship between people and machines is becoming ever closer, which is why it is essential to ensure and monitor the ethical development and use of new technologies so that technological advances do not undermine people's rights, but contribute to a sustainable development.

Protection of children: the digital world offers many opportunities. Children need digital skills, as well as specific tools to enjoy those opportunities. Their online privacy and reputation needs protecting, and potential problems, such as inappropriate content, must be addressed.

Supply chain: it is essential that we pay particular attention to supply chain management, given our commitment as well as its scope and relevance, and we join forces to ensure that our suppliers have an adequate human rights record.

3. Integration in processes

Based on the results of the various assessments, we adapt our internal policies and processes (phase 3) to prevent, mitigate and/or remedy potential human rights impacts.

Two processes should be highlighted here: responsible design, focusing on the integration of ethical and sustainable criteria (including respect for human rights), from the initial development phases of any product or

service, and; human rights training for all employees and departments.

4. Assessment and reporting

We carry out **monitoring and reporting actions (phase 4)** on an ongoing basis, monitoring potential human rights risks and assessing how improvements, arising from the impact assessment work plans, have been implemented.

5. Complaint and remedy mechanisms

One of our **complaint and remedy mechanisms (phase 5)**, the **Concern and Whistleblowing Channel**, allows any person or entity to raise legitimately concerns or complaints about human rights and other issues. This channel allows us, beyond as the resolution of the issue in question, to take appropriate measures to reduce risks by adapting our policies, processes, etc.



[More information about our due diligence on the website](#)

Targets

- 100% of our operations annually assessed on human rights.
- 100% of providers of risk in the area of sustainability (including human rights) will be EcoVadis-assessed in 2024.
- Our goal is that, as of 2022, 100% of our products and services developed in Spain will follow the responsibility-by-design approach.
- Continue to occupy a leading position in the Ranking Digital Rights.
- Increase the percentage of employees trained in human rights through the Responsible Business Principles course (2021 figure: 85%).

2.8.6. Progress in 2021

> Due diligence

In 2021, we continued to work on each of the five steps of our due diligence process.

The following table reflects our progress in this area in recent years. For this year, the **update of the human rights risk assessments in all operations** as well as the realisation of a **specific assessment in our main market Spain** can be highlighted.

Due diligence step	Roadmap	Activities
1. Policy	Approved in 2013 Updated in 2019	Approved by the Board of Directors. Defines a governance model with clear responsibilities. Conforms to international human rights norms and standards. Covers the entire value chain. Publicly available in several languages. Communicated internally and externally. Implementation assessed by Internal Audit. Compilation of recommendations and improvements for the next update.
2. Impact assessments	Ongoing since 2013	Carried out on a regular basis, both globally (2013 & 2018) and in all countries at local level (11 countries by 2021). Human rights risk assessments in all countries in 2021. Additional local evaluations in Germany (2019), Argentina (2019), Brazil (2019), Chile (2021/2022), Colombia (2019), Ecuador (2019), Spain (2020/2021), Mexico (2021/2022), Peru (2021/2022), Uruguay (2021/2022), Venezuela (2019). Complemented by additional/specific assessments for most important topics. Conducted with external human rights experts (e.g. with BSR in 2013 and BHR in 2018 and 2021). Covers own business/commercial relationships and products/services. In close cooperation with global/local stakeholders.
3. Integration in processes	Ongoing	Impact assessments submitted to the Sustainability and Quality Committee of the Board of Directors and Responsible Business Office for development of the Responsible Business Plan. Integration of results of impact assessments into internal policies and processes. <u>Concrete examples of integration of assessment results into processes:</u> <ul style="list-style-type: none"> • Mandatory human rights training for all employees. • Human rights are established as a 'basic risk' in the Company's risk map (ERM). • Inclusion of human rights clauses in contracts with third parties (suppliers, partners, etc.) and investment agreements, joint ventures, acquisitions and mergers. • On-site human rights audits of suppliers, e.g. on health and safety issues, child/forced labour. • Escalation process in the event of a human rights crisis (e.g. regarding privacy/freedom of expression issues). • Implementation of 'Human rights by design'. Adoption of policies related to human rights <ul style="list-style-type: none"> • Principles of Artificial Intelligence. • Responsible Communication Policy • Movistar+ Editorial Code Update of policies/regulations to integrate/highlight human rights issues <ul style="list-style-type: none"> • Privacy policy. • Supply Chain Sustainability Policy. • Rules for Requests by Competent Authorities. <ul style="list-style-type: none"> • Crisis Management Manual.
4. Assessment and reporting	Ongoing	Annual report to the Board of Directors on the implementation of the Plan (which includes human rights). Risk map: continuous monitoring of human rights risks in the Company's risk map. Impact assessments: regular assessment of our human rights performance through impact assessments at global/local level. Annual reports: report on human rights performance in the Integrated Report and Transparency Report (privacy and freedom of expression issues). Corporate website: updated information on human rights performance. Institutionalised dialogue with stakeholders through our Stakeholder Panel. Participation in multi-stakeholder initiatives such as UNGC, GNI etc.
5. Complaint and remedy mechanisms	Ongoing	Complaint and Remedy Channel , allowing stakeholders to file complaints or queries (in several languages) confidentially and anonymously on any matter related to the Responsible Business Principles (also explicitly on human rights). Channel Regulation (publicly available), guaranteeing equal treatment, stipulating that queries must be answered and, where possible, solutions/remedies offered within a maximum period of 6 months. The consultations on the Channel are used to update human rights policies and processes, etc.

In addition, two processes stand out as cross-cutting initiatives that reinforce and translate our human rights commitments into reality:

Human rights by design

In 2021, the 'human rights by design' approach continued to be implemented. To this end, product managers perform a self-assessment of new products and services using an online tool in the design phase in order to identify and address potential human rights impacts such as privacy, freedom of expression, non-discrimination, artificial intelligence or the impact on vulnerable groups such as minors. If risks are identified, the product or service is subjected to further analysis with the help of the Company's human rights experts in order to avoid adverse effects. Human rights by design is part of **Telefónica's Responsible Design** initiative, which is set out in Chapter 2.9. Responsibility in our products and services.



[Go to chapter 2.9. Responsibility in our products and services](#)

Training in human rights

As in previous years, we provided general training for all employees through the **Responsible Business Principles and Human Rights Course** and more specific training for professionals (from the Legal, Compliance and Data Protection Areas, the M&A team, Public Affairs, Institutional Relations and Operations), whose work might have a greater impact on human rights.

In relation to **Telefónica's human rights priorities**, referred to in the Strategy and Commitments section, we would highlight the following advances:

> Network deployment

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In 2021, we continued to implement our **guidelines for responsible network deployment** in all countries where we are present. These guidelines were developed in close collaboration with our local teams and outline a set of recommendations to be followed in the following phases of network deployment: deployment justification, deployment planning, deployment and field operation, network operations, and network maintenance and removal.

In each of these phases, four major blocks of high-priority human rights are involved:

Human rights issues in network deployment

1. Human rights in the workplace

Human rights compliance in the Company's immediate environment includes issues relating to health and safety, working conditions, discrimination and diversity management.



2. Human rights and society

Regarding society, these include issues of privacy, freedom of expression and our relations with local communities and indigenous peoples, as well as bridging the digital divide in rural versus urban areas.



4. Human rights and the supply chain

Human rights aspects related to the supply chain include issues related to impacts that may be caused indirectly through Telefónica's business partners, mainly with regard to non-compliance in the workplace, environment or social issues.



3. Human rights and the environment

Related to human rights and the environment are aspects regarding negative impacts on the environment, such as deforestation, soil and water contamination, and effects on biodiversity or visual impact. The latter two occur mainly in the network deployment and maintenance phases, although they are closely related to the planning phase, where all potential impacts originate and can also be avoided or minimised.



We also have cross-cutting tools that help minimise the risk of negative impacts and maximise positive ones:

- Training in human rights for professionals in all phases of the process.
- Provision of complaint channels in all phases of the process.
- Ongoing dialogue with local communities.

> Privacy, freedom of expression and information

As part of our commitment to privacy and freedom of expression, in 2021 we published information in our **Annual Transparency Report** on the requests we received from competent authorities regarding interception of communications, access to metadata, blocking and restriction of content and geographical suspensions and/or restriction of service. In this report, published on the Telefónica website, we report the following for each operator:

- The local legislative framework that awards legal power to competent authorities to make such requests;
- The names of the competent authorities that have the legal power to make such requests;
- The total number of requests received and rejected during the year.
- The total number of accesses affected by the requests.

We have a Regulation on Requests made by Competent Authorities in place, which sets out a uniform procedure for all companies within the Group on how to assess and respond to these requests (see the summary of the regulation on Telefónica's website, in the Privacy and Security Centre).

More information on the Transparency Report on Telefónica's corporate website at telefonica.com/en/sustainability-innovation/privacy-and-security-centre/report-on-transparency/

As a sign of our progress on privacy and freedom of expression, in 2021, and for the second year in a row, we ranked first among all telecommunications companies in the **Ranking Digital Rights (RDR)**. This ranking assesses companies' commitments, policies and practices affecting customers' freedom of expression and privacy, including governance and oversight mechanisms. In this edition, the methodology was revised, integrating indicators on targeted advertising and algorithmic decision-making systems.



We also belong to the Global Network Initiative (GNI). During this year, we were involved in different initiatives related to the impact of COVID-19 on privacy and freedom of expression. As a member of the GNI, we successfully passed the GNI's independent assessment process. The positive assessment was based on a report from an independent external adviser (Deloitte), who examined

Telefónica's policies, processes, and governance model to safeguard customers' freedom of expression and privacy.

> Artificial intelligence and big data

It is undeniable that technology offers a range of infinite possibilities to society. Big data and artificial intelligence have burst into our lives as technologies with great potential, linking man and machine to generate opportunities.

However, it is important that the development and implementation of such technologies is done from an ethical and responsible viewpoint, helping to generate more inclusive and fairer societies. To ensure this, we published our AI Principles, which at the core set out the use of 'responsible AI by design' and a corresponding governance model. In this context, in early 2021, we launched a course, available to all employees, on how to apply and respect human rights by design, including considerations on the use of artificial intelligence.



Practical management example on the impact of AI on products and services, including human rights considerations

An analysis of different products and services was carried out to check as to whether they are in line with our AI Principles. The following criteria of our AI Principles were applied: fairness, transparency, security and privacy, people-centred and collaboration with third parties. Once all the selected products and services were evaluated, a diagnosis of the situation was made, work carried out to remedy the gaps identified and a reassessment performed to see how corrections or improvements were implemented. The aim was to ensure that the AI Principles permeate all areas in which it is applied and to ensure ethical AI by design.

> Child protection

GRI 103

Beyond our efforts to make the Internet a safer place for children, which the latter can use responsibly and in accordance with their age, we continue to reinforce the defence of children's rights by analysing the impact of our business. We follow the Child Rights and Business Principles developed by Unicef and use its MO-CRIA (Unicef Mobile Operator Child Rights Self-Impact Assessment Tool).

In 2021, we continued to implement the improvement plan developed from the MO-CRIA in areas such as inappropriate information access; protection of privacy, information, personal reputation and product and service impacts; and inappropriate advertising and marketing actions.

> Supply chain

While our supply chain management is explained in more detail in the chapter devoted to the latter, it is important to highlight here our commitment to ensuring that our suppliers operate in a way that respects human rights.

To achieve this, in 2021, as in previous years, **we required all our suppliers to sign the Supply Chain Sustainability Policy**, which sets out contractually binding human rights requirements. In addition, we conducted a **risk analysis** to identify those suppliers who may constitute a high risk in terms of sustainability in general, and human rights in particular, and subjected them to a detailed assessment. This **assessment of high-risk suppliers** is performed through the EcoVadis platform. In addition, we verify the compliance of the most critical suppliers through on-site audits.

To conduct these audits, we are supported by the JAC (Joint Audit Cooperation) initiative, which specifically addresses issues such as forced labour, child labour and/or conflict minerals.



Practical example of corrective actions: audits and working groups

We work to ensure that human rights are respected throughout the value chain. In the case of suppliers (upstream), we ensure that they comply with their obligations on that matter, among other things, through audits. Some of the issues that are reviewed in these audits are: health and safety, freedom of association, working conditions and wages, discrimination, forced labour or child labour.

Audits help us to identify potential non-compliance with human rights by our direct and indirect suppliers (Tier 2 and above). A concrete example in 2021 was the identification of overtime hours exceeding legal requirements at a factory of one of our electronics manufacturers in Asia. As a corrective action, it was agreed that employment contracts should require the signing of working hours so that overtime hours cannot exceed 36 hours per month. With this corrective action implemented, workers' overtime now complies with the regulation (more examples of corrective actions are given in the table in the section, "JAC audit details", in Chapter 2.16. Responsible supply chain management).

In addition to audits, we are part of a specialised human rights working group within the JAC sectoral initiative. This working group was created in 2021 and analyses trends, new regulations or specific human rights risks in the ICT supply chain and proactively undertakes different initiatives to address any identified shortcomings.

In addition, we promote best practice on human rights in our supply chain through various supplier engagement initiatives such as the **Supplier Development Programme**.



More information on the programme can be found in chapter 2.16. Responsible supply chain management



MILESTONES

- Human rights risk assessment in all our operations.
- Integration of human rights aspects in our Responsible Design approach.
- Top telco in the 2021 Ranking Digital Rights.

Summary of key indicators

	2020	2021
No. of employees trained on human rights through our Responsible Business Principles course (since its launch) ⁽¹⁾	103,934	88,815
% of operators subjected to a human rights impact assessment	100	100
No. of on-site human rights audits of suppliers (labour issues, child/forced labour, health and safety, privacy and security)	10,090	10,721
Number of queries/complaints received on human rights through the Responsible Business Channel ⁽²⁾⁽³⁾	3	2
% of significant investment agreements ⁽⁴⁾ signed by Telefónica S.A. that contain human rights clauses.	There were no significant investment agreements	100 %

Note:

(1) To improve data quality the calculation methodology was updated from 2020 to 2021




(2) The well-founded complaints filed on the internal complaints channel regarding human rights issues such as privacy, harassment/mobbing and discrimination are covered in the chapter on Ethics and Compliance (complaint and remedy mechanisms: consultation and complaint channels).

(3) The consultations/complaints received on Privacy and Freedom of Expression are listed in the table 'Summary of key privacy and security indicators' in Chapter 2.15 Privacy and Security.

(4) Significant investment agreements are those signed by Telefónica, S.A. at the corporate level during the reporting period that have led to a position of control of another entity and have entailed a capital investment project material to the financial accounts. According to this definition, on August 4, 2021, Telefónica Cybersecurity & Cloud Tech, SLU ("Telefónica Tech") acquired Cancom, Ltd and its subsidiaries (the "Target") pursuant to a stock purchase agreement executed on July 28, 2021 (hereinafter, the "SPA"). Under the SPA, as an essential part of the agreement, the sellers had to represent and warrant, amongst others matters, that the Target had been operated in compliance with applicable laws and regulations, including specific representations on matters relating to human and fundamental rights.

2.9. Responsibility in our products and services

KEY POINTS

-  **We have maintained our levels of network availability and quality during the pandemic, despite extraordinary traffic surges.**
-  **We continue promoting the responsible use of technology with the aim of leaving no one behind in the development of the digital society.**
-  **The Responsible Design framework is already in place in Telefónica Spain and being rolled out to other operations to ensure all our products meet ethical and sustainability criteria.**

2.9.1. Vision

Telefónica has a great capacity to influence, and add value to, socio-economic development through the products and services we offer. Our technological solutions and communication networks can have a major positive impact on society (see Chapter 2.7 Digital inclusion), as well as in the protection of the environment (see Chapter 2.4. Digitalisation and Eco Smart services).



[Go to chapter 2.7. Digital inclusion](#)

[Go to chapter 2.4. Digitalisation and Eco Smart services](#)

However, this contribution would not be complete if we did not ensure that, in addition to delivering value, our services comply with **all security, privacy and health regulations and standards**, as well as offering solutions that go further and enable our customers to use digital services with security and confidence.

For this reason, the design, marketing and use of our products and services require a global strategy and a firm commitment from the entire organisation to ensure they are aligned with the Company's purpose and values.

The working model we defined to ensure Responsible Design and use of our products and services encompasses the following lines of action:

- **Network quality and availability:** our responsibility is to guarantee maximum access speed and information transmission capacity 24 hours per day from any device and place and in any situation.
- **Electromagnetic fields:** we comply with radio emission limits at all our base stations, thus ensuring exposure levels are completely safe for our health.

- We do a thorough job of ensuring the **security, proper functioning, accessibility and traceability** of our **products and services**. We also offer **security services** that provide a value proposition allowing them to accompany our clients in environments where security is an indispensable attribute.
- **Responsible design:** we ensure the incorporation of our corporate values and sustainability requirements from product definition throughout the development cycle.
- We promote the **responsible use of technology**, especially aimed at vulnerable groups who might be most affected by fraudulent or inappropriate use of the Internet and/or screens.

2.9.2. Risks and opportunities

Technology has proven to be a valuable tool for tackling major social and environmental problems, but at the same time, depending on how we use it, it can generate a number of **risks that need to be managed and minimised**. These include fake news, techno-addiction, cyber-bullying, misuse of the potential offered by artificial intelligence, problems associated with e-waste and the digital divide.

Furthermore, in a world in which cyber threats are inevitable, we use technological solutions (through Telefónica Tech, as providers of intelligent managed security services) to address everything from preparation and prevention of the risks that may be generated to detection, response and recovery of the damage caused, thus guaranteeing the cyber-resilience of our customers and their business.

However, if we look at **the opportunities** generated by the design and use of digital solutions in a responsible and secure way, new technologies such as artificial intelligence, cybersecurity services or big data are proving to be very powerful tools in areas as diverse as content recommendations, image recognition, reducing cyber-attacks and online fraud, machine translation, medical diagnostics, autonomous vehicles, the legal field, education, transport and logistics, to name but a few.

These solutions are not only used in business, but also for social purposes such as better understanding and reducing the effects of climate change, natural disasters, pandemics and the analysis of migration problems.

We must also emphasise the value to the Company of offering reliable services that guarantee the health and safety of our customers and provide the highest standards of **quality**. All of this, together with the integration of accessibility, eco-design, transparency and ethical principles in the use of intelligent algorithms, is enabling Telefónica to deliver increasingly innovative and differentiated solutions committed to sustainable development.

2.9.3. Network quality and availability

It is imperative for all of us at Telefónica to comply with all national and international regulations to guarantee the quality of our products.

In this context, as a telecommunications and technology company, we have an **obligation to ensure the highest quality** both in our communications networks and in the new digital products and services we develop, market and deliver to our customers.

Our responsibility is to guarantee maximum access speed and information transmission capacity 24 hours per day from any device and place and in any situation.

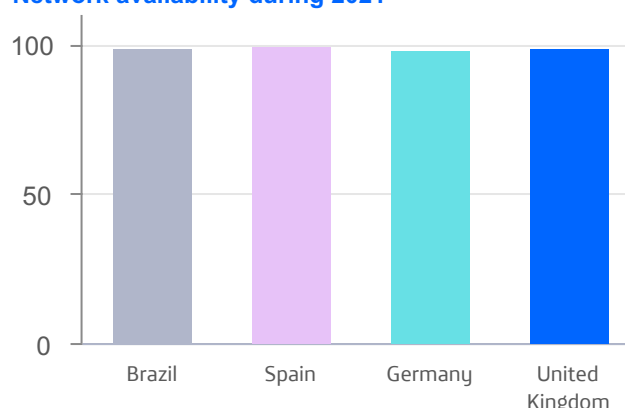
The International Telecommunication Union (ITU) defines quality of service as the collective effect of service performance which determines the degree of satisfaction of a user of the service. Our commitment to our customers is that of guaranteeing an optimal uninterrupted service and being constantly transparent with regard to our network status at all times, even during the most adverse situations.

To ensure quality and service in our offering, we are **constantly evaluating and monitoring fixed and mobile communications**, thus allowing us to guarantee the availability of our service and respond immediately to any incidents that may arise.

This commitment to network availability and quality was strengthened more than ever as a result of the global crisis triggered by COVID-19. The traffic our infrastructures had to support **increased by up to 50%** at the worst moments of the pandemic compared to the traffic recorded the previous year on the same dates. Also in 2021, fixed and mobile network data continued to grow at a high year-on-year rate of 40%. Despite this we maintained our levels of quality and service when they were most needed.

Education, many working activities, health care and commercial activities, etc. were able to take place online over our networks, demonstrating that our commitment over many years to achieving one of the world's most efficient and developed broadband infrastructures was worth the effort.

Network availability during 2021*

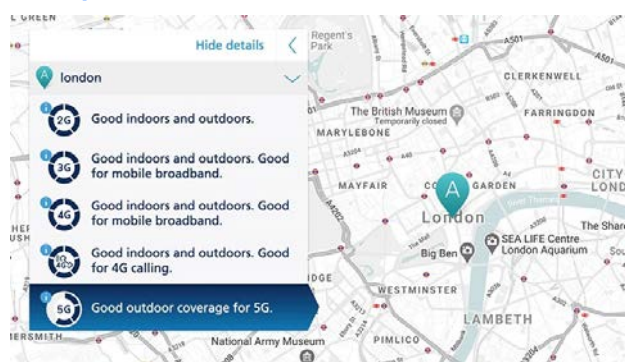


*Fixed and mobile network in Brazil and Spain. Mobile network in Germany and UK

Connectivity constitutes the basis of our business, which is why we invest heavily in quality, resilient infrastructures to ensure that every day more households have the opportunity to access the digital world.

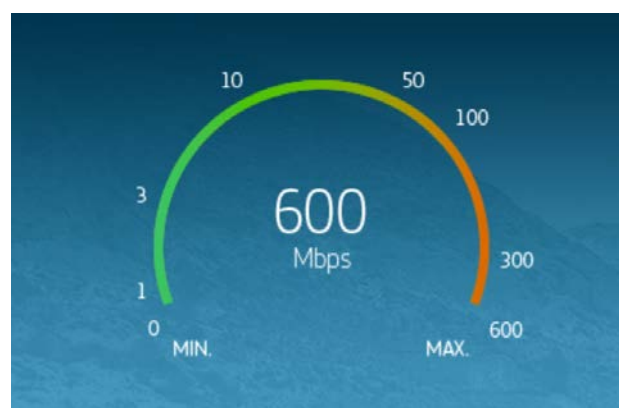
On the other hand, **we are transparent** and regularly publish information on the quality of our service. In this way, through our portals, we facilitate online checks of the **status of the mobile network in real time.**

Example of O2 real-time network status



We also report on the **upload and download speed** of the Internet connection from any location (e.g. the Movistar speed test). This means our users have access to quality information, enabling greater efficiency in the use of connectivity and potential incidents to be identified early.

Movistar Speed Test



By relating the different functions of an electronic communications service – contracting, maintenance, connection, billing – to criteria that users may use to assess their service quality (**speed, precision, availability, reliability**, etc.), a set of observable, measurable parameters can be determined to provide an objective, comparable representation of service quality to the user.

Of course, **natural phenomena**, external factors, power cuts, etc., can cause occasional localised interruptions to service. To minimise the length of the impact as much as possible, we work continuously to build greater resilience.

Critical situations that affected our service last year were:

Critical situations by country

GERMANY (LOCAL) January 2021

Crisis	Nationwide voice service disruption
Type	Software failure during voicemail migration
Impact	Unavailability of voicemail service for 4 hours and 30 minutes due to software failure during migration process (voicemail could not be accessed either by account holder or those calling account holder).
Actions	Restoration of service by restarting voicemail distribution process.

BRAZIL (LOCAL) October 2021

Crisis	Unavailability of the mobile data network in the state of Sergipe
Type	Mobile data service failure
Impact	100% drop in 2G, 3G and 4G data traffic for 3 hours and 10 minutes in Sergipe state due to simultaneous unavailability of the 3 networks serving Sergipe.
Actions	Service stabilised after recovery of optical cable in one network (section between Aracaju-Sergipe and Itabaianinha-Sergipe).

SPAIN (LOCAL) January 2021

Crisis	Supply failure at power station in Madrid Pilar district as result of Filomena storm
Type	Long-term failure of supply company
Impact	Service problems in Barrio del Pilar neighbourhood due to power failure outside Telefónica's control at local power station, result of effects of Filomena storm.
Actions	Installation of emergency generator to power the plant.

SPAIN (LOCAL) June 2021

Crisis	Problems with incoming and outgoing calls for corporate customers
Type	Software failure
Impact	Poor quality and timing of incoming and outgoing calls for corporate customers over period of three hours.
Actions	Service recovered after extending memory and restarting node PayLoads and balancer.

UNITED KINGDOM (LOCAL) March 2021

Crisis	Voice service disruption in Birmingham & West Midlands
Type	Power outage
Impact	Power outage lasted less than an hour, leaving affected customers in Birmingham & West Midlands without mobile network service.
Actions	Services automatically restored without intervention.

Such network service incidents, when serious enough, are managed directly by Telefónica's global crisis committee.



[Go to chapter 2.15. Privacy and security](#)

Progress in 2021

In accordance with the international SASB standard (the Telecommunication Sustainability Accounting Standard), we assess a series of indicators relating to the quality and transparency of our services. These calculations, due to the peculiarities of each technology, can only be performed based on the network technology, the results depending on the geography of the regions where the service is operating.

In 2021, we extended the scope of the SASB indicators to include all services (voice, data and television) for both fixed and mobile networks of Telefónica España.

From the analysis of the indicators of frequency and average duration of outages (TC-TL-550a.1), it can be concluded that service availability was above 99.9%.

SASB indicators

		2021
TC-TL-520a.2 (*)	FIXED LINE NETWORK: Actual average sustained download speed in Megabits per second (Mbps) of own and commercially partnered content.	ADSL: 14.854 Mbps FTTH: 611.152 Mbps There is no differential assessment between associated and non-associated content
	MOBILE NETWORK: Actual average sustained download speed in Megabits per second (Mbps) of own and commercially partnered content.	4G: 48.96 Mbps There is no differential assessment between associated and non-associated content
	FIXED LINE NETWORK: Actual average sustained download speed in Megabits per second (Mbps) of non-associated content.	ADSL: 14.854 Mbps FTTH: 611.152 Mbps There is no differential assessment between associated and non-associated content
	MOBILE NETWORK: Actual average sustained download speed in Megabits per second (Mbps) of non-associated content.	4G: 48.96 Mbps There is no differential assessment between associated and non-associated content
TC-TL-550a.1 (*)	FIXED LINE NETWORK: Average system outage frequency.	2
	MOBILE NETWORK: Average system outage frequency.	40
	FIXED LINE NETWORK: Average duration of customer interruption.	3,78 h
	MOBILE NETWORK: Average duration of customer interruption.	0,02 h

(*) Data corresponding to Telefónica Spain.



[Go to 2.17. Appendix: SASB compliance table](#)

2.9.4. Electromagnetic fields

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In all countries where we operate, we comply with the **exposure limits** for electromagnetic emissions established by independent scientific organisations, such as the International Commission on Non-Ionizing Radiation Protection (ICNIRP), based on scientific evidence.

Compliance with these recently revised and updated standards ensures that we deploy a secure network, including 5G, as these guidelines are endorsed by the World Health Organization (WHO) and the International Telecommunication Union (UIT).

We monitor compliance with these limits in all operations and verify that all terminals and equipment offering our service meet international safety standards including SAR (Specific Absorption Rate) values.

We also have a Manual of Good Practices that acts as a guide for our teams and lists all initiatives taken within the Group in the different countries in which we operate. All these practices have a common interest in establishing a proper relationship with those communities we intend to serve. In this context, we work in coordination with institutions and operators in order to have a communication and dialogue strategy that helps the general public to detect fake news about 5G technology.

All Telefónica employees have access, through an online training tool, to the course 'Mobile Telecommunications and Society', in Spanish, Portuguese and German. The course includes four modules in which the technical basics of mobile phone technology are explained, how the

exposure limits are established and how we comply with the different regulations. It also presents the current situation and latest developments in electromagnetic fields from a scientific viewpoint. This course is part of the welcome pack at most of our local operators.

> The 5G standard

The electromagnetic frequencies used for 5G are part of the radio frequency spectrum that has been researched extensively in terms of health impacts over decades, i.e. over 50 years of scientific research has been conducted on the possible health effects of radio signals used for mobile phones, base stations and other wireless services, including planned frequencies for 5G exposures.

The results of these studies have been analysed by many expert review groups. They all conclude that there is no evidence linking exposure below the guidelines set by the International Commission on Non-Ionizing Radiation Protection to known health risks for adults or children.

> Commitment to research

The scientific research in this field is a priority area for the World Health Organization. Similarly, the research programme of the European Union includes different projects in this area with the aim of addressing possible health effects of the electromagnetic fields.

Telefónica closely follows these projects and supports research by the German Federal Agency for Radiation Protection (BfS) on the development of leukaemia in predisposed animal models exposed to magnetic fields. In particular, we support the group of Spanish scientific researchers from the Salamanca Cancer Centre (CSIC) working on this study. The study will take three years to complete and results will be delivered in 2023.

Progress in 2021

In 2021, we made 44,492 measurements at our base stations.

These have always been below ICNIRP levels in all the countries in which we operate, even those without their own regulation.



MILESTONES

→ **Our mobile antennae comply with the radio emission levels set by ICNIRP.**

2.9.5. Products and services

> Health and safety in our products and services

GRI 103, 416-1, 416-2

At Telefónica, we do a thorough job of ensuring the security, smooth operation, accessibility and traceability of our products.

That is why we apply all the necessary protocols to ensure that **100% of the products and services we market comply with international standards and local legislation** everywhere we operate.

In one way or another, these certificates affect customers' safety, quality and experience as users and, in many cases, go beyond legal requirements. Non-compliance in these areas was not detected in any region in 2021.

At Telefónica, we also require the **RoHS certificate** (Restriction of Hazardous Substances, version 3) from all suppliers of terminals, not only for European markets but for all markets in which we operate, which restricts the use of certain hazardous substances (lead, mercury, cadmium, chrome VI, PBB and PBDE, etc.) in electrical and electronic equipment and the **SAR** (Specific Absorption Rate) of mobile phones, ensuring that none of them represent a health hazard for our customers. We also require that devices we sell have the **GCF** (Global Certification Forum) certificate. This guarantees that the connection with the mobile network works correctly, including emergency calls.

As for the rest of the equipment deployed in a residential setting and associated with access to the fixed network (routers-HGUs, WiFi amplifiers-repeaters, Movistar Home, etc.), we comply with all the common international standards that also apply to these types of devices, such as **CE marking** and **RoHS**, as well as local legislation required in each of the markets where we are present.

But we also go a step further in our commitment to the security of our products by conducting inspections and audits directly on our manufacturers' premises as part of the entire development process.

In this way, we guarantee the quality of the installations, their quality control processes, the use of non-hazardous materials, safety regulations at the facilities, etc.

The four **main types of inspections** we request are:

- Quality System Audit.
- Quality Process Audit.
- Supply Chain Analysis.



Go to chapter 2.16. Responsible supply chain management

- Pre-Shipment Inspection:
 - BoM check.
 - Validation of firmware version used.
 - Verification of labels, manuals, cables and PSU.
 - Verification of PCBA version used.
 - Verification of housing used.

Progress in 2021

In relation to our quality assessments and certification of equipment and devices, non-compliance was not detected during 2021 in any of the regions in which we operate.

> Security services

We encourage all terminals with Android operating systems, sold as part of our operations, to receive security updates from Google for two or even three years.

Meanwhile, Telefónica Tech - the unit that encompasses the cybersecurity, cloud, IoT and big data technology businesses, created at the end of 2019 - is helping to reduce the digital divide between companies with customised services and solutions. In the case of cloud and cybersecurity, we offer a unique value proposition that allows us to accompany our customers in a multi-cloud environment with security as an indispensable attribute.

At Telefónica Cybersecurity and Cloud Tech, in view of the needs of our customers, we strengthened our capabilities by investing in both organic growth and the incorporation of new companies, in order to consolidate our position as the leading company in digital transformation.

We dedicate all our experience and effort to creating innovative cybersecurity products in order to always stay ahead of the attackers who have become a growing threat in our digital lives.

Our global services are designed to facilitate the migration of our customers to a secure cloud environment and continually improve the effectiveness of our security infrastructure. To this end:

- We work to develop new security services and capabilities designed to help protect businesses and people from threats and bugs in the environments in which they operate.
- We collaborate and exchange information about threats in real time with the main agencies and entities such as the European Commission, the Cyber Threat Alliance (CTA), ECSO, EUROPOL and INCIBE.
- We have 11 Security Operation Centres (SOC), distributed throughout Europe and America, and 1 specialised Digital Operations Centre (DOC) located in Spain, which brings together and monitors the operations of the SOCs, from where more than 30,000 servers are managed and more than 100 million

cybersecurity events are monitored each year. Thanks to our intelligent and automated platforms, we can act efficiently. We have experts ready to help our customers face new digital challenges in a world of uncertainty.

Progress in 2021

In 2021, at Telefónica Tech, we continue with our commitment to reduce the digital divide between companies with customised services and solutions.

Telefónica Cybersecurity & Cloud Tech reached a turnover of 944 **million euros**.

We acquired the following specialist companies that allowed us to expand or strengthen our portfolio of services and solutions:

- Altostratus Cloud Consulting, specialising in multi-cloud services and premier Google Cloud partner for Southern Europe.
- Cancom UK&I, consolidating our leadership in cloud and digital services in Europe.

We also continue to innovate and develop new services, sealing new alliances with international partners:

- We launched a cyber security service for SMEs, bringing together for the first time cybersecurity tools, training, remote support and advice, and NextDefense, aimed at protecting large enterprises from cyberattacks. We also launched Google Cloud by Acens to accelerate the digitalisation of SMEs using the cloud.
- Along these lines, Telefónica Cybersecurity & Cloud Tech reached agreements with Zoom to distribute its collaboration services and promote new ways of working, and Fortinet to guarantee its customers "the best connectivity and security" regardless of where they work from. We also signed partnerships with Microsoft to provide the industrial sector with private 5G and edge computing.
- In September 2021, together with Alias Robotics, we launched the world's first cybersecurity lab for robots in Munich, Germany.
- As a result of these collaborations, alliances and our own experience, Telefónica Cybersecurity and Cloud Tech is present throughout the value chain and has a comprehensive portfolio of cloud and security solutions. We focus on five key service verticals, built on our key platforms, combined with our professional and managed services, built in turn on our solution-focused delivery platforms. All our operations are delivered through our intelligent Digital Operation Centre which provides an E2E perspective for the customer. We provide the following services:

1. Hybrid cloud to manage our customers' workloads, data and applications.
2. Cybersecurity to build a resilient business.

3. Hybrid workstations to reinvent the digital workplace.
4. SASE to move the network to the cloud.
5. Digital business for SMEs. All this effort has earned us the acclaim of leading industry analysts in the field.

Key indicators on Security Services

	2020	2021
Total number of external audits of Security Products and services (Telefónica Tech)	10	24
Number of Security Operation Centers (SOCs)	11	11

2.9.6. Responsible design

GRI 102-29

> Governance

At Telefónica we have defined and are implementing a new framework in our internal product and service development processes called Responsible Design.

This approach allows us to incorporate **ethical principles and sustainable development criteria** in the new digital solutions we are developing. In this way, we ensure the alignment of new products with our purpose and the Responsible Business Principles we have set ourselves as a company.

In addition, we set ourselves the goal that 100% of our products and services meet Responsible Design and for this defined a **governance model distributed across three levels**:

Level 1: Product managers/developers who develop new solutions must perform a **self-assessment of the design of the product/service** they are developing by means of an online questionnaire. This self-assessment explicitly addresses the potential human rights risks associated with the use of artificial intelligence. And is embedded in a three-tier governance model supported by a wider expert community.

Level 2: Support from experts, which will clarify any queries or questions that may arise at any time, from the design stages to final delivery. That is, if a product manager/developer (Level 1) has concerns about the possible adverse impact of a certain product or service after completing the self-assessment, these concerns will automatically be raised to a multidisciplinary expert group of the Company (Level 2) and together they will try to solve the problem.

Level 3: Responsible Business Office, the last resort in the case of issues which cannot be addressed by the team of experts.

It is also important to highlight not only the **awareness-raising and training** of the areas directly involved in the Responsible Design process, but of the entire organisation, in order to guarantee a complete alignment of the different activities of the company.

Our Responsible Design process



> Strategy and commitments

The two pillars of our Responsible Design framework for the development of new products and services are as follows:

- **Design ethics:** ethical principles associated with our engagement with the customer and use of data and artificial intelligence.

- **Sustainability criteria applied to design:** oriented towards the impact that our products and services have on people, especially ensuring the inclusive use of our products, as well as the impact they may have on the environment.

Ethics applied to design



Principles of responsibility to the customer

- ✓ Simplicity
- ✓ Transparency
- ✓ Integrity



Ethical principles applied to artificial intelligence and data management

- ✓ Fair
- ✓ Transparent and explainable
- ✓ With people as our priority
- ✓ With privacy and security from the design
- ✓ With partners and third parties

Sustainability applied to design



Design taking into account its impact on Human Rights

- ✓ Accessibility of the web application
- ✓ Digital technologies



Impact on the environment

- ✓ Ecodesign
- ✓ Waste
- ✓ Power consumption

Design ethics

Within the pillar of design ethics we incorporate:

1 - The **values** that form our customer promise and shape the way we relate to our customers:

- Integrity: we deliver what we promise.
- Transparency: we provide all information about our products or services to our customers in a proactive and transparent manner.
- Simplicity: we ensure that all service processes and operations are accessible and understandable to our customers.

2 - **Responsible use** and **ethical data management**, the definition of algorithms and the use of artificial intelligence in order to avoid any possible negative repercussions from their misuse, such as:

- Bias in data and algorithms.

- Lack of transparency about how algorithms make important decisions, or about the use of personal data.
- Lack of human control in automatic systems.
- False positives and negatives in results obtained in information analysis that could have a disproportionate impact on certain groups.

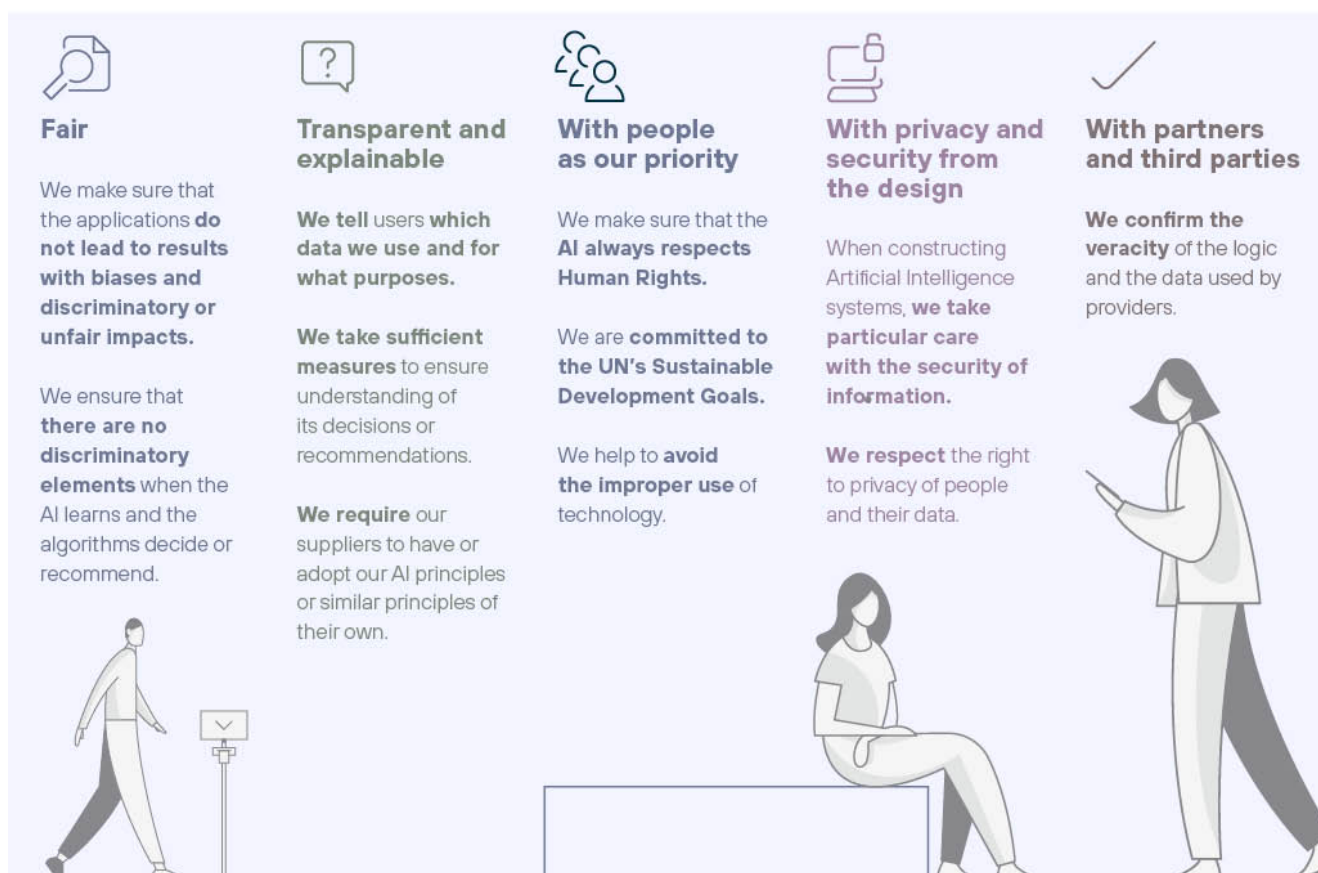
Specifically, and in relation to new services incorporating artificial intelligence capabilities, Telefónica was one of the first companies in the world to publish a set of ethical principles associated with their use in October 2018.

In this regard, Telefónica has a firm commitment to human rights, as indicated in the Company's Responsible Business Principles and Human Rights Policy.

Our Artificial Intelligence Principles



Big Data and Artificial Intelligence (AI) enable us to transform businesses, people's lives and society. With these advances, we want to **improve as a company** while at the same time making the world a better place for everyone. Therefore, we pledge to design, develop and use AI which is:



Sustainability applied to design

This pillar ensures we assess the possible **impact** of our products and services on society, people and the environment.

We ask ourselves whether our products or services contribute to improving people's lives, if they are accessible, and respect and/or promote our customers' human rights, focusing particularly on children and other vulnerable groups.

A crucial area of Responsible Design is incorporating **accessibility** into our products and services so anyone, irrespective of their abilities, can use them satisfactorily, safely and autonomously from the very beginning, especially when they are products and services with some type of web interface or app.

That is why we are incorporating not only the principles of Universal Design into our developments, but also the four accessibility principles included in EU Directive 2016/2012

of the European Parliament when developing any products or services, based on the recommendations of the W3C/Web Accessibility Initiative:

- Perceivable, so that users can clearly distinguish the information.
- Understandable, so that how to use it and the actions it requires are clear.
- Operable, so that anyone can use it.
- Robust, so that the content can be interpreted by different technologies.

In addition to accessibility, design sustainability seeks to reduce as far as possible any negative consequences of our activities and products and services on the environment. That is why we apply ideas linked to **eco-design**, waste management and the circular economy.

Through eco-design, we are not only pursuing a reduction in any potentially negative environmental impacts from our products and services, but also seeking to enhance the benefits that may be generated for the environment through their functionalities.

Our work is based on three basic pillars throughout the life cycle of our products and services:

- **Design:** when our products have any type of hardware, we prioritise manufacturing them with sustainable materials, include energy-saving modes, and opt for long-lasting designs, with a timeless aesthetic and updateable software, making them repairable.
- **Use:** connectivity and digital solutions have great potential for helping our customers perform their activities in a more efficient and sustainable way. In this way, many of our IoT services make it possible to consume fewer resources (electricity, water or materials). Similarly, by repurchasing terminals, we foster the circular economy.
- **End of life:** if our products or services may end up as waste, we put in place the necessary measures to manage them properly, informing our customers where to repair or recycle their devices.

Progress in 2021

In 2021 we made great progress in implementing the Responsible Design model in internal processes for developing products and services.

Specifically, the new framework was fully integrated into Telefónica España and corporate units responsible for artificial intelligence and big data developments. This has allowed the evaluation and analysis of more than 30 solutions in the commercial development phase.

In addition, we updated the internal product rating model, creating a rating scale for each solution based on its level of compliance with **ethical and sustainable principles** applied in the model. This allows us to analyse each of our business solutions in depth and assess areas for improvement, as well as increase our value and positive impact on both society and the environment.

In particular, on environmental issues, we should highlight the relaunch of the **Eco Rating** label, an indicator that helps end users understand how environmentally friendly the mobile handset they have, or are thinking of purchasing, is, thus making our customers aware of the importance of caring for the environment.



[Go to chapter 2.3. Circular economy](#)

Targets

As main objectives for 2022, we will continue to integrate the Responsible Design framework in other Telefónica business units, and also carry out a detailed assessment of the state of our services already being marketed which have not been through this development framework, in order to define improvement plans for those that do not meet the minimum requirements.



MILESTONES

- We made great progress in implementing the Responsible Design model within the development of products and services.
- The new framework was integrated into Telefónica España and the corporate units responsible for artificial intelligence and big data development.

2.9.7. Responsible use of technology

> Governance

The Sustainability and Quality Committee of the Board of Directors of Telefónica is responsible for the development of the Global Responsible Business Plan, which includes the **responsible use of technology** and a special focus on one of the most vulnerable groups: children.

The reflection of the Company's firm commitment to this group, the protection of children and teenagers, is set out in the Responsible Business Principles and various corporate policies, such as the Diversity Policy, Responsible Communication Policy and Sustainability Policy in the Supply Chain.

> Strategy and commitments

We live surrounded by screens, ultra-connected, a connectivity that has entered our homes to stay and become an important part of our family, professional and social life. Technology has changed the way in which we relate to each other, entertain ourselves, consume, find information... in short, it has revolutionised the rules of the game to which older people were already accustomed. However, while many of us have been assimilating these transformations as they have occurred, children and young people have been incorporating them into their lives as a matter of course.

And precisely because at Telefónica we are convinced that it is people who give meaning to technology and not the other way around, we are firmly committed to **promoting the responsible use of technology** and the protection of minors on the Internet, which can be summarised in **six work lines**:

> Alliances with stakeholders

Ensuring a more secure Internet is a task we cannot tackle alone. At Telefónica, we work together with sectoral and civil society partners to ensure all of us, children, young people and adults, remain aware that, although the Internet is an open window to the world, it depends on us, and our behaviour on the Internet, to ensure that the experience is healthy, safe and enriching.

In this regard, we emphasise our collaboration with:

- State Law Enforcement Forces, as well as support for the different national hotlines: equipo Niños, Alianza por la Seguridad en Internet, *Safernet*, Te Protejo (Colombia and Mexico), Centre for Child Protection on the Internet, Alerta Amber, Secretaría Nacional de Niñez, Adolescencia y Familia (SENAF), INADI, etc.
- NGOs and national associations: UNICEF, Faro Digital, NSPCC, RedPapaz, Argentina Cibersegura, Nativo Digital, Brave Up, Colegium, Fundación Tecnología Responsable, Mamá Digital, Asociación de Padres de Familia, Fundación Ideas para la Infancia, Comisión Unidos vs la Trata, Fundación Sonrisa, Aldeas SOS Ecuador, ChildFund Ecuador, Puntos México Conectado, El Consejo Ciudadano, Luchadoras AC, Moders, Sin Trata A.C. and FEISS (Fundación Ecuatoriana por un Internet Sano y Seguro), Fundación Habla, El Abrojo, Gurises Unidos, Obra Social San Martín, Rescatando Sonrisas, Aldeas Infantiles, Obra Banneaux, Fundación Sophia, etc.).
- Actions with key stakeholders in the online protection of children and adolescents: Inhope, Insafe, ANATEL, CONNA, UNODC, Red de Aliados por la Niñez, Zentrum für Kinderschutz im Internet, INAI, ITAIPUE, Red Contra la Pornografía Infantil, Capital Humano Social Alternativo (CHS), End Violence Against Children (EVAC), Comunidad de Divulgadores de Conocimiento Científico KUNA, Fundación Habla, Circuito radial 'FM Center', Construyendo Futuros, Te Contamos, Gobiernos, etc.

Telefónica is also present in the following alliances with the aim of promoting, at a global level, the **exchange of good practices and the promotion of specific actions** around the good use of the Internet and technology: the ICT Coalition, and the Alliance to Better Protect Minors Online.

- We continue to promote, globally and locally, the acquisition of digital skills and encourage the healthy and safe use of technology through our participation in the following working groups: DigitalES (Spain), TIC e Infancia Working Group (Colombia), Generación Única UNICEF (Argentina), Accesibilidad y Uso de las TIC Working Group – Ministerio de Educación (Ecuador), Internet Seguro para Todos Working Group of the Vicepresidency de Ciberseguridad of the Asociación de Internet MX (Mexico), Working Groups from the Ministry of Education and Culture, National Youth Institute and Ministry of Social Development (Uruguay).

> Blocking of content

In the proactive fight against content with images of sexual abuse of minors on the Internet, Telefónica blocks these materials following the guidelines and lists provided by the Internet Watch Foundation in the following countries: Ecuador, Spain, Mexico, United Kingdom Uruguay and Venezuela. Telefónica Colombia does the same through the URL lists provided by MINTIC, DIJIN, Coljuegos and legal authorities. The procedure complies with **network neutrality**, the right to freedom of expression and, above all, current regulations at all times, and the blocking of content is also coordinated with the corresponding police forces and other public bodies.

> Audiovisual environment

The way we consume television has changed. However, it is no secret that children and adolescents are making **increasingly intensive use of audiovisual content**. Screens also play a fundamental part in their personal, social and civic development, which is why we believe it is vital to:

- Ensure our programming protects minors from potentially inappropriate content;
- Establish the necessary tools to make good use of television, making sure parents have effective technical resources to exercise their responsibility over the audiovisual content their children watch.
- Promote digital literacy among minors and their families in order to leverage the potential of audiovisual media, making them aware of the need for responsible and intelligent use of screens.

That is why we have included the following initiatives in our operations:

- **Labelling and cataloguing** of content by age and type of content.
- **Parental controls**, parental PINs and PINs in bought devices, so customers can block channels and content on demand for minors.
- **Specific adult content** is presented in a separate section and a special PIN has to be used to access it.
- **Information on responsible TV use** on the device itself and on the commercial website, as well as other awareness-raising activities on the proper use of screens.
- The **M+ mobile application** for smartphone and tablet.

> Products and services

Although Telefónica believes that nothing can replace the role of an adult when it comes to educating children and young people in the **healthy and safe use of screens**, when this is not possible we can always count on the support of technology. To this end, we are committed to promoting and developing products and services that help us to face successfully the challenge of the digital world:

- Parental controls: Qustodio (Chile), Control Parental Movistar TV (Venezuela, Colombia).
- Security solutions with parental control functionality: Smart WiFi (Spain), Vivo Play TV and Vivo Play App (Brazil).
- Other services (anti-virus, personalised packs): Conexión Segura (Spain, Argentina, Chile), O2 Protect (Germany), Localizador Familiar (Argentina), Seguridad Dispositivo (Spain), Seguridad Total and Premium (Chile), Seguridad Total (Colombia), Seguridad Total + Conexión Privada Móvil (Argentina), McAfee Seguridad Digital and Safe Connect (Brazil) and McAfee Mobile Security Plus (UK).

> Working together with our suppliers

Together with our suppliers, we evaluate the implementation of the basic parameters for the protection of minors, especially in the field of security, from the design of terminals to the operating systems.

We ask device manufacturers and operating system providers to ensure the following:

- **Inclusion** of mechanisms that protect children and teenagers (parental control, age restrictions, approval systems for the installation of applications, protection systems for purchases, limits on the use of applications and devices, etc.).
- **Incorporation** of self-monitoring mechanisms, known as 'digital well-being', to enable better use of devices and offer user options to reduce dependence;
- Provision of regular security **updates** to protect customers from new risks and threats that are constantly emerging and endangering users' data and privacy, while extending device lifetime.
- Inclusion of **functionalities** that help the user to reduce distractions due to misuse of the mobile phone at the wheel (voice operation, muting of notifications, etc.).

> Education and awareness-raising initiatives

We continually talk about the challenge of keeping up to date with technological developments and having the necessary knowledge to be able to live in an increasingly digitalised society in a conscious, responsible and safe manner. Every technological breakthrough places a new educational challenge for all of us, adults and children, to address, a situation that we must know how to take advantage of.

Being fully aware of the situation, Telefónica is committed to the development of training and awareness-raising initiatives for the public in general.

The **Dialogando** portal is an example of this. The initiative has been implemented in 10 countries in which the Company operates and helps society at large to reflect on how we use technology in our daily lives thanks to the resources prepared by a committee of experts on different issues related to digital life.

Progress in 2021

In 2021, in order to reinforce the safety of minors on our TV platform, we launched the new version of the M+ mobile app for smartphone and tablet (available on iOS 12 or higher and Android 8 or higher). A version that allows parents to set up a specific profile for children so that minors can enjoy all Movistar+ children's content in a controlled and safe environment.

Throughout the year, numerous awareness-raising initiatives have been carried out on the following topics: grooming, sexting, cyberbullying, digital divide, digital violence, tolerance on the Internet, digital well-being, responsible driving, online fraud, data privacy, digital identity, fake news, eSports and gaming, digital leisure, etc., with more than 1,951,222 million people impacted through these actions and through collaborators such as Club de Malasmadres, FAD, iWomanish, Gonvarri, Faro Digital, RedPapaz, Sin Trata A.C., Fundación Habla, Construyendo Futuros, Te Contamos, Circuito radial 'FM Center', CHS Alternativo, NSPCC, among many others.

2.10. Contribution and impact on communities

GRI 103

KEY POINTS



Telefónica has contributed over €100 billion to communities, according to innovative ESG impact assessment model that we have developed.



We published the “*A connected world, a sustainable world*” report, analysing our direct and indirect contributions to the targets defined in the UN’s 2030 Agenda.



Our work agenda revolves around SDG 9, deploying sustainable, resilient infrastructure and driving innovation and development.

2.10.1. Vision

Global economic development demands greater social and environmental responsibility to ensure more inclusion, more ecosystem and biodiversity protection, and more shared wealth for the benefit of present and future generations.

The greater awareness of social actors has also permeated the business world, including the way business is carried out and how employees work from day to day.

In this context, we need to go a step further and assess and measure the social and environmental impact generated by companies, in order to quantify their value and integrate this into organisational management as an indicator for consideration in decision-making processes.

At Telefónica, we use the Sustainable Development Goals (SDGs) defined in the UN’s 2030 Agenda as a strategic framework for our commitment to society and environmental protection, and as a base for analysing and evaluating our contribution to socio-economic development.

2.10.2. Strategy and commitments

Over the last few years, we have been assessing and identifying the main goals and targets of the 2030 Agenda, and where we are generating the greatest value based on our technical and commercial capabilities and the geographical regions in which we operate.

Accordingly, we focus on three main lines of action in keeping with our strategic pillars, and we have identified **SDG 9 (Industry, Innovation and Infrastructure)** as the main goal where we are generating the greatest value, thanks to our deployment of communications infrastructures and our ongoing commitment to innovation and the promotion of entrepreneurship.

We have a work agenda based on SDG 9, to which we contribute by deploying sustainable, resilient, quality infrastructure and innovation.

Aligning our lines of action with the Sustainable Development Goals

Helping society thrive	Building a greener future	Leading by example
<p>Promote more inclusive connectivity, where we bring digitalisation to all people and boost the social and economic development of the communities where we are present.</p> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Provide faster and better Internet for people and businesses.</p> <p>8 DECENT WORK AND ECONOMIC GROWTH Drive digitalisation for a more sustainable society and economy.</p> <p>4 QUALITY EDUCATION Tackle inequalities by investing in digital skills.</p>	<p>Increase our contribution to society and the environment for more sustainable and planet-friendly development.</p> <p>13 CLIMATE ACTION Implement a more efficient telecommunications network (fibre and 5G) powered by 100% renewable electricity.</p> <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>11 SUSTAINABLE CITIES AND COMMUNITIES Become a leading provider of solutions that help our customers reduce their CO₂ emissions.</p> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION Promote the circular economy in the use of electronic devices through eco-design, re-use and recycling.</p>	<p>Build trust through our actions and commitments, promoting and fostering inclusion and equality for all, ensuring confidence in digitalisation and driving sustainability among all our stakeholders.</p> <p>5 GENDER EQUALITY Be a leader in inclusion to drive equality and equity.</p> <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS Improve trust through the ethical and responsible use of technology, ensuring the security and privacy of our customers' data.</p> <p>17 PARTNERSHIPS FOR THE GOALS Commit to the highest standards of business principles and ethics, promoting sustainability in our supply chain.</p>

> Evaluation of our contribution and impact GRI 102-29



We define social and environmental impact as the changes experienced by people and the planet as a result of a particular activity, project, program or policy that affects human conditions in the long term. Impact measurement and management²² is also defined as the identification and quantification of metrics agreed with stakeholders to measure the changes experienced by people and the planet as a result of a particular activity, project, program or policy and the extent to which the agent of change contributes to such changes. This results in a learning process that is to guide the organization's actions and determine the management of the intervention. These changes can be measurable, positive or negative, intended or unintended, tangible or intangible.

Based on these premises and bearing in mind that our contribution goes beyond financial results, at Telefónica we **assess our overall contribution and the impact of our strategic objective in different areas**. In this regard, in 2021, for the third consecutive year, we have carried out a comprehensive study of Telefónica's contribution to the most material issues, and where it can generate the greatest value or impact for the company's future:

²² Report of the Social Impact Chair - ICADE

- **Maximising our contribution** to the socio-economic development of the regions in which we are present, and
- **Minimising the negative impact** our activity and products and services can have on the environment and society.

We have developed a **comprehensive impact analysis model** that allows us to:

- Monitor the evolution of the company's main contribution and impact indicators
- Evaluate our contribution to the 2030 Agenda
- Detect and monitor risks that may affect our activity, and
- Facilitate decision-making to improve our business and increase our contribution to society.

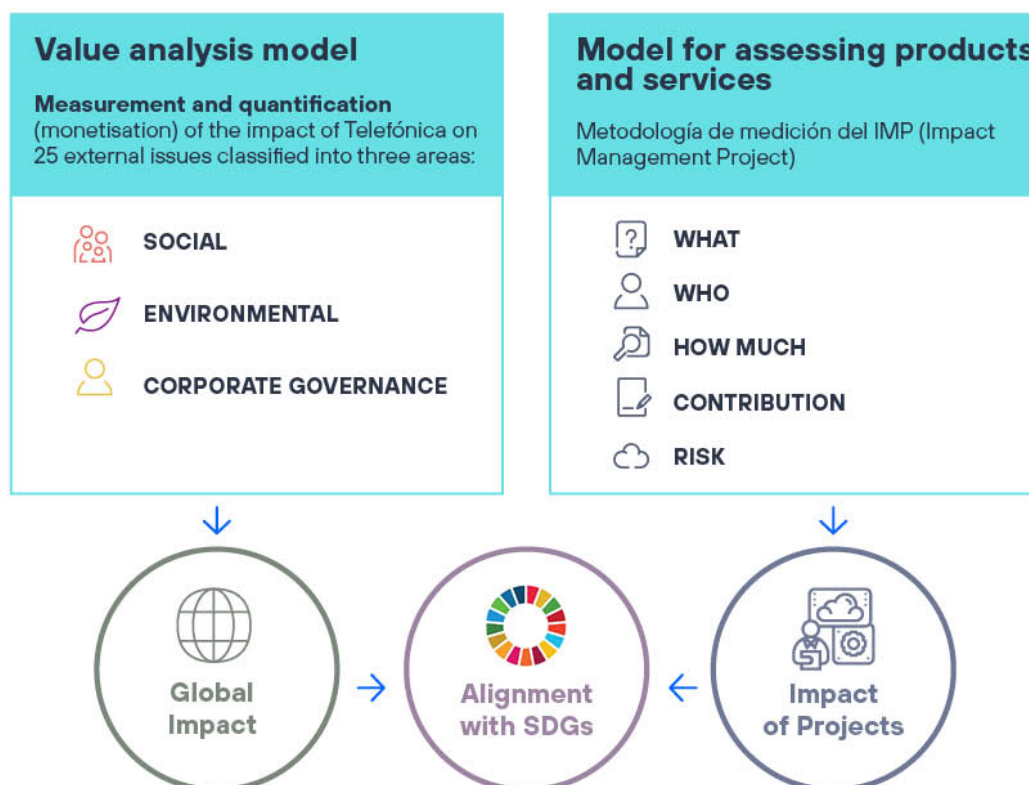
To this end, we have adapted different methodologies and evaluation frameworks to the particularities of our sector and the characteristics of Telefónica. The main methodologies we have applied are based on the following international frameworks:

- The Impact Management Program (IMP) evaluation model
- Calculation methodologies defined in Harvard University's Impact Weighted Account Initiative (IWA)
- True Value methodology developed by the consultancy firm KPMG.

We have also taken into account new impact assessment guidelines and frameworks published by international organisations and academia.

Our integrated model adopts a two-pronged approach, depending on the type of evaluation we are looking for:

1. The Value Analysis Model: an assessment model that identifies the overall impact of our company, and
2. The Product and Service Assessment Model: in this case, we perform specific evaluations of the main projects or commercial solutions to analyse their impact on society or the environment.



> Value analysis model

Based on our materiality matrix and Telefónica's three strategic pillars, we have evaluated a set of impact variables, presenting the environmental, social and governance value we generate, with a series of indicator groupings according to the relationship between them.













[Go to chapter 1.4. on Materiality](#)

The material topics analysed are distributed across the three strategic pillars and aligned with the Sustainable Development Goals (SDGs) on which a potential positive or negative impact is generated.

The following chart shows the distribution of the indicators assessed and the associated SDGs.

The model shows that Telefónica has contributed more than 100 billion euros to socio-economic development globally during the year 2020.

Assessment of our contribution and impact on socio-economic development and the environment

Helping society thrive	Build a greener future	Lead by example
  	   	  
Economic development <ul style="list-style-type: none"> Direct Contributions to local treasuries Regional contributions to job creation 	Impact on natural resources <ul style="list-style-type: none"> Waste management Water consumption Impact on biodiversity 	Ensuring inclusion and equality <ul style="list-style-type: none"> Quality wages - pay gap Diversity
Entrepreneurship and education <ul style="list-style-type: none"> R&D Entrepreneurship Digital skills and employability 	Impacts on the environment <ul style="list-style-type: none"> Emissions emitted Emissions offset 	Well-being of employees and workers <ul style="list-style-type: none"> Training and talent management Employee health and safety
Digital inclusion and social contribution of products and services <p>Deployment of connectivity</p> <ul style="list-style-type: none"> Affordability and accessibility Security and responsible use of technology Impacts of fraudulent use of technology Security services 	Digitalisation <ul style="list-style-type: none"> Use of renewable energies Energy efficiency Innovative services Re-use of equipment 	Inclusive and strong partnerships <ul style="list-style-type: none"> Corporate volunteers Cultural programmes
Total contribution (€): €94.842 billion	Total contribution (€): €943 million	Total contribution (€): €4.962 billion

Important Note:

The result of the assessment of the contribution and impact on socio-economic development and the environment corresponds to information and indicators from the Telefónica Group, including Fundación Telefónica, in 2020.

2.10.2.1. Helping society thrive

GRI 203-1, 203-2, 204-1

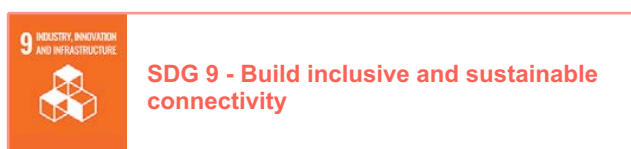
Telefónica wants to bring the best connectivity and the latest technology to everyone. We advocate people-centred digitalisation to tackle unequal opportunities.

Impact assessment is the first step in understanding how value is actually generated. Accordingly, we have structured this pillar in three sub-categories to show the socio-economic contribution resulting from our investments in our business, as well as all the extra-financial impacts derived from the main telecommunications business:

- Economic contribution
- Entrepreneurship and training
- Contribution of our products and services

Telefónica's largest contribution to society—quantified at almost 95 billion euros—comes from our products and services.

In addition to the monetised calculation of impact, we also monitor specific SDG indicators linked to our company strategy. Accordingly, for the strategic pillar 'Helping society thrive' we have:



> Lines of action for SDG 9

- Inclusive digitalisation (TARGET 9.1) - Strengthen and invest in very high-capacity networks that have proven to be critical for future competitiveness:
- Increase high-speed mobile network coverage (LTE) and drive the deployment of new 5G networks.
- Increase coverage of ultra-broadband (fibre) networks in all regions.
- State-of-the-art (TARGET 9.5) - Foster innovation and technological entrepreneurship through our open innovation programs.
- Accessible (TARGET 9.c - UNSTATS indicator 9.c.1) - Bring connectivity to where it is missing, connecting millions of people in rural or remote areas who have no, or very limited, access to the Internet.

We are deploying state-of-the-art networks not only to lead the markets where we operate and ensure a reliable

and resilient service, but also to connect the greatest number of people possible.

We have digital services based on the latest technology, and we add a social component to our innovation, because we refuse to understand progress without people.

Over the past year, we have maintained our broadband network coverage roll-out efforts in both Europe and Latin America. Our LTE networks reach virtually the entire population in the European regions where we operate and we are driving the roll-out of 5G and fibre to all areas, including rural and remote areas.

However, beyond infrastructure, the promotion of innovation and entrepreneurship, through programs such as **Open Future**, **Telefónica Venture Capital** or **Wayra**, is proving to be a catalyst that prevents the flight of young talent to other parts of the world, driving innovation and economic development in many regions.

More specifically, over the last 10 years, Telefónica's open innovation area has invested more than €190M in 1,032 start-ups around the world, around 500 of which are currently part of our portfolio.



[Go to chapter 2.7 on Digital Inclusion](#)

Contribution to SDG 9			
Target	Indicator	2020	2021
9.1			
	Investment in research, development and innovation	4,626	4,426
	Prepaid customers (thousands)	131,542	129,676
	Universal service (million euros)	174	169
9.5			
	R&D investment (million euros)	959	835
	Industrial property Rights portfolio (includes patents)	440	421
9.c			
	4G/LTE Mobile coverage	83	87
	UBB - Ultra Broadband (real estate units passed)	61,797,906	68,853,722



The impact of telecommunications and broadband on development has been well documented in various international studies which conclude that we are a **strategic player in the economic growth** of the countries in which we are present. This is both directly through our commercial and technological activity and our capacity to multiply our reach to other industries, allowing Telefónica to move forward and adapt to the new needs and demands of an increasingly globalised and interconnected market.

We encourage the creation of quality employment and, mainly through the Telefónica Foundation, promote the development of employability programmes, in many cases aimed at young people, which facilitate access to the new jobs of the future and activate local entrepreneurship.

These programmes include *Conecta Empleo* and *Lanzaderas de Empleo* and are helping the training and development of people in places that often suffer structural problems of unemployment and talent relocation.

> Lines of action for SDG 8

TARGET 8.1 (UNSTATS indicator 8.1.1) - Support and contribute to the economic growth of the countries in which we provide our services.

TARGET 8.3 - Support key sectors and develop policies for productive activities and innovation to boost economic growth:

- Encourage investment in local businesses.
- Collaborate with national and international organisations that promote economic development and digitalisation.

TARGET 8.5 (UNSTATS indicator 8.5.2) - Promote employment and quality work for all women and men, including youth and persons with disabilities, and equal pay for work of equal value.

TARGET 8.6 (UNSTATS indicator 8.6.1) - Develop, mainly through *Fundación Telefónica*, initiatives to reduce the proportion of young people who are not employed, in education or training. The indicators associated with this target are published annually in the *Fundación Telefónica* Report.

TARGET 8.8 - Guarantee and protect labour rights, providing a safe working environment for all workers and promoting a sustainable supply chain that incorporates ethical, social and environmental criteria in procurement processes.

Contribution to SDG 8			
Target	Indicator	2020	2021
8.1			
	Impact on GDP (million euros)	44,692	48,904
	Total tax contribution (million euros)	8,160	9,134
8.3			
	% Purchases from local suppliers	77	81
8.5			
	Total number of employees	112,349	103,934
	Indirect employment generated (employees)	637,990	656,662
	Employees with disabilities	1,118	1,347
8.8			
	Supplier audits	16,105	17,960
	Suppliers with improvement plans	560	610

Impact on Gross Domestic Product (Target 8.1)

Our overall contribution to the Gross Domestic Product (GDP) of the main countries in which we operate includes both the direct impact of our economic activity, expenditure and investments (indirect impact) and the impact caused by the increase in consumption as a consequence of the rise in labour income generated by the jobs created.

For every euro generated in direct impact, in the nine main countries where we are present, we have generated an additional 2.3 euros indirectly through expenditure and investment.

Impact on GDP (main operations)

	Millions of euros	% of total impact
Total impact	48,904	
Direct impact	14,774	30 %
Indirect impact	22,084	45 %
Induced impact	12,047	25 %

Definitions

- **Total impact:** total impacts generated by corporate activity and the expenses and investments we make in the countries where we operate;
- **Direct impact:** impact generated directly by our operations.
- **Indirect impact:** impact generated by the expenses and investments of our supply chain.
- **Induced impact:** impact generated by an increase in consumption resulting from the rise in labour income generated by direct and indirect employment.

Countries included in the analysis: Argentina, Brazil, Chile, Colombia, Germany, Mexico, Peru, Spain and the United Kingdom.

Impact on GDP

	Millions of euros	% of total impact
Germany	6,299	0.2%
Argentina	1,829	0.1%
Brazil	12,608	1.0%
Chile	2,865	0.2%
Colombia	1,540	0.1%
Spain	16,736	1.3%
Mexico	835	0.1%
Peru	1,609	0.1%
United Kingdom	4,582	0.4%

For every euro of gross operating margin we obtained, we generated 2.2 euros which contributed to the GDP of the main countries in which we operate.

Contribution to the creation of quality employment

In addition to the direct jobs created by the company, our activity stands us in good stead as a driving force for progress and the creation of indirect and induced additional jobs.

The activities we undertake mean that, for every person we contract to the workforce, we generate an additional 10.4 jobs in the countries we operate.

Impact on employment (main operations)

	Impact on employment in the main countries (no. of persons)	% of total impact
Total impact (1)	1,212,163	
Direct impact (2)	106,034	9 %
Indirect impact (3)	656,662	54 %
Induced impact (4)	449,467	37 %

Definitions

- **Total impact:** Total impacts generated by our corporate activity and the expenditure and investments we make in the countries where we operate.
- **Direct impact:** Employees hired directly.
- **Indirect impact:** Jobs generated in companies and sectors that receive our expenditure and investments and by their respective suppliers.
- **Induced impact:** Jobs created in all economic sectors thanks to the economic activity generated in an induced way in the market as a whole.

Countries included in the analysis: Argentina, Brazil, Chile, Colombia, Germany, Mexico, Peru, Spain and the United Kingdom.

Impact on employment

	Impact on employment (no. of persons)	% of total local employment
Germany	45,348	0.1%
Argentina	36,698	0.24%
Brazil	562,250	0.62%
Chile	56,458	0.68%
Colombia	91,145	0.42%
Spain	227,585	1.18%
Mexico	36,520	0.07%
Peru	105,109	0.63%
United Kingdom	51,051	0.16%



SDG 4 - Address inequalities by investing in digital skills.

Education is a key tool for ensuring inclusion and fostering growth and progress. In this context, the rapid digitalisation of the economy requires an increasing number of professionals to manage and drive its development. Education also plays a key part in **bridging the digital divide**.

Through various programmes, Fundación Telefónica and Telefónica Educación Digital promote educational innovation and work to bring quality digital education to every corner of the globe.

More specifically, programmes such as Profuturo, developed jointly by Fundación Telefónica and Fundación

'la Caixa'. Profuturo was launched in 2016 and has reduced the education gap, providing quality digital education to more than 19.7 million children and training more than 914,000 teachers in 40 countries in Latin America, Africa, Asia and the Caribbean.

The promotion of training through online courses available on the MiriadaX platform has also improved the skills of millions of students enrolled in MOOCs.

Other programmes developed by Fundación Telefónica include Conecta Educación, Code.org, Conecta Empleo and 42, and they contribute to the development and training of young people to improve their digital skills and open the doors to a labour market that is increasingly demanding this type of profile.

> Lines of action for SDG 4

TARGET 4.1 (UNSTATS indicator 4.1.1) - Implement education programmes so that all children can complete primary and secondary education.

TARGET 4.4 (UNSTATS indicator 4.4.1) - Improve and empower people for the new digital environment:

- Enable access to training courses in the skills needed to access employment and entrepreneurship.
- Ensure that all our employees have access to personalised digital skills retraining programmes.

TARGET 4.c (UNSTATS indicator 4.c.1) - Increase the supply of qualified teachers through specific training programmes and by promoting the modernisation and digitalisation of education.

Targets 4.1 and 4.c are mainly addressed through our Foundation and contribution indicators are published annually in the Fundación Telefónica Report.

Contribution to SDG 4			
Target	KPI	2020	2021
4.4.			
	Beneficiaries of the digital skills training programme	2,321,189	782,948
	Internal employee training hours	32	39

2.10.2.2. Building a greener digital future

At Telefónica, our commitment to the planet focuses mainly on the environmental SDGs, as digitalisation is a key tool for addressing atmospheric pollution and climate change.

For this reason, we work on the basis of efficiency and innovation, seeking improvements and solutions designed not only to reduce our environmental impact but also that of our partners and customers through the products and services we offer.



[Go to chapter 2.1 Responsibility with the environment](#)

Build a greener digital future, increase our contribution to society and the environment for sustainable development.

In order to achieve our climate commitments and contribute to the 2030 Agenda, our main lines of action are to **promote energy efficiency and renewable energy consumption** in our operations, **reduce our carbon footprint** and **develop digital solutions** that help our customers reduce their emissions.

This working approach also allows us to leverage **de-carbonisation opportunities**, be more competitive and offer our customers low-emission connectivity.

In this regard, the impact assessment we have developed analyses both the negative impact generated by our business activity and the positive contribution to the de-carbonisation of the economy and the effects of climate change. This calculation shows that **Telefónica's total contribution to the environment is positive, amounting to more than 943 million euros. This is mainly due** to the contribution of new digital services, the reduction of our environmental impact and our efforts to modernise and control our energy consumption.

The targets and indicators associated with the environmental Sustainable Development Goals we have analysed are as follows:



SDG 7 - Develop the most efficient telecommunications network, powered by renewable energies

We reduce our impact on climate change through the decarbonisation of our business, working to disconnect the growth of traffic through our networks from greenhouse gas emissions.

The aim is to align our efforts with the level of decarbonisation required to limit global warming to below 1.5°C.

Our carbon footprint comes mainly from electricity consumption, so **from 2019 our consumption has been 100% renewable in Europe and Brazil** and we are committed to **extending this to all our operations by 2030**. Coupled with an ambitious energy efficiency programme, this has meant that our carbon emissions have been reduced significantly in recent years.

> Lines of action for SDG 7

TARGET 7.2 - Promote the use of renewable and clean energies in all our activities.

TARGET 7.3 - Encourage the development of projects that increase energy efficiency and improve the technology needed to provide modern, sustainable energy services.

Contribution to SDG 7			
Target	KPI	2020	2021
7.2			
	Electricity from renewable sources in own facilities (%)	78.8 %	79.4 %
7.3			
	Emissions avoided thanks to renewable energy consumption (tCO ₂ e)	782,868	902,019
	Emissions avoided by energy management (tCO ₂ e)	43,536	68,833

11	SUSTAINABLE CITIES AND COMMUNITIES	SDG 11 - Develop solutions to optimise consumption, reduce emissions and improve mobility and safety for people and communities
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Our greatest contribution to climate change mitigation and adaptation undoubtedly comes from greater digitalisation, supported by a renewed network and solutions that address environmental challenges.

In this line of work, we have avoided the emission of millions of tonnes of CO₂ thanks to services such as connectivity, the Internet of Things (IoT) and the Cloud. The aim was to promote a more efficient use of resources, improve the energy efficiency of our customers and avoid greenhouse gas emissions.

The targets we address for SDG 11 are therefore aligned with our strategic goal of avoiding 12 million tonnes of CO₂ per year in our main markets by 2025 through our products and services.

> Lines of action for SDG 11

TARGET 11.6 - Promote the development of digital services and solutions that have a positive impact on the environment and help create more sustainable and resilient cities.

Contribution to SDG 11			
Target	KPI	2020	2021
11.6			
	Emissions avoided through Eco Smart services (million tCO ₂)	9,543	8,684

12	RESPONSIBLE CONSUMPTION AND PRODUCTION	SDG 12 - Promote the circular economy in the use of electronic equipment, through eco-design, re-use and recycling
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The responsible design of the products and services we offer, incorporating eco-design criteria, is one of the strategic pillars we have at our disposal to help reduce our impact on the environment and ensure a greener future.

We are also aware that electronic waste has become a challenge in recent years and needs to be addressed at all levels; for this reason, we promote initiatives to evolve and define our internal processes in order to adapt them so that we can maximise the reuse and recycling of this waste.

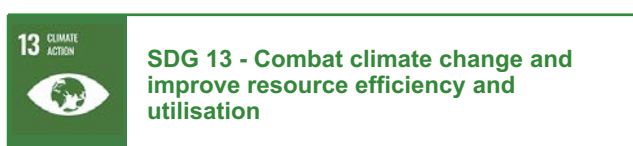
> Lines of action for SDG 12

TARGET 12.2 (UNSTATS indicator 12.2.1) - Achieve sustainable management and efficient use of natural resources.

TARGET 12.5 (UNSTATS indicator 12.5.1) - Minimise waste generation through prevention, reduction, recycling and reuse activities, promoting programmes that foster the circular economy and waste recycling.

TARGET 12.6 - Transform our internal processes to ensure that all our solutions are designed and developed according to ethical and sustainable criteria.

Contribution to SDG 12			
Target	KPI	2020	2021
12.2			
	Total energy consumption (MWh)	6,269,962	6,106,625
	Generation of waste (tonnes)	46,912	64,065
12.5			
	Waste recycling (%)	98	98
12.6			
	Responsible Design Process		Integrated in T.Spain



At Telefónica, we want to help reduce the impact of climate change by increasing efforts in our own operations, but also throughout the value chain and by committing to a horizon of zero net emissions. For this reason, we are working towards SDG 13 with a commitment to achieve zero net emissions in our main markets by 2025.



[Go to chapter 2.2 Energy and climate change](#)

> Lines of action for SDG 13

TARGET 13.2 - Incorporate climate change measures into the company's policies and strategies through emission reduction programmes.

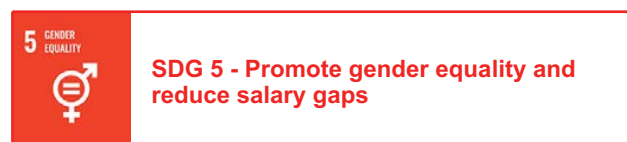
Contribution to SDG 13			
Target	KPI	2020	2021
13.2			
	Direct emissions (Scope 1) (tCO2)	207,872	183,231
	Indirect emissions (based on market method) (Scope 2) (tCO2)	467,587	353,506
	Other indirect emissions (Scope 3) (tCO2)	2,146,226	2,072,159

2.10.2.3. Leading by example

Human-centred digitalisation must focus on **building trust**, basing actions on values and using technology in a responsible way so that no one is left behind due to lack of access or knowledge. That is why we want to put the great opportunities brought about by the technological revolution at the service of the majority. We are committed to ensuring that schooling does not stand still and moves forward in all contexts, and we are particularly focused on extending digital skills so that the transformation the labour market is undergoing benefits as many people as possible.

Build trust through our actions and commitments, promote education and favour inclusion and equality.

The evaluation of our contribution amounts to 3.5 billion euros, which highlights the impact of salaries and the investment made in employee health and safety programmes.



Equal opportunities are a source of talent for us and we are firmly committed to their promotion.

We are working hard to achieve gender equality and promote the use of technology for the empowerment of women.

We also promote and collaborate with programmes that promote women's access to technological careers (STEM), such as *Technovation*, because equal opportunities and digitalisation must be based on diversity in all areas.



[Go to chapter 2.6 Human Capital](#)

> Lines of action for SDG 5

The targets are to reach 33% of women in managerial positions and to achieve equal pay, reducing the gender-adjusted pay gap to +/-1% by 2025 and the gross gap to zero by 2050.

TARGET 5.2 - Work towards the elimination of all forms of violence against women.

TARGET 5.5 (UNSTATS indicator 5.5.2) - Commitment to fostering women's leadership, increasing the proportion of women in leadership positions and eliminating all forms of unequal pay.

TARGET 5.b - Improve the use of instrumental technology, in particular information technology, to promote women's empowerment by fostering actions and programmes that help reduce the digital gender gap and promote STEM careers among young women.

Contribution to SDG 5			
Target	KPI	2020	2021
5.2			
	Cases of discrimination detected/measures taken	2/3	0
5.5			
	% Women on the Board of Directors	29	33
	Women in management positions	27	30
	% Women in workforce	38	38
5.b			
	Programmes to promote STEM careers	27	52



A key part of guaranteeing justice and strong institutions is **ensuring personal privacy and security** in digital services.

For this reason, we work with integrity in all areas of business and hold ourselves to strict ethical principles of responsible business, while making it a top priority to ensure the privacy and security of our customers' information and the products and services we offer.



[Go to chapter 2.15 Privacy and security](#)

In addition to our internal work, we collaborate with different organisations, social entities and public administrations to support the most vulnerable groups and promote the responsible and ethical use of new technologies.

> Lines of action for SDG 16

TARGET 16.5 - Combat all forms of corruption and bribery through our internal Responsible Business programmes and ensure the highest standards at all levels of the company to promote trust.

TARGET 16.10 - Ensure public access to information, while protecting fundamental rights and freedoms:

- Improve citizens' trust through the ethical and responsible use of technology, respect and protect fundamental freedoms, privacy, security and other digital rights.
- Promote digital trust and use of data.

TARGET 16.a - Strengthen institutions and cooperation at all levels with employee-led activities that create value and help the most vulnerable people.

Contribution to SDG 16			
Target	KPI	2020	2021
16.5			
	Percentage of employees who have taken the Responsible Business course	93	85
16.10			
	Privacy of information	SASB TC-TL-220a	SASB TC-TL-220a
	Information security	SASB TC-TL-230a	SASB TC-TL-230a
16.a			
	Corporate volunteering (people)	56,472	59,054



The United Nations has identified our sector as strategic to achieving more than half of the targets defined in the 2030 Agenda, including two specific targets related to our ability to take broadband and digitalisation everywhere.

According to internal analyses, we estimate that the deployment of fibre optics, for example, together with the development of digital services in rural areas, can **increase average annual income by up to 3.9%, and reduce the unemployment rate by approximately 1%**, through the promotion and creation of service companies. Similarly, digitalisation could help **increase the productivity of SMEs by 15-25%**.

Thanks to our transformative capacity, we also work to foster national and international collaboration with other organisations also committed to sustainable development.

> Main lines of action for SDG 17

Foster global partnerships and increase Internet use and broadband access to ensure the benefits of digital transformation.

TARGET 17.6 (UNSTATS indicator 17.6.2) - Increase the number of fixed broadband Internet subscribers in all regions where we operate.

TARGET 17.8 (UNSTATS indicator 17.8.1) - Foster collaboration with other organisations to innovate and increase access to, and the use of, technology and digitalisation in all areas of society.

Contribution to SDG 17			
Target	KPI	2020	2021
17.6			
	Number of fixed broadband subscribers	20,077	25,833
17.8			
	Penetration of LTE service in the customer base	85	90