

Press release

2022 Consolidated Management Report

Telefónica reduces emissions from its operations by 80% through renewable energy and efficient technology

- The telco has set the goal of achieving net zero emissions by 2040, including its value chain, being the first telco to be validated by the Science-Based Targets initiative (SBTi) and 10 years ahead of international agreements.
- Telefónica meets its sustainability targets and in recent years has demonstrated an annual contribution of at least €95 billion to the Sustainable Development Goals (SDG).
- Diversity and inclusion management is key to attracting and retaining talent, the Company has set a target of doubling the number of employees with disabilities by 2024.
- Telefónica reinforces its commitment to sustainable financing as a pioneer in the sector and increases its target to represent between 30% and 35% of total financing by 2024.

Madrid, 23 March 2023 -Telefónica has reduced its operational CO₂ emissions (scopes 1 and 2) by 80% since 2015 through the introduction of more efficient technologies and the use of renewable energy at 100% of its facilities in Europe, Brazil, Chile and Peru. In this way, the telco has achieved the target set for 2030 eight years ahead of schedule, as stated in its [Consolidated Management Report 2022](#).

With the achievement of this and other objectives, the Group meets its 2022 targets, and strengthens its ESG (Environmental, Social, Governance) commitment. Telefónica is aligned with the principles of the United Nations Global Compact and the Sustainable Development Goals (SDGs).

“We are living in extraordinary times, marked by the need to accelerate the digital, energy, green and educational transitions, among others. These transformations go hand in hand and are supported by powerful technologies like the Internet of Things, artificial intelligence, the metaverse, web3 and crucially, telecommunication networks”, says José María Álvarez-Pallete, Chairman and CEO of Telefónica. He continues: "People-centric

Telefónica, S.A.

Dirección de Comunicación Corporativa

email: prensatelefonica@telefonica.com

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digitalisation helps us to progress while respecting the limits our planet. Telefónica's mission to 'make our world more human, by connecting lives' is not just an inspiring principle, but a company-wide commitment to sustainability".

Greener

Telefónica is aligned to environmental SDGs (7, 11 and 13), decoupling its growth from its environmental footprint and helping to decarbonise the economy.

To help limit the global temperature increase to 1.5°C, and a decade ahead of international agreements, Telefónica has set the goal of achieving zero net emissions by 2040, including its value chain, and is the first telco to be validated by the Science-Based Targets initiative (SBTi) under the new Net-Zero standard. In fact, the total decrease in emissions including the three scopes stands at 45% over the last seven years.

This target is not only compatible with network expansion and quality of service, but also allows Telefónica to be more competitive. Thanks to the implementation of more than 100 energy efficiency and management projects, the company has managed to reduce energy consumption by 7.2% compared to 2015, despite the fact that the traffic managed by its networks has increased 7.4 times.

Telefónica's global electricity consumption comes from 82% renewable sources, with a target of 100% by 2030.

To contribute to the digitalisation of its customers, Telefónica, as an integral partner of numerous companies, offers its Eco Smart solutions to help decarbonise the economy. Thanks to the efficiencies generated by connectivity and digital services, the company helped customers avoid 81.7 million tonnes of CO₂ by 2022.

The strategy and actions implemented have allowed the telco to continue to lead in this area and to be part of the A List of the CDP Climate Change index for the ninth consecutive year.

In addition, the company is working to be a Zero Waste company by 2030 through eco-design, circular criteria purchasing, reuse and recycling. In 2022, Telefónica recycled 98% of its waste and reused 4.4 million electronic equipment from operations, offices and customers.

More inclusive

As a global telecommunications operator, Telefónica focuses its key actions on SDG 9 by deploying sustainable, resilient, and quality infrastructures and services with the aim of connecting the highest number of people so that they can benefit from the advantages of digitalisation. Following the main international frameworks, in recent years the Group has

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demonstrated an annual contribution of at least €95 billion to the Sustainable Development Goals (SDGs).

Telefónica continues leading the top position in the world ranking for FTTH deployment (excluding China) with a total of 168.1 million UUII passed by December 2022, 5% more than in the same period of the previous year, of which a total of 64.5 million (+16%) pass through the company's own network.

The Group has 383.1 million accesses worldwide, a year-on-year growth of 3.8%, and broadband coverage for 80-99% for rural population and remote areas in its main markets.

In 2022, Telefónica contributed 45,978 million euros to the GDP of the key countries in which it is present and 7,669 million euros in total tax contribution. In other words, for every 100 euros of turnover, the company spends 19.2 euros in taxes.

In addition, the company is a driving force of progress and job creation in the areas where it operates. Telefónica generates almost 100,000 direct jobs and more than a million additional indirect and induced jobs, so that for every person on its payroll, an additional 9.8 jobs are created in the countries where it operates. The group also contributes to strengthening local economies by supporting key sectors with 83% of purchases from local suppliers, 57% of which are SMEs.

Telefónica is aware that having access to the network is not enough. It is also necessary to address the digital divide by guaranteeing inclusion through training in digital skills and programmes that promote employability. To this end, Telefónica and its Foundation offer different projects within its global Innovation and Talent Hub, such as the new Universitas campus, its corporate university, Escuela 42 and Conecta Empleo.

For Telefónica, diversity and inclusion management is fundamental to attract and retain talent, talent without labels. With this aim, a new corporate target was approved in 2022, which will double the number of people with disabilities in the workforce by 2024. In terms of gender equality, in 2022 the company reached 31.3% of female managers and reduced the adjusted pay gap to 0.7%, reaching the group target for 2024, which was +/- 1%.

The company, which has conducted a human rights/environmental impact assessment following the new national/European due diligence requirements, has obtained numerous recognitions for these advances, such as being part, for the sixth consecutive year, of the Bloomberg Gender-Equality Index or being the first company in the world in the digital technology sector (ICT) for its commitment and initiatives to promote digital inclusion according to the World Benchmarking Alliance.

More exemplary

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Telefónica is aware of the importance of following the best good governance practices. The culture of ethics and compliance is led and promoted from the highest level of the Group with a firm commitment to zero tolerance of corruption. More than 91,000 employees took the new Responsible Business Principles course in just six months.

The focus on the protection of digital rights has led it to lead the Digital Rights Ranking for the third consecutive year. Similarly, the telco requires 100% of its suppliers to carry out their business applying high sustainability standards similar to its own.

The Group has been working for years to align environmental and social sustainability with financial sustainability. Thus, sustainable financing has already reached 27% of the Group's total, and the company has set a new target of between 30% and 35% of the total by 2024.

During 2022, the main sustainability analysts in the market considered Telefónica one of the companies in the sector most committed to ESG, improving the scores received by, among others, Sustainalytics and MSCI.

For more information: [2022 Consolidated Management Report](#)

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