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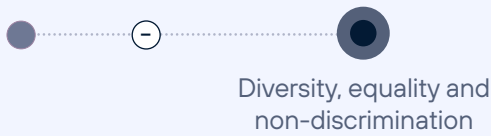
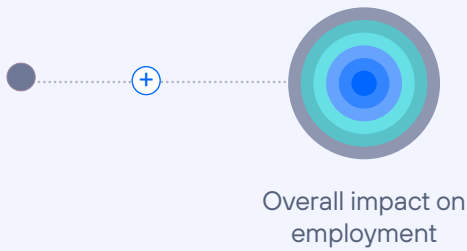
Social contribution.  
Human capital

We promote inclusion, diversity and training for our employees, and we work to ensure that our work environments are safe and have decent working conditions.

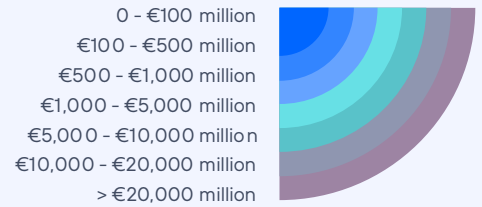
This section contains an analysis of our commitment to promoting the physical, intellectual and economic well-being of our employees.

The specific issues included in this block are:

- Diversity, equality and non-discrimination.
- Labour practices/working conditions and health and safety.
- Ethical conduct and compliance.



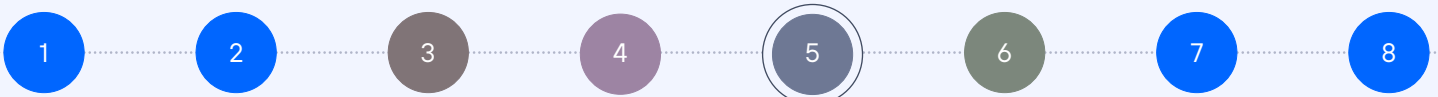
⊕ Positive impacts  
⊖ Negative impacts



Labour practices/working conditions and health and safety



During 2022 Telefónica generated a positive social impact among its employees amounting to €17 billion.





One of the challenges we face in human resources management is the labour ecosystem resulting from the ongoing digital transformation of companies.

In this regard, the diversity and personal and professional growth of our employees is essential. That is why, in addition to our commitment to training, we foster an inclusive culture and leadership style to make sure that our professionals can achieve their full potential.

We want a safe and trusting environment to attract and retain the best talent, and we are committed to developing the skills of our employees.



## 5.1 Overall impact on employment

We seek to promote local employment through our procurement and investments in various sectors and national companies.

The telecommunications sector is a catalyst for business development projects and economic activities that are crucial for job creation. Jobs are a fundamental source of social cohesion and social justice, enabling the

participation of citizens, the distribution of wealth and the guarantee of rights.

Through our activity, we create jobs both directly (our own employees), indirectly (employment in our supply chain) and through induced employment (employment in different sectors of society).



### Calculation

The number of jobs created in the companies and sectors receiving Telefónica's expenditure and investment is multiplied by the value of the average national salary using input-output tables and the macroeconomic variables of the main countries in which we operate.



### Indicators

- Indirect jobs created by Telefónica. <sup>[16]</sup>
- Average salary. <sup>[31] [32]</sup>
- Input-output tables from OECD and national agencies.

### SDG



In 2022, our spending and investments led to the creation of 675,947 indirect jobs in the companies and sectors with which we collaborate, as well as their respective suppliers.

### Stakeholders



Partners and suppliers



Society



## 5.2 Diversity, equality and non-discrimination

We encourage diversity by creating an inclusive environment in which differing individual abilities are recognised and nurtured.

A number of studies suggest that if companies want to compete on the global stage, they must foster a culture of diversity and incorporate people with diverse backgrounds, lifestyles and perspectives into their workforce. It has been proven that when inclusive talent management is implemented, differences in terms of age, ethnicity, gender and other aspects in a team lead to better results <sup>[33]</sup>.

At Telefónica, managing diversity and inclusion helps us to attract and retain high-potential professionals and address principles of social justice. Our system is composed of

internal bodies and figures that monitor progress in this regard and protect people from any kind of discrimination.

For technical reasons, and because gender diversity is currently one of the most important aspects to consider, this indicator focuses on the impact generated as a result of the current makeup of our workforce.



### Calculation

The expected number of women in an equal labour market is estimated and the result is compared with the number of women employed in Telefónica's workforce. The impact is quantified using the average wage in each country.



### Indicators

- Total number of employees. <sup>[7]</sup>
- Number of women in the workforce. <sup>[7]</sup>
- Personnel expenses. <sup>[7]</sup>

### SDGs



### Stakeholders

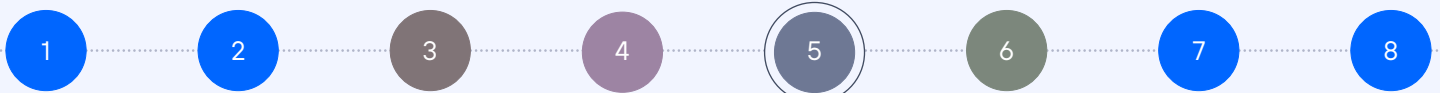


Employees



Society

In six years we have increased the percentage of women managers by almost 11 percentage points, from 20.5% to 31.3%, progressing towards our target of 37% by 2027.



## 5.3 Labour practices/working conditions and health and safety

### 5.3.1 Employee training

We offer training courses on key issues to improve performance and facilitate the integration of all employees.

Studies on the economics of work and education have found that training increases the competitiveness of companies by boosting productivity, innovation, the quality of work and professional commitment. In addition, as technology advances, training can help employees and companies adapt to the latest technological changes. Therefore, employee training contributes to the success and sustainable growth of organisations <sup>[34]</sup>.

professionals have face-to-face and remote courses available to them on occupational health, safety and well-being. Furthermore, we develop annual strategic training programmes on issues such as compliance, privacy, new technologies, digital security, ethics and artificial intelligence, environmental management, accessibility and diversity, effective communication, leadership and time management.

We measure the social impact we generate through the training we offer and the resulting increase in the skills of our employees.

The training and awareness raising of our employees are essential for the strengthening of our culture. Our



#### Calculation

The economic return on the training provided to our employees is calculated using the methodology provided by the Value Balancing Alliance.

After having produced a proxy that reflects the economic benefits of our training offer, the result is multiplied by the number of workers who have benefited from these courses.



#### Indicators

- Total number of employees. <sup>[7]</sup>
- Turnover rate. <sup>[7]</sup>
- Employee age breakdown. <sup>[7]</sup>
- Training ratio. <sup>[35]</sup>
- Training hours per employee. <sup>[7]</sup>
- Mandatory training hours according to national legislation. <sup>[36]</sup>
- Average gross salary. <sup>[7]</sup>
- Return on Capital Invested (ROCE) in training. <sup>[37]</sup>

#### SDGs



#### Stakeholders



Employees



Society

We operate Universitas, one of the best corporate universities in the world. We would have to spend the equivalent of 40 years of working days to complete the training content currently available across Telefónica's training programmes.



### 5.3.2 Wage contribution

We support a wage policy to help our employees have a good quality of life.

The remuneration of our professionals is linked to individual levels of responsibility, leadership and performance in the organisation. Our remuneration approach is demanding and competitive, with the aim of attracting, retaining and motivating professionals. This allows us to meet our

strategic goals, fostering the well-being of our employees and the economic growth of the regions in which we operate.

In this regard, we assess the economic value we generate through the remuneration for our employees.



#### Calculation

The salaries paid to three salary groups (executives, middle management and other professionals) are taken into account, using a minimum cut-off point defined by the minimum wage and applying the full marginal utility adjustment in order to increase the robustness of the calculations.



#### Indicators

- Total number of employees. <sup>[7]</sup>
- Personnel expenses. <sup>[7]</sup>
- Breakdown of employees by job category. <sup>[7]</sup>
- Marginal rate. <sup>[38]</sup>

#### SDG



#### Stakeholders



Employees



Shareholders and analysts

Our aim is to be the best company in the world to work for; a company with diverse talent and flexible working methods that offers personal and professional growth.



### 5.3.3 Health and safety

**We work to have a safe and healthy environment by actively promoting the physical and emotional well-being of our employees.**

Contemporary societies are facing uncertain situations in which environmental, health, social, political and economic crises can endanger people's mental and physical health.

At Telefónica we are aware of the challenges that can arise in terms of health and safety, which is why we are reaffirming our commitment to the well-being of our employees. We have built a strong, people-centred health

and safety culture at all levels, including the working environment, mental well-being, promoting health, physical activity, nutrition and the personal environment. We therefore assess, monitor and prevent risks that may arise in the course of our operations.

In terms of these impacts, we measure our commitment to the health and safety of our professionals.



#### Calculation

We identify incidents and occupational illnesses that may affect our professionals and the costs associated with this.

We measure the investment we make through the health insurance offered to our employees and the Health Utility of Income (HUI) factor, which allows us to determine the number of years of life gained based on the quality of wages earned.



#### Indicators

- Injuries due to accidents at work. <sup>[7]</sup>
- Incidence rate of occupational diseases. <sup>[7]</sup>
- Number of hours worked. <sup>[7]</sup>
- Employees covered by the Health and Safety Management System (HSMS). <sup>[7]</sup>
- Number of employees. <sup>[7]</sup>
- Social cost of occupational injuries and illnesses. <sup>[37]</sup>
- Health and Safety Management System value.
- Statistical value of a year of life. <sup>[39]</sup>
- Minimum living wage. <sup>[40]</sup>
- Well-being gap. <sup>[41]</sup>
- Average salary. <sup>[31] [32]</sup>

#### SDGs



#### Stakeholders



Employees

