

Telefónica's socio-economic contribution 2024

TECHNICAL IMPACT MEASUREMENT REPORT



Introduction

According to the World Meteorological Organisation (WMO), 2024 was the hottest year on record, capping a decade of unprecedented heat driven by human activities. At the same time, the **Sustainable Development Report 2024** highlights the slow progress in achieving the Sustainable Development Goals with a view to ensuring that they are met by 2030.

This situation underscores the urgent need to transform the current economic and social development model.

In this context, the telecommunications and technology sector plays a key role in the transition towards more sustainable models that contribute to minimising resource consumption, reducing emissions, improving the essential services such as education and healthcare, and citizen empowerment, among other benefits.

At Telefónica we are fully aware of our responsibility and the opportunity we have to contribute to this change. Since our inception, we have worked to address social needs, and we remain committed to improving people's quality of life through innovative solutions based on connectivity and digitization.

To achieve meaningful change, it is essential to reform markets, especially capital markets, by redirecting investment flows towards activities that best drive sustainable growth. The effective integration of sustainability criteria in the decision-making processes of investors and financiers is only possible through the monetization of externalities (impacts) and social value generated by companies. This allows these impacts to be incorporated into the quantitative analysis of the economic and social return on investment.

Since 2018, Telefónica has adopted the best available impact measurement methodologies to monetarily quantify our contribution to society. Our goal is to provide the capital market with the necessary information to guide its decisions and thus improve resource allocation in the global economy.

We are confident that the transparency exercise embodied in this report will provide insight into the transformative potential of our company through telecommunications services and new digital technologies. In this way, we aim not only to improve decision-making, but also to contribute to the creation of a more sustainable economic development model.



Results at a glance

In the latest study we have carried out, corresponding to the business conducted during 2023, we have generated a positive impact of more than €113,000 M in the regions where we operate. This highlights the importance of connectivity and the digital transition for both society and the promotion of sustainable economic development.

This achievement reflects our ability to drive sustainability in the telecommunications sector and underlines our contribution to the United Nations 2030 Agenda for Sustainable Development.

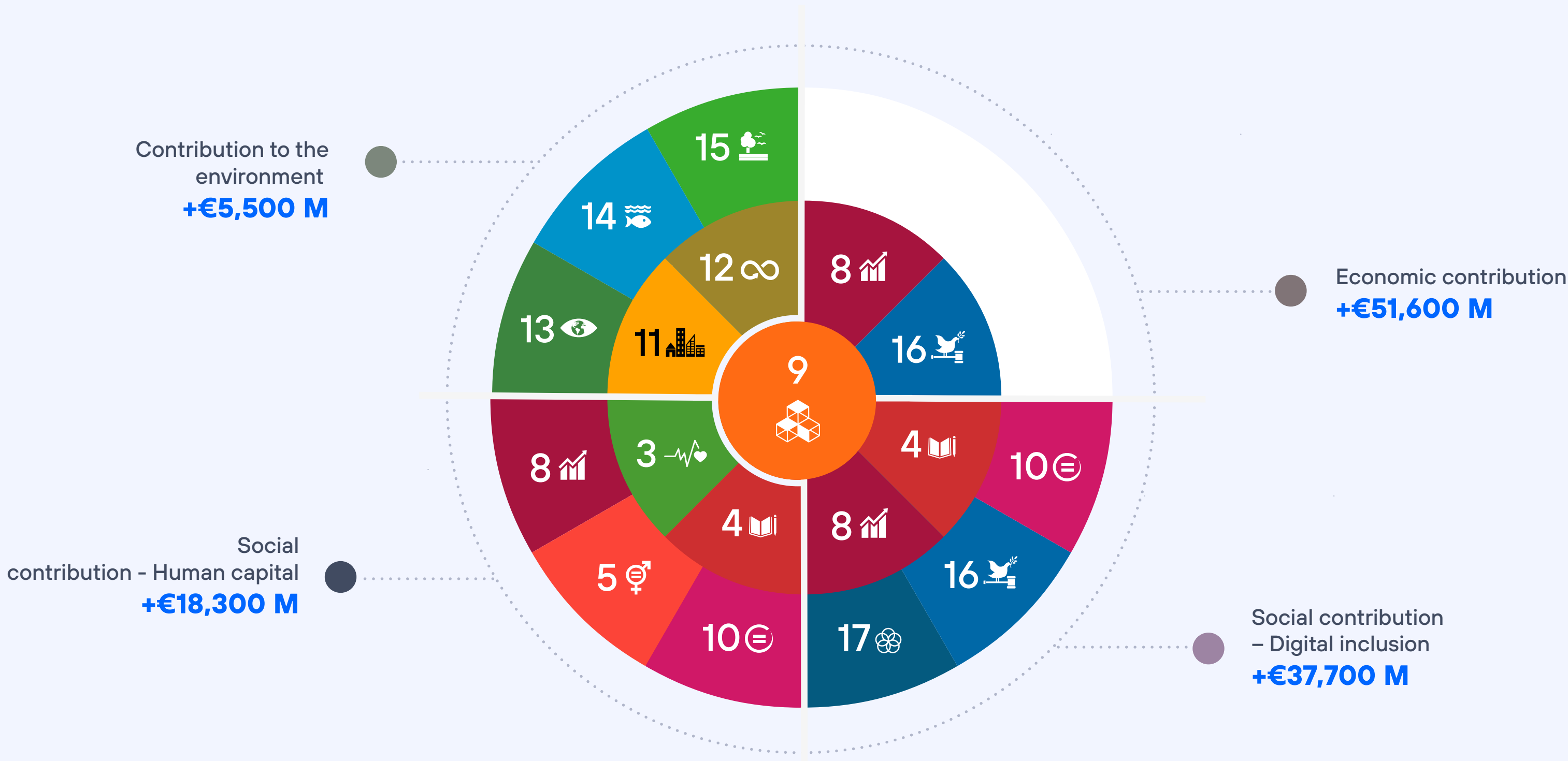
The analysis of our externalities, fully integrated into the company's dual materiality analysis, enables us to understand our effects on society and the environment, driving improvements in our product innovation and decision-making processes.

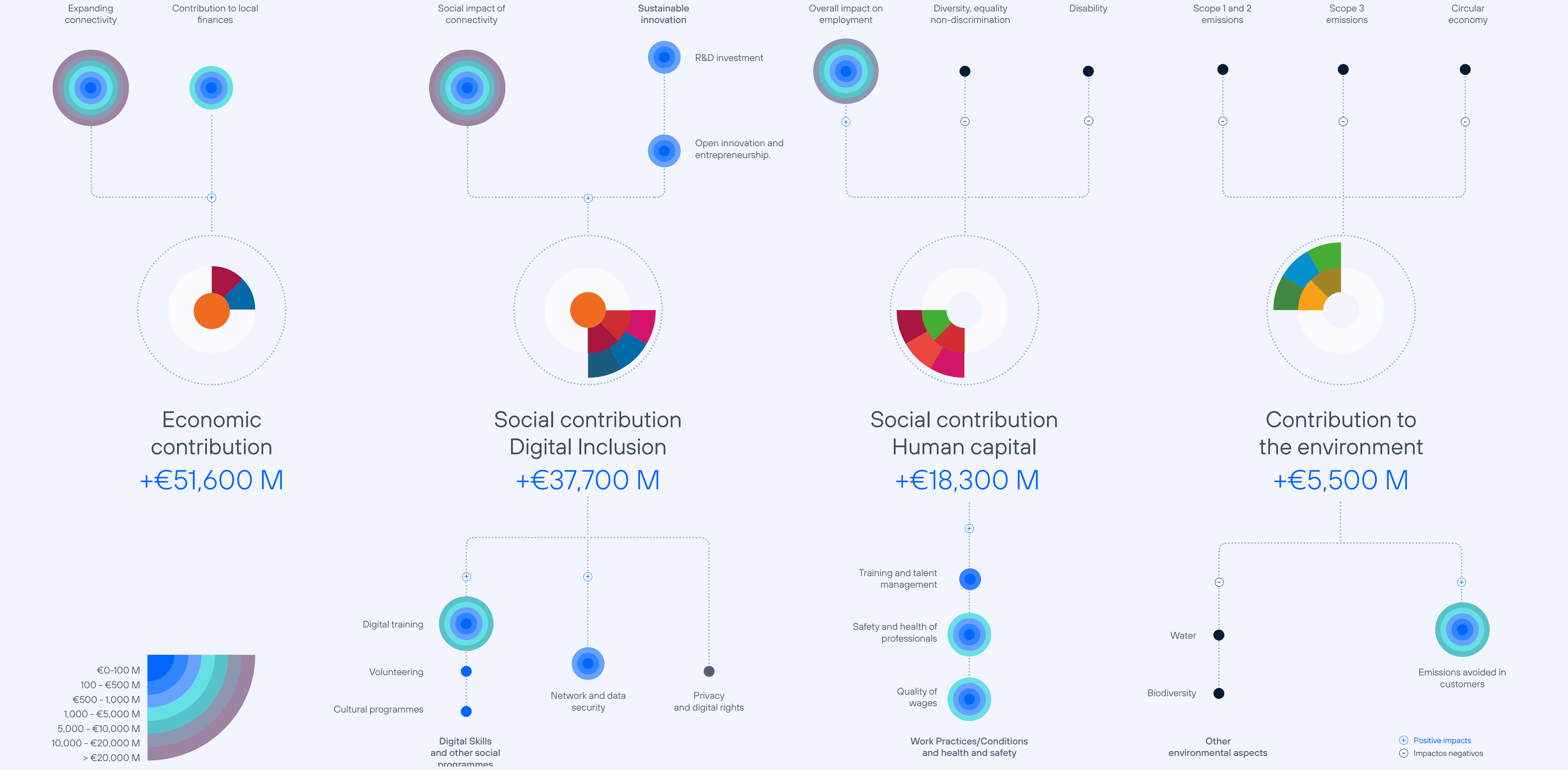
In this way, the impacts we have on people and nature are fully embedded in our business strategy, business model and organisational governance.

The aim is to maximise the economic, human, social and environmental value we generate for our investors, financiers and all stakeholders with whom we interact.

The measurement of our contribution to society is structured around four key pillars:

- Economic contribution
- Social contribution - Digital inclusion
- Social contribution - Human capital
- Contribution to the environment





The following infographic is not accessible. The information is available in accessible format in Annex 1.

Economic contribution

Total contribution: +€51,600 M

Telefónica is part of a strategic industry that drives economic development in the countries where it operates. Our contribution materializes directly, through job creation and value generation via our commercial activities, and indirectly, thanks to the multiplier effect of our supply chain and the digitization of key sectors.

The deployment of telecommunications infrastructure, the development of broadband and connectivity act as key pillars to ensure that people and businesses can benefit from the opportunities of the digital revolution.

Our commitment also includes a significant contribution to public finances through the payment of taxes, fees and social security contributions, establishing us as a key partner for national economies. Together, our activities not only drive the business fabric, but also generate well-being and strengthen the foundations for inclusive and sustainable economic growth.



Main impacts

Main indicators used for the calculation

SDG

Expanding connectivity	Contribution to local finances
<ul style="list-style-type: none">• Direct impact: generated directly by the development of Telefónica's activities.• Indirect impact: generated by expenditure and investment in Telefónica's supply chain• Induced impact: through increased consumption, resulting from increased labour income generated by direct and indirect employment.	<ul style="list-style-type: none">• Input taxes in Germany, Spain, Brazil, Spain, Hispam and the UK
<div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div><div></div></div><div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div></div></div></div>	<div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div><div></div></div><div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div><div></div></div></div>



Social contribution - Digital inclusion

Total contribution: +€37,700 M

Connectivity has transformed society, opening up unprecedented opportunities in education, employment and social participation. However, the telecommunications sector faces significant challenges, such as the persistence of the digital divide, the risks associated with unequal access to technologies and the misuse of digital platforms.

At Telefónica, we actively contribute to reducing these inequalities by deploying infrastructure in urban and rural areas, creating accessible solutions and promoting digital skills. We also recognize the importance of fostering safe and responsible digital environments, especially for the most vulnerable groups. Our commitment is to promote a more equitable and resilient society in the digital age, ensuring that no one is left behind in this transformation process.



Main impacts	Social impact of connectivity	R&D investment	Open innovation and entrepreneurship	Digital training	Volunteering	Cultural programmes	Network and data security	Privacy and digital rights
Main indicators used for the calculation	<ul style="list-style-type: none">• Gross value added to the ICT sector• Turnover and customers• Broadband penetration• Population• GDP per capita• Coverage in rural areas• Access to the network• Consumer surplus• Rural connectivity value	<ul style="list-style-type: none">• R&D investment• Return on R&D investments	<ul style="list-style-type: none">• Direct investment• Open Future+Hubs Wayra Spaces• Survival and growth of start-ups• Number of startups and workers• Minimum wage• Return on investment in entrepreneurship	<ul style="list-style-type: none">• Beneficiaries of the “Profuturo” courses• Trained persons by country• Geographical distribution of investment• Social value of learning	<ul style="list-style-type: none">• Geographical distribution of the number of volunteers• Economic value of the volunteer programme	<ul style="list-style-type: none">• Budget for digital culture programmes• Percentage of digital literacy• Economic return on investment	<ul style="list-style-type: none">• Invoicing of cybersecurity services• Return on Investment (ROI) in cybersecurity	<ul style="list-style-type: none">• Number of customers affected by data breaches• Cost of a data breach
SDG	<div><div>9INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>10REDUCED INEQUALITIES</div></div>	<div><div>9INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>10REDUCED INEQUALITIES</div></div>	<div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div>9INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>10REDUCED INEQUALITIES</div><div>17PARTNERSHIPS FOR THE GOALS</div></div>	<div><div>4QUALITY EDUCATION</div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div>10REDUCED INEQUALITIES</div><div>17PARTNERSHIPS FOR THE GOALS</div></div>	<div><div>4QUALITY EDUCATION</div><div>10REDUCED INEQUALITIES</div><div>16PEACE, JUSTICE AND STRONG INSTITUTIONS</div><div>17PARTNERSHIPS FOR THE GOALS</div></div>	<div><div>4QUALITY EDUCATION</div><div>10REDUCED INEQUALITIES</div><div>17PARTNERSHIPS FOR THE GOALS</div></div>	<div><div>9INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>16PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div>	<div><div>9INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div>

Social contribution - Human capital

Total contribution: +€18,300 M

Human capital is the engine of progress in any society. In the telecommunications sector, its impact is reflected not only in job creation, but also in the promotion of more diverse, equitable and secure working environments. This sector has the capacity to significantly improve working conditions, ensure inclusion and foster the continuous development of individuals.

At Telefónica, we recognize that people are our greatest asset. That is why we develop inclusive, diverse and wellbeing-oriented work environments. We promote policies of work-life balance, continuous learning and training so that our workforce is prepared for the challenges of technological transformation. Our goal is to ensure that technological innovation not only drives business progress, but also the personal and professional development of those who are part of our organization.



Main impacts	Overall impact on employment	Diversity, equality and non-discrimination	Quality of wages	Training and talent management	Safety and health of professionals	Disability
Main indicators used for the calculation	<ul style="list-style-type: none">Direct, indirect and induced employment	<ul style="list-style-type: none">Total number of employeesNumber of women employedStaff costs	<ul style="list-style-type: none">Total number of employeesStaff costsDistribution of employees by professional category/ wage groupMarginal rate	<ul style="list-style-type: none">Number of employeesDistribution of employment and turnover by age groupTraining per employeeInvestment in training per employee	<ul style="list-style-type: none">Injuries due to accidents at workIncidence rate of occupational diseasesNumber of hours workedEmployees covered by the health and safety management system (HSMS)Number of employeesSocial cost of injury and illnessSocial value of the HSMSStatistical value of a year of lifeMinimum Living WageWelfare gapAverage wage	<ul style="list-style-type: none">Total number of people with disabilitiesTotal number of employees and by regionPopulation with disabilities globally and by regionProductivity gains from full inclusion
SDG		 		 	 	

Contribution to the environment

Total contribution: +€5,500 M

Telecommunications are responsible for major environmental impacts, especially those associated with the energy consumption of technological equipment and the consumption of raw materials and management of waste at the end of its life cycle.

However, they also have a strong capacity to contribute to the decarbonization and dematerialization of processes and products through digitalization, and to generate key technologies for better monitoring and management of natural resources and ecosystems.

Telefónica is committed to minimizing, mitigating and, where appropriate, offsetting the negative environmental impacts associated with its processes and products, as well as developing solutions that can benefit the environment.



Main impacts	Emisiones de alcance 1 y 2	Scope 3 emissions	Waste management and recycling	Water	Biodiversity	Emissions avoided in customers
Main indicators used for the calculation	<ul style="list-style-type: none">Emissions generated (scopes 1 and 2)Emissions avoided by the use of renewablesEmissions offsetEmissions reuse of equipmentSocial cost per tonne of CO₂.	<ul style="list-style-type: none">Emissions generated (scope 3)Social cost of one tonne of CO₂.	<ul style="list-style-type: none">Amount of wasteManagement method	<ul style="list-style-type: none">Net water consumptionAWARE FactorCost of production and delivery of waterCost of waste water treatment	<ul style="list-style-type: none">Number of assets 2021 and 2023Surface area impacted by Telefónica’s activities 2021Biodiversity impact 2021Inflation 2021-2023	<ul style="list-style-type: none">Tonnes of CO avoided by customersSocial cost of one tonne of CO₂.
SDG		 	  	 	  	 

Methodological guidelines

Impact measurement and assessment is an evolving practice that seeks to quantify and evaluate the impact of companies on society.

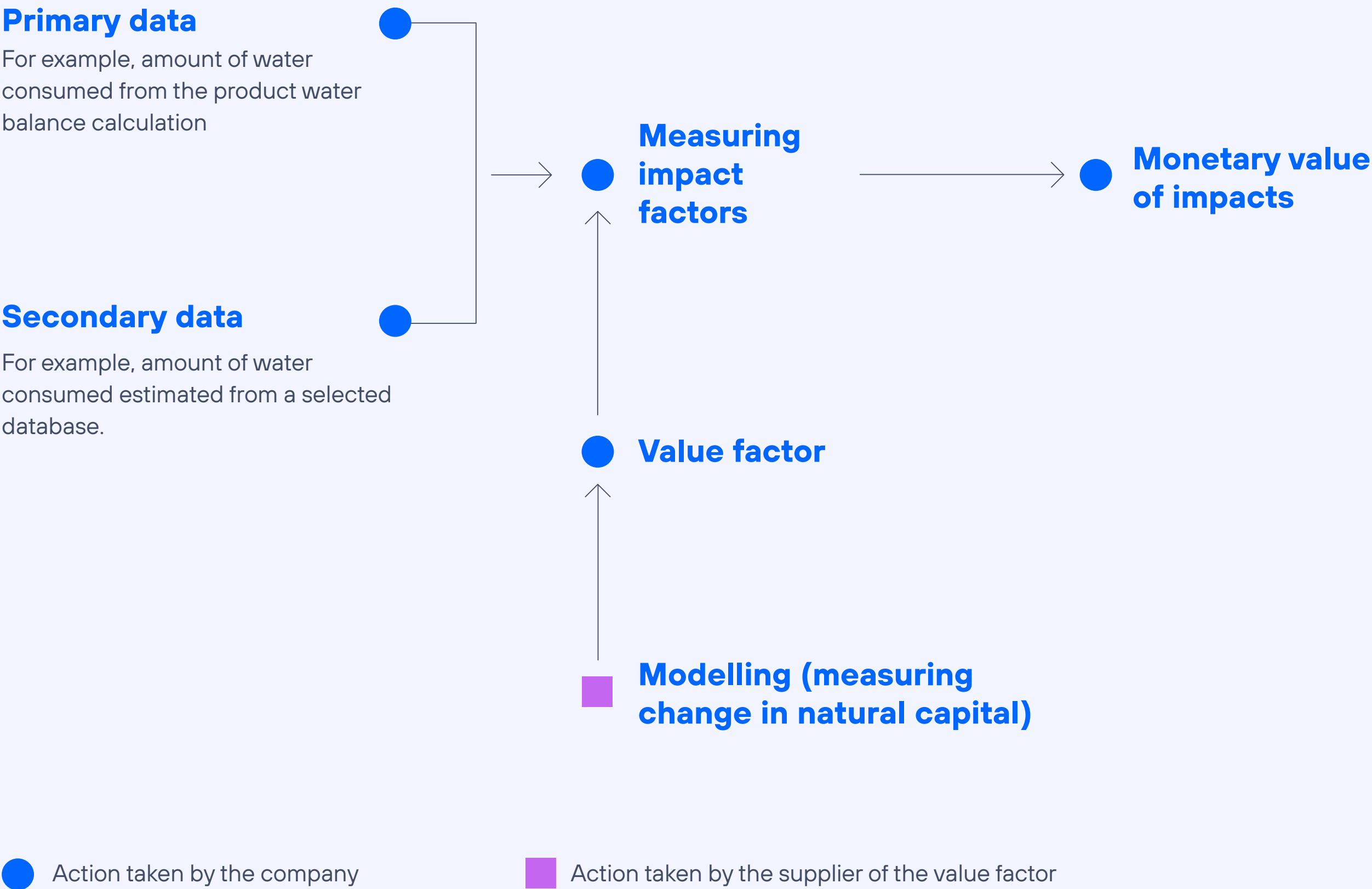
The impact analysis we have carried out is based on the identification of the most significant externalities of our activities, for their subsequent valuation in monetary terms. This approach allows all effects to be expressed in a common unit, thereby making it easier to compare, prioritise and manage impacts more effectively.

To achieve this, we have followed guidelines from leading institutions such as **Harvard Business School, Value Balancing Alliance, World Business Council for Sustainable Development and Capitals Coalition**. These organisations have developed widely recognized methodological frameworks and provide a solid basis for companies to quantify their impacts.

The Capitals Coalition, in collaboration with the VBA and the WBCSD, published the General Guidance on Applying the Natural Capital Management Accounting Methodology report, which outlines the impact measurement process. According to this publication, the steps to follow are:

- 1. Collect relevant data.
- 2. Apply appropriate methodologies to identify impact pathways.
- 3. Obtain value factors.
- 4. Multiply data by value factors.

The figure on the right provides a graphical summary of this process.



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Pillar	Externality	Magnitude of the impact (€ million)
Economic contribution	Expanding connectivity	> €20,000 M
Economic contribution	Contribution to local financers	€1,000 - 5,000 M
Social contribution - Digital inclusion	Social impact of connectivity	> €20,000 M
Social contribution - Digital inclusion	R&D investment	€500 - 1,000 M
Social contribution - Digital inclusion	Open innovation and entrepreneurship	€500 - 1,000 M
Social contribution - Digital inclusion	Digital training	€5,000 - 10,000 M
Social contribution - Digital inclusion	Volunteering	€0 - 100 M
Social contribution - Digital inclusion	Cultural programmes	€0 - 100 M
Social contribution - Digital inclusion	Network and data security	€500 - 1,000 M
Social contribution - Digital inclusion	Privacy and digital rights	€0 M
Contribución social – Capital humano	Overall impact on employment	€10,000 - 20,000 M
Social contribution - Human capital	Diversity, equality and non-discrimination	Negative
Social contribution - Human capital	Quality of wages	€1,000 - 5,000 M
Social contribution - Human capital	Training and talent management	€100 - 500 M
Social contribution - Human capital	Health and safety of professionals	€1,000 - 5,000 M
Social contribution - Human capital	Disability	Negative
Contribution to the environment	Scope 1 and 2 emissions	Negative
Contribution to the environment	Scope 3 emissions	Negative
Contribution to the environment	Waste management and recycling	Negative
Contribution to the environment	Water	Negative
Contribution to the environment	Biodiversity	Negative
Contribution to the environment	Emissions avoided by our solutions	€5,000 - 10,000 M

