

# Telefónica's socio-economic contribution

2024





# 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 transform 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 2024, we have generated a positive impact of around €100,000M 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**



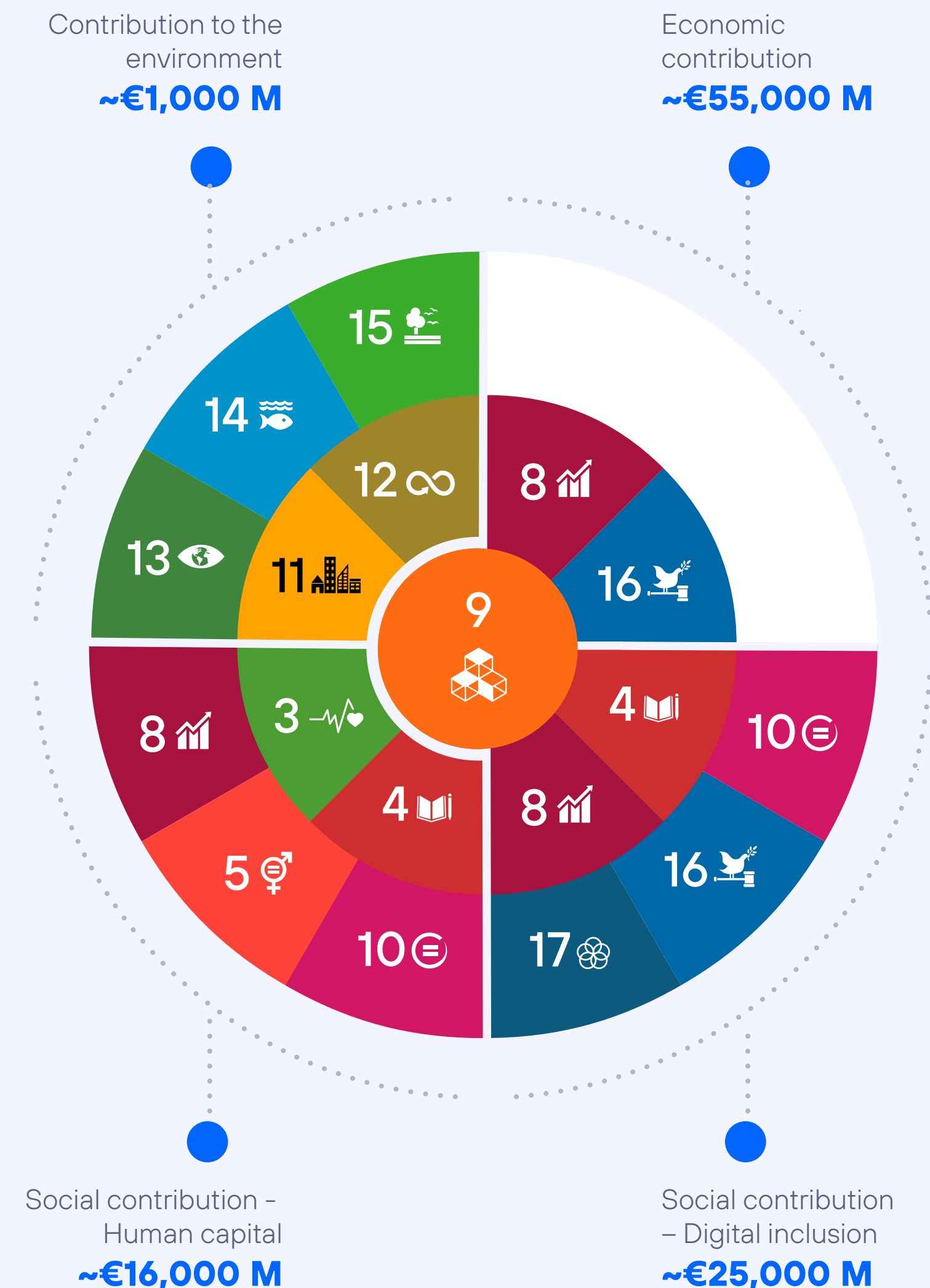
**Social contribution - Digital inclusion**



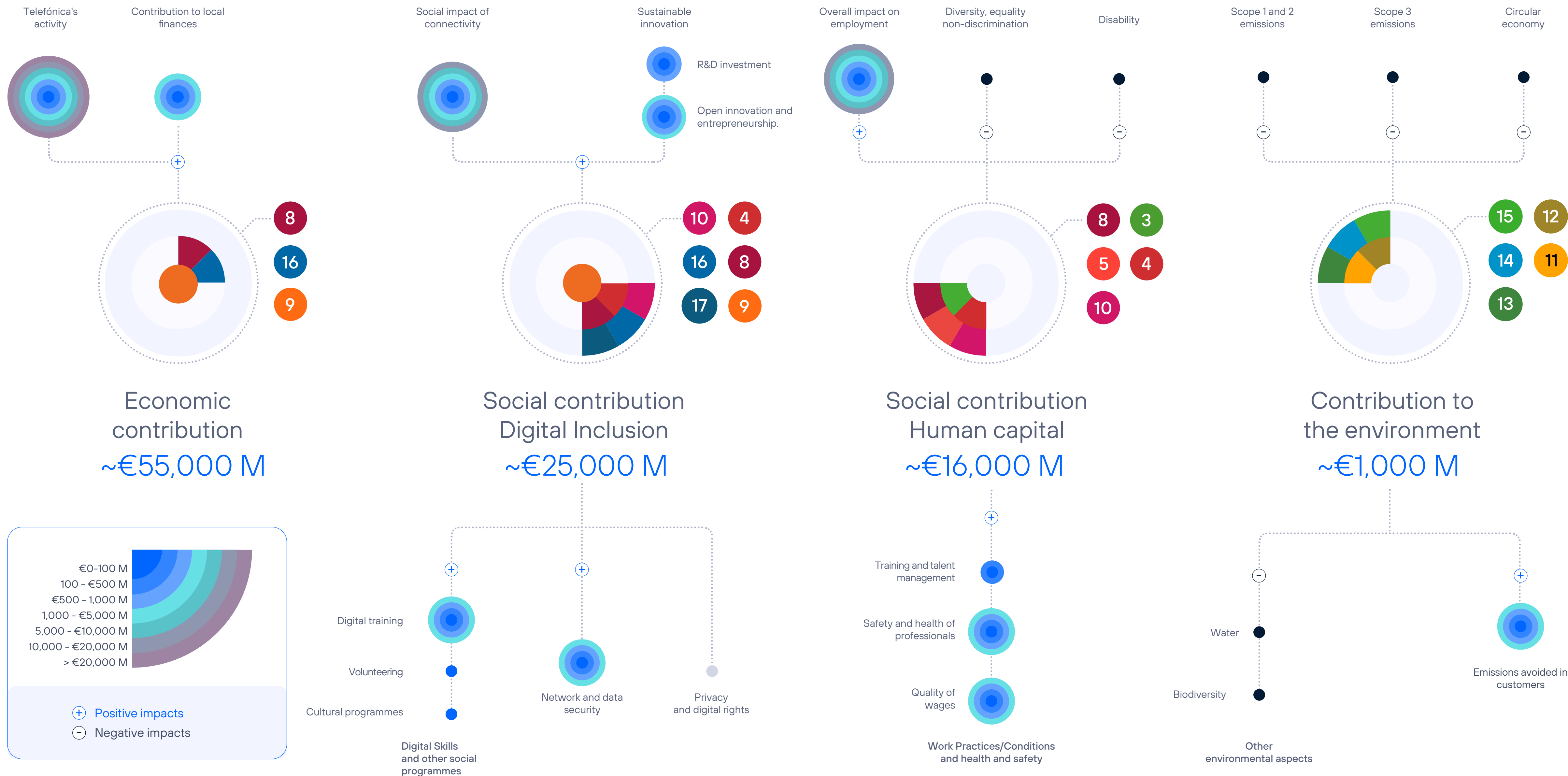
**Social contribution - Human capital**



**Contribution to the environment**







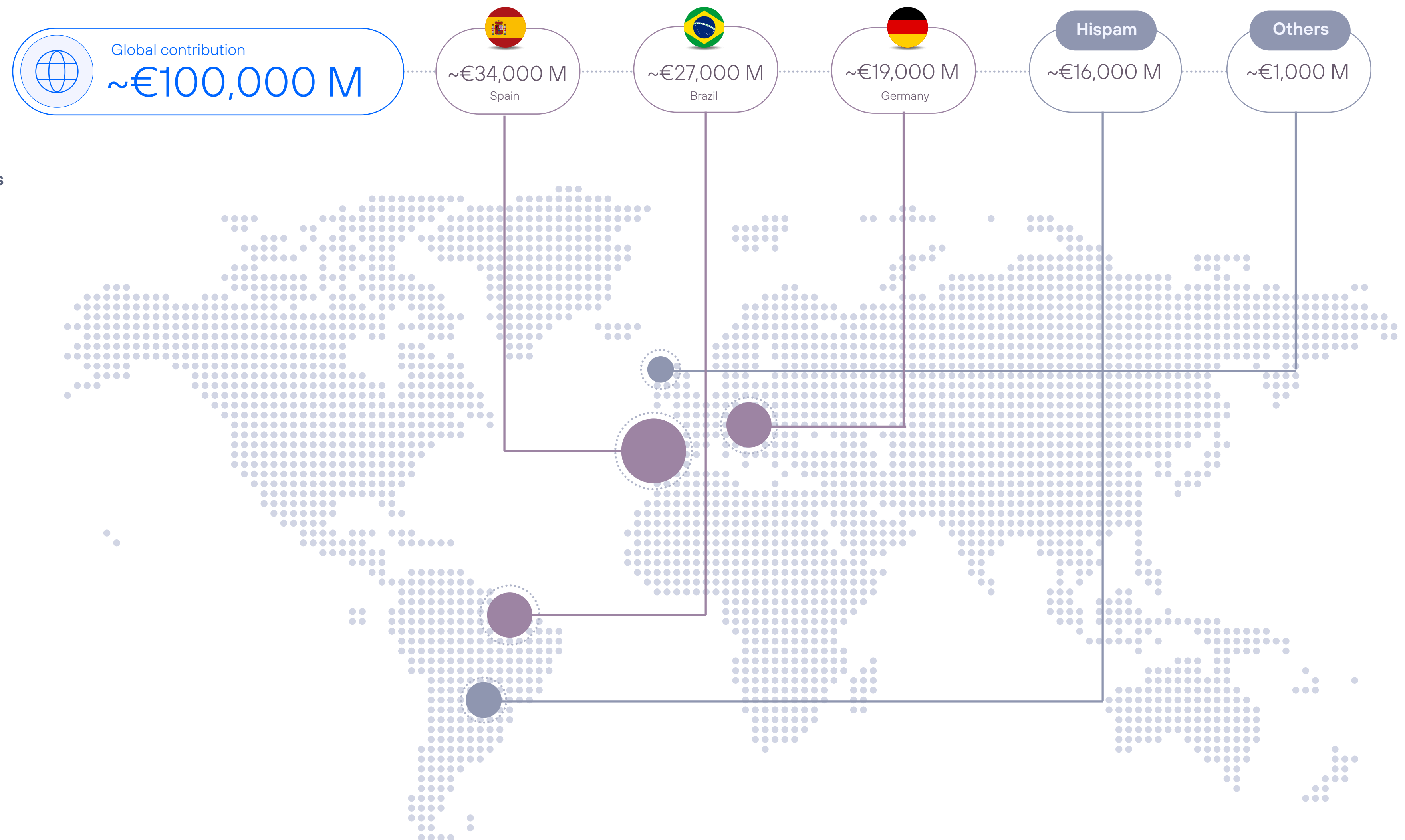


# Contribution by geography

The Group directly offers telecommunications services in twelve countries in Europe and Latin America, although it has a presence and presence in more than 170 countries around the world.

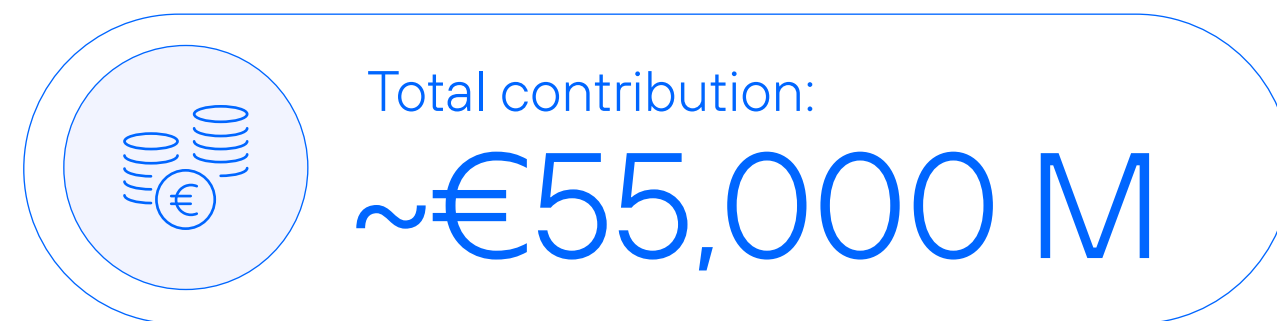
The following figure highlights our contribution in the regions mentioned above.

The contribution generated is distributed in a fairly similar way to the Telefónica Group's revenue distribution in the year 2024 in the regions considered, which shows a direct correlation with the local development of the communities in which we operate.





## Total contribution



**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.





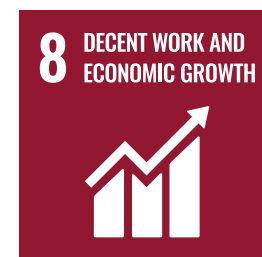
## Main impacts

## Main indicators used for the calculation

## SDG

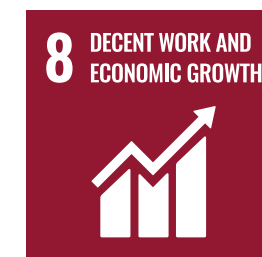
### Telefónica's activity

- Direct impact
- Indirect impact
- Induced impact



### Contribution to local finances<sup>1</sup>

- Taxes borne in the countries where we operate



<sup>1</sup> The taxes borne by the companies that make up the Telefónica Group are added up, excluding the taxes collected. This is because the taxes borne are those that tax the company's activity, and therefore can directly support public treasuries.



# Contribution to Gross Domestic Product (GDP)

At Telefónica we contribute to the economic growth of the areas in which we operate mainly through the connectivity and communications services we offer.

Through investments in communications infrastructure and telecommunications services operations, we create added value in the societies in which we operate.

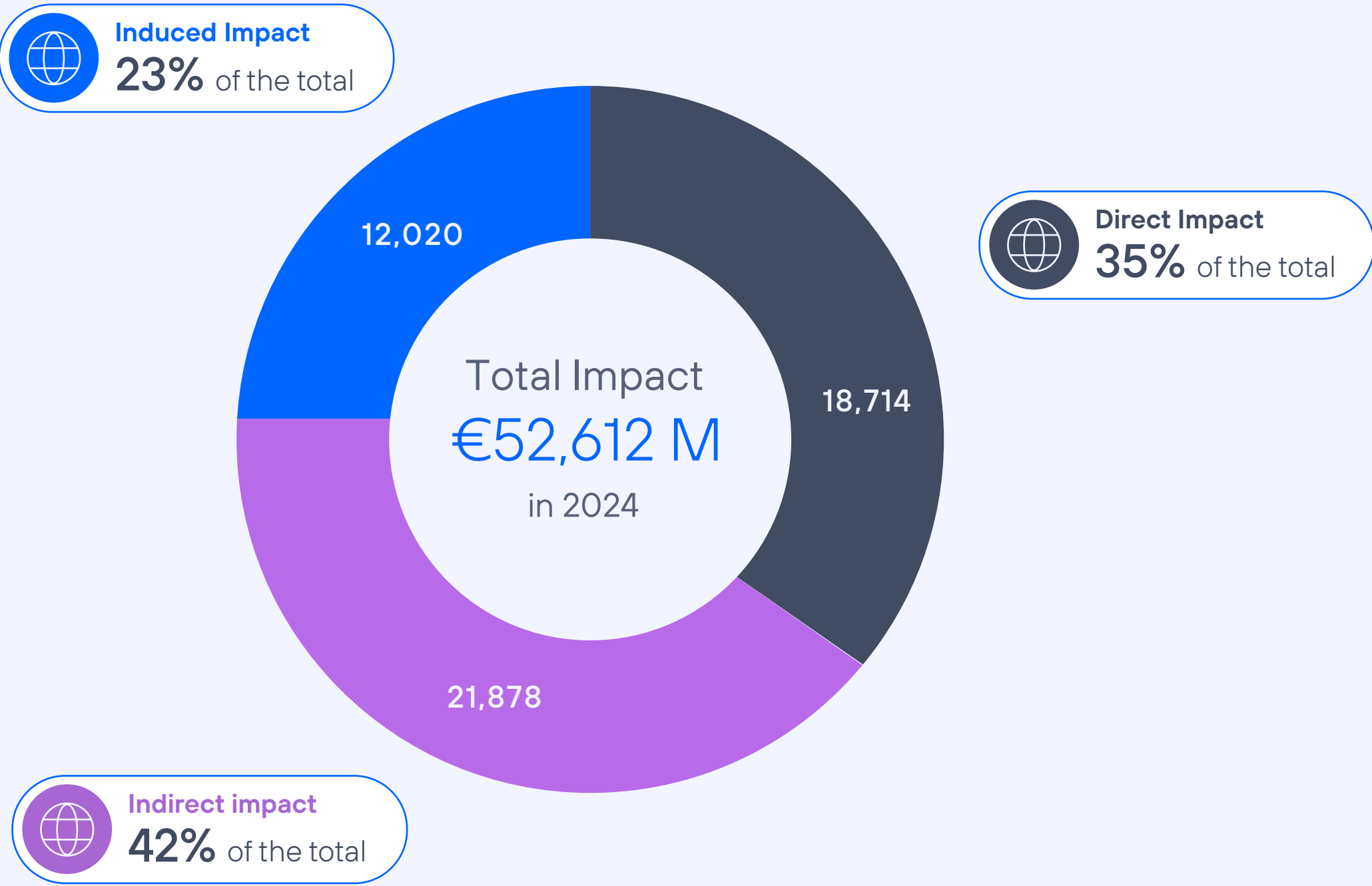
In 2024, we contributed €52,612 million to the GDP of the countries in which we operate, thanks to our corporate activity and the investments and expenditures made in the countries.

Telefónica's impact on GDP is 0.36% of the GDP of the main countries in which we operate.




## Definitions

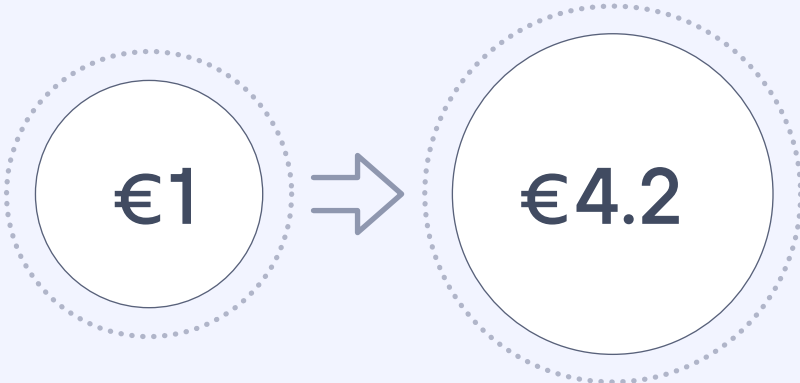
### Impact on GDP

- Total impact:** total impacts generated by our corporate activity and the expenses and investments we make in the countries where we operate.
- Direct impact:** impacts generated directly by the development of our activity.
- Indirect impact:** impacts generated by the expenses and investments made throughout our supply chain.
- Induced impact:** impacts generated by increased consumption, derived from the increase in labor income generated by direct and indirect employment.



GDP contribution to each country's GDP (%):

 Spain	 Germany	 Brazil	HISPAM
1.27%	0.19%	0.85%	0.21%



For every euro of gross operating margin earned in 2024, €4.2 was generated, contributing to the GDP of the main countries in which we operate.



# Contribution to local finances

At Telefónica, we promote the well-being of the regions in which we operate by supporting local economies through corporate taxes and other specific contributions.

In this impact we quantify our contribution to local treasuries through the corporate taxes we pay and other fiscal contributions, such as fees (for use of the public domain, for financing the radio and television corporation, among others), local taxes and social security payments, as well as other similar contributions in the different countries.

€2,583M

In taxes borne in the fiscal year 2024

Tax Contribution by Country 2024

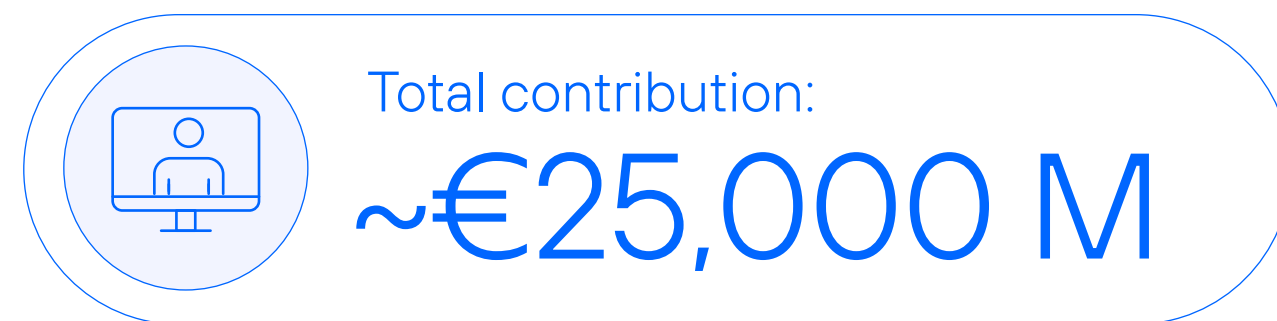
Millions of euros	Taxes borne	Taxes collected	Total
Germany	295	937	1,232
Brazil	581	1,820	2,401
Spain	775	2,033	2,808
Hispania	847	1,003	1,850
Others	85	71	156
TOTAL	2,583	5,864	8,447



For every 100 euros of revenue, we allocate 20.4 euros to the payment of taxes (6.2 to taxes borne and 14.2 to taxes collected).



## Social contribution - Digital inclusion



**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.

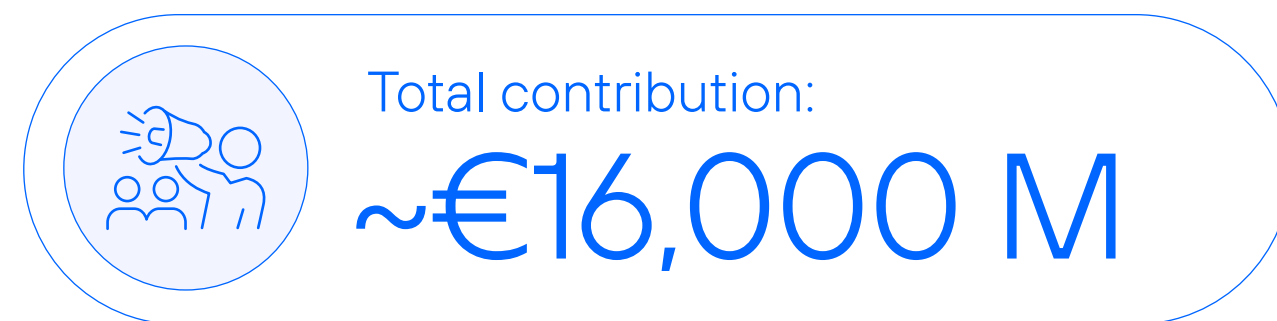




Main impacts	Social impact of connectivity	R&D investment	Open innovation and entrepreneurship	Digital training	Volunteering	Cultural programmes	Network and data security	Privacy and digital rights
Main indicators used for the calculation	<ul style="list-style-type: none"><li>Gross value added to the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



## Social contribution - Human capital



**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	Contribution to employment <sup>1</sup>	Diversidad, igualdad y no discriminación	Calidad de los salarios	Formación y gestión del talento	Seguridad y salud de los profesionales	Discapacidad
Main indicators used for the calculation	<ul style="list-style-type: none"><li>Indirect employment</li></ul>	<ul style="list-style-type: none"><li>Total number of employees</li><li>Number of women employed</li><li>Staff costs</li></ul>	<ul style="list-style-type: none"><li>Total number of employees</li><li>Staff costs</li><li>Distribution of employees by professional category/ wage group</li><li>Marginal rate</li></ul>	<ul style="list-style-type: none"><li>Number of employees</li><li>Turnover rate</li><li>Training per employee</li><li>Investment in training per employee</li></ul>	<ul style="list-style-type: none"><li>Injuries due to accidents at work</li><li>Incidence rate of occupational diseases</li><li>Number of hours worked</li><li>Employees covered by the health and safety management system (HSMS)</li><li>Number of employees</li><li>Social cost of injury and illness</li><li>Social value of the HSMS</li><li>Statistical value of a year of life</li><li>Minimum Living Wage</li><li>Welfare gap</li><li>Average wage</li></ul>	<ul style="list-style-type: none"><li>Total number of people with disabilities</li><li>Total number of employees and byregion</li><li>Population with disabilities globally and by region</li><li>Productivity gains from full inclusion</li></ul>
SDG	<div>8 DECENT WORK AND ECONOMIC GROWTH</div>	<div>5 GENDER EQUALITY</div> <div>10 REDUCED INEQUALITIES</div>	<div>8 DECENT WORK AND ECONOMIC GROWTH</div>	<div>4 QUALITY EDUCATION</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div>	<div>3 GOOD HEALTH AND WELL-BEING</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div>	<div>10 REDUCED INEQUALITIES</div>

1 The number of jobs generated in the companies and sectors that receive Telefónica's expenditures and investments is multiplied by the value of the national average salary using input-output tables and macroeconomic variables from the main countries in which we operate.



# Contribution to employment

We seek to promote local employment through our purchases and investments in different sectors and national companies.

The telecommunications sector is a driver of business development projects and economic activities that are crucial for job creation. Work functions as a factor of cohesion and social justice, enabling citizen participation, wealth distribution and the guarantee of rights.

In 2024, we generated 1,068,357 jobs in the countries where we operate. Thanks to our corporate activity and the investments and expenditures made in those countries.

Telefónica represents 0.32% of the total number of people employed in the main countries where we operate.

## Definitions

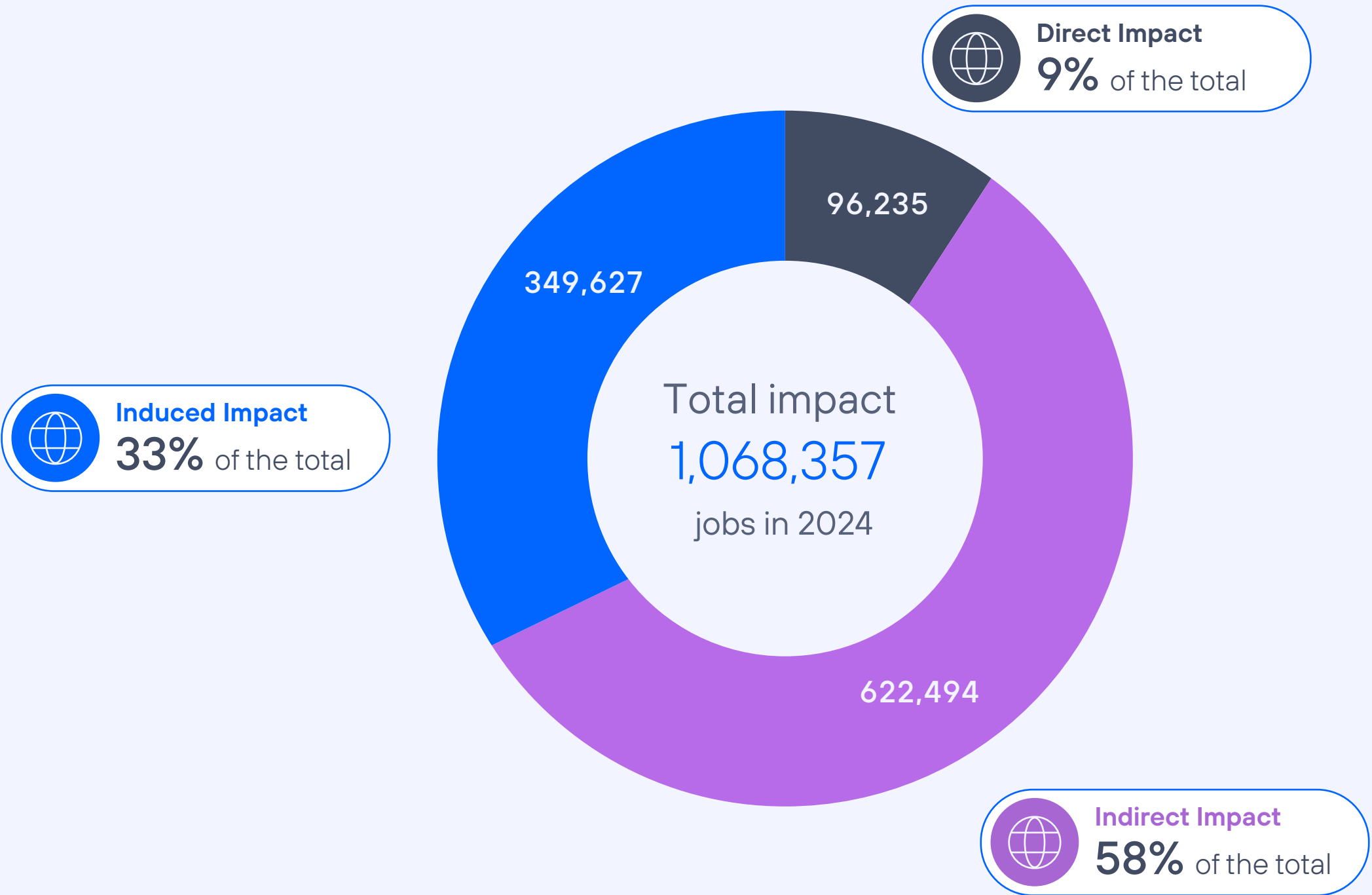
### Impact on employment

**Total impact:** total impacts generated by our corporate activity and the expenses and investments we make in the countries where we operate.




**Direct impact:** directly hired employees.

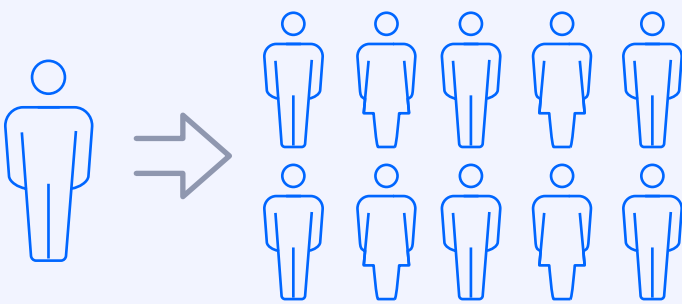
**Indirect impact:** jobs generated in those companies and sectors that receive our expenses and investments and by their respective suppliers.

**Induced impact:** jobs generated in all economic sectors thanks to the economic activity induced in the market as a whole.



Percentage of Telefónica Group employees by country (%):

 Spain	 Germany	 Brazil	HISPAM
0.90%	0.11%	0.61%	0.15%



For every person we hire in the workforce, we additionally generate more than 10 indirect and induced jobs.



## Contribution to the environment



**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.

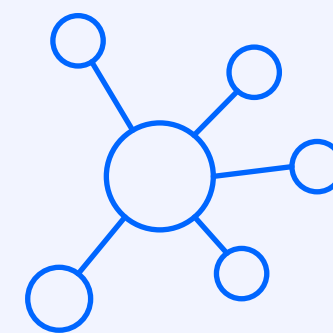
Telefónica is committed to minimizing, mitigating and, where appropriate, offsetting the negative environmental impacts associated with its processes and products, as well as developing solutions that can benefit the environment.





Main impacts	Scopes 1 and 2 emissions	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"><li>Emissions generated (scopes 1 and 2)</li><li>Emissions avoided by the use of renewables</li><li>Emissions offset</li><li>Emissions reuse of equipment</li><li>Social cost per tonne of CO<sub>2</sub></li></ul>	<ul style="list-style-type: none"><li>Emissions generated (scope 3)</li><li>Social cost of one tonne of CO<sub>2</sub></li></ul>	<ul style="list-style-type: none"><li>Amount of waste</li><li>Management method</li></ul>	<ul style="list-style-type: none"><li>Net water consumption</li><li>AWARE Factor</li><li>Cost of production and delivery of water</li><li>Cost of waste water treatment</li></ul>	<ul style="list-style-type: none"><li>Number of assets 2021 and 2024</li><li>Surface area impacted by Telefónica’s activities 2021</li><li>Biodiversity impact 2021</li><li>Inflation 2021-2024</li></ul>	<ul style="list-style-type: none"><li>Tonnes of CO<sub>2</sub> avoided by customers</li><li>Social cost of one tonne of CO<sub>2</sub></li></ul>
SDG	<div>13 CLIMATE ACTION</div>	<div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>13 CLIMATE ACTION</div>	<div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>13 CLIMATE ACTION</div>	<div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>13 CLIMATE ACTION</div>	<div>13 CLIMATE ACTION</div> <div>14 LIFE BELOW WATER</div> <div>15 LIFE ON LAND</div>	<div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>13 CLIMATE ACTION</div>





## Other contribution indicators



# Direct economic value generated and distributed

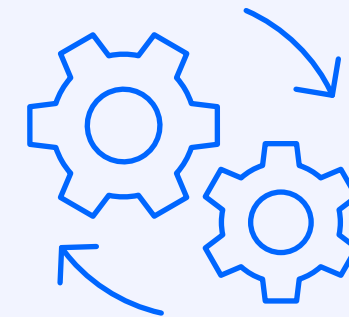
We have calculated the Direct Economic Value Generated and Distributed (DGEV) during the year, following the recommendations of the Global Reporting Initiative (GRI).

Information on the creation and distribution of economic value indicates the way in which our Company has generated wealth for the different stakeholders.

Millions of euros	2024
Direct economic value generated (revenues)	43,007
Economic value distributed	37,944
Operational costs	25,931
Salaries and employee benefits	5,882
Payments to capital providers	3,507
Payments to governments	2,583
Investments in the community	41
Economic Value retained (direct economic value generated - economic value distributed)	5,063







## Methodological lines



# Methodological guidelines

## Total contribution measurement

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

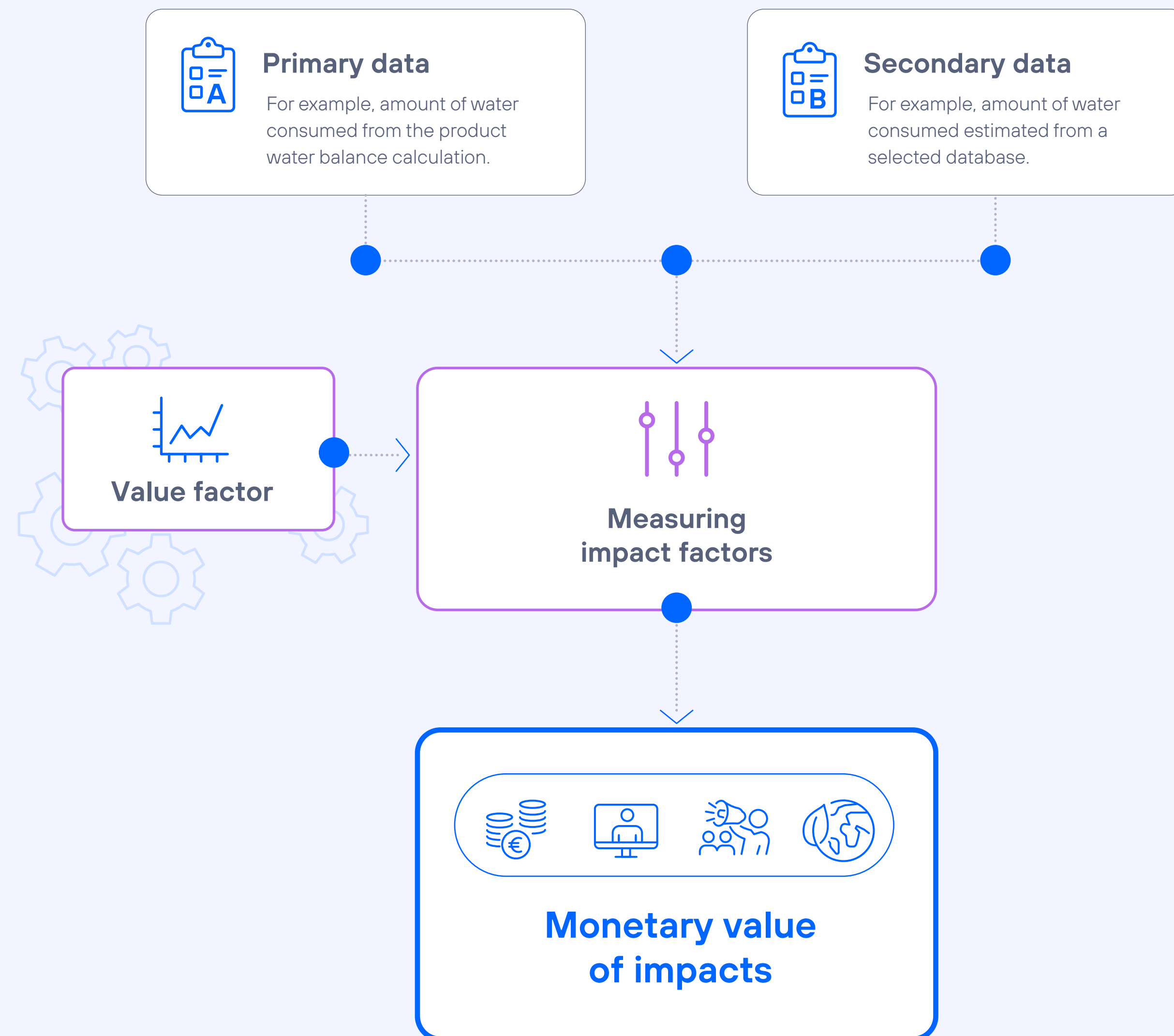
The impact analysis we have carried out is based on the identification of the most significant externalities of our activities, for their subsequent valuation in monetary terms. This approach allows all effects to be expressed in a common unit, thereby making it easier to compare, prioritise and manage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





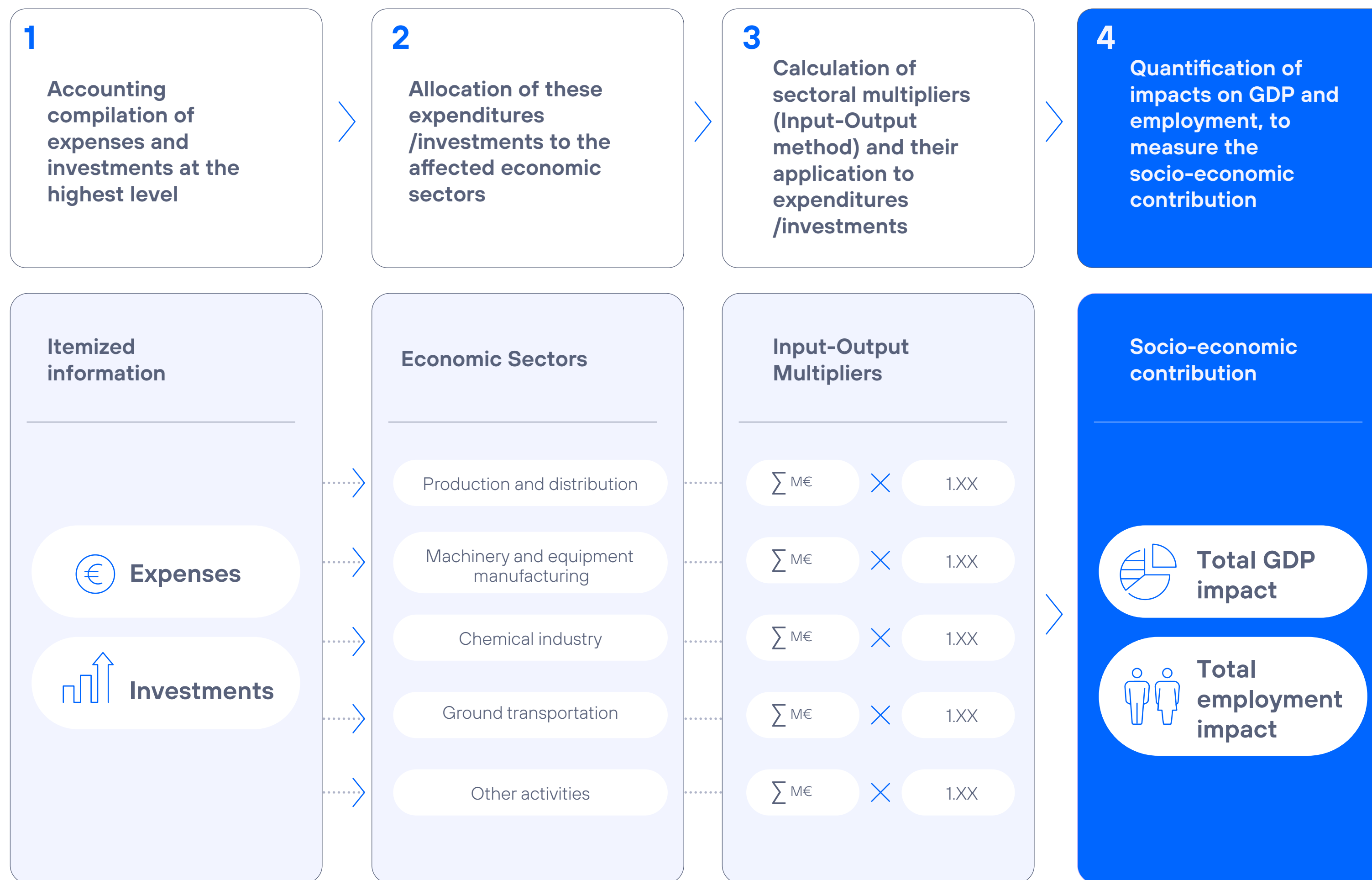
# Methodological lines

## Measurement of contribution to GDP and employment

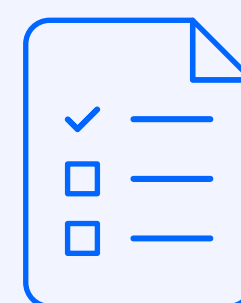
Telefónica's direct contribution to the GDP of each of the countries analyzed was estimated using the Gross Value Added (GVA) as a reference.

The estimation of indirect and induced impacts is based on information on Telefónica's expenditures and investments.

The procedure for estimating indirect and induced impacts based on these expenditures and investments is shown schematically below:







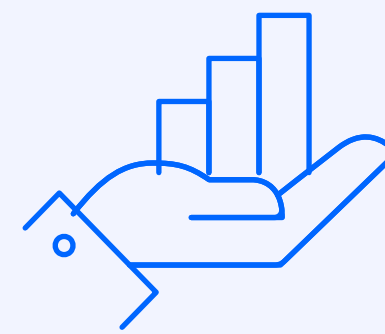
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## Annex



Pillar	Externality	Magnitude of the impact
Economic contribution	Telefónica's activity	> €20,000 M
Economic contribution	Contribution to local financers	€1,000 – 5,000 M
Social contribution - Digital inclusion	Social impact of connectivity	€10,000 – 20,000 M
Social contribution - Digital inclusion	R&D investment	€500 – 1,000 M
Social contribution - Digital inclusion	Open innovation and entrepreneurship	€1,000 – 5,000 M
Social contribution - Digital inclusion	Digital training	€1,000 – 5,000 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	€1,000 – 5,000 M
Social contribution - Digital inclusion	Privacy and digital rights	€0 M
Contribución social – Capital humano	Contribution to the 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 in customers	€1,000 – 5,000 M



