



# Environmental information





## 2.8.

# European Taxonomy for sustainable activities



### 2.8.1. Regulatory requirements

As part of the Action Plan on Financing Sustainable Growth and the European Union's Green Deal, the Taxonomy Regulation (EU) 2020/852 lays the foundation for a classification system that allows an economic activity to be recognised as sustainable. It aims to redirect capital flows to achieve a more competitive, circular and climate-neutral economy by 2050.

According to the Regulation, Telefónica must disclose key performance indicators (KPIs) that reflect the eligible and aligned proportion of turnover, capital expenditure (CapEx) and operating expenditure (OpEx), as applicable, associated with sustainable economic activities.

The process applied to calculate the indicators is detailed below, along with key aspects relating to accounting policy, compliance with Regulation (EU) 2020/852 and its complementary Delegated Regulations, and the relevant annexes. In addition, the necessary contextual information is provided to facilitate a proper understanding of the results.

In January 2026, a new Delegated Regulation (Omnibus) was approved and entered into force, aimed at simplifying the content and presentation of Taxonomy-related information. Telefónica has adapted its reporting process to align with the new criteria set out in the Regulation.

### Delegated Regulation 2026/73 (Omnibus)

In line with the principle of proportionality, this Regulation aims to simplify and streamline the application of the Taxonomy by reducing its technical and operational complexity, thereby facilitating analysis and reporting by companies.

For Telefónica, this approach enables analysis and reporting efforts to be focused on activities that are significant from a financial and environmental perspective. This ensures that the criteria and objectives pursued by the Taxonomy Regulation are applied rigorously and efficiently.

Accordingly, Telefónica has analysed all its activities, taking into account the materiality thresholds set by the Regulation, to define the scope of eligible activities.



### 2.8.2. Identified activities

#### Eligible economic activities in the EU Taxonomy

Telefónica has identified the following products and services associated with economic activities as eligible, in accordance with the Taxonomy, for the climate change mitigation (CCM) and transition to a circular economy (CE) environmental objectives.



Activity	EU objective	Description	Eligibility (€M)	
			Turnover	CapEx
8.1. Data processing, hosting and related activities	CCM	Cloud services available to users, facilitating storage in data centres.	939	21
8.2. Data-driven solutions for GHG emissions reductions	CCM	Digital solutions designed to provide data and analysis that reduce customers' GHG emissions, such as solutions for teleworking, smart mobility or e-health solutions. Investments in energy efficiency solutions on Telefónica's telecommunications network are also considered.	743	26
7.6. Installation, maintenance and repair of renewable energy technologies	CCM	Energy self-consumption solutions through the installation and maintenance of photovoltaic solar panels in homes, communities and businesses.	19	—
5.5. Product-as-a-service and other circular use- and result-oriented service models	CE	Equipment necessary for the provision of connectivity and television services to customers, whether individuals or businesses.  This activity also includes initiatives that promote efficiency and resource optimisation, such as the sharing of certain infrastructure elements among agents involved in the provision of connectivity services, with a focus on greater intensity of asset use, optimising their utilisation and reducing the need for new infrastructure investments. For further information on network infrastructure sharing, see section: <a href="#">2.10.1.2. Action plans</a>	1,789	1,891

## Non-material economic activities

In compliance with Delegated Regulation (EU) 2026/73, which aims to simplify the content and presentation of Taxonomy-related information, Telefónica has identified certain activities that, while covered by the applicable delegated regulations, do not form part of its business model or do not represent significant investments for the Company.

Not assessed activities considered non-material for any of the indicators are:

- Turnover: activities relating to the maintenance and repair of customer equipment (CE 5.1.) and the sale of second-hand mobile handsets (CE 5.4.)
- Investments in fixed assets (CapEx): real estate activities (CCM 7.7.) and fleet management (CCM 6.5.).
- Operating expenses (OpEx): activities associated with the maintenance and repair of customer equipment (CE 5.1.) and digital solutions aimed at reducing customers' GHG emissions (CCM 8.2.).



## 2.8.3. Calculation methodology

### 2.8.3.1. General considerations

#### Scope of the report

The Regulation applies to all companies within Telefónica's scope of consolidation (see 'Scope of Consolidation' in section 2.1. Basis for preparation).

As part of its exit strategy from Hispanoamerica, in fiscal year 2025 the Group sold its stakes in Telefónica Móviles Argentina, Telefónica del Perú, Telefónica Móviles del Uruguay and Otecel, among other companies headquartered in Hispanoamerica, and reached an agreement for the sale of all its shares in Colombia Telecomunicaciones, which was completed on February 5, 2026. The contribution of these companies to the Group's consolidated results and cash flows for 2025 and 2024 is shown as discontinued operations in the 2025 'Consolidated Financial Statements' (see Notes 2 and 30 to the 'Consolidated Financial Statements'). The Regulation stipulates that the Taxonomy indicators (Turnover, CapEx and OpEx) must be calculated from the Group's consolidated figures; therefore, discontinued operations are not included in either the numerator or the denominator.



Transactions between Group companies were analysed for the purposes of identifying and tracing the information. However, these transactions are not included in the calculation as they were eliminated in the consolidation process.

### Accounting policy

Due care was taken throughout the process to avoid double counting:

- Reconciliation with accounting information, which ensures that eliminations and adjustments made during the consolidation process are accounted for.
- Use of consistent information sources, which prevents the same item being considered in two different KPIs or twice in the same KPI.
- Verification of data integrity and accuracy.

### Comparison of information

The figures shown below are in accordance with the amendments introduced by Delegated Regulation 2026/73 (Omnibus). Therefore, the 2024 data are not directly comparable with the 2025 data, since the key performance indicators for 2024 are presented in accordance with the regulations in force at the time.

The proportion of eligible activities in 2025 would be comparable to approximately 10.1% of turnover and 27.6% of Capex in 2024, instead of 6.2% and 9.6% respectively.

To correctly interpret the variability of the figures between the two financial years, the following must be considered:

- Changes in the scope of the Group, primarily the divestments in Hispanoamerica mentioned above:
  - Turnover: impact of +0.1 p.p.
  - Capex: impact of +3.7 p.p.
- Activities identified as non-material have been excluded from eligibility and reclassified as having no significant relative importance:
  - Turnover: impact of -0.1 p.p.
  - Capex: impact of -0.9 p.p.
- Expansion of the scope of circular economy activity 5.5, related to the increased use of network infrastructure:
  - Turnover: approximate impact of +3.9 p.p.
  - Capex: approximate impact of +15.2 p.p.

## 2.8.3.2. Calculation of KPIs

### Turnover

The denominator of this indicator corresponds to the Group's consolidated revenues of continuing operations, which in 2025 and 2024 amounted to 35,120 and 35,671 million euros, respectively (see Note 26 to the 'Consolidated Financial Statements').

### Capital expenditure (CapEx)

The CapEx indicator referred to in the Taxonomy Regulation is defined in broader terms than the traditional concept associated with investments in fixed assets.

The denominator includes additions to property, plant and equipment and intangible assets (equivalent to CapEx, as defined in the financial information reported by the Group). It also considers additions to rights of use recorded in accordance with IFRS 16, as well as additions to property, plant and equipment, intangible assets or rights of use resulting from business combinations.

The breakdown of the calculation for the 2025 and 2024 financial years is as follows:

	Financial Statements Reference	2024*	2025
Additions to tangible and intangible fixed assets	Note 2	4,704	4,540
Additions of rights of use	Note 9	1,932	2,491
Additions due to business combinations	Note 6,8,9	11	767
<b>Total CapEx associated with the Taxonomy</b>		<b>6,647</b>	<b>7,798</b>

\*Revised data to exclude the CapEx of Telefónica Móviles Argentina, Telefónica del Perú, Telefónica Móviles del Uruguay, Otecel and Colombia Telecomunicaciones, among other companies of smaller scale based in Hispanoamerica, due to their classification as discontinued operations.

### Operating expenditure (OpEx)

In terms of operating expenses, the volume of Telefónica's eligible economic activities do not reach the established materiality threshold as per Delegated Regulation 2026/73. Consequently, these activities are classified as non-material activities and are not detailed in this Report.

### 2.8.3.3. Key performance indicators

#### Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (summary KPIs)

Financial year (N)	2025														
KPI	Total	Proportion of Taxonomy eligible activities	Taxonomy aligned activities	Proportion of Taxonomy aligned activities	Breakdown by environmental objectives of Taxonomy aligned activities						Proportion of enabling activities	Proportion of transitional activities	Not assessed activities considered non-material	Taxonomy aligned activities in previous financial year (N-1)	Proportion of Taxonomy aligned activities in previous financial year (N-1)
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity					
Text	€M	%	€M	%	%	%	%	%	%	%	%	%	%	€M	%
Turnover	35,120	10.0	2,397	6.9	2.2	-	-	4.7	-	-	2.2	-	0.1	1,266	3.1
CapEx	7,798	24.8	581	7.4	0.3	-	-	7.1	-	-	0.3	-	0.9	575	7.4
OpEx	1,872	-	-	-	-	-	-	-	-	-	-	-	1.4	0	0.01

**Proportion of turnover from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (activity breakdown)**

Reported KPI	Turnover												
Financial year (N)	2025												
Economic Activities	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible Turnover)	Taxonomy aligned KPI (monetary value of Turnover)	Taxonomy aligned KPI (Proportion of Taxonomy aligned Turnover)	Breakdown by environmental objectives of Taxonomy aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy aligned in Taxonomy eligible
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity			
Text		%	€M	%	%	%	%	%	%	%	('E' where applicable)	('T' where applicable)	%
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	5.1	1,635	4.7	-	-	-	4.7	-	-	-	-	92.3
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.1	19	0.1	0.1	-	-	-	-	-	E	-	100.0
Data processing, hosting and related activities	CCM 8.1	2.7	-	-	-	-	-	-	-	-	-	-	-
Data-driven solutions for GHG emissions reductions	CCM 8.2	2.1	743	2.1	2.1	-	-	-	-	-	E	-	100.0
Sum of alignment per objective					2.2	-	-	4.7	-	-			
Total KPI		10.0	2,397	6.9							2.2	-	68.5

**Proportion of CapEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (activity breakdown)**

Reported KPI		CapEx											
Financial year (N)		2025											
Economic Activities	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible CapEx)	Taxonomy aligned KPI (monetary value of CapEx)	Taxonomy aligned KPI (Proportion of Taxonomy aligned CapEx)	Breakdown by environmental objectives of Taxonomy aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy aligned in Taxonomy eligible
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity			
Text		%	€M	%	%	%	%	%	%	%	(‘E’ where applicable)	(‘T’ where applicable)	%
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	24.2	555	7.1	-	-	-	7.1	-	-	-	-	29.3
Data processing, hosting and related activities	CCM 8.1	0.3	-	-	-	-	-	-	-	-	-	-	-
Data-driven solutions for GHG emissions reductions	CCM 8.2	0.3	26	0.3	0.3	-	-	-	-	-	E	-	100.0
Sum of alignment per objective					0.3	-	-	7.1	-	-			
Total KPI		24.8	581	7.4							0.3	-	29.8



## 2.8.4. Compliance with the technical screening criteria

For each activity identified as eligible, an assessment must be carried out to verify compliance with both the substantial contribution and do no significant harm criteria. In addition, the Group's compliance with the social minimum safeguards must be verified.

The main actions carried out by Telefónica to assess the alignment of the activities identified as eligible are detailed below.

The Company is analysing methodologies to assess and determine the alignment of the rest of the activities.

### 2.8.4.1. Substantial contribution to climate change mitigation

#### Activity 8.2. Data-driven solutions for Greenhouse Gas (GHG) emissions reductions

In order to address the technical criteria, the services were grouped into solutions such as teleworking, smart mobility solutions and e-health solutions, among other solutions.

The substantial contribution of data-driven solutions depends on the fulfilment of two technical screening criteria.

First, the ICT solutions must predominantly be used to provide data and analytics that enable reductions in GHG emissions. In this regard, there are numerous sectoral studies and methodologies that assess, identify and, in some cases, quantify the climate impacts and emissions reductions associated with the use of digital solutions (e.g. GSMA's The Abatement Effect and the GeSI Mobile Carbon Impact).

In addition, Telefónica carries out projects and methodologies to evaluate the impact of its solutions, such as life cycle assessments of some solutions, calculating emissions avoided based on internationally recognised standards or the application of the Eco Smart seal to identify products and services with potential environmental benefits.

The substantial contribution of energy efficiency and virtualisation solutions applied to the telecommunications network has also been analysed and demonstrated.

The second technical criterion, which is related to life cycle analysis, is not considered applicable to the categories of solutions described above, as there are no alternative solutions on the market.

#### Activity 7.6. Installation, maintenance and repair of renewable energy technologies

This activity involves the installation of solar panels in homes and businesses and is consistent with the individual measures that have been determined to ensure a substantial contribution to climate change mitigation.

### 2.8.4.2. Substantial contribution to the transition to a circular economy

#### Activity 5.5. Product-as-a-service and other circular models

For the substantial contribution analysis, Telefónica considered both B2C equipment (necessary for providing connectivity and television services) and the sharing of certain network infrastructure elements between different agents in the value chain.

From a contractual perspective, it has been verified that ownership of the assets remains with the renting company, that a payment is made for access to the service and that the conditions facilitate temporary transfer and return at the end of the contract. For infrastructure, the contracts defining access and shared use have been assessed, confirming according to reference sector reports, that this model enhances usage intensity and optimises asset utilisation.

Regarding the equipment used to provide connectivity and television services to customers, another technical aspect for evaluating and determining compliance with this technical criterion relates to the composition and design of the packaging for the devices. In this regard, Telefónica has analysed the technical specifications of the packaging used as part of the service provision so as to evaluate aspects related to the use of recycled materials and the sustainable management of raw materials utilised, as well as the design for reuse of the packaging.

Only the proportional share of KPIs that meets the aforementioned points is taken into account.

### 2.8.4.3. Do No Significant Harm to other activities

#### Climate change mitigation

The analysis has shown that the activity is carried out based on a strategy of accounting for and reducing GHG emissions in the context of Telefónica's corporate decarbonisation targets.

#### Climate change adaptation

Telefónica's climate risk analysis takes into account activities contributing to the circular economy objective,

which are those related to the use of network infrastructure and the logistics of equipment leased to customers and businesses (5.5.). Regarding the activity of solar panel installation (7.6.), no material physical climate risks have been identified.

To this end, Telefónica assessed the physical risk of climate change using the most up-to-date climate projections (AR6), covering both SSP1-2.6 (global temperature increase by the end of the century of no more than 2°C) and SSP5-8.5 (global temperature increase by the end of the century of around 5°C) climate scenarios and time horizons up to 2030, 2040 and 2050.

Accordingly, Telefónica prepares its adaptation plan with the aim of further strengthening adaptation to the effects of climate change and reducing exposure to the identified physical risks. For further information about Telefónica's climate risk analysis, see section:

[2.9.3 Impacts, risks and opportunities](#)

### Sustainable use and protection of water and marine resources

Telefónica's water consumption mainly comes from sanitary use and to a lesser extent from cooling. The cooling systems are designed to operate without generating any significant environmental impact. Therefore, there are no discharges into freshwater or marine waterways that could cause significant harm.

### Transition to a circular economy

With regard to end-of-life waste management for electrical and electronic equipment, Telefónica maintains contractual agreements for its collection and verifies that the waste management company is duly authorised and exercises appropriate control over the waste. In addition, the appropriate documentation is in place to ensure compliance with the directives applicable to the equipment purchased that forms part of the Company's operations.

### Pollution prevention and control

Telefónica has assessed the following aspects through confirmation by its suppliers of the Company's environmental declarations:

- In line with the provisions of the REACH Regulation, the supplier declares that the products it supplies to Telefónica do not exceed 0.1% by weight of the substances described. Otherwise, there is no alternative with a complete absence of any of these substances. Furthermore, the absence of products with added mercury has been verified.
- In line with the provisions of the RoHS Directive, the supplier declares that the products it supplies to Telefónica do not exceed the limits established in Annex II.

### 2.8.4.4. Social minimum safeguards

For an economic activity to qualify as environmentally sustainable, it must be carried out in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The assessment of Telefónica's compliance also takes into account the Platform on Sustainable Finance's Report on Minimum Safeguards published in October 2022.

Telefónica respects and promotes human rights throughout its value chain. For this reason, it has a due diligence system in place that includes policies, regular adverse impact assessment procedures, management measures to prevent and mitigate identified potential impacts, monitoring and communication procedures, and complaint and remedy mechanisms. It also has policies and procedures in place regarding, inter alia, competition, anti-corruption, responsible business, conflicts of interest and fiscal responsibility, in order to reinforce the Group's commitment to social rights and sustainable growth (see section 2.5. Due diligence).

[2.5. Due diligence](#)

## 2.8.5. Other information related to the Taxonomy

### 2.8.5.1. Telecommunications networks in the Taxonomy

The application of the Taxonomy regulatory framework has generated uncertainty and interpretation doubts in the market. In 2025 Telefónica continued working together with the sector to ensure that the European Commission (EC) incorporates a telecommunications networks activity into the EU Taxonomy.

In January 2026, the Code of Conduct (CoC) for the sustainability of telecommunications networks was published. This CoC is expected to serve as a reference for future initiatives, either as a technical screening criterion for a specific telecommunications networks activity within the Taxonomy, in the 'Europe's Digital Decade' strategic programme, or in standardisation processes.



## 2.9. ESRS E1 - Climate change



### 2.9.1. Governance

Telefónica integrates climate change issues into its organisational culture through several lines of action: allocating responsibilities within its governance structure, developing policies and processes and aligning climate targets with employees' variable incentives.

The energy and climate change strategy forms part of the Company's Sustainability Plan, which is approved by the Board of Directors. The Sustainability and Regulation Committee, together with the Audit and Control Committee and the Nominating, Compensation and Corporate Governance Committee, oversee its implementation, the associated risks and the monitoring of targets, in accordance with the responsibilities set out in their respective regulations.

Climate-related considerations in the Group's pay scheme and variable remuneration system are explained in section:

 [2.4.3. Integration of sustainability-related performance into incentive schemes](#)

E1.GOV-3

The Company's strategy and business model are aligned with scientific climate recommendations and with the sectoral decarbonisation pathways set out in the European Climate Law, ensuring their compatibility with the transition to a low-carbon economy and with the 1.5°C scenario of the Paris Agreement<sup>1</sup>.

E1-1\_14

The CAP is approved on an annual basis by the Board of Directors, following analysis by the Sustainability and Regulation Committee. Telefónica's Energy and Climate Change Office, together with the various areas of the Group involved in developing actions to achieve GHG emissions reduction targets, keeps the Plan up to date.

E1-1\_02

Integrated into Telefónica's governance model, the CAP covers both current and historical emissions, as well as emissions reduction targets. Telefónica's ambition is to achieve net-zero emissions by 2040 globally for scopes 1, 2 and 3, thereby including emissions associated with its value chain. Achieving net-zero carbon emissions by 2040 means reducing scope 1, 2 and 3 emissions by at least 90% compared to the base year, and neutralising the remainder through high-quality carbon credits and, where possible, nature-based solutions.

In addition to the long-term goal, Telefónica's decarbonisation plan considers medium-term targets, which are described in more detail in the section:

 [2.9.4. Metrics and targets](#)

E1-1



### 2.9.2. Strategy

Telefónica's Climate Action Plan (CAP) defines the Company's transition plan for climate change mitigation and adaptation, sets out its energy and climate change strategy and shows how this is integrated across the business.

E1-1\_01

These targets are validated by the Science-Based Targets initiative (SBTi)<sup>2</sup>. Their compatibility with the 1.5°C limit is described in the section on Science-based Targets.

<sup>1</sup> The Paris Agreement aims to keep the global average temperature increase to well below 2°C and preferably to 1.5°C compared to pre-industrial levels.

<sup>2</sup> For target validation, the Science-Based Targets initiative (SBTi) requires companies' targets to be science-based, or in other words, consistent with the level of decarbonisation required to keep the global temperature increase to 1.5°C. To that end, it defines the overall emissions reduction that a company must achieve to align with net-zero at global level. Specifically, on the cross-sectoral pathway, science-based long-term targets are equivalent to an absolute reduction of at least 90% of a company's total GHG emissions (Scopes 1, 2 and 3) compared to the base year.



## Decarbonisation levers and adaptation and mitigation actions

E1-1\_03

The CAP is Telefónica's roadmap to achieving net-zero emissions by 2040. It starts with the identification of risks and opportunities linked to climate change and defines the main decarbonisation levers, as well as the mitigation and adaptation actions necessary to meet the Company's climate targets.

One of the aims of the CAP is to optimise Telefónica's internal processes to reduce operational emissions (scopes 1 and 2). To this end, the Company has an Energy Efficiency Plan, which is at reducing energy consumption, and a Renewable Energy Plan, which promotes the use of renewable energies over fossil fuels.

For value chain emissions (scope 3), the CAP defines and fosters cooperative action with suppliers. Furthermore, it integrates circularity criteria, such as the refurbishment and reuse of CPEs (Customer Premises Equipment) and the consideration of environmental criteria during procurement processes throughout the Company. These lengthen the useful life of equipment and avoid emissions associated with extracting the materials needed to manufacture new devices.

Information on decarbonisation levers, which set out Telefónica's adaptation and mitigation measures, see the section:

### [2.9.3.2. Action plans](#)

In addition to the decarbonisation levers, the CAP includes commercial actions, which describe how Telefónica helps its B2B and B2C customers avoid generating green house gas (GHG) emissions, through connectivity and the use of digital solutions.

It also incorporates economic considerations, which include the sustainable finance model and the internalisation of carbon pricing as levers for decision-making.

E1-1\_15

In addition to defining emissions reduction targets, the Telefónica Group's climate strategy establishes specific

indicators that track performance against targets and show what the Group is doing to meet them within the timeframe set.

In addition, if any of the initial targets have already been reached, Telefónica considers modifying or redefining some of the associated targets.

E1-1\_07

Both the assets of the Telefónica Group and the products it sells are mainly powered by electricity. Given that the Company and the electricity generation systems in the countries in which it operates are transitioning to renewable electricity sources, it is estimated that the locked-in emissions from these key Telefónica assets and products are not significant and will not prevent achievement of the net zero emissions target in 2040.

E1-1\_12

Telefónica is not subject to the exclusions applicable in the EU Paris-aligned benchmarks.

E1.IRO-1, E1.SBM-3



## 2.9.3. Impacts, risks and opportunities

### Impact on climate change

E1.IRO-1\_01

Telefónica recognises and analyses its impact on climate change through the annual quantification of the greenhouse gas (GHG) emissions generated both in its operations (scope 1 and 2 emissions) and in its value chain (scope 3 emissions). The GHG inventory is monitored and verified annually by a third party. This process aims to contribute to the accurate and transparent reporting of emissions, following the international best practices of the GHG Protocol and the new Corporate Sustainability Reporting Directive (CSRD) requirements. The Group's emissions are detailed in the following section:

#### [2.9.4.3. GHG emissions](#)

The material impacts that Telefónica has identified in ESRS E1 - Climate change as a result of the double materiality process are the following:

### Subtopic: Climate change adaptation

Type of IRO	Description
<a href="#">SBM-3_04, SBM-3_06</a>	<a href="#">SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07</a>
Actual negative impact	Interruption of customer services as a result of events related to climate change
	Linkage: Business model Origin in the value chain: Own operations (R&D, products and services)

### Subtopic: Climate change mitigation

Type of IRO	Description
<a href="#">SBM-3_04</a> , <a href="#">SBM-3_06</a>	<a href="#">SBM-3_01</a> , <a href="#">SBM-3_03</a> , <a href="#">SBM-3_05</a> , <a href="#">SBM-3_07</a>
Actual negative impact	<p>Contribution to climate change through greenhouse gas emissions (scopes 1 and 2)</p> <p><a href="#">Linkage</a>: Business model <a href="#">Origin in the value chain</a>: Own operations (all activities)</p> <hr/> <p>Contribution to climate change through indirect greenhouse gas emissions (scope 3)</p> <p><a href="#">Linkage</a>: Business model <a href="#">Origin in the value chain</a>: Upstream (all activities); downstream (all activities)</p>
Actual positive impact	<p>Avoided scopes 1 and 2 GHG emissions due to the shift to renewable energy sources and the implementation of energy efficiency measures</p> <p><a href="#">Linkage</a>: Strategy <a href="#">Origin in the value chain</a>: Own operations (operations)</p> <hr/> <p>Helping customers to decarbonise through the Company's products and services, enabling the avoidance of greenhouse gas emissions</p> <p><a href="#">Linkage</a>: Strategy <a href="#">Origin in the value chain</a>: Own operations (R&amp;D, products and services); downstream (use)</p> <hr/> <p>Contribution to climate change mitigation through investment in emissions offset projects</p> <p><a href="#">Linkage</a>: Strategy <a href="#">Origin in the value chain</a>: Own operations (support activities)</p>

### Subtopic: Energy

Type of IRO	Description
<a href="#">SBM-3_04</a> , <a href="#">SBM-3_06</a>	<a href="#">SBM-3_01</a> , <a href="#">SBM-3_03</a> , <a href="#">SBM-3_05</a> , <a href="#">SBM-3_07</a>
Actual negative impact	<p>Environmental impact associated with the generation of electricity consumed by the Telefónica Group</p> <p><a href="#">Linkage</a>: Strategy <a href="#">Origin in the value chain</a>: Upstream (procurement); own operations (all activities); downstream (use)</p>
Actual positive impact	<p>Reducing energy consumption through the implementation of energy efficiency measures</p> <p><a href="#">Linkage</a>: Strategy <a href="#">Origin in the value chain</a>: Own operations (operations)</p>

## Risks and Opportunities

[E1.SBM-3\\_01](#), [E1.SBM-3\\_03](#)

In 2024 Telefónica updated its climate risk and opportunity assessment to analyse the resilience of its strategy and business model. This analysis was based on climate scenarios, which are projections of possible futures used to assess how different variables (for example, rising temperatures or increased rainfall) could affect the Company's operations and/or assets.

The analysis identified potentially material risks and opportunities for the Company and established adaptation and mitigation measures.

### Scope of the resilience analysis

The scope of the analysis focused on the main economic activities of the Group, specifically on telecommunications services, television and radio broadcasting programs, data processing and hosting, and IT consulting and installations.

With regard to the assets included, base stations, data distribution centres, data centres, main landing stations and warehouses were considered, as they are key to the Company's activity and are more exposed to the effects of climate change. Linear infrastructures, both terrestrial and submarine, and assets such as shops, offices or workshops, were not included.

In line with the Strategic Plan, the analysis covered the activities and assets of the Company's main markets: Spain, Brazil and Germany.

Supply chain components and customer operations were not included in the scenario analysis, as this is limited to the Group's main activities and its own assets for which direct adaptation and mitigation measures can be implemented. Once the results of the scenario analysis were incorporated into the 2025 double materiality process, the scope was broadened to identify the stages of Telefónica's value chain in which climate-related risks and opportunities originate.

[E1.SBM-3\\_04, E1.IRO-1\\_04, E1.IRO-1\\_11](#)

## Phases of the resilience analysis

In the first phase, sessions were held with internal teams and specialist consultants to identify the physical hazards and transition events to which the Group is potentially exposed, considering the Company's geography, sector, track record and specific characteristics. To that end, the European Taxonomy list, the CSRD and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) were used as references. This process allowed the analysis to focus on Telefónica's specific context and to rule out certain hazards (for example, permafrost, changes in wind patterns or rainfall) for the subsequent climate scenario exercise.

Once the risks and opportunities to which Telefónica is exposed had been identified through the scenario analysis, an Adaptation Plan was developed with the aim of reducing the potential adverse effects of the risks and maximising the opportunities. The results were subsequently integrated into the Company's double materiality process.

## Resilience analysis methodology

[E1.SBM-3\\_05, E1.IRO-1\\_03, E1.IRO-1\\_05, E1.IRO-1\\_08, E1.IRO-1\\_09, E1.IRO-1\\_10, E1.IRO-1\\_15](#)

### Time horizons used

In line with Telefónica's strategic targets, the climate risk analysis considered three time horizons: 2030, 2040 and 2050.

These horizons make it possible to tackle both immediate needs and long-term challenges and opportunities, integrating the results into strategic planning:

- Short term (2025-2030): aligns with the Company's emissions reduction targets for scopes 1, 2 and 3 approved by the Science Based Targets initiative (SBTi).
- Medium term (2030-2040): a period in which physical risks begin to intensify, especially acute climate events (storms or floods), while transition risks (technological and regulatory changes) also intensify.
- Long term (2040-2050): as Telefónica's main infrastructures have a long useful life, this time horizon is crucial for planning their adaptation to the projected risks beyond current commitments.

The impact of each risk and opportunity has been analysed across the three time horizons to understand their evolution over time.

[E1.IRO-1\\_02, E1.IRO-1\\_06, E1.IRO-1\\_07, E1.IRO-1\\_17, E1.IRO-1\\_18](#)

## Scenario analysis for the assessment of physical risks

To estimate the range of impacts derived from physical risks affecting Telefónica's assets included in the scope of the Resilience Analysis, two opposing climate scenarios were selected that consider socio-economic projections and representative CO<sub>2</sub> concentration trajectories (SSP - Shared Socioeconomic Pathway and RCP - Representative Concentration Pathway), defined by the IPCC<sup>3</sup> in its latest report (AR6):

- SSP1-2.6: considered 'optimistic' in the analysis. It describes a future in which policies prioritise human well-being, the development of clean technologies and the preservation of the natural environment. In line with these assumptions, a temperature increase of between 1.5°C and 2°C above pre-industrial levels is projected for 2100.
- SSP5-8.5: considered 'pessimistic'. It describes a future in which policies focus on the free market and the intensive use of fossil fuels persists. In line with these assumptions, temperature and GHG emissions are projected to continue to increase, leading to a temperature increase of 5.5°C above pre-industrial levels by 2100.

For the physical risk analysis, geolocation data for the assets were used and integrated with climate projection models obtained from the European climate observation program Copernicus Climate Change Service (C3S) and NASA. These systems provide advanced, high-resolution data on climate variables, such as the monthly average of the daily mean temperature or the number of days per month with a maximum temperature above 40°C.

The probability and duration of climate hazards were determined based on projections of variables extracted from Copernicus and NASA models for each climate scenario. The magnitude of damage was calculated by combining these Copernicus climate variables (for example consecutive dry days per year, daily fire weather index) with damage curves or the Company's internal projections (for example, electricity consumption by country). Damage curves are graphical or mathematical representations that describe the percentage of damage or economic loss based on the severity of a climate hazard. They were drawn from CLIMADA<sup>4</sup>, a well-known database for assessing climate-related risks.

To assess the physical risks to which Telefónica's assets are exposed, probability, magnitude and duration were combined with specific information such as the

<sup>3</sup> The IPCC (Intergovernmental Panel on Climate Change) is the United Nations body responsible for assessing scientific knowledge on climate change and its impacts.

<sup>4</sup> CLIMADA is an interdisciplinary model for assessing climate risks, combining climate modelling, economics, engineering and social sciences. It is developed by ETH Zurich, C2SM, Swiss Re and other research institutions.



geolocation of the assets, their economic value and other relevant variables, such as energy prices or energy consumption of each asset type.

Based on the consequences associated with physical risks, three main categories of impact were defined:

- Energy consequences: linked to the increase in energy consumption and the variability in electricity prices as a result of the physical risks.
- Failure/destruction of assets consequences: related to the deterioration, loss in value or total destruction of the assets.
- Loss of income consequences: referring to loss of revenues due to the interruption of the services offered by the affected assets.

[E1.IRO-1\\_12](#), [E1.IRO-1\\_13](#), [E1.IRO-1\\_19](#), [E1.IRO-1\\_20](#)

### Scenario analysis for the assessment of transition risks and opportunities

For transition risks, the Net-Zero 2050 scenario from the Network for Greening the Financial System (NGFS) was used, consistent with the Paris Agreement and a future in which global temperature rise is limited to 1.5°C.

The probability and magnitude of transition events were determined from socio-economic variables extracted from the NGFS scenario or from quantitative projections developed by Telefónica (for example, savings from renewable energy purchase agreements or trends in the percentage of sustainable debt) based on primary data and internal commitments. In relation to the duration of the events, the period 2024-2050 was taken into consideration, a period in which the global climate commitments aimed at achieving net-zero emissions are expected to be fulfilled.

To assess the transition risks to which the Group's main activities are exposed, variables from the NGFS scenario at country level were used, such as the price of carbon, electricity or fossil fuels. These variables, together with Telefónica's projections, made it possible to assess the transition risks related to increased operating costs due to carbon taxes, changes in the price of carbon credits and energy consumption. For other transition events, internal projections based on primary data and internal commitments were used, such as savings from Power Purchase Agreements (PPAs) or an increase in sustainable debt.

The analysis considered a series of hypotheses regarding the evolution of emissions, macroeconomic trends, energy consumption and technological deployment:

- Emissions: global CO<sub>2</sub> emissions reach or approach zero in 2050. Countries with a political commitment to

a net-zero target defined before the end of March 2024 meet this target before or after 2050. This is made possible by the implementation of stricter policies in the short term.

- Macroeconomic trends: one of the main assumptions regarding socio-economic drivers is the harmonised evolution of the global population and economy through increased GDP and lower inflation levels. Business opportunities are expected to emerge in green sectors or products and services that facilitate the decarbonisation of customers, companies or individuals.
- Consumption and the energy mix: greater process efficiency that will enable lower energy intensity. Consumption of and investment in renewable energies are expected to increase in order to reduce dependence on fossil fuels.
- Technological deployment: rapid advances in technological innovation driven by the need for adaptation and the harnessing of opportunities arising from the transition to a low-carbon scenario.

[E1.SBM-3\\_01](#), [E1.SBM-3\\_06](#), [E1.IRO-1\\_14](#)

### Results of the resilience analysis

As part of the telecommunications sector, Telefónica does not have assets or activities identified as incompatible with the transition to a carbon-neutral economy. The European telecommunications sector contributes to tackling climate change through the decarbonisation of its operations, the deployment of more efficient networks and the development of smart solutions to reduce environmental impact in other sectors. However, the analysis carried out makes it possible to identify actions that will ensure better adaptation to a low-carbon future.

The resilience analysis concluded that the opportunities associated with the transition to a low-carbon scenario outweigh the potential risks of climate change. Although no physical or transition risk is material on an individual basis, when considered together they do exceed the materiality threshold established by Telefónica.

The material risks and opportunities that Telefónica has identified under ESRS E1 - Climate change as a result of the double materiality process are as follows:

### Subtopic: Climate change adaptation

Type of IRO	Description	<a href="#">SBM-3_02</a> , <a href="#">SBM-3_03</a>
Risk	<p>Damage to infrastructure and loss of income, resulting from extreme weather events such as floods, fires and landslides (acute physical risk: extreme weather events)</p> <p><a href="#">Origin in the value chain:</a> Own operations (operations, products and services)</p>	
	<p>Increased energy consumption and electricity prices due to temperature variability, heat waves and drought (chronic and acute physical risks)</p> <p><a href="#">Origin in the value chain:</a> Own operations (operations, products and services)</p>	

### Subtopic: Climate change mitigation

Type of IRO	Description	<a href="#">SBM-3_02</a> , <a href="#">SBM-3_03</a>
Risk	<p>Increased costs associated with the rise in carbon credit prices to offset scope 3 emissions (market transition risk)</p> <p><a href="#">Origin in the value chain:</a> Upstream (all activities); downstream (all activities)</p>	
Opportunity	<p>Possibility of access to sustainable sources of financing due to the reduction of carbon emissions</p> <p><a href="#">Origin in the value chain:</a> Own operations (support activities)</p> <p>Turnover growth linked to the development of digital products and services that decarbonise other sectors of the economy</p> <p><a href="#">Origin in the value chain:</a> Own operations (R&amp;D, products and services); downstream (use)</p>	

### Subtopic: Energy

Type of IRO	Description	<a href="#">SBM-3_02</a> , <a href="#">SBM-3_03</a>
Risk	<p>Increase in operating costs due to rising electricity prices (market transition risk)</p> <p><a href="#">Origin in the value chain:</a> Upstream (procurement); own operations (all activities); downstream (use)</p>	
Opportunity	<p>Reduced grid energy costs thanks to the Renewable Energy Plan including PPAs (Power Purchase Agreements)</p> <p><a href="#">Origin in the value chain:</a> Upstream (procurement); own operations (operations, support activities)</p>	

#### Limitations of the resilience analysis

All the climate scenarios used in the analysis present uncertainties arising from political, technological and social factors such as fulfilment of international and national climate commitments. In addition, the resolution of available climate projections could lead to an underestimation or overestimation of the hazards assessed. Telefónica periodically reviews its risk analysis in order to address these uncertainties.

It is also important to mention that Telefónica's Adaptation Plan is mainly designed and structured at organisational level and by asset type, determining the actions based on the general characteristics of assets and infrastructures. The actions included in the plan, such as consumption of renewable energy and energy efficiency projects, are carried out in all the countries in which Telefónica operates, in order for the assets at risk to be taken into account in the Company's strategy, investment decisions and current mitigation activities.

Although this approach makes it possible to establish initial strategic measures, it introduces an element of

uncertainty into the resilience analysis, as the measures in the plan are not specific to each asset exposed to a particular risk. However, this approach allows actions to be prioritised and strategic decisions to be made in the initial stages. Telefónica anticipates evolving towards a more granular analysis that makes it possible to reduce these uncertainties in the future, strengthening the effectiveness of its adaptation and mitigation actions.

[E1.SBM-3\\_07](#), [E1-1\\_13](#)

#### Climate change adaptation and mitigation

Telefónica integrates the risks and opportunities identified into its business model through the CAP, which is included in the Company's strategy and financial planning. This is achieved through the diversification of products and services, sustainable financing models and mitigation and adaptation actions, such as renewable energy consumption and energy efficiency.

Adaptation and mitigation measures, as well as sustainable finance models, are explained in the following section:

#### [2.9.3.2. Action plans](#)



### 2.9.3.1. Policies

E1-2, MDR-P

E1.MDR-P\_01-06

The responsibilities associated with the process of implementing the policies and their content can be found in the Sustainability Notes section:

#### 2.15. Policies

E1-2\_01

The Global Environmental and Energy Policy and the Global Supply Chain Sustainability Policy address climate change issues (mitigation, adaptation and energy efficiency) on a cross-cutting basis.

#### Global Environmental and Energy Policy

This policy establishes the guidelines that steer the Company, globally and locally, to support and improve its environmental and energy performance. It includes aspects related to climate change mitigation and adaptation, such as a commitment to efficient energy consumption and the reduction of GHG emissions, defining a common framework for moving towards net-zero emissions by 2040, including in Telefónica's value chain.

Its main targets relate to legal compliance in environmental matters, reducing environmental impact, collaborating with suppliers to reduce their carbon emissions, managing impacts, risks and opportunities deriving from climate change, and fostering the development of digital solutions to tackle environmental challenges.

With the firm intention of accelerating towards being a decarbonised Company, by decoupling data traffic from GHG emissions, and in accordance with this Policy, all Telefónica Group companies must:

- Define GHG emissions reduction targets for scopes 1, 2 and 3 for the short, medium and long term that are science based and externally validated.
- Continue consuming 100% renewable electricity in own operations (assets under operational control) in order to minimise the Company's carbon footprint.
- Reduce the use of fossil fuels in own operations, promoting the adoption of cleaner and alternative forms of energy.
- Incorporate innovative measures that will progressively lead Telefónica towards a net-zero emissions scenario.
- Offset/neutralise residual emissions in accordance with Company requirements.
- Minimise the impact of refrigerant gases.
- Promote energy efficiency measures, in both the design and the operation of facilities and infrastructures.

### Global Supply Chain Sustainability Policy and Supplier Code of Conduct

Through its Global Supply Chain Sustainability Policy, Telefónica applies a robust due diligence process to identify, prevent and address adverse impacts.

The Supplier Code of Conduct is a tool for implementing these commitments, establishing the minimum sustainability criteria related to measures to mitigate the impact on climate change and energy efficiency, which must be met by suppliers.

It sets out the following criteria:

- Climate change: suppliers must minimise their environmental impact in their value chain, set GHG emissions reduction targets (preferably science-based), promote energy efficiency and the use of renewables and provide Telefónica with climate information when requested.
- Refrigerant gases: the suppliers shall not supply equipment containing ozone-depleting GHGs (such as CFC or HCFC), nor shall they refuel with these gases, unless expressly authorised to do so by Telefónica..

Supplier management is explained in 'Step 1. Minimum standards required' in the section:

#### 2.14.5.1. Responsible management - Step 1. Minimum standards required

E1-3, E1-4, MDR-A

### 2.9.3.2. Action plans

#### Decarbonisation levers

E1-4\_23

To meet its GHG emissions reduction targets, Telefónica has defined a set of decarbonisation levers. These are classified according to their impact on operational emissions (scopes 1 and 2) and indirect value chain emissions (scope 3):

- Energy consumption: this lever consolidates the emissions reductions achieved and projected by actions 1. Renewable Energy Plan and 2. Energy efficiency projects, described in 'Adaptation and mitigation actions' section below.
- Supplier engagement.
- Circular economy of equipment and others.

E1-3\_01, E1-3\_03, E1-3\_04

The following table shows the cumulative reductions, relative to the base year, achieved in 2024 and 2025 through the implementation of these levers, as well as the reductions expected to be achieved in 2030:

	Scope	Base year*	2024	2025	2030**
<b>GHG emissions (tCO<sub>2</sub>e)</b>	<b>1+2+3</b>	<b>5,704,973</b>	<b>2,926,275</b>	<b>2,929,541</b>	<b>1,442,392</b>
Reductions	1+2+3	N/A	-2,411,645	-2,378,331	-2,581,307
Energy consumption	1+2+3	N/A	-1,454,529	-1,514,783	-1,112,136
Supplier engagement	3	N/A	-935,808	-828,093	-1,290,654
Circular economy of equipments and others	3	N/A	-21,309	-35,455	-178,517

\*Base year: 2015 for scopes 1 and 2 emissions and 2016 for scope 3 emissions.

\*\*In line with the Company's Strategic Plan, only the projected GHG emissions reductions in 2030 for the main markets are reported.

The 2030 emissions projections were aligned with the new Strategic Plan and take into account the renewable energy targets, fuel reduction in operations and fleet, reduction of fluorinated gas leaks, the emissions reduction targets for the main suppliers, changes in the energy mix and changes in the composition of the fuels used for mobility, in accordance with existing policies and forecasts.

Due to the uncertainty associated with internal and external factors beyond 2030, there is no quantification of the emissions reductions expected for 2040 beyond the achievement of the net-zero target, which implies reducing emissions by 90% compared to the base year.

E1-4\_24

To define the decarbonisation levers, a scenario compatible with limiting global warming to 1.5°C above pre-industrial levels was considered. This scenario assumes the achievement of net-zero emissions by 2040 through a significant increase in consumption of renewable energy, accompanied by improvements in the Group's technologies and infrastructures designed to increase energy efficiency. It also includes greater climate action in the value chain, promoting the circular economy and setting emissions reduction targets for the main suppliers.

E1.MDR-A\_01-12

## Adaptation and mitigation actions

The main climate change adaptation and mitigation actions Telefónica is working on are set out below. These initiatives are developed on an ongoing basis, given their strategic nature for the Company.

The definition and implementation of these measures contribute directly to meeting the targets set out in Telefónica's Global Environmental and Energy Policy, as well as those set out in the Supply Chain Policy, particularly with regard to environmental risk management, achieving the Company's net-zero carbon emissions target by 2040 and promoting digital solutions to help Telefónica's customers address the major environmental challenges affecting society as a whole.

### 1. Renewable Energy Plan

Through its Renewable Energy Plan, Telefónica is reducing its scope 2 and category 3 of scope 3

emissions (emissions associated with the fossil energy life cycle).

The consumption of renewable energy contributes to mitigating the potential climate-related transition risks associated with the increase in costs derived from carbon and electricity prices, and the uncertainty about carbon credit prices.

This measure also promotes adaptation to physical climate-related risks such as drought and precipitation variability. By increasing the self-generation of photovoltaic renewable energy, the Company is reducing its dependence on other sources such as hydroelectric power, which is more exposed to prolonged droughts. Through the Renewable Energy Plan, the Company not only promotes adaptation and mitigation of the potential impacts of climate change, but also considers renewable energy as a market opportunity to reduce operating costs and strengthen the Company's competitiveness.

The Renewable Energy Plan is applicable to all Telefónica's own operations. The consumption is based on three groups of activities:

1. Self-generation of renewable energy: Telefónica has renewable energy self-generation systems (solar and/or biomethanol) in base stations and buildings, which enable it to improve its autonomy, reduce its dependence on the electricity distribution network and dispense or reduce the use of fossil fuel generators in isolated base stations (off-grid).
2. Purchase of renewable electricity with a guarantee of origin: certificates that guarantee the traceability of renewable energy from its place of production to each point of consumption.
3. Long-term Power Purchase Agreements (PPAs): these contracts are designed to guarantee a supply of renewable electricity at a fixed or predictable price, so, in addition to supplying zero emissions electricity, they offer an opportunity for savings by reducing exposure to volatility in electricity market prices. Furthermore, they also contribute to promoting the construction of renewable energy parks in the countries in which Telefónica operates.



In 2025 renewable energy consumption reached 93% of total electricity consumption in own facilities (92% in 2024).

## 2. Energy efficiency projects

This initiative contributes to reducing scope 1 and 2 emissions and category 3 of scope 3 emissions – emissions associated with the fossil energy life cycle—, thereby mitigating the effects of climate change and moving the Company closer to its decarbonisation target.

Energy efficiency projects in operations optimise electricity consumption, which reduces exposure to energy price volatility, avoids additional costs due to carbon regulations and reduces the need to purchase carbon credits. This helps mitigate climate transition risks, reduce operating costs and maintain competitiveness in the face of rising energy costs.

At the same time, they serve as a measure for adaptation to extreme weather events such as heatwaves and cold waves. Through implementing more efficient processes and equipment, the Company is adapting air conditioning to extreme temperatures, ensuring an optimal environment in which the infrastructure is operative and workers can perform their jobs in a safe setting.

The following actions, included in the Energy Efficiency Plan, reduce energy consumption:

- **Network transformation:** Telefónica is making progress with the modernisation of its mobile network, progressively switching off older technologies such as 2G and 3G, optimising 4G and consolidating 5G. In the fixed network, replacing copper with fibre optics improves capacity and service quality. The virtualisation of environments also contributes to optimising resources and energy consumption. By doing this, Telefónica seeks to reduce its energy consumption per unit of traffic (MWh/Petabyte) while deploying the network of the future.
- **Compacting of technical rooms:** redistribution of loads and reconfiguration of the network are promoted to switch off equipment with low occupancy, reduce energy consumption, increase the operational density of spaces and achieve maximum performance. With less equipment and higher utilisation, the Company achieves a more sustainable and efficient infrastructure, ready to support the demands of next-generation networks.
- **Power Saving Features (PSF):** implementing smart systems that optimise energy consumption during low-traffic hours makes it possible to reduce energy consumption without affecting service quality. These features are particularly useful both for legacy networks with low traffic density and for next-

generation networks designed to support much higher volumes. This delivers a more efficient and sustainable operation, adapted to current and future needs.

- **Modernisation of equipment:** replacement of electrical infrastructure (rectifiers, power plants, external cabinets and UPS) and air-conditioning systems (chillers and air-treatment units) with more efficient equipment, incorporating technological innovations that optimise energy consumption and replace cooling systems with equipment that uses gases with lower global warming potential (GWP).
- **Replacement and/or reduction of fossil fuel consumption in operations:** for critical sites without access to the grid or during power cuts, lithium batteries are introduced, increasing autonomy and reducing the need to start generators, reducing emissions and costs. When their use is unavoidable, biofuels and additives are used to reduce environmental impact, delivering cleaner and more efficient operations.
- **Sustainable mobility:** the transition to hybrid and electric vehicles is promoted, reducing fossil fuel consumption and CO<sub>2</sub> emissions. In parallel, the use of biofuels such as ethanol in combustion vehicles is promoted, ensuring a gradual transition towards more efficient and responsible mobility.
- **Complementary actions:** replacement of lighting with LED technology and installation of presence sensors to optimise the energy consumption of lighting systems, replacement of diesel with natural gas or propane in boilers used to heat offices, smart energy meters, leak control and replacement of refrigerant gases, among others.

As a result of these initiatives, energy consumption per unit of traffic in 2025 was 29 MWh/Petabyte, compared to 38 MWh/PetaByte in 2024. This ratio has improved by 92% compared to 2015, attributable to the efforts to improve the energy efficiency of the network, which have allowed for a reduction in energy consumption while the amount of data traffic managed by the networks grows.

This energy intensity metric (MWh/PetaByte) is the ratio of total energy consumption (fuel consumption in operations and vehicle fleet and electricity consumption), divided by the volume of data traffic in PetaBytes. The traffic used is the annual volume of data traffic (mobile and fixed) carried on Telefónica's data access networks. It is aggregated both in the downstream direction (network-customer) and in the upstream direction (customer-network). The units in which it is expressed are PetaBytes (10<sup>15</sup> Bytes).

## 3. Supplier engagement

Scope 3 emissions represent the largest share of Telefónica's carbon footprint, and more than half derive



from its supply chain. Therefore, in 2025 supplier engagement initiatives in collaboration with the Company's main suppliers in this area continued.

As a starting point, and to establish minimum requirements applicable to the suppliers within Telefónica's Procurement Model (MCT for its acronym in Spanish), acceptance of the Supplier Code of Conduct is required, which includes, among other things, requirements on calculating and reducing emissions.

In addition, specific work is carried out based on each supplier's contribution to Telefónica's emissions footprint. To that end, suppliers are categorised and grouped into three priority levels:

- Priority group 1: comprises 56 key suppliers in terms of ICT sector emissions (44 in 2024).
- Priority group 2: comprises 79 suppliers (82 in 2024) that make up 55%<sup>5</sup> of Telefónica's supply chain emissions (79% in 2024).
- Priority group 3: comprises 141 suppliers (188 in 2024) that make up 62%<sup>6</sup> of Telefónica's supply chain emissions (88% en 2024).

Suppliers within Priority Group 3 were invited to provide information on their climate strategy, targets and actions through CDP Supply Chain. The information collected was analysed through the Company's Supplier Engagement Program (SEP), which assessed these suppliers' climate maturity and identified areas for improvement, which were addressed through a pledges model and training webinars.

Telefónica launched the SEP in 2022, and in 2024 it was scaled up to sector level through the combined efforts of the Joint Alliance for CSR (JAC) sector initiative. With this expansion, the program includes more than 700 suppliers (900 in 2024). By 2025, most had already made measurable progress in their climate maturity.

In addition, since 2022, Telefónica has required suppliers in Priority Group 2 to set science-based emissions reduction targets and have them validated by the Science-Based Targets initiative, a commitment that is monitored periodically.

Suppliers that, due to their contribution to GHG emissions in the ICT sector, are also part of Priority Group 1 were invited to participate in the collaborative initiative called the Carbon Reduction Program (CRP). CRP is a program managed through the JAC sector

initiative, which seeks to drive emissions reductions at product level. Suppliers identify the most carbon-intensive products and through a Life Cycle Assessment (LCA) they determine which stages offer the greatest potential for reducing emissions. As a result, reduction plans are agreed with suppliers specific to these products.

In 2023, the CRP initiative was promoted by the Company with the support of another three telecommunications operators. Following its proven success, in 2025 it included more than a dozen operators.

#### 4. Circular economy for equipment

Telefónica promotes the refurbishment and reuse of customer-premises equipment (CPE), such as routers and set-top boxes, mobile telephones and electronic operations equipment, through different initiatives.

Integrating circularity criteria into Telefónica's business models contributes to achieving net-zero carbon emissions at the Company, as the reuse of equipment lengthens its lifespan and avoids the emissions associated with extracting the materials needed to manufacture the devices, which would be necessary if the current equipment was not reused. It also reduces the emissions associated with the equipment's manufacturing process, which are greater than the emissions generated by refurbishment.

These initiatives help to decrease scope 3 emissions, mainly in categories 1 and 2. These are the emissions generated by manufacturing the products and capital goods that Telefónica acquires. Decreasing them therefore mitigates the effects of climate change and brings the Company closer to achieving its decarbonisation target.

Detailed information on the actions established to promote the circular economy can be found in the following section of ESRS E5 - Circular Economy:

##### 2.10.1.2. Action plans

#### 5. Business Continuity Plans

Telefónica has a global crisis and business continuity system to prevent, respond to and mitigate service disruption due to climatic events such as floods, fires and landslides. This ensures that, should such events occur, their duration and cost are minimised.

The Global Business Continuity Regulation sets out preventive risk management and ensures maximum resilience of the Company's operations in the event of

<sup>5</sup> This percentage is the sum of the total emissions attributed to suppliers from whom Telefónica has required science-based emissions reduction commitments and validation of these through the SBTi initiative, divided by total emissions in Telefónica's scope 3 categories 1 and 2 in 2025. Due to methodological changes introduced in 2025 for the recalculation of scope 3 emissions, this value is not comparable with the percentage reported in 2024.

<sup>6</sup> This percentage is the sum of the total emissions attributed to suppliers that Telefónica invites to complete the CDP Supply Chain questionnaire, divided by total emissions in Telefónica's scope 3 categories 1 and 2 in 2025. Due to methodological changes introduced in 2025 for the recalculation of scope 3 emissions, this value is not comparable with the percentage reported in 2024.



possible disruptions, including extreme weather events. It stipulates the development of continuity plans to restore essential activities that have been interrupted.

There is a Local Crisis Committee, one per business unit, and another at global level. They are activated in the event of high-impact disruptive events and involve the relevant areas for each type of crisis.

Crisis management is structured into four phases:

- **Alert phase:** initial assessment of the incident, escalation and activation of the Committee.
- **Evaluation phase:** diagnosis of the situation.
- **Development phase:** decision-making for managing the situation and activation of plans.
- **Closure phase:** crisis resolution, identification of lessons learned and improvement of action plans.

During the summer of 2025, Spain suffered one of the worst wildfire seasons in decades. These episodes were compounded by prolonged heatwaves, persistent droughts and accumulation of dry vegetation, factors which, according to scientific evidence, are exacerbated by climate change. Recent studies warn that, if structural measures are not adopted, the frequency and severity of these fires will increase significantly in the coming years, becoming a growing risk to safety, ecosystems and the continuity of business operations.

In response, Telefónica launched an extraordinary operation to restore connectivity in the 236 towns affected in eight provinces. The Company mobilised more than 200 specialised technicians and deployed additional resources such as mobile units, generators and satellite solutions to ensure critical connectivity in hospitals and emergency centres. Damaged infrastructure was also replaced by installing hundreds of kilometres of fibre-optic cable, and the Company worked closely with public authorities and the security forces to ensure safety and speed up service recovery. Thanks to these measures, connectivity was maintained at critical moments and service was restored in record time, strengthening response capacity to extreme weather events.

## 6. Insurance Programs and Coverage for climate-related events

The Corporate Risk and Insurance Department has an insurance program to protect the network's property and assets. This program is defined through risk modelling of the Company's locations, using historical

information on extreme weather events and different computer modelling systems (RMS, EQCat or KatRisk).

This process determines the probabilities of possible losses and potential impacts for different scenarios and return periods.

Analysing this data is essential for managing risk and setting the limits and retentions of the Telefónica Group's various insurance programs.

## 7. Products aimed at decarbonising the economy

In 2025 Telefónica continued strengthening its portfolio of digital products and services, which help decarbonise other sectors of the economy by fostering the digital and green transitions. These initiatives not only constitute one of the Company's main strategies for mitigating climate change beyond its value chain, but also represent a strategic opportunity for the Group. They provide Telefónica with access to a growing market, where demand is increasing for technological solutions capable of decarbonising customers' production processes, helping them to address greater regulatory pressure and increasing environmental awareness.

The Exponential Roadmap initiative<sup>7</sup> indicates that digital technologies could reduce GHG emissions by 15% in the industrial sector by 2030, and by up to 35% if people's habits change to become more digital and sustainable. This underscores the role of digitalisation in the transition to a low-carbon economy and strengthens the Company's commitment to solutions that benefit both the environment and its customers' competitiveness.

### Development of Eco Smart services

Telefónica develops services based on connectivity, Internet of Things (IoT), cloud computing, big data and 5G. These solutions not only have the potential to generate operational and cost-savings, but also environmental benefits. To identify them, the Company uses the Eco Smart seal, which has four icons representing energy savings, reduction of water consumption, reduction of CO<sub>2</sub>e emissions and promotion of the circular economy.

In 2025 the Group continued developing green digital solutions and identifying them through the deployment of the Eco Smart seal.

As a result of the verification process of the B2B solutions portfolios, 57% of the services that Telefónica offers have been verified as Eco Smart due to their potential to generate environmental benefits and contribute to mitigating the impact of customers on the planet<sup>8</sup>.

<sup>7</sup> Source: Exponential Roadmap Scaling 36 solutions to halve emissions by 2030 Report.

<sup>8</sup> This indicator is calculated by dividing the total number of B2B solutions verified as Eco Smart by AENOR by the total number of B2B solutions in the Company's portfolio. AENOR assesses the products and services portfolio based on the ISO/IEC17029:2019 standard Conformity assessment – General principles and requirements for validation and verification bodies. In 2025 no evaluations of the B2B portfolios were carried out under the Eco Smart label framework, so the value of the indicator remains unchanged compared to the end of fiscal year 2024.



Eco Smart services meet the following criteria: the environmental benefit must occur in the customer's activity or production process, or among the users of a service provided by that customer; it must be a direct consequence and not a side effect derived from the main benefit; and it must be significant, meaning that it is relevant to the customer's operations.

#### Quantification of avoided emissions

To understand Telefónica's level of contribution to climate change mitigation, the Company annually quantifies the greenhouse gas (GHG) emissions that its customers avoid thanks to the use of its products and services, i.e. the net carbon impact generated when compared to a scenario in which the solution is not used.

Telefónica estimates that its Eco Smart and connectivity services helped customers in Spain, Brazil and Germany avoid the emission of 19.2 million tonnes of CO<sub>2</sub>e in 2025<sup>9</sup> (17.4 million tonnes in 2024). These emissions are not taken into account in the calculation of Telefónica's carbon footprint reduction.

The contribution of connectivity services offered to the residential segment (B2C) in Spain, Germany and Brazil has been quantified, as well as some IoT-based Eco Smart services offered to business customers (B2B) in these markets, given that currently only these markets have the complete information required by the reference standards used.

For B2C connectivity services, fixed and mobile broadband services are considered, enabling the following uses: teleworking, online training, online shopping, public transport applications and carpooling applications. The IoT solutions incorporated are those related to managing smart cities (lighting, waste and parking) and vehicle fleets.

For each of the solutions analysed, first-order effects (direct environmental impacts due to the existence of the solution), second-order effects (indirect impacts from the use and application of the solution) and higher-order effects (indirect impacts due to changes in consumption patterns or lifestyles in society) have been identified and, where possible, quantified. Different data sources are used for calculating the effects, depending on the case. These include the results of surveys conducted with Telefónica customers, as well as bibliographic sources, among others.

The net carbon impact for each solution is calculated as the sum of the effects described above. Total avoided emissions are therefore obtained by adding up the net carbon impacts of all the solutions analysed.

## Resources allocated to adaptation and mitigation actions

[E1-3\\_06](#), [E1-3\\_07](#), [E1-3\\_08](#), [E1-1\\_04](#), [E1-1\\_05](#), [E1-1\\_06](#)

The significant current and future financial resources, both OpEx and CapEx, allocated to the actions contained in the CAP and described in the previous section, are detailed below, including their relation to the financial statements and the Taxonomy indicators.

### Network transformation and renewable energy

In 2025 Telefónica invested €1,898 million in the transformation and modernisation of the telecommunications networks based on high-speed fixed and mobile networks, including supporting infrastructures and software that improved their energy efficiency (€2,444 million in 2024). This investment is part of the Company's global CapEx (investment in intangible assets and tangible fixed assets) —see breakdown of CapEx by segment in Note 4 to the 'Consolidated Financial Statements'—.

In addition, as of 31 December 2025, Telefónica had renewable energy purchase commitments (PPAs) amounting to €1,234 million (€1,033 million in 2024), mainly from Telefónica Brazil for the period from 2026 to 2039, Telefónica Spain for the period from 2026 to 2031 and from Telefónica Germany for the period from 2026 to 2035 and 2040 (see Note 26 to the Consolidated Financial Statements).

### Data-driven solutions for Greenhouse Gas (GHG) emissions reductions

In 2025 Telefónica invested €26 million in fixed assets (CapEx) (€33 million in 2024) allocated to data-driven solutions to reduce the GHG emissions of its customers, such as teleworking, smart mobility or e-health, and to energy efficiency solutions on Telefónica's telecommunications network, corresponding to activity 8.2. as defined in the Taxonomy. This activity is explained in the following section:

#### [2.8.2. Identified activities](#)

[SBM-3\\_08](#), [E1-3\\_05](#)

## Financial effects of climate-related risks and opportunities

### Financing linked to sustainability criteria

Sustainable financing is a key element in the transformation of the business model. Access to capital with sustainability criteria, through green bonds and hybrid instruments, supports the implementation of projects with a positive environmental and/or social impact, such as the transformation of fixed and mobile telecommunications networks.

<sup>9</sup> A methodology based on both the WBCSD's Guidance on Avoided Emissions and the ITU L.1480 standard is used to calculate this indicator.

In terms of bank financing, Telefónica has financing linked to sustainability metrics. At the end of the year, the Company met the targets pledged to financial entities. In 2025 changes occurred in the scope of consolidation of the Telefónica Group, mainly due to the sale of the Group's operators in Argentina, Peru, Uruguay and Ecuador (see 'Scope of consolidation' in section 2.1. Basis for preparation); which made it necessary to recalculate emissions in the base year (see 'Selection of base years' in section 2.9.4.1. Targets related to the management of material IROs).

Metrics	Base year	Baseline value	2025
Reduction of scopes 1 and 2 of GHG (%)*	2015	1,464,012	91.2% <sup>10</sup>
Women in executive positions in the Group (%)	2020	27,40%	35.3% <sup>11</sup>

\*The reference value for the scope 1 and 2 reduction indicator has been recalculated, primarily taking into account divestments in the Group's operators in Argentina, Peru, Uruguay and Ecuador. This represents a 19% reduction compared to the previous reference value (1,811,155 tCO<sub>2</sub>e).

Overall, as of 31 December 2025, the Group has sustainability-linked financing of €20,490 million (€21,447 million in 2024). This financing includes current and non-current financial liabilities of €4,524 million, hybrid instruments of €6,050 million and undrawn committed credit lines of €9,706 million (see Note 29.d to the 'Consolidated Financial Statements').

In January 2026, Telefónica continued to strengthen its sustainable financing strategy with the issuance of €1,750 million in green hybrids and the placement of a €1,000 million senior green bond (see Note 31 to the 'Consolidated Financial Statements').

#### Extreme climate-related events

As described in section 5. *Business Continuity Plans*, in 2025 Spain recorded several large-scale forest fires that affected the Company's operations and required the activation of an extraordinary operation to restore connectivity in the affected populations.

In addition, 2024 saw two other extreme weather events: the DANA (for its acronym in Spanish of isolated depression at high levels) in Valencia, Spain —which caused significant damage to Telefónica's infrastructure due to power supply instability and water erosion— and the floods and landslides in the state of Rio Grande do Sul, Brazil —which affected the provision of essential services, including energy and telecommunications—. Estimates of the damage resulting from these events were almost entirely completed during 2025, ultimately proving to be lower than the preliminary estimates.

The measures taken to strengthen the Company's resilience to climate risks, together with existing insurance programs and coverages, have mitigated the financial impact associated with these events so that they have not had a material impact on the Group's financial position.

#### Data-driven solutions for Greenhouse Gas (GHG) emissions reductions

The Telefónica Group recorded €743 million in revenues in 2025 (€782 million in 2024) corresponding to the activity defined in the European Taxonomy for Sustainable Activities 8.2 Data-driven solutions for its customers' GHG emissions reductions. This activity is explained in the following section:

##### 2.8.2. Identified activities

## 2.9.4. Metrics and targets

E1-4, MDR-T

### 2.9.4.1. Targets related to the management of material IROs

E1.MDR-T\_01-13, E1-4\_01

The Group has established climate targets that make it possible to manage material climate-related IROs. These are aligned with the commitments set out in the Global Environmental and Energy Policy and the Global Supply Chain Sustainability Policy. Furthermore, they allow for monitoring compliance with these policies and the associated action plans.

E1-4\_02, E1-4\_04, E1-4\_07, E1-4\_10, E1-4\_13, E1-4\_16, E1-4\_18, E1-4\_20, E1-4\_21, E1-4\_22, E1-4\_25, E1-6\_14

#### Target setting process and evolution

Telefónica sets its climate targets with the aim of achieving net-zero emissions through specific actions such as purchasing renewable energy, improving energy efficiency and engaging with its network of suppliers. In doing so, it incorporates international best practices (RE100 and CDP) and anticipates global commitments (Net-Zero by 2050).

To ensure the robustness of these targets, the Company uses the Science-Based Targets Net-Zero standard (v1.0, October 2021), based on science and aligned with the Paris Agreement, taking the 1.5°C limit as a reference to define its climate change strategy.

According to this standard, Telefónica defines its targets using the Absolute Contraction Approach, which establishes absolute reductions based on global decarbonisation pathways. In addition, GHG reduction targets are absolute, meaning they do not include offsets through sequestration, carbon credits or avoided

<sup>10</sup> Climate Change: section 2.9.4.1. Objectives related to the management of material IROs - GHG reduction objectives and performance.

<sup>11</sup> Own workforce: section 2.11.3.1. Objectives related to the management of material IROs - Equal treatment and opportunities.

emissions. This reinforces the commitment to achieving direct and effective reductions, aligned with inventory limits and the target of reaching net-zero emissions.

### Selection of base years

To report on the performance of the targets, it is necessary to define base years that are representative of the Group's typical GHG profile according to its activities. This typical profile must take into account the most up-to-date methodological standards, the availability and traceability of the data and the accuracy of the calculations, ensuring that they are verifiable over time.

Therefore, Telefónica has selected 2015 (scopes 1 and 2) and 2016 (scope 3) as its base years.

In 2025 changes occurred in the Telefónica Group's scope of consolidation, mainly due to the divestments of the Group's operators in Argentina, Peru, Uruguay and Ecuador (see 'Scope of consolidation' in section 2.1. Basis for preparation). In addition, a scope 3 emissions screening process was carried out to update the calculation methodology and quantify the emissions of the remaining categories applicable to the Company's activities (see section 2.9.4.3. GHG emissions).

As these changes affect the calculation of the Group's total GHG emissions and result in a modification greater than 5%, a recalculation of the base year and of 2024 have been carried out, in accordance with best practices established in the GHG Protocol and SBTi standards. This approach enhances the representativeness of the base year and prior year used to monitor Telefónica's GHG emissions progress and enables their comparability.

### Monitoring and approval of targets

The technical team defines the targets and designs a monitoring and performance-control system with quarterly and annual reviews to adjust actions and increase ambition where necessary.

Once defined, the Board of Directors approves them, ensuring their integration into the Company's overall strategy and confirming the proposed action plans. In parallel, these Net-Zero targets are submitted to SBTi for validation.

The following sections present the approved targets that form part of the CAP, as well as their performance.

### Net-zero emissions by 2040 target

Achieving net-zero carbon emissions by 2040 involves reducing all emissions (scopes 1, 2 and 3) by at least 90% compared to the base year and offsetting the remainder through high-quality carbon credits and, as far as possible, through nature-based solutions.

### Interim targets

To move forward with meeting the target by 2040, the following interim targets have been defined:

- Reduce operational emissions (scopes 1 and 2) by 90% globally by 2030 compared to 2015 (base year), bringing it forward to 2025 for the Company's main markets.
- Reduce emissions in Telefónica's value chain (scope 3) by 56% by 2030 compared to 2016 (base year).
- Continue consuming 100% renewable electricity in the main markets and in all the Company's remaining operations in 2030.
- Offset/neutralise all operational emissions (scopes 1 and 2) in Telefónica's main markets from 2025 onwards, driving projects that contribute to climate change mitigation.
- Reduce energy consumption per unit of traffic (MWh/PetaByte) by 95% by 2030 compared to 2015.

From a methodological standpoint—including assumptions, limitations, sources and processes—no updates were made to the targets in the reporting year.

## GHG reduction targets and performance

Metric	Target	Base year value	2024	2025	Performance (2025 vs base year)
Absolute reduction of emissions, scopes 1+2+3 of the Group* (tCO <sub>2</sub> e)	-90% by 2040	5,704,973	2,926,275	2,929,541	49%
Absolute offset of residual emissions, scopes 1+2+3 of the Group (tCO <sub>2</sub> e)	100% by 2040	N/A	37,655	48,395	N/A
Absolute reduction of emissions, scopes 1+2 of the Group (tCO <sub>2</sub> e)	-90% by 2030	1,464,012	150,500	129,432	91%
Absolute reduction of emissions, scope 3 of the Group (tCO <sub>2</sub> e)	-56% by 2030	4,240,961	2,775,774	2,800,109	34%
Renewable electricity use in own facilities (%)	100% by 2030	20%	92%	93%	+73 pp

Metric	Target	Base year value	2024	2025	Performance (2025 vs base year)
Absolute reduction of emissions, scopes 1+2 from the main markets** (tCO <sub>2</sub> e)	-90% by 2025	1,022,365	50,704	46,467	95%
Absolute offset of emissions, scopes 1+2 from the main key markets (tCO <sub>2</sub> e)	100% by 2025	N/A	36,355	46,469	100%
Reduction in energy consumption per unit of traffic (MWh/PetaByte)	-95% by 2030	386	38	29	92%

\*Methodologies and categories (scopes 1, 2 and 3) are defined in section 2.9.4.3. GHG emissions. In the targets, scope 2 is always considered according to the market-based method. The base year for scopes 1 and 2 and energy efficiency is 2015 and for scope 3 it is 2016.

\*\*Main markets refers to: Spain, Brazil and Germany.

Telefónica continues to make progress towards its net-zero emissions target. In 2025 it achieved a 91% reduction in scopes 1 and 2 emissions and a 34% reduction in scope 3 significant emissions. This progress is mainly the result of the implementation of decarbonisation levers, such as energy consumption initiatives (including the Renewable Energy Plan and energy-efficiency projects), collaboration with suppliers and circular economy projects. The emissions inventory is detailed in the table 'Breakdown of total GHG emissions by scope and estimated future emissions' in section 2.9.4.3. GHG emissions.

### 2.9.4.2. Energy

E1-5

Energy is an essential resource for the Company's operations. In 2025 more than 96% of Telefónica's annual energy consumption came from its telecommunications network. For this reason, it is a priority for Telefónica to keep energy consumption stable despite the strong increase in the digitalisation of society and, consequently, the growth in data traffic flowing through the Group's networks.

E1-5\_01, E1-5\_02, E1-5\_05, E1-5\_06, E1-5\_07, E1-5\_08, E1-5\_09, E1-5\_14, E1-5\_15, E1-5\_17

### Energy consumption

	Unit	2024	2025
<b>Total energy consumption</b>	<b>MWh</b>	<b>5,222,676</b>	<b>4,993,401</b>
Total consumption of energy from fossil sources	MWh	523,071	446,914
Consumption of electricity, heat, steam or refrigeration purchased or acquired from fossil sources	MWh	381,430	301,248
Consumption of fuel from fossil sources	MWh	141,641	145,666
Total consumption of energy from renewable sources	MWh	4,699,605	4,546,487
Consumption of electricity, heat, steam or refrigeration purchased or acquired from renewable sources	MWh	4,632,971	4,482,367
Consumption of fuel from renewable sources	MWh	61,381	56,694
Consumption of self-generated renewable energy	MWh	5,253	7,426
Percentage of fossil fuels in total energy consumption	%	10%	9%
Percentage of renewable sources in total energy consumption	%	90%	91%

Total energy consumption is calculated using activity data, including fuel consumption from stationary and mobile sources, as well as electricity consumption in both owned and third-party facilities that constitute the energy-related emission sources included in the GHG inventory.

Telefónica is a member of RE100, a global and collaborative initiative of influential companies committed to sourcing 100% renewable electricity.

To meet its targets, the Company promotes the use of power purchase agreements (PPAs) with electricity suppliers, as well as the installation of photovoltaic self-generation systems.

At present, electricity consumption is 100% renewable in the Group's telecommunications operators in Spain, Brazil, Germany and Chile.

E1-6\_18, E1-6\_19, E1-6\_21, E1-6\_22, E1-6\_23

## Type of contractual instruments

	2024	2025
<b>Total contractual instruments used to purchase bundled and unbundled energy attribute claims (%)</b>	<b>93%</b>	<b>94%</b>
<b>Bundled contractual instruments</b>		
Percentage of contractual instruments used to purchase energy bundled with attributes about the energy generation (%)	45%	63%
PPAs	25%	41%
Renewable energy certificates	13%	16%
Free energy market	8%	6%
Self-generation	0.1%	0.2%
<b>Unbundled contractual instruments</b>		
Percentage of contractual instruments used to purchase unbundled attribute claims (%)	55%	37%

### 2.9.4.3. GHG emissions

E1-6, E1-7

#### GHG emissions inventory

E1-6\_15

Telefónica calculates the carbon footprint of its operations (scopes 1 and 2) and its value chain (scope 3) on an annual basis, applying the methodology established in the GHG Protocol Corporate Accounting and Reporting Standard (revised edition). The emissions inventory follows the methodological guidelines based on the principles of relevance, completeness, consistency, transparency and accuracy.

Telefónica calculates and reports these emissions in terms of carbon dioxide equivalent (CO<sub>2</sub>e), taking into account not only CO<sub>2</sub>, but also other greenhouse gases (GHG) such as methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O) and hydrofluorocarbons (HFCs).

The Company calculates its GHG emissions by multiplying the activity data collected at each facility or business unit by documented GHG emissions factors, which are selected and periodically updated at corporate level.

The following sections describe the specific calculation methods, key assumptions and the sources of activity data and emission factors used to calculate GHG emissions for scopes 1 and 2, as well as for the significant and non-significant categories of scope 3.

**Scope 1 (direct GHG emissions).** These come from two sources: fuel consumption (fleet and operations) and fugitive emissions of fluorinated gases. The emissions factors are sourced from the GHG Protocol Cross Sector Tools (2024), the IPCC Sixth Assessment Report (2021) and the carbon footprint reporting tools provided by the ministries of the different countries.

**Scope 2 (indirect GHG emissions).** These come from two sources: electricity consumption and district heating. In the case of electricity, there are two methods for calculating these emissions, one that is location-based and one that is market-based. The emissions factors used for the location-based method come from the IEA Emissions Factors (2025) report, the International Energy Agency and official local sources (energy or environment ministries) in each country. For the market-based method, the emissions factors used are those from the available local sources (for example, MITECO for Spain) or the electricity residual mix factors of the Association Issuing Bodies (AIB).

**Scope 3 (other indirect GHG emissions).** These are indirect emissions generated across Telefónica's value chain, both upstream and downstream, as a result of its activities, but occurring from sources that are neither owned nor controlled by the Company.

E1-6\_26, E1-6\_27

In 2025 Telefónica updated the screening analysis of the 15 categories of indirect emissions in accordance with the GHG Protocol Corporate Value Chain Accounting and Reporting Standard.

This analysis identified as significant those categories that are most relevant to the business and for which decarbonisation levers can be developed: 'Purchased goods and services', 'Capital goods', 'Fuel- and energy-related activities', 'Upstream transportation', 'Business travel', 'Employee commuting', 'Use of sold products', 'Downstream leased assets' and 'Investments'. These categories represent the areas of greatest impact within Telefónica's value chain and are therefore considered priorities in emissions management.

Although the remaining categories are not significant, they are also reported to reinforce comparability and transparency. These categories are: 'Waste' (1,087 tCO<sub>2</sub>e), 'End-of-life treatment of sold products' (6,436 tCO<sub>2</sub>e) and 'Franchises' (10,307 tCO<sub>2</sub>e).

Lastly, the category 'Upstream leased assets' is accounted for under other scopes (scope 2) and another category (scope 3 category 1), while the categories 'Downstream transportation' and 'Processing of sold products' are excluded from the inventory as they are not applicable to Telefónica's activities.

E1-6.29

The methodology used to quantify scope 3 emissions complies with the recommendations from the GHG Protocol (Corporate Value Chain (scope 3) Accounting and Reporting Standard) and the sector-specific guidance developed by ITU, GeSI and GSMA (Guidance for Assessment of scope 3 Emissions for Operators).

- For the calculation of the emissions from purchased goods and services and from capital goods (categories 1 and 2), the hybrid method defined by the GHG Protocol is used. Under this approach, the emission intensity of each supplier is multiplied by the amount awarded to that supplier. Executed purchase amounts or orders placed in the fiscal year are used for each supplier and type of purchase. The emission intensity of each supplier is calculated based on the supplier's GHG emissions and revenue, using the supplier's emissions information or, where necessary, considering the type of purchase. In the case of the purchase of mobile devices and CPEs, the supplier's specific method is used, whereby the number of devices purchased, both new and refurbished, is multiplied by the specific emissions from the production and transport stages of the Life Cycle Assessment for each model.
- The emissions associated with energy-related activities (category 3) are those associated with extraction and production of the energy consumed, as well as transmission and distribution losses of electricity and district heating. The calculation methodology is based on the activity data (amount of fuel, electricity and district heating used in the reporting year by the different business units) and on upstream emissions factors and transmission and distribution losses factors, which are specific to each country and are obtained from the International Energy Agency's Life Cycle Upstream Emissions Factors (2025) report and from the *2025 UK Government GHG Conversion Factors for Company Reporting*; report from the UK's Department for Environment, Food and Rural Affairs (DEFRA).
- Emissions associated with the transport and distribution of products purchased during the reporting year—from first-tier suppliers to the Company's operations, both internationally and nationally—as well as those arising from downstream logistics to warehouses or other destinations (stores, contractors, customers), using vehicles not owned by Telefónica, have also been calculated (category 4).

The calculation uses the distance-based method, which considers the mass of the products transported, the distance travelled and the type of vehicle used, applying the corresponding emission factor per tonne-kilometre obtained from the *2025 UK Government GHG Conversion Factors for Company Reporting*; report from the UK's DEFRA.

- Emissions arising from the treatment and final disposal of waste (category 5) are calculated using the waste-specific method, which determines emissions based on the type of waste and the treatment applied (recycling, incineration, landfill, etc.). Emissions are obtained by multiplying the amount of waste generated by the emission factor corresponding to each combination of waste type and treatment, sourced from the *2025 UK Government GHG Conversion Factors for Company Reporting*; report from the UK's DEFRA.
- For the calculation of business travel emissions (category 6), Telefónica applies both the distance-based method—for air, rail, bus, helicopter, ferry, rental car and employees' private vehicle travel—and the spend-based method used for certain transport modes where mileage data are not available. Additionally, upstream emissions or Well-to-Tank (WTT) emissions are calculated by multiplying the distance travelled for each transport mode by the corresponding upstream emissions factors, expressed in passenger-kilometres. The sources of the emission factors used are the *2025 UK Government GHG Conversion Factors for Company Reporting*; report from the UK's DEFRA and the *Air Emissions Accounts by Activity Branch and Activity Aggregates (Cuentas de emisiones a la atmósfera por ramas de actividad y Agregados por ramas de actividad)* published by the Spanish National Statistics Institute (INE).
- Emissions resulting from employees commuting between home and their workplace were also calculated (category 7). Telefónica applies the average-data method, based on estimation of employee mobility patterns. The calculation considers variables such as the number of employees, effective working days, the use of different transport modes and the average distance travelled. Using these inputs, the annual commuting distance is estimated for each transport mode and multiplied by the corresponding emission factors (WTT and TTW) to determine the total CO<sub>2</sub>e emissions by entity and country. The source of the emissions factors used is the *2025 UK Government GHG Conversion Factors for Company Reporting*; report from the UK's DEFRA.
- For the calculation of emissions from the use of sold products (category 11), Telefónica multiplies the emissions associated with the mobile devices sold—



both new and refurbished— by the location-based energy emission factor. These emissions are estimated for each product considering the electricity consumption of each device over its entire useful life. To this end, the technical specifications published and made available by manufacturers are used (for example, through the European Product Registry for Energy Labelling – EPREL). The devices sold are grouped into categories with similar technical characteristics. When specific data are not available for a particular model, the estimation is derived from the models within the same category for which data are available, applying an extrapolation.

- The end-of-life emissions of sold products (category 12) are calculated by multiplying the number of mobile devices sold (smartphones, laptops, tablets, wearables and others) by the emissions associated with the end-of-life phase of each device, according to its model and brand. The emissions factors used are sourced from publicly available life cycle assessment (LCA) reports, Eco Rating data or average values when device-specific information is not available.
- Emissions arising from the operation of assets owned by Telefónica and leased to third parties, as well as from customer-premises equipment such as routers and decoders, are also calculated (category 13). The emissions are calculated based on the electricity consumption of these assets, applying country-specific emissions factors according to their location. The calculation uses internal and supplier data on the number of installed units and their energy characteristics; when device-specific information is not available, average values by technology and country are used. The emissions factors applied for the electricity mix are the same as those used for scope 2 and are sourced from recognised international and national references.
- Emissions from Telefónica's franchised retail stores (category 14) are estimated by multiplying the average store area by the number of stores in each country, the average energy consumption per unit on surface area, and the national emissions factors for the electricity and fuels used. The average energy consumption is

calculated based on verified data from Telefónica's own stores, while information on the number and surface area of franchised stores is provided by the Sustainability departments of each operator. The emissions factors applied are the same as those used for scope 2.

- Emissions associated with investments (category 15) are also calculated. The scope includes joint ventures (including VMED O2 UK) and associates over which Telefónica exercises significant influence (accounted for using the equity method in the 'Consolidated Financial Statements'). When public carbon footprint data are available, the operational emissions of the investee are multiplied by Telefónica's ownership share. When such data are not available, the average-data method is applied, multiplying the investee's revenues by an EEIO (Environmentally Extended Input-Output) factor representative of its economic activity sector and by Telefónica's ownership share. This factor is derived from the *Air Emissions Accounts by Activity Branch and Activity Aggregates* published by the Spanish INE.

### Telefónica's GHG emissions

[E1-4\\_03](#), [E1-4\\_06](#), [E1-4\\_12](#), [E1-4\\_15](#), [E1-6\\_01](#), [E1-6\\_02](#), [E1-6\\_03](#), [E1-6\\_04](#), [E1-6\\_05](#), [E1-6\\_06](#), [E1-6\\_07](#), [E1-6\\_08](#), [E1-6\\_09](#), [E1-6\\_10](#), [E1-6\\_11](#), [E1-6\\_12](#), [E1-6\\_13](#), [E1-6\\_17](#)

In line with the methodology described above, the Telefónica Group's total GHG emissions for fiscal year 2025 amounted to 2.93 million tCO<sub>2</sub>e. Direct emissions from the Company's operations (scope 1) accounted for 2.7% of the total, while indirect emissions associated with electricity consumption (scope 2) accounted for 1.7%.

Most of the Group's carbon footprint came from indirect emissions generated throughout the value chain (scope 3), which accounted for 95.6% of total emissions.

The following tables show Telefónica's total GHG emissions in 2025 and 2024, broken down by scopes 1 and 2 and significant categories of scope 3. As explained above, both the base year and the year 2024 were recalculated (see 'Selection of base years' in section 2.9.4.1. Targets related to the management of material IROs).

## Breakdown of total GHG emissions by company

GHG emissions (tCO <sub>2</sub> e)	2025				
	Telefónica Group	Telefónica Spain	Telefónica Germany	Telefónica Brazil	Other companies
Total GHG emissions - scope 1	80,177	18,130	4,138	23,704	34,205
Total GHG emissions - scope 2 (location-based method)	705,207	133,201	331,892	83,132	156,982
Total GHG emissions - scope 2 (market-based method)	49,255	97	397	–	48,761
Significant GHG emissions - scope 3	2,800,109	897,482	537,652	608,745	756,230
Cat. 1. Purchased products and services	1,830,025	556,825	377,243	370,801	525,156
Cat. 2. Capital goods	392,574	136,879	40,265	148,091	67,339
Cat. 3. Fuel- and energy-related activities (not included in Scopes 1 and 2)	77,953	2,043	20,782	24,753	30,375
Cat. 4. Upstream transportation	29,419	19,566	203	6,170	3,480
Cat. 6. Business travel	25,810	6,872	1,138	6,765	11,035
Cat. 7. Employee commuting	37,030	10,190	2,031	13,931	10,878
Cat. 11. Use of sold products	82,505	44,985	19,732	4,058	13,730
Cat. 13. Downstream leased assets	301,876	116,837	76,258	34,089	74,692
Cat. 15. Investments	22,918	3,286	–	86	19,546
Total GHG emissions [scope 1 + scope 2 location-based + scope 3]	3,585,494	1,048,813	873,682	715,581	947,418
Total GHG emissions [scope 1 + scope 2 market-based + scope 3]	2,929,541	915,710	542,187	632,449	839,195
Biogenic emissions relating to scope 1	13,999	–	–	13,992	7

GHG emissions (tCO <sub>2</sub> e)	2024				
	Telefónica Group	Telefónica Spain	Telefónica Germany	Telefónica Brazil	Other companies
Total GHG emissions - scope 1	91,314	18,229	5,774	26,349	40,962
Total GHG emissions - scope 2 (location-based method)	721,983	165,272	318,051	85,776	152,884
Total GHG emissions - scope 2 (market-based method)	59,186	–	352	–	58,834
Significant GHG emissions - scope 3	2,775,774	897,047	495,624	674,003	709,100
Cat. 1. Purchased products and services	1,700,230	490,292	318,449	431,517	459,972
Cat. 2. Capital goods	414,654	155,533	43,745	152,792	62,584
Cat. 3. Fuel- and energy-related activities (not included in scopes 1 and 2)	117,138	20,699	20,386	25,173	50,880
Cat. 4. Upstream transportation	36,296	23,778	380	5,336	6,802
Cat. 6. Business travel	44,688	9,163	2,102	11,160	22,263
Cat. 7. Employee commuting	36,769	8,770	2,464	14,108	11,427
Cat. 11. Use of sold products	77,772	37,705	25,467	1,982	12,618
Cat. 13. Downstream leased assets	322,676	148,348	82,631	31,833	59,864
Cat. 15. Investments	25,550	2,759	–	101	22,690
Total GHG emissions [scope 1 + scope 2 location-based + scope 3]	3,589,072	1,080,548	819,449	786,128	902,947
Total GHG emissions [scope 1 + scope 2 market-based + scope 3]	2,926,275	915,277	501,751	700,352	808,895
Biogenic emissions relating to scope 1	15,099	–	–	14,918	181

## Breakdown of total GHG emissions by scope and estimated future emissions

GHG emissions (tCO <sub>2</sub> e)	Retrospective				Milestones and target years***	
	Base year	Base year value	2025	Change vs. previous year (%)	2030	Annual target/base year (%)
Scope 1*	2015	224,594	80,177	-12%	46,911	-5%
Scope 2 (location-based method)	2015	1,583,964	705,207	-2%	N/A	N/A
Scope 2 (market-based method)	2015	1,239,418	49,255	-17%	432	-7%
Scopes 1+2 (market-based method)	2015	1,464,012	129,432	-14%	47,343	-6%
Scope 3, significant categories	2016	4,240,961	2,800,109	1%	1,395,049	-5%
Cat. 1. Purchased products and services	2016	2,178,446	1,830,025	8%	N/A	N/A
Cat. 2. Capital goods	2016	872,246	392,574	-5%	N/A	N/A
Cat. 3. Fuel- and energy-related activities (not included in scopes 1 and 2)	2016	258,155	77,953	-33%	N/A	N/A
Cat. 4. Upstream transportation	2016	144,456	29,419	-19%	N/A	N/A
Cat. 6. Business travel	2016	96,174	25,810	-42%	N/A	N/A
Cat. 7. Employee commuting	2016	91,449	37,030	1%	N/A	N/A
Cat. 11. Use of sold products	2016	47,596	82,505	6%	N/A	N/A
Cat. 13. Downstream leased assets	2016	550,815	301,876	-6%	N/A	N/A
Cat. 15. Investments	2016	1,624	22,918	-10%	N/A	N/A
Total GHG emissions [scope 1 + scope 2 location-based + scope 3]**	2015/2016	6,049,519	3,585,494	-0.1%	N/A	N/A
Total GHG emissions [scope 1 + scope 2 market-based + scope 3]	2015/2016	5,704,973	2,929,541	0.1%	1,442,392	-5%

\*Telefónica is not regulated by regulated emissions trading mechanisms.

\*\*Base year: 2015 for scopes 1 and 2 and 2016 for scope 3 emissions.

\*\*\*In line with the Company's Strategic Plan, only the projected GHG emissions reductions for the main markets are reported.

E1-6\_30, E1-6\_31

### Total GHG emissions per net revenue

GHG intensity/revenue	2024	2025
Total GHG emissions (location-based method) per net revenue (tCO <sub>2</sub> e/M€)	96.2	98.2
Total GHG emissions (market-based method) per net revenue (tCO <sub>2</sub> e/M€)	78.4	80.2

E1-6\_32, E1-6\_33, E1-6\_34

The denominator of the GHG emissions intensity metric for 2025 is based on the Group's consolidated figure for sales and services provided, including both continuing and discontinued operations (see 'Scope of consolidation' in section 2.1. Basis for preparation). This figure excludes the contribution of the Group's operators in Argentina, Peru, Uruguay and Ecuador, which, as indicated above, were sold during 2025 and, consequently, have also been excluded from the calculation of the Group's GHG emissions. The resulting total amount is €36,508 million in 2025 (€37,318 million in 2024).

In 2025 scope 1 emissions were 12% lower than in 2024 due to lower fuel consumption in operations and fleet, and mainly a decrease in refrigerant gas refills.

Scope 2 emissions decreased by 17% year-on-year as a result of the implementation of the Energy Efficiency and Renewable Energy plans.

Compared to the base year (2015), scope 1 emissions were reduced by 64% and scope 2 emissions by 96%. Taken together, scope 1 and 2 emissions dropped by 91%, equivalent to 1,334,580 tCO<sub>2</sub>e avoided.

Of total value chain emissions (scope 3), 79% originated from purchases made across the supply chain ('Category 1. Purchased goods and services' and 'Category 2. Capital goods'), followed by emissions from the use of products by customers ('Category 13. Downstream leased assets'), which accounted for 11%.

Other relevant categories included 'Category 3. Fuel- and energy-related activities', 'Category 4. Upstream transportation', 'Category 6. Business travel', 'Category 7. Employee commuting', 'Category 11. Use of sold products', and 'Category 15. Investments', which together represented the remaining 10% of the value chain emissions.

Telefónica also calculates other emissions from non-significant categories that it considers strategically relevant to disclose for transparency purposes, such as 'Category 5. Waste', 'Category 12. End-of-life treatment of sold products' and 'Category 14. Franchises', which together amounted to 17,830 tCO<sub>2</sub>e in 2025.

In 2025 scope 3 emissions decreased by 34% compared to 2016 (base year), although they increased by 0.9% compared to the previous year.

Scope 3 emissions increased in certain significant categories. Emissions associated with purchased goods and services (Category 1) increased by 8% compared to 2024, due both to a higher volume of purchases and to the inclusion of new products—such as televisions, computers and household appliances— within the Telefónica Group's sales portfolio.

'Category 11. Use of sold products' also increased, by 6%, compared to 2024. This was partly due to an increase in sales of televisions and gaming consoles, the associated emissions of which are higher than those of smartphones, and partly due to higher emissions factors, which resulted in an emissions increase greater than the growth in units sold.

Compared to 2024, emissions associated with 'Downstream leased assets' decreased, due to improvements in the energy efficiency of customer-premises equipment—emissions from decoders and routers fell by 6% year-on-year.

During the reporting year, 62% of scope 3 emissions were calculated using primary data (61% en 2024). <sup>E1-6\_25</sup>

### Carbon credits

To meet the target of achieving net-zero emissions in 2040, the Telefónica Group plans to reduce 90% of its total baseline-year emissions and, from 2040 onwards, neutralise its residual emissions through the purchase of carbon credits from GHG removal projects. <sup>E1-7\_20</sup>

Before 2040, Telefónica aims to support climate-mitigation projects outside its value chain (Beyond Value <sup>E1-7\_12</sup>

Chain Mitigation - BVCM), including both reductions and removal projects. To this end, the Company uses high-quality carbon credits acquired in the Voluntary Carbon Market. Projects generating these credits must meet the following quality criteria:

- Carbon-removal projects, preferably nature-based, such as reforestation, afforestation or ecosystem restoration (forests, wetlands, grasslands or ocean ecosystems), using native plant species.
- Demonstration of additionally and long-term impact.
- Projects must deliver environmental and social benefits and, to the extent possible, contribute to the achievement of the SDGs, while respecting and considering the rights of local communities and indigenous peoples.
- Projects must be certified under nationally or internationally recognised accreditation programs and verified by an accredited independent third party.
- Projects must preferably be located in the geographies in which Telefónica operates, especially in areas with high deforestation rates, such as Brazil. This approach helps curb deforestation in these regions, supports the conservation of existing forest carbon reserves and provides incentives to protect indigenous peoples and local communities.

Since 2019, Telefónica has financed climate change mitigation activities outside its value chain through the purchase of carbon credits from nature-based projects. In 2025 a total of 48,395 tCO<sub>2</sub>e in carbon credits were cancelled, all of which came from biogenic carbon-removal projects. <sup>E1-7\_10, E1-7\_15</sup>

In 2025, 38% of the carbon credits cancelled came from emissions-reduction projects (REDD+), while the remaining credits came from biogenic carbon-removal projects (ARR). <sup>E1-7\_13, E1-7\_14, E1-7\_16, E1-7\_17</sup>

The following table presents the detail of the GHG-mitigation projects outside the value chain that have been financed through carbon credits.

### Carbon credits cancelled

	2024	2025				
	Total	Total	Telefónica Germany	Telefónica Brazil	Telefónica Spain	Telefónica, S.A.
<b>Total carbon credits cancelled (tCO<sub>2</sub>e)</b>	<b>37,655</b>	<b>48,395</b>	<b>4,535</b>	<b>23,705</b>	<b>18,229</b>	<b>1,926</b>
Carbon credits from removal projects (%)	<b>30%</b>	<b>62%</b>	100%	22%	100%	100%
Carbon credits from reduction projects (%)	<b>70%</b>	<b>38%</b>	—	78%	—	—
Carbon credits with the Verra Registry quality standard (%)	<b>99%</b>	<b>95%</b>	100%	100%	87%	87%
Carbon credits with the Spanish Climate Change Office (OECC) Registry quality standard (%)	<b>1%</b>	<b>5%</b>	—	—	13%	13%
Carbon credits from projects within the EU (%)	<b>1%</b>	<b>5%</b>	—	—	13%	13%



E1-7\_02

Telefónica Spain holds carbon credits from the Bosque Telefónica project in Palencia, which helps to restore a degraded agricultural area by transforming it into forest land. It also invests in a reforestation project in Colombia, as well as additional restoration initiatives using native vegetation in Galicia, in areas affected by wildfires in As Neves, Covelo and Redondela, among others.

Telefónica Brazil continues to offset 100% of its scope 1 and 2 emissions through the purchase of carbon credits. The supported projects operate within the Amazon biome and include both ecosystem-conservation initiatives that prevent deforestation and reforestation projects using native species. They also promote the socio-economic development of local communities by generating income and supporting educational activities.

Telefónica Germany cancelled carbon credits from a reforestation project in Colombia that promotes sustainable forest management to foster natural regeneration, in an amount equivalent to its operational emissions.

Lastly, Telefónica, S.A., mitigated the impact of the scopes 1 and 2 emissions associated with its corporate buildings through the absorption of an equivalent amount of CO<sub>2</sub> in a reforestation project based in Colombia and in two restoration projects involving chestnut, cherry, oak and pine forests located in the communal lands of San Esteban de Budiño and Rubiós, both in Spain.

E1-7\_11, E1-7\_19

One of the targets set for 2025 was to offset the Group's scopes 1 and 2 emissions in its main markets (Spain, Germany and Brazil). In 2025 this target was met, offsetting 100% of emissions in the main markets and 37% at global level. Meeting this target will require the cancellation of approximately 245,996 carbon credits between 2026 and 2030, based on the Company's forecast operational emissions. In the medium term, Telefónica has secured agreements that ensure the availability of credits, supported by a multi-country and multi-year purchase that was awarded in 2022.

E1-8

#### 2.9.4.4. Internal carbon pricing

E1-8\_01, E1-8\_02, E1-8\_13

Telefónica applies an internal carbon price (shadow price) to promote the selection of low-carbon options in its procurement processes. Therefore, when acquiring equipment that consumes energy (electricity and/or fuel), as well as equipment containing fluorinated gases, this shadow price is incorporated into the calculation of Total Cost of Ownership (TCO). This approach enables the Company to consider not only the purchase price, but also the cost of the energy consumed and the price of the emissions generated over the equipment's useful life, thereby supporting decision-making that favours more efficient equipment with lower lifetime emissions.

This mechanism is expected to contribute to reducing scopes 1 and 2 emissions. As the emissions relate to future asset-level performance, the quantification of emissions for the current year is not considered relevant when compared with the emissions generated over the useful life of the asset covered by this approach.

E1-8\_03

The application of the shadow price is defined in the Corporate Low-Carbon Procurement Instruction, which specifies the product categories to which it applies, provided that a certain financial threshold is exceeded. Accordingly, the shadow price is applied to the relevant procurement processes of the Telefónica Group companies across all geographies in which the Group operates.

E1-8\_04, E1-8\_05

To determine this value, a literature review of carbon prices and their projected trends was conducted. As part of this review, the carbon price projections of the International Energy Agency (IEA), the prices of the European Union Allowances (EUA) and the trends reported by the Carbon Pricing Leadership Coalition were analysed. The sources examined indicated price ranges between 50 and 100 USD/tCO<sub>2</sub>e.

Subsequently, an analysis was carried out comparing the average prices published in the CDP climate change questionnaire, which showed that the average internal shadow carbon price applied by companies was 28 USD/tCO<sub>2</sub>e. As part of the assessment, and with the aim of incorporating real carbon-market prices, the Group's experience in purchasing carbon credits was also considered. To that end, the price of carbon credits acquired on the Voluntary Carbon Market (VCM) between 2020 and 2022 was evaluated, together with the price ranges of Telefónica's carbon-credit purchase agreements through 2026.

Taking into account the trends reviewed, Telefónica's internal experience and the future price outlook for the VCM, the Company decided to set its internal carbon price at 30 €/tCO<sub>2</sub>e.

# 2.10. ESRS E5 - Circular Economy

E5.IRO-1

Telefónica integrates the circular economy into its business model. This enables the Company to decouple growth from its environmental footprint, and avoid indirect carbon emissions through reuse and recycling.

## 2.10.1. Impacts, risks and opportunities

The material impact that Telefónica has identified for ESRS E5 - Circular economy as a result of the double materiality process is the following:

### Subtopic: Resource inflows, including resource use

Type of IRO	Description
<a href="#">SBM-3_04, SBM-3_06</a>	<a href="#">SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07</a>
Actual positive impact	Avoidance of environmental impact related to the extraction of virgin raw materials through the recycling and reuse of parts and equipment  <i>Linkage:</i> Strategy <i>Origin in the value chain:</i> Own operations (operations); downstream (after-sales)

The material risks and opportunities that Telefónica has identified for ESRS E5 - Circular economy as a result of the double materiality process are the following:

### Subtopic: Resource inflows, including resource use

Type of IRO	Description
	<a href="#">SBM-3_02, SBM-3_03</a>
Risk	Loss of profits associated with supply chain disruption resulting from lack of electronic equipment for operations, offices and customers due to resource depletion, conflicts and geopolitical tensions arising from competition for natural resources  <i>Origin in the value chain:</i> Upstream (extraction, manufacturing and assembly)
	Increased costs and waiting times for the delivery of products and services  <i>Origin in the value chain:</i> Upstream (extraction, manufacturing and assembly)
Opportunity	Generation of savings by reusing customer-premises equipment avoiding the purchase of new equipment  <i>Origin in the value chain:</i> Upstream (procurement); own operations (operations); downstream (after-sales)



**Subtopic: Waste**

Type of IRO	Description	<a href="#">SBM-3_02</a> , <a href="#">SBM-3_03</a>
Opportunity	Generation of income through the sale of waste for recycling  <a href="#">Origin in the value chain</a> : Own operations (operations)	

**Subtopic: Resource outflows related to products and services**

Type of IRO	Description	<a href="#">SBM-3_02</a> , <a href="#">SBM-3_03</a>
Opportunity	Generation of income through the sale of second-hand electronic equipment, such as mobile terminals, network equipment or other types of equipment  <a href="#">Origin in the value chain</a> : Upstream (procurement); own operations (operations, products and services); downstream (marketing)  Generation of income through the shared use of network infrastructure via agreements that enable increased intensity of usage  <a href="#">Origin in the value chain</a> : Own operations (operations, products and services); downstream (use)	

[E5.IRO-1\\_01](#)  
The process for identifying potential impacts, risks and opportunities associated with resource use and the circular economy follows the methodology detailed in the following section:

[2.3. Materiality](#)

In addition, to assess specific impacts, risks and opportunities, during the analysis and implementation sessions of Telefónica's digital waste management tool (GreTel), the Company:

- Identified those of its assets and activities with the potential to generate waste.
- Considered each country's environmental regulations.

[E5.IRO-1\\_02](#)  
All the required information about the consultations held with the different stakeholders, including affected groups, is gathered and reported in the following section:

[2.2.4. Stakeholder management and relations](#)

**2.10.1.1. Policies**

**Global Environmental and Energy Policy**

[E5-1\\_01](#), [E5-1\\_02](#)  
Telefónica is committed to protecting the environment by reducing its environmental footprint. This policy includes the following fundamental principles:

- Responsible network deployment and operation.
- Pollution prevention.
- Efficient use of resources and the circular economy.

Furthermore, this policy aims to maximise the opportunities offered by the circular economy through:

- Collaborating with suppliers to implement eco-efficiency measures in the supply of equipment and services.
- Reducing waste generation by reusing and recycling electronic equipment.
- Using digitalisation to improve the traceability and reverse logistics of equipment.
- Promoting digital services and products that contribute to solving global and local environmental challenges.

**Supply Chain Sustainability Policy**

[E5-1\\_01](#) [E5-1\\_02](#)  
This policy states that suppliers must adhere to the minimum sustainability criteria detailed in the Supplier Code of Conduct.

This Code establishes that, to the extent possible within their contractual relationship with the Company, suppliers must provide products and services that are aligned with the following circular measures:

- Reduce the environmental impact and generation of waste from their activities.
- Integrate responsible design criteria, such as repair, reuse and recycling.
- Promote the sustainable use of resources and eliminate single-use plastics.

These preventive measures must be integrated at every stage of the product and service life cycle, from raw material extraction and manufacturing, to transportation, waste management and final disposal.

[E5.MDR-P\\_01-06](#)  
The information required in the minimum disclosure



requirements (MDR-P) about the policies adopted to manage sustainability matters is gathered and reported in the following section of the Sustainability Notes:

## 2.15. Policies

### 2.10.1.2. Action plans

E5-2

E5.MDR-A\_01-12

Telefónica has established actions to become a Zero Waste company by 2030 and to meet the circular economy commitments included in its Global Environmental and Energy Policy. These commitments include minimising the impact of waste generated, promoting reuse and recycling, and reducing the generation of hazardous waste.

In line with these commitments, Telefónica is implementing the following actions to manage its material impacts, risks and opportunities related to the circular economy:

#### 1. Reuse customer-premises equipment (routers and set-top boxes)

This action focuses on the reuse of B2C/B2B routers and set-top boxes that follow under the device as a service model. It includes equipment that the Company collects from customers and delivers to a refurbishing company to give a second life.

This project is implemented at all Telefónica operators offering fixed telephony services and includes the upstream and downstream phases of the value chain, as well as own operations.

The reuse of customer-premise equipment is a long-term action that helps reduce dependency risks related to the circular economy. At the same time, it represents an opportunity for economic savings by avoiding the purchase of new equipment.

The expected result is to maintain the reuse of 90% of routers and decoders delivered for refurbishment.

In 2025 the Company reused 3.2 million routers and decoders (4 million in 2024), representing 80% (91% in 2024) of the total equipment delivered for refurbishment.

The variation compared to 2024 is due to the reduced scope of consolidation in 2025, as well as technological developments affecting this type of equipment. These factors determine the volume of equipment suitable for refurbishment.

#### 2. Reuse mobile devices

Within the scope of this initiative, mobile devices owned by customers or by Telefónica and obtained through different channels are included, with the aim of giving them a second life. This is done through initiatives such

as buyback programs, the sale of refurbished devices, repair services and reuse within leasing services, among other measures.

This initiative is rolled out in markets that offer mobile phone services and includes the upstream and downstream phases of the value chain, as well as own operations.

Reusing devices contributes to the reduction of circular economy-related dependency risks, and is a long-term action.

In 2025, 357,188 mobile devices were reused (437,180 in 2024). The variation compared to 2024 is mainly due to the reduced scope of consolidation in 2025 and lower numbers of mobile phones recovered through buyback programmes. A similar figure is expected in the medium term.

#### 3. Prioritise the reuse of network equipment

Telefónica has implemented programs and digital platforms to extend the lifespan of network equipment and encourage its reuse.

This equipment comes from Telefónica's own infrastructure and that of partner organisations, mainly in markets where Telefónica operates telecommunications networks. The initiative covers both the upstream and downstream phases of the value chain, as well as own operations.

The reuse of network equipment is a long-term action that contributes to the reduction of circular economy-related dependency risks.

Thanks to efforts to promote the reuse of network equipment, 781,822 items were reused in 2025, compared to 533,818 in 2024. A similar figure is expected to be maintained in the medium term.

#### 4. Recycle 100% of waste when reuse is not possible

This initiative includes delivering waste for recycling to waste managers authorised by the competent bodies and consolidating the waste generated by the Company's activity. In some cases it is possible to generate income through the sale of waste for recycling.

The GreTel digital tool enhances the traceability of waste disposal information, helping to mitigate risks and impacts from improper treatment.

The project is rolled out in regions with fixed or mobile telecommunications infrastructure, and focuses on the operations phase (waste management) of the value chain. This is a long-term action that is expected to recycle over 95% of the waste generated. In 2025, 94% of waste was recycled (94% in 2024).



## 5. Facilitate the sharing of network infrastructure

Telefónica has agreements in place with other operators to share network infrastructure, either partially or completely, in order to optimise its use and reduce the impact of the telecommunications sector on the environment.

Sharing telecommunications network infrastructure and constituent parts, such as sites, RAN components or frequency spectrum, allows existing assets to be maximised by increasing their utilisation intensity.

This approach is designed to achieve optimal land use, minimise visual impact, optimise energy consumption and reduce waste generation. This strategy contributes to a more efficient and resilient network model that is aligned with the Group's circular economy principles.

This initiative is underway and in ongoing development, mainly in the three key markets, and includes both own operations and those in the downstream phase of the value chain.

With regard to the expected results, the material commitments in force at the end of the current financial year can be found in Note 29.c of the 'Consolidated Financial Statements'. Progress tracking is reported in activity '5.5 Product-as-a-service and other circular models' in the Taxonomy section. See:

[2.8.2. Identified activities](#)

### Corrective measures

Thanks to the implementation of Environmental Management Systems (EMS) in accordance with ISO 14001, all of the Group's operators have measures in place to control impacts and prevent harm to people. Operating under a certified EMS allows for adequate control and compliance with the environmental legislation applicable to each of the Company's operators.

The EMS are therefore directly linked to the preventive environmental compliance model, which forms part of the Company's global compliance process.

### Resources allocated to circular economy actions

As outlined in section 2.8. European Taxonomy for Sustainable Activities, in 2025 Telefónica invested 1,891 million euros in fixed assets (CapEx) corresponding to the Taxonomy activity 5.5. Product-as-a-service and other circular use- and result-oriented service models (612 million in 2024). This investment was used to purchase the equipment necessary for the provision of connectivity and television services to customers, whether individuals or businesses, and for initiatives that promote efficiency and resource optimisation, such as network infrastructure sharing. Please note that a part of

this investment is included in the Network Transformation CapEx reported in the section on the financial effects of climate risks and opportunities. See section:

[2.9.3.2. Action plans - Resources allocated to adaptation and mitigation actions - Network transformation and renewable energy](#)

The difference between the 2025 and 2024 figures is due to changes in the Group's scope (primarily divestments in Hispanoamerica) and the expansion of the scope of the activity, related to the increased use of network infrastructure. For further details, see section:

[2.8.3.1 General considerations](#)

[SBM-3\\_08](#)

### Financial effects of circular economy risks and opportunities

Regarding circular economy opportunities, as reported in activity 5.5. Product-as-a service and other circular use- and result-oriented service models; in 2025 the Group recorded revenues of €1,789 million from the rental of the equipment necessary to provide connectivity and television services. The sharing of network infrastructure between different players in the value chain has been included in 2025. For further details, see the following section:

[2.8.2. Identified activities](#)



## 2.10.2. Metrics and targets

[E5-3](#)

### 2.10.2.1. Targets related to the management of material IROs

[E5.MDR-T\\_01-13](#)

#### Zero Waste

Target: reuse or recycle 100% of the total waste generated by 2030.

Performance in 2025: 95% of the waste generated was reused or recycled (95% in 2024).

In terms of the circular economy, Telefónica aims to be a Zero Waste company by 2030; a target aligned with the circular economy commitments outlined in the Global Environmental and Energy Policy. This is a quantifiable and relative aspiration that covers all material impacts, risks and opportunities related to the circular economy.

#### Scope

The scope of this target includes both electronic equipment that can still have a second life and waste generated by the Company's activity - whether hazardous or not - which is delivered to waste managers authorised by the competent bodies for recycling.

Geographically, the scope is regional, as it incorporates all companies with fixed or mobile telecommunications

infrastructure. Furthermore, it encompasses both the upstream and downstream phases of the value chain, as well as the Company's own operations.

### Methodologies

The target is a percentage calculated on the basis of the current year's values and is aligned with the circular economy action plan and the European Union's waste hierarchy, which sets priorities for environmental protection and the advancement of the circular economy.

The waste hierarchy is set out in the European Union's Waste Framework Directive (2008/98/EC) and in the European Commission's circular economy categorisation system, which guides decision-making by prioritising prevention, reuse and recycling over other forms of treatment.

Furthermore, the definitions of Zero Waste proposed by the GSMA in its strategic sectoral documents on the circular economy for network equipment and mobile devices have been taken as a reference in defining the target.

Information on the engagement of stakeholders in target setting is outlined in the following section:

#### 2.2.4. Stakeholder management and relations

[E5-3\\_06](#), [E5-3\\_07](#), [E5-3\\_08](#), [E5-3\\_09](#)

Being a Zero Waste company by 2030 means taking steps to responsibly manage the waste generated by the operations, prioritising reuse or recycling through specialised suppliers.

This approach enables the reuse of equipment or the recycling of materials, thereby contributing to the waste hierarchy levels related to prevention, reuse, and recycling.

### 2.10.2.3. Waste

[E5-5\\_07](#), [E5-5\\_08](#), [E5-5\\_09](#), [E5-5\\_10](#), [E5-5\\_11](#), [E5-5\\_15](#)

Waste metrics	Non-hazardous waste		Hazardous waste		Total	
	2024	2025	2024	2025	2024	2025
	<b>Total waste generated (t)*</b>	<b>53,282</b>	<b>35,170</b>	<b>5,951</b>	<b>6,494</b>	<b>59,233</b>
Total waste generated (t) + reuse	64,451	50,137	5,951	6,494	<b>70,402</b>	<b>56,631</b>
Waste diverted from disposal (t) (includes recycling, reuse, energy recovery and other treatments)	62,470	48,276	5,896	6,479	<b>68,366</b>	<b>54,756</b>
Waste destined for disposal (t) (includes incineration and landfill).	1,981	1,860	55	15	<b>2,036</b>	<b>1,875</b>

Consequently, this initiative prevents waste from ending up in landfills or being incinerated, while promoting circular practices that contribute to the transition to more responsible environmental management models in our value chain.

Each instance of waste collection is accompanied by the entry of relevant information into the GReTel digital tool. This system allows Telefónica to monitor waste collection, prepare reports, analyse data and retain all documentation related to compliance with local environmental regulations. Consequently, this tool enables the Company to accurately and efficiently trace the origin and destination of its waste.

[E5-3\\_13](#)

The Company's circular economy commitments are voluntary and apply in the countries in which it operates.

[E5-4](#)

### 2.10.2.2. Products and materials

[E5-4\\_01](#)

Telefónica does not have production processes for manufacturing equipment and therefore does not directly consume materials. The main resource inflows come from the procurement of products that have already been manufactured, mainly electronic equipment, in particular:

- Customer-premises equipment, such as routers and set-top boxes.
- Mobile devices.
- Network equipment, such as antennas and other equipment associated with the telecommunications network infrastructure, including cables.
- Electronic office equipment.

[E5-5](#)



Waste metrics	Non-hazardous waste		Hazardous waste		Total	
	2024	2025	2024	2025	2024	2025
	<b>Breakdown by treatment</b>					
Reused equipment (t)	11,169	14,967	–	–	11,169	14,967
Recycled waste (t)	50,130	32,616	5,262	6,382	55,392	38,998
Waste for energy recovery (t)	324	348	520	11	843	358
Other treatment (t)**	847	346	115	87	962	433
Incinerated waste (t)	5.6	2.9	12	5	17.4	7.7
Waste sent to landfill (t)	1,975	1,857	43	10	2,018	1,868

\*The data on waste generated does not include reuse as reused equipment has not yet reached the end of its useful life.

\*\*Other treatments include: physical, chemical and biological treatment, secure cells and intermediate treatment prior to recycling.

### Non-recycled waste

	2024	2025
Non-recycled waste (t)	3,841	2,666
Non-recycled waste (%)	6%	6%

[E5-5\\_12](#), [E5-5\\_13](#), [E5-5\\_14](#)

Network infrastructure maintenance is the main waste-generating activity, exceeding the waste generated in offices or e-waste collected from customers.

The majority of the waste produced by the Company consists of cables and electronic equipment resulting from the network transformation process and the consequence migrating from copper fibre optic cables.

Thus, the waste generated mainly contains metals such as steel, aluminium, iron and copper and, to a lesser extent, materials from electronic elements such as ceramics, polymers, fibre glass and materials that make up the printed circuits.

In 2025, 41,664 tonnes of waste were generated, which included cables, batteries, paper and electronic waste. This figure is lower than in the previous year, primarily due to a decrease in the volume of cables and metals resulting from shutdown and dismantling processes, reduced maintenance activity, and local operational variations. Overall, 94% of the total was recycled.

Regarding the electronic equipment collected, 75% was reused, thus preventing it from becoming waste.

### Electronic equipment (%)

	2024	2025
Reused equipment	69%	75%
Recycled equipment	30%	25%
Equipment with other treatment and disposal	1%	–%

[E5-5\\_17](#)

The main activities generating waste or equipment for reuse are those related to fixed and mobile telecommunications networks.

Waste data is obtained by aggregating the volumes reported directly by the waste management provider. This information is classified according to the type of waste and the treatment applied and is then compiled into categories that facilitate information consolidation while considering the regulatory particularities of each country.

With regard to the data concerning equipment reuse, the Company gathers the information from physical units in units records, converting them to tons using conversion factors based on the average weight of each type of equipment.