Consolidated management report

Sustainability Report

Index

General information

Environmental information

Social information

Governance information

Sustainability notes

Governance information

Consolidated management report

Sustainability Report

Index

General information

Environmental information

Social information

Governance information

Sustainability notes

2.14. ESRS G1 - Business conduct

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2.14.1. Governance

G1.GOV-1

G1.GOV-1_01

The Board of Directors of Telefónica, S.A. approves the Group's Responsible Business Principles. These principles constitute the Group's code of ethics and conduct, guiding the Group's daily activities, whether carried out individually or as a team. They also form the basis of the Sustainability Policy.

The Global Sustainability (ESG) Department is the area responsible for updating the Company's Sustainability and Regulation Committee regarding the implementation of the Sustainability Plan during monthly meetings.

The aforementioned Responsible Business Principles are structured around 10 topics, with the following standing out in relation to business conduct:

- Ethical and responsible management: at Telefónica all employees are required to work ethically and responsibly, leading to consistent behaviours aligned with strict legal compliance; zero tolerance for corruption and bribery; a firm commitment to transparency, the protection of data and business assets, the non-use of insider information, fair competition and remaining politically neutral.

- Responsible supply chain management: Telefónica is committed to acting with rigour, objectivity, transparency and professionalism in its relationships with business partners and suppliers, requiring them to meet the minimum responsible business criteria of the Telefónica Group in order to fulfil its commitment to responsibility throughout the value chain.

Telefónica's Compliance Department, through the Chief Compliance Officer, is the area responsible for regularly reporting to the Company's Audit and Control Committee on the main aspects of the Telefónica

Group's compliance program, including the Group's practices regarding integrity and the fight against corruption and bribery. Likewise, on a quarterly basis, it reports directly to the Board of Directors.

Moreover, the Global Sustainability (ESG) Department reports annually to the Company's Sustainability and Regulation Committee on the management of matters related to sustainability. See section:

🔗 2.4.2. Information provided to the Company's administrative, management and supervisory bodies addressing sustainability matters

Likewise, the management areas, in addition to the Global Sustainability Department, such as Purchasing, People, among others, are responsible for the sustainable management of the supply chain.

In relation to the Company's activities and commitments to pressure groups, the Regulation, Competition and Public Policy Department regularly reports on these topics to the Company's Sustainability and Regulation Committee.

Additionally, both the Chair of the Audit and Control Committee and the Chair of the Sustainability and Regulation Committee report the main issues discussed at their respective meetings to the Board of Directors meetings, helping to ensure that the most significant business conduct issues are taken into consideration in the deliberations of the Board of Directors.

Following a favourable report from the corresponding Committees, the Board of Directors is also responsible for approving corporate policies on relevant matters related to the Responsible Business Principles and, in particular, to business conduct, the Anti-Corruption Policy and the Supply Chain Sustainability Policy, among others.

Details of these policies can be found in the following section of the Sustainability notes:

🔗 2.15. Policies

Consolidated management report

Sustainability Report

⌂ Index

General information

Environmental information

Social information

Governance information

Sustainability notes

G1.GOV-1_02

As regards the experience of the members of the Board of Directors of Telefónica, S.A. in matters of business conduct, they collectively possess knowledge and professional experience in various subjects, areas and sectors related to the Telefónica Group.

For more details about the training programs, information sessions, and knowledge updates that directors receive, see the following section:

🔗 2.4.1. The role of the administrative, management and supervisory bodies

2.14.2. Impacts, risks and opportunities

G1.IRO-1

For issues related to business conduct, all the regions in which the Group operates and the Company's commercial operations have been taken into account, as well as the agents involved throughout Telefónica's value chain.

The following sections break down the IROs corresponding to each subtopic of ESRS G1 - Business Conduct.

G1-1

2.14.3. Corporate culture

The material impact that Telefónica has identified for the subtopic 'Corporate culture' as a result of the double materiality process is as follows:

Subtopic: **Corporate culture**

Type of IRO	Description
SBM-3_04, SBM-3_06	SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Actual negative impact	Unethical corporate practices that may affect stakeholders Linkage: Strategy Origin in the value chain: Upstream (procurement); own operations (all activities); downstream (marketing, after-sales)

2.14.3.1. Policies

G1.MDR-P_01-06

The information required in the minimum disclosure requirements (MDR-P) on the policies adopted to manage sustainability matters is collected and reported in the following section of the Sustainability Notes:

🔗 2.15. Policies

G1-1_01

Telefónica operates in accordance with the values of integrity, commitment and transparency, in its decision-making, in daily performance and in the way it interacts with the environment.

Therefore, it promotes ethical behaviour and responsible business management through the establishment, development, promotion and evaluation of a corporate culture aligned with ESG factors that deliver long-term business value. In fact, it works to ensure that behaviours, processes, internal activities and targets are consistent with the Company's purpose and values. To this end, the Telefónica Group has a code of ethics and conduct, the Responsible Business Principles (RBP), which are structured around 10 areas:

1. Ethical and responsible management.
2. Corporate governance and internal control.
3. Respect for and promotion of human and digital rights.
4. Commitment to the environment.
5. Innovation, development and responsible use of technology.
6. Responsible communication.
7. Commitment to customers.
8. Commitment to employees.
9. Commitment to the societies in which the Group operates.
10. Responsible supply chain management.

In addition, since 2002, Telefónica has been a signatory to the United Nations Global Compact (UNGC), a voluntary framework allowing companies to align their operations and strategies with the 10 principles on human rights, labour, the environment and the fight against corruption.

To mitigate the impact related to corporate culture and incorporate sustainability criteria into the Group's management and culture, Telefónica continuously implements global and local actions aimed at all levels of the organisation:

- Regulation: the Telefónica Group develops, updates and approves corporate policies on relevant matters related to the Responsible Business Principles.

- Training and awareness-raising: Telefónica trains its professionals in the Responsible Business Principles

Consolidated management report

Sustainability Report

Index

General information

Environmental information

Social information

Governance information

Sustainability notes

and complements this with other strategic training, whether online or in-person, that delves deeper into the Principles mentioned above.

Additionally, the Company develops awareness-raising and communication campaigns on key issues such as privacy, digital security, ethics and artificial intelligence (AI), environmental management, accessibility, diversity and the responsible use of technology:

- Internal processes and activities: through the Responsibility by Design project, the Telefónica Group incorporates ethical, social and environmental aspects into the development processes of products and services.

- Alignment with business areas: the Company demonstrates the potential environmental benefits that its products and services bring to its customers' businesses through the Eco Smart Label. It also offers products and services that include specific accessibility features for people with disabilities.

- Control processes: Telefónica promotes the robustness and efficiency of its internal control processes by encouraging the monitoring and proper management of sustainability indicators.

- Remuneration scheme: for short-term variable remuneration, 20% of employees' performance appraisal includes sustainability indicators. That figure is 10% for long-term variable remuneration, which applies to executives. See section:
  - 🔗 2.4.3. Integration of sustainability-related performance into incentive schemes

- Employee satisfaction survey: the survey includes questions that allow for the evaluation of the corporate culture.

2.14.3.2. Responsible Business Queries Channel and Whistleblowing Channel

G1-1_02

Responsible Business Queries Channel

The Telefónica Group provides this channel, which is accessible 24/7 via its institutional and commercial websites and available in the languages of the Group's main operators (Spanish, English, German and Portuguese), so that all its stakeholders (employees, partners and suppliers, affected communities, consumers and end-users, among others) can submit queries directly to the Company about any aspect of the Responsible Business Principles and their associated policies and regulations. To ensure its effectiveness, this channel allows for two-way communication with stakeholders throughout the query management process.

All communications received are handled internally in accordance with the principles of respect,

confidentiality, trustworthiness and completeness, and are governed by the Queries Channel Management Regulation, which is published on the website. Personal data contained in the communications received, whether anonymous or identifiable, are processed in accordance with privacy and personal data protection legislation, the Telefónica Group's Global Privacy Policy and the Personal Data Protection Governance Model Regulation.

In 2025 a *Frequently Asked Queries* document was added to the Channel's public website, detailing the main topics about which queries can be made, such as privacy, accessibility and the responsible use of technology.

Whistleblowing Channel

The Telefónica Group has an Internal Information System that incorporates whistleblowing channels to detect, report and investigate issues related to unlawful acts or behaviour contrary to the code of conduct. In this regard, it is the main tool that Telefónica makes available to all its employees, executives and administrators of its companies, as well as to third parties, allowing them to anonymously or personally communicate any information or situation that may involve a suspected irregularity or act contrary to the law or internal regulations.

G1-3_02, G1-3_03

The Board of Directors of Telefónica S.A. has entrusted the management of its Internal Information System to the Chief Compliance Officer, who performs their duties autonomously and independently, with the necessary personal and material resources for this purpose. The Chief Compliance Officer reports regularly on activity of the whistleblowing channels to the Board of Directors and the Audit and Control Committee.

G1-3_01

The general principles governing the Internal Information System are set out in Telefónica's Internal Information System Management Policy —included in the Policies table—. The Internal Information System Management Procedure —also included in the section 2.15 Policies— applies to the management of all communications received through Telefónica's Internal Information System. The whistleblowing channels set up by Telefónica´s subsidiary in Germany are governed by specific policies adapted to local legislation.

The whistleblowing channels are always available (24/7) in multiple languages and via the appropriate corporate website. Communications can be made either verbally or in writing. The channels also make it possible to check the status of a communication, add additional information and contact the team responsible for its analysis. The compliance surveys measure employee knowledge of and trust in the different elements that make up the Compliance Program at Telefónica, including the Internal Information System.

Consolidated management report

Sustainability Report

⌂ Index

General information

Environmental information

Social information

Governance information

Sustainability notes

The protection of whistleblowers and the prohibition of retaliation are established in internal regulation and states that Telefónica and the other companies of the Group, in accordance with the provisions of applicable law, shall not adopt and shall ensure that no form of retaliation is adopted.

2.14.3.3. Training

G1-1_10

The Telefónica Group's business conduct training focuses on two pillars:

Responsible Business Principles training

The Company provides annual training to employees, regardless of their position or role, on the Responsible Business Principles (RBP). The course is delivered online, is mandatory and covers topics such as: Ethical and responsible management; Respect and promotion of human rights and digital rights; Commitment to the environment; Innovation, development and the responsible use of technology; Responsible communication; Commitment to customers, employees and the societies in which the Company operates; Responsible management of the supply chain; the Responsible Business Queries Channel and the Whistleblowing Channel.

New employees, in addition to being introduced to the principles in the welcome pack, are required to take the specific RBPs course within a maximum of three months of joining the Company. Both the course and the Responsible Business Principles are available in the official languages of the Telefónica Group: Spanish, English, German and Portuguese.

Internal communication campaigns are also run to highlight the importance of completing the course on the Responsible Business Principles. A multidisciplinary team comprising the Compliance, People and ESG

departments monitors its fulfilment. Furthermore, in 2025, audiovisual communication campaigns were launched to reinforce knowledge and understanding of the Responsible Business Principles.

In 2022 an edition of the Responsible Business Principles course was launched with a three-year validity period, during which time 90,725 employees were trained. In 2025 a new edition was introduced with a one-year validity period, during which time a total of 73,957 employees were trained.

ESG training

Furthermore, with the aim of promoting a culture of sustainability among all professionals within the Telefónica Group, strategic training on key ESG matters continued to be available year-round in 2025. The categories were: environmental management, ethics and compliance, accessibility, diversity, cybersecurity, privacy, human rights, Responsibility by Design of products and services, sustainable finance, the responsible use of technology and supply chain management. As a new feature, a category dedicated to Artificial Intelligence was added.

These training sessions are made available to employees through the ESG Academy, a sustainability training space. The content is developed in collaboration with various Company departments and includes both internal and external online courses, podcasts, webinars, videos, articles of interest and reference web pages on sustainability. The ESG Academy also offers live training through Universitas, Telefónica's Corporate University.

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2.14.4. Compliance

The material impact and risks that Telefónica has identified for the subtopic 'Corruption and bribery' as a result of the double materiality process, are as follows:

Subtopic: **Corruption and bribery**

Type of IRO	Description
SBM-3_04, SBM-3_06	SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Potential negative impact in the medium term	Inadequate prevention and detection mechanisms can facilitate corruption and bribery practices, compromising socioeconomic development
	Linkage: No linkage to strategy or business model Origin in the value chain: Upstream (all activities); own operations (all activities); downstream (all activities)

Consolidated management report

Sustainability Report

Index

General information

Environmental information

Social information

Governance information

Sustainability notes

Subtopic: **Corruption and bribery**

Type of IRO	Description	SBM-3_02, SBM-3_03
Risk	Fines and penalties resulting from the materialisation of corruption and bribery cases	
	Origin in the value chain: Own operations (all activities)	
	Deterioration of the Company's control environment in terms of prevention, detection and response to corruption and bribery	
	Origin in the value chain: Upstream (all activities); own operations (all activities); downstream (all activities)	

G1-3, G1-4

2.14.4.1. Prevention and detection of corruption or bribery

G1.MDR-A_01-12, G1-3_01

The Telefónica Group's commitment to fighting corruption and bribery and to regulatory compliance in general led the Board of Directors of Telefónica, S.A. to approve the creation of an independent regulatory compliance area on 16 December 2015 and, subsequently, the appointment of the Chief Compliance Officer of the Telefónica Group in February 2016; this officer reports directly to the Board of Directors through the Audit and Control Committee. As with their appointment, the power to dismiss the Chief Compliance Officer falls under the authority of Telefónica S.A.'s Board of Directors.

Compliance Function

The purpose of the Compliance Function is to manage the preventive and reactive aspects of compliance with (a) domestic legislation and (b) Telefónica's internal regulations, both at a corporate and operational level (countries and businesses), in general, while focusing specifically on those that are more sensitive depending on the circumstances.

The Chief Compliance Officer reports regularly to the Board of Directors and the Audit and Control Committee on the key aspects of the Telefónica Group's Compliance Program, which mainly focuses on integrity and the fight against corruption and bribery.

In addition, at the first meeting of the Audit and Control Committee of the year, the Chief Compliance Officer presents the Compliance Function's Annual Report for the previous year and the Compliance Area's Action Plan for the new year.

The Compliance Function Policy defines the main lines of the Telefónica Group's Compliance Program, its relationship with the Company's business processes and other areas, and the matters identified as particularly relevant.

While the Compliance Function extends to managing compliance frameworks across various areas[1], safeguarding integrity is particularly sensitive and significant for the entire organisation.

The Compliance Function, in accordance with the current Compliance Function Policy, is deployed on two levels: preventive controls and reaction and response.

Preventive control

To generate a culture of compliance, the following functions are in place:

- **Regulatory compliance monitoring:** This function is responsible for the Group's regulatory framework. Plays a key role in establishing regulations and protocols aimed at preventing unlawful and unregulated conduct, with different levels depending on the sensitivity of the situation.

This function includes the coordination of both the ongoing publication of policies and regulations on a specific site on the corporate Intranet and the dissemination and communication of new policies and regulations via internal tools once they have been approved.

Regarding the policies and procedures implemented in the Telefónica Group to fight against corruption and bribery, it is worth highlighting the specific internal regulations on the matter, the most significant of which is the Anti-Corruption Policy. The content of this policy is aligned with the provisions of the 2004 United Nations Convention against Corruption.

The Anti-Corruption Policy sets out, inter alia, the behavioural guidelines to be followed at Telefónica with regard to accepting or offering gifts or invitations and prohibiting any type of bribery and facilitation payments. In addition, Telefónica has a specific Rule on Relationships with Public Entities, which develops and specifies the guidelines established in the Anti-Corruption Policy in relation to public corruption and expressly regulates the offering of gifts and invitations to employees and public officials.

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[1] Other subjects such as: a) international sanctions b) privacy and protection of personal data c) relationship with competitors d) security in its various aspects including the protection of confidential information e) labour f) sustainability and human rights g) compliance with sector-specific regulations and customer promise h) tax compliance i) compliance with specific financial regulations: anti-money laundering and counter-terrorism financing regulations, accounting regulations j) regulated areas in terms of Compliance (specifically in the area of Insurance and Pension Plans and Funds) k) artificial intelligence.

Consolidated management report

Sustainability Report

⌂ Index

General information

Environmental information

Social information

Governance information

Sustainability notes

The regulatory framework concerning integrity is complemented by the Conflict of Interest Regulation and the Corporate Policy on the Comprehensive Discipline Program, among others instruments.

The Conflict of Interest Regulation establishes the obligation to act at all times, and especially in the event of a conflict of interest, in accordance with the corporate principles of loyalty, confidentiality and integrity. It regulates those situations in which a personal interest, direct or indirect, may influence, potentially influence or generate the perception of influence on the professional decisions of employees, thereby guaranteeing the protection of Telefónica Group interests.

G1-3_05

The Company's administrators and executives, as those responsible for establishing appropriate controls and procedures to ensure compliance with the Anti-Corruption Policy, annually certify their knowledge of and commitment to complying with the Responsible Business Principles and this Policy, as well as with the policies, practices and regulations deriving from them.

- **Knowledge management**: involves training and awareness-raising activities on issues such as anti-corruption, criminal prevention and sanctions, as well as support for other Company training.

G1-3_06

Training

Anti-corruption training is a key element in promoting and consolidating a culture of ethics and integrity within the Company and includes the following global-level courses:

G1-1_11

- ◦ Course on the Foreign Corrupt Practices Act (FCPA): This is a mandatory global training activity that is conducted every three years and aimed at Company positions and areas with a higher potential risk due to their greater exposure to the risk of public corruption, which would include, alongside employees with executive status, those employees belonging to areas such as regulation, institutional relations, sponsorships, commercial, major customers, network, tax, marketing and/or commercial distribution, human resources, general secretariat, internal audit and internal control.

- ◦ Responsible Business Principles course: This mandatory global training activity on the Telefónica Group´s code of ethics and conduct is delivered to all employees every year and includes content on anti-corruption and bribery. See section:

  🔗 2.14.3.3. Training

Global training activities are complemented by specific local-level programs aimed at addressing particular aspects of national legislation on crime and corruption prevention.

In addition, new Telefónica Group employees receive training on the Compliance Program as part of their onboarding process, in which they learn about the main elements of the program, including the policies and regulations aimed at fighting against corruption.

G1-3_08

There are also specific anti-corruption training programs tailored to members of the administrative, management and supervisory bodies of each of the organisations. In 2025, in collaboration with a specialist international law firm, FCPA training was provided to members of governing bodies , managers and other employees whose functions involve increased exposure to the risk of public corruption, in operations in Colombia, Venezuela, Brazil, México and Chile. This training was also given to the Board of Directors of Telefónica S.A.

In 2025 a new mandatory Training Window was launched which, in addition to the course on Responsible Business Principles, included a course on FCPA, a course on Privacy and the Binding Corporate Rules of the Telefónica Group, a course on Competition Law and, finally, a course on Penal Prevention for Spanish companies.

Launched on April 30, the Training Window gave employees three months (extendable by one month), within which to complete the courses assigned to them in their learning plan. Throughout this period, various internal communications were sent to remind employees of the importance of completing the trainings.

G1-3_07

These training activities ensure that 100% of positions operating in risk areas are covered by corruption and bribery prevention training programs (100% in 2024).

Awareness

In addition to the publication of news and updates on the Group's internal channels, there are a number of initiatives, both global and local, aimed at fostering a culture of compliance among employees. Of the initiatives carried out in 2025, the following are particularly noteworthy:

- ◦ Compliance Day, a global internal awareness day designed to familiarise the business with the Compliance Function and raise employee awareness of current issues dealt with by the Compliance Program. In 2025 the program of activities included a round table on Ethics and Artificial Intelligence, the Five Star program global awards presentation and a 10-question quiz on Compliance and Artificial Intelligence.

- ◦ The Five Stars Recognition Program, designed to promote and acknowledge outstanding behaviour that demonstrates a commitment to integrity, privacy and security, both locally and globally. The VII edition was held in 2025.

Consolidated management report

Sustainability Report

Index

General information

Environmental information

Social information

Governance information

Sustainability notes

◦ The 'Compliance Coffees' initiative: informal meetings designed to enable different areas of the Group to gain a better understanding of the role performed by Compliance, raising awareness of the importance of acting appropriately in certain situations that may arise on a day-to-day basis. They serve to remind employees of the tools that Telefónica makes available to its employees to combat corruption and bribery.

◦ Information for third parties on integrity. Since 2023, in order to share the key regulations regarding integrity and the consequences of non-compliance among those in the Telefónica Group value chain, an email containing this information has been sent every six months to all suppliers awarded contracts by the Telefónica Group.

◦ In addition, the Compliance Survey is launched every two years with the aim of gauging internal knowledge of and trust in the various elements that comprise the Compliance Program at Telefónica, including the Internal Information System, and gleaning perceptions of the Group's ethics and compliance culture.

• **Risk assessment:** As part of its corruption and bribery prevention and detection system, Telefónica conducts a basic compliance risk assessment every six months. This forms part of the risk management model based on the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and is implemented uniformly across the Group's main operations. It includes everything related to corruption and bribery prevention practices.

• **Consultative:** The prevention and detection system is complemented by the consultation activities carried out through channels that allow employees to make queries about compliance issues —regarding the application of the Anti-Corruption Policy and other internal regulations developed in the area of integrity and the fight against corruption and bribery—.

• **Third parties:** Another line of action is geared towards the coordination of all initiatives related to the involvement of third parties in enforcing the regulations. In this regard, Telefónica believes it is of the utmost importance that the third parties with whom it interacts in the course of certain relationships comply with the corresponding standards of business ethics.

Therefore, in addition to the implementation of certain measures such as responsible declarations and contractual safeguards, the Group has developed protocols for assessing suppliers and business partners from a compliance point of view. Integrity risks, mainly corruption and bribery, are assessed and are implemented as part of an ethos of continuous

improvement. In this context, Telefónica's procurement and payment controls are particularly important, which is why Compliance is involved in them.

Reaction and response

• **Reaction** refers to existing action protocols for situations where there are signs of non-compliance. Telefónica has an Internal Information System designed to comply with Law 2/2023 and to promote compliance with the Responsible Business Principles, the law and other internal regulations. The system has appropriate mechanisms in place to ensure the confidentiality of communications and to channel possible complaints.

G1-1_08

Moreover, in addition to the procedure for following up on whistleblower complaints in accordance with the applicable legislation transposing Directive (EU) 2019/1937, Telefónica's Compliance Function Charter lays down the procedure and guarantees for investigating cases related to business conduct, including cases of corruption and bribery, promptly, independently and objectively.

• **Response** encompasses the remediation of the ramifications of non-compliance by mitigating the repercussions of any and all types associated with a possible breach or a proven and evidenced breach and ensuring consistent application of sanctions for said breaches, as well as the recognition of employees who display outstanding behaviour in terms of their commitment to compliance.

The following Telefónica Group companies have anti-corruption and bribery certifications:

• ISO 37001:2016 certification on Anti-Bribery Management Systems: Colombia Telecomunicaciones S.A. ESP BIC, Telefónica de España, S.A.U, Telefónica Móviles España, S.A.U, Telefónica Soluciones de Informática y Comunicaciones de España, S.A.U., Teleinformática y Comunicaciones, S.A.U.

• UNE 19601:2017 certification on Criminal Compliance Management: Telefónica, S.A., Telefónica de España, S.A.U., Telefónica Móviles España, Telefónica Soluciones de Informática y Comunicaciones de España, S.A.U. and Teleinformática y Comunicaciones, S.A.U.

G1-4_01, G1-4_02, G1-4_03, G1-4_02, SBM-3_08

During 2025, Telefónica did not receive any convictions or sanctions for infringements related to anti-corruption or anti-bribery laws.

In October 2024 Telefónica Venezolana, C.A., Telefónica, S.A. and the United States Department of Justice (DOJ) entered into a Deferred Prosecution Agreement (DPA) to resolve a single charge of conspiracy to violate the anti-bribery provisions of the FCPA, which resulted in

Consolidated management report

Sustainability Report

⌂ Index

General information

Environmental information

Social information

Governance information

Sustainability notes

the payment of a monetary penalty of $85,260,000 U.S. dollars —approximately €81 million, see Note 29.b of the 2025 'Consolidated Financial Statements'—.

The terms of the DPA include, but are not limited to, requirements regarding a corporate compliance plan and annual reports on that plan during the term of the DPA. Thus, in October 2025, Telefónica submitted the annual report for the first year of work to the DOJ.

●●● G1-2

2.14.5. Suppliers

The material impact and risk that Telefónica has identified for the subtopic 'Management of relationships with supplier' as a result of the double materiality process, are as follows:

Subtopic: **Management of relationships with suppliers**

Type of IRO	Description
SBM-3_04, SBM-3_06	SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Actual negative impact	Lack of implementation of ESG criteria in the supplier award process or supplier compliance with them
	Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)
	Impact on the financial and operational stability of suppliers due to consolidation of operations, changes in demand for services or the demobilisation of suppliers
	Linkage: Strategy Origin in the value chain: Own operations (support activities)

Subtopic: **Management of relationships with suppliers**

Type of IRO	Description	SBM-3_02, SBM-3_03
Risk	Workplace contingencies in connection with suppliers' employees	
	Origin in the value chain: Own operations (support activities)	

2.14.5.1. Responsible management

G1-2_02

Telefónica acknowledges that a substantial part of a company's social and environmental impact stems directly from its supply chain.

The Company makes sustainability a core pillar of its relationship with its suppliers, integrating responsible practices into its supply chain.

Similarly, collaboration with the supplier takes on a strategic value, as it facilitates alignment with Company commitments towards customers and the rest of society.

To build trusting relationships with its suppliers, Telefónica has developed robust policies and processes with a dual purpose:

• Firstly, to manage the potential impacts. The actions of the Company and those of its suppliers may have adverse impacts on human rights and the environment. The most relevant of these relate to the labour conditions of workers in the supply chain and the suppliers' carbon emissions.

• Secondly, to identify risks throughout the supply chain in order to address them effectively. Among these risks

are potential labour disputes that could lead to supply disruptions and, in certain markets, the assumption of labour liabilities by Telefónica due to legal frameworks of subsidiary or joint liability as a result of the adverse impacts mentioned above.

The details of the IROs related to workers in the supply chain can be found in the section:
🔗 2.12.2. Impacts, risks and opportunities

With this dual approach, the Company aims to provide customers with products and services that not only benefit society and the environment but are also developed with ethical and sustainability principles in mind.

Sustainable supply chain management is part of the Sustainability Plan. The Sustainability and Regulation Committee oversees its implementation and monitors compliance with the objectives.

To this end, the Company relies on a Procurement Model (MCT) aligned with its Responsible Business Principles and with international standards such as the OECD Due Diligence Guidance for Responsible Business Conduct. The MCT, which manages most of the Group's acquisitions, is governed by corporate regulations that

Consolidated management report

Sustainability Report

⌂ Index

General information

Environmental information

Social information

Governance information

Sustainability notes

establishes the general conditions and criteria for contracting goods and services, as well as those cases that fall outside its scope. These include operations such as employee payroll, roaming agreements, and content acquisition.

The Global Supply Chain Sustainability Policy sets out the Company's commitments to integrating sustainability into its value chain, thus forming part of its due diligence process. In 2025 it was updated to align its structure and content with the new requirements.

Through the agreements negotiated under MCT with impact on the financial year 2025, the Company awarded contracts to 6,973 suppliers (8,440 awarded suppliers with impact on the 2024 financial year). The variation compared to 2024 is mainly due to changes in the scope of consolidation.

Supply chain management

Step 1. Minimum standards required

G1-2_03

Telefónica requires its suppliers to sign an anti-corruption certificate stating their commitment to compliance with anti-corruption laws. This requirement currently applies to 100% of the suppliers managed under the MCT (100% in 2024) and a large part of the rest of the Group's suppliers and business partners outside the MCT.

Furthermore, under the MCT, Telefónica requires its suppliers to ensure compliance with fundamental human and labour rights as well as environmental protections. Therefore, Telefónica's suppliers must accept the Supplier Code of Conduct when registering and/or renewing their accounts in the procurement system. This policy sets out the minimum sustainability business criteria that they must comply with —thereby directly affecting the employees in the supply chain—.

Prior acceptance of these minimum conditions means that awarded suppliers take on specific commitments regarding social and environmental impacts as outlined in Telefónica's regulations.

The details of the minimum sustainability criteria that suppliers must comply with are set out in the Key contents of the policy (MDR-P_01) of the Supplier Code of Conduct:

🔗 2.15. Supplier Code of Conduct

Step 2. Identification of potentially high-risk suppliers from a sustainability perspective

The Company carries out a more targeted approach to managing those suppliers within the MCT identified as being potentially high-risk from a sustainability perspective.

To achieve this, Telefónica analyses the potential risk of all suppliers included in its MCT. This analysis takes as its starting point the size of the supplier and the volume awarded and, applying the external methodology developed by IntegrityNext on its platform, also considers the risks related to supplier country of origin and industry in view of the type of products or services supplied to the Company.

According to this global risk analysis, 170 of the Company's products or services suppliers were classified as potentially high risk from a sustainability perspective in 2025 (661 at the end of 2024). The variation compared to 2024 is mainly due to changes in the consolidation perimeter and the methodology applied.

Step 3. Performance assessment of potentially high-risk suppliers

To identify potential integrity risks (corruption and bribery) and international sanctions, Telefónica cross-references its supplier database against the Dow Jones Risk & Compliance Watchlist database. In this way, it reinforces existing processes to ensure compliance with its Anti-Corruption Policy and Sanctions Regulation. This cross-referencing is performed periodically from the moment the supplier is registered in any of Telefónica's systems.

In the event that adverse information related to the supplier regarding integrity is found, an analysis is performed to assess such information and its relevance for the purposes of formalising the contract in question or, where appropriate, assessing its possible impact on the existing contract.

In addition, Telefónica monitors possible risks associated with its potentially high sustainability risk suppliers. The external assessment platform IntegrityNext conducts a 360° assessment of these suppliers based on 15 sustainability criteria encompassing ethical, social, environmental and supply chain management aspects.

These assessments allow the Company to identify any aspects that could be better managed by its suppliers and proactively work to avoid or minimise potential adverse impacts on human rights or the environment.

Of the initially identified potentially high-risk suppliers, 126 had been externally assessed on sustainability aspects through the IntegrityNext platform by the end of 2025 —including those whose assessment is currently being finalised, pending IntegrityNext's analysis of the information provided— (407 in 2024). The procurement teams in the various countries can view the results directly on the procurement platform.

Consolidated management report

Index

Sustainability Report

General information

Environmental information

Social information

Governance information

Sustainability notes

In exceptional cases, if a supplier fails to demonstrate a commitment to addressing an identified risk (IntegrityNext), or if the cross-checks with the Dow Jones Risk & Compliance Watchlist raise concerns, any further or existing business with that supplier is blocked until it demonstrates, where applicable, that it has corrected the situation and/or has implemented the necessary corrective measures to mitigate the identified risks, which may include the formalisation of additional contractual guarantees. According to the data available in the Company's systems at the end of period covered by this Report, 17 suppliers were blocked due to integrity/international sanctions or sustainability risks or non-compliance (16 at the end of the 2024 Report).

Step 4. Audits of key suppliers

The performance assessments are complemented by Telefónica's annual audit plan to verify compliance with the critical aspects identified according to type of supplier, service and product provided, and the risks of each region or country. This plan covers audits of both direct suppliers, with whom the Company has a direct commercial relationship, as well as indirect suppliers.

These audits are mainly performed through the internal Allies Program —for service providers— and the sectoral Joint Alliance for CSR (JAC) initiative —for product manufacturers—. Both types are performed by in-house employees or accredited auditing entities and apply the corresponding established protocols.

In 2025, the Company conducted 17,219 audits (20,898 in 2024). This number includes both administrative audits involving documentary verification—for example, via email or an online platform—and on-site audits carried out at the supplier's premises. These audits verify the suppliers' level of compliance with labour, occupational health and safety, environmental, human rights, conflict minerals, security and data protection and/or their own supply chain management.

The audits include improvement plans agreed with all suppliers who do not comply with any of the aspects that may have a negative social or environmental impact. Through agreed improvement plans, suppliers make a commitment to remedying adverse impacts that they have caused or contributed to.

Some examples of non-conformities identified in the audits, as well as the respective action and improvement plans, are included in the following section of the ESRS S2 - Workers in the value chain:

🔗 2.12.2.2. Action plans: 4. On-site audits

In addition, internal control processes are established at the local level to prevent possible contingencies for the Company in the event of labour disputes at contractors due to reduced hiring needs. For example, in Brazil, critical cases are monitored through the Allies Committee to anticipate possible labour impacts. In Spain, a legal compliance plan has been implemented to guarantee the solvency and reliability of partner companies, in line with responsible hiring practices.

These local control processes are complemented by training activities for business areas that manage relationships with third-party companies and continuous monitoring of the labour precautions that must be complied with in internalisation processes, with the aim of preventing possible claims or lawsuits in this area.

Supplier engagement

All four steps of Telefónica's sustainable management model are complemented by collaborative initiatives with suppliers. These are supported by:

- Ongoing communication through various channels such as the Allies newsletter, the *Parceiro* Plural Program and the Supplier Portal. Through this portal, suppliers and their employees can access Telefónica's global policies and a confidential channel for queries and concerns relating to compliance with the Company's sustainability criteria.

  In 2025 Telefónica conducted a fresh survey of our main suppliers to find out their opinion about how they might be affected by the measures adopted by Telefónica in relation to each of the issues considered in the double materiality process and as part of the update of the Supplier Code of Conduct.

- Sector-specific initiatives focused on developing solutions at a sectoral level —for example, through working groups on climate change, the circular economy and sustainability due diligence—.

- In-person or online training for suppliers, addressing the specific needs in each country and the most critical issues according to the service they provide. Needs include those focused on the decarbonisation of the supply chain. Details of these are included in the engagement initiatives described in the section:

  🔗 2.9.3.2. Action plans - Adaptation and mitigation actions: 3. Supplier engagement

- Topic-specific meetings and workshops to share best practices.

- Recognition of suppliers through the awards granted by the JAC sector initiative (Audit Rating Supplier Awards and Supplier Forum Best Practice Awards), with the aim of encouraging progress among suppliers, especially in terms of workers' rights and working conditions.

Consolidated management report

Sustainability Report

⌂ Index

General information

Environmental information

Social information

Governance information

Sustainability notes

2.14.6. Network and data security

The material impacts and the risk that Telefónica has identified for the subtopic 'Network and data security', as a result of the double materiality process, are as follows:

Subtopic: **Network and data security**

Type of IRO	Description
SBM-3_04, SBM-3_06	SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
Potential negative impact in the medium term	Cyberattacks against third parties resulting from security vulnerabilities in Telefónica's products and services Linkage: Business model Origin in the value chain: Own operations (R&D)
Actual negative impact	Interruption of communications services (especially emergency services) due to non-compliance with Business Continuity Plans Linkage: Business model Origin in the value chain: Own operations (operations, products and services)
Actual positive impact	Improved protection of customers' information through security management to ensure reliable service Linkage: Business model Origin in the value chain: Own operations (all activities)

Subtopic: **Network and data security**

Type of IRO	Description	SBM-3_02, SBM-3_03
Risk	Digital security threats that could materialize in Telefónica's systems Origin in the value chain: Upstream (all activities); own operations (operations, support activities, products and services); downstream (use)	
	Interruption of services provided by the Company due to operational security incidents Origin in the value chain: Own operations (operations, products and services)	

2.14.6.1. Governance

The global Security and Intelligence Area reports to the Board of Directors through the Sustainability and Regulation Committee and the Audit and Control Committee.

The highest security officer in the Company is the Global Chief Security Officer (Global CSO). The Board of Directors has delegated the Global CSO the authority and responsibility to establish the global security strategy. The Global CSO leads the development and monitors the implementation of Telefónica regulatory framework and global security initiatives. The Global CSO also proposes a local security officer for each company within the Telefónica Group, subject to the decision of the corresponding administrative or management bodies of the Group.

In terms of governance and coordination, a bi-monthly security meeting is held, which is chaired by the Global CSO. The meeting is attended by the local security officers (local CSOs), and corporate officers from different areas of the Company —Compliance, Audit, Legal, Technology and Operations, People, Sustainability, among others— are invited on a discretionary basis.

There are also local security sub-committees chaired by the local CSOs, which take part in defining strategic initiatives and global guidelines and implement them in each Telefónica Group company.

In addition, the Global Security and Intelligence Area promotes and drives the Global Digital Security Committee, in which several members of the Company's Executive Committee participate, and the Business Continuity Global Working Group.

Telefónica also has a Security Advisory Council composed of external experts in the field of security and intelligence. This council has the aim of improving practices, increasing the efficiency of capabilities and procedures, and enhancing the quality of strategy in this area.

Consolidated management report

Sustainability Report

Index

General information

Environmental information

Social information

Governance information

Sustainability notes

2.14.6.2. Strategy

Telefónica views security as a holistic concept designed to safeguard assets, protect interests and strategic objectives, ensure integrity, and defend against potential threats that could diminish value, compromise confidentiality, reduce effectiveness, or impair operability and availability.

Comprehensive security encompasses:

- Physical and operational security (of people and assets).
- Digital security.
- Business continuity.
- Fraud prevention.
- Security in the supply chain.
- Any other relevant area or function aimed at corporate protection against potential damage or loss.

Digital security, in turn, encompasses information security and cybersecurity, and is applied to the platforms, systems, technologies and elements that comprise the network.

To meet the security information needs of stakeholders in a clear, concise and accessible manner, there is a 'Security' section in the Global Transparency Centre available on Telefónica's public website. This section also facilitates the communication of vulnerabilities or threats that could affect Telefónica's technological infrastructure.

2.14.6.3. Policies

The MDR-P-required information about the Global Security Policy is gathered and reported in the following section of the Sustainability notes:

🔗 2.15. Policies

2.14.6.4. Action Plans

The Global Strategic Plan for Security and Intelligence is designed in accordance with relevant security information from the companies within the Telefónica Group. It identifies and prioritizes the main global lines of action over a three-year time horizon, with an annual review.

The purpose of the Strategic Plan for Security and Intelligence is to evolve the Company's comprehensive security, adapting it to the most effective and efficient solutions available in order to apply economies of scale, thereby contributing to promoting maximum security for employees, customers and suppliers.

This plan establishes, among other things, the Global Crisis Management Plan, which includes Crisis Management and Business Continuity projects.

In 2025, Telefónica activated its crisis committee due to the widespread blackout in Spain and implemented its contingency protocols to maintain emergency communications services and restore service in the affected areas.

2.14.6.5. Metrics and targets

Telefónica has defined the following metric:

Number of material cybersecurity incidents

A cybersecurity incident is considered material if there is a substantial likelihood that a reasonable investor would deem it relevant when making an investment or voting decision, or if it significantly alters the information already made available to investors.

To monitor the effectiveness of measures aimed at network and data security, and to achieve a level of security appropriate to business needs that ensures the protection of assets as established by the Global Security Policy, Telefónica has set the target of having the lowest possible number of material incidents.

Performance in 2025: 0 (0 in 2024).

Material cybersecurity incidents corresponding to the reporting period will be considered in those entities where Telefónica exercises effective control. Such material cybersecurity incidents are duly reported to the securities market regulatory authorities of the jurisdictions in which Telefónica, S.A. is listed.