



Social information





2.11. ESRS S1 - Own workforce



2.11.1. Strategy

Within the framework of the "Transform & Grow" Strategic Plan, people and talent management are essential levers for strengthening Telefónica's leadership in its main markets and fulfilling its mission of offering the best digital experience, consolidating its position as a world-class European operator with profitable scale. See section:

[2.2. Strategy and business model](#)

The people strategy seeks to simplify the operating model, giving greater autonomy and agility to operations, optimising critical functions and generating value through scale. At the same time, it promotes talent development, attracting, retaining and empowering the best professionals, and fostering a culture focused on impact and execution. This approach allows the Company to anticipate critical capabilities, strengthen key competencies and promote professional growth in a constantly evolving technological environment.

Telefónica is committed to adequate working conditions and an inclusive, safe and healthy environment, convinced that people are the driving force behind the Company's transformation and growth.

Types of employees

Through the double materiality process, the Company has identified the potential positive and negative impacts, as well as the risks and opportunities associated with all its salaried employees.

Salaried employees are defined as any natural person who, in accordance with the legal regulations of the

[S1.SBM-3](#)

country in which they operate, has a recognised employment relationship with one of the Group's legal entities. This relationship is characterised by the provision of personal services, inclusion on the payroll (even during periods without active payment) and the existence of hierarchical or functional subordination. Salaried employees include permanent, temporary and part-time contracts.

[S1.SBM-3_11](#), [S1.SBM-3_12](#)

Telefónica takes into account those groups within its workforce who, due to their personal characteristics, job functions or operating environments, may require specific consideration. This work is coordinated through the Global Human Rights Policy, which establishes the framework for identifying these groups and ensuring that their needs and particularities are adequately integrated into people management. The implementation of these principles is managed in a decentralised manner in each business unit, in accordance with its activity, regulatory context and operating model.

In relation to risks and opportunities associated with its own workforce, the Company has identified those associated with technological transformation and the development of digital skills as relevant. Given the risk that it may affect specific groups, the Company promotes reskilling and continuous training programs.



2.11.2. Impacts, risks and opportunities

The material impacts¹ that Telefónica has identified at the sub-topic level in ESRS S1 - Own workforce, as a result of the double materiality process, are as follows:

[S1.SBM-3_03](#), [S1.SBM-3_04](#)

¹ In particular, the negative material impacts identified on the Company's own workforce are considered to be widespread or systemic within the contexts in which the Company operates.

Subtopic: Working conditions

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 short term	Changes in employment and working conditions resulting from corporate operations Linkage: Strategy Origin in the value chain: Own operations (all activities)
Potential negative impact in the short term	Exposure of staff to occupational hazards that may affect their physical or mental integrity, arising from the nature of certain activities or work environments, or from possible limitations in the anticipation and response capacity of the Health and Safety management system Linkage: Business model Origin in the value chain: Own operations (all activities)
Actual positive impact	Improvement of the living and economic conditions of Company employees due to the promotion of quality employment with fair, competitive and attractive working conditions Linkage: Strategy Origin in the value chain: Own operations (support activities)
	Improvement in working conditions for Telefónica's own workforce due to social dialogue, freedom of association and collective bargaining measures Linkage: Strategy Origin in the value chain: Own operations (support activities)
	Contribution to a safe and healthy environment by reducing the number and severity of accidents at work through the high level of training of employees in health and safety (physical and mental) Linkage: No linkage to strategy or business model Origin in the value chain: Own operations (support activities)

Subtopic: Equal treatment and opportunities for all

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	Gender pay gap and barriers to promotion to leadership and decision-making positions Linkage: Strategy Origin in the value chain: Own operations (all activities)
Actual positive impact	Improving employee skills and promoting talent retention, as well as creating new opportunities, thanks to a wide range of training courses and programs Linkage: Strategy Origin in the value chain: Own operations (support activities)
	Positive impact on society thanks to the diversity and inclusion measures implemented by the Company Linkage: Strategy Origin in the value chain: Own operations (support activities)

Subtopic: Other work-related rights

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	Loss of confidentiality of the personal data of a specific group of employees affected by a security incident Linkage: Business model Origin in the value chain: Own operations (R&D, products and services)
Actual positive impact	Promoting employees' right to privacy by encouraging transparency in user data and providing them with the knowledge and tools necessary to control their information Linkage: Business model Origin in the value chain: Own operations (support activities)

The material risk that Telefónica has identified for ESRS S1 - Own workforce, as a result of the double materiality process, is as follows:

[S1.SBM-3_05](#)

Subtopic: Equal treatment and opportunities for all

Type of IRO	Description	
Risk	Talent shortages and new skill requirements in the workforce due to rapid technological changes	SBM-3_02 , SBM-3_03
	Origin in the value chain : Own operations (all activities)	

2.11.2.1. Policies

[S1-1](#)

[S1-1_05](#)

Telefónica has internal policies and standards that address the management of material impacts, risks and opportunities related to its own workforce.

[S1.MDR-P_01-06](#), [S1-1_01](#)

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](#)

Global Human Rights Policy

[S1-1_03](#), [S1-1_04](#)

Through this policy, the Company commits to respecting the human and labour rights of its employees.

[S1-1_08](#)

This policy considers employees as a specific stakeholder group, and the commitments it outlines focus on the following areas: fair working conditions, freedom of association and the right to collective bargaining, health and safety, diversity, non-discrimination, equal opportunities, training, privacy, cybersecurity, and the fight against forced labour, modern slavery and child labour.

[S1-1_07](#), [S1-1_06](#)

Telefónica's Global Human Rights Policy aligns with the main international instruments related to human and labour rights, the details of which can be found in section:

[2.15. Policies - Global Human Rights Policy](#)

To put these commitments into practice, Telefónica has a global due diligence process, that is explained in section:

[2.5. Due diligence](#)

Additionally, the Company provides its employees with the Whistleblowing Channel and the Responsible Business Queries Channel as mechanisms for addressing these impacts, among other measures. These instruments can be found in section:

[2.14.3.2. Responsible Business Queries Channel and Whistleblowing Channel](#)

The approach to employee engagement is based on transparency, inclusion and continuous improvement. The Company implements open communication policies and conducts regular surveys to ensure the active and meaningful engagement of its workforce.

Global Occupational Health, Safety and Well-being Regulation

[S1-1_09](#)

This regulation establishes a framework for general and specific commitments that make it possible to prevent, reduce and monitor risks associated with the normal course of business, encouraging a culture of safety in which all parties assume their responsibility and that integrates prevention into all hierarchical levels of the Company, thereby providing safe and healthy working conditions. There are also health and safety management systems in place that are certified and aligned with the applicable legal frameworks in each country.

[S1-1_10](#), [S1-1_11](#), [S1-1_12](#), [S1-1_13](#)

Global Equality Policy

This policy supports the Company's commitment to gender equality and opposition to all forms of harassment, prioritising working conditions that prevent workplace, sexual and/or gender- or sex-based harassment.

Global Diversity and Inclusion Policy

This policy sets out a commitment to equal opportunities and the non-discriminatory treatment of individuals across all areas of the organisation, taking a firm stance against any conduct or practice associated with prejudice on the grounds of the following factors, inter alia: nationality, ethnic origin, skin colour, marital status, family responsibility, religion, age, disability, social status, political opinion, serological and health status, gender, sex, sexual orientation and gender identity or expression.

At a local level, action protocols adapted to applicable legislation are implemented to address cases of workplace, moral and sexual harassment and discrimination. These protocols are designed to prevent and mitigate these situations and to facilitate an effective response should such situations be detected.



Despite no groups at particular risk of vulnerability being detected, they are covered through the Global Diversity and Inclusion Policy.

Global Privacy Policy

This policy establishes the general guidelines that must be implemented for the processing of personal data of individuals, including Telefónica Group employees, not only in compliance with the applicable legal frameworks in each jurisdiction but also in accordance with standardised and uniform criteria that create a common and general approach to privacy across the Group.

The Global Privacy Policy adheres to the principles of lawfulness, transparency, commitment to data subject rights, security and storage limitation.

Binding Corporate Rules

The Binding Corporate Rules (BCRs) were approved by the Spanish Data Protection Authority following the cooperation procedure between European Data Protection Authorities to regulate the international flow of data within the organisation, in compliance with Article 47 of the European Union General Data Protection Regulation (GDPR). These rules allow for the efficient and secure transfer of personal data from the European Economic Area (EEA) to countries outside it.

The implementation of BCRs helps to ensure compliance with European regulations in all Telefónica companies, enabling more efficient management of personal data, regardless of the location of the importing subsidiaries. In addition, BCRs provide greater legal certainty and facilitate alignment with the Group's organisational model.

In particular, the existence of BCRs ensures that employee data receive the same protection, rigour and guarantees in any country where they are accessed or processed, reinforcing the safeguarding of employees' personal information within the Telefónica Group, regardless of the location from which it is accessed.

Digital Disconnection Agreement

Applicable to all own workforce, this agreement recognises and guarantees the right of employees to disconnect from digital platforms, environments and tools outside of working hours, establishing a common framework to prevent unwanted extension of the working day. It also reflects the organisation's commitment to promoting healthy digital habits and fostering an appropriate work-life balance. This agreement contributes to the management of several impacts considered material, particularly those related to working conditions, well-being and the organisation of working time.

S1-2

2.11.2.2. Engagement with employees and their representatives

S1-2_01

Telefónica is dedicated to fostering an environment of active engagement and collaboration with employees and their representatives. The information gathered through the different means of communication with employees—such as surveys, meetings and other information channels—is analysed and used specifically to make decisions and implement measures related to the management of both actual and potential workplace impacts. For example, the results of the annual employee survey are presented to the Company's Executive Committee.

Impact management is supported by a structured system for identifying, reporting and monitoring cases related to working conditions and workers' rights.

S1-2_02

Employee feedback and suggestions are collected through regular surveys, feedback meetings and open communication channels.

Moreover, information from workers' representatives is gathered through regular meetings.

S1-2_03

Engagement with employees and workers' representatives is managed locally and meets the needs of each business and country in which Telefónica operates. As a result, the phases, types and frequency of engagement vary by country and business unit. They also vary depending on whether the engagement takes place with Telefónica's own workforce or with workers' representatives.

In general, when working directly with the Company's own workforce, there are different types of engagement:

- Feedback meetings in which employees can raise any feedback and suggestions. The frequency of these meetings varies according to the business/country.
- Surveys and questionnaires to gather information on employee satisfaction and needs. A global survey is conducted annually.
- Working groups to address specific issues and develop solutions. These are ad-hoc meetings held as needed.

Engagement with employee representatives involves joint committees convened quarterly, annually or monthly, depending on the subject matter and the country or business unit, addressing compliance with the commitments made, monitoring them and proposing possible measures for improvement.



S1-2_04

For agreements with the greatest impact such as collective bargaining agreements, the highest-ranking Company official involved is the Human Resources Director of each business. For global agreements, the ultimate responsibility lies with the Telefónica Group's Global Chief People Officer. Labour Relations teams are responsible for monitoring the actions and day-to-day activities of each business.

S1-2_05

Telefónica is committed to the core ILO standards, particularly regarding freedom of association and the right to collective bargaining in all the countries in which it operates.

In addition, the Company reaffirms the important role played by trade unions in defending the interests of workers and recognises the UNI Global Union (UNI) and the European Works Council (EWC) as key partners in the management of international labour relations.

The main aspects included in these agreements are the recognition and ratification of the commitment to fundamental human rights and respect for applicable standards regarding health and safety, equality, diversity and the environment in the workplace. To promote the effectiveness of these agreements, meetings are held annually with UNI and every six months with the EWC, in addition to maintaining regular contact with them. These agreements allow Telefónica to gain deeper insights into employee perspectives through:

- Direct contact: regular meetings and consultations with union representatives provide the Company with first-hand insights into workers' experiences and concerns, enabling it to comprehensively monitor potential incidents that may arise in the different countries.
- Continuous improvement: the ongoing nature of the Global Framework Agreements helps Telefónica to constantly learn from and adapt to the changing needs and perspectives of employees.

In Spain, a significant agreement was reached with the largest trade unions: the signing of the first 'Social Framework' for all companies based in Spain. This agreement aims to establish a global framework with homogeneous parameters for all Group companies in Spain, regardless of the full validity of the different agreements that are negotiated in the respective areas of application.

Likewise, in 2025 financial year, the Company negotiated with employees' legal representatives and agreed on various workforce reorganisation processes within the Group's companies in Spain, in accordance with the applicable labour regulations. These agreements establish distinct conditions depending on

the affected groups and, as a general principle, provide for voluntariness as the primary criterion for participation. Implementation of the agreed measures is scheduled for 2026 and will be carried out in compliance with the applicable labour legislation, maintaining ongoing communication both with the employees' legal representatives and with the competent labour authority (see Note 24 of the 'Consolidated Financial Statements').

S1-2_06

The assessment of the effectiveness of the relationship with employees and workers' representatives is measured in a number of ways.

With regard to employees, it is measured through the annual motivation survey, which provides information on their level of satisfaction and commitment and enables the Company to make informed decisions. The survey is anonymous and the responses are analysed by a third party to maintain data confidentiality.

With regard to the relationship with workers' representatives, the effectiveness of the various committees is assessed by the agreements reached following negotiations and the absence of labour conflicts.

Both assessment processes follow a structured approach, involving continuous collection of data on the results obtained.

2.11.2.3. Remediation processes and engagement channels with employees

S1-3_01, S1-3_05, S1-3_06, S1-3_07, S1-3_08, S1-3_09

Telefónica takes a proactive approach to the remediation of actual material negative impacts that may affect employees. A Whistleblowing Channel is available as a mechanism for managing claims or complaints related to labour issues so that employees can report any incidents. A detailed explanation of how this channel works can be found in the following section:

[2.14.3. 2 Responsible Business Queries Channel and Whistleblowing channel - Whistleblowing channel](#)

Channels for employees to express their concerns

S1-3_02

Telefónica has several channels set up by the Company itself and designed for employees to express their concerns, needs and suggestions in an accessible way:

1. Motivation surveys: conducted globally on a regular basis to assess employee satisfaction, commitment and views on their work environment. These surveys help Telefónica to identify strengths and areas for improvement in working conditions and to gather employee suggestions. They also contribute to assessing impacts from an employee perspective as part of the double materiality process.



2. Internal communication channels: internal communication tools such as digital platforms, newsletters and specific portals to facilitate dialogue between employees and the Company. These platforms keep employees informed and provide a space in which to share their needs openly and directly.
3. Meetings with team leaders: regular meetings and feedback sessions between team leaders and team members fostering open communication, so that employees can express their concerns directly to their supervisors.
4. Responsible Business Queries Channel through which employees can submit queries on any aspect related to the Responsible Business Principles and their associated policies and regulations. A detailed explanation of how this channel works can be found in the following section:
 - 2.14.3.2. [Responsible Business Queries Channel and Whistleblowing Channel - Responsible Business Queries Channel](#)
5. Local health and safety and equality committees: Telefónica has internal committees focusing on welfare and equality, which contribute to improving the work environment and implementing initiatives in line with employees' needs.
6. Network of trade union delegates and workers' representatives: employees can express their needs through trade unions or workers' representatives, who are responsible for communicating shared concerns and negotiating with the Company on working conditions and other matters of collective interest.
7. Human Resources Departments: the Company's Human Resources teams provide accessible contact points and channels for all employees to communicate any queries, requests for information or needs concerning professional development, benefits or working conditions.
8. Meetings with the heads of the organisation: regular meetings are held with Telefónica's most senior managers, in which employees can ask questions through the channels established for this purpose. Furthermore, these types of meetings also take place at a local level between local teams and the heads of the business units in each country.
9. Privacy Mailbox for employees: the aim is to provide a direct, accessible channel through which employees can communicate any concerns, queries or situations related to the processing of their personal data, and make requests concerning the exercise of their data protection rights.

S1-4

2.11.2.4. Action plans

S1.MDR-A_01-12, S1-4_02, S1-4_05

All the actions mentioned have a global scope, although each action is implemented and adapted by the operators according to local needs and specific regulatory contexts. The activities carried out fall within the own operations phase of the value chain own operations.

The time horizons for each initiative depend on the nature and local context of the action, with targets defined on a short-, medium- and long-term basis. These targets are regularly assessed through key indicators, internal audits and satisfaction and motivation surveys.

With regard to impacts affecting Telefónica employees, a structured process is in place to identify, analyse and monitor any incidents related to working conditions and workers' rights, as well as to implement appropriate actions to remedy any damage caused.

S1-4_04

Telefónica has a Global Human Resources Committee made up of the heads of the People areas of the main operators and regions in which it operates. It meets monthly to review and monitor each of the actions described below, ensuring progress towards the achievement of the targets and metrics.

S1-4_01

Actions to mitigate negative impacts

In 2025 various corporate transactions were performed, including divestments of certain business units, which could potentially affect the employment and working conditions of employees.

Although each transactions has its own specific characteristics, the Company has global mechanisms for the protection of human and labour rights that serve as a framework for all its transactions.

These include the Global Agreement with the UNI Global Union trade union federation, as well as the Global Human Rights Policy and the United Nations Guiding Principles on Business and Human Rights, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and various international human rights conventions and commitments, which establish clear commitments to respecting workers' rights, freedom of association, social dialogue and equal opportunities, even in contexts of restructuring or transfer of activities.

In addition, where possible, specific clauses have been included in the various purchase agreements to safeguard working conditions and ensure the continuity of rights in accordance with local legislation and the principles of the International Labour Organization (ILO).



Furthermore, the possible exposure of workers to risks that affect their physical or mental integrity constitutes a potential impact associated with the nature of certain activities and work environments.

This aspect is managed through the Global Occupational Health, Safety and Well-being Regulation, which establishes corporate commitments in terms of prevention, well-being and the promotion of a culture of safety, defining common principles to prevent, reduce and control occupational risks and integrating health and safety into business management.

Each operator implements specific action plans aligned with this global framework, which may include internal audits, preventive planning, periodic risk assessments, designation of responsible parties, incident reporting and analysis guidelines, emergency drills and health campaigns.

Although actions differ between countries, they all share the same expected outcome: to significantly reduce staff exposure to risks that affect their physical or mental integrity, improve the well-being and involvement of workers, and strengthen the management system's capacity for anticipation, control and response.

Monitoring is generally carried out on an annual basis — and, in certain cases, every six months— using indicators focused on reducing accidents, identifying and controlling occupational risks, and continuously improving preventive performance.

The Company has adopted various measures to mitigate material negative impacts on equal treatment and opportunities for all:

- Inclusion and diversity policies that promote gender equity, including protocols to prevent sexual harassment and workplace discrimination.
- Regular pay audits to identify and address gender pay gaps for equivalent roles or work of equal value, ensuring equal pay regardless of gender.
- Professional development programs to promote the advancement of women in the Company.
- Participation in external initiatives, such as collaboration with global networks and programs like the UN Global Compact and Women's Empowerment Principles to share best practices and promote gender equality in the business sector.
- Training in inclusive leadership and awareness-raising campaigns.
- Flexible working, work-life balance and equal leave policies.

The main indicator for monitoring measures to promote equal opportunities without gender discrimination is the proportion of women in executive positions.

Telefónica expects to continue these actions in the coming years. The intended result of these actions is an increase in the number of women in leadership positions and a reduction of the pay gap.

Other work-related rights: privacy

The actions that Telefónica is working on to manage the material negative impacts on employee data privacy are:

- Global privacy governance.
- Privacy risk assessment.
- Continuous cooperation with Security areas.
- Employee training and reskilling.

These actions are explained in the section:

2.13.3. Action plans, metrics and targets - A) Privacy

The same protection and confidentiality standards are uniformly applied to all personal data, regardless of their origin, in order to achieve comprehensive, consistent and coherent information protection across all levels.

These actions are expected to continue in the coming years. The intended result of these actions is to strengthen global privacy governance and improve management of the risks associated with protecting employee data.

S1-4_03

Actions to generate positive impacts

The following is a breakdown, by subtopic, of the initiatives that Telefónica is working on to generate positive impacts for its workforce.

Subtopic: Working conditions

As regards secure employment, working time, adequate wages and work-life balance, the Company carries out the following actions:

- Permanent contracts are prioritised to ensure job stability, in addition to having specific programs for young talent, such as scholarships and internships, the impact of which is monitored through regular reports.
- Pay reviews are conducted regularly and professional classification systems have been implemented to promote competitiveness and equity. Additional benefits are offered, such as share schemes and salary advances.
- Digital disconnection is encouraged through initiatives adapted to local regulations, such as flexible hours, gradual reductions in weekly working hours, hybrid and remote work, and record-keeping systems to regulate overtime. The Company offers extended family care leave and parental leave.

With regard to social dialogue, at local level there are joint committees that ensure compliance with collective agreements and adapt labour policies to the needs of



employees. There are agreements with UNI Global Union and with the European Works Council (EWC) establishing a framework for continuous dialogue and cooperation with trade unions at a global level.

With regard to health and safety, a preventative approach to health, safety and occupational well-being is followed, with ongoing training, health campaigns and psychosocial support. Telefónica promotes the overall well-being of its employees and maintains a healthy work environment. In addition, safety standards are monitored by committees, as well as through internal and external audits.

These actions are expected to continue in the coming years. The intended result of these actions is to ensure safe and fair working conditions that are in line with best labour practices, promoting stable employment, work-life balance and competitiveness at salary level.

Subtopic: Equal treatment and opportunities for all

In terms of training and skills development, Telefónica focuses on the professional development of its employees through training and reskilling programs, which include courses on emerging technologies, digital skills and leadership, and are to local needs. The Company assesses skills development through internal management tools and the Skills Workforce Planning process.

To foster diversity and inclusion, Telefónica implements global policies on gender equality, support for the LGBTQ+ community and inclusion of people with different backgrounds, ages and abilities. It promotes female talent through local-level initiatives such as training and leadership programs for women, specialised workshops and awareness-raising activities.

These actions are expected to continue in the coming years. The intended result is to be able to offer quality jobs and competitive and attractive working conditions.

Subtopic: Other work-related rights: privacy

In addition, Telefónica actively promotes its employees' right to privacy by creating transparent and accessible information environments. To this end, it provides both users and employees with a Global Transparency Centre, a centralised and easily accessible space where employees can clearly and directly consult all key privacy documentation, including Binding Corporate Rules (BCRs), the Global Privacy Policy and other strategic documents. In addition, the corporate intranet hosts specific Privacy sites designed to provide operational resources.

S1-4_06

Actions regarding material risks and opportunities

Telefónica is developing initiatives to address the risk of a technology talent shortage and the need to incorporate new skills into its workforce. These initiatives are integrated into the Skills Workforce Planning process and are supported by tools such as SkillsBank, which facilitates the identification of existing skills within the organisation and those needed to support business growth.

This planning process enables the Company to make the most appropriate decisions to close the skills gap through:

- Internal skills development: implementing large-scale reskilling and upskilling programs that develop critical business skills while enhancing the employability of professionals. Employee certification programs in third-party digital technologies are also offered.
- Attracting top talent through digital platforms, social media, networking events, trade shows and forums at technology-focused universities. In addition, the company strengthens its pool of young talent through various scholarship and internship programs.
- Career development through a conversation-based performance model focused on growth and capabilities.

These actions are planned to continue in the coming years, and the expected result is to reduce the skills gap in the workforce and ensure the availability of the talent needed for business growth.

Responsible practices and allocated resources

S1-4_08

To minimise potential impacts, Telefónica has global policies on human rights, equality, diversity and inclusion. Similarly, it conducts internal and external audits and assesses labour and human rights risks. It also has confidential whistleblowing channels and monitors indicators such as the gender pay gap and the percentage of women in executive positions, as well as responses to the motivation survey. Furthermore, it promotes work-life balance measures, flexibility, equal opportunities and safe environments, ensuring swift action if any irregularities are identified.

S1-4_09

The Company allocates human, financial, technological and infrastructure resources to manage negative and positive impacts, and mitigate risks by enhancing initiatives that benefit employees.

It also allocates budget to audits and labour improvements, using technological tools to manage incidents and perform data analysis. There are protocols and remediation plans in place to address internal issues such as pay gaps and discrimination. Additionally, Telefónica invests in employee training and partners with external consultants and organisations to contribute to the fulfilment of standards and continuously improve its practices.

2.11.3. Metrics and targets

2.11.3.1. Targets related to the management of material IROs

S1.MDR-T_01-13, S1-5_01, S1-5_02, S1-5_03

Equal treatment and opportunities for all

The main metric used by the Company to assess the performance and effectiveness of the action plans relating to the material negative impact on equal treatment and opportunities for all in Telefónica's own workforce is:

Representation of women in executive positions

Target: 37% of executive positions to be held by women by 2027.

To make progress towards meeting the target by 2027, Telefónica established interim targets:

- 2024: reach 33.4%
- 2025: reach 34.6%
- 2026: reach 35.8%

Methodology and scope

This indicator is measured based on the total number of Telefónica Group executives at the end of December of the corresponding year.

Executives are those individuals subject to specific internal regulations, whose appointment process must be evaluated and validated by the Nominating, Compensation and Corporate Governance Committee.

The baseline year against which progress is measured is 2020, in which the baseline value was 27.4%.

Performance in 2025: 35.3% (as of the end of 2024, the presence of women in executive positions was 34%).

Monitoring

The indicator is monitored on a monthly basis. It is a quantifiable and absolute target and is aligned with the main commitments of the Diversity and Inclusion Policy, as well as the Global Equality Policy: guaranteeing equal

opportunities and non-discriminatory treatment and promoting gender equality.

Privacy

The main metrics used by the Company to assess the performance and effectiveness of its data privacy action plans regarding employees are as follows:

	2024	2025
Total number of procedures opened due to privacy/data protection issues with a penalty or employee claim	0	0
Total number of confirmed fines for privacy/data protection issues affecting employees*	0	0
Total number of confirmed fines for privacy/data protection issues affecting employees	€0	0 €

* With no option to appeal, issued by a competent authority, and becoming final during the reporting year.

Methodology and scope

The open proceedings indicator includes proceedings related to sanctions or customer complaints regarding privacy that remain open at the end of the financial year, excluding those that have been opened and closed within the same year.

The number of final fines includes only those penalties that, at the end of the fiscal year, are not subject to administrative or judicial appeal. The monetary value of final fines corresponds to the total amount, in euros, of said penalties.

The metrics are aligned with the commitments established in the Global Privacy Policy and the Global Human Rights Policy, respecting the right to the protection of personal data.

Targets

Target-setting is not applicable due to the nature of the indicator, which is dependent on the variability of the penalties and the sanction procedures. These processes do not follow a regular annual cycle but tend to be drawn out over longer periods, making it difficult to adapt them to pre-established intervals.

Furthermore, the authorities' criteria evolve and new national regulations can emerge, as in the case of Brazil, which complicates predictability. On the other hand, the administrative and judicial processes involved in sanctioning procedures also introduce an additional variable that hampers the establishment of specific targets.

Working conditions

Additionally, to assess employees' perceptions in relation to the subtopics 'Working conditions' and 'Equal



treatment and opportunities for all', the Company uses the eNPS metric.

Employee satisfaction

Target: maintain the employee Net Promoter Score (eNPS) at over 70 points during the time horizon of the "Transform & Grow" Strategic Plan (2026-2030).

The eNPS measures employee satisfaction at the organisation through a survey. The survey also includes questions about the work environment, well-being, learning, leadership, work-life balance, diversity and inclusion and non-discrimination.

Methodology and scope

This indicator has been monitored since 2019 and is calculated through a relationship survey, in which employees are asked if they would recommend Telefónica as a good place to work. The result is obtained by subtracting the percentage of detractors (ratings of 1 to 6) from the percentage of promoters (ratings of 9 and 10).

This survey is conducted annually among all the employees who are part of the Telefónica Group.

The target is quantifiable and absolute and is aligned with the commitments and core values of the Sustainability Plan in areas such as respecting and promoting human rights, and is particularly aligned with the point concerning commitment to employees, diversity, inclusion and equality.

The baseline year against which progress is measured is 2019, in which the baseline value was 58.4 points.

Performance in 2025: the eNPS was 73 points (75 in 2024).

Monitoring

This indicator is reviewed annually. The results of the survey are used as a basis for adapting the actions, if necessary.

In addition, the overall results for this indicator are shared with the Executive Committee.

Training and skills development

With regard to the material risk related to the subtopic 'Equal treatment and opportunities for all', the following target is used:

Skills in the workforce

Target: reduce the skills and profiles gap in the workforce identified during the Skills Workforce Planning process.

Methodology and scope

A strategic skill-related planning process (Skills Workforce Planning) linked to the Strategic Plan is conducted on an annual basis to align the skills available at the organisation and those that are needed to execute the plan. The process is global, with a focus on those areas of the Company that are critical for the execution of the Strategic Plan. This process results in a defined set of profile and skills needs for the workforce over the timeframe of the plan.

The target is quantifiable and absolute and is tailored to the needs identified in the Strategic Plan.

The baseline year against which the progress of the Skills Workforce Planning process is measured is 2020.

Performance: the current Skills Workforce Planning process has identified a reduction in the number of required profiles and an increase in the demand for technical skills within the workforce, highlighting the need for continuous learning in light of rapid technological change.

Monitoring

The closing of the skills gap is reviewed annually and the results are shared with the Executive Committee.

Health and safety, and social dialogue

The effectiveness of the actions implemented to manage the remaining IROs is evaluated through specific indicators associated with each initiative. However, each operator defines and monitors its own targets, metrics and methodologies, according to its regulatory and organisational framework. As a result, management is decentralised, and each operation adapts measures and targets to its particular context.

By way of example, on the issue of health and safety, there are local initiatives at Telefónica Spain, where indicators such as the accident frequency rate are monitored, and Telefónica Brazil, where accident-related indicators are monitored. These local targets have set goals, established time frames, specific methodologies and tracking mechanisms.

The indicators are quantifiable and, depending on the case, can be absolute or relative. In addition, they apply to the workers of each country and are in line with the commitments established in the Global Occupational Health, Safety and Well-being Regulation.

In terms of social dialogue, freedom of association and collective bargaining, targets, specific metrics, methodologies and tracking mechanisms are defined for each market in which the organisation operates.



However, as a minimum, the actions tend to include fostering ongoing dialogue through meetings of joint committees, negotiations of agreements or their corresponding extensions.

Since the establishment of all the targets, the associated indicators have evolved favourably.

Stakeholder feedback is taken into consideration when setting targets and reviewing performance. All the required information relating to stakeholder involvement in target-setting is specified in the following section:

2.2.4. Stakeholder management and relations

S1-6

2.11.3.2. Characteristics of the Company's employees

S1-6_01, S1-6_02

Number of employees by gender

Gender	2024	2025
Women	39,874	33,418
Men	60,992	49,236
Other	1	0
Not defined	3	1
Total Employees	100,870	82,655

S1-6_04, S1-6_05

Number of employees by country*

Country	2024	2025
Brazil	36,200	34,905
Spain	25,086	25,516

*Countries where the number of employees is greater than 10% of the Company's total.

S1-6_07, S1-6_09

Number of employees by contract type

	2024					2025				
	Women	Men	Other	Not defined	Total	Women	Men	Other	Not defined	Total
Number of permanent employees	39,432	59,995	1	3	99,431	33,209	48,965	—	1	82,175
Number of temporary employees	442	997	—	—	1,439	209	271	—	—	480
Number of employees with non-guaranteed hours	—	—	—	—	—	—	—	—	—	—

S1-6_11, S1-6_12

The number of employees who left the Company in 2025 was 12,905 (15,725 in 2024).

Company exits are considered to be those terminations or suspensions of the employment relationship whose effective date —understood as the day after the last day of effective provision of services— occurs in the reporting year, excluding in all cases the effects of sales of companies or changes in consolidated entities.

The percentage of employee turnover in 2025 was 15.4% (15.5% in 2024).

S1-6_13, S1-6_14, S1-6_15, S1-6_16, S1-6_17

The total number of employees is obtained by adding up the salaried staff of each business unit as of 31 December 2025 (see Note 26 of the 2025 'Consolidated Financial Statements', in the Workforce section), according to the definition of salaried employees indicated in 'Types of employees' in section 2.11.1. Strategy.

S1-8

2.11.3.3. Social dialogue

S1-8_07

Telefónica has an agreement with the European Works Council (EWC) and with UNI (Global Union), which it recognises as key partners in the management of international labour relations.

S1-8_08

S1-14_03

Rate of coverage	Representation in the workplace (EEA only)*	
	2024	2025
0-19%		
20-39%		
40-59%		
60-79%		
80-100%	Spain	Spain

*Countries with >50 employees that represent >10% total employees.

S1-9

2.11.3.4. Diversity metrics

S1-9_01, S1-9_02, S1-9_06

In 2025 the number of women at Top Management level at the Company was 1 (1 in 2024). Although it remains stable in absolute terms, the percentage of women out of the total number of members of Top Management was 25% (20% in 2024). This increase is due to the change in the total number of members.

Telefónica's Top Management includes executives who carry out, de facto or de jure, senior management duties and report directly to the Board of Directors or to the Executive Committees or managing directors of the Company, including in any case the head of Internal Audit.

S1-9_03, S1-9_04, S1-9_05

Age distribution of employees

Age segments	2024	2025
Under 30 (No.)	13,301	10,779
Under 30 (%)	13%	13%
Between 30 and 50 (No.)	64,812	51,715
Between 30 and 50 (%)	64%	63%
Over 50 (No.)	22,757	20,161
Over 50 (%)	23%	24%

S1-10

2.11.3.5. Adequate wages

S1-10_01

All of Telefónica's own workforce receives a wage that is above the local minimum wage.

S1-14

2.11.3.6. Health and safety metrics

S1-14_01

The percentage of employees covered by a health and safety management system was 96% in 2025 (97% in 2024).

S1-14_02

No fatalities were recorded as a result of work-related injuries and work-related ill health (just like in 2024).

Neither were there any fatalities as a result of work-related injuries or work-related ill health of other workers working on Company sites (just like in 2024).

S1-14_04

The number of recordable work-related accidents in 2025 was 538 (720 in 2024). The decrease on last year is mainly due to the sale of Group companies in Hispanic America in 2025, see Scope of consolidation in section:

[2.1. Basis for preparation](#)

S1-14_05

The rate of recordable work-related accidents in 2025 was 3.18 accidents per million hours worked (3.61 in 2024).

S1-16

2.11.3.7. Remuneration metrics (pay gap and total remuneration)

S1-16_01, S1-16_02, S1-16_03

In 2025, the gross gender pay gap in the main countries where Telefónica operates was 10.1% in Spain (13.6% in 2024), 23.5% in Brazil (13.6% in 2024), and 16.2% in Germany (17.3% in 2024). At Company level, the gross gender pay gap was 22.5% in 2025 (20.9% in 2024, restated from the previous year's report to reinforce methodological consistency with the standard). Globally, it increased due to changes in the scope of consolidation, primarily the sale of Telefónica Móviles Argentina.

The pay gap is calculated as the difference between the average total remuneration of men and women within the organisation, without incorporating additional comparability factors.

The ratio between the Executive Chairman's (CEO's) total annual remuneration and the median total annual remuneration of all employees, taking into account differences in purchasing power across the countries where Telefónica operates, was 75:1 in 2025 (111:1 in 2024). The unadjusted ratio was 158:1 in 2025, compared with 337:1 in 2024, restated from the prior year's report to reinforce methodological consistency with the standard. For its calculation, the total remuneration accrued during 2025 by the Executive Chairman was considered—namely, the sum of fixed remuneration, short-term variable remuneration, the long-term incentive and benefits—applying the same elements when calculating total remuneration for all employees active in the Group as at 31 December 2025.

For the adjusted indicator, the total remuneration of each employee in each country is corrected using the ratio between the local minimum wage and minimum wage in Spain. Based on the adjusted remuneration, national medians are calculated and subsequently integrated through a weighted average using each country's employee population, resulting in the final indicator value.



S1-17

2.11.3.8. Incidents, complaints and severe human rights impacts

[S1-17_01](#), [S1-17_02](#), [S1-17_07](#)

In 2025 a total of 61 cases of discrimination and/or harassment were reported (62 in 2024). The data come, firstly, from the complaints filed through the Whistleblowing Channel; a total of 47, which were analysed and found to be substantiated (55 in 2024). On the other hand, pending cases of litigation for inequality/discrimination during the reference period are also incorporated: a total of 14 (7 in 2024). Due to technical limitations, it is not possible to determine whether all of these lawsuits are related to the Company's own employees.

[S1-17_03](#)

There were 905 complaints filed through the Whistleblowing Channel in 2025 (992 in 2024). As the Channel allows complaints to be filed anonymously, it is not possible to identify what percentage of the total number of claims recorded came from Telefónica's own workforce.

[S1-17_04](#)

No complaints in relation to Telefónica were filed through the National Contact Points for OECD Multinational Enterprises in 2025 (nor in 2024).

[S1-17_05](#), [S1-17_06](#)

The economic value of pending claims for discrimination and/or harassment lawsuits being processed 2025 is not significant (like in 2024).

[S1-17_08](#), [S1-17_09](#), [S1-17_10](#)

Without prejudice to the information provided above, no severe human rights incidents were recorded in 2025 through the Whistleblowing Channel, the internal lawsuit reporting tool or the ESG RepRisk platform, from which serious accusations in public reports or the media are obtained (there were no cases in 2024 either).



2.12. ESRS S2 – Workers in the value chain

S2.SBM-3



2.12.1. Strategy

Telefónica has conducted an analysis of the value chain, assessing its activities and agents with the aim of managing the IROs related to the workers who form part of it.

[S2.SBM-3_01](#), [S2.SBM-3_02](#), [S2.SBM-3_03](#)

Types of workers in the value chain

For the purposes of this report, 'value chain workers' are defined as all individuals employed by Telefónica's direct and indirect suppliers, throughout the different phases of its value chain. Workers within the operations phase of said value chain are included in the ESRS S1.

These are distributed as follows:

Upstream

Two types of workers are identified:

- Those employed by goods suppliers, which may include, among others, manufacturing workers involved in the production of devices (such as, routers and mobile phones) or those involved in the extraction of raw materials.
- Workers employed by service providers, which may include, among others, those involved in network deployment, maintenance and dismantling.

Downstream

The workers that could be significantly impacted by the identified IROs downstream, include those working in call centres and other customer service workers, among others.

Impacts

Telefónica has around 7.000 direct suppliers that perform activities throughout its value chain annually.

[S2.SBM-3_05](#)

The identified material negative impacts are related to individual cases detected at some direct and indirect suppliers and therefore cannot be considered widespread or systemic incidents.

[S2.SBM-3_04](#), [S2.SBM-3_08](#)

After conducting a risk analysis and benchmarking of the value chain, Telefónica has identified factors that increase the likelihood of adverse impacts on workers. These include:

- Critical activities: certain tasks, such as network deployment and maintenance—which often involves working at height or with electricity—the production and assembly of equipment (e.g., routers and mobile devices), and the operation of call centres, present high risks in terms of sustainability, especially in health and safety.
- Geographical context: Certain regions, countries, or jurisdictions with insufficient social protection legal frameworks or poor enforcement increase social risk. For example, in some countries in Asia and South America, excessive working hours, abusive conditions for migrant workers, and the involvement of young people between the ages of 15 and 18 in dangerous tasks or night shifts have been identified.
- Individual characteristics: Vulnerable groups, such as women, young people, and migrant workers, may face additional challenges that increase their exposure to negative impacts.

Risks

S2.SBM-3_07; S2.SBM-3_09

S2.SBM-3

These impacts can lead to material risks for the Company. A case in point is the material risk identified regarding health and safety, which arises from impacts and dependencies linked to workers in the value chain. Any negative impact relating to the health and safety of workers in our supply chain could pave the way to reputational risks and/or sanctions for the Company.



2.12.2. Impacts, risks and opportunities

The material impacts that Telefónica has identified for ESRS S2 - Workers in the value chain as a result of the double materiality process are the following:

Subtopic: Working conditions

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	<p>Unstable employment for workers in the supply chain due to temporary contracts or contracts without minimum guarantees</p> <p>Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)</p> <hr/> <p>Generation of tensions and discontent among value chain workers due to wages that are not commensurate with assigned responsibilities</p> <p>Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)</p> <hr/> <p>Social unrest stemming from low collective bargaining coverage in value chain suppliers</p> <p>Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)</p> <hr/> <p>Negative impact on the health and safety of workers in the value chain due to non-compliance with international occupational safety and health standards and regulations by suppliers and franchisees</p> <p>Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)</p> <hr/> <p>Increased overtime at the supplier due to agreed conditions and/or peaks in demand</p> <p>Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)</p> <hr/> <p>Social tensions and deterioration of the working environment due to a limitation of the freedom of association of value chain workers</p> <p>Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)</p>

Subtopic: Other labour rights

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	<p>Loss of confidentiality of suppliers' personal data</p> <p>Linkage: Business model Origin in the value chain: Own operations (R+D, products and services)</p> <hr/> <p>Performance of work at night or in hazardous environments by adolescents (over 15 and under 18 years of age) in contravention of children's rights</p> <p>Linkage: Business model Origin in the value chain: Upstream (all activities); downstream (marketing, after-sales)</p> <hr/> <p>Existence of abusive practices by employers towards their workers, especially in the context of migrant employment</p> <p>Linkage: Business model Origin in the value chain: Upstream (all activities)</p>



The material risk that Telefónica has identified for ESRS S2 - Workers in the value chain as a result of the double materiality process, is the following:

Subtopic: Working conditions

Type of IRO	Description	SBM-3_02 , SBM-3_03
Risk	Sanctions associated with non-compliance with occupational health and safety standards and regulations by suppliers Origin in the value chain : Upstream (all activities); downstream (marketing, after-sales)	

2.12.2.1. Policies

[S2-1_01](#), [S2-1_02](#), [S2-1_03](#), [S2.MDR-P_01-06](#)

Telefónica reaffirms its commitment to respecting and promoting human and labour rights throughout its value chain, mainly through three key documents:

- Global Human Rights Policy.
- Global Supply Chain Sustainability Policy.
- Supplier Code of Conduct.

These policies establish the framework for managing material impacts and risks related to human rights and, in particular, to workers in the value chain.

In addition, the three documents were updated in 2025 to reinforce the Company's commitment and seek greater alignment with the latest European regulations (CSRD and CSDDD).

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

[2.15. Policies](#)

Global Human Rights Policy

Telefónica is committed to respecting and promoting human rights in general and those of workers in the value chain in particular.

In section '2.3. Suppliers and business partners in the value chain' of this policy, Telefónica's commitment to diligently managing its relationships with suppliers, their employees, contractors, subcontractors, and other business partners is set out.

[S2-1_08](#), [S2-1_04](#)

Telefónica's Global Human Rights Policy is aligned with the internationally recognised instruments relevant to human and labour rights. For more details on these instruments and frameworks, see:

[2.15. Policies - Global Human Rights Policy](#)

S2-1

To carry out this commitment, Telefónica has a global due diligence process in place, which is explained in the section:

[2.5. Due Diligence](#)

Additionally, the Company provides workers in the value chain with the Whistleblower Channel and the Responsible Business Queries Channel as mechanisms to remedy such impacts, among other measures. See:

[2.14.3.2. Responsible Business Queries Channel and Whistleblowing Channel](#)

[S2-4_10](#)

Global Supply Chain Sustainability Policy

Telefónica commits to a robust due diligence process to identify, prevent, and address adverse impacts in its supply chain. The policy seeks to embed human rights throughout all supply chain management activities.

Furthermore, Telefónica also states its commitment to working towards ensuring that its own procurement practices do not cause or contribute to negative impacts on workers in the value chain, and, consequently, to the associated risks. This commitment underpins supplier relationships, guided by rigour, transparency, and objectivity.

[S2-1_05](#), [S2-1_06](#)

Supplier Code of Conduct

The Company has a Supplier Code of Conduct, which serves as the main instrument to implement its sustainability supply chain commitments.

It sets out the minimum responsible business criteria that any supplier within Telefónica's Procurement Model (MCT for its acronym in Spanish) must comply with, including the respect for their worker's human and labour rights. MCT is explained in the section on suppliers:

[2.14.5.1. Responsible management](#)

Among other aspects, it requires:

- Compliance with working hour regulations.
- Guarantee of a safe work environment.



- Protection of minors from child labour.
- Recognition of right to freedom of association and collective bargaining.
- Prohibition of abusive labour practices, such as forced labour.

Other policies

Additionally, Telefónica reinforces its due diligence process through the following policies, to facilitate the proper and comprehensive management of the material IROs linked to workers in the value chain:

- Occupational Health, Safety and Well-being Regulation.
- Global Privacy Policy.
- Global Security Policy.
- Workplace Risk Instruction for the Procurement of Works and Services ICC001.

S2-4

2.12.2.2. Action plans

S2-4_01, S2-4_08

As part of its due diligence process and commitment to human rights, Telefónica undertakes a series of actions to prevent and/or mitigate negative impacts and risks affecting workers in the value chain.

S2-4_12

Implementing said actions requires a cross-cutting management process across the entire organisation, and is addressed through different areas in the Company. Therefore, no specific resources have been assigned to these actions.

These actions follow the process described in the section and are expected to continue in the coming years:

2.14.5. Suppliers

S2.MDR-A_01-12

1. Contractual clauses

Material IROs are managed through the inclusion of contractual clauses such as the General Conditions for the Supply of Goods and Services of the Telefónica Group, the Supplier Code of Conduct and other agreements with suppliers.

These clauses require suppliers to adhere to ethical standards aligned with those the Company follows and to uphold fundamental human and labour rights.

100% of suppliers included in the MCT must accept these clauses and conduct their business in accordance with Telefónica's minimum responsible business criteria. This percentage is measured annually to monitor the progress of the action plan. The Company plans to continue requiring its suppliers to accept these clauses in the coming years.

This requirement applies to commercial relationships with direct suppliers in all markets in which the Company operates. Thus, including suppliers throughout the value chain.

Acceptance of these contractual clauses must be done for each awarded contract as part of the MCT process. Hence, suppliers must accept these upon registering and/or renewing their account in the Procurement platform.

If a supplier breaches these contractual clauses and fails to comply after a collaborative improvement process, (outlined in action plans 3 and 4), Telefónica may invoke these clauses to terminate the contractual relationship.

S2-4_05

2. Potential risk analysis

To manage material IROs, Telefónica conducts a monthly risk analysis of all suppliers included in the MCT. This includes suppliers in all markets where it operates and throughout the value chain.

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 country of origin and the type of products or services supplied to the Company.

The resulting potential risk level is used to determine the specific measures to manage potential impacts within the value chain.

Hence, for suppliers identified as having a higher potential risk, the Company sets stricter labour requirements and conducts a more rigorous oversight than for lower-risk suppliers.

3. External sustainability assessments

Telefónica requires all its suppliers with a potential high-risk to perform an external 360° assessment based on 15 sustainability criteria that encompass ethical, social and environmental aspects as well as the management of their own supply chain.

Information relating to suppliers externally assessed on sustainability matters through the IntegrityNext platform is detailed in 'Step 3. Performance assessment of potential high-risk suppliers' in section:

2.14.5.1. Responsible management - Step 3. Performance assessment of potential high-risk suppliers

These assessments are conducted on a continuous manner, with suppliers being asked to update their data annually.

S2-4_06

4. On-site audits

Telefónica also verifies compliance with the responsible minimum business criteria it requires of its suppliers through an annual audit plan.

As part of this plan, improvement plans are agreed upon with all suppliers that fail to comply with any aspects that could have a negative social or environmental impact.

Telefónica’s annual audit plan includes two programs. The scope of the audits varies according to the program through which they are conducted.

- Allies Programme: the audits conducted focus on service providers with a high sustainability risk. These audits target suppliers primarily in Telefónica’s markets in Europe, Brazil and Hispanic America.
- JAC Audit Programme (Joint Alliance for CSR): the audits are aimed at direct and indirect product manufacturers in countries with a high sustainability risk. These audits target suppliers primarily in Asia.

Further information on the audits conducted is provided in 'Step 4. Key supplier audits' of the section:

[2.14.5.1. Responsible management - Step 4. Key supplier audits](#)

[S2-4_02, S2-4_07](#)

If negative impacts on workers in the value chain occur, Telefónica has established protocols within the JAC and Allies audits to ensure the appropriate remediation. These protocols are implemented as part of the audit process and are available before, during and after the audit.

Telefónica collaborates with independent third parties, internal experts and/or the supplier itself to ensure effective implementation of the protocols and the resolution of non-conformities through agreed action plans and their corresponding results.

Examples of how the Company resolves non-conformities are given below:

Management of audit non-conformities

Aspect	Non-conformities	Corrective action/ remediation
Freedom of association	Lack of defined detailed policies and procedures for facilitating freedom of association	Creation of policy clearly defining protection of workers to freely associate and implementation procedures.
Health and safety	An isolated office of ~100 m ² with 25 employees had only one emergency exit.	Install at least two emergency exits to comply with safety standards and reduce evacuation risks, in accordance to safety codes.
Working time	Sampled employees exceeded legal monthly overtime limits.	Implement strict overtime controls aligned with local law and SA8000: use electronic scheduling, real-time monitoring, and capacity planning to reduce excessive hours.
Adequate wages	Resigned workers' wages were paid on the regular cycle, causing delays of 7–45 days.	Ensure final wages are paid on the day of resignation or implement faster settlement processes to minimize delays.
Child/juvenile workers	Policies for child and juvenile workers were unclear, and age verification records were incomplete.	Define and communicate clear policies per JAC standards and implement systems to maintain documented age verification for all workers.
Privacy	Lack of security policies, standards and procedures based on international standards such as ISO/IEC 27000.	Establish internal policies, procedures and/or protocols that regulate their governance and/or management model in terms of data protection.
Secure employment & labour conditions	Contracting of some workers through dispatch companies that only sign short term contracts (3 months).	Require dispatch companies to issue contracts of at least two years.

[S2-1_09, S2-4_11](#)

These non-conformities include cases of non-compliance with international standards on working conditions and other material labour rights referred to in section '2.12.2.1. Policies' of this chapter.

Despite the fact that these non-conformities have been detected through audits, no serious human rights incidents involving workers in the value chain were recorded in 2025.

The impact of this management and commitment process has increased through the Company’s participation in JAC. Through JAC, together with 30 other telecommunications operators unite efforts to verify, assess and enhance the implementation of sustainability standards in the factories of mutual suppliers, mainly in at-risk areas such as Asia, Latin America and Eastern Europe. This enables Telefónica to assess suppliers beyond tier 1, in other words, indirect suppliers.



5. Other specific initiatives

Moreover, Telefónica implements specific initiatives to manage certain issues involving material IROs. These include the following:

- Mineral extraction in conflict-affected areas: potential high-risk suppliers are requested to disclose information, through the Conflict Minerals Reporting Template (CMRT) on the origin of the minerals contained in products supplied to Telefónica, assessing compliance with the Supplier Code of Conduct.
- Privacy governance model: a strategic, organizational, and operational framework for personal data protection is implemented throughout the Group, including data on workers in the value chain. See section:
 - 🔗 [2.13.3 Action plans, metrics, and objectives - A\) Privacy](#)
- Specific working groups at sector-level: the Company co-leads the JAC working group on sustainability due diligence, driving the implementation of tangible risk management initiatives and engagement with suppliers in ICT sector supply chains.

S2-4_04

As part of its responsible supply chain management process, Telefónica has established metrics —such as the number of suppliers assessed on sustainability issue — which enable it to evaluate the effectiveness of its processes. These metrics and targets are detailed in the section:

🔗 [2.14.5. Suppliers](#)

Furthermore, as part of its ERM (Enterprise Risk Management) framework, the Company has integrated core sustainability risks into its supply chain. This system enables Telefónica to assess the maturity of its supply chain management and determine whether its actions and initiatives yield the expected outcomes for workers in the value chain.

S2-3

2.12.2.3. Remediation processes and engagement channels with workers in the value chain

S2-3_01

Telefónica has various channels through which workers in the value chain can express their concerns, as well as established processes for addressing them and, where appropriate, collaborating in the remediation of negative impacts.

In addition to managing the negative impacts identified through the channels provided, Telefónica takes proactive measures to detect and address them through the annual audit plan explained in the previous section.

S2-3_02, S2-3_04, S2-3_06

In line with the provisions in the Global Supply Chain Sustainability Policy, Telefónica makes the following channels available to workers across the value chain:

- Responsible Business Queries Channel.
- Whistleblowing Channel.

The characteristics of these channels and processes, including how Telefónica monitors and controls the issues or complaints raised, as well as protection against retaliation for those who use them, are explained in the section:

🔗 [2.14.3.2. Responsible Business Queries Channel and Whistleblowing Channel](#)

S2-3_03

Additionally, to improve the accessibility and awareness of this mechanism throughout the supply chain, the Supplier Code of Conduct sets out the following requirements:

- Promotion of the Responsible Business Queries Channel and the Whistleblowing Channel among workers and subcontractors. By doing so, the Company seeks to broaden the reach of this mechanism and ensure that the workers of its direct and indirect suppliers are aware of this mechanism for reporting potential non-compliance.
- Training for workers and subcontractors on minimum social standards and the channels. This includes information on how to access the channels and the type of information that can be reported in line with the principles of confidentiality and comprehensiveness.
- Implementation of internal procedures and standards that align with the Supply Chain Sustainability Policy. This entails integrating the policy's requirements into their own management systems, such as the availability of channels, and ensuring that their internal processes are aligned with Telefónica's Responsible Business Principles.

S2-3_05

As part of its due diligence process, Telefónica carries out periodic human rights impact assessments. An integral part of these assessments consists of conducting interviews with various stakeholders, including proxies for workers in the value chain, to assess their awareness and trust in the Company's due diligence process, including these channels and remediation processes. These interviews are carried out by external experts without Telefónica's presence, and the final results are aggregated/anonymised to obtain the highest possible level of objectivity.



2.12.2.4. Engagement with workers in the value chain

S2-2

S2-2_01

The views of stakeholders are considered in the Company's due diligence process. This includes global impact assessments, internal policy development and the creation of internal and external channels, among other areas. Further details about how these views are taken into account are provided below.

S2-2_02, S2-2_03

Telefónica is unable to engage directly with third-party workers due to employment law constraints. However, Telefónica undertakes the following initiatives to identify the perspectives of workers in the value chain at various stages of the human rights management process.

S2-2_07

1. Anonymous worker interviews

As part of on-site audits, interviews are conducted with workers at the factories of Telefónica's direct and indirect suppliers. The interviews are performed to ascertain worker views and concerns and to verify the information provided by the factory.

Within the JAC audits framework, worker interviews are undertaken to validate each audit. Additionally, anonymous worker surveys are conducted.

In this line, in 2025 the Company launched the Worker Sentiment Survey initiative in partnership with Labour Solutions. This project targets previously audited sites in 2024 and uses mobile-based anonymous surveys to gather direct feedback from workers on material topics, including:

- Working hours.
- Fair compensation.
- Occupational health and safety.
- Access to remediation.
- Freedom of movement and secure employment.
- Child labour.

The surveys are designed to be adaptable to local contexts, helping Telefónica and its suppliers understand workplace conditions more accurately. Results are consolidated in an anonymised manner in a report and shared both with the Company and the supplier, offering practical recommendations for improvement.

S2-2_05

2. Global Framework Agreements (GFAs)

The Company uses the Global Framework Agreements annually as a tool to promote the rights of workers in the value chain. Telefónica values the important role played by trade unions in defending the interests of workers and recognises the UNI (Global Union) and the European

Works Council (EWC) as key partners in the management of international labour relations.

The agreements in force with UNI and the EWC demonstrate the Company's commitment to respecting human rights, including the right of workers to freedom of association and collective bargaining, as well as to establishing a framework for continuous dialogue and cooperation with trade unions at a global level.

Moreover, Telefónica is committed to promoting compliance with the standards established under these agreements by its main stakeholders, including the supply chain.

The main aspects included in these agreements are:

- The recognition and ratification of the commitment to fundamental human rights.
- The respect for applicable standards in the areas of health and safety, equality, diversity and the environment in the workplace.

These agreements enable the Company to better understand workers' views, thanks to:

- Direct contact: regular and ongoing meetings and consultations with union representatives provide first-hand information on workers' experiences and concerns. They also allow the Company to comprehensively monitor potential incidents that may arise in different countries.
- Continuous improvement: the ongoing nature of Global Framework Agreements enables Telefónica to learn from and adapt to evolving worker needs and perspectives.

3. Dialogue with stakeholders

S2-2_06

As part of its regular impact assessments, Telefónica seeks to gather the viewpoints of various stakeholders through proxies – such as NGOs, business partners, etc. – by conducting interviews at both global and local levels.

These interviews inform the gap analysis and the corresponding improvement plans that the Company implements to enhance its due diligence process.

Similarly, through these interviews, Telefónica takes into account the level of understanding and knowledge of its stakeholders regarding the Company's policies, processes, and channels. In this way, it seeks to evaluate the effectiveness of these dialogue processes with stakeholders.

Telefónica also participates in forums, associations and multi-stakeholder platforms to continuously gather information on stakeholder perspectives.

S2-2_04

The operational responsibility for fostering engagement with workers in the value chain depends on the subject matter.



The responsibilities in this regard are shared among the Global Sustainability, Global People and Corporate Procurement Departments.

In addition, the Sustainability and Regulation Committee ultimately monitors the Sustainability Plan, which includes stakeholder engagement.



2.12.3. Metrics and targets

2.12.3.1. Targets related to the management of material IROs

[S2-5_01](#), [S2-5_02](#), [S2-5_03](#)

To effectively manage the material IROs related to workers in the value chain outlined at the beginning of the chapter, and monitor the progress of the aforementioned key actions, Telefónica has set the targets detailed below.

These targets have been developed on the basis of input from legitimate representatives and in conjunction with credible spokespersons who directly engage with workers in the value chain. This helps to incorporate the views of workers in the value chain via the channels indicated in points 1, 2 and 3 of the previous section.

Moreover, through this ongoing engagement and reporting, these targets are also monitored and possible areas of improvement for the Company are identified.

[S2.MDR-T_01-13](#)

Supplier commitment

Target: require the acceptance of the Supplier Code of Conduct to 100% of the awarded suppliers within MCT throughout the year.

By accepting the Code of Conduct, suppliers commit to complying with its binding clauses, including the obligation to undergo sustainability assessments and on-site audits at Telefónica's request. Acceptance of the Code therefore lays the groundwork for and facilitates implementation of actions '3. External sustainability assessments' and '4. On-site audits' detailed above. This target has thus been set in order to measure the scope of the requirement in relation to the supplier base in the MCT.

The target level is 100% because these are minimum sustainability criteria with which all suppliers must comply. This is a quantifiable and relative target. The unit of measurement is the number of suppliers.

The baseline year for this target is the current reporting year, and it is measured annually. The scope of this exercise includes all suppliers awarded contracts through the procurement system with an impact in fiscal year 2025.

In 2025 progress towards the target is reflected in the maintenance of operational continuity by requiring 100% acceptance of the Code of Conduct by awardees within the year as part of the MCT.

Potential risk

Target: analyse the potential sustainability risk of all suppliers managed in the MCT, based on the methodology detailed in action '2. Potential risk analysis'.

To implement actions '3. External sustainability assessments' and '4. On-site audits' as effectively as possible and comply with the Global Supply Chain Sustainability Policy, Telefónica adopts a risk-based approach. This approach allows for prioritizing actions according to different risk levels. To this end, the Company targets suppliers with a potentially higher risk through tailored actions that enable an efficient approach.

The target level is 100% as it establishes which actions will be undertaken to manage the material IROs related to workers in the value chain. It is a relative target and the unit of measurement is the number of suppliers analysed.

The baseline year for the target is the current reporting year, and it is measured annually. The scope of the target includes all suppliers awarded contracts through the procurement system with an impact in fiscal year 2025.

In 2025 progress towards the target is reflected in the maintenance of operational continuity by assessing the potential sustainability risk of 100% of the awarded suppliers within the year as part of the MCT.

2.13. ESRS S4 - Consumers and end-users



2.13.1. Strategy

Within the framework of the "Transform & Grow" Strategic Plan, the digital customer experience is consolidated as one of the Company's core principles. See section:

[2.2. Strategy and business model](#)

In line with the new mission –to offer the best digital experience to our customers by providing connectivity and advanced services tailored to their needs–, Telefónica aims to increase customer satisfaction and to expand and improve its commercial offering for both B2B and B2C customers.

To this end, it is necessary to establish effective dialogue with customers and end-users, as well as to define policies and actions that enable the Company to address the impacts, risks and opportunities identified as material.

In 2025 the material sub-subtopics were the following:

- Privacy of consumer and end-user information.
- Protection of children.
- Access to products and services. In this area, due to the characteristics of the sector in general and of Telefónica in particular, the following issues have been defined and are specifically addressed in this chapter:
 - Customer experience management, which encompasses actions to promote appropriate consumer and end-user service systems.
 - Digital inclusion, which covers all relevant actions to facilitate customer access to digital services.
 - Responsibility by Design of products and services, which addresses issues such as accessibility and ethics in artificial intelligence (AI).

S4.SBM-3

- Promotion of the entrepreneurial ecosystem, which includes actions directly related to fostering entrepreneurship and innovation.
- Promotion of socio-economic growth, through the development of innovative solutions by the Company.
- Sale of cybersecurity services, which enable consumers and users to access services that protect them from the threats of the digital world.

Types of consumers and end-users

[S4.SBM-3_01](#), [S4.SBM-3_02](#)

During the double materiality process, consideration was given to the types of consumers and users who may be impacted by Telefónica's activities.

Two major types of consumers and users have been defined:

- B2C (Business to Consumer) customers, also known as residential customers. These are individuals who gain the right to use and benefit from the services and products the Company provides through a contractual relationship with Telefónica.
- B2B (Business to Business) customers or corporate customers. These are legal entities that gain the right to use and benefit from the services and products the Company provides through a contractual relationship.

[S4.SBM-3_03](#)

Within these two general types of consumers, four specific groups stand out as being particularly affected by the impacts analysed:

- Minor consumers and users, who may be exposed to a higher risk of accessing or becoming involved in inappropriate content (consumers or end-users who are particularly vulnerable to impacts on health or privacy).

- Consumers and users residing in rural, deprived or remote areas, who due to their geographical location may face challenges accessing quality communication services (consumers or end-users who are particularly vulnerable to impacts from marketing and sales strategies).
- Consumers and users with limited financial resources who, therefore, might struggle to bear the costs of the communication products and services offered (consumers or end-users who are particularly vulnerable to impacts from marketing and sales strategies).

- Consumers and users with a disability who may have limitations in accessing or using digital products (consumers or end-users of services that potentially negatively impact their rights to non-discrimination).



2.13.2. Impacts, risks and opportunities

[S4.SBM-3_04](#), [S4.SBM-3_06](#)

The material impacts¹ that Telefónica has identified for ERS S4 - Consumers and end-users as a result of the double materiality process are the following:

Subtopic: Impacts related to information for consumers or end-users

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	Loss of confidentiality of customers' and end-users' personal data Linkage : Business model Origin in the value chain : Own operations (R&D, products and services)
Actual positive impact	Promoting the right to privacy by encouraging transparency of user data and providing users with the knowledge and tools necessary to control their information Linkage : Business model Origin in the value chain : Own operations (R&D, operations, products and services)

Subtopic: Personal safety of consumers and/or end-users

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 short term	Adverse effects on minors resulting from exposure to and/or consumption of inappropriate content Linkage : Business model Origin in the value chain : Own operations (operations, products and services); downstream (use)

Subtopic: Social inclusion of consumers and/or end-users

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	Harm to consumers and end-users resulting from the failure to incorporate sustainability criteria into products and services Linkage : No linkage to strategy or business model Origin in the value chain : Upstream (procurement); own operations (R&D)
Actual negative impact	Widening of the digital divide for consumers and users due to limited access to adequate connectivity or the lack of accessible and affordable digital services Linkage : Business model Origin in the value chain : Own operations (operations, products and services); downstream (marketing, after-sales)

¹ In particular, the negative material impacts are considered widespread or systemic in the contexts in which the Company sells or offers products or services.

Subtopic: Social inclusion of consumers and/or end-users

Type of IRO	Description
	SBM-3_01, SBM-3_03, SBM-3_05, SBM-3_07
SBM-3_04, SBM-3_06	
Actual positive impact	<p>Improved productivity, processes and resource efficiency, leading to greater socio-economic growth, thanks to the development of innovative solutions by the Company</p> <p>Linkage: Strategy Origin in the value chain: Own operations (R&D, operations, products and services); downstream (use)</p> <hr/> <p>Promotion and support of the entrepreneurial ecosystem, including through continuous efforts in incubation centres for the launch of new business initiatives</p> <p>Linkage: Strategy Origin in the value chain: Own operations (all activities)</p> <hr/> <p>Boosting socio-economic development through the responsible digitalisation of society via connectivity and the technological services offered by the Company</p> <p>Linkage: Business model Origin in the value chain: Own operations (operations, products and services); downstream (use)</p> <hr/> <p>Improved protection of customers' data through the commercialisation of value-added security services</p> <p>Linkage: Strategy Origin in the value chain: Upstream (procurement); own operations (products and services)</p>

The material risks and opportunities that Telefónica has identified for ESRs S4 - Consumers and end-users, as a result of the double materiality process, are the following:

Subtopic: Impacts related to information for consumers or end-users

Type of IRO	Description
	SBM-3_02, SBM-3_03
Risk	<p>Reputational risk arising from the inadequate processing of personal data</p> <p>Origin in the value chain: Upstream (all activities); own operations (all activities)</p> <hr/> <p>Fines or financial penalties for the loss of confidentiality of personal data of customers or end-users, or for the inadequate processing thereof</p> <p>Origin in the value chain: Own operations (R&D, products and services)</p>

Subtopic: Social inclusion of consumers and/or end-users

Type of IRO	Description
	SBM-3_02, SBM-3_03
Risk	<p>Loss of customers as a result of dissatisfaction with access to, quality and use of products and services</p> <p>Origin in the value chain: Own operations (operations, products and services); downstream (marketing, after-sales)</p>
Opportunity	<p>Growth in turnover linked to digital products and services, such as innovation and improved experience and personalisation thanks to artificial intelligence</p> <p>Origin in the value chain: Own operations (all activities); downstream (marketing)</p> <hr/> <p>Generating revenue from customers in rural or remote areas with mobile and/or fixed broadband coverage, where connectivity has historically been poor compared to urban areas</p> <p>Origin in the value chain: Own operations (operations, products and services)</p> <hr/> <p>Growth of the cybersecurity business</p> <p>Origin in the value chain: Own operations (products and services)</p>



S4.SBM-3_05

With regard to the activities carried out that may have a positive impact on consumers and end-users, the following stand out:

- Deployment of broadband networks in urban and rural areas, fostering the economic and social development of customers by providing access to the benefits of the digital society.
- Activities undertaken to make the Company's products, services and channels more accessible, and to ensure the provision of affordable products. This helps to support the inclusion of consumers and users with disabilities and individuals with limited financial resources.
- Fostering and supporting the entrepreneurial ecosystem coordinated by Telefónica's open innovation unit (Wayra) and investing in incubation centres, allowing the Company to promote the development of new business initiatives.
- Improvements in productivity, processes and efficiency in the use of resources, leading to greater socio-economic growth through the development of innovative solutions by the Company.

In general, the types of consumers or end-users who are or could be positively impacted would be all the organisation's customers, both B2B and B2C, in all the regions and countries in which the Company operates.

For the impacts related to inclusion specifically, those consumers who are particularly vulnerable due to their location, financial situation or disability can be highlighted.

S4.SBM-3_07

The Company identifies, through the double materiality process, children and underage individuals as a specific group of consumers or end-users who may face a higher risk of suffering harm as a result of the products and services it offers or the activities it carries out.

S4.SBM-3_08

The opportunity to expand Telefónica's business through network deployment in certain regions contributes positively to the socio-economic development of the consumers and users living in these regions, as they can make use of communication services and thereby access information and digital services.

Furthermore, to minimise the risk of restricted access to the Company's products, services and channels, they are adapted to enhance their accessibility. This facilitates access to communication and Internet services for groups of people with a disability, as well as individuals without a legally recognised disability but who may have a temporary or situational disability.

S4-1

2.13.2.1. Policies

S4.MDR-P_01-06, S4-1_01

The policies adopted to manage material impacts, risks and opportunities for consumers and end-users include:

- Global Privacy Policy.
- Regulation of the Governance Model on Personal Data Protection.
- Regulation on Requests by Competent Authorities.
- Responsible Communications Regulation of the Telefónica Group.
- Movistar Plus+ Responsible Communication Code.
- Telefónica Artificial Intelligence Principles: AI Code of conduct.
- Regulation of the Governance Model on Artificial Intelligence.
- Responsible Business Principles.
- Global Human Rights Policy.
- Diversity and Inclusion Policy.
- Queries Channel Management Regulation.
- Internal Information System Management Policy and Procedure.

While all the aforementioned policies affect the relationship with all consumers and users, the following are particularly relevant for identified specific groups:

- Responsible Communications Regulation of the Telefónica Group.
- Movistar Plus+ Responsible Communication Code.
- Responsible Business Principles.
- Global Human Rights Policy.
- Diversity and Inclusion Policy.

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

Human rights

S4-1_02, S4-1_03

Both the commitment and the overall approach of Telefónica with regard to human rights are set out in the Global Human Rights Policy. This policy considers customers as a specific stakeholder group and establishes commitments in areas such as privacy, cybersecurity, freedom of expression and information, non-discrimination, protection of vulnerable people, and the responsible development and use of products and services.



Telefónica's Global Human Rights Policy is aligned with the main international instruments related to human and labour rights. This policy can be found in section:

[2.15. Policies - Global Human Rights Policy](#)

To put this commitment into practice, Telefónica has a global due diligence process, which is described in the following section:

[2.5. Due Diligence](#)

Additionally, the Company makes available to consumers and end-users the Whistleblowing Channel and the Responsible Business Queries Channel as mechanisms to remedy such impacts, among other measures. See:

[2.14.3.2. Responsible Business Queries Channel and Whistleblowing Channel](#)

As in 2024, in 2025 no cases of non-compliance involving consumers or end-users were reported in the downstream stages of the Company's value chain in relation to the United Nations Guiding Principles on Business and Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, or the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises.

2.13.2.2. Engagement with consumers and end-users

The perspectives of consumers and end-users form the basis for decision-making and the activities undertaken to manage material impacts.

A proactive and systematic approach is adopted to address and prevent material negative impacts that may affect them. Therefore, in general terms, there is ongoing contact and direct engagement with consumers and users during the marketing, service use and after-sales stages, through the various channels that the Company makes available to them (phone lines, website and mobile applications, among other channels).

Moreover, customer perception studies are conducted through regular surveys with Telefónica Group operators, which give an insight into their overall perception of the services offered. This information is shared with the Company's main decision-making bodies and is an important factor in defining its strategy and business model.

These surveys include questions on topics such as network quality, the commercial offering, the customer service available through various support channels and service pricing. During fiscal year 2025, questions have been added regarding the importance that customers place on data privacy and security in Spain and Brazil. The

Net Promoter Score (NPS) is derived from these surveys. This indicator helps ascertain consumer satisfaction and trust in Telefónica, key information for determining actions that help to identify and manage potential impacts.

Engagement with associations is performed either throughout a direct relationship or by participating in initiatives, for example, those focused on protecting children or people with disabilities, or with organizations that promote responsible AI. This engagement is described later in this chapter.

Regarding privacy, the focus is on establishing effective mechanisms for contacting affected individuals in the event of incidents. This may include notification and personalised support to address questions related to the breach.

Responsibility and evaluation of engagement processes

Operational responsibility for consumer and user interactions depends on the specific subject matter.

In general, the Quality and Customer Experience Departments of each business unit oversee survey management, while the Channel Departments of each Telefónica Group operator are responsible for establishing and monitoring the various communication channels made available.

The results of customer perception analyses and their associated action plans are submitted to the Company's Executive Committee, which is ultimately responsible for these matters.

To assess the effectiveness of consumer relationship processes and take consumer perspectives into account, an annual target is defined for the Net Promoter Score (NPS) indicator at Telefónica Group level. This indicator is incorporated into variable remuneration. The variable remuneration is explained:

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

This helps promote the consideration of customer perspectives and opinions at all levels of the Company, in line with Telefónica's mission to deliver the best digital experience to its customers.

The perspectives of vulnerable consumers are incorporated into the double materiality process. See:

[2.3.1. Double materiality process](#)

[2.2.4. Stakeholder management and relations](#)

Furthermore, in order to better understand their needs and respond to potential material impacts, Telefónica collaborates with different organisations. In this context, the Company actively participates in international

forums and partnerships (such as the GSMA and the Global Child Forum) to promote online child-protection standards, as well as in national working groups alongside public administrations and specialised entities focused on the well-being and digital safety of children and adolescents.

Relationships are also maintained with various associations representing people with disabilities. For example, in Spain the Group collaborates with organisations such as CNSE, Fundación Integralia DKV and Fundación ONCE, among others.

With regard to Fundación ONCE, Telefónica is a signatory of the INSERTA Agreement, which aims to promote the employment of people with disabilities and develop initiatives designed to contribute to improving their living conditions.

At an international level, the Company supports initiatives such as The Valuable 500, to which it is affiliated alongside other companies that promote and reinforce disability inclusion on the global agenda, and the 'Principles for Driving the Digital Inclusion of Persons with Disabilities', promoted by the GSMA.

In relation to Artificial Intelligence, the Company has reached agreements with entities such as the EU AI Office, UNESCO and GSMA, participating in global initiatives that promote frameworks and policies for the ethical adoption of AI. Telefónica also participates in the OECD's AI working and expert groups and has taken part in the United Nations Global Digital Compact. These collaborations aim to improve risk mitigation and promote the responsible use of technology for the benefit of all consumers and users, particularly the most vulnerable.

S4-3

2.13.2.3. Remediation processes and engagement channels with consumers and end-users

S4-3_01

Telefónica takes a proactive approach to the remediation of material negative impacts that may affect consumers and end-users. The defined process consists of the following stages:

- Detection of the request: customer queries, comments or complaints are collected through the various available channels, then identified and categorised.
- Analysis of the information gathered: analysis tools are used to understand the tone, level of satisfaction and common areas for improvement. Feedback is categorised and prioritised based on its severity, relevance and frequency, highlighting issues that require immediate attention.
- Assignment and escalation: the identified topics are referred to the relevant teams or departments.

- Corrective and proactive action: the responsible teams develop solutions or improvements based on the information received. In some cases, proactive measures may be implemented to prevent future problems, such as improvements to products or processes.
- Close the Loop: lastly, the customer is contacted again to inform them about the actions taken. At this point, the customer is assured that their opinion is valued and taken into account.

Engagement channels

S4-3_02

As stated in Telefónica's Responsible Business Principles in the section 'Our Commitment to Customers', assisted and unassisted channels have been made available to consumers and users to enable direct contact with them.

Commercial channels

- Proprietary telephone channels.
- In-person channels, through Telefónica and third-party shops.
- Proprietary digital channels:
 - Commercial websites and mobile applications, such as the self-service app "Mi Movistar" in Spain, "My O2" in Germany or "Meu Vivo" in Brazil.
 - In some cases, communication via social media.
- Customer Defence Service in Spain and Ouvidoria in Brazil. This is a proprietary second-instance channel that provides a review of the issue previously raised by a customer through the ordinary channels (telephone, in-person or digital channels).

Channels for privacy matters

In addition to the general channels, for matters related to consumer and user data privacy, the following means are available for submitting queries, complaints or any concerns relating to data processing:

- a) Telefónica's own channels:
 - Consumers can contact data protection mailboxes by letter, email or phone, as provided in the Company's legal notices and privacy policies.
 - Personalised assistance via contact mailboxes with the Data Protection Officers of Telefónica's operations.
- b) Participation in third-party mechanisms:
 - Voluntary mediation system with AUTOCONTROL in Spain, through which customers can resolve and swiftly respond to data protection-related claims against telecommunications companies.
 - Compliance with the AUTOCONTROL Code of Conduct on 'Data Processing in Advertising Activities'.



approved by the Spanish Data Protection Authority (AEPD), which provides a faster way to resolve citizen complaints relating to data protection and advertising.

Responsible Business Queries Channel and Whistleblowing Channel

Telefónica has a public Responsible Business Queries Channel available on its corporate website. A Whistleblowing Channel is also available to consumers. See:

[2.14.3.2. Responsible Business Queries Channel and Whistleblowing Channel](#)

Availability of channels

Several lines of work are underway to improve the availability of these channels:

- Implementation and monitoring of technological systems.
- Variety of channels so that customers can choose the most convenient method and time to get in touch. For this reason, new channels such as social media and messaging platforms such as WhatsApp have been introduced.
- Training of customer service agents to meet customer needs and ensure they remain up to date.
- Satisfaction surveys to evaluate the performance of agents and channels.
- Audits to evaluate and confirm the smooth operation of the channels.

Alongside the NPS, relationship surveys provide additional indicators to assess customer satisfaction with these service channels: the Customer Effort Score (CES) measures how easily consumers resolve their queries through them.

Furthermore, the Customer Satisfaction Index (CSI), resulting from the satisfaction question asked in the transactional surveys —conducted at the end of each contact—, is used for the management and remuneration of customer service providers.

Privacy queries are received through the authorised channels and are managed in accordance with specific monitoring and response protocols, ensuring that requests are dealt with in a timely manner. Telefónica constantly monitors all requests received. When requests involve the exercise of a right by the individual concerned, a detailed record is kept, including the type of right exercised, the date of receipt and the response date, ensuring compliance with established deadlines and proper management of requests.

In addition, there is a Stakeholder Rights Management Domain that all Group companies must uniformly follow.

This framework includes the protocol to follow, standardising the way and the timeframe in which Group companies respond to any such requests.

Lastly, it is important to highlight that information, parameters and indicators determined by local regulations are reported to the competent bodies in each market. Depending on the region, these may include specific information about complaints regarding the quality or the availability of the service provided.

So that consumers and users are aware of the existence of these channels, information about how to contact Telefónica is publicly available on the Company's website. This information is also promoted through various communication initiatives, both mass and personalised, as well as via different media.

The transactional surveys implemented in the main operations and conducted after customer contact are aimed to improve the customer service provided. In these surveys, customers can state whether they have found it difficult to contact the Company or whether they trust its channels to address their concerns or needs.

With regard to privacy matters, a Global Transparency Centre and Local Transparency Centres have been established for Spain, Brazil, Mexico and Chile. These centres provide stakeholders with direct access to clear, detailed and user-friendly information about how Telefónica handles the personal data of its customers. The Transparency Centre allows users to see, inter alia, what data are handled, how they can exercise their rights and what measures the Company takes to ensure compliance with privacy and data protection regulations.

At Telefónica, protective measures are implemented to ensure confidentiality and privacy in the use of the Whistleblowing Channel, the main means for reporting significant issues that may require special protection for whistleblowers.

2.13.3. Action plans, metrics and targets

This section of the chapter has been divided into three parts describing the material sub-subtopics:

- Privacy.
- Protection of children.
- Access to products and services.

Each of these sections includes information regarding actions associated with the impacts, risks and opportunities specific to each topic, as well as the established metrics and targets.



A) Privacy

Action plans

[S4-4_01, S4-4_08, S4-4_12, S4.MDR-A_01-12](#)

At Telefónica, the following actions have been adopted to prevent, mitigate or remedy impacts, as well as to address risks related to customer privacy:

1. Global privacy governance: The Company has specialised privacy teams responsible for overseeing compliance with data protection policies. These teams operate under a Global Privacy Governance Model, which establishes the strategic, organisational and operational framework for all activities related to data protection. This document serves as the reference for any matters relating to the processing of personal data at Telefónica and provides the basis underpinning the various procedures in this area.

At global level, Operational Domains are provided to ensure a uniform standard of privacy protection across all Telefónica companies, ensuring consistency in the implementation of Company policies in all markets in which it operates. In addition, Telefónica has Binding Corporate Rules (BCRs) approved by the European Data Protection Authorities. These enable the lawful and secure transfer of personal data between Group companies, in compliance with the most stringent privacy and data protection standards.

2. Privacy risk assessment: A detailed record of data processing activities is maintained on an internal platform specifically developed for privacy management. For each processing activity, a privacy risk analysis is carried out in order to assess potential impacts and establish the necessary measures and controls to mitigate risks. Through this assessment, risks are identified, controls are implemented and continuous monitoring is performed to manage impacts on customer privacy.

3. Continuous cooperation with Security areas: Telefónica works closely with Security areas, in particular the Digital Security Department and the Incident Response Centre (CSIRT), which are responsible for establishing and implementing measures to prevent data security breaches, identify them if they occur, remedy them and stop their impact. This cooperation helps identify privacy-related vulnerabilities and implement appropriate technical controls.

Incident response protocols have been developed through collaboration between the DPO's (Data Protection Officer) Office and the Security areas. These protocols define the steps to be followed to identify, assess and mitigate security incidents. In addition, the Global DPO Office manages a specific Domain for personal data breaches, which includes, among other aspects, detailed procedures for internal coordination in the event of incidents, protocols for communicating

breaches to third parties and risk assessment procedures.

4. Training and development: Privacy teams receive specialised training and participate in continuous development programs to ensure they remain up to date. In addition, training is provided to all employees to support the understanding and application of fundamental privacy principles.

All the actions described above have global scope, as a global privacy management system has been implemented covering all the geographies in which Telefónica operates, together with internal regulations that also apply globally. These activities are integrated across the product and service value chain, including the marketing, service use and after-sales stages.

The risk assessment system is fully implemented in the internal compliance tool, and continuous cooperation with the Security areas is also fully established.

With regard to training and development, several mandatory global privacy training courses for employees were delivered throughout 2025 and will continue to be rolled out in a similar manner in future years.

[S4-4_02](#)

In relation to privacy-related impacts, if any type of incident occurs, the Company assesses all associated risks in order to identify and understand potential repercussions. Telefónica focuses on establishing mechanisms to contact affected individuals. This may include notifying users of incidents, as well as offering personalised support to resolve queries or provide clarifications related to the breach.

[S4-4_03](#)

As an additional activity carried out by the Company in the field of privacy, aimed at positively contributing to the improvement of customers' social outcomes, Telefónica highlights the Transparency Centre, a tool designed by Telefónica Spain that enables customers to manage their information in a simple, secure and fully controlled manner.

The Transparency Centre allows users to understand, manage and actively decide how their information is used, thereby facilitating a fairer, clearer and more secure relationship with technology. Its implementation contributes positively to consumer well-being and digital rights.

Monitoring of initiatives

[S4-4_04](#)

With the aim of monitoring and assessing the effectiveness of the actions and initiatives described above, the Company works along the following lines:

- Privacy audits: these are conducted in accordance with the annual provisions set out in each Audit Plan to assess compliance with data protection policies and procedures. These audits are carried out by the



Internal Audit Department. Through these audits, any issues and areas for improvement are identified, where applicable, and action plans are established, the implementation of which is undertaken by the corresponding responsible management areas.

Internal Audit monitors these plans and, where appropriate, audits their correct implementation. In addition, there are other activities in the fields of technology and cybersecurity that cover privacy aspects from a security measures perspective. The working process, the issuance of Internal Audit reports and the monitoring of the implementation of committed action plans are equivalent to those applied in specific privacy audits.

- Monitoring indicators: indicators are used to measure the effectiveness of the initiatives. These indicators enable the progress of Group companies to be monitored. For example, they assess the number of records of processing activities created, the number of employees exclusively dedicated to privacy and the volume of requests to exercise rights received and addressed. These metrics help identify areas for improvement.
- Reports to the Audit and Control Committee (ACC): this Committee is informed on a regular basis and reviews the effectiveness of policies and risk management.

S4-4_05

For the purpose of determining the actions required in response to a specific impact, a personal data breach management Domain has been developed, detailing the process to be followed in the event of any security incident that compromises personal data.

This domain includes stages for assessing the breach, beginning with the identification and containment of the incident, followed by an in-depth analysis to determine the nature and scope of the breach.

Based on this assessment, the potential impact on data subjects and the Company is evaluated. In addition, notification protocols are established to ensure that stakeholders, including the relevant authorities, are informed in a timely manner and in accordance with applicable regulations, where required.

S4-4_06

The Company adopts a proactive approach to mitigating material negative impacts on consumers and end-users, implementing measures across different areas. For example, product design based on the principle of privacy by design.

Another noteworthy initiative is Opengateway, a GSMA-led telecommunications sector initiative that transforms networks into developer-ready platforms, enabling the full potential of networks to be exposed through global APIs. These capabilities are enabled in line with the

principle of privacy by design, and Telefónica manages their use to ensure the appropriate processing of personal data for authorities and customers.

S4-4_07

Risk analyses of incidents are conducted and mitigation measures to minimise their potential impact on individuals are implemented. This information is also shared with the Data Protection Authorities whenever they require it. When data subjects are notified of a breach, they are also given recommendations to mitigate its potential impact, such as resetting their passwords.

S4-4_10

The DPO is an independent figure responsible for ensuring compliance with data protection regulations. As the responsible party in this regard, the figure coordinates actions to manage personal data across the Group. Furthermore, they adhere to the Telefónica Group's governance model, which establishes the strategic, organisational and operational framework for data protection initiatives, including the procedures that ensure regulatory compliance.

S4-4_11

In the 2025 financial year, as in 2024, no incidents or serious human rights cases related to consumers or end-users were identified.

SBM-3_08

Metrics and financial effects

The main metrics the Company uses to evaluate the performance and effectiveness of action plans related to the material impact and risks identified in terms of the privacy of its customers' data are:

	2024	2025
Total number of open procedures for Privacy / Data protection issues with a sanction or customer complaint	351	432
Total number of confirmed fines for privacy/data protection issues*	9	13
Total number of confirmed fines for privacy/data protection issues**	1,009,252 €	364,513 €

* Final financial penalties in accordance with applicable local regulations, i.e. without the possibility of appeal, issued by a competent authority, which become final within the reporting year.

** Total value of the final fines outlined in the previous paragraph.

The open procedures metric includes those procedures related to sanctions or customer privacy claims that remain open at the end of the fiscal year, excluding those that were opened and closed within the same year.

The number of confirmed fines includes only those sanctions that, at the end of the fiscal year, are no longer subject to administrative or judicial appeal. The economic amount of the final fines corresponds to the total value, in euros, of those sanctions.



Targets

[S4.MDR-T_14-19](#), [S4-5_01](#), [S4-5_02](#), [S4-5_03](#)

Target-setting is not applicable due to the nature of this indicator, which depends on the variability of penalties and sanctioning procedures. These processes do not follow a regular annual cycle and often extend over longer periods, making it difficult to align them with predefined timeframes.

In addition, the criteria applied by authorities evolve over time, and new national regulations may emerge, as is the case in Brazil, which makes these aspects difficult to predict. Furthermore, the administrative and judicial processes in which sanctioning procedures are embedded introduce an additional variable, further complicating the setting of specific targets.

B) Protection of children

Action plans

[S4-4_01](#), [S4-4_06](#), [S4-4_10](#), [S4.MDR-A_01-12](#)

At Telefónica, the following actions have been adopted to prevent, mitigate or remedy potential negative impacts related to the protection of children:

1. Partnerships and cooperation with stakeholders. Telefónica actively participates in global international forums and alliances such as GSMA, the Internet Watch Foundation (IWF) and the Global Child Forum, contributing to sector dialogue and to the adoption of international frameworks and good practices aimed at preventing children's exposure to illegal content and protecting them against online sexual exploitation, among other risks. In addition, Telefónica collaborates with ministries, public administrations and other national bodies on projects to develop safer digital environments for children.
2. Blocking of inappropriate content. On the one hand, in countries where legislation and technical capabilities allow it, including Spain among others, Telefónica cooperates with the competent authorities to block access to external content that may be illegal or harmful, such as child sexual abuse material. On the other hand, the Company provides users with tools that allow them to limit or filter the type of content accessible on the internet and on its own audiovisual platforms, including features such as parental controls, children's profiles, age-based restrictions and voluntary content blocking.

The scope of blocking measures and protection tools may vary depending on local regulations, the requirements of public authorities and the technical capabilities available in each country.

The activities carried out are continuous and structural in nature and are expected to continue in the coming years. They fall within the value chain phases of operations, support activities, products and services, marketing, use and after-sales of digital products and

services, and primarily affect consumers and end-users, governmental entities and regulators, and society at large.

[S4-4_03](#)

As an additional activity carried out by the Company in the field of child protection, with the aim of positively contributing to improved social outcomes for children, Telefónica promotes education and awareness-raising on digital well-being and the responsible use of technology.

Telefónica promotes the responsible and healthy use of technology among children, adolescents, families and society in general. For instance, in Spain, Movistar – through the "Movimiento Azul" platform– boosts initiatives such as: educational resources and informative materials developed in collaboration with experts in diverse areas (cyberbullying, privacy, media literacy and digital well-being, among others); awareness-raising campaigns in the media, on social networks and its own platforms; and collaborations with organisations, entities and specialists in child protection, digital education, cybersecurity and family support, among others (Club de Malasmadres, INCIBE, UNICEF or Pantallas Amigas).

Monitoring of initiatives

[S4-4_04](#), [S4-4_05](#)

With the aim of monitoring and assessing the effectiveness of the actions and initiatives described above, as well as determining the measures required in response to a specific impact, the Company works along the following lines:

- Assessment of its actual impact and level of compliance, both in terms of reputation and social perception, as well as reach and outcomes (through tools such as RepTrak –a metric used to measure reputation– and focus groups, among other resources).
- Monitoring participation in national and international forums, and conducting an annual review of agreements and partnerships with specialised entities prior to their renewal, to ensure continued alignment with strategic priorities on child protection and digital well-being.

[S4-4_07](#)

The Company provides users with information on the channels available to report child sexual abuse content, inappropriate material or any conduct that may be harmful to children. These contact points include law enforcement bodies and/or the competent authorities responsible for child protection in the different geographies.

[S4-4_12](#)

Telefónica has staff specialised in the protection of children in digital environments, responsible for overseeing the monitoring of actions aimed at managing potential negative impacts in this area.



Targets

[S4-5_01](#), [S4-5_02](#), [S4-5_03](#)

The targets in this area are aimed at promoting a safe, inclusive and responsible digital environment for children, as well as supporting families and educators in the conscious and balanced use of technology. Stakeholder involvement does not apply as no measurable targets are established.

C) Access to products and services

Action plans

[S4-4_01](#)

To mitigate harm and prevent the emergence of new impacts associated with the aspects identified in relation to digital inclusion, the actions taken are as follows: deployment of connectivity, with particular attention to rural areas; promotion of the affordability of basic communication services through Universal Service Funds; and the promotion of Responsible by Design of products, through the integration of accessibility criteria into products and services.

For negative impacts associated with the design of products and services, the main action adopted is to foster Responsibility by Design, an initiative that addresses the integration of ethical and sustainability criteria into the development of products and services, including a governance model for artificial intelligence services based on Telefónica's AI principles and in compliance with AI regulations (EU AI Act).

[S4-4_08](#)

The identified risk associated with consumer experience and trust is addressed in general terms through the actions described above, as all of them contribute to generating trust among consumers and end-users.

However, more specifically, there is an action dedicated to addressing this risk: customer service and experience. This initiative seeks to improve the service received by consumers. To monitor the effectiveness of this action on a daily basis, post-contact surveys are conducted, assessing, among other aspects, ease of management, satisfaction with the service and satisfaction with the solution received.

In addition, in relational surveys, alongside the question of recommendation, customers are also asked about these aspects in connection to their overall perception of their relationship with the Company.

[S4-4_09](#)

Lastly, it should be noted that some of the actions undertaken to address impacts or risks also make it

possible to seize the material opportunities identified in relation to digital inclusion topics. This is the case for the deployment of connectivity, which aims to mitigate harm and prevent the emergence of new impacts in previously unconnected areas or areas with improvable service,

while also representing an opportunity to capture revenue in those areas.

In summary, considering the identified impacts, risks and opportunities, five actions can be highlighted that help prevent and mitigate impacts and risks, while also contributing to seizing the opportunities identified. These actions are detailed below:

[S4.MDR-A_01-12](#)

1. Deployment of connectivity

This action aims to promote access to communication services and digital inclusion through the deployment of networks.

Fixed and mobile networks are deployed with the ambition of enabling the largest possible number of people to access them. To achieve this, the Company implements coverage and infrastructure expansion plans, in some cases through agreements with third parties, in order to provide mobile broadband and fibre services. At the same time, networks are upgraded and expanded using next-generation technologies that offer ultra-broadband services.

Connectivity deployment activities are carried out by the Company's telecommunications operators and directly affect all their customers.

The commitment to closing the digital divide is a continuous process with no defined time horizon, as technological advances allow actions to be adapted and ambition to be increased over time.

For this reason, the plans and actions associated with connectivity deployment, in both urban and rural areas, have been developed over recent years and, as this is a continuous activity, are expected to continue evolving in the years ahead.

[S4-4_02](#)

The deployment of connectivity is the main action undertaken to remedy or mitigate the negative impact that the digital divide may cause in areas where connectivity is limited or non-existent.

The remaining impacts have not materialised. The Company works to identify and mitigate risks before they generate any adverse effect on consumers and users.

The actions undertaken in relation to connectivity deployment are assessed to evaluate their progress and whether they are adequately addressing the associated risks and impacts. To evaluate connectivity deployment, coverage and broadband rollout are monitored in the countries in which the Company operates.

Quantitative data relating to connectivity deployment are detailed in the targets and metrics section.



Resources and financial effects related to the deployment of connectivity

The CapEx investment made in 2025 to improve broadband coverage related to access to Products and Services is included within the network transformation CapEx investment indicated in the section on 'Financial effects of climate-related risks and opportunities'. The extension of broadband coverage is carried out through 4G/5G and FTTH technologies, which form part of the Network Transformation concept. See:

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

The deployment of connectivity in rural areas also represents an opportunity to capture revenue in these areas. This opportunity has been quantified by estimating the percentage of mobile revenues generated in the rural areas of the three main countries over the Groups's revenues figure, resulting in 3.3% of rural mobile broadband revenue in 2025.

2. Affordability

Contributions to Universal Service Funds aim to ensure that individuals with fewer resources have access to networks at an affordable price, thereby reducing or preventing social exclusion.

To achieve this, the public bodies designated for this purpose in each country establish the funding mechanisms to cover the costs arising from the provision of Universal Service and appoint the operators responsible for delivering it.

Within this framework, Telefónica contributes to these funds, the objective of which is to facilitate the provision of fixed connection services to all users, regardless of their geographical location, while maintaining quality standards and ensuring affordability. The management of the funds are overseen by the public bodies designated for this purpose in each country.

The contribution made during 2025 was focused on the following countries: Brazil, Colombia and Venezuela, within the activities related to operations, products and services, and commercialisation.

As previously indicated, addressing the digital divide is an ongoing process with no defined time horizon. For this reason, contributions to the Universal Service Funds, developed over recent years, are expected to continue in future years.

S4-4_02

The Universal Funds are tools that helps to partially remedy or mitigate the negative impact that the cost of services may generate for consumers and users with fewer resources.

To evaluate progress in relation to Universal Service Funds, the countries to which contributions are made

and the amounts contributed year by year are monitored.

Resources allocated to actions related to affordability
In 2025 Telefónica made a contribution to the Universal Service Funds in the countries where are required. The amount contributed in 2025 was €106 million (€138 million in 2024).

3. Responsibility by Design

The Responsibility by Design project seeks to promote sustainability under an internal framework that incorporates ethical and sustainability criteria into the development of products and services.

The objective is to mitigate or prevent potential harm or negative impacts on customers and end-users, for example due to accessibility issues or biases in systems incorporating artificial intelligence. To this end, the Company evaluates its products and services to assess whether they comply with established ethical and sustainability requirements.

The Responsibility by Design framework is based on four pillars under which products and services are assessed:

- Environmental criteria aimed at reducing environmental impact.
- Accessibility criteria applied to products, services and channels.
- Transparency and digital rights criteria to ensure accountability in customer communication.
- Criteria to ensure the ethical and responsible use of artificial intelligence, preventing negative impacts such as discrimination and bias.

During 2025, three main activities were developed within the Responsibility by Design project:

A) Strengthening accessibility requirements applicable to products and services arising from the EU Accessibility Directive. The objective is to ensure an equal user experience for all consumers and users by improving accessibility across customer service and communication channels, as well as products and services.

B) Solid implementation across the Telefónica Group of the AI Governance Model, enabling effective risk management of AI systems, ensuring regulatory compliance (including the EU AI Act and future applicable regulations), applying Telefónica's AI Principles and advancing the operationalisation of Responsible AI as a lever to accelerate AI development and reinforce the trust of customers, partners and investors.

C) Delivery of specific training programs for employees involved in the development of products and services on



accessibility and AI ethics, complementing their technical knowledge.

The AI Governance Model applies across the entire Telefónica Group, including internal operations and the value chain. The model includes a system for registering, reviewing and assessing risks associated with AI use cases. Each potential impact is analysed through this registration system, where significant risks are identified and mitigated, preventing potential risks from materialising in the form of discrimination with a negative impact on consumers or customers.

To facilitate understanding and application of the AI Principles, the AI Governance Model and their associated processes, corporate tools, domains and guidelines have been developed. These include a domain for the registration and risk analysis of AI use cases, a guidance document supporting the documentation of such registrations, and a guide defining the roles responsible for AI Governance. This is complemented by a specific domain dedicated to managing regulatory adaptation in AI and another defining responsibilities across the AI systems value chain, thereby ensuring consistent and responsible oversight throughout the product and service life cycle.

With regard to training activities, accessibility training has been delivered to employees from different legal entities within the Group, particularly Telefónica Innovación Digital and Telefónica Spain, with responsibilities in the design, development or quality assurance of products, services and digital channels. The content is aligned with the requirements of the EU Accessibility Directive.

In relation to AI, training sessions on responsible AI use were delivered during 2025, both globally and in the countries in which the Company operates. These included:

- Courses aimed at all employees to raise awareness of responsible AI use and deepen understanding of the Company's code of conduct and governance model.
- Awareness sessions in business areas to promote ethical and responsible development when creating AI-based products and services.
- A specific training program for RAI Champions (Responsible Artificial Intelligence Champions), who are responsible for ensuring responsible AI within each business unit.

With regard to progress in Responsibility by Design, no quantitative indicators have been defined, although products and services are being monitored and assessed. During the past year, analysis of products and services has continued.

In future years, further development and improvement of the implementation of Responsibility by Design is expected. In relation to the AI Governance Model, efforts will focus on streamlining processes, incorporating new functionalities and further operationalising Responsible AI requirements. AI and accessibility training plans will also be expanded, including specialised programs aimed at implementing technical controls to detect and mitigate AI-related risks and improving accessibility across all customer channels.

4. Customer service and experience

This initiative seeks to improve customer service and experience and minimise the risk of loss of trust by personalising service processes.

To this end, work is carried out on customer service processes, ensuring that customers are satisfied with the resolution provided in each of their interactions through the Company's channels. Service quality and feedback received are reviewed in order to modify aspects that do not work properly or that can be improved.

To make this possible, customer listening tools have been implemented at the main points of contact in order to:

- Identify the most sensitive processes where immediate action can be taken to improve the customer experience.
- Distribute the feedback obtained to all areas involved in the customer experience.
- Integrate all information into a single platform with different quantitative analytical capabilities across multiple variables, enabling a deeper analysis of root causes.
- Analyse customer information to better understand strengths and identify opportunities for improvement to guide projects accordingly.
- Provide a response to the issue raised following an interaction through one of the contact channels, and use the information collected as input to prioritise structural improvements in Company processes, thereby preventing the issue from affecting other customers in the future.

These actions to improve customer service processes have already been implemented and are operational, with varying degrees of progress, in the businesses in Spain, Germany, Brazil and Telefónica's operations in Hispanoamerica. They are expected to continue evolving in the coming years.

In addition, with the aim of building long-term trusted relationships, in 2025 the Customer Relationship



Principles applicable across the entire Group were updated, defining the organisation's commitment to its customers. These Principles are based on two core values: respect and gratitude, which must be present in all interactions.

The four Principles governing customer relationships are:

- Principle 1: We understand you and care about you. We actively listen to our customers, enabling us to understand first-hand their needs and expectations and incorporate them into processes, products and services, as well as into service and relationship channels.
- Principle 2: We give you what you expect. We aim to build trusted relationships and distinguish ourselves from our competitors based on excellence in customer experience.
- Principle 3: We make things easy for you. We seek simplicity and agility in all interactions, which involves removing barriers and offering intuitive and accessible solutions.
- Principle 4: We look after you and protect you. We work to ensure the protection of data and the security of networks and information, as well as compliance with all internal policies in these areas.

To monitor consumer satisfaction and experience, the Net Promoter Score (NPS) indicator is used. Detailed information is provided in the targets and metrics section.

5. Cybersecurity

This action contributes to generating a positive impact and addressing the opportunity arising from the development of the cybersecurity services market. The following activities have been identified within this action:

- Implementation of technological infrastructure and operational capabilities: the Telefónica Tech business unit provides DOCs (Digital Operations Centres) and a Global Network of Security Operations Centres (SOCs) to deliver cybersecurity and cloud monitoring and operational services. The intelligence teams within these units provide managed services on a global scale, supporting identification, detection, prevention and recovery from cyberattacks. In addition, operations incorporate continuous monitoring through a centralised platform for threats and vulnerabilities and make use of artificial intelligence and machine learning technologies to proactively detect cyberattacks.
- Strategic partnerships and collaborations with security software companies, cloud infrastructure providers and advanced cybersecurity solution providers, as well as participation in governmental security initiatives

and standards, facilitating compliance with local and international regulations.

- Network security: NaaS (Network as a Service) solutions offer scalable and secure network infrastructure. By implementing SASE (Secure Access Service Edge) solutions, the transition from networks to the cloud is supported, enhancing performance and security while safeguarding valuable assets for consumers and users.
- Security by design: security is prioritised from the design stage, promoting the incorporation of cybersecurity principles at every phase of the product life cycle, from conceptualisation to implementation and maintenance, with the objective of preventing harm to customers and end-users.
- Cybersecurity training, skills development and awareness-raising: courses and workshops are offered to both businesses and end-users on the prevention of cyberattacks and best practices for protecting data and devices. Educational content has been developed to raise awareness of the risks and benefits of cybersecurity. Expert consultants also provide recommendations and solutions.

Cybersecurity activities are carried out within Telefónica Tech and across the Group's telecommunications operators. They are aimed at all customers, both in the business and residential segments (B2B and B2C).

Telefónica Tech, as a global business unit, has specialised commercial and operational capabilities in Europe and America.

It should be noted that cybersecurity has become an increasing concern as digitalisation advances across all sectors of society. Both businesses and consumers face an increasingly complex threat landscape, ranging from ransomware attacks and data theft to vulnerabilities in connected devices. This situation is intensified by the growth of remote working, e-commerce and the widespread use of cloud services, which expand exposure to cyber risks.

For this reason, the protection of information, privacy and the integrity of digital systems is essential to ensure operational continuity and to build trust in an increasingly interconnected environment. The plans and actions related to cybersecurity have been developed throughout 2025. In addition, as part of the "Transform & Grow" Strategic Plan, further reinforcement of the cybersecurity focus is envisaged.

Additional initiatives

[S4-4_03](#)

In addition to the potential negative impacts described in the activities and initiatives developed, it has been identified that the Company's activity may generate positive impacts that add value for consumers and end-users.



Among the initiatives developed with the aim of generating this positive contribution, the following can be highlighted:

- Promotion of socio-economic development through the responsible digitalisation of society via the connectivity and technological services offered by the Company.
- Promotion and support for the entrepreneurial ecosystem, as well as continuous investment in incubation centres for the launch of new business initiatives.
- Improvement of productivity, efficiency in the use of resources and processes, leading to greater socio-economic growth through the development of innovative solutions by the Company.

In relation to socio-economic development driven by responsible digitalisation, the Company has developed new business models that help deploy networks in rural areas with low population density or difficult access, thereby promoting universal access to communication services. To achieve this, collaboration with third parties is sometimes required to facilitate the expansion of coverage and infrastructure.

In addition, promoting the accessibility of products helps ensure that an increasing number of people can access these services.

To foster the entrepreneurial ecosystem and business development, Telefónica invests in startups in accordance with sustainability criteria. This activity is managed by a specialised unit, Wayra, which invests in seed- and growth-stage startups across different geographies.

Investments may be made directly in startups and/or through investment funds in which Telefónica acts as a Limited Partner (LP).

To promote the positive impact of entrepreneurship, an Investment Committee regularly monitors all investments, which are also reviewed by the Compliance department.

The monitoring data for Company investments in 2025 are as follows:

- 1,208 startups invested in by Wayra through direct investment and funds (1,168 in 2024).
- 963 startups directly invested in by Wayra (948 in 2024).
- 263 startups invested in by Wayra through funds (237 in 2024).

In relation to the development of innovative solutions, Telefónica maintains its commitment to research and

development (R&D) as a driver of sustainable growth and digital transformation. In 2025 the Company allocated €1,004 million to R&D activities in its continuing operations, excluding public R&D grants received. This figure includes both the cost of projects carried out with internal resources and industrial development projects commissioned to third parties, where the Company retains ownership of the resulting industrial property.

Projects are focused on key technologies such as next-generation telecommunications networks and services, AI, cybersecurity, quantum technologies and digital solutions for customers, as well as on improving operational efficiency.

Telefónica collaborates with a broad ecosystem of stakeholders, including universities, public research centres, public administrations, technology companies and industrial partners, contributing to scientific and technological progress, promoting the development of specialised talent and facilitating the transfer of results to the market.

The Company's R&D activities result in the generation of new knowledge, formalised through patents and other industrial property assets. During 2025, 25 new patent applications were filed.

These patents protect R&D outcomes in strategic areas such as intelligent and autonomous networks, cybersecurity and enhanced privacy, artificial intelligence, energy efficiency, quantum communications, post-quantum security and multimedia content distribution.

At the end of 2025, Telefónica managed a portfolio of 478 active patents, grouped into families, which form part of a broader set of industrial and intellectual property assets and constitute one of the most representative indicators of the Company's innovative capacity. Their active management helps protect and enhance research, foster technology transfer and cooperate with the innovation ecosystem, contributing to the development of sustainable digital solutions and greater socio-economic growth.

Monitoring of initiatives

[S4-4_04](#)

In general terms, the effectiveness of initiatives aimed at improving access to products and services is assessed through consumer satisfaction and experience analyses.

In addition to the NPS indicator, other measurements monitor relevant aspects such as the perception of the Company's network quality and the service provided through its channels.

Some activities are monitored and assessed through specific indicators. The effectiveness of network

coverage initiatives is tracked through mobile and fixed broadband coverage indicators, as well as the rural mobile broadband coverage indicator. Affordability is evaluated through the amounts of funds contributed to the Universal Service. Product assessments carried out within the Responsibility by Design framework and systems incorporating artificial intelligence are also monitored.

[S4-4_05](#)

To determine the necessary actions to respond to consumers and end-users, whether in relation to a commercial query or complaint or a potential negative impact, the Company follows the general customer service and incident resolution process described above.

[S4-4_06](#)

Regardless of the approach adopted to address a given type of impact, Telefónica takes a proactive approach to preventing material negative impacts on consumers or end-users.

To this end, evaluation and control measures are implemented, including the Responsibility by Design initiative, responsible AI through the AI Governance Model, monitoring of broadband network deployment, contributions to funds that facilitate access to basic communication services for individuals with limited financial resources, and customer service actions through the channels made available by the Group.

[S4-4_07](#)

There are several ways to ensure that the processes developed are available and function properly:

- Regular surveys evaluate the effectiveness of customer service channels to ensure that both they and the service provided meet consumer needs. The Customer Effort indicator is used to gauge how easily consumers carry out procedures via Company channels.
- In addition, in the transactional surveys conducted after each contact through the service channels, the customer is asked, among other things, if their query has been resolved. If this is not the case, after carrying out the necessary internal management process to respond to the enquiry, contact is made again to communicate the resolution and assess the corresponding satisfaction levels.
- For the remaining channels, in cases where a customer has got in contact to escalate an issue, they are contacted upon resolution to inform them of the actions taken.

[S4-4_10](#)

To ensure that the Group's activities do not generate negative impacts on consumers and users, preventive actions have been defined, primarily associated with the development of risk assessment and control models, such as those related to AI.

[S4-4_12](#)

The resources allocated to managing negative impacts are as follows:

- To address impacts associated with the digital divide, as this is a cross-cutting activity across the organisation, no specific resource is defined; rather, there are addressed by the different units within the Company.
- With regard to impacts associated with Access to Products and Services, resources are channelled through the Responsibility by Design project, led by the Global Sustainability team, in coordination with other specialised areas of the organisation.
- In relation to artificial intelligence, there is a specialised Responsible AI team, known as AI Coordination, within the Digital Innovation unit. This team ensures the responsible use of artificial intelligence in areas where it is developed, used, acquired or commercialised, monitoring the AI Business Owners to ensure compliance with established requirements. In addition, designated profiles known as Responsible Artificial Intelligence Champions (RAI Champions) operate within product and service areas. Their role is to ensure the responsible use of AI within their scope, provide expert support to business areas and monitor AI use cases. To this end, they receive specialised training that enables them to support and advise their teams in the development of AI-based solutions.

Metrics and Targets

[S4.MDR-T_01-13](#), [S4-5_01](#), [S4-5_02](#), [S4-5_03](#)

Digital inclusion

The main metrics used by the Company to evaluate the performance and effectiveness of action plans related to the impact, risks and opportunities identified in terms of access to products and services, and specifically in connection with digital inclusion issues, are detailed below.

The following aspects are monitored to assess connectivity deployment:

- Fixed and mobile broadband coverage across the main countries in which Telefónica operates.
- Mobile broadband coverage in the rural areas of the main countries in which Telefónica operates.

4G coverage	2024	2025
Germany	99.9%	99.9%
Brazil	96.5%	97.0%
Spain	98.2%	98.2%

5G coverage	2024	2025
Germany	97.2%	98.6%
Brazil	61.1%	67.4%
Spain	90.8%	94.6%

Premises with fibre-to-the-home [FTTH] connections*	2024	2025
Germany	582,652	722,667
Brazil	29,113,641	30,964,933
Spain	30,812,631	31,299,025

*Premises passed with fibre-to-the-home include the Company's own coverage in Germany, Brazil and Spain, as well as the coverage deployed through agreements with third parties.

Rural mobile broadband coverage	2024	2025
Germany	99.4%	99.6%
Brazil	83.5%	85.5%
Spain	95.0%	95.0%

Population coverage of mobile broadband (4G and 5G) is calculated using national network coverage planning parameterisation criteria applicable in each country. This seeks to determine the percentage of the country's total population that can access the operator's mobile services for a given technology. In the case of the specific rural mobile broadband coverage indicator, the areas considered are limited according to the "rurality" criteria defined by each national regulator. Therefore, the calculation is carried out exclusively on these rural areas.

FTTH premises passed represent the number of premises in a country that have access to FTTH services. This means that once a customer requests service activation, only a final installation of the CPE (customer-premises equipment or customer local equipment) is required and, when necessary, the last section of fibre cabling from the terminal box.

The nature of fibre deployment indicators is based on population coverage estimation models. Methodologies for defining and monitoring these indicators are developed internally.

Local network-planning tools are used for the FTTH premises passed, which indicate which geographical locations are covered with FTTH. This information is then cross-referenced with the number of premises in each geographical location, allowing the total number of premises passed by the FTTH service to be determined.

Targets have been defined in relation to the penetration and quality of telecommunications networks, as such deployment contributes to socio-economic development, as previously described.

The targets relate to mobile broadband coverage indicators in the main countries in which the Company operates:

- Mobile broadband: percentage of 5G coverage.

The 5G coverage percentage indicator refers to the proportion of the population with access to 5G mobile services through a mobile access technology. Specifically, it determines the percentage of a country's total population that can access the operator's mobile services for a given technology.

Target: Achieve the following 5G-SA (5G Stand-Alone) network coverage levels by 2030:

- Spain: 98%
- Brazil: 90%
- Germany: 99%

Performance in 2025: Telefónica's 5G network coverage reached 94.6% in Spain, 67.4% in Brazil and 98.6% in Germany.

Local 5G SA deployment targets are relative and measured as a percentage of the total resident population in those countries. These are local targets applicable to Spain, Brazil and Germany. The time horizon is 2030 and no interim targets have been established.

The Company's local Strategy and Network Planning departments, with the support of the commercial teams, determine the network-deployment targets to be carried out in the coming years.

Target progress indicators are assessed monthly. This regular monitoring supports achievement, as analysing the degree of progress allows adjustments to be made if performance deviates from the expected trajectory.

The nature of mobile network coverage indicators is based on population coverage estimation models.

The targets described are aligned with:

- The Responsible Business Principles, particularly the principle relating to commitment to customers.
- The commitment set out in the Global Human Rights Policy to promote connectivity in local communities and remote or hard-to-reach areas with the aim of reducing the digital divide and contributing to initiatives related to digital education and access to technology for vulnerable groups.

Methodology: the methodologies for defining targets and monitoring coverage indicators are developed internally. Population coverage (4G and 5G) is calculated using local network planning tools that determine signal strength across geographical areas.

This information is cross-referenced with population distribution data, enabling the total population covered by each technology (4G or 5G) at a specified minimum signal level to be determined.

Finally, it should be noted that customers do not participate in the definition of these targets.

Satisfaction of consumers and users

To monitor consumer and user satisfaction and experience, the NPS metric is used, which also helps assess the recommendation of products and services.

This indicator has been monitored since 2017 and has been established as a target linked to the variable remuneration of employees who receive this type of compensation. It also forms part of the Strategic Plan.

The Group's 2025 NPS has been calculated on the basis of the results obtained by the Group's operators in Spain, Brazil, Germany, Chile, Colombia, Mexico and Venezuela.

Telefónica NPS*

Telefónica NPS*	2024	2025
Group NPS	33	35
B2C NPS	27	28
B2B NPS	51	55

*2024 perimeter: The Group's operators in Spain, Brazil, Germany, Argentina, Peru, Chile, Colombia, Mexico, Uruguay, Ecuador and Venezuela.
2025 perimeter: The Group's operators in Spain, Brazil, Germany, Chile, Colombia, Mexico and Venezuela.

The NPS is calculated on the basis of customer relationship surveys that ask whether customers would recommend Telefónica. The result is obtained by subtracting the number of detractors (ratings of 1 to 6) from the number of promoters (ratings of 9 and 10).

Monthly surveys are conducted among B2C and B2B customers of telecommunications operators in Spain, Brazil, Germany and the Hispanoamerica region. Aspects such as network quality, customer service, commercial offerings and price are evaluated. One of the indicators obtained from these surveys is the NPS.

Subsequently, each operation consolidates its NPS at the country level, with the result broken down by B2C and B2B segment. It is consolidated at the Telefónica Group level for evaluation against the annual target.

Target: increase the NPS value annually.

Performance in 2025: Despite the positive trend observed in recent years, the NPS remained stable compared with the end of 2024 (35), taking into account the changes in the Telefónica Group's scope of consolidation in 2025, specifically the divestments of

certain operations in Hispanoamerica. See 'Scope of Consolidation' in section:

 **2.1. Basis for preparation**

Indicator methodology: the methodology for defining the target and monitoring is defined and developed internally. The NPS methodology is based on daily surveys conducted via telephone, digital or in-person channels, which ask customers how likely they are to recommend the Company's services, from which the final value of the indicator is obtained.

The measurement of the NPS and the calculation of the indicator, both at local and global level, are audited internally.

The NPS target aligns with the Responsible Business Principles, particularly the commitment to customers.

Customers do not participate in setting these targets. However, the results of the satisfaction assessment surveys are indeed the source for setting the annual target each year. To this end, methodological aspects contained in the Telefónica Group's Quality Manual and business inputs are considered.

This methodology is based on the internationally established definition of the NPS indicator and is tailored to Telefónica's specific characteristics for weighting by region and segment. To achieve this:

- The calculation scope is defined, covering customer segments, legal entities and commercial brands.
- The weightings or the calculation formula used to consolidate the KPI at Group level are defined.

The business inputs considered include:

- The trend of the business unit indicator in recent years.
- The latest available actual data and/or the forecast for the end of the current year.
- Telefónica's own initiatives and those of the competition, which the countries include in their action plans.
- Correlation analysis of how various factors —such as network performance, service offerings, customer service and pricing— impact NPS trends.