

Digital Inclusion Report

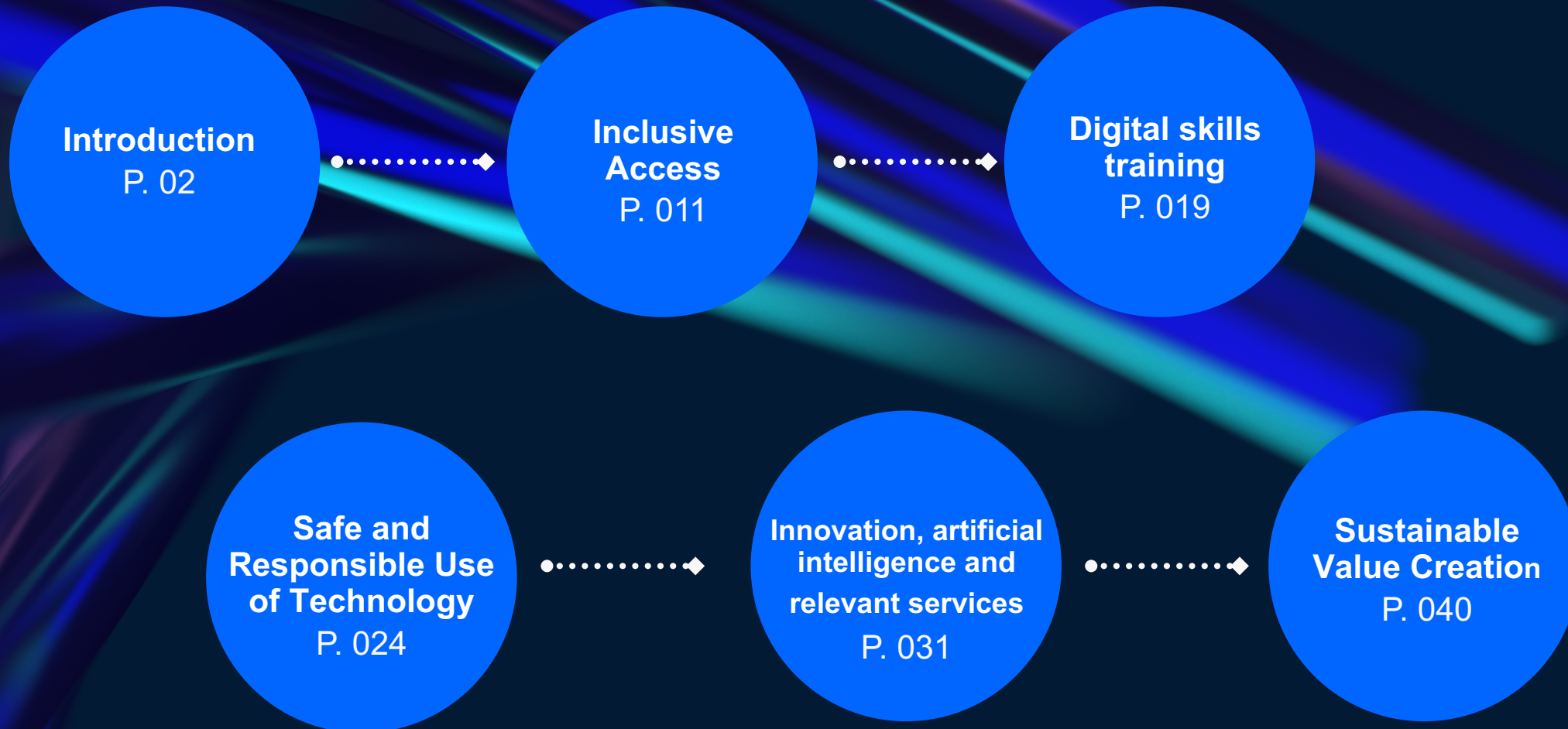
2025



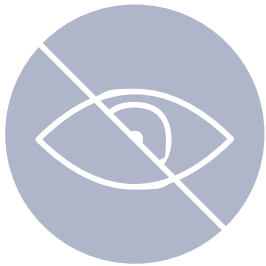
*We are **leaders** in digital inclusion according to the
World Benchmarking Alliance since 2021*



Content



For Telefónica, **responsible digitalisation** means delivering **accessible, trustworthy, and greener** connectivity and digital solutions, positioning ourselves as the **leading gateway for citizens to the digital world**.



Accessible

We leverage our capabilities to close coverage and usage gaps, addressing barriers for vulnerable groups, and embedding their needs into the design of our products and customer journeys to advance digital inclusion.



Trustworthy

We strive to promote the security and privacy of our networks and solutions, to foster customers' digital well-being—including the protection of minors—leveraging digital trust as a key differentiator for our customers.



Greener

We run energy-efficient, low-carbon networks that deliver cost savings, and we grow revenues through digital solutions that help customers reduce their environmental footprint.



[Digital Inclusion Compass](#): our strategic framework to foster digital inclusion through public-private collaboration to ensure no one is left behind in the digital age.

We reaffirm our commitment to the principles of the UN Global Compact and the SDGs.



Powering a more **digital and inclusive society** that supports **greater wellbeing**

Our
contribution to
the **5 pillars
of Digital
Inclusion:**

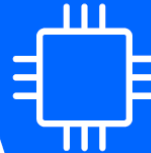
**Sustainable Value
Creation**



Inclusive access



**Innovation and
relevant services**



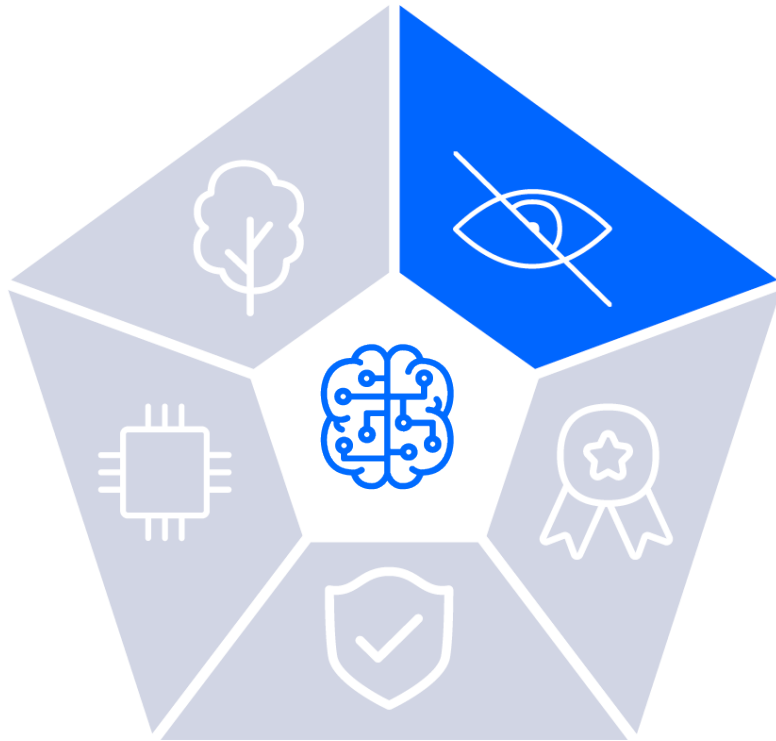
Digital skills training



**Safe & responsible
use of technology**



Pillar 1: Inclusive Access



Inclusive access*



- **Digital technology access** to broadband networks.
- Figures for four main markets (SP, GE, BR, UK):

70M premises passed by FTTH.

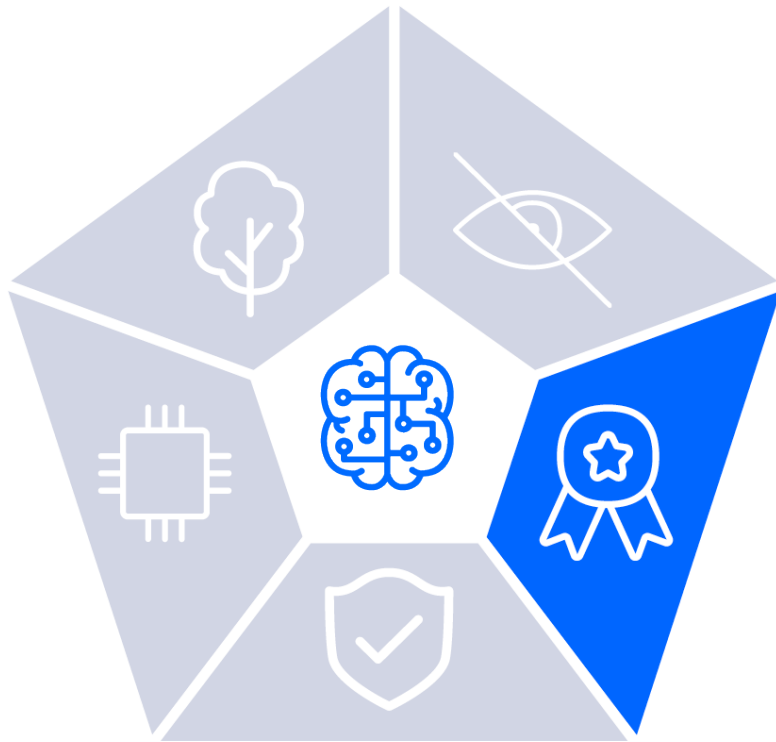
98% population with 4G coverage.

92% Population in **rural areas** with mobile broadband coverage (>4G).

80% Population with **5G coverage**.

- **Accessibility:** Digital services as a key tool for improving the lives of people with disabilities.
- **Affordability:** affordable tariffs and contribution to USF*.
- **School digitalisation:** connectivity, equipment and education.

Pillar 2: Digital Skills training



Digital skills



Training in digital skills via Fundación Telefónica:

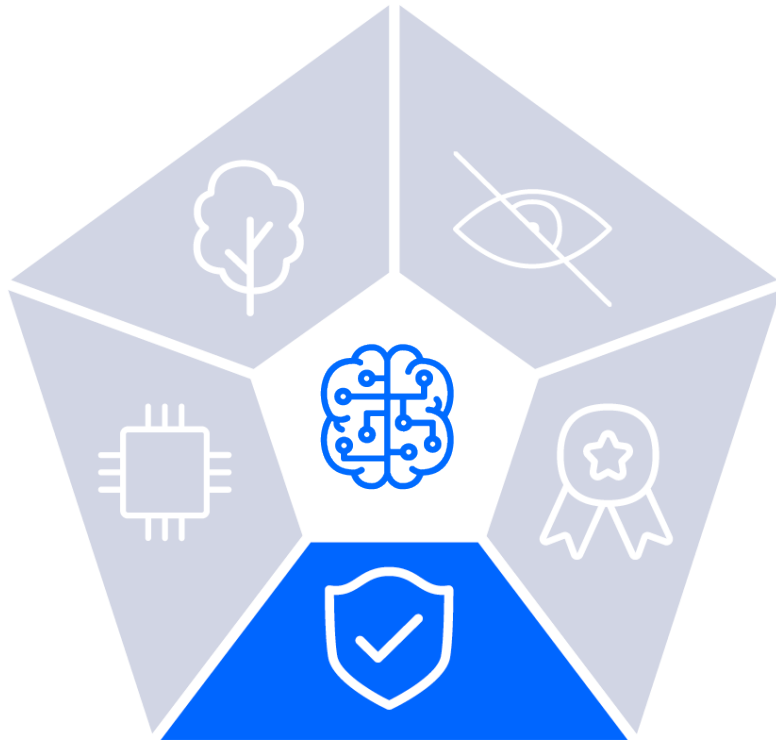
- Digital literacy (e.g. *Reconectados*).
- Digital Skills Training (e.g. *Conecta Empleo*).
- Workforce resilience: reskilling & upskilling.

0.94M

people trained in intermediate or higher digital skills training to improve their employability in 2025.



Pillar 3: Safe & responsible use of technology



Safe & responsible use of technology

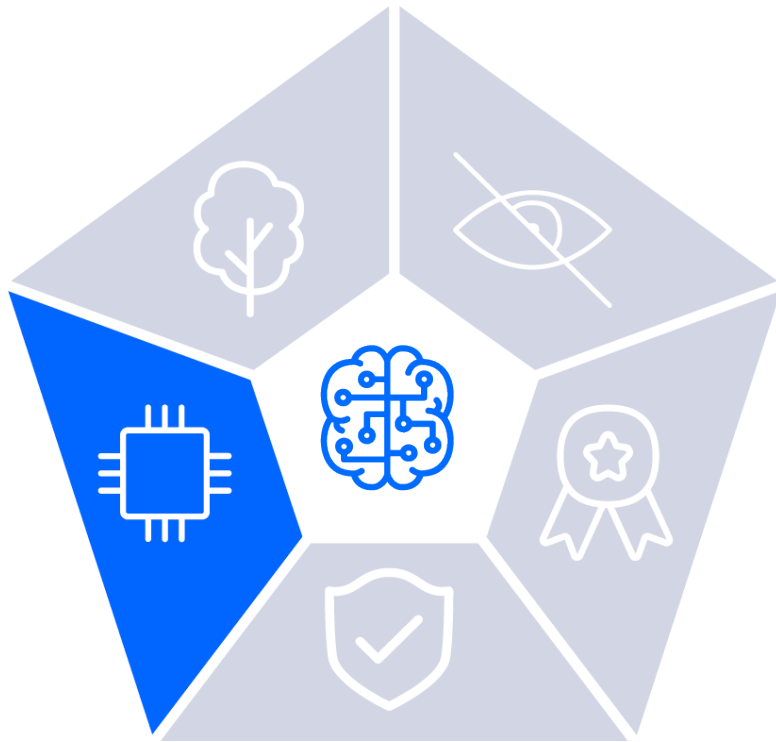


- Ensuring that P&S meet **privacy and security standards** to generate confidence in the use of technologies.
- Protecting and fostering a **responsible use of technology**.
- Trainings and **awareness-raising initiatives** for customers and the society.

>49M

People reached by awareness initiatives on safe and responsible use of technology in 2025.

Pillar 4: Innovation and relevant services



Innovation and relevant services



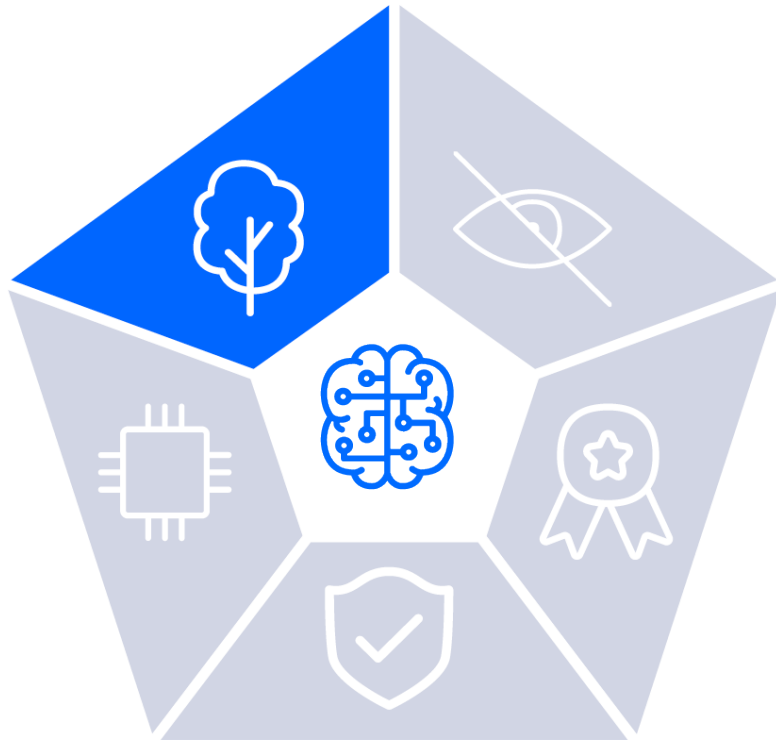
- Developing **solutions and innovative services** that can improve people's lives.
- **ESG verticals:** e.g., renewables (Solar360 in Spain), eHealth, circularity, cybersecurity.
- Artificial intelligence: **AI Principles** first published in 2018. **Governance Model on Artificial Intelligence** since 2023.

57% of B2B solutions
verified as Eco Smart

1,208
Startups invested in through
direct investment and funds.

2,727M€
R&D&I Investment

Pillar 5: Sustainable value creation



Sustainable value creation



€37bn

of direct economic value generated in 2025.

€7.5bn

of tax contribution in 2025.

€78bn

of contribution to the economy, the society and the environment in 2025 in our main markets

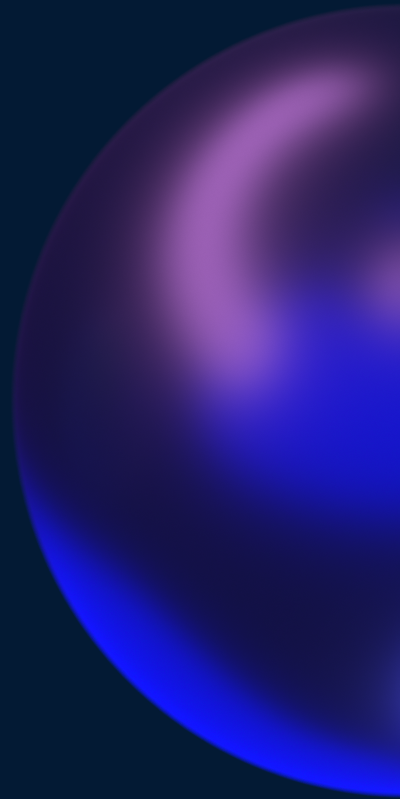
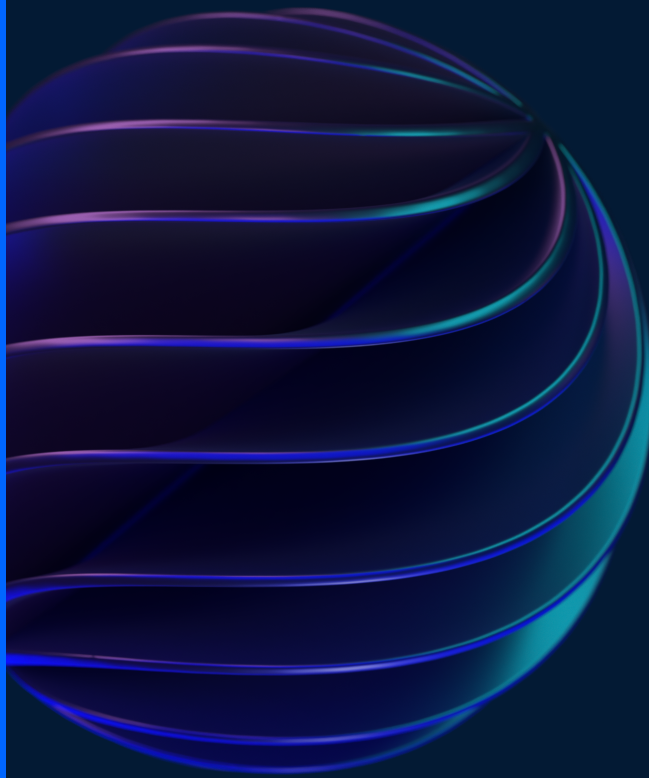
91%

of absolute reduction GHG Scope 1+2 from 2015 to 2025.

93%

consumption of renewable electricity.

Inclusive Access



Digital Technology Access

Telefónica seeks to ensure that **broadband communications networks** are available to everyone in all regions, both urban and rural, with a long-term approach.

In the same vein, we also contribute to the provision of **affordable digital technologies** for vulnerable groups.

Our goal

90- 99% population with access to **5G mobile coverage** by 2030*

Telefónica advances European sovereignty and rural connectivity by strengthening control over critical infrastructure; for example, in Spain it reacquired the Lineox rural backhaul network to ensure resilient service in low-density areas.



*Spain: 98%. Brazil: 90%. Germany: 99%. United Kingdom: 97%.

**Including United Kingdom and excluding Chile. 74.3M including Chile

***Excluding United Kingdom.

****Including United Kingdom.



Our progress

326.1M

Total accesses around the globe**

1,898M€

Invested in network transformation in 2025 (Taxonomy CapEx)***

Enhancing 5G mobile coverage

Population covered by country

99% Germany

95% Spain

87% UK

67% Brazil

And fiber deployment

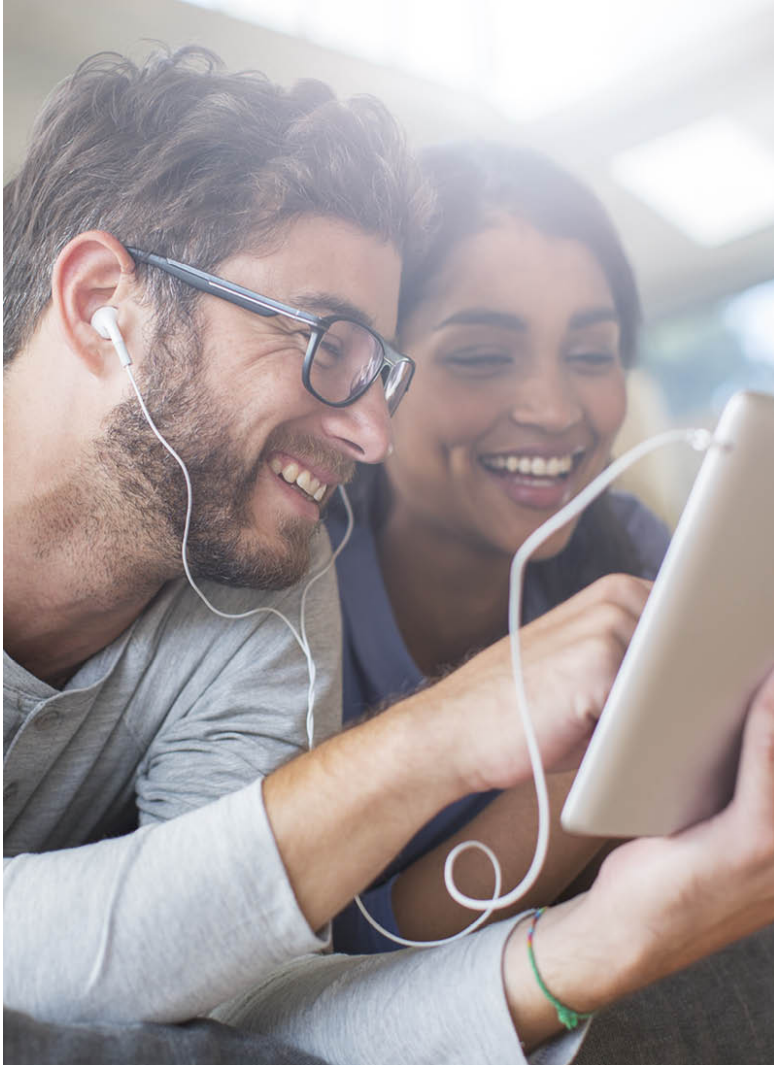
70M

Premises reached by fibre to the home (FTTH)**

1#

UBB network in the world, outside of China****

Digital Technology Access



Our progress

98% population with access to 4G mobile broadband coverage*

Increasing 4G mobile coverage in rural areas

Rural population with access by country



99.9% UK

+0.2 p.p.
vs 2024



99.6% Germany

+0.2 p.p.
vs 2024



95% Spain

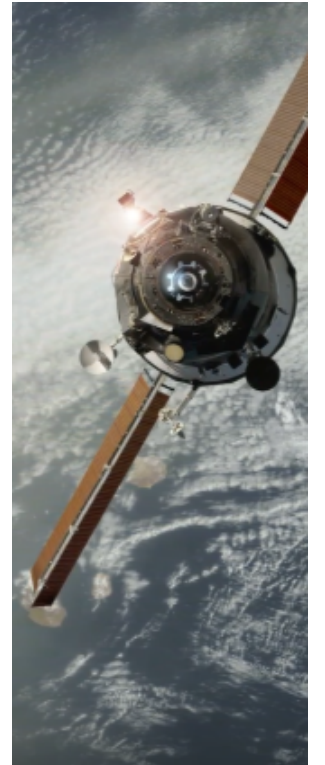
0 p.p. vs 2024



85.5% Brazil

+2 p.p. vs 2024

Telefónica already delivers commercial satellite connectivity solutions such as O2 Satellite in the UK, while in markets like Spain and Germany it partners with third parties to advance satellite-based connectivity to extend coverage to remote, maritime, and unserved areas.



*Including United Kingdom.

Digital Technology Access

To maximise the impact of our Capex, Telefónica has developed **new business models** that help to deploy networks in rural areas with low population density or access difficulties, thereby facilitating universal access to communication services. To achieve this, we have entered into **agreements with third parties** that facilitate and ensure we reach all territories.

~14bn€

Social contribution of **connectivity** in 2025.
Main driver of social contribution in digital inclusion (**~17bn€**)

Agreements with third parties



Germany

Over 1M households are currently under deployment by UGG and IFG (0.7m already deployed).



Brazil

FiBrasil aims to bring fibre infrastructure to 5M homes and businesses (4.4m already deployed).



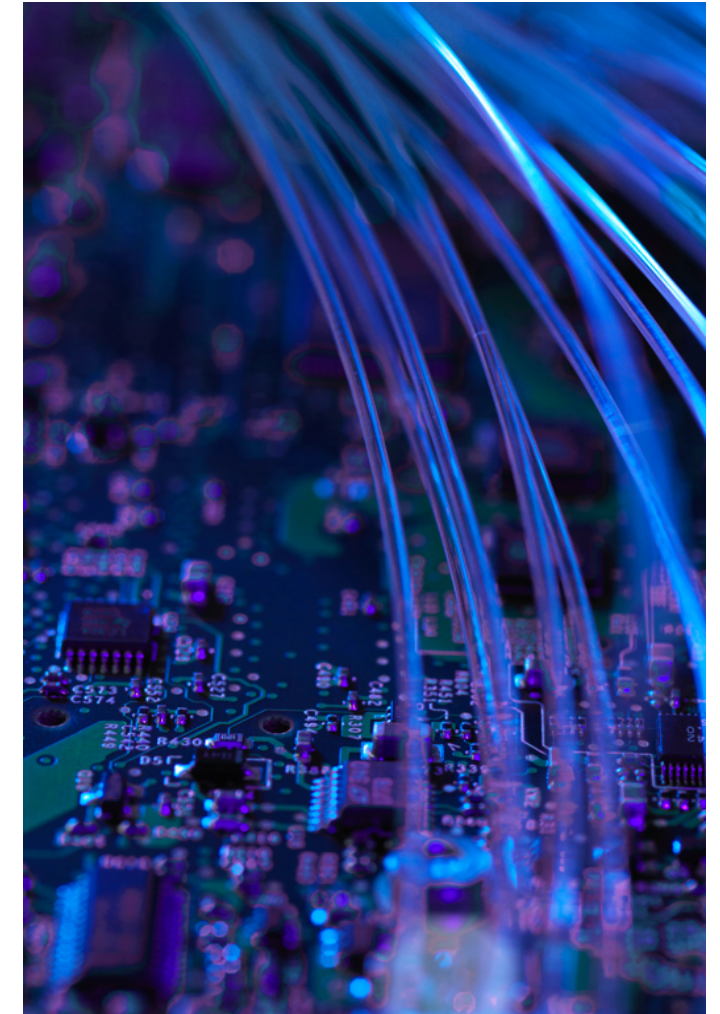
Spain

- BlueVia: 5m premises passed with a focus in rural areas.
- Fiberpass: ~3.7m premises passed wholesaling services in urban and semiurban areas.



United Kingdom

Nexfibre continued to deploy fibre in 2025 reaching 2.6m PPs.



Digital Technology Access

We contribute to the provision of accessible digital technologies for **vulnerable groups** through **social and affordable tariffs**, contributions to **Universal Service Funds** and initiatives to promote access to **digital technologies for girls and women**.

Affordable commercial tariffs are available in the main markets in which we operate*.



In the United Kingdom, O2 co-founded the **National Databank** with the Good Things Foundation. It provides free mobile data, texts and minutes to those living in data poverty. Across all initiatives, a total of **1,036,236** people were connected between 2022 and 2025 - surpassing the goal (>1M by the end of 2025)



Telefónica owned' **low-cost brands** provide mobile plans with competitive rates that make use of the extensive network coverage of Telefónica, such as Blau in Germany.

Blau

Through brands such as AY YILDIZ and Ortel Mobile, we offer multilingual customer support and affordable prepaid products designed to reduce language and structural access barriers



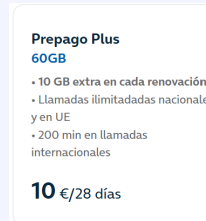
In Brazil Vivo offers **affordable tariffs for prepaid customers** with very competitive data package that helps promoting digital inclusion among the most vulnerable.

E.g. **25GB for R\$30** monthly.



In Spain, as in Brazil, we offer **affordable prepaid commercial rates** to our customers.

The Prepago Plus rate offers **60GB per month for €10**.



*In accordance with UN's Broadband Commission definition of affordable tariffs: At least 2GB of data per month for mobile for less than 2% of monthly Gross National Income (GNI) per capita.

Digital Technology Access

Additional tariffs

We believe the most effective way to reach customers, including vulnerable groups, is through our **commercial tariffs**. However, where required, **regulated affordable tariffs** ensure essential connectivity remains accessible to those who need it most.

Connecting vulnerable customers

In the UK in 2025, with charity partner Jangala, Telefónica supported the 'Get Box' scheme, providing **portable Wi-Fi to over 15,000 people in temporary accommodation**, and extended free connectivity via higher-capacity Big Boxes to 40 organisations tackling digital poverty. In parallel, UK Youth and nexfibre, with VMO2, delivered **free full-fibre broadband to youth centres**, helping disadvantaged young people access learning and job opportunities.



106M€

Contributed to the **Universal Service Fund in 2025**, which seeks to ensure affordable network **access for low-income individuals**.

Gender digital gap

The company implements targeted programmes to **improve technology access for women and girls**, treating gender as a key dimension of digital inclusion. A flagship initiative led by Fundación Telefónica provides IT equipment to social organizations, particularly those working exclusively with women—such as Asociación Mujeres Opañel, Asociación de Mujeres Virgen del Rosario, and Asociación Wanawake Mujer—to address their specific needs. By supporting these entities, the programme helps **reduce the gender digital divide in access to technology**. Its approach is intentional and focused, aiming to reach as many women as possible by enabling free or affordable access to digital tools.

School digitalisation

Promoting inclusive learning and supporting school digitalisation through the provision of **connectivity, technological equipment, digital learning platforms, educational digital resources and training on digital skills** with a long-term approach.

ProFuturo

A PROGRAMME OF:



Since 2016, this digital education program has the goal of narrowing the education gap worldwide, by providing **quality digital education to children in vulnerable environments**.

The programme targets **primary school** level students in developing countries.

Key figures (2016-2025)

>6,000

Schools supported

>2M

Teachers beneficiaries

>5.5M

Child beneficiaries

27

Countries in LATAM, Africa and Asia

Resulting in

> 53M Hours of training & 2.6M Courses completed

Profuturo Digital Solution, working with connected (online) and disconnected (offline) environments, and consisting of learning platforms and technological equipment.

The technological kits donated by ProFuturo includes computers, tablets, projectors, routers, etc.

8,300 Kits with computer, tablets, router, UPS, and other components. **9,681 servers** and **318,588 tablets**

Contribution to the **Fund for the Universalization of Telecommunications Services (FUST)** to connect remote schools. Around **13,000** educational institutions to be connected by Telefônica Brazil.



Inclusivity for people with disabilities

We strongly believe in the **power of digitalisation to improve the lives of people with disabilities**. For this reason, we aim to ensure that our **digital services can be accessed by all** so that technology can become a key tool for improving the lives of people with disabilities.

Our alliances



Telefónica's Vivo named top telecom for accessibility by Brazil's Anatel



Accessible design principles in Products and Services

Through the **Responsibility by Design** internal framework, we incorporate sustainability principles from the development phase of our products and services to its delivery to the customer.

We offer **flagship solutions** to address the needs of people with disabilities. Movistar Plus 5S is an example.



- **100%** original productions with 3x accessibility.
- **1,400** content with 3x accessibility.
- **11,500** content with close captions [CC].



Channels and Facilities

Accessibility criteria in our **physical facilities** (stores and workplaces) and **channels**, including service distribution, customer service and support.

- **Sign language** video interpretation in our call centers and stores.
- **Early RTT deployment** in Europe.
- Auditing of our **websites and apps**.



Inclusive Workplace

2,803 employees w/ disabilities. Focus on digital talent. Visibility and development through mentoring programs such as **Generation Valuable**.

- **Awareness-raising and trainings** aimed at the entire workforce to promote accessibility and disability inclusion.

Atam

>50 years of ATAM, the private social protection system for Telefónica employees with disabilities and their families.

Digital Skills training



Digital Literacy

We offer our knowledge and capabilities to improve the digital skills of **vulnerable groups** and people who need it most with a long-term approach.

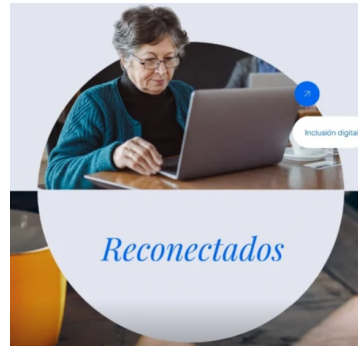


Impact
>50m€

Contributing of all "digital training" initiatives for all external parties in 2025.

Programmes

Our goal is to ensure that people have the digital skills needed to make effective use of digital services, thus helping to bridge the **usage gap**.



 **Digital mobil**
im Alter



- **Reconectados** is aimed at promoting digital inclusion among older people. In 2025, it reached **41,307** beneficiaries in Spain and **893** professionals and trainers. After the training:
 - +22pp in confidence (66% → 88%).
 - -33pp low/no confidence (38% → 5%).
- **Reto Rural Digital** to promote digital skills in rural or remote villages, especially those with older populations (*Spain*).
- **Digital mobil im Alter**: Training program to teach the elderly how to use smartphones and tablets, as well as to inspire and encourage them to explore the digital world. **203,192** persons involved cumulatively in 2025 (*Germany*).
- **Learn My Way Platform**: In the UK, we surpassed our goal of improving the digital literacy, access and confidence of 6 million people. Through tailored training delivered in partnership with Internet Matters and the Good Things Foundation we equipped more than 8.5 million individuals with digital skills between 2022 and 2025.

Digital Literacy



Targeted initiatives for people with disabilities.

The **Red Dragon** educational project empowers people with disabilities, particularly those with cerebral palsy, by providing tailored training in digital tools and skills.



ICT for ALL, to enhance digital inclusion among young people with intellectual disabilities. This initiative focuses on providing them with the necessary skills and resources to protect themselves from abuse or mistreatment in digital environments.

- Mobile phone and instant messaging
- Google applications
- Social networks
- Cybersecurity



Targeted initiatives for **women and girls**.

At Telefónica, we believe that the lack of participation of girls and women in digital and STEM fields perpetuates gender inequality, and as technology shapes the future, the exclusion of women will only widen existing gaps. This is why we promote digital skills among **women and girls**, as well as their employability in digital and STEAM fields and entrepreneurship **beyond the limits** of our company.

33 external initiatives in force in 2025 worldwide.

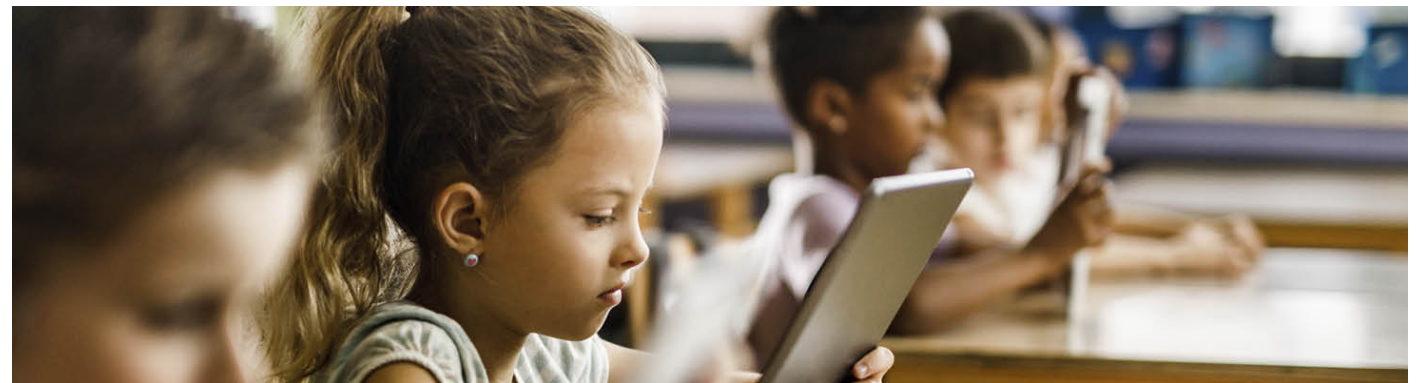
>8,000 girls mentored in Spain.

#GIRLS LOVE TECH

503 women participants by 2025 in Brazil.



20 employees in Telefónica–Nokia initiative advancing female leadership in Germany.



Digital Skills Development

Our goal is to train in the knowledge of programming tools and technologies for improving the skills needed for **employability** or **entrepreneurship** with a long-term focus, thus helping to reduce the **utilisation gap**.

0.93M

people trained in intermediate or higher digital skills to improve employability and entrepreneurship in 2025.

Goal in 2025: **>1M people trained year by year.**

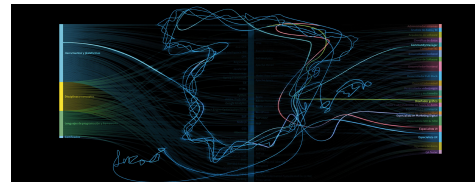


Programmes



Conecta Empleo offers free online courses and digital tools so that people can train for the most in-demand jobs.

- **258,974 people trained in 2025**



Employment map guiding people toward in-demand digital careers, including an AI-based virtual coach that advises on suitable career paths. Available in Spain and Hispam.

- **261,705 users in 2025**

OrientaHub is an AI-driven career tool offering real-time labour insights to help individuals make informed decisions, understand in-demand digital roles and skills, and align their training with job market needs.



Aims to make digital training an attractive option for young people. It is based on peer to-peer, participatory and gamified learning. "42" develops exclusive editions adapted to the needs of groups, such as women or people over 45 years.

- **23.4% women rate in 2025 (vs 13% 2019)**
- **6,643 participants in 2025**
- **76% employed in the digital sector after the program**

Workforce resilience

We promote massive **reskilling and upskilling** programs that develop business-critical skills while improving the employability of professionals, through **Skills Workforce Planning process**.

This process helps to identify skills gap and mitigate the impact of technological change, digitalisation and automation in our workforce.

76%

of our employees invested in learning and developing new skills in 2025.

23 hours

of training per employee in 2025, resulting on ~2 million total hours.

89%

of our employees reported in the employee survey that learning forms part of their day-to-day working lives.

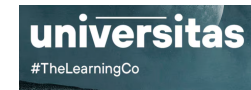
Programmes

Given the fast-changing context in which we operate, at Telefónica we invest in continuous training to help people **update their skills and stay essential in a rapidly evolving market**.



AI for customised training

AI-powered **SkillsBank Tool** personalising training for **employees**.



Universitas Telefónica

Unique platform offering tailored training for all professionals. Special trainings aimed at executives and managers to foster leadership skills



Others

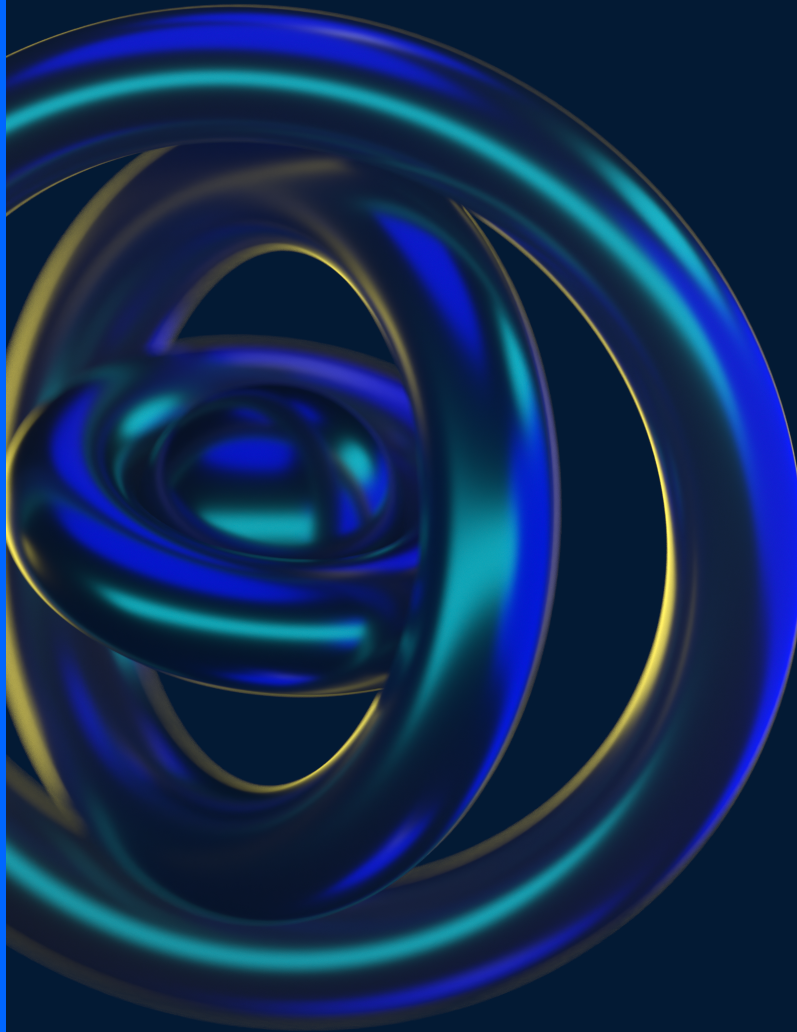
- 6,000 certifications in 3rd party digital technologies*.
- ESG Academy.
- B2B Sales Academy.

Impact
~100M€

Contribution of internal “training and talent management” initiatives in 2025.

*The figure is provisional, as part of the data is still being gathered and has not yet been consolidated. It is expected to increase in future reporting periods.

Safe and Responsible Use of Technology



Cybersecurity

At Telefónica, we are committed to achieving the level of security in our services that ensures **adequate protection of information and the technologies that process it**, so that all our customers can use it with **confidence**. This commitment is embedded in our [Global Transparency Center](#), where we explain how cybersecurity is managed within the organization.



Governance and Management

The BoD relies on the **Security Organization** for the protection of the Telefónica Group's assets, helping to ensure business viability and contributing to the Group's resilience. The **Global Chief Security and Intelligence Officer** is the highest representative of the Security Organization in Telefónica:

- Leads the development and monitors the implementation of the [Global Security Policy](#) and global security initiatives as well as the global strategic plan for security.
- Reports to the **Board of Directors (BoD)** through the Sustainability and Regulation Committee and the Audit and Control Committee.
- Coordinates with **local security departments** and chairs a Global Security Committee in which local heads of security and other areas may participate.

Our Policies are aligned with international frameworks and standards such as **ISO 27001 and NIST**. Our operations have security certifications on products and services.

We have tools, capabilities, and procedures to manage the full cycle of [cyber defense](#): detection, mitigation, recovery, notification, and lessons learned.

- **Cyber-intelligence**: based on proactivity and anticipation, identifying trends, threats, or patterns of suspicious activity.
- **Red Team**: to detect vulnerabilities using monitoring tools and cyber-attack simulations.
- **CSIRTs**: network of coordinated **Incident Response Centers** to respond effectively to any breach or incident.

Our approach also includes:

- Deployment of the **Zero Trust model** to control IT system access and tools to govern the security of cloud environments.
- Promotion of cybersecurity in our **business relations**, including security requirements for the supply chain.
- Automation of processes through the **use of AI**.

Training: **51,748 hours of training** on data protection and cybersecurity in 2025. **~68k attendees**.  **Telefónica**



Accelerating B2B growth while building a global digital business through our services in **Cybersecurity, Sovereign Cloud, IoT and AI & Data**

- **2 DOCs** (Digital Operations Centres) + a network of **SOCs** (Security Operations Centres).
- **>211,2M** cybersecurity threats blocked for SMEs and retail customers in Spain.
- **>100** products & services in Telefónica Tech portfolio.
- **20** external audits performed on Product and Service Security
- **Cybersecurity services provided** to more than 75% of companies included in IBEX35.

Cybersecurity underpins digital transformation, with services supporting freelancers and SMEs. In Spain, “Tu Gestor Tecnológico” includes a complete suite of endpoint security managed and unmanaged, and backup services hosted in our data centers. Additionally, acens provides a dedicated customer experience portal that increases customer engagement and upsell opportunities.

acens

Part of Telefónica Tech

Telefónica provides AI-based anti-fraud services across its markets, detecting and blocking suspicious communications. In the UK, Virgin Media O2 has identified over one billion scam calls, flags around 70 million monthly and reduces engagement, while in Spain the network neutralises around 500,000 fraudulent calls daily.



SOC of the Future

Telefónica offers a managed cybersecurity service that transforms traditional SOC into cognitive, automated systems, combining AI, advanced automation and expert knowledge to anticipate threats, reduce risk exposure, prioritise incidents by business impact and continuously improve cyber resilience through learning and optimisation.



Privacy and personal data

Privacy and Security are fundamental to our business and **data security is a key topic in Telefónica's materiality analysis**. Our priority is to generate a relationship of trust with all those with whom we work.

Our privacy governance model embeds Privacy by Design across our products, services and business processes, establishing clear governance, policies and accountability to ensure the consistent protection of personal data throughout its lifecycle.

Privacy and personal data strategy



Global Privacy Policy

Approved by the Board of Directors of Telefónica, S.A.



Establishes the mandatory rules for all Company entities and subsidiaries at all locations, thereby laying the foundations for a privacy culture based on the principles of legality, transparency, security, storage limitation, and respect for data subjects' rights.



Personal Data Protection Governance Model Regulations

Approved by the DPO Office of Telefónica, S.A.



Establishes the strategic, organisational, operational, and management framework applicable to our different activities in the field of data protection.



Regulation on Requests by Competent Authorities

Approved by the Ethics and Sustainability Directorate of Telefónica S.A.



Establishes the principles and minimum guidelines that must figure in the internal procedures of each of the Group's companies/ business units/OB to ensure compliance with their duty to cooperate with the competent authorities as regards our customers' data.

Privacy and personal data



Annual Transparency Report

Published in our webpage within the Sustainability section. The annual Transparency in Communications Report includes an explanation of the local legal context, the names of the Competent Authorities that are legally empowered to submit the request, the total number of requests received and rejected and the total number of accesses affected by the requests.



0 fines due to data protection issues as a result of a security breach or incident affecting personal data.



There were **no material data breaches of customer privacy recorded in 2025**.



Binding Corporate Rules (BCRs) as a guarantee for intra-group international transfers.



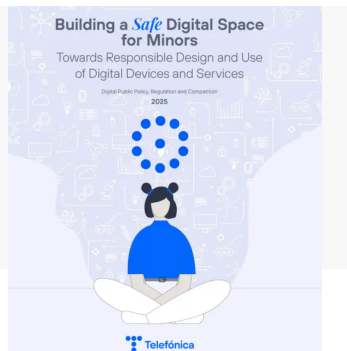
Child rights in the digital environment

Telefónica publicly commits to **protecting child rights in the digital environment** through its Responsible Business Principles and internal policies such as the Supply Chain Sustainability Policy, the Responsible Communication Regulations, and the Global Human Rights Policy, among others.

As a general rule, we do not process data of individuals under the age of 14. However, in the event that we do so on a residual basis, any information relating to children is **handled with the utmost care and responsibility**, ensuring that the necessary consents are obtained.

This topic is assessed as part of the **impact assessment** carried out annually in the double materiality exercise.

Telefónica's [new position](#) on the protection of minors in the digital environment.



Technological Solutions

- Parental tools in our operations available to parents that protect their kids.
- TV:
 - Programming that protects children.
 - Effective technical means.
 - Raise awareness among minors and their family.
- Implementation of basic child protection parameters in handset design and operating systems.



Grievance mechanisms

Telefónica provides a Queries Channel where individuals can raise questions or concerns related to its Responsible Business Principles. The channel includes a dedicated category for "Children's Rights", ensuring that any concerns related to child rights in the digital environment are appropriately addressed.

Partnerships with stakeholders



Block content

Telefónica blocks content based on the guidelines and lists provided by the IWF as well as GSMA Mobile Alliance to Fight Digital Child Sexual Exploitation.



Child rights in the digital environment

At Telefónica we believe that raising awareness about the responsible use of technology is essential to building a healthier and safer digital society. That's why we place great importance on developing initiatives that promote digital well-being, encourage critical thinking, and foster safe and positive online habits. These efforts are key to empowering people to make the most of technology while minimizing risks.

Awareness raising

>49M impacts by awareness-raising initiatives on the responsible use of technology in 2025.

- Movimiento Azul Movistar (Spain)
- EfectoMil - Fundación Telefónica y Fundación Atresmedia (Spain)
- Scam schools with our charity partner, Good Things Foundation (UK)
- Internet Matters (UK)
- Find the right words (UK)
- [WAKE UP!](#) (Germany)
- Genial Digital (Germany)
- Kindersicher mit O2 (Germany)



Movimiento Azul

Blue Movement is Movistar Spain's sustainability programme, built on two main pillars: **Digital Empowerment** and **Environmental Action**.

Through Digital Empowerment, we promote a more responsible and safer use of technology via an **educational platform** developed with experts, where people -especially families- can access tools, training, and inspiring talks to improve their digital well-being, learn how to use screens more responsibly and develop healthy technology habits.



Innovation, artificial intelligence and relevant services



Sustainable Innovation

Having access to networks and ensuring that people have the necessary skills and knowledge is fundamental but not enough to ensure digital inclusion. We also **need solutions that bring added value to people's daily lives** and respond to social challenges tied to health, education, rural economic development and security, among other challenges.

Responsibility by design

Integrating ethical, environmental sustainability and accessibility principles into P&S and channels.



ETHICS APPLIED TO DESIGN

Responsibility to the customer

Ethical principles in AI



SUSTAINABILITY APPLIED TO DESIGN

Accessibility

Accessibility in products and channels

Environment

Environmental criteria for electronic equipment



Sustainable solutions



The **Eco Smart seal** identifies the potential environmental benefits of our B2B solutions, such as **optimise resource consumption, reduce emissions, and foster the circular economy.**

57% of the B2B portfolio has Eco Smart seal



Technological solutions that aim to **digitally transform the healthcare sector**, improving its efficiency and focusing care on the patient. E.g. Vale Saúde, in Brazil, provide immediate access to medical services through calls and videocalls, as well as discounts at pharmacies, exams, vaccines, and therapies.



Solar360: Joint venture between Repsol and Movistar, established to offer **comprehensive solar self-consumption solutions** in Spain, providing customers with tailored solar energy installations. In Brazil, GUD Energia specialises in providing **renewable energy solutions** to businesses, particularly those with high energy consumption, through a partnership between Vivo and Auren Energia.



Refurbished terminals. We offer our customers repair services and options to buy back and refurbish mobile phones to extend their useful life and give them a second use.

Open Innovation and tech ecosystem support

Open Source

A fundamental **pillar of our strategy** is the generation of Open-Source components as a means **to increase the ecosystem adoption of the developed technologies**. Telefónica has developed a master guideline regarding the use of Open Source in the development of our P&S.

Collaborative Innovation

Telefónica is an active participant in **Horizon Europe** and other collaborative Research & Innovation Programmes, with more than **100 awarded projects**, collaborating with over **900 partners** worldwide on topics like Telecommunication Networks technologies, Artificial Intelligence, Cybersecurity or Quantum Technologies among others.

Patents

As a key outcome of our innovation activities, we file patent applications each year to protect our most disruptive inventions. Patent applications are published so that others can learn from, improve upon and build on the disclosed inventions. **In 2025, we filed patent applications for 25 new inventions.**

Innovation indicators

- R&D&I Investment: 2,727M€
- R&D investment: 1,004M€
- Industrial Property Rights Portfolio: 634
- Patent Portfolio: 478
- Utility Models portfolio: 11
- Industrial Designs Portfolio: 145

Entrepreneurship commitment

- Fostering and supporting the entrepreneurial ecosystem coordinated by **Telefónica's open innovation unit (Wayra)** and investing in incubation centres, allowing us to promote the development of new business initiatives.
- Supporting startups founded by underrepresented groups.
- **> 15 years** investing in innovative startups.
- **1,208** startups invested in through direct investment and funds.
- **963** startups directly invested.
- **>520** active startups within our investment portfolio in 2025.
- **263** startups invested in through funds.
- **>170M€** directly investment in startups and **>260M€** including investment through third parties.

Open Innovation and tech ecosystem support

Standards

The company participates in **multiple standardisation groups** from:

- Standard Defining Organizations:    
- Associations:  
- Other stakeholder groups:   

EURO-3C:

European 3C Networks for Secure Telco-Cloud-Edge

A European initiative led by Telefónica to build a federated Telco-Edge-Cloud infrastructure. The project brings together operators, technology providers and research organisations to enable secure, interoperable and resilient digital services, strengthening Europe's technological sovereignty and industrial competitiveness.

Social & non-profit support

We invest in enterprises with a social impact. E.g.:

Bankuish: Fintech company with a clearly defined social mission: **financial inclusion for gig economy workers and freelancers** connecting independent workers to tailored financial products. It aims to achieve +700K users.

Alicerce: it provides an **educational platform in Brazil, particularly for underserved communities**, empowering gig-economy workers with skills for better job opportunities. This support breaks the cycle of poverty and promotes social inclusion.

Civlac: Telefónica, in collaboration with the Inter-American Development Bank (IDB), is the driving force of Civlac, a platform designed to **support and scale startups that address social and environmental challenges** through open innovation.

Payflow: it is a socially focused fintech that gives workers instant access to earned wages, helping them avoid costly loans, manage unexpected expenses, and reduce financial stress while requiring no liquidity changes from employers.

Open Gateway: sector initiative that **transforms networks into developer-ready platforms**. These capabilities are provided via **global APIs** with built-in privacy controls, managed by Telefónica to handle personal data for authorities and customers.



Ethical Artificial Intelligence

Telefónica was a pioneering company in the world, being **among the first to establish ethical artificial intelligence principles** designed to ensure a positive impact of AI on society.



Artificial Intelligence Principles (AI Code of Conduct)

Approved by the Board of Directors of Telefónica, S.A. in 2018. Updated in 2024

Principles that place people at the center and ensure respect for human rights. They promote **fairness, transparency, explainability, accountability, privacy and security** in all the markets in which the Company operates through a company-wide governance model that helps minimize risks and maximize the benefits of AI.



Artificial Intelligence Governance Model Regulation

Approved by the Board of Directors of Telefónica, S.A. in 2023



The **AI Governance Model** aims to develop the mechanisms **governing the decision-making process regarding artificial intelligence** in the Telefónica Group, including the necessary organisational structure, the relationships between the components of the structure and the operationalization of the processes.

Main challenges addressed by the AI Governance model:

- **Mitigating risks**
- **Protecting people and fundamental rights**
- **Fostering citizens' trust through Responsible Innovation**



Voluntary adherence to the EU AI Pact

In 2024



The EU AI Pact promotes responsible AI development through commitments such as **AI governance strategies**, identifying **high-risk AI systems**, and enhancing **AI literacy** among employees.

Ethical Artificial Intelligence

AI Use case record, risk analysis, mitigations and requirements

Telefónica has developed an internal tool that facilitates the identification, registering, classification, evaluation, and mitigation of risks associated with any AI systems developed, contracted, use or sold by the Company. We have developed our own risk taxonomy which includes risks related with cybersecurity, safety, privacy, social, fundamental rights or ethical risks, ensuring that human rights are respected and that impact on environment is considered to prevent negative effects on individuals and society.

Collaborations and alignment with regional and global frameworks:



Promotion of AI literacy:

- Courses and sessions aimed at **raising awareness** about the **responsible use of AI** and to provide knowledge of the Company's AI Principles and governance mode.
- **Guide to the Use of Generative AI for employees**, to ensure its responsible use in day-to-day work.
- **Responsible AI Guide for Business Areas**, as a resource for the responsible development of products and services with AI.

Ethical Artificial Intelligence

Responsible AI initiatives:

In line with our policies, principles, and governance model, we integrate **ethical and responsibility principles into the design and development of our AI-based solutions**, both for internal and external use:

XAIoGraphs
eXplainability AI over Graphs

- ▶ Python library that provides explicability and equity tools for AI models

Kiri

- ▶ Kiri, a solution which shows the impact of AI solutions on energy and emissions and adjusts to reduce it.

Additionally, we work to create use cases that have a positive impact. In particular, given the context of technological change, digitalisation, and automation on the workforce, we leverage **AI to promote massive skilling programs** to improve the employability of professionals, both internally and externally.

SkillsBank

- ▶ Platform to enhance AI education and skill development for Telefónica employees.

PROGRAMA
DE FORMACIÓN DIGITAL
**CONECTA
EMPLEO**

- ▶ Digital skills education program to enhance employability within unemployed communities.



Innovation, artificial intelligence and relevant services

Diversity and inclusivity in research and development

In line with our Diversity and Inclusion Policy, we **embrace diversity as a key talent driver and foster inclusive, accessible environments** where everyone can thrive and reach their full potential.

- Programmes for promoting women in technical roles, such as **Leaders Academy**, in Brazil.
- In Spain, the **Include Programme**, developed in partnership with the GoodJob Foundation, trained **136 people with disabilities** who afterwards joined our teams in cybersecurity, cloud, IoT, automation and robotics. In Brazil, the **Potencialize** programme trained **293 people with disabilities** in 2025, helping them build future-ready digital skills.

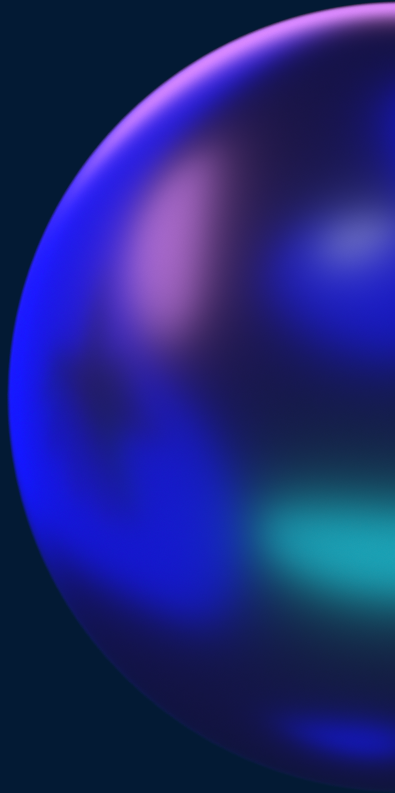
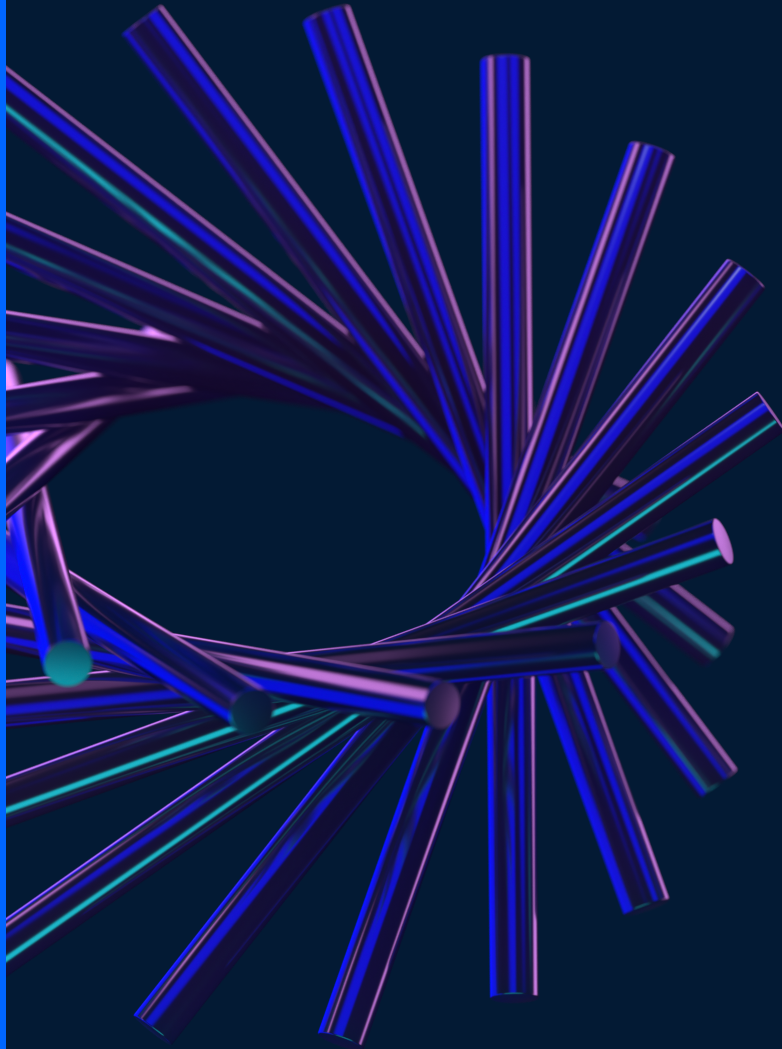
Fundación
GOODJOB

% of women by role:

Employees	% women
STEAM	22%
IT	25%
Tech	26%
Engineering	19%



Sustainable Value Creation



Economic Contribution

We promote sustainable growth by ensuring that the increasing use of technology does not negatively impact the environment or communities.

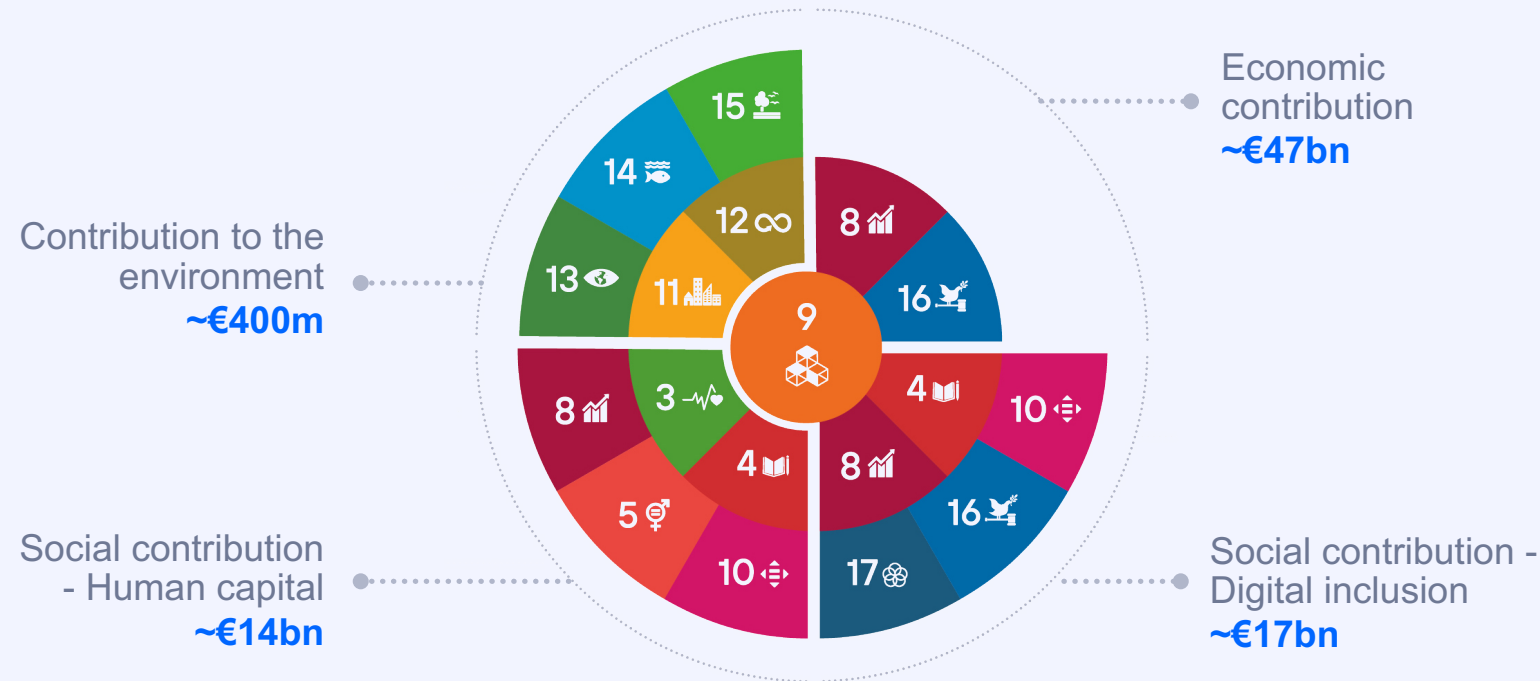
	2025 (M€)
Direct economic value generated (revenues)	36,651
Economic value distributed	33,657
Operational costs	20,420
Salaries and employee benefits	7,548
Payments to capital providers	3,289
Payments to governments	2,360
Investments in the community	40
Economic Value retained (direct economic value generated – economic value distributed)	2,994

Total tax contribution (CTT) in 2025:



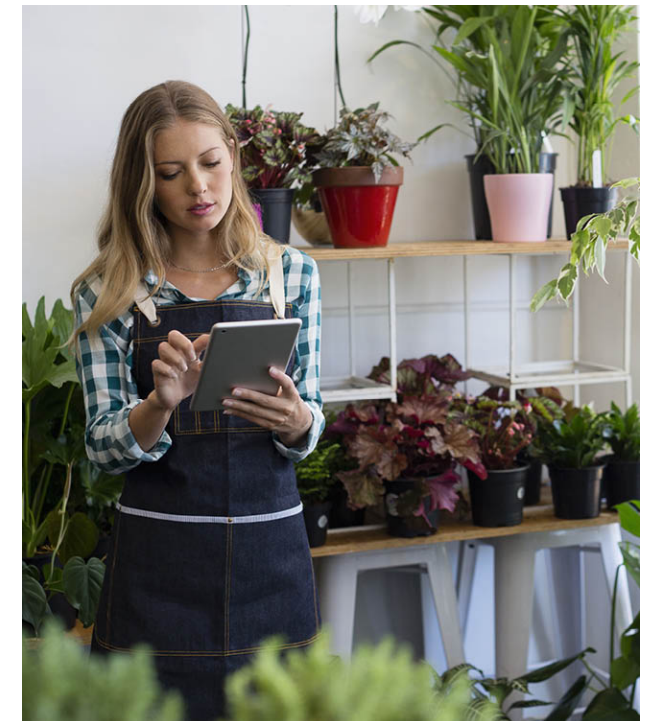
Socioeconomic contribution

Socioeconomic contribution in 2025
TOTAL: ~€78bn



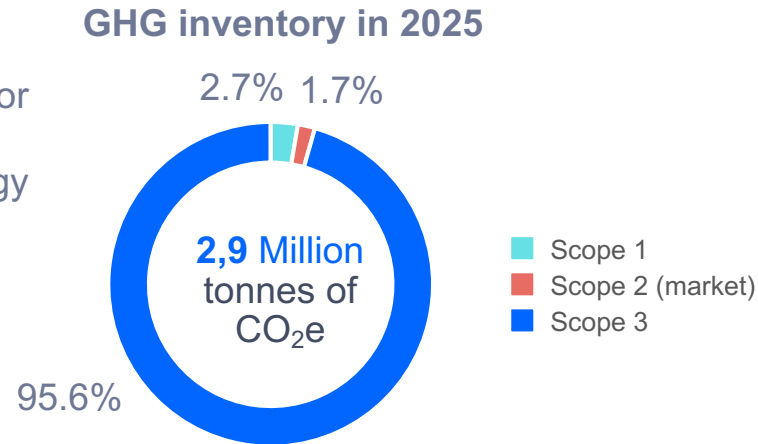
~18bn€

Indirect economic contribution
to the Global GDP in 2025,
representing 39% of the total
impact to the Global GDP.



Greenhouse Gas Emissions

Telefónica calculates the carbon footprint for Scopes 1, 2 and 3, using the methodology established in the GHG Protocol.



Target: Net Zero by 2040* (aligned with 1.5°C Scenario of the Paris Agreement and validated by SBTi).

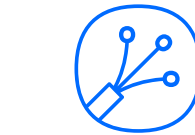
Progress and intermediate targets:

	Target	Performance by 2025
Absolute reduction GHG Scope 1+2	-90% by 2030	(91)%
Absolute reduction GHG Scope 3	-56% by 2030	(34)%

*The target of achieving net zero carbon emissions consists of reducing all the emissions (Scopes 1, 2 and 3) by at least 90% by 2040 compared to the base year, 2015. In 2025, emissions were reduced by 49% compared to the base year.

**This figure refers to connectivity services offered to the residential segment (B2C) as well as some IoT-based Eco Smart services offered to business customers (B2B) in Spain, Germany and Brazil. The scope of this analysis differs from that of the Taxonomy report and is therefore not comparable. Differences in the scope of solutions, services, and included segments require a specific adaptation to each reporting methodology. For more information, see [“Telefónica’s Avoided emissions Methodological Framework”](#).

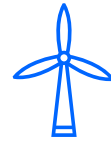
Telefónica’s strategic levers for the climate transition:



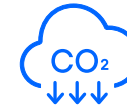
Network transformation



Decarbonisation of suppliers and customers



Energy efficiency and renewable energy



Low carbon procurement



Sustainable finance



Carbon offsetting

29%

of **company’s revenues** coming from services that help our customers **avoid CO₂ emissions**, with the majority of them resulting from their use of our fixed and mobile networks**.

Resource Efficiency

As part of our Global Environmental and Energy Policy we seek to reduce our energy consumption.

Energy

Total consumption 2025 ~ 5TWh

- **Renewable Energy Plan:** to achieve **100% consumption of renewable electricity in own facilities by 2030. Progress by 2025: 93%**
- **Energy Efficiency:** expected result of this action is the improvement of energy consumption per unit of traffic (MWh/ Petabyte) by **95% by 2030** compared to 2015. **Progress by 2025: -93%**

Renewable energy share in total energy consumption:

2022	2023	2024	2025
89%	90%	92%	93%

Water

Telefónica's water consumption **mainly comes from sanitary use** and to a lesser extent from cooling (closed loop systems).

Therefore, the discharges to the municipal sewerage system are comparable to **domestic effluents**.

Moreover, there are no discharges into freshwater or marine waterways that could cause significant harm.



