

ESG PROFILE

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INTRODUCTION: ESG AT TELEFÓNICA



New mission & Strategic Plan

Introduction



ESG at the core
of the organization



Mission

Deliver the best digital
experience to our
customers



Vision

Become a world-class European
Telco with profitable scale

STRATEGIC PLAN 2026-30



**TRANSFORM
& GROW**

Transform & Grow is our new five-year strategic plan devised to drive growth and create long-term value across our main markets (Spain, Germany, the UK and Brazil).

STRATEGIC PILLARS

1

DELIVER BEST-IN-
CLASS CUSTOMER
EXPERIENCE

2

EXPAND B2C
OFFERING

3

SCALE B2B

4

EVOLVE TECHNOLOGICAL CAPABILITIES

5

SIMPLIFY TELEFÓNICA'S OPERATING MODEL

6

DEVELOP TALENT

Telefónica's approach to ESG factors

Introduction



ESG at the core
of the organization



**ESG at the core
of our strategy**

- ESG targets linked to employees' annual variable remuneration (25%).



**Long-standing
commitment**

- Board committee dedicated to sustainability issues since 2002.
- Industry's 1st issuer of green bonds and hybrids (green & sustainable).



**Clear pathway
ahead**

- Clear ESG priorities with firm targets.



**Anticipating
regulation**

- Comprehensive Annual Sustainability Report aligned with CSRD.
- Facilitating investors' reporting disclosure requirements (e.g., SDG Impact report).



**3rd party
validations**

- 12th consecutive year on the CDP Climate A List and Supplier Engagement Leader for 7th year.
- Sector leader in the WBA Social Benchmark.
- Industry Leader in Sustainalytics.

ESG embedded within our business

Introduction



ESG at the core
of the organization

Strategy

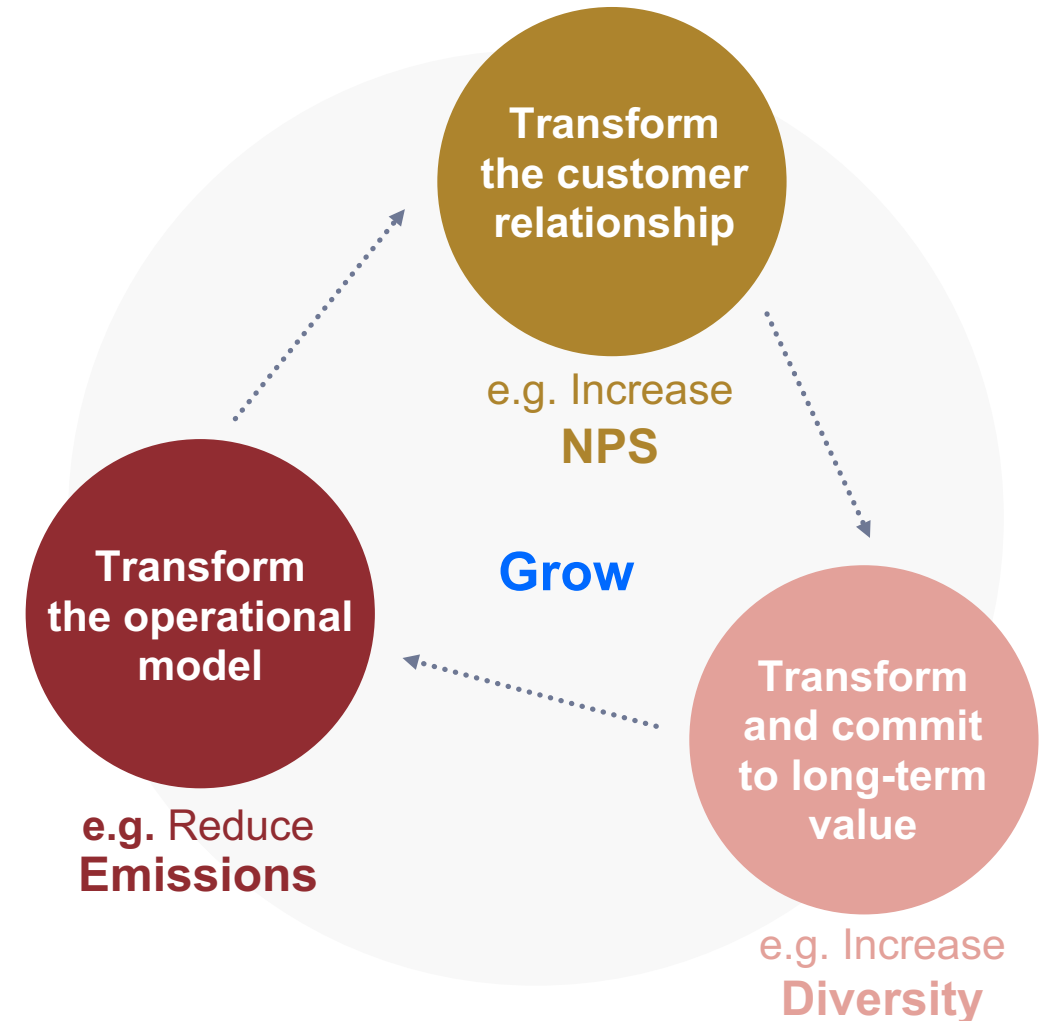
At Telefónica, sustainability drives both our transformation and our growth

Plan

2026–30 Sustainability Plan underway: focus on ESG levers which add value to the business

Business Principles

The update of our Code of Ethics and Conduct is underway

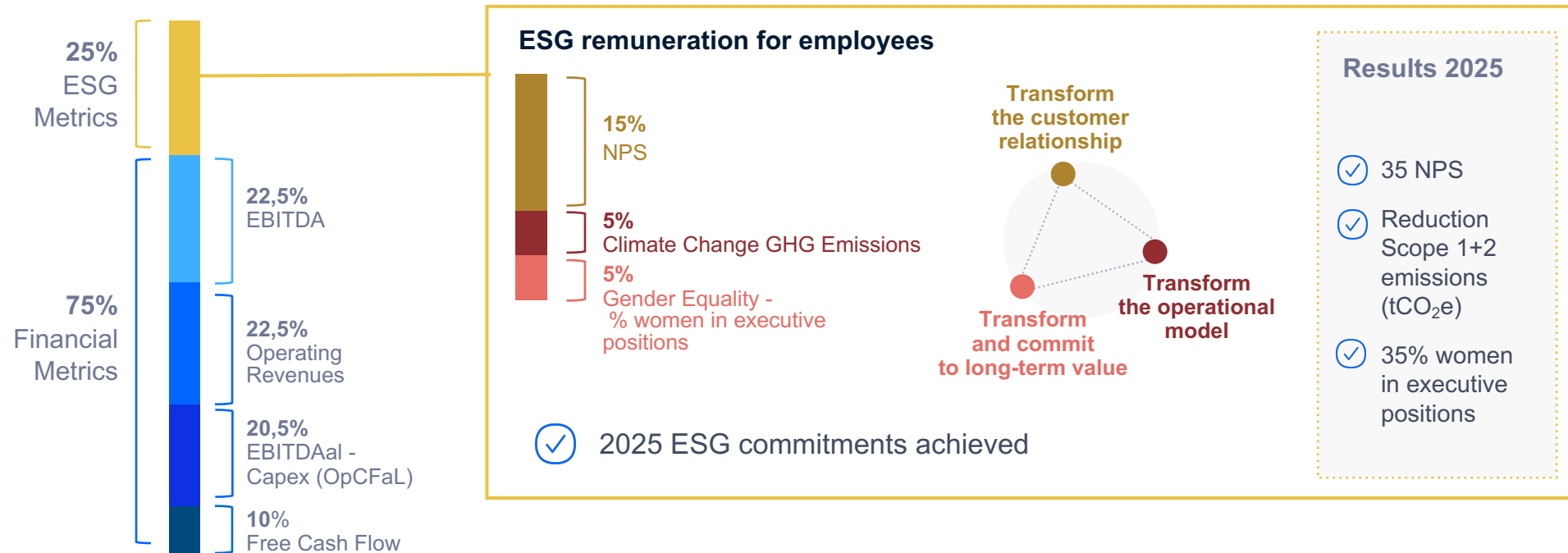


ESG targets linked to remuneration



Our effort to transform the company with an ESG lens is reflected in our remuneration structure

For all employees receiving bonus
Annual variable remuneration



Responsible business part of our 100 year history

Introduction



Long-standing
commitment to ESG



ESG across
100 years of
history



Telefónica is a pioneer in sustainable financing

Introduction

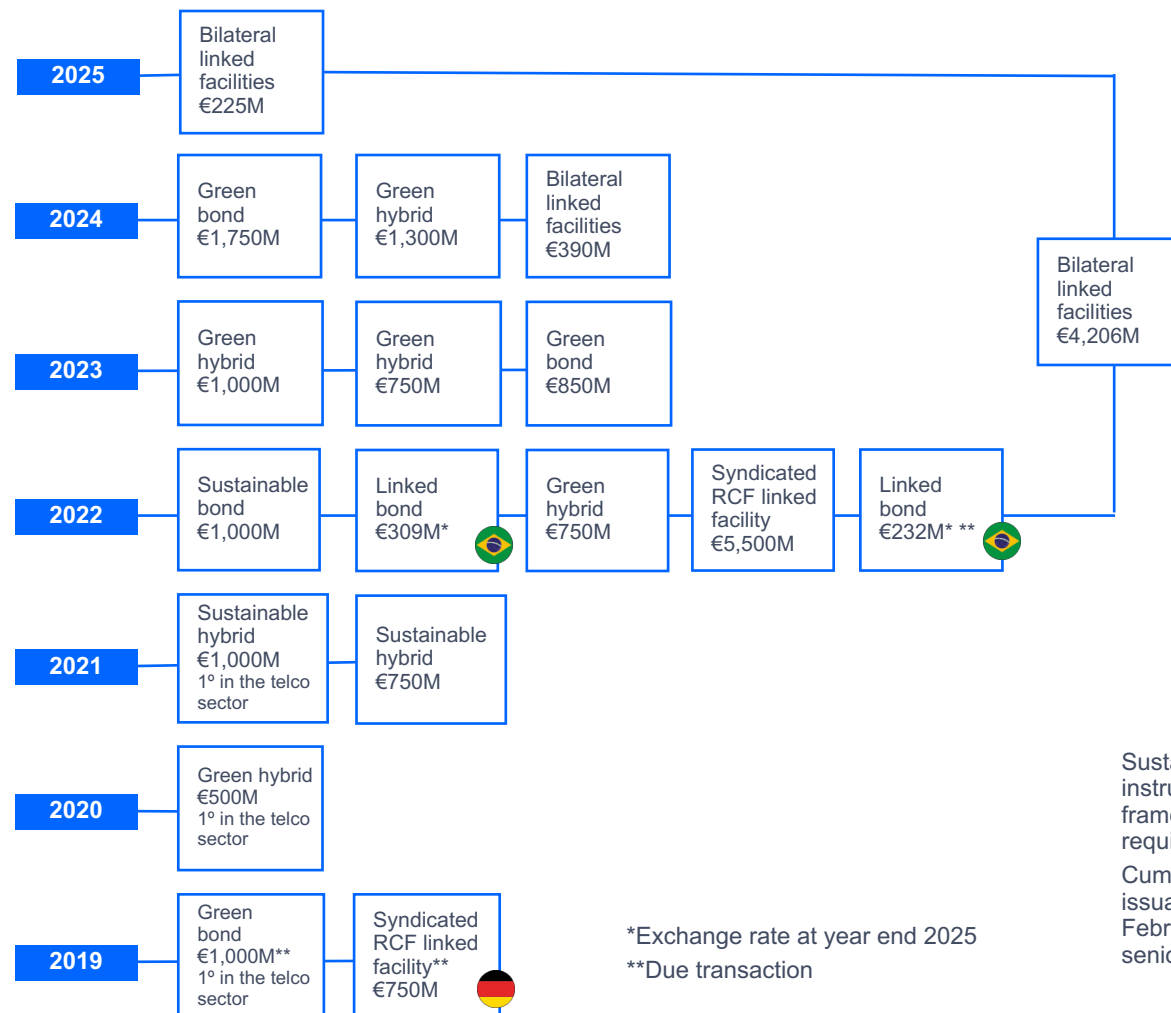


Long-standing
commitment to ESG



We achieved more than 40% of Telefónica's financing linked to sustainability criteria by the end of 2025.

Debt Issuances



*Exchange rate at year end 2025

**Due transaction

Use and impacts of proceeds

Environment



+1 million
tCO₂e avoided
since 2019

Society



+7,200
municipalities
benefited



+13 million
average number of
users benefited

Post Closing Events:

In January 2026, a green hybrid bond worth €1.75 billion and a senior green bond worth €1 billion were issued, with disbursements in January and February 2026.

Sustainable financing includes balance-sheet debt (classified as current and non-current financial liabilities), hybrids instruments and undrawn committed credit lines. Sustainable criteria defined on Telefónica's sustainable financing frameworks according to ICMA, LMA, APLMA, LSTA principles, and other ESG criteria. Not necessarily aligned with the requirements of the EU Taxonomy Regulation.

Cumulative impacts of the financing included in Telefónica's Green Financing Instruments Report 2025 and previous bond issuances whose allocation report has already been published: green bond issued in February 2019, green hybrid issued in February 2020, sustainable hybrid issued in February 2021, sustainable hybrid issued in November 2021, sustainable senior bond issued in May 2022, Telefónica's Green Financing Instruments 2023 Report, and 2024 Report.



Telefónica's ESG priorities aligned with SDGs

Building a greener future

- Minimise our environmental impact, including achieving net-zero emissions, 100% renewables and zero waste.
- Maximise our reach in providing products and services that decarbonise the economy.



Helping society thrive

- Transform the customer relationship with new offerings and opportunities through an ESG lens.
- Reduce the digital divide by connecting communities and transferring digital skills.
- Ensure an inclusive and safe workplace to attract and retain the best talent.



Leading by example

- Embed ESG across the business and our supply chain, with the topmost ethical standards.
- Ensure the security and privacy of customer data with the highest standards and processes.





Environment: Key targets & progress



Targets

2024

2025

Highlights

ENERGY & CLIMATE CHANGE

Net Zero by 2040* (SBTi validated)	Scopes 1 & 2 % emissions reduced since 2015	90% reduction by 2030	90%	91%	- We reduced scopes 1, 2 & 3 emissions by 49% in the last 10 years. - Main levers to achieve these targets: 12% reduction on energy consumption since 2015, while data traffic has increased 12x. - In 2025, 100% renewable in Europe & Brazil. 7.9 million tCO₂e avoided by renewable use since 2015.
	Scope 3 % emissions reduced since 2016	56% reduction by 2030	35%	34%	
	Renewable electricity % in own facilities	100% renewables by 2030	92%	93%	

GREEN DIGITALISATION

Development of green digital solutions	Eco Smart services	Continuing developing green digital solutions	57%	57%	57% of our B2B solutions have been verified as Eco Smart. - In 2025, we helped our customers in Spain, Germany and Brazil avoid 19.2 MtCO₂e thanks to connectivity and Eco Smart services.
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CIRCULAR ECONOMY

Zero waste by 2030	Waste management Zero waste to landfill by 2030	100% of waste reused and recycled by 2030	95%	95%	95% waste reused and recycled. This includes 69% that is recycled and 26% that is reused. The remaining 5% undergoes other treatments and disposal. - The 26% of reused material consists of more than 3 million customer premises equipment (CPE) devices, 781,822 network equipment and 357,188 mobile devices. - The total amount of reused and recycled waste includes all waste generated by the company, including electronic waste, paper, cables, batteries, and others.
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In progress to achieve climate related targets

Target achieved



Social: Key targets & progress



Targets

2024

2025

Highlights

CUSTOMERS

Customer Satisfaction	Level of customer satisfaction as measured by NPS (Net Promoter Score)	Increase NPS each year	33p ★	35p ★	NPS reached 35 points in 2025, marking an improvement of 15 points vs. 2017.
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DIGITAL INCLUSION

Digital inclusion	Connectivity % 5G SA coverage	>90% in main markets by 2030	61-97%	67%-99%	4G Coverage 98% in our four main markets. 5G Coverage: Brazil 67%, Germany 99%, Spain 95%, UK 87%. - Rural 4G: Brazil 86%, Germany >99%, Spain 95%% and UK >99%.
	Digital skills Number of beneficiaries	At least 1M beneficiaries annually	1,166,072 ★	941,887	Training in digital skills through Telefónica Fundación programmes, e.g. "42" or "Reconectados"

HUMAN CAPITAL

Employee satisfaction	eNPS Employee satisfaction	70 points annually	75p ★	73p ★	14.6 point improvement in 6 years (58.4 in 2019). - Updated target to 70p (previously 60p).
Diversity & inclusion	Women executives % women executives	37% by 2027	34.0% ★	35.3 ★	16.2% improvement in 10 years (19.1% in 2015).

HUMAN RIGHTS

Human Rights	Evaluation of 100% of our operations		100% ★	100% ★	Our Due Diligence process takes into account the new regulatory requirements.
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Governance: Key targets & progress



Targets

2024**2025**

Highlights

ESG CULTURE

Sustainable supply chain policy within procurement model	All suppliers	100%	100%	6,973 suppliers in 2025. 17,219 sustainability related administrative or on-site audits in 2025.
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PRIVACY & SECURITY

Data Privacy Position in Ranking Digital Rights	Lead the industry in digital rights	1 st	1 st	Telefónica has held the 1st position in the last four editions of the Ranking Digital Rights's index.
Data Security Number of material cybersecurity incidents	Lowest possible number of material cybersecurity incidents	0	0	0 material cybersecurity incidents.

SUSTAINABLE FINANCE

Sustainable finance strategy % total financing linked to sustainable criteria ⁽¹⁾	Pioneers in sustainable financing	37.4%	40.7%*	3.3 p.p. increase of financing linked to sustainability criteria vs. 2024.
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*Value reflects the Group perimeter at year-end 2025, including Colombia (in the process of discontinuation as of the end of FY 2025)

(1) Sustainable financing includes balance-sheet debt (classified as current and non-current financial liabilities), hybrids instruments and undrawn committed credit lines

Anticipating investors' EU regulatory needs

Introduction



Well prepared
for upcoming regulation

We map our **sustainability performance against investor requirements** under the EU's Sustainable Finance Action Plan, demonstrating how **Telefónica** can match investors' needs in complying with **Art. 8 & 9 SFDR fund requirements** and the **ESMA Guidelines on funds' names using ESG or sustainability-related terms** ⁽¹⁾

1

Taxonomy, Eligibility & Alignment

- ✓ FY2025 marked our first taxonomy reporting under the new Omnibus Delegated Regulation.
- ✓ Eligibility and alignment increased, driven mainly by the inclusion of shared network infrastructures under activity 5.5.
- ✓ Taxonomy-aligned revenues grew significantly, reaching **6.9%** (+3.1 p.p.), while eligible CapEx rose to **24.8%** (+17.4 p.p.).

- ✓ Telefónica, representing the sector, was selected as a **member of the European Commission's Sustainable Finance Platform**.
- ✓ After two years of proactive dialogue with DG CONNECT, the **Code of Conduct (CoC)** for the sustainability of telecommunications networks was published on January 2026.

2

Going beyond with positive impact

We are well suited to meet the **Art. 8 & 9 funds' criteria**:

- ✓ Our Business, and Environmental & Social practices, lead to substantial net-positive **SDG impacts** (quantified at >€100bn p.a since 2019)⁽²⁾.

- ✓ Telefónica consistently achieves scores above industry averages in **ESG ratings**.

3

Ahead of the regulatory curve

Telefónica has consistently been one step ahead of regulatory requirements:

- ✓ **Reporting under CSRD**, although legally there is no obligation (pending transposition into Spanish law).

- ✓ **Due Diligence** process implemented in all our operations.

(1) Telefónica's activities are not part of the EU Paris Aligned Benchmark and EU Climate Transition Benchmark exclusions.

(2) Please see further information in Annex I and Telefónica's Impact Report ([link to website](#)).

The double materiality analysis process 2025

Introduction



Well prepared
for upcoming regulation

Inputs

Value chain: definition of the stages of the TEF value chain, the activities in each of them, the agents involved, P&S offered and main geographies.

Affected stakeholders: integration of the expectations of the different stakeholders and users of TEF information.

01 Context analysis

Based on the list of issues considered in the CSRD, an **exhaustive analysis of external and internal sources** has been carried out to determine the topics applicable to TEF, including sector-specific topics and excluding issues that are not applicable due to the Company's business model and value chain.

Output: list of potentially material topics and subtopics to be considered.

02 Identification and assessment of IROs

Identification and assessment of IROs (**positive/negative impacts, risks and opportunities**) together with the management areas for each of the topics considered potentially material. It includes details of the actors involved, the stage of the value chain, main geographies or stakeholders affected, among others.

Output: list of IROs identified and assessed.

03 Consolidation of assessments

Normalization of the results and consolidation of the IRO assessments in the double materiality tool. Setting of financial and impact **materiality thresholds** to determine material topics and significant IROs.

Output: material standards, subtopics and sub-sub-topics and their significant IROs.

04 Results and validation of double materiality

The final materiality results are obtained, which make it possible to **determine TEF's disclosure requirements**. Following this, **validation** at the highest level and verification of the process by external auditors.

Output: verified and validated 2025 TEF double materiality analysis

CSRD Report Structure

Introduction



Well prepared
for upcoming regulation

Thematic and Material issues following Telefónica's double materiality analysis:

ESRS E1 - Climate Change

Climate change adaptation

Climate change mitigation

Energy

ESRS E5 - Resource use and circular economy

Resource inputs, including resource use

Resource outflows related to products and services

Waste

ESRS S1 – Own workforce

Working conditions

- Secure employment
- Working time
- Adequate wages
- Social dialogue
- Work-life balance
- Health and safety

Equal treatment and opportunities for all

- Training and skills development
- Gender equality and equal pay for work of equal value
- Diversity

Other work-related rights

- Privacy

ESRS S2 – Workers in the value chain

Working conditions

- Secure employment
- Working time
- Adequate wages
- Freedom of association
- Collective bargaining
- Health and safety

Other work-related rights

- Child labour
- Forced labour
- Privacy

ESRS S4 – Consumers and end-users

Impacts related to information for consumers or end-users

- Privacy

Personal safety of consumers and/or end-users

- Protection of children

Social inclusion of consumers or end-users

- Access to products and services

ESRS G1 – Business conduct

Corporate culture

Management of relationships with suppliers

Corruption and bribery

- Prevention and detection, including training
- Incidents

Network and data security¹

- Cybersecurity
- Operational security

1. Topic included by Telefónica.



Our performance is validated by leading rankings

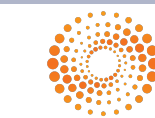
Ratings & Rankings



Ranked in Top 10 of Time Magazine's World's Most Sustainable Companies

Accountability & Transparency

Climate targets validated by SBTi¹



REUTERS
Sustainability
Awards 2024

World's Most Sustainable Companies of 2025
Time & Statista

1) Discover our climate targets validated by SBTi on page 12.

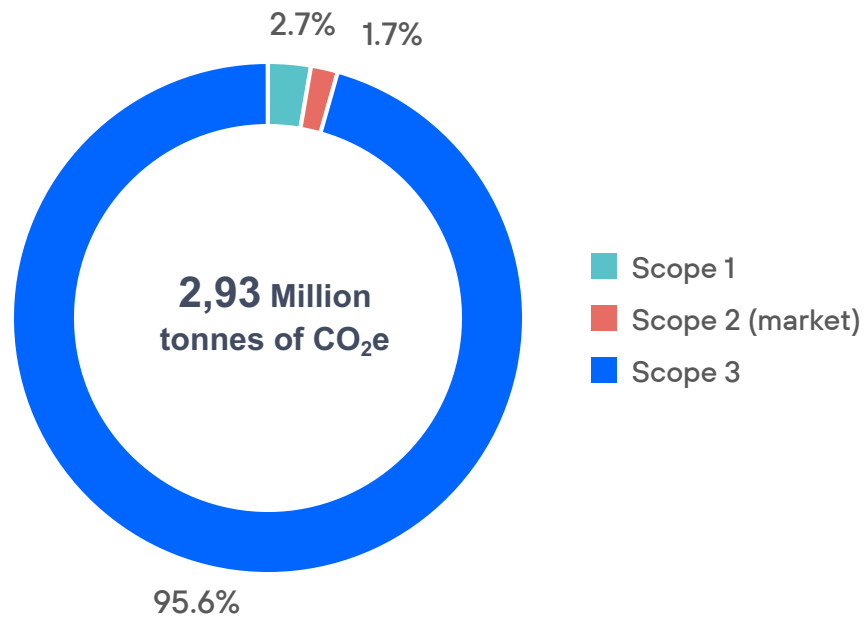
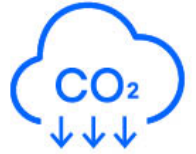
E: BUILDING A GREENER FUTURE

Telefónica's environmental policies have led the sector for many years. Our digital solutions are helping to decarbonise the economy.

- ✓ Energy and climate change
 - Telefónica decarbonisation roadmap
 - Energy
- ✓ Connectivity & digital solutions for a green transition
- ✓ Circular economy
- ✓ Biodiversity



Our Climate Impact: Telefónica's GHG Emissions



Scope 1

Greenhouse gases emitted **from sources owned or controlled directly**. Emissions are derived from two main sources: fuel consumption (fleet and operations) and fugitive emissions of fluorinated gases (e.g. refrigerant gases from cooling equipment).

Scope 2

These are **indirect emissions resulting from the generation of purchased energy**, such as electricity, steam, heating, or cooling consumed by the organisation.

Scope 3

Indirect emissions that occur in the organization's **value chain** but are not covered in Scope 2. These emissions include both **upstream** (i.e. suppliers) and **downstream** (i.e. customers) and are the largest and most challenging scope to measure and reduce because they involve emissions from activities not directly controlled by the company.

Decarbonisation Plan: Targets & progress so far

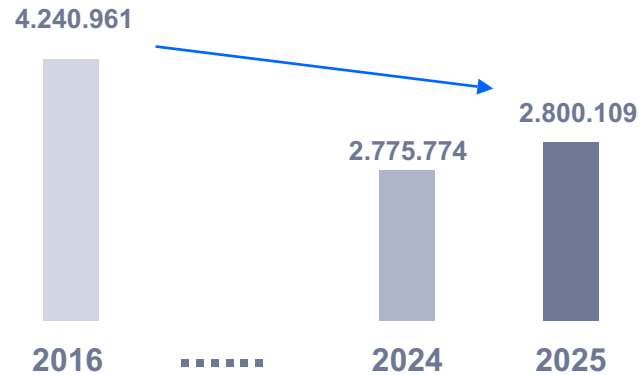
In order to reach our short and long-term climate targets, we implemented a Climate Action Plan that goes beyond the Paris Agreement and aims to limit the temperature increase to 1.5°C above pre-industrial levels.

		Target	Target KPI	2025 Progress	Key messages
Operational emissions		-90%	Scope 1 & 2 emissions reduction by 2030 compared to 2015.	(91%)	- Scope 1 emissions dropped by 64% compared to 2015. - Scope 2 emissions dropped by 96% compared to 2015.
Value chain emissions		-56%	Scope 3 reduction emissions by 2030 compared to 2016.	(34%)	In 2025, Telefónica has further implemented supplier engagement initiatives to reduce its 75% of Scope 3 emissions stemming from the supply chain.(more info) 
Neutralisation		100%	Offsetting of unabated Scope 1 & 2 emissions in key markets ⁽¹⁾ from 2025 onwards.	100%	48,395 tCO₂e carbon credits cancelled in 2025. 100% nature based projects (biogenic sinks). 62% of credit portfolio comes from carbon removal projects - These actions help to mitigate climate change (BVCM) in a quantity equivalent to 100% of Scopes 1&2 emissions of Telefónica's key markets.

(1) Key markets mean telecommunication operations in Germany, Brazil and Spain.

Decarbonisation Plan: Scope 3 Initiatives

Scope 3 emissions

tCO₂e

Scope 3 emissions in 2025 (significant categories)



Engagement initiatives with suppliers

Purchased goods and services & Capital Goods



Priority group 1

Carbon Reduction Programme (CRP)

Collaboration in the sector with common suppliers. Life cycle analysis of carbon intensive P&S and action plan to reduce associated emissions at the P&S level.

Priority group 2

SBTi Requirement (Science Based Target initiative)

Requirement for key suppliers to establish and validate emissions reduction objectives through the SBTi initiative.

Priority group 3

SCDP Supply Chain Campaign and Supplier Engagement Programme (SEP)

Invitation to strategic suppliers to report on their climate change strategy/actions through CDP Supply Chain. Tool and maturity model is used to evaluate the suppliers' climate strategy based on information provided. Capacity-building and support is offered to improve suppliers' maturity levels based on a pledge model.

All suppliers

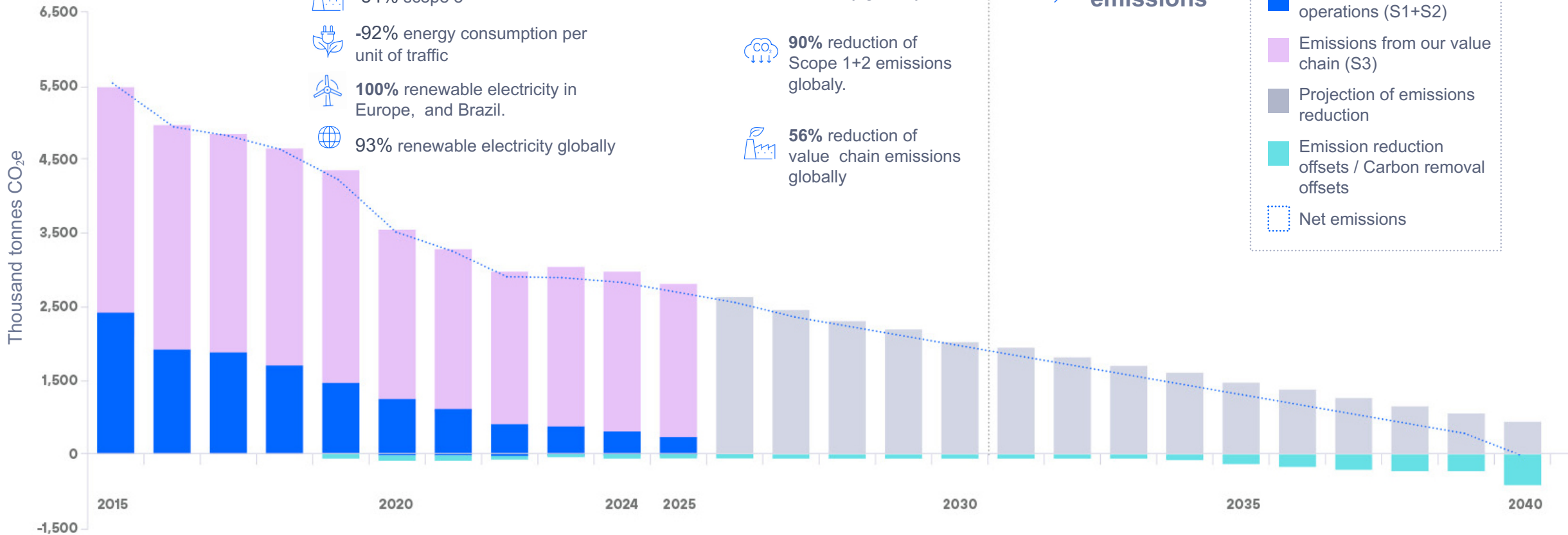
Sustainability in the Supply Chain Policy

Compliance with environmental criteria (reduction of emissions, etc.)

Pathway to Net-zero by 2040

Milestones 2015 - 2025

-  -64% scope 1 and -96% scope 2 emissions
-  -34% scope 3
-  -92% energy consumption per unit of traffic
-  100% renewable electricity in Europe, and Brazil.
-  93% renewable electricity globally



Medium-term targets

-  100% renewable electricity globally.
-  90% reduction of Scope 1+2 emissions globally.
-  56% reduction of value chain emissions globally

Long-term targets



Net zero emissions

-  Emissions from our operations (S1+S2)
-  Emissions from our value chain (S3)
-  Projection of emissions reduction
-  Emission reduction offsets / Carbon removal offsets
-  Net emissions

- Carbon offsetting stands for offsets that represent avoided or reduced emissions. At Telefónica, we are using carbon credits to reduce emissions from deforestation and forest degradation, which ensure the protection and conservation of forests (REDD+)
- Carbon neutralisation stands for offsets that represent carbon removed from the atmosphere and permanently stored. At Telefónica, we are using carbon credits from natural solutions, such as afforestation, reforestation and restoration projects (ARR), which promote forestation and thereby absorb carbon.

Energy: Targets & Progress so far

Our Energy Efficiency and Renewable Energy Plans include a wide range of initiatives aimed at reducing our own emissions (Scopes 1 & 2).

		Target	Target KPI	2025 Progress	Key messages
Energy Efficiency		95%	Reduction in energy use per traffic unit (MWh/PB) by 2030 vs 2015.	• 92% ⁽¹⁾	- Energy consumption per unit of traffic in 2025 was 29 MWh/Petabyte, compared to 38 MWh/PetaByte in 2024. This ratio has improved by 92% compared to 2015. - All our operators have externally certified Environmental Management Systems (ISO 14001). Moreover, we maintain our Energy Management Systems (ISO 50001) certifications, for our operations in Spain, Germany and Brazil (two operational centres).
Renewable Electricity		100%	Electricity from renewable sources in own facilities by 2030.	93%	- In 2025 we increased renewable electricity by 1% compared to previous year (92% in 2024). 41% of our renewable electricity consumption came from power purchase agreements (PPAs).

(1) Our total energy consumption was 6,059 GWh, of which 95% was electricity and 5% was fuel.

Connectivity & digital solutions for the Green Transition

We offer services that have the potential to generate environmental benefits by reducing the consumption of energy and water and the emission of CO₂ and boosting the circular economy. In this regard, our portfolio of Eco Smart services, verified by AENOR (an independent certifier), identifies those solutions that have the potential to make a positive contribution to the environment when used by our customers.

Eco Smart Services

57% of our B2B services have been verified as **Eco Smart** by AENOR.

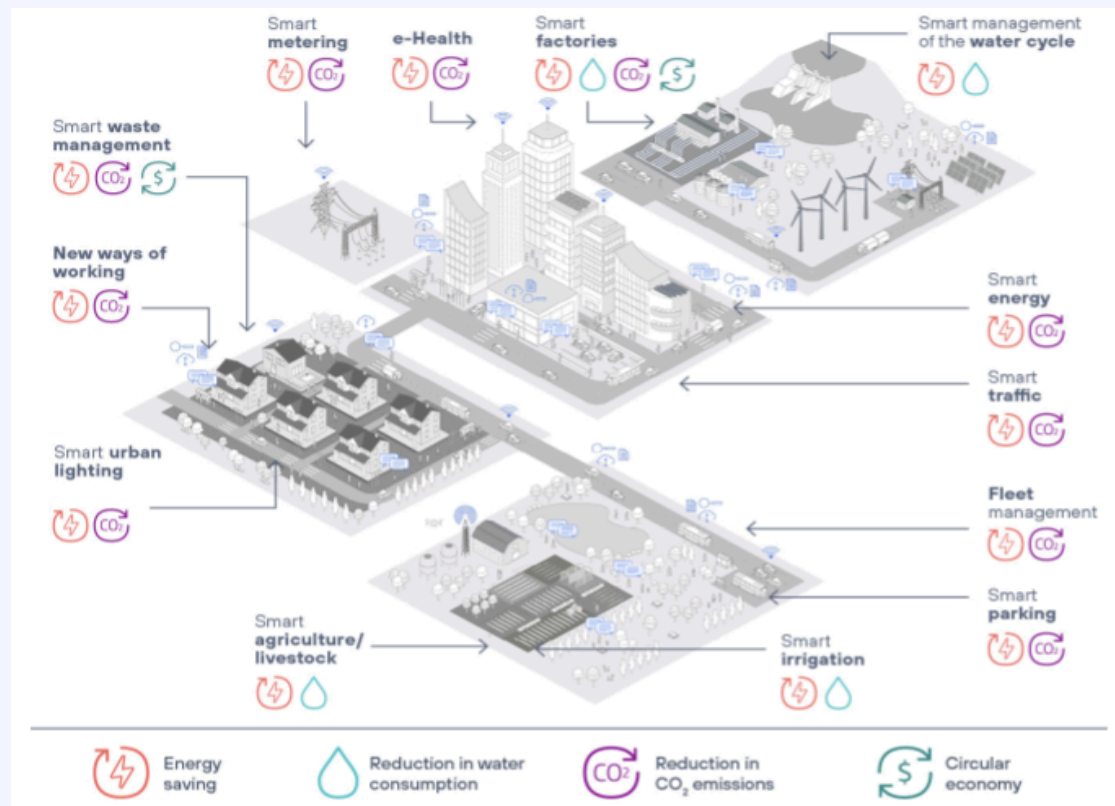


Customers' emissions avoided through digitalisation

Telefónica estimates that its Eco Smart and connectivity services helped customers in Spain, Brazil and Germany avoid the emission of 19.2 million tonnes of CO₂e in 2025 (17.4 million tonnes in 2024).



Digital solutions for environmental challenges

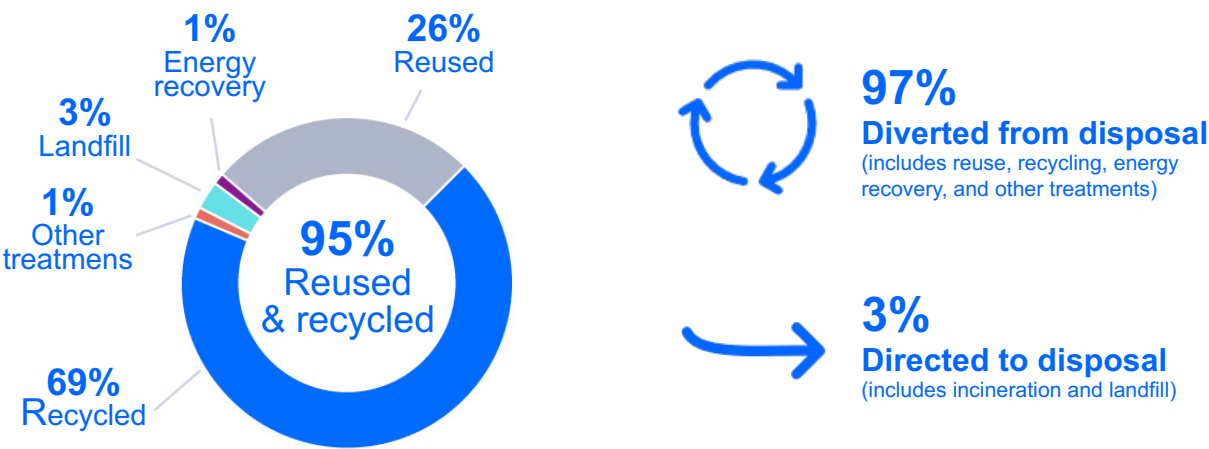


Zero Waste 2030: Creating value through circularity

Promoting the circular economy in the transformation of our network by prioritising the reuse of electronic equipment and, where this is not possible, extracting value from materials through recycling.

Total waste generated (%)

E.g.: Cables, electronic equipment (WEEE), batteries, C&D waste, paper and others.



Electronic equipment (%)

Only electronic equipment waste (WEEE)

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

	GSMA sectoral commitment		2025 Progress	
Collected mobile devices	20%	% Used mobile devices taken back over total new devices sold/ distributed through own channels by 2030	15%	In 2025 we collected 95t of mobile devices, 15% of the total devices distributed.
Zero mobile device waste to landfill	100%	% Reused and recycled mobile devices collected by 2030	100%	We reused and recycled 99,9% of the total mobile devices collected.
Zero network equipment waste to landfill	100%	% Network equipment reused and recycled by 2025	100%	We reused and recycled 99,9% of the total network equipment collected.

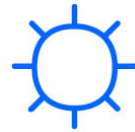
Protecting and conserving biodiversity



95%

of Telefónica Group's assets are located in non-sensitive sites (habitats with medium, low, very low or no sensitivity biodiversity value).

Our fundamental aim is to manage all natural resources efficiently:



Identify and assess **nature-related dependencies, impacts, risks and opportunities** (direct operations & value chain) aligned with TNFD (Taskforce on Nature-related Financial Disclosures).



Apply mitigation hierarchy (avoid, mitigate, restore and offset) in relation to priority areas on biodiversity.



Identify potential environmental impacts of telecommunications networks prior to deployment through mandatory **environmental impact assessment** processes.



Use nature-based solutions for **offsetting** our unabated carbon emissions (nature co-benefits).

S: HELPING SOCIETY TO THRIVE

Telefónica is enabling an inclusive digital transition. Our human capital management aims to attract and retain the best talent.

- ✓ Human capital
 - Targets, progress and key information
 - Diversity & inclusion
- ✓ Digital inclusion
- ✓ Human rights
- ✓ Customer relationship
- ✓ Sustainable products & services
- ✓ Contribution and impact on society



Human Capital: Targets, Progress and Key information

		Target	Target KPI	2025 Progress	Key messages
Overall motivation		70 annually	Employee Net Promoter Score	73 	14.6 point improvement in 6 years (58.4 in 2019).
Women executives		37%	% of women executives by 2027.	35.3 	- Programmes to accelerate female employee careers and attract female talent. - Commitment to gender equality recognized by Forbes World's Top Companies for Women.
Adjusted gender pay gap		±1%	Adjusted gender pay gap by 2028 (maintained annually until 2030).	1.23%	- Decrease from 1.30% in 2024. - This objective replaces the previous 2024–26 target and is based on an updated calculation methodology.
Health and safety		N.A.	Our health and safety strategy is aimed at ensuring a zero-accident work environment.	0.34	- The accident frequency rate decreased from 0.51 in 2024. - The occupational health and safety management system helps reducing work-related incidents (96% employees covered in 2025).
Training & development		N.A.	To reduce the skills and profiles gap in the workforce identified through the Skills Workforce Planning process.	76%	- Employees invested in learning and developing new skills. - Skills Workforce Planning has identified an increase in the demand for technical skills within the workforce: ambitious employee training and reskilling programs.
Social dialogue		N.A.	Objectives, specific metrics, methodologies, and monitoring mechanisms are defined locally.	76.85%	- Employees covered by collective bargaining agreements. - As a minimum, actions include fostering ongoing dialogue through meetings of joint committees, the negotiation of collective bargaining agreements, or their corresponding extensions.

Target achieved 

Human capital: Diversity & Inclusion

Female talent



Examples of Initiatives during 2025:

- Spain: female talent acceleration and development programs.
- Brazil: Women in Leadership, Leaders Academy, Women in Technical Fields project, Lean Six Sigma and Explore+ programs.

People with disabilities



- Training & recruitment of candidates for tech roles with specialist partners.
- Ensuring workplace accessibility.
- Trainings and awareness campaigns.
- Commitments through The Valuable 500 initiative.

Ethnic and cultural diversity



Initiatives to raise awareness, attract talent and promote leadership from the global majority. Indicators and targets associated (UK & Brazil), including the ethnic pay gap (UK).

Promote development of employees with migrant background (Germany).



LGBTI+

- Signatories of the UN Standards of Conduct for Business to protect the rights of LGBTI+.
- Employee Resource Groups, partnerships with external organizations and voluntary self-identification surveys to support the inclusion of LGBTI+ professionals.
- Development and wellbeing of transgender talent (transitioning toolkit, employability workshops) and commitments to attract talent in Brasil.



Age

Initiatives throughout the company to promote generational diversity (e.g., Talentum program to attract young talent in Spain).

Digital inclusion



Inclusive access

- **Connectivity:** Access to broadband communication networks.

70m premises passed by Fibre To The Home (FTTH)*

98% population has access to our 4G/LTE mobile coverage.*

85.5% Brazil	population in rural areas has access to our 4G mobile coverage:
99.6% Germany	
95.0% Spain	
99.8% UK	

67.4% Brazil	population with access to our 5G mobile coverage
98.6% Germany	
94.6% Spain	
86.8% UK	

- **Accessibility:** Digital services as a key tool for improving the lives of people with disabilities.
- **Affordability:** Contributing to Universal Service Funds and providing affordable tariffs.



Digital skills

Training in digital skills via Fundación Telefónica:

- Basic digital skills (e.g. Reconectados).
- Intermediate digital skills (e.g. Conecta Empleo).
- Employability and training in advanced digital skills (e.g. Campus 42).

0.94m

people have been trained in intermediate or higher digital skills training to improve employability.

PROGRAMA DE FORMACIÓN DIGITAL
CONECTA EMPLEO



Safe & responsible use of technology

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



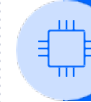
¿Cómo impacta la IA en la vida familiar?



[More information](#)



[More information in the Digital Inclusion Report](#)



Innovation, AI and relevant services

- Developing new solutions and innovative services that can improve people's lives
- ESG verticals: e.g., renewables (Solar360 in Spain), eHealth, circularity, cybersecurity
- Artificial intelligence: Our Artificial Intelligence Principles (AI code of conduct) were first published in 2018. Since 2023, we have a Governance Model on Artificial Intelligence.



[More information](#)

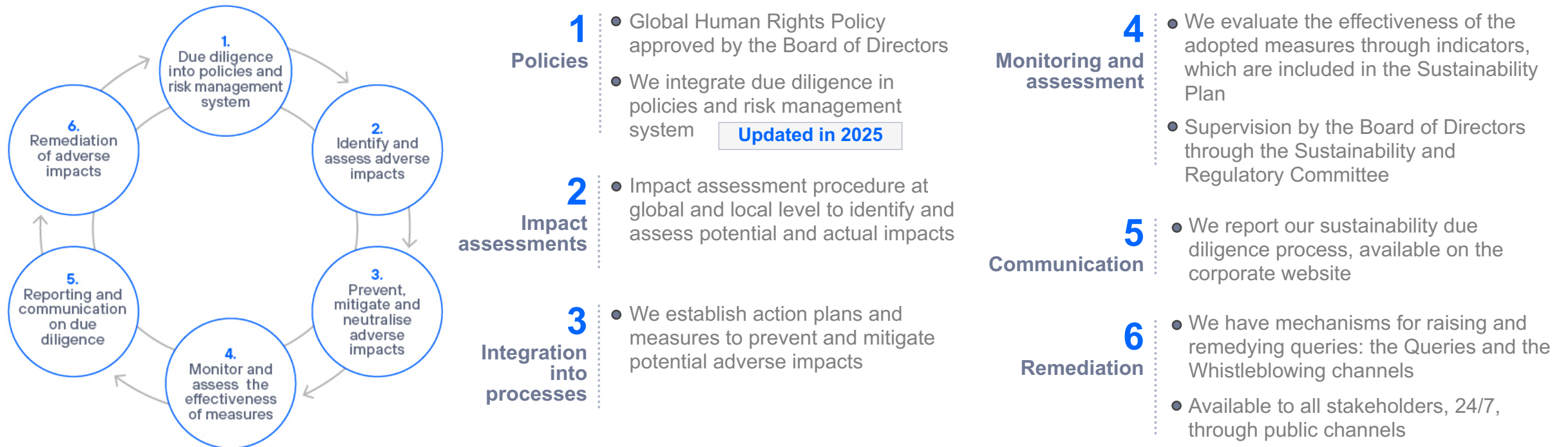


*In our main four markets. 63M premises passed and 98% 4G coverage without UK.

Human Rights: Due Diligence process

		Target	Target KPI	2025 Progress	Key messages
Human rights impact assessment		100%	% of our operations assessed on human rights	100%	• Annual impact assessments are the backbone of our Due Diligence process. They focus on the identification and evaluation of adverse impacts across the value chain.

Due Diligence process to take into account the new regulatory requirements, following a six-step process:



Sustainable Products & Services: key to our growth strategy

We develop innovative solutions to help our customers transition to more sustainable and competitive business models

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

Ethical principles in AI (updated in 2024)



SUSTAINABILITY APPLIED TO DESIGN

Accessibility

Accessibility in products and channels

Environment

Environmental criteria for electronic equipment

ESG portfolio

ESG solutions to help our customers



E-Health services

Cyber-security

57% of the B2B portfolio has an Eco Smart seal

Other commercial P&S with impact



Renewable energy

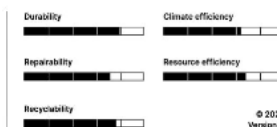


Refurbished terminals

Eco Rating

Measuring the environmental impact of mobile phones throughout their life cycle.

Eco Rating
77/100



Sustainable innovation

- 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
- > 10 years investing in innovative startups
- 1,208 startups invested in through direct investment and funds
- 963 startups directly invested
- 263 startups invested in through funds

W wayra
Telefónica Innovation

Responsible ESG communication

We work to ensure that our communications to customers comply with ESG principles.

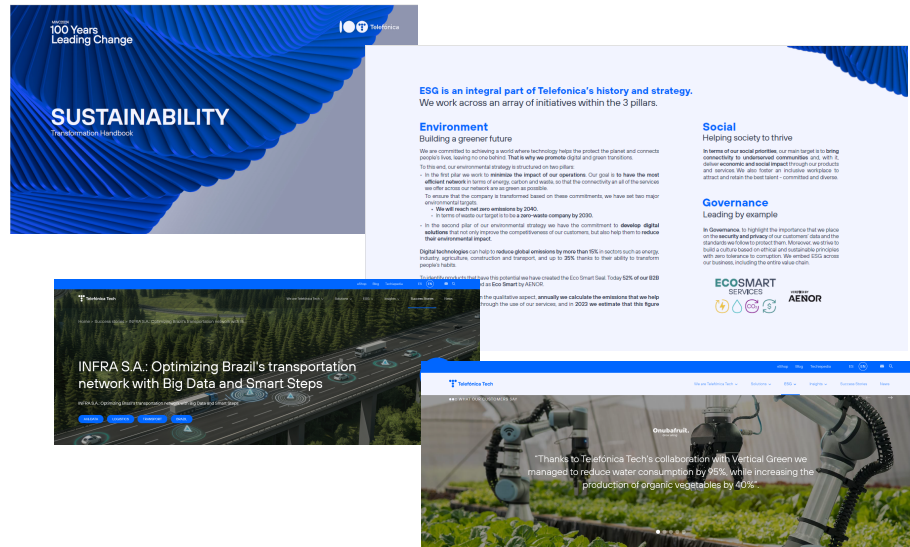
In 2022 we joined the **Planet Pledge** initiative committing to training our teams to avoid greenwashing and to promote responsible consumption among our customers .



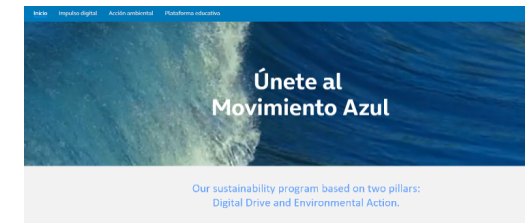
Key activities:

- Training to marketing, comms, events & sponsorship employees to help them identify and reduce the environmental impact of their projects.
- Guidelines to detect and avoid greenwashing.

B2B ESG arguments in the value proposition of our B2B products and services and customer success stories



B2C We show how **technology** can transform everyday life by offering solutions and tools so that we can all be **part of the change**



Digital impulse

We bring digitalisation closer to everyone, leaving no-one behind. We offer tools to enjoy technology in a healthy, responsible and safe way



Environmental action

We promote connectivity and digitalisation. We innovate and develop solutions that protect the planet and help us be more sustainable in our day-to-day

Enhance Customer Experience to gain customer trust

Customer Service and experience

Through our communication channels we collect customer information to:

Respond to
customers
requests

✓ **Close the loop** management program to solve queries, involving the entire organisation, to turn dissatisfied customers into fans.

Gather their
concerns to
improve our
processes

✓ **Voice of customer** main source to understand customers' needs, improve products and services offer, transform processes to make them agile and easy, develop the network they need and protecting their data security and privacy.

Evaluate
performance with
satisfaction
surveys

✓ **Monitoring**

- Products and services
- Interactions
- Overall experience with Telefónica

Some figures



71% reversal rate, turning dissatisfied large enterprise customers into satisfied ones.
Over 170 measurement points, with **76% of touchpoints** receiving more positive than negative evaluations.



Customer Experience Maturity Model, to elevate our networks, operations, and the way we engage with customers to an advanced level of Customer Experience.

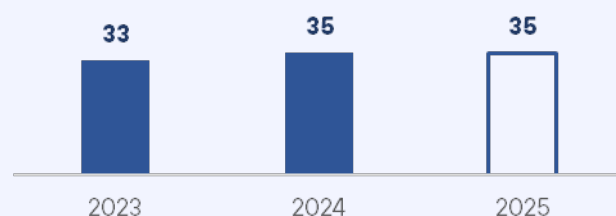


In **Spain**, is considered a product that meets customer expectations if it achieves **over 80% in Health Customer Index**.

Customer Satisfaction

Keeping on the growth path started in 2017

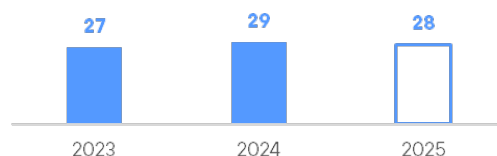
NPS



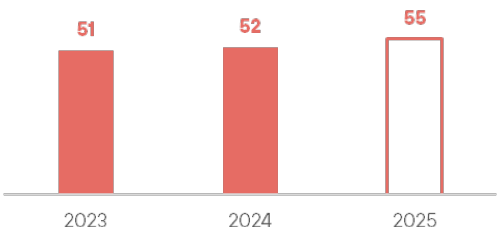
Our customers satisfaction, in terms of recommendation, has **increased 15 points** since 2017.

Overall NPS by segments and main indicators

B2C



B2B



Network perception

Measuring customer perception of our future-proof, reliable, resilient and secure network.

Customer effort

Our customers are increasingly demanding in digital channels and value traditional channels positively.

Continuity

Asking our customers about the willingness of staying with us in the coming months.

All showed data considers the 2025 perimeter: Spain, Brazil, Germany, Chile, Colombia, Mexico and Venezuela.

*** Clasificado CORPORATIVO por TELEFÓNICA. *** Classified CORPORATE by TELEFÓNICA.

*** Classificado como CORPORATIVO pela TELEFÓNICA. *** Von TELEFÓNICA als UNTERNEHMENSINTERN eingestuft.

Contribution and impact on societies

Since 2018, we have been measuring our impact and our contribution to the main SDGs in order to better integrate this into the organisation's decision-making models.

We follow the guidelines of:

- Harvard Business School (HBS).
- Value Balancing Alliance (VBA).
- World Business Council for Sustainable Development (WBCSD).
- Capitals Coalition.

See [full report*](#)

~€78bn socio-economic contribution

Impacts aligned with the Sustainable Development Goals



G: LEADING BY EXAMPLE

Telefónica maintains strict levels of governance oversight through policies, personnel, and programmes.

- ✓ Corporate governance
- ✓ Privacy & Security
- ✓ Culture based on ethics
- ✓ Managing a responsible supply chain



Corporate Governance: A balanced and diverse Board



46.67%

Women on the Board of Directors



15

Members on the Board of Directors

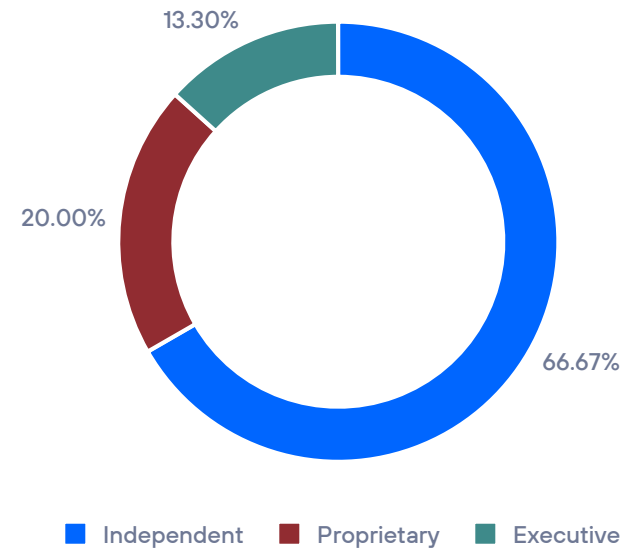


66.67%

Independent Directors

Lead independent Director

Board composition



International Diversity

Nationality

Spanish		10
Brazilian		2
Austrian		1
Saudi		1
UK		1

Data as of April 13, 2026

Corporate Governance: Active Board oversight

The Board continuously analyses the main strategic issues facing Telefónica.

Board meets *once*
every month

Executive
Commission meets
twice every month

Board Annual
Strategic Off-site

Board Committees
meet *once* every
month

Board oversight of Strategy

- ✓ The Board is responsible for approving Telefónica's Strategic Business Plan
- ✓ The Executive Commission (E) supports the Board in analysing Telefónica's global strategy policy
- ✓ The Board is informed monthly of the matters discussed by the Board Committees, which includes the global strategic policy, and receives updates from management on strategic issues including among others:

Human Capital Management
Initiatives and Plans

Updates on Transformation
programme

ESG Landscape
and Sustainability Plan

Strategic Portfolio Analysis

Board oversight of Sustainability Plan

Approval

Responsible Business
Principles

Ethical Framework

+

Sustainability Plan

Roadmap for
Sustainability

+

Main Sustainability Policies

Supervision

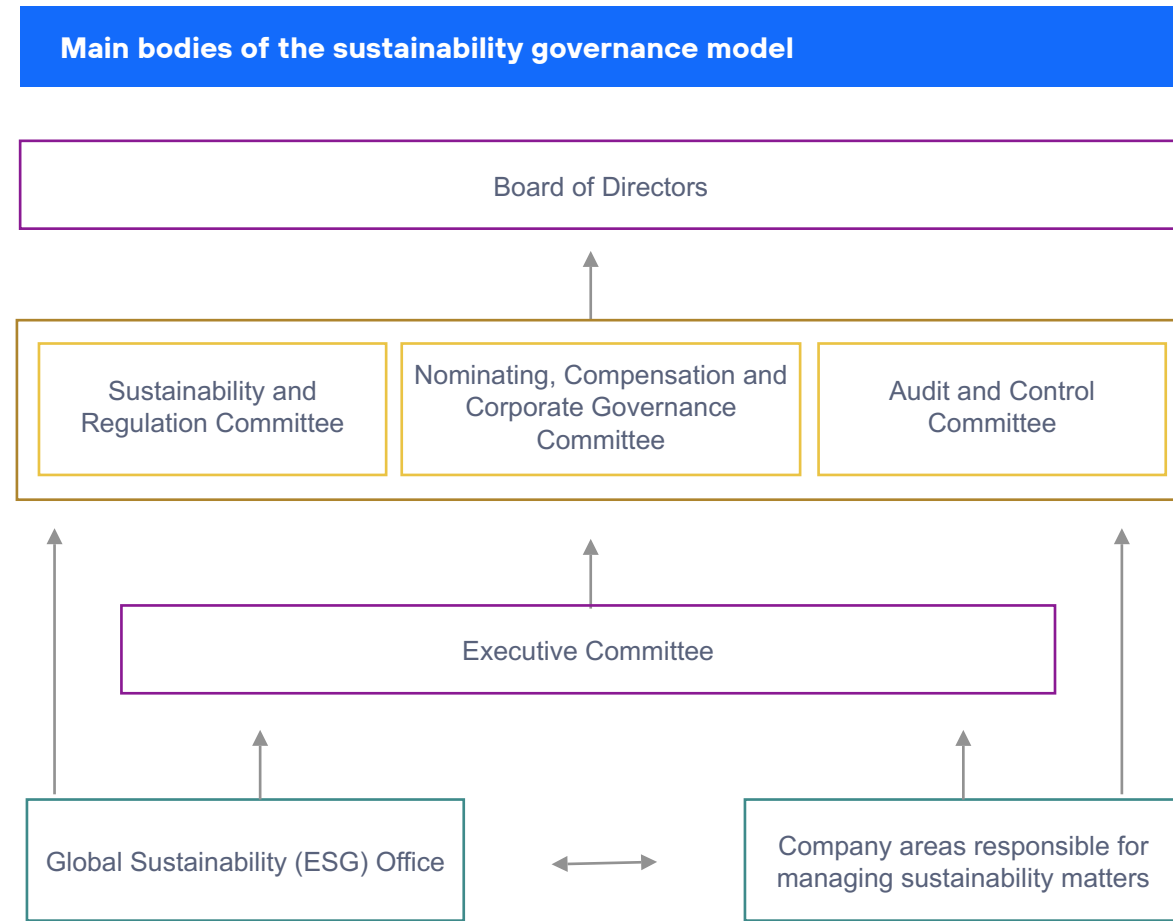
Sustainability and
Regulation Committee

Audit and Control
Committee

Nominating, Compensation and
Corporate Governance Committee

Corporate Governance: Sustainability Management

Various governance and management bodies involved in sustainability management



Board of Directors

> Approves the **Responsible Business Principles**, the **Sustainability Plan** and the **relevant ESG policies and regulations**, including the **Climate Action Plan**.

Sustainability and Regulation Committee

> It **oversees implementation of the Sustainability Plan** at its monthly meetings, among other tasks.

Nominating, Compensation and Corporate Governance Committee

> Oversees the **variable remuneration system**, which includes **sustainability-related targets**, among other things.

Audit and Control Committee

> Oversees certain matters related to **sustainability information**, **regulatory compliance**, the **risk analysis and management process** and the Company's **reporting processes**.

Executive Committee

> **Monitors the business and the Sustainability Plan** and the sustainability-linked performance objectives set (including those relating to remuneration), among other things.

Global Sustainability (ESG) Office

> Monitors and coordinates, among others, the **sustainability strategy** (Sustainability Plan), **double materiality analysis**, **sustainable governance and culture**, the **environment**, **human rights**, **due diligence in the value chain**, **customer responsibility** and **sustainable interaction with other stakeholders such as analysts or investors**.

Company areas responsible for managing sustainability matters

> Undertake the **implementation of the objectives of the Sustainability Plan**.

Privacy and Security

Privacy and Security is fundamental to our business. Our priority is to generate a relationship of trust with all those with whom we work.



Protection

Data must be secure and individuals' privacy must be preserved. This is the foundation of our business and our primary consideration when designing our services and collaborating with third parties.



Design

We prioritise privacy from the very beginning, embedding it into the foundation of our products and services. This ensures that privacy is maintained at every stage of development and throughout the lifecycle of our offerings.



Empowerment

Individuals should have full control over their personal data. This means giving them access to their information, as well as insights into the associated risks and benefits of managing it.



Transparency

The principle of transparency is about both providing people with straightforward tools that allow them to control their data and having the technological development needed to generate maximum respect for privacy and information security.

Actions in 2025



Privacy teams receive specialised **training** and participate in ongoing **development programs**. All employees receive training aimed to understand and apply fundamental privacy and BCRs principles.



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



Leading telco in Ranking Digital Rights index and the Digital Inclusion Benchmark

Data privacy: performance, internal controls and main targets

In order to reduce risk exposure and increase digital trust, Telefónica complies with the "**Data minimisation**" principle of the General Data Protection Regulation (GDPR), to **obtain, process and store** only the personal data that is **necessary** and to do so only for a **specified time**. We have established policies and guidelines on the **storage and deletion of data** in the Transparency Centres of the Group's operators.

Our data privacy performance in 2025

- Update the **Group's Privacy Policy**, that adheres to the principles of lawfulness, transparency, commitment to data subject rights, security, and storage limitation; and incorporates BCRs
- Implement the **AI Governance Model** in accordance with internal regulations: we have developed an app to record the AI systems that are developed, used or marketed at the Telefónica Group, and to identify associated risks and applicable requirements in order to both reduce risk and comply with regulations in force.

Our internal data privacy policies

Privacy regulations



Global Privacy Policy

Corporate Rule

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



Establishes the mandatory rules for all Company entities, 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

Corporate Rule

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



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



Regulation on Requests by Competent Authorities

Corporate Rule

Approved by the Global Sustainability direction of Telefónica S.A.



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

Key messages for 2025



During 2025, the implementation and application of the **Binding Corporate Rules (BCRs)** were consolidated as a result of the increased maturity of the process. The BCRs ensure that international transfers of personal data among Telefónica Group companies adequate guarantees, they were approved by the Spanish Data Protection Authority in 2024, following a procedure of cooperation between the European data protection authorities.

Security & Cyber-security

At Telefónica, we consider people, information, technology, and the material resources that support them to be fundamental assets, and we regard their security as essential to our strategy and as a key enabler of the Organization's activities

Internal security management

Telefónica views security as a holistic concept designed to safeguard assets that encompasses:

- Physical and operational security
- Digital security
- Business continuity
- Fraud prevention
- Supply chain security

All of our major operations are certified and follow International standards such ISO 27001 and NIST

More information:

<https://www.telefonica.com/en/global-transparency-center/security>



Information Security and Availability

Our strategy is based on the following pillars:

- Policy and regulation: Telefónica's security strategy is based on our security policy and the security regulations that develop it, which must be complied with by all group companies.
- Governance: The head of security at the Company is the Global Chief Security and Intelligence Officer (the Global CSO), who has been delegated, by the Company's Board of Directors, the authority and responsibility to establish the global security strategy
- Cybersecurity: We have tools, capabilities and procedures to manage the full cycle of cyber defense: detection, mitigation, recovery, notification and lessons learned.
- Supply chain security: We have security requirements for our suppliers and we identify and monitor the risks associated with the provision of a service/product.
- Business Continuity and Crisis Management: We design and manage our services and infrastructures in such a way that they are able to withstand and overcome the various environmental or technological contingencies that occur on a daily basis, without affecting our customers.
- Awareness: We have in place a global digital security course that is included in the set of required training to all employees at least every two years, regular phishing simulation campaigns and security awareness surveys, and specific training programs continued to be imparted to special focus groups and managers

Ethics and Compliance

A culture of ethics and compliance is reinforced through our **Code of Ethics and Conduct** and an integrated **Compliance Program**.

Responsible Business Principles

- Code of Ethics and Conduct since 2006
- 73,957 employees trained on RBP on 2025

Legal compliance & zero tolerance to corruption & bribery

- Integrity is the basis for our Compliance function.
- Anti-corruption Policy is aligned with the provisions of the United Nations Convention against Corruption of 2004
- The Anti-Corruption Policy is developed by Regulation on Relations with Public Entities and the Conflict of Interest Regulations.

Robust global mandatory training on ethics

- Mandatory Training Window 2025, including: Responsible Business Principles; Foreign Corrupt Practices Act (FCPA); Privacy and BCRs; Competition Law; and Criminal Prevention.
- Specific anti-corruption training programs tailored to members of the administrative, management and supervisory bodies.

Compliance Awareness

- 7^a edition Five Stars Recognition Program
- 7^a edition Compliance Day

Risk assessment

- As part of its system for preventing and detecting corruption and bribery, Telefónica conducts a basic compliance six-month risk assessment and audits. This forms part of the risk management model based on the guidelines of the COSO* and is implemented uniformly across the Group's main operations.

Internal Information System (Whistleblowing Channel)

- The Telefónica Group has an Internal Information System that incorporates whistleblowing channels to detect, report and investigate issues related to unlawful acts or behaviour contrary to the code of conduct.
- The protection of whistleblowers and the prohibition of retaliation are established in internal regulation and states that Telefónica and the other companies of the Group, in accordance with the provisions of applicable law, shall not adopt and shall ensure that no form of retaliation is adopted.

Third parties

- As part of its commitment to integrity and responsible business conduct, Telefónica shares, twice a year, information on the main anti-corruption regulations applicable to the Group, as well as on the consequences of non-compliance, with all awarded.
- The Group assesses suppliers and business partners through robust compliance protocols. Integrity risks—especially corruption and bribery—are managed on a continuous basis, with procurement and payment controls playing a central role and active oversight from Compliance.

Certifications**

- ISO 37001:2016 in the operations in Colombia and Spain.
- UNE 19601:2017 in the operations in Spain.

(*) Committee of Sponsoring Organizations of the Treadway Commission

(**) ISO 37001:2016: Colombia Telecomunicaciones S.A. ESP BIC, Telefónica de España, S.A.U, Telefónica Móviles España, S.A.U, Telefónica Soluciones de Informática y Comunicaciones de España, S.A.U., Teleinformática y Comunicaciones, S.A.U.

(**) UNE 19601:2017: Telefónica, S.A., Telefónica de España, S.A.U., Telefónica Móviles España, Telefónica Soluciones de Informática y Comunicaciones de España, S.A.U. and Teleinformática y Comunicaciones, S.A.U.

Supply Chain Management

		Target	Target KPI	2025 Progress	Key messages
Minimum standards required		100%	Requirement to accept sustainable supply chain policy within procurement model	100%	Prior acceptance of these minimum conditions means that awarded suppliers take on specific commitments regarding social and environmental impacts as outlined in Telefónica's regulations.

Telefónica's supply chain approach is based on two pillars

1. Risk management

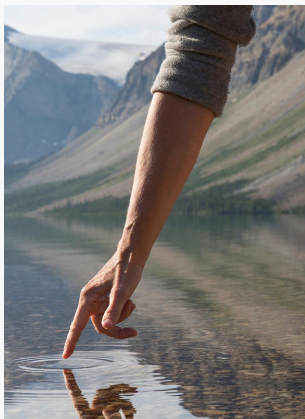
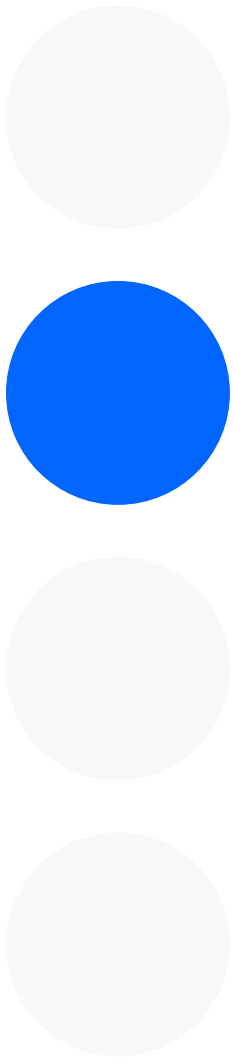


2. Engagement

Every stage is accompanied with **training and engagement with our suppliers**: to raise **awareness** and promote capabilities to improve.

ANNEX





ESG Library



Consolidated Management
Report 2025



Telefónica