



ESG Profile

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Introduction: ESG at Telefónica

Telefónica's approach to ESG factors



ESG at the core of our strategy

- Mission and corporate strategy place sustainability at the core.
- ESG targets linked to employees' annual variable remuneration (20%).



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

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



3rd party validations

- 11th consecutive year on the CDP Climate A List and Supplier Engagement Leader for 5th year.
- Sector leader in the WBA Social Benchmark.
- Industry Leader in Sustainalytics.

ESG embedded within our business

Mission

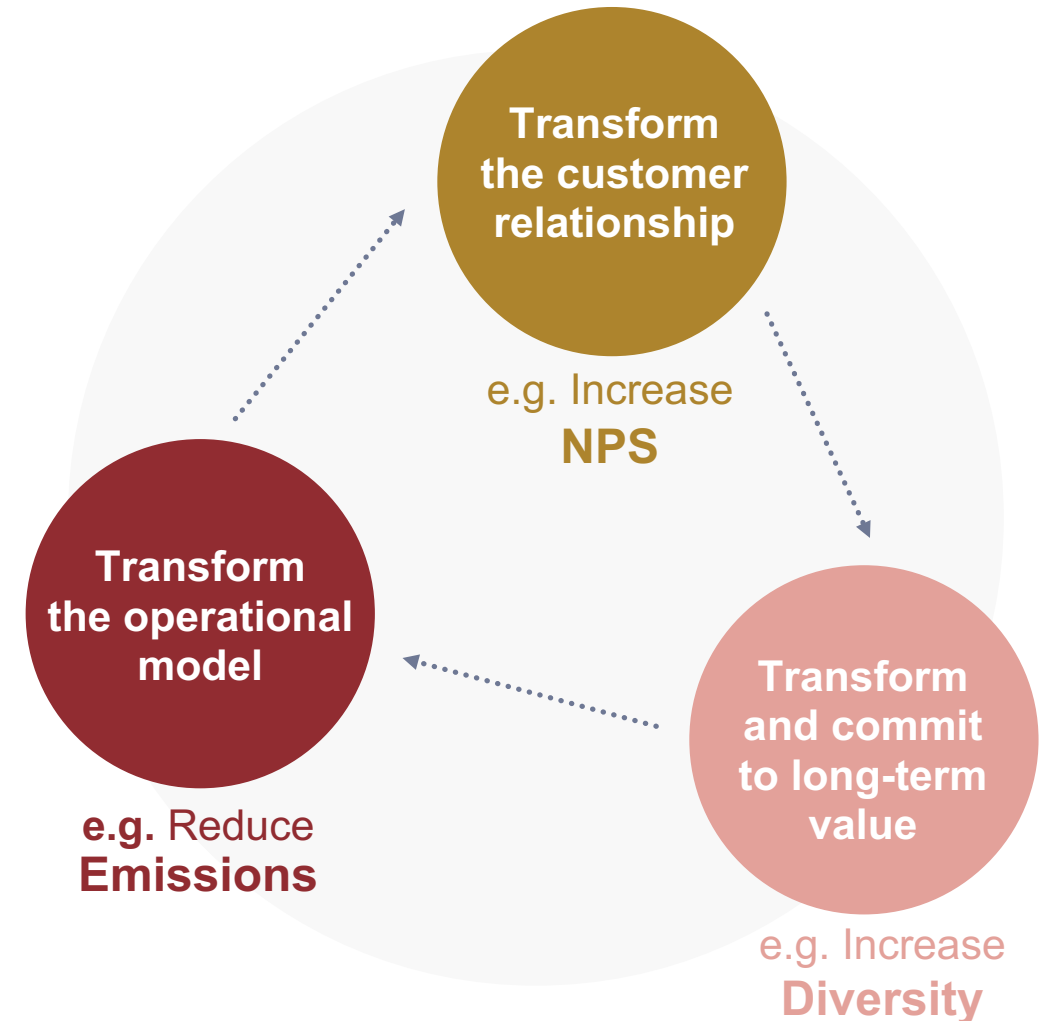
To make our world more human
by connecting people's lives

Vision

Responsible digitalisation is a
competitive advantage

Strategy

Focus on ESG levers which add
value to the business

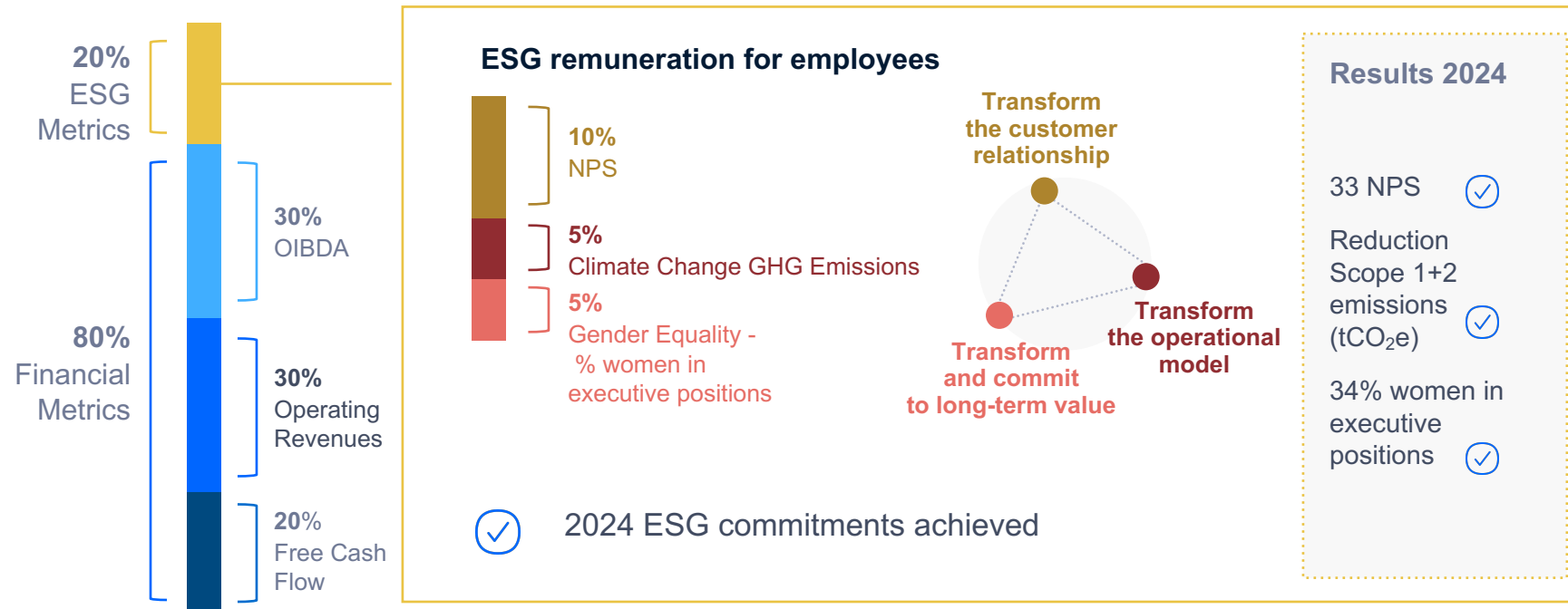


ESG targets linked to remuneration

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

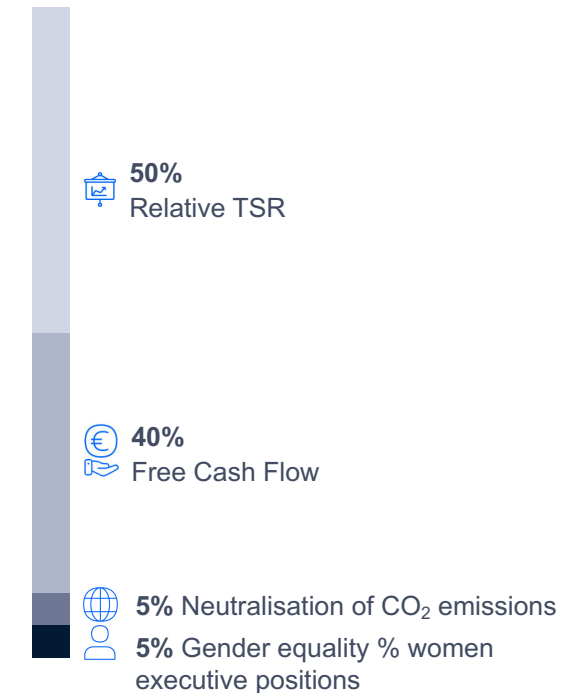
For all employees receiving bonus

Annual variable remuneration



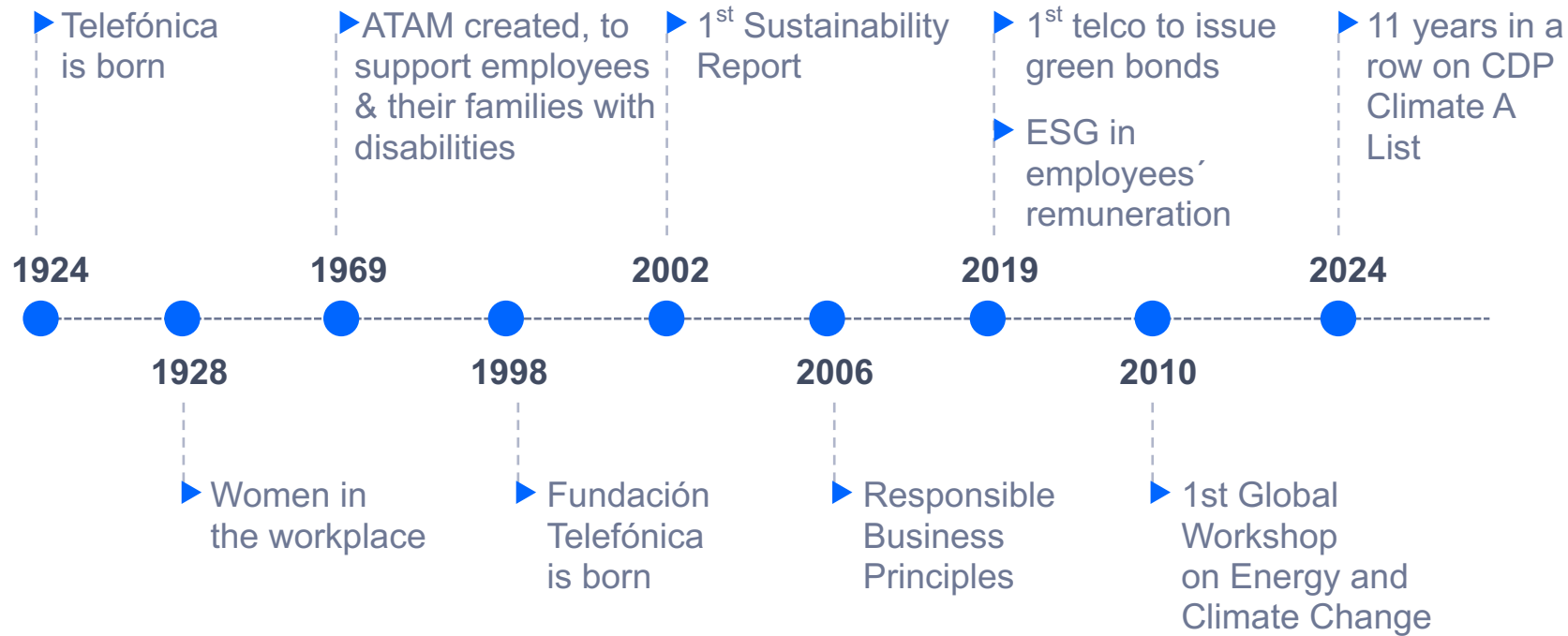
For executives

Long-term Incentive (2021-2026)⁽¹⁾



(1) A 2024-2028 Long-Term Incentive Plan proposal is expected to be put forward at the forthcoming 2024 General Shareholders' Meeting.

Responsible business part of our 100 year history

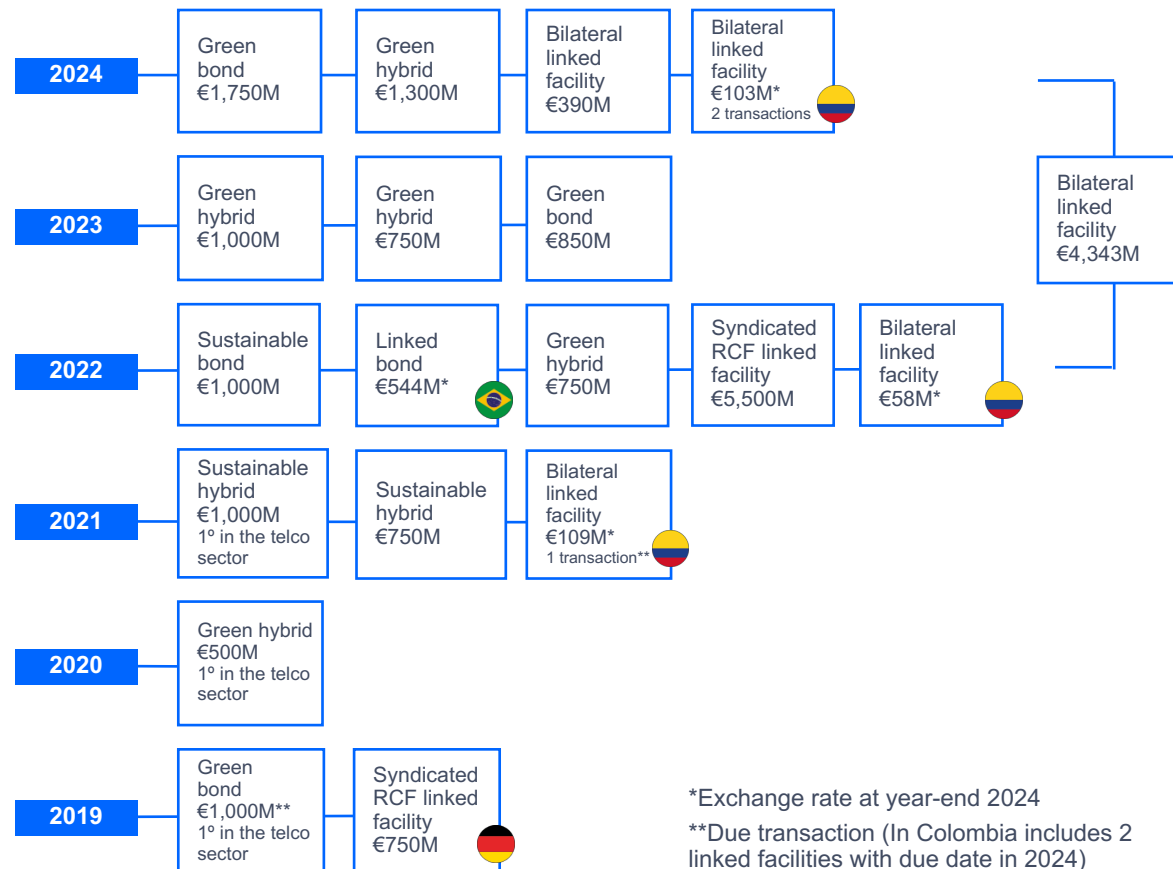


Telefónica is a pioneer in sustainable financing

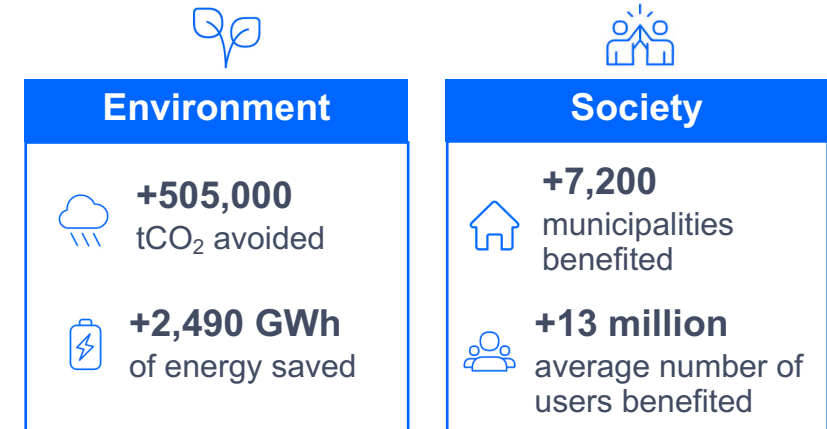


Objective: ~40% of Telefónica's financing to be linked to sustainability criteria by 2026 (>37% at YE2024).

Debt Issuances 2019- 2024



Use and impacts of proceeds



Exchange rate at year-end 2024.

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 2024 and previous bond issuances whose allocation report has already been published: Green bond (Feb-19), Green hybrid (Feb-20), Sustainable hybrid (Feb-21), Sustainable hybrid (Nov-21), Sustainable hybrid (May-22), and Telefónica's Green Financing Instrument Report 2023.

Telefónica's ESG priorities aligned with SDGs

 Clear pathway ahead

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

 Clear pathway ahead






Targets

2023*

2024

Highlights



ENERGY & CLIMATE CHANGE

Net Zero by 2040* (SBTi validated)	Scopes 1 & 2 % emissions reduced since 2015	90% reduction by 2030	81%	84.8% 	<ul style="list-style-type: none"> We reduced scopes 1, 2 & 3 emissions by 52.1% in the last 9 years. Main levers to achieve these targets: <ul style="list-style-type: none"> 8% reduction on energy consumption since 2015, while data traffic has increased 9x. In 2024, 100% renewable in Europe, Brazil, Peru & Chile. 7.7 million tCO₂e avoided by renewable use since 2015.
	Scope 3 % emissions reduced since 2016	56% reduction by 2030	31%	31.3% 	
	Renewable electricity % in own facilities	100% renewables by 2030	84%	89% 	

GREEN DIGITALISATION

Development of green digital solutions	Eco Smart services	Continuing developing green digital solutions	52%	57%	<ul style="list-style-type: none"> 57% of our B2B solutions have been verified as Eco Smart. In 2024, we helped our customers in Spain, Germany and Brazil avoid 17.4 MtCO₂e thanks to connectivity and Eco Smart services.
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CIRCULAR ECONOMY

Zero waste by 2030	Customer Premise Equipment Routers, decoders	90% refurbished by 2024	88%	91% 	<ul style="list-style-type: none"> >4 million routers and set-top boxes reused, achieving the expected result 90% of customer premise equipment (CPE) refurbished.
	Network equipment	≥300k network equipment reused	313,805	533,818 	<ul style="list-style-type: none"> Network equipment reuse among the group's operators has increased in 2024 (overall, +70% compared to 2023).
	Waste management Zero waste to landfill by 2030	100% of waste reused and recycled by 2030	94%	95%	<ul style="list-style-type: none"> 95% waste reused and recycled, including 5M items of electronic equipment reused. New categories of non-hazardous waste incorporated into the scope of reporting thanks to increased traceability of waste data generated (incl. data for 2023 adjusted to the new scope).

 In progress to achieve climate related targets

 Target achieved

*Data reported on [Annual Report 2023](#).

** Net-Zero SBTi validated and Renewable electricity target embedded in RE100

Social: Key targets & progress

 Clear pathway ahead



Targets

2023*

2024

Highlights

CUSTOMERS

Customer Satisfaction	Level of customer satisfaction as measured by NPS (Net Promoter Score)	Increase NPS each year	31p ★	33p ★	<ul style="list-style-type: none"> NPS reached 33 points in 2024, marking an improvement of 14 points vs. 2017.
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DIGITAL INCLUSION

Digital inclusion	Rural connectivity % mobile broadband (>4G)	>90% in main markets by 2024	82-99%	84-100%	<ul style="list-style-type: none"> 4G Coverage 91% globally. 92% with UK. 5G Coverage: Brazil 61%, Germany 97%, Spain 91%, UK 75%. Rural 4G: 84% Brazil, 99% Germany, 95% Spain and 99.6% UK.
	Digital skills Number of beneficiaries	At least 1M beneficiaries annually	1,251,354	1,166,072	<ul style="list-style-type: none"> Employability training in digital skills through Telefónica Fundación programmes, e.g. "Conecta Empleo".

HUMAN CAPITAL

Employee satisfaction	eNPS Employee satisfaction	70 points annually	76p ★	75p ★	<ul style="list-style-type: none"> 16.6 point improvement in 5 years (58.4 in 2019). Updated target to 70p (previously 60p).
Diversity & inclusion	Women executives % women executives	37% by 2027	32.8%	34%	<ul style="list-style-type: none"> 14.9% improvement in 9 years (19.1% in 2015). Updated target to 37% by 2027 (previously 33% by 2024).

HUMAN RIGHTS

Human rights	Evaluation of 100% of our operations		100%	100%	<ul style="list-style-type: none"> Pioneers in publishing a report on the Due Diligence process to take into account the new regulatory requirements.
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★ Target achieved

Governance: Key targets & progress

 Clear pathway ahead



Targets

2023*

2024

Highlights

ESG CULTURE

Sustainable supply chain policy within procurement model	All suppliers	100%	100%	<ul style="list-style-type: none"> 8,440 suppliers in 2024. 20,898 sustainability related administrative or on-site audits in 2024.
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PRIVACY & SECURITY

Data Privacy Position in Ranking digital rights	Lead the industry in digital rights	1 st	1 st	<ul style="list-style-type: none"> Telefónica has held the 1st position in the last three editions of the Ranking Digital Rights's index.
Data Security Data Breaches involving personal identifiable information	Highest levels of security	0	0	<ul style="list-style-type: none"> Further information in our Global Transparency Center

SUSTAINABLE FINANCE

Raise sustainable finance % total financing linked to sustainable criteria	~40% sustainable finance⁽¹⁾ by 2026	33.6%	37.4%	<ul style="list-style-type: none"> 3.8 p.p. increase of financing linked to sustainability criteria vs. 2023.
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*Data reported on [Annual Report 2023](#).

(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

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**.

1 Taxonomy, Eligibility & Alignment

- ✓ In FY 2024, we reported on further activities in **Taxonomy eligibility** and **Taxonomy alignment**.
- ✓ As a result, the **level of alignment** has increased (Revenues 3.1%, Capex 7.4%)
- ✓ Alignment implies compliance with Social Minimum Safeguards & Do-Not-Significant-Harm.
- ✓ Participation in **sector initiatives** to highlight the importance of including telco networks as a new activity in the EU Taxonomy. Connect Europe together with GSMA, Nokia, Ericsson and ECTA published a sectoral Position Paper in Nov-24.

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)⁽¹⁾.
- ✓ 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:

- ✓ **Double materiality** analysis since 2021.
- ✓ Currently analysing the implications of **EU Draft Omnibus** proposal
- ✓ **Due Diligence** process implemented in all our operations.

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



The double materiality analysis process 2024

Inputs

Value chain: definition of the stages of the TEF value chain, the activities in each of them, the agents involved and the 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. 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

Digitalisation of the process by consolidating 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 2024 TEF double materiality analysis

Note 1: The process applied to perform the double materiality analysis has been based on the guidelines set out in *Materiality Assessment Implementation Guidance 1* published by EFRAG.

Available at the following link: https://www.efrag.org/Assets/Download?assetUrl=/sites/webpublishing/SiteAssets/IG+1+Materiality+Assessment_final.pdf

(1) Please see further information in Annex VI.

CSRD Report Structure

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 (including waste)

ESRS S1 – Own workforce

Working conditions

- Secure employment
- Working time
- Adequate wages
- Social dialogue
- Freedom of association
- Collective bargaining
- 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
- Measures against violence and harassment in the workplace

Other employment rights

- Privacy

ESRS S2 – Workers in the value chain

Working conditions

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

Other work-related rights

- Privacy

ESRS S4 – Consumers and end-users

Impacts related to information for consumers or end-users

- Privacy

Inclusion of consumers or end-users

- Access to products and services

ESRS G1 – Business conduct

Corporate culture

Political engagement and lobbying activities

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 SBTi



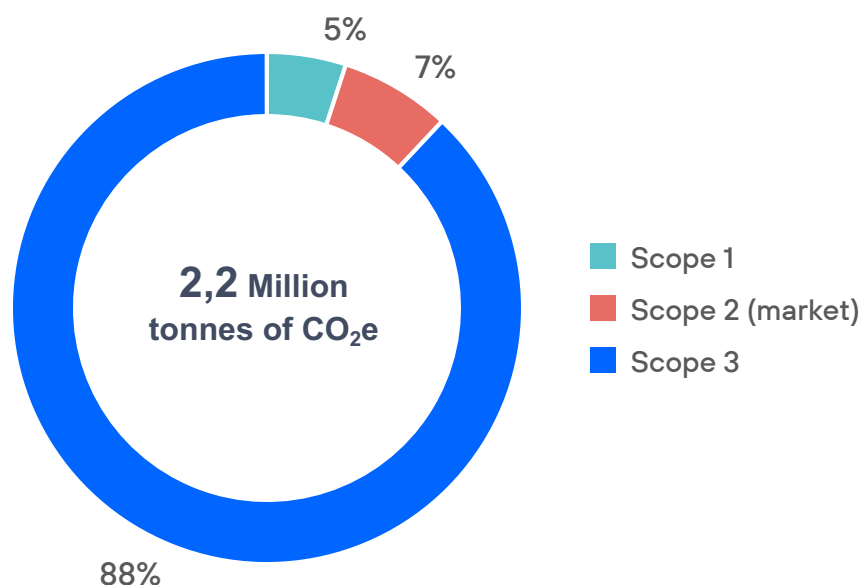
E: Building a greener future

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

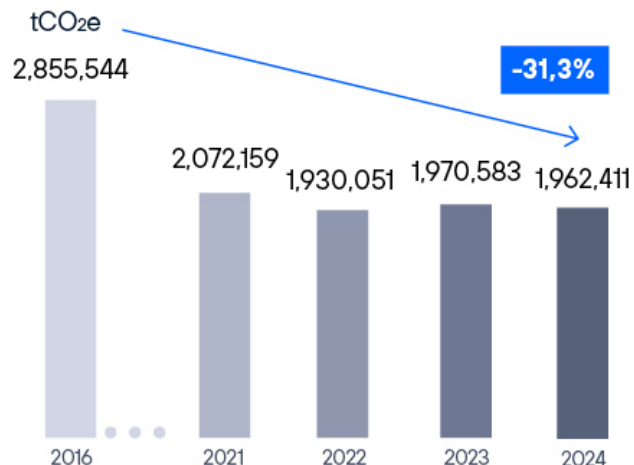
In order to reach our short and long-term climate targets, we implemented a Climate Action Plan that goes beyond the Paris Agreement and aims to limit the temperature increase to 1.5°C above pre-industrial levels.

		Target	Target KPI	2024 Progress	Key messages
Operational emissions		-90%	Scope 1 & 2 emissions reduction by 2030 compared to 2015.	-84.8%	<ul style="list-style-type: none"> • Scope 1 emissions dropped by 57% compared to 2015. • Scope 2 emissions dropped by 90% compared to 2015.
Value chain emissions		-56%	Scope 3 reduction emissions by 2030 compared to 2016.	-31.3%	<ul style="list-style-type: none"> • In 2024, Telefónica has further implemented supplier engagement initiatives to reduce its 65% of Scope 3 emissions stemming from the supply chain.(more info) 
Neutralisation		100%	Offsetting of unabated Scope 1 & 2 emissions in key markets ⁽¹⁾ by 2025.	72%	<ul style="list-style-type: none"> • 37,655 tCO₂e carbon credits cancelled in 2024 • 100% nature based projects (biogenic sinks). • 32% of credit portfolio comes from carbon removal projects • These actions help to mitigate climate change (BVCM) in a quantity equivalent to 72% of Scopes 1&2 emissions of Telefónica's key markets.

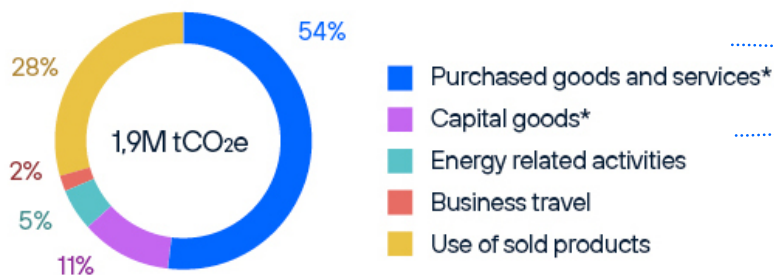
(1) Key markets mean operations in Germany, Brazil and Spain.

Decarbonisation Plan: Scope 3 Initiatives

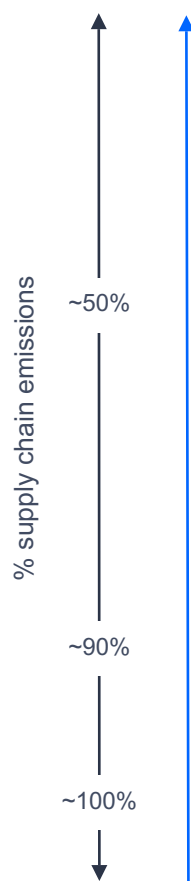
Scope 3 emissions



Scope 3 categories emissions in 2024



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

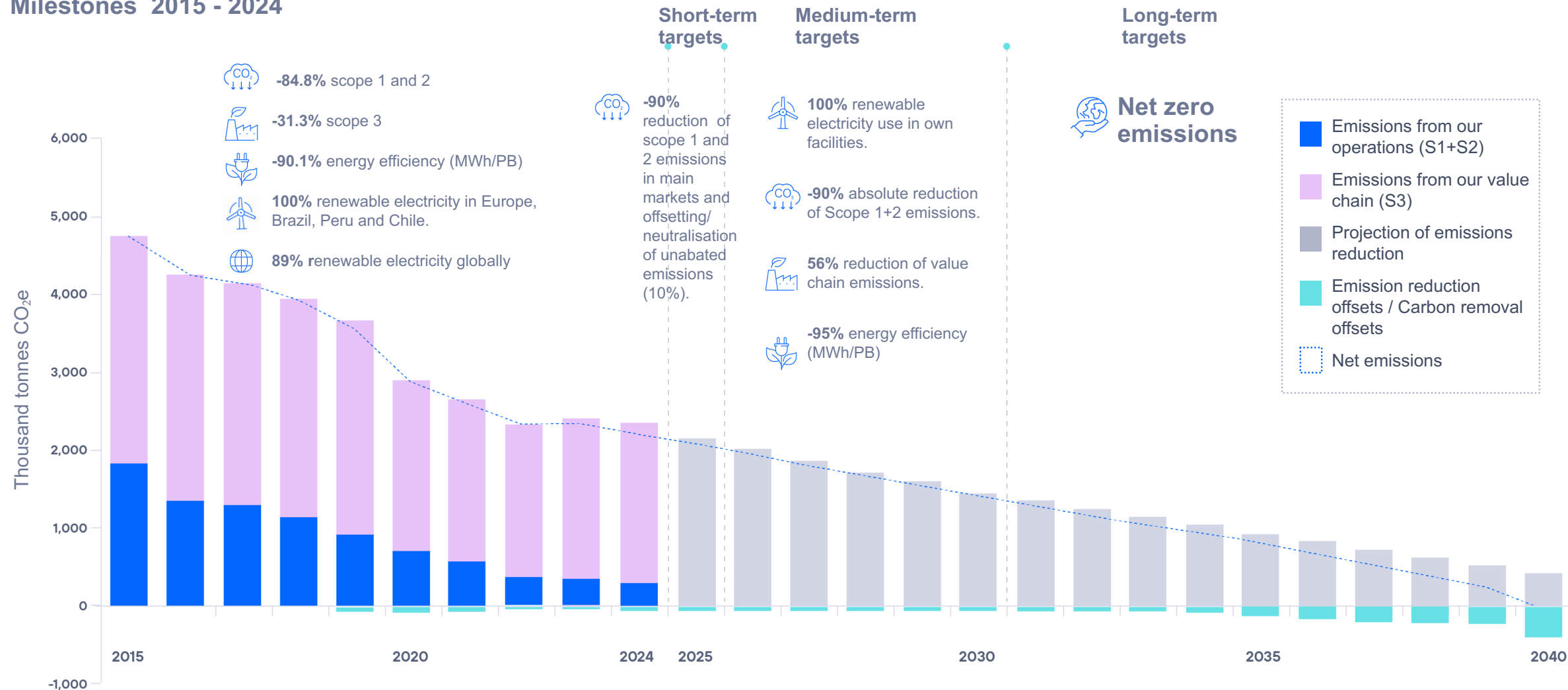
Sustainability in the Supply Chain Policy

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

*65% came from purchases made the supply chain ('Category 1. Purchased goods and services' and 'Category 2. Capital goods'.)

Pathway to Net-zero by 2040

Milestones 2015 - 2024



- 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	2024 Progress	Key messages
Energy Efficiency		95% (UPDATED)	Reduction in energy use per traffic unit (MWh/PB) by 2030 vs 2015.	90% ⁽¹⁾	<ul style="list-style-type: none"> 8% reduction on energy consumption since 2015, while data traffic has increased 9x⁽²⁾ 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, Chile and Brazil (two operational centres)..
Renewable Electricity		100%	Electricity from renewable sources in own facilities by 2030.	89%	<ul style="list-style-type: none"> In 2024 we increased renewable electricity by 6% compared to previous year. 22% 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.

(2) In 2015 we had an energy consumption of 6,578 (GWh) and in 2024 we have reduced to 6,059 (GWh), even though we increased from 17,054 PB of traffic to 159,436 PB.

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 in Argentina, Brazil, Chile, Colombia, Ecuador, Germany, Mexico, Peru, Spain, Telefónica Global Solutions (TGS), Telefónica Tech, Uruguay and Venezuela have been verified as **Eco Smart** by AENOR.

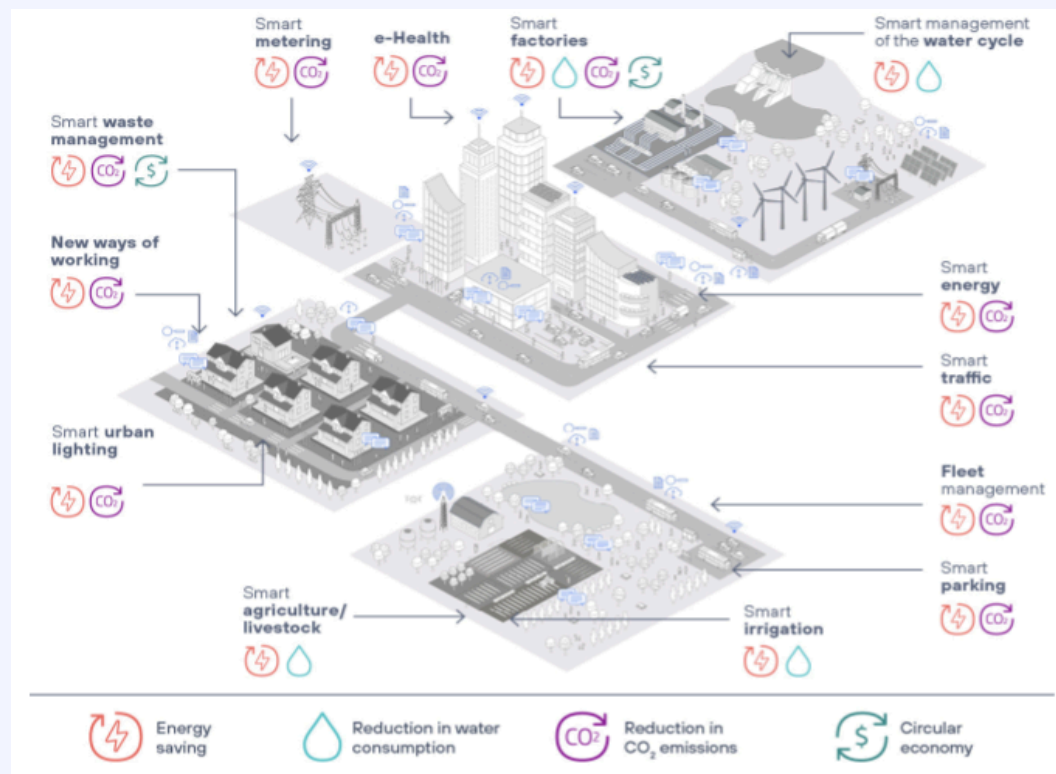


Customers' emissions avoided through digitalisation

Thanks to the efficiencies generated by our connectivity and Eco Smart services, we helped our customers in Brazil, Germany and Spain avoid the emission of **17.4 MtCO₂*** in 2024.



Digital solutions for environmental challenges



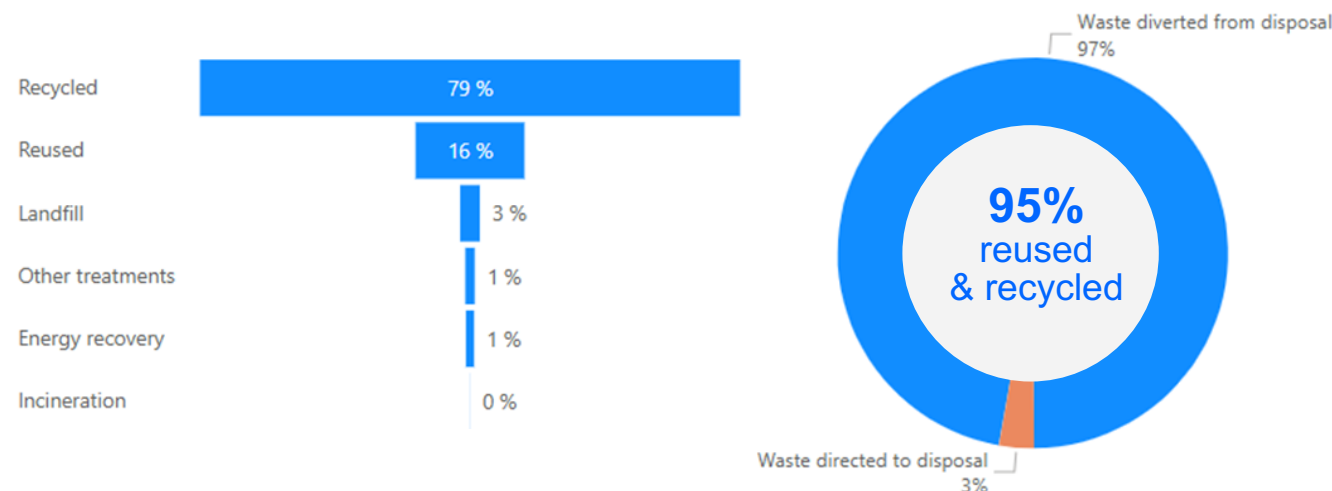
*The 2024 figure is not comparable with the figures reported in previous years as the guidelines in which the calculation model is based have changed, as well as the geographical scope and the solutions included in the calculations.

Promoting circularity: Waste & digital initiatives

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

Reused equipment	69%
Recycled equipment	30%
Equipment with other treatment and disposal	1%

Telefónica's digital initiatives to promote reuse & circular economy

VICKY	Blockchain technology to increase traceability of customer premise equipment (modems, routers and TV set-top boxes).
APOLLO	Big data and analytics to optimise collection routes for uninstalled or inactive equipment .
MAIA	Marketplace to promote internal reuse of network equipment and when is not possible, facilitate equipment sales of secondhand network equipment.
MARA	Omnichannel model with an end-to-end approach that allows our customers evaluate mobile devices and access trade-in programs, technical support or repair services.
GRETEL	Platform to increase traceability in waste management and to identify opportunities to improve reuse and recycling rates.

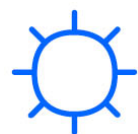
Protecting and conserving biodiversity



98%

of Telefónica's facilities are located in habitats with low or very low 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	2024 Progress	Key messages
Overall motivation		70 annually	Employee Net Promoter Score	75 	<ul style="list-style-type: none"> 16.6 point improvement in 5 years (58.4 in 2019).
Women executives		37%	% of women executives by 2027.	34% 	<ul style="list-style-type: none"> Programmes to accelerate female employee careers and attract female talent. Commitment to gender equality recognised by Bloomberg Gender-Equality Index.
Health and safety		N.A.	Our health and safety strategy is aimed at ensuring a zero-accident work environment.	0.51	<ul style="list-style-type: none"> The accident frequency rate decreased from 0.67 in 2023 to 0.51 in 2024. The occupational health and safety management system helps reducing work-related incidents (97% employees covered in 2024).

Training



- Universitas: tailored training for all professionals. Special trainings aimed at executives and managers to foster leadership skills.

Additionally, we offer certifications in digital technologies issued by third parties linked to some trainings.

In 2024, our employees participated in 3,349,514 hours of training. Our training metrics include exclusively our employees (permanent, both full and part-time)

Recognitions as employer of choice

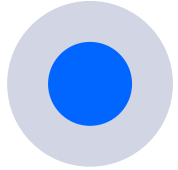
- GPTW Brazil
- Ranking Merco Talento Spain.
- 25 Top Companies on LinkedIn (Spain, 2023)



Non-pay Benefits

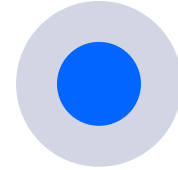
- Universal Health insurance (covering disabilities, mental, reproductive health...)
- Life insurance
- Pension Fund
- Shares purchase and discounts programs
- Childcare assistance
- Nursery Services, Food assistance and more...
- For all permanent employees** (variations between countries)

Human Capital: Frequently Asked Questions



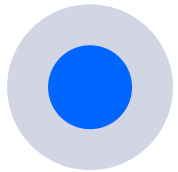
M&A and its impact on the workforce

- No major merger & acquisitions affecting large proportion of staff in 2024.
- No layoffs of >1k employees triggered by M&A in 2024.
- Only businesses with small or medium sized workforce have been acquired (particularly by T-Tech).



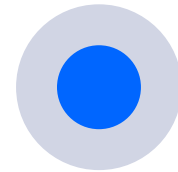
Collective bargaining

- 71% of our employees are covered by collective bargaining agreements.
- Dialogue with workers' representatives is open, continuous and takes place every year.
- Collective agreements are negotiated at the end of their term and there are extensions and renewals expected in 2025, always within a framework of negotiation with workers' representatives.



ESOP Plan (employee stock ownership plan)

- Plan 100 (incentivised global share purchase plan launched in 2022), culminated in 2024. It was aimed at all employees of the Group, without exception.
- For every share bought under this plan, until the end of 2024, Telefónica rewarded the buyer with another share. In addition, each employee who took part in the plan, received 100 additional shares for free.
- Global share purchase plans are still available for managers and executives.



Turnover & restructuring

- **16% turnover rate in 2024** (including voluntary, mandated and unspecified).
- **Redundancies** have been carried out in some countries to adjust the size of the workforce to the needs of the business (Spain carried out redundancies in 2022 and 2024).
- Telefónica offers payments over and above applicable legislation.
- Outplacement service was run to help relocate employees who left the Company as a result of redundancy plans.

Human capital: Diversity & Inclusion

Female talent



Examples of Initiatives during 2024:

- Spain: "Female Talent Boost Programme".
- Hispam: Futura and Womentech leadership programmes.
- Brazil: Women in Leadership, Leaders Academy, Women in Technical Fields project.

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).



LGBT+

- Signatories of the UN Standards of Conduct for Business to protect the rights of LGBT+.
- Benefits for LGBT+ couples & parents that go beyond the legal requirements (Hispam).
- 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 and "50+" senior talent program in Brazil).

Digital inclusion: meaningful connectivity



Inclusive access

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

85m premises passed by Fibre To The Home (FTTH)*

92% population has access to our 4G/LTE mobile coverage.*

84% Brazil population in rural areas has access to our 4G mobile coverage:
99% Germany
95% Spain
99.6% UK

61% Brazil population with access to our 5G mobile coverage
97% Germany
91% Spain
75% 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).

1.16m

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

PROGRAMA DE FORMACIÓN DIGITAL
CONECTA EMPLEO



Innovation 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.

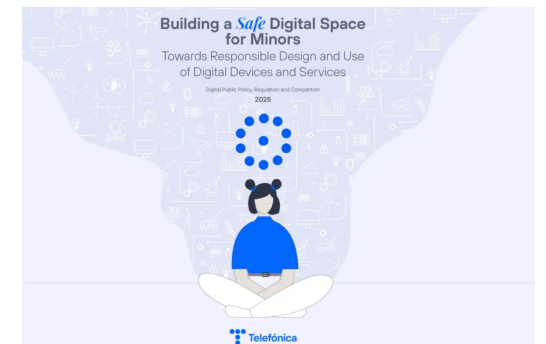


[More information](#)



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.



[More information](#)

*80M premises passed and 91% 4G coverage without UK.

Human Rights: Due Diligence process

		Target	Target KPI	2024 Progress	Key messages
Human rights impact assessment		100%	% of our operations assessed on human rights	100%	<ul style="list-style-type: none"> • Impact assessments are a key element of our Due Diligence process • We conduct Global impact assessments to identify human rights impacts. Based on the results, we conduct local assessments.

Pioneering report on the 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

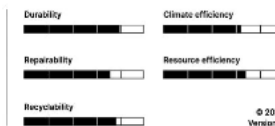


Refurbished terminals

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
- 1,168 startups invested in through direct investment and funds
- 948 startups directly invested
- 237 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.

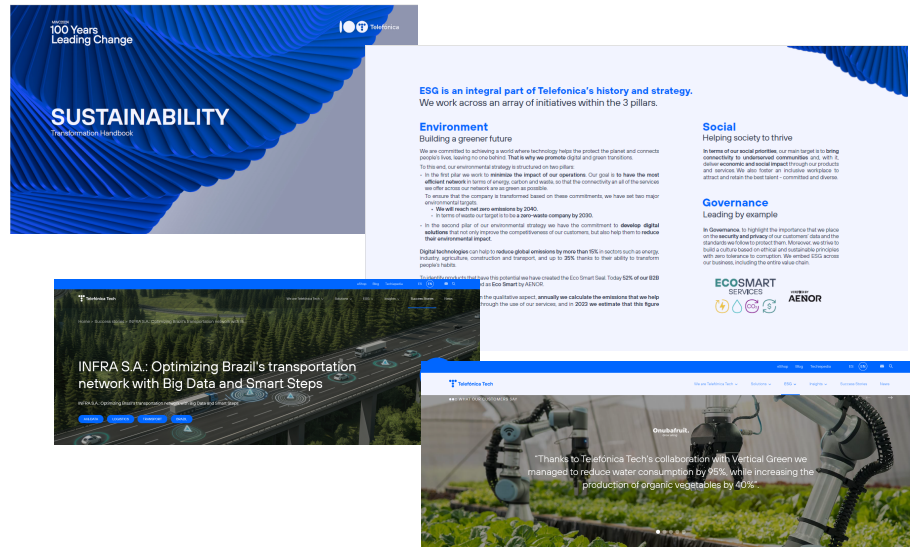
In 2022 we joined the **Planet Pledge** initiative committing to training our teams to avoid greenwashing and to promote responsible consumption among our customers .



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**



[go to web](#)

Our sustainability program based on two pillars:
Digital Drive and Environmental Action.



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



80% reversal rate, turning dissatisfied customers into satisfy.
Over 200 measurement points, with **87% of touchpoints** receiving more positive than negative evaluations.



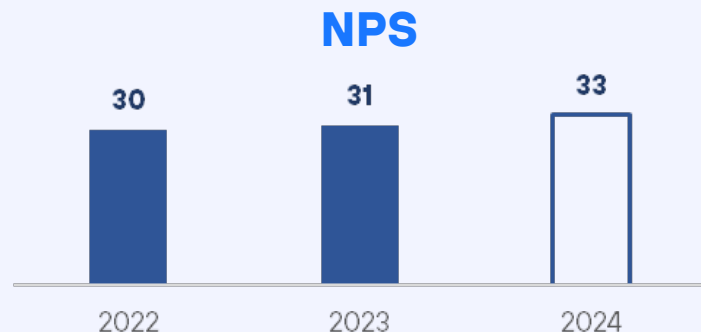
Customer Experience Maturity Model, to elevate our networks, operations, and the way we engage with customers to an advanced level of Customer Experience.



In **Spain**, products or services are not launched unless they get **over 90% in Health Customer Index**.

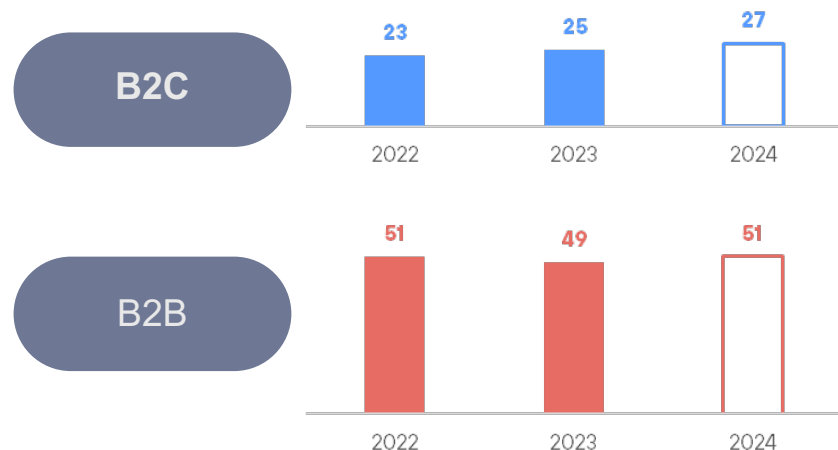
Customer Satisfaction

We achieve our annual NPS target keeping on the growth path started in 2017



Our customers satisfaction, in terms of recommendation, has **increased 14 points** since 2017.

Overall NPS by segments and main indicators



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

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.

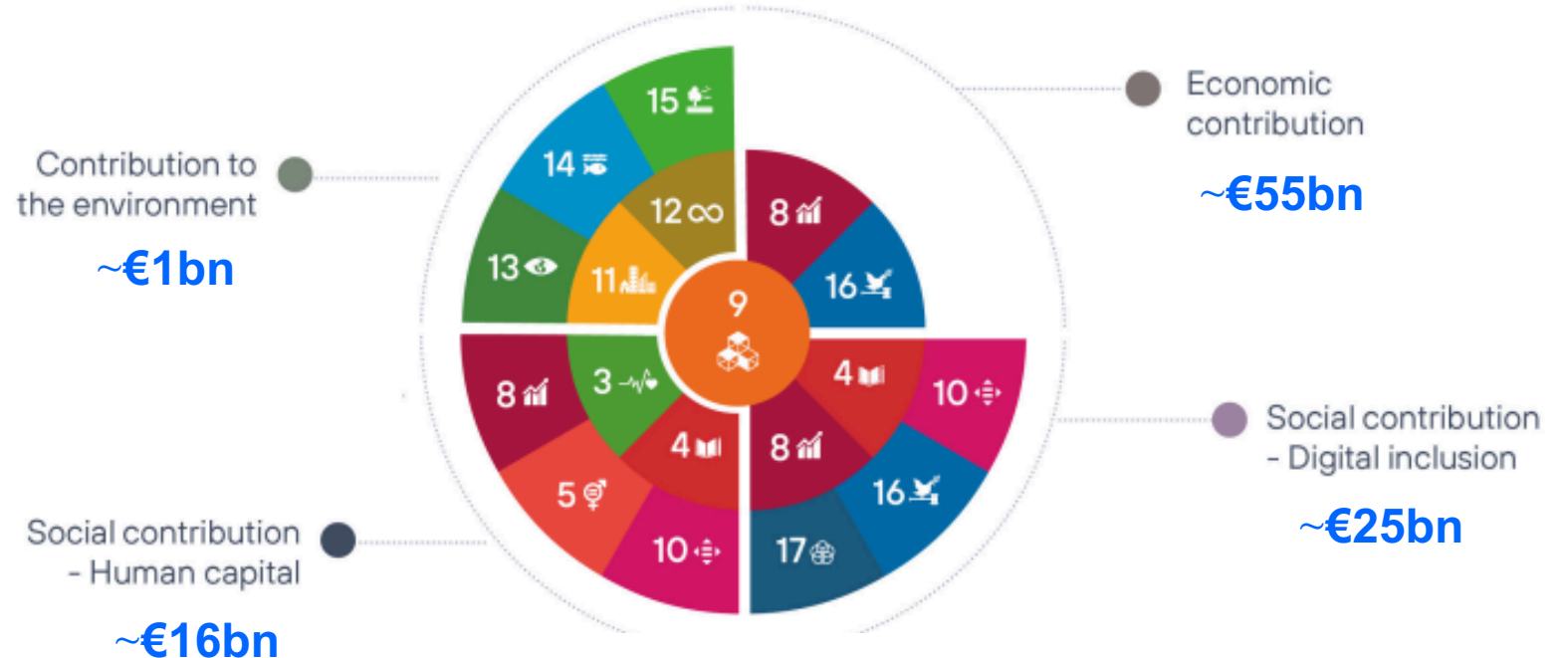
We follow the guidelines of:

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

See [full report](#)

~€100bn socio-economic contribution

Impacts aligned with the Sustainable Development Goals



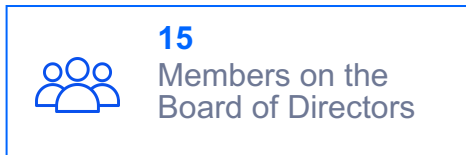
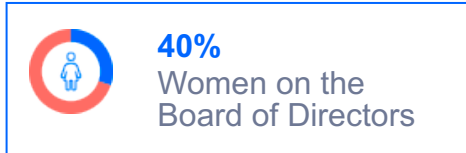
G: Leading by example

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



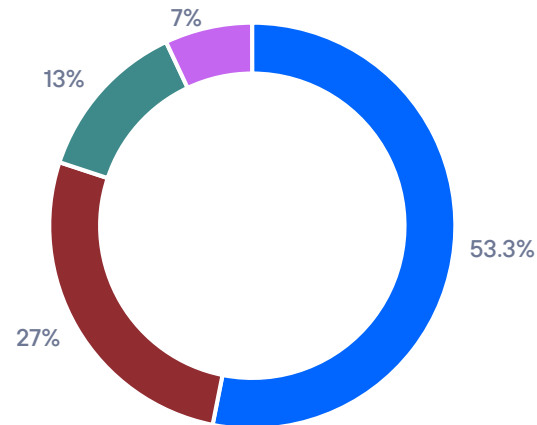
Corporate Governance: A balanced and diverse Board



7.09 Years Average Directors Tenure

Lead independent Director

Board composition



■ Independent
 ■ Proprietary
 ■ Executive
 ■ Other External

International Diversity

Nationality

Spain		11
Austria		1
Brazil		2
Saudi Arabia		1

Data: February 27, 2025

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 Responsible Business
Plan

Strategic Portfolio Analysis

Board oversight of Responsible Business Plan

Approval

Responsible Business
Principles

Ethical Framework

+

Responsible Business
Plan

Roadmap for
Sustainability

+

Main Sustainability Policies

Supervision

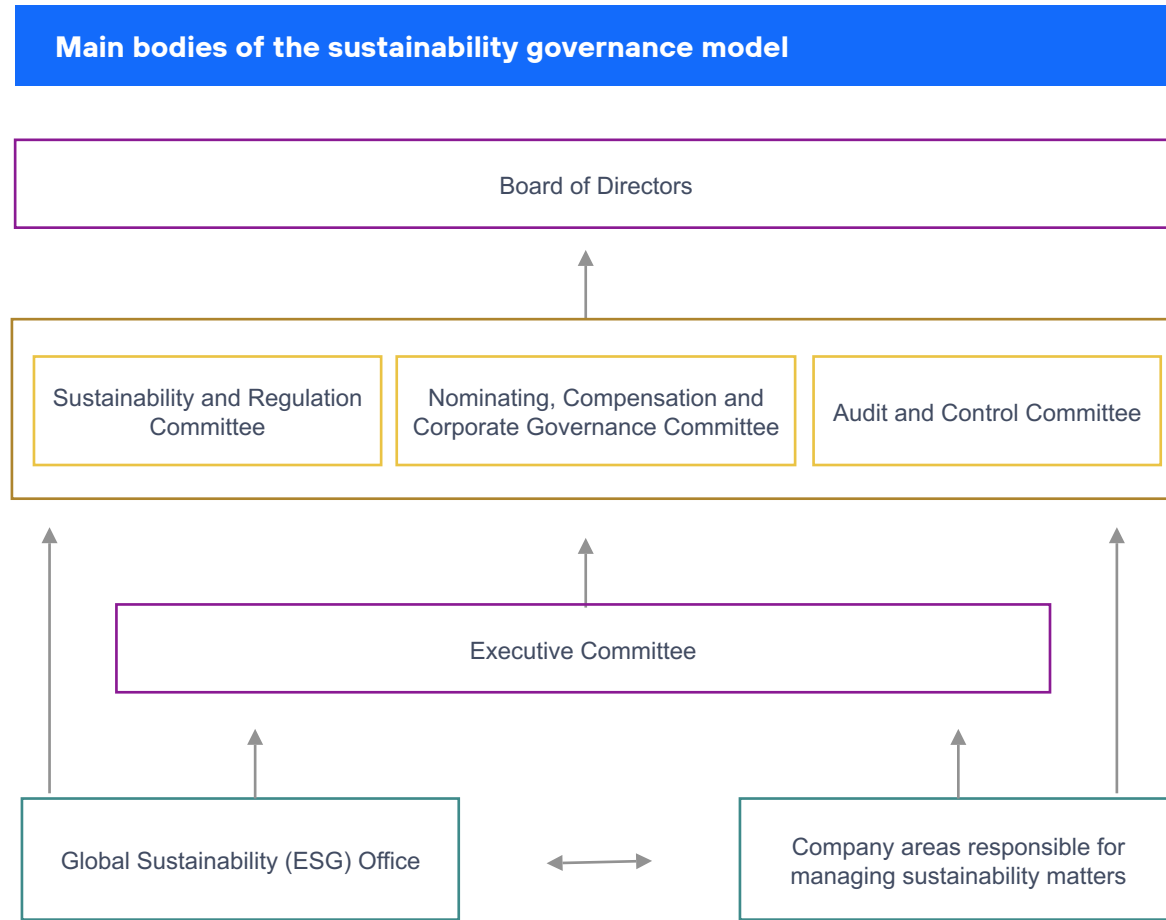
Sustainability and
Regulation Committee

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 **Responsible Business Plan** and the relevant **ESG policies and regulations**, including the **Climate Action Plan**.

Sustainability and Regulation Committee > It **oversees implementation of the Responsible Business 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 Responsible Business 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** (Responsible Business 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 Responsible Business 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 2024



Privacy teams receive specialised **training** and participate in ongoing **development programs**. All employees receive training aimed to understand and apply fundamental privacy 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 2024

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



Regulation on Requests by Competent Authorities

Corporate Rule

Aprobada por la dirección de Ética y Sostenibilidad de 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.

Key messages for 2024



To ensure that international transfers of personal data among Telefónica Group companies adequate guarantees, the Company adopted **Binding Corporate Rules** (BCRs), approved by the Spanish Data Protection Authority in 2024, following a procedure of cooperation between the European data protection authorities.

Security & Cyber-security

Protecting people and property from potential damage from Security threats while guaranteeing confidentiality, integrity and availability of the company's information assets.

Internal security management

Prevention, detection and appropriate response to reduce attacks and protect digital services across the Group.

- 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

Next Steps

- Continue our review of the global regulatory framework on security in order to simplify it and align it with new versions of international standards
- Move forward with deploying the Zero Trust model to control IT system access and with implementing tools to govern the security of cloud environments.
 - Zero Trust is a security strategy applied to accessing information that will be provided through “minimum privilege” control techniques. It will be end-to-end encrypted and guided by the principle of “never trust, always verify”
- Increase the percentage of contracts/RFPs that contain security requirements for the supply chain.

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



Ethics and responsible business

A culture of responsible business is ensured via robust policies, extensive training and the facilitation of reporting channels.

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

Robust training on ethics, environmental and social topics

- Mandatory responsible business, human rights training, integrity training and internal awareness campaigns.
- Mandatory Training Framework 2024 "Exploring our Code of Ethics: Integrity, Privacy and Security".

Compliance Awareness

- 6ª edition Five Stars Recognition Program
- 6ª edition Compliance Day
- 3ª edition Compliance Survey

Risk

- 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

Whistleblowing and Queries channel

- Telefónica has an Internal Information System designed to comply with law and with internal regulations like our code of Business Conduct. The system has appropriate mechanisms in place to ensure the confidentiality of communications and to channel possible complaints.

Third parties

- Since 2023 an email, with the key regulations regarding integrity and the consequences of non-compliance, has been sent every six months to all suppliers awarded contracts

Certifications**

- ISO 37001:2016 in the operations in Colombia, Peru y Spain.
- UNE 19601:2017 in the operations in Spain, all renewed in 2023.

Fair competition

- Training on competition law available for all company areas.

Political neutrality

- We do not take a political standpoint beyond views on matters affecting Telefónica according our Responsible Business Principles

(*) Committee of Sponsoring Organizations of the Treadway Commission

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

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	2024 Progress	Key messages
Minimum standards required		100%	Requirement to accept sustainable supply chain policy within procurement model	100%	<ul style="list-style-type: none"> 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

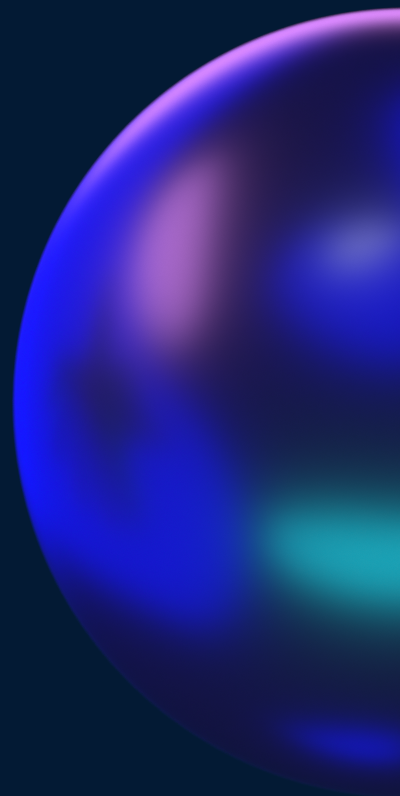
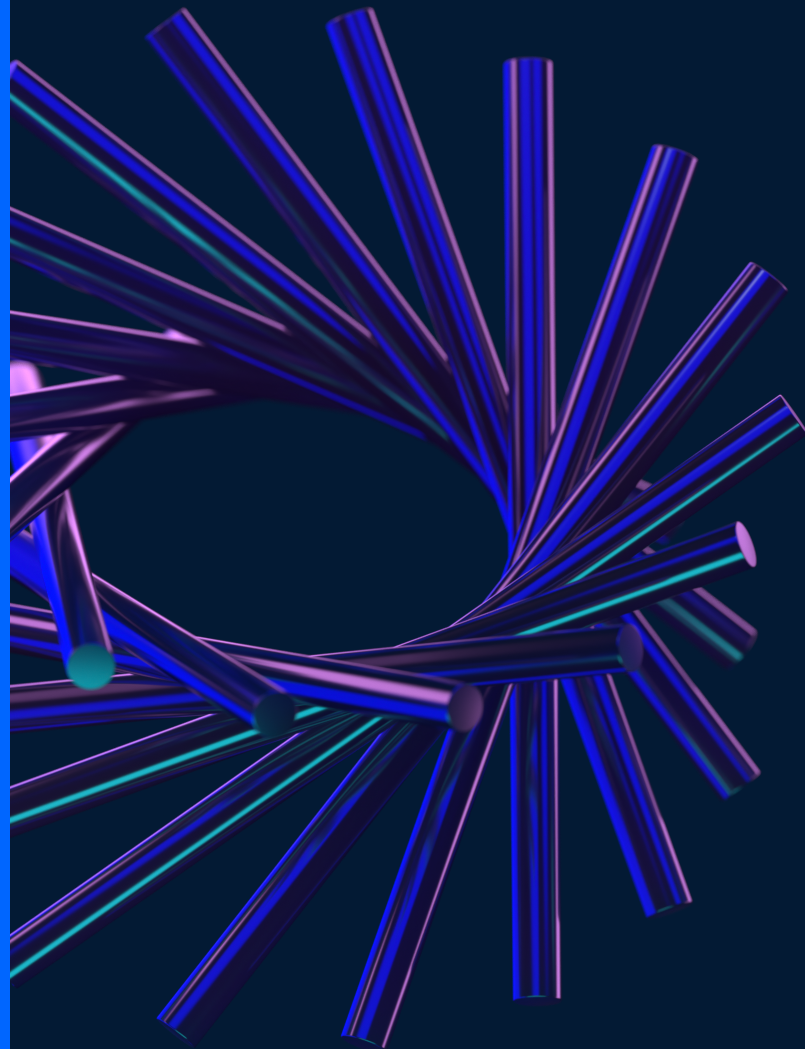
1. Risk management

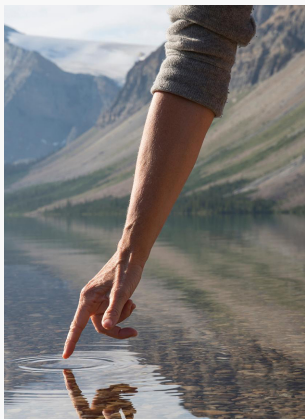
2. Engagement



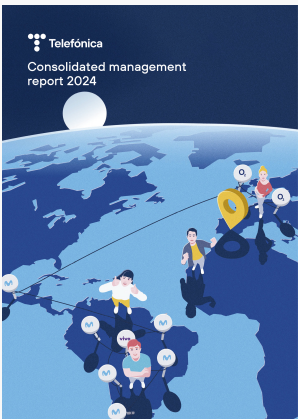
Every stage is accompanied with **training and engagement with our suppliers**: to raise **awareness** and promote capabilities to improve.

Annex





ESG Library



Consolidated Management
Report 2024

