



# 4.

Social contribution.  
Digital inclusion

By bringing connectivity and digitalisation to more people in both urban and rural areas, we create value in the communities in which we operate.

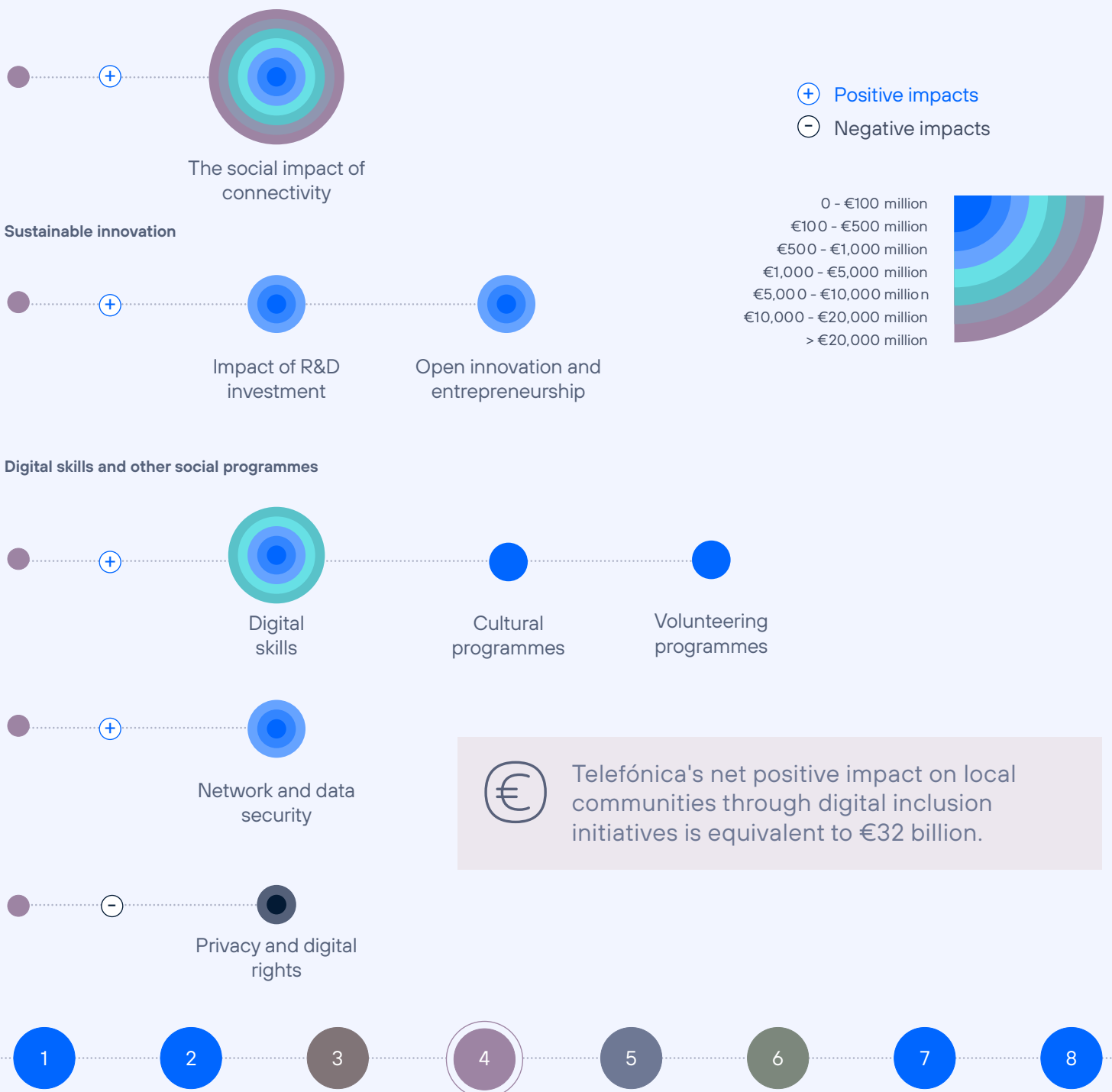
Within this block, the biggest impact comes from the economic value generated by the fixed and mobile broadband service we offer to our customers.

We also generate value through investments in R&D, the promotion of entrepreneurship, the advancement of digital culture and the strengthening of cybersecurity, as well

as through the training and cultural programmes and volunteering activities promoted by Fundación Telefónica.

The material issues related to this section are as follows:

- Sustainable innovation.
- Digital inclusion.
- Ethical conduct and compliance.
- Network and data security.
- Privacy and digital rights.





New digital technologies impact both businesses and the lives of increasingly interconnected communities. That is why we seek to provide an innovative and safe service, which allows us to meet the needs of society and, in turn, promote sustainable development.

However, not all sectors or societies are equally prepared to take advantage of the opportunities offered by the digital revolution. We therefore invest in social programmes and training to facilitate entrepreneurship, provide access to new technologies and foster digital culture.

**We strive to connect as many people as possible and to enable all communities to enjoy the socio-economic benefits that the digital revolution has to offer.**

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## 4.1 The social impact of connectivity

We want to bring the best digital connectivity and services to all communities and rural areas, to ensure that everyone enjoys an equal share of the benefits of the digital age.

Through increased deployment of connectivity in the world's different regions, we foster economic and social growth, triggering positive changes in the business fabric

and the global economy. The role of connectivity as a catalyst and facilitator of sustainable development is recognised by the Sustainable Development Goals (SDGs) and the European Green Deal.

In this regard, we therefore monetise the social impact we generate by providing quality services to our customers.



### Calculation

Analysis of the correlation between the increase in consumer surplus and the level of service penetration (fixed and mobile broadband), and measurement of the economic benefits of encouraging greater connectivity, mainly in rural areas.

From this, we take away the potential costs associated with the occasional interruption of supply (fixed and mobile broadband).



### Indicators

- Telefónica's contribution to the gross value added of the information and communication technologies sector. <sup>[7] [9] [10] [11]</sup>
- Fixed and mobile broadband penetration at national and enterprise level. <sup>[7] [12] [13]</sup>
- National population residing in urban and rural areas. <sup>[14] [15]</sup>
- Mobile coverage in rural areas. <sup>[7]</sup>
- Fixed and mobile network availability. <sup>[16]</sup>
- Consumer surplus from fixed and mobile broadband usage. <sup>[17] [18]</sup>
- Value of rural connectivity. <sup>[19]</sup>

### SDGs



### Stakeholders



Customers



Society

Telefónica is one of the leading companies in Europe and Latin America in fibre deployment.





To expand and improve connectivity, we embrace partnerships with other companies that have innovative business models.

"Internet for All" has brought 4G to more than 3.3 million people in over 16,000 remote areas of Peru.

In Spain, Bluevía offers the largest fibre network deployed in municipalities with fewer than 20,000 inhabitants, with the goal of reaching five million homes and businesses by 2024.



## 4.2 Sustainable innovation

### 4.2.1 Impact of R&D investment

For Telefónica, being a pioneer in the telecommunications sector means having the ability to anticipate market needs by offering an innovative and sustainable product.

Throughout our almost 100-year history, Telefónica has put in place measures to encourage innovation and product development as an integral part of our business.

Innovation allows us to improve the quality of the service we offer to communities that are increasingly aware of the need to incorporate sustainability into production processes. In addition, R&D investments are critical to the long-term growth of our Company, as they drive our productivity and competitiveness in the telecommunications market.



#### Calculation

The total amount invested in R&D by the Telefónica Group is multiplied by a proxy that reflects the economic benefit generated by making an R&D investment.



#### Indicators

- R&D investment. <sup>[7]</sup>
- Economic return on R&D investment. <sup>[20]</sup>

#### SDGs



#### Stakeholders



Customers



Shareholders and analysts



Society



With an annual investment of over €700 million, we are among the top 50 European companies in terms of R&D investment, as demonstrated by a portfolio of more than 340 patents.

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## 4.2.2 Open innovation and entrepreneurship

Our intention is to support the entrepreneurial ecosystem and generate both economic and social benefits by investing in startups and promoting entrepreneurship.

Through programmes such as Open Future and Wayra, we not only fund startups seeking to grow innovative businesses, but also provide training for the entrepreneurs behind these companies. In addition, at Telefónica, we use innovation hubs and startup scouting centres to promote entrepreneurship.

Startups are key to fostering social change and economic recovery. Entrepreneurship programmes, meanwhile, foster employability, competitiveness and creativity in the communities where they are rolled out.



### Calculation

Telefónica's investment to foster entrepreneurship in startups and new companies is multiplied by the rate of return on an investment in entrepreneurship.

We estimate the economic value linked to indirect job creation in the startups in which we invest.



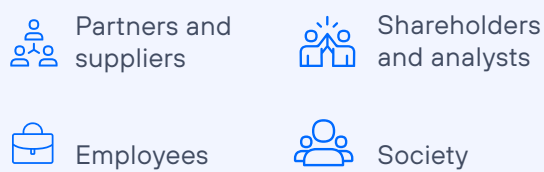
### Indicators

- Investment in promoting entrepreneurship. <sup>[7]</sup>
- Open Future and Wayra spaces. <sup>[16]</sup>
- Average investment per space. <sup>[16]</sup>
- Investment in startups. <sup>[7]</sup>
- Survival and growth rate of startups. <sup>[21]</sup>
- Number of startups and employees. <sup>[16]</sup>
- Minimum wage. <sup>[22]</sup>
- Rate of return on investment in entrepreneurship. <sup>[23]</sup>

### SDGs



### Stakeholders



## 4.3 Digital skills and other social programmes

### 4.3.1 Digital skills

We promote knowledge of new technologies to facilitate employability.

Digital education is transforming teaching and learning practices, enabling people to continue to participate socially or in the workforce in a self-determined way, reducing inequalities and creating more inclusive and efficient education systems.

Through Fundación Telefónica, with initiatives such as Conecta Empleo, Piensa en Grande, Escuela 42 and ProFuturo -a joint program between Fundación Telefónica and Fundación la Caixa-, we seek to improve digital skills

in society, not only to help people find work, but also to contribute to the socio-economic development of the regions in which we operate. We also offer job counselling tools and solutions to identify the most in-demand digital professions to facilitate access to the labour market.



Within this impact, externalities generated mainly through increased investment in digital education are expressed in monetary terms.



#### Calculation

The beneficiaries of each training programme are multiplied by the social value of learning per learner.



#### Indicators

- Beneficiaries of Fundación Telefónica's courses (Lanzaderas, Conecta Empleo, Piensa en Grande, Escuela 42 and ProFuturo).<sup>[7], [24]</sup>
- Geographical distribution of Fundación Telefónica's investment.<sup>[24]</sup>
- Social value of learning per learner.<sup>[25]</sup>

#### SDGs\*



#### Stakeholders



Fundación Telefónica has improved the employment prospects of almost 1.2 million people thanks to initiatives such as the 42 programme, which offers a number of free programming campuses currently open in Madrid, Barcelona, Urdúliz, Málaga and São Paulo.



Through the ProFuturo programme, in 2022, 411,000 teachers received training in digital skills and over 7.4 million children benefited from this.



\*Both the general activity of Fundación Telefónica and the ProFuturo programme contribute towards SDG 4, "Quality education".





### 4.3.2 Volunteering programmes

**Telefónica seeks to promote digital skills, awareness and social inclusion through volunteering initiatives.**

Fundación Telefónica's volunteering programmes allow our employees to offer their digital skills to the community in order to combat social and digital vulnerability. In this way, and thanks to the solidarity of around 60,000 employees, we help over 1.4 million people every year.

Some of the initiatives our volunteers have put into practice include digital skills training workshops to improve employability, technology education activities for children and young people, digital literacy for older people and

training in the responsible use of technology for teenagers and people with disabilities.

In the long term, volunteering improves the economic and social well-being of local communities by promoting youth development, fostering a greater sense of community and increasing access to technology for disadvantaged people.



#### Calculation

The number of registered volunteers in 2022 is multiplied by the economic value of the service they generate in local communities.



#### Indicators

- Number of volunteers in 2022. <sup>[7]</sup>
- Economic value of voluntary work. <sup>[26]</sup>

#### SDGs



#### Stakeholders



Government entities



Society



### 4.3.3 Cultural programmes

#### We promote social transformation through the dissemination of knowledge and digital culture.

Over the last decades, culture and the arts have been increasingly influenced by digital trends. The digitalisation of culture is generating a new social ecosystem in which new technologies make it possible to reach more sectors of society.

Fundación Telefónica organises conferences, research, exhibitions and workshops to disseminate and share cultural and technological knowledge. The aim of these educational offerings is to provide the population with the means to access the most significant content related to art and culture in the era of the digital revolution.



#### Calculation

Fundación Telefónica's total budget for digital culture is multiplied by the return on investment in digital culture.



#### Indicators

- Fundación Telefónica's budget for digital culture programmes. <sup>[27]</sup>
- Economic return on an investment in culture. <sup>[28]</sup>

#### SDGs



#### Stakeholders



## 4.4 Network and data security

We strive to minimise the risk of potential cyber threats in order to protect our customers' business resources and data privacy.

Cybersecurity is one of the most important issues for companies whose business depends on digital communications and solutions, and in particular since the COVID-19 crisis, due to the implementation and massification of new models of remote working.

At Telefónica we develop and market cybersecurity and managed security products and services. As business

becomes increasingly digital, we seek to stay ahead of threats through investments in information security and cybersecurity, and ongoing collaborations with other players in the telecommunications industry, as well as other areas of society.

The economic return of digital technology security solutions measures the reduction of risk and potential losses related to cyber attacks for society as a whole.



### Calculation

The Telefónica Group's total investment in cybersecurity services is multiplied by the corresponding economic return.



### Indicators

- Telefónica's turnover for cybersecurity services. <sup>[16]</sup>
- Return on Capital Invested (ROCE) in cybersecurity. <sup>[29]</sup>

### SDGs



### Stakeholders



Customers



Society



Partners and suppliers



Shareholders and analysts

Over 533 million cybersecurity threats have been blocked in one year thanks to the free secure connection service offered by Movistar in Spain to its customers.

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## 4.5 Privacy and digital rights

To provide a quality service and generate trust, at Telefónica we work to guarantee our customers' digital rights and the privacy of information and data.

The use of new technologies, as well as of the Internet and digital services, entails cybersecurity threats. These include unauthorised access to systems or malicious software designed to misuse sensitive and private information.

For this reason, ensuring the privacy and protection of our employees and customers' data, and promoting initiatives that foster the digital rights of all users have become a priority for Telefónica, both internally and throughout our value chain. Telefónica also promotes responsible management of digital content on the internet, ensuring the protection of minors, freedom of expression and the responsible use of new technologies.



### Calculation

The average cost of a data breach is multiplied by the number of customers affected.



### Indicators

- Number of customers affected by data. <sup>[7]</sup>
- Cost of a data breach. <sup>[30]</sup>

### SDG



### Stakeholders



Customers



Opinion leaders and media



Partners and suppliers



Government entities



Society



Shareholders and analysts

We have a revamped Global Transparency Centre and Privacy and Security Centres for each of our operations to keep our customers informed about the protection of their data, and provide them with tools that enable them to take control of their information.

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