



Greening digital companies 2023

Monitoring emissions and
climate commitments

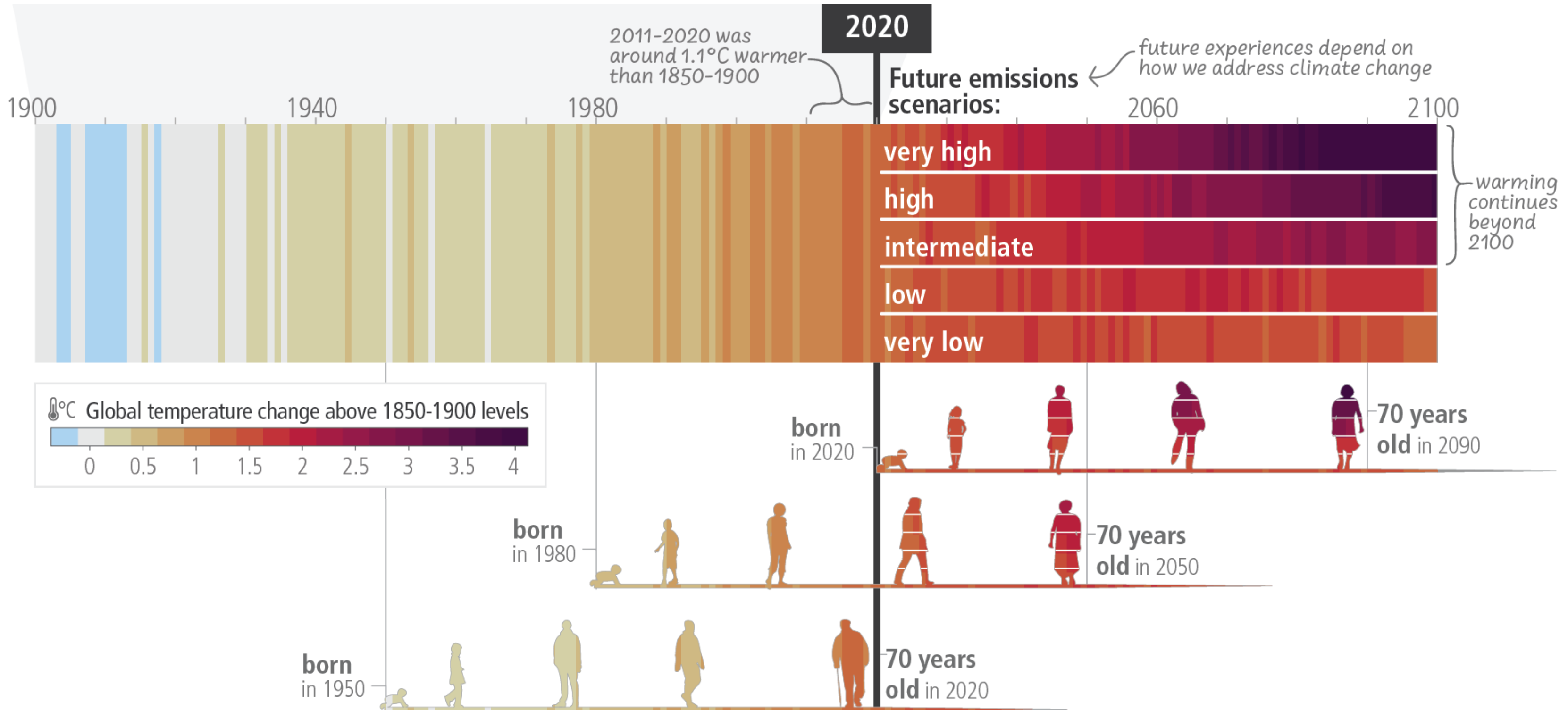


Telefónica's journey to Net Zero

Greening Digital Companies 2023

02/10/2023

Future experiences depend on how we address climate change now!



Our decarbonisation



Long-term target

Achieve **net zero emissions**, for all scopes across all our operations:

- Reducing **90%** of our emissions (1+2+3)
- Neutralising our residual emissions (max. 10%)



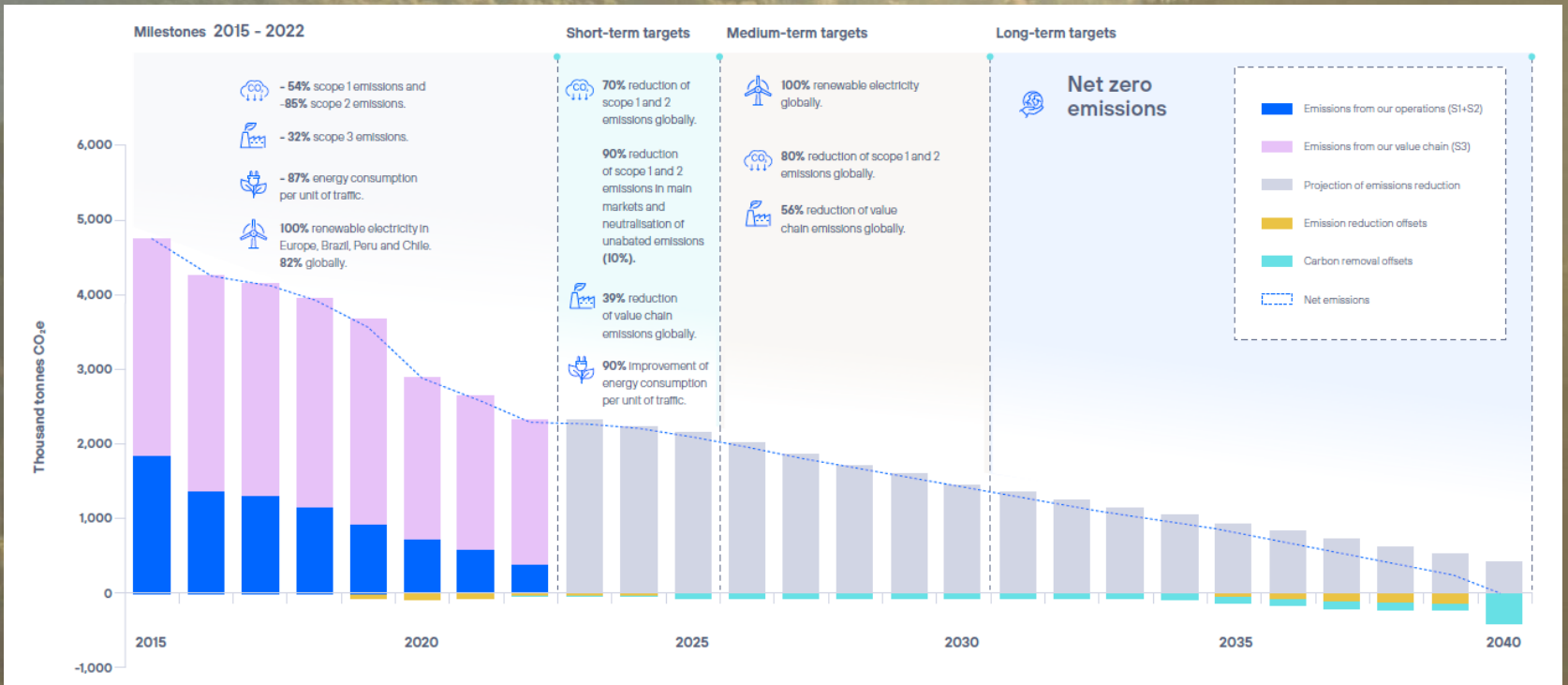
Medium-term targets

- Reduce **80%** of Scope 1+2 emissions (vs. 2015)
 - a) 100% renewable electricity consumption
 - b) 90% increase in energy efficiency by 2025, compared to 2015 (MWh / PetaByte)
- Reduce **56%** of Scope 3 emissions (vs. 2016)

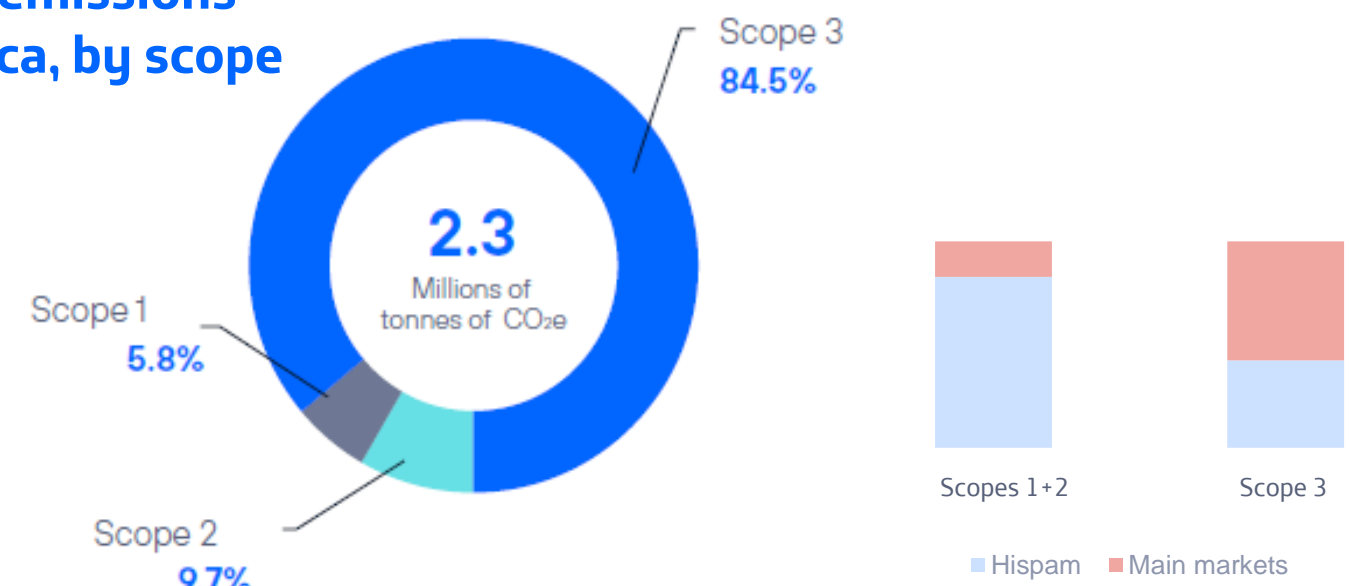


Short-term target

Neutralise 100% of residual emissions (scopes 1+2) of main markets



2022 GHG emissions of Telefónica, by scope



Net zero transformation strategy



Telefónica

Net zero transformation strategy



At Telefónica,
we have a
plan!



Net zero transformation strategy



Our journey to net zero



OPERATIONAL
MODEL



VALUE CHAIN
MODEL



COMMERCIAL
MODEL



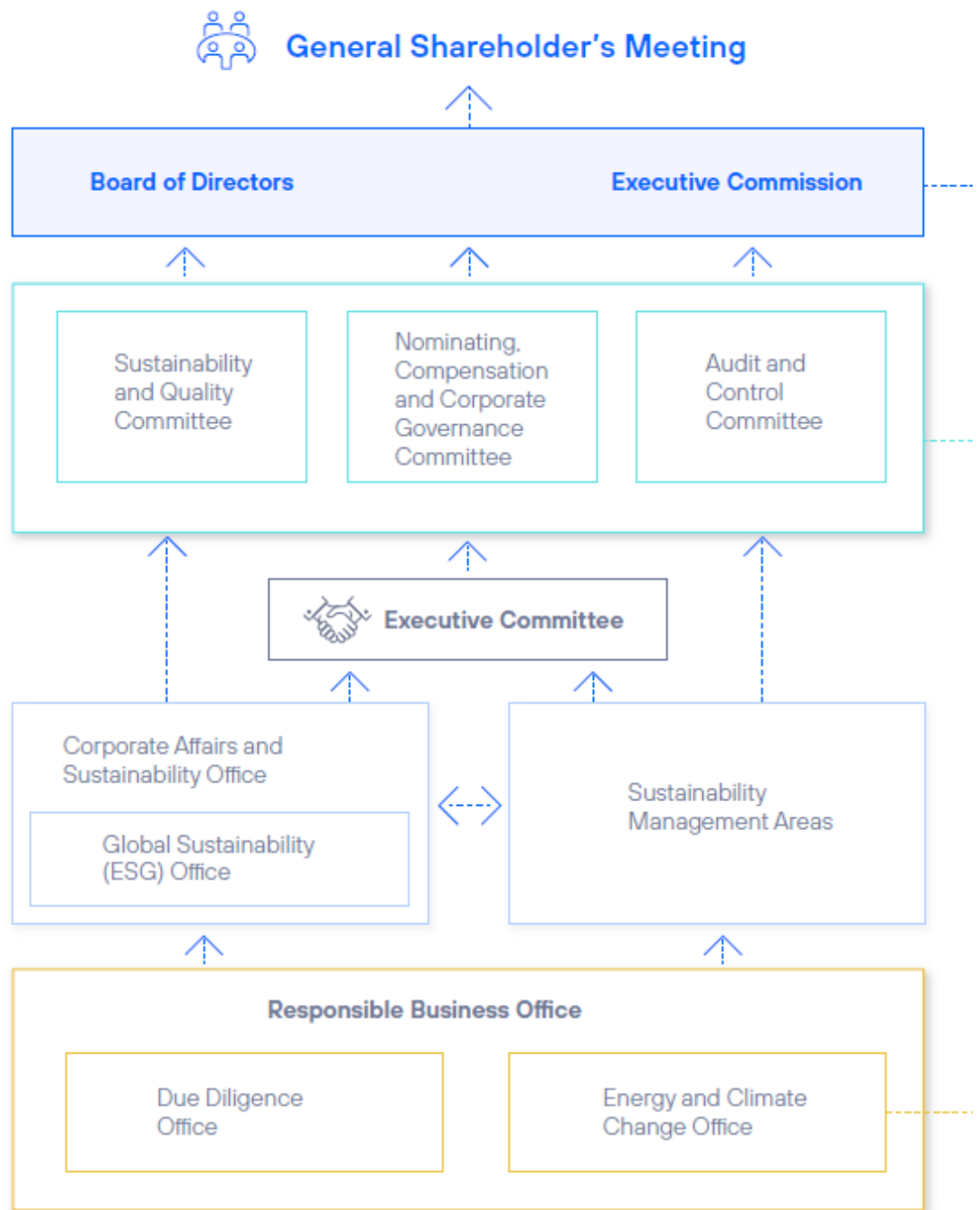
FINANCIAL
MODEL



GOVERNANCE
MODEL

Oversight and
accountability

Governance



FEEDBACK MECHANISM

APPROVAL

The **Board of Directors** is responsible for approving the Climate Change Strategy, the Climate Action Plan and environmental policies.

OVERSIGHT

- ✓ The **Sustainability and Quality Committee** is responsible for overseeing the implementation of climate-related initiatives on a regularly basis, and for monitoring the progress of climate-related targets.
- ✓ The **Nominating, Compensation and Corporate Governance Committee** is responsible for overseeing the sustainability targets included in the variable compensation system, including the reduction of GHG emissions.
- ✓ The Audit and Control Committee is responsible for overseeing the climate-related risk management model, the internal control and the integrity of the climate-related information.

IMPLEMENTATION

The **Energy and Climate Change Office** is responsible for the operational implementation of the Climate Change Strategy, KPIs assessment, performance monitoring against targets, review of climate-related regulatory aspects and compliance with stakeholders' expectations.

Our journey to net zero



A common Plan for all our OBs and employees



Policies



Variable compensation



Internal engagement actions

- ✓ Internal regulations as a **common reference framework** for all the companies of the Group.
- ✓ 20% of the **short-term variable compensation** of all company employees, including the Management Committee, is linked to sustainability targets, such as the reduction of GHG emissions.
- ✓ 10% of the **long-term variable compensation** of the Executive Directors and other senior Directors is linked to the offsetting/neutralisation of CO₂ emissions.
- ✓ Appropriate training programmes, internal communication campaigns and awareness-raising events to build an organisational culture in the field of climate action.
 - ESG Academy
 - Sharing experiences
 - Global Energy and Climate Change Workshop
 - Energy and Climate Change Awards



Environment



Energy management



Supply Chain

Our journey to net zero



OPERATIONAL
MODEL



VALUE CHAIN
MODEL



COMMERCIAL
MODEL



FINANCIAL
MODEL

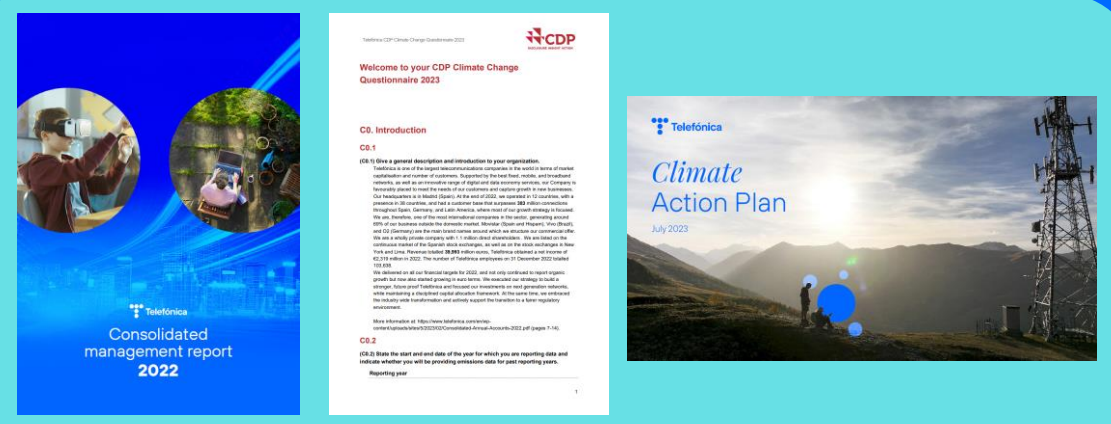


GOVERNANCE
MODEL

Transparency
and trust

Transparent disclosure

- Transparent communication and reporting which results in Telefónica being recognised as a global leader fighting the climate crisis



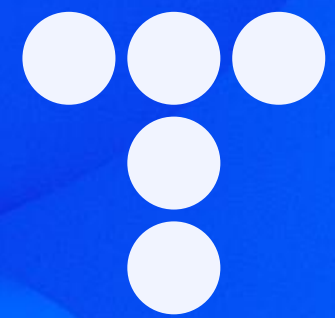
Advocacy and strategic partnerships

Working to place digitalisation at the top of the climate change policy agenda

- European Green Digital Coalition (EGDC)
- SME Climate Hub
- Industry collaboration (ETNO, GSMA or JAC)

- Other initiatives and partnerships





Telefónica