Telefónica Tech

Building a *greener future*

Creating Meaningful Impact for
Our People, Communities & Planet

2025

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Introduction

On Monday 20th March 2023 António Guterres, Secretary-General of the United Nations said, *"the world is rapidly approaching catastrophic levels of heating with international climate goals set to slip out of reach unless immediate and radical action is taken". "The climate time-bomb is ticking" and "humanity is on this ice – and that ice is melting fast."* In the report released that Monday by the U.N. Intergovernmental Panel on Climate Change (IPCC) draws on the findings of hundreds of scientists to provide a comprehensive assessment of how the climate crisis is unfolding. It concludes that the world is likely to pass a dangerous temperature threshold within the next 10 years, pushing the planet past the point of catastrophic warming unless nations drastically transform their economies and immediately transition away from fossil fuels. This is one of the most definitive reports ever published about climate change, showing that we all need to work together to protect the planet.

Researchers found that the world is on the brink of 1.5 degrees Celsius of warming, meaning it is close to surpassing an internationally agreed-upon threshold for climate warming. The current trajectory is for a 2.2 to 2.4

degrees Celsius of warming. Beyond that threshold, scientists have found, climate disasters will become so extreme that people will not be able to adapt. In fact, this amount of warming will threaten coral reefs, melt ice sheets, and contribute to sea level rise. We will see heat waves, famines, and more infectious diseases spread, claiming millions of additional lives by the end of the century.

In 2019 the UK became the first major economy to pass a Net Zero emissions law, meaning the UK government is now legally required to reach Net Zero emissions by 2050. When the UK government published its procurement policy note 06/21 (PPN 06/21), it was clear that businesses should focus on building back the economy in a sustainable fashion.

Telefónica Tech

Our Approach

Telefónica Tech are proud to be part of the Telefónica Family which, in 2024, celebrated its centenary as a powerful driver of value to society and its shareholders. You can find its latest Management and Sustainability report online at www.telefónica.com.

In 2024 Telefónica were among the 10 most sustainable in the world according to 'time' and has been recognised by CDP for the last decade as one of the leading (A List) companies in climate emergency management.

As Telefónica Chairman, Marc Murtra says, *"As we look into the future, in an accelerating world, our role will be more critical than ever. Our purpose, "To make our world more human by connecting lives", drives us to accelerate responsible digitalisation that generates a positive impact for all our stakeholders. We reaffirm our commitment to the principles of the UN Global Compact and the Sustainable Development Goals. At Telefónica, we are committed to keep innovating and create a more connected, inclusive and sustainable world. These sustainability efforts have been recognized internationally. In 2024, Telefónica reaffirmed its leadership by being distinguished as the seventh in Newsweek's Excellence Index. Additionally, it tops the sector in FTSE4Good, ISS ESG Corporate Rating and the World's Benchmarking Alliance's Social Benchmark (WBA)".*

Our company is conducting a strategic review to ensure that our carbon reduction endeavours are integrated throughout our business, from suppliers to operations, including helping our customers. We are prioritising the most valuable areas for reducing our carbon footprint and have set a target to achieve Net Zero for scopes 1 and 2 by 2040 and Net Zero for scope 3 by 2050.

* For the purposes of this document, Telefónica Tech means Telefónica Tech UK & Ireland Limited and its subsidiaries

Corporate *Responsibility* and *Accountability*

Telefónica Tech is on a journey to create a sustainable future and we want to ensure that journey is transparent, credible, impactful, and measurable. To this end, we have embarked on a journey to achieve Net Zero emissions by 2040 for scopes 1 and 2, and 2050 for scope 3. To ensure we achieve our aims, we partnered with carbon consultancy Enistic, who calculate and track our carbon emissions in accordance with the GHG protocol.

We firmly believe that our efforts to prioritise sustainability not only align with our core values but also position us for long-term success in an increasingly environmentally conscious society.

In addition, we are not only focusing on mitigating our own environmental impact, but we are also committed to making a positive social impact as we understand this is also a pillar of sustainability. For example, we have a number of ongoing projects working to educate all demographics on digital skills.

You can find more information here.
If you were interested in the Telefónica report it is here Annual accounts report - Telefónica.
The Sustainability Report can be found on pages 259 to 444.

Our Carbon *Reduction* Targets

Telefónica Tech is committed to a 100% reduction in all scope 1, 2, and 3 emissions by 2050. We aim to have a 100% reduction in our scope 1 and 2 emissions by 2040. Our carbon reduction goals align with the IPCC's carbon reduction roadmap.

2050

BUSINESS AMBITION FOR 1.5°C

enistic

GHG Scope	Scope 1	Scope 2	Scope 3	All our emissions reductions will be primarily achieved through ambitious carbon reduction projects and offsetting carbon emissions will only be considered in cases of unavoidable emissions. Telefónica Tech will work with its partners to establish a yearly emission reduction target and this KPI will be integrated into our reporting system to ensure annual targets are met.
Emissions Sources	Direct emissions resulting from sources that are owned and controlled by Telefónica Tech	Indirect emissions from purchase of electricity and onsite EV charging	Indirect emissions from other sources not included in Scope 1 and 2 categories	

Emissions Categories

Currently, we measure all our scope 1 and scope 2 emissions following the GHG protocol, and we measure a subset of scope 3 emissions (PPN 06/21 requirement) following the Corporate Value Chain Scope 3 Standard.
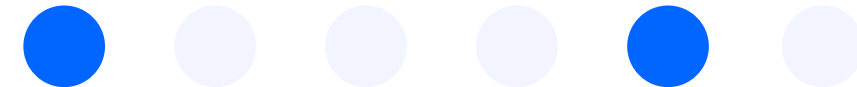
Carbon
Reduction
Plan

in accordance with
requirements for PPN 06/21

Commitment to Net Zero

In our commitment to becoming net zero, our carbon reduction goals align with the IPCC's carbon reduction roadmap. This report sets out a Net Zero roadmap, detailing the strategies we have put in place to achieve this goal.

Emissions Comparison

The table below shows our first year of reported emissions (Jan 2022- Dec 2022), our base year (Jan 2023 - Dec 2023) emissions, and our current reporting year emissions (Jan 2024 - Dec 2024). Baseline emissions are a record of the GHGs that have been produced in the past – before introducing any strategies to reduce emissions – and are the reference point against which emission reductions can be measured.

2022 was the first year where we had a detailed GHG inventory. We acquired business applications, and data and AI businesses, which increased our headcount by more than 40%. In 2023, we increased the scope to include these additional Telefónica Tech entities and also increased the scope of emission categories included within our carbon account. Furthermore, our 2022 emissions were calculated by a different supplier. In 2024 we increased the scope to include overseas entities. We continue to work on improving the data collection. In our last report, 2023 appeared to be a much more representative base year as the carbon account is much more complete. Due to the overseas entities being small, we have decided to continue using 2023 as our base year. Our current reporting period is Jan 2024 to Dec 2024. Our current reporting period is Jan 2024 to Dec 2024.

Emissions	Reporting Year: 2024	Base Year: 2023	2022	2023 vs 2024 % Change
Scope 1	68.9	51.9	21.8	33%
Scope 2	563.0	587.6	570.8	-4%
Scope 3	1,336.0	1,124.9	713.7	19%
Total Emissions	1,967.9	1,764.4	1,306.3	12%
Intensity Ratio	8.41 kgCO2e per £1,000	7.84 kgCO2e per £1,000	5.79 kgCO2e per £1,000	7%

Calculation Assumptions:

A sample of employees were surveyed for commuting and working from home. The answers were then extrapolated across the whole workforce.

For sites where data was not available, sources were estimated based on employee headcount.

For deliveries, weight and distances were assumed where data was not available.

For business travel, cost-based assumptions were used where data specific data was not available.

Emissions Breakdown

Scope 1	Reporting Year: 2024	Base Year: 2023	2022	2023 vs 2024 % Change
Energy – Natural Gas	40.6	32.2	18.64	26%
Company Vehicles	3.8	0.6	3.2	533%
Other Fuels	24.5	19.1	-	28%
Total Emissions Scope 1	**68.9**	**51.9**	**21.8**	**33%**

Scope 2	Reporting Year: 2024	Base Year: 2023	2022	2023 vs 2024 % Change
Energy - Electricity	563.0	587.6	570.8	-4%
Total Emissions Scope 2	**563.0**	**587.6**	**570.8**	**-4%**

| Scope 3	Reporting Year: 2024	Base Year: 2023	2022	2023 vs 2024 % Change
Purchased water	23.3	33.8	-	-31%
Grey Fleet	5.7	117.4	-	-95%
Deliveries	15.4	4.3	-	258%
Waste generated in operations	12.2	96.6	-	-87%
Commuting	243.2	138.6	488.6	75%
Home Working	393.2	238.0	69.4	65%
Business Travel	439.6	263.6	76.7	67%
EUC Devices in Use (annualised)	-	-	79.0	-
Well-to-Tank	153.1	181.4	-	-16%
Transmission and Distribution	50.3	51.2	-	-2%
Total Emissions Scope 3	**1,336.0**	**1,124.9**	**713.7**	**19%**
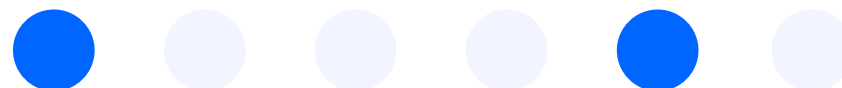
Emission Reduction

To continue our progress towards achieving Net Zero, we have developed a scope 1 and 2 Net Zero target for 2040, and a scope 3 Net Zero target for 2050.

We project an absolute linear reduction in our emissions from our baseline year to Net Zero emissions by 2050. These targets may change as new projects are implemented. Prior to our baseline year, we tracked scope 1 and 2 emissions and a small subset of scope 3 emissions.

The graph on the right depicts our projected vs targeted emissions. Starting with our baseline emissions from Jan 23 - Dec 23, the blue line shows our historical and projected emissions as we introduce carbon reduction plans. The orange line shows our target emissions which sees a linear reduction until the end of 2050. These projections assume our business operations remain at similar levels as seen between Jan 23 - Dec 23.

Moving forward, more carbon reduction measures may become feasible and so more emission mitigation could occur – altering these current projections. As a last case scenario, we will consider offsetting as an option. This is where any residual emissions that we are unable to mitigate will be offset in order for us to achieve our net zero target.
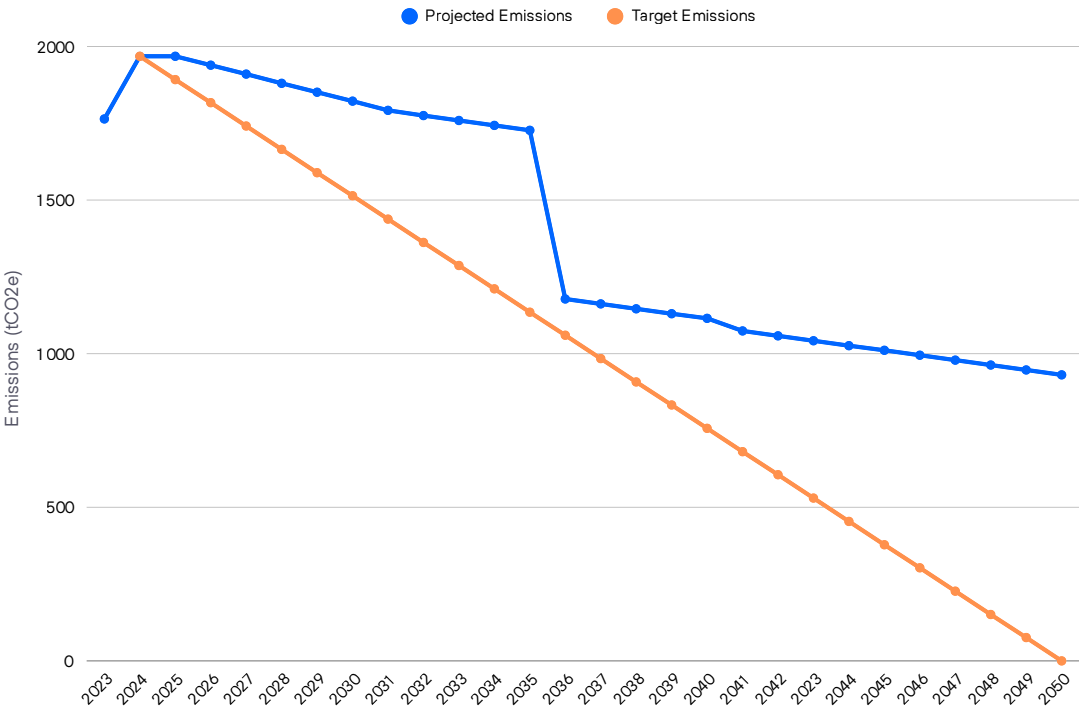
Year	2023	2024	2030	2035	2040	2045	2050
Historical Emissions	1,764	1,968	–	–	–	–	–
Projected Emissions	–	–	1,882	1,727	1,115	1,011	931
Target Emissions	–	1,968	1,514	1,135	757	378	0

Emission Reduction Targets

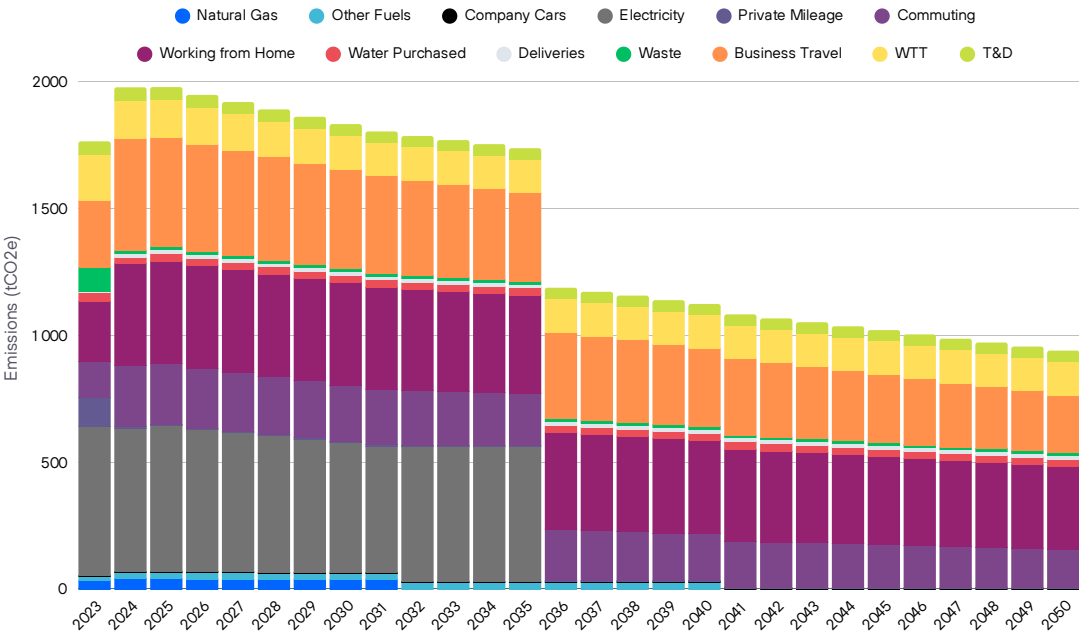Our emission projections target the following areas:
Natural Gas | Electricity | Commuting | Business Travel | Waste

Moving forward, we aim to educate our employees on their consumption and so we hope to see a 15% reduction in energy consumption. As the UK becomes less reliant on gas consumption, we aim to eradicate our gas usage by 2030. Furthermore, we aim to source our electricity from renewables by 2035.

Additionally, as the UK plans to ban the sale of fuel based cars from 2035, we expect to see a gradual reduction in commuting and business travel emissions.

Finally, as we anticipate an increase in sustainable technologies in all emission areas, as well as improvements in our own recycling methods, we anticipate a gradual reduction in waste emissions throughout the reduction period.

In addition to the above, we are also regularly keeping informed on other reduction measures that become available as we approach our Net Zero target.


Legend: Natural Gas · Other Fuels · Company Cars · Electricity · Private Mileage · Commuting · Working from Home · Water Purchased · Deliveries · Waste · Business Travel · WTT · T&D

Year	2023	2024	2030	2035	2040	2045	2050
Historical Emissions	1,764	1,968	-	-	-	-	-
Projected Emissions	-	-	1,882	1,727	1,115	1,011	931
Target Emissions	-	1,968	1,514	1,135	757	378	0

Scope *Breakdown*

The graph on the right shows the scope projection in comparison to our target emissions.

This demonstrates that we are on track to almost completely reduce our scope 1 and 2 emissions by 2040 with there being 28 tCO2e predicted by our Net Zero target year.

As expected, we will experience more difficulty in reducing our scope 3 emissions as we have much less control over these emission categories. However, we are hopeful that as more technologies become available globally, there will be more projects we can consider implementing in the coming years.
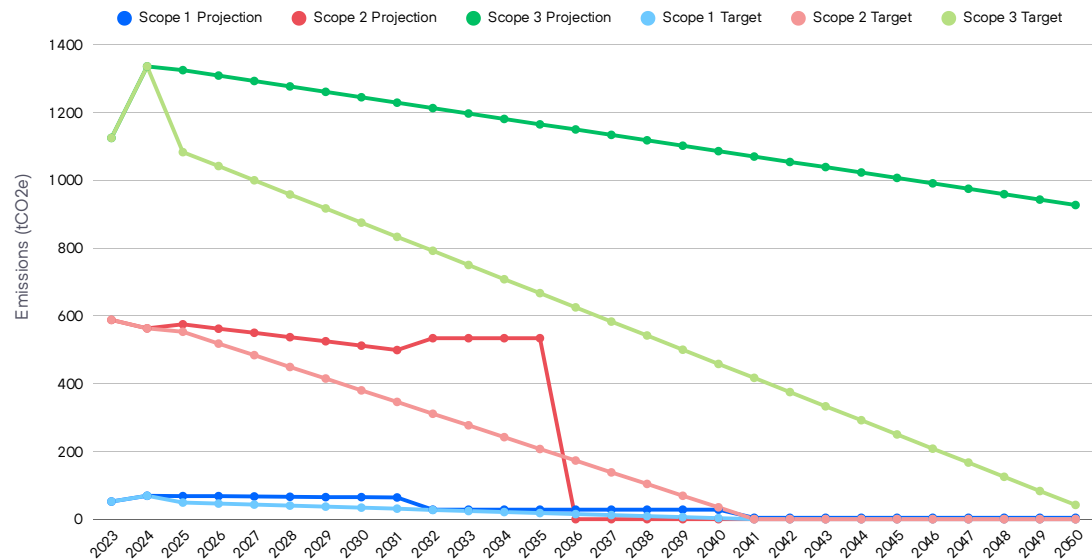
Year	2023	2024	2030	2035	2040	2045	2050
Scope 1 Projected	52	69	65	28	28	4	4
Scope 2 Projected	588	563	512	534	0	0	0
Scope 3 Projected	1,125	1,336	1,245	1,165	1,086	1,007	927
Scope 1 Target	52	69	34	18	3	0	0
Scope 2 Target	588	563	380	207	35	0	0
Scope 3 Target	1,125	1,336	875	667	458	250	42

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Completed *Carbon Reduction* projects

Increased Scope of Carbon Account

In 2022, we aimed to increase our scope of our overall carbon accounts by including our additional entities. We are pleased to say we have achieved this with Incremental and Adatis now included in our 2023 carbon account. In 2024, we also introduced some global offices into our carbon account. As well as this, we have also increased the scope of emission categories included in scope 3 which we will continue to do moving forward. As a result, we have growing understanding of our emissions breakdown.

Invested in a new cooling system in our Data Centre and Installed LED Lighting

In recent years, we have made efforts to improve energy efficiency at our sites. For example, at our largest UK data centre we have invested in a new cooling infrastructure including replacement of all IT space cooling units, resulting in increased energy efficiency and LED lighting has been installed across our sites.

Environment, Sustainability, and Governance Lead

In 2023 Telefónica Tech employed a full time ESG Manager to run the Carbon Reduction Action Plan and she has set up four Sustainability Groups. A Governance Group, to oversee the collection of data and the Carbon Reduction Action Plans, a Sustainability Steering Committee made up of volunteers from all round the business to help ensure that we impact on the hearts and minds of our colleagues, a places working group made up of champions from our offices to look at the Waste and Energy use on our sites and a Partner Working Group who discover and make people aware of the fantastic Green products we provide that help our clients on their green journeys.

Electric Car Charges

We've installed Free of Charge (FOC) electric charging points across our sites, with four at our Huntingdon office and two at our Wisborough Green office. By offering free charging, we're encouraging both employees and customers to choose a greener way to commute.

Moved to a new B-Corp e-waste provider for E-Waste

As well as being a finalist in the Paragon awards for Environmental Sustainability in 2023 with one of our clients for our joint efforts in reusing, recycling and reselling IT Assets. We also have a new partnership with a B-Corp e-waste provider. We both sell this to our customers and have implemented it ourselves.

Transitioned to Electronic Signatures

To reduce paper usage within the procurement function, we have transitioned to the Electronic Signature and Agreement Cloud. Implementing this has enabled us to eliminate the need to print, fax, scan, mail and store paper documents. This will be used for all contract amendments, CCNs and sign-off of project documents where signature is required.

Introduced Green Energy

We have begun the transition to green energy at several of our sites by switching our tariffs to green tariffs. This move is a key step towards reducing our environmental impact. The benefits of green energy include a significant reduction in carbon emissions, supporting the growth of renewable energy sources, and contributing to a more sustainable future. Additionally, green energy offers long-term cost savings and helps us align with global efforts to combat climate change.

Environment, Sustainability, and Governance Lead

In 2024 we have created an internal SharePoint site for our impact on our planet. This site has access to all our partners sustainability information, and data on our parent company. It also has our Sustainability lunch and learns and contacts for our Sustainability Steering Committees. We also have a senior leader Net Zero group who are overseeing the Net Zero initiatives.

Our *Social* and *Environmental* Impact

We believe strongly in our corporate responsibility – to our colleagues, our customers and our community.

Our CSR focus is at the core of our company. Our success enables us to build a strong culture within our organisation, and within our local communities to deliver positive impact.

We don't just raise money and make donations; we also support our charities with technology and with our time and expertise. We encourage our employees to use their company volunteer days at any of our supported charities, as we believe this can benefit both the charities and our colleagues.

embrace
Child Victims Of Crime
Mending hearts, minds & families

action mental health

THE GREENER EARTH PROJECT

Telefónica Tech

Future
Carbon Reduction
projects

Continue to Transition to Renewable Electricity

Whether this is by installing renewables on our sites, or sourcing our electricity from renewables elsewhere, we would like to continue to reduce our reliance on the grid. One of the primary advantages lies in its minimal impact on climate change, as renewable energy sources such as solar, wind, hydro, and geothermal power generate electricity without emitting greenhouse gases. Additionally, renewable energy sources are abundant and inexhaustible, providing a long-term and sustainable solution to our energy needs.

Rightsize Business Travel

As a business, we are also looking to reduce our emissions associated with business travel. To do this, we will create additional policies, especially for trips abroad. In turn, we will ensure that travel is necessary to meet our business requirements.

Eradicate Gas Consumption

Currently, we use natural gas to heat some of our facilities. However, there are cleaner alternative sources of energy that could be used instead. In fact, the UK currently aims to phase out 80% of gas boilers by 2035. Therefore, we plan on replacing our gas boilers with an electric alternative. In turn, we aim to fuel this electric boiler entirely with green energy.

Carbon Footprint Analysis

Most importantly, we will use the findings from this report to conduct a carbon footprint analysis. Currently, electricity and business travel are our highest emission contributors. Therefore, we will start by reviewing our consumption and policies to tackle these emission categories.

Telefónica Tech

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard and uses the appropriate Government emission conversion factors for greenhouse gas company reporting.

Scope 1 and Scope 2 emissions have been reported in accordance with the Streamlined Energy and Carbon Reporting (SECR) requirements, and the subset of Scope 3 emissions have been reported in accordance with the published standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.

This Carbon Reduction Plan has been reviewed and signed off by the Board of Directors for Telefónica Tech UK and Ireland Limited.

Signed

Position   Chris Brookes, VP of Business Operations

Date   21st March 2025

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Leading the Way in *Digital Transformation* for our Customers

Telefónica Tech unlocks the power of integrated technology, bringing together a unique combination of the best people, with the best tech and the best platforms, supported by a dynamic partner ecosystem to make a real difference to every business, every day.