

Telefónica generates over €49 Bn in GDP in the countries where it operates



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Telefónica has continued to contribute to economic and social growth in the countries in which it operates. According to the Consolidated Management Report 2023, the group's activity generated €49.145 billion in Gross Domestic Product (GDP) in the main countries where it was present in 2023.

In addition, for every euro generated by its business, an additional 1.6 euros was gained through expenditure and investment; furthermore, for every person in the workforce, over 10 indirect or induced jobs were created, 1.3 million jobs in total.

Our centenary serves to remind us of our unique legacy and vocation of service and commitment, a vocation that drives us to strengthen our business from both a financial and non-financial point of view," said José María Álvarez-Pallete, Chairman of Telefónica. He went on to say: "In this new era, Telefónica is uniquely positioned to bring together the best that technology and people have to offer. In this spirit we have raised our ambitions by updating several ESG targets

Ensuring progress and opportunities for all

In addition to contributing over €49 billion in the main countries where it is present, in 2023 Telefónica made a total tax contribution of €7.58 billion. In other words, 19 out of every 100 euros of its turnover went to tax payments.

Furthermore, its procurement volume exceeded €23 billion, with over 83% of this going to local suppliers with a view to increasing the positive impact in the places where Telefónica operates.

As part of its commitment to providing a service to everyone, Telefónica remains the world leader in fibre-to-the-home (FTTH)

deployment, with 173 million premises reached in 2023, 74 million of which are through the company's proprietary network. In addition, it offers 92% 4G/LTE coverage globally and has launched 5G in its main markets.

The Group has almost 388 million accesses, representing year-on-year growth of 1.2%, with broadband coverage reaching 82-99% of the population in rural and remote areas in its main markets.

The telco is also involved in training initiatives for digital skills and employability programmes. Telefónica and its Foundation offer projects as part of its global innovation and talent hub, such as Escuela 42, Conecta Empleo and the Reconectados programme for older people.

During 2023, 70% of employees invested in acquiring and developing new skills. SkillsBank, an internal training platform with over 90,000 users, has evolved with the incorporation of Artificial Intelligence to facilitate continuous learning and internal mobility, helping to accelerate professional growth. The level of employee commitment (the eNPS) increased by seven points to 76, a record high.

In terms of gender equality, the proportion of women executives reached 32.8% in 2023, with a target of 37% by 2027. Meanwhile, the adjusted pay gap was reduced to 0.7%, remaining in line with the group-wide target of falling below 1% by 2024. The group continued to recruit employees with disabilities, with the goal of doubling the number of employees with disabilities by 2024.

Quality plans to improve the customer experience are another strategic focus for Telefónica. In 2023, customer satisfaction levels continued to increase, achieving an NPS (Net Promoter Score) of 31, which represents an improvement of over 10 points since 2017.

Accelerating the green transition

Telefónica aligns its commitment to the planet with the environmental SDGs (7, 11, 12 and 13), decoupling its growth from its environmental footprint and helping to decarbonise the economy. The Climate Action Plan is Telefónica's roadmap, which is integrated on a company-wide basis with the aim of achieving net zero emissions by 2040, as validated by the Science Based Targets initiative (SBTi).

In terms of its progress in this regard, Telefónica has reduced its

operational emissions by 81.4% since 2015, with this figure totalling 51% when including those generated in its value chain.

Emissions reductions are not only compatible with the expansion of the network and service quality, but also allow Telefónica to be more competitive. Thanks to more energy-efficient fibre and 5G, alongside more than 170 projects, the company has reduced energy consumption by 8.6% compared to 2015, despite an 8.6-fold increase in traffic on its networks.

In addition, 100% of its electricity consumption currently comes from renewable sources in Europe, Brazil, Chile and Peru (84% globally). Telefónica's emissions in 2023 would have been 3.5 times higher without its Renewable Energy Plan.

Telefónica offers its Eco Smart solutions to companies in order to contribute to decarbonising the economy. Efficiencies driven by connectivity and digital services helped companies avoid 86.1 million tonnes of CO2 emissions in 2023.

Moreover, the company is working towards being a zero waste company by 2030 by means of the circular economy. In 2023, Telefónica recycled 97% of its waste and repaired and reused 4.5 million pieces of electronic equipment from its operations, offices and customers, of which 313,805 were pieces of network equipment.

Building trust through ethics and exemplarity

Telefónica is mindful of how important it is to follow good governance best practices. It therefore maintains high standards of governance, security, privacy and transparency.

In 2023, Telefónica published a pioneering report on its human rights and environmental due diligence process, taking into account the new requirements in this regard. In addition, the telco requires 100% of its suppliers to operate with high sustainability standards similar to its own, with 5,823 suppliers that were awarded contracts receiving information on integrity in 2023.

Telefónica's Board of Directors has made a qualitative leap forward in terms of gender diversity, with women now comprising 40% of the Board's members.

The group has been working for years to align environmental and social sustainability with financial sustainability. Sustainable financing reached 33.6% of the group's total at the end of 2023, an increase of 6.3 percentage points compared to 2022, making the company one of the market leaders in the global telecommunications sector in terms of issuance volume and diversification of instruments. For this reason, it has updated its target for around 40% of financing activity to meet sustainable criteria by 2026.

During 2023, the market's leading sustainability analysts considered Telefónica to be one of the most ESG-committed companies in the sector, maintaining or improving the excellent scores awarded by the top ratings agencies such as MSCI y Sustainalytics, among others.

For further information: Consolidated Management Report 2023

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