PRESS RELEASE

<u>The company endorses the Paris Agreement in their Energy and Climate Change targets for 2020</u>

TELEFÓNICA ANNOUNCES THAT 50% OF THEIR ELECTRICITY CONSUMPTION WILL COME FROM RENEWABLE ENERGY SOURCES BY 2020

- **The launch of energy efficiency projects and the use of renewable energy will generate a saving of 90 million euros for the company**

- **Telefónica will reduce its energy consumption by half and will decrease the emissions of Greenhouse Gases (GHG) by 5% in the next four years**

- **The multinational company stands out for its Internet of Things (IoT) and Big Data solutions aimed at reducing the carbon footprint of other sectors**

Madrid, Friday 18th November, 2016. - Telefónica announces its global objectives in Energy and Climate Change for 2020, in which its commitment to renewable energy as a sustainable source for business is highlighted. It undertakes that 50% of the electricity used in its operations will come from clean sources by 2020 and 100% by 2030.

Telefónica estimates that the launch of energy efficient projects and the use of renewable energy will generate a saving of 90 million euros. In addition, the company will reduce the energy consumption per traffic unit by half and will decrease Greenhouse Gas emissions (GHG), by 5% in absolute terms.

The objectives are aligned with the world commitment to limit the rise in temperature to 2°C as established in the Paris Agreement; and their announcement coincides with the United Nations Organization Climate Change Conference, COP22, held in Marrakech until the 18th of November.

According to José María Álvarez-Pallete, President of Telefónica "These objectives respond perfectly to Telefónica's growth strategy and network deployment: to do more with less and have the most efficient and clean Network in the sector in terms of energy and carbon. Moreover, we want this because it is good for our profit results, for our clients, their families, and for future generations."

For Telefónica climate change is an urgent threat and being energy efficient is vital in dealing with it. "We are aware of our responsibility to reduce our own carbon footprint as well as the role that we can play with IoT and Big Data solutions to improve the management of transport, energy, water, waste etc. in other sectors. In the last few years we have advanced on both fronts and now we are taking another step, with new targets for 2020", adds Álvarez-Pallete.

With this step, the multinational company also wants to maintain its leadership in indexes such as the CDP, which displays 827 institutional investors with assets worth 100 billion dollars, the transparency and the performance of companies relating to climate change.

Energy Efficiency Program

To meet its new commitments, Telefónica will be supported by an Global Energy Management Policy recently approved by the Board of Directors and will enhance its Energy Efficiency Programme, recognized at the last Mobile World Congress of Barcelona with the "GSMA Glomo 2016" Award. In addition, Telefónica will promote further reductions of fuel, the transformation of its network with state-of-the-art technology and the use of clean energy.
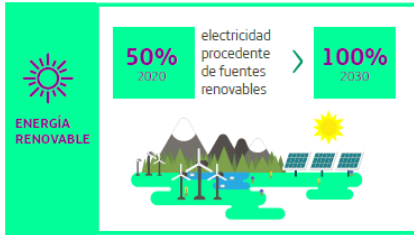
In the framework of this Programme, from 2010 to 2015, the multinational carried out 257 initiatives in energy efficiency and the reduction of GHG emissions in their networks and offices, which resulted in a saving of more than 64 million euros and a 25% reduction in energy intensity.

Less emissions in buildings and transport

Telefonica forms part of the new "SMARTer2030 Action Coalition", a group presented this week in Marrakech by the Global e-Sustainability Initiative (GeSI) to support the Paris Agreement with specific initiatives that enable industrial sectors to reduce their CO2 emissions through ICT. According to GeSI, the emissions that can be avoided by using digital solutions are almost ten times higher than those generated by the deployment of ICT. Initially, the coalition will focus on energy efficiency in buildings and in mobility.

In addition to the Government of Morocco, GeSI and Telefónica, the founding members of the coalition are BT, Connected Devices Alliance, CSCP, Ericsson, IBM, IEA, ITU, Microsoft, Philips Lighting, Schneider Electric, Telia Company, Verizon and WBCSD.

EN TELEFÓNICA HACEMOS + CON –

Telefónica

ENERGÍA

-50% MWh/PB

Reducir nuestro consumo

1.100 GWh — De ahorro energético que equivale a

1 año — 90.290 hogares

CO_2 10 años — +20 mill Árboles

CO_2 3 mill km

ENERGÍA RENOVABLE

50% 2020 electricidad procedente de fuentes renovables > 100% 2030

OBJETIVOS DE ENERGÍA Y CAMBIO CLIMÁTICO | 2015-2020

OPEX

Conseguir ahorros por eficiencia energética

90 Mill€

18 — 2016
36 — 2017
54 — 2018
72 — 2019
90 — 2020

GASES DE EFECTO INVERNADERO

Descarbonizar Telefónica

-5% emisiones

2020 ALCANCE 1 148.617 tCO2eq > 2020 ALCANCE 2 1.532.053 tCO2eq

Escenario 2ºC (Acuerdo de París)

tCO2e

2010 2016 2020 2025 2030 2050

PROYECTOS

Programa de Eficiencia Energética

Equipos de potencia | Refrigeración y aire acondicionado | Funcionalidades de ahorro energético | Iluminación, apagados, Legacy y otros

Energía renovable

Reducción de combustible

Transformación de la red