

Press Release

S&P Global Ratings recognizes Telefónica's sound management of environmental, social and governance risks

- The telco receives a score of 72 out of 100 from the rating agency, which also rates as "positive" Telefónica's commitment to further integrate sustainability into its strategy.
- Notes that direct GHG emissions are among the lowest of the world's 10 largest telecommunications companies
- Considers Telefónica's decision-making to be excellent because it has taken steps to diversify its activities ahead of many of its peers, in particular with the creation of Telefónica Tech

Madrid, 25/03/2021. Telefónica scores 72 out of 100 in [S&P Global Ratings' ESG assessment](#), which measures companies' management of environmental, social and governance risks, S&P Global Ratings said today.

S&P Global Ratings said this rating reflects "the company's strong management of environmental, social and governance risks, along with adequate preparedness to respond to future disruptions. We believe the company's ongoing diversification into digital solutions, investments in networks and simplification of its organizational structure support its long-term resilience (...). We also view positively its commitment to further integrate sustainability into its strategy, given the growing ESG (environmental, social and corporate governance criteria) awareness of regulators and customers."

In the environmental assessment, Telefónica obtained a score of 75/100, highlighting how direct GHG (Greenhouse Gas) emissions will continue to be lower than those "of its global peers", with Scope 1 and 2 (direct and indirect emissions associated with electricity) being among the lowest of the 10 largest telecommunications companies in the world. It also emphasizes how the telco has

Telefónica, S.A.

Dirección de Comunicación Corporativa

Tel: +34 91 482 38 00 email: prensatelefonica@telefonica.com

saladeprensa.telefonica.com

reduced this metric by 47% since 2016, while increasing managed traffic by 241%, made possible by replacing copper with fiber, and its "transition to renewables, which accounted for 87.5% of electricity consumed in 2020, up from 49% in 2016."

As for the monitoring and management of indirect greenhouse gas emissions (Scope 3 or other indirect emissions), they state in the Report, "they are among the strongest of many global peers." In addition, Telefónica has committed to reducing GHG emissions by 39% between 2015 and 2025, having reached 26.8% by 2020.

In the social assessment, the rating obtained was 64/100. It highlights that the company has implemented new processes incorporating ethical and sustainable aspects in the development of new services and incentives for all employees linked to sustainability and improved customer satisfaction.

He also highlights how Telefónica has higher LTE coverage than many global peers, at 82%, and a 6.5% year-on-year increase in 2020 to ultrafast broadband access. "The company has played a key role in the rollout of fiber in Spain-which now has the highest coverage in Europe-committing to connect 100% of its Spanish retail customers by 2025," notes S&P Global Ratings.

On the Governance side, Telefónica scores 71/100, and stands out for its transparency as it provides very detailed financial and non-financial information, in line with Spanish norms and international standards such as the Global Reporting Initiative.

Finally, S&P Global Ratings scores Telefónica as excellent in assessing potential emerging shocks and in exploring uncertain future risks in a rapidly changing industry, as well as in decision making. "It has taken steps to diversify the group's activities ahead of many of its peers. In particular, with the creation of Telefónica Tech, which offers cybersecurity, internet of things, big data and cloud solutions to support its customers' digital transformation," he acknowledges.

About Telefónica

Telefónica is one of the world's leading telecommunications service providers. The company offers fixed and mobile connectivity services, as well as a wide range of digital services for individuals and businesses. It is present in Europe and Latin America, where it has more than 345 million customers.

Telefónica is a fully private company whose shares are listed on the Continuous Market of the Spanish stock exchanges and on the New York and Lima stock exchanges.

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