

# NOTA DE PRENSA

## PRESS RELEASE

### TELEFÓNICA ISSUES THE FIRST SUSTAINABLE HYBRID BOND OF THE TELCO SECTOR, AMOUNTING TO 1 BILLION EUROS

- **With this transaction, the company extends the scope of its financing activity to social projects in Spain, Germany and Brazil, while continuing with environmental initiatives in line with the green bonds issued in 2019 and 2020.**
- **Telefónica has also presented today an outstanding hybrid tender offer, which is expected to close next February 15.**

**Madrid, 3rd February 2021.-** Telefónica today successfully closed its first sustainable perpetual hybrid bond issue, amounting to 1bn euros, and the first in the global telecom sector as well. The company also announced a hybrid bond tender offer, which begins today and is scheduled to close on 15 February. With both transactions, Telefónica continues to proactively manage its hybrid capital base.

The sustainable hybrid issuance was well received by institutional investors, with a participation of more than 500, with demand exceeding €7bn. The hybrid has a 8.25 years reset date and its coupon reached **2.376%**, the lowest hybrid coupon in the history of Telefónica.

With the proceeds obtained, Telefónica will finance or refinance projects with positive environmental and social impact in Spain, Germany and/or Brazil, which will contribute to SDG 9 (build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation) and SDG 7 (ensure access to affordable, safe, sustainable and modern energy for all).

**Environmental projects** will focus on the transformation of the copper network to fibre, 85% more energy efficient and with fewer breakdowns. In this way, Telefónica reinforces its [commitment to climate change](#) and moves towards meeting its decarbonisation targets by 2025: a 90% reduction in energy consumption per unit of traffic (MWh/PB) and net zero emissions in the company's four main markets, going one step further the Paris Agreement.

**Social projects** will mainly focus on bringing connectivity to unserved areas or improving internet access, from the mobile network, in rural areas. The aim is to help [bridge the so-called digital gap](#), so that all people can benefit from the advantages of connectivity and digitalization. Projects are also envisaged to promote entrepreneurship, start-ups and SMEs through Open Innovation programmes that favour economic development and job creation.

With this operation, Telefónica reinforces its commitment to green bond issues, following two placements in the last two years. The funds from the first of these, issued in January 2019 for 1,000 million euros, were used to refinance the fibre migration process, which

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has enabled savings of 346 GWh in terms of energy, and 93,297 tonnes of CO2 in three years, equivalent to the carbon captured by more than 1,543,000 trees. As for the second, a hybrid green bond issued in 2020 for 500 million euros, [the monitoring report](#) explains that the company has saved 50 GWh in fifteen months, equivalent to the energy consumed in a year by 14,000 households in Spain, avoiding 10,075 tonnes of CO2.

### **New sustainable financing framework**

In this context, Telefónica has updated its [sustainable financing framework](#), already verified by Sustainalytics, with the objective of extending the scope of development to projects with a social impact. The company has identified five types of initiatives: energy efficiency of network infrastructure; renewable energy; digital solutions for the environment; broadband deployment in disconnected areas; and, finally, support for employment, entrepreneurship, educational initiatives and the development of skills for economic growth.

All initiatives will always be linked to the United Nations Sustainable Development Goals (SDGs). The text is also aligned with the ICMA (International Capital Markets Association) Green, Social and Sustainable Bond Principles.

With today's operation, Telefónica takes a further step in integrating sustainability into its business strategy, associating part of its business financing with sustainability projects and objectives.

Telefónica once again demonstrates its commitment to the investment community and to society, contributing to social well-being while generating value for its shareholders. This issuance also represents an interesting opportunity to diversify and expand the company's investor base.

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