

Green Inaugural Hybrid Bond from Telefónica

FACT SHEET



Use of Proceeds

- Proceeds to be allocated towards eligible investments: mainly **energy efficiency** in the network transformation from copper to fibre optic and also **self-generation of renewable energy**
- Investments consist of shutting down legacy units, upgrading the network infrastructure and placement optimisation; and investment in renewable energy equipment
- Eligible investments refer to new investments made after issuance as well as any investments made 3 years prior to issuance

Impact

- New **fibre optic infrastructure** and **renewable energies** are key contributors to Telefonica's emissions reductions target to **reduce GHG emissions by 70% in absolute terms before 2030**. Telefonica has global targets on energy and climate change aligned with the **1.5° scenario (validated by Science Based Target Initiative)**
- **Migrating clients to fibre optic reduces environmental impact of networks by reducing energy consumption (85% per customer)**; as well as reducing the need for cooling systems; reducing the need for buildings by 50%; and reducing the overall maintenance needs of the networks – all of which result in GHG emissions reductions
- Telefonica's main emissions come from electricity consumption, moving towards renewable electricity is key to reduce the carbon footprint. Telefonica has also **committed to 100% renewable electricity consumption in 2030, 85% in 2025**. **Self-generating its own renewable electricity is part of its Renewable Electricity Plan**

The impact of **network transformation in Spain 2016-2019**
(despite exponential increases in data traffic)

Emissions avoided ²



Equivalent to the carbon sequestered by 1.543.000 trees

Energy saved



- ✓ 7 times less energy (-85%) per customer
- ✓ 4 times distance capacity: freeing up infrastructure and allowing equipment to be recycled

- Fiber optic infrastructure and renewable energy generation contribute to achievement of the UN Sustainable Development Goals:



7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

7.3 By 2030, double the global rate of improvement in energy efficiency

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes

Annual Reporting

- Telefonica will provide impact reporting metrics on
 - ✓ energy consumption per data traffic (MWh/PB)
 - ✓ energy saved (in MWh)
 - ✓ renewable electricity generated (MWh)
 - ✓ estimated GHG Emissions avoided (tCO₂eq)
- Reporting will be made publicly available in our website, first time in the first quarter 2021. The reporting will be audited by PwC