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 Telefónica’s emissions reductions target to reduce GHG emissions by 70% in absolute terms before 2030. Telefónica has global targets on energy and climate change aligned with the 1.5º 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
- Telefónica’s main emissions come from electricity consumption, moving towards renewable electricity is key to reduce the carbon footprint. Telefónica 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

Annual Reporting

- Telefónica 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

1. The Science Based Targets Initiative is joint initiative of the UN Global Compact, Carbon Disclosure Project, World Resources Institute and WWF [https://sciencebasedtargets.org/](https://sciencebasedtargets.org/)