

Inaugural Green Bond from Telefónica



FACT SHEET

Use of Proceeds

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

Impact

- Migrating clients to fibre optic reduces environmental impact of networks by reducing energy consumption (85% per customer¹); as well as reducing the need for cooling systems; reducing the number of central offices; and reducing the overall maintenance needs of the networks – all of which result in further GHG emissions reductions
- New fiber optic infrastructure is a key contributor to Telefonica's emissions reductions target to **reduce GHG emissions by 50% in absolute terms before 2030**
- **Telefonica has global targets on energy and climate change and has also committed to 100% renewable electricity consumption in 2030**
- The Science Based Targets Initiative² have certified Telefonica's targets as fully aligned to the Paris Agreement

The impact of **network transformation in Spain from 2016-2018**³
(despite exponential increases in data traffic)

Emissions avoided



Equivalent to the carbon sequestered by 900.000 trees

Energy saved



- ✓ 7 times less energy (-85%) per customer
- ✓ 4 times distance capacity: freeing up infrastructure and allowing equipment to be recycled
- ✓ -50% failures (1.8 M litres of fuel)

- Fiber optic infrastructure also contributes to achievement of the UN Sustainable Development Goals:



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
 - ✓ estimated GHG Emissions reduced (tCO₂eq)
 - ✓ energy saved (in MWh)
- Reporting will be made available in the company's 2019 Annual Integrated Report, to be published in the first quarter 2020, currently audited by PwC.

1. Telefónica calculates energy consumption per client, including all the necessary technical equipment to provide the service. Comparing energy consumption per client in both networks, results in >85% energy savings.
2. The Science Based Targets Initiative is joint initiative of the UN Global Compact, Carbon Disclosure Project, World Resources Institute and WWF <https://sciencebasedtargets.org/>
3. Accumulated figures, calculated by Telefónica according to GHG Protocol location method and in process of external verification. Electricity emission factor from CNMV https://gdo.cnmc.es/CNE/resumenGdo.do?informe=garantias_etiquetado_electricidad.