

Inaugural Hybrid Sustainable 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 but also **Inclusive Connectivity** accelerating deployment of broadband in unconnected or underserved areas and supporting **Employment Generation**, and **Entrepreneurships**.
- Investments for Green projects consist of shutting down legacy units, upgrading the network infrastructure and placement optimisation.
- Investments for Social projects encompass the deployment or optimization of broadband connectivity in unconnected or underserved rural or remote areas; and support the entrepreneurship ecosystem in regions where unemployment is a major issue.
- Eligible investments refer to new investments made after issuance as well as any investments made 2 years prior to issuance

Impact for Green projects

- New **fibre optic infrastructure**, as part of the network transformation is a key contributor to Telefonica's emissions reductions target to **reduce GHG emissions by 90% in absolute terms in 2025 in our 4 main markets, where we have committed to become net zero in 2025**.
- **Telefonica has global targets on energy and climate change aligned with the 1.5° scenario (validated by Science Based Target Initiative) and the electricity it consumes in its main markets is already 100% renewable**
- **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

The impact of **network transformation in Spain 2016-2020²**
(despite exponential increases in data traffic)

Emissions avoided ³



Equivalent to the carbon sequestered by 1.709.000 trees

Energy saved



- ✓ 7 times less energy (-85%) per customer
- ✓ 4 times distance capacity: freeing up infrastructure and allowing equipment to be recycled
- ✓ Equivalent to the consumption of 113.000 Spanish homes

- 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

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Impact for Social projects

- Many international reports ⁽⁴⁾ confirm the **relation between internet connectivity and economic development**, highlighting its importance for economic growth. Furthermore, the Sustainable Development Goals (SDG) stand out the value of connectivity and ICT ⁽⁵⁾ solutions. As an example, GeSI (Global e-Sustainability Initiative) ⁽⁴⁾ has indicated that digital access and mobile penetration could contribute to more than 65% of UN SDGs.
- The benefits are even more impactful for isolated communities or regions with high unemployment rates. Telefonica has been committed to deploying and updating new broadband services in rural areas both in Latin America and Europe, because overcoming the inequality of bandwidth implies to ensure a minimum download speed to allow that citizens are not excluded from services due to technical limitations.
- Regarding to support given to entrepreneurship ecosystem and SMEs ⁽⁶⁾, to emphasize that SMEs represent a significant socio-economic component in most developing countries, **contributing up to 60% of total employment and up to 40% of national income (GDP)** ⁽⁷⁾. Telefónica has been supporting start-up and SMEs through its open innovation accelerator initiative (Wayra) or its Venture Capital vehicle, which has already push forward the development of more than 500 startups and SMEs globally.



Annual Reporting

- Telefonica will provide impact reporting metrics on Green Projects
 - ✓ energy consumption per data traffic (MWh/PB)
 - ✓ energy saved (in MWh)
 - ✓ estimated GHG Emissions avoided (tCO2eq)
- Telefonica will provide impact reporting metrics on Social Projects
 - ✓ Population covered with broadband networks in unconnected or underserved areas
 - ✓ Number of Entrepreneurs / Start-ups / SMEs supported or funded
 - ✓ Estimated number of jobs created
- Reporting will be made publicly available in our website, first time in the first quarter 2022. The reporting will be audited by PwC

Telefonica
