

Press release

## Telefónica issues a sustainable hybrid bond amounting to 750 million euros

- Pioneer in sustainable financing within the industry, the company has obtained a total of 3,250 million euros in ESG bonds over the last two years to finance social and environmental projects, the largest cumulative amount in the global telco sector.
- Telefónica is also launching a tender offer over three outstanding hybrid bonds, which is scheduled to close next November 25.

**Madrid, November 15<sup>th</sup>, 2021.** Telefónica today successfully issued a sustainable hybrid bond, amounting to 750 billion euros. The company has also announced a tender offer over three hybrid bonds which begins today and is expected to close on November 25<sup>th</sup>. With both transactions, Telefónica continues to proactively manage its hybrid capital base.

The hybrid bond issuance has been very well received by institutional investors, with a book of over 175 orders and a broadly diversified investor base with over 90% international investor participation. The bond has a 6.5 years reset date and a yield of 2.875%.

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 Sustainable Development Goals (SDG) 9 (build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation), SDG 8 (promote inclusive and sustainable economic growth and employment) and SDG 7 (ensure access to affordable, secure, sustainable and modern energy for all).

Environmental projects will focus on continuing the transformation of the network, replacing copper with fibre, 85% more energy efficient and with fewer faults. In this way, Telefónica reinforces its commitment to Net Zero by 2040 (including the value chain). To achieve this, it will continue to reduce Scope 1 and 2 emissions in line with the 1.5°C scenario, a 70% globally by 2025 and, as an intermediate target, the company will begin the same year to neutralise the remaining emissions in its main markets.

Social projects will mainly focus on bringing mobile broadband connectivity to unserved and/or poorly connected rural areas. The aim is to help reduce the so-called digital gap,

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so that everyone can benefit from the advantages of the Internet and digitization. Projects are also envisaged to promote entrepreneurship, start-ups and SMEs through Open Innovation initiatives that promote economic development and job creation.

After a total of three issuances in the last two years, Telefónica today reinforces its commitment to sustainable financing, with a focus on social and environmental projects. A pioneer in the sector, the company launched the industry's first green bond in January 2019, amounting to 1 billion euros, and a year later, in January 2020, it issued the first green hybrid bond, up to 500 million. Finally, in February 2021 it became the first telco to issue a sustainable hybrid bond, incorporating social projects to its financing work, and with which it obtained an additional 1 billion euros. In just over two years, Telefónica has raised a volume of sustainable financing in the bond market of 3,250 million euros, the largest cumulative amount in the global telecommunications sector.

### **Commitment to sustainability**

[Telefónica](#) has been committed to sustainability for two decades, and all its actions revolve around the UN SDGs, as is also reflected in its [sustainable financing framework](#), verified by Sustainalytics. Sustainability is a cross-cutting element throughout the Group and focuses on three pillars:

- Building a digital and greener future.
- Helping society to prosper by promoting socio-economic progress through digitization.
- Leading by example to maximize positive impact throughout our value chain.

With today's operation, Telefónica makes further progress in integrating sustainability into its business strategy, demonstrating once again its commitment to its various stakeholders and contributing to social well-being while generating value for its shareholders.

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