

Press release

Telefónica refinances its main 5.5 billion euro syndicated facility under sustainable criteria

- As one of the leading global ESG telcos and a pioneer in sustainable financing, Telefónica has successfully completed the refinancing of its main syndicated facility under sustainable criteria extending its maturity to five years, with two annual extension option, up to a maximum maturity of seven years.
- With this transaction, the company makes significant progress on its ambition to exceed EUR 10 billion in ESG financing, including new green and sustainable bonds and bank financing, in order to continue promoting projects with social and environmental impact over the coming years.

Madrid, 13th January 2022. Telefónica has completed the refinancing of its main syndicated facility of 5.5 billion euros, which is now linked to two sustainability objectives. That is to say, the company's interest rates will depend on the compliance with an environmental objective, the reduction of direct and indirect greenhouse gas emissions; and a social objective, relating to the increase in the percentage of women in executive positions – both of which will be verified annually. With the refinancing of this line, Telefónica is making further progress in integrating sustainability into its business strategy and, once again, demonstrates its commitment to its various stakeholders, contributing to social well-being while generating value for its shareholders.

The first objective responds to the greatest environmental challenge that society is and will be facing in the coming decades, the mitigation of climate change, where Telefónica has a dual commitment: to reduce its own carbon footprint and, at the same time, to facilitate digital solutions aimed at reducing emissions in other sectors. This KPI calls for an absolute reduction in Scope 1 and 2 emissions of 70% by 2025 and continues the company's goal of reducing these emissions by 80% by 2030. These targets are aligned with the highest climate ambition: to limit the temperature increase to below 1.5°C and have been validated by the *Science Based Targets* initiative. Telefónica is moving towards zero net emissions in the main markets by 2025 and by 2040, including the entire group and its value chain.

The second objective, relating to the increase of women in executive positions in the company, aims to improve decision-making in the company's executive bodies by incorporating a diverse set of perspectives, as well as to be more competitive by increasing female participation in important sectors of the economy, especially in fields related to engineering and science. This target envisages 37% of women in executive positions in the company by 2027. This way, Telefónica is moving towards 40% of executive positions being held by women by 2030.

Telefónica, S.A.

Corporate Communications

Tel: +34 91 482 38 00 email: pressatelefonica@telefonica.com

pressroom.telefonica.com

The transaction was supported by around 30 entities, with an oversubscription of more than 30%, including Natwest as Agent and BNP Paribas as sustainable coordinator, with legal advice from Clifford Chance.

The success of the transaction helps to consolidate Telefónica's leadership in sustainable financing. The company became the first telco to issue green bonds in 2019 and the first to issue green hybrids in 2020. In February 2021 it launched the telco sector's first sustainable hybrid bond, followed by a second hybrid, also sustainable, issued last November. Meanwhile, its operations in Germany and Colombia have so far obtained loans linked to sustainability objectives amounting to EUR 750 million and 798 billion Colombian pesos, respectively. All this within the framework of a strategy that seeks to increase the group's sustainable financing to more than 10 billion equivalent euros in the coming years.

"Telefónica has been an industry leader and global pioneer in sustainable financing, leading the first green bond and green and sustainable hybrid issues in the telco sector. In the same way, this loan shows Telefónica's firm commitment to continue incorporating the three ESG dimensions (environmental, social and governance) in our strategy, associating part of the financing to sustainability objectives to contribute to well-being while generating value for shareholders," said Laura Abasolo, CFO of Telefónica Group.

"BNP Paribas remains firmly committed to being a driver of sustainability in the financial industry, promoting multiple actions aimed at reducing the carbon footprint and fostering ESG best practices. BNP Paribas plays a leading role in both bank financing and the sustainable bond market, having participated in raising more than €10 billion in sustainable bonds in 2020. We are proud to have been able to advise Telefónica on this transaction, which is so important for the achievement of its ESG objectives," said Cecilia Boned, the Group's President in Spain.

Commitment to sustainability

Telefónica has been committed to sustainability for two decades, and all its actions revolve around the UN SDGs. Its ESG strategy cuts across the entire Group and focuses on three pillars:

- Building a digital and greener future, leveraging the power of new technologies to curb climate change.
- Helping society to prosper by fostering socio-economic progress through digitisation.
- Leading by example to maximise positive impact throughout your value chain.

Telefónica, S.A.

Corporate Communications

Tel: +34 91 482 38 00 email: prensatelefonica@telefonica.com

[pressroom.telefonica.com](https://www.pressroom.telefonica.com)