Use of proceeds

- Proceeds to be allocated towards eligible investments: mainly Energy Efficiency in the network transformation, from copper to fibre optic (fixed network) and 5G deployment (mobile network), and also self-generation of renewable energy, according to Telefónica's SDG Framework (last updated January 2021)
- Investments for Green projects consist of shutting down legacy units, deploying and upgrading network infrastructure, and placement optimisation.
- Eligible investments refer to new investments made after issuance as well as any investments made 2 years prior to issuance

Green projects' impact

- New fibre optic and 5G infrastructure, as part of the network's transformation, as well as renewable energy, are key contributors to Telefonica's emissions reduction target to reduce scopes 1+2 GHG emissions by 90% in absolute terms in 2025 in our 3 main markets.
- Telefonica has global targets on energy and climate change aligned with the 1.5° scenario (validated by Science Based Target Initiative²) and the electricity it consumes in its main markets is already 100% renewable.
- Migrating clients to fibre optic reduces the environmental impact of networks by reducing energy consumption (85% more efficient 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.
- 5G technology is expected to represent an unprecedented, disruptive, technological change in many different economic sectors and in society over the next decade. It is up to 90% more energy efficient than 4G in terms of energy consumption per traffic unit and has much more capacity, so it will be able to provide increased services with a lower energy consumption than 4G³.

Annual reporting

- Telefonica will provide impact reporting metrics on Green Projects, such as:
 - energy consumption per data traffic (MWh/PB)
 - energy saved (MWh)
 - estimated GHG Emissions avoided (tCO2eq)
- · Reporting will be made publicly available in our website, first time within a year after the issuance.
- Third-party auditors will ensure the Allocation Report is consistent with Telefónica's SDG Framework, on an annual basis until full allocation.

Impacts¹



100.000+ tCO, avoided



400.000+ MWh of energy saved



69% less consumption of energy/traffic (MWh/PB) in fixed network in Spain

SDG contribution

This issuance contributes to the achievement of the UN SDG



- **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

- Cumulative environmental impacts of the three first bonds issuances whose allocation report have already been published: green bond issued in February 2019, green hybrid issued in February 2020 and sustainable hybrid issued in February 2021
- 2. The Science Based Targets Initiative is joint initiative of the UN Global Compact, Carbon Disclosure Project, World Resources Institute and WWF.
- 3. Based on several on-site research carried out with different vendors. https://www.nokia.com/about-us/news/releases/2020/12/02/nokia-confirms-5g-as-90-percent-more-energy-efficient/ or https://www.telefonica.com/en/communication-room/blog/telefonica-makes-progress-in-the-design-of-a-green-5g-network/

