

Press release

## Telefónica reinforces its position as a leading ESG financing telco with a 1 billion euro green hybrid

- With the placement of this 7.25-year green hybrid bond, the company takes a further step towards its goal of making 25% of its financing until 2024 sustainable.
- The company also submitted today to the market an offer to purchase two outstanding hybrid bonds, which execution and closing is scheduled for next week.

**Madrid, 25<sup>th</sup> January 2023.** Telefónica has successfully issued today a €1 billion green hybrid with a 7.25-year maturity. The transaction was favourably received by institutional investors, whose interest exceeded the amount finally issued by more than 5 times.

The investor base was broadly diversified, with international investors accounting for more than 90%. The company, which has managed to increase the volume from the initial idea of €750m to the final amount of €1,000m, has also managed to improve the conditions significantly, going from an initial coupon of 6.75% to a final cost of 6.135%, which represents a reduction of more than 60 basis points. The closing and final settlement of the operation will take place on the 2<sup>nd</sup> of February.

In parallel, Telefónica also submitted today an offer to purchase two hybrids with redemption dates in September 2023 and March 2024, which, according to the planned schedule, will end on 31<sup>st</sup> January. The closing of the transaction will be next 3<sup>rd</sup> of February.

Both operations, the green hybrid issue and the buyback offer, are aimed at continuing to proactively manage the company's hybrid capital base. At the end of September, the average maturity of the debt was 13 years.

### Energy efficiency

In line with the strategy maintained by Telefónica in recent financing operations, and in accordance with the [Sustainable Financing Framework](#) in force, the funds obtained will be allocated to investments in green projects that seek to achieve greater energy efficiency, consisting mainly of the shutdown of obsolete equipment and the deployment and improvement of network infrastructure. The transformation of telecommunications

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networks (fibre and 5G deployments) as well as renewable energy generation plans are the main levers to improve efficiency and reduce the carbon footprint.

Once projects have been identified and awarded, which will necessarily refer to new investments made up to two years before or after issuance, Telefónica will report their impact on energy consumption per petabyte unit of data traffic, on the energy savings they represent, and on the CO<sup>2</sup> emissions avoided.

## **Commitment to the planet**

Today's issue is a continuation of Telefónica's objective that 25% of its financing until 2024 should meet sustainability criteria. It also links, in a more generic way, with the company's sustainability objectives, which are in turn integrated into its business strategy and aligned with the United Nations Development Goals (SDGs) by deploying sustainable, resilient and quality infrastructures and services that are one of the main socio-economic drivers of the regions in which Telefónica operates.

Telefónica is committed to the planet by focusing on the environmental SDGs (7, 11 and 13), decoupling its growth from its environmental footprint and helping to decarbonise the economy, and is working to achieve net zero emissions by 2040 throughout its value chain, with the intermediate goal of neutralising emissions to reach 1+2 by 2025 in its main markets.

The new green hybrid also aligns with the company's goal to help its customers avoid more than 50 million tonnes of CO<sup>2</sup> emissions between 2020 and 2025 thanks to digital solutions, and to achieve zero waste by 2030.

Precisely, the projects to which the funds raised will be allocated, i.e. fibre optic and 5G infrastructure deployments or plans to extend renewable energy, are key to achieving these goals: fibre optic is 85% more energy efficient than copper; and 5G consumes, per unit of traffic, up to 90% less than 4G.

Telefónica sustainable financing is close to 17 billion euro, since launching the industry's first green bond in 2019, and including today's transaction and the company's sustainable financing lines. In terms of issuance, the company stands as the leading telco in the industry with more than €6.6bn of funds raised in the capital markets.

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