

Press release

Telefónica issues a €850 million green bond

- The third green issue of the year has set a coupon of 4.183%.
- The company is making progress on its renewed objective of having around 40% of its financing activity by 2026 linked to sustainable criteria.

Madrid, 14th November 2023. Telefónica today successfully launched a 10-year EUR 850 million green bond. The operation has been positively received by institutional investors, over 90% international, with nearly 200 orders and a book of €2,500 million, which has prompted the company to issue the final €850 million, above the €750 million initially planned.

In addition, the conditions have been significantly improved, from the initial indications, with a spread of 135-140 basis points, to the final spread of 110 basis points. The final coupon has been set at 4.183%.

The closing and final settlement of the transaction will take place on November 21st.

This is the third green bond issued this year, following the placement of two hybrid bonds in January and August for EUR 1,000 million and EUR 750 million, respectively. Telefónica reinforces its position as a leading issuer of sustainable financing in the global telco sector and continues with a financing strategy that allows the company to maintain a comfortable liquidity position of more than 20.7 billion euros at the end of September. In addition, the company has covered its maturities for the next three years, with an average maturity of 12.3 years and more than 80% at fixed rates.

40% target: commitment to sustainable financing

Today's issuance also ties in with the company's renewed commitment to have around 40% of total financing activity linked to ESG criteria, furthering its efforts to align environmental and financial sustainability. This new target, announced during the Capital Markets Day on 8th November, exceeds the previously established target of around 30-35%.

In line with the eligible categories defined in [Telefónica's Sustainable Financing Framework](#), last updated in July and externally endorsed with a favourable Second Party Opinion from Sustainalytics, the funds obtained will be allocated mainly to projects for the transformation and modernisation of telecommunications networks, both fixed and mobile, with the aim of improving their energy efficiency. The funds may also be

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allocated to projects related to the implementation of Telefónica's Renewable Energy Plan, or the development of digital products and services aimed at saving energy and natural resources, as set out in the Framework. These projects are the main levers for improving efficiency and reducing the carbon footprint.

Once the projects have been identified and awarded, Telefónica will report on an annual basis on their environmental impact through indicators such as energy consumption per petabyte of data traffic, energy savings or CO₂ emissions avoided.

As part of Telefónica's financing strategy, the Group published its first Sustainable Financing Framework in 2018, subsequently updated in January 2021 and most recently in July 2023, with the aim of continuously meeting market best practices and investor expectations. All updates to the framework have received a positive [Second Party Opinion from Sustainalytics](#).