



Sustainable Financing Framework

July 2023

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1. Introduction

1.1 About Telefónica¹

Telefónica is a telecommunications company with over 1.1 million shareholders. Listed on the world's leading stock exchanges, the Company currently operates in 12 countries and employs over 103,000 people, serving more than 383 million customers. At the end of 2022, revenues amounted to €39,993 million.

"To make our world more human by connecting lives"

Our mission puts people at the centre of everything we do. We want to be a company that customers, employees, suppliers, shareholders and society in general can trust. To achieve this, we must have clear principles that consistently guide our decisions and actions inside and outside the Company.

Making the world more human: we are committed to protecting people and the planet and to ensuring that corporate ethics are at the core of everything we do. This also forces us to take into account our various stakeholders' expectations and needs in order to build relationships of trust with all of them

Connecting people's lives: this means that we aim to digitalise society as a whole, leaving no one behind, and reduce the digital divide in terms of access, affordability, accessibility and training in digital skills. This also pushes us to innovate so that we can offer products and services that add value and help improve people's lives; it also leads us to leverage digital solutions to decarbonise the economy

1.2 Sustainability at Telefónica

The telecommunications sector is a pillar of our society. In the coming years, the sector will continue to play a key role in an economic and social recovery that leaves no one behind, and in building a greener and fairer economy for all.

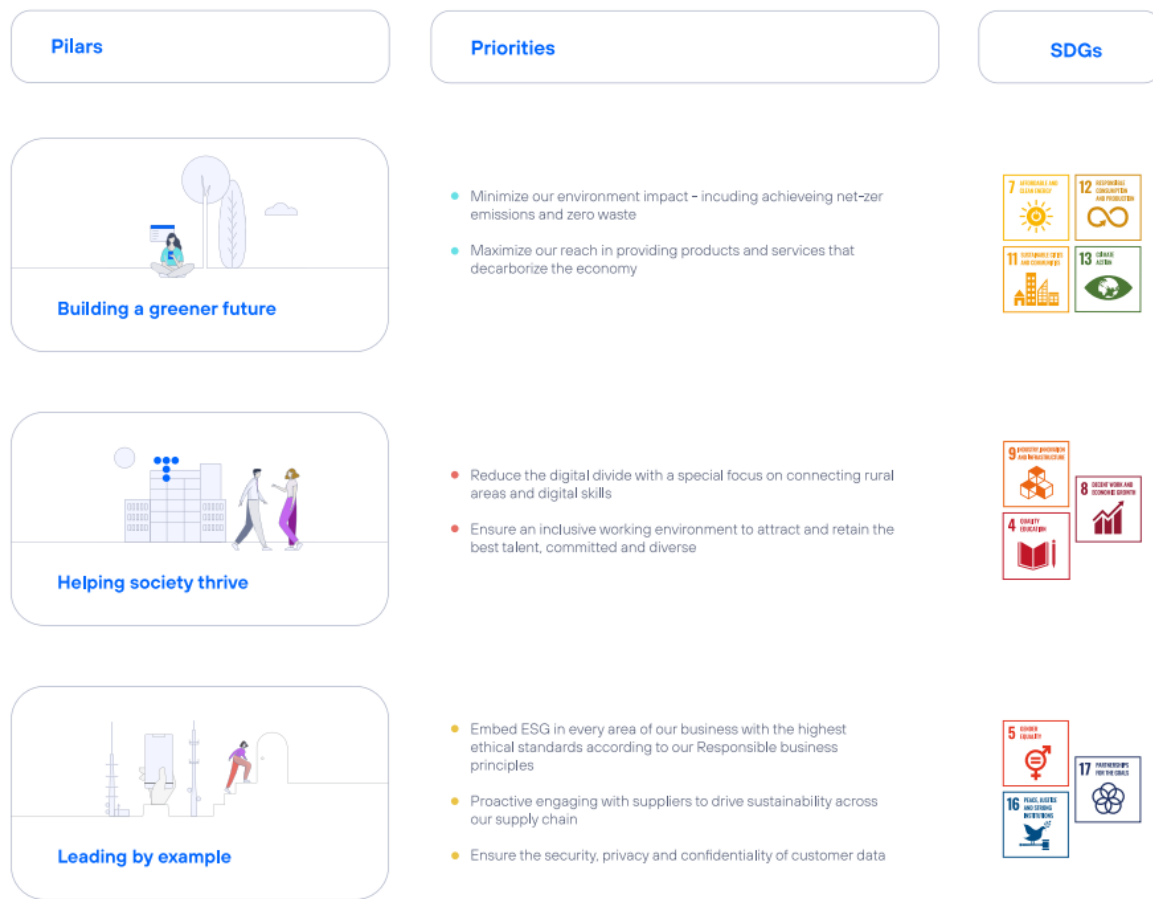
Our corporate purpose builds on the elements and values of sustainability and combines naturally with the United Nations 2030 Agenda¹, which explicitly highlights the key role of technology, innovation, and communications in addressing the great challenges facing humanity. Accordingly, over the last few years, we have been assessing and identifying where are we generating the greatest value towards the goals and targets of the 2030 Agenda based on our technical and commercial capabilities and the geographical regions in which we operate.

SDG 9 (Industry, Innovation and Infrastructure) has been identified as the main goal where we are generating the greatest value, thanks to our deployment of communications infrastructure and our ongoing commitment to innovation and the promotion of entrepreneurship. Furthermore, Telefónica is committed to assess our overall contribution to the 2030 Agenda and have developed a comprehensive impact analysis model for that purpose. We disclose the outcomes of this evaluation in our Annual Report².

We focus on three main lines of action in keeping with our strategic pillars that align with several Sustainable Development Goals (SDGs):

¹ Transforming our world: the 2030 Agenda for Sustainable Development.

² Available [here](#).



1.3 Sustainability Governance and Culture

At the Telefónica Group, we have a code of ethics and conduct –our Responsible Business Principles– underpinned by Telefónica’s Sustainability policies and regulations³, which govern what we say and do in our daily activities in order to act with integrity, commitment and transparency.

To ensure that our Responsible Business Principles is the common thread running through everything we do, we have a Responsible Business Plan that includes targets and projects in every key area of the Principles and the three pillars of our strategy. We incorporate the objectives of the Responsible Business Plan into the company’s Strategic Plan. Some of the major objectives of the Responsible Business Plan are also included in the variable remuneration of all employees, including members of the Executive Committee.

The main sustainability governing bodies and their roles are the following:

Board of Directors	Approves the Responsible Business Principles, the Responsible Business Plan and the policies on anti-corruption, environmental management, privacy and sustainable management of the supply chain
Board’s Sustainability and Quality Committee	Oversees the implementation of the Responsible Business Plan
Board’s Audit and Control Committee	Supervises the compliance function, the risk analysis and management process and the company’s reporting process
Responsible Business Office	Monitors the Responsible Business Plan. Reports to the Sustainability and Quality Committee through the Global Sustainability Officer
Corporate Business and Support Areas and Country Operators’ executive committees	Implementation of the objectives of the Responsible Business Plan

³ Telefónica’s Responsible Business Principles and Policies can be accessed [here](#).

1.4 EU Taxonomy Reporting

In our Consolidated Management Report 2022⁴, Telefónica reported the share of our revenues, capital expenditures and operating expenditures that are eligible and aligned with the EU Taxonomy, ahead of the requirement to do so outlined in the Corporate Sustainability Reporting Directive (CSRD).

For the activities relevant to the ICT sector, the current text of the EU Taxonomy Delegated Acts on Climate Change Mitigation and Adaptation leads to uncertainty and doubts about the interpretation of telecommunication networks as an enabler of GHG emissions reduction in Activity 8.2. Data-driven solutions for GHG emissions reduction. Therefore, Telefónica relies on the established definition provided by the International Telecommunications Union (ITU) in its Recommendation ITU-L.1480 for ICT solutions: "A system encompassing ICT goods, ICT networks and/or ICT services that contributes to meeting a technical, societal or business challenge"⁵. According to this statement, telecommunications networks are inherently ICT solutions.

However, the draft commission notice on frequently asked questions (FAQs) published by the European Commission in December 2022 restricts the telecommunication network classification under Activity 8.2. Therefore, within its reporting, Telefónica decided to reflect the interpretation outlined in the draft commission notice published by the European Commission in December 2022, rather than the Company's previous interpretation⁶ Information related to the EU Taxonomy Regulation has been verified by an independent third party.

The Sustainable Financing Framework (the "Framework") also takes into consideration, the EU Taxonomy Regulation⁷ (the "EU Taxonomy") and the EU Taxonomy Delegated Acts on Climate Change Mitigation and Adaptation⁸ adopted in December 2021, where feasible and relevant for Telefónica, on a best effort basis⁹.

1.5 Rationale for establishing a Sustainable Financing Framework

At Telefónica, we have been working for many years on our internal transformation to bring environmental and social sustainability and continue to expand ESG criteria within our financing model, with the aim of making sustainable finance one of the main financing tools for the Telefónica Group.

As part of our sustainable finance strategy, Telefónica has decided to consider issuing green, social and or sustainability instruments. Telefónica is a pioneer in sustainable financing and stands out for the volume and diversification of its financial instruments. In 2019, it was the first company in the telco sector to issue a green bond for an amount of €1bn. Also, in 2020 the company issued the first green hybrid amounted to €500 million and in 2021 it launched the sector's first sustainable hybrid, amounting to €1 billion.

By linking its financing to business-relevant projects, the company is going a step further in integrating our sustainability strategy into our business strategy. Furthermore, sustainable finance offers us new opportunities for interaction with our partners and investors so:

- We can listen to their expectations and therefore consider them in our long-term decision-making processes
- At the same time, this dialogue gives us the opportunity to keep them informed about our sustainability challenges and opportunities
- Financial instruments leveraged on ESG criteria, such as bonds, hybrid instruments and bank financing, give us the opportunity to analyse a new market demand, improve profitability and attract new business opportunities, highlighting our role as a key partner on the road to decarbonisation of many activities

⁴ Telefónica's [Consolidated Management Report 2022](#)

⁵ As included in the document Enabling the Net Zero transition: Assessing how the use of information and communication technology solutions impact greenhouse gas emissions of other sectors.

⁶ The publication of the final version of FAQs, or future possible additional clarifications by the regulator and the legislator could affect the considerations reflected in Telefónica's Taxonomy eligibility and alignment.

⁷ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

⁸ EU Taxonomy Delegated Act on Climate Change Mitigation and Adaptation published in April 2021 and adopted in December 2021: [EUR-Lex - 32021R2139 - EN - EUR-Lex \(europa.eu\)](#).

⁹ Due to the considerations on the interpretation of the wording of the Delegated Acts outlined in the main text.

In 2018, Telefónica published its inaugural SDG Framework. As it is our intention to continually follow the best practices of the rapidly evolving sustainable financing market, we first updated our Framework in January 2021, and are now publishing the 3rd version with this Sustainable Financing Framework.

This Framework has been outlined in line with the 4 pillars of the Green Bond Principles and Social Bond Principles dated June 2023¹⁰, the recommended External Review Component as well as the Green Loan Principles and Social Loan Principles both dated February 2023¹¹:

1. Use of Proceeds
2. Project Selection and Evaluation Process
3. Management of Proceeds
4. Reporting
5. External Review

2. Sustainable Financing Framework

2.1 Use of Proceeds

Under this Framework, Telefónica can issue Green, Social and Sustainability bonds, loans and other financial instruments such as hybrids, convertibles, *schuldschein* or commercial papers (together the "Financing Instruments"):

- Green Financing Instruments – for which an amount equivalent to the net proceeds is exclusively allocated to green projects as defined below (the "Eligible Green Projects");
- Social Financing Instruments – for which an amount equivalent to the net proceeds is exclusively allocated to social projects as defined below (the "Eligible Social Projects"); and
- Sustainability Financing Instruments – whereby an amount equivalent to the net proceeds is allocated to Eligible Green Projects and to Eligible Social Projects (the "Eligible Projects").

Eligible Projects are defined as expenditures in line with the eligibility criteria set out in the table below and may include physical assets, capital expenditures, R&D and other operating expenditures related to the servicing, improvement and extension of Eligible Projects, as well as acquisitions of or equity participations in 'pure player'¹² companies specialized in any of the below eligible Green Financing [OR Project] Categories or Social Financing [OR Project] Categories. In the case of joint investments or joint ventures, Telefónica will only consider the pro-rata share (%) of its own investments/participation in the Eligible Project.

The Use of Proceeds of any Telefónica's Green, Social, or Sustainability Financing Instrument under this Framework will be subject to the following eligibility criteria, to be applied to new or existing projects¹³. This list may be further updated as technologies and other circumstances evolve.

¹⁰ ICMA [Green Bond Principles](#) and [Social Bond Principles](#) (2023).

¹¹ LMA, APLMA, and LSTA [Green Loan Principles](#) and [Social Loan Principles](#) (2023).

¹² Pure player': At least 90% of the revenue of the company acquired derives from activities falling in any of the above Green or Social Financing Categories.

¹³ Only existing projects financed up to 36 months before the issuance may be considered eligible.

Eligible Green Projects

Project Category	Eligibility Criteria	Telefónica's commitments	UN SDG Contribution	EU Environmental Objective
Energy Efficiency of Telefónica's Network Infrastructure	<p>Network deployment transformation (both mobile and fixed) with a view to base connectivity on the latest technologies, making networks more energy-efficient, including but not limited to:</p> <ul style="list-style-type: none"> - Modernisation of broadband networks, both fixed (fibre) and mobile (i.e., 5G) including devices and systems supporting the deployment and operation of these telecommunications networks and their interoperability. - Optic fibre deployment, with the aim of transforming wireline legacy copper networks into latest generation fibre networks. - Improvement of supporting infrastructure with a view to making it more efficient (including but not limited to free cooling systems, cooling optimization, power modernization, smart management, intelligent lighting or optimization of power storage). This also includes digital process transformation, like automatization of 	<p>Improving energy consumption per unit of traffic (MWh/PB) by 90% in 2025 compared to 2015.</p> <p>Achieving net-zero emissions by 2040 globally, including the value chain.</p> <p>Reducing 80% of Scope 1 and 2 CO2 emissions globally by 2030 and 90% in our main markets by 2025, from a 2015 base year.</p>	<p>SDG 7.3 By 2030, double the global rate of improvement in energy efficiency.</p> <p>SDG 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, with all countries taking action in accordance with their respective capabilities.</p>	<p>Climate change mitigation</p>

	<p>maintenance processes.</p> <ul style="list-style-type: none"> - Software aimed at reducing power consumption, such as, but not limited to, power saving features, servers virtualisation, remote and data management applications, machine learning and artificial intelligence applications. 			
Renewable Energy	<p>Implementation of Telefónica's renewable energy plan:</p> <ul style="list-style-type: none"> - Self-generation of electricity from renewable sources such as solar, wind, mini-hydro and geothermal. (Excluding hydro over 25MW and geothermal with life cycle GHG emissions > 100 gCO2/kWh). - Purchase of renewable energy pursuant to long-term power purchase agreements (minimum of 5 years) and tied to Telefónica's specific and identifiable renewable energy projects 	<p>Telefónica commits to:</p> <p>Renewable energy sources for its business: 100% renewable electricity consumption by 2030. By 2022, it already consumed 100% RE electricity in its operations in Europe, Brazil and Peru, and 82% globally</p> <p>Telefónica commits to contributing to avoiding emissions through customer services in a substantial proportion with respect to our own emissions of scope 1+2 by 2025.</p>	<p>SDG 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.</p> <p>SDG 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation</p>	Climate Change Mitigation

<p>Data-driven solutions</p>	<p>Development and implementation of digital products and services, based on but not limited to technologies like the Internet of Things (IoT), Big Data, or Artificial Intelligence (AI), with a focus on saving energy and/or natural resources.</p> <p>Telefónica is an end-to-end service provider. Digital products and services include all the layers that make up the ICT solution: connectivity technologies, hardware (connecting assets, devices and endpoints), software and data processing, hosting and analytics.</p> <p>Digital products and services include but are not limited to solutions like Smart metering, Smart Energy; Smart cities Platform, Smart Mobility, Smart Industry, Smart Agro, Smart Retail or Consumer IoT solutions, as well as other End to End (E2E) ICT solutions provided by Telefónica to clients.</p>		<p>SDG 7.3 By 2030, double the global rate of improvement in energy efficiency.</p> <p>SDG 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation</p> <p>SDG 11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p> <p>SDG 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p> <p>SDG 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	<p>Climate change mitigation</p>
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Eligible Social Projects

Project Category	Eligibility Criteria	Target Population	UN SDG Contribution
Inclusive connectivity (access to essential services)	<p>Broadband Equality. Accelerating deployment of broadband in unconnected¹⁴, underserved¹⁵ or socially vulnerable¹⁶ areas.</p> <p>Deployment, extension, and optimization of broadband (fixed or mobile) connectivity services in unconnected, underserved or socially vulnerable areas, in order to provide broadband connectivity.</p>	Underserved Population with limited or low-quality access to broadband networks in socially vulnerable, and/or rural and/or remote areas ¹⁷ .	<p>SDG 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.</p> <p>SDG 9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020</p>

2.2 Project Selection and Evaluation Process

A Sustainable Financing Committee (the "Committee") will monitor the project selection and evaluation process as per the eligibility criteria defined in the Use of Proceeds section.

This Committee will meet on an annual basis, or more frequently as required, and is composed of senior management representatives from Telefónica including:

- Finance department
- Sustainability department
- Control department
- Other technical areas

The Committee will be responsible for the following:

- Review and validate the selection of Eligible Projects based on the defined Eligible Categories listed in the Use of Proceeds
- Monitor the Eligible Projects Portfolio (the "Portfolio"), during the life of the transaction. Specifically, during the life of each Financing Instrument, the Committee can decide to replace some Eligible Projects if an Eligible Project no longer meets the eligibility criteria
- To manage any future updates of the Framework; and
- To oversee and validate the allocation and impact reporting

ESG Risk Management

Telefónica's Business Principles and the Risk Management Policy, establish that the entire organization has the responsibility to contribute to the identification and management of risks. The risk management process takes the Company's strategy and objectives as a reference for the identification of the main risks that could affect its

¹⁴ Unconnected: with no service (fixed or mobile) from any operator.

¹⁵ Underserved communities: communities with at least one mobile service from an operator without broadband capacity. The backhaul or access capacity of the given site do not allow a quality Internet experience. To avoid any doubt, in accordance with the new definition (2018) of the FCC (Federal Communications Commission), the definition of broadband connectivity is a minimum of 25 Mbps download speeds and 3 Mbps upload speeds. This would include, among others, HSPA+, 4G and 5G mobile broadband technologies. In general (but not necessarily), it involves scattered populations and rural municipalities.

¹⁶ To define the socially vulnerable population, Telefónica relies on the criteria and definition most relevant for each specific region or country which may be provided by a variety of sources, including national governments, NGOs, or the OECD.

¹⁷ Rural or remote areas are those that the local government in question defines as such according to their political and geographical structure and organisation.

achievement. Such process consists of four stages: 1) risks identification, 2) risks assessment; 3) risk response and action plan against risks, 4) monitoring and reporting.

In accordance with the provisions of the Telefónica's Risk Management Policy, one of the basic principles that guide this activity is: "Train and involve employees in the risk management culture, encouraging them to identify risks and actively participate in their mitigation", thus promoting communication and training continuously. This has led us to develop a wide array of internal policies and regulations. Those of which related to sustainability are summarised in the below infographic:

 Ethics	 Supply chain	 Privacy and freedom of expression
<ul style="list-style-type: none"> • Global Anti-Corruption Policy. • Policy on Compliance Function (new). • Rule on Compliance Function (new). • Crime Prevention Policy. • Internal Rules of Conduct. • Regulation on the Prevention and Management of Fraud in Telecommunications. • Regulations on Relations with Public Entities. • Complaints Channel Management Policy. • Corporate Policy on the Comprehensive Discipline Programme. • Fiscal Control Policy. • Policy on Risk Management. • Policy on Competition Law (new). • Regulation on Sanctions (new). 	<ul style="list-style-type: none"> • Policy on Supply Chain Sustainability. • Regulation on Supply Chain Sustainability. • Global rule on security in the supply chain. • Low Carbon Procurement Instruction. • Procurement of Goods and Services Regulations. 	<ul style="list-style-type: none"> • Global Privacy Policy. • Personal Data Protection Governance Model Regulations. • Regulations on Requests from Competent Authorities in Security (new). • Global Security Policy

 Human capital	 Human rights	 Responsible communication	 Environmental management and climate change
<ul style="list-style-type: none"> • Protocol for Action in Situations of Workplace or Moral Harassment, Sexual Harassment and Discrimination • Regulation on Occupational Health, Safety and Well-being • Diversity and Inclusion Policy • Equality Policy (new) • Diversity Policy in relation to the Board of Directors and Selection of Directors • Remuneration Policy of the Directors of Telefónica, S.A. • Regulation on Telefónica Group Reinstatement of Former Managers and Former Employees 	<ul style="list-style-type: none"> • Global Human Rights Policy • Principles of Artificial Intelligence 	<ul style="list-style-type: none"> • Market Disclosure Regulations • Shareholder Communication Policy • Responsible Communication Regulations • Social Media Regulations 	<ul style="list-style-type: none"> • Global Environmental Policy • Energy Management Policy

COVERAGE OF POLICIES AND REGULATIONS: The main policies and regulations indicated above are applicable to Telefónica Group companies within the scope of consolidation.

On the ESG field, environmental, climate change and human rights are the main risks identified by Telefónica. These risks are regularly assessed and monitored by the Company to ensure that they are properly managed, and addressed by the following policies:

Environmental Policy

At Telefónica, we see it as our responsibility minimise the environmental impact of our business. We strive to follow the fundamental principles of climate change mitigation, pollution prevention, biodiversity protection, efficient use of water and the circular economy, which our Environmental Policy¹⁸ details.

¹⁸ [Telefónica Global Environmental Policy](#).

Human Rights Policy

Telefónica committed to respecting the dignity of all persons and as such has developed a stringent Human Rights policy based on well-recognised standards, and in particular:

- The United Nations Guiding Principles for Business and Human Rights
- The United Nations Universal Declaration of Human Rights,
- The United Nations Global Compact,
- The United Nations International Covenant on Economic, Social, and Cultural Rights,
- The Guidelines of the Organisation for Cooperation and Economic Development for Multinational Companies,
- The fundamental rights in the eight core conventions of the International Labour Organisation as highlighted in the Declaration on Fundamental Principles and Rights at Work,
- The United Nations International Covenant on Civil and Political Rights,
- The United Nations Convention on the Rights of the Child,
- The United Nations Convention on the Rights of Persons with Disabilities.
- The Global Network Initiative's Principles on Freedom of Expression and Privacy ("the GNI Principles")

Supply Chain Sustainability Policy

Our ambition to be a global leader in responsible business conduct has led us to extend our sustainability standards and policies to our suppliers with our Supply Chain Sustainability Policy¹⁹, which sets forth requirements in terms of working conditions & human rights as well as environmental and social criteria. Any company or organization that wishes to be considered as a Telefónica supplier must comply our policy, and any breach by a supplier will be considered a breach of contract, allowing Telefónica to end its commercial relationship with the Supplier.

All Eligible Projects as defined above in this Framework will comply with Telefónica's policies and guidelines, which are further detailed on Telefónica's website²⁰.

2.3 Management of Proceeds

It is Telefónica's intention to manage the proceeds of the Green, Social or Sustainability Financing Instruments, establishing a Sustainable Financing Register (the "Register").

The net proceeds of each Telefónica's Green, Social or Sustainability Financing Instrument will be deposited in the general funding accounts and earmarked for allocation using the Register.

Telefónica intends to fully allocate the instruments within [12/24] months, on a best effort basis. Until they are fully allocated to Eligible Projects, proceeds will be invested according to Telefónica's internal liquidity policy.

If some Eligible Green Projects or Eligible Social Projects cease to be eligible, are divested or subject to major ESG controversies, Telefónica will replace them as soon as reasonably practicable and within [24] months.

The Sustainable Financing Register will be reviewed annually and contain relevant information including:

1. Details of the Sustainability Financing Instruments: ISIN, pricing date, maturity date, etc
2. Per Green, Social and Sustainability Financing Instruments issued, details of Eligible Use of Proceeds, including:
 - Project Categories and eligibility criteria
 - Amount of allocation made
 - Estimate of Eligible Project's impact

¹⁹ [Supply Chain Sustainability Policy Telefónica Group.](#)

²⁰ [Business Principles and Policies.](#)

2.4 Reporting

On an annual basis and until an amount equal to the net proceeds have been fully allocated, Telefónica will publish an allocation report and an impact report, which can be found on Telefónica's website: <https://www.Telefónica.com/en/shareholders-investors/rating/sustainable-finance/>.

Each reporting will encompass all the outstanding Green, Social or Sustainability Financing Instruments for which all or some of the proceeds were not fully allocated the year prior.

Wherever possible, Telefónica intends to align its reporting with the approach described in the "Handbook – Harmonised Framework for Impact Reporting"²¹ and the "Harmonised Framework for Impact Reporting for Social Bonds"²².

If, after the completion of the allocation period, some Eligible Projects cease to become eligible or are subject to major ESG controversies Telefónica will publish an updated report.

2.4.1 Allocation Reporting

The Allocation Report will contain at least the following details:

1. A list of Eligible Projects financed through Telefónica's Green, Social, or Sustainability Financing Instruments, including amounts allocated.
2. Financing Instrument(s) proceeds allocated per eligible category.
3. Split of the Eligible Projects per geography and type of expenditures.
4. The remaining balance of unallocated proceeds if any.

2.4.2 Impact Reporting

The Impact Report will be provided at the level of each eligible category and may include the following estimated impact reporting metrics:

Green Project Categories	Impact Reporting Metrics
Energy Efficiency of Telefónica's Network Infrastructure	<ul style="list-style-type: none">• Energy consumption per data traffic (MWh/PB or equivalent unit)• Estimated GHG Emissions reduced (tCO2eq)• Expected energy saved (in MWh)
Renewable Energy	<ul style="list-style-type: none">• Renewable MWh generated or purchased• % of electricity consumption from renewable sources• Estimated avoided GHG Emissions (tCO2eq)
Data-driven solutions	<ul style="list-style-type: none">• Estimated avoided GHG Emissions through services (tCO2eq)• Expected energy savings (in MWh)• Service-related KPI's such as number of smart meters.• Qualitative reporting on new innovations
Social Projects Categories	
Inclusive connectivity (access to essential services)	<ul style="list-style-type: none">• Population covered with broadband networks in unconnected or underserved or socially vulnerable areas• Number of users connected with broadband networks in unconnected or underserved or socially vulnerable areas

²¹ [ICMA \(2022, June\). Harmonised Framework for Impact Reporting Green Bonds.](#)

²² [ICMA \(2022, June\). Harmonised Framework for Impact Reporting Social Bonds.](#)

2.5 External Review

2.5.1 Second Party Opinion

Telefónica has appointed Sustainalytics to provide a Second Party Opinion (SPO) on this Sustainable Financing Framework and confirm its alignment with the relevant ICMA, LMA, APLMA and LSTA Principles.

This Second Party Opinion document will be made available on Telefónica's website:

<https://www.Telefónica.com/en/shareholders-investors/rating/sustainable-finance/>.

2.5.2 Post Issuance External Verification

External independent auditors appointed by Telefónica will ensure that the Allocation and Impact Report are consistent with Telefónica's Framework, on an annual basis until full allocation and provide a Limited Assurance report. Auditors will in particular review the compliance of the selected eligible projects and reporting impact metrics with the Framework.

Amendments to this Framework

Telefónica will review this Framework from time to time, including its alignment to updated versions of the relevant ICMA, LMA, APLMA, and LSTA principles as and when they are released, with the aim of adhering to best practices in the market.

Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior review of the SPO provider for any updates to the SPO. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external verifier.

The updated Framework, if any, will be published on Telefónica's website and will replace this Framework.

Disclaimer

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