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Geneva, Switzerland, 24 - 26 November 2010



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**TITLE:** Energy Efficiency and GHG Accounting in Telefónica

Linking Climate Change into business

Energy Efficiency and GHG  
Accounting in Telefónica  
Geneva, November 25<sup>th</sup> 2010

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# 01

## Telefónica Overview

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### Our business has been growing..

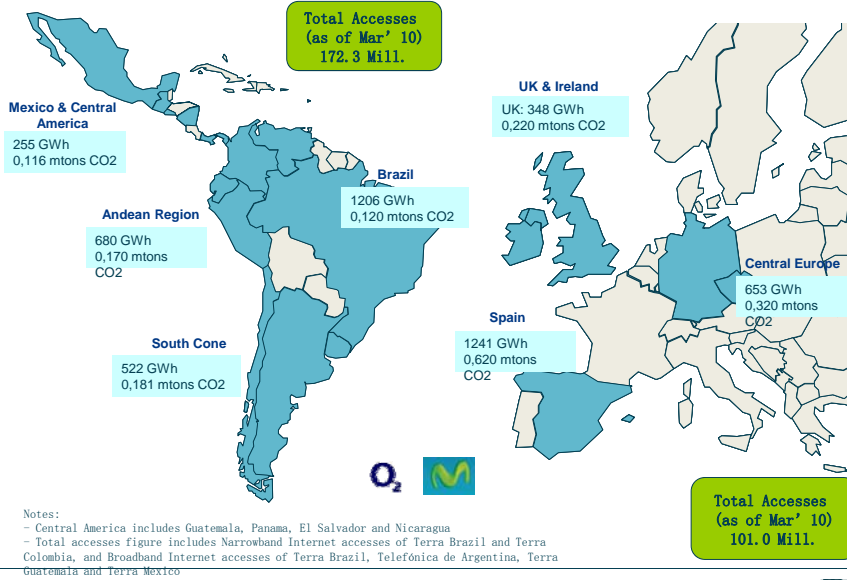
	1989	2000	2010
Clients	 About <b>12</b> million subscribers	About <b>68</b> million customers	About <b>273</b> million customers 
Services	 <i>Basic telephone and data services</i>	<i>Wireline and mobile voice, data and Internet services</i>	<i>Integrated ICT solutions</i> for all customer segments 
Geographies	 Spain	Operations in <b>16 countries</b>	Operations in <b>25 countries</b> 
Staff	 About <b>71,000</b> professionals	About <b>149,000</b> professionals	About <b>257,000</b> professionals 

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## Telefónica overview and energy consumption

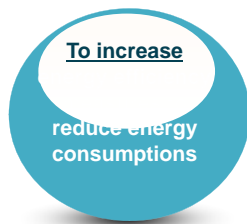


# 02

## Energy Efficiency and Climate Change Strategy

## Energy efficiency and climate change strategy

To position Telefónica as an ICT company leader in the field of climate change abatement, spreading the energy efficiency culture in the group



*Telefónica*



Operations

Purchases

Customers

Employees

Society

## Energy efficiency and climate change strategy



### Energy Reduction Target

To reduce 30% of kWh / eq. access from networks by 2015

To reduce 10% of kWh / employee in offices by 2015

CO2 Reduction Target (internal follow up)

\* Eq. Access: measure of fixed and mobile accesses based on its average energy consumption

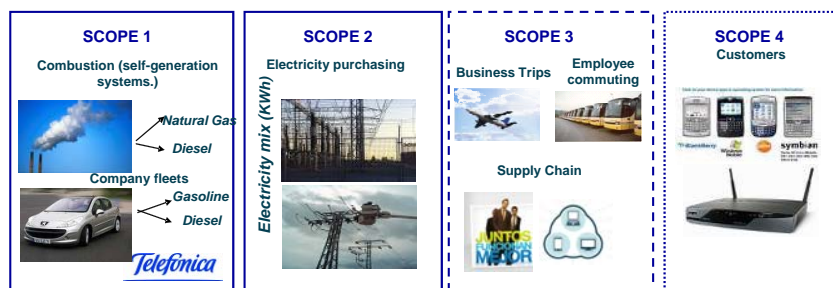
# 03

## Reaching excellence in GHG accounting

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### GHG emissions accounting process in Telefónica



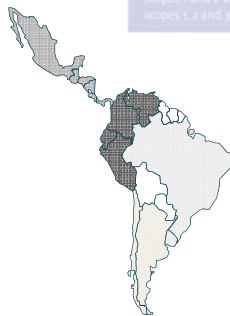
#### Telefónica emissions and energy information gathering



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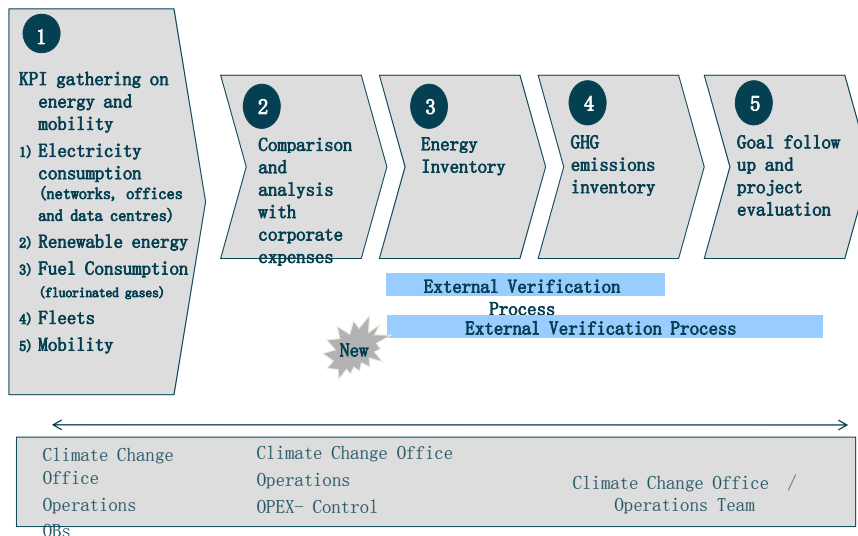


## GHG Emissions in Telefónica



**Almost 80 % of our carbon footprint comes from electricity consumption in networks**

## Process and key performance indicators (KPI)



## KPIs, reporting and verification process

### Energy and CO2 emissions

Greenhouse Gases	Indicator	t CO <sub>2</sub>			
		2008	2007	2008	
<b>SCOPE-1 (Direct Emissions)</b>				244,526	122,631
Buildings	Natural gas	47,531	20,225		
	Oil	3,282	2,778		
Network		9,491	10,342		
Vehicles		19,633	23,646		
		164,589	65,641		
<b>SCOPE - 2 (Indirect)</b>				1,428,381	1,668,269
Buildings		754,621	346,438	288,822	
Network		1,868,150	2,404,054	502,020	
		1,507,758	1,670,111	579,924	
				27,909	
<b>SCOPE - 3 (Other Indirect)</b>				-	-
Travel	Business trips by aeroplane (n° of trips)	-	72,338	-	
	Business trips by car (n° of trips)	-	13,695	-	
	Business trips by train (n° of trips)	-	45,525	-	
<b>TOTAL TONNES CO<sub>2</sub></b>				1,672,907	1,818,809

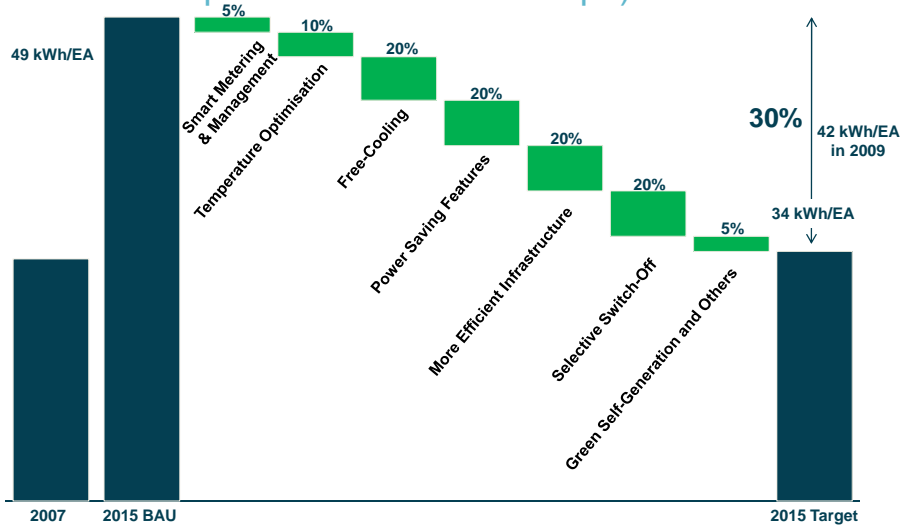
The verification process has been established in accordance with the requirements of ISO14064-3:2006: "Greenhouse Gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions".

**TWO PHASES OF ACTIVITY:**

- 1.- VERIFICATION OF DATA ON ENERGY CONSUMPTION AND MOBILITY
- 2.- VERIFICATION OF DATA ON CO2 EMISSIONS

\* Transparent reporting according international standards and investors requests

## Energy Efficiency Projects (30% consumption reduction in 7 steps)





# 04

## Linking GHG Inventory to Business

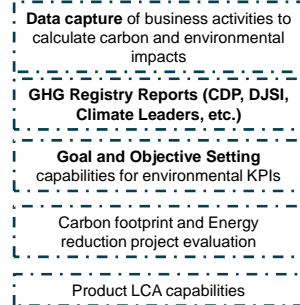
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### Linking GEI KPIs into business

- Definition and calculation of KPI based on business reality
- Follow up to Energy and CO2 emission targets (local and global)
- Follow up energy efficiency and GHG reduction projects and measure impact in corporate targets.
- Carbon Accounting of ICT products and services.

FUTURE



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## Importance of KPIs and GHG Accounting

### Opportunities

1. Management of GEI risks and identification of opportunities for reduction
2. Cost reduction by the development of Internal GHG emissions reduction projects
3. To align with sector methodologies development
4. To avoid the risk of regulations for carbon emissions reduction in the ICT Sector
5. Raising of profile and participation in voluntary GEI programs
6. Be prepared for mandatory reporting
7. Participation in mandatory programs that can provide access to new sectors
8. Recognition for timely action
9. To be prepared to formally participate in carbon markets

### Challenges

1. Gaps in energy and mobility data (criteria / lack of data)
2. Emissions factors difference & uncertainty
3. Unexpected growth of Scope 3 emissions (trips, commuting, supply chain, p&s)
4. GHG emissions from CFCs in the OB
5. Work together with the sector in delivering common methodologies

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