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Green Financing Framework

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Introduction

Overview

As part of our commitment to sustainability, Verizon has designed this Green Financing Framework (“the Framework”) under which we may issue bonds or other debt instruments (each, a “Green Financing Instrument”), the net proceeds of which we intend to allocate to finance or refinance new and existing projects, in whole or in part, that will enable us to achieve our environmental objectives (each, a “Green Financing”). This Framework details what projects are eligible under the use of proceeds, how they are selected, the management of proceeds and reporting.

Who we are

Verizon Communications Inc. (Verizon) is a holding company that, acting through its subsidiaries, is one of the world's leading providers of communications, technology, information and entertainment products and services to consumers, businesses and government entities. With a presence around the world, we offer data, video and voice services and solutions on our networks and platforms that are designed to meet customers' demand for mobility, reliable network connectivity, security and control.

Our sustainability strategy

Verizon's corporate purpose is to create the networks that move the world forward. We seek to be known as a responsible, purpose-driven, trusted brand on the cutting edge of innovation to benefit our four key stakeholders: customers, shareholders, employees and society. We believe that we have a responsibility to leverage our technology, operations and employees to help

move the world forward into a more connected, secure and sustainable future. Key to this is our commitment to protect our planet for future generations. Verizon has set ambitious goals around climate protection, including achieving net zero emissions in our operations by 2035.

We understand that climate risk is business risk, and we are taking bold steps to minimize our environmental footprint and make our networks more climate resilient. For example, we are improving the energy efficiency of the components and equipment that comprise our network and we are continuing to upgrade and harden our infrastructure to be prepared for a changing climate. We are developing solutions that enable our customers to minimize their environmental footprints and transition smoothly to a low-carbon economy. We are also supporting the transition to a greener grid by entering into power purchase agreements with renewable energy developers and investing in on-site green energy at our facilities.

We have set ambitious public targets to support these efforts, including:

- **Achieve net zero emissions in our operations (Scope 1 and 2 emissions) by 2035.**
- **Source or generate renewable energy equivalent to 50% of our total annual electricity consumption by 2025.**
- **By 2030, Verizon solutions will help avoid 20 million metric tons of CO₂e annually.**

In addition to our net zero goal, we have announced two science-based emissions reduction targets. We have committed to reduce absolute Scope 1 and 2 GHG emissions by 53% over a 2019 baseline by 2030 and to reduce absolute Scope 3 emissions from our value chain by 40% over a 2019 baseline by 2030. The target covering our operational emissions is consistent with reductions required to keep warming to 1.5°C, and our value chain target is consistent with reductions required to keep warming to well-below 2°C.

2020 began the Decade of Action to achieve the United Nations Sustainable Development Goals (SDGs). As a leading communications technology company, we believe that our technology is an essential tool for achieving all 17 SDGs and it is incumbent on us to use our scale and innovation to accelerate progress. We continue to look for opportunities to integrate the SDGs into our corporate strategies and investments and to focus on specific goals where we believe Verizon can have the most significant and meaningful impact.

Our sustainability strategy, including company-wide goals, is aligned to the following SDGs: 4 - Quality education, 7 - Affordable and clean energy, 8 - Decent work and economic growth, 9 - Industry, innovation and infrastructure, 13 - Climate action, 15 - Life on land and 16 - Peace, justice and strong institutions. The use of proceeds from our Green Financings will support several of these SDGs as outlined in the following Eligibility Criteria tables.



The Green Financing Framework



Green financing principles

The ICMA Green Bond Principles 2021 and the LMA, LPMA and LSTA Green Loan Principles 2021 (together, the “Principles”) are voluntary guidelines for the issuance of green debt.

Selection of underwriters:

Verizon is extending its sustainability commitment under the Framework to cover the selection of underwriters for Green Financing instruments. A financial institution will be eligible for selection as an underwriter only if it meets at least one of the following criteria: (i) it has established clear and impactful commitments in support of the U.N. Sustainable Development Goals¹; and/or (ii) it is a diverse-owned firm and/or has a core mission of promoting Diversity, Equity and Inclusion.

Verizon's Green Financing Framework is designed to be aligned with the Principles via the following key pillars:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Use of proceeds

For each Green Financing under this Framework, we intend to allocate an amount equal to the net proceeds of the Green Financing to the financing or refinancing, in whole or in part, of Eligible Green Investments. “Eligible Green Investments” include new and existing investments made by Verizon during the period from two years prior to the Green Financing through its maturity that meet the eligibility criteria.

¹ We will evaluate this periodically and will consider commitments such as targets towards achieving net zero carbon emissions in operations and financing before 2050, and 100% renewable energy usage.

Eligible green investment: Renewable Energy

SDG alignment



Eligibility criteria and example projects

1) The development, construction or operation of facilities, equipment or systems that generate or transmit renewable energy, such as:

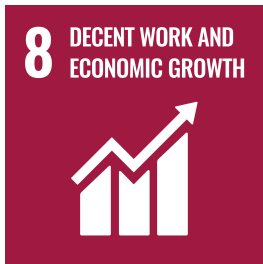
- a. solar energy; and
- b. wind energy;

2) The purchase of renewable energy pursuant to long-term power purchase agreements or virtual power purchase agreements entered into prior to the commencement, or in the case of rehabilitated projects, the re-commencement, of commercial operation of the renewable project, that meet our “additionality” objective of bringing new renewable energy sources to the grids that power our networks such as:

- a. solar energy; and
- b. wind energy;

Eligible green investment: Energy Efficiency

SDG alignment



Eligibility criteria and example projects

The design, manufacture or installation of systems, products and technology that are designed to reduce energy consumption or mitigate greenhouse gas emissions in our operations consistent with meeting Verizon's publicly stated goals for energy efficiency, such as:

- 1) deployment of 5G wireless technologies that allow for real-time response to energy demand, including:
 - a. smart city systems;
 - b. smart building management systems
 - c. telecommuting systems; and
 - d. smart grids;

2) legacy network technology replacements or upgrades;

3) replacement of old equipment with energy efficient equipment, such as heating, ventilation and cooling ("HVAC") systems, real estate chillers, cooling towers, and lighting; and

4) upgrades to Verizon buildings that are designed to improve the buildings' ENERGY STAR² scores and to have expected energy efficiency increases of at least 30%

² ENERGY STAR is a voluntary U.S. Environmental Protection Agency program that seeks to deliver environmental benefits and financial value through superior energy efficiency. To be eligible for ENERGY STAR certification, a building must earn an ENERGY STAR score of 75 or higher, indicating that it performs better than at least 75 percent of similar buildings nationwide.

Eligible green investment: Green Buildings

SDG alignment



Eligibility criteria and example projects

1) Investments in new building projects and in existing building retrofits that upgrade the buildings' facilities and equipment so that either:

- a. the building was able to receive during the two-year period prior to the issuance of the notes, or will be able to receive during the three-year period after the issuance of the notes, a third-party verified green building certification, such as:

- i. LEED³ Gold or higher; or
 - ii. an ENERGY STAR rating of 85 or higher; or
 - iii. other equivalent third-party verified green building certification; or
- b. the building is carbon net-zero; or

2) leasing, on a capitalized basis, new or existing buildings that have received one of the above third-party verified green building certifications;

³ Leadership in Energy and Environmental Design ("LEED") is a voluntary, third-party building certification process developed by the U.S. Green Building Council ("USGBC"), a non-profit organization. The USGBC developed the LEED certification process to (i) evaluate the environmental performance from a whole-building perspective over a building's life cycle, (ii) provide a definitive standard for what constitutes a "green building," (iii) enhance environmental awareness among architects and building contractors, and (iv) encourage the design and construction of energy-efficient, water-conserving buildings that use sustainable or green resources and materials.

Eligible green investment: Sustainable Water Management

SDG alignment



Eligibility criteria and example projects

Investments in corporate facilities, products or the supply chain designed to improve water efficiency, water conservation or water quality consistent with meeting Verizon's publicly stated goals for water management, such as:

- 1) the installation or upgrade of:
 - a. water efficient fixtures that create water savings;
 - b. water efficient irrigation systems; or
 - c. systems designed to increase use of recycled water; and
- 2) upgrades to cooling towers and other HVAC equipment;

Eligible green investment: Biodiversity and Conservation

SDG alignment



Eligibility criteria and example projects

Reforestation and ecological restoration of land to preserve biodiversity and native ecosystems

The offering documentation for each Green Financing will specify the categories of Eligible Green Investment to which the net proceeds of such Green Financing may be allocated.

Process for project evaluation and selection

Verizon's Sustainability and Treasury teams will be responsible for determining whether projects fit within one or more categories of Eligible Green Investments set forth above and align with this Framework. To evaluate eligible projects under the Framework, the Sustainability and Treasury teams will adhere to Verizon's existing corporate policies and procedures when assessing perceived social and/or environmental risks associated with the projects.

Management of proceeds

We intend to allocate an amount equal to the net proceeds from a Green Financing to the financing or refinancing of existing and future Eligible Green Investments. Such allocation will be reflected in Verizon's internal records. Any portion of the net proceeds of a Green Financing that has not been allocated to Eligible Green Investments will be managed in accordance with Verizon's normal liquidity management practices. We intend to allocate a majority of the net proceeds of a Green Financing to finance or refinance Eligible Green Investments within three years from the date of issuance of the applicable Green Financing Instrument. In the case of divestment or if a project is not completed or no longer meets the eligibility criteria listed above, we intend to reallocate the funds to other Eligible Green Investments.

Payment of principal of and interest on the debt issued in a Green Financing will be made from Verizon's general funds and will not be linked to the performance of any Eligible Green Investments.

Reporting

Within one year from the date of issuance of the applicable Green Financing Instrument in a Green Financing, and annually thereafter until we have reported that an amount equal to the net proceeds of the financing has been allocated to Eligible Green Investments, we intend to publish, and keep readily available, on a designated website, a Green Financing Report setting forth information with respect to (i) the allocation of such amount and (ii) the amount of net proceeds pending allocation. The report is expected to include an assertion by Verizon's management team as to the aggregate amount allocated to specific categories of Eligible Green Investments and will describe such Eligible Green Investments.

Environmental Impact Metrics:

For categories of Eligible Green Investments that receive a material allocation of proceeds from a Green Financing under this Framework, Verizon will report anticipated environmental impacts where feasible (on an annual basis when relevant). Potential environmental impact metrics may include, but are not limited to, the following:

	Potential environmental impact metrics
Renewable Energy	<ul style="list-style-type: none">• Renewable energy capacity commitments (MW) related to newly constructed or rehabilitated projects• GHG emissions reduced/avoided in metric tons of CO₂e
Energy Efficiency ⁴	<ul style="list-style-type: none">• Energy savings in MWh• GHG emissions reduced/avoided in metric tons of CO₂e
Green Buildings	<ul style="list-style-type: none">• Square footage of green certified buildings, by certification type and level
Sustainable Water Management	<ul style="list-style-type: none">• Gallons of water reduced, saved, or recycled
Biodiversity and Conservation	<ul style="list-style-type: none">• Number of trees planted

⁴ Environmental impact metrics for energy efficiency projects related to the deployment of 5G wireless technologies remain under development. Additional information will be provided in the offering documentation for any Green Financing for which we intend to allocate proceeds to such projects.



External review

External review

Second party opinion

Sustainalytics, a Morningstar company and a globally-recognized independent provider of environmental, social and governance (ESG) research, ratings and data, evaluated our Framework and its alignment with relevant market standards and provided views on the credibility of the use of proceeds under the Framework. The second-party opinion, which is intended to inform investors in general, rather than a specific investor, is available here [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/verizon-communications-inc/verizon-green-financing-framework-second-party-opinion-\(2021\)/verizon-green-financing-framework-second-party-opinion-\(2021\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/verizon-communications-inc/verizon-green-financing-framework-second-party-opinion-(2021)/verizon-green-financing-framework-second-party-opinion-(2021)).

Verification

We expect that each Green Financing Report will be accompanied by an attestation from an independent registered public accounting firm with respect to such firm's examination of the assertion by Verizon's management team as to the aggregate amount of net proceeds allocated to specific categories of Eligible Green Investments, which examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.



Green Financing Framework

