



## ABOUT THIS REPORT

# Principles for the 2013 Sustainability report

*Telefónica presents the Corporate Sustainability Report 2013, a document that covers the progress made during the reporting period in economic, environmental and social terms, as well as in human rights, anticorruption policies and diversity management*

Telefónica is one of the world's leading integrated telecom solutions providers in the areas of communication, information and entertainment, with operative presence in Europe and Latin America. The Company is present in 24 countries and has a customer base that exceeds 323 million. It was constituted in Spain in 1924, is totally private and has over 1.5 million direct shareholders. Telefónica is quoted on the continuous markets of the Spanish stock exchanges of Madrid, Barcelona, Bilbao and Valencia, as well as in London, New York, Lima and Buenos Aires. At the end of April, the Group was the sixth biggest in the world in the telecommunications sector by stock market capitalization, the largest integrated operator in Europe and twentieth in the Eurostoxx 50 ranking, which groups the largest companies in the eurozone.

Telefónica boasts one of the most international profiles in its sector, generating more than 76% of its business outside its domestic market. Movistar (for Spain and Latin America, except Brazil), Vivo (in Brazil) and O2 (in the United Kingdom, Ireland, Germany, the Czech Republic and Slovakia) are the principal brands under which its products and services are offered.

For the compilation of the qualitative and quantitative information, internal and external tools and programmes have been used, especially eSIF for matters related to human resources and Credit 360 for matters of customers, community and the environment. This process has permitted self-diagnosis and verification of each datum from its department of origin, as well as ensuring its traceability, accuracy and reliability at different levels of aggregation. All the information published has in turn passed through internal processes of checking and verification, both internal (Management Control/CF0 in some countries and the corporate Environment and Corporate Sustainability Department). Additionally, the

information in this report has been subjected to various levels of external reviews.

The Report follows the principles of the Global Reporting Initiative (GRI) and AA1000 (APS), the most reliable and widely used standards in Sustainability and Corporate Social Responsibility reports. This methodology is used to facilitate comprehension, comparability and maximum transparency for our stakeholders.

This book has been drawn up following the general principles G3.1 established by the Global Reporting Initiative (GRI), and a guide to the progress already made towards the new G4 standard is included as an annex.

This chapter explains how these standards have been applied and gives details of those that determine the content and quality, which ensure a balanced and reasonable presentation of the organisation's performance. The entire process has been followed taking both the experience and intentions of Telefónica into account, as well as the utility for its stakeholder groups. Likewise, the verification was conducted by Ernst & Young under the framework defined by the standard AA1000AS (2008), whose values seek "to guarantee the quality of the Sustainability Report of the organisation and the processes, systems and competencies which underlie accomplishment throughout the organisation".

## According to the Global Reporting Initiative (GRI)

### With regard to the content

→ **Materiality.** The information contained in the Report covers aspects and indicators that reflect the significant social, environmental and economic impacts of Telefónica, in accordance with its business strategy and development, and its management of risks and opportunities.



Similarly, it also includes the results of research carried out by the Company among its distinct stakeholders to learn which aspects could have a substantial influence on their evaluations and decisions. Both external and internal factors are taken into consideration, as well as other facets highlighted among companies of the sector.

→ **Stakeholder inclusivity.** This Report is addressed to the distinct stakeholders of the Company and has been compiled bearing in mind the aspects most important to them in their relationship with our business. By stakeholders, we understand those entities or individuals who may be affected significantly by the activity, products or services of Telefónica, as well as those groups that could affect the capacity of Telefónica to carry out its strategy and fulfil its objectives. The stakeholders considered were: shareholders and investors, customers, suppliers and collaborating companies, employees, trade bodies, social NGOs, public authorities and regulators, the media and sustainability professionals.

→ **Sustainability context.** This Report addresses the subjects covered from a perspective of sustainability, in the sense of how the Company contributes to helping others to achieve greater development along economic, social and environmental dimensions at local, regional and global levels, within its business strategy and in accordance with its policy on managing risks and opportunities.

→ **Comprehensiveness.** The indicators and material aspects and the definition of the scope of this Report are sufficient to reflect the significant social, economic and environmental impacts. They also allow stakeholder groups to evaluate the Group's performance in the reporting period 2013.

### With regard to the quality

→ **Balance.** The Report reflects the positive and negative aspects of the organisation's performance so as to enable a reasonable assessment of overall performance.

→ **Comparability.** The Report and the information contained within can be compared on a year-to-year basis through tables and charts, thus highlighting any significant variations in the boundary and scope. In addition, the Sustainability website of Telefónica describes the ATLAS RC platform, which facilitates comparability of the indicators considered most relevant in managing corporate responsibility at Telefónica.

→ **Accuracy.** The Report information is sufficiently accurate and detailed (data, sources, measurement techniques, bases for calculation, underlying assumptions and estimates) for our stakeholders to assess Telefónica's performance. The data published are contrasted with an independent report by Ernst & Young.

→ **Regularity.** This Report is presented with sufficient regularity for stakeholders to be able to take well-informed decisions.

→ **Clarity.** The information is expressed in a comprehensible and accessible manner for Telefónica's stakeholders.

→ **Reliability and verification.** The information and processes used in the preparation of this Report were gathered, recorded, compiled, analysed and presented for external validation.

## According to AA1000 (APS)

→ **Inclusivity.** This refers to the participation of our stakeholders in developing and achieving an accountable and strategic response to sustainability.

→ **Relevance.** This is how Telefónica has determined the importance of each issue for stakeholders.

→ **Responsiveness.** This is the reaction of Telefónica to the demands of its stakeholders, as translated into the milestones and challenges for the Company in terms of sustainability.