



OUR APPROACH

Corporate responsibility and Sustainability structure in Telefónica S.A.

The sustainability framework of Telefónica is supported by a corporate-based strategic management and operational executive. This model is carried out in the organs and units that the company has in the headquarters and in countries where it is operating.

Corporate Reputation & Sustainability Direction is the responsible area for the strategic management of Sustainability, reporting directly to the Global Public Affairs & Regulation Direction.

Governing bodies

In May 2013 the Board of Directors approved the establishment of the Committee on Institutional Affairs as the top governing body of Reputation and Corporate Social Responsibility, replacing the Committee on Human Resources, Reputation and Corporate Responsibility, created in 2002.

This consolidates and reinforces the implementation and development of our sustainability strategy with other public affairs, in order to have a better understanding of the demands and expectations of all our stakeholders.

Functions of the Committee on Institutional Affairs:

- Analyze, report and propose to the Board the principles that must rule the Sponsorship and Patronage Group policies, track them and approve those sponsorships individually when the amount

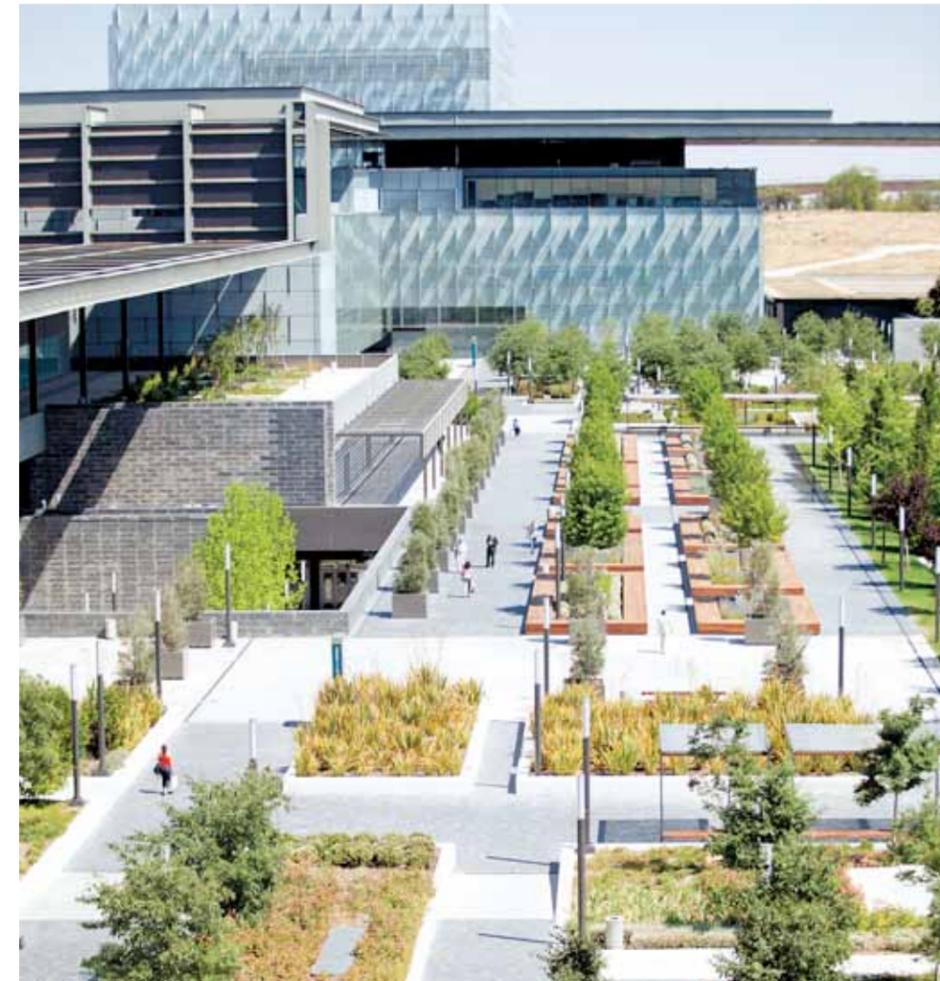
or importance patronage exceed the threshold set by the Council.

- Promote the development of Telefónica's Corporate Reputation and Responsibility project, together with the implementation of the core values of the Group.

The Committee on Institutional Affairs offers a calendar of meetings and an annual plan of activities, meeting monthly according to schedule, and when necessary, upon call of the Chairman. During 2013, as planned, the Institutional Affairs Committee held six meetings to discuss certain issues and aspects of reputation and social responsibility of the Telefónica Group.

Institutional Affairs Committee

Composition	Date of Appointment
Mr. Julio Linares López (Chair)	31 May 2013
Mr. José Fernando de Almansa Moreno-Barreda	31 May 2013
Mr. Alfonso Ferrari Herrero	31 May 2013
Mr. Gonzalo Hinojosa Fernández de Angulo	31 May 2013
Mr. Antonio Massanell Lavilla	31 May 2013
Mr. Francisco Javier de Paz Mancho	31 May 2013



Management bodies

Corporate Reputation & Sustainability Direction works to facilitate, improve and measure corporate reputation management at Telefónica. It generates positive perceptions of trust and respect for all stakeholders (global and local) in order to facilitate the construction of the new public positioning. To realize this, the area promotes a responsible and sustainable manner in the way we do business throughout the company by (1) the identification, prevention and mitigation of reputational risks (pure and derivatives from activity), (2) the management of the Business Principles or code of ethics, (3) the development of policies, standards and projects to deploy the Business Principles... all with the aim of responding to new regulatory demands, to prevent unwanted social and environmental regulations and strengthen the legitimacy of Telefónica to operate.

Corporate Reputation & Sustainability Direction is addressed in the Global Public Affairs & Regulation area, whose mission is to disseminate and transmit the digital public positioning of Telefónica in all those international public spaces and areas related to Internet world, strengthening our regulatory position in Europe and Latin America, improving our reputation in all countries where Telefónica is present and the new policy of exploitation of digital sponsorships.

Corporate Responsibility and Sustainability in countries

The Corporate Reputation and Sustainability team has international presence through direct collaborators in all the countries where Telefónica has operations, thus implementing global projects and developing their own projects based on their local context. Thus, the Company provides local responses to issues that are specifically relevant in each country.