



**COMPANY**

Country	Spain
Number of Employees	255'600
Web	www.telefonica.es/

**Share**

Market cap (mil)	82'784
Currency	EUR
High 52 week	18.1
Low 52 week	12.3
Last Price	17.6

**Key Data**                      **2008**                      **2009E**

Sales (mil)	57'946	56'538
EPS	1.63	1.69
P/E Ratio	10.65	10.44

Source: Bloomberg / September 01, 2009

**Sales in**

Alcohol	No
Armaments	No
Firearms	No
Tobacco	No
Gambling	Yes

Source: EIRIS, SAM Research

**COMPANY DESCRIPTION**

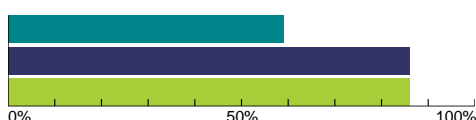
Headquartered in Spain, Telefonica, S.A. is one of the world's largest telecommunications companies. The company provides fixed-line and wireless communications, broadband and paid television services to nearly 260 million customers worldwide. It owns four major brands: Telefónica, Movistar, O2 and Terra. The company operates in 25 countries across Europe, Latin America and North Africa. In 2008, Spain accounted for ~36 percent of the company's total revenues. In 2008, Telefonica acquired Telemig Group, a Brazilian mobile operator, and Star Global Com, a cable TV operator. The company has a global workforce of over 257,000 professionals.

**SUSTAINABILITY PERFORMANCE**

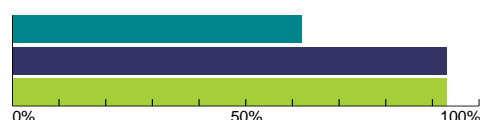
Telefonica, S.A.'s strategic approach of creating value through sustainability has resulted in its leadership position within the telecommunication sector. The company's outstanding performance in the economic dimension is supported by its sound customer relationship, competent brand management and robust privacy policy. Telefonica has also concentrated its initiatives on reducing its ecological footprints, which has resulted in its excellent scores in the operational eco-efficiency section. It has established a centralised database called 'Credit 360' for environment data (verified by Ernst & Young), and has also defined a system of indicators known as 'Environmental Performance Index' based on ISO 14031. The company has also exhibited special concern towards climate change by creating a 'Climate Change Office' and establishing a 'Group Energy Saving Objective' in June 2008. The company is also a forerunner in the social dimension of sustainability with exceptional efforts towards increasing stakeholder engagement and digital inclusion. It has enhanced its stakeholder engagement by using information and communications technologies, such as online channel and open forums, which will help accelerate communication with external and internal stakeholders. It has also tried to reduce digital divide by signing an agreement with the state's confederation of deaf people to collaborate in the start-up of a sign language tele-interpreting service in 2008.

**SUSTAINABILITY SCORES**

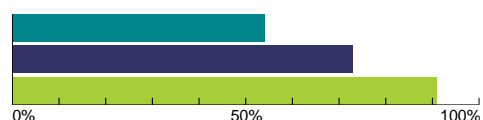
**Total Score**



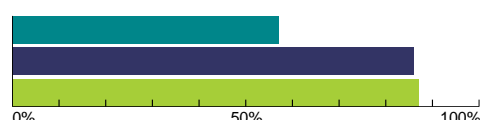
**Economic Dimension**



**Environmental Dimension**



**Social Dimension**



■ DJSI sector average on a global basis  
■ Telefonica, S.A.  
■ Best company on a global basis within DJSI sector



For information on assessment criteria, visit [www.sustainability-indexes.com](http://www.sustainability-indexes.com)

«Corporate Sustainability is a business approach to create long term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments.»

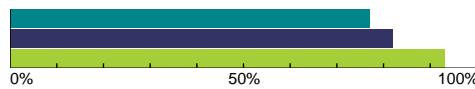
**INDUSTRY DRIVING FORCES**

The fixed line telecommunications industry can be characterised by a fiercely competitive environment, with declining voice prices, regulatory pressures, and the continuous blurring of the boundaries between fixed and wireless telephony. It is also an industry which can significantly transform working practices and lifestyles, potentially resulting in a reduction of travel, transportation, and its related environmental impact. In the scenario of rapid technological changes, companies operating in this sector must adopt flexible business models that enable them to integrate new generation technologies and services, such as voice-over-IP, mobile telephony, and video-on-demand, in order to remain competitive. With regard to the environmental dimension, energy efficiency, state-of-the-art infrastructures, and adequate disposal of redundant equipment remain the key challenges. In the social dimension, reducing the digital divide and offering low-cost, appropriate telecommunications solutions for emerging markets remains the basis for the future sustainable top-line growth.

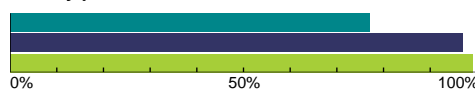
**COMPANY PERFORMANCE FOR SELECTED CRITERIA**

**ECONOMIC**

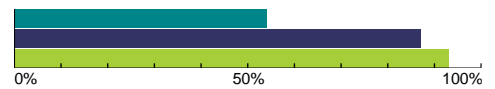
**Corporate Governance**



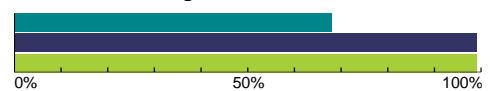
**Privacy protection**



**Customer Relationship Management**

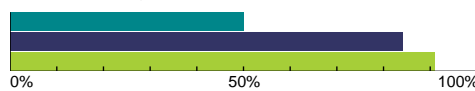


**Risk & Crisis Management**

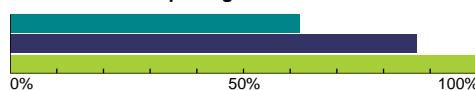


**ENVIRONMENTAL**

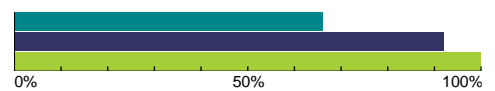
**Climate Strategy**



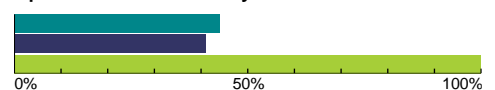
**Environmental Reporting**



**Environmental Policy/Management System**

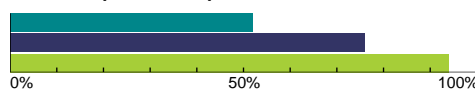


**Operational Eco-Efficiency**

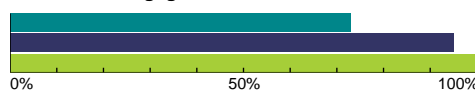


**SOCIAL**

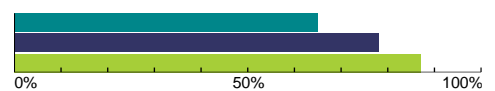
**Human Capital Development**



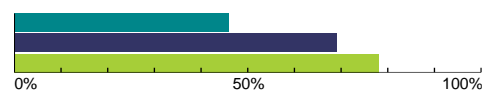
**Stakeholder engagement**



**Labor Practice Indicators**



**Talent Attraction & Retention**



- DJSI sector average on a global basis
- Telefonica, S.A.
- Best company on a global basis within DJSI sector

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