



Company profile and values_

Telefónica is today one of the largest telecommunications companies in the world in terms of market capitalisation and number of customers. We have the best fixed, mobile and broadband networks, as well as an innovative range of digital and data services; therefore, we are favourably positioned to meet the needs of our customers and capture growth in new businesses.

We are sensitive to the new challenges demanded by society today and, therefore, we provide the means to facilitate communication between people, providing them with the most secure and cutting-edge technology.

We work every day with an innovative spirit and huge technological potential, multiplying our customers' ability to choose in a world in which technology forms an essential part of the human race. Our vision is focused on technology making people's lives easier and our aim is to promote progress in that direction, so that technology can make a positive impact on the world both socially and environmentally, and, ultimately, so as to provide value and trust in an ever-changing and accelerating world.

Our headquarters is in Madrid (Spain). We currently operate in 17 countries and have a customer base which surpasses 350 million connections throughout Spain, the United

Kingdom, Germany and Latin America, where most of our growth strategy is focused. We are, therefore, one of the most international companies in the sector, generating more than 75% of our business outside the domestic market. Movistar (Spain and Latin America, except for Brazil), Vivo (Brazil) and O2 (UK and Germany) are the main brand names around which we structure our market offering.

We are a wholly private company with 1,323,265 direct shareholders. We are listed on the continuous market of the Spanish stock exchanges, as well as on the stock exchanges in London, New York, Lima and Buenos Aires. Our subsidiaries, Telefónica Brazil and Telefónica Germany, are listed on those of Sao Paulo and Frankfurt, respectively.

The list of the companies comprising the Telefónica Group, together with their name, main corporate purpose, country, share capital, percentage of effective participation in the Group and the company or companies

— We want to create, protect and boost *life's connections* so that people can choose a world of infinite possibilities

through which they participate in the Group, can be found in the Perimeter Annex I of the [Consolidated Financial Statements 2016](#).

We want to be a company in which our clients, employees, suppliers, shareholders, and society in general can trust. In order to achieve this, we communicate our strategy, business model and most relevant data to our stakeholders in a clear and transparent manner, so as to show the Company's sustainability and our ability to create value. Accordingly, in this document we present our Integrated Corporate Report for

2016, in which we include the progress made during the year.

Throughout this Report, links to further information are included. These provide a greater breakdown of certain of the issues discussed in specific chapters of the document. However, the information available via these links does not from an integral part of this Report.

The content herein is complemented by updated information on our website and [Atlas Telefónica](#), as well as by the Annual Report on Corporate Governance and Director Remuneration, the Consolidated Statement of Annual Accounts and the corresponding Management Report for the year. The above documents are linked to this one for easy reference.

We publish this Report on an annual basis and we present it at each General Shareholders' Meeting.

