Telefónica

NOTA DE PRENSA
PRESS RELEASE

<u>Brussels and the cyber security industry to assign up to 1,800 million Euros to research</u>

Telefónica is the only telco which forms part of the decision-making bodies of the European Cyber Security Organisation

Madrid, 2 August 2016.- Telefónica has been selected by the General Assembly of the newly-created European Cyber Security Organisation (ECSO) as a member of its Board of Directors and the Partnership Board with the European Commission (EC) for the coordination of activities to promote the ECSO upon the basis of the cPPP (contractual Public-Private Partnership), a joint initiative of the EC and companies in the cyber security sector expected to trigger investment totalling up to 1,800 million Euros until 2020 in different lines of research into cyber security.

Pedro Pablo Pérez García, Telefónica's Global Security Managing Director and CEO of ElevenPaths, the company's division specializing in the development of cyber security solutions, and Cristina Vela, Senior Advisor at the Telefónica Office in Brussels, will represent the company, the only telecommunications operator in this organisation, which has over 130 members, including large companies, research centres, business associations, public administrations and users of technology.

Cyber security and the fight against cyber crime have become priorities of the EU's Digital Single Market Strategy, with the promotion of initiatives to prevent security incidents which harm not only the confidence of citizens but also the ICT sector and ultimately, the digital economy. Thus, Brussels aims to strengthen cooperation among all the Member States and the companies and organisations in the cyber security sector, thereby helping to develop new policies and technologies and security products and services common to the whole of the EU.

Within the ECSO Telefónica will defend its vision of a comprehensive and balanced cyber security strategy which, firstly, addresses the continuous security threats to a technological environment undergoing constant change and, at the same time, guarantees individual and collective rights in the field of security. With its participation in this organisation, Telefónica will also reinforce its commitment to obtaining the digital trust of customers, users and companies, with the aim of creating a secure internet environment in Europe, as stated in the company's Digital Manifesto.

"We have to move on from isolated security solutions focused on asset protection to solutions capable of analysing the information of devices, networks, technological equipment and users, combining it with external intelligence on vulnerabilities, threats and other agents," declared Pedro Pablo Pérez. "Trust between industry and the public administrations of the member States is essential for the effective implementation of this approach and, in this sense, the role to be played by the cPPP is vital."

The unstoppable growth of the Internet of Things (IoT) and the development of new businesses based upon it makes total coordination between all the agents in the ICT sector even more

necessary, together with the creation of an open cyber security technology standard, essential for putting an end to the threat posed by the fragmentation of the current security systems. This is precisely one of the conclusions of the report titled "Scope, scale and unprecedented risks: ensuring the Internet of Things" recently published by Telefónica, which also highlights how the development of vulnerable cyber security solutions could compromise the security of critical infrastructures.

For a number of years Telefónica has taken part in the development of technological specifications and standards in the area of cyber security, such as the SC37 biometric standard and several initiatives in the same field within the framework of the H2020 (Horizon 2020) program of the European Commission. It is also involved in other cyber security projects within organisations such as the IETF (Internet Engineering Task Force), the ETSI (European Telecommunications Standards Institute), the ITU and the GSMA. In addition, it encourages the development of cyber security technologies, not only through ElevenPaths but also within Telefónica Open Future, with investment and the acceleration of numerous startups operating in this sector.

About Telefónica
Telefónica is one of the largest telecommunications companies in the world by market capitalization and number of customers with a comprehensive offering and quality of connectivity that is delivered over world class fixed, mobile and broadband networks. As a growing company it prides itself on providing a differential experience based both on its corporate values and a public position that defends customer interests.

The company has a significant presence in 21 countries and 347 million accesses around the world. Telefónica has a strong presence in Spain, Europe and Latin America, where the company focuses an important part of its growth strategy.

Telefónica is a 100% listed company, with more than 1.5 million direct shareholders. Its share capital currently comprises 4,975,199,197 ordinary shares traded on the Spanish Stock Market and on those in London, New York, Lima, and Buenos Aires.

About ElevenPaths
At ElevenPaths we believe in the idea of challenging the current state of security, an attribute that must always be present in technology. We're always redefining the relationship between security and people, with the aim of creating innovative security products which can transform the concept of security, thus keeping us one step ahead of attackers, who are increasingly present in our digital life.
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