

Philanthropy

In 2006, Telefónica allocated more than 50 million euros to Philanthropy

The Telefónica Foundation is the group's principal driving force for social action. In 2006, it allocated more than 33 million euros, 6% more than in 2005, to 673 social initiatives that directly benefited more than 30 million people. Also, 13 million euros were allocated to encourage the integration of people with disabilities through ATAM.

At Telefónica we are firmly committed to society. We are convinced that our activity benefits the countries in which we operate, enhancing economic, technological and social development. However, we believe that in addition to the performance of our activity, we should add other social and cultural activities where we operate.

In 2006, more than 50 million euros were devoted to social action through investment by Fundación Telefónica, O2, contributions by ATAM and social sponsorships.

The most significant part of these resources (33 million euros) was invested by Fundación Telefónica¹, the group's leading social action channel. Since 2006, the foundation has reoriented its strategy towards education, the social integration of children in Latin America, the promotion of the information society and the management of corporate volunteer programmes, as will be explained in this chapter

ATAM

ATAM is the association of the group for the disabled, through which the employees and the company have sought to improve the quality of life of these people through prevention and full social integration over the past 34 years.

It is largely funded by voluntary contributions of approximately 61,000 employees from 22 companies of the Telefónica Group. The workers contribute 2 per thousand of their basic salaries and the company doubles this contribution.

The contributions made to ATAM by all the companies of the Telefónica Group in 2006 reached 13.6 million euros, directly benefiting 3,981 people.

Through this non-profit project, the beneficiaries and their families are offered extensive social protection

throughout life in the event of situations of disability or dependence. Therefore, in addition to contributing to solidarity action in exchange for a small payment, members and their families enjoy a present and future guarantee which responds to any of their needs.

Social Sponsorships

The third main axis of Telefónica's social action is social sponsorships. The company participates in activities in the countries in which it operates. During 2006, there were 73 social sponsorships, representing 9% of the company's total sponsorships. We continue to support charitable projects and back institutions working in these fields through participation in programmes to promote information technology. Particularly noteworthy is our involvement with: Fundación de Ayuda contra la Drogadicción (Foundation against Drug Addiction), Asociación Española Contra el Cáncer (Spanish Cancer Association), the Spanish Red Cross and other non-profit organizations.

Telefónica's Investment in Philanthropy

Data in thousands of euros

	2005	2006
Fundación Telefónica ¹	28,999	33,015
ATAM ²	13,605	13,658
Social Sponsorships ³	2,571	2,930
O2 ⁴	0	2,493
Total	45,175	52,096

¹ TF Budget.

² Contributions to ATAM by Telefónica and its employees.

³ Includes social and non-cultural sponsorships.

⁴ The real amount was 2.9 millions euros but we took away some sponsorships of Proniño from Colombia Foundation.

⁴ Data applicable from 2006.

¹ Includes Colombia Foundation, legally created in 2007

Total number of participants/beneficiaries directly affected by Telefónica Foundation activity in 2006 *

Area	Number of people
Educared	25,076,321
Proniño	25,339
Telefónica Volunteers	12,595
Forum	13,570
Art and Technology	7,302,272
Other programs	1,090,179
Total	33,520,276

* Including direct and internet beneficiaries

Telefónica Foundation

What is the Telefónica Foundation?

Telefónica Foundation is the expression of the Telefónica Group's commitment to the societies of the countries where it is present. Since 1998, it has been the Group's social and cultural action tool, the strategy of which is focused on Education through Information and Communication Technologies (ICT).

The main mission is to contribute to building the future of the regions where the Telefónica Group operates and drive social development through Education, using its strength and technology capability, its territorial presence and extensive customer and employee base for this.

95% of the people that have had a direct relationship with the Foundation in 2006 accessed content, services, and information over the Internet, reflecting the role played by technology as a motor for social development.

Main Programs

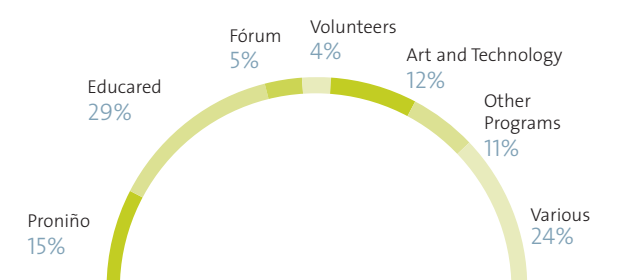
- **Proniño**
- **EducaRed**
- **Forum**
- **Telefónica Volunteers**
- **Art and Technology**

Where is the Telefónica Foundation present?

The Telefónica Foundation carries out its work in Argentina, Brazil, Chile, Colombia, Spain, Mexico, Peru and Venezuela. Acting with a global focus, all eight foundations share the same goals and work methods, albeit each according to the social reality in its own country. Also, the foundation's social and cultural actions through the Proniño programme extends to other Latin American countries such as Nicaragua, Guatemala, El Salvador, Panama, Ecuador, and Uruguay.

The Magnitude of the Telefónica Foundation

Distribution of resources dedicated to projects and initiatives carried out by Telefónica Foundation in 2006 per activity area.



Budget per country

Argentina	7%
Brazil	10%
Chile	3%
Colombia	4%
Spain	65%
Mexico	2%
Peru	5%
Venezuela	3%

More than **25,000** boys, girls and schooled adolescents

More than **92,000** indirect beneficiaries

646 schools and education centers participate in Proniño



Proniño

The Telefónica Group, through its Foundation, manages Proniño, a Philanthropy program which hopes to significantly assist achieve the regional goals of eradicating the worst forms of child labor in Latin America before 2015. It is an Integrated Care Program, which through quality schooling, ensures educational achievements and knowledge of Information and Communication Technologies. Moreover, it incorporates specific activities to empower institutions and social agents linked to childcare and the promotion of children's rights in order to sustain the eradication of child labor in the long term.

Proniño is committed to educational quality, improving the infrastructures at the centers and providing new educational and pedagogical focuses adapted to each social situation, which favor not only the direct beneficiaries of Proniño, but also the entire educational environment in places it intervenes.

As of December 31, 2006, Proniño directly benefited 25,339 boys, girls and adolescents (*) from thirteen countries (Argentina, Brazil, Chile, Colombia, El Salvador, Ecuador, Guatemala, Mexico, Nicaragua, Panama, Peru, Venezuela and Uruguay), and 92,115 indirectly at 656 education centers and schools.

The basic pillars of Proniño are the 35 NGO of recognized international prestige with which it directly works, as well as the schools, public and private institutions along with the collaboration of the communities in the countries where Proniño works.

In this scheme, Telefónica Volunteers play a fundamental role in the program, participating in different activities and contributing their time and talent.

Percentage of boys, girls and adolescents that work¹

Country	Working (in thousands)	Work rate
Belize	9	11%
Bolivia	656	28%
Brazil	5,071	12%
Colombia	1,568	15%
Costa Rica	114	10%
Chile	196	5%
Ecuador	779	21%
El Salvador	288	15%
Guatemala	938	23%
Honduras	356	15%
Jamaica	16	2%
Nicaragua	253	14%
Panama	46	6%
Paraguay	322	10%
Peru	1,987	26%
Dominican Rep.	436	18%

¹ Source: International Labour Organization 2006 "Eliminating child labour: a goal within our reach"

In 2006, EducaRed on-line received more than **40** million visitors, with a total of **220** million pages viewed on its five portals.

It is the leading educational program in Spain and Latin America



EducaRed

This is a program which was created by Telefónica Foundation in 1998 in accordance with the 16 top organizations in the Spanish educational community. It attempts to contribute to improving the quality of Education in order to promote equal opportunities through the application of Information and Communication Technologies in the education and learning processes.

EducaRed began in Spain and is a transnational program which includes local portals in Argentina, Brazil, Chile, Peru and very soon in Colombia and Mexico. In Spain alone there are 11,846 schools registered in the program, which represents more than 372,000 teachers and 4.4 million students.

There are two major lines of activity in EducaRed:

- **EducaRed on line.**
- **EducaRed face to face.**

Lines of Action

EducaRed on line

- **The best didactic content in software and educational webs:**
The EducaRed Navigator
- **The most advanced tools in the EducaRed Navigator:**
Software and educational webs
- **Online training for teachers and students:**
Innovative Teachers
Learn with the Internet
- **Interactive contests and activities:**
Navigating
Check Mate
- **Virtual communities:**
EducaRed 2.0
Tam-Tam
Coisas Bõas 2007

EducaRed face to face

- **Training and innovation for the education community:**
EducaRed Innovates
Mobile Classroom
- **Network of model centers**
- **Science and technology exhibits:**
Divulga Biotec
- **Integrated educational programs:**
EducaRed Integra
- **Education dynamization activities:**
International Conventions
Ibero-American Conventions
EducaRed Day
EducaParty

Telefónica Foundation has become a benchmark in research and knowledge of the social impact of Information and Communication Technologies

12,595 employees of the Telefónica Group in **14** countries participated in 2006 in Corporate Volunteer initiatives on which they dedicated more than **55,200** hours

Forum

Fórum is an area of Telefónica Foundation which was conceived as a unit for creation, debate and skill sharing in order to be a reference for the development of the Information Society, build and use the necessary structures for the generation and circulation of knowledge and support innovative projects.

Through this program, Telefónica Foundation plans activities to promote and facilitate advanced research, analysis and knowledge of the Information and Communication Technologies and their social impact mainly in Spain and Latin America.

Strategic lines

- **Research and analysis.** Drive research and trend studies on subjects related to the Information Society.
- **Debates and exchanges.** Seminars, conferences and debate forums, whether face-to-face or on the net, on the topics researched as well as other current topics and trends.
- **Knowledge sharing.** The creation of the Telefónica Foundation Collection. Publications on the results of the research, studies, debates and relevant topics related to the society of knowledge.
- Furthermore, **Fórum on the Net** stands out as a specific section on Telefónica Foundation's web page where the program's principal lines of action as well as the magazine Telos, which covers the studies on communication in Spanish, are updated.

Telefónica Volunteers

The Telefónica Group Corporate Volunteer program seeks to motivate and strengthen the social volunteer activities among employees, by providing and developing the necessary resources so that said volunteerism is effective and permanent.

Conceived as a transnational initiative, its objective is to organize and strengthen the development of a humanitarian network made up of Telefónica Group active employees, early retirees and retirees who wish to work in a proactive way to benefit the community and its most underprivileged groups.

The Corporate Volunteer Program managed by Telefónica Foundation develops three major lines of work:

- Promote employee participation in volunteer activities by identifying possible ways to collaborate in Telefónica Foundation social action programs like Proniño or through agreements with NGOs.
- Provide technical and financial support for implementation of humanitarian programs involving groups of employees.
- Strengthen the volunteer leadership capacity through training which provides knowledge of the social world and resources to improve the impact of their actions and capacity to work with social organizations, as well as offer the practical tools for the formulation, implementation and evaluation of projects.

7.3 million people have participated in the various art and culture activities carried out by the Foundation in Spain and Latin America in 2006

Art and Technology

Art and Culture

From the beginning, Telefónica Foundation has been working intensively to spread contemporary culture and art, seeking to link the value of the artistic avant-garde and technological innovation that has always characterized the development of telecommunications, with very special, recent attention to the creation of digital art and its access and distribution through the Net.

In this sense, Telefónica Foundation's primary task as far as Art and Technology is the management of the Group's artistic patrimony, fundamentally made up of the following collections:

- **Historical Collection of Spanish Contemporary Art.** Value by critics as one of the most relevant examples of corporate art collection, this one includes 84 pieces of work by Spanish artists of great international prestige: Pablo Picasso, Luis Fernández, Eduardo Chillida and Antoni Tàpies.
- **Cubist Collection.** A total of 41 cubist paintings from 1912-1933, pertaining to 18 authors (Gleizes, Lhote, Marcoussis, Metzinger, Barradas, María Blanchard, Torres García, Xul Solar, etc.) and grouped around an exceptional collection of 11 works of art by Juan Gris.
- **Contemporary Photography Collection.** 78 works (276 pieces) by 48 international authors (Bernd and Hilda Becher, Thomas Ruff, Thomas Struth, Vik Muniz, Helena Almeida, etc.) which reflect the change of paradigm which has occurred in visual culture since the 60's until now.

- **Telefónica's Historical-Photographic Archive.** One of the most important groups of documentary photography from XX century Spain, with around 12,000 images and some twenty films from 1924-1931, by the most important Spanish graphic reporters of the time: Alfonso, Luis Ramón Marín, etc.
- **"Telos" Collection.** 418 works by a total of 43 artists: Antonio Saura, Luis Feito, Eduardo Úrculo, etc. The Collection came about in 1985 from the originals which were expressly commissioned to be published as illustrations in the magazine Telos, which is published by the Foundation.

The Foundation also manages Telefónica's Historical Technology Collection and the corresponding Telecommunications Museum, one of the most important in the world in this field.

Telefónica Foundation also develops an intense program of temporary art exhibits (with its own halls in Madrid, Santiago de Chile, Buenos Aires and Lima) which were visited by 388,994 visitors in 2006.

Ars Virtual

A virtual museum dedicated to cultural heritage and which enables an interactive visit and in 3D of almost 50 monuments (National Heritage, Cathedrals, churches and monasteries, Natural Parks, etc.) from Spain, Latin America and Morocco. In 2006, this Internet portal received more than 3 million direct and indirect visits.