



**DISCLOSURE, COMMUNICATION
AND CONTACT POLICY OF
TELEFONICA, S.A FOR
SHAREHOLDERS, INSTITUTIONAL
INVESTORS AND PROXY ADVISORS**



Corporate Rule

Approved by the Board of Directors of Telefónica S.A. at their meeting on 4th November
2019

Telefónica, S.A.

2nd Edition - November 2019

Index

Index.....	2
1. INTRODUCTION	3
2. PRINCIPLES.....	4
3. CHANNELS OF COMMUNICATION.....	4
4. ENTRY INTO FORCE.....	9

1. INTRODUCTION

On February 18, 2015, the Board of Directors of the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (“CNMV”) approved a new Good Governance Code of Listed Companies (*Código de Buen Gobierno de las Sociedades Cotizadas*) in order for Spanish listed companies to comply with the following objectives:

- a) safeguard the proper operation of the governance and management bodies in order to lead them to the maximum competitive levels;
- b) generate confidence and transparency for domestic and foreign shareholders and investors;
- c) improve internal control and the corporate responsibility of Spanish companies; and
- d) ensure the proper separation of functions, duties and responsibilities at the companies from the viewpoint of utmost professionalism and precision..

Along these lines, Recommendation 4 of the Good Governance Code of Listed Companies provides:

“That the company defines and promotes a policy for communication and contacts with shareholders, institutional investors and proxy advisors that fully respects rules prohibiting market abuse and the similar treatment of shareholders in the same position.

And that the company publicizes such policy through its website, including information regarding the manner in which it has been implemented and identifying the participants or those responsible for implementation thereof”.

Furthermore, articles 36 and 37 of the Regulations of the Board of Directors of Telefónica, S.A. (“Telefónica” or the “Company”) provide in this regard:

Article 36. Relationships with shareholders.

1. *The Directors shall be periodically informed about changes in shareholders and of the opinion of significant shareholders, investors and rating agencies regarding the Company and the Group.*
2. *The Board of Directors, acting as liaison between the owners and management, shall establish appropriate channels to receive the proposals that may be made by the shareholders in connection with the management of the Company.*

The Board of Directors shall define and promote a policy for communication and contacts with shareholders, institutional investors and proxy advisors that fully respects rules prohibiting market abuse and the similar treatment of shareholders in the same position.

3. *The Board of Directors may, through some of its Directors and with the cooperation of such senior executive officers as it considers appropriate, organize informational meetings on the operations of the Company and of its Group with shareholders residing in the most important financial markets in Spain and in other countries.*

Board of Directors, Telefónica S.A.

4. *The Board of Directors shall also establish appropriate mechanisms for a regular exchange of information with the institutional investors who are shareholders of the Company.*
5. *The Board of Directors shall encourage informed participation by shareholders at General Shareholders' Meetings and shall take such measures as may be appropriate to ensure that the shareholders at the General Shareholders' Meeting effectively perform their duties under the law and the By-Laws.*

Article 37. Publicity of relationships with shareholders.

The Company shall publicize through its website the communication and contacts policy referred to in the preceding article, including information regarding the manner in which it has been implemented, and shall identify the participants or those responsible for implementation thereof.

2. PRINCIPLES

1. The Board of Directors of Telefónica is the body responsible for establishing and supervising appropriate mechanisms of communication and relationships with shareholders, institutional investors and proxy advisors that fully respect the rules prohibiting market abuse and that provide similar treatment to shareholders in the same position.
2. The Board of Directors, acting through its corresponding decision-making bodies and departments, endeavors to defend, protect and facilitate the exercise of the rights of shareholders, institutional investors and the markets generally within the framework of protecting the corporate interest, which is understood as the achievement of a profitable and long-term business over the long term, which fosters the continuity thereof and maximization of the economic value of the company, all in accordance with the following principles:
 - a) Transparency and truthfulness of information.
 - b) Periodic public information.
 - c) Compliance with applicable law and the internal rules of the Company, especially the Internal Code of Conduct in Securities Markets Matters.

3. CHANNELS OF COMMUNICATION

Telefónica communicates with its shareholders and institutional investors through the following channels:

Board of Directors, Telefónica S.A.

– **Communications to the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (“CNMV”) and other official international bodies.**

The Company communicates all information that is deemed privileged or significant under applicable law through the website of the CNMV.

Likewise, the Company delivers each and every one of the communications that it has recorded with the CNMV to all markets on which its shares are admitted to listing. Within this context, as of the date hereof, Telefónica prepares the following financial information on a periodic basis and discloses it to the following markets:

- a) Quarterly results information. Quarterly Information for the period between the beginning of the fiscal year and the last day of the first and third calendar quarters is submitted by the Company in the form and within the deadlines required by applicable legal provisions, with the content thereof conforming to the applicable form under applicable law.
- b) Semi-annual results information. Semi-annual Information for the period between the beginning of the fiscal year and the last day of each calendar six-month period is submitted by the Company in the form and within the deadlines required by applicable legal provisions, with the content thereof conforming to the applicable form under applicable law.
- c) Annual Information. The Company submits the Annual Financial Statements and the Management Report (which includes the Statement of Non-Financial Information) in the form and within the deadlines required by applicable law).
- d) Annual Corporate Governance Report (ACGR). The Company prepares an annual Corporate Governance Report that contains information regarding the ownership structure of the Company; the operation of the General Shareholders' Meeting and the proceedings thereof; the structure of Management; the risk control systems and main characteristics of the internal risk control and management systems relating to the process for issuing financial information; and the level of compliance with the Recommendations of the Good Governance Code of Listed Companies, all in accordance with applicable law.
- e) Annual Report on Directors' Remuneration (ARDR). The Company also prepares an Annual Report on Directors' Remuneration containing complete, clear and comprehensible information regarding the remuneration of and remuneration policy for Directors in accordance with the provisions of applicable law.
- f) Annual Informational Reports. There are also Annual Informational Reports that contain general information regarding the Company, the registration of which is required by the law of some of the markets on which its securities are traded. This includes the Registration Document submitted each year to the CNMV and the Form 20-F submitted to the Securities Exchange Commission (SEC) in the United States.

Board of Directors, Telefónica S.A.

– **Corporate website of Telefónica.**

www.telefonica.com/en/web/shareholders-investors

In compliance with applicable legal provisions, the Company has a website, which is an official channel of communication, to allow for the exercise by shareholders of the right to obtain information and to disseminate privileged or significant information required by applicable law.

The corporate website of Telefónica also provides access to the following information:

- a) General information regarding the Company.
- b) Economic/financial and non-financial information.
- c) Share information.
- d) Information on corporate governance.
- e) Specific information for shareholders (Shareholders' Corner) focused solely on minority shareholders.

In particular, the presentations of annual, semi-annual and quarterly results, as well as other types of significant institutional or economic/financial presentations, are published through Telefónica's corporate website. Telefónica also streams webcasts and conference calls regarding presentations of quarterly results and other significant communications for the market, allowing access to shareholders, analysts and any other persons who so desire.

All documents required by applicable legal provisions regarding the call to and holding of General Shareholders' Meetings are also published on the corporate website.

Except for certain specific documents, the information on Telefónica's website is offered in two languages: Spanish and English.

– **General Shareholders' Meeting.**

The Board of Directors also encourages informed and responsible participation by shareholders at General Shareholders' Meetings, and adopts such measures and guarantees as may be appropriate to ensure that the shareholders at the General Shareholders' Meeting effectively perform their duties under the law and the Company's corporate governance principles.

In addition, from the call to the General Shareholders' Meeting until the completion thereof, the shareholders can access the Office of the Shareholder, which is also specifically located in the room where the General Meeting is held, in order to resolve questions that might be raised by shareholders and respond to and inform those persons who wish to take the floor.

Board of Directors, Telefónica S.A.

The Office of the General Secretary of the Company, with the support of the Investor Relations Area, is responsible for maintaining ongoing contact and dialogue with proxy advisors, answering their questions regarding proposed resolutions submitted at the General Shareholders' Meeting and providing the clarifications they deem to be required.

– **Relationships with shareholders, institutional investors and financial analysts**

Telefónica's general communication policy provides for properly informing, communicating with and responding to its shareholders and investors with transparency, truthfulness, immediacy, equality and symmetry in the dissemination of information. Telefónica communicates directly with its shareholders, institutional investors and financial analysts through the **Investor Relations** area.

This area, which is included within the Finance and Control Division and includes the Office of the Shareholder, is in charge of and responsible for this communication, and therefore, any contact with shareholders, institutional investors or financial analysts must be channeled through it, and it will validate and coordinate any communication that it makes, whether verbal or written, requesting the participation of other areas of the Telefónica Group whose purview covers the issues for which the consultation is made, such as the Office of the General Secretary, Remuneration or Sustainability. Furthermore, the Group's Investor Relations department will coordinate communication by the various subsidiaries with the market in order to ensure that it is proper, consistent and coherent at all times..

a) Investor Relations

In charge of continuously responding to questions and suggestions from institutional investors and financial analysts on an individualized basis through:

- an e-mail address (ir@telefonica.com)
- a telephone number (91 4828700) and a mailing address (Distrito Telefónica - Edificio Central PI 2^a C/Ronda de la Comunicación s/n 28050 Madrid).
- In addition, to provide detailed reports on the evolution, strategy and results of the Company and to answer questions from analysts and institutional investors, informational meetings and roadshows are organized at the main financial centers worldwide. These meetings are held by both Investor Relations and Telefónica's management team.

Attendance at forums and conferences in the telecommunications sector or generally in Europe/Latin America is also a natural channel for Telefónica's communication with institutional investors.

There are also presentations to and meetings with analysts and institutional investors that delve into strategic issues of the Company, which supplement the published information and may be necessary or appropriate to facilitate communication and the long-term creation of value.

All these measures are used to coordinate and manage communication with the market in order to ensure that it is appropriate, consistent and coherent at all times.

Communication with institutional investors, analysts and shareholders may not take place during the periods prior to publication of the results of the Group or subsidiaries that are subject to securities market rules.

b) Office of the Shareholder

Through the Office of the Shareholder, Telefónica ensures transparent, agile and fluid communication with its shareholders, providing the same information in time and form as that provided to institutional shareholders.

The Company distributes to all of them a communication service consisting of the sending of e-mails with information of interest regarding the Company, significant events (*hechos relevantes*), news, quarterly results (videos, images, etc.), a monthly newsletter, the “Acción Telefónica” magazine, stock market information, etc., to encourage transparency and communication between the Company and its shareholders. This type of information is sent to shareholders who request this service. The Office of the Shareholder also holds periodic meetings with shareholders in the various Spanish provinces with the largest number of shareholders, reporting on the Company’s strategy and the latest published results, thereby offering personalized service to shareholders and meeting the requirements of transparency in offering the same information to individual and institutional shareholders. Two-way communication is established between the Company and its shareholders at these meetings, where there can be an exchange of viewpoints. There is also an annual meeting of Telefónica’s management team with shareholders.

Personal communication is maintained with the shareholders throughout the year, both electronically and by mail, and especially upon the presentation of results and on occasion of the principal communications of privileged or significant information, such as distributions of dividends, calls to General Shareholders’ Meetings, corporate transactions, etc.

Furthermore, in order to improve dialogue between the Company and its shareholders, there may be periodic Informational Meetings in which the shareholders participate upon established terms in order to discuss current issues regarding the Telefónica Group that are considered to be of particular interest for this group. These issues can cover regulatory developments in the area of listed companies, aspects relating to the performance of the business or other issues.

The Company distributes to all a quarterly magazine, “Acción Telefónica,” a publication with financial information that includes an explanatory summary of periodic public information of a financial and operational nature, interviews on current events, and exclusive campaigns that can be accessed. It has been available in the Shareholders’ Corner in digital format since September 2018 and an app can be downloaded to read it on IOS and Android devices.

The Company also distributes to all a monthly newsletter with stock market information, new developments, technological advances, news, videos, offers, promotions, cultural visits, upcoming events, sponsorships, recognitions, etc.

Board of Directors, Telefónica S.A.

Upon the holding of the General Shareholders' Meeting, the channels of communication with shareholders are expanded to facilitate their participation therein. The Office of the Shareholder can be contacted directly through a form within a specific microsite for the Meeting. Shareholders can use this medium to ask questions relating to items on the agenda, the delivery of documentation relating thereto, and the procedure for participating in the General Shareholders' Meeting, either in person or by proxy.

The channels for contacting Telefónica's Office of the Shareholder are:

- A toll-free information number (900 111 004) open from 9:00 a.m. to 7:00 p.m., Monday to Friday, except national holidays. This call center is staffed by qualified personnel specializing in the economic/financial field. Information is provided regarding communications of privileged or significant information made by the Company, including the dividend policy, results and corporate transactions, among other things.
- An e-mail address (accion.telefonica@telefonica.com), for responding to questions and suggestions from the Company's shareholders. This channel of communication is attended to in Spanish as well as English.
- A mailing address (Edificio Central Pl. 2^a Ronda de la Comunicación s/n Madrid 20850, Spain.)
- A specific section (Shareholders' Corner) on the shareholders and investors page (www.telefonica.com/en/web/shareholders-investors).

Furthermore, throughout the year, the Office of the Shareholder collects and manages the suggestions and requests of the shareholders regarding other areas of the Telefónica Group, such as customer service, billing, sales, etc., and is thus a means for bringing the Company closer to the shareholders.

4. ENTRY INTO FORCE

The Board of Directors of Telefónica, at its meeting of November 25, 2015, approved this Disclosure, Communication and Contact Policy for Shareholders, Institutional Investors and Proxy Advisors (the "Policy"), an updated second version of which was approved by Telefónica's Board of Directors at its meeting of November 4, 2019 due to new developments and trends in this area.