

**REGULATIONS OF THE NOMINATING, COMPENSATION AND
CORPORATE GOVERNANCE COMMITTEE
“TELEFÓNICA, S.A.”**

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Article 1. Composition of the Committee.

1. The Nominating, Compensation and Corporate Governance Committee shall consist of such number of members as the Board of Directors determines from time to time, who shall in no case be less than three and shall be appointed by the Board of Directors. All members thereof must be external or non-executive Directors and the majority of them must be independent Directors. The Lead Director (*Consejero Independiente Coordinador*) must also be a member of the Committee.

2. The Chairman of the Nominating, Compensation and Corporate Governance Committee, who shall in all events be an independent Director, shall be appointed by the Committee from among its members.

3. The Board may approve the creation of two Committees, separately vesting one of them with powers and duties in the area of appointments, and the other with powers and duties relating to compensation, and may vest either of them with powers and duties relating to corporate governance.

Article 2. Requirements for Appointment of its Members.

1. The Board of Directors shall endeavor to ensure that the Members of the Nominating, Compensation and Corporate Governance Committee as a group have the knowledge, aptitudes and experience appropriate for the duties they are called upon to perform, and particularly in the following areas: (a) corporate governance; (b) strategic analysis and evaluation of human resources; (c) selection of Directors and Officers, including evaluation of the suitability requirements that may apply pursuant to the rules applicable to the Company; (d) performance of duties by Senior Management; and (e) design of compensation policies and plans for Directors and Senior Executive Officers; endeavoring to also favor diversity of gender and other standards of diversity of its members.

2. The Board of Directors shall also endeavor to ensure that the Chairman of the Nominating, Compensation and Corporate Governance Committee has prior experience at companies similar in size or complexity as a member of the Nominating and Compensation Committee or as an executive Director or member of Senior Management.

3. All of the aforementioned standards as to the composition, expertise and training of the Nominating, Compensation and Corporate Governance Committee are intended to secure the utmost independence for the Committee.

Article 3. Rules of Operation of the Committee.

1. The Nominating, Compensation and Corporate Governance Committee must have adequate, timely and sufficient access to information, for which purpose:

a. The Chairman of the Committee, and if thought appropriate or if so requested, the other Committee Members shall keep regular contact with the key personnel involved in the governance and management of the Company.

b. The Chairman of the Committee, or the Secretary thereof, if any, shall channel and supply the necessary information and documentation to the rest of the Committee Members sufficiently in advance for such information to be considered prior to meetings thereof.

Such information shall be accessible through the information technology application activated by the Company to maintain the documentation related to this Committee.

2. The Committee shall meet at least once every quarter and as often as appropriate, when called by its Chairman. In addition to the meetings provided for in the annual schedule, the Nominating, Compensation and Corporate Governance Committee shall meet whenever the Board of Directors of the Company or the Chairman of the Board of Directors requests the issuance of a report or the making of a proposal within the scope of their powers and duties, provided that, in the opinion of the Chairman of the Committee, it is appropriate for the proper implementation of its duties.

The Committee shall also meet sufficiently in advance of the meetings of the Board of Directors.

Attendance at formal meetings of the Committee should be preceded by sufficient dedication of its Members to analyze and assess the information received.

3. The Committee must have a Secretary (normally, the same person as the Secretary or Deputy Secretary of the Board of Directors) and be provided with the necessary assistance for planning meetings and agendas, drafting documents and meeting minutes, and compiling and distributing information, among other tasks.

4. The Committee shall establish an annual Work Program in order to provide for adequate planning to ensure that the intended purposes are effectively fulfilled.

Meetings must be planned by the Chairman of the Committee and notified to the Secretary thereof so that Members receive the documentation sufficiently in advance. All of the foregoing must have regard to the fact that Members of the Committee play a primarily supervisory and advisory role and should not become involved in executive or management duties, which are within the purview of Management.

In particular, the Nominating, Compensation and Corporate Governance Committee shall consult the Chairman of the Board of Directors when dealing with matters regarding the executive Directors and Senior Executive Officers.

5. As to all matters not expressly provided for in these Regulations, the rules of operation established in the Regulations of the Board of Directors, specifically in relation to the holding of meetings and the process for adopting resolutions, shall apply to the Committee.

Article 4. Assigned Duties and Functions.

Without prejudice to any other tasks that the Board of Directors may assign thereto, the Nominating, Compensation and Corporate Governance Committee shall have the following powers and duties:

- i. To evaluate the skills, knowledge and experience necessary within the Board of Directors. For such purposes, it shall determine the functions and aptitudes needed in the candidates who must fill each vacancy and shall evaluate the time and dedication required for them to effectively carry out their tasks, and shall ensure that the non-executive Directors have sufficient availability to properly perform their duties.
- ii. To establish a goal for representation by the less represented gender on the Board of Directors and prepare guidance on how to reach this objective.
- iii. To submit proposed appointments of independent Directors to the Board of Directors for appointment on an interim basis to fill a vacancy or for submission of such proposals to a decision by the shareholders at the General Shareholders' Meeting, as well as proposals for the re-election or removal of such Directors by the shareholders at the General Shareholders' Meeting.
- iv. To report on the proposed appointments of the other Directors of the Company for their appointment on an interim basis to fill a vacancy or for submission of such proposals to a decision by the shareholders at the General Shareholders' Meeting, as well as proposals for the re-election or removal thereof by the shareholders at the General Shareholders' Meeting.

- v. To also report on proposals for the appointment and removal of the Secretary and any Deputy Secretary of the Board of Directors of the Company, as well as proposals for the appointment, re-election and removal of Directors from the subsidiaries thereof.
- vi. To report on proposals for the appointment and removal of the Senior Executive Officers of the Company and its subsidiaries.
- vii. To report on the proposals for appointment of the members of the Executive Commission and of the other Committees of the Board of Directors, as well as the respective Secretary and, if applicable, the respective Deputy Secretary.
- viii. To propose to the Board of Directors the appointment of the Lead Director from among the independent Directors.
- ix. Together with the Chairman of the Board of Directors, to organize and coordinate a periodic evaluation of the Board of Directors and its Committees, including the performance and contribution of each Director and the evaluation of the performance of the Chairman of the Board of Directors under the direction of the Independent Coordinating Director pursuant to these Regulations.
- x. To report on the periodic evaluation of the performance of the Chairman of the Board of Directors.
- xi. To examine or organize the succession of the Chairman of the Board of Directors and, if applicable, to make proposals to the Board of Directors so that such succession occurs in an orderly and planned manner.
- xii. To propose to the Board of Directors, within the framework established in the By-Laws, the compensation for the Directors and review it periodically to ensure that it is in keeping with the tasks performed by them, as provided in Article 35 of the Regulations of the Board of Directors.
- xiii. To propose to the Board of Directors, within the framework established in the By-Laws, the extent and amount of the compensation, rights and remuneration of a financial nature, of the Chairman of the Board of Directors, the executive Directors and the senior executive officers of the Company, as well as the basic terms of their contracts, for purposes of contractual implementation thereof.
- xiv. To confirm compliance with and to periodically review the compensation policy applied to the Directors and senior executive officers, including share-based compensation systems and the application thereof.
- xv. To prepare and propose to the Board of Directors an annual report regarding the Director compensation policy.

- xvi.** To verify the information regarding the compensation of the Directors and senior executive officers set forth in the various corporate documents, including the annual report on the Director compensation policy.
- xvii.** To supervise compliance with the Company's internal corporate governance policies and rules, as well as the Company's internal codes of conduct in force from time to time, while also endeavoring to ensure that the corporate culture is aligned with its purpose and values.
- xviii.** To periodically evaluate and review the Company's corporate governance system, such that it fulfills the mission of promoting the corporate interest and takes due account of the legitimate interests of the other stakeholders.
- xix.** To supervise the implementation of the general policy regarding the communication of economic/financial, non-financial and corporate information and communication with shareholders and investors, proxy advisers and other stakeholders, and to monitor the manner in which the Company communicates and engages with small and medium-sized shareholders, all as regards aspects within the purview of the Committee.
- xx.** To endeavor to ensure that any conflicts of interest do not adversely affect the independence of external advice provided to the Committee.
- xxi.** To exercise such other powers and perform such other duties as are assigned to the Nominating, Compensation and Corporate Governance Committee in the Regulations of the Board of Directors.

Article 5. Resources.

1. The needs for resources required by the Nominating, Compensation and Corporate Governance Committee shall be channeled through the Secretary of the Company's Board of Directors.

Sufficient financial resources shall also be provided for the Members of the Committee to obtain external advice on legal and other issues as required.

2. The Members of the Committee, and especially the Chairman thereof, carry out an important role that calls for a considerable dedication of time. They may therefore be adequately compensated in a manner consistent with their responsibility and dedication, and the compensation of the Chairman may differ from that due to the other Members of the Committee.

The level of compensation for this role must never compromise the independence and impartiality of the Members of the Committee.

Article 6. Rules on the Interaction of the Committee with the Board of Directors and the Shareholders.

The Chairman of the Nominating, Compensation and Corporate Governance Committee must act as its spokesperson at meetings of the Board of Directors and, if required, at the General Shareholders' Meeting of the Company.

The Chairman of the Nominating, Compensation and Corporate Governance Committee shall also hold the meetings and maintain the contacts that the Chairman deems necessary for the performance of the duties thereof with: i) shareholders and institutional investors, ii) proxy advisors, or iii) any other market player deemed appropriate.

Article 7. Reports to be Issued.

In addition to the reports mentioned in these Regulations, the Committee must prepare an Annual Report on the Operation of the Nominating, Compensation and Corporate Governance Committee, which shall be posted on the Company's website sufficiently in advance of the holding of the Ordinary General Shareholders' Meeting pursuant to Recommendation 6 of the Good Governance Code of Listed Companies.
