

*ANNUAL REPORT OF THE
AUDIT AND CONTROL COMMITTEE
OF TELEFÓNICA, S.A. ON THE
INDEPENDENCE OF THE EXTERNAL AUDITOR*

ANNUAL REPORT
OF THE AUDIT AND CONTROL COMMITTEE
ON THE INDEPENDENCE OF THE EXTERNAL AUDITOR
(PricewaterhouseCoopers Auditores, S.L.)

Pursuant to the provisions of Section 529 *quaterdecies.4.e)* of the restated text of the Companies Act (*texto refundido de la Ley de Sociedades de Capital*) (TRLSC) approved by Royal Legislative Decree 1/2010 of July 2 (as amended by the fourth final provision of Law 22/2015 of July 20 on Auditing of Accounts (*Ley de Auditoría de Cuentas*) (Statutory Auditing Act)), the Audit and Control Committee of Telefónica, S.A. issues this report on the matters established in such legal provisions, all on the following terms:

- 1º.- Considering the conclusion set out in the letter issued by PricewaterhouseCoopers Auditores, S.L., dated February 23, 2021, “(...) *in our professional opinion and in relation to such audit, no circumstances have been identified that individually or as a whole might entail a significant threat to our independence and that would therefore require the application of protective measures or that might be grounds for disqualification.(...)*,” and in compliance with said provision, the Audit and Control Committee of Telefónica, S.A. finds that PricewaterhouseCoopers Auditores, S.L., the Auditor of such Company, is independent with respect to the Company and companies directly and indirectly connected thereto in accordance with applicable legal provisions governing the auditing of accounts in Spain.

- 2º.- Furthermore, in compliance with the provisions of the internal Regulations of Telefónica, S.A, the Statutory Audit Act, Regulation (EU) no 537/2014 of 16 April and the Sarbanes-Oxley Act published in the United States and rules in implementation thereof, the engagement of all services provided by PricewaterhouseCoopers Auditores, S.L. and other firms of its international network to the Company and its directly and indirectly connected companies during the period covered by the Annual Financial Statements corresponding to fiscal year 2020 has been submitted for the approval of the Audit and Control Committee.

Specifically, in addition to audit services, the provision of non-audit services has been approved as described below:

Company	Service	Euros
• Telefónica, S.A.	Comfort Letter in relation to the annual renewal of the EMTN Programme	25,500
• Telefónica, S.A.	Comfort Letter in relation to the issuance of Bond under the EMTN Programme	25,000
• Telefónica, S.A.	Comfort Letter in relation to the issuance of Bond under the EMTN Programme	25,000
• Telefónica, S.A.	Comfort Letter in relation to the issuance of hybrid Bond	33,000
• Telefónica Europe B.V.	Comfort Letter in relation to the issuance of hybrid Bond	36,000
• Telefónica UK	Comfort Letter in relation to the issuance of International Bond under Rule 144A	222,374
• Colombia Telecomunicaciones S.A. E.S.P.	Comfort Letter in relation to issuance of Senior Bond	150,014
• Telefónica, S.A.	Review of Statement of Non-Financial Information.	230,645
• Telefónica, S.A.	Review of the Green Bond Returns Report	36,284
• Telefónica Deutschland Holding A.G.	Review of Annual Non-Financial Information Report	72,484
• Telefónica Brasil, S.A.	Review of Annual Non-Financial Information Report	14,829
• Telefónica de España, S.A.	Report on agreed-upon procedures for Recording of Costs	99,690
• Telefónica de España, S.A.	Review of calculation of Net Cost of Universal Service	62,146
• Telefónica de España, S.A.	Review of calculation of Net Cost of Universal Service - public telephones	6,804
• Telefónica UK Limited	Certificates of external auditor based on the new European regulation on payment services	56,979
• Giffgaff Limited	Certificates of external auditor based on the new European regulation on payment services	31,803
• Telefónica Deutschland Holding A.G.	Report on agreed upon procedures SSRS 4400 for the customer Medion	17,735
• Telefónica de España, S.A.	Report on agreed-procedures relating to the General Audiovisual Act	6,173
• DTS, S.A.U.	Report on agreed-procedures relating to the General Audiovisual Act	9,112
• Telefónica de Argentina, S.A.	Report on agreed-upon procedures relating to the special accounting information required by General Resolution No. 4483/19 of the Federal Public Revenue Administration	1,627
• Telefónica Móviles Argentina, S.A.	Report on agreed-upon procedures relating to the special accounting information required by General Resolution No. 4483/19 of the Federal Public Revenue Administration	1,627

Company	Service	Euros
• Telefónica de Argentina, S.A.	Report on agreed procedures required by the regulator in relation to the obsolescence of the system used for storage via magnetic media (biennial)	909
• Telefónica Móviles Argentina, S.A.	Report on agreed procedures required by the regulator in relation to the obsolescence of the system used for storage via magnetic media (biennial)	909
• Telefónica de Argentina, S.A.	Report on agreed procedures required by the regulator to align the system used for storage via magnetic media (biennial)	2,104
• Telefónica Móviles Argentina, S.A.	Report on agreed procedures required by the regulator to align the system used for storage via magnetic media (biennial)	2,104
• Telefónica, S.A.	Report of the auditor regarding the ICFR system of listed companies, according to the Guide published by the CNMV	8,334
Total of audit-related services		1,179,186

(*) Does not include 49,190 euros approved by this Committee for services to review the annual report of Fundación Telefónica and verification of the scorecard indicators (including Profuturo), since such services do not involve companies that are directly or indirectly connected.

In conclusion, this Audit and Control Committee finds that the independence of the Company's Auditor is not compromised by either the engagement or the fees received for such non-audit services and because it is not aware of additional circumstances that might threaten the objectivity or impartiality of such Auditor.

And in witness whereof, for the legal effects established in such provision, this Report is issued in Madrid, on February 23, 2021.

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