

***REPORT
OF THE AUDIT AND CONTROL COMMITTEE
OF THE BOARD OF DIRECTORS OF
TELEFÓNICA, S.A. REGARDING
RELATED-PARTY TRANSACTIONS
FOR FINANCIAL YEAR 2022***

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THE BOARD OF DIRECTORS OF TELEFÓNICA, S.A.
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This document contains the Report of the Audit and Control Committee of the Board of Directors of Telefónica, S.A. (hereinafter, the “Company”) regarding related-party transactions, referred to in Recommendation number 6 of the Good Governance Code of Listed Companies approved by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) in February 2015 and revised in June 2020.

With regards to Telefónica, S.A.’s internal regulations, Article 5.4 of the Regulations of the Board of Directors of the Company includes the following non-delegable powers of the Board:

“Approval, after a report from the Audit and Control Committee, of related-party transactions upon the terms set forth in Article 39 of these Regulations, unless approval thereof is reserved to the shareholders acting at General Shareholders’ Meeting.

The Board of Directors of the Company may delegate the approval of transactions between companies forming part of its Group that are executed within the scope of day-to-day management and on arms-length terms, as well as transactions concluded pursuant to contracts with standardized terms that apply generally to a large number of customers, are carried out at generally established prices or rates, and the amount of which does not exceed 0.5% of the net revenue of the Company, determined in accordance with the calculation rules provided for by Law”.

In this regard, and pursuant to the provisions of Article 31.f) of the aforementioned Regulations of the Board of Directors, *no Director may directly or indirectly enter into professional or commercial transactions with the Company or with any of the companies of its Group, if such transactions are unrelated to the ordinary course of business or are not performed on an arm’s length basis, except for those transactions that are approved by the Company upon the terms set forth in the rules on related-party transactions established by law, the By-Laws and these Regulations.*

As regards the rules on related-party transactions, Article 39 of the aforementioned Regulations of the Board of Directors provides as follows:

“1. The Board of Directors, after a favorable report from the Audit and Control Committee, shall approve transactions of the Company or subsidiaries thereof with Directors, with shareholders owning 10% or more of the voting rights or represented on the Company’s Board of Directors, or with any other persons who should be considered related parties as provided by law, provided that they are considered related-party transactions under applicable law, and unless approval thereof is reserved to the shareholders acting at a General Shareholders’ Meeting. This power may not be delegated, except in the cases and upon the terms provided by law and Article 5.4 of these Regulations.

2. Where the Board of Directors has the power to adopt the resolution approving related-party transactions and this power has not been delegated, the affected Director or the Director representing or connected to the affected shareholder must abstain from participating in the deliberation and voting as provided by law.

3. If the Board of Directors delegates the approval of related-party transactions as provided by law and Article 5.4 of these Regulations, the Board of Directors shall establish in relation thereto an internal regular reporting and control procedure, in which the Audit and Control Committee shall participate, to verify the fairness and transparency of these transactions and, where appropriate, compliance with the applicable legal standards. The approval of these transactions shall not require a prior report from the Audit and Control Committee.

4. As regards related-party transactions for which approval is reserved to the shareholders at a General Shareholders' Meeting, the proposed resolution on approval adopted by the Board of Directors must be submitted to the shareholders at the General Shareholders' Meeting along with a statement as to whether it has been approved by the Board of Directors with or without the dissenting vote of a majority of the independent Directors."

Furthermore, Article 4, section xiv) of the Regulations of the Audit and Control Committee establishes the following powers of this Committee, among others:

"To report on related-party transactions that must be approved by the shareholders at General Meeting or by the Board of Directors and to supervise the internal process established by the Company for those transactions for which approval has been delegated by the Board of Directors."

In relation to the foregoing, and within the framework of the regulations set forth in section 4 of article 529 of the Spanish Companies Act, the Board of Directors of the Company, at the meeting held on 29 and 30 June 2021, resolved, after a favorable report from the Audit and Control Committee, to establish a standard delegation for the approval of all related-party transactions that so allow, i.e.:

- a. Intra-group transactions (companies subject to a potential conflict of interest) carried out within the scope of day-to-day management and on an arms'-length basis; and
- b. Transactions concluded pursuant to contracts with standardized terms that apply generally to a large number of customers, are carried out at generally established prices or rates, and the amount of which does not exceed 0.5% of the net revenue of the company.

This delegation was made to the bodies or persons who are vested with powers for the execution thereof in accordance with the general powers-of-attorney in force at any given time and the applicable internal contracting rules of Telefónica, S.A. and the other companies of its Group, and in accordance with the functions they perform within the

Telefónica Group (i.e., financial, telecommunications services and all those deriving from the day-to-day business of the Group).

The approval of the related-party transactions referred to in the aforementioned resolution of the Board of Directors does not require a prior report from the Audit and Control Committee; however, such transactions must be reported to the Audit and Control Committee and the Board of Directors on a semi-annual basis in order to verify the fairness and transparency of such transactions and compliance with any applicable legal standards. All such aspects have been verified.

Without prejudice of the aforementioned delegation, the Audit and Control Committee and the Board of Directors have been informed semi-annually and have approved the related-party transactions carried out throughout fiscal year 2022, verifying likewise the fairness and transparency of such transactions, as well as the fulfillment of all applicable legal criteria.

In view of all of the foregoing, it is hereby stated that during the fiscal year 2022 neither Telefónica, S.A. nor any company of its Group has entered into related-party transactions, within the meaning of article 529(s) of the Spanish Companies Act, other than those arising from the Group's ordinary course of business, except as indicated in the following paragraph with regard to transactions with related parties that are relevant and significant.

Thus, and in relation to the foregoing, the significant and relevant transactions carried out by Telefónica Group companies with related parties are included in Note 11 (Related Parties) of the Consolidated Financial Statements (Consolidated Annual Accounts) of Telefónica, S.A. for 2022, as well as in section D of the Statistical Annex of the Annual Corporate Governance Report. Furthermore, transactions with associates and joint ventures are described in Note 10 (Associates and joint ventures) of the aforementioned Consolidated Financial Statements, as well as in section D of the Statistical Annex of the Annual Corporate Governance Report.

February 21, 2023

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