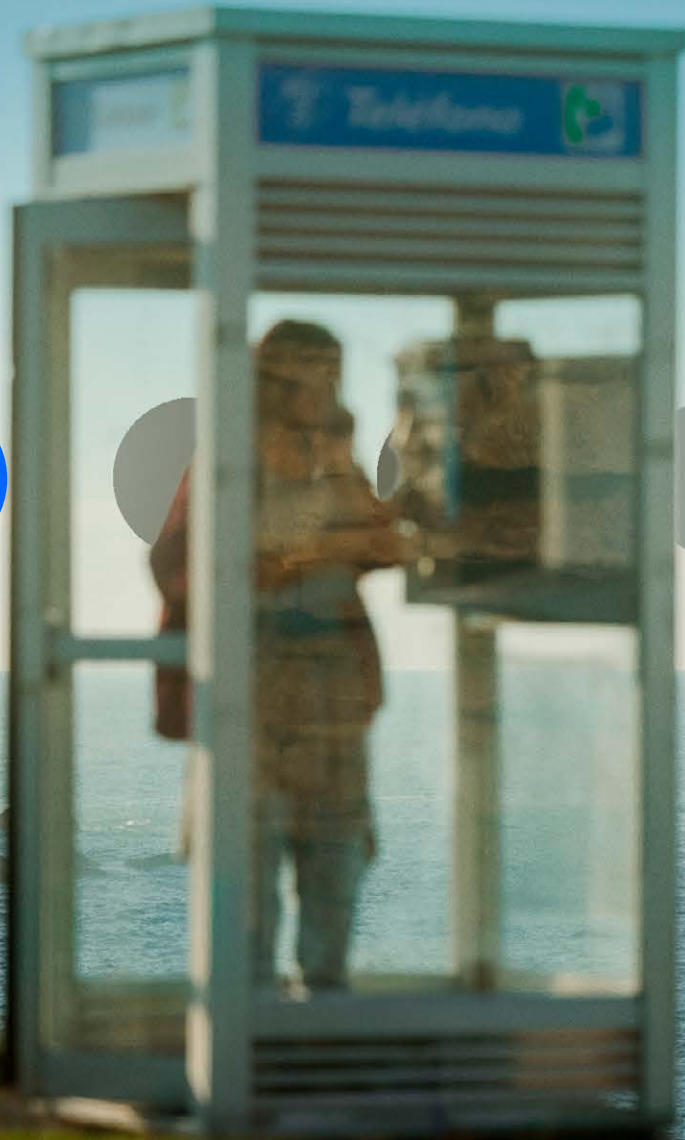


Telefónica, S. A.  
2023 Year



# Annual Report on Remuneration of Directors

Included in the Chapter 5  
of the 2023 Consolidated Management Report on  
Telefónica, S.A. and its Group of Companies

# Annual Report on Remuneration of the Directors

**5.1.** Annual Report on Remuneration

**5.2.** IAR Statistical Annex

# 5.1. Annual Report on Remuneration

## Introduction to the report

This section 5.1 and the section 5.2 below form the Annual Report, which must be drawn up and submitted to a vote of the General Shareholders' Meeting in an advisory manner. Pursuant to the provisions in Act 5 of April 12, 2021, amending the redrafted text of the Corporate Enterprises Act, this report forms part of the Company's Management Report. This will remain accessible on the websites of the Company and the Spanish National Securities Market Commission (CNMV) for the legally stipulated term.

This report is essentially composed of two sections:

- First, a summary of our Directors' Remuneration Policy (the Remuneration Policy) applicable in 2024, approved at the Company's General Shareholders' Meeting held on March 31, 2023, with 92.66% of the votes cast (this policy can be accessed at the following link: <https://www.telefonica.com/en/wp-content/uploads/sites/5/2021/10/remunerations-policy-directors-telefonica.pdf>).
- Secondly, it provides a description of how the Directors' Remuneration Policy has been applied during the fiscal year 2023. Two remuneration policies were applied that year;
  - From 1 January to March 30, 2023, the Directors' Remuneration Policy approved at the Company's General Shareholders' Meeting held on April 23, 2021, with 88.97% of the votes cast. (this policy can be accessed at the following link: <https://telefonica.com/en/wp-content/uploads/sites/4/2021/10/Politica-Remuneraciones-Consejeros-punto-IX-Orden-del-dia.pdf>).
  - From March 31, until December 31, 2023, the Directors' Remuneration Policy approved by the Company's General Shareholders' Meeting on March 31, 2023.

Outlined below is the background against which certain decisions related to the Remuneration Policy and its application have been made and considered by the Nominating, Compensation, and Corporate Governance Committee (NCCGC) and the Board of Directors of the Company

## Telefónica's results in 2023

Telefónica has once again delivered solid results in 2023. Despite a changing macroeconomic context and uncertain competitive and regulatory environments, Telefónica once again met its commitments to the market for the third consecutive year (since COVID). These commitments had been revised upwards with the publication of the results for the first half of the year. In fact, with the publication of a Free Cash Flow figure of 4,227 million euros (reported in euros, including exchange rate impacts), Telefónica has exceeded market expectations and its own ambition to reach around 4 billion euros. Free Cash Flow is the best and most accurate indicator of the Company's situation as it reflects both the Company's operational performance and its increasingly solid strategic positioning.

At the operating level, revenues and OIBDA grew between 3% and 4% in organic terms, as well as in reported terms.

In terms of positioning, the ongoing execution of the Company's strategic plan is enabling it to continue to make progress in its transformation, becoming more relevant for Telefónica's customers, with networks at the cutting edge of technology, and with efficiency levels that make the Company fit for the future.

Based on the above, Telefónica has confirmed compliance with its targets and the cash dividend set for 2023.

In addition to the above, Telefónica continues to be an industry leader in terms of ESG, being part of CDP's Climate A List and holding the top position in the Digital Inclusion Benchmark (from the World Benchmarking Alliance), Ranking Digital Rights and FTSE4Good.

In more detail, the following aspects of the 2023 results would stand out:

- Maintaining a strong market position and growing value access, up 14% in FTTH (fibre to the home) and 3% in mobile contracts, while continuing to accelerate 5G deployment. In addition, improvements have been made in network agility, efficiency, intelligence, quality and sustainability (zero-touch process and AI). This is evidenced by the improvement in customer loyalty as measured by the Net Promoter Score (NPS) of 31 (+1 p.p. vs. 2022) and the reduction in customer churn rate.

- Profitable and sustainable organic growth in both revenues (+3.7%) and OIBDA (+3.1%) in organic terms. Revenue growth has been supported by service revenues (+3.8%), as well as the strong performance of B2B revenues (+6.3%), with T. Tech being a differential growth engine. Meanwhile, OIBDA growth is explained by a consistent generation of efficiencies through the transformation process undertaken by the company in recent years, which more than offsets inflationary pressures.
- The intensity of invested capital has decreased, resulting in an 8% growth in the OIBDA-CapEx ratio in 2023 (+8% organic). Additionally, the cash margin has improved by 0.8 percentage points to 19%, reflecting the Company's enhanced operational leverage.
- All of the above has allowed the Free Cash Flow, as above-mentioned, to reach EUR 3,98 billion, and EUR 4,227 millions excluding spectrum, exceeding the ambition communicated to the market with the release of first-half year results of around EUR 4 billion euros.

As part of Telefónica's commitment to create value for its stakeholders, the following milestones were achieved in 2023:

- Despite the macroeconomic context with high inflation and uncertainty, the sound evolution of the business has resulted in a strong performance of the stock and has allowed to continue with the dividend distribution policy. As a result, Telefónica's Total Shareholder Return ("TSR") over the last three years (2021-2023) has reached to 37.9%, outperforming the TSR of the Ibex-35 which was 37%, and the median TSR of the peer group used in the Long-Term Incentive Plan which was of 17.9%.
- The Company has updated its Climate Action Plan, approved by the Board of Directors, positioning Telefónica ahead of various regulatory requirements and in line with the recommendations of the TCFD ("Task Force on Climate-related Financial Disclosures") with more details on climate-related risks and opportunities, monitoring mechanisms, and accountability within the governance model, among other aspects.
- Reduction of Scope 1+2 CO<sub>2</sub> emissions by 81% compared to 2015 globally (51% considering Scope 1+2+3).
- 40% of women on the Board of Directors and 32,8% women in executive positions at December 31, 2023.
- Fair and equal pay for work of equal value, with an adjusted pay gap of 0.7%.
- 33.6% of the Group's total funding comes from funding linked to sustainability criteria.

## New Strategic Plan 2023-2026 ("GPS Plan") and alignment of the Remuneration Policy

Telefónica has fulfilled the 5 strategic pillars presented in 2019. Our core markets have strengthened their position; Telefónica Tech has been key to complete our B2B transformation process; Telefónica Infra has not only reinforced the value of our infrastructure assets, but through the deployment of FTTH networks has contributed to the improvement of growth in our markets; and we have continued to reduce the exposure to the region in Hispam, establishing a more sustainable and self-sufficient model.

In this regard, the radical transformation carried out over the last few years has generated operational efficiencies and reduced capital intensity. Over the last three years (since the presentation in November 2019 of the previous strategic plan) the Company has returned to growth in reported terms, improved its OIBDA-CapEx margin, reduced its leverage levels and restored the payment of an attractive cash dividend. All of the above has allowed Telefónica to rank as one of the best companies in the sector in terms of operating cash margins.

In this context, Telefónica's new Strategic Plan - "Plan GPS" for the period 2023-2026 - was presented on 8 November. According to this plan, the Company aims to continue to grow ("Growth"), with greater profitability ("Profitability") and in a more sustainable way ("Sustainability").

The main financial targets of the GPS Plan are an approximate reported annual revenue growth of 1%, 2% CAGR of EBITDA, 5% CAGR of operating cash (EBITDAaL - CapEx) and above 10% CAGR of cash generation (Free Cash Flow). In addition, the Company is committed to pay, at a minimum, a cash dividend of 0.30 euros per share in the period 2023-2026.

To achieve these new and ambitious goals, the GPS plan relies on five key vectors to accelerate their achievement: (i) the sustainability of B2C revenue growth; (ii) maintaining the momentum of the B2B business; (iii) the evolution of revenue derived from agreements with the company's partners; (iv) obtaining efficiencies to help reduce cost structure; and (v) maintaining Telefónica's differential profile in the sector, being able to reduce investment.

In this context, the Remuneration Policy to be applied in 2024, specifically the design of Short and Long-Term Variable Remuneration, aims to incentivize the achievement of the strategic priorities of the GPS Plan (growth, profitability, and sustainability), as well as value creation for shareholders and other stakeholders. Section 5.1.4 of the Report provides detailed information on this matter.

Considering the above-mentioned, at the next 2024 Annual General Shareholders Meeting is envisaged to propose a Long-Term Incentive Plan for the period 2024-2028. For the first cycle 2024-2026, the objectives and weights that are planned to be proposed to the 2024 Annual General Shareholders Meeting are Relative TSR (50%), Free Cash Flow (40%), CO2 Emissions Scope 1+2 Neutralization (5%), and, as a novelty, with the aim of reflecting Telefónica's ambition for gender equality, the presence of women in executive positions (5%).

In addition, with the aim of incentivizing cash flow generation, it will be proposed the possibility of paying up to 150% of the incentive linked to this objective in case (i) a 115% level of achievement is reached and (ii) to ensure continuity in cash flow generation, the annual target objective is met in each of the three years of each cycle (for further information, see section 5.1.4).

### Implementation of the Executive Directors' Remuneration Policy in 2023

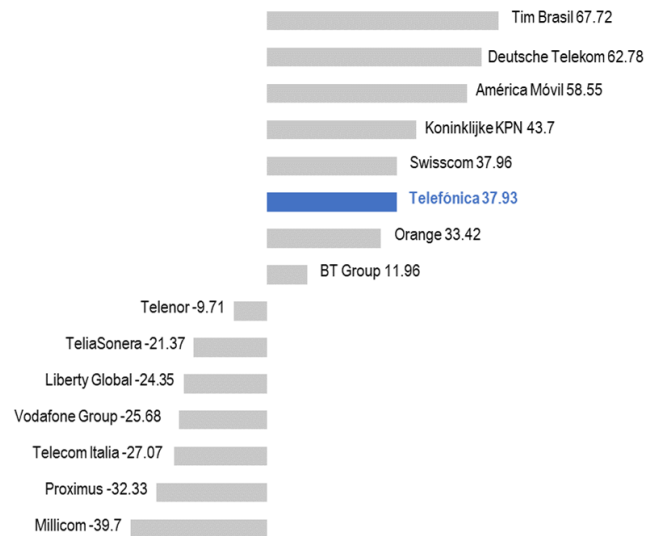
Below is a summary of the main characteristics of the remuneration of Executive Directors for the year 2023:

- Fixed components of remuneration (Fixed Remuneration, Remuneration in Kind, and Pension Plan): unchanged from the previous year, subject to minor differences in the valuation of Remuneration in Kind.
- Short-Term Variable Remuneration: The metrics and relative weights established for 2023 were Operating Income (30%), OIBDA (30%), Free Cash Flow (20%), and non-financial objectives - ESG (20%).

The weighted payment coefficient has risen to 85.92% of the maximum amount, as a result of the overall achievement level of financial objectives being above the target level. In addition, the degree of performance of the non-financial - ESG has exceeded target levels except for Rep Trak, which has remained almost at the target level.

- Long-Term Variable Remuneration: the performance period of the first cycle of the Long-Term Incentive Plan approved by the Annual General Meeting of Shareholders in 2021 ended on 31 December 2023. 50% of the incentive was subject to the relative TSR, 40% to the Free Cash Flow generated in each of the years of the performance period, and 10% to the Neutralization of CO2 emissions Scope 1+2. Due to the strong performance of the stock and dividends paid during the 2021-2023 period, Telefónica's TSR has reached 37.9%. This percentage is higher than the TSR obtained by most of the companies in Telefónica's comparison group, allowing the payout linked to the Relative TSR objective to reach 78.9%. Additionally, both (i) the Free Cash Flow objective has been achieved, enabling the Company to continue reducing debt and improving flexibility, and (ii) the Neutralization of CO2 emissions objective has been achieved, in line with the commitments made by the Company regarding carbon emissions. Thus, the weighted payout coefficient of the Long-Term Variable Remuneration has reached 89.45%.

2021-2023 Total Shareholder Return



## 5.1.1. Principles of the Remuneration Policy

GRI 2-19

The main focus of Telefónica's remunerative strategy is to attract, retain and motivate professionals of the Company,

enabling it to achieve its strategic targets within the highly competitive and globalised setting in which it performs its business, by applying the most appropriate measures and practices for such purpose.

Based on the foregoing, the principles of the Remuneration Policy are the following:

		Executive Directors	Non-Executive Directors
<b>Value creation</b>	The Policy is consistent with Telefónica's commitment to growth, efficiency and long-term sustainable value creation for its stakeholders.	•	
<b>Pay for Performance</b>	A significant part of the total remuneration for the Executive Directors is variable and receiving it is subject to achieving financial, business, value creation and non-financial objectives, including ESG objectives. These objectives are predetermined, specific, quantifiable and aligned with the Company's corporate plan.	•	
<b>Flexibility</b>	The variable remuneration is not guaranteed and is sufficiently flexible so that there is a possibility of not paying this component.	•	
<b>Competitiveness</b>	In order to ensure the Company has the best professionals on board, the remuneration package must be competitive, both in its structure and its overall amount, with respect to other comparable companies at an international level.	•	•
<b>Good Governance</b>	When determining the remuneration for the Directors, the Company takes into consideration the developments taking place in regulations, best practices and national and international recommendations and trends related to the remuneration of Directors of companies listed on the stock market.	•	•
<b>Fair Pay</b>	Fair remuneration is provided for professional value, skills, experience, responsibility undertaken and results achieved. The Remuneration Policy for the Executive Directors is aligned with the policy for the other employees and shares the same principles and criteria for action and incorporating the components included in the remuneration package for Telefónica's management group. The Policy is consistent with Telefónica's inclusive culture, which includes a commitment to diversity and inclusion management as a key element in connecting talent and growth as a company.	•	•
<b>Suitability</b>	The amounts are sufficient to remunerate the qualifications, time spent and responsibility of the Directors, guaranteeing their required loyalty and allegiance to the Company, without compromising the independence of the Non-Executive Directors.		•
<b>Transparency</b>	The level of transparency in relation to remuneration is in line with the best corporate governance practices in order to create trust among all the stakeholders, including shareholders and investors.	•	•

## 5.1.2. Our remuneration practices

GRI 2-19

### Executive Directors

- Linking the payment of the remuneration to the Company's results ("pay for performance").
  - The weighting of the financial metrics to which the Variable Remuneration is linked represents at least 80%.
  - The remuneration is in line with the interests of our stakeholders, such that variable remuneration is linked to both financial and shareholder return objectives as well as non-financial objectives, including ESG (Environmental, Social and Governance) objectives.
- Long-Term Incentive Plans:
    - A minimum performance period of three years for measurement of the objectives.
    - Mainly in shares.
    - Linked to metrics aligned with Telefónica's long-term strategic objectives.
    - Inclusion of ESG linked objectives.
    - Holding 100% of the awarded shares for a term of 24 months. This term is extended to 3 years extension as long as the number of shares subject to the permanent holding commitment has not been reached..

- Specific and uniform clawback clauses, which are applied to any variable remuneration component, complemented by a Recoupment Policy, which clearly and comprehensively regulates the Company's right to recover variable remunerations paid during the general three-year clawback period.
- Commitment to permanently hold shares for a value equivalent to twice the fixed remuneration.
- Consideration of the quality of the results in the long-term and any associated risk in the evaluation process of variable remuneration.
- Recurrent external advice for the purpose of considering market practices as an additional factor to be taken into account in the process of adopting decisions on the Policy's design.
- No variable remuneration is guaranteed and the possibility of awarding extraordinary remuneration is not included. The Policy is consistent with Telefónica's commitment to diversity and inclusion management as a key element in connecting talent and growth as a company. Accordingly, Telefónica's staff is remunerated on the basis of their professional value, skills, experience, responsibility undertaken and results achieved.

### Non-Executive Directors

- Remuneration is determined in accordance with the responsibilities and duties undertaken by each Director but without compromising its independence.
- The Non-Executive Directors are not included in the remuneration formulae or systems linked to the individual or Company's performance.
- The Non-Executive Directors are not paid in shares, options, stock options or remuneration rights tied to the value thereof.
- The Non-Executive Directors do not participate in any long-term savings systems, such as retirement plans, pension plans and any other welfare systems.

## 5.1.3. The Remuneration Policy of Telefónica applicable in 2024

As detailed in the Introduction to the Report, during 2024, the Remuneration Policy approved by the General Shareholders' Meeting on March 31, 2023, with 92.66% of the votes cast, will be applicable. This Policy will remain in force until December 31, 2026, without prejudice to any adaptations or updates that may be carried out by the Board of Directors in accordance with the provisions therein, and any amendments that may be approved by the General Shareholders' Meeting of Telefónica at any time.

This Policy can be accessed at the Corporate website: <https://www.telefonica.com/en/wp-content/uploads/sites/4/2021/10/politica-remuneraciones-consejeros-telefonica.pdf>.

## 5.1.4. The Executive Directors' remuneration in 2024

- The Fixed Remuneration of the Executive Chairman has remained unchanged since 2013 when it was determined for his position as Chief Executive Officer and remained the same after his appointment as Chairman in 2016. In the case of the Chief Operating Officer, his amount remains unchanged since his appointment in 2017.
- Variable performance-related remuneration is significant in relation to total remuneration (79% for the Executive Chairman and 77% for the Chief Operating Officer)
- The main characteristics of variable remuneration remain unchanged, without prejudice to adapting metrics and achievement levels to the new Strategic Plan 2023-2026 (GPS Plan) and its main axes (Growth, Profitability, and Sustainability).
- Long-Term Variable Remuneration: it is expected to propose to the General Shareholders Meeting the approval of the Long-Term Incentive Plan 2024-2028, which will have similar characteristics to previous plans, and the maximum value of the allocated shares is below the maximum limit established in the Remuneration Policy.
- The structure and contribution levels (as a percentage of base salary) of the Executive Directors' Pension Plan are aligned with the conditions that apply to the rest of Telefónica's employees in Spain.
- Executive Directors fulfil the commitment to hold shares equivalent to two years of their gross Fixed Remuneration.
- Telefónica has an Executive Compensation Recoupment Policy, which clearly and comprehensively regulates the Company's right to recover variable remunerations paid during the general three-year clawback period.

As specified above, on the date of this Report, the Executive Directors of Telefónica, S.A. are Mr. José María Álvarez-Pallete López, Executive Chairman, and Mr. Ángel Vilá Boix, Chief Operating Officer (COO).

### Pay for performance and pay mix

Growth, Profitability, and Sustainability (GPS, for its initials in English) are the pillars of Telefónica's new Strategic Plan to lead the digital era.

The design of variable remuneration, aimed at incentivizing the achievement of the Company's objectives, both in the short and long term, is aligned with these three pillars of the GPS Plan:

- i. GROWTH, in the form of Operative Revenue objective included in Short-Term Variable Remuneration and the commitment to long-term shareholder value creation reflected in the Relative TSR metric included in Long-Term Variable Remuneration.
- ii. PROFITABILITY, with the inclusion of the EBITDA objective in Short-Term Variable Remuneration, replacing the OIBDA objective.
- iii. SUSTAINABILITY, both from a financial perspective and from the ESG perspective:
  - Financial: generation of Free Cash Flow growth included in both Short-Term and Long-Term Variable Remuneration.
  - ESG: through objectives related to the reduction of CO2 emissions, customer trust, and the percentage of women in executive positions. In this regard, the weighting of the latter objective has been increased in Short-Term Variable Remuneration and included in Long-Term Variable Remuneration.

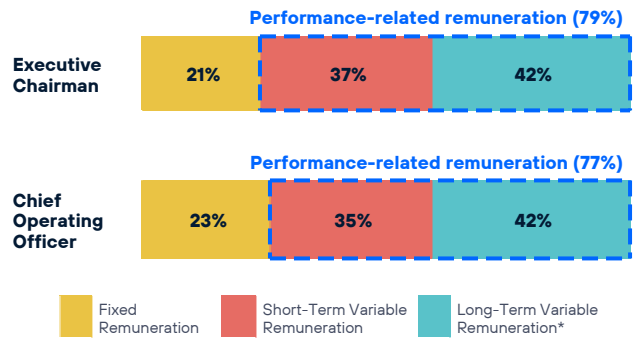
All the objectives are predetermined, specific, quantifiable and aligned with Telefónica's strategic goals, strictly determined and assessed by the NCCGC, which monitors them, so that their alignment with Telefónica's social interests is ensured.

From the perspective of the remuneration mix the Executive Directors' pay package is leveraged mainly on variable remuneration, with most of the total remuneration being received only if the objectives set out for the short- and long-term variable remuneration are met. This pay structure is consistent with the "pay for performance" principle.

The Executive Directors therefore may not receive any variable remuneration in the event that the minimum performance thresholds are not met. The short-term and long-term variable remuneration percentage is significant in relation to the total remuneration. The pay mix for Telefónica's Executive Directors is shown below, a scenario where objectives are achieved at a target level:

### Executive Directors' remuneration structure for 2024

At Telefónica, results-based remuneration has a significant weighting in total remuneration (remuneration structure for 100% or target level achievement)\*



\*The remuneration mix is reflected assuming a Long-Term Variable Remuneration allocation equivalent to 200% of the Fixed Remuneration for the Executive Chairman and 180% for the Chief Operating Officer. Although this grant shares has not yet been made as it must be previously approved by the General Shareholders' Meeting in 2024. The graph does not include remuneration in kind, contributions to pension plans for Telefónica employees or contributions to the Executive Pension Plan.

	Type of objective	Metric	Weighting
Short-Term Variable Remuneration	Operating and financial objectives (80%)	Free Cash Flow	30%
		EBITDA <sup>1</sup>	25%
		Operating Revenue	25%
	Sustainability objectives - ESG (20%)	NPS	10%
		Gender Equality - % of women in executive positions	5%
		Climate Change - GHG Emissions	5%
Long-Term Variable Remuneration	Value creation for shareholders and financial objectives (90%)	Relative TSR <sup>2</sup>	50%
		Free Cash Flow	40%
	Sustainability objectives - ESG (10%)	Neutralization of CO <sub>2</sub> Emissions	5%
		Gender Equality - % of women in executive positions <sup>1</sup>	5%

1. The Board of Directors, at the proposal of the NCCGC, at its meeting of 21 February 2024, approved the replacement of the OIBDA metric by EBITDA in the Short-Term Variable Remuneration, as well as the incorporation of the Gender Equality objective in the first cycle of the Long-Term Incentive Plan 2024-2028 to be proposed at the next General Shareholders' Meeting. These adjustments seek to align variable remuneration with the priorities set out in the GPS Plan.

2. The comparison group is expected to consist of companies belonging to the telecommunications sector, weighted according to their relevance to Telefónica: America Movil, BT Group, Deutsche Telekom, Orange, Telecom Italia, Vodafone Group, Proximus, Koninklijke KPN, Millicom, Swisscom, Telenor, TeliaSonera, Tim Brasil and Liberty Global.



## Comparison Group

When establishing the remuneration package in 2024, NCCGC conducts a periodic review of the Directors' remunerations. As part of this process, an external competitiveness remuneration analyses are conducted, and the remuneration policy of the Executives and the organization's employees is also considered.

To carry out external competitiveness analyses, under the framework established in the Remuneration Policy, it is expected to propose a reference market established based on a series of objective criteria, as outlined below:

1. Sufficient number of companies to obtain statistically reliable and robust results.
2. Size (revenue, asset volume, market capitalization, and number of employees) and complexity of the business. For each of the selected companies, the dimension data for each of the mentioned variables must fall within predetermined ranges.
3. Geographic distribution: Only companies included in the Stoxx All Europe 100, Ibex-35, and European companies in the telecommunications sector have been considered.
4. Geographical scope: Companies with international presence.
5. Sectoral distribution: Multi sectoral sample with a homogeneous distribution, avoiding over-representation of sectors very different from Telefónica.

Taking these criteria into account, the comparison group would be composed of 20 European companies with international presence. The most represented geographies will be those where Telefónica's business presence is highest. Consequently, the country that will contribute with a higher number of companies to the comparison group will be Spain. Additionally, it will ensure that the telecommunications sector has the highest relative weight within the group.

Considering this comparison group, the total remuneration of the Chief Executive Officer in a target scenario of objective achievement would fall between the median and the 75th percentile of the peer group.

## Components of the remuneration package in 2024:

The elements included in the remuneration package for executive directors for the performance of their executive duties are similar to those of the 2023 fiscal year:

### A. FIXED REMUNERATION

#### Purpose:

To reward the performance of their executive duties according to the level of responsibility, leadership and performance within the organization, promoting the retention of key staff and attracting top talent and creating sufficient economic independence to balance the significance of other remunerative items.

#### Amount:

	Amount	Δ vs 2023
<b>Executive Chairman</b>	€ 1,923,100	No changes since 2013 (in his capacity as CEO. It was also not modified in 2016 when Mr. Pallete was appointed as Chief Executive Officer).
<b>Chief Operating Officer</b>	€ 1,600,000	No changes since 2017 (year in which Mr. Vilá was appointed as Chief Operating Officer).

#### Functioning:

The annual gross fixed remuneration is paid on a monthly basis in cash. This remuneration is set by the Board of Directors at the proposal of the NCCGC and may be adjusted every year depending on the criteria approved from time to time by the NCCGC.

### B. SHORT-TERM VARIABLE REMUNERATION

#### Purpose:

To reward the performance of a combination of financial, operational, business and non-financial objectives, including ESG objectives, that are predetermined, specific, measurable and aligned with Telefónica's strategic objectives.

#### Amount:

	Target Amount (% of RF*)	Maximum Target (% of RF*)
<b>Executive Chairman</b>	180%	233.1%
<b>Chief Operating Office</b>	150%	194%

The Maximum Amount in 2024 will be 129.5% of the Target Amount, within the maximum level established in the Remuneration Policy.

This Maximum Amount could be achieved in case of overachievement of the Free Cash Flow target, provided that the EBITDA target level is also met.

#### Functioning:

For the fiscal year 2024, the NCCGC has reviewed the objectives, metrics and performance scales to be applied in order to ensure fulfillment of the GPS Plan, which aims to drive the growth, profitability, and sustainability of the Company.

As a result, based on the NCCGC's proposal, the Board has selected the quantifiable and measurable indicators that best reflect the strategic priorities outlined above.

For the purpose of calculating the payment coefficient obtained for each level of objective performance, a performance scale is determined for each metric, which includes a minimum threshold below which no incentive is paid. In the case of 100% objective performance, the Target Amount Short-Term Variable Remuneration will be paid and, in case of maximum objective performance the Maximum Amount Short-Term Variable Remuneration will be received.

Information in greater detail is provided below about the performance scales for each of the objectives and how the stipulated maximum is achieved:

Metrics	Weighting (%)	Payout levels (% of target)			% of maximum weighted payment
		Min.	Target	Max.	
<b>Financial Objectives (80%)</b>					
<b>Free Cash Flow</b>	30%	50%	100%	140%	40.00%
<b>EBITDA</b>	25%	50%	100%	125%	31.25%
<b>Operating Revenue</b>	25%	50%	100%	125%	31.25%
<b>ESG Objectives (20%)</b>					
<b>NPS</b>	10%	50%	100%	125%	12.50%
<b>Gender Equality - % of women in executive positions</b>	5%	50%	100%	125%	6.25%
<b>Climate Change - GHG Emissions</b>	5%	50%	100%	125%	6.25%
<b>100%</b>					<b>129.50%</b>

In order to calculate the amount of the Short-Term Variable Remuneration, the NCCGC firstly considers the level of achievement and weighting of each objectives on an individual basis and then the overall level of achievement of the objectives as a whole. For such purpose, it applies the internal objective assessment rules and procedures set out by the Company for its executives. When conducting this assessment, the NCCGC is supported by the Audit and Control Committee, which provides information about the results audited by the company's external auditor (PRICEWATERHOUSECOOPERS AUDITORES, S.L.) and by the internal audit. The Committee also considers any associated risk for both setting the objectives and assessing their performance thereof.

In this respect, any positive or negative economic effects caused by extraordinary events that could distort the findings of the assessment are disregarded and the long-term quality of the results and any associated risk are considered in the proposed Short-Term Variable Remuneration.

The Short-Term Variable Remuneration is fully paid in cash providing the targets set for this purpose have been

achieved. This remuneration will not be paid until the NCCGC and the Audit and Supervisory Committee have carried out the actions described above in the first quarter of the following year, in line with recommendation 59 of the CNMV's Good Governance Code for listed companies.

Moreover, the NCCGC is authorized make a proposal to the Board of Directors to fully or partially cancel payment of the short-term variable remuneration if certain unforeseen circumstances arise, as described in this Report, as well as its partial or full clawback within twenty-four (36) months after the payment thereof.

This clawback authority has been developed in a specific Recoupment Policy ("Executive Officer Compensation Recoupment Policy") approved by the Board of Directors in 2023, at the proposal of the NCCGC, applicable to Executive Directors and other Company executives, with which Telefónica consolidates its commitment to best practices in remuneration at the international level and complies with the listing requirements for issuers of foreign securities listed on the New York Stock Exchange. The following section on variable remuneration clawback clauses sets out the main terms of this policy.

## C. LONG-TERM VARIABLE REMUNERATION

### Purpose:

To increase the Executive Directors' and management team's commitment to the company and its corporate plan, linking their remuneration to creating value for the shareholders and sustainable strategic objective performance, so that they are in line with the best remuneration practices. In turn, by means of its Long-Term Incentive Plan, the company also aims at offering a competitive remuneration package that contributes to retaining the managers who hold key positions in the organization.

### Description of granted Long-Term Variable Remuneration incentives in force in 2024:

The cycles in force in 2024 arising from long-term incentive plans are as follows:

Performance period	Number of granted shares for achieving 100% of objectives (Value of shares allocated as % of Fixed Remuneration)	
	Executive Chairman	Chief Operating Officer
<b>Long-Term Incentive Plan approved by the General Shareholders' Meeting of 2021</b>		
<b>Second cycle</b>	2022-2024	995,000 (200%) 745,000 (180%)
<b>Third cycle</b>	2023-2025	1,110,000 (200%) 831,000 (180%)
<b>Long-Term Incentive Plan to be approved by the General Shareholders' Meeting of 2024</b>		
<b>First cycle</b>	2024-2026	Pending grant Pending grant

- Notes to the table:
- The number of shares to be delivered at the end of each of the cycles will depend on the number of granted shares and the degree of achievement with the objectives of the Plan.
- As of the submission of this Report, the grant of shares for the First Cycle of the Long-Term Incentive Plan, which must be approved by the General Shareholders' Meeting of 2024, has not yet been carried out. In any case, the grant will be made respecting the maximum limit established in the Remuneration Policy.
- The number of shares indicated for the cycles of the Long-Term Incentive Plan approved by the General Shareholders' Meeting of 2021 is the maximum number that the Executive Directors may receive in case of meeting or exceeding the targets. This number is significantly lower than the maximum limit approved in the aforementioned Meeting
- If the objectives are met, the shares will be delivered once the accounts for the last financial year of the measurement period have been prepared and audited, as established in recommendation 59 of the CNMV's Code of Good Governance for listed companies.

### Operation of the New Long-Term Incentive Plan 2024-2028:

At the next General Shareholders' Meeting in 2024, it is planned to propose a Long-Term Incentive Plan 2024-2028 consisting of the delivery of Telefónica, S.A. shares to Telefónica Group Executives, including Telefónica, S.A. Executive Directors who, complying with the requirements established for such purpose, are invited to participate in the Plan.

It is expected to have a total duration of five (5) years and to be divided into three (3) cycles, independent of each other, of three (3) years each (First Cycle 2024-2026, Second Cycle 2025-2027 and Third Cycle 2026-2028).

The design of the Plan has similar characteristics to those of the Long-Term Incentive Plan approved by the General Shareholders' Meeting in 2021, without prejudice to the inclusion of the following new features in the First Cycle to align it with the GPS Plan: (i) possibility of a payout level above the target level in the event of overachievement of the Free Cash Flow target and (ii) incorporation of the objective of percentage of women in executive positions.

The shares corresponding to each cycle will be delivered three years after the beginning of each cycle, once the accounts for the last financial year of the measurement period have been prepared and audited, as established in recommendation 59 of the CNMV's Good Governance Code of Listed Companies.

The metrics to be established for the First Cycle of the Long Term Incentive Plan 2024-2026 are Relative TSR (50%), Free Cash Flow (40%), CO2 Emission Neutralisation (5%) and presence of Women in Executive positions (5%):

Metrics	Weighting (%)	Company results	Incentive to be accrued(%)
Relative TSR <sup>1</sup>	50%	75th percentile or above	100%
		Median	30%
		Below median	0%
Free Cash Flow	40%	115% achievement	150%
		100% achievement	100%
		92% achievement	50%
		Below 90% achievement	0%
Neutralization of CO2 emissions scopes 1+2 <sup>2</sup>	5%	100% achievement	100%
		90% achievement	50%
		Below 90% achievement	0%
Gender Equality - Presence of Women in Executive Positions	5%	100% achievement	100%
		90% achievement	50%
		Below 90% achievement	0%

<sup>1</sup> Comparison group: Vodafone Group, America Movil, Deutsche Telekom, BT Group, Orange, Telecom Italia, Telenor, TeliaSonera, Swisscom, Koninklijke KPN, TIM Brasil, Proximus, Millicom, Liberty Global.

<sup>2</sup> In addition, a minimum level of emission reductions must be achieved for the incentive to be paid.

Each of these metrics is explained below:

#### Relative TSR (50%)

**Definition:** Share profitability taking into account the sum of the cumulative variation of Telefónica's share value, plus the dividends and other similar items received by shareholders during the cycle in question.

**Determining the level of achievement:** The evolution of TSR from Telefónica's shares is measured from the beginning of the cycle (2024) until the end of such cycle (2026), in relation to the TSR from other companies pertaining to the telecommunication sector, weighted depending on their relevance to Telefónica S.A. that, for the purpose of the Plan, will be used as the comparison group. The companies included in the comparison group are the following: Vodafone Group, America Movil, Deutsche Telekom, BT Group, Orange, Telecom Italia, Telenor, TeliaSonera, Swisscom, Koninklijke KPN, TIM Brasil, Proximus, Millicom and Liberty Global.

**Performance Scale:** The number of shares to be delivered associated with the performance of this objective will be between 15% of the number of target theoretical shares granted, in the case the evolution of the TSR of Telefónica S.A.'s shares is, at least, the median of the Comparison Group (below this threshold no incentive will be payable) and 50% if the evolution is in the third or higher quartile of the comparison group. The results between the median and the third quartile, the incentive level will be calculated by linear interpolation.

## Free Cash Flow (40%)

**Definition:** Free cash flow generation (FCF).

**Determining the level of achievement:** The level of FCF generated by the Telefónica Group is measured during each year, in comparison with the value set in the budgets approved by the Board of Directors for each year, considering the final level of FCF performance, the average of the annual partial results obtained and approved by the NCCGC.

### Performance Scale:

The scale of attainment for the First Cycle will be as follows:

- i. Minimum threshold of 92% achievement, below which no incentive is paid and the performance of which implies 20% of the theoretical target actions allocated.
- ii. Target level of 100% achievement, which implies the delivery of 40% of the theoretical target shares assigned.
- iii. Maximum level of 115% achievement, which would entail the delivery of an additional 20% to the theoretical target shares granted, and which will be applicable provided that the 100% target of Free Cash Flow is met in each of the years comprising this first cycle (2024-2026), thus ensuring continuity in cash generation while incentivizing overachievement.

It should be noted that the following adjustments have been made with respect to the third cycle of the Long-Term Incentive Plan approved by the General Shareholders' Meeting in 2021 with the aim of aligning Long-Term Variable Remuneration with the ambitious Free Cash Flow target set in the GPS Plan: (i) the minimum requirement level has been raised from 90% to 92%, and (ii) the possibility to over-achieve the objective up to 115% has been established.

## Neutralization of CO<sub>2</sub> Emissions (5%)

**Definition:** Level of neutralization/Offset of the Telefónica Group's CO<sub>2</sub> emissions at the end of each cycle of the Plan, with the additional requirement for this part of the incentive to be paid being to achieve a minimum level of scope 1 + 2 emissions reduction, in line with the 1.5 °C scenario of the Paris Agreement (SBTi). All this is aimed at achieving net zero emissions by 2040 and neutralising scope 1+2 emissions from 2025 in its main markets.

Scope 1 and 2 emissions consist of direct and indirect CO<sub>2</sub> emissions from daily activity caused by fuel consumption, leakage of refrigerant gases and electricity use.

Emission neutralisation/offsetting is the purchase of carbon credits to absorb or reduce CO<sub>2</sub> emissions from the atmosphere.

In accordance with Telefónica's Climate Action Plan, and the recommendations of SBTi, carbon credits for reducing emissions from deforestation and degradation will also be accepted, with the aim of contributing to slowing deforestation in certain regions where Telefónica operates.

Carbon credits involve the purchase of CO<sub>2</sub> certificates on the voluntary market. These credits are generated from projects that absorb or reduce the emission of CO<sub>2</sub> from the atmosphere, which must be certified to international standards of the highest quality and where possible have social benefits associated with them. This is verified on an annual basis by an external auditor.

**Determining the level of achievement:** Neutralisation/offsetting of emissions is calculated as the ratio between the amount of carbon credits retired on behalf of the Company and the scope 1+2 emissions.

The level of direct and indirect CO<sub>2</sub> emissions from Telefónica's daily activity is calculated according to the following formula:

$$\text{CO}_2 \text{ emission} = \text{Activity Data} \times \text{Emission Factor}$$

Where:

- Activity Data: The amount of energy, fuel, gas, etc. consumed by the company during the year.
- Emission Factor: The amount of CO<sub>2</sub> emitted into the atmosphere by the consumption of each activity unit.

For electricity, the emission factor provided by official sources (European Union, Ministries, CNMC, etc.) is used and for fuels the GHG Protocol emission factors are used and IPCC (UN Intergovernmental Panel on Climate Change).

**Performance Scale:** The Board of Directors, according to a proposal made by the NCCGC, has determined a performance scale that includes a minimum threshold of 90% achievement, below which no incentive is paid and the achievement of which implies 2.5% of the theoretical shares granted being delivered, and a maximum level of 100% achievement, which implies 5% of the theoretical shares granted being delivered. In addition, achieving a minimum level of emission reductions of Scope 1 + 2, in line with the 1.5°C scenario of the Paris Agreement (SBTi), will be necessary for this part of the incentive to be paid.

## % of Women in Executive positions (5%)

**Definition:** Percentage of women in executive positions in the Telefónica Group at 31 December 2026, measured as the number of women in management positions compared to the total number of executive positions in Telefónica.

**Determination the level of achievement:** The percentage of women executive positions is compared to the target percentage set by the Board of Directors for 2026.

**Performance Scale:** The Board of Directors, at the proposal of the NCCGC, has determined a performance scale that includes a minimum threshold of 90%

compliance, below which no incentive will be paid and compliance with which will entail the delivery of 2.5% of the theoretical shares granted, and a maximum level of 100% compliance, which will entail the delivery of 5% of the theoretical shares granted.

The NCCGC conducts an assessment of the objectives on an annual basis and, once each cycle has ended, the level of performance is determined. When conducting this assessment, the NCCGC is supported by the Audit and Control Committee, which provides information on the results audited by the external auditor and the Company's internal auditor, which will have been analysed first by the Audit and Control Committee itself. The NCCGC also considers any associated risk for both setting the targets and assessing their achievement.

When determining the objective performance level, any positive or negative economic effects caused by extraordinary events that may distort the findings of the assessment are disregarded and the long-term quality of the results are considered in the proposed Long-Term Variable Remuneration.

The Members will not receive the shares to which they may be entitled until the NCCGC and the Audit and Control Committee have carried out the actions described above in line with recommendation 59 of the Code of Good Governance. The amount paid, if any, will be subject to the clawback clauses described in the following subsection "Clawback clauses for variable remuneration" of this Report.

In any case, 100% of the shares settled within the scope of the Plan to the Executive Directors are subject to a retention period of two years. In addition, as stipulated in Remuneration Policy the Executive Directors must hold (directly or indirectly) a number of shares (including those settled as remuneration) equivalent to two years' gross Fixed Remuneration as long as they are members on the Board of Directors and perform executive duties.

Until this requirement is met, the retention period for any shares given to Executive Directors under the Plan, if any, is three years.

The foregoing is not applicable to the shares that the Executive Directors need to sell to pay the costs related to their acquisition or, with prior consideration of the NCCGC, to cover extraordinary situations where this is required.

#### [Operation of the Second \(2022-2025\) and Third cycle \(2023-2026\) of the Long Term Incentive Plan 2021-2026:](#)

The main characteristics of these cycles are described in the Annual Directors' Remuneration Reports for the years 2021 and 2022.

Notwithstanding the above, the metrics, weightings and payout levels depending on the level of compliance for these cycles are set out below:

Metrics	Weighting (%)	Company results	Incentive to be accrued(%)
Relative TSR <sup>1</sup>	50%	75th percentile or above	100%
		Median	30%
		Below median	0%
Free Cash Flow	40%	100% achievement	100%
		90% achievement	50%
		Below 90% achievement	0%
Neutralization of CO2 emissions scopes 1+2 <sup>2</sup>	10%	100% achievement	100%
		90% achievement	50%
		Below 90% achievement	0%

<sup>1</sup> Comparison group: Vodafone Group, America Movil, Deutsche Telekom, BT Group, Orange, Telecom Italia, Telenor, TeliaSonera, Swisscom, Koninklijke KPN, TIM Brasil, Proximus, Millicom, Liberty Global.

<sup>2</sup> In addition, a minimum level of emission reductions must be achieved for the incentive to be paid.

#### Impact of a change in control on Long-Term Variable Remuneration:

In the event of a change in control in Telefónica, the cycles in progress in 2024 will be subject to early settlement on a pro rata basis, delivering to the Members, where appropriate, the shares, or the equivalent amount in cash, taking into account for such purpose the closing price of the last stock exchange session of the month immediately prior to the date on which the change of control occurs.

The incentive to be paid is pro-rated for the time elapsed since the start date of the relevant cycle, and adjusted according to the achievement of targets on the date of the change of control.

## D. PENSION PLAN FOR TELEFÓNICA'S EMPLOYEES

### Contributions:

The Pension Plan for the Executive Directors follows the same structure as in recent years and both the determination of the amounts and the conditions described below are identical to those applied to the rest of Telefónica's staff in Spain:

- The Executive Chairman: 6.87% of his base salary, plus 2.2% as a mandatory contribution to be made by the Executive Chairman up to the maximum annual limit that the law stipulates from time to time.
- Chief Operating Officer: 4.51% of his base salary, plus 2.2% as a mandatory contribution to be made by the Chief Operating Officer up to the maximum annual limit that the law stipulates from time to time.

### Functioning:

As described in each of the Executive Directors contracts, the Pension Plan is a defined-contribution plan and the contingencies covered are as follows: retirement; the member's death; the beneficiary's death; total and permanent disability to work in one's usual profession,

absolute and permanent incapacity for all work and serious disability; and severe or major dependency of the member.

The benefits consist of the economic right accrued by the beneficiaries as a result of the occurrence of any of the contingencies covered by this Pension Plan. It is quantified according to the number of account units that correspond to each member based on the amounts contributed to the Pension Plan and is assessed for the purpose of payment according to the value of the account unit from the business day before the date when the benefits become effective.

The members may also exercise their vested rights, in whole or in part, on an exceptional basis in the event of serious illness or long-term unemployment.

The Pension Plan is included within the "Fonditel B Fondo de Pensiones," managed by Fonditel Pensiones, EGFP, S.A.

In the fiscal year 2024 the law may change the financial and tax limits for contributions to pension plans. In this respect, as has been the case in the past, a collective unit-link insurance policy has been taken out to cover the excess of contribution over the annual fiscal limits included in the legislation

This unit-link insurance policy taken out with the company Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros covers the same contingencies as those included in the Pension Plan with the same exceptional liquidity events in the case of serious illness or long-term unemployment.

## E. REMUNERATION IN KIND

In addition to the life insurance policy covering death or disability described above, the Executive Directors are provided with a general health insurance policy and dental coverage as remuneration in kind and they are also provided with a company vehicle, all of the foregoing in line with the general policy applicable to the Company's Executives.

The Executive Directors also participated in the Global Employee Share Purchase Plan (PLAN100), under the same conditions as the rest of Telefónica's employees. The Executive Directors decided to allocate the maximum amount established in the PLAN 100 (€1,800) to the acquisition of shares. Under the terms of the PLAN100, the Executive Directors will each receive 589 shares, 489 from their contribution to the acquisition of the shares and 100 which will be given free of charge by the company to all beneficiaries to commemorate the Company's centenary.

Moreover, Telefónica has taken out a third-party liability insurance policy (D&O) for its managers, executives and staff performing similar duties in the Telefónica Group, with the usual terms and conditions for these kinds of insurance policies. This policy also includes the company's subsidiaries in certain cases.

### Clawback clauses for the variable remuneration

**Telefónica has an Executive Compensation Recoupment Policy, which clearly and comprehensively regulates the company's right to recover variable compensations paid during the general three-year clawback period.**

The Remuneration Policy submitted to the vote of the General Shareholders' Meeting in 2023 standardized the clawback clauses applicable to all variable remuneration, establishing that the Board of Directors shall assess, following a report from the NCCGC, whether it is appropriate (i) to cancel all or part of the variable remuneration that is pending payment, and/or (ii) the total or partial recovery of any element of variable remuneration within thirty-six (36) months after the payment thereof ("clawback"), when there are certain exceptional circumstances that affect the Company's results, or that derive from an inappropriate conduct of the Executive Director.

Additionally, this regime has been complemented and developed by an Executive Officer Compensation Recoupment Policy approved by the Board of Directors in 2023, at the proposal of the NCCGC, with which Telefónica consolidates its commitment to the best practices in remuneration matters at international level and complies with the listing requirements for issuers of foreign securities listed on the New York Stock Exchange, as well as with the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of the United States of America (U. S. Dodd-Frank Wall Street Reform and Consumer Protection Act). S. Dodd-Frank Wall Street Reform and Consumer Protection Act.)

Regarding clawback formulae or clauses in order to claim the return of the variable remuneration components based on results, the following should be taken into account if such components have been paid based on data that is later clearly shown to be inaccurate, and in order to adopt measures to avoid any conflict of interest:

- The NCCGC is authorized to propose cancellation of payment of the variable remuneration to the Board of Directors under circumstances of this kind.
- Furthermore, the NCCGC must assess whether exceptional circumstances of this kind could even lead to termination of the relationship with the respective party or parties responsible, proposing to the Board of Directors that such measures should be adopted as may be appropriate.

For these purposes, exceptional situations shall be deemed as those that will be subject to assessment by the Board of Directors, among others, as examples but not limited thereto, the following:

- Reformulating the company's financial statements without being based on an amendment of the applicable accounting standards.

- If the Executive Officer has been sanctioned for a serious breach of the code of conduct and other internal regulations or serious breach of the regulations that are also applicable thereto.
- In any case, when it is shown that the variable remuneration component in question has been partially or fully assessed based on information that is clearly proven to be false or inaccurate *a posteriori*, or other unforeseen circumstances not accepted by the company that have a serious negative impact on the profit and loss accounts.
- If the company's external auditor includes exceptions in its report that reduce the results taken into consideration to determine the amount of the variable remuneration payable.

### Possible severance pay

The contracts signed with the Executive Directors are for an indefinite term and include a non-competition clause. This clause implies that, once the relevant contract has been terminated and during the valid term of the clause (two years after the termination of the contract for any reason), the Executive Directors may not indirectly or directly render their services themselves or through others, either on their own behalf or for third parties, to Spanish or foreign companies that engage in the same or similar business activities as Telefónica.

Regarding the conditions related to the termination of the contracts, the Executive Chairman, Mr. José María Álvarez-Pallete López, and the Chief Operating Officer (C.O.O.), Mr. Ángel Vilá Boix, have the same terms and conditions as in their previous contracts, which specify agreed severance pay for termination of the relationship, when appropriate, which could amount to a maximum of four (4) annual payments. Each annual payment consists of the last fixed remuneration and the arithmetic mean of the sum of the last two (2) amounts of annual variable remuneration paid pursuant to the contracts.

In addition, the Executive Directors are members of an Executive Pension Plan that covers the contingencies of retirement, early retirement, permanent total or absolute disability or severe disability and death, the annual contribution to which is equivalent to 35% of the Fixed Remuneration, after deducting the contributions made to the Pension Plan for Telefónica employees described in section D above. However, the receipt of the remuneration described in the previous paragraph is incompatible with the awarding of any financial rights related to this Executive Pension Plan. Therefore, if an Executive Director receives the aforementioned financial remuneration, he/she would not be entitled to any financial rights under this Plan.

The implementation vehicle of this Plan approved in 2006 is a unit-linked group life insurance policy taken out with an insurance company, and the amount of the benefit under this guarantee will be equivalent to the mathematical provision applicable to the insured on the date on which the policyholder notifies and proves to the

insurance company that he/she is in one of the situations covered by the Plan.

There is currently no vesting of economic rights in favor of the Executive Directors. In the case of legislative amendments on this matter, according to a proposal made by the NCCGC, the Board of Directors could make the appropriate adjustments.

Even though there are no changes planned for the functioning of this Plan, any adjustments to be made to the Executive Pension Plan must be approved by the Board of Directors. These adjustments must be justified and proposed by the NCCGC. The reasons for the adjustments must be duly explained in the annual report on the directors' remuneration.

### Contractual terms and conditions for the Executive Directors

The contracts that currently regulate the Executive Directors performing their duties and responsibilities are of a commercial nature and include clauses that are normally used for these kinds of contracts. These contracts were proposed by the NCCGC, approved by the Board of Directors and have not suffered any significant modifications in 2023.

In addition to the severance pay terms and conditions explained in the previous point, a summary is provided below of the main terms and conditions of the Executive Directors' contracts:

- Term: Indefinite
- Prior notice: There is an obligation to provide prior notice in the event of the contract being terminated due to a unilateral decision adopted by the Chief Operating Officer, being stipulated that he must notify such unilateral decision in writing with at least three months' prior notice, except in cases of force majeure. If this obligation is not fulfilled, he must pay the Company an amount equivalent to the Fixed Remuneration for the period of prior notice he had failed to observe.
- Exclusivity: During the term of the contracts, it is prohibited to sign (either directly or through intermediaries) any employment, commercial or civil contracts with other companies or institutions that engage in activities similar in nature to those of Telefónica.
- Non-competition clause: The contract states the relationship is compatible with holding representative, administrative and management posts and other professional positions in other companies in the Telefónica Group or in any other undertakings unrelated to the Company when expressly notified to the Nominating, Compensation and Corporate Governance Committee and the Board of Directors.

On the other hand, it states that the relationship is incompatible, during the term of the clause (two (2) years after the termination of the contract for any reason) with directly or indirectly rendering services, as an employee

or self-employed, by themselves or through third parties, to any Spanish or foreign companies that engage in activities identical or similar to those of Telefónica.

- Non-disclosure: While the relationship remains in force and also after the termination thereof, there is a non-disclosure duty regarding any information, data and any kinds of reserved and confidential documents that they have knowledge of or to which they have had access as a result of performing their duties.
- Compliance with the regulatory system: The contracts include the obligation to abide by the rules and obligations set out within Telefónica's regulatory system, which are contained, among other regulations, in the Board of Directors' Regulations and Telefónica's Internal Stock Market Conduct Regulations.

### Shareholding commitment

**Executive Directors more than meet the shareholding commitment of two years' gross fixed remuneration.**

As stipulated in the Remuneration Policy, the Executive Directors must hold (directly or indirectly) a number of shares (including those provided as remuneration) equivalent to two (2) years' gross fixed remuneration as long as they are members on the Board of Directors and perform executive duties.

The term set for achieving this objective is five years, counted from 1 January 2019 or, in the case of Executive Directors appointed at a later time, counted from the date of their appointment, unless the Board of Directors/ NCCGC approve a longer term when exceptional situations arise.

	Shareholding Requirement
Executive Chairman	200% Gross Fixed Remuneration
Chief Operating Officer	200% Gross Fixed Remuneration

As long as the number of shares subject to this commitment has not been reached, the shares that the Executive Director receives within the scope of any variable remuneration component will be subject to a minimum retention period of 3 years; therefore raising the Executive Director's level of commitment.

The foregoing is not applicable to the shares that the Executive Directors need to sell to pay the costs related to their acquisition or, with prior consideration of the NCCGC, to cover extraordinary situations where this is required.

This commitment will be verified by the NCCGC, which, among other issues, will consider aspects such as the share price to be taken into account or the regularity with which the holding commitment will be reviewed.

As of December 31, 2023, the Executive Chairman of the Company, Mr José María Álvarez-Pallete López, held 2,313,994 shares in Telefónica, S.A.

The Chief Operating Officer (COO), Mr. Ángel Vilá Boix, held 697,347 Telefónica shares.

The price at which the Executive Directors acquired their shares represents an amount that was well over twice their Fixed Remuneration.

### 5.1.5. The Directors' remuneration in their positions as such in 2024

**The remuneration payable to the Directors in their positions as such remains unchanged since 2012.**

The remuneration payable to the Directors in their positions as such is structured, within the legal and statutory framework, pursuant to the remunerative criteria and items specified below, up to the maximum limit determined for such purpose by the General Shareholders' Meeting, pursuant to the provisions in Article 35 of the Articles of Association.

According to the foregoing, the Ordinary General Shareholders' Meeting held on April 11, 2003 set the annual gross maximum amount for the remuneration at €6,000,000 payable to the Directors in their positions as members of the Board of Directors.

The aforementioned remuneration is, in all cases, the maximum amount payable and the Board of Directors is responsible for proposing the allotment of the amount among the various items and among the different Directors, taking into account the duties and responsibilities assigned to each Director, membership on Committees within the Board of Directors and other objective circumstances that would be considered relevant.

Regarding the fiscal year 2024, according to the market information available, the Committee has proposed to the Board not to increase the Directors' fixed remuneration. This remuneration has remained the same since 2012.

	Board of Directors	Executive Committee	Advisory or Supervisory Committee (*)
<b>Chairman (**)</b>	€240,000	€80,000	€22,400
<b>Vicepresident</b>	€200,000	€80,000	-
<b>Proprietary Member</b>	€120,000	€80,000	€11,200
<b>Independent Member</b>	€120,000	€80,000	€11,200
<b>Other External Member</b>	€120,000	€80,000	€11,200

(\*) In addition, the amount of the attendance fee for each of the meetings of the Advisory or Supervisory Committees is €1,000.

(\*\*) In this regard, the Executive Chairman has waived payment of the aforementioned amounts (i.e. €240,000 as Chairman of the Board of Directors and €80,000 as Chairman of the Executive Committee), as he has done in previous years.

The Executive Directors can waive payment of the aforementioned amounts.



Moreover, the Non-Executive Directors receive the remuneration payable to them due to being members of certain management bodies of Telefónica's subsidiaries and investee companies.

## 5.1.6. Application of the Remuneration Policy in 2023

GRI 2-19

### Summary of the Remuneration Policy applied in 2023 and the results of the ballot on the Annual Report on Remuneration of the Directors for 2022

The remuneration for the year 2023 has followed the terms established in the following remuneration policies:

- From January 1st to March 30th: The Remuneration Policy for Directors approved at the General Shareholders' Meeting of the Company held on April 23, 2021, with 88,97% of the votes cast (the policy can be found at the following link: <https://telefonica.com/en/wp-content/uploads/sites/4/2021/10/Politica-Remuneraciones-Consejeros-punto-IX-Orden-del-dia.pdf>).
- From March 31st to December 31st: The Remuneration Policy approved by the General Shareholders' Meeting on March 31, 2023 (the link to this policy can be found in section 5.1.3). This policy is consistent with the one approved by the General Shareholders' Meeting on April 23, 2021. In relation to Executive Directors, the possibility of granting extraordinary remuneration was eliminated, and the duration of the clawback period was extended to thirty-six (36) months.

There have been no deviations from the procedure for the application of the Remuneration Policy in force at any given time, nor have any temporary exceptions to it been applied.

In this respect, the remuneration obtained in 2023 to the Executive Directors and the Directors in their positions as such consists of the same components as those described for the current Remuneration Policy in force in 2024.

The detailed description of the Directors' remuneration system for 2023 was included in section 5.1.4 of the DRR for 2022. This report was approved by 92.81% of the votes cast, with a 6.28% of votes against and 0.91% abstentions.

## The Executive Directors' remuneration in 2023

has remained unchanged since 2013 when it was determined for his position as Chief Executive Officer and remained the same after his appointment as Chairman in 2016. In the case of the Chief Operating Officer, his amount remains unchanged since his appointment in 2017.

- The Short-Term Variable Remuneration obtained by the Executive Directors amounted to 85.92% of the maximum amount.
- The weighted payout ratio of the first cycle of the Long-Term Incentive Plan approved by the General Shareholders' Meeting in 2021 was 89.45%. This percentage is explained by the good performance of Telefónica's Free Cash Flow and Total Shareholder Return (TSR) in the period 2021-2023, which was above the TSR obtained by most of the companies included in the comparison group. In addition, Telefónica has met its Emission Neutralisation target.
- The total remuneration earned by Executive Directors is below the maximum remuneration established in

### A. FIXED REMUNERATION

The Executive Chairman: €1,923,100.

In case of the Executive Chairman, the amount of his Fixed Remuneration in 2023 was the same as that paid since 2013, which was determined in his position as Chief Operating Officer, which remained the same after his appointment as Chairman in 2016.

The Chief Operating Officer: €1,600,000.

This remuneration is the same as the amount paid when Mr. Vilá was appointed as the company's Chief Operating Officer on 26 July 2017.

### B. SHORT-TERM VARIABLE REMUNERATION

The Executive Chairman: €3,717,737

*Calculated as the fixed remuneration (€1,923,100) multiplied by the Maximum Amount (225%) multiplied by the weighted pay coefficient (85.92%).*

The Chief Operating Officer: €2,577.600

*Calculated as the fixed remuneration (€1,600,000) multiplied by the Maximum Amount (187.5%) multiplied by the weighted pay coefficient (85.92%).*

For fiscal year 2023, the Board of Directors approved, according to a proposal made by the NCCGC, the quantifiable and measurable metrics that best reflected the levers for creating value for the Telefónica Group with the aim of guaranteeing fulfilment of its corporate plan.

These metrics and their relative weightings are the following:

METRIC	DEFINITION AND MEASURING METHOD	WEIGHTING
<b>FINANCIAL OBJECTIVES</b>		<b>80%</b>
OPERATING REVENUE	This corresponds to service revenues, revenues generated from the company's core business, revenues for terminal sales and other Operating Revenue.	30%
OIBDA	This is the Operating Revenue Before Depreciations and Amortizations. The Operating Result includes the Operating Revenue minus all costs (direct, commercial, customer management, network, systems, support and employees, among others)	30%
FREE CASH FLOW	This means the amount of funds generated from transactions throughout the year and it is calculated as funds collected from customers minus the payments required to carry out transactions and investment in assets, therefore including payments to suppliers, employees, as well as spectrum, fees, taxes and interest on debt.	20%
<b>NON-FINANCIAL OBJECTIVES - ESG</b>		<b>20%</b>
CUSTOMER TRUST (NPS/GAP NPS)	NPS and GAP NPS are the metrics used to measure our customers' experience. It calculates their willingness to recommend our products and services; as well as the difference in the value obtained compared with our main competitor in the same survey. It is built through the answer to the following question: How likely are you to recommend the services of Movistar/O2/Vivo to a family member, friend or colleague? (On a scale of 1 to 10, 1 means, I would not recommend it; and 10 means I would recommend it). Ratings between 9 and 10 are considered promoters and between 1 and 6 are considered detractors. NPS = % Promoters – % Detractors	9%
SOCIETY TRUST (REP Trak ®)	RepTrak® Pulse is the metric used to measure the reputation (society's perception of Telefónica). It measures the emotional appeal of our brands according to 4 fundamental elements: admiration and respect, esteem, confidence and good impression.	3%
CLIMATE CHANGE (Greenhouse gas emissions)	Greenhouse gas (GHG) emissions are the metric used to measure our environmental impact. This is measured through direct and indirect CO2 emissions from our daily activity due to fuel consumption, refrigerant gas leaks and electricity use. CO2 emission = Activity Data x Emission Factor - Activity data: The amount of energy, fuel, gas, etc. consumed by the Company - Emission Factor: The amount of CO2 emitted into the atmosphere by the consumption of each activity unit. For electricity, the emission factor provided by official sources (European Union, Ministries, CNMC, etc.) is used and for fuels the GHG Protocol emission factors and "the IPCC (Intergovernmental Panel on Climate Change of the United Nations)."are used constant emission factors are used for the annual remuneration in order to avoid variations due to causes beyond the Company's control.	5%
GENDER EQUALITY (% of Women in executive positions)	The percentage of women among the managers in the Telefónica Group is the metric used to measure the objective related to Gender Equality. It is measured on the total of the Telefónica Group Managers in the workforce at the end of December. The managers group is defined according to the criteria and processes determined by the People area at a corporate level. Prior to validation by the NCCGC, there is a Transparency and Diversity Committee, made up of the Chairman and four members of the Executive Committee, which validates, on a monthly basis, the proposals for appointments from this group to ensure compliance with the measures and policies established in the area of transparency and gender equality.	3%

Throughout the year, the NCCGC monitored such objectives set for the Short-Term Variable Remuneration in 2023, payable in 2024.

The aforementioned objectives were finally assessed based on the audited accounts for the fiscal year 2023, according to the following process:

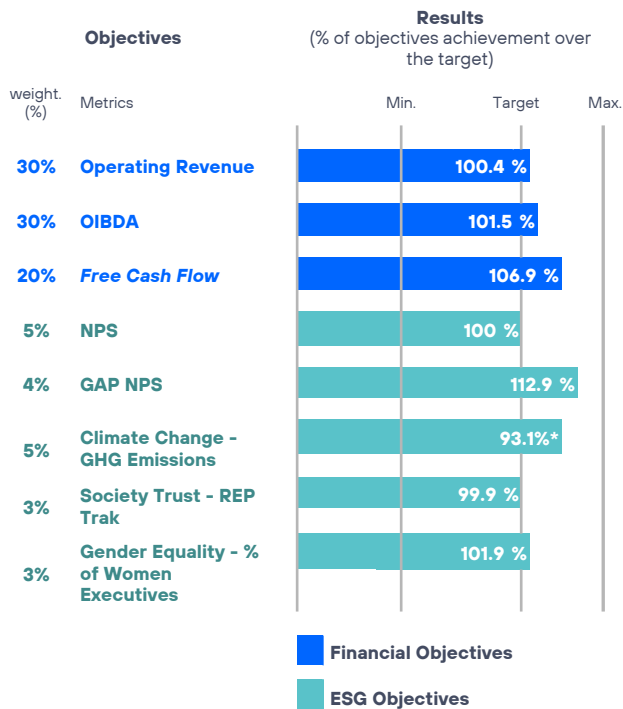
1. The results for the fiscal year 2023 and the level of achievement of the objectives were firstly examined by the Audit and Control Committee, based on the results

audited by PRICEWATERHOUSECOOPERS AUDITORES, S.L.

After this examination, the NCCGC determined a proposal for the Short-Term Variable Remuneration that was submitted to the Board of Directors. The Committee also considered the quality of the long-term results and any associated risk in the proposal for variable remuneration.

2. Lastly, the Board of Directors approved the proposal for the Short-term Variable Remuneration submitted by the NCCGC. As a result of the foregoing, and according to

that stipulated in recommendation 59 of the Good Governance Code, the Board agreed to pay the Executive Directors during the first quarter of 2024 the amounts set out below, based on the following levels of achievement:



\*The KPI for climate change, GHG emissions, has an inverse payout curve, meaning that achievements below 100% (emissions level lower than the target) are positive and result in payouts above 100%.

After applying the performance scales for each of the objectives, a weighted payment coefficient of 107,4% has been determined against the Target Amount. This payment coefficient corresponds to €3,717,737 for the Executive Chairman (85,92% of the Maximum Amount) and €2,577,600 for the Chief Operating Officer (121,3% of the Maximum Amount). The Short-Term Variable Remuneration target was 180% of the Annual Fixed Remuneration for the Executive Chairman and 150% of the Annual Fixed Remuneration for the Chief Operating Officer.

**C. LONG-TERM VARIABLE REMUNERATION**

Long-Term Incentive Plan approved by the General Shareholders' Meeting of 2021. Accrual of the first cycle.

The General Shareholders' Meeting held in 2021 approved a Long-Term Incentive Plan consisting of providing Telefónica, S.A.'s shares, aimed at Executives of Telefónica that, meeting the requirements stipulated for such purpose from time to time, were invited to participate therein, including the Executive Directors de Telefónica, S.A.

The measurement period for the objectives of the first cycle of the Plan ended on December 31, 2023. The theoretical number of granted shares, corresponding to the Executive Directors, if 100% of the TSR, Free Cash Flow and Neutralization of CO2 emissions objectives are achieved, was as follows:

- The Executive Chairman: 1,094,000 shares.
- The Chief Operating Officer: 819,000 shares.

In order to determine the correct number of shares to be granted at the end of the aforementioned cycle, the NCCGC analysed the level of achievement of each of the three objectives.

Metries	Weighting (%)	Company Results	Incentive accrued (%)
Relative TSR*	50%	75th percentile or above	100%
		Median	30%
		Below median	0%
Free Cash Flow	40%	100% of achievement	100%
		90% performance	50%
		Below 90% performance	0%
Neutralization of CO2 emissions	10%	100% of achievement	100%
		90% performance	50%
		Below 90% performance	0%

\*Comparison group: America Movil, BT Group, Deutsche Telekom, Orange, Telecom Italia, Vodafone Group, Proximus, Koninklijke KPN, Millicom, Swisscom, Telenor, TeliaSonera, Tim Brasil and Liberty Global.

Regarding the Relative TSR, the weighting of which is 50%, Kepler provided the NCCGC with the calculation of Telefónica's Relative TSR since the beginning of the cycle (2021) until its end (2023), related to the TSR obtained by certain companies belonging to the telecommunications sector, weighted according to their relevance for Telefónica which are included in the comparison group are the following:

America Movil, BT Group, Deutsche Telekom, Orange, Telecom Italia, Vodafone Group, Proximus, Koninklijke KPN, Millicom, Swisscom, Telenor, TeliaSonera, Tim Brasil and Liberty Global

Telefónica's TSR for the period was 37.9%, ranking sixth in the comparison group, that is, in the 68th percentile according to the established achievement scale. Therefore, the right to receive 78.9% of the shares linked to the achievement of the Relative TSR target has been generated.

Regarding the Free Cash Flow, weight of which is of 40%, the Planning and Supervision Department drew up a report related to the Free Cash Flow generated by the Telefónica Group in each year in the objective performance period (2021, 2022 and 2023), based on the results audited by the company's internal and external

auditors, comparing it with the value set in the budgets approved by the Board of Directors for each fiscal year.

The final performance was considered as the average of the partial annual results obtained and approved by the NCCGC.

The NCCGC has been conducting annual monitoring of the Free Cash Flow and the level of performance is determined once the report issued by the Planning and Supervision Department has been analysed. When conducting this assessment, the NCCGC was supported by the Audit and Supervisory Committee, which provides information about the results audited by the Company's external auditor.

In this respect, the annual achievement level of Free Cash Flow was 135% (year 2021), 108.5% (year 2022) and 106.9% (year 2023). Therefore, the payment coefficient linked to Free Cash Flow was 100%.

In relation to the CO2 emissions Neutralization/offsetting objective, whose weighting is the remaining 10%, and which also measures the reduction of scope 1 + 2 emissions, in line with the 1.5°C scenario of the Paris Agreement (SBTi), and with the objective set by the Company to reach net zero emissions in 2040 and neutralize scope 1+2 emissions as of 2025 in our main markets. The Corporate Affairs and Sustainability Department prepared a report in relation to the neutralization/offsetting of CO2 emissions as of December 31, 2023, based on the results audited by the Company's internal and external auditor.

The CNRBG has been periodically monitoring the level of CO2 emissions neutralization/offsetting, and after analyzing the report of the Corporate Affairs and Sustainability Department, has determined the degree of achievement. In this evaluation function, the CNRBG has been supported by the Sustainability and Regulation Committee and the Audit and Control Committee.

In this respect, the minimum CO2 emissions reduction underpinning that triggers the possibility of assessing the degree of compliance with the CO2 emissions neutralization/compensation target in the different markets has been met, which in this fiscal year was 65% above the target level and, therefore, the payment coefficient linked to CO2 emissions neutralization was 100%.

Bearing in mind the results of the Relative TSR, the Free Cash Flow, and the neutralization of CO2 emission, the weighted payment coefficient amounted to 45% (978,583 shares for the Executive Chairman and 732,596 shares for the Chief Operating Officer). This incentive will be delivered during March 2024, once the 2023 financial statements have been prepared and audited, as established in recommendation 59 of the CNMV's Good Governance Code for listed companies.

Metrics	Payment (%)	Weighting (%)	Weighting payment (%)
Relative TSR	78.9 %	50.0 %	39.45 %
Free Cash Flow	100.0 %	40.0 %	40.0 %
Neutralization of CO2 emissions	100.0 %	10.0 %	10.0 %
<b>TOTAL</b>			<b>89.45 %</b>

On the other hand, as detailed in section C) of section 5.1.6 of last year's Annual Report on Directors' Remuneration, in March 2023, the third cycle of the Long-Term Incentive Plan 2018-2023 was settled, whose measurement period covered the period 2020-2022 and the incentive was linked to Relative TSR and Free Cash Flow. In this regard, considering that the weighted payment coefficient was 50%, 133,500 shares were paid to the Executive Chairman and 99,000 shares to the Chief Executive Officer.

#### D. PENSION PLAN FOR TELEFÓNICA'S EMPLOYEES

The contributions made in 2023 to the "Fonditel B, Fondo de Pensiones" Pension Plan:

- The Executive Chairman: € 7,574
- The Chief Operating Officer: € 6,721

The contributions made in 2023 to the unit link insurance policy, related to the Pension Plan, taken out with Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros were as follows:

- The Executive Chairman: €124,543.
- The Chief Operating Officer: €64,439.

The Pension Plan for the Executive Directors follows the same scheme and is aligned with the Pension Plan for Telefónica's employees regarding its terms and conditions and the contribution percentages.

	Contribution (% regulatory salary)	Fonditel Pension Plan	+	Unit-Link insurance policy	<b>Total</b>
Executive Chairman	6.87%	€7,574	+	€124,543	<b>€132,117</b>
Chief Operating Officer	4.51%	€6,721	+	€65,439	<b>€72,160</b>

The contribution percentages are aligned with Telefónica's employee pension plan.

The amount of the vested rights on December 31, 2023 was as follows:

- Mr. José María Álvarez-Pallete López: €358,262 (of which the amount of €173,848 corresponds to the rights generated by the Pension Plan of Telefónica Internacional and the rest Telefónica's Pension Plan).
- Mr. Ángel Vilá Boix: €381,206 (of which the amount of €23,420 corresponds to the rights generated by the Pension Plan of Telefónica España and the rest Telefónica's Pension Plan).

The mathematical provision of the unit-link insurance policy on December 31, 2023, was as follows:

- Mr. José María Álvarez-Pallete López: €1,187,675.
- Mr. Ángel Vilá Boix: €575,785.

It should be noted that the development of accumulated funds reflects both the contributions made and the revaluation of these funds.

Additional information about the features of the Pension Plan for employees can be found in section 5.1.4.D) of this report.

## E. REMUNERATION IN KIND

Below are the benefits received by the Executive Directors in 2023 as well as their associated costs:

- Mr. José María Álvarez-Pallete López: General health insurance and dental coverage with a cost of €6,207, and life insurance with coverage for death or disability.
- Mr. Ángel Vilá Boix: General health insurance and dental coverage with a cost of €6,207, life insurance with coverage for death or disability costing €18,574, and the provision of a vehicle with a value of €21,176.

Telefónica has also taken out a third-party liability policy (D&O) for directors, executives and other staff with similar duties in the Telefónica Group, with the customary terms and conditions for this type of insurance.

## F. EXECUTIVE PENSION PLAN

As explained in section 5.1.4 above, there is currently no vesting of economic rights in favor of the Executive Directors. In the case of legislative amendments on this matter, according to a proposal made by the NCCGC, the Board of Directors could make the appropriate adjustments.

In addition, if any severance pay is received due to the termination of the employment relationship, this will be incompatible with the being granted any economic right whatsoever linked to this Plan.

The contributions in 2023 to the benefits plan were as follows:

- The Executive Chairman: €540,968.
- The Chief Operating Officer: €487,840.

The expected rights on December 31, 2023 were as follows:

- Mr. José María Álvarez-Pallete López: €11,358,673.
- Mr. Ángel Vilá Boix: €8,902,470.

### Further information:

- Malus and clawback clauses: These clauses were not applicable in the fiscal year 2023.
- During the fiscal year 2023, the Executive Directors did not receive nor accrue any payment for early termination or termination of their contracts, or advances, loans or guarantees, or payments made by Telefónica to a third party to which the director provides services, or any other remunerative item apart from the ones already mentioned.
- The terms and conditions of the Executive Directors' contracts in 2023 were the same as those described in section 5.1.4 of this report.

## Remuneration of the directors in their positions as such

The remuneration payable to the Directors in their positions as such is according to the same scheme as the one described in section 5.1.5 of this report and the one applied in previous fiscal years.

In this respect, as explained in section 5.1.5 of the Annual Directors' Remuneration Report for 2022, in the year 2023 the Executive Chairman waived payment of €240,000 as Chairman of the Board of Directors, and €80,000 as Chairman of the Executive Committee.

External Directors also receive the remuneration to which they are entitled for belonging to certain Management Decision-Making Bodies of some Subsidiaries and affiliates of Telefónica.

Below, and with regard to the 2023 financial year, is a detail of the Directors' membership of the governing bodies of other Telefónica Group companies and of Advisory Boards:

- Mr. José Javier Echenique Landiribar: Director of Telefónica Audiovisual Digital, S.L.U. and member of the Advisory Board of Telefónica España.
- Ms. Maria Luisa García Blanco: Member of the Advisory Board of Telefónica España.
- Ms. Verónica Pascual Boé: Member of the Advisory Board of Telefónica Tech and Director of Telefónica Audiovisual Digital, S.L.U.
- Mr. Francisco Javier de Paz Mancho: Director of Telefónica Audiovisual Digital, S.L.U., Director of Telefónica Brasil, S.A., member of the Advisory Board of Telefónica España, and member of the Advisory Board of Telefónica Hispanoamérica.

- Ms. Claudia Sender Ramírez: Member of the Advisory Board of Telefónica Tech and member of the Advisory Board of Telefónica Hispanoamérica.
- Mr. Peter Löscher: Chairman of Telefónica Deutschland Holding, AG.

It is also stated for the record that Mr. Juan Ignacio Cirac Sasurain and Mr. Peter Erskine stepped down from their positions as Directors of Telefónica, S.A. on 13 December 2023, and their positions in other Telefónica Group companies and on Advisory Boards in 2023 are detailed below:

- Mr. Juan Ignacio Cirac Sasurain: Member of the Advisory Board of Telefónica Tech and member of the Security Advisory Board of Telefónica Ingeniería de Seguridad.
- Mr. Peter Erskine: Director of VMED O2 UK Limited.

According to the foregoing, the aggregate remuneration for the items in 2023 was as follows:

	2023	2022
Fixed amount due to being a member on the Board, Executive Commission and Advisory or Supervisory Committees	€2,604,801	€2,604,801
Fees for attending the meetings of the Advisory or Supervisory Committees	€267,000	€247,000
Remuneration for being a member on certain Management Decision-Making Bodies of some subsidiaries of Telefónica	€1,141,102	€1,068,598

During the fiscal year 2023, the Directors in their positions as such did not accrue payments for early termination or

termination of their contracts, or advances, loans or guarantees, or payments made by Telefónica to a third party to which the director provides services, or any other remuneration item apart from the ones already mentioned.

The individual amounts per director are provided in the statistical annex attached to this Report.

## 5.1.7. The process for determining the Remuneration Policy and the Company's bodies involved

### GRI 2-20

The NCCGC, the responsibilities and duties of which are stipulated in Article 40 of the Articles of Association, Article 23 of NCCGC's Regulations, plays a crucial role in defining the Telefónica Group's Remuneration Policy and in developing and deciding on its components; however the most important decisions must be approved by the Board of Directors.

The Committee's mandate, within the scope of remuneration, consists of continuously reviewing and updating the remuneration system applicable to the Directors and Senior Executive Directors and designing new remuneration plans that enable the Company to attract, retain and motivate the most outstanding professionals, aligning their interests with the Company's strategic objectives.

In addition, other bodies and external advisors take part in the process of determining the Remuneration Policy.

The functions performed by the various company bodies involved in determining and approving the Remuneration Policy and its conditions are explained below, along with a reference to the involvement of external advisors in this matter:

	Determining and designing the remuneration elements	Applying the variable remuneration	Analysis of the external competitiveness of the remuneration
<b>General Shareholders' Meeting</b>	<p>It approves the Remuneration Policy at least every three years as a separate item on the agenda.</p> <p>It approves the maximum amount of the annual remuneration for all the Directors in their positions as such.</p> <p>It approves the variable remuneration systems for the Directors that include payment in shares or stock options or share-linked instruments.</p> <p>It has an advisory vote on the Annual Report about the Directors' Remuneration, detailing the remuneration accrued during the last financial year.</p>	<p>Advisory vote on the Annual Report on Remuneration of the Directors, in which the remuneration accrued during the financial year is disclosed.</p>	

	Determining and designing the remuneration elements	Applying the variable remuneration	Analysis of the external competitiveness of the remuneration
<b>Board of Directors</b>	<p>Directors in their positions as such: It approves the allocation of the maximum amount approved by the General Shareholders' Meeting among the various components.</p> <p>Executive Directors: It approves the fixed remuneration and the main terms and conditions of the short- and long-term variable remuneration system.</p> <p>The Board approves adaptations or updates to the Remuneration Policy.</p> <p>It approves the contracts that regulate the duties and responsibilities of the Executive Directors.</p> <p>It approves the Annual Report on Remuneration of the Directors to be submitted to the advisory vote at the General Shareholders' Meeting</p>	<p>It approves the design, target amounts, the level the targets are achieved and the amounts of the incentive payable, if any, both for the short-term and long-term variable remuneration of the Executive Directors, based on a proposal made by the NCCGC.</p> <p>It approves the Annual Report on Remuneration of the Directors to be submitted to the advisory vote of the General Shareholders' Meeting.</p> <p>It evaluates, if necessary, application of the clawback clauses.</p>	<p>It is reported based on analysis and remuneration studies of the Directors' remuneration conducted by the NCCGC.</p>
<b>Nominating, Compensation and Corporate Governance Committee</b>	<p>Directors in their positions as such: It proposes the allotment of the maximum amount to the Board of Directors approved by the General Shareholders' Meeting, among the various items.</p> <p>The Committee reviews the Directors' remuneration on a regular basis to ensure that it is appropriate for the duties they perform.</p> <p>Executive Directors:</p> <ul style="list-style-type: none"> <li>It proposes the fixed remuneration for the Executive Directors to the Board of Directors considering, among other factors, their level of responsibility and leadership within the organisation, promoting the retention of key staff, attracting top talent and creating sufficient economic independence to ensure a balance with the significance of other items included in the remuneration.</li> <li>It reviews, on an annual basis, the terms and conditions for the variable remuneration, including the structure and maximum levels of remuneration, the targets set and the weighting of each of them, taking into account the company's strategy, needs and business situation. These conditions are subject to the approval of the Board of Directors.</li> <li>It proposes the contracts to the Board of Directors that regulate the duties and responsibilities of the Executive Directors.</li> <li>It proposes the Annual Report on Remuneration of the Directors and the Remuneration Policy, when appropriate, to the Board of Directors.</li> </ul> <p>When carrying out these actions, the Nominating, Compensation and Corporate Governance Committee takes into account the votes of the shareholders at the General Shareholders' Meeting to which the Annual Report on Remuneration of the Directors for the previous year was submitted, in an advisory manner.</p>	<p>It proposes the targets at the beginning of each measurement period to the Board of Directors.</p> <p>It assesses achievement of the targets at the end of the measurement period. Since payment of the variable remuneration is subject to sufficient verification that the stipulated targets have effectively been achieved, as determined in recommendation 59 of the Good Governance Code, this assessment is carried out on the basis of the results audited by the Company's external and internal auditors, which are first analysed by the Audit and Supervisory Committee, as well as the level of achievement of the targets. In this respect, for the purpose of ensuring that there is an effective relation between the variable remuneration and the professional performance of the recipients thereof, any positive or negative economic impact caused by extraordinary events that could distort the findings of the assessments are disregarded.</p> <p>Submits a report to the Board, when appropriate, on whether or not application of the clawback clauses is necessary.</p> <p>It proposes to the Board of Directors the variable remuneration payable to the Executive Directors. Such proposal also considers the long-term results and any associated risk in the proposed variable remuneration.</p> <p>It proposes Annual Report on Remuneration of the Directors and, when appropriate, the Remuneration Policy to the Board of Directors.</p>	<p>It regularly reviews the Directors' remuneration. This process includes an external competitive remuneration analysis and also takes into account the Remuneration Policy for the executives and other employees in the organisation.</p> <p>The criteria for conducting these analyses have been described in the previous section 5.1.4.</p>
<b>Audit and Supervisory Committee</b>		<p>It analyzes the results audited by the external and internal auditor to evaluate achievement of the objectives for the variable remuneration.</p>	
<b>Planning and Control, Corporate Ethics and Sustainability Human Resources</b>		<p>They prepare reports related to the achievement level of the operative, financial and non-financial targets based on the results audited by the Company's external and internal auditor.</p>	
<b>Secretary General</b>	<p>This person prepares the formal documents related to the Remuneration Policy to be submitted to the General Shareholders' Meeting, the Board of Directors, the Executive Committee and/or the Advisory or Supervisory Committees.</p> <p>Together with HR Management, he/she prepares the Annual Report on the Directors' Remuneration.</p>	<p>Together with HR Management, it prepares the Annual Report on Directors' Remuneration.</p>	

	Determining and designing the remuneration elements	Applying the variable remuneration	Analysis of the external competitiveness of the remuneration
<b>Human Resources</b>	It prepares the proposals related to the design of the Remuneration Policy applicable to the Executive Directors. Together with the General Secretary, it prepares the Annual Report on Remuneration of the Directors.	Together with General Secretary, it prepares the Annual Report on Remuneration of the Directors..	It regularly reviews the Directors' remuneration
<b>External Advisors in 2023</b>	WTW provided advice on preparing the Annual Report on Remuneration of the Directors for 2023. The law firm Garrigues also took part in the review of the aforementioned report.	Mercer-Kepler analyses the level of achievement of the Total Shareholder Return (TSR) of Telefónica for each of lifecycles of the share plan on a quarterly basis.	WTW provides advice on the comparative analysis of the Directors' and the Senior Executives' remuneration package against the market.

### 5.1.8. The work performed by the Nominating, Compensation and Corporate Governance Committee

Pursuant to Article 40 of the Articles of Association, Article 23 of the Board of Directors' Regulations and Article 1 of the NCCGC's Regulations, the Committee must be composed of no fewer than three Directors appointed by the Board of Directors; they must be external or Non-Executive Directors and the majority of them must be independent Directors. The Independent Coordinating Director must be a member on the Committee. Lastly, it is also stated that the Chairperson of this Committee must be an independent Director in all cases.

At December 31, 2023, the composition of the NCCGC is as follows:

Name	Position	Type	Date of Appointment
Mr. José Javier Echenique Landiribar (*)	Chairman	Independent	May 4, 2017 (as a Member) December 18, 2019 (the date he was appointed as Chairman)
Mr. Peter Löscher (*)	Member	Independent	April 17, 2020
Ms. María Luisa García Blanco	Member	Independent	December 18, 2019
Mr. Francisco Javier de Paz Mancho	Member	Other External Director	April 8, 2016
Mr. Francisco Javier de Paz Mancho	Member	Other External Director	April 8, 2016
Ms. Verónica Pascual Bosé (**)	Member	Independent	December 13, 2023

(\*) The Nominating, Compensation and Corporate Governance Committee of Telefónica, S.A., at its meeting held on February 20, 2024, agreed to appoint Mr. Peter Löscher as Chairman of the aforementioned Committee, replacing Mr. José Javier Echenique Landiribar, who remains as a Member of the aforementioned Committee.

(\*\*) On December 13, 2023, Ms. Verónica Pascual Boé was appointed as a Member of the Appointments, Remuneration, and Corporate Governance Committee, replacing Mr. Peter Erskine, who resigned from his positions within the Board of Directors and its Committees.

The NCCGC applies the Technical Guide 1/2019 on Appointment and Remuneration Committees, approved by the National Securities Market Commission on February 20, 2019, as well as the revised CNMV's Good Governance Code for Listed Companies published on June 20, 2020.

During fiscal year 2023 and up to the date this report was approved, the most significant activities carried out by the NCCGC have been the following:



### Year 2023:

- Drawing up an Annual Work Plan for 2023, in order to ensure suitable planning to guarantee the objectives sought are effectively achieved by the Committee.
- Proposals and/or Reports on appointments and re-elections related to the Board of Directors and its Committees, as well as to the Boards of Subsidiary Companies
- Analysis of the organizational structure of the Telefónica Group and other issues related to the staff.
- Assessment of objectives performance linked to the short-term variable remuneration of Executive Directors for the fiscal year 2022.
- Assessment of objectives performance linked to the third cycle of the 2018 Long-Term Incentive Plan approved by the General Shareholders' Meeting of 2018 for the Executive Directors.
- Analysis of the Executive Directors' total remuneration for 2023.
- Analysis of the total remuneration for the members of the Executive Committee in 2023.
- Proposal for determining and monitoring the objectives linked to the short-term variable remuneration of Executive Directors for the fiscal year 2023.
- Proposal of the Remuneration Policy for Directors, elevated to the Board of Directors and subsequent presentation to the Ordinary General Shareholders' Meeting held on March 31, 2023.
- Proposal of the Annual Report on Directors' Remuneration for the year 2022, elevated to the Board of Directors and subsequent submission to the Ordinary General Shareholders' Meeting held on March 31, 2023.
- Proposal of the Annual Corporate Governance Report for the year 2022, for submission to the Board of Directors.
- Development of a proposal for a new Recoupment Policy to clearly and comprehensively regulate the Company's right to reclaim variable remuneration received by Executive Directors and other executives subject to the new regulation, in compliance with the listing requirements for foreign issuers trading on the New York Stock Exchange, as well as the provisions of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act.
- Proposal for the amendment of the Regulations of the Board of Directors of Telefónica, S.A.
- Analysis of the results of the evaluation of the Board of Directors, its Committees, and the General Shareholders' Meeting of Telefónica, S.A.

### Year 2024:

- Analysis of the Executive Directors' total remuneration for 2024.
- Assessment of objective performance linked to the Short-Term Variable Remuneration of Executive Directors for fiscal year 2023.
- Assessment of objectives performance linked to the first cycle of the Long-Term Incentive Plan Approved by the General Shareholders' Meeting of 2021.
- Proposal for determining the objectives linked to the Short-Term Variable Remuneration of the Executive Directors for fiscal year 2024.
- Proposal of the Long-Term Incentive Plan 2024-2028 for submission to the Board of Directors and subsequent submission to the Ordinary General Shareholders' Meeting to be held in 2024, and setting of the objectives linked to the first cycle 2024-2026.
- Proposal for the 2023 Annual Report on the Directors' Remuneration to be submitted to the Board of Directors and subsequently to the Ordinary General Shareholders' Meeting to be held in 2024.

Moreover, it should be pointed out that the NCCGC can request the Board of Directors to hire legal, accounting and financial advisors and other experts at the company's expense. In this respect, WTW provided advice on drawing up this Annual Report on the Directors' Remuneration. Likewise, the law firm Garrigues took part in the review thereof.

### 5.1.9. Alignment of the remuneration system with the risk profile and with sustainable and long-term results

Telefónica's Remuneration Policy has the following features that enable its exposure to excessive risks to be reduced and adjustment to the Company's long-term targets, values and interests:

#### **Adopting measures related to the staff categories whose professional work has a significant impact on the Company's risk profile**

- The NCCGC supervises the examination, analysis and application of the remuneration policy of the professionals whose work could have a significant impact on the Company's risk profile.
- No guaranteed variable remuneration.
- The variable remuneration is only payable after the date the relevant annual accounts have been drawn up, once the achievement level of the operating and financial objectives can be determined.
- The NCCGC considers the quality of the results in the long-term and any associated risk in the evaluation process of variable remuneration.

- The design of the Long-Term Incentive Plans, each one with three-year cycles, implies an interrelation with the results in each year, therefore acting as an alignment catalyst with the company's long-term interests and cautious decision-making.
- The NCCGC is authorized to propose cancellation of payment of the variable remuneration to the Board of Directors under certain circumstances. Detailed information on this point can be found in section 5.1.6 of this report.
- The Remuneration Policy contains specific and consistent clawback clauses, to be applied to any variable remuneration component. In this respect, , in addition to adhering to recommendation 59 of the Good Governance Code when assessing the achievement of objective prior to the payment of variable remuneration, the possibility is established to fully recover any variable remuneration component within thirty-six (36) months after payment thereof (clawback), when certain exceptional situations arise that affect the company's results or are related to the Chief Officer's inappropriate conduct.
- The Company's Audit and Supervisory Committee takes part in the decision-making process related to the Short-Term Variable Remuneration of the Executive Directors by verifying the economic-financial and non-financial information that may be part of the objectives set for the purpose of such remuneration, as this Committee must first verify the company's results as the basis for calculating the relevant objectives.
- The NCCGC is composed of 5 members, two of whom are also members on the Audit and Supervisory Committee. The fact that some Directors are members of these two Committees ensures that the risks related to remuneration are taken into account in the discussions held by both Committees and in their proposals submitted to the Board, both in the determination and assessment process of the annual and multiannual incentives.
- According to the Remuneration Policy, at the proposal of the NCCGC, the Board of Directors is authorized to agree on the possible revaluation or modification of the remuneration linked to the results if there are significant internal or external changes that mean they need to be reviewed.
- Regarding the measures required to avoid conflicts of interest by the directors, according to the provisions in the Spanish Capital Companies Act, the Regulations of Telefónica's Board of Directors includes a series of obligations related to its duties of loyalty and to avoid situations of conflict of interest. Moreover, the NCCGC's Regulations determine that one of its duties is to ensure that possible conflicts of interest do not harm the independence of the external advice provided to the Committee.

### Consistency with the Company's strategy and focus on achieving results in the long-term

The design of the remuneration policy, consistent with the Company's strategy and aimed at obtaining long-term results, is as follows:

- The total remuneration for the Executive Directors and Senior Executives consists of various remunerative components, mainly composed of the following: (i) Fixed Remuneration, (ii) Short-term Variable Remuneration and (iii) Long-term Variable Remuneration. In the case of the Executive Directors, under normal conditions, at the date of the grant this long-term component accounts for a weight of on the date such General no less than 30% of their total remuneration in a scenario of standard achievement of objectives (fixed + short-term variable + long-term variable).
  - a. The Long-Term Variable Remuneration plans are part of a multi-annual framework in order to ensure that the assessment process is based on long-term profits and that the company's underlying economic cycle is taken into account. This remuneration is allocated and paid in the form of shares based on the creation of value, so that the Executives' interests are in line with those of the shareholders. In addition, they are overlapping cycles that generally follow one another indefinitely over time, with a permanent focus on the long-term in all decision-making.
  - b. Under the Remuneration Policy, 100% of the shares provided within the scope of the Long-Term Incentive Plan approved at the 2021 General Shareholders' Meeting and, if applicable, under the Long-Term Incentive Plan proposed for approval at the 2024 General Shareholders' Meeting to the Executive Directors and other members determined by the Board of Directors are subject to a retention period of two years. In addition, if an Executive Director does not fulfill the commitment to permanently hold the shares, the retention period of the shares that, if any, they receive due to any variable remuneration component will be increased up to 3 years.
- A suitable balance between the fixed and variable components of the remuneration: Executive Directors have a variable remuneration scheme that is fully flexible, which includes a minimum threshold below which no incentive is payable. The Short- and Long-Term Variable Remuneration percentage can be relevant in the event of maximum objective performance. In any case, such percentage with respect to the total remuneration (considered as the Fixed Remuneration, Short-Term Variable Remuneration and annualized Long-Term Incentive) will not exceed 85%.
- Receiving 20% of the Short-Term Variable Remuneration is linked to the following ESG metrics: Gender Equality - % of women in executive positions (10%). NPS (5%), Climate Change - GHG Emissions (5%). Additionally, payment of 10% of the incentives

corresponding to the ongoing cycles of the long-term incentive plans is linked to ESG metrics.

Furthermore, two members of the CNRBG also serve on the Regulation and Sustainability Committee. The cross-presence of Board members in these two Committees ensures the consideration of sustainability in the realm of remunerations.

### 5.1.10. Remuneration of members of Senior Management (non-Directors)

See Annex II (Remuneration to the Board and Senior Management) of the Consolidated Annual Accounts of Telefónica corresponding to fiscal year 2023.

## 5.2. Annual Report on Remuneration Statistical Annex

Annual Report on Remuneration of Directors of listed companies Statistical Annex (established by Circular 3/2021, of September 28, of the National Securities Market Commission, which modifies Circular 4/2013, of June 12, which establishes the annual remuneration report models of the Directors of listed public limited companies)

Unless otherwise indicated all data as of December 31, 2023.

### B. Overall summary of how remuneration policy has been applied during the year ended

**B.4 Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of abstentions and negative, blank and in favor votes that have been issued:**

	Number	% of total
<b>Votes cast</b>	3,260,303,384	56.45 %

	Number	% cast
<b>Votes against</b>	204,714,432	6.28 %
<b>Votes in favour</b>	3,025,867,375	92.81 %
<b>Blank ballots</b>	—	— %
<b>Abstentions</b>	29,721,577	0.91 %

### C. Itemised individual remuneration accrued by each Director

Name	Type	Period of accrual in 2023
Mr. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ	Executive Chairman	From 01/01/2023 to 31/12/2023
Mr. ISIDRO FAINÉ CASAS	Proprietary Vice Chairman	From 01/01/2023 to 31/12/2023
Mr. JOSÉ MARÍA ABRIL PÉREZ	Proprietary Vice Chairman	From 01/01/2023 to 31/12/2023
Mr. JOSÉ JAVIER ECHENIQUE LANDIRÍBAR	Independent Vice Chairman	From 01/01/2023 to 31/12/2023
Mr. ÁNGEL VILÁ BOIX	Chief Operating Officer	From 01/01/2023 to 31/12/2023
Ms. CARMEN GARCÍA DE ANDRÉS	Independent Director	From 01/01/2023 to 31/12/2023
Ms. MARÍA LUISA GARCÍA BLANCO	Independent Director	From 01/01/2023 to 31/12/2023
Mr. PETER LÖSCHER	Independent Director	From 01/01/2023 to 31/12/2023
Ms. VERÓNICA PASCUAL BOÉ	Independent Director	From 01/01/2023 to 31/12/2023
Mr. FRANCISCO JAVIER DE PAZ MANCHO	Other External Director	From 01/01/2023 to 31/12/2023
Mr. ALEJANDRO REYNAL AMPLE	Independent Director	From 13/12/2023 to 31/12/2023
Mr. FRANCISCO JOSÉ RIBERAS MERA	Independent Director	From 01/01/2023 to 31/12/2023
Ms. MARÍA ROTONDO URCOLA	Independent Director	From 01/01/2023 to 31/12/2023
Ms. CLAUDIA SENDER RAMÍREZ	Independent Director	From 01/01/2023 to 31/12/2023
Ms. SOLANGE SOBRAL TARGA	Independent Director	From 13/12/2023 to 31/12/2023
Mr. JUAN IGNACIO CIRAC SASTURAIN	Independent Director	From 01/01/2023 to 13/12/2023
Mr. PETER ERSKINE	Other External Director	From 01/01/2023 to 13/12/2023

**C.1 Complete the following tables regarding the individual remuneration of each director (including the salary received for performing executive duties) accrued during the financial year.**

**a) Remuneration from the reporting company:**

**i) Remuneration in cash (thousand euros)**

Name	Fixed Remuneration	Per diem allowances	Remuneration for membership of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance pay	Other grounds	Total in 2023	Total in 2022
MR. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ	0	0	0	1,923	3,718	0	0	0	5,641	6,122
MR. ISIDRO FAINÉ CASAS	200	0	80	0	0	0	0	0	280	280
MR. JOSÉ MARÍA ABRIL PÉREZ	200	10	91	0	0	0	0	0	301	300
MR. JOSÉ JAVIER ECHENIQUE LANDIRÍBAR	200	24	114	0	0	0	0	0	338	338
MR. ÁNGEL VILÁ BOIX	0	0	0	1,600	2,578	0	0	0	4,178	4,511
MS. CARMEN GARCÍA DE ANDRÉS	120	35	34	0	0	0	0	0	189	186
MS. MARÍA LUISA GARCÍA BLANCO	120	33	45	0	0	0	0	0	198	197
MR. PETER LÖSCHER	120	24	114	0	0	0	0	0	258	257
MS. VERÓNICA PASCUAL BOÉ	120	11	11	0	0	0	0	0	142	138
MR. FRANCISCO JAVIER DE PAZ MANCHO	120	33	125	0	0	0	0	0	278	278
Mr. ALEJANDRO REYNAL AMPLE	0	0	0	0	0	0	0	0	0	0
MR. FRANCISCO JOSÉ RIBERAS MERA	120	0	0	0	0	0	0	0	120	120
MS. MARÍA ROTONDO URCOLA	120	24	22	0	0	0	0	0	166	162
MS. CLAUDIA SENDER RAMÍREZ	120	20	22	0	0	0	0	0	162	160
MS. SOLANGE SOBRAL TARGA	0	0	0	0	0	0	0	0	0	0
MR. JUAN IGNACIO CIRAC SASTURAIN	120	33	34	0	0	0	0	0	187	184
MR. PETER ERSKINE	120	20	114	0	0	0	0	0	254	253

**ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments**

Name	Name of Plan	Financial instruments at start of 2023		Financial instruments granted at start of 2023		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of 2023	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/handed over	Price of the consolidated shares	Net profit from shares handed over or consolidated financial instruments (thousand €)	No. of instruments	No. of instruments	No. of equivalent shares
<b>MR. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ</b>	Performance Share Plan ("PSP") 2020-2023 (Third Cycle)	267,000	267,000	0	0	133,500	133,500	3.88	518	133,500	0	0
	Performance Share Plan ("PSP") 2021-2024 (First Cycle)	1,094,000	1,094,000	0	0	0	0	0	0	0	1,094,000	1,094,000
	Performance Share Plan (PSP) 2022-2025 (Second Cycle)	995,000	995,000	0	0	0	0	0	0	0	995,000	995,000
	Performance Share Plan (PSP) 2023-2026 (Third Cycle)	0	0	1,110,000	1,110,000	0	0	0	0	0	1,110,000	1,110,000
	Global Employee Share Plan ("GESP") 2022-2024	130	130	459	459	0	0	0	0	0	589	589
<b>MR. ÁNGEL VILÁ BOIX</b>	Performance Share Plan ("PSP") 2020-2023 (Third Cycle)	198,000	198,000	0	0	99,000	99,000	3.88	384	99,000	0	0
	Performance Share Plan ("PSP") 2021-2024 (First Cycle)	819,000	819,000	0	0	0	0	0	0	0	819,000	819,000
	Performance Share Plan ("PSP") 2022-2025 (Second Cycle)	745,000	745,000	0	0	0	0	0	0	0	745,000	745,000
	Performance Share Plan (PSP) 2023-2026 (Third Cycle)	0	0	831,000	831,000	0	0	0	0	0	831,000	831,000
	Global Employee Share Plan ("GESP") 2022-2024	130	130	459	459	0	0	0	0	0	589	589



## Notes:

In accordance with the instructions issued by the CNMV to Telefónica:

- The shares delivered in March 2023 derived from the third cycle of the Long-Term Incentive Plan approved by the 2018 General Shareholders' Meeting, whose performance period comprised the period 2020-2022, are included as "consolidated". These shares have been valued considering the delivery date.
- The shares deriving from the first cycle of the Long-Term Incentive Plan approved by the General Shareholders' Meeting in 2021, although their performance period covered the period 2021-2023, and 89.45% will be delivered in March 2024, must be understood as non-consolidated and non-expired at the end of the 2023 financial year.

### iii) Long-term saving systems

Name	Remuneration from consolidation of rights to savings system (thousand €)
Mr. José María Álvarez-Pallete López	132
Mr. Ángel Vilá Boix	72

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with consolidated economic rights		Savings systems with consolidated economic rights		Systems with consolidated economic rights		Systems with unconsolidated economic rights	
	2023 Year	2022 Year	2023 Year	2022 Year	2023 Year	2022 Year	2023 Year	2023 Year
Mr. José María Álvarez-Pallete López	132	132	541	541	1,372	1,144	11,359	9,982
Mr. Ángel Vilá Boix	72	72	488	488	934	793	8,902	7,762

### iv) Details of other items

Name	Item	Remuneration Amount
Mr. José María Álvarez-Pallete López	Health insurance premium	6
Mr. José María Álvarez-Pallete López	Life insurance premium	23
Mr. Ángel Vilá Boix	Health insurance premium	6
Mr. Ángel Vilá Boix	Life insurance premium	19
Mr. Ángel Vilá Boix	Company vehicle	21

**b) Remuneration of directors of the listed company for seats on the boards of other subsidiary companies:**
**i) Remuneration in cash (thousand euros)**

Name	Fixed Remuneration	Per diem allowances	Remuneration for membership of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance pay	Other grounds	Total in 2023	Total in 2022
MR. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ	0	0	0	0	0	0	0	0	0	0
MR. ISIDRO FAINÉ CASAS	0	0	0	0	0	0	0	0	0	0
MR. JOSÉ MARÍA ABRIL PÉREZ	0	0	0	0	0	0	0	0	0	0
MR. JOSÉ JAVIER ECHENIQUE LANDIRÍBAR	90	0	0	0	0	0	0	88	178	178
MR. ÁNGEL VILÁ BOIX	0	0	0	0	0	0	0	0	0	0
MS. CARMEN GARCÍA DE ANDRÉS	0	0	0	0	0	0	0	0	0	0
MS. MARÍA LUISA GARCÍA BLANCO	0	0	0	0	0	0	0	88	88	88
MR. PETER LÖSCHER	119	0	0	0	0	0	0	0	119	119
MS. VERÓNICA PASCUAL BOÉ	52	0	0	0	0	0	0	65	117	60
MR. FRANCISCO JAVIER DE PAZ MANCHO	178	0	0	0	0	0	0	155	333	326
Mr. ALEJANDRO REYNAL AMPLE	0	0	0	0	0	0	0	0	0	0
MR. FRANCISCO JOSÉ RIBERAS MERA	0	0	0	0	0	0	0	0	0	0
MS. MARÍA ROTONDO URCOLA	0	0	0	0	0	0	0	0	0	0
MS. CLAUDIA SENDER RAMÍREZ	0	0	0	0	0	0	0	133	133	128
MS. SOLANGE SOBRAL TARGA	0	0	0	0	0	0	0	0	0	0
MR. JUAN IGNACIO CIRAC SASTURAIN	0	0	0	0	0	0	0	95	95	90
MR. PETER ERSKINE	80	0	0	0	0	0	0	0	80	80

## ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments

Name	Name of Plan	Financial instruments at start of 2023		Financial instruments granted at start of 2023		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of 2023	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/handed over	Price of the consolidated shares	Net profit from shares handed over or consolidated financial instruments (thousand €)	No. of instruments	No. of instruments	No. of equivalent shares
No data												

## iii) Long-term saving systems

Name	Remuneration from consolidation of rights to savings system
No data	

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with consolidated economic rights		Savings systems with consolidated economic rights		Systems with Consolidated economic rights		Systems with unconsolidated economic rights	
	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022
Mr. José María Álvarez-Pallete López	0	0	0	0	174	161	0	0
Mr. Ángel Vilá Boix	0	0	0	0	23	22	0	0

## iv) Details of other items

Name	Item	Remuneration Amount
No data		

### c) Summary of remunerations (thousand €):

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to each director (thousand €).

Name	Remuneration accrued in the company					Remuneration accrued in group companies					Total 2023 company + group
	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for savings systems	Remuneration for other items	Total 2023 company	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for saving systems	Remuneration for other items	Total 2023 group	
MR. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ	5,641	518	132	29	6,320	0	0	0	0	0	6,320
MR. ISIDRO FAINÉ CASAS	280	0	0	0	280	0	0	0	0	0	280
MR. JOSÉ MARÍA ABRIL PÉREZ	301	0	0	0	301	0	0	0	0	0	301
MR. JOSÉ JAVIER ECHENIQUE LANDIRÍBAR	338	0	0	0	338	178	0	0	0	178	516
MR. ÁNGEL VILÁ BOIX	4,178	384	72	46	4,680	0	0	0	0	0	4,680
MS. CARMEN GARCÍA DE ANDRÉS	189	0	0	0	189	0	0	0	0	0	189
MS. MARÍA LUISA GARCÍA BLANCO	198	0	0	0	198	88	0	0	0	88	286
MR. PETER LÖSCHER	258	0	0	0	258	119	0	0	0	119	377
MS. VERÓNICA PASCUAL BOÉ	142	0	0	0	142	117	0	0	0	117	259
MR. FRANCISCO JAVIER DE PAZ MANCHO	278	0	0	0	278	333	0	0	0	333	611
Mr. ALEJANDRO REYNAL AMPLE	0	0	0	0	0	0	0	0	0	0	0
MR. FRANCISCO JOSÉ RIBERAS MERA	120	0	0	0	120	0	0	0	0	0	120
MS. MARÍA ROTONDO URCOLA	166	0	0	0	166	0	0	0	0	0	166
MS. CLAUDIA SENDER RAMÍREZ	162	0	0	0	162	133	0	0	0	133	295

<b>MS. SOLANGE SOBRAL TARGA</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>MR. JUAN IGNACIO CIRAC SASTURAIN</b>	187	0	0	0	187	95	0	0	0	0	95	282
<b>MR. PETER ERSKINE</b>	254	0	0	0	254	80	0	0	0	0	80	334
<b>TOTAL</b>	12,692	902	204	75	13,873	1,143	0	0	0	0	1,143	15,016

**C.2** Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

Total amounts accrued and % annual variation

	Year 2023	% variation 2023/2022	Year 2022	% variation 2022/2021	Year 2021	% variation 2021/2020	Year 2020	% variation 2020/2019	Year 2019
<b>EXECUTIVE DIRECTORS</b>									
MR. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ	6,320	-6.88	6,787	-22.21	8,725	68.01	5,193	-6.21	5,537
MR. ÁNGEL VILÁ BOIX	4,680	-6.42	5,001	-24.52	6,626	71.17	3,871	-5.45	4,094
<b>EXTERNAL DIRECTORS</b>									
MR. ISIDRO FAINÉ CASAS	280	0.00	280	0.00	280	0.00	280	0,00	280
MR. JOSÉ MARÍA ABRIL PÉREZ	301	0.33	300	-0.66	302	0.67	300	0,00	300
MR. JOSÉ JAVIER ECHENIQUE LANDIRÍBAR	516	0.00	516	4.24	495	-0.60	498	20,00	415
MS. CARMEN GARCÍA DE ANDRÉS	189	1.61	186	14.11	163	-1.81	166	3,11	161
MS. MARÍA LUISA GARCÍA BLANCO	286	0.35	285	31.94	216	31.71	164	3,80	158
MR. PETER LÖSCHER	377	0.27	376	7.12	351	33.46	263	56,55	168
MS. VERÓNICA PASCUAL BOÉ	259	30.81	198	40.43	141	0.71	140	0,00	0
MR. FRANCISCO JAVIER DE PAZ MANCHO	611	1.16	604	5.59	572	1.78	562	-3.93	585
Mr. ALEJANDRO REYNAL AMPLE	0	0.00	0	0.00	0	0.00	0	0.00	0
MR. FRANCISCO JOSÉ RIBERAS MERA	120	0.00	120	0.00	120	0.00	120	0,00	120
MS. MARÍA ROTONDO URCOLA	166	2.47	162	362.86	35	0.00	0	0,00	0
MS. CLAUDIA SENDER RAMÍREZ	295	2.43	288	45.45	198	40.43	141	0,00	0
MS. SOLANGE SOBRAL TARGA	0	0.00	0	0.00	0	0.00	0	0.00	0
MR. JUAN IGNACIO CIRAC SASTURAIN	282	2.92	274	68.10	163	14.79	142	1,43	140
MR. PETER ERSKINE	334	0.30	333	4.06	320	13.07	283	4,43	271
<b>CONSOLIDATED RESULTS OF THE COMPANY</b>	-1,473	-	2,960	-75.53	12,095	368.25	2,583	-4.97	2,718
<b>AVERAGE EMPLOYEE REMUNERATION</b>	69	27.78	54	-12.90	62	31.91	47	-30.88	68

**OBSERVATIONS TO THE % VARIATION 2023/2022:**

- As indicated above in section C.1.a) (ii), following the instructions of CNMV, the total amounts accrued in 2023 by Mr José María Álvarez-Pallete López and Mr Ángel Vila Boix include the value of the shares delivered in March 2023 under the third cycle of the Long-Term Incentive Plan approved by the General Shareholders' Meeting in 2018, the performance period of which covered the period 2020-2022.
- The increase in the remuneration of Ms Verónica Pascual Boé is mainly due to the fact that in 2023 she received the corresponding fees for her membership of the Board of Directors of Telefónica Audiovisual Digital.



## D. Other Information of Interest

This annual remuneration report has been approved by the Board of Directors of the company on February 21, 2024.

### State whether any director has voted against or abstained from approving this report

No