



Annual Report on Remuneration of Directors

Included in the Chapter 5
of the 2024 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 from the Annual Report on Remuneration, 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 Report 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 2025, 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 2024.

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 in 2024

Financial Results

Telefónica has delivered solid results in 2024 that not only fulfil its strategy commitments, but have also exceeded market expectations. Below are some of the main milestones achieved related to the objectives established in the variable remuneration:

Free Cash Flow	It accelerates its growth and reaches 2,634 million euros in 2024, a 14.1% increase compared to the same period of the previous year.
EBITDA	Profitable and sustainable growth of +1.2% adjusted, mainly due to the increase in revenue and the consistent generation of efficiencies, as well as the transformation process carried out by the Company over the past few years.
Revenues	Growth of +1.6%. The increase in revenue has been supported by service revenue (+2.5%), due to the strong performance of B2B revenue (+4.8%), with Telefónica Tech being a key driver of growth.

Additionally, other factors can be highlighted, such as the decrease in the intensity of invested capital, which has resulted in a CapEx over revenue ratio of 12.9% in 2024, reaching the target set for the year. Moreover, the cash margin, measured as EBITDA minus adjusted CapEx, has improved by 0.3 percentage points to reach 19.3%, demonstrating the improvement in the Company's operating leverage.

Commitment to our shareholders

Consistent execution of the strategy, along with the solid business performance, has resulted in a positive stock performance and has allowed the continuation of the dividend distribution policy. In this regard, Telefónica has confirmed the shareholder remuneration for 2024, consisting of a cash dividend of 0.30 euros per share, payable in two instalments: December 2024 (0.15 euros) and June 2025 (0.15 euros).

Thanks to this, Telefónica's Total Shareholder Return ("TSR") in 2024 amounts to +19.87%, aligned with both the sector and its main markets. Over the last three years (2022-2024), the TSR has risen to +33.6%, significantly better than the sector's TSR of +14.1% (below the Ibex-35 TSR of +50.6%), and above both the median and the 75th percentile of the comparison group used in the Long-Term Incentive Plan, which have been 4.58% and 26.88%, respectively.

Commitment to our clients

Telefonica has maintained a strong market position and growing value access, up 11% in FTTH (fibre to the home) and 2% 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 33 (+2 p.p. vs. 2023), the historical maximum in certain geographies.
- Reduction in convergent customers churn rate. In Spain, this indicator is the lowest since 2013.

In addition, in Spain, it is worth highlighting the simultaneous year-on-year growth of all strategic accesses in 2024 for the first time since 2018, and an average revenue per convergent customer (ARPU) above 90 euros.

Commitment to achievement Net Zero

In 2024, Telefónica continued to reduce emissions in line with its commitment to be net zero by 2040. Since 2015, the company has reduced emissions by 52% across all 3 scopes. The Company is on track to achieve 100% renewable energy by 2030 achieving a level of 89% in 2024.

Commitment to social impact and transparency

In the social area, Telefónica has made progress in diversity with 34% of women in executive positions, achieving solid progress towards its goal of 37% by 2027. Also, during the quarter, Telefónica was included in the 'FT Diversity Leader' for the sixth consecutive year and scored 81/100 in the latest EcoVadis report, placing the Company in the 99th percentile among all evaluated companies (around 130,000). Lastly, in terms of governance, Telefónica has actively participated in developing the code of conduct for the Artificial Intelligence Office and has joined the EU AI Pact for the development of reliable and safe AI. Furthermore, last October, the Company received the highest award in the Reporting and Transparency category of the Reuters Sustainability Awards 2024.

New leadership

The Board of Directors agreed on January 18, 2025 to terminate the contract with Mr. José María Álvarez-Pallete López as Executive Chairman and to appoint Mr. Marc Thomas Murtra Millar as Executive Director by co-optation and Executive Chairman of the Board of Directors of the Company. Concerning this Report, the information provided reflects the details of the remuneration of the former Executive Chairman in the sections related to 2024, and that of the new Executive Chairman in the sections corresponding to the fiscal year 2025.

Implementation of the Executive Directors' Remuneration Policy in 2024

Below is a summary of the main characteristics of the remuneration of Executive Directors for the year 2024:

- **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 2024 were Free Cash Flow (30%), Operating Revenues (25%), EBITDA (25%), and non-financial objectives - ESG (20%).

The weighted payment coefficient has risen to 78.38% of the maximum amount, as a result of the overall achievement level of financial objectives being around target level. In addition, the degree of performance of the non-financial - ESG has exceeded target levels.

- **Long-Term Variable Remuneration:** the performance period of the Second cycle of the Long-Term Incentive Plan approved by the Annual General Meeting of Shareholders in 2021 ended on 31 December 2024. 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 2022-2024 period, Telefónica's TSR has reached 33.6%. This percentage places Telefónica in fourth position within the comparison group, allowing the payout linked to the Relative TSR objective to reach 100%.

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 100%.

If all the aforementioned concepts are considered and compared with those of the year 2023, the remuneration of the Executive Directors has increased by 3%.

Executive Directors' Remuneration Policy in 2025

The Remuneration Policy to be applied in 2025 follows a continuity with that applied in 2024. The design of the Short and Long-Term Variable Remuneration seeks to incentivise the achievement of the Company's strategic priorities, in addition to the creation of value for the shareholder and the rest of its stakeholders.

The remuneration system applicable to Mr. Marc Thomas Murtra Millar, as Executive Chairman, will be that provided for in the Telefónica Directors' Remuneration Policy approved by the General Shareholders' Meeting held on 31 March 2023. A summary of the policy applicable in 2025 is shown below:

	Fixed Remuneration (FR)		Short-Term Variable Remuneration (STVR)		Long-Term Variable Remuneration (LTVR)	
Amount (€ Thousand)	Executive Chairman: • € 1.923	Chief Operating Officer: • € 1.600	Executive Chairman: • Target: 180% FR • Max: 233.1% FR	Chief Operating Officer: • Target: 150% FR • Max: 194.25% FR	Executive Chairman: • Target: 200% FR • Max: 240% FR	Chief Operating Officer: • Target: 180% FR • Max: 216% FR
Objectives			<ul style="list-style-type: none"> • Free Cash Flow (30%). • EBITDA (25%). • Operating Revenues (25%). • NPS (10%). • Reduction GHG Emissions (5%). • Women in executive positions (5%). <p>The maximum payout % for each objective is 125%, except for Free Cash Flow which can reach 140%.</p>		<ul style="list-style-type: none"> • Relative TSR (50%). • Free Cash Flow (40%). • Neutralization of CO₂ emissions (5%). • Women in executive positions (5%). <p>The maximum payout % for each objective is 100%, except for Free Cash Flow which can reach 150%.</p>	
Main features	The amount for the new Executive Chairman remains unchanged from 2013.	Unchanged since his appointment as such.	<ul style="list-style-type: none"> • In cash. • All objectives are quantitative, 80% of them financial. • Malus and clawback clauses. • Maximum STVR below that set out in the Policy. 		<ul style="list-style-type: none"> • Share-based. • 3 years performance period. • Shares subject to a minimum retention period of two years. • Malus and clawback clauses. • Maximum LTVR below that set out in the Policy. 	

In addition, Executive Directors are beneficiaries of certain remuneration in kind, contributions to pension plan for Telefónica's employees or contributions to the executives pension plan.

Details are provided in section 5.1.4 of the Report.

5.1.1. Principles of the Remuneration Policy

The main focus of Telefónica's remuneration strategy is to attract, retain and motivate professionals of the Company, enabling it to achieve its strategic objectives

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
Value creation	The Policy is consistent with Telefónica's commitment to growth, efficiency and long-term sustainable value creation for its stakeholders.	•	
Pay for Performance	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 strategy.	•	
Flexibility	The variable remuneration is not guaranteed and is sufficiently flexible so that there is a possibility of not paying this component.	•	
Competitiveness	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.	•	•
Good Governance	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.	•	•
Fair Pay	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.	•	•
Suitability	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.		•
Transparency	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

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%.
- 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 2025

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 2025

- The Fixed Remuneration of the new Executive Chairman, Mr. Marc Thomas Murtra Millar is set in the Directors' Remuneration Policy. This amount was applicable to Mr. José María Álvarez-Pallete López until the date of his termination and remained unchanged since 2013. In the case of the Chief Operating Officer, Mr. Ángel Vilá Boix, 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 variable remuneration metrics and achievement levels are aligned to the main axes of Telefónica's Strategy.
- The maximum value of the allocated shares to the Second cycle (2025-2027) of the Long-Term Incentive Plan 2024-2028 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.
- 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. Marc Thomas Murtra Villar, Executive Chairman, and Mr. Ángel Vilá Boix, Chief Operating Officer (COO).

Pay for performance and pay mix

The remuneration system for Telefónica's Executive Directors is characterised by its competitiveness and high standards. Variable remuneration, designed to incentivise the achievement of the Company's objectives, both in the short and long term, is a fundamental pillar of this system.

In this regard, Telefónica's long-term strategy is based on three fundamental pillars to which the variable remuneration of the entire Telefónica team is linked:

- Growth, in the form of Operative Revenue and Total Shareholder Return.
- Efficiency, through EBITDA improvement, Free Cash Flow generation and reduction of GHG emissions, through efficient consumption of natural resources or the circular economy.
- Trust. Telefónica is a company committed to sustainability. For this reason, factors such as customer trust (NPS), the trust of society and gender equality (% of women in executive positions) and the contribution to the fight against climate change (neutralisation of GHG emissions) are weighted.

Consequently, the achievement of both short- and long-term variable remuneration is linked to the achievement of financial and operational business and sustainability (ESG) objectives.

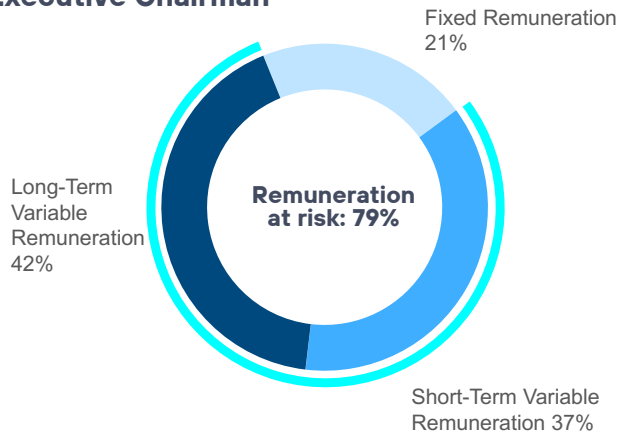
All the objectives are predetermined, specific, quantifiable and aligned with Telefónica's strategic goals, strictly determined and assessed by the NCCGC, which monitors them, so that their alignment with Telefónica's social interests is ensured.

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.

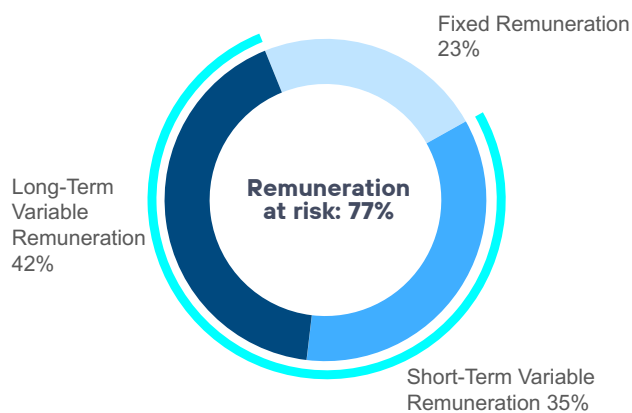
The Executive Directors therefore may not receive any variable remuneration in the event that the minimum performance thresholds are not met. The short-term and long-term variable remuneration percentage is significant in relation to the total remuneration.

The pay mix for Telefónica's Executive Directors is shown below, a scenario where objectives are achieved at a target level*:

Executive Chairman



Chief Operating Officer



* The graph does not include remuneration in kind, contributions to pension plans for Telefónica employees or contributions to the Executive Pension Plan.

Comparison Group

When establishing the remuneration package in 2025, 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 of 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 comparison group.

Components of the remuneration package in 2025:

The elements included in the remuneration package for Executive Directors for the performance of their executive duties are similar to those of the 2024 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 2024
Executive Chairman (Mr. Marc Thomas Murtra Millar)	€ 1,923,100	No changes since 2013 (it remains the same as perceived by the previous Executive Chairman, Mr. José María Álvarez-Pallete López).
Chief Operating Officer (Mr. Ángel Vilá Boix)	€ 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 FR)	Maximum Target (% of FR)	Δ vs 2024
Executive Chairman (Mr. Marc Thomas Murtra Millar)	180%	233.1%	No changes.
Chief Operating Officer (Mr. Ángel Vilá Boix)	150%	194.25%	No changes.

The Maximum Amount in 2025 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 level, provided that the EBITDA target level is also met.

Functioning:

For the fiscal year 2025, the NCCGC has reviewed the objectives, metrics and performance scales to be applied in order to ensure the Company's strategy fulfillment.

As a result, based on the NCCGC's proposal, the Board has approved the same metrics that were established in 2024, as they quantitatively measure the aforementioned Telefónica's strategic priorities.

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.	
Financial Objectives (80%)					
Free Cash Flow	30%	50%	100%	140%	42.00%
EBITDA	25%	50%	100%	125%	31.25%
Operating Revenue	25%	50%	100%	125%	31.25%
ESG Objectives (20%)					
NPS	10%	50%	100%	125%	12.50%
Gender Equality - % of women in executive positions	5%	50%	100%	125%	6.25%
Climate Change - GHG Emissions	5%	50%	100%	125%	6.25%
100%		129.50%			

In order to calculate the amount of the Short-Term Variable Remuneration, the NCCGC firstly considers the level of achievement and weighting of each objective 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.

C. LONG-TERM VARIABLE REMUNERATION

Purpose:

To increase the Executive Directors' and management team's commitment to the company and its strategy, 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 2025:

The cycles in force in 2025 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 (Mr. Marc Thomas Murtra Millar)	Chief Operating Officer (Mr. Àngel Vilá Boix)
Long-Term Incentive Plan approved by the General Shareholders' Meeting of 2021			
Third cycle	2023-2025	N.A	831,000 (180%)
Long-Term Incentive Plan to be approved by the General Shareholders' Meeting of 2024			
First cycle	2024-2026	N.A	760,000 (180%)
Second Cycle	2025-2027	916,000 (200%)	686,000 (180%)

Mr. José María Álvarez-Pallete López, as Executive Chairman of Telefónica until 18 January 2025, maintains his right to the proportional part of the incentive corresponding to the Third cycle (2023-2025) of the 2021-2025 Long-Term Incentive Plan and to the First cycle (2024-2026) of the 2024-2028 Long-Term Incentive Plan.

The number of shares allocated in each of the cycles is significantly lower than the maximum limit established in the Remuneration Policy as well as the limit established in the respective General Shareholders' Meetings that approved each of the Plans.

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

The 2024 General Shareholders' Meeting approved the 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.

The plan has a total duration of five (5) years and is 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 number of shares to be delivered at the end of each of the cycles will depend on the number of shares allocated and the degree of achievement of the Plan's objectives.

The details of the First cycle (2024-2026) of the 2024-2028 Long-Term Incentive Plan are described in the Annual Directors' Remuneration Report for 2023. The metrics, weightings and payout levels are identical to those described below for the Second cycle (2025-2027).

The metrics that have been established for the Second cycle (2025-2027) of the Long-Term Incentive Plan are as follows:

Metrics	Weighting (%)	Company results	Incentive to be accrued(%)
Relative TSR	50%	75th percentile or above	100%
		Median	30%
		Below median	0%
Free Cash Flow ¹	40%	115% achievement	150%
		100% achievement	100%
		92% achievement	50%
		Below 90% achievement	0%
Neutralization of CO ₂ emissions Scopes 1+2 ²	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%

¹ In addition to 115% compliance, 100% of the Free Cash Flow target will need to be met in each of the years of the period (2025-2027).

² In addition, a minimum level of emissions reductions must be achieved for the incentive to be paid.

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 (2025) until the end of such cycle (2027), 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 Second 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 shares granted.
- ii. Target level of 100% achievement, which implies the delivery of 40% of the theoretical target shares granted.
- 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 Second cycle (2025-2027), thus ensuring continuity in cash generation while incentivizing overachievement.

Neutralization of CO₂ Emissions (5%)

Definition: Level of Neutralization/Offset of the Telefónica Group's CO₂ 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 CO₂ 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 CO₂ 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 CO₂ certificates on the voluntary market. These credits are generated from projects that absorb or reduce the emission of CO₂ 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 CO₂ 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 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 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 emissions 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 2027, 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 2027.

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 objectives 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.

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, which will be increased to three years in case the shareholding commitment is not fulfilled.

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 Third cycle (2023-2025) of the Long Term Incentive Plan 2021-2025:

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

Notwithstanding the above, the metrics, weightings and payout levels depending on the level of compliance for this cycle are set out as follows:

Metrics	Weighting (%)	Company results	Incentive to be accrued(%)
Relative TSR ¹	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 CO ₂ emissions scopes 1+2 in 2025 ²	10%	100% achievement	100%
		90% achievement	50%
		Below 90% achievement	0%

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

² In addition, a minimum level of emissions 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 2025 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 objectives 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 that will be adapted for the Executive Chairman situation maintaining the conditions described below which are identical to those applied to the rest of Telefónica's staff in Spain:

- The Executive Chairman: 4.51% 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 2025 the regulations may change the financial and tax limits for contributions to pension plans. In this respect, and in the case of that, 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 Occident GCO, S.A.U. 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.

In the case of the Executive Chairman, if contributions cannot be made to the above social welfare formulas, Telefónica will make contributions of the agreed amounts to one or more life insurance and savings policies or equivalent financial instruments.

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.

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 Officer 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.

As regards the conditions related to the termination of contracts, the current Directors' Remuneration Policy approved by the General Shareholders' Meeting held on 31 March 2023 (the '2023 Policy') provides for a severance payment equal to two years' remuneration. In its application, the commercial contract of the new Executive Chairman, Mr. Marc Thomas Murtra Millar, signed in January 2025 provides for a termination indemnity of an amount equal to the aforementioned two annuities. Each annuity comprises the last Fixed Remuneration and the arithmetic mean of the last two Annual Variable Remunerations received according to the contract.

With respect to the conditions related to the termination of the commercial contract of the Chief Operating Officer (C.O.O.), Mr. Ángel Vilá Boix, the 2023 Policy establishes the maintenance of the conditions of his previous contract, which provides for a severance payment of up to a maximum of four years' salary.

These same conditions were applicable to the former Executive Chairman, Mr. José María Álvarez-Pallete López who, as a consequence of his termination, was paid in January 2025 a severance payment of 23,525,668 euros gross.

On the other hand, the Executive Directors participate in a Pension Plan for Executives that covers the contingencies of retirement, early retirement, permanent incapacity to work in the degrees of total or absolute incapacity or severe disability and death, and whose

annual contribution 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.

The instrumentation vehicle of this Plan approved in 2006 is a collective life insurance in the unit link modality arranged with an insurance company, and the amount of the benefit of this guarantee will be equivalent to the mathematical provision corresponding to the insured on the date on which the policyholder notifies and accredits the insurer of access to any of the situations covered by the Plan.

Vesting of rights in favour of Executive Directors is not currently envisaged. In the event of any legal amendment in this respect, the Board of Directors, at the proposal of the NCCGC, may make the appropriate adjustments.

Thus, in accordance with the change in the current Policy 2023, the receipt of the aforementioned severance compensation (and not only that corresponding to the termination of the employment relationship as before) is incompatible with the recognition of any financial entitlement in connection with the Executive Pension Plan.

In this respect, the commercial contract signed in January 2025 with the new Executive Chairman, Mr. Marc Thomas Murtra Millar, expressly provides that, in the event of receiving the aforementioned financial compensation for termination, he will not be entitled to any financial rights deriving from this Plan.

The contracts signed under previous Directors' Remuneration Policies, such as the one signed with the Chief Operating Officer (C.O.O.), Mr. Ángel Vilá Boix, do not contain the aforementioned incompatibility.

The same circumstance applies to the contract signed with the former Executive Chairman, Mr. José María Álvarez-Pallete López. The treatment of this discrepancy between the contract signed and Policy 2023 is the subject of a legal opinion and is pending determination at the date of this report.

Although no changes are foreseen in the operation of the Executives' Pension Plan, should any changes be made to it, these must be agreed by the Board of Directors. The NCCGC must state the reasons for the modification and propose it, and, if applicable, the reasons for the modification must be duly disclosed in the Annual Directors' Remuneration Report.

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 been proposed by the NCCGC, approved by the Board of Directors. The contracts of the previous Executive Chairman and the Chief Operating Officer have not suffered significant changes during 2024. The contract of Mr. Marc Thomas Murtra Millar as Executive Chairman was approved in January 2025, on the occasion of his appointment as Executive Chairman.

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 Executive Director, 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

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 Chairman, as he has been appointed after 1 January 2019, counted from the date of his appointment (18 January 2025). The Board of Directors/NCCGC may 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, 2024, the Chief Operating Officer (COO), Mr. Ángel Vilá Boix, held 1,088,504 Telefónica shares. Therefore, the Chief Operating Officer complies with the shareholding commitment.

5.1.5. The Directors' remuneration in their positions as such in 2025

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

Mr. Marc Thomas Murtra Millar has waived the amounts that would correspond to him as Chairman of the Board of Directors and of the Executive Committee, i.e. 240,000 euros and 80,000 euros, respectively.

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 2025, according to the market information available, the NCCGC has proposed to the Board of Directors not to increase the Directors' fixed remuneration, except as indicated below in relation to the Lead Independent Director. This remuneration has remained the same since 2012.

	Board of Directors	Executive Committee	Advisory or Supervisory Committee (*)
Chairman (**)	€240,000	€80,000	€22,400
Vicepresident	€200,000	€80,000	-
Proprietary Member	€120,000	€80,000	€11,200
Independent Member	€120,000	€80,000	€11,200
Other External Member	€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 Mr. Marc Thomas Murtra Millar 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.

In addition, and given the importance of the function performed by the Lead Independent Director, at the proposal of the NCCGC, the Board of Directors has agreed to assign an additional remuneration of 80,000 euros for the exercise of this position.

5.1.6. Application of the Remuneration Policy in 2024

Summary of the Remuneration Policy applied in 2024 and the results of the ballot on the Annual Report on Remuneration of the Directors for 2023

The remuneration for the year 2024 has followed the terms established in the Remuneration Policy approved on a binding basis by the General Shareholders' Meeting on March 31, 2023 (the link to this policy can be found in section 5.1.3) according to the article 529 *Novodecies* of the Corporate Enterprises Act.

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 2024 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 2025.

As indicated above, on 18 January 2025, the Board of Directors of Telefónica agreed to terminate the contract signed with Mr. José María Álvarez-Pallete as Executive Chairman of the Board of Directors of Telefónica. Therefore, Mr. Álvarez-Pallete held the position of Executive Chairman for the entire year 2024 and, by virtue thereof, references to the Executive Chairman in this section regarding the application of the 2024 Remuneration Policy refer to Mr. José María Álvarez-Pallete.

The detailed description of the Directors' remuneration system for 2024 was included in section 5.1.4 of the Annual Report on Remuneration of the Directors for 2023. This report was approved by 88.49% of the votes cast, with a 4.13% of votes against and 7.38% abstentions.

The Executive Directors' remuneration in 2024

- The Fixed Remuneration of the Executive Chairman (Mr. José María Álvarez-Pallete López) in 2024 remained unchanged since 2013 when he was appointed 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, Mr. Ángel Vilá Boix, his amount remains unchanged since his appointment in 2017.
- The Short-Term Variable Remuneration obtained by the Executive Directors amounted to 78.38% of the maximum amount.
- The weighted payout ratio of the Second cycle of the Long-Term Incentive Plan approved by the General Shareholders' Meeting in 2021 was 100%. This percentage is explained by the good performance of Telefónica's Free Cash Flow and Total Shareholder Return (TSR) in the period 2022-2024, which was placed in the fourth position within 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 the Remuneration Policy. Compared to 2023, it has increased by 3%.

The evolution of the main elements of Executive Directors' remuneration in recent years is detailed below:

Amounts in € thousand		2023	2024
Executive Chairman (Mr. José María Álvarez-Pallete López)	Fixed Remuneration	€1,923	€1,923
	Short-Term Variable Remuneration (% of payout)	107.4%	101.5%
	Long-Term Variable Remuneration (% of payout)	89.5%	100%
	Total Remuneration¹	€9,226	€9,534
Chief Operating Officer (Mr. Ángel Vilá Boix)	Fixed Remuneration	€1,600	€1,600
	Short-Term Variable Remuneration (% of payout)	107.4%	101.5%
	Long-Term Variable Remuneration (% of payout)	89.5%	100%
	Total Remuneration¹	€6,882	€7,102

¹Remuneration in kind and pension contributions are also included. The amount of the LTVR corresponds to the number of delivered shares valued at the end of the performance period of each of the relevant cycles.

A. FIXED REMUNERATION

The Executive Chairman (Mr. José María Álvarez-Pallete López): €1,923,100.

In case of the Executive Chairman, the amount of his Fixed Remuneration in 2024 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 (Mr. Ángel Vilá Boix): €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 (Mr. José María Álvarez-Pallete López): €3,513,504.

Calculated as the fixed remuneration (€1,923,100) multiplied by the Maximum Amount (233.1%) multiplied by the weighted pay coefficient (78.38%).

The Chief Operating Officer (Mr. Ángel Vilá Boix): €2,436,000.

Calculated as the fixed remuneration (€1,600,000) multiplied by the Maximum Amount (194.25%) multiplied by the weighted pay coefficient (78.38%).

For fiscal year 2024, 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 strategy.

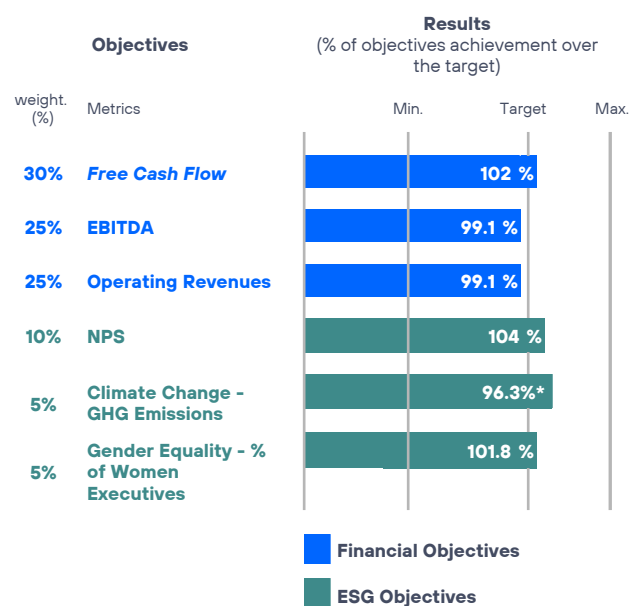
These metrics and their relative weightings are the following:

METRIC	DEFINITION AND MEASURING METHOD	WEIGHTING
FINANCIAL OBJECTIVES		80%
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.	30%
EBITDA	EBITDA is Earnings Before Interest, Taxes, Depreciation and Amortisation. It is a key metric for assessing operating performance, as it allows analysis of the company's ability to generate profits from its core operations, excluding the effects of capital structure, tax policies and accounting practices related to depreciation and amortisation.	25%
OPERATING REVENUE	This corresponds to service revenues, revenues generated from the company's core business, revenues for terminal sales and other operating revenue.	25%
NON-FINANCIAL OBJECTIVES - ESG		20%
CUSTOMER TRUST (NPS)	NPS is the metric used to measure our customers' experience. It calculates their willingness to recommend our products and services. 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. $NPS = \% \text{ Promoters} - \% \text{ Detractors}$	10%
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 CO ₂ emissions from the daily activity of Telefónica. $CO_2 \text{ emission} = \text{Activity Data} \times \text{Emission Factor}$ - Activity data: The amount of energy, fuel, gas, etc. consumed by the Company. - Emission Factor: The amount of CO ₂ 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). 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 executive positions 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 executive positions 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.	5%

Throughout the year, the NCCGC monitored such objectives set for the Short-Term Variable Remuneration in 2024, payable in 2025.

The aforementioned objectives were finally assessed based on the audited accounts for the fiscal year 2024, according to the following process:

1. The results for the fiscal year 2024 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.
2. 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.
3. 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 2025 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 100% has been determined against the Target Amount. This payment coefficient corresponds to €3,513,504 for the Executive Chairman (78.38% of the Maximum Amount) and €2,436,000 for the Chief Operating Officer (78.38% of the Maximum Amount). The Short-Term Variable

Remuneration target was 180% of the Annual Fixed Remuneration for the Executive Chairman (Mr. José María Álvarez-Pallete López) and 150% of the Annual Fixed Remuneration for the Chief Operating Officer (Mr. Ángel Vilá Boix).

C. LONG-TERM VARIABLE REMUNERATION

Long-Term Incentive Plan approved by the General Shareholders' Meeting of 2021. Accrual of the Second Cycle (2022-2024).

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 performance period for the objectives of the first cycle of the Plan ended on December 31, 2024. 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 (Mr. José María Álvarez-Pallete López): 995,000 shares.
- The Chief Operating Officer (Mr. Ángel Vilá Boix): 745,000 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 CO ₂ 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 (2022) until its end (2024), related to the TSR

obtained by certain companies belonging to the telecommunications sector, weighted according to their relevance for Telefónica.

Telefónica's TSR for the period was 33.6%, ranking fourth in the comparison group, that is, above the 75th percentile according to the established achievement scale. Therefore, the right to receive 100% 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 (2022, 2023 and 2024), 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 108.5% (year 2022), 106.9% (year 2023) and 102% (year 2024). 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, 2024, based on the results audited by the Company's internal and external auditor.

The NCCGC 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 NCCGC 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 72% 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 100% (745,00 shares for the Chief Operating Officer (Mr. Ángel Vilá Boix). This incentive will be delivered during March 2025, once the 2024 financial statements have been prepared and audited, as established in recommendation 59 of the CNMV's Good Governance Code for listed companies.

In the case of Mr. José María Álvarez-Pallete López, due to his termination as Executive Chairman, he will not receive the delivery in shares corresponding to this cycle but will receive an equivalent settlement in cash. Therefore, he will not be subject to the 2-year retention period.

In the case of the Chief Operating Officer, these shares will be subject to a two-year retention period, which may be increased to three years in the event that the executive director does not comply with the commitment to permanently hold shares.

Metrics	Payment (%)	Weighting (%)	Weighting payment (%)
Relative TSR	100 %	50 %	50 %
Free Cash Flow	100 %	40 %	40 %
Neutralization of CO2 emissions	100 %	10 %	10 %
TOTAL			100 %

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 2024, the First cycle 2021-2023 of the Long-Term Incentive Plan approved by the General Shareholders' Meeting of 2021 was settled, whose performance period covered the period 2021-2023 and the incentive was linked to Relative TSR, Free Cash Flow and Neutralization of CO₂ emissions. In this regard, considering that the weighted payment coefficient was 89.45%, 978,583 shares were paid to the Executive Chairman, Mr. José María Álvarez-Pallete López, and 732,596 shares to the Chief Operating Officer, Mr. Ángel Vilá Boix.

In accordance with the instructions given to Telefónica by the CNMV, the aforementioned shares, valued considering the delivery date, are those included as

'consolidated' in the Statistical Annex as remuneration accrued in 2024.

D. PENSION PLAN FOR TELEFÓNICA'S EMPLOYEES

The contributions made in 2024 to the "Fonditel B, Fondo de Pensiones" Pension Plan:

- The Executive Chairman (Mr. José María Álvarez-Pallete López): €7,574.
- The Chief Operating Officer (Mr. Ángel Vilá Boix): €6,721.

The contributions made in 2024 to the unit link insurance policy, related to the Pension Plan, taken out with the company Occident GCO S.A.U. de Seguros y Reaseguros were as follows:

- The Executive Chairman (Mr. José María Álvarez-Pallete López): €124,543.
- The Chief Operating Officer (Mr. Ángel Vilá Boix): €65,439.

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	Total
Executive Chairman (Mr. José María Álvarez- Pallete López)	6.87%	€7,574	+	€124,543	€132,117
Chief Operating Officer (Mr. Ángel Vilá Boix)	4.51%	€6,721	+	€65,439	€72,170

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

The amount of the vested rights on December 31, 2024 was as follows:

- Mr. José María Álvarez-Pallete López: €395,807 (of which the amount of €186,854 corresponds to the rights generated by the Pension Plan of Telefónica Internacional and the rest Telefónica's Pension Plan).
- Mr. Ángel Vilá Boix: €420,370 (of which the amount of €25,087 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, 2024, was as follows:

- Mr. José María Álvarez-Pallete López: €1,409,934.
- Mr. Ángel Vilá Boix: €688,447.

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 2024 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 with a cost of €41,708.
- 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 €33,328, 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

The contributions in 2024 to the benefits plan were as follows:

- Mr. José María Álvarez-Pallete López: €540,968.
- Mr. Ángel Vilá Boix: €487,840.

The expected rights on December 31, 2024 were as follows:

- Mr. José María Álvarez-Pallete López: €12,851,400.
- Mr. Ángel Vilá Boix: €10,138,339.

Further information:

- Malus and clawback clauses: These clauses were not applicable in the fiscal year 2024.
- During the fiscal year 2024, 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 2024 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 2023, in the year 2024 Mr. José María Álvarez-Pallete López 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 2024 financial year, is a detail of the Directors' membership of the Governing Bodies of other Telefónica Group companies and of Advisory Boards:

- Ms. María 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.
- Ms. Solange Sobral Targa: Director of Telefónica Brasil, S.A.

According to the foregoing, the aggregate remuneration for the items in 2024 was as follows:

	2024	2023
Fixed amount due to being a member on the Board, Executive Commission and Advisory or Supervisory Committees	€2,538,667	€2,604,801
Fees for attending the meetings of the Advisory or Supervisory Committees	€194,000	€267,000
Remuneration for being a member on certain Management Decision-Making Bodies of some subsidiaries of Telefónica	€1,092,315	€1,141,102

During the fiscal year 2024, 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

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 NCCGC'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
General Shareholders' Meeting	<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>	
Board of Directors	<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>
Nominating, Compensation and Corporate Governance Committee	<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"> 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. 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. It proposes the contracts to the Board of Directors that regulate the duties and responsibilities of the Executive Directors. It proposes the Annual Report on Remuneration of the Directors and the Remuneration Policy, when appropriate, to the Board of Directors. <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 objectives at the beginning of each performance period to the Board of Directors.</p> <p>It assesses achievement of the targets at the end of the performance 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>
Audit and Supervisory Committee		<p>It analyzes the results audited by the external and internal auditor to evaluate achievement of the objectives for the variable remuneration.</p>	

	Determining and designing the remuneration elements	Applying the variable remuneration	Analysis of the external competitiveness of the remuneration
Planning and Control, Corporate Ethics and Sustainability Human Resources		They prepare reports related to the achievement level of the operative, financial and non-financial objectives based on the results audited by the Company's external and internal auditor.	
Secretary General	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. Together with HR Management, he/she prepares the Annual Report on the Directors' Remuneration.	Together with HR Management, it prepares the Annual Report on Directors' Remuneration.	
Human Resources	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
External Advisors in 2024	Towers Watson provided advice on preparing the Annual Report on Remuneration of the Directors for 2024. 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 life cycles of the share plan on a quarterly basis.	Towers Watson 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, 2024, the composition of the NCCGC is as follows:

Name	Position	Type	Date of Appointment
Mr. Peter Löscher	Chairman	Independent	17 April 2020 (as a Member) 20 February 2024 (the date he was appointed as Chairman)
Ms. María Luisa García Blanco	Member	Independent	18 December 2019
Mr. Francisco Javier de Paz Mancho	Member	Other External	8 April 2016
Ms. Verónica Pascual Boé	Member	Independent	13 December 2023

It is also noted for the record that the Vice-Chairman and Lead Independent Director Mr. José Javier Echenique Landiribar held the position of Member of the Appointments, NCCGC until 15 December 2024, the date he passed away .

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 2024 and up to the date this Report was approved, the most significant activities carried out by the NCCGC have been the following:

Year 2024:

- Drawing up an Annual Work Plan for 2025, 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 2023.
- Assessment of objectives performance linked to the First Cycle (2021-2023) of the Long-Term Incentive Plan 2021-2025 approved by the General Shareholders' Meeting of 2021.
- Analysis of the Executive Directors' total remuneration for 2024.
- Analysis of the total remuneration for the members of the Executive Committee in 2024.
- Proposal for determining and monitoring the objectives linked to the short-term variable remuneration of Executive Directors for the fiscal year 2024.
- Proposal of the Annual Report on Directors' Remuneration for the year 2023, submitted to the Board of Directors and subsequent submission to the Ordinary General Shareholders' Meeting held on 12 April 2024.
- Proposal of the Annual Corporate Governance Report for the year 2023, for submission to the Board of Directors.
- Analysis of the results of the evaluation of the Board of Directors, its Committees and the General Shareholders' Meeting of Telefónica, S.A. for the 2023 financial year, with the support of the Egon Zehnder Consultancy as external advisor.

Year 2025:

- Analysis of the Executive Directors' total remuneration for 2025.
- Report to the Board of Directors regarding the termination of Mr. José María Álvarez-Pallete López, and proposal of the conditions related to such removal, and the appointment as Executive Director and Executive Chairman of Mr. Marc Thomas Murtra Millar.
- Proposal of the new contract to be signed with Mr. Marc Thomas Murtra Millar, as new Executive Chairman.

- Proposal on the appointment of the Director Mr. Peter Löscher as Lead Independent Director.
- Analysis of the results of the evaluation of the Board of Directors, its Committees and the General Shareholders' Meeting of Telefónica, S.A. for the 2024 financial year.
- Assessment of objective performance linked to the Short-Term Variable Remuneration of Executive Directors for fiscal year 2024.
- Assessment of objectives performance linked to the Second Cycle (2022-2024) of the Long-Term Incentive Plan (2021-2025) 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 2025.
- Proposal for determining the objectives linked to the Second Cycle (2025-2027) of the Long-Term Incentive Plan 2024-2028 approved by the General Shareholders' Meeting to be held in 2024.
- Proposal for the 2024 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 2025.
- Proposal of the Annual Corporate Governance Report for the year 2024, for submission to the Board of Directors.

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, Towers Watson 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 objectives, 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 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 4 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 multi-year 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).

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.

Furthermore, two members of the NCCGC 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 2024.

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, 2024.

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
Votes cast	3,452,212,692	60.03 %

	Number	% cast
Votes against	142,710,948	4.13 %
Votes in favour	3,054,800,652	88.49 %
Blank ballots	—	— %
Abstentions	254,701,092	7.38 %

C. Itemised individual remuneration accrued by each Director

Name	Type	Period of accrual in 2024
Mr. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ	Executive Chairman	From 01/01/2024 to 31/12/2024
Mr. ISIDRO FAINÉ CASAS	Proprietary Vice Chairman	From 01/01/2024 to 31/12/2024
Mr. JOSÉ MARÍA ABRIL PÉREZ	Proprietary Vice Chairman	From 01/01/2024 to 31/12/2024
Mr. JOSÉ JAVIER ECHENIQUE LANDIRÍBAR	Independent Vice Chairman	From 01/01/2024 to 15/12/2024
Mr. ÁNGEL VILÁ BOIX	Chief Operating Officer	From 01/01/2024 to 31/12/2024
Ms. MARÍA LUISA GARCÍA BLANCO	Independent Director	From 01/01/2024 to 31/12/2024
Mr. PETER LÖSCHER	Independent Director	From 01/01/2024 to 31/12/2024
Mr. CARLOS OCAÑA ORBIS	Proprietary Director	From 08/05/2024 to 31/12/2024
Ms. VERÓNICA PASCUAL BOÉ	Independent Director	From 01/01/2024 to 31/12/2024
Mr. FRANCISCO JAVIER DE PAZ MANCHO	Other External Director	From 01/01/2024 to 31/12/2024
Mr. ALEJANDRO REYNAL AMPLE	Independent Director	From 01/01/2024 to 31/12/2024
Mr. FRANCISCO JOSÉ RIBERAS MERA	Independent Director	From 01/01/2024 to 31/12/2024
Ms. MARÍA ROTONDO URCOLA	Independent Director	From 01/01/2024 to 31/12/2024
Ms. CLAUDIA SENDER RAMÍREZ	Independent Director	From 01/01/2024 to 31/12/2024
Ms. SOLANGE SOBRAL TARGA	Independent Director	From 01/01/2024 to 31/12/2024
Ms. CARMEN GARCÍA DE ANDRÉS	Independent Director	From 01/01/2024 to 07/05/2024

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 2024	Total in 2023
MR. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ	0	0	0	1,923	3,514	0	0	0	5,437	5,641
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	301
MR. JOSÉ JAVIER ECHENIQUE LANDIRÍBAR	200	27	114	0	0	0	0	0	341	338
MR. ÁNGEL VILÁ BOIX	0	0	0	1,600	2,436	0	0	0	4,036	4,178
MS. MARÍA LUISA GARCÍA BLANCO	120	38	34	0	0	0	0	0	192	198
MR. PETER LÖSCHER	120	26	114	0	0	0	0	0	260	258
MR. CARLOS OCAÑA ORBIS	80	8	61	0	0	0	0	0	149	0
MS. VERÓNICA PASCUAL BOÉ	120	12	11	0	0	0	0	0	143	142
MR. FRANCISCO JAVIER DE PAZ MANCHO	120	25	114	0	0	0	0	0	259	278
Mr. ALEJANDRO REYNAL AMPLE	120	0	0	0	0	0	0	0	120	0
MR. FRANCISCO JOSÉ RIBERAS MERA	120	0	0	0	0	0	0	0	120	120
MS. MARÍA ROTONDO URCOLA	120	25	22	0	0	0	0	0	167	166
MS. CLAUDIA SENDER RAMÍREZ	120	1	80	0	0	0	0	0	201	162
MS. SOLANGE SOBRAL TARGA	120	10	11	0	0	0	0	0	141	0
MS. CARMEN GARCÍA DE ANDRÉS	40	12	7	0	0	0	0	0	59	189

1.	2.	3.	4.	5.	6.
Telefónica in 2024	Sustainability Statement	Risks	Annual Corporate Governance Report	Annual Report on Remuneration of the Directors	Other information

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

Financial instruments at start of 2024										Instruments matured but not exercised	Financial instruments at end of 2024	
Name	Name of Plan	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
MR. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ	Performance Share Plan ("PSP") 2021-2023 (First Cycle)	1,094,000	1,094,000	0	0	978,583	978,583	4.12	4,030	0	0	0
	Performance Share Plan ("PSP") 2022-2024 (Second Cycle)	995,000	995,000	0	0	0	0	0	0	0	995,000	995,000
	Performance Share Plan (PSP) 2023-2025 (Third Cycle)	1,110,000	1,110,000	0	0	0	0	0	0	0	1,110,000	1,110,000
	Performance Share Plan (PSP) 2024-2026 (First Cycle)	0	0	1,015,000	1,015,000	0	0	0	0	0	1,015,000	1,015,000
	Global Employee Share Plan ("GESP") 2022-2024	589	589	0	0	589	589	4.09	2	0	0	0
MR. ÁNGEL VILÁ BOIX	Performance Share Plan ("PSP") 2021-2023 (First Cycle)	819,000	819,000	0	0	732,596	732,596	4.12	3,017	0	0	0
	Performance Share Plan ("PSP") 2022-2024 (Second Cycle)	745,000	745,000	0	0	0	0	0	0	0	745,000	745,000
	Performance Share Plan ("PSP") 2023-2025 (Third Cycle)	831,000	831,000	0	0	0	0	0	0	0	831,000	831,000
	Performance Share Plan (PSP) 2024-2026 (First Cycle)	0	0	760,000	760,000	0	0	0	0	0	760,000	760,000
	Global Employee Share Plan ("GESP") 2022-2024	589	589	0	0	589	589	4.09	2	0	0	0

Notes:

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

- The shares delivered in March 2024 derived from the first cycle of the Long-Term Incentive Plan approved by the 2021 General Shareholders' Meeting, whose performance period comprised the period 2021-2023, are included as "consolidated". These shares have been valued considering the delivery date.
- The shares deriving from the second cycle of the Long-Term Incentive Plan approved by the General Shareholders' Meeting in 2021, although their performance period covered the period 2022-2024, and 100% will be delivered in March 2025, must be understood as non-consolidated and non-expired at the end of the 2024 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	
	2024 Year	2023 Year	2024 Year	2023 Year	2024 Year	2023 Year	2024 Year	2023 Year
Mr. José María Álvarez-Pallete López	132	132	541	541	1,619	1,372	12,851	11,359
Mr. Ángel Vilá Boix	72	72	488	488	1,084	934	10,138	8,902

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	42
Mr. Ángel Vilá Boix	Health insurance premium	6
Mr. Ángel Vilá Boix	Life insurance premium	33
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 member ship of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance pay	Other grounds	Total in 2024	Total in 2023
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. MARÍA LUISA GARCÍA BLANCO	0	0	0	0	0	0	0	88	88	88
MR. PETER LÖSCHER	126	0	0	0	0	0	0	0	126	119
MR. CARLOS OCAÑA ORBIS	0	0	0	0	0	0	0	0	0	0
MS. VERÓNICA PASCUAL BOÉ	90	0	0	0	0	0	0	65	155	117
MR. FRANCISCO JAVIER DE PAZ MANCHO	173	0	0	0	0	0	0	155	328	333
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	133
MS. SOLANGE SOBRAL TARGA	86	0	0	0	0	0	0	0	86	0
MS. CARMEN GARCÍA DE ANDRÉS	0	0	0	0	0	0	0	0	0	0

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 2024		Financial instruments granted at start of 2024		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of 2024	
		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 2024	Year 2023	Year 2024	Year 2023	Year 2024	Year 2023	Year 2024	Year 2023
Mr. José María Álvarez-Pallete López	0	0	0	0	187	174	0	0
Mr. Ángel Vilá Boix	0	0	0	0	25	23	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 cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for savings systems	Remuneration for other items	Total 2024 company	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for saving systems	Remuneration for other items	Total 2024 group	Total 2024 company + group
MR. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ	5,437	4,032	132	48	9,649	0	0	0	0	0	9,649
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	341	0	0	0	341	178	0	0	0	178	519
MR. ÁNGEL VILÁ BOIX	4,036	3,019	72	61	7,188	0	0	0	0	0	7,188
MS. MARÍA LUISA GARCÍA BLANCO	192	0	0	0	192	88	0	0	0	88	280
MR. PETER LÖSCHER	260	0	0	0	260	126	0	0	0	126	386
MR. CARLOS OCAÑA ORBIS	149	0	0	0	149	0	0	0	0	0	149
MS. VERÓNICA PASCUAL BOÉ	143	0	0	0	143	155	0	0	0	155	298
MR. FRANCISCO JAVIER DE PAZ MANCHO	259	0	0	0	259	328	0	0	0	328	587
Mr. ALEJANDRO REYNAL AMPLE	120	0	0	0	120	0	0	0	0	0	120
MR. FRANCISCO JOSÉ RIBERAS MERA	120	0	0	0	120	0	0	0	0	0	120
MS. MARÍA ROTONDO URCOLA	167	0	0	0	167	0	0	0	0	0	167
MS. CLAUDIA SENDER RAMÍREZ	201	0	0	0	201	133	0	0	0	133	334

MS. SOLANGE SOBRAL TARGA	141	0	0	0	141	86	0	0	0	86	227
MS. CARMEN GARCÍA DE ANDRÉS	59	0	0	0	59	0	0	0	0	0	59
TOTAL	12,206	7,051	204	109	19,570	1,094	0	0	0	1,094	20,664

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.

OBSERVATIONS TO THE % VARIATION 2024/2023:

- The increase in the total remuneration of Mr. José María Álvarez-Pallete López and Mr. Ángel Vilá Boix in 2024 is 3%, considering the fixed remuneration and the remuneration whose performance period concluded in 2023 and 2024, notwithstanding that the payment occurred in the years 2024 and 2025, respectively.
- The variation shown in the following table for 2024 with respect to 2023 responds to the criteria communicated by the CNMV to Telefónica in relation to the reporting of Long-Term Variable Remuneration amounts. In this regard, the CNMV considers that the shares delivered in the current year should be reported as consolidated financial instruments, notwithstanding the fact that the target measurement period ended in the previous year. Therefore, in the 2023 remuneration, the shares of the Long-Term Variable Remuneration whose cycle had a 2020-2022 measurement period are being included as consolidated financial instruments, instead of the cycle with a 2021-2023 measurement period, and in the 2024 remuneration, the shares of the Long-Term Variable Remuneration whose cycle had a 2021-2023 measurement period are being included as consolidated financial instruments. In this regard, it should be noted that the 2020-2022 cycle was particular due to the fact that the grant value of the incentive was 50% lower than that of a standard cycle. Additionally, the payment coefficient of the aforementioned cycle amounted to 50%. Therefore, the gross number of shares finally delivered in the 2020-2022 cycle amounted to 25% of what would be a standard maximum incentive.

Total amounts accrued and % annual variation

	Year 2024	% variation 2024/2023	Year 2023	% variation 2023/2022	Year 2022	% variation 2022/2021	Year 2021	% variation 2021/2020	Year 2020
EXECUTIVE DIRECTORS									
MR. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ	9,649	52.67	6,320	-6.88	6,787	-22.21	8,725	68.01	5,193
MR. ÁNGEL VILÁ BOIX	7,188	53.59	4,680	-6.42	5,001	-24.52	6,626	71.17	3,871
EXTERNAL DIRECTORS									
MR. ISIDRO FAINÉ CASAS	280	0.00	280	0.00	280	0.00	280	0.00	280
MR. JOSÉ MARÍA ABRIL PÉREZ	301	0.00	301	0.33	300	-0.66	302	0.67	300
MR. JOSÉ JAVIER ECHENIQUE LANDIRÍBAR	519	0.58	516	0.00	516	4.24	495	-0.60	498
MS. MARÍA LUISA GARCÍA BLANCO	280	-2.10	286	0.35	285	31.94	216	31.71	164
MR. PETER LÖSCHER	386	2.39	377	0.27	376	7.12	351	33.46	263
MR. CARLOS OCAÑA ORBIS	149	0.00	0	0.00	0	0.00	0	0.00	0
MS. VERÓNICA PASCUAL BOÉ	298	15.06	259	30.81	198	40.43	141	0.71	140
MR. FRANCISCO JAVIER DE PAZ MANCHO	587	-3.93	611	1.16	604	5.59	572	1.78	562
Mr. ALEJANDRO REYNAL AMPLE	120	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	167	0.60	166	2.47	162	362.86	35	0.00	0
MS. CLAUDIA SENDER RAMÍREZ	334	13.22	295	2.43	288	45.45	198	40.43	141
MS. SOLANGE SOBRAL TARGA	227	0.00	0	0.00	0	0.00	0	0.00	0
MS. CARMEN GARCÍA DE ANDRÉS	59	-68.78	189	1.61	186	14.11	163	-1.81	166
CONSOLIDATED RESULTS OF THE COMPANY	557	-	-1,473	-	2,960	-75.53	12,095	368.25	2,583
AVERAGE EMPLOYEE REMUNERATION	58	-15.94	69	27.78	54	-12.90	62	31.91	47

D. Other Information of Interest

This annual remuneration report has been approved by the Board of Directors of the company on February 26, 2025.

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

No